

are located in the south and production takes place to the north. The country has very little trade with India, located to the east, and little trade, so far, with Afghanistan and Iran, located to the west. Although Iran is a major future trade partner for Pakistan, the north-south grid will continue to dominate transportation requirements.

Water transport is key

Common sense would dictate that Pakistan develop its inland water transportation, since the Indus River, the Jhelum, Chenub, and its tributaries flow north to south. A slow barge transport system operating between Port Qasim and Sukkur, and from Sukkur to Kalabagh would cut down transport costs significantly. Between Sukkur and Kalabagh, a distance of 809 km, the river contains sufficient water for year-round navigation. The route between Port Qasim and Sukkur, where a barrage is located, has some navigational problems, but they can be overcome by building feeder canals with locks.

There is no question that low-cost bulk commodities such as wheat, rice, cotton, sugar cane, edible oil, cement, salt, fertilizer, etc., now transported at a high cost by road, are ideally suited for water transport. According to available estimates, the cost to transport by slow-moving barges is about 50% cheaper than rail freight. Moreover, being labor-intensive, water transport could provide direct employment to a large number of currently unemployed people.

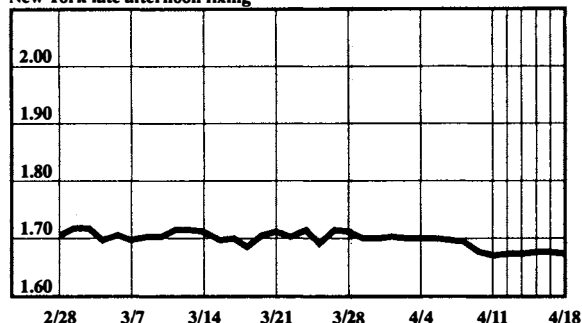
But railroads remain vitally important for setting up new towns and cities and distributing the population over the entire country. Government officials often complain that while the vast province of Sindh have remained sparsely populated, a few cities like Karachi, Hyderabad, Sukkur, Nawabshah, Mirpurkhas, and so forth are becoming too crowded. Sindh has two sets of parallel railroads, one on each side of the Indus River, and all these cities are located along the river. Apart from these river-hugging railroads, the province has no other railroads, except for a rickety meter-gauge line goes eastward from Mirpurkhas toward the Indian border.

Another case in point is Baluchistan. A British-built meter-gauge railroad, built for transporting British soldiers to the Afghan border, stretches from Fort Sandeman (Zhob) to Zahedan in Iran. Instead of turning this railroad into a broad-gauge one, the late President Zia ul-Haq built a roadway parallel to it, at an enormous cost, the idea being to enhance trade with Iran. In the same province, the southern Makran coast, now a major export area for drugs to the United States, is bereft of railroads. The area is accessible only through shingle roads, which proliferate, or by helicopter. The lack of water—which could be overcome by desalination of sea water and using Baluchistan's plentiful gas supplies for power generation—and lack of railroads have kept the Makran coast out of the hands of settlers and potentially productive enterprises and in the hands of the drug traffickers.

Currency Rates

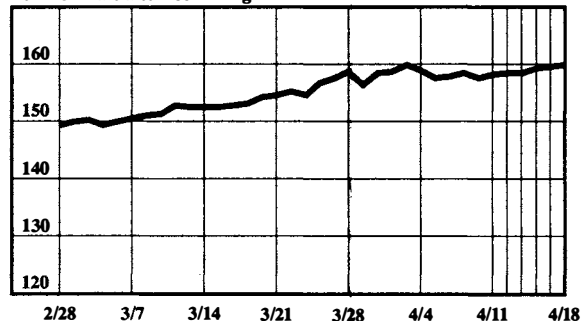
The dollar in deutschemarks

New York late afternoon fixing



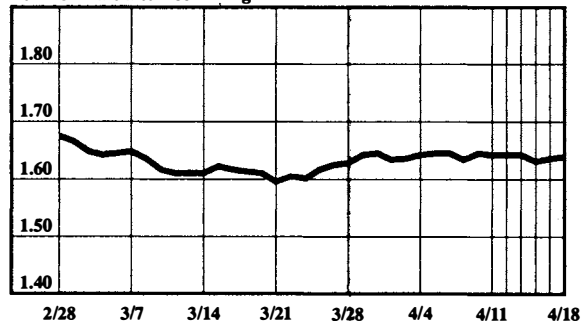
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

