

### Oil prices steady

LONDON, Aug 24: Oil prices reverted to the narrow trading range that existed before the Soviet coup threw the market into a panic at the start of the week, reports Reuter.

"People are sitting back assessing the last few days. We are back to normality now," one oil futures broker said.

Brent blend crude oil, the International Benchmark Grade, gained only six cents on the London futures market after two and three dollars swings in recent days.

October Brent traded at 19.69 dollars a barrel at 1630 GMT.

New York light crude oil futures for October were 10 cents up at 21.65 dollars a barrel.

### Grains price up as aid freeze to Soviets lifted

CHICAGO (Illinois), Aug 24: Futures prices for grains and soybeans closed mostly higher on the Chicago board of trade after soaring late in the day on news that the United States had lifted a freeze on aid to the Soviets.

Soybeans ended the day mostly ahead, ranging from unchanged to a 13-1/2 Cents up, with September contracts closing at 5.71-1/4 Dollars.

Wheat futures posted gains, up between a 1/2 Cent and 4-1/2 Cents, with September contracts closing for 2.99-1/4 Dollars a bushel.

Corn prices closed widely mixed.

### Soviet-Japan joint venture likely to export coal

TOKYO, Aug 24: Japanese trading giant Sumitomo Corp plans to form a joint venture in the Soviet Far East next month to export coal to Japan and other countries, a company spokesman said Friday, reports AFP.

The venture will be capitalised at 180,000 rubles (100,000 dollars) by Sumitomo, the Port Authority of Vostochny and Soviet coal producer Obkemerovougol. The new venture plans export up to 500,000 tonnes of coal to Japan in the first year and double the amount within five years.

### Japan may cut discount rate

TOKYO, Aug 24: Japan's powerful Trade Ministry is prepared to call for a cut in the central bank's official discount rate if the economy shows signs of slowing down next month, Kyodo news agency reported on Friday, says Reuter.

Yuji Tanahashi, Vice Minister for International Trade and Industry, said his agency could call on the Bank of Japan to cut the discount rate after the release of September's economic figures, Kyodo said.

"We are keeping an eye on economic figures for September, such as capital investment, Tanahashi told business leaders in the central city of Nagoya.

As the case may be, we might ask the Bank of Japan to take earlier measures in terms of monetary policy, he said, referring to a discount rate cut.

### Bids to control interest of Mexican bank

MEXICO CITY, Aug 24: Two investment groups offered bids on Friday for controlling interest of the country's largest bank as part of a government sell-off of the banking system, reports AP.

The Treasury Department, which is handling the sale of the National Bank of Mexico, said the group Acciones Y Valores De Mexico and Grupo Desc-Inver-Mexico presented bids. The amounts were not made public.

The bank, known as Banamex, has assets of about 27 billion dollars, 8.4 million customers, more than 31,000 employees and 725 branches.

The winning bidder will obtain not only administrative control of the bank but more importantly a key position to determine the course of the Mexican financial sector, the business newspaper El Financiero wrote Friday.

The sale is part of a continuing campaign by President Carlos Salinas De Gortari to sell off many of the country's state-owned companies, including the banking sector, which has been a decade ago.

The government is supposed to announce the winning bidder by Sept 6. The government will retain some shares of the bank but the precise percentage was not clear.



Tomato grown off season is no more a news, as evident from the picture which shows the widely popular vegetable grown in mid-summer in the garden of Bangladesh Agricultural Research Council. — Star photo by Saru Miah

## Failed coup to accelerate Soviet economic reform

CHICAGO, Aug 24: The head of Russian President Boris Yeltsin's Council on Privatisation said on Friday that the failure of the coup in the Soviet Union will accelerate economic reform, reports Reuter.

"I hope this can now speed up the process," said Igor Kloutchnikov, who was visiting the Chicago Mercantile Exchange. "There events show the need to speed up economic reform and start economic activity," he said.

Kloutchnikov, a 42-year-old economics professor, is also Chairman of the Leningrad Exchange, a nascent commodities market that is looking to expand into stocks.

He said that more aid will

be needed from the west to facilitate change, but that Yeltsin will now accelerate the move toward capitalism.

"We needed Western technology," Kloutchnikov said, adding that he hopes to see additional aid from companies as well as governments.

Kloutchnikov said that before the coup he had been pessimistic about economic reform, but the failure of the coup underscored the need for faster change towards what he called an "American-style economy."

New laws regarding private ownership and securities in the Russian Federation will soon be enacted, he said.

"(Yeltsin) is (a) very energetic person and not afraid of

anything. He can push our economy ahead," Kloutchnikov said.

"Kloutchnikov said the coalition forming between Gorbachev and Yeltsin will also lead to further economic reforms that he said had been stalling in recent years.

"I think it can broaden our activities," he said. "It is better for all our people. They can combine efforts for a new market system."

Reuter adds from London: The Union treaty between the central Soviet government and the Republics will have to be fundamentally reworked after this week's failed coup, the Chairman of the Russian Central Bank said yesterday, reports Reuter.

The projected treaty was a kind of compromise, Gyorgy Matyukhin told a news conference. "I don't know why (Russian President Boris) Yeltsin decided to sign it, he must have been afraid of the kind of events which have occurred."

But life showed that even such kind of compromises are not effective.

The treaty was to have been signed by some of the Republics on Tuesday but was pre-empted by the seizure of power by Communist hardliners early on Monday.

The takeover collapsed on Wednesday after Yeltsin held out against it, and Soviet President Mikhail Gorbachev was reinstated.

"I think all the parts of the Union treaty and of the plan for the reform of the economy will have to be changed, said Matyukhin, in London as a guest of a business consultancy specialising in Eastern and central Europe.

## WB to set up fund for technical aid to USSR

WASHINGTON, Aug 24: The World Bank (WB) has put a plan to set up a 30 million-Dollar fund to pay for technical help for the Soviet Union back on its agenda after the failure of the coup there, bank officials said on Friday, reports Reuter.

They said the World Bank's Board will take up the plan next Tuesday after postponing discussion of it this week when Soviet hardliners temporarily ousted Mikhail Gorbachev from power. Approval of the plan is thought likely.

The 30 million-Dollar, two-year fund falls far short of the billion of Dollars that some Soviet officials and western economists believe Moscow will need to overhaul its economy.

Calls for a big aid package have increased since the coup, with European leaders saying the Soviet Union deserves more help rebuilding its shattered economy now that the hardliners have been discredited.

But the United States and Japan, which together holds way in the World Bank, remain reluctant to extend massive aid to Moscow, partly out of fear the money will end up being wasted without wider economic reforms.

A World Bank team visited

Moscow earlier this month to discuss ways that the 30 million Dollars could be put to use. Potential areas for help include the agriculture, energy and banking sectors.

The help would come in the form of "technical assistance," mainly advice to the Soviet authorities on how to improve the workings of their economy.

### 4 rich states to seek ways for trade with USSR

TOKYO, Aug 24: The United States, Canada, the European Community and Japan will seek ways to enhance trade with the Soviet Union at their trade talks in Paris next month, government sources said today, reports AFP.

At the meeting, from September 12, participants are expected to discuss the possibility of easing regulations on imports from the Soviet Union following the failed coup attempt there, the sources said.

The four parties are also expected to push for cooperation in order to successfully conclude the Uruguay round trade negotiations under the General Agreement on Tariffs and Trade, they said.

## Major calls G-7 meet

LONDON, Aug 24: British Prime Minister John Major has invited personal representatives of the leaders of the Group of Seven (Industrial Countries) to meet here next week to discuss recent events in the Soviet Union, the Prime Minister's office confirmed Friday afternoon, reports AFP.

The confirmation followed an announcement by an Italian government spokesman in Rome that the aides would meet to discuss continued assistance to the Soviet Union in the wake of this week's abortive coup against President Mikhail Gorbachev.

A spokesman for Major said that the meeting of the aides, known as "shcrpas," the exact date of which has not been set, would "gauge the reactions" of the various countries to the failed coup and assess its consequences.

The British leader thinks it

is "important to assess the situation, and see what more can be done to help the process of reform" in the Soviet Union, the spokesman said.

At the end of the G-7 summit meeting held here last month, Gorbachev won a promise of support for Soviet reforms — but the G-7 leaders were very vague about details of such support, about which they were divided. However, they did come out for associate status for the Soviet Union in the International Monetary Fund and the World Bank.

A Six-point plan for integrating the Soviet Union into the world economy was drawn up, providing mainly for measures relating to technical assistance and encouraging trade.

On Thursday, Major promised a "review" of Western aid.

## Gold loses potentiality

NEW YORK, Aug 24: Gold prices failed to budge much on this week's news of the coup in the Soviet Union, showing once again that the precious metal has lost its place shine as a safe haven in political crisis, analysts said on yesterday, reports Reuter.

Monday's coup by Communist hardliners in the Soviet Union initially tacked five Dollars on to gold's price. But values retreated to the minus column by midday as threats of potential gold sales by the Soviets hounded the market.

The Soviet Union, the world's third largest gold producer, has a stockpile of 2,000 metric tonnes, and the market feared that the economically-ailing country would sell more

gold to boost its foreign exchange reserve, analysts said.

The coup's speedy demise resulted in a brief rise, as anxieties about Soviet sales waned on Wednesday, by Thursday's close. However, gold was down 2.70 Dollars to 359.40 Dollars an Ounce, the lowest in more than a year.

Investors are uninterested in trading gold, analysts said, and many have switched to more robust markets, such as the Dollar, stocks and government bonds.

"I think part of the problem for gold is that world financial markets have matured and people look to other vehicles," said Jeffrey Nichols of American Precious Metals Advisors, a Florida-based consulting company.

"Gold is not particularly sensitive to geopolitical anxieties. It traditional response (to global crises) is no longer valid. People prefer to hold Dollars as opposed to gold," he added.

When Iraqi President Saddam Hussein's troops stormed into Kuwait on August 2, 1990, gold prices on New York's Commodity Exchange rose just three Dollars an Ounce.

In mid-January, when Gulf war ground fighting erupted to dislodge the Iraqis, gold gained more than six Dollars an Ounce in Sydney, Australia, the first market to respond.

But the next day it crashed a spectacular 30 Dollars an Ounce in New York on expectations of a quick victory

### Kuwait to expand port facilities

DOHA, Aug 24: Kuwait is to allocate 100 million dinars (340 million dollars) for the development of its port installations, Kuwait Ports Authority Director Abdel Rahman Nibari said here, reports AFP.

He told the Qatari newspaper Al-Sharq that work would begin over the next few years to operate new navigation channels, purchase maintenance equipment and increase the capacity of basins.

Nibari said Kuwait's three ports, Shuwaik, Doha and Shuaiba, reopened for business on August 14 and were currently functioning at 50 per cent of their overall capacity.

But he expected the rate to reach 100 per cent by the middle of 1992. Nibari said recently that Kuwait ports handled up to seven million tonnes of goods before Iraq's invasion of the Emirate of August 2, 1990.

## Prospect of GATT talks bleak: Dutch Minister

AMSTERDAM, Aug 24: The stalled Uruguay Round of world trade talks has only a limited chance of being concluded successfully this year, the Dutch official responsible for trade policy said in remarks published on Friday, reports Reuter.

If I make an inventory of all the problems, I am not really confident about the chances of success this autumn. It will be touch and go Yvonne Van Rooy, State Secretary for Economic Affairs, said in an interview in the Dutch Christian employers' association journal.

The talks to free up world commerce into the next century were to have ended last December in Brussels but col-

lapsed due to a farm subsidy dispute between the European Community (EC) and the United States.

Many of the 108 nations involved believe it is important to finish this year to avoid getting entangled in next year's US elections.

Van Rooy, whose country holds the rotating presidency of the EC, said the ambitious nature of the General Agreement on Tariffs and Trade (GATT) talks meant that there were still many complex problems to resolve.

There was a risk that politicians would be diverted from giving GATT their full attention by the dramatic developments in Eastern Europe, she said.

## Accident likely to hit Norway's gas export

STAVANGER (Norway), Aug 24: The concrete base of a giant Norwegian North Sea gas platform sank on Friday after a mystery construction accident which could set back Norway's gas exports in the 1990s, reports Reuter.

All 22 workers on the Sleipner a platform were evacuated unharmed as the 110-metre-tall (360-ft) base, insured for 1.6 billion Crowns (235 million Dollars), sank within minutes in Western Norway.

"We heard a big crack in one of the drilling shafts, and water started pouring in, said Dag Halstensen Operations Manager overseeing construction of the Sleipner base, which weighs hundreds of

thousands of tonnes.

State oil firm Statoil, the operator of the Sleipner Project, said it would examine the possibility of salvaging the base from the 200-metre-deep (660-ft) fjord.

Statoil said the accident meant the field would be unable to sell gas to Europe from October 1993 as planned. It was trying to see if other gas fields could make up the shortfall.

We have delivery obligations towards continental buyers in Germany, the Netherlands, Belgium, France, Austria and Spain said Snorre Jensen, a Statoil spokesman. Our main objective now is to secure the deliveries.

## Indians allowed to import cars paying duty in hard currency

NEW DELHI, Aug 24: India, facing a foreign exchange crunch hopes to earn a few extra dollars by encouraging people to import cars with customs duty payable in hard currency, reports AFP.

Enthusiasm following an August 16 announcement that a limited category of Indians could import automobiles under the Open General Licence (OGL), however, vanished Friday as New Delhi read out the finer print.

Until now car import have been channelled through the State Trading Corporation (STC), which also buys and sells used foreign automobiles.

The Chief Controller of Import and Export (CCIE) said Friday it has no objection to

people importing "cars of choice" if they paid duty in foreign exchange and not in Rupees, now sharply devalued against the Dollar.

The previous announcement had authorised people such as foreigners married to Indians, expatriates abroad, journalists attached to foreign organisations and foreign officials posted here to import cars through OGL, cutting a web of red tape.

"We received more than 4,000 enquiries on Thursday," said a CCIE spokesman, referring to rich Indians' craze for Western automobiles despite the prohibitive 300-per cent plus import duty.

The OGL is open to sectors such as health, food, education

and export-generating industries, and CCIE office as said the decision to place car import under the scheme was aimed at encouraging people to buy foreign cars.

The car import policy now permits Indian buyers of foreign automobiles to pay customs at any port in the country instead of visiting New Delhi for time-consuming official clearance.

"On one hand we have simplified rules and on the other today's regulations ending the practice of a Rupee-duty will earn us a few extra Dollars," the CCIE official said.

The government in its Friday's ruling on foreign cars however banned the imports of large automobiles,

### Japan grants \$41.8m to Nepal

KATHMANDU, Aug 24: Japan has emerged as a major aid donor to Nepal with the signing of an aid agreement between the two countries, a spokesman for the Nepalese Ministry of Finance said here, reports AFP.

Under the pact, signed here Thursday, Japan agreed to give Nepal 1,759 billion rupees (41.8 million dollars) of aid in the 1991 fiscal year, much of it for use in seven rural development projects, the official said.

More than one-quarter of the money will be used for water supply systems in urban and semi-urban centres,

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# BCCI, a third world financial giant ends in scandal

ISLAMABAD, Aug 24: It has the ingredients of a rags-to-riches story of a refugee who built up a financial empire from scratch, and a large-hearted Arab Sheikh who helped him do it, reports IPS.

There was greed and wheeling-dealing involved but no more or less than there is behind most great fortunes. Today, the 20 billions Dollars banking conglomerate is in limbo. Thousands of small depositors from Manila to London have lost their life's savings.

When Agha Hasan Abedi set up the Bank of Credit and

Commerce International (BCCI) in Pakistan in 1973, the Shiite refugee from India wanted it to become a 'Bank of the Third World' that would help developing countries catch up with the West.

Abedi's vision combined the spiritual zeal of a devout Muslim, the business acumen of an experienced banker and the vast oil wealth of an Arab Sheikh with professed concern for the world's poor.

At BCCI's annual management conferences, Abedi often ruminated on the "blessings of Almighty Allah" and the need to "help the oppressed and the

underprivileged."

He introduced compulsory deduction from BCCI staff salaries which went to charity. BCCI is set up a foundation in London which awarded the "Third World prize," South African freedom fighter Nelson Mandela and Zimbabwean President Robert Mugabe are past recipients.

The bank also helped set up the south magazine and convened Third World advertising congresses in Manila and Beijing.

Abedi's timing was right. With Pakistani talent and Arab money, BCCI grew. When the

Bank of England suspended the group's operations on July 5, BCCI was one of the largest private banks in the world.

Behind BCCI's success was Abedi's partnership with Sheikh Zayed Sultan al-Nahayan of Abu Dhabi, whom oil had transformed from a 'bedouin nomad' to a billionaire nearly overnight.

In 1988, BCCI started running into problems. Last year it admitted to charges of laundering Colombian drug money, and a grand jury in Florida jailed several Pakistanis for involvement.

nearly 500 million US Dollars in the red.

Sheikh Zayed stepped in and injected one billion Dollars to revive the bank, giving him 77 per cent controlling ownership.

BCCI's auditors, Price Waterhouse, reported inside loans and suspicious accounting. Bad loans reportedly totalled two billion Dollars.

But the regulators did not move until Price Waterhouse released its most damaging report yet on BCCI last month. When he learnt of it, Sheikh Zayed pumped in another 700 million US Dollar.

The Shetkh was willing to pour in "a few billion more" and restructure the company, but the Bank of England froze BCCI assets anyway. Abu Dhabi condemned the move. Sheikh Zayed is said to be in no mood to bail out the bank anymore.

Late last month, at the request of Abu Dhabi, the British high court decided to postpone for four months a decision on BCCI's liquidation. But in Washington, the Federal Reserve last week indicted the bank and Abedi for "the largest bank fraud in world financial history."

## FAO forecasts fall in world cereal production

ROME, Aug 24: Dwindling grain stocks pose a threat to global food security, with world cereal production this year forecast two per cent down from 1990's record harvest, the United Nations' food arm said in a report published on Friday, reports Reuter.

Assuming normal weather from now until harvest, world cereal production in 1991 is forecast to be below trend and sharply less than last year's record, the Rome based UN Food and Agriculture Organisation (FAO) said in its monthly report.

FAO forecast, world cereal production in 1991 to be 1.91 billion tonnes, down from 1.95 billion tonnes the previous year.

Carryover supplies of cereals will also fall to 316 million tonnes in the crop year ending in 1992 from 326 million tonnes in the 1991 crop year FAO said.

It warned such a drop would bring global stocks close to the minimum levels needed to protect world food security, which it estimates as 17 to 18 per cent of consumption.

The report drew particular attention to critical food shortages in Iraq, shattered by its defeat in the Gulf war.

The rapidly deteriorating food supply situation has brought the Iraqi people to the brink of a major famine, it warned.

Hunger also looms over the drought-stricken horn of Africa, FAO said.

Only a massive international relief effort in the horn of Africa can avert widespread suffering and loss of life in the months ahead.

Leading the output decline was a fall in wheat production to 560 million tonnes last year, FAO said, attributing most of the drop to lower planting and reduced yields in the United States and the Soviet Union.

But the FAO report predicted world cereals trading would rebound in the crop year ending in 1992.

World cereals imports were forecast at 196 million tonnes in 1991/92, up from the estimated 186.7 million tonnes for 1990/1991. But still below the previous year's imports of 208.6 million tonnes.

Imports to developing countries were forecast to rise to 120 million tonnes in 1991/1992 from 114 million tonnes. Developed countries will import 76 million tonnes, up from 72.7 million tonnes in 1990/1991, FAO said.

## Malaysian economy on track for 8 pc growth

KUALA LUMPUR, Aug 24: Malaysia's economy remains on track for a growth rate of about eight per cent this year despite government measures to prevent overheating, the Malaysian Institute of Economic Research (MIER) said Friday, reports AFP.

The MIER said in a report assessing Malaysia's economic prospects that gross domestic product was expected to grow steadily over the next two years, although at a slower pace than the 10 per cent gain posted last year and 8.8 per cent and 8.9 per cent increase in 1989 and 1988, respectively.

It said that while recent data pointed to some slowing in growth rates, the performance of the major industrialised countries offered renewed optimism for a better-than-expected showing by the local economy.

It grew at an annual rate of 7.25 per cent in the first quarter and 8.5 liquidity in a bid to curb spending that officials said was fuelling inflation.

Malaysia's central bank, Bank Negara, intervened in the interbank money market earlier this month, raised the statutory reserves of commercial banks and put new limits on vehicle loans.

## Orders for US durable goods rise

WASHINGTON, Aug 24: Orders for long-lasting durable goods surged 10.7 per cent in July, the largest monthly gain in more than 20 years, the US Commerce Department said today, reports Reuter.

The rise, which followed a 1.0 per cent drop in June, reflected sharp increases in orders for airplanes and cars, and was seen as a sign that the US economy was emerging from recession.

Orders for durable goods — manufactured items intended to last at least three years — were a seasonally adjusted 129.86 billion Dollars in July, still below the July 1988 record of 134.4 billion Dollars. But the July gain was the largest since December 1970 when orders rose 11.2 per cent.