Pak banks to quote euro rate from January 5

ISLAMABAD, Dec 18: Banks operating in Pakistan will start quoting exchange rates for the euro January 5, 1999, but it would take some time before they grasp its complexities and give practical tips to their clients.

The euro is to be launched a day earlier as a single currency in the Eurozone comprising 11 countries — Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

"We will include the euro on our rate sheets from January 5," Prime Commercial Bank vice president Mateen Khakwani told IANS.

He said banks operating in Pakistan cannot quote the exchange rate for the euro earlier than that because of the time difference between international and local money markets.

The bank's computer department is developing a new pattern for the rate sheets that would show exchange rates of the euro vis-a-vis some of the major currencies from the 11 countries that are going to adopt it as a single currency, Khakwani said.

On January 4, these countries will announce the conversion rates of their own currencies vis-a-vis the euro that would remain unchanged for the next three years.

People around the world would be free to do business with these 11 countries either in their individual currencies or in the euro up to December 31, 2001. However, these countries have to determine the exchange rates by crossing any foreign currency with the Euro and then with their individual currencies like the Deutsche Mark or French Franc.

That is why banks operating in Pakistan need to put the Euro on their rate sheets even if Pakistani businessmen opt for doing business in the individual currencies of the 11 countries. 'Our bank will also be quoting the Euro rate from January 5,' said treasury manager of a state-run bank, adding that a separate section of the bank has been working out the specifics for this purpose. 'We may start running trials for Euro transactions from the middle of this month.'

The State Bank of Pakistan (SBP) is yet to announce its policy with regard to the new currency. "We are waiting for instructions from SBP," said treasury manager of another state-run bank. "But like all other banks we on our part are preparing to put the Euro on the rate sheet from January 5."

Bankers say the exchange rate between the Euro and the rupee will be determined by crossing the Euro with the U.S. dollar and then the dollar with the rupee.

The mere inclusion of the Euro on the exchange rate sheets of banks is not sufficient. The bank clients would need a whole range of services before they make up their mind on how to go about the new currency. "I should say banks will not be able to offer practical tips to their clients in the first one or two weeks," Khakwani said. "But we will welcome our clients willing to open Euro accounts and establish letters of credit (LC) in Euro instead of individual European currencies."

At least a section of the trade and industry here appears to have educated themselves on how to establish LCs in Euro thanks to some seminars and workshops organised by some foreign banks.

The International Chambers of Commerce and Industry has also published a document detailing important features of international business transactions in euro but no major trade body has so far circulated its copies among members.

— *India Abroad News Service*

Japanese banks may sue finance ministry

TOKYO, Dec 18: Several Japanese banks may sue the Ministry of Finance for allegedly hiding the size of bad loans at Nippon Credit Bank Ltd when it asked them last year to help bail out the failed lender, a newspaper reported Friday, reports AP.

The banks, which the report by the Mainichi newspaper didn't name, are among 34 finance companies that loaned Nippon Credit 210 billion yen ($ 1.8 billion) last year in a ministry-orchestrated rescue effort.

Despite the loans, the government on Saturday proclaimed Nippon Credit to be insolvent with 3.7 trillion yen ($ 32 billion) in debt. It will nationalize the bank, leaving the companies little hope of recovering their money.

The banks considering filing suit allege ministry officials told them in April 1997 that Nippon Credit's bad loans totaled 476 billion yen ($ 4.1 billion) but then failed to inform them a month later when the bank reported to the ministry that the actual sum was more than 700 billion yen ($ 6 billion), the report said.

Australia blasts Japan's new rice tariff

CANBERRA, Dec 18: Australia's Deputy Prime Minister Tim Fischer on Friday lashed out at Japan's decision to impose massive tariffs on rice imports, even though the tariffs fell short of the 1,200 per cent feared by Australia, says AP.

Japan is to impose a tariff on imported rice of Australian dollars 4.85 (US $ 3) a kilo (2.2 pounds) from April next year, which equates to a duty of 400 to 600 per cent.

The duty will not affect Australia's existing sales to Japan which are worth Australian dollars 72 million (US $44.6 million) a year, but will choke off any growth in the market for Australian farmers.

Fischer, a long time critic of Japan's severe restrictions on rice imports, again hinted at retaliatory action and long term damage to Japan if it continued to protect its farmers.

"I'm very angry at this decision and the lack of leadership it represents with Japan, the second largest economy in the world, going down this particular pathway," he told Australian Broadcasting Corp radio.

"(If it's) good enough that they seek to export their four wheel drives to Australia and elsewhere and expect no more than a five per cent tariff in that regard, here they are in fact laying down a shocking example."

Fischer last week ordered the Japanese Ambassador be called in to be told of Australia's concern about the rice tariff, and has held talks with US officials about joint action over the tariff.

Japan insists that its action is legal under World Trade Organisation rules.

The National Farmer's Federation said the rice tariff was a major blow to international efforts to free up world trade in agriculture at next year's world trade talks.

"The decision sends an unfortunate signal to the rest of the world at a time when momentum is building for further trade liberalisation in agriculture," president Ian Donges said.

Donges said Japan was a nation built on free trade, and a reversion to trade protectionism could only harm efforts to drag the Japanese economy out of recession.

GM to increase stake in its Japanese affiliate

TOKYO, Dec 18: US auto giant General Motors Corp will increase its stake in its Japanese affiliate, Isuzu Motors Ltd, to 49 per cent from the current 37.5 per cent, the companies announced Friday, reports AP.

GM will expand its interest in Isuzu from March 2, with Isuzu issuing 232.5 million new shares to the American company for 52.55 billion yen ($456 million), company officials said at a press conference in Tokyo.

The automakers said they will broaden their cooperation in the commercial vehicles field by giving Isuzu full responsibility to develop trucks and other commercial vehicles for the entire GM group.

"This agreement will further leverage Isuzu's strong position in the commercial vehicles segment to ensure that Isuzu plays an even more important role in GM's global commercial vehicle development and integration process," the companies said in a joint release.

Postal workers demonstrate against the government's reforms of the state-owned postal department in Colombo, Sri Lanka, Tuesday. The workers fear that they will be laid off if postal services are privatised, although the government says it has no plans to do so and is merely reforming the bureaucracy. — AP/UNB photo

Nepal faces acute medicine shortage

By Deepak Gajurel

KATHMANDU, Dec 18: With the failure of talks between the government and medicine importers here, Nepal is facing an acute shortage of medicine.

Protesting the increase in customs duty on medicine imports from two to four per cent this fiscal, the Nepal Chemists and Druggists Association (NCDA) has called a nationwide strike and the import of medicine from India has been stopped since Sunday.

According to the NCDA, about Rs.11.1 million ($ 165,000) worth of medicines and surgical equipment are imported from India every day. While more than 80 per cent of the country's medicine requirement is met by some 425 Indian producers, a negligible amount of medicine is manufactured by less than half a dozen Nepali producers including the government-owned Royal Drugs Limited.

The Finance Minister in his budget speech in July had assured that import of medicine from India under the Duty Refundable Procedure (DRP) would be fully exempted from tax. However, a 15 to 25 per cent custom was decreed on the import of surgical equipment.

Under the DRP procedure, medicine imports are free from customs, but chemists complain that only some categories of medicine can be imported under this procedure.

For example medicines that have to be transported under controlled temperatures can not be imported under DRP. In addition, there is a problem of volume.

"Medicines do not make a large container, and DRP procedure needs huge volume of goods. This is why duty free import of medicine under DRP is not practicable," says NCDA general secretary Paras Mani Baral. "A cent-per cent increase of customs duty takes the price of medicine up which in turn will distort the uniformity of market prices."

The NCDA has been demanding the exemption of medicine imports from custom duty. It has submitted a seven-point demand to the government which includes putting an end to the dual policy in medicine import, re-establishment of the previous two per cent customs duty and tax-free provision of facilities for the import of surgical equipment similar to that of medicine.

The NCDA has also been repeatedly asking the government to implement the agreement the two sides had agreed on four months ago.

— *India Abroad News Service*

Exchange Rates

Weekly Currency Roundup

The previous week (December 13-17) began with a general strike creating a low demand for US dollar which prevailed till Monday. On Tuesday and Thursday the demand for US dollar picked up. Low demand for dollar can be attributed to moderate scale of activity in the interbank market and improvement in the supply of dollar thorough inflow of remittances while the high demand was associated with the import payments.

In the interbank market, the US dollar traded between BDT 48.6490 to BDT 48.6510. The banks offered one unit of US dollar to the importers at BDT 48.7500 and purchased a unit of US dollar from the exporters at BDT 48.1550.

In the informal market, there was steady demand for dollar. Cash dollar notes transacted between BDT 48.75 to BDT 48.90 in the kerb market.

Bangladesh Bank accepted the following treasury bills:

Amount (million)	Tenor	Average Rate of Interest
5385	28 days	8.16
241	91 days	8.95

Payment against these Treasury Bills of 5620 million was made on Monday and treasury bills worth of 779 crore also matured on the same day. The money market was in a quiet state and as a result the call money rate fluctuated in a steady range of 7 to 8 per cent.

Last week the major economic and political factors in the international scenario governed the movement of the dollar.

Bill Clinton's impeachment proceedings, US — Japanese trade worries, economic woes in the Latin America and jitters in the global equity market — all played their role in the movement of the greenbacks.

Japanese trade worries regarding Japan's trade contract with USA affected dollar against yen. Strong hedge sales by the investors as well as exporters deterred dollar's position against yen and dollar mainly traded at 1.15 to 117 yen level.

On the political side, US President Bill Clinton's impeachment proceedings made the US dollar fragile against the major currencies. On Thursday, dollar briefly regained or the news of military strike against Iraq by the United States and Britain but again dipped as the military strike faced strong criticism world wide and no positive factors were associated with it.

In the Asian trading this week with dollar traded at:

Currency	High	Low
Pound Sterling (GBP)	1.6840	1.6650
Deutsch mark (DEM)	1.6410	1.6780
Yen (JPY)	114.88	117.55

During the week, dollar fluctuated by around 2.25 per cent against deutsche mark, 2.32 per cent against yen and GBP moved 3.16 per cent against dollar.

— StanChart Bank

Moscow, Tehran to discuss trade ties

MOSCOW, Dec 18: A delegation of Russian government officials flew to Iran to discuss economic issues and the situation in Iraq, a news report said Friday, reports AP.

The group of high-ranking officials from the ministries of finance, economics, and foreign affairs left Thursday night and will return Dec. 22, the Interfax news agency said. It was led by a foreign policy aide to President Boris Yeltsin.

The trip "was planned and continues the regular dialogue between Moscow and Tehran," Interfax said, citing unidentified government sources.

The two sides will discuss trade and economic cooperation as well as the status of the Caspian Sea. Iran is pushing for greater access to what many believe are massive oil reserves beneath the central Caspian.

Russia and Iran have signed a contract worth more than $ 500 million to build a nuclear reactor in Iran, which both sides insist will only be used for generating power.

Iran has become a key market for Russian weapons, and trade between the two countries reached $ 550 million last year, Russian leaders have said.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 17.12.98

Berth No	Name of vessels	Cargo	L Port Call	Loal Agent	Date of arrival	Leaving
J/1	Dalmajia Frigo	Onion	Turk	MSA	12/12	21/12
J/2	Royal Pescadores	R Seed/GI	Sing	Litmond	29/11	23/12
J/3	Yasmina	GI	Yang	SMSL	7/12	20/12
J/4	Elisabeth Boye	GI	Mada	Litmond	12/12	20/12
J/5	Yanglin	GI	Xing	Prog	22/11	19/12
J/6	Hai Nan No 1	C Clink	Sing	MBL	9/12	22/12
J/7	Ken Pan	Wheat(G)	Norf	OWSL	9/12	25/12
J/8	Kimdong	Rice(G)	Hald	MSL	11/12	18/12
J/9	Al Muztuba	Rice(P)	Kchi	CLA	10/12	18/12
J/10	QC Pintail	Cont	Sing	QCSL	13/12	17/12
J/11	Golden D	Wheat(G)	KDIA	Frank	R/A	23/12
J/12	ABuja	Cont	Col	Baridhi	10/12	17/12
J/13	Lassia	Wheat(P)	P Land	Lams	25/11	18/12
CCT/1	QC Teal	Cong	Sing	QCSL	14/12	18/12
CCT/2	Budi Aman	Cont	Sing	RSL	12/12	20/12
CCT/3	Bunga Mas Enam	Cont	P Kel	EOSL	10/12	18/12
RM/14	AL Swamruz	C Clink	CICA	ASLL	30/11	21/12
CCJ	APJ Anand	C Clink	Tanj	-	-	19/12
GSJ	Sea Bird	Wheat(G)	K Dia	Frank	R/A	17/12
TSP	Suithathip Naree	Repair	Ham	Move	10/12	25/12
RM/5	Nidia	HSD	Sing	MSTPL	13/12	17/12
DDJ/1	Tanary star	Idle	Para	PSAL	-	30/12
DDJ/2	Banglar Asha	Repair	Mong	BSC	14/12	-
RM/8	Penguin	Repair	Yang	SMSL	19/11	-
RM/9	Banglar Mamata	Repair	-	BSC	R/A	21/12
KAF						
CO(U)	Jiang Yang	PSSP	Sing	TMIL	1/12	20/12

Vessels due at outer anchorage

Name of vessels	Dateof arrival	L Port call	Local agent	Cargo	Loading port
Midwest Angela (24)	17/12	-	AML	GI	-
Ocean-1	18/12	Yang	SMSL	GI	-
Martina	18/12	-	USTC	Cement	-
SocoflLake	17/12	-	AASS	GI	-
Ivan Korobitsov	17/12	-	OTL	-	-
Banglar Robi(Cont)	18/12	Sing	BSC	Cont	Sing
Yick Hua	19/12	-	Ancient	Wehat(G)	-
Marine Union (48)	18/12	Sing	RML	GI	-
Asian Leader (Roro/24)	18/11	Col	JF	Vehi	-
Prosrich(Cont)	18/12	Sing	QCSL	Cont	Sing
Adventure	19/12	-	Seaglory	Wheat(P)	-
Ranginui	18/12	Sing	IPL	GI(Copra)	-
Jurong Balsam (Cont)	20/12	Sing	Nol	Cont	Sing
Kota Singa (Cont)	18/12	Sing	PII(Bd)	Cont	Sing
Dong Long-1	29/12	Cal	MSL	Rice(P)	-
Jaami	23/12	CAL	Royal	Rice(G)	-
Xing Ye	22/12	-	-	Rice(G)	-
Manaslu(Cont)14/12	21/12	-	RSL	Cont	Sing
Min Jiang	20/12	-	BDship	GI	-
AA Venture	20/12	-	CLA	Rice(P)/GI	-
Kota Berjaya (Cont)	20/12	Sing	Pil(Bd)	Cont	Sing
Richmond(Cont)	20/12	Sing	QCSL	Cont	Sing
Diligence Cont(Cont)	21/12	Sing	QCSL	Cont	Sing
Bunga Mas Lapan (Cont)	22/12	Sing	EOSL	Cont	Sing
Asean Jumbo	22/12	-	Oil	GI	-
Banglar Shikha (Cont)	24/12	Sing	Pil (Bd)	Cont	Sing
Sea Gallant (Cont)	24/12	Sing	Pil(Bd)	Cont	Sing
Maple Aries (48)	25/12	-	-	GI	Cal Sing
Vishva Kaumudi	25/12	-	SSSL	Rice(G)	-
Kota Naga (Cont)	25/12	Sing	PIL(Bd)	Cont	Sing
Xpress Padma (Cont)	25/12	Sing	RSL	Cont	-
Bang Birol (Cont)10/12	25/12	Sing	Bdship	Cont	Sing
Mary bay	26/12	-	Lamps	Wheat(G)	-
Ortange Moon (Roro/24)	27/12	-	BBA	Vehi	-

Tanker due

Zee Brugee	17/12	Para	ANCL	-	-
Pranetya Dwitya	18/12	Sing	CTPL	F Oil	-
Uznadze	20/12	-	Malt	Lube Oil	-

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Seabulk Command	-	-	IBS	R/A30/11)
SS Juneau	Wheat(G)	USA	SSST	(2/12)
Makmur Perkasa	Wheat(G)	Mong	Frank	R/A(14/12)
Sea Phoenix	Wheat(G)	Vanc	AASS	8/12

Vessels at outer anchorage:

Ready on:				
Yong Jiang	GI	Col	Bdship	12/12
Xia Men	GI	Sang	BDship	11/12
AL Quamar	C Clink	Taje	PSAL	12/12
Jiang Chuan	GI	Tiang	Bdship	11/12
Aghia Sophi	Wheat(G)	Leha	OWSL	13/12
Makassar Express (Cont)	Cont	Col	Baridhi	14/12
Kota Chaya (Cont)	Cont	Sing	Pil(Bd)	14/12
Acacia (Cont)	Cont	Sing	RSL	13/12
Viva Ocean	Urea	Mogn	ANCL	15/12
Mingzhou-3	Urea	Sing	Seacom	13/12
Banbglar Maya	Wheat(G)	-	BSC	R/A(11/12)
Hibiscus(Cont)	Cont	Col	QCWL	14/12
Arktis Grace	GI	Sing	Seacom	16/12
Banglar Shobha	Wheat(G)	K Dia	BSC	R/A(16/12)
Banglar Moni(Cont)	Cont	Sing	BSC	17/12
Meghna (Cont)	Cont	Sing	BDShip	17/12/
Nazli G	Wheat(G)	Tilb	SSST	16/12

Vessels not ready

Mukda Naree	GRSP	Darb	OWSL	29/11
Lynx	Wheat(P)	Mars	Rainbow	15/12
Hyok Sin	Cement	Gles	PSAL	15/12

Vessels awaiting instruction

Karya Sentosa	Rice(G)	-	USTC	R/A(18/9)
Rongjiang	Rice(G)	Kaki	OWSL	R/A(9/9)
Titz	Rice(P)	Kaki	Cross	R/A(24/9)
Delta Star	-	-	RSA	R/A(7/9)
Surabaya Express	-	-	BSC	R/A(6/9)
Banglar Shourabh	-	-	BSC	R/A10/9)
Banglar Jyoti	-	-	BSC	R/A(15/9)
Sea World	-	-	BSC	R/A(15/12)
Cosmic	-	Mong	-	13/12
Darin Naree	-	-	Total	R/A(1/12)
Barge Wombat/LeMacareux	-	-	Karna	R/A(30/10)

Vessels not entering

Izmail	-	Col	USTC	3/07
AL Salamas	-	-	ASLL	R/A(18/11)
Morretes	Scraping	Baha	AHZ	2/12
Saudi Glory	-	Peng	H&H	13/12
Aitolikos	Scraping	Rayo	AHZ	14/12
Namreen-1	Repair	Darb	AHZ	11/12

Movement of vessels for 18, 19 & 20. 12. 98

Outgoing		Incoming		Shifting	
18/12:					
J/1	Dalmcua Firgo	CCT/2	Makassar Express		Al Muztaba to RM/8
J/8	King Dong-5	J/8	B Maya	J/4	Elisabeth to BB
CCT/1	QC Teal	J/1	Yong Jiang		
RM/5	Spring Grace	J/4	Nazli-G		
DDJ/2	B Asha	RM/4	P Dwitya		
RM/8	Penguin	KAFCO	Zee Bergo		
J/4	M Angela				
19/12:					
J/5	Ynglin	J/4	Asian Leader		AL Muztaba to RM/8
J/10	B Moni	J/5	Yong Jiang	J/4	Elisabeth to BB
J/13	Lassia	J/10	B Robi		
			Cosmic		
		J/13	Lynx		
			AL		
			Sea Phonex		
20/12:					
J/3	Yasmina	RM/4	Xia Men		
SB	Elisabeth	J/8	Jiang Chuang		
CCT/2	BudiAman	CCT/2	Hibiscus		
KAFCO	Jiang Yang	J/12	Meghna		
J/12	Kota Chaya	J/4	M Union		
		J/3	Cosmic		

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.