

Alleged Pak army spy held in Afghanistan

ISLAMABAD, July 26 : Afghan authorities said on Thursday they arrested a Pakistani army soldier engaged in spying and helping Mujahideen fighting the Soviet-backed Kabul government, reports Reuters.

The soldier was arrested on Wednesday night in the Surkh Rud area of the eastern province of Nangarhar bordering Pakistan, official Kabul Radio said.

The broadcast, monitored in the Pakistani capital Islamabad, identified the man as Mohammad Asif. It did not give his rank.

Afghanistan has often accused Pakistan of sending its troops to fight alongside western-backed Mujahideen in their 13 years, of war with the Kabul government.

SAARC secy in Delhi

NEW DELHI, July 26 : The new SAARC Secretary General Ibrahim Hussain Zaki is arriving here today to discuss matters relating to the SAARC summit to be held in Colombo in November, reports PTI.

A bank of crooks and criminals: Robert Gates

BCCI ran a secret network to fund Pak, Libyan bid for N-arms ?

LONDON, July 26 : The Bank of Credit and Commerce International ran a secret worldwide cash-transmission network to fund a joint effort by Argentina, Libya and Pakistan to acquire nuclear arms, the Guardian reported Friday, says AP.

The liberal British newspaper said its information was based on sources inside and outside the bank and interviews with dissident Pakistanis in exile. It did not name any of them.

BCCI operations in dozens of countries were closed July 5 after the Bank of England received what it described as evidence of huge fraud.

"It is likely that many of the black holes in BCCI's accounts totaling 10 billion dollars so far, and rising — can be put down to transactions connected with the nuclear bomb project," the Guardian reported.

It said the network operated for more than a decade to provide huge sums for a series of attempts to buy nuclear bomb components, adding that some of those attempts were successful.

It said BCCI also arranged air freight, shipping and insurance for the components and provided agents of the secret consortium with operating money and legal counsel if they were arrested and faced criminal charges. It said agents were arrested in the Netherlands in 1983 but gave no details.

It claimed that a friendship between the bank's founder, Pakistani financier Agha Hassan Abedi, and the late Gen. Zia (Ul-Haq), Pakistan's long-time military strongman, made the bank an obvious choice to service agents of the consortium.

The Guardian also on Friday quoted unnamed intelligence

sources as saying BCCI was used as a conduit for payments to nearly 500 Britons on the payroll of the U S central intelligence Agency.

It said the payments were made over 10 years to two BCCI branches in London.

The sources said the Britons included people in government and politics, business, academia, science, and the media.

On Thursday, the Guardian reported that Kuwait had deposited 60 million dollars in BCCI for the Abu Nidal terrorist group.

The newspaper quoted what it said was a confidential French secret service document, dated February 1988, that said the Kuwaiti Embassy in London paid funds into Abu Nidal's account in 1987.

On Thursday, Pakistan Finance Minister Sartaj Aziz ordered an investigation into

allegations that the BCCI acted as a conduit for covert US aid to the Muslim resistance in Afghanistan. He stressed that his government had "absolutely no proof" of any wrongdoing.

Banking regulators worldwide charge BCCI with widespread criminal and fraudulent activity. The BCCI shut down operations in dozens of countries on July 5 after the Bank of England received what it described as evidence of a huge fraud.

AFP adds: Robert Gates, the man tipped to head the CIA, knew some years ago about the illegal activities of the Bank of Credit and Commerce International (BCCI), according to current and former government officials.

Former U S Customs Commissioner William Von Raab said Gates, then Deputy Director of the Central Intelligence Agency (CIA), called BCCI "the bank of crooks and criminals"

during a 1988 conversation.

Von Raab said Gates had given him a report five or six pages long on BCCI's owners and activities in response to his request for information on the bank, which recently became the center of a worldwide fraud and drug-trafficking scandal after losing some 15 billion dollars.

The report detailed BCCI's establishment in 1972 by a Pakistani banker to manage burgeoning oil revenues in the Arab states and its conversion after oil prices fell.

"It converted to an all-purpose bank, but particularly illicit purposes", Von Raab quoted Gates report as saying.

According to law enforcement sources, the CIA channelled money through BCCI accounts to aid guerillas in Afghanistan, Nicaragua and other countries during the 1980s.

Bush assures Syria of Israeli pullout from all fronts

DAMASCUS, July 26 : Foreign Minister Farouk Sharaa says President Bush had assured Syria that Israel would withdraw from all fronts, including the Golan Heights, as part of a peace agreement, reports AP.

But a Bush administration official says the United States had not taken a new position, and merely repeated to Syria that it agrees with UN resolutions saying that "land for peace applies to all the fronts, including the Golan Heights."

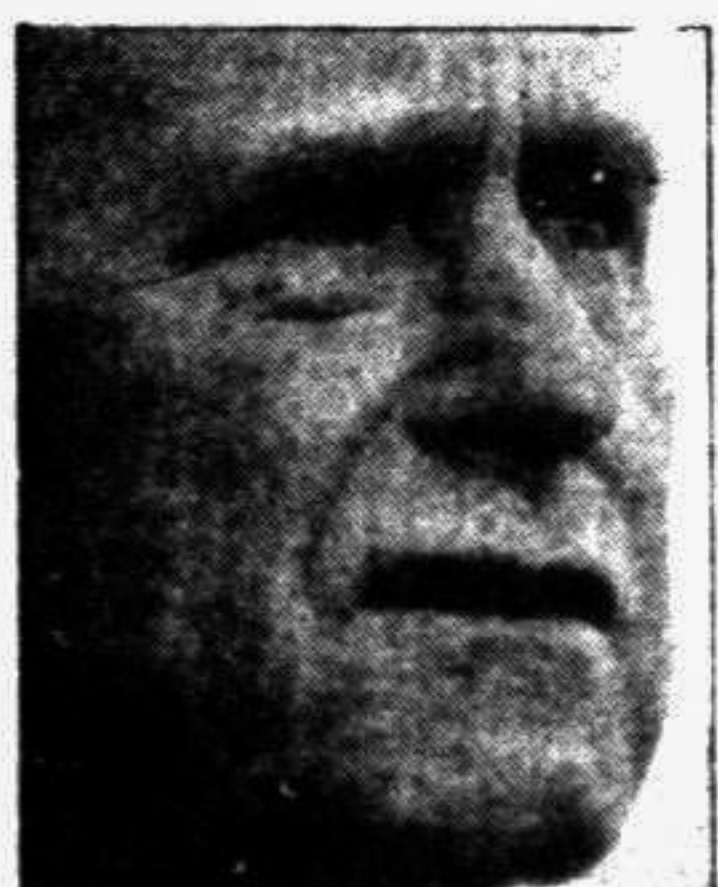
In Jerusalem, an aide to Prime Minister Yitzhak Shamir said Israel would not agree to any "land-for-peace" deal and said that if the United States had made such a pledge, it cast doubt on Washington's peacemaking role.

"Israel expects the United States to be an honest broker," said the statement from Yossi Achmeir, director of Shamir's office. The United States "should not stand alongside Syria against Israel on these positions."

The Thursday developments came as the United States and Arab nations awaited Israel's response to Secretary of State James Baker III's proposals for a peace conference.

Syria, Egypt, Lebanon and Jordan have agreed to attend the conference, and Saudi Arabia has said it will attend as an observer.

A reporter asked Sharaa a



Bush

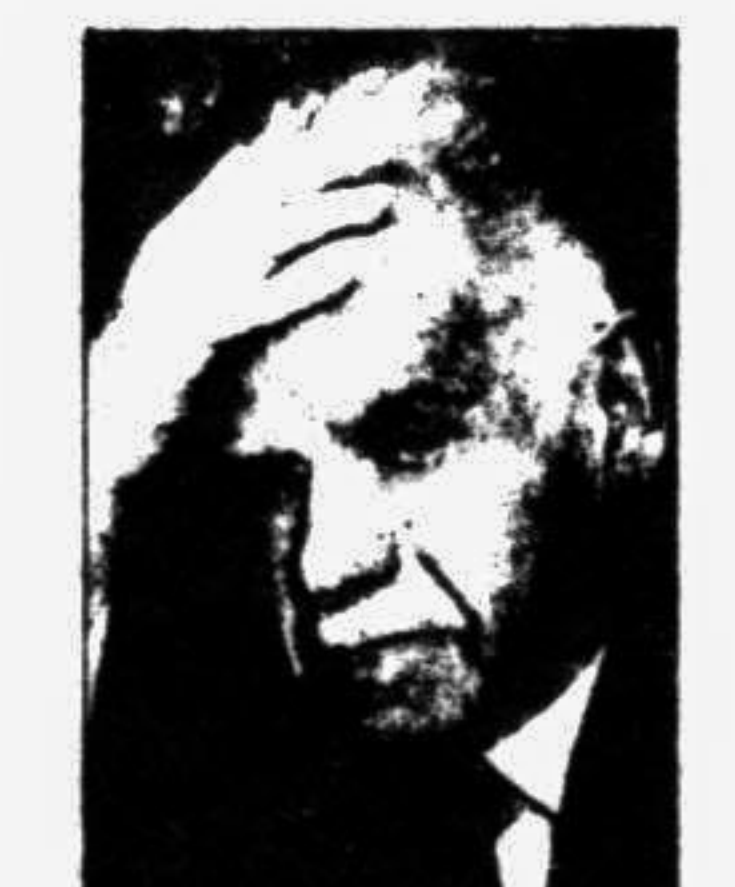
news conference in Damascus. "Did Bush really mention withdrawal from all fronts?"

Sharaa responded, "Yes, yes, and the American administration's rejection of the annexation of one centimeter of the Golan Heights."

He also said, "this American stand, as Bush expressed in his letter, is the one which gave us a glimmer of hope in the possibility of reaching a comprehensive and just peace in the region."

He apparently was referring to a letter Bush sent Syrian President Hafez Assad proposing a peace conference.

"All the territories occupied by Israel in the 1967 war should be restored to the Arabs in a peaceful settlement. They should be the outcome of the peace conference."



Shamir

Geography does not achieve Israeli security," Sharaa said. Israel captured the Golan Heights from Syria in the 1967 Middle East war and annexed the territory in December 1981.

It also captured the West Bank from Jordan and the Gaza Strip from Egypt in the 1967 war.

A Bush administration official said the president had outlined to Syria its view of two U.N. Security Council resolutions. Resolution 242 calls for Israeli withdrawal from the territories it occupied in 1967. Resolution 338 calls on all parties to negotiate peace.

"What the president said was that we consider that 242 and 338, that is land for peace, applies to all the fronts, including the Golan Heights. And

therefore we do not recognise the unilateral extension of Israeli law, in other words the annexation of the Golan Heights.... That isn't new."

Shamir's top political adviser, Yossi Ben-Aharon, had said before Sharaa's remarks were reported that Israel would not concede the Golan Heights.

Two other obstacles to peace emerged: Israeli left-wingers disclosed secret government plans to build up to 4,000 more housing units in the occupied territories, and Israel on Thursday opened an office to register private property in the West Bank.

The opening of a property office in Ariel, the largest Jewish city-settlement, appeared to fasten Israel's grip on the West Bank.

Bush, meanwhile, made another appeal to the Israelis to "respond favorably to this historic opportunity for peace and security."

"I know the Palestinians are closely examining their choices," he added Thursday in remarks prepared for a convention of the Antiochian Orthodox Christians. "Here, too, I would ask only that they do everything possible to take advantage of this unprecedented situation to attain their legitimate rights and at the same time further the cause of peace."

BRIEFLY

UN talks on Iraqi oil sale put off : The UN Security Council Thursday postponed consultations on a resolution which would set the terms of a one-time sale of Iraqi oil to buy food and other basic necessities, reports AFP from New York.

The 15 council members have begun consultations on the resolution which would include a mechanism to control the funds generated by those oil exports, the purchase of foods and medicine, and the local distribution of those goods.

Britain and the United States have insisted that the resolution's text must compel Iraq to disclose the actual amount of its foreign currency and gold reserves.

In addition, diplomats were expecting the resolution to outline funding mechanisms for UN special commissions responsible for Iraqi war damages and the destruction of Baghdad's nuclear capabilities.

Walesa firm to stop anarchy : President Lech Walesa said Thursday that he would resort to force to stop a spread of anarchy and to quell big strikes "to same Poland," reports AFP from Warsaw.

In an emergency situation, he would declare a "state of emergency," which would suspend civil right and allow the President the right to govern by decree.

Mr Walesa told the *Standart Miodzy* magazine in that case he would call on the national security council, composed of army and police representatives, to act.

Mr Walesa said that he did not have any intention of "introducing dictatorship" in Poland but that he was ready to "bar the road to anarchy" and to support the triumph of democracy.

"If it is necessary, I will fight alone against all to save the country and will oppose the anarchy that some consider a danger (for Poland) at the same time as others see it as a chance to accede to power," he said without naming any person in particular.

100 foreign newsmen in Iraq : About 100 foreign correspondents from around the world have arrived here in the past 24 hours in anticipation of renewed US attacks on Iraq, reports AFP from Baghdad.

At least 12 television networks including the US cable news network and British Viwes and ITN, along with print journalists are currently grouped in a Baghdad press centre from where correspondents covered the first allied raids on the capital on January 16.

The United States has hinted at a possible resumption of military action if Iraq failed to disclose all aspects of its nuclear programme by July 25.

As the deadline fell, a White House spokesman said Iraq had still not complied with a United Nations requirement to disclose all information on its nuclear installations but stressed that Thursday was not a deadline for military action.

British troops in Germany to be cut : The number of British troops stationed in Germany will be reduced in the next five years from the present 70,000 to 30,000, a high-ranking British military official said yesterday, reports Xinhua from Bonn.

General Peter Inge, Commander-in-Chief of British troops stationed with the Rhine army, said Britain was negotiating with German authorities in order to decide the future of British troops in Germany.

General Inge said Britain would retain 23,000 soldiers in Germany and 7,000 air force personnel.

The United States, the Soviet Union, France, Canada and Belgium have announced that they would withdraw or reduce their troops deployed in Germany.

UK writes off \$550m Egyptian debt : Britain and Egypt signed an agreement here Thursday writing off some 340 million pounds (\$550m dollars) of Egyptian debt, reports AFP from London.

The agreement signed by Foreign Minister Douglas Hurd and his Egyptian counterpart Amar Moussa, came on the third day of Egyptian President Hosni Mubarak's state visit to Britain, the first by an Egyptian leader.

Under the accord, Britain will also convert a 7.4 million pounds (12.3 million dollars) loan for a phosphate project in Western Sabaya into a grant.

The debt write-off was in the framework of a Paris club agreement on third world debt.

Fourth IAEA team off to Iraq : A fourth team of the international atomic energy agency left Vienna on Thursday for inspection of Iraq's nuclear programmes, reports Xinhua from Vienna.

Dr Hans Blic, chief of the agency, told a press conference that the dispatch of the 15-member team was motivated by the failure of the three previous teams to see all of Iraq's nuclear programmes.

He noted that the UN agency had not gained full knowledge of Iraq's nuclear capacities, in particular about its possession of enriched uranium, a key material used in making nuclear weapons.

Soon after the end of the Gulf War in March this year, the United Nations adopted a resolution demanding Iraq destroy its nuclear industry and reveal its nuclear programmes.

Mandela visits Cuba : African National Congress President Nelson Mandela arrived in Havana Thursday, and joined President Fidel Castro in dedicating facilities to be used in the upcoming Panamerican games hosted by Cuba, reports AFP from Havana.

The black South African leader, who arrived from Jamaica as part of a regional tour, joined the Cuban President in a ceremony opening and athletes' residence complex to be used by athletes in games due August 2-18.

Mr Castro commended his guest for "the enormous contribution (he) is making in a decisive period of his historic struggle for justice in his country, for equality, against racism, against apartheid."

Mr Mandela is on a tour that will also take him to Venezuela, Mexico, Argentina and Brazil.

Croats, Federal troops heading towards all-out war : 20 killed

BELOGRADE, July 26 : Croats battled federal troops in Croatian areas bordering Serbia on Thursday, escalating fears the secession crisis is heading towards all-out war. At least 18 militiamen and a federal army sergeant were reported killed, says AP.

A session of Yugoslavia's federal collective presidency was called for Friday to discuss the fighting in Croatia, which declared its independence June 25 along with neighbouring Slovenia.

Combat in Croatia in recent months has been mainly between Croatian militiamen and armed ethnic Serbs. The Serb-dominated army said it was trying to separate the warring parties, but federal troops increasingly have become en-

gaged in open clashes with Croatian forces.

The national army fought bitterly with Slovenia's militia following the declaration of independence, but a cease-fire has been holding for three weeks and the army is withdrawing from that northern republic.

Fighting was reported in several towns Thursday around Slovenia, an area of eastern Croatia where many ethnic Serbs live.

The worst battles occurred near Erdut, about 60 miles (100 kilometers) northwest of the federal capital, Belgrade, which is in Serbia.

At least 15 Croatian militiamen were killed and 27 wounded in the fighting, which began before dawn.

Croatia's Defense Ministry said. An army statement said federal troops suffered no casualties in "one battle near a bridge over the Danube River, Croatia's eastern border with Serbia."

Croatian Defense Minister Sime Djodan told reporters his republic was "preparing for a defensive war with all available means." The war "will be tough and long, but Serbia will not emerge victorious," he said.

Serbia adamantly independence for Croatia, unless Croatian areas inhabited by ethnic Serbs are allowed to unite with Serbia.

Croatia President Franjo Tudjman walked out of a summit of Yugoslav leaders Monday after they demanded

Croatia's militia disarm. He urged Croatians to be prepared for war.

The state news agency Tanjug said the eight-member federal presidency would meet Friday to consider "the situation in Croatia and the engagement of the Yugoslav army," there.

Jordan charged Thursday's clashes were proof "that the Yugoslav army is attacking Croatia."

A Defense Ministry official, who agreed to discuss developments only if granted anonymity, said the federal army had trucked in about 3,000 reservists from Serbia to reinforce its forces in Zagreb on Thursday. Another convoy of reservists was en route to the Croatian capital from Serbia, he said.

There was no independent confirmation of federal troop movements or immediate comment from the army.

Assam rebels extend deadline for killing hostages

GUWAHATI (India), July 26 : A Maoist guerrilla group said on Thursday it wanted more details of a government move to free hundreds of its jailed activists before freeing any of their nine Indian hostages, reports Reuters.

The United Liberation Front of Assam (ULFA) extended a Friday deadline for killing or freeing two of its hostages, giving the state government until next Wednesday to publish a list of names and addresses of all freed detainees in local newspapers.

"We will then check it against our own records," ULFA said in a statement in Assamese, "if the Assam government tries to show its strength and acts arrogantly, it is the government which will bear the consequences."

Off the Record

Mitterrand, Elizabeth are cousins

LONDON : President Francois Mitterrand of France and Britain's Queen Elizabeth II are cousins who trace their common ancestry to the mother of King George I of England, Burke's Peerage said Wednesday, reports AP.

"Mitterrand and the Queen are fourth or fifth cousins," publishing director Harold Brooks-Baker said in an interview. US President Bush and former President Reagan are also related to the queen, but Bush is a 13th cousin twice removed and Reagan is an even more distant cousin, he said.

Bush is also a very distant cousin of Mitterrand, he added. Burke's Peerage researched Mitterrand's ancestry in 1981 when he became president, as it does all major heads of state, Brooks-Baker said. French genealogists, including some working with Burke's Peerage, have continued the research, he added.

"We were surprised to find this kinship with the queen," Brooks-Baker said.



MOSCOW : A street seller on Moscow's busy Arbat street poses with two 'Matrioshka' dolls painted as Soviet President Gorbachev and American President Bush Thursday. The two men are due to meet for a historic summit in Moscow. — AFP photo

Sadraddin owner of a horse-breeding farm

DUBLIN (Ireland) : A High Court judge in Dublin ruled Thursday that Prince Sadraddin Aga Khan is the rightful owner of a large horse-breeding farm in Ireland, reports AP. Judge Frederick Morris gave a Japanese millionaire six months to vacate the 1,200-acre (485-hectare) Giltown stud farm in County Kildare, 30 miles (48 kms) west of Dublin.

But Morris issued a stay on the order for Yoshiki Akazawa to move out in the event of an appeal to the Supreme Court, which must be lodged within 21 days.

Giltown was sold by the prince's grandfather in 1970 to help pay family death duties. The chain of events leading to Thursday's High Court ruling began in the late 1980s when the prince, one of the world's leading horse breeders, decided he wanted Giltown back in the family.

Fire in Chamber of Horrors

LONDON : Firefighters found headless corpses and prisoners stretched on the rack Thursday when they were called to investigate a report of smoke — in Madame Tussaud's waxworks Chamber of Horrors, reports AP.

Satisfied that the grisly figures were not in danger of melting, and more to the point that they were not real people, they left them where they were in the waxworks museum.

Firefighters were called to Tussauds after smoke was seen coming from the chamber, one of the most popular exhibits in the museum. The exhibit features representations of murderers, executions, tortures and other bloody horrors.

They discovered that smoke had been drawn into the room through the ventilation system from a fire on the roof. The fire was out by the time they arrived.

No one was injured, none of the exhibits were damaged and the museum reopened later.

Chatichai indicted for corruption

BANGKOK, July 26 : Former Thai Prime Minister Chatichai Choonhavan, overthrown in a coup early this year, was accused of corruption today by an anti-graft committee, reports AFP.

The committee, set up by the military junta which seized power in February, said the 71-year-old former Premier had amassed a fortune during this three years in office.

Officials refused to go into details of how much Mr Chatichai, now living in self-imposed exile in London, had collected but said they had discovered huge amounts of money in various bank accounts.

Shortly after the coup Mr Chatichai's bank accounts, along with those of members of his government, were frozen while the military-appointed committee investigated his affairs.

One of the main reasons given by the Army for the coup

