US co to invest $1b in two Pak power projects

ISLAMABAD, Jan 27: United States company Synergics Energy Development is to invest about 1 billion dollars in two power projects in Pakistan in the next six years, its chairman said here, reports AFP.

Wayne Rogers told a news conference the company would set up a 600 megawatt hydro-electric power project in Kashmir costing 850 million dollars and an 84 megawatt project costing 120 million dollars in northwest Pakistan.

He said work on the project in Pakistani Kashmir was underway and was scheduled for completion in 2006. The feasibility study for the other project had been completed.

The two projects will be constructed on a built-operate-and transfer (BOT) basis and handed over to the government after 25 years in operation, he said.

Synergics would explore other hydro-electric power projects in Pakistan and would be a leader in restoring investors confidence in the country, he added.

Rogers said his company was committed to a long-term partnership with Pakistan in the hydro-electric power sector and was encouraged by the revival of lending to Pakistan by the International Monetary Fund and the World Bank.

The institutions this month restored loans to Pakistan which were suspended after it conducted a series of nuclear tests in May.

The Synergics announcement followed indications of a thaw in Pakistan's year-long power tariff row with about 20 Independent Power Producers (IPPs), including US and Japanese companies, which had set up thermal power projects here.

The dispute erupted early last year as the government, complaining of high tariffs, said the deals were struck correctly during the rule of former Premier Benazir Bhutto.

The authorities have said negotiations with the IPPs have made headway, with several agreeing to reduce rates, and they insist the issue is in the process of being settled.

The row with IPPs drew international protests and adversely affected investor confidence. Pakistan was repeatedly urged by the IMF and the World Bank to resolve the issue.

Big Japanese banks to seek $70.3b funds

TOKYO, Jan 27: Japan's big banks plan to seek more than 8 trillion yen ($70.3 billion) in new funds to prepare for possible losses on bad loans, media reports said Wednesday, reports AP.

Fifteen of Japan's top banks will ask for some six trillion yen ($52.8 billion) from a public fund created last year to strengthen the ailing financial system.

The planned requests are an increase over requests the banks announced two months ago, said the reports, released by the Yomiuri and Asahi newspapers and Kyodo News service.

The banks will also raise as much as 2 trillion yen ($17.6 billion) by selling stocks to affiliated companies or issuing shares, the reports said.

Many banks have nearly exhausted their financial reserves as they struggle to get out from under a pile of bad loans left from the collapse of real estate and stock prices early this decade.

Some analysts estimate Japan's financial companies carry as much as 80 trillion yen ($70.3 billion) in bad or doubtful loans.

To steady the shaky financial system, the government set aside 25 trillion yen (219.8 billion) in October, instructing banks to draw on the fund to strengthen their capital bases.

In November, fifteen top banks had said they would seek 5.78 trillion yen ($50.8 billion) under the programme. But since then, several banks have said they would ask for more.

Widening trade gap fans tension

Japan fears US sanctions

TOKYO, Jan 27: Japanese leaders said Wednesday they were worried about US plans to revive a procedure to impose stiff sanctions on countries with tough trade barriers to American exports, reports AP.

Tokyo fears it could be targeted with the so-called 'Super 301' trade legislation since Japan's rising trade surplus and soaring steel exports to the United States have fanned tensions with Washington.

Prime Minister Keizo Obuchi said trade conflicts should be handled according to international rules rather than bilaterally.

If the United States takes action unilaterally, I will be seriously concerned about it," Obuchi was quoted as telling reporters Wednesday by Kyodo News agency. "We'll watch it carefully.

Japan, like many other US trading partners, views the Super 301 as bullying, and having a neutral body, the Geneva-based World Trade Organisation, settle trade disputes.

"Chief Government spokesman Hiromu Nonaka echoed Obuchi's comments.

"I can't help but say I'm very worried by the possibility that the US, which plays a leading role in the world, would take such unilateral action," Nonaka told a regular news conference.

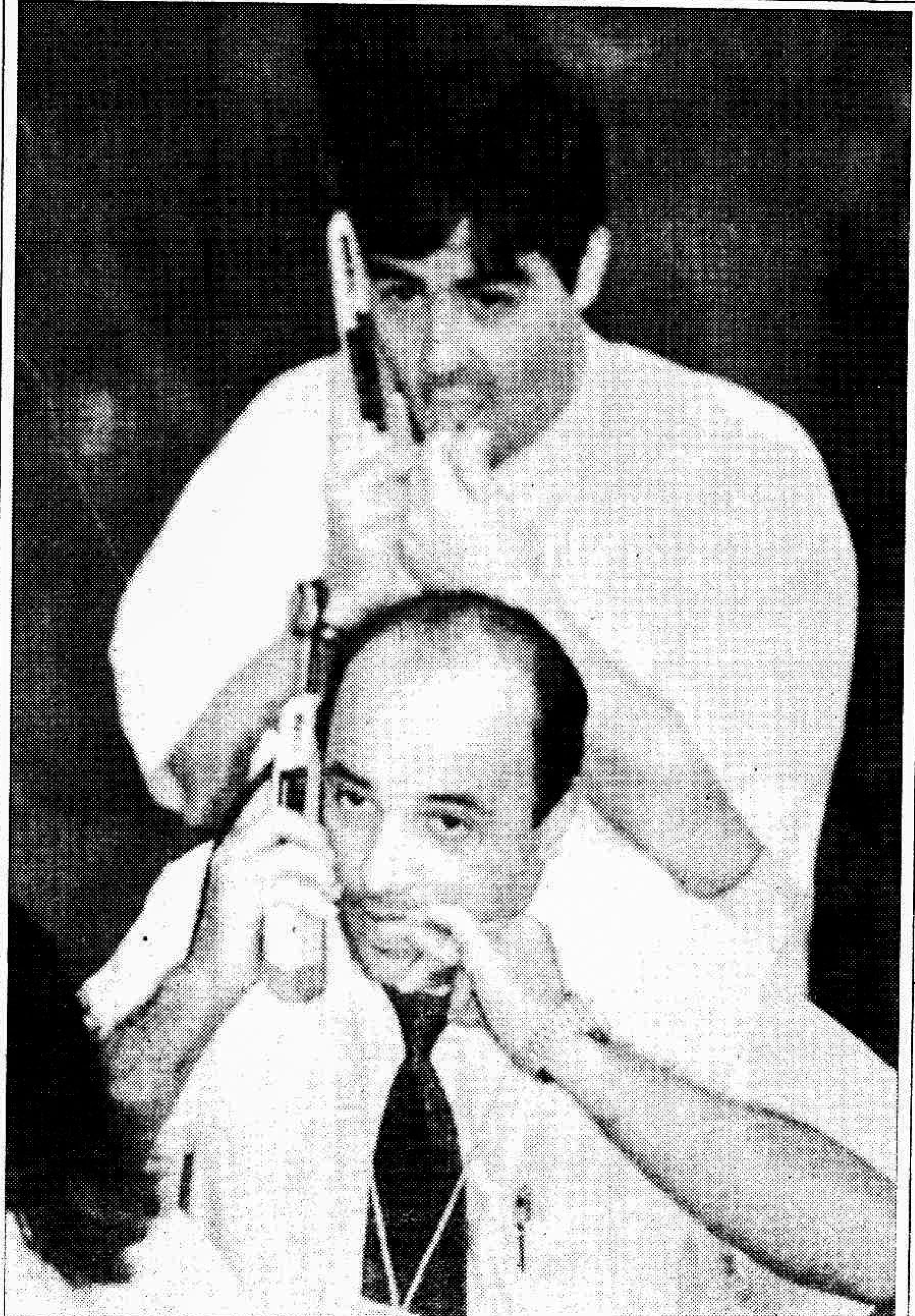
"Japan will watch to see what steps the US takes. I expect it to take careful and appropriate steps," he said.

US Trade Representative Charlene Barshefsky told the Senate Finance Committee on Tuesday that president Bill Clinton will issue an executive order re-instituting Super 301, a process in which the United States singles out countries for intensive negotiations which ultimately can lead to sanctions.

The administration has used Super 301 in the past to force trade concessions from other countries, most recently last October when South Korea agreed to remove a series of barriers to American automobiles.

The administration is under intense pressure to trim the US trade deficit. The gap was running at an annual rate of $168 billion last year and is expected to widen by another $ 50 billion to $ 60 billion this year.

Japan announced on Monday that its trade surplus with the world soared 40.1 per cent in 1998 to a record 13.9 trillion yen ($121.8 billion). The surplus with the United States increased 33.4 per cent to 6.7 trillion yen ($ 58.3 billion).



Traders work on the floor of the Sao Paulo Bovespa (stock exchange) Tuesday. Brazil's currency nosedived again on Tuesday, as markets pushed the central bank to sell dollars. Still, the weaker real was good news for local stock markets, as foreign investors went fishing for bargains. The Sao Paulo Stock Exchange, Latin America's largest, was up 5.6 per cent in early trading. — UNB/AP photo

ROK firm now world's largest steel producer

SEOUL, Jan 27: Pohang Iron and Steel Co. has overtaken Japan's Nippon Steel Corp. as the world's largest steel producer for the first time in 28 years, Pohang officials said Wednesday, reports AP.

POSCO, South Korea's only integrated steel maker, produced 25.6 million tons of steel products in 1998, compared with Nippon Steel's 24.8 million tons, they said.

It was the first time that Nippon Steel has lost its top position in overall steel production since it was built in 1970, the officials said.

In 1997, Nippon Steel produced 26.9 million tons of steel products, compared with 26.4 million tons by POSCO.

Cathay Pacific pay deal turns sour

HONG KONG, Jan 27: A pay deal between Cathay Pacific Airways and its flight attendants union turned sour Wednesday as each side accused the other of acting in bad faith, sparking renewed speculation the matter could land in court, reports AP.

The airline issued a statement saying it was "disappointed" that union bosses had written to flight attendants asking them to withdraw support from a recent agreement to fly more hours in exchange for a pay increase.

But flight attendants said the airline was trying to bust their union by seeking individual approval from the cabin crew.

Cathay spokeswoman Quince Chong disputed charges that the airline was trying to undermine the union by dealing directly with the workers.

"What's the point of doing this tricky thing now? We could have done this months ago if we really wanted to," Chong said.

Chong said Hong Kong labour law requires individual consent to any changes in employment contracts, despite any union representation. "The union itself has no legal status under the law," Chong said.

The airline said it had presented the offer to 4,598 flight attendants, some in the union and some not, and more than 50 per cent had gone along. The carrier wants more of the workers to sign up by a new deadline of Jan 31.

Only large int'l payments deficit to force yuan devaluation

BEIJING, Jan 27: China's central bank governor said today only a large international payments deficit would force a devaluation of the yuan and he stressed the currency was firm for now, reports Reuter.

Dai Xianglong also told a news conference that the economy was likely to grow by around seven per cent this year after expanding by 7.8 per cent last year.

But he dashed expectations that Beijing would turn on the money taps to stimulate the flagging economy, warning that inflation was still a risk.

"The Renminbi will be devalued 'only when there is a great imbalance in the balance of payments of China," Dai said.

He added 'during the Asian crisis, the Renminbi was not devalued and at the moment it is not necessary for the Renminbi to be devalued.'

China currently runs a healthy balance of payments, even though exports are faltering and foreign investment is slowing. The trade surplus last year hit a record 43.59 billion dollars and foreign direct investment was 45 billion dollars.

Huge net capital inflows have given China foreign exchange reserves of 45 billion dollars, the world's second largest, after Japan's.

Dai's clear comments boosted shares of China-backed companies in Hong Kong and B shares for foreign investors in Shanghai and Shenzhen.

The yuan closed fractionally higher at 8.2777 per dollar in Shanghai after closing on Tuesday at 8.278.

Fears about a devaluation of the Renminbi, also known as the yuan, were raised after the Brazilian real was floated.

Nervous markets were already alarmed by the bankruptcy of Guangdong International Trust and Investment Corp (GITIC) this month and a knock-on effect of debt defaults as a foreign banks started pulling the plug on lending to China.

Asian currencies and stockmarkets were further unnerved when a Chinese newspaper on Sunday quoted unnamed analysts as saying a yuan devaluation may not be such a bad move.

But Dai said devaluation would hurt foreign investment, increase China's foreign debt burden and would not help the stability of Asia's financial markets. He also said Beijing supported the Hong Kong dollar's peg to the US dollar.

"We have a solid foundation for a stable exchange rate," he said.

"As a person in charge I can say the Renminbi will not be devalued."

Dai said China would phase out interest rate controls on foreign currency loans and all major Chinese cities would be opened to foreign banks.

"Areas open for foreign banks to set up operational establishments will be expanded from the current 22 cities plus Hainan province to all major," Dai said in the statement.

Many Chinese economists had hoped Dai would announce sharply higher money supply targets to battle deflation caused mainly by weak consumption.

But Dai said broad M2 money supply growth this year — including bank deposits and cash in circulation — would grow by 14 to 15 per cent, even slower than last year's below-target expansion of 15.3 per cent.

"If China follows this growth rate, this year's situation could be worse than last year," said Song Guoqing, chief economist at the Securities Exchange Executive Council, adding that he had hoped for an 18 per cent hike in money supply.

"But this is a good news for the Renminbi because weak demand will help strengthen local currency exchange rate," Song said.

Dai said the Consumer Price Index a broad measure of inflation, would grow by four to five per cent this year after negative growth of 0.8 per cent last year.

However, Song predicted CPI would expand by one to two per cent.

"I think the central bank is a bit too optimistic about easing deflation," he said. "In the long term it is reasonable to be alert against inflation, but now the task should be to focus on preventing deflation."

Dai said troubled trust and investment companies would be "rectified", but he gave no details about a widely reported plan to cut their number to 40 from 240.

"Some will be preserved. Some will be merged," he said.

"The restructuring will be according to commercial principles."

He said the total foreign liabilities of trust firms, not including GITIC, stood at 8.1 billion dollars. Of that, 6.7 billion dollars was borrowings and the rest guarantees.

Dai offered no new insights into the operation of asset management firms to be set up this year to repackage the bad loans of state banks, saying only that non-performing loans would be "greatly reduced."

Some foreign economists have estimated the size of China's bad bank debts at around 200 billion dollars, equivalent to 20 per cent of annual gross domestic product.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the taka to clients.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7050	48.7450	48.3100	48.1570	48.0850
Pound Stg	80.9575	81.0239	79.7695	79.5168	79.3980
Deutsche Mark	29.0886	29.1125	28.0746	27.9857	27.9438
Swiss franc	35.0648	35.0936	34.5071	34.3979	34.3464
Japanese Yen	0.4303	0.4306	0.4227	0.4213	0.4207
Duth Guilder	25.8166	25.8378	24.0167	24.8378	24.8006
Danis Krona	7.6100	7.6163	7.4288	7.4052	7.3942
Australian $	31.2012	31.2358	29.9667	29.8718	29.8271
Belgian Franc	1.4103	1.4115	1.8612	1.3569	1.3548
Canadians	32.3707	32.3973	31.4600	31.3604	31.3135
French Franc	8.6732	8.6803	8.3708	8.3443	8.3319
Hong Kong $	6.2979	6.3031	6.2219	6.2022	6.1929
Italian Lira	0.0294	0.0294	0.0284	0.0283	0.282
Norway Krone	6.5543	6.5597	6.4422	6.4218	6.4122
Singapore $	29.2892	29.3132	28.3536	28.2628	28.2206
Saudi Rial	13.0227	13.334	12.8470	12.8064	12.7872
UAE Dirham	13.2976	13.3085	13.1167	13.0751	13.0556
Swedish Krona	6.3294	6.3346	6.2473	6.2275	6.2182
Qatar Rial	13.4211	13.4321	13.2338	13.1919	13.1722
Kuwait Dinar	166.8551	166.9921	154.7406	154.2505	154.0199
Thai Baht	1.3313	1.3324	1.3162	1.3120	1.3100
Euro	56.8923	56.9390	54.9091	54.9091	54.6534

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6667	45.8945

US dollar London Interbank Offered Rate (LIBOR) as of January 27, 1999

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7050	USD	4.9375	4.96875	4.96875	4.96875	5.03125
48.0850	48.7050	GBP	6.0075	5.84266	5.65328	5.54188	5.54188
		EURO	3.13438	3.08438	3.02125	2.99483	2.98875

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.47/42.54	51.12/51.17	36.68/36.73	3.8000/3.8002	9050/9950	1174/1177

Amex notes in Wednesday's market

USD/BDT market was very active on Wednesday. Continued shortage of USD in the interbank market led the rates to as high as 48.68. Supply shortage due to less remittances into the nationalised banks, high demand among importers for payments and also for forward coverage pushed the rate sharply up. Average USD/BDT rate ranged between 48.6700-48.6800.

The call money market was active with average call rates ranging between 7.5% and 8.00%. The pressure on liquidity situation is gradually easing as people started to deposit the Eid earnings to their respective banks.

The US dollar was strong against the euro by late Tokyo trade. The euro came under pressure against the yen on selling by overseas operators and talk of yen buying related to European investors' purchase of Japanese Government Bonds (JGB). On the other hand, the dollar was stuck in a tight range against the yen due to lack of fresh market-moving factor.

The dollar was higher against the yen and tested a two-week peak level versus the euro in early European trade in view of improved sentiment over Brazil though analysts expect its upside to be restricted by US -Japan trade tensions.

Sterling has changed little against euro and dollar in the European morning session after report showed British trade deficit against non-EU countries narrowed in December but that global deficit widened in November.

At 11.06 GMT, the majors traded against the USD at 114.09/114.19 JPY, 1.3960/1.3970 CHF, EUR at $1.1515/1.1520 and GBP at $ 1.6514/1.6519.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 27-1-99

Berth No	Name ov vessels	Cargo	L Port call	Loca agent	Date of arrival	Leaving
J/1	Ocean-1	GI(LOG)	Yang	SMSL	19/1	31/1
J/2	Banglar Gourab	Rice(P)	Kara	BSC	19/1	31/1
J/3	Vishva Kaumudi	Rice(G)	Mum	SSL	11/1	31/1
J/4	Island Princess	Rice(OP)	Cal	Cla	23/1	29/1
J/5	Ostfriesland	Rice(P)	Kand	MHCSL	5/1	2/2
J/6	Mariupol	R-Seed	Pen	Seacomd	9/1	3/2
J/7	Nadle Horn	Wheat(G)	Varn	Anchient	12/1	30/1
J/8	Surabayaexpres	GI(log)	yang	Olm	16/1	29/1
J/9	Great Fortress	Wheat(P)	-	OWSL	R/A	31/1
J/10	Buditeghu	Cont	P Kel	RSL	19/1	29/1
J/11	Banglar Shobha	What(G)	-	BSC	R/A	31/1
J/12	Yasmina	GI	Yang	SMSL	17/1	1/2
J/13	Banglar Robi	Cotn	Sing	BSC	24/1	30/1
CCT/1	Kotanaga	Cont	Sing	Pil(BD)	15/1	27/1
CCT/2	Meghna	Cont	Sing	Bdship	11/1	30/1
CCT/3	Bunga Mas Enam	Cont	P Kel	EOSL	20/1	30/1
RM/.14	Younglly	C Clink	Sing	PSAL	10/1	31/1
RM/15	Banglar Urmi	GI	Sing	BSC	24/1	31/1
CCJ	Anodad Naree	C Clink	Indoi	Delmure	30/12	31/1
GSJ	Filoktitis	Wiieat(G)	Varn	Ancient	11/1	28/1
TSP	patchara naree	Sulp	B ABB	Seacom	23/1	2/2
RM/3	Ventura	Cdso	Barb	Ranow	16/1	28/1
RM/5	Ras Al Zour	Hsd/jet-1	Mira	MSTPL	22/1	28/1
RM/6	Talana	Urea	-	Seacom	18/1	5/2
DDJ/1	Tanary Star	Idle	para	PSAL	-	31/1
RM/9	Bangalr Shourabh	Repair	Repain	BSC	R/A	30/1
Cufl	Mary Nour	Cement	Lav	BSL	19/1	1/2
Kafco(U)	Nazlig	Urea	Mong	MBL	17/4	28/1

VESSELS DUE AT OUTER ANCHORAGE

Nme of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Asian Ruby	28/1	-	USTC	Rice(G)	-
Kota Singa (Cont17/1	27/1	Sing	Pil(BD)	Cont	Sing
Xing ye	28/1	-	Cla	Rice(P)/GI	-
Ingenuity (Cont(17/1	28/1	Sing	RSL	Cont	Sing
Diligenc cont(Con)18/1	28/1	Sing	QCSL	Cont	Sing
Vivatreasure	29/1	-	USTC	Cement	-
Xpress Resolve (cont)3/1	29/1	Sing	RSL	Cont	-
Banglar moni(Cont)14/1	30.1	Sing	BSC	cont	Sing
Bo Tong Gang	29/1	-	USTC	Rice(G)	-
Sylvia	29/1	-	USTC	Rice(G)	-
Oh Santok	29/1	-	Ustc	Rice(G)	-
Banglar Shikha (Cont)17/1	30/1	Sign	BSC	Cont	Sing
Topaz	29/1	-	Mbl	C Clink (Mjetty)	-
A A venture	5/2	-	Bdship	GI	-
Lampun Naree(Cont)16/1	30/1	-	Baridhi	Cont	Col
Taraman Bibi	30/1	-	USTC	Cement	-
Iran Salam (24/) 14/1	31/1	B ABB	Everett	GI(Pcargo)	-
Spring Trader (48)26/1	31/1	-	Everett	GI	-
Kota abadi (Cont024/1	31/1	Sing	Pil(BD)	Cotn	Sing
Multan	1/2	Kara	BSC	Rice(P)	-
Akra sounion	1/2	Texes	Lams	What(G)	

VESSELS AT KUTUBDIA

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Seabulk Command	-	-	IBS	R/A(25/10)
Coastal corpus christi	What(G0	Host	Lams	25/12
Global jane	-	Mong	Lams	23/1
Goldend	What(G)	Mong	Lams	26/1

VESSELS AT OUTER ANCHORAGE

READY ON

General mojica	R Seed	Sing	Dolphin	18/1
Daragon Brani(Cont)	Cont	Sing	Nol	20/1
Sing Hal (Cont	Cont	Sing	RSL	21/1
Acacia (Cont)22/1	Cnt	Sign	Rsl	22/1
Calatagan	urea	Mong	Everett	23/1
Amfitriti	GI	Caga	Oil	23/1
Kota Cahaya (Cont)	Cont	Sing	Pil(BD)	24/1
Prospich(Cont)	cotn	Sing	QCSL	24/1
Ecaterina	GI	Mum	Sunshine	24/1
Banglar Mamata	Wheat(G)	-	BSC	R/A(16/1)
Blue Angel	What(P)	Mad	AASS	10/1
Al Quamar	Rice(G)	Hald	BSL	24/1
Banglar asha	What(G)	-	BSC	R/A(24/2)
Maring Unoin(48)	GI	Sing	Rml	26/1
Banga Biraja(Cont)	Cont	Sing	Bdship	26/1
Ocean Brave(48)	GI	Cal	Everett	26/1

VESSELS AWAITING INSTRUCTION

Karya Sentosa	Rice(G)	-	USTC	R/A(18/9)
Ritz	Rice(P)	Kaki	Cross	R/A(24/9)
Delta Stear	-	-	RSA	R/A(7/7)
Sea world	-	-	CCNL	R/A(5/1)
Jammi	-	-	Royal	R/A(25/1)

Barge: Wombat/le Macareux/PDC-1HAM-91/F-22 A/C Dveloping RoadKaran R/A(30/10)

VESSELS NOT ENTERING:

Superitas	Mop	Ilyc	Litmond	12/1
Evandros-k	Cement	Jaka	SBS	15/1
Hexagram	scraping	sing	Simni	16/1
Al salamas	-	-	ASLL	R/A(28/11)
Namreen-1	Repair	Darb	Ahz	11/12
Tea Dong	Cement	Jaka	PSAL	15/1
Palau Mawar	GI	Bang	Olm	8/1
Shingobu	Scraping	Falm	Arl	25/1

MOVEMENT OF VESSELS FOR 28-1-9

Outgoing	Incoming	Shifting
CCT/1 K Naga	CCT/1 Dragong Brani	J/7 Nadel Horn to GSJ
GSJ Filoktitis	B Mamata	RM/6 Talana to DOZ
RM/3 Ventura	Topaz	
RM/5 Ras al Zour	Kafco Calatagon	
Kafco Nazlig	RM/5 Bela	

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