

BCCE seeks control of Pak BCCI

KARACHI, July 31 The Bank of Credit and Commerce Emerites wants to take over Pakistan's three beleaguered BCCI branches, news reports said Tuesday, reports AP.

The Pakistan government is studying the request from the Dubai-based bank, which is owned by the government of the United Arab Emirates, the largest shareholders of the scandal-plagued BCCI, said the Karachi-based Dawn newspaper.

On Monday a second set of British auditors were sent to Pakistan by the Emirates bank to go over BCCI's financial books, the widely circulated English-language Dawn newspaper said.

The Emirates' Sheikh Zayed Al-Nahayan and his government own 77 per cent of the BCCI which was shut down on July 5 worldwide amid allegations of widespread fraud.

The Pakistan government has launched an investigation into BCCI operations in Pakistan but has so far refused to shut it down.

AFP adds: The communication followed a BCCE board of directors meeting in Abu Dhabi on July 20 which formally approved the proposal to take over BCCI Pakistan.

Prime Minister Nawaz Sharif received Saturday a special message from United Arab Emirates Ruler Sheikh Zayed Bin Sultan Al-Nahayan believed to relate to the BCCI.

"The BCCI's Pakistani founder Agha Hasan Abedi was indicted Monday in New York on charges of defrauding investors, falsifying records and stealing more than \$30 million."

In Karachi, the wheelchair-ridden Abedi, 69, said he would be cleared of all allegations.

A spokesman for the State Bank of Pakistan refused to comment on Abedi's request to open another bank called the progressive. His application has been studied and a recommendation from the State Bank of Pakistan was to be sent to the government sometime this week, said the spokesman who asked not to be identified.

The government offered no comment on the reported request by BCCE to buy out BCCI.



SAME STORY..... DIFFERENT VENUES : (Left) A demonstrator is being assaulted by policemen guarding a rally protesting the closure of BCCI, Hong Kong — courtesy London Times. (Right) In Dhaka, depositors are on token hunger strike for their money on Wednesday. —Star photo



BCCI closure an act to destroy Arab progress

LONDON, July 31: A senior United Arab Emirates finance official has criticised the Bank of England and described as stupid the closure of the Bank of Credit and Commerce International by foreign monetary authorities, reports Reuters.

"Malicious hands and unknown institutions aiming at destroying every Arab achievement is behind the BCCI crisis."

Jaafar Al-Firdan, Assistant Under-Secretary at the UAE Finance Ministry, told the London-based Asharq Al-Awasat newspaper.

"It is an unusual act of sabotage and the Bank of England was hasty in taking its measures," the newspaper on Tuesday quoted him as saying.

The family of UAE President Sheikh Zaid Bin Sultan Al-Nahyan and the State

of Abu Dhabi, which he rules, own more than 77 per cent of the Bank's capital.

"Some countries took stupid decisions as a result of this crisis which should not have been taken. They should have referred first to the shareholders," Firdan said.

The Abu Dhabi shareholders say they were in the process of restructuring the Bank when the Bank of England closed the British operations of BCCI on July 5.

The Bank of England said it had uncovered a massive and widespread fraud. Monetary authorities around the world quickly followed suit.

The US federal reserve had earlier imposed a record 200 million Dollar fine on BCCI for secretly owing all or part of three American banks.

"The BCCI operation was not an ordinary operation but its target was to shake confi-

dence in the financial situation of the United Arab Emirates. But the UAE will prove its ability in overcoming this problem," Firdan said.

Reuters from Islamabad adds: Pakistan has refused to liquidate its branches of BCCI, the official APP news agency said Wednesday.

It said the BCCI branches were functioning normally under directives from the State Bank of Pakistan (SBP) for their smooth operation.

AFP from Karachi adds: Agha Hasan Abedi, the Pakistani founder of the BCCI will consult legal experts after his indictment in the United States on fraud charges sources close to his family said.

AFP from Seoul adds: The South Korean government is to start liquidating the local branch of the BCCI next week a finance ministry official said here Wednesday.

US Justice Deptt used BCCI in undercover operations

WASHINGTON, July 31 : A senior congressional representative says the Justice Department's use of Florida branches of the Bank of Credit and Commerce International (BCCI) in undercover operations raises questions about the agency's handling of financial crimes, reports AP.

The Justice Department asked Florida's comptroller to keep the financial institution operation in the state last year so the federal agency could use accounts for covert operations, documents released Friday show.

The documents — three letters — were released by House of Representatives Banking Committee Chairman Henry B Gonzalez, who said he found it "incredible" that the department would pressure Florida Comptroller Gerald Lewis "to keep open a crime-infested financial institution."

Depositors threaten to go on hunger strike unto death

Star Economic Report

The Bank of Credit and Commerce International (BCCI) depositors on Wednesday threatened to go on hunger strike unto death if their demand for withdrawing money from the bank is not met within two to three days.

The warning was sounded at a protest rally of the BCCI depositors held in front of the BCCI. The rally, organised by the BCCI Depositors' Association, was presided over by one of the association adviser SM Hasan.

A 21-member convening committee of the association observed a token hunger strike for 10 hours commencing from 7 am on Wednesday. Nearly 300 other association members lent their support by observing a five-hour hunger strike.

The speakers in the rally highlighted their sufferings arising out of the sudden closure of the bank's operations. They called for immediate government intervention to help them withdraw their deposited money with the BCCI.

Expressing deep concern over the fact that even after the expiry of the scheduled time, the authorities did not spell out any concrete decision on the return of the deposited money.

Association convenor Kaiser Md Qutub urged the government to give them an opportunity for phase-wise withdrawals of their deposited money.

After the rally the depositors also held a demonstration in front of the Bangladesh Bank.

Argentina closes BCCI: Peru begins probe

BUENOS AIRES, July 31: The Central Bank shut down the bank of Credit and Commerce International in Argentina on Tuesday following accusations in Europe and the United States that it defrauded depositors and violated national bank laws, reports AP.

The Central Bank's board of directors withdrew BCCI's authorization to do business in Argentina. A statement explaining its basis for doing so would be issued later, a bank official said.

BCCI's board of directors was notified Monday that its license to operate would be withdrawn, Superintendent of Banks Manuel Domper said.

The Central Bank also will investigate BCCI's activities in Argentina since 1986, Domper told the daily newspaper Clarin.

BCCI's branches in dozens of countries were shut down in recent weeks following an international investigation into the Luxembourg-based bank's finances.

BCCI's operations in Argentina were small. One of the biggest was a debt equity swap in which proceeds were used to finance the construction of a five-star Hyatt hotel in downtown Buenos Aires.

BCCI officials announced last year their intention to end operations in Argentina by Dec. 31. Two of BCCI's three branches have been closed for sometime. Depositors funds reportedly were returned two months ago.

"It has been verified that that bank has no deposits in Austrians or dollars, nor obligations to the Central Bank", Domper said.

Reuters adds: Peru's Attorney General said from LIMA had opened a probe into possible wrongdoing related to deposits in the scandal-ridden Bank of Commerce and Credit International under former President Alan Garcia's government.

Pedro Mendez Juado said he had requested the Central Bank of Peru for all the documentation in connection with the deposits of up to 270 million dollars made during 1986 and 1987.

Romania okays privatisation law

BUCHAREST, Romania, July 31: A law privatising 30 per cent of Romania's state-owned industry passed the senate Tuesday despite a walkout by lawmakers who wanted to sell off half of government enterprises, reports AP.

Under the new law, equal shares of 30 per cent of the country's state-owned industry are to be distributed for free to all Romanians over 18 years old. The state is to keep control of the remaining 70 per cent temporarily.

Five holding companies will be established to manage the privatizations and also the pay out dividends once the companies make profits.

The law "offers Romania a chance to have an open economy and each Romanian citizen the right to be a shareholder, Reform Minister Adrian Severin said after Tuesday's vote. "Romania is on a one-way road to a free-market economy and democracy". Opposition deputies walked out of the Senate before the vote, state media reported.

However, only a simple majority of senators present and voting in the 119-seat chamber was needed to pass the bill. It was adopted with 64 votes for, 13 against and 2 abstentions, the state Rompres news agency reported.

Soviet factories to be converted into non-military industries

TOKYO, July 31: Moscow and Tokyo may set up a joint panel of experts to help convert Soviet factories to non-military industries, Ministry of International Trade and Industry (MITI) officials told reporters on Tuesday, says Reuters.

"We will work on a Soviet proposal to form a bilateral group of experts," said Buheita Fujiwara, Deputy Director General of MITI's International Trade Policy Bureau.

The Soviet Government proposed the panel when Fujiwara and 16 Japanese and U.S. officials from government and private industry toured factories in the Urals and visited Kremlin leaders from July 17 to 26.

The mission was led by Hisao Kanamori, Chairman of the MITI-affiliated Institute for Soviet and Eastern European Economic Studies, and included officials from the US State and Defence departments.

Moscow wants to raise output of civilian goods at military plants

No breakthrough in GATT talks

GENEVA, July 31: Negotiators at the prolonged GATT talks to cut world trade tariffs paused for the summer on Tuesday without having made any significant progress towards a breakthrough, reports AP.

A brief meeting of the Trade Negotiating Committee marked the end of consultations which began in June once US President George Bush had been given extended "fast-track" authority to negotiate by Congress.

The so-called Uruguay Round of Negotiations at the General Agreement on Tariffs and Trade (GATT) is intended to agree a vast reduction of barriers to trade in goods and services.

They became deadlocked at the final stage in Brussels in December mainly because of disagreements over subsidies for agricultural exports.

Several delegations here have spoken of an atmosphere of "de-mobilisation", but GATT Director General Arthur Dunkel said that "the political consensus behind the round remains intact and a sense of urgency is evident, along with a clearly-stated intention not to compromise the quality of results."

But none of the reports submitted by the various sectorial negotiation groups to the committee pointed to significant progress.

"Notwithstanding the Brussels set-back, we have seen an impressive number of participating governments moving, on an autonomous basis, towards meeting the key objectives of the round," Dunkel said.

On behalf of all third world countries involved, Brazilian Ambassador Rubens Ricupero urged the leaders of industri-

alised countries to "give new instructions to their negotiators."

AP from Brussels adds: Top American and European trade officials met Tuesday but reported no breakthroughs in world trade negotiations deadlocked by a dispute over farm subsidies.

"We have a good ways yet to go," said US Trade Representative Carla Hills after holding about two hours of talks with Frans Andriessen, vice president of the European Community, the 12-nation trading bloc.

Both officials described the discussions as fruitful but offered no prospects for a quick resolution of the farm and other disputes stalling the Uruguay Round talks, a 108-nation effort to revamp the world trading system.

Policy to control Soviet inflation

MOSCOW, July 31 : The Soviet Central Bank has introduced tight monetary policy to control inflation of the money supply, the semi-official Interfax news agency reported on Tuesday, reports Reuters.

The central bank had noticed that the money supply had risen by 41.6 per cent during the first half of the year.

During the same period national income had fallen by 12 per cent and the budget deficit had risen to 60 billion Rubles which was twice the planned level, the bank was reported as stating.

Most of the money in circulation was being used to repay state accumulated debts of 800 billion Rubles, and only one third of the total was being used for lending, the bank said.

"Measures are necessary to limit the amount of money in circulation and to promote a policy of efficient credit," the report said.

The objective was to "restore the solvency" of the Soviet Union, and the bank had decided to increase guarantee deposits required of commercial banks.

The central bank had decided to limit the interest rate on credits for financing the budget deficit to six per cent, and to place a ceiling of 600 billion Rubles on the credits intended to finance the medium-term and long-term debt.

On July 1 these credits totalled 492 billion Rubles, the Central Gosbank said.

The measures had been approved last week by banks in the republics which won their autonomy last year under banking reform, the bank said, Interfax reported.

But the Gosbank noted that the measures would work only if the Bank of Russia respected the terms.

Oil market heading towards stability

LONDON, July 31: The oil market is heading into a period of relative stability, in sharp contrast to the past 12 months when the Gulf crisis caused prices to fluctuate dramatically, industry analysts say, reports Reuters.

They expect benchmark Brent blend crude to edge up to about 22 Dollars a barrel from the current level just below 20 Dollars as demand increases with the approach of the northern winter.

"The oil price is likely to firm in the fourth quarter as demand on OPEC oil moves up towards its production capacity," said Steve Turner, oil analyst with London Brokers Smith New Court.

Price swings of the 'kin seen in the past year — when Brent

crude rose above 40 Dollars and fell below 20 Dollars, moving by as much as 10 Dollars a day — are not expected.

But analysts say occasional worries about supplies could cause prices to spike up to about 23 to 24 Dollars.

"The supply system is at 95 per cent of capacity. So there is a danger of any disruption to it pushing prices up," said Geoff Pyne of Brokers UBS — Phillips and Drew.

Mehdi Varzi of Kleinwort Benson Securities said Iraqi and Kuwaiti exports were likely to be rising then but OPEC should manage to accommodate their oil and avoid a sharp drop in price.

He said OPEC had shown its desire for price stability at the start of the Gulf crisis.

India starts talks with IMF on loan

NEW DELHI, July 31: India began talks on Tuesday with an advance team from International Monetary Fund (IMF) on major loans to prop up its slim foreign exchange reserves and help it out of its worst economic crisis, reports Reuters.

Finance Ministry officials would give no details of the talks, but government sources said India was seeking about 250 million Dollars as an emergency loan and two billion Dollars in longer term loans.

The sources said the IMF team, due to be reinforced later in the week, would go over India's July 24 austerity budget in details to see whether it met conditions for the loans.

India, burdened with a 71

billion Dollar foreign debt, took a 1.8 billion Dollar loan from the IMF at the beginning of the year.

On July 22, with foreign exchange covering only two weeks of imports, it took an emergency 220 million Dollars loan.

A day later, the World Bank announced a 150 million Dollar loan to help out. India has also shipped 67 tons of gold abroad as collateral for loans to stave off imminent default.

The United News of India (UNI) reported from Washington that the World Bank was considering a 500 million Dollar structural adjustment loan as further help.

Philippines to get Japanese grant

WASHINGTON, July 31 : The Bank of Tokyo will provide one Dollars million for "debt for nature" swaps in exchange for conservation programmes in the Philippines and several other debt-burdened countries, it was announced Wednesday, reports AP.

In exchange for the debt relief, the countries are to undertake conservation projects organized by the World Wildlife Fund, the US-based fund in advance of the formal signing of the agreement Wednesday.

The Bank of Tokyo commitment is the first such contribution by a Japanese bank, the Wildlife Fund said.

Under the agreement, the bank said it would donate Dollars, 200,000 in the next year for projects in the Philippines and another Dns, 800,000 for a variety of similar conservation measures elsewhere, "most likely in Latin America," the WWF said.

The initial gift will be used to train conservation workers and finance projects to protect the Philippines' "unique array of biological riches," the announcement said. The training is to take place under a resource management plan prepared by the WWF and the US and Philippine governments.

World's richest man sits atop real estate empire in Tokyo

TOKYO, July 31 : The tip-off that Taikichiro Mori is the world's richest person is not his lifestyle. After all, there's not much glamorous about slurping noodles for lunch at an office strewn with shopping bags stuffed with documents, reports AP.

The tip-off is the dozens of buildings in downtown Tokyo that bear his name. They are the foundation of the real estate empire that, according to Forbes magazine, makes the 87-year-old tycoon worth an estimated dlns 15 billion.

That's roughly equivalent to the combined 1987 national budgets of Paraguay, Peru, Colombia, Ecuador and Bolivia. "I was thankful, but I felt uncomfortable," Mori said of the Forbes ranking during a rare interview with The Associated Press.

"I have been living and working at my own pace all this time, and now I'm getting all this attention."

Known as Tokyo's "Ooyasan," a friendly nickname for landlord, the tycoon is president of Mori Building Co. Ltd.

Asia-Pacific region limping in economic growth

Social progress has not kept pace with economic growth in the Asia-Pacific region, says a United Nations Information Service Press release in Dhaka on Wednesday.

Widespread poverty, high rates of population increase, uncontrolled environmental degradation, and inadequate social infrastructure, such as access to sanitation, public health facilities, elementary education, housing and transportation, characterize the social situation in many of the region's countries.

ESCAP's proposal for addressing these social concerns are included in its "Social Development Strategy for Asia and the Pacific Towards the Year 2000 and Beyond".

The regional Social

Development Strategy represents a new approach to development policy and planning. It links the economic and human dimensions of development. Its central objective is the enhancement human well-being fostering self-reliance and participation in communal decision-making.

The Strategy is seen as a management tool for use by developing countries of the Asia-Pacific region. Its major objectives are: (a) the eradication of absolute poverty; (b) the realization of distributive justice; (c) the enhancement of popular participation.

Poverty must be eliminated: According to the report more than 800 million poor people, 72 per cent of the world's total, reside in the Asia-Pacific

region; of these, 633 million are "extremely poor".

Distributive justice must be strengthened: Serious economic inequalities continue to persist in the Asia-Pacific region, says the report. Great social disparities exist between the region's urban and rural areas; only a minority of today's rural poor own land, while the great majority subsist as day-labourers. Within urban areas, the report argues, few efforts have succeeded in narrowing the gap between the rich and poor.

Popular participation must be enhanced: The great majority of the people in the region are unable to contribute to decisions that effect the quality of their own lives.

India raises foreign equity, abolishes licensing

India under its new industrial policy announced on July 24, dismantled the two pillars of the decades old controls regime by removing the Monopolies and Restrictive Trade Practices (MRTP) limit and virtually abolishing industrial licensing.

Shedding years of apprehension about a foreign invasion of domestic industry, the policy also raised the limit on overseas equity holdings in Indian companies to 51 per cent from the existing 40 per cent.

It further brought down the

public sector from its "commanding heights" by privatising all but eight areas which still continue to be reserved for the government sector.

The most sweeping change has come in the MRTP Act where the threshold limit of assets has been abolished. With this, the emphasis will be more on controlling unfair or restrictive trade practices. The companies are now free to expand, set up new units, merge, amalgamate and take over without the need for going to the government for permission.

Industrial licensing has

been abolished for all projects except for those which relate to security and strategic concerns, environmentally hazardous and other social reasons.

Licensing is now compulsory for industries dealing in petroleum, sugar, cigars and cigarettes, motor cars, hazardous chemicals, electronic aerospace and defence items, drugs and pharmaceuticals, refrigerators and air conditioners, among others.

The public sector world continue to have reservation in production of arms and munitions, atomic energy,

mineral oils, mining, minerals and railway transport.

The companies which can arrange foreign exchange through foreign equity will be given automatic clearance for imported capital goods.

Similarly, those companies where the c.i.f value of imported capital goods is less than 25 per cent of the total value of plant and equipment (up to a maximum of Indian Ru 2 crores) will be allowed import of capital goods.

In other cases, a clearance will be required from department of industrial licensing is scrapped for cities with more

than one billion population, the phase manufacturing programme has been done away for new units, and the expansion of existing units also does not need licensing.

The direct foreign investment in Indian companies has been raised from 40 per cent to 51 per cent of the equity in high priority industries. The Reserve Bank of India, however, would continue to have control over import of components, raw materials and intermediate goods.

The export companies will be dealt at par with Indian companies in accordance with

import-export policy.

The new policy has attempted to make access to foreign technology easy by automatic permission in high priority industries like metallurgy, boilers and steam and generation plants, electrical equipments, transportation, chemicals, among others.

As far as the sick public sector units are concerned, if they are unlikely to be turned around it would be referred to the Board for Industrial and Financial Reconstruction.

(Abridged from Telegraph, Calcutta)