

Western experts dissatisfied with Soviet reform

MOSCOW, July 13: A group of western financial experts ended a G-7 preparatory visit to Moscow this week dissatisfied with progress on reform.

The independent economic expert, Sergei Aleksashenko, who attended a seminar with advisers to Soviet President Mikhail Gorbachev at the Foreign Ministry at the beginning of the week, said that "these experts are not satisfied with the situation in the Soviet Union."

The western experts were from the World Bank, the Organisation for Economic Co-operation and Development, the European Bank for Reconstruction and Development and from the International Monetary Fund (IMF).

The experts had told that they did not believe that the Soviet government was ready to direct economic reforms and said they were "surprised" by the low professional level of government officials.

These officials did not really understand what they wanted to receive in the economic field, Interfax said.

The western experts expressed concern at the lack of an agreement between Soviet republics on the problems of a single currency, taxes and the banking system.

They said that "in the absence of such agreements you will obtain nothing in London except vague promises," Aleksashenko said.

The experts were to report and make recommendations to the Summit of Seven leading industrial nations (G-7) which begins in London on Monday.

Thin trading at DSE

Star Economic Report The week began at Dhaka Stock Exchange (DSE) on Saturday with thin trading.

In all 2,695 shares and debentures changed hand compared with Thursday's 9,841. Traded issues valued Taka 2,33,561.50 against Thursday's Taka 3,24,986.00.

Decliners dominated transactions. And DSE All Share Price Index, which is the broad indicator of price movements of all the listed stocks, lost to 306.0478 points from Thursday's 307.6059.

Quoted Prices of Traded Stocks July - 13

Table with columns: Stock Name, Price, Change. Includes entries for A.B. Bank, IFCC, Green Delta, Bangladesh Automobiles, etc.

Dhaka Stock Exchange Market Profile July - 13

Summary of market performance: 134 Listed Stocks, 6 Gains, 11 Losers, 117 Unchanged. Includes DSE All Share Price Index and Market Capitalisation.

Pakistan for parallel banking system for Muslim states BCCI used for CIA operations

NEW YORK, July 13: The Luxembourg-based Bank of Credit and Commerce International, seized last week by international banking regulators, was used for Central Intelligence Agency (CIA) operations, the New York Times reported today, says Reuter.

Quoting US government and bank documents and current and former officials, the newspaper said the 19-year-old bank, which had mainly Arab investors and Pakistani management, was involved in secret arms deals.

It said the included the 1986 covert sale of American arms to Iran, using accounts that international arms dealer Adnan Khashoggi claimed in a 1987 interview that he controlled.

The CIA used the Bank to funnel money to Afghan rebels and ousted Panamanian strongman Manuel Noreiga used it for intelligence operations that he has said he engaged in largely at the CIA's behest.

Luxembourg allowed the 20 billion Dollar bank to operate with secrecy and under relatively lax regulation, the New York Times said.

The Bank operated in more than 70 countries and it's

hierarchy included heads of state and people with ties to intelligence agencies and armed services throughout the world, the newspaper said.

A leading investor in the bank, businessman Kamal Adham, formerly headed the Saudi Arabian Intelligence Agency, the New York Times said. One of his business partners was Raymond Close, the former CIA station chief in Saudi Arabia in the 1970s, the newspaper said.

AFP from Islamabad adds: Pakistan on Friday urged Muslim countries to develop parallel banking systems, following the BCCI setback.

"We cannot live under pressure for ever," Federal Minister for Industries and Interior Chaudhury Shujat Hussain told the Associated Press of Pakistan.

"The Muslim world, through its central banks, should seriously work on developing parallel banking systems for themselves," Hussain said.

He said the sudden freeze imposed on the BCCI by the Luxembourg authorities and the Bank of England had shocked the banking and business community.

The minister asked the Sheikh to arrange payments to small and middle class Pakistani depositors.

A report from Hong Kong says: A group of angry depositors of the local branch of BCCI Friday petitioned Beijing's representative office for help.

The group went to the headquarters of the Xinhua news agency to submit their petition asking the Chinese government to intervene, following an announcement by the British colonial government here that it had no intention of bailing out the local branch of the bank, BCCI, Hong Kong.

The spokesman of the group said, "all of us here believe we can not trust the British government anymore. It gives misleading information all the time, not keeping us informed."

Another report from Seoul adds: A major row is erupting between the South Korean government and foreign diplomats who had their deposits locked away when local authorities froze activities of the Seoul branch of the BCCI.

Incensed diplomats from 33 countries met late Thursday at a European em-

baassy in Seoul to coordinate strategy after a protest they filed with the Central Bank of Korea (BOK) went unheeded, diplomats said.

The diplomats said that 120 of their colleagues from 33 embassies have had part or all of their deposits frozen. In addition, the accounts of several embassies have been frozen, forcing some to cut back operations.

They have called on the South Korean government to intervene to allow them to withdraw their money, which several diplomats estimated at six million Dollars altogether.

AFP from Lagos writes: The Nigerian branch of the failed BCCI bank, the Bank of Credit and Commerce International Nigeria Limited, has been renamed African International Bank (AIB), the management said in Lagos.

The change, made with the agreement of the central bank, had nothing to do with the collapse of the world-based BCCI bank. Managing Director Abdulrahman Mahmud told a press conference.

He said the move had its origins in the takeover of the bank by Nigerians last year.



LONDON: A London hobby checks the security passes outside Lancaster House here July 12. Stringent security was in force in readiness for the start of G-7 Summit due to begin on July 15. — AFP photo

Long-term capital market plan taken up Security market depressed

The government has undertaken a long-time capital market development programme with the Asian Development Bank (ADB) assistance.

Inaugurating a workshop on capital markets in Dhaka on Saturday, State Minister for Finance Mujibur Rahman said a committee was examining recommendations of experts both from home and abroad and international agencies to introduce realistic programmes in the light of present capital market condition.

The Minister identified various disadvantages in the present capital market and said security market (bond, stock, share-debenture) was very depressed and disorganised compared to the non-security market (banking sector). He said market capitalisation is only 2 to 5 per cent of the national income. In this stage, the non-security market undergoes uncalled for pressure for investment while the investors have to go for risky loan receiving, he added.

Not only this, the State

Minister said, the small savings can hardly be transferred to investment as a result of the absence of direct communication between the investors and the depositors in this circumstances.

He also said that incomplete perception about capital market, lack in skilled manpower and institutional complexities and that in the concerned laws could be identified as main impediments in the way of reorganising the capital market.

Listing development of the industrial sector as an indispensable prerequisite to the speedy development of the economy, the State Minister said that the role of an active and organised capital market was very much important to achieve that goal.

The Minister said the government had taken various important measures for rejuvenating the national economy which was shattered during the long autocratic rule. He said the government had also taken bold steps for intro-

ducing market-oriented economy through such measures including reform in the financial sector, amendment to the company law, amendment to the functioning of Exchange Control Regulation, Introduction of the Banking Company Ordinance '91 and introduction of value added tax (VAT) system.

Jointly organised by the Government of Bangladesh, UNDP and DCCI, the five-day workshop is being conducted by a team of consultants from the Unit Trust of India (UTI).

The inaugural function was also addressed, among others, by Additional Secretary of the Ministry of Finance, Dr Haroon-ur-Rashid, and the UNDP Representative Mr Kishore Tandon. DCCI President Mahbubur Rahman was also present.

Professionals from the Ministry of Finance, various development financial institutions, banks, trade bodies and private sector institutions are taking part in the workshop.

Gorbachev's letter fantastic, says Bush

KENNEBUNKPORT (Maine), July 13: President George Bush said Friday that a letter from Soviet President Mikhail Gorbachev to world leaders had not eased all of his concerns over Soviet reform plans, reports AFP.

Bush told reporters at his summer home in Maine that he had been fully briefed on the 23-page letter Gorbachev sent Thursday to leaders of the seven major industrialised nations who are to meet the Soviet President after their summit in London next week.

"It's a fantastic letter. We've got some differences with it," Bush said.

Gorbachev is to outline reform plans to the leaders of the United States, Japan, Canada, Britain, France, Germany and Italy in hopes of obtaining western backing to help implement the programme.

Brent Scowcroft, Bush's national security adviser, described the letter as a "broad" description of Soviet economic reform plans but said it contained the same kinds of things that we've seen before."

OEFC to help develop Ctg Airport

Hiroto Arakawa, Director, Overseas Economic Corporation Fund (OEFC) said that OEFC would undertake development work of Chittagong airport for its upgradation to an international airport.

Arakawa's assurance came in the wake of his meeting with Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Alhaj Akram Hossain at Federation Bhabon on Saturday.

Arakawa's visit was aimed at obtaining the views of FBCCI for development of Chittagong Airport into an international airport. For that purpose, Arakawa wanted to know the three inter-related information such as, climate of foreign investment in Bangladesh particularly in Chittagong area after recent devastating tidal surge and cyclone, impact of export processing zones at Dhaka and future expansion of EPZ in Chittagong.

The FBCCI President ex-

plained that the government has been taking all out efforts to regain momentum in the economic activities in Chittagong Area.

Business climate in Bangladesh particularly for foreign investment is encouraging since government has liberalised the foreign investment policy which ensured easy

repatriation of profit and provides guarantee against nationalisation.

The private sector also welcomes foreign investment particularly through joint venture and other collaboration arrangements, he added. He also said the foreign investment in Bangladesh can play pioneering role in training the labour

Alhaj Md Akram Hussain President, Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) holds talks with Hiroto Arakawa (2nd from left), Director The Overseas Economic Cooperation Fund (OEFC) on Saturday at Federation Bhabon.

Singapore-Soviet duty free shop soon SINGAPORE, July 13: The first Singapore-Soviet duty free shop will open later this year at the Russian republic's Black Sea resort of Sochi, 1,400 kilometres (900 miles) south of Moscow, Press reports here said Saturday, reports AFP.

OPEC output to top 28m BPD in late '91

KUWAIT CITY, July 13: Oil production of the 13-nation Organization of Petroleum Exporting Countries (OPEC) will reach 28.2 million barrels per day by the end of this year, an OPEC report, released here said yesterday, reports Xinhua.

OPEC's Middle East states will produce 19 million BPD, the report predicted.

Earlier reports said that Saudi Arabia alone has been pumping out 8 million BPD because Kuwait asked Riyadh to make up for the quota of 1.5 million BPD on its behalf and Iraq has been banned from exporting oil.

Even during the Gulf crisis triggered by Iraq's invasion of Kuwait, OPEC turned out 24 million BPD (excluding those from Kuwait and Iraq), registering an increase of nearly one quarter over the daily output before the crisis, the report said.

OPEC oil revenues reached 165.8 billion US dollars in 1990, about 30 per cent

UN aid plan for Afghanistan

KABUL, July 13: The United Nations plans to spend \$2 billion on a massive aid package for Afghanistan in direct purchases from the Russian market with a view to developing future trade links between the Soviet republics and Kabul, reports AFP.

The strategy envisaged under a UN Multi-purpose Rehabilitation Fund (MRF) from Moscow's 400 million Rouble (60 million Dollar) pledge is to purchase "practical items" needed for the reconstruction of the war-torn country and to draw the maximum benefit from the pledge as quickly as possible.

"We hope to draw as much as possible from the Soviet pledge because it is going to be a challenge for Moscow to stick to its commitments," a UN diplomat said, referring to the growing economic chaos in the Soviet Union.

African bank try to rescue fund from BCCI

ABIDJAN (Ivory Coast), July 13: The African Development Bank is sending a delegation to London to try to rescue funds blocked in the collapse of the Bank of Credit and Commerce International, a spokesman said Friday, reports AP.

The spokesman, who requested anonymity, confirmed growing fears in the region of a backlash that could affect already weak local banks, as well as heavily indebted governments that bank with the London-based BCCI.

Financial sources in Abidjan cited as an example the government of Cameroon, which they said had as much as a third of its total foreign exchange reserves, estimated at \$200 million, in BCCI accounts.

Treasury officials at the African Development Bank refused to say how much of the bank's money has been frozen since BCCI was shut down in most countries last week in an international swoop orchestrated by the Bank of England.

Move to down Dollar

WASHINGTON, July 13: The US Federal Reserve and other major central banks intervened on exchange markets Friday to move the Dollar down, according to a high-level US official, reports AFP.

"I can confirm" the actions of the central banks and "it's accurate that the Fed participated," said the official speaking on condition of anonymity.

"Nobody is ruling out intervention," he continued, noting that "with a certain amount of intervention, but not too much," the Dollar has remained relatively stable for the past five years.

Treasury Secretary Nicholas Brady played down the Dollar's recent climb Thursday night and said that it did not threaten the growth of US exports.

summit meeting Monday in London.

On the summit, the secretary said Friday the final communiqué issued at the end of the meeting they would be published along the same lines as the one published after the last round of talks June 23 G-7 finance ministers and central banks.

"I will be very surprised that this communiqué will be much different" from the one published three weeks ago which stressed the need for economic growth, price stability and policies aimed at lowering interest rates, said Brady.

Exchange Rates July - 13

Table of exchange rates for various currencies including US Dollar, UK Pound Sterling, German Deutsche Mark, French Franc, etc.

Snippets

Dollar climbs, gold drops NEW YORK, July 13 The Dollar strengthened against major currencies at the end of the day Thursday strengthened by the Bundesbank's decision to leave its main interest rates unchanged, while gold moved lower, reports AFP.

Struggles for freedom from Soviet economy

ULAN BATOR (Mongolia), July 13: Mongolians are celebrating 70 years of independence from China in the midst of a struggle to overcome the legacy of a planned economy and total dependence on the Soviet Union, reports AP.

Soviet industrial output to shrink

MOSCOW, July 13: Soviet industrial output will shrink and 13 per cent of the country's enterprises will go bankrupt as a result of new legislation being considered by parliament, the official news agency Tass said on Thursday, reports Reuter.

The Bill, approved at a first reading on Wednesday will abolish state subsidies for unprofitable enterprises, Tass said.

It quoted First Deputy Prime Minister Vladimir Shecherbakov as saying the bill would lead to "the bankruptcy of 13 per cent of the country's enterprises and contraction of industrial output by three to five per cent."

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Korean Ambassador Jai Chun Lee called on DCCI President Mahbubur Rahman on Thursday at the Chamber Office. They discussed various aspects of strengthening further economic co-operation including Korean investment in Bangladesh.