

IMF wary after military coup Cash-strapped Pakistan moves to hold on to forex reserve

KARACHI, Oct 14: Cash-strapped Pakistan today took desperate steps to hold on to its meagre foreign exchange reserves amid political and economic uncertainty sparked by Tuesday's coup, says Reuters.

The central bank ordered money changers and kerb forex dealers to remain shut until October 20. Commercial banks were told that the few facilities available to send foreign currency abroad were no longer open.

And cash margins were imposed on several imports — another avenue of drain on foreign currency.

"It seems the military is preparing for an expected halt on inflows or some sort of sanctions... They might be scared of a flight of foreign currency," one banker said.

Kerb traders are legitimate forex traders who work outside the banking system and don't conform to banking hours.

Pakistan's cash foreign exchange reserves totalled \$1.45 billion on October 2.

Stream of circulars
The central bank, the State Bank of Pakistan, called a bank holiday on Wednesday in the wake of the coup which overthrew Prime Minister Nawaz Sharif.

It was not known if the bank was operating on its own, with Finance Ministry officials or with the military.

On Thursday, it issued a stream of circulars to pre-empt a foreign exchange crunch — similar to moves after Pakistan conducted its nuclear tests on May 28 last year.

Financial analysts said the central bank action suggested authorities were expecting a period of foreign exchange difficulties, as almost all Pakistan's bilateral and multilateral donors have said there would be problems funding the country under a military regime.

"It is apparent that the authorities are not sure if their major sources — or in case of Pakistan the only sources of major foreign exchange funding — would be accessible and they want to pre-empt any capital flight," the head research at a foreign brokerage house said.

Hours after the tests last year Pakistan imposed several capital controls and froze foreign currency deposits, later allowing withdrawals in rupees

at a fixed rate.

Later, the government allowed new foreign currency deposits and bankers say about \$500 million is in such deposits.

Sanctions imposed after the nuclear tests also snarled foreign lending and investment. The sanctions lasted until December but left Pakistan's economy lurching.

Bankers said they did not expect further capital controls as all current account transactions already require approval from the central bank while trade payments need documents to prove the transaction is against a genuine demand.

"The withdrawal of these facilities means that very few foreign exchange remittances will be possible except for trade payments, for which banks are responsible to produce several documents to prove that the transaction is a genuine trade transaction," another banker said.

"The moves are negative signals, especially shutting down the money changers," the analyst said.

Kerb market foreign exchange dealers said shutting their businesses would encourage the resurgence of an underground market.

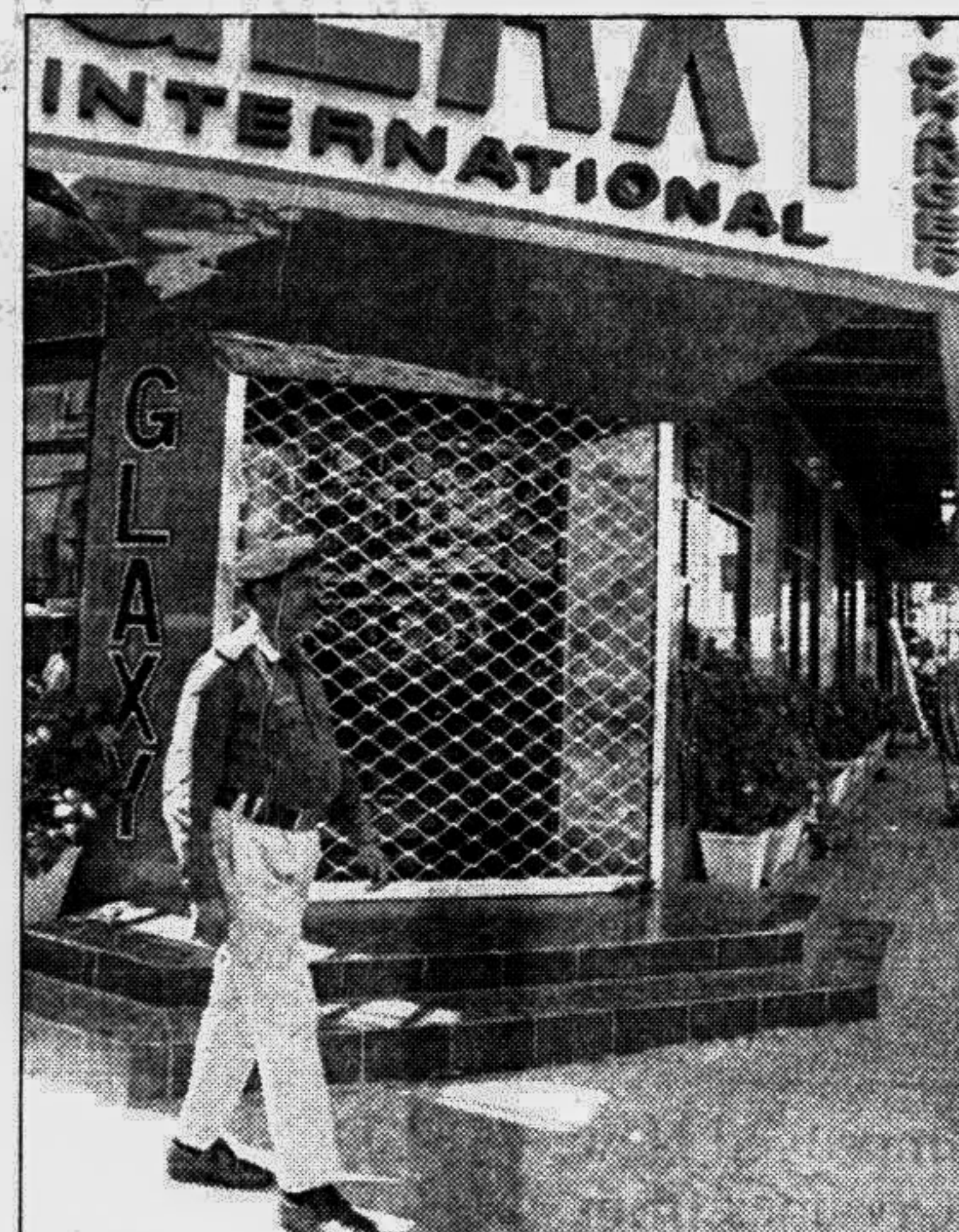
Meanwhile, a report from Washington says: The International Monetary Fund expressed caution on loans for Pakistan's new military rulers yesterday and said it had nobody to talk to in the government which seized power in a bloodless coup on Tuesday, says Reuters.

Thomas Dawson, head of the IMF's external affairs department, said the fund could neither rule in nor rule out working with a future military government in Pakistan, which has been receiving sporadic cash injections from a \$1.5 billion loan approved in 1997.

Echoing comments from IMF Managing Director Michel Camdessus, he said the IMF, which loaned money to Pakistan's military rulers some 19 years ago, would not act alone if the international community believed aid would now be a bad idea.

"The change in government will clearly have implications for how we go forward in terms of timing and for the economy," Dawson told a news briefing.

"The IMF does not act in a



A policeman walks by a shuttered money changer in Karachi Thursday, after the State Bank of Pakistan suspended foreign exchange trading for a week to prevent an outflow of funds in the wake of the military ouster of Prime Minister Nawaz Sharif.

vacuum in terms of what the international community's attitude is. Clearly if there were concerns in the international community in one direction, the fund would not go in the opposite direction."

Before the coup the IMF had been in talks with the deposed Pakistani government about releasing new funds from the loan.

But the two sides had not agreed on terms to resume payments, stalled because of doubts about tax collection and the economy and because of a dispute over the role of Pakistan's independent power producers which has infuriated the World Bank.

A World Bank spokesman

Lanka's central bank for free trade deal with India

COLOMBO, Oct 14: Sri Lanka's Central Bank has recommended the government implement a free trade deal with India, saying fears that local industry will be suffer were unwarranted, a senior official said today, reports Reuters.

The free trade deal has benefits for trade expansion. Sri Lanka will immediately benefit in the medium term, RA Jayatissa, head of the Central Bank's economic research division, told Reuters.

He said in the near term only three per cent of the Sri Lanka industry was expected to be hit directly by the agreement.

"There will be a moderate impact on 20 per cent of industries while the rest will not be affected at all," Jayatissa said.

The Central Bank had conducted a study to measure the impact of the agreement after local business said cheap, duty-free Indian goods would make them uncompetitive in the domestic market.

Jayatissa said the pact, when implemented would allow Sri Lanka to reduce its trade deficit with India.

"Sri Lankan exports to India, which are currently around \$35 million, can go up to some \$280 million," Jayatissa said,

adding that imports from India would rise from around \$550 million to \$730 million.

These reflect only the first round effects (for Sri Lanka). There will be more dynamic advantages such as expansion of investment opportunities and its impact on income and employment generation," Jayatissa said.

"Mutually both countries will benefit," he added.

Sri Lanka and India signed the free trade deal last December, but its implementation stalled when the two sides were unable to agree to a list of items to be excluded from the agreement.

The neighbours had agreed to exchange lists by March 1, but India's reluctance to allow duty-free imports of Sri Lanka tea made it difficult to implement the pact.

India later relented and said it would allow some tea to be imported from Sri Lanka, the world's biggest tea exporter, at half the normal duty.

Tea is one of Sri Lanka's main foreign exchange earners. Officials in Colombo said now that a new government was in place in New Delhi, talks on the deal were expected to resume.

Trade surplus sliding Surging Thai imports still seen low

BANGKOK, Oct 14: Thai imports surged dramatically last month as the economy continued to recover from two years of recession, figures from the Thai finance ministry showed today, reports Reuters.

Thai imports soared 30.6 per cent year-on-year in September to \$4.40 billion, from \$3.37 billion in September 1998, the ministry said in a statement.

Thai exports rose more modestly — by 10.8 per cent year-on-year — to \$5.18 billion in September.

This pushed Thailand's trade surplus down to \$779 million last month from \$1.305 billion in the same month last year.

Imports for January to September inclusive totalled \$35.8 billion, an increase of 12.4 per cent year-on-year, while exports in the same period amounted to \$42.4 billion, up 4.2 per cent.

Analysts welcomed the data as yet more evidence Thailand was gradually recovering from the slump that engulfed the country after the devaluation of the Thai baht in July 1997.

They said the big jump in imports was partly due to "a base effect" because September 1998 was the trough of the Thai recession when consumption was exceptionally low.

But the September data also reflected a continuing turnaround in Thai industry, which has begun to revive as domestic consumption and the other economies of Southeast Asia have begun to grow again.

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Beijing must strike market-opening pacts first: Barshefsky US won't rush into WTO deal with China

WASHINGTON, Oct 14: US Trade Representative Charlene Barshefsky said yesterday that the United States would not be rushed into a trade pact with China, even if that meant no deal this year, says Reuters.

To achieve its stated goal of joining the World Trade Organisation in time for the launch of global trade talks in Seattle in late November, Beijing must reach market-opening agreements with the United States and other WTO member-states.

"We would like to see China enter the WTO this year. China has indicated that is their goal," Barshefsky told reporters at the White House.

But Barshefsky added: "What must come first is a commercially meaningful, highly sub-

stantive agreement... It's the substance that will govern their accession, not other considerations."

There is growing pessimism within the Clinton administration and the business community that a market-opening pact could be reached this year.

US Commerce Secretary William Daley said last week that it would be very difficult for China to wrap up negotiations with the United States, the European Union and other nations in the few weeks that remain before the WTO meeting in Seattle.

The United States and China were close to an agreement in April for Beijing to join the WTO, which sets world trading rules. But President Bill

Clinton backed away from a deal in hope of winning additional market-opening concessions.

Trade sources said US-China talks have been marred by a dispute over market-opening concessions proposed by Premier Zhu Rongji during a state visit to Washington in April. The United States wants China to commit to that package, which included unprecedented tariff cuts and increased access in areas such as agriculture, telecommunications and financial services.

Washington also hoped to wring additional concessions out of Beijing to open China's financial and banking sectors, and to improve safeguards against surges in Chinese exports of steel and textiles.

Camdessus may not see out his term

PARIS, Oct 14: The head of the International Monetary Fund has hinted that he may not see out his term, which ends in January 2001, the newspaper Le Monde reported Thursday, says AP.

Michel Camdessus led his early resignation be understood during a conversation with Le Monde at a showing of the documentary film "Le Pouvoir FMI" (IMF Power), the paper said.

He stressed that the IMF General Assembly, held in Washington in September, allowed him to finish up a number of issues close to his heart, such as the Asian crisis, in which he orchestrated multibillion dollar rescue packages for Asian economies; the programme, with the World Bank, for debt reduction among the poorest nations; fashioning a structural adjustment into a tool turned toward the fight against poverty.

Russia 'not yet set' for new IMF loans

WASHINGTON, Oct 14: Cash-strapped Russia will not receive money from the International Monetary Fund this month and it is too early to say if the fund will be ready to pay in November, a senior IMF official said yesterday, reports Reuters.

Thomas Dawson, head of the IMF's external affairs division, told a news briefing that the fund was still waiting for the release of an audit from accountants PriceWaterhouseCoopers on the activities of subsidiaries on the Russian central bank.

The survey was the within weeks — or perhaps days.

"I think our expectation is that our study is close to being completed and will be ready in the next few weeks if not days," Dawson said. "This is a prerequisite for the scheduling of the board meeting (to discuss new payments).

He made clear it was already too late for the board to meet this month. "Whether it will be in November I cannot tell you," he said.

Russia, a member of the IMF for less than 10 years, is already the institution's biggest single borrower, despite a dismal track record on meeting terms of IMF loans.

In a latest effort to ensure that cash is not misused, money from the latest IMF credit, a \$4.5 billion loan approved in July, is not even reaching Russia but is being used to repay old credits.

Dawson said Russia was meeting the economic conditions underpinning the loan, although the next scheduled payment of some \$640 million would not be approved until the audit of central bank subsidiaries was finalised and published.

Int'l environmental network report says Global shrimp trade should consider environmental impact

WASHINGTON, Oct 14: International trade rules need to take into account the destructive impact that shrimp farms have on adjacent ecosystems and communities, says a report released Wednesday by an international environmental network, reports IPS.

The report comes ahead of a meeting of the World Trade Organisation (WTO) in Seattle, Washington, Nov 30-Dec 4 to discuss the reduction of government subsidies for fisheries while promoting the export of fisheries products, including shrimp.

In its report released in Seattle, the industrial Shrimp Action Network (ISAN), a global coalition of environmental organisations, says that increasing trade in shrimp will fuel shrimp farming which they blame for destroying coastal areas in many countries.

Increased trade also could hinder efforts within countries to protect their coastal resources and regulate the industry, says Isabelle de la Torre, international coordinator of ISAN.

"We don't need free trade," says de la Torre. "What we need is sustainable trade. The WTO should stay away from fish and shrimp."

Commercial shrimp farming has become a large part of the economies of southeast Asia and Latin America as the demand for inexpensive shrimps in the United States, Japan, and western Europe increases.

But the lucrative prawn farms have come at a huge cost to coastal communities and ecosystems, says the ISAN report which calls for international regulations for the shrimp trade.

"Shrimp is traded at a fraction of the true costs," it says. "Mangrove destruction, loss of fisheries, the pollution of land, loss of employment, and even human rights violations, mark the intensive shrimp aquaculture industry worldwide."

Mangroves provide important habitat, protection and nutrients for numerous fish, bird, mollusk and crustacean species. Many communities living near the mangroves, who depend on the ecosystems for their livelihood, says the lucrative shrimp farms are destroying their way of life.

Antibiotics and pesticides used in the raising of farmed shrimp combined with the shrimp waste pollutes coastal waters and harms coastal communities and nearby fragile coral reefs, said the report.

"The trade in farmed shrimp is destroying coastal mangrove forests, polluting waters, killing coral reefs, reducing coastal fish catches, and displacing coastal people," said Harekrishna Debnath, chairman of the National Fishworkers Forum in India.

Together with an Indian priest, Father Kocherry, coordinator of the world forum of fish-harvesters and fishworkers, Debnath told how four In-

dian protesters had died and 20 others injured in May when police opened fire on the fishing community of Chilika lake, one of the biggest lagoons in India.

Kocherry says the shrimp trade is a compelling argument against new WTO agreements, including in the fisheries sector, until there is a full review and overhaul of the WTO.

"Rather than mindlessly promoting free trade," he says, "it should promote sustainability, environmental enhancement, social benefits and economic efficiency."

David Batker, co-author of the ISAN report, says that there are more ecologically sound forms of shrimp farming including harvesting wild Spot Prawn shrimp using traps. But he says the current global trade rules do not promote this type of shrimp production.

In the report, Batker says that the trade organisation's current course to remove tariffs in the absence of trade policies which promote sustainability "would further enhance the gaping market failures, environmental destruction, social costs, and economic inefficiency inherent to the intensive shrimp industry."

While pressing for change at the WTO, the report urges shrimp consumers, especially in the United States, to shift their consumption away from destructive shrimp production toward more sustainable meth-



Mehboob Chowdhury, Sales and Marketing Director of GrameenPhone, and Kaiser Rahman, Deputy Managing Director of BGIC, sign an agreement for providing a free one-year personal insurance policy worth Tk one lakh upon purchase of a GP EASY pre-paid service connection along with a Nokia 5110 handset.

GrameenPhone wins 50,000 subscribers

GrameenPhone Limited has crossed the milestone of 50,000 mobile telephone subscribers in the last week of September.

This achievement came in less than three years after the launching of GrameenPhone on March 26, 1997. GP started the current year with only about 30,000 subscribers, says a press release.

The fast expansion of the coverage area of GrameenPhone's network and aggressive marketing of the existing and new products greatly contributed to the increase in the number of subscribers.

Strong support from the owners and lenders of GrameenPhone enabled it to expand its coverage and introduce new products and services in the market.

Oil prices march uphill as US stocks tumble

LONDON, Oct 14: Oil prices marched uphill yesterday in a strong rebound from recent lows following an unexpectedly large dip in US crude stocks, says Reuters.

Benchmark North Sea Brent crude for November delivery last traded up 15 cents at \$22.20 a barrel, trimming some gains as players rolled over positions ahead of the contract's expiry at the end of business on Thursday.

The market's volatility has seen prices slump 17 per cent between September 29 and October 8 and rebound 12 per cent to the October 13 high.

Current levels are about \$2 above a through of \$20.20 touched last week in a slump set off by jitters about growing

output from the Organisation of the Petroleum Exporting Countries.

The upswing gathered pace with data from the American Petroleum Institute (API), industry group, which showed weekly crude stocks in the world's largest oil consumer dropped by 7.1 million barrels to around 299 million barrels.

Traders said they expected prices to climb further, resuming an eight-month-old rally interrupted last week by a big speculative sell-off.

Analysts said that although OPEC output discipline has eased, its self-imposed curbs are still strong enough to cause a large slide in the world's stockpiles this winter.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:

Central Bank USD/BDT rate: Buying: BDT 49.35/Selling:BDT 49.65

TT/OD	BC	Currency	TT Clean	Buying OD SIGHT DOC	OD TRANSFER
49.7300	49.7700	USD	49.3200	49.1566	49.0707
0.4787	0.4791	JPY	0.4486	0.4471	0.4463
34.1505	34.1780	CHF	33.1997	33.0598	32.9356
30.2716	30.2958	SGD	28.6112	28.5164	28.4666
34.4868	34.5146	CAD	32.3941	32.2867	32.1670
6.1776	6.1826	SEK	6.0627	6.0426	6.0296
33.2694	33.2961	AUD	30.9976	30.8949	30.6937
13.2278	13.2385	MYR	12.8421	12.7995	12.7672
6.4509	6.4561	HKD	6.2989	6.2780	6.2646
13.3697	13.3805	SAR	13.0459	13.0027	12.9697
13.3607	13.3805	AED	13.0450	13.0027	12.9697
0.0415	0.0415	KRW	0.0408	0.0407	0.0406
83.1366	83.2055	GBP	80.9489	80.6807	80.3925
54.4991	54.5429	EUR	52.5209	52.3468	52.2554

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	THAI BAHT	Maq. Rngit	Indo Rupee	Sing. Dollar
49.49/43.59	51.78/51.63	40.52/40.57	3.7999/01	8465/70	1.7065/1.7095

US Dollar LIBOR

Buying	Selling	1 Month	3 Months	6 Months	12 Months
48.15	49.75	USD 5.38	5.51	5.92625	6.00875
TC 49.1	49.7	GBP 5.31125	5.48894	5.94516	6.265

On Thursday, activity in the interbank market was steady and the demand for dollar was flat. Dollar traded in a range of BDT 49.4900 to BDT 49.5000. The demand for call money was a little low and the call rate ranged between 5.5 to 6.0 per cent.

In the international markets, dollar got mixed against euro on Thursday near ten-week lows with concerns about US assets bringing downward pressure on the US currency. The Dow Jones Industrial Average closed 1.77 per cent lower on Wednesday and the yield on the 30-year US Treasury bonds reached its highest in two years at 6.29 per cent during Wednesday's trading, as rising commodity prices fueled inflation fears.

The market players commented that US retail sales on Thursday and PPI on Friday may present some problems for the dollar. The market players are of the opinion that dollar was also likely to weaken against yen with the market still wary of Japan's intentions despite the Bank of Japan's policy decisions on Wednesday. Bank of Japan has said that it would adopt new money market measures, which would allow it to add more cash into the system.

At 1600 hours local time, dollar traded at 1.0768/73 against euro 107.68/73 against yen and GBP at 1.6541/44 against dollar.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 14.10.99

Berth No.	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Date of Leaving
J/2	Rio express	Gr	P.Said	Seagory	24/9	15/10
J/3	Mira	Wheat(P)	Aust	MSA	2/10	20/10
J/4	Panglima	GI (Bitumen)	B.Abb	MSA	29/9	19/10
J/5	Clifton-II	GI(WT.CEM)	Sing	SSTL	6/10	15/10
J/6	Thor Star	Wheat(P)	S Dayaa	Angelic	26/09	19/10
J/7	Xiang Cheng	Gr	Zing	BDShip	6/10	20/10
J/8	Banglar Gourab	Wheat(G)	K.Dia	Lams	R/A	15/10
J/9	Banglar Mookh	Wheat (G)	Gr	BSC	R/A	15/10
J/10	Trident	Gr	P.Said	MSA	23/9	20/10
J/11	DAFA	Cont	Viza	BSC	12/10	14/10
J/12	Banglar Robi	Cont	Sing	BSC	12/10	15/10
J/13	Delos-1	Wheat(P)	K.Dia	Lams	4/10	18/10
CCT/1	Xpress resolve	Cont	Sing	RSL	11/10	14/10
CCT/2	Confidence	Cont	Sing	RSL	12/10	15/10
CCT/3	Banga Biraj	Cont	Saing	BDShip	11/10	15/10
RM/14	Banglar Kallol	Repair	Mumb	BSC	25/9	14/10
RM/15	Ever Cheer	Fert	sing	SSTL	19/9	14/10
CCJ	Ken Koku	C.Clink	Pak	Delmure	29/9	20/10
GSJ	Ocean Pride	C.Clink	Lumet	Apex	30/9	18/10
TSP	Banga Birol	Repair	sing	BDShip	13/10	14/10
RM/6	SININI	HSD/SKO	SING	ECSL	8/10	16/10
DOJ	Bold Alliance	Cement	Tanj	Uniship	4/10	25/10
RM/7	Al Marzan	Repair	Tuti	BSC	6/10	20/10
RM/8	Banglar Jyoti	Repair	BSC	R/A	R/A	15/10
RM/9	Phaethon	Repair	Durb	OWSL	10/06	18/10

Vessels due at outer anchorage

Name of vessels	Date of arrival	L.Port call	Local agent	Cargo	Loading Port
MFB Devi Matha	16/10	-	BBAL	-	-
MFB Sonia	16/10	-	BBAL	-	-
MFB Lakshmi	16/10	-	BBAL	-	-
Dinath	14/10	ILYC	Litmond	-	Dap
Tropon	14/10	Laza	SSST	-	-
Hua Yang	14/10	Sing	Apex	C.Clink (Diamond)	-