Pak rulers to crack down on loan defaulters after Nov 16

ISLAMABAD, Oct 24: Pakistan's military regime stepped up pressure on loan defaulters as a deadline loomed for voluntary repayment of outstanding loans totalling some three billion dollars, officials said Sunday, reports AFP.

"A major and effective crackdown will be launched against defaulters who fail to (meet) the four-week deadline" expiring on November 16, said Muhammad Yaqub, governor of the central State Bank of Pakistan.

"All the exit points have been plugged," Yaqub told state television, warning that unlike the previous governments, military ruler Pervez Musharraf was determined to see his directives implemented.

The defaulters in the past hoodwinked the banks by providing false evidence in support of their claims of losses incurred by their enterprises.

"This time the laws will be changed if necessary and the system would be made perfect to ensure the recovery," Yaqub said, advising defaulters to take the deadline "seriously."

Musharraf said in a nationwide broadcast after ousting prime minister Nawaz Sharif in a coup on October 12, that Pakistan's troubled economy called out for "revolutionary steps."

Vowing strict measures to recover "looted national wealth," he gave the defaulters a "last chance" to settle debts within four weeks.

The military authorities have already clamped a ban on travel abroad of hundreds of MPs, provincial deputies, major feudal lords and former officials who owe around 356 billion rupees (around seven billion dollars) in all to commercial banks.

Yaqub said the defaulted loans stood at 145 billion rupees (nearly three billion dollars) while the remaining 211 billion rupees were non-performing loans.

Around 70 percent of outstanding loans were made to prominent political figures. The central bank plans to confiscate the assets and collateral of the defaulters and auction them to recover the money.

Yaqub said the defaulters would have to repay the major portion of the loan within the due date while the remaining amount could be returned in mutually agreed instalments.

The army would watch the implementation of the negotiated settlement, he added.

Those concealing facts would be prosecuted.

"Even the bankers found guilty of ... over-evaluation, allowing loans without proper collateral, etc., will be duly taken to task," Yaqub said, adding it would not be possible to "circumvent" the law or obtain "favourable" decree from the banking courts.

Pakistan is left with a mere 1.4 billion dollars in foreign exchange reserves, barely enough to cover three weeks of imports and the problem has aggravated as international donors stalled funding after the coup.

Islamabad failed to achieve the export targets set for fiscal 1998-99. The export target set for the financial year is nine billion dollars while the import estimates are 9.8 billion.

However, during the first quarter of the current budget year ending June 2000, the trade gap soared to 458 million dollars with export earnings of 1.9 billion dollars.

The country needs exports worth 7.065 billion dollars by end December to meet the fiscal year's target, they said.

Malaysian GDP may grow 4.8pc in '99

KUALA LUMPUR, Oct 24: Private economists have raised their forecasts of Malaysia's economic growth in 1999 and 2000 as foreign buyers snap up competitively priced Malaysian products, reports Reuters.

A Reuters poll of 10 research houses showed that Malaysia's gross domestic product (GDP) is forecast to grow by 4.8 per cent in 1999 year-on-year, and by 5.7 per cent in 2000.

The latest consensus projection is higher than the economists' forecasts in September when they estimated GDP growth at 4.4 per cent in 1999 and 5.3 per cent in 2000.

Strong exports and buoyant manufacturing growth are underpinning the recovery of Malaysia's economy, which shrank by 7.5 per cent in 1998 in the deepest recession since independent in 1957.

"Exports will continue to drive GDP," Ng Bok Eng, senior economist at Daiwa Institute of Research in Singapore, said. "The external surplus could be smaller because of high imports. But the electronics industry will continue to be reasonably strong."

Competitive edge

The ringgit currency has been fixed at 3.80 units per US dollar since September 1998, an undervalued rate which economists say is giving Malaysian products a competitive edge.

Economists say a recent pick-up in imports is not worrisome as it points to a revival of domestic demand and private investment, while inflation remains subdued.

The government's official forecast is for one per cent GDP growth in 1999 and at least five per cent in 2000.

But the central bank said last week that 1999 growth will be "much higher" than one per cent. The government is expected to revise upwards its 1999 GDP forecast when it presents the 2000 budget to parliament on October 29.

exchange rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currency

Currency	Selling TT & OD	Selling BC	Buying T.T Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	49.7300	49.7700	49.3200	49.1570	49.0850
Pound Stg	82.9099	82.9765	81.1906	80.9223	80.8037
Deutsche Mark	27.5802	27.6024	26.5872	26.4832	26.4445
Swiss Franc	33.4657	33.4926	32.7273	32.6191	82.5713
Japanese Yen	0.4752	0.4755	0.4620	0.4604	0.4598
Dutch Guilder	24.4779	24.4976	23.5966	23.5043	23.4699
Danish Krona	7.2063	7.2121	7.0419	7.0186	7.0083
Australians	32.7969	32.8233	31.5155	31.4113	31.3653
Belgian Franc	1.3372	1.3383	1.2890	1.2840	1.2821
Canadian $	34.0197	34.0471	33.0386	32.9294	32.8812
French Franc	8.2234	8.2300	7.9274	7.8964	7.8848
Hong Kong $	6.4129	6.4180	6.3353	6.8143	6.3051
Italian Lira	0.0279	0.0279	0.0269	0.0268	0.0267
Norway Kroner	6.4560	6.4612	6.3492	6.3282	6.3190
Singapore $	30.2218	30.2461	29.2440	29.1473	29.1047
Saudi Rial	13.2957	13.3064	13.1149	13.0716	13.0524
UAE Dirham	13.5770	13.5880	13.3909	13.3466	13.3271
Swedish Krona	6.1500	6.1549	6.0693	6.0492	6.0403
Qatari Riyal	13.7024	13.7134	13.5123	13.4677	13.4479
Kuwaiti Dinar	169.8429	169.9795	157.5719	157.0511	156.8211
Thai Baht	1.2740	1.2750	1.2603	1.2561	1.2542
Euro	53.9421	53.9855	52.0001	51.7967	51.7209

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
49.2112	48.9090	48.4980	48.0870	47.6760	46.8540

US Dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
49.0850	49.7300	USD	5.40875	6.22250	6.13000	6.18875	6.28750
80.8037	82.9099	GBP	5.35172	6.01781	6.15188	6.32094	6.51625
Cash/ TC	Cash/ TC	Euro	2.80000	3.47375	3.55688	3.64313	3.79188

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.40/43.41	51.79/51.82	39.05/ 39.12	3.7999/3.8001	6800/6950	1205/1205.5

Amex Notes on Sunday's Market

The local interbank USD/BDT market was moderately active today due to weekend in the international market. USD/BDT rates today ranged in the 49.48-49.50 level.

Call money market was active. Auction for T-bill took place today. Average call rates ranged between 6.50-7.25 per cent today.

Surging Wall Street stocks pushed the dollar sharply higher against Europe's single currency on Friday as prospects dimmed for a European interest rate hike soon, but the dollar closed lower against the yen amid signs of improving Japanese business activity. The Euro closed at $1.0687/97, down from $1.0804/08 late Thursday, after preaching a 10-day low at $1.0728 early in New York and diving as low as $1.0654. The dollar traded at 105.68/76 yen in late New York up from 105.60/68 in the morning but still a touch softer than late Thursday's level of 105.90/98. Sterling fell after a leaked survey by the Confederation of British industry showed a drop in British pay awards, dampening expectations of an imminent increase in interest rates. British pound beat a stunning retreat from a fresh 1999 high of $1.6793 set overnight. it wound down US trade at $1.6565/73, against $1.6737/45 in the morning and nearly two cents down from $1.6752/60 late Thursday.

In New York on Friday, the majors closed against US $ at 105.66/105.76 JPY, 1.4960/1.4970 CHF, Euro at $1.0687/1.0697 and GBP at $ 1.6562/1.6572.

A model poses on a Ducati M900S ie model, by Italian motorcycle maker Ducati, at the 33rd Tokyo Motor Show in Makuhari, 24 October 1999. The two week-long passenger car and motorcycle exhibition officially opened Saturday. — AFP photo

Japanese corporate reform reaches 'critical mass'

TOKYO, Oct 24: The big guns of Japanese industry are finally biting the bullet by cutting staff and factories but the immediate impact will hurt economic growth, analysts said, reports AFP.

In the past week, Nissan Motor Co. Ltd. announced it was cutting 21,000 jobs and closing five factories. Reports said Nippon Telegraph and Telephone Corp. was cutting 20,000 jobs, or 16 percent, of its workforce.

"The drastic restructuring announcements ... indicated that the long-awaited wave of corporate restructuring seems to have finally reached critical mass," said Ronald Bevacqua, economist at Commerzbank.

The implementation of such ambitious programs was hardly guaranteed, said the analyst, and Japanese companies had a history of failing to live up to such plans.

"Nevertheless, corporate Japan is increasingly recognising that it can no longer afford to maintain its high cost structure."

Renault SA chief Louis Schweitzer, whose company has a 36.8 percent stake in Nissan and is credited with pushing through the reforms, told journalists the reasons for shutting factories had nothing to do with efficiency.

"The simple fact is, however efficient a plant is, it does not work well when it does not work at capacity," he said.

"Nissan is closing plants in Japan because clearly Nissan has too many plants which means each of these plants is not used to capacity and so it cannot work efficiently at low cost."

Bevacqua said Japanese companies also could no longer rely on their banks to bail them out in tough times.

"With the onset of financial reform ... banks are unwilling or unable to make such loans. The risk that the corporate sector backslides on cost-cutting is therefore diminishing."

The cost-cutting was still in its infancy, the economist said, and as other firms followed the lead of Nissan and NTT, progress was "undeniable."

Actual capacity reductions by manufacturers had been rare, he said, but the Nissan and NTT decisions showed closing unneeded factories was no longer a taboo.

Asian central banks call for checks on capital flows

SINGAPORE, Oct 24: Asia's central bank chiefs ~~have~~ stepped up calls for checks on international capital flows even as financial markets stabilise more than two years after regional financial turmoil, reports AFP.

Central bank governors argue that while their economies are exposed to a globalised market, they have no control on the movement of funds outside their borders or their potential to cause another downturn.

"Basically outside your country, it's a dog eat dog world and little dogs that don't behave get their heads bitten off," complains Chatu Mongol Sonakul, governor of the central Bank of Thailand.

He was among Asian central bank chiefs who called for swift action to regulate international capital flows at the influential World Economic Forum's East Asia conference in Singapore last week.

Sonakul said some form of "disclosure" was needed to track such funds.

"For financial transactions inside our country, we ask questions everyday through the computers of traders and we get the answers by next morning and we monitor and try to figure out what is happening.

"But we are not allowed to do this outside the country. We need some form of disclosure outside the country," he said.

He cited as an example Thailand's recent tightening of its baht supply to foreigners -- seen by markets as a move to head off speculative attacks on the currency, whose plunge sparked off the Asian financial crisis in mid-1997.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 22.10.99

Berth	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/1	Petchrada	C Clin	Pada	MBL	17/10	30/10
J/2	Leona	GI	OSAKA	Prog	8/10	25/10
J/3	Mira	Wheat(P)	Aust	MSA	2/10	27/10
J/4	Panglima	GI(bitumen)	B Abb	MSA	29/9	26/10
J/5	Ever Amply	TS/R Phos	Zhan	BDShip	12/10	26/10
J/6	Thor Star	Wheat(P)	S Daya	Angelic	26/9	24/10
J/7	Xiang Cheng	GI	Zing	BDship	6/10	22/10
J/8	Banglar Urmi	Wheat(G)	-	BSC	R/A	24/10
J/9	Elizabeth	R Seed	Hamb	Rainbow	10/10	24/10
J/10	Trident	GI	PSaid	MSA	23/9	27/10
J/11	Med Riva	DPRS	Rouen	Seaglory	8/10	30/10
J/12	Unity	Wheat(G)	ESPE	Ancient	11/10	26/10
J/13	Bunga Mass Lapan	Cont	P Kel	BOSL	20/10	24/10
CCT/1	Ultima	Cont	Sing	QCSL	18/10	22/10
CCT/2	Kota Cahaya	Cont	Sing	Pil(BD)	20/10	23/10
CCT/3	Banga Birol	Cont	Sing	Bdship	13/10	-
RM/14	Ocean Pride	C Clin	Lumet	Apex	30/9	26/10
CCJ	Ken Koku	C Clink	Pak	Delmure	29/9	25/10
GSJ	Santa Rosa	Wheat(g)	Rouen	Ancient	3/10	26/10
TSP	Bold Allianc	Cement	Tanj	Uniship	4/10	26/10
RM/4	Hua Yang	C Clink (Dimond)	Sing	Apex	14/10	4/11
DDJ/1	Banga Birol	Repair	Sing	Bdship	13/9	18/10
RM/6	Ko Yong	Sko/JT-AI	Sing	ECSL	19/10	23/10
DOJ	Banglar Shourabh	C.Oil	-	BSC	R/A	23/10
DD	AL Marzan	Repair	Tuti	BSL	6/10	24/10
DDJ/2	Sea Bulk Command	-	-	IBS	R/A	-
RM/8	Banglar Mookh	Repair	BSC	R/A	R/A	27/10
RM/9	PILAETHON	-	-	-	-	30/10
CUFLJ	MARY NOUR	Cement	Mala	BSL	20/10	30/10
KAFCO(U)	Martina	Fert	Mong	SMAL	17/10	26/10

VESSELS DUE AT OUTER ANCHORAGE

Name of vessels	Date of arrivval	L. Port call	Local agent	Cargo	Loading port
MFB Devi Matha	22/10	-	BBAL	-	-
MFB Sonia	22/10	-	BBAL	-	-
MFB Lakshmi	22/10	-	BBAL	-	-
Xpress Makalu (Cont) 10/10	22/10	Vizak	RSL	Cont	Sing
Tiger River (Cont) 12/10	22/10	Sing	Nol	Dapln Bulk	-
Libertt Spirit	22/10	Houst	Lams	Wheat(G)	-
Broad Gate	22/10	Houst	Lams	Wheat(g)	-
QC Mallard (Cont) 12/10	24/10	-	QCSL	Cont	Sing
Proteus	22/10	Ilyc	Litmond	Fert	-
Shun An	22/10	-	RML	St Coil	-
AL Bauraq	22/10	Krabi	RML	Cement	-
ErimanThia	24/10	Bus	Prog	GI	-
Achiever (Cont) 17/10	24/10	PKL	RSL	Cont	-
Almeria	23/10	Sing	Apex	Cement	-
Yong Jiang	24/10	S Hai	BDShip	GI	-
Areti	24/10	Mumb	Umtil	GI(St Coil)	-
Tiger Hope (48) 18/10	24/10	Kao	Prog	GI (St. Coil)	-
Bright Vega (Roro/24) 5/10	26/10	P Kel	BBA	Vehi	-
Trimph Hong Kong (48) 18/10	26/10	Sing	RML	GI (St. Coil)	-
Banglar Robi (Cont) 17/10	26/10	Sing	BSC	Cont	Sing
Xpress resolve (Cont) 17/10	26/10	-	RSL	Cont	Sing
DA FA (Cont) 17/10	26/10	-	RSL	Cont	Sing
Huatian	25/10	-	Cosmos	R Phos	-
MV AGI	26/10	Bayu	OWSL	Maize (In Bagged)	-
Dubai Oassis(48)19/10	25/10	-	Seacom	GI (St Coil)	-
Maria M	25/10	-	Unishp	Cement (In Bagged)	-
Pac Dream	26/10	Tampa	Litmond	Dap in Bulk	-
Brisa Azul	26/10	Cal	Everett	GI	-
Vega SS	27/10	Sheko	Litmond	Mop(Bagged)	-
Kota Berjaya (Cont) 17/10	28/10	-	Pil (BD)	Cont	Sing
Bhababhuti (48) 7/10	28/10	-	SSL	GI	-
Confidence (Cont) 17/10	28/10	-	RSL	Cont	Sing
Banga Biraj (Cont) 17/10	28/10	-	BDShip	Cont	Sing
Bunga Mas Enam(Cont)18/10	28/10	P Kel	EOSL	Cont	Sing
Socol 8 (48) 18/10	28/10	Yang	Everett	GI	-
QC teal (Cont) 18/10	29/10	Sing	QCSL	Cont	Sing
Kota Singa (Cont) 18/10	29/10	-	Pil (BD)	Cont	-
Eliza (Cont) 19/10	29/10	-	Baridhi	Cont	-
Hickory	29/10	-	Karna	Lash	-
Banglar Moni (Cont) 17/10	2/11	-	BSC	Cont	Sing
Kota Naga (Cont) 19/10	31/10	-	Pil (BD)	Cont	-

TANKER DUE:

Acushnet	22/10	Alujuba	ECSL	HSD	-
Vanino	25/10	-	TSL	CP Olein+CP Oil	-
Santana III	28/10	Cal	Rainbow	CDSO	-

VESSELS AT KUTUBDIA

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Energy Explorer-IV	-	-	BBAL	5/4
Ismaya	-	-	BBAL	17/8
De Champion	-	-	BBAL	6/10
Sea Bulk Eagle	-	-	IBS	R/A (5/10)
Mearsk Arizona	Wheat (G)	Houst	Lams	16/10
Ken Ziui	Wheat(G)	Mong	Lams	R/A (15/19)
Spiros	C.oil	-	BSL	16/10
Bangla rJyoti	C.oil	-	BSC	R/A (21/10)
Coastal Manatee	Wheat(G)	Houst	Lams	19/10
Arcadia	-	Mong	Lams	-

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

Jakarta to restart recovery plan as political crisis eases

JAKARTA, Oct 24: Indonesia's new government, basking in global goodwill, is preparing to kick-start a stalled economic recovery programme and swiftly resolve a bank scandal to unfreeze crucial bailout loans, reports AFP.

Foreign creditors and investors welcomed last week's election of President Abdurrahman Wahid and Vice President Megawati Sukarnoputri in the first ever democratic vote for the top state posts in this nation of 210 million people.

Wahid, 59, a Muslim religious scholar, and Megawati, a 53-year-old housewife, have little or no economic experience, and financial markets are still waiting for their cabinet to be formed and policies to be announced.

But the new government has what the Jakarta Post called "fundamental assets which the previous one did not have -- legitimacy, credibility and no relationship to a legacy of corruption and abuse of power."

"What all this boils down to is trust, the powerful working capital in coping with the mammoth challenges ahead," it said in a weekend editorial.

The Indonesian rupiah surged above 7,000 per US dollar after the election while the main Jakarta share index ended the week 13 percent higher, and the future prospects for both are bright.

Wahid signalled the high priority he will put on the economy by summoning economists and bankers to brief him soon after his inauguration, and it is expected to convene a seven-member economic council to advise him.

One priority, after the formation of a cabinet, is to resolve a banking scandal which hounded former president B.J. Habibie's government and led to a freeze on an estimated 4.6 billion dollars in international loans.

IMF disbursements to Indonesia have been suspended since August as a result of the Bank Bali scandal as well as the crisis in East Timor after the territory voted for independence from Indonesia.

The scandal centers on an 80-million-dollar commission paid by the troubled Bank Bali to a private firm to collect interbank loans. The loans should have been paid automatically under a government bank guarantee system.

The case took on explosive political overtones when the private firm was found to be owned by the deputy treasurer of the Golkar party of former president Habibie, who dropped his bid for a new term after receiving a no-confidence vote in parliament, with Bank Bali among the issues raised.

Kazi Mahmood Sattar, Head of Corporate Financial Services of ANZ Grindlays Bank, and C M Alam, Managing Director of Industrial Promotion and development Company, sign a loan agreement between ANZ Grindlays Bank and IPDC recently. Other senior officials of ANZ Grindlays and IPDC are also seen in the picture. — ANZ Grindlays photo

Weekly Currency Roundup

Asia-Pacific units rise

HONG KONG, Oct 24: Currencies in the Asia-Pacific region strengthened against the US dollar amid concerns over the health of the American stock market, reports AFP.

Japanese yen: The yen firmed during the week, mostly trading in a narrow range due to a lack of fresh leads, dealers said. It traded at 105.43-46 to the dollar late Friday against 105.78-80 a week ago.

It rose to the 104 level before falling back to around 105.05 Monday as concerns mounted over prospects of the US stock market.

The yen mostly traded in the mid-105 range against the dollar through Wednesday, but technical buying of the greenback by US institutions pushed the yen down to the 106.30 level.

It strengthened to around 106.10 Thursday as investors took profits on the dollar's gains the previous day.

Australian dollar: The Australian dollar pushed back through 65 US cents in Sydney on Friday after spending more than a week in the doldrums.

The local unit finished at 65.03 US cents up from 64.95 the week before.

On the Reserve Bank's Trade Weighted Index the Australian dollar ended the week at 55.9 points from 56.4 points previously.

Singapore dollar: The Singapore dollar ended the week higher against the US dollar at 1.6665 from 1.6779 the previous week.

Hong Kong dollar: The Hong Kong dollar ended Friday at 7.7694-7.7704 to the US dollar compared to 7.7696-7.7699 the previous week.

Indonesian rupiah: The rupiah strengthened during the week to close at 6,925 to the dollar on Friday compared to 8,000 to the greenback a week earlier.

Philippine peso: The peso closed 0.3 percent higher on Friday at 40.22 pesos to the greenback from 40.33 on October 15.

South Korean won: The won marginally strengthened to 1,205.60 won to the dollar on Friday from 1,206.00 a week before.

Taiwan dollar: The Taiwan dollar rose slightly against the greenback over the week to close at 31.761 on Friday as exporters cut US dollar positions, dealers said.

The unit stood at 31.765 Monday and slipped to 31.769 Tuesday. It remained unchanged at 31.769 Wednesday and rose slightly to 31.766 Thursday.

Thai baht: The baht continued to appreciate against the dollar during the past week, due mainly to positive regional factors, analysts said.

New Zealand dollar: The New Zealand dollar finished Friday firmer at 51.47 US cents.

Towering Thai hotel not dizzied by Asian crisis

BANGKOK, Oct 24: The air is thin up on the 88th story, but not so much that Thailand's tallest hotel has been able to escape the hard winds from the Asian economic crisis buffeting the hotel industry.

Opened in early 1998, the Baiyoke Sky Hotel — the chief business in the country's highest building, the Baiyoke Sky Tower — has barely half its planned 670 rooms finished and ready for guests.

Much of the rest of the 309-meter (1,019 feet) tower remains an incomplete shell, a monument to the real estate boom of the mid-1990s that crashed along with Asia's once-soaring economies in mid-1997.

Part of that boom was in hotels like the Baiyoke, leading to what has now become a huge over-capacity in hotel space around Bangkok that even the country's growing tourism sector — less affected by the crisis than the rest of the economy — has been unable to absorb.

"It's maybe the best industry in Thailand right now, but the problem is that there are too many players," said Chanin Donavanik, chairman of the Thai Hotels Association, in an interview last week.

Thailand is coming to the end of a two-year tourism campaign that reached targets to bring 16 million visitors to the country, despite the worst recession since World War II. Tourism officials are optimistic the numbers will grow as regional economies rebound.

For the hotel industry, the crisis meant very few new rooms were added, something of a blessing in disguise. Bangkok, the most-visited destination, has 70,000 rooms alone and Chanin estimates, that only 60 per cent are occupied on average.

Top-end hotels could keep relatively full — even if they had to cut room prices — because western visitors were attracted by favourable rates of currency exchange.

But the mid-scale and low-end hotels that served regional and Thai travelers took a beating. And across the spectrum, people were staying in hotels fewer nights on average than before.

Chanin, who is also executive director of the Dusit Thani, one of Bangkok's luxury hotels, said that another four years could be needed before occupancy rates reach 80 per cent.

The Baiyoke Sky Hotel, the biggest new hotel to enter the market since the crisis broke, is trying to beat such earth-bound concerns by billing itself as the best spot from which to see Bangkok.