

Bombay BCCI to have new entity

BOMBAY, Oct 6: The Reserve Bank of India (RBI) has recommended to the government that the Bombay branch of the Bank of Credit and Commerce International (BCCI) should be treated as a separate entity and taken over by a new subsidiary of the State Bank of India, reports PTI.

"A final decision will be taken after completion of the audit of the BCCI branch now under way", the RBI Deputy Governor, Amitabha Ghosh, told a press conference here today.

RBI's recommendations, if accepted by the government, would have to be placed before the Bombay High Court for approval, in face of possible objections by the provisional liquidator of BCCI from Cayman Islands headquarters.

Ghosh said RBI has already studied the implications of India banking laws on the question of operating the Bombay branch of BCCI as a separate entity.

Sri Lanka, Kenya and Mauritius have already decided to run the BCCI branches in their countries as local enti-

ties. Ghosh and M N Goiporia, Chairman of SBI, told the press conference.

Ghosh said in the case of surplus which is likely in the local branch of BCCI with assets exceeding liabilities, there could be negotiations with the chief liquidator of the BCCI in Cayman Islands.

Britain cool on compensation

Reuter from London adds: Britain's Treasury yesterday declined to give any commitment to pay extra compensation to thousands of British depositors who have money trapped in the closed Bank of Credit and Commerce International (BCCI).

It was responding to a statement by an opposition member of parliament that a top treasury official "did not rule out compensation" if an inquiry by Lord Justice Bingham found that the Bank of England, Britain's central bank, acted negligently on BCCI.

BCCI was shut by regulators in many countries on July 5 to end what investigators said

was the biggest fraud in the history of world finance.

Labour Party member of parliament Keith Vaz, representing many BCCI depositors in Britain, met economic secretary to the Treasury John Maples on Friday, a day after Abu Dhabi, the biggest shareholder in the bank, apparently vetoed a rescue bid.

"In fact, (Maples) said he could make no commitment at all on how the government would respond to Bingham. We would need to wait and see what (Bingham) said," a Treasury spokesman said.

"However, the Economic Secretary did make it clear that he did not expect the inquiry to find any fault on the part of the Bank of England or the government," the spokesman added.

Bingham's report is expected to be published next June.

Vaz has championed the cause of thousands of small depositors, lobbying for a bailout of the bank. He also met Chancellor of the Exchequer Norman Lamont on Friday.

On Thursday, BCCI's major

shareholders — the ruler of Abu Dhabi, Sheikh Zaid Bin Sultan Al-Nahayan, and the Emirati's government and investment authority — said they saw little prospect of putting together a rescue package.

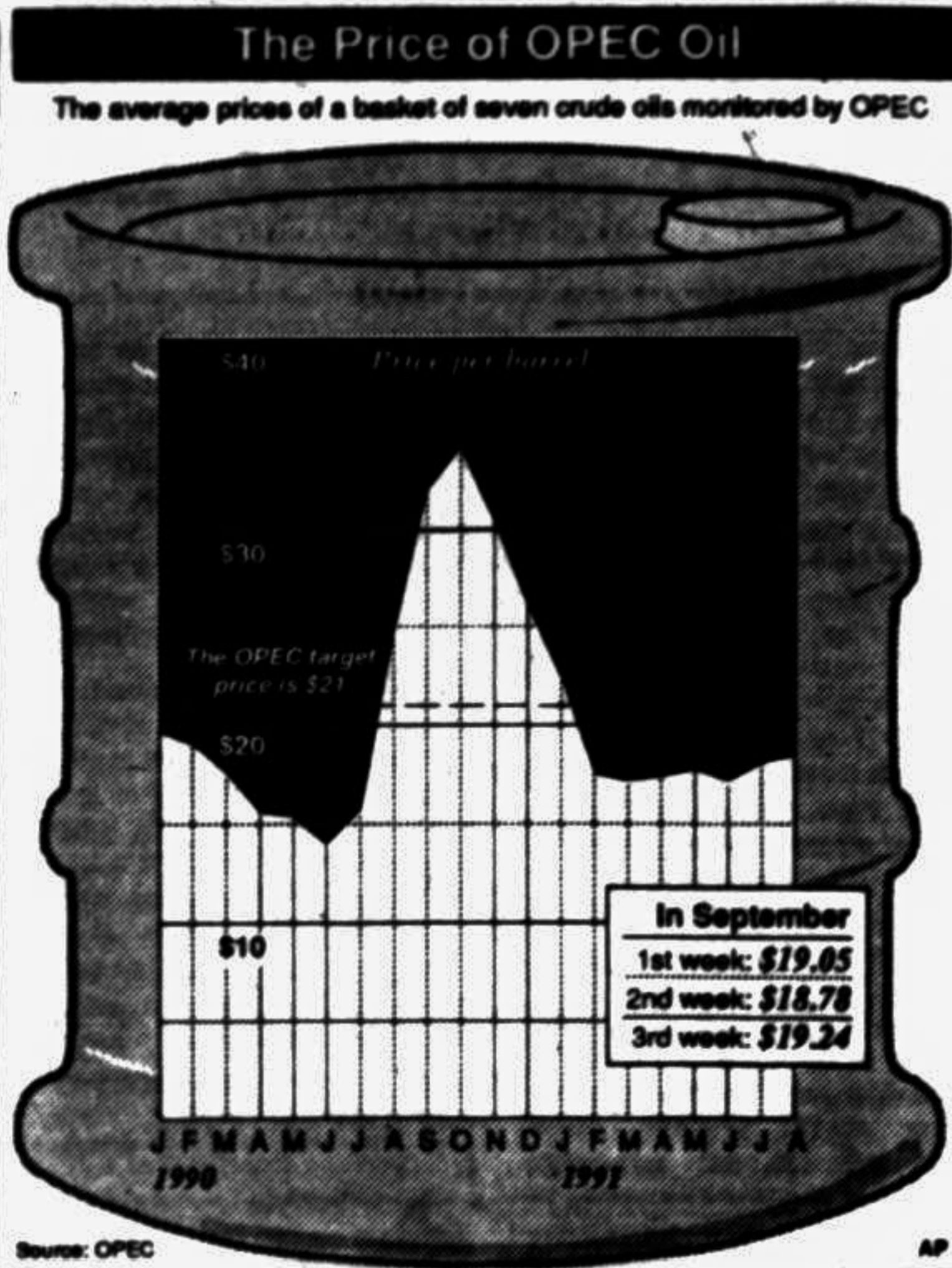
"There is little real prospect of restructuring the bank as originally envisaged," the shareholders, who own 77.4 per cent of the bank, said in a statement issued in London.

Abu Dhabi has set up a 50 million Pound Sterling (88 million Dollar) compensation fund as an alternative to a British deposit protection plan administered by the Bank of England.

Under the Abu Dhabi programme, about 32,000 out of 40,000 British depositors may recover 75 per cent of their deposits.

The Bank of England had previously demanded the bank be wound up in Britain. But the courts gave Abu Dhabi until December 2 to come up with a restructuring.

Regulators allege that at least four billion Dollars were lost to fraud in BCCI



Asian population boom increases poverty

MANILA, Oct 6: Poverty is increasing and environmental damage worsening because of Asia's population boom, a United Nations body said today, reports Reuter.

Poverty and environmental degradation are closely inter-related as consequences of the region's rapid growth, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) said in a report before its fourth ministerial conference opening in Manila on Monday.

High rates of population growth are typically associated with a high incidence of poverty... (which) imposes great demands on the environment... and is leading to the comprehensive deterioration of the natural resource base.

Crowded cities, where nearly one-third of all people in Asia will be living by the year 2000. This will worsen urban congestion and lead to the proliferation of filthy shanty towns, it said.

The cost of extending basic social infrastructure and services to these haphazardly-burgeoning communities is generally beyond the financial capacity of municipalities, adding to their typical atmosphere of wretchedness and neglect, the report said.

For countries reeling under pressure from expanding populations, protecting the environment took a back seat to factories providing jobs even if they pollute the environment.

The impact of environmental degradation on the pattern of social development has been nothing short of devastating.

The result in the booming Asia-Pacific region, where up to one-third of the people live in absolute poverty, has been severe soil erosion, flash flooding and desertification in impoverished countries in South and Southeast Asia, the report said.

Scores of poor families tilling vast tracts of former rain forest in the Philippines, Malaysia, Indonesia, Burma, Thailand, and other countries were forced to choose between permanently damaging the land or saving their families.

For the absolute poor, such a choice is intolerable and invariably results in decisions that favour family survival, the report said.

The population of ESCAP's 49 member-countries, which now stands at over three billion, will rise to over four billion by the year 2005, putting more pressure on governments already hard-pressed to meet the needs of their people, the report said.

Soviet economic union pact on track

MOSCOW, Oct 6: A treaty linking Soviet republics in a new economic union is on track despite talk that Russian Federation President Boris Yeltsin was holding it up, chief economic strategist Grigory Yavlinsky said on Saturday, reports Reuter.

"I would say the chances of the treaty being signed are rather high," he said in an interview with Soviet television.

Three republics — Byelorussia (formerly Byelorussia), Kazakhstan and Uzbekistan — have already signed the pact and Yavlinsky, its main author, said others intended to sign by October 15. All 12 republics have approved it in principle.

Financial discipline must be imposed and Yavlinsky warned of sanctions against those who signed the treaty but failed to respect its terms and conditions. "That would simply be lies and deceit of the people," he said.

Asked about speculation Yeltsin was dragging his feet about signing, Yavlinsky said: "I wouldn't say he was putting the brakes on... when he comes back from holiday in the Black Sea resort of Sochi we shall discuss it in parliament."

USSR issue to shadow LDCs' at G-7 meet

WASHINGTON, Oct 6: The foreign debt clouding developing countries' futures may be overshadowed as an issue at upcoming financial talks in Bangkok by the Soviet Union and a serious global savings crunch, reports AFP.

The oppressive debt burden borne by developing countries was due to figure as it has for more than a decade on the official agenda of annual World Bank and International Monetary Fund (IMF) meetings, October 15-17 in the Thai capital.

But financial sources said no fresh initiatives on the debt issue were expected to surface at the talks.

The debt burden consequently continues to weigh heavily on cash-strapped less-industrialized countries which this year were expected to mark negative growth rates.

Recent data from the Organisation for Economic Cooperation and Development (OECD) showed total outstanding debt swelling by 4.0 per cent to reach a total of 1,450 trillion Dollars up from 1,390 trillion Dollars in 1989. In 1980, by comparison, it totalled less than 600 billion Dollars.

Debt service outlays grew in kind, according to the World Bank, rising by nearly 4.0 per cent in 1990 to 140.5 billion Dollars from 135.7 billion Dollars one year earlier, in spite of rescheduling efforts and debt reduction schemes including the Brady plan.

But beyond the worrisome debt problem, a global savings crisis and insufficient financial resources worldwide — linked to a number of factors — have sparked serious concern.

For example, budget deficits have ballooned in several wealthy countries, including the United States and Germany, still reeling from the costs of reunification. Enormous demand for capital in Eastern European countries converting to market economies was added to the equation, along with parallel moves in the Soviet Union.

Due to the dearth of available investment capital, developing countries have become increasingly hard-pressed to attract foreign financing and achieve economic growth.

"Only investments expected to yield high returns are likely to obtain financing," the IFC cautioned recently.

ASEAN meet to assess economic cooperation

KUALA LUMPUR, Oct 6: After years of futile effort, the Association of Southeast Asian Nations (ASEAN) may be ready for meaningful economic cooperation, reports AP.

Putting the hollow pledges and missed opportunities of the past behind them, economic ministers from the six member countries met this week to assess future economic cooperation.

Thailand has proposed an ASEAN free-trade area. The Philippines wants an economic treaty as the blueprint for true cooperation. Indonesia suggests a "common effective preferential tariff" system to harmonize industrial tariffs.

ASEAN was founded in 1967 to boost economic cooperation.

Nepalese economy grows by 4 pc

KATHIMANDU, Oct 6: Nepal's economy grown by a steady four per cent during the 1990-91 fiscal year ending July 18, with agricultural growth up 3.2 per cent and non-agricultural production rising 5.7 per cent, a Finance Ministry source said today, reports AFP.

This compared to 3.6 per cent growth in the previous financial year. Total food production during the last fiscal year was 5.83 million tons because of timely rains compared with 5.67 million tons in the previous fiscal year, the senior Ministry official said.

Foreign Exchange reserves also grew in the last fiscal year to stand by mid-September at slightly more than 18 billion Rupees (423.52 million US Dollars) which was sufficient to meet the country's import bill over the previous 10 months, he said.

During the last fiscal year Nepal's total trade stood at 28.32 billion Rupees (666.35 million US Dollars) of which 8.5 billion Rupees (200 million US Dollars) was with India — 6.95 billion in imports and 1.6 billion in exports to its neighbour, the official said.

A Federation of Nepal Trade and Industry spokesman said "Nepal's trade deficit with India would be 6.2 billion Rupees (145.88 million US Dollars) when taking into account unrecorded imports through the open border between the two countries by making under the table payments to border officials."

Bush calls for lower global interest rates

WASHINGTON, Oct 6: President George Bush said he would like to see lower interest rates worldwide, reports Reuter.

"I like to see lower interest rates," he told a news conference when asked what he wanted from next week's meeting of Group of Seven finance ministers and central bankers in Bangkok. "And I'm glad that's being accommodated here (in the United States) with very, very low incidences of inflation."

"What the US economy needs is a shot of confidence," he added. "Banks have money to lend, but they're not particularly willing to lend it. Some of that can be blamed on regulatory excess. Some of it is a lack of confidence."

Financial markets to get less priority

TOKYO, Oct 6: Financial markets are likely to take a back seat to development issues at this week's meeting of Group of Seven (G-7) officials in Bangkok but currency and stock exchanges worldwide are taking nothing for granted, reports Reuter.

Analysts in the world's three major financial centres said the G-7 will devote most of its attention to the thorny issue of aid to the Soviet Union, but discussions among financial leaders could still send a ripple through securities markets.

Their biggest agenda is helping the Soviet Union, basically putting together some sort of Marshall plan," said Credit Suisse Currency analyst and private banker Francois Soares-Kemp in New York.

The only reason the currency markets will be worried is because the IMF meetings traditionally address the Dollar and the Dollar doesn't do well when people start talking about it," she added.

Financial and monetary officials from the Group of Seven major nations are scheduled to meet on October 11 and 12 before the IMF/World Bank meeting on October 13-17.

While a pronouncement on the state of financial markets is unlikely, dealers for financial leaders could make off-the-cuff statements about interest rates or currencies. Official moves to aid the Soviet Union could also influence markets, they say.

Late last week the Yen climbed sharply against the Dollar and Mark on speculation that it could be the subject of some discussion at the meeting.

Analysts said potential fallout from the G-7 would most likely be felt in currency markets, with the Yen and Mark both standing to gain.

Some analysts expect Europe and the United States, which have growing trade deficits with Japan, to put pressure on Japanese officials for a stronger Yen that would stimulate Japanese purchases of foreign goods.

David Gilmore, senior analyst for MCM Currencywatch in New York, said Japan will have to acquiesce to foreign requests for a stronger Yen to deflect criticism of its protectionist practices.

The Bank of Japan may also want a stronger Yen to offset the inflationary impact of its current easier money policy.

Metal prices mixed

LONDON, Oct 6: Metal prices were mixed over the past week on metal markets here, reports AFP.

GOLD: Firmer. Prices reached a six-week high after Gregory Yavlinsky, a member of the team in charge of reforming the Soviet economy, said that soviet reserves had fallen to 240 tons after major sales last year.

SILVER and PLATINUM: Firmer. Silver and platinum rose in the wake of gold. Fresh violence over the weekend at Impala mines in South Africa had no effect on production, the company said. Far East buying supported platinum at the end of the week.

TIN: Stable. Tin prices edged slightly firmer early in the week before returning to previous levels.

ALUMINIUM: Easier. As with zinc, the weak state of the key industrial economies and soaring levels of stocks continued to pressurise prices.

With aluminium producers continuing to resist pressure to implement cutbacks prices slipped to a life-of-contract low of 1,162 Dollars per ton on the three-month contract and 1,133 Dollars for cash metal.

NICKEL: Stable. An absence of fundamental news left the normally volatile nickel market looking unusually stable.

The first weekly fall in LME stocks (down 596 tons to 8,976) for three months brought some support to the market.

COPPER: Irregular. Copper prices tended lower in the first half of the week, with the market increasingly confident that the crisis in Zaire was stabilising and was not going to lead to a prolonged interruption in shipments.

LEAD: Easier. Lead prices drifted slightly lower on a lack of fundamental news but found support at lower levels.

Highest salaries in Zurich, steepest rents in Tokyo

ZURICH, Oct 6: The highest salaries in the world are earned in Zurich, the steepest rents are charged in Tokyo and the most expensive cost of living is in Oslo, a study released on Saturday said, reports Reuter.

Employees in Zurich, Switzerland's largest city, are paid on average a net 23.9 Swiss Francs (16.25 Dollars) an hour, according to a Union Bank of Switzerland report.

Pay in the Swiss city of Geneva and in Luxembourg is the world's second- and third-highest at 21.6 Francs (14.7 Dollars) and 17 Francs (11.50 Dollars) an hour respectively, the report, based on information from 48 major cities around the world, said.

Salaries are lowest in Lagos, where net income averages about 60 Centimes (40 Cents) an hour.

Anyone living in the Japanese capital, Tokyo, can expect to pay an average 15,160 Francs (10,313 Dollars) a month in rent for a four-room furnished flat.

This compares with 9,460 Francs (6,435 Dollars) in Hong Kong and 6,270 Francs (4,265 Dollars) in New York, the cities with the world's second- and third-highest rents.

Similar accommodation in the South African city of Johannesburg would cost a mere 880 Francs (599 Dollars).

Prices in Oslo for a basket of goods including food, drink, tobacco and toiletries average 3,010 Francs (2,048 Dollars). Tokyo has the second-highest cost of living with prices for a similar basket of goods averaging 2,997 Francs (2,039 Dollars).

Gold bank in India likely

BOMBAY, Oct 6: The concept of a gold bank of gold bond is under the consideration of the Reserve Bank of India (RBI), but it is still in the 'formative stage', the RBI Deputy Governor, Amitabha Ghosh, told newsmen here today, reports PTI.

Speaking at a press conference, Ghosh said the gold held by individuals could be institutionalised through a gold bank and gold bonds could be launched as an instrument. "The concept is very much in the formative stage and several aspects would have to be examined", Ghosh explained.

When a reporter asked if the 47 tons of RBI gold, held with the Bank of England, would be brought back to the country once the loans taken against the gold pledged were repaid, Ghosh replied cryptically the gold is still with the Bank of England.

Most commodity prices firmer, sugar weaker

LONDON, Oct 6: Prices of most commodities were firmer but sugar and wool weaker. Only rubber price was quiet over the past week on commodity markets here, reports AFP.

GRAINS: Firm. Grains firmed in the wake of Chicago, where the Soviet Union was a major buyer after the government's decision to guarantee 185 million Dollars worth of credits.

Meanwhile, British Prime Minister John Major, EC Commission President Jacques Delors, and current EC President Raul Lubbers formulated a multi-billion Dollar food aid proposal for ratification by the Group of Seven and the EC.

SUGAR: Weak. Influential German statistician F O Licht put his first estimate of world production of sugar in 1991-92 at 114.1 million tons, a rise of 4.72,000 tons on the previous season.

His forecast was larger than those of British tradehouses Czarnikow and Ed and F Man, prompting an easing of prices at the end of the week.

VEGETABLE OILS: Firmer. Vegetable oils were firmer, notably palm oil and its derivatives which were boosted by the announcement of India's purchase of 24,000 tons of palm oil for October delivery.

OIL: Firmer after hesitant start. Brent crude, the benchmark for north sea oil produc-

Shipping Intelligence

Chittagong Port

Name of Vessels	Berthed	ETA	Berth No	L Port Call
Agion Oros	1/10	9/10	J/1	Pola
Al Tajwar	2/10	8/10	J/2	Mongla
Saffina-e-Haider	6/10	18/10	J/3	NA
Glory Star	6/10	9/10	J/7	NA
Al Mohammad	29/9	8/10	J/8	Cal
Banglar Bahari	3/10	9/10	J/9	Mongla
NCS Rangor	3/10	7/10	J/11	Singapore
Infinity	4/10	7/10	J/13	Singapore
Vivari-II	20/9	9/10	MPB/2	Singapore
Fong Yun (Attached)	03/7	10/10	TSP	Singapore
Banglar Jyoti	4/10	9/10	RM/3	NA
Amphion	4/10	9/10	RM/4	BIRAZ
Symphonic (Attached)	11/9	10/10	RM/5	Jedd
Banglar Shourabh	6/10	10/10	RM/6	NA
Red Deer (Attached)	11/7	10/10	RM/8	Singapore

Name of Vessels	ETA	ETA	Berth No
Banglar Asha	7/10	NA	J/8
Magla-P	7/10	NA	GSJ
Arktis Sea	7/10	NA	J/3
Koto Mawar	7/10	NA	MPB/1
Horn	7/10	NA	J/6
Pong Soon	7/10	NA	J/13

Vessels Due at Outer Anchorage

Name of Vessels	ETA	L Port Call
Sea Rhapsody	6/10/91	Singapore
Mega Star	6/10/91	Jaka
Banglar Robi	7/10/91	NA
I Yambranko	7/10/91	Singapore
Hang Tone	7/10/91	Chin
Al Reza	8/10/91	NA
New Genlord	8/10/91	Singapore
Anting	8/10/91	Kand
Kota Buana	8/10/91	Singapore
Anke	8/10/91	Singapore
Karabieverett	9/10/91	Singapore
Pong Shan	9/10/91	Singapore
Hyok Sin	10/10/91	Chin
Hafez	10/10/91	NA
Al Ishrat	10/10/91	NA
Chestnut Hill	11/10/91	NA
Sun Star	12/10/91	Akaba
Weser Star	12/10/91	Singapore
Atlantic Cliffer	13/10/91	Mongla
Mett Sif	13/10/91	Colombo
State of Gujrat	14/10/91	Mongla
Mowlavi	14/10/91	NA
Johnverrett	15/10/91	NA
G Kozintsev	15/10/91	NA

Mongla Port

Name of Vessels	Berthed	ETA	ETA	L Port
Al-Kantara	23/8	26/8		Chittagong
Fair Runner	20/8			Chittagong
Rbnjoy	22/8			Chittagong
Tropis	22/8			Chittagong
Arkady Calder		26/8		Calcutta
Swan Glory	23/8			Chittagong
Samudra Raj	21/8			Chittagong
Gold Asia	25/8			Chittagong
Vishva Prafulla		NA		Calcutta
Fingyin		NA		Qinhuam
Vilacherna Brezza		NA		Singapore
Al-Swamuz		NA		Chittagong
Wineotrader	22/8			B Indon
Ilang Fook		30/8		Chittagong
State of Hararyana		07/9		Calcutta
Banglar Kolloi		28/8	09/9	Chittagong
Sea Destiny	24/8			Padang
Neustadt	20/8			Chittagong
Kaplat	24/8		05/9	Chittagong
Gorankovacic		27/8	31/9	Calcutta

tion, climbed above 21 Dollars per barrel for the first time since the Soviet coup in mid-August, because of concerns about world crude supplies.

RUBBER: Quiet. Prices remained close to recent depressed levels although a slightly firmer trend was noticed on Far East futures markets towards the end of the week.

The International Natural Rubber Organisation (INRO) again resisted pressure to intervene despite prices staying below its "May-buy" level.

TEA: Firm. Demand remained firm at the weekly London auction. Average prices were unchanged at 200 pence for quality grade, 100 pence for medium grade and 75 pence for low medium.

COTTON: Weak. The price indicator on the Liverpool market fell to its lowest level since March 1989, depressed by weak demand.

The international cotton advisory committee forecast that world production would continue to exceed consumption in 1991-92 and that the gap could even widen.

Production was estimated at 19.7 million tons against 18.9 million the previous year. Consumption was put at 19.4 million tons against 18.8 million.

WOOL: Weak. Prices remained weak in Bradford, de-

pressed by the fall of the Australian market, due to lack of Japanese buying.

COFFEE: Weak. Prices fell early in the week to their lowest level for 16 years, before stabilising at lower levels.

Rain in Brazil, after two months of dry weather had given rise to speculation that the 1992-93 (May-April) harvest would be reduced, depressed the market.

The outcome of the International Coffee Organisation's (ICO) meeting in London was also judged disappointing despite the attempts of delegates to present it as positive.

Indonesian minister to visit China

JAKARTA, Oct 6: Indonesian Mines and Energy Minister Ghanjar Kartasasmita said on Friday he would visit China later this month to sign cooperation agreements on coal and energy development, reports Reuter.

Indonesia and China resumed diplomatic ties in August 1990. Jakarta froze relations with Beijing in 1967 after accusing China of backing

• Berthed = Vessel at Port Jetty
 •• ETA = Expected Time of Departure
 ••• ETA = Expected Time of Arrival
 •NA = Not Available
 ••ETB = Expected to Berth
 Source: Aquamarine Limited