Turkish central bank chief quits amid financial turmoil

PM defies calls to resign, reshuffle cabinet

AFP, *Ankara*

The governor of Turkey's central bank, Gazi Ercel, has resigned after a severe liquidity crisis rocking financial markets forced the government to float the Turkish lira, Turkish press reports said Sunday.

Ercel, 56, submitted his resignation to Turkish Prime Minister Bulent Ecevit on Friday, just two months before his tenure at the central bank was due to end, the liberal Milliyet daily said.

There has been no official confirmation of Ercel's resignation, but he would be the first senior economy bureaucrat to quit after Ecevit's three-way coalition abandoned a key currency peg on Thursday, causing the lira to slump 36.1 per cent against the dollar in two days.

Milliyet said the governor's resignation came after Ankara's change of monetary policy made it necessary to revise an ambitious economic programmeme backed by a three-year, four-billion dollar stand-by deal with the International Monetary Fund (IMF).

According to the newspaper, Ercel, who was the architect of the programmeme launched in December 1999, decided to quit on the grounds that the revised programmeme should be implemented by a fresh staff.

He had been at the helm of the central bank since April 1996.

Speculation over Ercel's position has mounted after he did not attend a key meeting between senior economy bureuacrats and bankers in Ankara Saturday.

The Turkish press generally interpreted Ercel's resignation as a sign the government would make top economy bureaucrats pay for the current financial turmoil, the second in three months.

An earlier report says: Turkish Prime Minister Bulent Ecevit on Saturday defied his critics, insisting the cabinet would neither quit nor be reshuffled, as the country's financial crisis worsened following the floating of the Turkish Lira.

"Rumours spread by certain circles that the government should quit are far from the truth and a change in the cabinet is out of the question," Ecevit said in a written statement after meeting his two coalition partners.

"Both a change of government and desires to create an atmosphere of early elections at a time of economic bottleneck would do the country great harm," the statement added.

Ecevit's remarks came in response to angry calls from the opposition and trade unions for a cabinet shake-up, with some calling on the government to resign.

The criticism has mounted since Ankara's decision Thursday to abandon a currency peg in the face of a grave cash shortage rocking the money markets.

But Ecevit stressed that the raging financial crisis made it even more important that his three-way coalition stay in power.

"The government is determined to continue its work in harmony. Measures to put the economy back on track will be implemented at the beginning of the week," he said in the statement.

These measures were determined in a second meeting here Saturday between Economy Minister Recep Onal and the managers of the country's 13 banks, to decide what to do to ease the cash crunch.

The participants reached a "unanimous decision on the necessary measures to be taken and implemented for the healthy functioning of the Turkish lira and foreign currency markets," said a statement issued afterwards.

It said the unspecified measures would be implemented from Monday morning, when Turkey's financial markets are set to begin a stormy week.

Turkey's latest financial crisis, the second in three months, began Monday when Ecevit clashed with the president in a key security meeting, saying there was a "serious crisis" at the top of the state.

The prospect of political stability sent the Istanbul stock exchange plunging, while interest rates on the interbank money market sky-rocketed amid a serious cash shortage.

PHOTO: AFP

Hauliers travel in convoy from Cross Hands in west Wales to Swansea city centre, Britain, restarting their campaign for cheaper fuel Saturday. The drivers are angry at Shell's decision to raise the price of unleaded petrol by a penny a litre and have planned the protest before Gordon Brown's March budget.

PHOTO: AFP

A worried citizen checks the exchange rates in Ankara Saturday. Turkish Prime Minister Bulent Ecevit was set to meet his coalition partners Saturday to debate new economic steps amid mounting financial turmoil after a decision to let the lira float caused it to lose value heavily against the dollar.

Turkish crisis batters euro

The euro took a battering from a financial crisis in Turkey in the past week, but its immediate future will likely be determined by Wall Street, experts said.

The euro had suffered after Turkey abandoned its currency peg on Thursday, leaving the Turkish lira to dive by over 30 per cent.

The effective devaluation caused concern for European banks, especially heavily-exposed German institutions, which had large loans outstanding to Turkey.

Despite a slight pick up on Friday, the euro finished the week at 0.9103 dollars, down from 0.9168 dollars the previous week.

The European currency enjoyed an end-of-week lift against the dollar when US stocks tumbled following a profit warning from US telecommunications giant Motorola, analysts said.

And US stocks would be the guide for the euro in the next week, said National Bank of Australia chief economist Steve Hannah.

"It is more how equity market sentiment develops that is going to be the key driver to the exchange rate in the next few days," he said.

The technology-heavy Nasdaq had dropped about 20 per cent since US interest rates were cut at the end of January, and speculation was now growing about another rate cut, Hannah said.

Ironically, the single European currency had gained ground at the start of the week as the Turkish central bank bought euros in a vain attempt to stabilise the Turkish lira.

The Turkish crisis was triggered Monday when Prime Minister Bulent Ecevit had a row with President Ahmet Necdet Sezer over the government's attempts to fight corruption.

The dispute further undermined confidence in the government and put pressure on the crawling exchange rate peg, which was dismantled on Thursday under pressure from a mass exodus of domestic currency.

In Istanbul, a foreign banker told AFP that the central bank had spent some 4.9 billion dollars in three hours on Monday to prop up the Turkish currency, a cost it was unwilling to bear.

Some traders were losing their early-year confidence that the euro would quickly rally to parity with the dollar. It has fallen 3.4 per cent against the dollar since start of the year.

Analysts noted in particular that the euro had failed to hold on to gains made Wednesday after the German Ifo business climate index showed an unexpected rise, the first gain since May 2000.

The Ifo index rose to 97.5 points in January from 96.8 points in December, surprising analysts who had been looking for a fall.

But the euro's fortunes could improve if US economic prospects darken, said a report by BNP Paribas, pointing in particular to risks for the dollar with the release on March 9 of US employment figures.

Italian businesses set for last-minute euro scramble

Level of preparation this far seen low

AFP, *Manila*

Italian businesses are shrugging off all worries about the Euro and setting themselves up for a traditional last-minute scramble, experts say.

"The level of preparation for Italian businesses is very low," national consumers' association Adiconsum secretary-general Paolo Landi lamented in an interview with AFP. "Many companies, especially small ones, have no interest in the changeover to the euro, said Landi, who is also on the Euro Committee, set up by the Italian Treasury to help prepare for the single currency.

Some companies were just starting to show an interest, he said.

"I fear that, for the SMEs (small and medium-sized businesses), it will end up as a last-minute race against the clock in the final months of the year, as often happens in our country," Landi said.

Polls confirm the poor state of preparations with just one to go before the lira is finally withdrawn on February 28, 2002. The euro arrives at midnight December 31 this year and will circulate alongside the lira for two months.

One survey of 1,000 firms in the rich northeastern province of Vicenza by the local industry association, Assindustria, found only three per cent had changed their accounting systems to euros.

A total 60 per cent of the companies planned to wait to the last minute to make the switch, it said.

Ten per cent of the medium-sized businesses and 30 per cent of the small businesses had no specific plan for the transition, the survey said.

Another poll of companies around Rome, conducted by the Institute of Economic Studies and Analyses, found one quarter of the respondents did not know what changes were required.

"No-one seems to be getting ready, nobody seems to be too worried," said an official at the institute.

The problem is of great concern in Italy, where small business is the industrial backbone.

Firms with fewer than 100 employees account for 70 per cent of Italian assets. One quarter of all European small and medium-sized businesses are Italian.

The lack of preparation is not, however, a sign of reluctance among Italians, who regularly show up in Eurobarometer polls as the most supportive of the euro.

Rather, experts say, it is a sign of a tendency to face problems at the last moment.

"The date still seems far way. In Italy, we do not worry about things until the last moment," said Emanuele Piccari, representative of the National Consumers Union.

Private Italian industry acknowledged the problems but showed little concern.

"There will certainly be problems linked the introduction and that will lead to extra costs, which will not be negligible for SMEs," said private industry association Cofindustria's vice president, Francesco Bellotti.

"But the inconveniences will be outweighed by the advantage of belonging to this extraordinary internal market," he told AFP.

PHOTO: AFP

A culled cow is dropped onto other carcasses at Burnside Farm on Heddon-on-the-Wall in Northumberland, northern England, yesterday prior to being burned to reduce risk of further contagion. Hundreds of culled animals were being incinerated at the farm which is believed to be the source of the foot and mouth disease epidemic. A new outbreak was suspected yesterday on a farm in the southeast region of Britain.

Weekly Currency Roundup

Most Asia-Pacific units fall against dollar

AFP, *Hong Kong*

Most currencies in the Asia-Pacific region were down against the dollar in a week that saw fresh pressures on the Japanese economy against the backdrop of a persisting political crisis.

Japanese yen: The yen slumped to 117.17 to the dollar Friday after the US credit appraiser Standard and Poor's lowered ratings on Japan's long-term government bonds, citing its high debt levels and slow structural reform.

The Japanese currency rebounded to fetch 116.82-85 to the dollar late Friday, down from 115.54-57 to the dollar a week earlier, as domestic demand for the Japanese currency from exporters lent support, dealers said.

MCM analyst Hiromi Ookawara said the yen's downside remained firm in the near term, although the Bank of Japan was seen likely to ease its monetary policy possibly by returing to a zero-rate.

"I don't think people will buy above 117 yen," he said, noting that the market was somewhat over-long on the dollar at around this level and with the central bank's policy board meeting set for next Wednesday.

The yen opened the week lower after Group-of-Seven (G7) finance ministers urged Japan at a weekend meeting to make further efforts to maintain easy monetary policies. It stood at 115.94-97 late Monday.

Australian dollar: A pall has been cast over the Australian dollar, with selling momentum likely to continue dragging it lower over the coming week, dealers said.

Some foreign exchange market watchers are predicting the dollar will retest its record low of 50.70 US cents, particularly if the euro also maintains its downwards tragectory.

The Australian dollar's fate tends to closely track the fortunes of the euro.

At the close of trading on Friday, the Australian dollar stood at 52.26 US cents, down from 52.66 US cents a week earlier.

New Zealand dollar: The New Zealand dollar closed Friday worth 42.94 US cents, up from 42.80 US cents the previous week.

Singapore dollar: The greenback rose to 1.7456 Singapore dollars Friday, up from 1.7436 a week ago.

Hong Kong dollar: The local unit was marginally lower at 7.7998-7.803 to the greenback compared with the previous week's 7.7998-7.800.

Indonesian rupiah: The rupiah weakened again against the US dollar to close Friday at 9,685 to the dollar compared with 9,610 to the greenback at close the week before. Dealers said the demand for dollars to settle month-end accounts was high.

Philippine peso: The peso closed 1.2 per cent lower week on week to settle at 48.16 pesos to the dollar on Friday from [illegible] on Feb 16.

South Korean won: The won slightly weakened from 1,243.50 won a week earlier to 1,248.50 won Friday as the fall in Nasdaq weighed down on the South Korean stock market.

A dealer with KorAm bank said the exchange rate was likely to move in a new range of 1,240 won to 1,262 won per dollar in the coming week, depending on movements at the Nasdaq and the dollar-yen trade.

Taiwan dollar: The Taiwan dollar shed 0.2 per cent over the week to Friday to close at 32.351 against the greenback amid a bearish stock market and foreign capital outflows, dealers said.

The unit stood at 32.290 on Monday and edged up to 32.271 on Tuesday. It fell slightly to 32.287 on Wednesday and lost more ground to close at 32.355 on Thursday.

Thai baht: The baht fell against the dollar on fears of weak economic fundamentals following the announcement of a trade deficit of 392 million dollars in January, and a 10 per cent drop in exports in the same month, dealers said.

The Thai unit was also hit by market disappointment over the new Thai cabinet lineup seen as inexperienced.

Australian aviation industry braces for fare cuts again

AFP, *Sydney*

The aviation industry is bracing itself for a renewed round of airfare price cuts in an intensifying dogfight in Australian skies, analysts say.

Just 24 hours after Qantas unveiled a leaner, meaner approach to its domestic competition, cut-price carrier Impulse picked up the gauntlet and vowed to match its bigger rival price cut for cut.

Last Thursday, Qantas reported a net profit of 263 million dollars (136.8 million US) for the six months to December 31.

The result was 22 per cent down on the 338 million Australian dollars recorded for the previous corresponding period.

In response, the airline's chief executive designate, Geoff Dixon, committed Qantas to shedding 1,500 jobs, including 220, or almost a quarter, of the carrier's executive and middle management positions.

Along with the cancellation of flights along low yield routes to China and Canada, Dixon said Qantas aimed to achieve annual cost savings of about 100 million Australian dollars (52 million US).

Industry and market analysts said the aggressiveness of the Qantas response clearly indicated competition in domestic skies was about to intensify.

Impulse, and British billionaire Richard Branson's Virgin Blue, are challenging Australia's established carriers, Qantas and Ansett in what is essentially a four-way dogfight.

"We have three major competitors in the domestic market with the start-up of Impulse and Virgin, and Ansett being absorbed into the foreign-owned grouping of Air New Zealand and Singapore Airlines," Dixon said.

CURRENCY

The following are yesterday's Sonali Bank dealing rates to public for some selected foreign currencies with Bangladesh Taka.

		Selling		Buying		
Currency		TT & OD	B. C.	TT Clean	O.D. Sight	OD Trans
USD	1=B. Tk	54.2100	54.2600	53.8500	53.6600	53.5600
GBP	1=B. Tk	79.0184	79.0913	78.0592	77.7838	77.6388
EURO	1=B. Tk	49.9537	49.9997	49.1068	48.9335	48.8423
DM	1=B. Tk	25.5468	25.5703	25.1022	25.0137	24.9671
FRF	1=B. Tk	7.6171	7.6241	7.4854	7.4590	7.4451
CAD.	1=B. Tk	35.4602	35.4929	34.8515	34.7286	34.6638
CHF.	1=B. Tk	32.5260	32.5560	31.9694	31.8566	31.7972
YEN.	1=B. Tk	0.4731	0.4736	0.4604	0.4588	0.4579

A) TT (DOC) Spot Buying is Tk. 53.7550

(B) Usance rate as under:

30 Days DA	60 Days DA	90 Days DA	120 Days DA	180 Days DA
53.2965	52.8478	52.3990	51.9503	51.0528

C) Indicative Rates: (B. Tk. for one unit of foreign currency)

Currency	Selling (TT & OD)	Buying (OD Transfer)
Saudi Rial	1= Tk. 14.4541	Tk. 14.2800
UAE Dirham	1= Tk. 14.7599	Tk. 14.5809
Kuwaiti Dinner	1= Tk. 176.9314	Tk. 174.7585
D. Guilder	1= Tk. 22.6754	Tk. 22.3913
S. Krona	1= Tk. 5.5517	Tk. 5.4824
Malaysian Ring	1= Tk. 14.2677	Tk. 14.0929
Singapore Dollar	1= Tk. 31.1587	Tk. 30.7675

SHIPPING

Chittagong Port

Berth position and performance of vessels as on 25.2.2001

Berth No	Name of Vessels	Cargo	L Port Call	Local Agent	Date of Arrival	Leaving
J/1	Southern Queen	GI (Copra)	Sing	Aeka	28/11	-
J/2	Shun Yi	Wheat (P)	Tuti	PSAL	4/2	25/2
J/3	Jody F Millenium	R Seed	Sing	Litmond	18/2	6/3
J/4	A A Venture	GI/Rice(P)	Kara	CLA	17/2	2/3
J/5	City of Houston	GI/Rice(P)	Yang	OWSL	4/2	25/2
J/6	Ocean pride	GI(Maize)	Yang	PSAL	8/2	1/3
J/7	K Nicolas	GI(St C)	Kenai	Everett	20/2	28/2
J/8	Pathein	Rice(P)/GI	Yang	MTA	22/2	2/3
J/10	Wei Shan	Urea(BCIC)	Nank	Apex	1/2	26/2
J/11	Osg Alpha	Cont	Col	RSL	21/2	26/2
J/12	Banga Lanka	Cont	Sing	BDShip	23/2	26/2
J/13	Kota Cahaya	Cont	Sing	Pil (BD)	18/2	27/2
CCT/1	Jaya Mars	Cont	Sing	Everbest	20/2	26/2
CCT/2	Da Fa	Cont	P Kel	RSL	23/2	28/2
CCT/3	Kota Bintang	Cont	Sing	Pil(BD)	21/2	26/2
RM/14	Banglar Kallol	Idle	K Dia	Lams	27/1	28/2
RM/15	Banglar Urmi	Repair	-	BSC	R/A	28/2
CCJ	Danais-P	C Clink	Pipa	Seacom	14/2	25/2
TSP	Radiant Star	R Phos/TSP	Pana	PSAL	20/2	5/3
DOJ	Haustrum	Hsd	Sing	ECSL	18/2	25/2
DDJ/1	Banglar Robi	Repair	Sing	Bsc	19/2	-

Vessels due at outer anchorage

Name of Vessels	Date of Arrival	L Port Call	Local Agent	Cargo	Loading Port
Banga Bijoy (Cont) 15/2	25/2	Mong	Baridhi	Cont	Sing
Andhika Rainbow(72)15/2	25/2	Viza	ASA	GI(St.C+St.Rl)	-
Enos	25/2	Yang	SMSL	CI(Y.Maize)	-
Pinya	25/2	Yang	MTA	Rice(P)	-
Minoan Hill	25/2	Sing	Simni	Scraping	-
Tiger River (Cont)15/2	25/2	-	NOL	Cont	Sing
Xpress Resolve (Cont)12/2	27/2	Sing	RSL	Cont	Sing
Joy World (72)14/2	28/2	Jakarta	SSLL	St C	-
Banglar Moni (Cont)18/2	28/2	Sing	BSC	Cont	Sing
Sungrisan-9	27/2	-	PSAL	Urea In Bag	-
Dea Captain	26/2	Sing	Arafeen	Proj.Mat	-
Chahaya Star	26/2	Krab	ANCL	Gypsum In Bulk	-
Dawei(72)18/2	28/2	-	Everett	GI(St.Coil)	-
Eltanin	28/2	Yang	SMSL	GI(Y.Maize)	-
Jaami (Cont)18/2	28/2	-	Cross	Cont	Sing
QC Teal (Cont)18/2	02/3	-	QCSL	Cont	Sing
Arabella(Cont)18/2	1/3	-	QCSL	Cont	Sing
Kuo Hsiung(Cont)19/2	1/3	-	QCSL	Cont	Sing
Storm Wind	28/2	Jaka	MBL	C Clink (Conf)	-
Hanjin Istanbul	27/2	Vanc	Mutual	GI(Peas)	-
Kota Singa (Cont)19/2	1/3	Sing	Pil (BD)	Cont	Sing
Banga Birol (Cont)19/2	1/3	CBO	BDShip	Cont	Sing
Banga Bonik(Cont)20/2	2/3	Sing	BDShip	Cont	Sing
Banga Biraj (Cont) 15/2	3/3	-	BDShip	Cont	sing
Acturia (Cont)20/2	3/3	-	QCSL	Cont	Sing
Jurong Balsam(Cont)15/2	4/3	-	Nol	Cont	Sing
Orto	9/3	-	Everett	GI(St.C)	-

Tanker due

Eagle Aries	26/2	Sing	MSTPL	SKO/JP-1	-

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
Vessels at Kutubdia				
Energy Explorer-IV	-	-	BBAL	5/4
Ismaya	-	-	Arafeen	17/8
Dea Conquerror	-	-	Arafeen	R/A (31/12)
Dea Champion	-	Sing	Arafeen	5/2
Seabulk Command	-	-	IBS	R/A (19/2)
Vessels at outer anchorage				
Ready on				
Kota Naga (Cont)	Cont	Sing	Pil (BD)	23/2
Orient Independence (Cont)	Cont	Sing	TTL	23/2
Bombay	R Phos	Mali	RML	14/2
Kota Berjaya (Cont)	Cont	Sing	Pil (BD)	24/2
Qc Pintail (Cont)	Cont	P Kel	QCSL	24/2
Iranedya Dwitya	F Oil	Sing	CTPL	24/2
Yon Pung Ho	Sugar (TCB) Titi	SBS	16/2	
Vessels not ready				
Sea World	Mop (P)	Aliza	CCNL	15/2
Thor Sailor	Canola	Sing	USL	17/2
Sungrisan-8	Urea(BCIC)	Sing	PSAL	20/2
Ocean Ranger	GI/M Seed	Sing	Rainbow	23/2
Mana	C Clink	Thai	PSAL	23/2
Chopol	Sugar(TCB)	Tuti	CCNL	23/2
Daina	C Clink	Lanj	Seacom	23/2
Sonali	C Clink	Krabi	RML	23/2
Dailung	HSD	Juba	MSSL	21/2
Vessels awaiting instruction				
Banglar Shourabh	-	-	BSC	R/A (20/2)
Banglar Jyoti	Repair	-	BSC	R/A (23/2)
Vessels not entering				
Allalnhoron	Scraping	Kara	Ancient	21/2
Young Kong	Scraping	Sing	UMTL	3/2
Viva Treasure	Scraping	Bela	UmTL	4/2
Flag Karin	Scraping	Para	Simni	11/2
Accord	Cement	Sing	Simni	5/4
Revenge	-	-	Sunshine	R/A (9/10)
Xing Ye	Rice (G)	-	MHCSL	R/A (20/6)
Karya Sentosa	Rice (G)	-	USTC	R/A (18/9)

Movement of vessels for 26 & 27.02.2001

Outgoing		Incoming		Shifting
25/2				
J/10	Wei Shan	J/9	A Rainbow	GSJ R Star to TSP
J/11	Osg Alpha	NB	O Ranger	
J/12	B Lanka	CCT/1	QC Pintail	
CCT/1	J Mars	J/12	B Bijoy	
CCT/3	K Bintang	CCT/3	K Naga	
		TSP	Bombay	
		RM/6	Eagle Aries	
		CCJ	Diana	
27/2				
J/13	K Cahaya	J/11	O Independence	
RM/4	P Dwita	J/13	K Berjaya	
		RM/5	Dai Hung	

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