

UAE may face huge costs to save reputation, prevent depositors' panic Confusion over BCCI shutdown

DUBAI, July 6: Abu Dhabi may face huge costs to save its reputation and prevent depositor panic following the shutdown of Bank of Credit and Commerce International SA (BCCI) amid allegations of global fraud, Gulf bankers say, reports Reuter.

Luxembourg-based BCCI, which controls about 20 billion dollars worldwide, is 77 per cent owned by Abu Dhabi interests, mainly by the family of Abu Dhabi ruler and President of the United Arab Emirates (UAE) Sheikh Zaid Bin Sultan Al-Nahayan.

The Bank of England led a coordinated strike by world financial authorities on Friday to freeze the assets of BCCI and Bank of Credit and Commerce Overseas.

Gulf Bankers saw little impact on other regional banks but said BCCI's large UAE presence through Bank of Commerce and Credit Emirates (BCEE) threatened to undermine local banking confidence and spark a run on the subsidiary's deposits unless the authorities clearly stated they would back the bank.

"We've got a serious situation developing here where clarification by the Central Bank and the Government is required", said the General Manager of another UAE Bank.

"Are they going to protect UAE depositors or not? The public needs to know."

The UAE news agency WAM said Sheikh Zaid left to spend a few days in Europe on Saturday but did not say where he was going.

One banker said BCCI was holding an emergency meeting BCEE sources said most of the top management were in Luxembourg.

Bank of England Governor Robin Leigh-Pemberton said the fraud arose from attempts by senior executives to conceal losses from BCCI's lending and treasury operations.

Pierre Jaans, Director of Luxembourg's Monetary Institute, said BCCI posted a huge operating loss "last year which had not been made public. By next week, it would not have had a future either in Luxembourg or Britain," he told reporters. BCCI holdings control a maze of banks stretching from London to New York, Nigeria, and Panama.

In January 1990, four BCCI

officials were found guilty in the United States of laundering drug money for former Panamanian leader Manuel Noriega.

Last year, the Abu Dhabi shareholders bailed out BCCI from losses of up to one billion dollars, bankers said.

The bank's 1989 financial report said the shareholders also committed themselves to maintaining its capital base, which means funding any further losses.

Abu Dhabi has used its banking flagship to handle large amounts of the Emirate's oil earnings.

The UAE central bank said on Friday it saw no irregularities in BCEE operations, but stopped short of saying it would back the bank, and did not say whether it had officially told BCCI to close.

BCCI's eight branches

around the UAE were closed on Saturday but the 17 BCEE branches were open.

BCCI Bahrain said it would not operate after the Muslim weekend. BNCCI in Oman was not immediately contactable.

The speed of the BOE action appeared to have taken the BCCI management by surprise. BCCI Lebanon Manager Asa'ad Abi Raji said he was operating but added: "I am trying to contact our head office in Abu Dhabi to find out what is happening."

In Amman, a senior Government official said the Bank's three Jordan branches, which have deposits of up to 130 million dollars, had been shut for three days and their assets frozen.

An estimated 10 per cent holding in BCCI by the Abu Dhabi Investment Authority (ADIA) could cause difficulties with other Arab banks but Gulf bankers expected no major impact on regional financial markets outside the UAE.

ADIA holds shares in several Arab institutions, including the two big Bahrain-based international banks Gulf International Bank and Arab Banking Corporation.

BCEE has no financial problem and it will continue to serve its valued depositors, customers, and clients, said BCEE Chairman Sheikh Nahayan Bin Mubarak Al-Nahayan, who is Sheikh Zaid's cousin.

A senior source at the bank said there had been no run on the bank's 5.09 billion dirhams (1.3 billion dollars) of customer deposits. We have been surprised, he said.

In the UAE share market, some BCEE stock holders wanting to get out could find no buyers, brokers said.

BCCI owns 40 per cent of BCEE, which has around one billion dirhams (272 million dollars) of its depositors' money banked with BCCI, UAE bankers said.

Clients, employees of BCCI shocked

LONDON, July 6: The dramatic closing of the Bank of Credit and Commerce International (BCCI) SA by authorities of seven countries came as a nasty shock to some of the bank's employees and customers on Friday, reports AP.

At the bank's Regent Street branch in London, bewildered customers stood reading a notice in the window explaining what had happened.

Ahmed Abdullah, a businessman from Kenya, said: "I should have known. I had a feeling things weren't going all that well, but I didn't know it would come to this."

Another man, who refused to give his name, said: "It's terrible — all my money. That's it. I'm going for a drink now."

A 50-year-old Pakistani accountant, who had come to make a withdrawal, said: "I

think the Bank of England should let us withdraw money. Mine is a very small account. My salary goes into it."

A clerk from the bank, who asked not to be identified, said he had no hint of the action until liquidators arrived at about 1.15 pm (12:15 GMT).

"That just came in, told everyone 'stop working' and gathered us together and explained what had happened. They would close the bank down and they told us to pick up our personal belongings and leave."

He said not only was he now out of a job but all his savings were with the bank.

The note in the window held out the hope to small investors that they might eventually get back three-quarters of their money up to 15,000 Pounds (Dollars 24,000) through the Bank of England's Deposit Protection Fund.

Moderate rise in share trading

Star Economic Report

The week began at Dhaka Stock Exchange (DSE) on Saturday with a moderate rise in trading.

But the DSE All Share Price Index, which is the broad indicator of price movements of all the listed stocks, lost to 306.9253 points from Thursday's 308.2845 with decliners domination in transactions.

In all 4,664 shares changed hands compared with Thursday's 3,114. Traded issues valued Taka 4,00,858.00 against Thursday's Taka 2,80,710.00.

Transactions involved thirty stocks. Of them thirteen lost, five gained and twelve remained unchanged at their previous valued prices.

IFIC Bank and NTC decline Taka 10.00 each to Taka 180.00 and Taka 270.00 respectively.

Bangladesh Thai Aluminium and National Bank lost Taka 5.00 and Taka 4.50 to Taka 90.00 and Taka 110.00.

UCBL and BGIC Insurance lost Taka 1.80 and Taka 1.50 to Taka 128.20 and Taka 112.00.

Green Delta Insurance, Howlader PVC, Dhaka Vegetable, Zeal Bangla Sugar, Oxyzen, Kohinor Chemical and Tallu Spinning declined within the range between Taka 0.02 and Taka 1.00.

Beximco Pharma gained Taka 1.85 to Taka 171.85.

National Tubes, Modern Dying, Beximco and Chittagong Cement moved up within the range between Taka 0.10 and Taka 1.00.

Import expenditures fall

Star Economic Report

The fiscal 1990-91 witnessed comparatively less expenditure on account of imports of foodgrains, yarn, transport spares than that of fiscal 1989-90, Bangladesh Economic Survey says.

For paying foodgrain import bills, Taka 1125 crore was spent in 1989-90 fiscal and Taka 1,118 crore spent during last fiscal. It means expenditure was one per cent less during the last fiscal than the previous year. The survey said, wheat was imported in 1990-91 instead of wheat with a view to saving reserve money.

A total of Taka 69 crore was saved from sugar import during the last fiscal. The expense for sugar import was Taka 43 crore in 1990-91 which is 61.6 per cent less than the previous fiscal.

The yarn import has also been reduced during the last fiscal saving Taka 20 crore reserve money. Taka 244 crore was spent for import of 62 million pound yarn in '89-90 but it was Taka 224 crore for 50 million pound yarn during the last year.

Meanwhile, expenditure for textile materials has been increased for importing textile products Taka 222 crore more was spent during the last fiscal compared to the previous year.

In 1989-90 the country imported cements worth Taka 286 crore. Cement import in 1990-91 valued at Taka 341 crore.

Drug materials and chemical products cost Taka 408 crore during last fiscal year while the amount of imported drug materials and chemical products was Taka 359 crore in 1989-90.

Price Barometer Essentials

July - 6	
RICE	(Taka per kg)
Amam (Very fine)	12.00-18.00
Amam (fine)	14.75-16.00
Pajam	13.00-14.00
Uthi	13.00-14.00
VEGETABLES	(Taka per kg)
Peas (White)	3.50-4.00
Brinjal	8.00-10.00
Lady's finger	12.00-13.00
Karola	5.00-7.00
Lalshak	5.00-6.00
Papa	6.00-8.00
Green Banana (Four Pieces)	6.00-8.00
OTHER FOODGRAN	(Taka per kg)
Flour	12.50-13.50
Atta	10.00-10.50
Wheat	8.00-8.50
Sua	17.00-18.00
FISH	(Taka per kg)
Ruhi (big)	140.00-160.00
Katla (big)	110.00-125.00
Hilsa	55.00-60.00
Pangas	80.00-90.00
Shrimp (big)	80.00-90.00
Singi	80.00-90.00
Koi	80.00-90.00
PULSES	(Taka per kg)
Muh	33.00-35.00
Mashur	27.00-28.00
Mogho	27.00-28.00
Chola	22.00-23.00
Matar	24.00-25.00
Khesari	16.00-18.00
MEAT	(Taka per kg)
Beef	80.00-90.00
Mutton	120.00-130.00
Mutton	44.00-45.00
Soybean	75.00-80.00
Cocunut (Columbin)	55.00-56.00
SPICES	(Taka Per kg)
Onion	15.00-16.00
Garlic	32.00-44.00
Chillia	65.00-70.00
Turmeric (Round)	52.00-60.00
" (Long)	52.00-60.00
Green chillies	20.00-24.00
Ginger	20.00-24.00
Cinnamon* (10gms)	3.00-3.50
Cardamom* (large)	3.50-4.00
Jhira (50gms)	7.00-8.00
MISCELLANEOUS	(Taka)
Ghee	220.00-240.00
Sugar	28.00
Molasses	18.00-22.00

Quoted Prices of Traded Stocks July-6

Bank	FM/ML	Closing	Change
AB Bank	100/5	182.00	unchanged
IFIC	100/5	180.00	(-10.00)
National Bank	100/5	180.00	(+4.50)
UCBL	100/5	128.20	(-1.50)
Insurance			
B G IC	100/10	112.00	(-1.50)
Green Delta	100/10	118.00	(-0.71)
United	100/10	118.00	unchanged
Engineering			
Alfa Automobiles	100/5	200.00	unchanged
Bangladesh Autocars	100/5	105.00	unchanged
B Thai Aluminium	100/10	90.00	(-5.00)
Handalar Pvc	100/10	100.00	(-0.83)
National Tube	100/10	109.00	(+0.50)
Revertek Japaneer	100/5	67.00	unchanged
Food & Allied			
Bengal Food	100/5	155.00	unchanged
Dhaka Vegetable	100/5	135.00	(-0.02)
Modern Industries	100/5	150.00	unchanged
N T C	100/5	270.00	(-10.00)
Rapun Oil	10/100	6.00	unchanged
Zeal Bangla Sugar	10/50	7.50	(-0.50)
Pharma & Chem			
Beximco Pharma	100/5	171.85	(+1.85)
Kohinor Chemical	100/5	71.00	(-0.45)
Paper & Printing			
Easton	10/50	13.00	unchanged
Textile			
Modern Dying	100/5	38.00	(+1.00)
Oxyzen Silk	10/100	6.00	unchanged
Tallu Spinning	100/10	117.39	(-0.61)
Miscellaneous			
Appa Tannery	100/5	147.00	unchanged
Bostone	10/100	9.00	(+0.10)
Chittagong Cement	100/5	159.07	(+0.57)
Umanita Glass	100/5	133.00	unchanged

*FM=Face Value, ML=Market Lot
*Change: Plus signs mean gain and (-) signs losses.

Dhaka Stock Exchange Market Profile July - 6

134 Listed Stocks

5 Gains 13 losers 116 Unchanged

116 Unchanged stocks include twelve traded on the day at its previous quoted prices.

DSE All Share Price Index = 306.9253

Issued Capital=Taka 5,439,680,590

Market Capitalisation = 8,770,469,686

Turnover = Taka 4,00,858.00 (Value) 4,664 (Volume).

World must agree on fairer trade: Brazil

RIO DE JANEIRO, July 6: Brazil, host for a key trade meeting next week, warned that the world must agree on a fairer way to buy and sell food or risk a new split between the starving and the well-fed, reports Reuter.

"The new division will not be north-south or east-west, but between nations producing so much food they have to diet and nations with so little they starve," said Brazilian Agriculture Minister Antonio Cabrera.

GENEVA, July 6: More than half of the Kuwaiti oil wells set on fire by Iraqi occupation forces during the Gulf war are still burning, a United Nations official said here Friday, reports AP.

Meanwhile, UN agencies attempting to assess the ecological damage caused by the Gulf war have so far received only a fraction of the finance needed to carry out their work.

Out of the 650 wells, 382 are still burning, according to Peter Schroeder, Director of the UN Environment Programme (UNEP) oceans and coastal area programmes.

About 50 fires have been put out naturally by ground water, and human fire-fighting efforts are ending another

Half of Kuwaiti oil wells still burning

dozen fires a week, he said.

But, Schroeder warned, even when the fires are out, wells can continue to pollute the area.

"Wells no longer burning continue to gush onto the land large quantities of oil that converge to form large oil lakes," he said.



The 10-day 'mango promotion festival' at Sheraton Hotel, sponsored keeping with the tempo of the season will end on July 10.

Country's slide stabilised, says Pavlov

MOSCOW, July 6: Soviet Prime Minister Valentin Pavlov told a meeting of republican leaders on Tuesday his government had stabilised the economy's slide but heavy overseas borrowing was still needed, reports Reuter.

The independent Interfax news agency quoted him as saying foreign debt could reach 44 billion Roubles (72.8 billion Dollars at the official exchange rate) by the end of the year, up from the 39 billion (65 billion Dollars) forecast earlier.

Pavlov blamed a ballooning hard currency budget deficit which had made the country dependent on new loans.

Soviet hard currency exports, primarily oil, have been dropping as production plunges because of lack of technology and investment.



JAKARTA: Some 300 traditionally clad dancers and musicians performed in a mass dance on the parade ground in front of the city's central fairground here recently during the opening ceremony of the one-month long annual Jakarta Fair.

India to liberalise industrial policy

NEW DELHI, July 6: Indian Minister of State for Industries PJ Kurien yesterday said that industrial policy would be liberalised with increases in foreign equity participation and ceiling for non-licensed industries, reports Xinhua.

Speaking at a news conference here Kurien said the liberalised policy would be announced only the budget session of parliament.

Following the directive of Prime Minister Narasimha Rao, who is in charge of industries, the ministry had already started working on the liberalisation, Kurien said.

Replying to the question if the government would raise foreign equity participation to 51 per cent from the present 40 per cent, Kurien said 'we will try to allow more foreign equity'.

He said the list for compulsory licensing would be reviewed and broad directions would be towards liberalisation.

He also said the government would attempt to provide easy credits to small-scale units as part of its efforts to encourage the sector.

Reforms in Indian economy stressed

NEW DELHI, July 6: Finance Minister Manmohan Singh Friday repeated his call for structural reforms in the Indian economy, saying a sharp devaluation of the Rupee was not enough to overcome a grave fiscal crisis, reports AFP.

"The time has come to act now, if we have to ensure that India is not marginalised in the comity of nations," he told a seminar here, adding that New Delhi must urgently undertake "a big structural reform."

The minister argued that India's crisis was basically structural. Rather than fiscal because of the wrong economic perception of years — a reference to the nearly 43 years of tight economic controls.

"This needs to be reversed if the economy is to become vibrant and globally competitive by releasing the vast creative energy in the country," Singh said.

On Wednesday, India's central bank cut the Rupee's exchange rate for the second time in three days.

Exchange Rates July - 6

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, (BCs) and Overseas Drafts (ODs)

One Unit of Foreign Currencies (FCs) for Taka

FCs	Selling	Buying
US Dollar	36.1226	35.6420
UK Pound Sterling	57.9809	57.2909
German Deutsche Mark	19.7499	19.4765
French Franc	5.8262	5.7459
Saudi Riyal	9.6636	9.5350
Dutch Guilder	19.5395	17.2835
Pakistan Rupee (AMU*)	1.4752	1.4613
Singapore Dollar	20.4672	20.1949
UAE Dirham	9.8687	9.7374
Kuwait Dinar		Not available
Indian Rupee		
AMU	1.3918	1.3784
S. Kroner	5.4640	5.3872

*AMU=Asian Monetary Unit

SECONDARY EXCHANGE MARKET

Wage Earners Fund/Export Performance Benefit (XPB) Fund

Performance	Buying	Selling
US Dollar	36.68	36.73
Sterling	58.91	58.96
UK Pound		
Saudi Riyal	9.81	9.86
UAE Dirham	10.02	10.07

* The rates of Pound Sterling are decided every day, based on the cross-rates of New York market

Source: Sonali Bank

Japan to set up unit in CEPZ

Japan will set up an industry in the Chittagong Export Processing Zone (CEPZ) at a cost of Taka 56.2 million to produce automobile parts, officials said in Dhaka Saturday, reports UNB.

It will be Japan's 17th industry in the CEPZ and implementation of all the Japanese industries there will create employment opportunity for about 3500 Bangladeshi workers.

The proposed Meiji Industries Limited, when fully operational, will manufacture more than 84 thousand pieces of automobile parts every year.

Japan is the largest investor in CEPZ with the 17 industries involving an expenditure of over Taka 1506 million, followed by USA with an investment of about Taka 984 million, a press release of Bangladesh Export Processing



JAKARTA: Some 300 traditionally clad dancers and musicians performed in a mass dance on the parade ground in front of the city's central fairground here recently during the opening ceremony of the one-month long annual Jakarta Fair.

Japan to set up unit in CEPZ

Zones Authority (BEPZA) said. South Korea is in the third position with 10 industries having an expenditure of Taka 323 million. The other industries are from Britain, Sweden, Holland, Hong Kong, Singapore, Thailand, Pakistan and India.

The Japanese enterprises of the CEPZ are reproducing, among others, electrical and electronic goods, fishing and golf equipment, ladies and children's under-garments, leather bags and gloves, fan motor and steel chain.

The BEPZA has so far sanctioned 72 industries for Chittagong Export Processing Zone. Of these, 38 are in operation and another six are under construction.

Implementation of all the 72 industries will create job opportunity for more than 25 thousand people.

Raw Jute July - 6

Kutcha bales FOB * Narayanganj/Daulatpur Varieties (Tk. per 100 Kg)

White	Tossa	Meshta
Medium 1313	1420	1125
Bot. (B) 1259	1367	1098
Bot. (C) 1125	1206	1045
Bot. (X) 991	1045	857

* FOB = Freight on board

White	Tossa	FOB
BT SPL	3400	565
BT A	3350	540
BTC	3200	490
BTD	2750	440
BTE	2450	390
BTE	2100	360

White Rejection (WRS)/Tossa Rejection (TRS): Habtaji, Cut Ropes

White/Tossa	Cutting	FOB
BWA	1500	235
BWB	1350	220
BTC	1650	250
BTCB	1550	235

Meshta

Spl.	FOB
A	1900
B	1800
C	1690
SPL Cuttings	1000
Ord. Cuttings	900
SMR	1125

* FOB ready = Narayanganj
* FOB sight = Chittagong/Mongla Ports. Indicative Price at which sales may be considered for EPC registration.

The \$ prices are exclusive of any selling commission, O. D. (Sight non-traditional/applicable to export bills). One \$ = Tk. 35.4956

* MT = Metric Ton

Imports/arrivals of Kutcha bales at Narayanganj were five to six thousand mounds while at Daulatpur at four to five thousand mounds. (One manund is equal to 37.3241 KGs.)

Source: Bangladesh Jute Association

Gold & Silver July - 6

(Taka per 100 pieces)

Gold	Buy	Sell
Cow	20,000.00	25,000.00
Light	40,000.00	45,000.00
Medium	50,000.00	55,000.00
Heavy	55,000.00	60,000.00
Very heavy	75,000.00	85,000.00
Rejected	30,000.00	35,000.00

Source: Department of Agricultural Marketing

Snippets

Dollar down in European trading

LONDON, July 6: The Dollar fell lower against most major currencies in European trading on Friday, depressed by weak US payroll figures and unease about possible central bank intervention, reports AP.

Gold prices rose.

Dealers said the main reason for the Dollar's fall was news that US employment outside agriculture fell by 50,000 in June, when investors had expected a rise of 8,000. Investors also showed no inclination to test whether central banks would intervene to stabilize currency rates.

Japan to axe 40,000 jobs

TOKYO, July 6: The Japanese Government said Friday it would cut its manpower by 4.52 per cent or 39,048 jobs in five years from next April, with 13,840 coming from the Posts and Telecommunications Ministry, reports AFP.

The National Government currently employs 863,254 people, excluding officers and soldiers of the self-defense forces who will not be affected by the reduction plan, officials said.

The plan, covering five years from 1992 in April next year, was approved by the cabinet of Prime Minister Toshiki Kaifu Friday, the officials said.

Lloyd's add Yslavia to its list

LONDON, July 6: The Lloyd's of London insurance market on Friday added Yugoslav Yslavia to its list of high-risk areas, reports AP.

Yugoslavia joins 13 other areas Lloyd's has designated around the world.

The committee in charge said normal minimum insurance rates would apply to marine cargo but it put air cargo rates on "held covered" status, which means insurers are free to set whatever rate they wish on a voyage-by-voyage basis.

Shares end higher on London's stocks

LONDON, July 6: Shares ended higher on London's Stock Exchange Friday, boosted by anticipation of a cut in Britain's 11.5 per cent base lending rate next week, reports AP.

But dealers stressed that volume was thin.

The Financial Times-Stock Exchange 100-share index finished 14.3 points, or 0.6 per cent, higher at 2,484.7.

The Financial Times 30-share index was up 6.8 points at 1,911.5 at 1500 GMT, its latest calculation. The Financial Times 500-share index rose 7.18 points to close at 1,319.71.