

## Saudi Arabia unveils \$12b budget deficit for 2002

### Foreign borrowing ruled out

AFP, Riyadh

Saudi Finance Minister Ibrahim al-Assaf ruled out Sunday any foreign borrowing as the world's leading oil producer and exporter announced a 12-billion-dollar budget deficit for 2002, the largest since 1998.

"Saudi financial establishments and national reserves are capable of meeting the shortfall. We will not resort to foreign borrowing to meet the deficit. The position of our banks is excellent," Assaf told a press conference early Sunday after the cabinet approved the 2002 budget.

Revenues were projected at 157 billion riyals (41.9 billion dollars) and expenditures at 202 billion riyals (53.9 billion dollars).

The deficit is the largest since the kingdom boasted a 13-billion-dollar shortfall in 1998 when average price for Saudi oil was just over 12 dollars a barrel and output was 8.3 million barrels per day.

The sharp drop in revenues from a projected 215 billion riyals (57.3 billion dollars) for 2001 follows a major decline in oil prices after the September 11 terror attacks in the United States and cuts in production.

Saudi crude output stands at 7.541 million barrels per day (bpd) and its oil price is about two dollars less than the Brent crude which closed Friday at 18.10 dollars a barrel. Production is expected to be slashed to around seven million bpd in January.

The kingdom does not disclose the breakdown of revenues, but local economic reports had

forecast non-oil revenues at around 40 billion riyals (10.7 billion dollars) leaving the remaining 31.2 billion dollars for oil.

Assaf estimated that Saudi internal debt at the end of 2001 topped 630 billion riyals (168 billion dollars), just under the kingdom's Gross Domestic Product (GDP) of 668 billion riyals (178 billion dollars).

The debt, obtained from local Saudi banks and financial institutions, is tipped to rise next year as the deficit increases.

The minister said the kingdom would continue with privatisation plans especially for electricity, telecommunications, Saudi Airlines, sewage, water desalination and other sectors.

Assaf said there was sufficient capacity "to cover the budget deficit either through issuing bonds or through (internal) borrowing."

The Saudi finance ministry estimated the budget deficit would reach 25 billion riyals (6.7 billion dollars) at the end of 2001 after projecting a zero budget deficit for 2001.

Revenues are estimated at 230 billion riyals (61.3 billion dollars), seven per cent more than the projected 215 billion riyals. Expenditures are estimated at 255 billion riyals (68 billion dollars) about 18.6 per cent higher than the projected 215 billion riyals.

Last year, Saudi Arabia boasted a budget surplus of 22.7 billion riyals (6.1 billion dollars), the only surplus since 1982.

Assaf said the government was very careful to avoid burdening Saudi citizens through the new

budget, but he acknowledged that some developmental projects will be delayed.

The new budget includes 28 billion riyals in allocations for new projects, in addition to 54.3 billion riyals for education, higher education and manpower training, the minister said.

The balance of payments surplus for 2001 was estimated at 31.3 billion riyals, down from last year's 53.7 billion riyals (each dollar is 3.75 riyals).

The cabinet issued a freeze on new jobs for next year to various government agencies, but jobs already in the pipeline would be maintained.

Unemployment in Saudi Arabia stands at between 15 and 20 per cent and foreigners constitute 65 per cent of the work force.

The government was planning to employ some 817,300 Saudi job seekers in the current five-year plan which began in 2001, by replacing 488,600 foreigners and creating 328,000 new jobs mostly in the private sector.

Current expenditure normally accounts for more than 85 per cent of total expenditures, with capital spending taking the remaining 15 per cent, a major structural distortion in the Saudi economy.

Government wages, which in 2000 reached 30 billion dollars, consume about 53 per cent of the budget and as much as two-thirds of oil revenues.

Next year the picture will be even worse with wages estimated to account for more 70 per cent of the budget and almost all projected oil revenues.

## HP-Compaq merger open to doubt

AFP, San Francisco

The planned multi-billion dollar merger between technology giants Hewlett-Packard and Compaq was in doubt Saturday, after the foundation that is the biggest shareholder in Hewlett-Packard voiced its opposition to the union.

On Friday, the David and Lucile Packard Foundation dealt a severe blow to the high-tech giant's plans to merge with computer maker Compaq, saying, after a closed-door meeting Friday that it has "preliminarily determined" to vote its HP shares against the deal.

The foundation created by family members of the company's founders owns approximately 10.4 per cent of HP stock, said foundation spokesman John Walker.

Susan Packard Orr, chairwoman of the foundation and daughter of founder David Packard, said that despite an understanding by the board of trustees of the "strategic considerations," the board has decided for now that "the best interests of the Foundation would be better served by Hewlett-Packard not proceeding with the proposed transaction."

The HP and Compaq boards responded with a statement saying the two companies were "disappointed" in the foundation's move to

fight the merger.

"Nevertheless, our responsibility to shareholders, customers and employees requires that we maintain a pragmatic view of the business and a focus on the future," said the two companies.

"Over the coming weeks and months, we intend to continue communicating its merits to our broad shareholder base."

Hewlett heir Walter Hewlett praised the Packard foundation's decision.

"I am pleased that after completing its analysis, the Packard Foundation has preliminarily decided to vote its shares against the proposed merger of Hewlett-Packard and Compaq," he said in a statement.

"Hewlett-Packard can create greater value for stockholders as a stand alone company than as a company combined with Compaq." Added Hewlett: I believe there is a sizable and widespread opposition to this transaction.

Hewlett said he would launch a shareholders revolt if HP decides to take the matter up with investors directly.

"I intend to solicit proxies against the transaction," Hewlett vowed if HP decides to appeal to its general shareholders for an approval of the merger.

## CURRENCY

Following is the yesterday's foreign exchange rate statement by Standard Chartered Bank

Selling	Currency		Buying		
	TT/OD	BC	TT Clean	OD Sight Doc	OD Transfer
57.8500	57.6800	USD	56.5000	56.3314	56.2629
52.0054	52.0923	EUR	49.5654	49.3820	49.3054
83.4253	83.4673	GBP	80.3047	80.0382	79.9836
30.3702	30.3947	AUD	28.3378	28.2453	28.1652
0.4624	0.4626	JPY	0.4463	0.4461	0.4451
35.0133	35.0378	CHF	33.8012	33.7067	33.6222
5.5512	5.5563	SEK	5.3414	5.3238	5.3078
36.8242	36.8488	CAD	35.6642	35.5706	35.4874
7.9993	7.4906	HKD	7.2397	7.2220	7.2046
31.600	31.6214	SGD	30.6880	30.6442	30.6296
15.8253	15.8429	AED	15.2494	15.2275	15.2090
15.4954	15.5138	SAR	14.9628	14.9161	14.8979

USD	Local foreign exchange market				
	30 days	60 days	90 days	120 days	180 days
56.3835	56.0266	55.5712	55.0372	54.4867	53.1564
49.4709	49.1656	48.7582	48.2896	47.7803	46.6395
80.1323	78.6378	78.9778	78.2189	77.3939	75.5459

Local foreign exchange market remained subdued due to weekend in the international market. Trading was limited. There was demand for overnight borrowing and the call rate ranged between 10 and 12 per cent. Bangladesh Bank auction for treasury bills took place on Sunday. An New York closing on Friday, euro traded at 0.8894/99, pound sterling at 1.4332/40 against dollar and yen traded at 125.50/58 against US dollar. \*This memorandum is issued by Standard Chartered Bank and is derived from reliable public information sources. The bank does not provide any representation or warranty for accuracy of this memorandum.

## SHIPPING

Chittagong port

Berth position and performance of vessels as on 9.12.2001.

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import Disch
J/1	Spica	GI (Log)	Yang	Royal	4/12	11/12	1547
J/2	Banglar Mookh	GI(S.Ash)	Pipa	BSC	6/12	12/12	1517
J/3	Jubilee	GI(R.Log)	Yang	Rkship	7/12	17/12	x
J/4	Shun An (Liner)	GI	Mong	RML	4/12	11/12	561
J/5	Iron-B	Wt(P)/GI(Copra)	Sing	MSA	19/11	12/12	221
J/6	Bright Hope	GI	Kore	Prog	5/12	12/12	1945
J/7	Alam Teladan	GI(Y.Ma)	Sing	Sunshine	1/12	15/12	1945
J/8	Makmur Bahagia	TSP(P)	Sing	Unique	5/12	13/12	3394
J/9	Da Cheng	GI	P.Kel	Bdship	5/12	13/12	789
J/11	Gihock	Cont	Sing	RSL	8/12	11/12	132/28
J/12	Kota Berjaya	Cont	Sing	Pil (BD)	8/12	13/12	(594/8)
J/13	Artemis	Cont	P. Kel	PSSL	4/12	10/12	164/28
CCT/1	Banga Biraj	Cont	P. Kel	Bdship	7/12	12/12	203/30
CCT/2	QC Pintail	Cont	P. Kel	QCSSL	3/12	9/12	144/X
CCT/3	QC Honour	Cont	P. Kel	QCSSL	7/12	12/12	205/30
RM/14	Banglar Gourab	Repair	Viza	BSC	2/11	11/12	-
TSP	Balkesir	R.Phos	Tiaz	Atlantic	30/11	15/12	-
DDJ/1	Banga Birol	Repair	-	Bdship	R/A	12/12	-
DDJ/2	Dea Captain	-	K.Dia	Arafeen	R/A	-	-
RM/9	Banglar Shourabh	Repair	-	BSC	R/A	11/12	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Jammi (Cont)1/12	9/12	Col	Everbest	Cont	Col
Xpress Padma (Cont)6/11	10/12	Sing	RSL	Cont	Sing
Athlos (EL)5/12	10/12	Mong	RML	J. Goods	-
Banglar Shikha (Cont)1/12	9/12	Sing	BSC	continue	Sing
Star Glory	9/12	Sing	Rkship	For Demolition	-
Tug Britoil-9	9/12	Sing	Rkship	-	-
Eliki	9/12	UAE	OTBL	Demolition	-
Aya	10/12	INDO	OTBL	Demolition	-
Sentosa	10/12	KOSH	ANCL	C Clinic	-
Ava	13/12	Yang	BNSHIP	GI(Y Maize)	-
Fu Weng Shan (Liner)	10/12	S Hai	BdShip	GI	-
Monthika Naree	10/12	Dali	USL	GI(Y Maize)	-
Asteriks	11/12	Sing	USL	GI (Y Peas)	-
Lofoten	11/12	-	JF	Scraping	-
Millennia Jewel	11/12	Sing	-	Scraping	-
Banga Bijoy (Cont) 29/11	11/12	Sing	BdShip	Cont	Sing
Jurong Balsam (Cont)4/12	11/12	Sing	Nol	Cont	Sing
Kota Singa (Cont)28/11	12/12	Sing	Pil (BD)	Cont	Sing
Jaya Mars (Cont) 5/12	13/12	CBO	Everbest	Cont	Col
Dawei (72)6/12	12/12	Chen	Everest	GI(STC)	-
Boron Explorer	12/12	Kalu	KSA	Wheat(G)	-
Xpress Resolve(Cont)2/12	13/12	P Kel	RSL	Cont	Sing
Kota Agung(Cont) 29/11	13/12	Sing	Pil (Bd)	Cont	Sing
Boxer Capt Cook (Cont)4/12	13/12	-	PSSL	Cont	Sing
Ruaha	13/12	Yant	Limond	Urea in Bags	-
Goreme	14/12	-	RKSHIP	Scraping	-
Ocean Reyna (72)6/12	14/12	Sing	Everest	GI(ST C)	-
QC Lark (Cont)4/12	14/12	P Kel	QCSSL	Cont	P Kel
Pacific Emerald	15/12	Tara	Limond	GI(Copra)	-
QC Teal (Cont)1/12	13/12	P Kel	QCSSL	Cont	P Kel
Banglar Moni (Cont) 4/12	15/12	Sing	BSC	Cont	Sing
Orange Sky (Roro)24/6/12	15/12	-	Everest	Vehi	Sing
Dollise	16/12	P said	ASCL	Wheat(G)	-
Nobleza (Roro)24/5/12	16/12	-	JF	Vehi	-
Banga Lanka (Cont) 5/12	18/12	-	BdShip	Cont	Sing
Kota Naga (Cont) 18/12	18/12	Sing	Pil (BD)	Cont	Sing
UNI Wealth (Cont) 8/12	18/12	-	RSL	Cont	Sing
Banga Bonik (Cont) 8/12	19/12	-	BdShip	Cont	Sing
QC Dignity (Cont) 8/12	19/12	Sing	QCSSL	Cont	Sing

Tanker due:

Name of vessels	Date of arrival	L Port call	Local agent	Cargo
Saucon	11/12	Sing	MSTPL	HSD
Kent	12/12	Rast	SSST	Crude Oil
Monalisa	12/12	-	Seacom	CPOL
Wan Ning Hai	12/12	Sing	TTL	Bitumen in Bulk
Gaz Master	13/12	VizamBL	-	-

Vessels at Kutubdia

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Energy Explorer-I	-	-	BBAL	5/4

Vessels at outer anchorage

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Well Precadores	HR Coil	Sing	Rainbow	6/12
Sea Sky Line	GI	Kaba	Seacom	6/12
Yong Jiang	GI	Sing	BdShip	8/12
Kuo Hsiung (Cont)	Cont	P Kel	QCSSL	8/12

Vessels not ready

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Sammi Frontier	C.Clink	Kent	BSL	4/12
Oriental Queen	C Clin	Krab	RML	7/12
Banglar Jirmi	GI (Y Ma)	Yang	Royal	8/12
Taipan	CDSO	Darb	BdShip	8/12

Vessels awaiting instruction

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Sonali	Ballast	Yang	Angelic	31/10
Banglar Jyoti	-	-	BSC	R/A(28/11)
Banglar Robi	-	-	BSC	R/A(07/12)

Vessels not entering

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Matrix	Grsp(P)	Turi	SSST	21/11
Fu Yun Shan	Mcp(P)	Nik	Litmond	29/11
KS Prince	C Clink	Pada	SBS	5/12
Athenian Theodore	Scraping	Dubai	OTBL	29/11
Kapitan Ivanchuk	Scraping	Mong	Ahz	17/11
Riza	Scraping	Fuji	Rship	28/11
Kythira	Scraping	Fuja	JF	26/11
Purle Star	Scraping	Sing	CTL	8/12
Pira	IDLE	Tamp	Litmond	3/11
Accord	Cement	Sing	Viking	5/4
Revenge	-	-	Sunshine	-
Karya Sentosa	Rice(G)	-	USTC	-

Movement of vessels for 10-12-2001

Outgoing	Incoming	Shifting
J/13 Artemis	J/13 Kuo Hsiung	RM/14 B Gourab to GSJ
	N/3 B Shikha	J/14 Shun An to J/13
	RM/4 Taipen	

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

## IMF unlikely to release \$1.26b loan to Argentina

AFP, Washington

Argentine Economy Minister Domingo Cavallo is to return to Buenos Aires Sunday, apparently having failed to convince the IMF to release 1.26 billion dollars in previously approved loans desperately needed to avoid defaulting on the country's 132-billion dollar foreign debt.

After two days of talks Cavallo returns with no cash, but does have new instructions from the International Monetary Fund on measures his government needs to implement for aid to resume.

"We completely agreed with the staff of the Fund on the numbers, so now we have to adopt decisions on Argentina," Cavallo told reporters at the end of talks Saturday.

The Argentine government had to adopt unspecified "decisions" with regard to the 2002 budget, Cavallo said, and "show that there is political backing and support for the budget of the year 2002."

The decision to block the loans was made after an IMF team visited Argentina on Wednesday.

Argentina's debt alone is about one seventh of all foreign debt held by third world countries. Servicing the massive debt payments already costs nearly half of Argentina's annual gross domestic product, and has kept the country in recession for nearly four years.

The held-up tranche is part of a 21.6 billion-dollar line of credit approved for Argentina earlier