

BRIEFS

Latest victim of weak market

NEW YORK, July 31: Revlon Inc. on Thursday became the latest victim of a weak market for initial public offerings and withdrew its plan to raise 154 million dollar by going public. Revlon postponed the sale because investors thought its opening price of \$14 per share was too high. Revlon hoped to sell 11 million shares. Revlon wanted to use the proceeds to help shave huge debts from its 2.7 billion dollar leveraged buyout in 1985. Selling equity to investors would raise cash which then could be used to buy back the costly junk bonds that financed the Revlon buyout, engineered by Ronald O. Perleman, reports AP.

Bankruptcy soars in Japan

ATSUGI, (Japan) July 31: The clanging of metal echoes like a defiant cry from inside the dark, oil-stained plant of Sanwa Parts Co. It is the sound of a proud Japanese company struggling for life in a weak economy. Sanwa, once a high-flying manufacturer of tractor parts in suburban Tokyo, filed for bankruptcy protection this spring, claiming debts of 19 billion yen (\$150 million). It is now looking for buyers that will help it recover from the double-whammy of a 40 per cent sales drop caused by the ailing construction industry and of investments gone sour, reports AP.

Pindi to revise profit rates on FCBC

KARACHI, July 31: The State Bank of Pakistan said it would revise profit rates on five-year Foreign Currency Bearer Certificates (FCBC), effective Saturday. Pakistan introduced the FCBC in the dollar, mark, sterling and yen for domestic trade in March. It withdrew plans to sell the certificates in the United States and elsewhere after overseas fears that the offering could help launderers of drug money, reports Reuters.

UN in acute financial crisis

UNITED NATIONS, July 31: Secretary-General Boutros Boutros-Ghali has warned that the United Nations will be forced to shut down December 31 unless it gets a major cash bailout before then. The admonition about the dire financial straits of the organisation came in a report to the General Assembly. Boutros-Ghali said the United Nations will be 81 million dollar in the red by the end of December. Member states owed the United Nations 1.75 billion dollar by mid-July, including 757 million dollar owed by the United States and 415 million dollar by Russia. The United States pays one-quarter of the UN budget and 30 per cent of the separate fund for peace-keeping operations, reports AP.

Malaysia to ban tobacco advertising

KUALA LUMPUR, July 31: Malaysia is to extend its current ban on television cigarette advertising to include the print media, a local newspaper reported Thursday. A new law effective from the end of this year will see offenders fined up to 5,000 ringgit (1,990 US dollar) or face a two-year prison sentence, the newspaper quoted Deputy Health Minister Mohamed Farid Ariffin as saying. The new tobacco control law will ban all direct and indirect advertisements, Farid said, reports Xinhua.

Britain will not devalue pound

LONDON July 31: Chancellor of the Exchequer Norman Lamont, Britain's treasury secretary, in an interview Friday ruled out calls to devalue the pound to stimulate the recession-bound national economy. "Devaluation is fool's gold. It would lead to higher interest rates, not lower interest rates... We are not going to devalue the pound," he was quoted as saying in the interview with the London newspaper the Daily Express. Sir Denis Henderson, Chairman of Imperial Chemical Industries PLC, on Thursday night became the latest business chief to call for devaluation of the pound in the Exchange Rate Mechanism (ERM) of the European Monetary System to ease Britain's economic woes, reports AP.

BCCCI blamed for defrauding WB, IMF

NEW YORK, July 31: Charges levelled in the United States against Bank of Credit and Commerce International's (BCCCI) leaders allege they bribed foreign officials in return for huge deposits and helped various nations defraud the World Bank and the International Monetary Fund, (IMF), reports Reuters.

The indictment, announced on Wednesday by the Manhattan district attorney, accuses BCCCI founder Agha Hussian Abedi and Swaleh Naqvi, the bank's Executive Director, of running BCCCI as a criminal enterprise that bribed central bankers, government officials and others worldwide to gain power and money.

As part of the scheme, BCCCI officials allegedly paid huge bribes to bank regulators and central bankers in Pakistan, Nigeria, Morocco, Senegal, Tunisia, Ivory Coast, Congo, Zambia, Argentina and Peru to get favourable treatment and to cover up BCCCI's deceitful banking practices.

As a result of these bribes, the court documents say, many institutions were defrauded including the World Bank, the IMF, the Nigerian National Supply Company, the African Development Bank and the regional grouping known as the economic cooperation of West African states.

The indictment regarding overseas operations alleges that beginning in 1972, Abedi recruited expatriate bank officers by promising to create a third World Bank that he claimed would be substantially owned by its employees. He situated the BCCCI entities in countries whose regulation of banks was minimal.

BCCCI was undercapitalised from the start, the papers charge. It also was not subject to control of any central bank so it had no leader of last resort. Therefore, it constantly

needed infusion of new money in the form of deposits. "As a result, the defendants regularly sought to identify and favourably influence individuals to become customers of the BCCCI group and deposit money with the criminal enterprise," the indictment said.

One of the ways that BCCCI sought to win favourable treatment in foreign countries was to help various nations, including Pakistan, Senegal, Zambia and Nigeria, evade fiscal restraints placed on them by the World Bank and the IMF, the court papers said.

For example, in 1979 Pakistan's national reserves were low. The World Bank and IMF regulated the amount of credit extended by banks in Pakistan and required that Pakistan report all loans.

The World Bank and IMF agreed that the IMF would increase the amount of credit that could be extended if Pakistan increased its national dollar reserves.

BCCCI issued a one million dollar loan to Pakistan but the court documents say, many institutions were defrauded including the World Bank, the IMF, the Nigerian National Supply Company, the African Development Bank and the regional grouping known as the economic cooperation of West African states.

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BCCCI officials also allegedly

bribed finance ministers, heads of central banks and senior executives of international and regional organisations to induce them to make deposits in BCCCI entities.

For example BCCCI allegedly bribed the president and general manager of the Central Bank of Peru in 1985 with the understanding that hundreds of millions of dollars of Peruvian government reserves would be deposited with BCCCI entities, the indictment alleged.

Investment of Abu Dhabi forfeited

Meanwhile, AP adds from Washington: A US judge has ordered the forfeiture of 104 million dollar that the government said Abu Dhabi's ruling family had invested in the



WASHINGTON: Former Secretary of Defence Clark Clifford (R) and his law partner Robert Altman (L) wait to speak July 30 at a news conference called to challenge their indictments in the BCCCI scandal. Clifford and Altman were indicted by a New York State grand jury July 29 on charges they accepted BCCCI bribes and deceived regulators about BCCCI's secret control of first American bankshares

failed Bank of Credit and Commerce International, (BCCCI), reports AP.

District Judge Joyce Hens Green, in an order signed Wednesday, said that ICIC Investments Ltd where most of the money was invested, was the "alter ego" of one or more of the BCCCI corporate defendants.

BCCCI pleaded guilty to federal racketeering charges in January and agreed to forfeit 550 million dollar in US assets.

Half of the money is to be used to shore up the assets of four US banks that BCCCI illegally owned, while the rest is to go to a worldwide fund to reimburse depositors.

Abu Dhabi's leaders were the majority owners of BCCCI

when the Luxembourg-based bank was shut down in 13 countries on July 5, 1991, after auditors' reports of fraud.

The US Justice Department sought the additional \$104 million forfeiture in June, saying the money was an investment in BCCCI and Abu Dhabi's ruling family must wait in line like other depositors to get its money back. But the ruling family's attorney, W Cafferly Norman, argued that the money remained his clients' property and that ICIC Investments' role was similar to that of an investment broker or manager.

Green said ICIC Investments did not have standing to oppose the forfeiture proposal because it was not a party to the BCCCI criminal

settlement. But the judge noted that a new claim to recover the money could be filed at a later date.

Norman said Thursday that Green's ruling was expected and that he likely would prepare such a claim.

The Justice Department had tracked down most of the \$194 million in 14 US financial institutions.

Green said that ICIC Investments, a company based in the Cayman Islands, was the alter ego of ICIC Overseas, one of the BCCCI defendants. The judge cited a frequent commingling of funds, common ownership and management of the two companies, and the sharing of the same building, business logo, post office box and telex.

Investigator blames Abu Dhabi

A report from Washington says: Abu Dhabi is not cooperating with US officials in the investigation of the Bank of Credit and Commerce International (BCCCI-CN) as its government promised to do, a senator involved in the probe, said Thursday.

"No such cooperation has taken place to date," Sen Johan Kerry, D-Mass, said at a hearing on BCCCI by the foreign relations subcommittee he chairs.

At a May 14 subcommittee hearing, an Abu Dhabi delegate read a statement from ruler, Sheikh Zayed Bin Sultan Al Nahayan, that said the government would cooperate with US investigators as much as possible under the laws of the UAE.

The Sheikh, his son, Abu Dhabi department of Finance and Abu Dhabi investment authority, said they were the majority shareholders of BCCCI. They said 18 BCCCI officials had been charged in Abu Dhabi with fraud and were awaiting trial there.

China for Akihito's visit to cement trade

BEIJING 31: China wants a visit by Japan's Emperor Akihito, likely to happen later this year, to put to rest ghosts of World War Two and cement key trade and investment ties, Beijing needs for development, diplomats said, reports Reuters.

"For the Chinese, his visit will show that this country has become a stable, developing country," one Asian diplomat said.

They key leader behind Japan's ruling party, Shin Kanemaru, told Prime Minister Kichii Miyazawa on Wednesday he would back the controversial trip. Miyazawa said he hoped the visit would take place in October to celebrate the 20th anniversary of Japan's normalisation of diplomatic relations with China.

Akihito is son of the late Emperor Hirohito, whose Imperial Army occupied vast stretches of China in the 1930s and 40s.

Diplomats expect the Chinese to press the monarch for an apology for Japan's wartime occupation.

Chinese leaders, eager for the diplomatic boost Akihito's visit will bring, will avoid publicly embarrassing the Japanese government, however, despite worries by Japanese politicians that Beijing will demand reparations or bring up a territorial dispute, analysts said.

China has pressed hard for the visit now that Japanese trade and investment have become so key for its economy.

Japanese companies have been quick to spot business opportunities in China, including building a large industrial zone in the northeast city of Dulian—in the heart of the imperial army's wartime field then known as Manchukuo.

Chief investigator of Indian bond scam seeks retirement

NEW DELHI, July 31: The top investigator into India's biggest financial scandal has asked to retire, reportedly because of government interference, newspapers said Friday, reports AP.

K Madhavan, joint director in the Central Bureau of Investigation which is similar to the FBI, submitted his resignation for "personal reasons" and a lack of promotion prospects, officials told Indian dailies.

Madhavan heads the probe into a 1.1 billion dollar securities trading scam that last March triggered the worst crash in India's stock markets.

The independent Hindu newspaper reported that alleged interference in the

sensitive case," was behind the resignation letter tendered July 20. It has not been accepted so far.

The Rajya Sabha, or Upper House of Parliament, adjourned Friday in an uproar following demands by opposition lawmakers that the government make a statement on Mahhavan's resignation.

Court judge remands Mehta

PTI reports from Bombay special court judge justice Sn Variava Thursday remanded Harshad Mehta, a key figure in the multi-crore securities scandal that shook India's financial circles to judicial custody till August 13.

The judge said the matter

had vitally affected national and public interest and an investigation of this nature required a prolonged probe, particularly when "new connections and avenues are opening up every day."

As he completed dictating the order, K M Desai, counsel for the accused, pleaded that Mehta be kept at the Azad Maidan police station, to which the enforcement directorate advocate, M K Patwardhan objected, saying it would cause legal complications for interrogation by the directorate.

At this point, the judge consulted the counsels and later, directed that the accused be kept in the CBI custody at Azad Maidan police station till August three.

Russia will import 22m tonnes of cereals

MOSCOW, July 31: Russia is being forced to boost imports of cereals to 22 million tonnes from 17 million tonnes last year because of severe drought, the Agricultural Minister told AFP Thursday.

Viktor Khlitstun spoke at the International Wheat Council in London estimate cereal imports of the former Soviet Union for the period between July 1992 and June 1993 at 25 million tonnes, unchanged from last year.

Khlitstun said that because of the drought "in the north-west and the Far East, forecasts for 1992 were revised down 15 million tonnes to about 96 million tonnes."

He was speaking on the sideline of a press conference with his french counterpart Lois Mermaz.

Harvests in the northern caucasus in south Russian had suffered heavy damage by hail, he said.

But overall, this year's harvest will be better than last year's totalled 92 million tonnes, according to Khlitstun.

"Half of the imports of 22 million tons will be used to supply the population, the other half to feed cattle and poultry," the Minister said.

Khlitstun expected the harvest to be good in Kazakhstan, "average" in Ukraine and "mediocre" in Belarus.

During Mermaz visit Russia and France signed two agreements on agricultural cooperation in the economic, industrial, scientific and technical fields.

In London the International Wheat Council said that traditionally imports by the former Soviet Union made up about one fifth of the world wheat and cereal trade since 1980-81.

Malaysian second bid to boost tourism industry

KUALA LUMPUR, July 31: Kuala Lumpur is to launch a second and more aggressive bid for the lucrative tourist dollar by designating 1994 a visit Malaysia year to woo up to 7.9 million foreigners official said today, reports AFP.

The 1994 campaign will be Saturday with a 17-month worldwide publicity launched by Prime Minister Mahathir Mohamed, Malaysian tourism officials said.

The Malaysian Tourism Promotion Board will promote and market the country more aggressively overseas, Sabbruddin Chik, Malaysia's Culture Arts and Tourism Minister said.

He told a Press briefing that Malaysia was determined to make the 1994 campaign even

more successful than the first one in 1990. "That is why we have decided to give the publicity campaign a 17-month head start," he said.

It will be promoted on an even larger scale than 1990 with activities that would showcase Malaysia's rich cultural heritage, he said.

The 1990, campaign was success tourist arrivals hit a record high of 7.4 million raising foreign exchange earnings 53 per cent to 4.48 billion Malaysian dollar (1.8 billion US) from 2.8 billion dollar (1.12 billion US) in 1989.

"The 7.9 million target in 1994 is not easy to achieve but it is not easy to achieve but it is not impossible," Sabbruddin said.

Saudi banks recovering crisis of Gulf War

RIYADH, July 31: Saudi Arabia's banks, with some notable exceptions, have rarely had it so good, reports Reuters.

Bankers in the kingdom said the well-publicised trouble of the country's largest bank the National Commercial Bank (NCB), were the exception. The system has shown remarkable buoyancy since the dark days of the Gulf crisis that undermined confidence in the region's banks, they added.

Half yearly results published by all but two of the 12 big Saudi banks show average return on equity of 186 per cent and a 10.5 per cent increase in net profits compared to the first half of 1991.

Some like Saudi American Bank (SAMBA), a joint venture with Citibank, a unit of Citicorp (CCI.N) and the home-grown

Riyad Bank, have reported spectacular increases in net profits of over 45 per cent.

Apart from a major reduction in provision for bad debts, bankers say that their most notable achievement was an overall 12.8 cut in embarrassing liquidity.

Liquidity in the system as a proportion of total assets fell to 31.6 per cent from 34.1 per cent at the end of June 1991 with banked substantially boosting their investments, mainly in domestic and foreign treasury instruments, and their loan portfolios.

NCB has not published results since 1989 because, bankers believe, of a large portfolio of non-performing loans. Despite its troubles over alleged involvement in the Bank of Commerce and Credit International (BCCI, CN) scandal, they insist the bank with assets of over 20 billion dollar not threatened with collapse.

The other bank which has not so far published half-yearly results in Al-Jazira bank, a joint venture between Saudi investors and the National Bank Pakistan.

It reported nil profit in 1991 after losses in 1990 but is hoping to ease its problems with a new capital injection, bankers said.

Some of the buoyancy may be attributed to new business from the government which started last year to borrow heavily from domestic banks to help plug its budget deficit.

Bankers deferred in their estimate of the value of government paper, mostly medium-term treasury bills and bonds, held by the banks — with estimates ranging from 10-20 billion rials (2.6-5.2 billion US dollar).

State-owned companies have also started to borrow heavily from domestic banks.

Kuwait's cabinet rejects plan for compensation

KUWAIT, July 31: Kuwait's cabinet has rejected a plan to award every Kuwaiti family 5,000 Kuwaiti dinars (17,850 US dollar) as compensation for Iraq's occupation of the Emirate, a local newspaper reported today, says Reuters.

Al-Anbaw, quoting official sources, said the government had already spent four billion dinars on salaries, services and other benefits to compensate Kuwaitis for the seven-month occupation.

The Gulf War put Kuwait, which once enjoyed huge bank balances and secure oil and investment wealth, in a delicate financial position.

Officials aim to cut this year's budget deficit from last year's exceptional 18.3 billion dollar.

Tokyo stocks firm, dollar declines

TOKYO, July 31: Share prices on the Tokyo Stock Exchange firmed Friday, led by bank and real estate stocks, while the US dollar slipped against the Japanese yen in quiet trading, reports AP.

The 225-issue Nikkei Stock Average closed at 15,910.28, up 354.68 points or 2.28 per cent. The average rose 459.65 points, or 3.04 per cent, on Thursday.

The Tokyo Stock Price Index of all issues listed on the first section gained 25.77 points, or 2.16 per cent, to 1,193.48 points. The TOPIX gained 22.55 points, or 1.93 per cent, the previous day.

Volume on the first section was estimated at 200 million shares, down from 223.04 million shares Thursday. Advancing issues outnumbered declining issues 805 to 181, while 114 issues remained unchanged.

Tim Hayashida, an analyst at Merrill Lynch, said that while the jump Friday was partly a continuation of Thursday's technical rebound, there were signs of a shift in market sentiment for the better.

"For the short term, we may have hit a bottom, but we will continue to see some volatility around 16,000," he said.

He said a report in evening editions of the Nikkei newspaper that the central banks of Japan, Europe and the United States would cooperate on the non-performing debt issue helped boost bank and real estate shares, giving the market upward momentum.

Mitsuru Kanno, an analyst with Wako Securities, said investors reacted favorably to news that Prime Minister Kichii Miyazawa told the chief of the Economic Planning Agency Thursday to draw up emergency measures to stimulate Japan's faltering economy by the end of August, instead of September as originally planned.

Environmental aid asks for food security

WASHINGTON, July 30: One way to get developing countries to concentrate on feeding all of their people is to give them environmental aid only if they implement comprehensive agricultural plans, according to researchers at an international institute, reports USIS.

"A precondition for all environment-related loans or grants made to developing countries should be that the countries have in place a comprehensive national action plan for food security," Joachim von Brannu, a division director at the International Food Policy Research Institute (IFPRI) said at a news conference July 27.

Aid from industrial countries for agricultural projects in developing countries has been dropping, he said. But a spurt in aid for environmental projects is expected because of agreements reached at the

Earth Summit in Brazil in June, he pointed out.

Von Braun and Stephen Vosti, a research fellow at the institute, argued that no amount of aid will protect the environment in the Third World until poor people no longer have to cut down trees to get firewood or plant the slopes of mountains to grow food.

"Ending hunger is a precondition for strong environmental protection," Von Brannu said.

He estimated that food production will have to increase from the current level of about 2,000 million metric tons a year to 2,800 million tons by the year 2000 to feed the approximately 6,000 million people expected in the world at that time. Most of the increase will be needed in the developing countries but they will not be able to meet this demand using current agricul-

tural policies, the two researchers said.

Developing countries must turn from subsistence to commercial agriculture, expanding export crops, Vosti said. That would give farmers the income necessary to boost production without harm to the environment he said.

In addition, developing countries must increase the yields of their crops. "Agriculture has to be changed so that it increases output," Vosti said.

That means using more fertilizers and pesticides in some cases and irrigation where possible, Vosti said. He acknowledged that many US environmental and religious groups have criticized the emphasis on growing food for export, arguing that increased fertilizer and pesticide use, for example, harm the environment.

"We take that criticism seriously," he said, but added that the damage attributed to increased use of these agricultural inputs has been "frequently overblown."

He also acknowledged the criticism by some environmental and religious groups that the Green Revolution of the 1970s in Asia, which led to higher yields of rice and wheat, did not help the poorer farmers because they could not afford the new seeds and additional inputs needed for the fat-growing, disease resistant crops.

But benefits have trickled down throughout the countryside where the new varieties have been planted, according to Vosti. Cereal yields have tripled which is one reason why Asia is not suffering mass starvation, he said.

Yields are stagnant and population pressure is forcing farmers to carve out terraces higher and higher up mountains.

In Rwanda an experiment to boost crops without increasing use of fertilizers and pesticides has not been successful, Von Braun said. Farmers were being asked to make radical changes they could not afford, effectively losing one crop in order to switch to a new system of raising animals while farming their small plots, he said.

The technologies necessary to increase production while preserving the natural resource base are complex and expensive and cannot be developed by individual countries alone," Von Braun said. Industrial countries must help by investing in agricultural research in developing countries, he said.