

BCCI used Pak girls for ME clients

WASHINGTON, Mar 19: The Bank of Credit and Commerce hired Pakistani girls as prostitutes for wealthy Middle Eastern clients, a former manager of the bank told a Senate hearing on Wednesday, reports Reuter.

"That happened, yes," Nazir Chinoy said at a Senate Foreign Relations Committee hearing when asked if BCCI had hired prostitutes. "I heard that they were young girls, in their teens," he said.

Chinoy said the girls were hired by BCCI's protocol department based in Pakistan, which he said was set up to greet and entertain wealthy clients when they visited the country. The department had about 450 employees, including 100 chauffeurs, and spent up to six million dollars a year, he added.

Chinoy said he did not know of any other bank that had a similar department.

Chinoy, who was born in India, joined BCCI in 1978 and worked for it in several countries including Pakistan and France, where he was General Manager in Paris.

He was pleaded guilty to US money laundering charges in Florida and is awaiting sentencing. Chinoy is coop-

erating with the Justice Department in its investigation of BCCI.

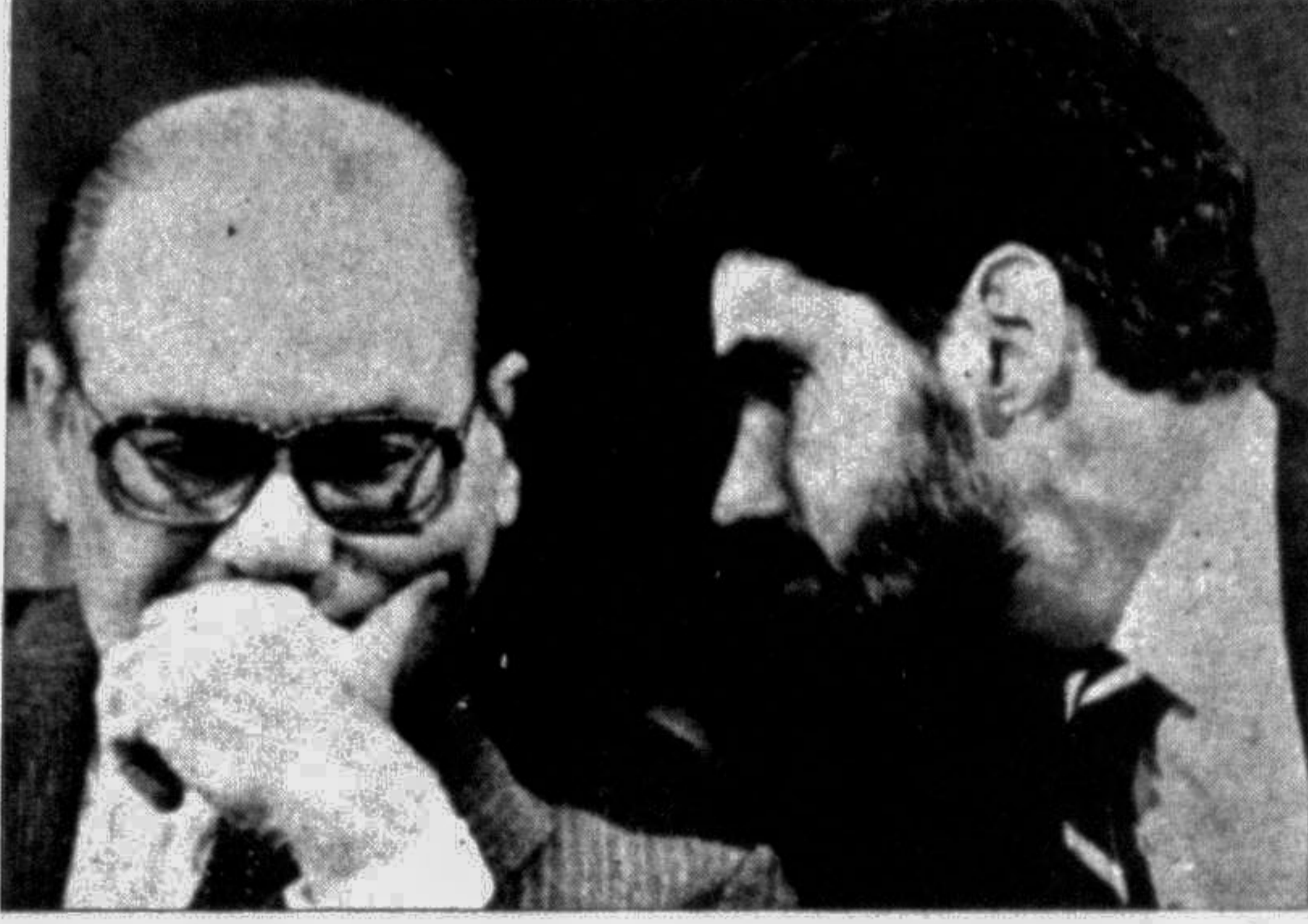
Bank regulators around the world shut down BCCI's world-wide operation last

July 5, charging that the Luxembourg-based bank engaged in massive fraud.

The bank has pleaded guilty to US racketeering charges and agreed to forfeit 550

million dollar in seized US assets.

US authorities say BCCI secretly controlled banks in Washington and Georgia.



WASHINGTON: Former Manager of the BCCI, Paris, Nazir Chinoy (L) listening to his attorney John Lauro during a hearing at the Sub-committee on Terrorism, Narcotics & International Operations on March 18. Chinoy testified on BCCI's dealings with arms merchants. —AFP photo

Manila prefers Boeing to Airbus

BANOKOK, Mar 19: The government has given Thai Airways International (THAI) the go-ahead to purchase more Boeing aircraft and opposed a plan to also buy European-built Airbus planes, officials said Wednesday, reports AFP.

But industry sources pointed out that Thailand's national airline was virtually certain to ask for reconsideration of Tuesday's cabinet decision when a new government was formed here following elections on Sunday.

THAI had asked the government to allow the purchase between 1996-98 of 19 aircraft — seven a 330-300 Airbus planes, eight Boeing -777 and four Boeing -747.

Total cost for the planned purchases amounted to 69,000 million baht (2.76 billion dollar), according to the English-language daily Bangkok Post.

The Post quoted THAI President Veera Kitchathorn as saying the government found the planned purchases too costly.

THAI's fleet is made up of 60 aircraft, including 29 Airbus and 17 Boeing aircraft.

The airline has firm orders for 13 Airbus planes to be delivered 1992-94 and 15 Boeing aircraft to be handed over 1992-96, according to industry sources.

OPEC almost reaches its production cut target

NEW YORK, Mar 19: OPEC has slashed its oil production by nearly as much as it promised at its last meeting in February, a Reuter survey of oil executives and analysts shows.

But traders still wonder if the cartel will be able to keep its quota discipline long enough to mop up excess supplies.

Preliminary figures indicate the Organisation of Petroleum Exporting Countries reduced output to 23.16 million barrels a day in the first half of March.

down 1.1 million barrels from February's daily total of 24.28 million.

Faced with a possible price collapse, the cartel lowered output to 22.982 million barrels from mid-February through June in a bid to head off a price collapse after the winter heating season ended.

They are probably as close to their target as they are going to get, one oil company executive told Reuters.

Most observers were not

surprised that OPEC had moved so quickly to implement the cuts.

They said that OPEC needed to take swift action to persuade oil traders that it was serious about removing surplus oil from the marketplace.

The oil market's initial reaction to news of an output cut was to drop by nearly one dollar a barrel as traders expressed doubt that enough oil would be drained from the glutted market.

Prices have since inched back to pre-meeting levels of 19 dollar a barrel on the New York Mercantile Exchange on signs that OPEC members are pumping less oil.

On Wednesday, crude oil for April delivery closed 17 cent lower at 19.07 dollar a barrel.

In mid-winter OPEC production reached an 11-year high of 25 million barrel a day, despite the loss of output from war-ravaged Iraq and Kuwait.

"Prices are at a critical level," said Mehdi Vazri of Kleinwort Greaveson Securities in London.

"OPEC went with a high demand figure for spring and every member knows there is little room for error," he said.

US oil import may rise from 41 pc to 67 pc

NEW YORK, Mar 19: The United States, the world's largest oil consumer, may import two-thirds of its oil by the turn of the century as output from ageing fields falls and domestic use rises, an oil industry group said on Wednesday, reports Reuter.

The US currently imports 41 per cent of its needs. "It is hard to see us avoiding two-thirds of our oil or more being imported by around the turn of the century," Charles Dibona, President of the American

Petroleum Institute, told reporters here.

Domestic oil drilling activity has dropped to its lowest level in 50 years.

US production has been dropping at a rate of one million barrels a day every three years, Dibona said. But consumption has reached 12.7 million barrels a day, leaving domestic output of about 7.5 million barrels able to meet less than 60 per cent of America's needs.

Thai balanced budget with 18pc growth approved

BANGKOK, Mar 19: The Thai cabinet approved a proposed national budget for the year starting October 1 that calls for a moderate 18.4 per cent growth in expenditure without incurring a fiscal deficit for the government, reports Reuter.

The outgoing government of Prime Minister Anand Panyarachun appeared to heed a central bank appeal for fiscal discipline by endorsing a balanced, deficit-free budget.

Deputy Central Bank Governor Rerngchai Marakanond told reporters on Tuesday his bank hoped the next government, to be formed after general elections on March 22, would refrain from overspending so as to ease inflationary pressure.

US wins soya dispute at GATT

GENEVA, Mar 19: The United States has won a soya dispute at GATT, which has told the European Community to change its subsidies for oil-bearing crops in a judgement expected to have major repercussions, it emerged here on Wednesday, reports AFP.

The judgement was revealed by GATT sources, but EC sources in Brussels said: "The 12 are certainly going to reject the conclusions of the GATT panel."

Kohl's hope

Reuter from Bonn adds: German Chancellor Helmut Kohl expects the United States to accept a compromise deal to save stalled talks on liberalising world trade, a government spokesman said on Wednesday.

The Chancellor made it clear that he expected — with full agreement from the French President (François Mitterrand) and the President of the European Commission (Jacques Delors) — a compromise from the United States, government spokesman Dieter Vogel said in a statement. He gave no further details.

Kohl leaves for the United States on Friday for a weekend visit to US President George Bush.

CORRECTION

In the news item headlined 'Korean Airlines plans service to Hiroshima' published in our issue of March 18 the airline mentioned is DRAGONAIR HONG KONG (KA) not Korean Airlines. The mistake is regretted.

US outplaces Germany as Number-1 exporter

GENEVA, Mar 19: The United States regained its position as the biggest exporting nation in the world in 1991 from Germany which had displaced it the previous year, the General Agreement on Tariffs and Trade (GATT) reported Wednesday, according to AFP.

In its annual report on the trends of world trade, the GATT said that US merchandise exports rose by 7.5 per cent in value to 422 billion dollar representing 12 per

cent of world trade, while German exports had fallen by 4.5 per cent to 403 billion dollar or 11.4 per cent of total trade.

Since 1986 the United States and Germany have exchanged places as the biggest exporting nation in relation to the growth of their exports and changes in the exchange rates of the mark and dollar, the GATT said.

Japan remains the third-biggest exporting nation, having exported goods worth 315

billion dollar or 8.9 per cent of the total. Japanese exports grew by 9.5 per cent.

France was in fourth position with exports of 217 billion dollar or 6.1 per cent of the total, and Britain fifth with exports of 185 billion dollar representing 5.3 per cent of the total. Exports by France and Britain showed no growth.

The order of the 25 biggest exporting nations showed few changes. Malaysia appeared for the first time in 24th position, up two places, with exports of

35 billion dollar, representing an increase of 18.5 per cent.

Italy held sixth place, the Netherlands seventh, Canada eighth and Belgium and Luxembourg ninth place.

Hong Kong, which increased its exports by 19.5 per cent to 98 billion dollar rose from number 11 to number 10 in the list alongside the former Soviet Union with exports down 25 per cent at 78 billion dollar.

China achieved a 25 per cent increase to 72 billion dollar, rising two places to

13th behind Taiwan in 12th with exports of 76 billion dollar, up 13.5 per cent.

China has now achieved the same performance as South Korea which saw its exports rise by 10.5 per cent, having fallen by four per cent in 1990.

Switzerland fell one place to 15th as its exports fell by 3.5 per cent to 62 billion dollar, but Spain, with exports up eight per cent at 60 billion dollar, advanced from 17th to 16th.

Singapore achieved a 12 per cent increase in exports to 59 billion dollar, and gained one place to 17th in the list.

Sweden saw its exports fall by four per cent to 56 billion dollar, and fell two places to number 18.

Mexico increased its exports by one per cent to 42 billion dollar and rose to number 20 below Saudi Arabia which showed an increase of 11 per cent to 49 billion dollar, but above Austria, Australia, Denmark, Malaysia and Norway.

Mayor urges Emirates to open route to Berlin

By Staff Correspondent

Lord Mayor of Berlin, Burgemeister Eberhard Diepgen, urged the UAE airlines, Emirates, which recently won the 'Best Carrier to Middle East' award to introduce flights to Berlin.

He made the call while visiting the Emirates stands at ITB Berlin — the world's largest travel and tourism fair, according to Emirates sources.

In a prior interview with the daily trade newspaper being circulated at ITB, the airline's chairman, Sheikh Ahmed bin Saoud al Maktoum said Emirates expects the new routes to increase tourist and business traffic from Europe.

"Emirates has a proven policy of generating new traffic on every route it enters," he said. "It has never been our intention simply to take existing traffic from other carriers."

Emirates is using ITB as a European promotions platform for its personal video system due to be phased in to all its widebody aircraft from May. The airline will become the first in the world to install the system in all three classes of its aircraft.

Africans urged to launch reform to combat famine

NAIROBI, Mar 19: Delegates from 21 African nations were urged on Wednesday to introduce political reforms and a free press to combat crippling food shortages and to prevent spreading famine conditions, the Food and Agricultural Organisation (FAO) announced in a statement released here, reports AFP.

The statement said the delegates, preparing for the first international conference on nutrition to be held in Rome next December, were told to adopt a "worst first" strategy in tackling their most serious food and nutritional problems.

The FAO, the World Health Organisation and the UN Children's Fund, which are jointly sponsoring an Anglophone African regional meeting on nutrition here this week, warned that one out of three Africans is malnourished, while 17 Sub-Saharan

countries are facing food shortages.

In a joint report submitted at the preparatory meeting, the three UN agencies proposed that new legal measures, such as national "anti-famine" codes, should help implement food security programmes that could lead up to the Rome conference.

The report said that latest research findings had painted a grim picture of worsening nutrition levels throughout the African continent and warned that the large number of low-income countries in transition to market-oriented food policies would have to pay greater attention to public accountability and the needs of the poorest and most vulnerable sections of their population.

In another reports, the FAO drew attention to the lack of adequately trained personnel

in Africa — which, it said, had seriously hampered attempts to alleviate food and nutrition problems.

It warned that Africa's rising debt problems and the impact of austerity measures related to the structural adjustment programme were also depressing.

It called for a new focus on farming system research on raising yields of 'poor people's crops' — such as cassava, yams, potatoes and bananas — and for more appropriate processing and packaging technologies that could hold the key to Africa's future food supply and nutrition.

In addition, Africa's 21,000-kilometre coastline and its many lakes, rivers and streams could offer a huge untapped potential for fish and marine foods, the FAO report concluded.

Honda makes 20 millionth Super Cub

TOKYO, Mar 19: Japan's Honda Motor Co. Ltd said it produce the 20 millionth unit of its famous Super Cub motorcycle Wednesday, more than three decades after the first one rolled off the assembly line in 1958, reports AFP.

The company attributed the fifty cc motorcycle, developed by Honda's founder Soichiro Honda and the first to use plastic leg shields, with creating "a virtual revolution in American motorcycle use."

An advertising campaign launched in the United States after the first bikes were exported there in 1959 "changed the image of the motorcycle as a product only for people who wear black leather jackets."

"Within months, business people were buying Super Cubs and using them as an inexpensive and handy way to ride to work."

Solar car that can run in the dark

TOKYO, Mar 19: A Japanese company said on Wednesday it had developed a solar-hybrid car which can also run in the dark, reports Reuter.

Designed to run mainly on solar power, the two-seater vehicle has a back-up fuel cell for cloudy days and at night.

Sanyo Electric Co Ltd said in a statement that its 400-kg Mirai-1 car used no fossil fuels and was powered only by solar energy and environmentally-safe chemicals.

The car, which Sanyo spent 50 million yen (380,000 dollar) developing, is driven by a nickel-cadmium rechargeable battery.

This is charged from an amorphous silicon solar cell when the sun is shining and a fuel cell when it is not.

Fully charged after six hours in the sun, the rechargeable battery can propel the car at 30 to 40 kph for two hours.

Senate fails to override Bush's China trade veto

WASHINGTON, Mar 19: The Senate failed on Wednesday to override President George Bush's veto of a bill attaching conditions to renewal of China's favourable trade status with the United States, reports Reuter.

The vote on the measure was 60-38, short of the two-thirds majority needed to enact the bill over Bush's veto. The House of Representatives earlier had voted to override 357-61.

The bill, a compromise of separate measures passed by

the House and Senate last year, would link renewal of China's Most Favoured Nation trade status with progress on human rights, trade issues and missile proliferation.

In vetoing the bill, Bush had told Congress that presenting Beijing with an "ultimatum" on MFN would weaken China's ties to the West and lead to further repression.

He credited recent agreements on Chinese protection of US patents and copyrights and China's promise to abide by an international agreement,



MANILA: Freed American kidnap victim Michael Barnes (C) being escorted by policemen as he was presented to journalists at the Philippine police headquarters in Manila shortly after he was rescued in a police raid south of Manila. Barnes, 41, a business executive, was kidnapped by a breakaway group of the communist New People's Army (NPA) Jan 13. Thirteen of his alleged captors were killed during the raid. —AFP photo

Shares surge, dollar falls in Tokyo

TOKYO, Mar 19: Share prices rose sharply Thursday on expectations that the central bank would cut its key lending rate, while the US dollar fell against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average climbed 420.78 points, or 1.13 per cent, closing at 20,185.09 points. The Nikkei shed 153.32 points Wednesday.

The rebound reversed a slide that gained momentum last week on selling by investment trusts, pushing the Nikkei below 20,000 points Monday for the first time in more than five years.

The Tokyo Stock Price Index of all issues listed on the first section gained 43.36 points, or 3.08 per cent, closing at 1,451.14. Before Thursday's rebound, TOPIX had fallen 12 days in a row, including a drop of 26.09 points, or 1.82 per cent, on Wednesday.

An estimated 550 million shares changed hands, up from Wednesday's 528 million. Advancing issues outnumbered declines 880 to 155, with 101 issues remaining unchanged.

The dollar closed at 132.55 yen, down 0.65 yen from Wednesday's close but above its overnight New York finish of 132.20 yen.

Business briefs

Japan's household savings up by 6.5 pc: Japan's household savings averaged 11.28 million yen at the end of 1991, up 6.5 per cent from 10.59 million a year earlier, the government's management and coordination agency said in an annual survey, reports Reuter from Tokyo.

Savings in time deposits grew by 13.1 per cent and savings in trust instruments rose by 28.6 per cent, while investments in stocks fell 18.2 per cent in 1991 from a year earlier, it said.

Polish cabinet okays budget: The Cabinet on Wednesday gave final approval to a controversial 1992 budget proposal, requiring sharp spending cuts and higher taxes to trim the deficit and satisfy Poland's Western lenders, reports AP from Warsaw.

However, the budget must still be approved by parliament, in what is expected to be a fierce political battle that will test the country's commitment to tough economic reforms. Parliament is to receive the spending plan Monday.

Slowdown awaiting overheated Malaysian economy

KUALA LUMPUR, Mar 19: Malaysia should prepare for the adverse effects of a global slowdown on its economy already overheated by five years of rapid growth, bankers and economists warned Wednesday, reports AFP.

"Malaysia appears like an economic oasis surrounded by drying up economies all over, but we cannot remain unaffected too long," warned Ramon Navaratnam, Chief Executive of Bank Baruh, a local commercial bank.

Businesses would have to prepare for unforeseen effects of the global recession that could dampen Malaysia's present promising prospects, Navaratnam cautioned.

"We need to brace ourselves now and continue the efforts to reduce consumption, increase savings and encourage foreign investment, to sustain our high growth rates," Navaratnam, who was formerly a high-ranking treasury official said.

Analysts said there were already signs that

the domestic economy was feeling the strain of a global slowdown.

But they said the Malaysian economy should be allowed to cool so that the government could expand capacity to deal with infrastructural bottlenecks and acute labour shortages in industries.

The Malaysian economy, which has been expanding in excess of eight per cent since 1987, grew by a 14-year high to 10 per cent in 1990 and 9.4 per cent last year, according to official statistics.

Economists said the robust growth had already put pressure on the country's merchandise-trade balance. Latest statistics showed that Malaysia's trade had sunk into the red with a record deficit of 6.44 billion Malaysian dollar (2.5 billion US) in 1991, from a 1990 surplus of 528 million dollar (203 million US).

The deficit was the first since 1982, when

the gap was 915 million dollar (351 million US).

Finance Minister Anwar Ibrahim recently said that Malaysia would need to do more to promote savings and moderate consumer spending to ease inflation which rose to 4.4 per cent last year from 3.1 per cent in 1990 and is forecast to hit around five per cent this year.

The Malaysian Institute of Economic Research (MIER) said recently that inflation and a deterioration of the balance of payments current account were two problem areas that would affect growth this year.

Inflation is still a cause for concern and interest rates should be kept high to curb spending and enhance savings to cool the overheated economy, Navaratnam said.

"If interest rates are allowed to fall sharply, as they are likely to amid the current liquidity flush system if unchecked, the current firm

ringgit will weaken and rising inflation will worsen," he warned.

The ringgit has firmed to 2.56 against the US dollar from 2.72 at the end of last year.

Interest rates, which have been hovering above eight per cent, have been under extreme pressure to ease amid a sudden spurt in inflow of funds.

"But the authorities are more likely to support local interest rates at current levels to enhance efforts to boost up declining savings," he said.

Gross national savings, as a proportion of Gross National Product, have declined to 27.5 per cent in 1991 from 30 per cent in 1990.

Money market dealers estimated that more than three billion Malaysian dollars (1.15 billion US) have moved in due to a firmer ringgit, higher interest rates and the massive public issue of utility firm, Tenaga Nasional in Malaysia's largest-ever flotation.