Iran to build oil terminal in Malaysia

NICOSIA, Sept 3 : Iran said on Monday it planned to set up a terminal in Malaysia with a capacity of 20 million Barrels to export its crude oil to Asia, reports Reuter.

The agreement was reached in Tehran between a Malaysian team headed by Deputy Prime Minister Ghafar Baba, the Iranian News Agency (IRNA) quoted Massoud Roghani Zanjani, Vice President and head of the Plan and Budget Organization, as saying.

Roghani Zanjani said investment for the terminal would come from Malaysia but did not give a figure.

Baba told Tehran Radio he discussed the project with Iran's Oil Minister Gholamreza Aqazadeh on Monday, experts from the two countries would follow up the talks in detail he added.

Baba, who arrived as the head of a 75-member delegation in Tehran on Thursday, said Malaysia keen to increase palm oil exports agreed to grant 500,000 Dollars towards setting up a palm oil research centre in Iran.

Roghani Zanjani said the two sides had also held talks on export of Iranian fruits to Malaysia and participation of Malaysian firms in building housing in Iran.

Rupee to remain stable, says RBI

BOMBAY, Sept 3: The Rupee will remain stable at the current level, the Reserve Bank of India (RBI) today said denying any move to inject one more dose of devaluation, reports PTI.

The reported attribution about one more dose of devaluation of the Rupee, to the Union Minister of State for Finance, Shantaram Potdukhe, as appeared in a section of the press here, was not correct, the RBI said in a release.

The RBI has been authorised to say that the attributed statement is not correct, the release added.

IBM, Westland win contract to supply 44 helicopters to Royal Navy

LONDON, Sept 3 : A consortium of International Business Machines (IBM) and Britain's Westland Group has won a contract valued at 1.5 billion Pounds (2.5 billion Dollars) to develop and supply 44 helicopters to the Royal Navy, Defence Secretary Tom King announced Monday, reports AFP.

The submarine-hunting Merlin, which will replace the Sea King model currently in use, is a naval adaptation of the EH 101 transport helicopter developed by Westland in association with Italy's Agusta.

"While the Soviet Union has a very substantial fleet and has continued to produce new highly capable submarines, there are 42 other countries in the world with submarines a well", King said.

"It is there fore very important for our defence that we maintain a highly effective anti-submarine capability with the Royal Navy", King said.

He added that the contractors would be required to bring the Merlins into operation at specified performance levels, at a fixed price and with guarantees on reliability and maintenance.

"It will be the prime contractor rather than the Ministry of Defence who takes any financial risk on the programme", He said.

Helicopters based on the EH101 design have already won contracts from Italian and Canadian naval forces and the thought to have a potential market, both civil and military, of 750 helicopters worth an estimated 10 billion Pounds. (17 billion Dollars).

King also announced that British engine maker Rolls Royce would supply its RTM 322 engines on the Royal Navy order.

Peru's inflation rate down

LIMA, Sept 3: Peru Monday said it had eliminated its traditional hyperinflation, bringing the annual rate down to 230.4 per cent through a slow-moving economic recovery program, reports AFP.

August's inflation rate hit only 7.2 per cent, compared to 3.97 per cent in August of last year, said Felix Murillo, Chief of the National Statistics and Information Institute.

President Alberto Fujimori said after assuming his post last year-when annual inflation topped 12,000 per cent - that he preferred to neutralize the country's inflation slowly.

Murillo said inflation totaled 102.1 per cent from January through August, slightly higher than private economists had estimated.

Cuanto S.A, an economic think tank, said inflation was 6.8 per cent for August and 94 per cent since January

Philippine debt package depends on US base treaty

MANILA, Sept 3: Approval of a new Philippine debt package is dependent on the settlement of a dispute about a nuclear power plant and ratification of the military bases treaty with the US, the Central Bank (CB) Governor said Monday, reports AFP.

CB Governor Jose Cuisia said Manila has forged a new agreement with its foreign commercial creditors that would generate about 2.3 billion Dollars in new money and reduce the country's foreign debt by about 1.5 billion Dollars.

Cuisia who just returned from meeting with foreign creditors in the United States said the new financial agreement which could be signed at the end of the year was a tremendous breakthrough in the Philippine debt situation.

Under the agreement Manila will offer its commercial creditors, three options. The first involves lending new money over the next two years by buying newly issued Philippine bonds or joining a co-financing transaction with the Asian Development Bank (ADB).

The second option involves swapping existing loans with new Philippine bonds that will mature in 25 years and carry varying interest rates or another option involving swapping the debts for bonds with a 15-year maturity and seven years grace period.

Under the agreement the US Treasury the International Monetary Fund (IMF), the World Bank and the Japanese government must provide the Philippines with at least 640 million Dollars to collateralize the bonds, he said.

He added that if they would try to get as much as one billion Dollars from these institutions and if they succeeded, they would use the extra funds to buy back part of the country's 29 billion Dollars foreign debt outright.

He admitted that the failure of the Philippine Senate to ratify the draft treaty would weaken Manila's chances of getting the funds.

Unsold Sugar : BEXIMCO's clarification

Our attention has been drawn to an article published in your esteemed daily on September 2,1991, under the caption of One lakh tons Sugar remain unsold wherein you have unfortunately quoted our name which may mislead and give distorted fact about Beximco Group.

We would like to state clearly that at no time there was any reduction or change in duty by any government in order to give us any undue advantage. We would further like to state clearly that many other importers also imported sugar and all such imports were governed by the same rules and regulations existing at the time.

We fail to understand why our name was mentioned in the said article since it is totally out of context. We would therefore request you to kindly issue necessary clarification.

We regret any inconvenience caused by our report

—Editor

25 pc potatoes can be preserved in coldstorages

Growers face problems

Star Economic Report

The country's potato growers are facing problems due to shortage of coldstorage facilities. Only a quarter of the total potato production can be preserved in coldstorages.

About 16 to 17 lakh tons of potato are produced every year in the country. There are 168 coldstorages all over the country with capacity to store not more than four lakh tons. As a result, the poor growers find it difficult to keep their produce in cold storages as they face a tough competition from fellow rich growers.

Our Munshiganj correspondent reports: About 44 to 45 per cent of the country's total potato output is produced in the district. Only 39 coldstorages are there in the district with a capacity to house only 1,07,000 tons of potato. The district produced 7,25,141 tons of potato in 59,700 acres of land. Ironically enough the 'bumper' production of the crop in the district each year puts the poor potato growers into misery due to scarcity of storage facilities.

Knowledgeable circles feel the government should encourage setting up of more coldstorages in potato producing areas especially in Munshiganj.

Though potato output in the country has risen considerably over the last few decades, the per capita rate of production is still considerably low compared to other countries, even to the neighbouring ones.

In 1955, the total output was about 2 lac tons; now it is about 16 to 17 lakh tons today. The per capita production rate of potato in the country is 10-11kg whereas it is 13-14 kg in India, 60 kg in American nations and 200 kg in the European countries.

Since potato with its nutritional components and the availability throughout the year offers an enormous prospect to become a viable alternative to rice as staple food, some promotional steps observers feel should be taken into consideration by the government.

A campaign over the media can help motivate people to think potato as a 'supplementary' food for rice. In as many as 40 countries in the world, potato is the staple food.

Of all the high-yielding crops in this part of the world, only potato is considered as both a vegetable and a food. Recent researches show that potato is a balanced, hygienic and easily digestible food.

The Agricultural Extension Department, Munshiganj, recently arranged an exhibition of various food items of potato. The exhibition, aimed at motivating people to taking potato as staple food replacing rice, put as many as 64 items on display that attracted the cross-section of people.

Potato growers are facing serious problems due to shortage of coldstorage facilities. Picture shows potatoes were kept under the cover of water hyacinth in a village of Sirajdikhan, Munshiganj.

—Star photo

$ 13.6 lakh UNDP grant for BARI, BLRI

The Government of Bangladesh and the United Nations Development Programme (UNDP) have recently signed two Technical Assistance accords involving UNDP's assistance of 1358,200 US Dollars , says an UNDP press release in Dhaka, Monday.

One of the projects will provide technical assistance to Mango Improvement and Development Programme of Bangladesh Agricultural Research Institute (BARI) and the other to the human resource development of the Bangladesh Livestock Research Institute (BLRI).

Through the "Mango Improvement and Development Project", the Bangladesh Agricultural Research Institute will receive support to continue evaluating imported as well as locally screened germplasms with a view to developing more high yielding, disease and pest resistant varieties of mango suitable for various agro-climatic zones. The project will also assist in setting up laboratory and field testing facilities at BARI's Regional Agricultural Research Stations in Jessore and Hathazari and at the Mango Research Station in Chapainawabganj. Fellowships and study tours will be supported to upgrade the skills of BARI scientists in specialised fields. Total UNDP assistance to BARI under the project amounts to 689,000 US Dollars.

The Project on "Assistance to the Bangladesh Livestock Research Institute" is designed to strengthen BLRI's capability to respond to priority research demands arising from Government's programme for the increased production of livestock and livestock products. International expertise will be provided under the project to provide "hands-on" training to BLRI professionals staff. Particular emphasis will be given to the improved planning of research programmes and the timely analysis and dissemination of research results. The project will also assist in promoting research on the role of women in livestock production under local farming systems . Total assistance from UNDP to BLRI under the project amounts to 669,200 US Dollars.

Both projects are being executed by the Food and Agriculture Organization (FAO) of the United Nations.

Polls setback won't affect investors in Singapore

SINGAPORE, Sept : Foreign investors, the driving force of Singapore's economy, will shrug off a surprise election setback for the ruling People's Action Party (PAP) and may even find it encouraging, analysts and economists said on Monday, reports Reuter.

"Why do people invest in countries overseas? To make money," said one foreign stockbroker. "Is the election going to affect their ability to make money here? No"

Analysts said the focus for foreigners will still be on the economy's competitiveness in terms of costs, infrastructure and labour force skills compared with other regional economies.

The PAP, won 77 of 81 seats in general elections on Saturday, still an overwhelming majority but its worst performance in more than two decades.

It won 61 per cent of the total valid vote, down from 63 in the last general elections in 1988.

Prime Minister Goh Chok Tong had warned during campaigning that a setback for the ruling party would lead to a drying up of foreign investment. After the results were announced, he said investor confidence would be affected.

"I think investors confidence will be slightly dented, in this case, I think they will pause and take a deep breath," he said.

But economists and analysts, who generally credit three decades of strong and steady PAP rule for Singapore's phenomenal economic growth, said Goh was reacting too hastily.

"Really, the fundamentals haven't changed, "said Manu Bhaskaran, regional economist at Crosby Securities Pte Ltd. "You have a party returned to power with 77 seats out of 81. There will be very little effect on investors.

Some analysts suggest the PAP's poorer showing and the presence of more opposition members in parliament might even boost confidence. The opposition held only one of 81 seats in the last parliament.

The head of US-based consultancy firm Business Environment Risk Intelligence (BERI) said of the election result: "It's almost an expression of support for the system, more an expression of democratic belief than a reaction."

Lankan stock market plunges

COLOMBO, Sept 3: Sri Lanka's fledgling stock market plunged Monday as President Ranasinghe Premadasa appeared set for a protracted constitutional battle to remain in power, stockbrokers and analysts said here, reports AFP.

Investors nervously watched the market dipping sharply following a rush of sellers chasing few buyers.

Monday's closing saw the biggest drop in total turnover and share prices for the entire year on the Colombo Stock Exchange, brokers said.

The volume of trading dropped to 2.3 million Rupees (52,400 Dollars) against 17.35 million Rupees (413,095 Dollars) on Thursday and 12.5 million Rupees (297,600 Dollars) on Friday.

Only 28 issues were traded compared to over 70 on Thursday and Friday while the price index dropped to 983.11 points from the 1010.49 close on Thursday and 988.76 on Friday.

"Very few companies were traded and all at sharply lower levels. The tone was very weak. The few buyers on the market moved out after picking up a few small parcels," one broker said.

The market crash followed Thursday's announcement of an attempt to impeach Premadasa and came despite assurances from the leaders of the constitutional coup that current free market practices would be unaffected and liberalised economic polices would be maintained.

"I want to tell the private sector that they should not worry about the current political situation. The whole world has accepted the free market we introduced in 1977, Lalith Athulathmudali, a rebel leader and a former minister who has played a key role in formulating economic policies of the United National Party (UNP) told reporters Sunday.

The business community is nervously watching of Chambers of Commerce and Industry said in a statement it was concerned that the political crisis would hinder private sector participation in national development.

Athulathmudali argues that he was one of the architects of the UNP government's liberalisation policies introduced in 1977 when he was Trade and Shipping Minister and he would only accelerate those policies.

Japanese banks likely to cut prime rates

TOKYO, Sept 3 : Japan's major city banks are planning to cut their short-term prime rate by 0.25 percentage points to 7.375 per cent a year as early as next week, banking industry sources said Tuesday, reports AFP.

A formal decision will be made by the end of this week at the earliest, the sources said, adding that the prime rate cut was expected to halt a further slowdown of the Japanese economy.

The short-term prime rate is charged on loans of less than one year to the banks' most creditworthy customers and is set on the basis of a basket of key short-term interest rates, including the primary-market rate on three-month Certificates of Deposit (CD).

The three-month CD rate stood at 7.19 per cent Monday, about 0.4 percentage points below the rate prevailing shortly after the July 1 cut in the bank of Japan's official discount rate.

The short-term prime rate has been pegged at 7.625 per cent since July 16 when it was lowered by 0.25 percentage point.

Reuter adds from Osaka : Japan on Monday indicted two key figures in connection with the country's biggest post-war loan fraud.

Prosecutors said restaurant owner Nui, Onoue 61, and Tomomi Maekawa, 58, a former branch manager of Osaka-based credit cooperative Toyo Shinkin Bank, were indicted on charges of forgery and fraud. They gave no details.

Onoue and Maekawa were arrested in August for allegedly forging false Toyo Shinkin Deposit Certificates worth 350 billion Yen (2.55 billion Dollars) which prosecutors say Onoue used as collateral to borrow money

Japan's Kyodo news agency quoted prosecutors as saying that Onoue and Maekawa had admitted all the charges listed on the indictment.

The indictment said the two suspects conspired to defraud the Osaka branch of Industrial Bank of Japan Ltd

Oil market sluggish

LONDON, Sept 3: Crude oil prices were barely changed on Monday and trade was very thin due to the labour day holiday in the United States, reports Reuter.

European and Asian traders were reluctant to enter the market with US players absent and the New York futures market shut.

"There's just a complete lack of interest today," one London futures broker commented.

Traders said reports on Monday of four or five extra North Sea brent blend cargoes being made available at the end of September had taken the steam out of the recent brent price rally.

Japanese VCR, TV exports fall

TOKYO, Sept 3: Japan's production of videotape recorders (VTRs) and televisions in July declined from a year earlier although output was up from the previous month, the Electronic Industries Association of Japan said Monday.

VTR production fell 9.2 per cent from July last year to 2.34 million units compared with 2.17 million units in June while television output declined 2.5 per cent to 1.19 million units, up from 1.12 million units the previous month.

Exports of VTRs plunged 22.8 per cent to 1.83 million but were up from 1.74 million units in June, the Association said. Television exports slumped 16.5 per cent to 290,881 units, also down from the previous month's exports of 312,557 units.

China's foreign debt grows to $.52m

BEIJING, Sept 3 : China's foreign debt grew by 27.2 per cent in 1990 to reach 52.55 billion US Dollars the official Xinhua news agency Monday quoted a spokesman for the state administration of exchange control as saying, reports AFP.

The spokesman played down the importance of the rise saying that the debt service ratio of 8.5 per cent remained within reasonable margins.

Some 87.1 per cent of the foreign debt is medium or long term with short term debt accounting for 12.9 per cent of 6.77 billion Dollars.

If the debt which is mostly in Dollar or Yen loans grows at a slower rate experts believe it will remain at a reasonable level and China will not face any repayment problems. Annual payments on the debt are about five billion Dollars.

China has had a trade surplus for the past year and a half and the country holds large secret reserves of gold.

It also has comfortable foreign exchange reserves of 35 billion Dollars.

China first gave a precise figure for foreign debt last year, saying that debt for 1989 had reached 41.3 billion Dollars previously it had just said that it debt was around 40 billion Dollars.

New UAE oil field goes to production in '92

ABU DHABI, Sept 3: A new oil field owned by the Abu Dhabi Marine Operating Company (ADMA-OPCO) will begin production next year, its General Manager Andre Durand De Bosingen has said, reports AFP.

"With the development of this field, it is hoped that the company's production will increase by one third," he was quoted as saying in the current issue of the United Arab Emirates (UAE) Oil Ministry Arabic-language monthly magazine, Petroleum and Industry.

The new offshore Nasr field would initially produce about 50,000 Barrels a Day and its development would continue until 1996, he said.

ADMA-OPCO, the UAE's second largest oil company, currently operates two major offshore fields, Zakum and Umm Al-Shaif, which have a combined capacity of 450,000 Barrels a Day.

The company, 60 per cent of which is owned by the Emirate of Abu Dhabi's government, has not revealed its output but local industry sources believe it is near capacity.

The Abu Dhabi company for onshore oil operations (ADCO) products about double that level.

The development of the Nasr field is pat of plans by Abu Dhabi, the largest UAE oil producer, to raise capacity to meet an expected increase in world demand in the coming years.

Australia to study lost ship cases off its coast

CANBERRA, Sept 3: Australia is to investigate an increasing number of ships loaded with iron are being lost or seriously damaged off its coast, reports Reuter.

"It is an international problem and everyone is worried about it," Rob Gehling, Chief Naval Architect at the Australian Maritime Safety Authority (AMSA), told Reuter on Monday.

AMSA is negotiating with shipping companies to enable it to carry out a three-month pilot study of bulk carrier loading in a number of Australian ports.

Since January 1990, five bulk carriers have been lost in the Indian ocean after loading with iron ore from Western Australia, and another sank in the Pacific.

The most recent case was last month when the 72,083 tonne bulk carrier Melete was lost along with 25 of its 27 crew in the Indian Ocean.

Gehling said the problem was not just restricted to vessels leaving Australia. Worldwide, 39 bulk carriers, including those off Australia, have been listed as missing, lost or have suffered serious structural failure since January 1990, of those, 21 sank.

He said the study should be completed by Christmas and will help in deciding on the possible installation of voyage data recorders similar to aircraft black boxes on all ships.

Moscow repays first instalment of Japanese loan

TOKYO, Sept 3: The Bank of Foreign Economic Affairs of the USSR has eased Japanese fears of a foreign exchange crisis in Moscow by repaying part of a 400 million Dollar on schedule, a Bank of Tokyo Ltd official said Tuesday, reports AFP.

The official said the Soviet ban also known as Vneshkonombank, made the first instalment on the loan's repayment Friday. A syndicate of five Japanese banks extended the loan to the bank last year to pay for imports of oil-drilling pipes from Japanese trading companies.

At the height of last month's coup in Moscow, a Japanese newspaper report that Vneshkonombank had suspended import payments

International drug trade generates $ 34m every hour

GEORGE TOWN (Cayman Islands), Sept 3 : The trouble with money, from a drug trafficker's point of view, is that it is both bulky and heavy : 22 million Dollars in mixed bills literally weighs a Ton, reports Reuter.

Even a mere million, small change in a business estimated to generate 300 billion Dollars a year worldwide, fills a large suitcase.

If estimates by the United States and the Group of Seven industrialised nations are correct, the international drug trade generates a mind-boggling 34 million Dollars every hour, much of it in small notes.

How to deal with that money is a question that occupies drug barons, bankers and police officers around the world. All agree that the logistics of handling large amounts of dirty money are becoming more complicated.

You would find it very difficult to walk into a bank here and deposit a suitcase full of money, said John Atkinson, Inspector of Banking in the Cayman Islands. We have strict checks on currency.

For years, the Cayman Islands has been trying to shed its image as a money laundering centre and has adopted rules on large cash deposits similar to those in the United States and Britain.

The Caymans, three tiny dots on the Caribbean map, even signed a Mutual Legal Assistance Treaty (MLAT) with the United States.

The pact, one of a dozen that resulted from intense US pressure on major banking centres, allows government investigators to prise the lid off bank accounts otherwise covered by tight secrecy laws.

Despite the treaty, ratified by the US Congress last year, Washington views the Cayman Islands and its booming offshore banking industry with suspicion.

A state department report on money laundering last year said Cayman officials were reluctant to limit the features — from banking secrecy to liberal laws on the formation of corporations — that attracted more than 500 banks to the Cayman Islands and turned it into a major world financial centre.

"This caution, the report said, allowed launderers to gain a strong foothold in the (financial) industry."

Such suspicions have been kept alive by worldwide action last month against the Bank of Credit and Commerce International (BCCI) had an operations centre in the Cayman Islands and made full use of its secrecy provisions.

Experts on money laundering say the BCCI case shows there is now way of keeping dirty money out of the international financial system, no matter how much progress is being made on banking regulation or mutual legal assistance.

Once the money flows to an offshore banking centre, you have to be an Albert-Einstein of finance to find out where the money came from and where it is going, said Charles Intriago, Editor of the Miami-based newsletter Money Laundering Alert.

And there are rouge banks all over the world. There are too many bankers who operate on the principle that money has no odour.

The same goes for accountants, lawyers and management consultants who help convert illegal cash into innocent figures on a bank statement.

Most laundering schemes are variations, often of bewildering complexity, of a time-honoured arrangement.

A drug trafficker sets up a business, for example a restaurant, under his own name in the United States.

He then arranges for a finance company to be set up in an offshore heaven, like the Caymans, the laws of which allow the real owner of a business to remain anonymous.

The company's account will be filled with money wired from abroad or carried by hand.

In the next step, the front restaurant takes out a loan from the offshore company transferred to the restaurants' US account, the money appears as a legitimate payment.

There is no doubt that it would be much easier to flush dirty money out of the system if all the offshore centres and tax heavens disappeared overnight, said Chuck Morley, a Washington-based consultant who advises banks on how to spot money-laundering ploys.

A crooked bank removes the biggest single hurdle a money launder has to cross: injecting cash into the system.