

IMF hails Pakistan but warns against reforms failure

REUTERS, Islamabad

The International Monetary Fund Sunday praised the economic performance of Pakistan's military government but warned that failure to stick to reforms would wipe out all the gains.

"If you want to shortcut this process you will end up the loser and behind the (credibility) chart and have to start all over again," said Ahsan Mansur, IMF representative in Pakistan.

"It is not the quality of the strategy. It was the implementation, track record and, in the process, the credibility in that strategy that undermined and ensured the failure of the strategy in the past," he told a seminar in advance of next month's budget for the 2001-2002 fiscal year.

Concern about the future of reforms began by the military rulers reflects uncertainty about what will follow the current government, which has pledged to

restore civilian rule by October 2002.

Military ruler General Pervez Musharraf has promised that reforms will not be reversed but has not revealed his plans. However, he is widely expected to take the post of president for himself to oversee the politicians.

Mansur said the government team trying to revive Pakistan's economy since the army seized power in October 1999 had improved the country's credibility from lows hit by the end of the last decade.

Mansur, overseeing an IMF standby agreement that has supported the heavily indebted country through this year, told an audience that included Finance Minister Shaukat Aziz the government had met almost all agreed targets.

Praise for performance

An assessment team from the IMF

is currently in Pakistan before it authorises a third tranche of the loan. No previous Pakistan government has ever stuck to an IMF agreement long enough to receive a third tranche.

Mansur said economic growth, aside from problems in agriculture caused by drought, has been satisfactory and the fiscal deficit remained on track to meet the target of 5.2 per cent of gross domestic product.

The IMF representative praised government reforms such as the unpopular measure of raising energy prices, freeing the exchange rate and controlling borrowing that under previous rulers had created a crippling mountain of debt.

Mansur also approved government efforts to raise revenue by steps such as widening the tax base in a controversial documentation programme. Although collections have fallen below target,

he said the goal had been very ambitious.

"But the process needs to be built up, it has to be sustainable, credible for future years as well," Mansur said of increasing revenue.

Mansur said it would take years to bring debt to acceptable levels and tight financial control had to be maintained to win the confidence of international lenders before Pakistan could expect any private investment.

The debt overhang is there, it's not going to go away tomorrow or today. It's going to take time," he said of the government strategy.

"That strategy calls for sustained fiscal consolidation... a credible sustained reduction in fiscal deficit over a prolonged period of time to a sustainable level of three per cent or so (of GDP) is the thrust of the debt strategy and that must be adhered to," Mansur said.



Emirates' Chairman Sheikh Ahmed bin Saeed Al-Maktoum signs the leasing contract with Robert J Martin, Managing Director of Singapore Aircraft Leasing Enterprise (SALE), for two Boeing 777-300s, the world's longest aircraft.

Singapore, US resume free trade talks today

AFP, Singapore

Singapore and the United States start a third round of talks on a free trade agreement (FTA) on Monday, resuming the push to wrap up Washington's first deal with an Asian state by the end of the year.

The week-long talks will be the first under the Republican leadership of President George W. Bush who has listed free trade as a key objective and wants to "fast track" negotiations with Singapore.

"We can no longer sit still while our trading partners move ahead without us," he told congressional leaders this month when asking for expanded authority to negotiate trade accords.

"Open trade fuels the engine of economic growth that creates new jobs and new income in the United States and around the world."

The fast track system will allow Bush to work out trade agreements that Congress could either approve or reject but not amend.

The administration contends that such authority gives the president the flexibility to negotiate trade accords quickly and efficiently and assures US trading partners that the deals they sign will not be tampered with in Congress.

When the second round of Sin-

gapore-US FTA talks ended in January, just before the end of the Bill Clinton presidency, negotiators on both sides spoke of making substantial progress but said "much work remains to be done to result in a final agreement."

The United States has since removed Singapore from its watch-list of intellectual property rights violators which had been a hurdle for Washington negotiators.

The new negotiations will focus on trade in goods, services, investment, e-commerce, customs, textiles and dispute settlement, the Singapore trade ministry said in a statement.

New US Assistant Trade Representative Ralph Ives and Singapore Ambassador Tommy Koh will lead the negotiations.

Last year the United States was Singapore's second largest trading partner, with total Singapore-US trade amounting to 76 billion Singapore dollars (42 billion US).

The tiny but affluent Southeast Asian island republic is also negotiating FTAs with a host of other countries, including Japan and Australia, after concluding a deal with New Zealand last year.

Singapore's actions have drawn criticism from its neighbours, but officials have said it was in the city-state's interest to forge trade pacts beyond Southeast Asia.

Emirates signs deal for two Boeing aircraft

Emirates has reaffirmed its commitment to Boeing aircraft with the signing a leasing contract recently for two Boeing 777-300s, the world's longest aircraft, with options for two more, says a press release.

The delivery of the aircraft is expected in July and September 2002.

The ten-year leasing contract was signed by Emirates' Chairman, Sheikh Ahmed bin Saeed Al-Maktoum, and Robert J Martin, Managing Director of Singapore Aircraft Leasing Enterprise (SALE).

Sheikh Ahmed said: "We have a long and fruitful relationship with Boeing which is evident in the growing number of aircraft we are acquiring as part of our fleet expansion."

Emirates and SALE have agreed an option for two more 777-300s, which are expected to be delivered in 2003.

The airline has already signed leasing contracts with SALE for two 777-300s, the first of which carried the airline's new corporate livery that was inaugurated in November 1999 at the Dubai Air Show.

Martin said: "We are very pleased to enter into this leasing contract with Emirates for Boeing 777-300 aircraft."

Emirates' current fleet stands at 35, which includes four 777-330s and nine 777-200s. The airline is also the launch customer for the Airbus A380-100 super jumbo, ordering five passenger and two freighter versions, for delivery from 2006.

SALE's current fleet stands at 33, which includes two 777-300s and four 777-200ERs with a further two 777-300s on order (which will now be leased to Emirates) and ten on option.

Pioneer Ins IPO lottery held

Pioneer Insurance Co. Ltd. has offered its share of Tk 100 each at Tk. 135, inclusive of Tk. 35 as premium to the public, says a press release.

Due to 3.35 times oversubscription, the company conducted an open lottery by BUET on Saturday.

Syed Nasim Manzur, director of the company, was in the chair. Some directors and managing director of the company, issue manager, post-issue manager, representatives of DSE, CSE, ICB and some investors were present on the occasion.

Founded in 1994, COMESA now has a population of 350 million people, with a combined gross domestic product (GDP) of some 153 billion dollars.

It groups, Angola, Burundi, the Comoros, the DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, the Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

Tanzania, which was part of the organisation announced last year that it intended to withdraw. Created in 1981 with the signing by 20 countries of a preferential trade agreement, COMESA became a common market in 1994 with a permanent representation in Lusaka.

At the gathering, Mauritius will pass the acting chairmanship of COMESA to Egypt, who joined in 1999 as the grouping's latest member.

COMESA is distinct from COMESA, or the Community of Sahel-Saharan States, a grouping of 16 African countries founded in 1998 by Libyan leader Moamer Kadhafi.



R N Das, Managing Director of Pioneer Insurance Co. Ltd., delivers his speech in the IPO Lottery Programme of the company Saturday.

Iran against OPEC output hike

AFP, Tehran

Iranian Oil Minister Bijan Namdar-Zanganeh on Sunday backed calls to keep OPEC production at current levels when the cartel meets in Vienna next month.

"There's no reason for an increase. The market is stable," Zanganeh told AFP on the sidelines of a forum gathering ministers from 11 major gas producing nations, including some OPEC members.

Current stock levels are "more than sufficient," he said.

"There is enough oil and ... around one million barrels daily in

reserves in the United States," he said.

OPEC President and Algerian Energy Minister Shabib Khelil, who was also at the forum, on Saturday also ruled out any increase in production by the 11-member grouping.

The next OPEC ministerial summit is due June 5-6 in Vienna.

Oil prices rose to three-month highs this week as dealers fretted over the absence of any clear measures to tackle the US gasoline shortage in the long-awaited energy plan of US President George W. Bush.

HIH Ins collapses with \$1.6b liabilities

Australia's worst corporate failure may hurt economy

AFP, Sydney

The Australian economy could be damaged by the collapse of the HIH Insurance company with liabilities exceeding three billion (1.6 billion US) dollars, Treasurer Peter Costello said Sunday.

But he said the government hoped it could minimise fallout from what is feared to have been Australia's biggest ever corporate failure.

HIH, Australia's second biggest general insurer, went into provisional liquidation in March with liabilities calculated initially at around 800 million dollars, but now estimated at three to four billion dollars.

Thousands of individuals and firms, such as builders unable to complete projects without public liability insurance or workers compensation, and people with homes under construction but now stalled, are facing ruin.

Under growing pressure to order a royal commission to investi-

gate the failure, the government has set up a 500 million dollar rescue fund to assist its victims.

Professionals such as engineers and architects are facing big increases in premiums for professional indemnity as a result and even household insurance is likely to soar as a result of the failure.

Costello told the "Sunday" program he believed HIH may have insured too many bad risks and not priced premiums appropriately.

He said the government would examine the role of the insurance regulator, the Australian Prudential Regulation Authority (APRA), which is facing criticism over its failure to see warning signals.

However, the outward signs until recently were of a viable business. Its 1999-00 financial year accounts showed an 18.4 billion dollar profit and a balance sheet in which assets outweighed liabilities by 939 million dollars, the Sydney Morning Herald reported.

The company lost heavily on its

professional indemnity and public liability insurance in Britain and the United States, particularly in California where many other insurance companies also suffered big losses as a result of legislative changes.

Asked if the failure would affect the economy, Costello said: "This is a corporate failure which has affected a lot of people and that won't be good for them and that won't be good for their confidence. That will have an effect."

But he added: "I hope that the fallout can be minimised."

Costello said the government's first priority was to help victims of the collapse.

"I think in a situation like this, after you've put in place measures to help those people who are at risk, after you've attended to the legislation ... you should look at all of your institutions to make sure they're performing up to the top of their ability," he added.

Free trade expansion tops COMESA Cairo summit

AFP, Cairo

The sixth summit of the Common Market for Eastern and Southern Africa (COMESA), starting Tuesday in Cairo, will push for an enlargement of the free trade area (FTA) among member states by soothing the fears it raises.

The theme of the two-day summit -- "COMESA's free trade area: an opening toward investment" -- shows a willingness to convince reluctant members to take part in the economic agreement, said high-ranking officials during preparatory meetings Thursday and Friday.

On October 31 last year in Lusaka, nine out of COMESA's 21 member countries -- Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe -- agreed to join the FTA and look towards a customs union, a single currency and common central bank by 2025.

"If it is true that the easing of tariff barriers and their planned removal have negatively affected some member countries until now, they will later benefit from the increased production and

exports", said Ibrahim Hassan, who heads the Egyptian foreign ministry's African department.

A survey recommending the setting up of funds during this transition period will be discussed during the summit, he added.

The preparatory meetings examined "the member countries' protection mechanisms in case some production sectors were confronted by temporary hardships due to their entry into the FTA," said Sayed al-Buss, advisor to Egypt's economy and foreign trade minister.

Namibia, the Seychelles and Swaziland have already announced their desire to join the FTA, Hassan added.

Mauritian Foreign Minister Anil Gayan, whose country holds the rotating presidency of COMESA, met with Congolese President Joseph Kabila last April in Kinshasa, to discuss the Democratic Republic of Congo (DRC)'s possible membership in the trade area.

The Cairo summit will outline the necessary steps toward a customs union, scheduled for 2004, and a monetary union, slated for 2025.

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CURRENCY

American Express Bank Ltd foreign exchange rates (indicative) against Taka to major clients.

Currency	Selling TT & OD	Selling BC	Buying TT	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	54.300	54.3300	53.8500	53.6970	53.6250
Pound Sig	78.6916	78.7350	76.9086	76.6901	76.5872
Deutsche Mark	24.8675	24.8812	23.8161	23.7484	23.7166
Swiss Franc	31.3474	31.3647	30.7153	30.6280	30.5869
Japanese Yen	0.4434	0.4437	0.4323	0.4311	0.4305
Dutch Guilder	22.0703	22.0825	21.1372	21.0771	21.0489
Danish Krona	6.4428	6.4464	6.3107	6.2928	6.2844
Australian \$	29.3166	29.3328	27.9697	27.8902	27.8528
Belgian Franc	1.2057	1.2063	1.1547	1.1514	1.1499
Canadian \$	35.7943	35.8141	34.7868	34.6880	34.6415
French Franc	7.4146	7.4187	7.1011	7.0809	7.0714
Hong Kong \$	6.9758	6.9797	6.8906	6.8710	6.8618
Italian Lira	0.0251	0.0251	0.0241	0.0240	0.0240
Singapore \$	30.3098	30.3265	29.3861	29.3026	29.2633
Euro	48.6365	48.6634	46.5803	46.4479	46.3856
Saudi Rial	14.5176	14.5258	14.3199	14.2792	14.2601

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7512	53.3665	52.9181	52.4696	52.0212	51.1243

US dollar London interbank offered rate (LIBOR)

TC Buying (USD)	TC Selling (USD)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
53.6250	54.4000	USD	4.09000	4.05500	4.05000	4.16938	4.28000
Cash Buying (USD)	Cash Selling (USD)	GBP	5.20250	5.21578	5.22594	5.25750	5.30828
53.8000	54.8000	EURO	4.58688	4.55688	4.47000	4.45000	4.44000

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
46.88/46.98	61.70/61.75	45.50/45.55	3.8000/3.8001	11360/11390	1303.9/1304.1

Amex notes on Sunday market

The inter-bank USD/BDT market was moderately active today as the international market is closed for the weekend. The average call rate has remained at the previous range of 9.0-9.5 per cent.

The yen lost half a per cent against the dollar on May 18 after the Bank of Japan announced plans to improve provision of liquidity, fanning talk it would have to increase the money supply by buying government bonds. The euro, meanwhile, was little changed against the dollar from late New York levels on May 17. The Swiss franc recouped some of the ground it lost to the dollar overnight with economists wondering whether Swiss PPI data indicate a return of inflationary worries. The combined index for April rose 0.9 per cent from a year ago and advanced a sharper-than-expected 0.5 per cent from March. Sterling trod a steady course against the Euro and the dollar on May 18, as recent signs of domestic economic strength were balanced by concern of potential M&A-related outflows.

In New York on Friday, the majors closed against US \$ at 123.46/123.56 JPY, 1.7422/1.7432 CHF, Euro at \$0.8800/0.8807 and GBP at \$1.4382/1.4392.

SHIPPING

Chittagong Port

Berth position and performance of vessels as on 20.5.2001

Berth No	Name of vessels	Cargo	I. port call	Local agent	Date of arrival	Leaving
1/3	Bright Star	Wheat(P)	Momb	MSA	20/4	25/5
1/4	Togo Charm	C.Clink	Tanj	Uniship	10/5	-
1/5	Laridea	Sugar	Momb	Seacoast	8/5	20/5
1/6	Mawlamyne	Rice(P)	Yang	MTA	22/4	22/5
1/7	Titanas	GI(MA)	Darb	USL	28/4	23/5
1/8	Bay Fortune	GI(Log)	Yang	SMSL	4/5	21/5
1/9	Triumph Hongkong	GI(St.C)	Viza	RML	5/5	20/5
1/10	Sonali	Gypsum	Krab	RML	10/5	23/5
1/11	QC Lark	Cont	P.Kel	QC SL	13/5	23/5
1/12	Abuja	Cont	Sing	RSL	15/5	21/5
1/13	Kuo Hsiung	Cont	P.Kel	QC SL	10/5	21/5
CCT/1	Banga Birol	Cont	Sing	BDShip/A	3/5	20/5
CCT/2	Banga Lanka	Cont	P.Kel	BDShip	18/5	22/5
CCT/3	QC Pnail	Cont	P.Kel	QC SL	17/5	20/5
RM/14	Sung Ri San-9	Cement	Tuba	ANCL	28/4	22/5
GSJ	Banglar Moni	Wheat(G)	Mong	SSST	11/5	4/6
TSP	Thank God	R.Phos	Hmr	Seacoast	12/5	25/5
RM/3	Sceptre	CDSO	Darb	Seacoast	12/5	23/5
RM/5	Nongkhai Navee	Soda Feld	Sing	Mutual	14/5	25/5
DOJ	Anawan	HSD	Juba	EC SL	13/5	-
DD/1	Banglar Jyoti	Repair	-	BSC	R/A	22/5
SM/10	Tug Ocean Mercury	P.Items	Sing	MBL	10/5	-

Vessels due at outer anchorage

Vessels due at our anchorage					
Name of vessels	Date of arrival	I. port call	Local agent	Cargo	Loading port
Xpress Nuptie (Cont) 3/5	23/5	-	Everbest	Cont	Col
Annas	23/5	Tilb	Unship	Scrap	-
Chol San Bong	21/6	Mong	MBL	-	-
Silver Fish	20/5	B ABB	BSL	C Clink	-
Kyladeck	20/5	Sing	OTBL	-	-
Mutiaara	20/5	Jaka	OTBL	-	-
Brave Eagle	20/5	Hal	UMTL	Demolition	-
Banga Bonik(Cont) 10/5	21/5	CBO	Baridhi	Cont	Col.
AA Venture	21/5	-	CLA	GI	-
Xpress Renown (Cont) 10/5	22/5	Sing	RSL	Cont	Sing
Sea Bright (Cont) 8/5	23/5	Sing	Pil (BD)	Cont	Sing
Banglar Robi (Cont) 15/5	23/5	Sing	BSC	Cont	Sing
Triumph Chittagiong (72) 16/521/5	23/5	Sing	RML	GI (St.C)	-
Dea Captain	21/5	Sing	Arafeen	P.Equip	-
Banglar Shikha (Cont) 2/5	25/5	-	BSC	Cont	Sing
Jaya Mars (Cont) 14/5	22/5	-	RSL	Cont	Sing
Khaleda (E/L) 8/5	23/5	Mong	OWSL	J Goods	-
Artemis (Cont) 13/5	23/5	-	TTL	Cont	Sing
Kota Cahaya (Cont) 14/5	23/5	Sing	Pil(BD)	Cont	Sing
Joy World(72)10/5	29/5	-	SSLL	GI(St.C)	-
lin Cheng(Liner)	24/5	-	Bdship	GI	-
Da Fa(Cont)15/5	25/5	-	Everbest	Cont	Col
QC Teal(Cont)10/5	26/5	-	QCSSL	Cont	Sing
Kota Naga (Cont) 17/5	26/5	Sing	Pil (BD)	Cont	Sing
Asian Leader(Roro)24/10/5	24/5	Sing	IF	Vehi	-
Banga Biraj(Cont)16/5	26/5	-	Bdship	Cont	Sing
Orient Independence(Cont)16/5	26/5	P Kel	TTI	Cont	Sing