

CIA used BCCI to monitor rebels' activities

WASHINGTON, Aug 3: The Deputy Director of the CIA said Friday the agency used the BCCI to monitor activities of drug traffickers and terrorists, reports AP.

The Central Intelligence Agency initially used the bank, now embroiled in the biggest banking scandal in history, to support its overseas operations, the Deputy Director, Richard Kerr, told a closed-door meeting of the Congressional Youth Leadership Council.

Though the meeting was closed, the agency provided a transcript of Kerr's remarks.

This account was more specific than previous revelations in the unfolding scandal, that Kerr's predecessor Robert Gates used to refer to BCCI as "the Bank of Crooks and Criminals." Gates, President Bush's beleaguered nominee to head the CIA, was Deputy Director of the agency from 1987 to 1989.

Bush, in his first public comments on the unfolding scandal, on Friday defended Gates in connection with the BCCI affair.

BCCI Hong Kong, Trinidad look for buyers

HONG KONG, Aug 3: The provisional liquidator of the Hong Kong unit of the Bank of Credit and Commerce International (BCCI) held out hope that a buyer could still be found before it is wound up, reports AP.

Noel Gleeson based his remarks on a court ruling in London this week that gave Abu Dhabi until December 2 to make a substantial cash loan to sustain world-wide operations of scandal-stricken BCCI, which it controls.

"This recent development may be an indication that the majority shareholder still retains at least some interest in the BCC group of companies," he said in a statement.

"It may just be, therefore, that if a workable scheme for taking over or restructuring BCC Hong Kong could put together in Hong Kong, the majority shareholder might — and I put it no further than that — be prepared to give support — that would facilitate the continuation of its banking business locally," he said. Such

support, he noted, would mean "a guarantee against unrecorded liabilities or some other form."

The Hong Kong Government suspended the operations of BCC Hong Kong on July 8, three days after the Bank of England led an international swoop against two sister BCCI units suspected of fraud and drug-money laundering.

On July 17, it went a step further and decided to wind up BCC Hong Kong, dashing hopes of its 40,000 depositors of getting more than a portion of their money back.

In a report made public Wednesday, Banking Commissioner David Carse said the July 8 decision to shut the Bank was taken after the Abu Dhabi government failed to inject fresh capital into its coffers.

He said he feared a run on the Bank touched off by publicity surrounding the BCCI affair, although he himself had said earlier that BCC Hong Kong was "solvent and viable."

BCC Hong Kong had audited gross assets of 13.9 billion Hong Kong Dollars at the end of last year and deposit liabilities of 12.7 billion Dollars (1.62 million US Dollars).

It is a unit of BCCI Holdings SA of Luxembourg, whose two other units, BCCI SA and BCCI Overseas, which do not operate in Hong Kong, are at the vortex of the globe-girdling BCCI affair.

AP reports from Part of Spain (Trinidad): The Central Bank of Trinidad and Tobago has said it is negotiating with unnamed parties to sell the assets of the Bank of Commerce and Credit International operations here.

The Bank said Friday it had declared BCCI technically insolvent and had also filed a request with the High Court to liquidate the bank's operations.

BCCI is being investigated in the United States, Britain and several other nations for massive fraud allegations.

Industries Minister meets FBCCI representatives Plea to identify 'thrust sector'

Star Economic Report

Alhaj Md Akram Hossain, President of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) on Saturday made strong plea for identification of the 'thrust sector' and giving top priority to the establishment of export-oriented industries.

The FBCCI President said at a meeting of the representatives of the federation with Industries Minister Shamsul Islam Khan that import of items which were locally produced should be drastically reduced and creation of excess capacity in any sector should be strictly avoided. "For this reason, it is necessary to control unplanned industrial build up through an extensive survey," he pointed out.

He stated that the main reason of industrial sickness is unplanned industrial expansion.

Akram Hossain also demanded a "total political commitment" to realise the goals of the industrial policy.

He feared that the open market policy pursued by the government might face operational problems because of "poverty and illiteracy".

He said that the FBCCI could be more actively involved

in implementation of the industrial policy along with other government agencies. He observed that the success of the industrial policy depends on the implementation of the policy through an appropriate

mechanism. He stated that government would have to depend on the private sector to implement its policy.

Later representatives from different member bodies of the FBCCI drew the attention of the minister to the existing problems of the industrial sector.

S K Chowdhury, director of Anwar Group of Industries said the publication of the defaulters list made the industrialists fearful. He said if such measures keep on going, new investment may not come.

Habibur Rahman, President of National Association of Small and Cottage Industries of Bangladesh (NASCI), said while the sick industries cell is working to identify the sick units, the financial law courts are active to realize loans from rural small and cottage industries. He demanded that such actions should be stopped until the sick industries cell completed its report.

Manzur Ahmed, President of Bangladesh Electrical Association, observed that the industrial policy should come as a national commitment through the parliament. He suggested that the power supply sector should be dematerialised and the entrepreneurs should be given some concessions in using fuel. He said although the government emphasises denationalisation, the industrial policy did not show ways of doing this.

Zahir Uddin Khan, former president of FBCCI, said the industrial policy should have clearly identified the stage of 'industrial development' of Bangladesh. He demanded a well-targeted policy. He stated that financial discipline should be restored for the development of the sector.

He alleged the limited company law has been violated by the banks as the latter is taking recourse to actions for auctioning the property of the defaulters, and not the units in default. He stated that only the shares should be liable, not property in case of failure of the enterprises to repay bank loans. He also demanded the committee of the sick industry cell should be split into sub-committees with a limited time frame for quick disposal of all relevant cases.

President of Bangladesh Chamber of Industries (BCI) Subid Ali said the export processing zone for industries in Savar is not locationally attractive for foreign investors. He appealed for setting up such zones inside the city. Mahbubur Rahman, President, Dhaka Chamber of Commerce and Industry (DCCI) also urged the Minister to keep the operations of the loan recovery courts suspended until the completion of the list of sick industries.

Taher Sobhan, M Younus and Khurshid Alam also took part in the discussions.

Addressing the FBCCI representatives, Industries Minister Shamsul Islam Khan said the industrial policy gives top priority to export-oriented industries. The policy aims at identifying and evaluating the problems and prospects of the industries before taking some more pragmatic steps to develop the sector, he stated. He expressed the hope that these steps would help the future entrepreneurs and they would be able to take new initiatives in the light of such pragmatic steps by the government.

He said the revival of sick industries would draw the priority of the government.

The Minister assured the members of the Federation that the Sick Industries Cell might be expanded if needed. Different donor agencies have agreed to fund the study of the cell, he added.

He told the FBCCI representatives that the new industrial policy would be expanded and amended if found necessary.

Course on industrial financing ends

A 12-day long regular course on 'Industrial financing', conducted by the Bangladesh Institute of Bank Management (BIBM), concluded in Dhaka on Saturday, reports BSS.

The course was designed to provide the participants with the skills for identification, formulation, appraisal and follow-up of industrial projects. The salient features of industrial policy of 1986 and board of investment also discussed in the course. Twenty seven officers from different banks and financial institutions participated in the course.

ABM Mahbubul Amin Khan, the Institute's Director, presided over the concluding session of the course and gave away the certificates to the trainees. Khan, in his presidential speech, underscored the importance of maintaining financial discipline and adequate flow of fund for rapid industrialisation of the country.



FBCCI President Alhaj Akram Hossain addressing the businessmen and industrialists on the occasion of Industries Minister Shamsul Islam Khan's visit to Federation office on Saturday.

China loses money with BCCI

HONG KONG, Aug 3: Several Chinese state-funded banks and firms were deposited funds with the scandal-ridden Bank of Credit and Commerce International (BCCI), most of which were promptly transferred outside China, a pro-Beijing newspaper reported here Friday, reports AP.

The Shenzhen Industrial and Commerce Bank, The Construction Bank, The Development Bank and The Agricultural Bank were said by The Wen Wei Po daily quoting Chinese banking sources, to have deposited with BCCI's branch in Shenzhen, neighbouring Hong Kong.

Wen Wei Po added that some Chinese trading companies and overseas firms were also major clients of the disgraced bank. It quoted sources as saying that most of the funds had been transferred out of China immediately after being deposited.

Hashimoto's aide linked to dubious bank loan

TOKYO, Aug 3: In the latest twist to a widening banking scandal, Finance Minister Ryutaro Hashimoto on Saturday acknowledged that one of his aides acted as an intermediary in dubious loans worth more than one billion Yen (725 million Dollars), reports AP.

Hashimoto, seen by many as a likely future candidate for Prime Minister, held a hastily arranged news conference to apologise for the actions of his private secretary, Toyoki Kobayashi.

He confirmed reports that Kobayashi had introduced several of Hashimoto's associates to a Fujii Bank official, who has since been dismissed for arranging huge loans using fake deposit certificates as collateral.

"Even though my aide himself did not know of the unfair financing, I am also responsible for this oversight," he said. "I deeply feel my responsibility."

Three of five people introduced to the bank official through Kobayashi are believed to have received loans using fake deposit certificates. Hashimoto said did not know further details of the transactions, but reports said two of the loans totaled 1.15 billion Yen (833 million Dollars).

Hashimoto and other government officials had in recent days issued stern warnings over the issuance of fake certificates by Fujii and two other major banks — Tokai and Kyowa Saitama.

Late last month, three Fujii Bank officials were accused of issuing fake certificates of deposit worth 280 billion Yen (1.89 billion Dollars) for 23 companies to use as collateral for loans.

Pay hike for German workers

BERLIN, Aug 3: West German workers, already among the highest paid in the world, won pay increases averaging 6.6 per cent in the recent round of labour-management negotiations, a union-run institute reported Friday, says AP.

The nationwide German Labour Federation's research institute said pay hikes in broad industrial groups ranged from a low of 4.9 per cent in coal mining to a high of 7.2 per cent in wood processing.

It said some smaller, more specific groups of workers won much higher raises, for example 16.3 per cent for retail sales people and cashiers.

The average increase of 6.6 per cent came from pay talks covering 13.5 million workers in Western Germany, where pay levels are often more than double those in formerly Communist-run eastern Germany.

Japan to continue to support China's open trade

BEIJING, Aug 3: Japan will continue actively supporting China's policy of openness, Japanese Prime Minister Toshiki Kaifu said in an interview with Chinese journalists in Tokyo a week before his official visit to Beijing, reports AP.

Kaifu, the first head of an industrialised country to visit China since the massacre of pro-democracy students in June 1989, is to visit August 10 to 13.

Separately in Tokyo, a Japanese newspaper reported that Kaifu planned to bring with him a pledge to loan China 700 billion Yen (5.1 billion Dollars) to help promote development of oil, coal and natural gas resources.

The Japanese Premier lauded "firm and solid friendly ties" between Tokyo and Beijing, according to experts

from the interview with the official Chinese news agency Xinhua released overnight Friday.

Japan "will continue to do its utmost to support China's policy of opening to the outside world and modernisation," Kaifu was quoted as saying.

Kaifu wants to "frankly exchange views" with his Chinese counterpart Li Peng and other Chinese leaders about increasing bilateral relations, Xinhua said.

Japan led the way among the industrialised nations in lifting sanctions imposed by the international community against Beijing after the 1989 crackdown.

Tokyo announced in July 1990 its intention to release a 5.4 billion Dollar loan to China frozen as part of the sanctions although the European

Community is to maintain its sanctions until the autumn.

A top official of the Chinese Foreign Economic Relations and Trade Ministry was quoted in the official China Daily as saying Sino-Japanese economic and business ties have been fully restored.

He welcomed the increase in commercial exchanges and investment by Japanese companies attracted by the enormous Chinese market.

Bilateral exchanges have increased nearly 25 per cent in the first half of this year compared to the same period in 1990, reaching 8.3 billion Dollars, according to customs statistics quoted by the official English-language daily.

They could surpass a record 20 billion Dollars for the rest of the year, it said.

S Korea cancels BCCI licence

SEOUL, Aug 3: The Central Bank of Korea Thursday held a monetary board meeting to formally rescind the business licence for the Seoul branch of the troubled Bank of Credit and Commerce International (BCCI), officials said.

They added that The Office of Bank Supervision and Examination would immediately begin procedures with the district court for liquidation of BCCI's Seoul office.

Officials said there would be no problems in protecting depositors, since the bank here had 27.6 billion Won (38.0 million Dollars) in deposits against 34.9 billion Won (48.1 million Dollars) in loans.

OPEC output stays high

BRUSSELS, Aug 3: A year after Iraq invaded Kuwait, the OPEC cartel continues to maintain a high level of crude output offsetting the loss of the two producers' oil from the market, according to estimates Friday, reports AP.

The strong production by the Organization of Petroleum Exporting Countries (OPEC) has raised concern about too much oil on the market later in the year with resumption of export sales by Iraq and

Kuwait.

Indonesian Oil Minister Giandjar Kartasasmita urged the producing nations to consider cutbacks in anticipation of increased Kuwaiti and Iraqi exports.

In Jakarta, the Indonesian capital, he said that "all OPEC members should prepare themselves to reduce their oil production if there is indication of over-supply" — to lift prices to the group's target of 21 Dollars a barrel.

The average price of a basket of crudes monitored by the 13-nation cartel was 18.51 Dollars a barrel at the end of July, about the same as a year ago when Iraq overran Kuwait, causing turmoil in the market.

Prices topped 37 Dollars on fears of a disruption of supplies from the oil-rich Gulf region. But they fell back after OPEC widened its taps to make up for lost Iraqi and Kuwaiti crude, embargoed by United Nations sanctions.

Wheat stakes US-Australia ties

CANBERRA, Aug 3: Australian Prime Minister Bob Hawke told the United States yesterday that relations between the two allies could be harmed by US wheat sales to China, reports Reuters.

Hawke expressed annoyance at the promised cut-price wheat sales during a private dinner with US Ambassador Mel Sembler, Hawke's office said.

Before going into the dinner, Hawke told reporters: "I've told successive American

Presidents that it's not friendly," adding that he would raise the issue with Sembler.

Prices for Australia's wheat are the lowest for 50 years, a situation the nation blames on the US Export Enhancement Programme (EEP) which subsidises US grain exports.

"Australia has a number of long-standing difficulties with US agricultural policies, particularly the effects of subsidies under the Export Enhancement Programme," Trade Minister Neal Blewett

said in a statement on Thursday.

The issue will also be raised in talks between senior government officials in Washington in the week from August 12.

Australia is particularly upset at subsidise US wheat going to traditional Australian markets, such as the Middle East and China, which late last month was offered US subsidised grain.

France not to compensate BCCI depositors

PARIS, Aug 3: French Banks said Friday they would not pay compensation to depositors with the French operation of the collapsed BCCI banks as this was the responsibility of majority shareholder, the Emirate of Abu Dhabi, reports AP.



MOSCOW: British Chancellor of the Exchequer Norman Lamont, right, is greeted by Russian President Boris Yeltsin at his Russian Federation office August 2. Norman Lamont arrived here on Wednesday for a five-day working visit to check on Soviet economic progress following the G-7 summit in London last month. —AFP/UNB photo

"The French monetary authorities have sent insistent requests to the majority shareholder asking him to take in account of the interests of depositors," the French Banking Association (AFB) said.

French Banks were not prepared to put into operation the compensation scheme for small depositors who lose their money in bank failures, giving them up to a maximum 400,000 Francs (66,600 Dollars) per head.

Diamond business resumes in Singapore

SINGAPORE, Aug 3: The diamond exchange of Singapore will resume trading in September after an eight-month break, its President I. Pinaler said yesterday, reports AP.

The resumption was decided last week by the exchange's reconstituted executive committee.

Trading was suspended earlier this year with the outbreak of the Gulf war.

The relatively small exchange, which has some 90 members, will trade every Wednesday for three hours from September 11, he said.

Trading on the exchange is restricted to members. Overseas traders must operate through local representatives.

US Senate gives final approval to pay rise

WASHINGTON, Aug 3: The US Senate gave final congressional approval Friday to a 23,200 Dollars pay raise for itself. President Bush was expected to sign it, reports AP.

The increase was approved on a voice vote as part of a 2.3 billion Dollars spending bill for the legislative branch of government. The House of Representatives approved the bill Wednesday.

Four senators up for re-election next year asked to be recorded as voting "no" on the bill.

The raise will close the gap between the 101,900 Dollars that senators have been making and the 125,100 Dollars paid House of Representatives members since last January.

Food management to be modernised

State Minister for Food Nazmul Huda Saturday said the country's food security system would have to be built up through achieving the desired target of self sufficiency in food by boosting agricultural production and skilled food management, reports BSS.

He said the overall food management would be modernised and made more dynamic by providing appropriate training and advanced technological know-how to the food officials and the employees for sound storage of food-grain, its movement and distribution.

The State Minister was addressing as the chief guest the inaugural function of the newly built training institute of the Food Department held at the Khaddya Bhaban auditorium in the city.

The Canadian International

Sharp fall in Soviet export earnings

MOSCOW, Aug 3: Soviet oil exports fell by 50 per cent and export of all Soviet goods dropped 23 per cent in the first half of 1991 compared with the same period last year, the government has reported, says AP.

Exports of oil-based products likewise dropped by 52 per cent, according to figures of Goskomstat, the Soviet bureau of statistics. The figures appeared in the weekly newspaper Economy and Life.

"This mostly reflects the sorry state of our oil industry," said Lilya Priyanishnikova, acting research director for Soyuzneftexport, the Soviet oil export ministry.

"The industry urgently needs to modernize its equipment to extract more oil," she said in an interview Friday.

The Russian republic's official daily newspaper Rosstis-

kaya Gazeta blamed the drop in all exports on national government policies.

"Paradoxically, in a country that badly needs convertible currency, the government is doing its best to make exports unprofitable," the newspaper said Thursday, singling out two government rulings.

One rule requires Soviet firms to give 40 per cent of their foreign currency earnings to government banks in exchange for rubles at the highly unprofitable commercial rate of .61 rubles to the Dollar. "This is much lower, for example, than the tourist rate of roughly 27 rubles to the Dollar."

A second law bans most forms of barter trade between Soviet firms and foreign partners, although many exporters have found ways to get around this rule.

Soviet grain imports put at 35m tons

LONDON, Aug 3: The International Wheat Council on Thursday revised upwards its estimate of Soviet grain imports for 1991-92 from 29 million tons to 35 million, reports AP.

The Soviet Union imported 25 million tonnes last year, but its needs for the year 1991-92, ending next August, had increased because of a fall in domestic production, largely due to drought and a lack of farm machinery and fuel.

The 1991 harvest is estimated at 195 million tonnes, down from 208 million last year.

The Soviet Union will import 16 million tons of wheat in 1991-92, compared to 13 million tons the previous year, and 19 million tons of other grains, up from 12 million, providing it can afford to do so.

Joint venture projects rise in USSR

GENEVA, Aug 3: Foreign investment projects in the Soviet Union and its five former East European allies soared by an average 41 per cent during the first quarter of 1991, according to a United Nations survey published Friday, reports AP.

Since the beginning of last year, the number of such joint venture projects has gone up, a staggering five times. But only a fraction of the 18,900 now registered in the six countries are already operational, the survey, compiled by the UN Economic Commission for Europe, indicated.

One factor, it said, was the difficulties Western companies had in finding qualified managers for their East European operations.