

FDIs down to zero, says Benazir Pakistan facing worst economic crisis

LONDON, Apr 18: Opposition leader Benazir Bhutto has said Pakistan is currently facing one of the hardest and most pressing economic crisis in its history, reports PPI.

"Of most pressing concern has been the attack by Nawaz Sharif government on the independent Power Producers (IPPs) in Pakistan. Since the present government took power it attacked the IPPs and froze foreign currency accounts. Direct foreign investment into Pakistan has fallen to zero,"

Benazir Bhutto, the former prime minister who was convicted by the Lahore High Court Ehtesab Bench Rawalpindi on Thursday said this while addressing the D-Group in London Friday evening.

Suggesting a path to recovery, she said it is critical for

Pakistan to again establish the trust and confidence of the international investor community. To achieve this confidence and trust, Pakistan must ease the economic constraints imposed upon it.

She stressed that in the new century, the concerns of the state will be driven more by considerations of trade and commerce, rather than by our traditional military-territorial considerations.

The success of a nation shall be based upon its level of exports, hard currency reserves, its per capita GNP and the creative genius of its citizens. Expressing hope in the future, she said, "we have in the past and can in the future, with the right policies, the right direction and the right intention, turn our crisis into opportunity."

EU counting cost of Kosovo crisis

DRESDEN, Germany, Apr 18: European Union finance ministers counted the cost of both the war in Kosovo and an eventual peace settlement as the Balkan crisis overshadowed a two-day meeting that ended yesterday, reports Reuters.

With thousands of ethnic Albanian refugees pouring out of Kosovo every day, new German Finance Minister Hans Eichel, who chaired the talks, said now was not the time for penny-pinching.

"We paid for German unity—and now we will have to pay for peace in the Balkans," Eichel told a news conference.

Eichel has drawn a parallel between the cost of Balkans reconstruction and the aid plan devised by then US Secretary of State George Marshall that helped western Europe rise from the ashes of World War Two.

The ministers, spurred by a half-point cut in interest rates last week by the European Central Bank, also discussed a jobs pact they want to finalise at the June summit in Cologne aimed at putting the EU's 17 million unemployed back to work.

But they found it hard to escape the pull of the Kosovo war, with concerns growing that NATO's 24-day-old air campaign aimed at halting Yugoslavia's offensive against ethnic Albanians in the southern Serbian province of Kosovo could start to affect Europe's economy.

Ministers voiced concern that the conflict might undermine consumer confidence and take a heavy financial toll, burdening their budgets at the very moment that the ECB is demanding spending discipline

as a quid pro quo for lower borrowing costs.

"They are certainly serious, in particular for the countries on the front line which have enough difficulties already without this military conflict," Austrian Finance Minister Rudolf Edlinger said of the economic consequences of the conflict.

Italian Treasury Minister Carlo Azeglio Ciampi said that, with the war still raging, now was not the time to count the cost. But he acknowledged: "It adds a further element of uncertainty and worry."

Greece is the EU member at greatest economic risk, mainly through the depressing impact on trade and tourism, but Finance Minister Yannos Papandouli still said his government would not change its forecast of 3.5 per cent growth this year.

ECB President Wim Duisenberg played down the economic impact of the Kosovo conflict, saying it had sparked increased volatility on financial markets but it was too early to discern any measurable impact on the EU's real economy.

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Indian seafood exports drop sharply

THIRUVANANTHAPURAM, Apr 18: Worldwide recession and problems in the Chinese market have been identified as the main reasons for the dramatic fall in seafood exports from India.

The export of seafood has fallen short of the target of Rs. 5.6 billion by over Rs. 1 billion.

According to sources in the seafood industry, India exported 294,861 tonnes of seafood valued at Rs. 4.53 billion during 1998-99. The corresponding figures for the previous year were 385,818 tonnes and Rs. 4.69 billion.

The sources point out that the exports to most countries, except the European Union (EU), has come down.

The current year's exports to the EU have increased mainly because of the lifting of the Union's ban, which was in place last year.

Export to Southeast Asia and China was the most affected. It fell by as much as 41 per cent.

Similarly, exports to the Japanese and US markets have also fallen.

China, which imported seafood products from India worth almost Rs. 6 billion in 1997-98, was the biggest disappointment for exporters of the commodity in India. For 1998-99, the decline in exports to China was 55 per cent in quan-

tity and 60 per cent in value.

Similarly, there was a negative growth in most of the important varieties of marine products like shrimp, fin fish, squid and cuttle fish. Fin fish exports fell by 40 per cent, while the sale of shrimp to foreign markets declined by seven per cent and that of squids and cuttle fish by 17 per cent.

K.C. Ninan of the Baby Marine Group, Kochi, one of the leading seafood exporters in the country, told India Abroad News Service: "Many of us have burnt our fingers after entering the Chinese market. Several letters of credit were dishonoured. A large sum of money is still outstanding from them even now. In the Japanese market also we had to face several problems on account of the devaluation of the yen. While exports to Japan in the first six months of 1998-99 fell by ten per cent, the price of shrimps dropped in the last quarter of the year."

The sources also point out that seafood exports were the lowest in March 1999, when actually it should have been the highest.

During the month, only 23,377 tonnes of seafood worth Rs. 2.84 billion was exported as against 44,122 tonnes worth Rs. 4.39 billion during the same period of the previous year.

— India Abroad News Service

BJP fall deals another blow to Indo-Lankan trade pact

COLOMBO, Apr 18: A tottering trade pact between India and Sri Lanka may have suffered another blow with the collapse of the New Delhi government of Atal Behari Vajpeyi, trade officials here said yesterday, reports AFP.

The agreement signed between Vajpeyi and Sri Lankan President Chandrika Kumaratunga in December was to go into effect from last month but India's last minute U-turn on tariff concessions has scuttled the deal.

The agreement was more of an expression of political will on the part of the two governments to move ahead with trade," a senior trade official here said. "At best, the implementation of the deal can be further delayed."

Both sides had said they would open negotiations to hammer out a compromise after New Delhi withdrew promised tariff concessions to

Sri Lanka's main export commodities, tea and rubber.

Without Sri Lankan tea — better known by the country's previous name Ceylon — having easier access to the vast Indian market, the trade agreement would be of little value to the smaller country.

On the other hand, even without a trade pact, the balance of trade is 13 to one in India's favour.

Sri Lankan officials said that India last month offered export quotas for Sri Lankan tea subject to a maximum of five million kilos not exceeding a cash value of 10 million dollars per year.

However, Sri Lanka had asked for a substantially higher quota.

Asian diplomats said that the pact, known as a free trade agreement, was originally intended to be a model for other South Asian countries but now

it appeared to have suffered a still birth.

Embarrassed Indian diplomats here have been putting a brave face on the situation and last month one told Indian journalists that talks could be held within a couple of weeks to sort out differences between the two sides.

Tea trade officials here said India had gone back on promises following intense pressure from three tea-growing states in India which feared competition from cheaper Sri Lankan tea.

Given the fragile political situation in New Delhi, which ever government that comes to power will be more likely to succumb to pressure from regional parties, a senior tea official here said.

However, there was no formal reaction from the Sri Lankan government to the latest political crisis in New Delhi.

India's top envoy here, Shiv Shankar Menon, has gone on record as saying that tea and rubber will not be included in India's "negative list", allowing the two commodities easier access to the vast Indian market.

Details of the free trade agreement have been shrouded in secrecy. Local industry and trade chambers first heard details of the deal not from Sri Lankan officials but from India's Menon.

The trade pact had envisaged India eliminating some of the import tariffs on Sri Lankan products within three years from March 1st while Sri Lankan would take eight years to reciprocate.

But Sri Lanka's import tariffs, which are already lower than those of India's, are to be brought down across the board by next year, making some of the concessions to India redundant.

Exchange Rates

| Following are yesterday's Standard Chartered Bank rates of major currencies against Taka: | | | | | |
|---|---------|--|----------|----------|---------|
| Central Bank | USD/BDT | rate: Buying-BDT 48.35/Selling-BDT 48.65 | | | |
| Selling | TT/OD | BC | Currency | TT Clean | Buying |
| 48.7300 | 48.7700 | 48.3200 | USD | 48.1599 | 48.0758 |
| 0.4246 | 0.4249 | 0.3999 | JPY | 0.3986 | 0.3979 |
| 33.0082 | 33.0363 | 31.8565 | CHF | 31.7510 | 31.6329 |
| 28.9887 | 29.0125 | 28.0604 | SGD | 27.9764 | 27.9166 |
| 33.4110 | 33.4385 | 32.2241 | CAD | 31.1173 | 31.9972 |
| 5.8817 | 5.8865 | 5.7972 | SEK | 5.7780 | 5.7659 |
| 32.5175 | 32.5442 | 30.2870 | AUD | 30.1863 | 29.9987 |
| 12.9436 | 12.9542 | 12.5991 | MYR | 12.5257 | 12.5256 |
| 6.3060 | 6.3112 | 6.2200 | HKD | 6.1994 | 6.1882 |
| 13.0643 | 13.0751 | 12.8153 | SAR | 12.7728 | 12.7404 |
| 13.3415 | 13.3525 | 13.0839 | AED | 13.0405 | 13.0072 |
| 0.0402 | 0.0403 | 0.0396 | KRW | 0.0394 | 0.0394 |
| 79.6151 | 79.6804 | 76.9641 | GBP | 76.0709 | 76.4308 |
| 53.1742 | 53.2178 | 50.7457 | EUR | 50.5775 | 50.4892 |

Usance Export Bills

| TT/DOC | 30 Days | 60 Days | 90 Days | 120 Days | 180 Days |
|--|-------------|-------------|-------------------|-------------------|-------------|
| 48.2204 | 47.9228 | 47.5257 | 47.0690 | 46.5725 | 45.4605 |
| Exchange Rates of Some Asian Currencies Against US Dollars | | | | | |
| Indian Rupee | Pak Rupee | Thai Baht | Malaysian Ringgit | Indonesian Rupiah | Sing Dollar |
| 42.36/42.46 | 50.18/50.26 | 37.42/37.52 | 3.7999/3.8001 | 8850/8925 | 1.723/1.724 |
| US | | | | | |
| LIBOR | | | | | |
| Buying | Selling | 1 Month | 3 Months | 6 Months | 12 Months |
| Cash notes | 48.15 | 48.75 | USD 5.62875 | 5.28063 | 5.15813 |
| T.C. | 48.1 | 48.7 | GBP 6.5 | 6.34613 | 6 |

Market Commentary

On Sunday, activities in the interbank market were disrupted due to the strike called by the opposition parties. Only few deals were done and dollar traded in a range of BDT 48.65 and BDT 48.525. The call money market was paralysed and call rate ranged between 6 to 7 per cent.

International markets were closed for the weekend. At New York closing on Friday, USD traded at 117.83/117.88 JPY, GBP at 1.6130/35 USD and euro at 1.0692/1.0698 USD.

Shipping Intelligence

CHITTAGONG PORT

Berth Position and Performance of Vessels as on 15.4.99.

| Berth No | Name of Vessels | Cargo | L Port | Local Call | Agent | Date of Arrival |
|----------|---------------------|-----------|---------------|------------|-------|-----------------|
| J/1 | Pathein | CI | Yangon | MTA | 4/4 | 15/4 |
| J/3 | Delight Glory | CI | Singapore | Seaglory | 30/3 | 20/4 |
| J/4 | Darya Ma | Wheat (P) | Calcutta | MSA | 26/3 | 20/4 |
| J/5 | Pacific Bridge | CI | Singapore | MSA | 7/4 | 23/4 |
| J/6 | Seafalcon | Rice (P) | Kuala Lumpur | EOSL | 23/3 | 19/4 |
| J/7 | Chettinad Tradition | Wheat (P) | Port Said | LSE | 18/2 | 18/4 |
| J/8 | Fair Spirit | CI | Colombo | Colombo | 25/3 | 18/4 |
| J/9 | United | Wheat (G) | Dar es Salaam | | | |