

ADB to lend Nepal \$10.4 m for tourism

KATHMANDU, Mar 21: The Asian Development Bank on Friday agreed to give a loan worth about 10.4 million dollar for developing tourism infrastructure in two midwestern towns of Nepal, reports AP.

The bank will also provide a technical grant of about 700,000 dollar, the government said.

A Finance Ministry statement said an agreement was signed Friday by Dalhuse Coue, Resident Representative of the Asian Development Bank in Nepal.

The loan will be used to improve drainage, power supply and roads in Pokhara, a resort town 160 kilometers west of Kathmandu, and the nearby ancient town of Gorkha.

The airstrip in Pokhara also will be upgraded, the statement said.

It said a part of the money will be used to set up kerosene depots and build a small hydro-electricity projects so that tourists do not use firewood and preserve the environment.

Indian tea sells good

CALCUTTA, Mar 21: There was good demand for all categories of tea on offer, other than Darjeeling Tea, at this week's auction. Prices moved in line with quality, reports PTI.

In the CTC tea section, a few clean and good liquoring categories sold well at fully firm to dearer rates while the rates for others were lower according to quality.

Russia operated selectively for a part of the sale while Poland operated for cheaper sorts.

Demand for Darjeeling Tea was just fair, with all sorts of the nominal quantity on offer selling nearer to last levels.

Orthodox tea witnessed good demand. All clean and whole leaves and broken sold close to last levels.

While there was some enquiry from the Middle East buyers, the ARE (Egypt) account was active for fanings and the Polish enquiry was for cheaper teas.

Against good demand, selected clean and good liquoring dusts sold well at firm rates. Brown and fibrous sorts were lower with quality.



HEALTH CHECK FOR PLANTS: Plants and trees are subjected to a diverse range of natural and man-made stresses during life, many of which may cause the crop to fail completely or yield less than expected. Now, however, the Plant Efficiency Analyser (PEA) (seen here at the African Violet Centre, King's Lynn, Norfolk, eastern England) offers plant breeders, foresters, growers and their professional advisers a convenient means of investigating — in the field, or greenhouse — the health of their plants and of preventing defects which might result from stressful growing conditions. — LPS photo

BCCI manager charged with false accounting of 179.4m dollar

LONDON, Mar 21: The Serious Fraud Office charged a former Bank of Credit and Commerce International account manager Friday with false accounting of 179.4 million dollars, the prosecution agency said, reports AP.

BCCI, with operations in about 70 countries, had a total of 1.25 million depositors and 20 billion dollar in liabilities when international bank regulators seized it on July 5, alleging long-term, widespread fraud.

Imran Mohammed Ahmad Iman, 40, was at the Rishopgate Police Station and would appear Saturday before the city of London magistrates on Saturday, the Serious Fraud Office said in a statement.

Iman is charged with conspiring with Agha Hasan Abedi, Swaleh Naqvi and other members of the senior management at BCCI of wrongly charging 74.4 million dollar worth of fees.

The former account manager is also charged with conspiring with Abedi, Naqvi, Dr Ghait R Pharaon and others to conceal loan guarantees worth 105 million dollar from BCCI's auditors.

The auditors, Price Waterhouse, have said regular audits failed to discover widespread fraud at BCCI because bank officials lied to the accounting firm.

The Serious Fraud Office documents do not say in which branch of BCCI Iman worked and give no further details on Abedi, Naqvi and Pharaon.

They and three others who pleaded guilty last year are expected to testify at the June trial of the manager of the Atlanta branch of Italy's largest bank, Banca Nazionale del Lavoro.

The government calls manager Christopher P Drogoul the key figure in a scheme to defraud the Atlanta BNL office of about five billion dollar used to finance the sale of agricultural and industrial products to Iraq over a four-year period.

Federal prosecutors have declined to say whether any of the money was used to purchase arms during Iraq's massive military buildup before the Gulf War.

Theresa Mercede Barden, former bank Vice President, and Amedeo Decarolis, a former clerk, pleaded guilty to conspiracy charges Friday. They face up to 10 years in prison, a 500,000 dollar fine and 1.8 billion dollar restitution for their part in the scheme.

They won't be sentenced until after Drogoul's trial, which attorneys have said may take months.

During the plea hearing, Ma Barden and Decarolis said they acted on Drogoul's orders to loan Iraq the money even though BNL's headquarters in Rome would not approve credit for Iraq.

To hide the loans, the two said, the bank submitted false statements to federal and state banking regulators and the Italian government. They said they kept records of the unauthorized loans in cardboard boxes that were rapidly loaded into car trunks and driven around the city when auditors and examiners appeared.

The scheme lasted from 1985 through Aug 4, 1989, according to a federal indictment returned in February 1991. Also named in the 347-count indictment were three former bank officers who pleaded guilty last year and five Turkish and Iraqi officials still at large.

2 plead guilty to plotting \$5b loan to Iraq

ATLANTA, Mar 21: Two former employees of an Italian bank's Atlanta branch pleaded guilty Friday to conspiring to arrange more than five billion dollar in unauthorized loans to Iraq, reports AP.

They and three others who pleaded guilty last year are expected to testify at the June trial of the manager of the Atlanta branch of Italy's largest bank, Banca Nazionale del Lavoro.

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Bonds to finance industrial modernisation

China's deficit budget retains subsidies

BEIJING, Mar 21: China announced another large budget deficit for 1992 today, again bloated by subsidies to loss-making state industries and the cost of maintaining the socialist welfare system, reports Reuters.

In his budget speech to parliament, Finance Minister Wang Bingjian effectively admitted that efforts to shakeup government enterprises were floundering.

In an important shift, he revealed that the burden of financing China's industrial modernisation would be placed on the private sector by relying on bond issues instead of taxes raised from ailing state factories.

Parliament also heard plans to subject that state-owned economy to greater market

forces, reflecting a renewed drive by senior leader Deng Xiaoping to speed up capitalist-style reform by encouraging stock markets, among other things.

Wang revealed a projected 20.78 billion yuan (3.8 billion dollar) deficit for 1992, slightly below the revised deficit of 21.106 billion yuan (3.6 billion dollar) for 1991, but a huge increase over the originally budgeted 1991 deficit of 12.3 billion yuan (2.4 billion dollar).

He said the deficit for calendar 1991 had ballooned beyond forecast because of devastating floods last summer.

The figures are even higher under standard international measurements, which include some foreign and domestic debt on the deficit side, and

which would add another 58 billion yuan (10.7 billion dollar), to this year's shortfall.

Wang said floods, which in undated vast swaths of grain-producing eastern provinces, added an extra 8.2 billion yuan (1.5 billion dollar) to the project 1991 deficit.

"I'm wary about what they say about the floods. It may be a convenient scapegoat," said one Westerner diplomat, before Saturday's figures were announced. Chief among China's financial problems, which Wang acknowledged, are massive subsidies to prop up state industries and the cost of a cradle-to-grave system of welfare payments for food, housing and medical treatments.

Wang put the cost of industrial subsidies this year at

around 50 billion yuan (9.2 billion dollar), roughly the same as last year despite efforts to raise efficiency.

Wang's budget was generally cautious on other items of expenditure, although military spending was forecast to rise to 37 billion yuan (6.8 billion dollar), up 12 per cent.

This reflects China's increasing concern to upgrade its military hardware following the success of high-technology weapons in the Gulf War.

It would also keep the military happy during a sensitive period of economic transition. Deng Xiaoping's campaign to accelerate reform is being challenged by hardliners who value stability above all else.

Wang announced that starting this year the state budget would be split into

two. The regular budget would be financed mainly by taxes while a separate construction budget would be covered primarily through bond issues.

This would allow massive infrastructural projects and industrial modernisation plans to move ahead without busting the budget, already trained because of diminishing tax returns from the sickly economy under the state plan.

\$10b dam

Another reports adds: A vast, controversial dam project on China's Yangtze river must go ahead and the cabinet should be authorised to decide the starting date, Vice Premier Zou Jiahua told parliament Saturday.

The implementation of the three gorges project is regarded (as) necessary. It is

technically feasible and economically justifiable...". Zou told the National People's Congress.

"Now that China is politically, economically and socially stable, it is about high time to make the implementation decision on the three gorges projects."

The project will cost more than 10 billion dollar at 1990 prices, involve the relocation of about a million people and flood of some of China's most scenic areas.

While China's top communist leadership, including Premier Li Peng who is himself a hydro-engineer, support the project, there has been unprecedented opposition among legislators who fear environmental, economic and strategic damage.

Rubber trade regulated in Singapore

SINGAPORE, Mar 21: Singapore's parliament Friday passed three bills to regulate rubber trading here, reports AFP.

The bills, Trade Development Board (amendment) Bill, Rubber Industry Bill and the Commodity Futures Bill deal with trading of rubber in the republic.

It empowers the Trade Development Board (TDB) to supervise the overall regulatory framework of the rubber trade with expanded powers to promote and regulate futures trading in rubber and other commodities approved by the government.

It also allows the transfer of funds from the present Rubber Association of Singapore (RAS), which will soon be abolished, to the TDB.

Malaysia may seek Chinese help to launch satellite

KUALA LUMPUR, Mar 21: Malaysia may seek China's help to launch its first satellite in 1994, Bernama news agency reported, says AFP.

Bernama quoted Energy, Telecommunications and Post Minister Samy Vellu as saying Thursday that there was need for a careful and in-depth study to be conducted on launching facilities in China.

Samy, who is now in China, said he would hold talks with Chinese Aeronautics and Astronautics Industry Minister Lin Zongtang during his visit.

Soaring unemployment gives UK opposition more ammunition

LONDON, Mar 21: Unemployment in Britain rose by 40,200 in February, according to government figures released here, which provided opposition parties with more ammunition towards the end of the first week of the general election campaign, reports AFP.

February's rise in unemployment brings the total number of unemployed in Britain to 2.65 million, which represents 9.4 per cent of the workforce, according to preliminary seasonally adjusted figures from the department of employment.

Britain's Gross Domestic Production (GDP) fell by 0.3

per cent in the fourth quarter of last year against the previous quarter, according to revised figures published Thursday by the Central Statistical Office. For the year as a whole, GDP fell by 2.4 per cent.

These latest economic indicators capped a week of largely disappointing, though not unexpected economic statistics. The rise in unemployment was slightly less than January's rise of 55,900, although that was the sharpest rise since last summer.

Bill Martin, chief economist of Stockbrokers UBS Phillips and Drew, said the rise in unemployment came as no surprise, although it was "very

regrettable." He added that the reason for the sharp increase in unemployment from the beginning of this year was that employers were now starting a "second round of job-shedding," which they had delayed last autumn, when they had been "too optimistic."

The Chancellor of the Exchequer Norman Lamont's optimistic autumn statement last November, predicting an imminent end to the recession, had raised hopes for recovery across the country.

Martin said the fall in GDP confirmed that the recession had continued until the end of last year, and that it would probably continue in the cur-

rent quarter. "There is no doubt that this is the longest recession since the war and may turn out to be the deepest," he said.

The worsening unemployment figures followed two sets of gloomy economic figures published by the government on Tuesday. January saw the third consecutive monthly fall in industrial output, a fall of 1.3 per cent against December, which dashed many city analysts' hope of the beginning of an upturn in industrial activity.

Signs of lingering stagnation in industry were compounded by the worsening state of public finances.

Inflation hits 35 Chinese cities

BEIJING, Mar 21: Inflation in China's 35 major cities rose 10.9 per cent from first two months of 1991 to the same period this year, official newspapers reported Friday, reports AFP.

The double-digit increase came as indicators for industrial production and retail spending pointed to accelerated growth that economists fear may increase inflationary pressure.

The 10.9 per cent rise in the urban cost of living indicator compared with an eight per cent increase in all of last year.

The newspapers, which quoted the State Statistical Bureau, did not report inflation as measured by the General Retail Price Index. That indicator rose 2.9 per cent in 1991.

Industrial growth in the first two months was a fast 17.3 per cent on a year-on-year basis, with the figure for February alone 22 per cent. Retail sales were up 15.1 per cent to 175.8 billion yuan (32.55 billion dollar).

The economic heating came at the end of a three-year period of austerity that Premier Li Peng declared over in a speech to parliament Friday.

Excessively fast economic growth fueled double-digit inflation in 1988.

Leading to bank runs, panic buying and general discontent with the government.

Singapore trade team arrives in India today

SINGAPORE, Mar 21: Deputy Prime Minister Lee Hsien Loong will lead a high-powered mission to India next week to boost trade and investment with the subcontinent, officials said Friday, reports AFP.

They said Lee, also Minister for Trade and Industry, would meet with Indian Prime Minister Narasimha Rao, Finance Minister Manmohan Singh and Minister of State for Commerce, P Chidambaram during the six-day visit starting Sunday.

Lee's visit is at the invitation of Singh. Accompanying Lee on his first official visit to India will be nearly a dozen of Singapore's top executives led by Alan Yeo, chairman of the city-state's Development Board (TDB).

Among the firms represented will be Intraco, a government-run trading company, Temasek Holdings, a state investment arm, and Keppel Corp, the government-owned shipbuilding and shipyard firm.

Besides TDB, senior officials from the Economic Development Board (EDB) would also be in the delegation. TDB and EDB are the two statutory boards responsible for economic development and attracting foreign investments here.

Trade between the two countries has grown steadily over the last decade, from 915 million US dollar in 1981 to 1.5 billion US last year with a more than two-to-one surplus in Singapore's favour.

Egyptian businessmen in US trying to draw W Street capital in billions

CAIRO, Mar 21: A group of US based Egyptian businessmen are negotiating with Wall Street bankers to set up a commercial fund to channel billions of dollar into Egypt's investment-starved economy, one member of the group said, reports Reuters.

Mahmoud Wahba, Chairman of the Egyptian American Businessmen's Association, said 10 Egyptian businessmen were in talks with banks including Morgan Stanley Group Inc (MS N) to start up an investment fund with 500 mil-

lion dollar in six months. "In Egypt, it sounds unique but it's a very simple, tried mechanism," he told Reuters in an interview.

Wahba said the fund would be modelled on other emerging markets — developing countries that have recently moved towards a free market economy and become more receptive to international finance — reaping high returns by buying into economies experiencing rapid growth.

The Egyptian government, which has been consulting the

World Bank, projects 4.9 per cent annual growth over the next five years.

"These countries are starting from the bottom, there's no way to go but up," said Wahba, who left Egypt for the United States over 30 years ago and owns 23 companies there.

But he warned that unless Egypt got on with plans to reform tax laws, privatise state firms and revive capital markets, hopes of attracting investment, including an estimated 50 billion dollar of

Egyptian private holdings abroad, would be dashed.

"It'll have to be within the coming year. Egypt's done a very good job so far but these are just the preliminaries."

Egypt agreed an ambitious reform package with the International Monetary Fund and World Bank last year and has since freed interest and exchange rates.

High interest rates and stable exchange rates have drawn some money into the economy from depressed markets in the west.

US Senators say Pak bonds may be used for drug trade

WASHINGTON, Mar 21: Calling the sale of Pakistani government bonds in this country an apparent vehicle for drug money laundering, two Senators asked Federal Reserve Chairman Alan Greenspan on Thursday to consider blocking the sale, reports AP.

An advertisement publicising the sale of the anonymous "bearer certificates" told potential investors: "No questions Asked About Source of Funds," and "No Identity to be Disclosed."

The advertisement ran earlier this week in the Wall Street Journal.

In a letter, Sens John Kerry and Hank Brown asked Greenspan to consider taking swift regulatory action in response to the sale in the United States of government-backed bonds issued by Pakistan's central bank.

Federal Reserve spokesman Bob Moore said Greenspan hadn't received the letter yet and had no immediate comment. Attempts to reach Pakistani

diploamts in Washington were unsuccessful. An after-hours operators at the embassy said there was no one immediately available who could comment.

Kerry and Brown sent similar letters to Securities and Exchange Commission Chairman Richard Bredeen, Comptroller of the Currency Stephen Steinbrink and William Taylor, chairman of the Federal Depositor Insurance Corp.

Spokesmen for those regulators also said they hadn't gotten the letter yet.

The five-year bonds went on sale in Pakistan on March 15 and will be available in other countries, including the United States, starting March 23, according to the advertisement.

An official at the State Bank of Pakistan's office in Karachi was quoted in Wednesday's Wall Street Journal as saying the bond sale "is a way to launder the black money."

Kerry first raised the issue Wednesday at a hearing of his Senate Foreign Relations subcommittee on

terrorism. The panel has investigated activities of the Bank of Credit and Commerce International, which was founded by a group of Pakistani bankers.

Several former BCCI officials have pleaded guilty to federal money laundering charges.

Kerry and Brown Greenspan to have the Fed review the advertisement and the bond sale and "to consider action to prevent the sale of such instruments through any bank in the United States." The advertisement lists Bank

of America, American Express Bank, Citibank and Chase Manhattan Bank among a group of banks around the world authorised to sell the bonds.

A spokesman for Chase Manhattan told the Journal that his bank isn't selling the Pakistani bonds and never even heard of them. An American Express spokesman said his company's bank plans to sell the bonds only through its branch in Pakistan, not in the United States.

Egypt, Texaco sign deal to drill oil:

Texaco International and the Egyptian government have signed a multi-million dollar contract to explore for oil in upper Egypt, the first in that area, sources close to the US company said Friday, reports AFP from Cairo.

Texaco will have the right to look for oil within a concession of 34,000 square kilometers (13,000 square miles) from Asslut to Qena, the sources said. Exploration will be conducted in three phases over eight years.

Cuba's sugar market shrinks: Cuba's

sugar market in Eastern Europe continues to shrink, according to export figures released Thursday, reports AP from London.

International Sugar Organisation figures show Cuban shipments to Eastern Europe (excluding the former Soviet Union) fell to 68,082 tons in 1991 from 615,227 in 1990 and 1.17 million in 1989.

Sugar industry analysts said the drop was due to Eastern Europe's changed political and economic relationship with the Caribbean island.