

Pakistan feels economic cost of struggle with India

REUTERS, Islamabad

Anaemic economic growth and a dearth of foreign investment is forcing Pakistan to look at the heavy cost imposed by a foreign policy mired in its conflict with India.

The spokesman for Pakistan's government, Major General Rashid Qureshi, noted a shared need for "economic progress" in welcoming Wednesday's long-sought Indian offer of talks with military ruler General Pervez Musharraf.

While many Pakistanis dismiss the image of a dangerous region as a distortion, few investors will venture into a country where the struggle over Kashmir has ensured nearly 54 years of hostility with giant neighbour India - especially when both have nuclear weapons.

Even Pakistan's involvement in the civil war in neighbouring Afghanistan is entwined with the conflict with India.

"A lot of political and geopolitical issues impact on economics," Finance Minister Shaukat Aziz conceded at a May 20 economic conference. "A peaceful environment will help the economy to grow. The issue is an important one; we are very conscious of the issues cannot be divorced."

Aziz was responding after Canadian High Commissioner Perry de Kerckhove had bluntly attacked a "parochial" foreign policy and a wide range of other concerns about the future of Pakistan.

Foreign investment is frightened off. Pakistan had meagre foreign direct investment of \$143 million in the last six months of 2000 - about a dollar per capita and down \$164 million from the same period a year earlier.

But Pakistan is also diverting its own resources that are desperately needed to fight 60 per cent illiteracy and counter economic decay. It has seen the number below the poverty line rise from 18 per cent to 34 per cent of the population since 1987.

"You have defence spending that you have pared down to four per cent of GDP," said de Kerckhove, complimenting Aziz on that progress. "But it is still noted that the PSDP (public sector development programme) is only two per cent of GDP."

There has been little serious public debate on Pakistan's key foreign issues - Afghanistan, Kashmir and relations with India. These are policy areas dominated more by intelligence departments and the military than diplomats - and they are all interwoven.

While Pakistan denies any military backing for the Taliban movement that controls most of Afghanistan, UN officials say of an estimated 15,000 foreigners with the headline Islamic organisation are from Pakistan.

Taliban military training camps, which the United Nations has demanded be closed on the grounds they are churning out

"terrorists," produce a stream of fighters who find their way across Pakistan into the struggle in Kashmir.

Islamabad denies it is helping the guerrillas fighting Indian rule in Kashmir but finds few believers when the organisations all have offices in Pakistan.

"Pakistan is stuck in a policy of wearing down India," said a senior diplomat. "On the Pakistan side there is a game plan that is not realistic and won't work. The Indian side has no game plan."

Economics dictates that Pakistan is the weaker side in this struggle. In a war of attrition the country with the higher growth - and the greater ability to afford new weapons - will prevail.

Pakistan's growth rate this year will be under four per cent not much above the estimated 2.4 per cent population growth that adds more than three million mouths a year - and no substantial improvement is expected for several years. Pakistan needs annual growth rates above six per cent - such as India has been running - to reduce poverty.

"Pakistan finds itself in a situation where the adversary has far greater capability to fund its military modernisation," security analyst Ayesha Siddiqi-Agha wrote in a paper for the economic conference, arguing for a total military rethink. She likened spending on the 630,000-man armed forces and other parts of

the military establishment that exceeds that on all health, education and other development needs to a time-bomb ticking rapidly toward detonation.

"Military security is important, but the cost is phenomenal," said Siddiqi-Agha, noting that some people had used the label "failed state" for her country. "Pakistan is in no position to continue spending more resources on defence at the cost of development."

The paper, however, did not address a question posed often by foreign observers: what concessions are needed to end the struggle over Kashmir that began in 1947.

As few foreign experts can foresee India ever withdrawing will Pakistan ever be willing to drop its 54-year-old goal of that happening? There is no sign that Pakistan is yet willing to accept the current lines between their forces as a permanent border.

In the public forum Finance Minister Aziz, a respected former executive with Citibank, with wide international experience, repeated Pakistan's familiar position that a resolution of the Kashmir struggle depends on India.

And despite acknowledging the economic burden imposed on a country slipping further behind its large neighbour, he felt compelled to defend the military spending: "We can't allow our defence and sovereignty to be compromised."



Sheikh Ahmed bin Saeed Al Maktoum, Chairman of Emirates and Andhra Pradesh Chief Minister Chandra Babu Naidu, exchange gifts during the visit of government delegation from Dubai to Hyderabad recently.

Weekly Currency Roundup Yen hits 2-month high against dollar

AFP, Hong Kong

The yen's mixed fortunes enjoyed and upturn last week as it rose against the dollar, despite continued choppy financial waters throughout the region.

Bolstered by the confidence of Japanese Finance Minister Masuro Shiokawa, the yen rose against the dollar, jumping to a two-month high.

Other currencies looked less boisterous, with the Australian dollar hitting a three-week low and the Indonesian rupiah floundering amid an ongoing domestic political crisis.

Japanese yen: The yen rose against the dollar in Tokyo during the week after Finance Minister Masuro Shiokawa said he was not worried about a strong yen, dealers said.

The Japanese currency traded at 120.37-40 to the dollar at 5:00 pm (0800 GMT) in Tokyo Friday, up from 123.25-28 a week earlier.

On Thursday, the yen jumped to a two-month high of 118.80 against the dollar as Shiokawa's comments triggered yen-buying.

"Investors bought the yen as investors became less wary of currency intervention following Shiokawa's comment that he was not worried about the foreign exchange market," said Sumitomo Mitsui Banking Corp's sales vice president Daichiro Horii.

But the yen slipped back to the 120 level as foreign investors sold the Japanese currency to adjust their positions ahead of a long weekend in the United States.

The US market will be closed for Memorial Day on Monday.

Australian dollar: After hitting a three-week low, the Australian dollar is unlikely to crack 53 US cents this week as the major currencies continue to experience turbulence and mixed local data is

expected, dealers said.

A run on the yen after major funds dumped the euro has trampled the Australian dollar, which dropped to 50.90 US cents on Thursday. 2.30 US cents down from the high earlier in the week of 53.20 US cents before it recovered to close at 52.15 US cents on Friday.

NEW ZEALAND DOLLAR: The New Zealand dollar closed Friday worth 42.41 US cents.

It recovered late in the week after going below 41 cents.

Bank of New Zealand forex manager Mike Symonds said the kiwi had its trans-Tasman neighbour, the Australian dollar, to thank for the recovery.

"We have seen very large US-based buying in the Aussie overnight and that has contributed to the gains in the kiwi," Symonds said.

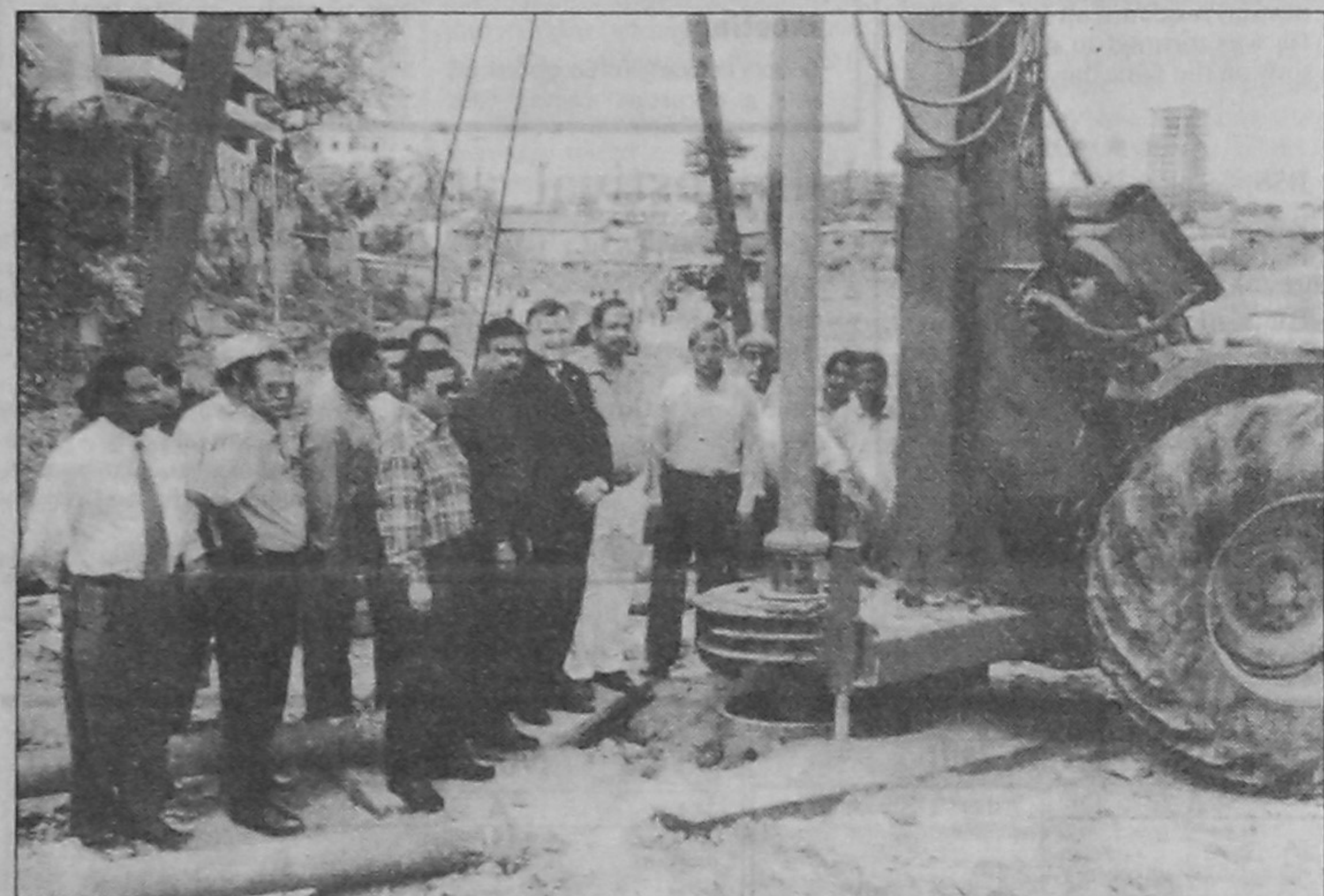
SINGAPORE DOLLAR: In late session Friday, the US dollar traded at 1.8039 Singapore dollars from 1.8067 Singapore dollars on May 18.

HONG KONG DOLLAR: The Hong Kong dollar closed at 7.7994-7.8002 to the US dollar on Friday marginally higher than the previous week's close of 7.7995-7.8003.

INDONESIAN RUPIAH: The Indonesian rupiah weakened again to close the week at 11,450 to the dollar compared to last week's close of 11,370, with dealers citing continued domestic political confusion.

PHILIPPINE PESO: The Philippine peso fell to 50.505 to the dollar on Friday from 50.33 in the previous week as it was pulled down by the weakening of other regional currencies.

SOUTH KOREAN WON: The South Korean currency strengthened to 1,288.90 won Friday, compared with 1,304.00 won against the dollar a week earlier.



Managing Director of Hotels International Limited (HIL), the owning company of Sonargaon Hotel, Adiluzzaman, General Manager of the Hotel Dieter C Becht CHA, Technical Adviser of HIL Engr Md Ruhul Matin, Secretary of HIL Ali Eskander Ahmed and Managing Director of DDC Engr AKM Rafiquddin, Executive Committee members and other officials of the hotel and HIL are seen at the hotel's extended construction site recently.

Hyderabad asks Dubai to help hold shopping festival

The success of the Dubai Shopping Festival has inspired the government of the Indian state of Andhra Pradesh to seek Dubai's assistance in organising a similar event to take place in the state capital Hyderabad in October, says a press release.

This request was made during a meeting between the Andhra Pradesh Minister of Tourism Peddi Reddy and a top level government delegation from Dubai which returned recently from a two-day official visit to Hyderabad.

Hyderabad will become Emirates' fourth destination in India on July 1 with the start of eight flights a week between Hyderabad and Dubai. Sheikh Ahmed carried greetings from HH Sheikh Maktoum bin Rashid Al Maktoum, UAE Prime Minister and Ruler of Dubai, to the Andhra Pradesh Chief Minister, Chandra Babu Naidu.

Euro debate dominates British election campaign

AFP, London

Britain's opposition Conservatives launched an assault on the government's pro-euro policy Saturday, warning voters they had until the June 7 general election to "save the pound."

The Conservatives are hoping to tap into the British public's euro-scepticism focusing voters' fears that a second Labour term would make membership of the single currency a fait accompli.

"I am not choosing my words lightly when I say that this could be the last general election of its kind. The last time that the people of the United Kingdom are able to elect a parliament which is supreme in this country," said opposition leader William Hague.

The euro ranks low down on voters' lists of concerns - after education, hospitals and tax - but with the result of the election apparently in the bag for Labour, attention has switched to what the party will do with the pound after it wins.

Labour policy is to join the euro early in the next parliament, provided five economic conditions have been set and voters say "Yes" in a referendum, while the Conservatives have ruled out entry, at least during the next parliament.

"The question of whether we scrap the pound will settle our country's future, possibly for generations."

"It will determine whether we live in a free and independent country or whether we become

part of a large bloc," Hague warned.

Prime Minister Tony Blair said Friday he believed he could win a referendum, and warned that Hague, if elected, would isolate Britain altogether from Europe.

But Hague said a referendum would be rigged in favour of the "Yes" camp, making June 7 the last opportunity to preserve Britain's currency.

"Whether we give up that right is the single biggest decision our country has faced since the war. And it is a decision that we must take in just 12 days."

"Twelve days to save the pound. Twelve days to secure our independence. It is your decision. Do not take it lightly," he said.



ATM Hayatuzzaman Khan, Chairman of Dhaka Bank Limited, addresses the bank's 6th Annual General Meeting at Winter Garden of Dhaka Sheraton Hotel on Saturday. Picture shows Afroza Abbas, Vice Chairman, Mirza Abbasuddin Ahmed, founder Advisor and Alternate Director, Directors Mainul Islam, Md Amirullah, M N H Bulu, Rakhi Das Gupta, Aminul Islam, Tahidul Hossain Chowdhury and Md Mokhesur Rahman, Managing Director.

CURRENCY

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

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	57.5600	57.6100	53.4500	56.2970	56.2250
Pound Sig	82.4374	82.5090	79.6622	79.4463	79.3447
Deutsche Mark	25.7689	25.7913	24.3945	24.3284	24.2973
Swiss Franc	32.6230	32.6513	31.6176	31.5319	31.4915
Japanese Yen	0.4816	0.4820	0.4642	0.4629	0.4623
Dutch Guilder	22.8701	22.8902	21.6506	21.5919	21.5643
Danish Krona	6.6751	6.6809	6.4673	6.4498	6.4415
Australian \$	30.5298	30.5563	28.7839	28.7058	28.6691
Belgian Franc	1.2494	1.2505	1.1827	1.1795	1.1780
Canadian \$	37.6308	37.6634	36.1720	36.0739	36.0278
French Franc	7.6834	7.6900	7.2736	7.2539	7.2446
Hong Kong \$	7.3943	7.4007	7.2231	7.2035	7.1943
Italian Lira	0.0260	0.0261	0.0246	0.0246	0.0245
Singapore \$	32.2664	32.2944	30.9332	30.8494	30.8099
Euro	50.3995	50.4433	47.7115	47.5922	47.5214
Saudi Rial	15.3900	15.4033	15.0105	14.9698	14.9507

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
56.2250	57.5600	USD	4.06375	4.03000	4.01125	4.12000	4.25250
Cash Buying (USD)	Cash Selling (USD)	GBP	5.19063	5.22094	5.23875	5.29281	5.34438
56.2250	57.5600	EURO	4.58626	4.55250	4.49000	4.48750	4.48625

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
46.92/47.02	62.30/62.60	45.54/45.57	3.7995/3.8005	11440/11470	1288.9/1289.3

Amex notes on Sunday's market

The Bangladesh Bank had adjusted the spot USD buying and selling transactions within Tk 56.50 to Tk 57.50 band, effective from May 25, 2001. The earlier buying/selling rates were 53.85/54.15. The average call rate rose to the 13-13.25 per cent range today because of the demand for Taka in the call money market.

The euro rebounded on Friday at 86 cents against Thursday's six-month lows near 86, lifted by market concerns about possible central bank intervention to boost the single currency. The dollar's fall of approximately 2.3 per cent this week against the yen was a by-product of the sharp fall in the euro. Helped by the Euro's gains against the yen, the dollar traded at 120.55 yen up 0.50 per cent from the previous day's close. The Swiss franc ended weak versus the dollar, holding just above six-month lows against the US currency despite news of a large 5.0 per cent drop in UA April durable goods orders. Sterling rallied by one per cent from the day's lows against the euro and the dollar on Friday, boosted by favourable economic data and by merger-related buying.

In New York on Friday, the majors closed against US \$ at 120.52/120.62 JPY, 1.7744/1.7754 CHF. Euro at \$ 0.8602/0.8606 and GBP at \$ 1.4212/1.4222.

SHIPPING

Chittagong Port

Berth position and performance of vessels as on 27.5.2001

Berth No	Name of vessels	Cargo	Port call	Local agent	Date of arrival	Leaving
1/1	A.A. Venture	Gl (St. Mat)	Viza	Cla	21/5	28/5
1/3	Bright Star	Wheat (P)	Momb	MSA	20/4	29/5
1/4	Chopel-2	Sugar	Bank	Seacom	9/5	30/5
1/5	Eltamir	Gl (Log)	Yang	SMSL	9/5	30/5
1/6	Alam Tallang	Wheat (P)	Brav	Rainbow	5/5	-
1/7	Jin Cheng	Gl	Susa	BDShip	24/5	30/5
1/8	Ban Ann	C Clink	Sing	RML	14/5	3/6
1/9	Triumph Chittagong	Gl (St. C)	Sing	RML	20/5	27/5
1/10	L. Karavelov	Gl (St. B)	B Abb	Kaptai	8/5	23/5
1/11	Boxer Capt Cook	Cont	P. Kel	TTL	18/5	27/5
1/12	Kota Cahaya	Cont	Sing	Pil (BD)	23/5	30/5
1/13	Acturia	Cont	P. Kel	QCSL	18/5	28/5
CCT/1	Xpress Renown	Cont	Sing	RSL	22/5	28/5
CCT/2	Xpress Nuptse	Cont	Col	Everest	23/5	28/5
CCT/3	Banglar Robi	Cont	P. Kel	BSC	23/5	-
CCJ	Agios Fanourios	C Clink	Pada	Seacom	23/5	30/6
GSJ	Nongkhai Navee	Soda Field	Sing	Mutual	14/5	30/5
TSP	Thank God	R Phos	Ilamr	Seacoast	12/4	28/5
RM/3	Chembulk Traders	CDSO	Hald	Rainbow	21/5	27/5
RM/6	Sylvan Arrow	SKO/HSD	Sing	MSTPL	25/5	27/5
DOJ	Banglar Jyoti	C Oil	-	BSC	R/A	27/5
RM/8	Belicia	C Oil	Duma	Seacom	23/5	27/5
RM/9	Banglar Moni	Repair	Mong	BSC	11/5	30/5
CUEJ	Mary Nour	Cement	Bang	BSL	26/5	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	Port call	Local agent	Cargo	Loading port
Gemini-1	29/5	Sing	Litmond	Wheat (P)	-
Yalafi	27/5	Pipa	Uniship	C Clink	-
Oil Osprey	27/5	Sing	Arafeen	P Equip	-
Banglar Shikha (Cont) 2/5	28/5	Sing	BSC	Cont	Sing
OSG Alpha (Cont) 20/5	30/5	Sing	RSL	Cont	Sing
Jaami (Cont) 20/5	29/5	Sing	Cross	Cont	Sing
Abuja (Cont) 23/5	30/5	Sing	Everbest	Cont	Col
QC Teal (Cont) 10/5	31/5	P. Kel	QCSL	Cont	Sing
Arabella (Cont) 20/5	29/5	-	QCSL	Cont	Sing
Kota Berjaya (Cont) 20/5	29/5	Sing	Pil (BD)	Cont	Sing
APL Colombo (Cont) 24/5	31/5	Sing	Nol	Cont	Sing
Golden-D	29/5	-	PSAL	C Clink	-
Brave Eagle	30/5	Hal	UMTL	Demolition	-
Bright Hope (Liner)	30/5	-	Prog	Gl (St. Paper)	-
Joy World (72) 10/5	31/5	-	SSLL	Gl (St. C)	-
Cosmic Master (72) 20/5	31/5	Mong	Everest	Gl (St. C)	-
Banga Lanka (Cont) 22/5	2/6	-	Baridhi	Cont	Col
Banga Biro (Cont) 21/5	2/6	-	BDShip	Cont	Sing
Kuo Hsiung (Cont) 21/5	2/6	-	Oil Gl (St. Oil)	-	-
Prima (72) 21/5	3/6	-	Oil Gl (St. Oil)	-	-
QC Lark (Cont) 24/5	4/5	-	QCSL	Cont	Sing
Xpress Makulu (Cont) 24/5	4/6	-	RSL	Cont	Sing
Keng Tung (72) 23/5	5/6	-	Everest	Gl (St. C)	-
QC Pintail (Cont) 21/6	6/6	-	QCSL	Cont	Sing

Tanker due

Name of vessels	Date of arrival	Port call	Local agent	Cargo	Loading port
Bitumen Glory	28/5	Sing	-	H&H Bitumen In Bulk	-
Princess of Rotterdam	28/5	-	Seacom	CP Olefin/RBD	-

Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Energy Explorer-IV	-	-	BBAL	5/4
Ismaya	-	-	Arafeen	17/8
Dea Conqueror	-	-	Arafeen	R/A (14/5)
Dea Champion	-	-	Arafeen	R/A (16/5)
Seabulk Command	-	-	IBS	R/A (4/5)
Danat Qatar	C Oil	Rast	BSC	22/5
Banglar Shourabh	C Oil	-	BSC	R/A

Vessels at outer anchorage

Vessels at outer anchorage				
Ready on				
Sittwic	Rice(P)	Yang	MTA	30/4
Yuan Zhi	WT(P)/Y/PE	Sing	Mutual	14/5
Sea Bright (Cont)	Cont	Sing	Pil(BD)	23/5
Artemis (Cont)	Cont	P Kel	TTL	23/5
Jasmine	M/Wheat	Viza	SMIS	14/5
Silver Fish	C Click	B Abn	BST	21/5
Triumph Kaohsiung	GI/GL	Viza	RML	25/5
Anna-S	LSCARP	Tilb	Uniship	25/5
*Orient Independence(Cont)	Cont	P Kel	TTL	26/5
Jaya Mars (Cont)	Cont	P kel	RSL	26/5
Panga Birai (Cont)	Cont	P Kel	BDShip	26/5