UAE seeks Interpol's help to track down BCCI founder

ABU DHABI, July 15: The United Arab Emirates (UAE) has asked Interpol to help track down the Pakistani founder of the collapsed Bank of Credit and Commerce International (BCCI) after he and 12 other former executives were indicted, UAE officials said Wednesday, reports AFP.

Agha Hassan Abedi, a Pakistani, former chief executive Mohammad Saleh Naqvi, and 12 other top BCCI officials, including six Britons, were indicted on charges relating to forgery, Breach of trust, irregular allocation of dividends and dissipation of funds, after nearly two years of investigation.

Abedi and another senior executive, Ziauddin Ali Akbar, were charged in absentia as they are outside the UAE.

The remaining 11 have been in detention in Abu Dhabi since September 1991. Three others were released for lack of evidence but were not allowed to leave the country.

The UAE, Attorney General set their trial for October 9 and officials said they had asked Interpol, the international police organisation, to bring the absent two to court.

We do not have extradition treaties with Pakistan and Britain, a Justice Ministry adviser, Adli Hassan, said when asked if the two were in those countries and if it was possible to extradite them.

We do not know where they but we have informed Interpol to track them down and bring them here. If we do not get them before October 9, then they will be tried in absentia.

The other defendants were named as Hassan Mahmud Kazmi, Abdul Hafiz Ahmad, Imtiaz Ahmad, Amirul Haq Siddiqi, Iqbal Ahmad Rizvi, Fakhir Hussein, Mohammad Azmatullah, Bashir Ahmad Taher, Zafar Iqbal Chowdury, and Naseem Hassan Sheikh.

The three to be released were Saleem Siddiqi, Nadeem Habibullah, and Askari Hassan Khan. Another executive, Syed Arjmand Naqvi, died while in detention.

Further investigation will be conducted and new charges could be brought against them, a Justice Ministry source said.

We do not want to speculate on the verdict now but they face several years in prison.

A statement from the BCCI Majority shareholders welcomed the decision to charge the 13 whom it said "Had been among those masterminding and carrying out many of the frauds at the bank."

Charges against Abedi and Naqvi, whose assets in the UAE were frozen in 1991, include using the funds of shareholders and deposits to settle fictitious and other delinquent loans, and paying undue amounts to certain ex-officers of the bank.

They are accused of forging records, documents, final account and balance sheets, arranging to use false loans and sending forged instruments to the banks auditors and board of directors. Abu Dhabi, the biggest and wealthiest UAE emirate, owned 77 per cent of the BCCI, which was shut down in July 1991 and ordered liquidated a year later.

Before the closure, the bank was one of the biggest joint Arab financial institutions, with 60 branches and assets of nearly 20 billion dollar.

End of single party rule in Japan may also mean end of the rising yen

TOKYO, July 15: Japanese may be about to say goodbye to nearly four decades of single-party government in Sunday's general election — and that could mean farewell to the rising yen too, Senior bankers in Tokyo said on Wednesday, reports Reuter.

They said the likelihood that the Liberal Democratic Party, in power since 1955, would lose its majority in the lower house and the resulting coalition government could only drive the yen down.

"I see only two possible scenarios — one is to sell the yen or the other is to do nothing (on the yen), said Satochi Matsuda, Deputy Department Manager at Banque Paribas.

The yen fell to near 112 to the dollar on June 22 after Prime Minister Kiichi Miyazawa dissolved the lower house of parliament, prompting large-scale yen-selling.It was only a week earlier on June 15, that the yen climbed to a post-war high of 104.80 to the dollar. On Wednesday in Tokyo, the yen was trading above 108.

Newspaper polls published on Wednesday showed the LDP likely to capture more than 220 seats, well short of a majority in the 511-seat chamber.

With smaller parties expected to do well on Sunday, it is hard to predict the shape of the next government. Most analysts think it will be a coalition between the LDP and one or more of the smaller parties.

Unless the LDP maintains its single-party majority, I cannot picture another jump of the yen, said Seitichi Saito, Assistant Manger at Hokkaido Takushoku Bank.

It is not a question of with whom the LDP forms a coalition, said Matsuda. The fact that the LDP needs help from other parties means Japanese politics will be insecure. That does not lead to yen-buying at all.

Who could put money into a country where politics is very shaky? said a portfolio manager at a major Japanese insurer.

Some managers said another yen surge is highly unlikely, even if against expectations, the LDP retains its majority.

Even if the LDP got a majority that would not encourage the market, to bid up the yen political uncertainty is only a negative factor, said Toyomitsu Sakata, Vice president at Swiss bank.

Bankers and economists said the political situation will continue to be uncertain at least until a coalition government or the LDP forms a cabinet, which will take a week or two.

The end of the election does not mean the end of political turmoil. Will continue for at least several weeks, putting negative pressure on the yen, said the portfolio manager.

Whether the LDP wins a majority or not, I do not, I do not think the dollar will challenge the 104.80-yen low again and, no matter how the election turns out, the yen has risks on its downside, said Matsuda.

Baghdad plans to review draft proposals of oil talks with UN

UNITED NATIONS, July 15: Oil talks between Iraqi and United Nations officials have ended and draft proposals from the six-day round of talks will be taken to Baghdad for review, UN sources said, reports Reuter.

The sources said the UN will make an official announcement on the talks on Thursday.

Qaysi will probably take with him a tentative or "ad referendum" agreement which diplomats said earlier had "brackets," which means several key issues were unresolved.

Any accord resulting from the talks would still need approval by Baghdad, UN Secretary-General Boutros Boutros-Ghali and the Security Council.

This process could take up to two or three weeks with Iraqi oil, if all parties consented to the deal, perhaps not flowing before September. UN officials at the talks, led by UN Undersecretary General Carl-August Fleischhauer, were not available for comment.

Gulf Arab oil experts said earlier they expected OPEC to meet when there was a final accord.

In theory, the analysts said, 500,000 to 600,000 barrels per day (BPD) of Iraqi oil could be absorbed if OPEC strengthened compliance with existing quotas, particularly as oil demand in the fourth quarter was considered quite promising.

The Gulf analysis said they still thought that a new Security Council resolution may be needed to permit the limited Iraqi oil sales.

Oil prices in New York tumbled to a three-year low on fears the talks will push Iraqi oil into a market already awash in crude.

The spot light, sweet crude futures contract on the New York Mercantile exchange lost 64 cent Wednesday to end at 17.46 US dollar a barrel.

Another report from London adds: The Iraqi-UN negotiations look as if they might risk turning into OPEC's worst case scenario.

The worry for OPEC is that procedures may drag on with nothing concrete enough for it to call an emergency meeting, whilst the prospect of Iraqi exports haunts a market that is ready to dump whenever it perceives a "bearish" headline.

Diplomats in New York said Iraq and UN negotiators were now working on a draft agreement for limited oil sales but key obstacles still remained.

"The mechanism that has been put in place has today caused another 50-cent drop in US crude prices without anything substantive from the Security Council, Baghdad or OPEC," said Peter Gignoux, head of the London Energy Desk at Smith Barney Harris Upham.

One OPEC delegation official said that "if the Iraq factor wasn't there and Brent was below 17 a barrel we would already be having an emergency OPEC meeting.

Oil analysts noted that, according to the New York diplomats, Iraq still wanted to move exports through its Mina al-Bakr terminal not a pipeline that crosses Turkey and also Kurdish territory.

In recent interview with an oil newsletter, Energy Compass, Iraqi Deputy Premier Tareq Aziz made comments suggesting that this raised political problems on the Iraqi said.

The United States wanted Iraq to use the pipeline, he was quoted as saying. Aziz added, "the US wants us to work with the Kurds. The Kurds won't unless we make other political agreements. The game is clear."

'Energy tax will be a hostile act'

Retaliatory tax on oil exports proposed

ABU DHABI, July 15: A Gulf official, branding proposed western energy taxes as a hostile act, has urged oil producers to impose taxes on wellhead production to offset an expected decline in revenues, reports AFP.

Oil sources said the call by Sheikh Mohammed Ibn Saqil al-Qassimi, Director of the Economic Department at the United Arab Emirates (UAE) Oil Ministry, effectively meant that producers sell their oil at higher prices.

"This tax is a hostile war targeting our economies and future under the pretext of protecting the environment," Sheikh Mohammed told the UAE semi-official daily Al-Ittihad in an interview Wednesday.

"Producers should deal with it on a reciprocal basis. They should impose taxes on wellhead production before exporting oil and this will benefit the producing countries before the consuming countries.

It is the first call by a Gulf official for taxing oil production in reprisal for the proposed European community carbon tax of three dollar per barrel, to rise gradually to 10 dollar by the year 2000.

The EC has defended the tax as an environmental measure intended to contain the emission of carbon dioxide but Gulf states and other oil producers have accused the 12-nation group of seeking to tackle budget deficits.

According to Gulf estimates, the EC learned nearly 210 billion dollar in 1991 from about 70 dollar in taxes on oil consumption of 10.3 million barrel per day (BPD). In contrast, oil revenues of producing states have steadily declined over the past decade due to a sharp drop in prices.

Gulf Cooperation Council (GCC) states alone saw their earnings plunge to around 75 billion dollar in 1992 from more than 180 billion dollar in 1981 when prices exceeded 30 dollar compared with around 17 dollar currently.

Qassimi did not elaborate on his proposal as the oil industry in most Gulf nations is controlled by the government. But USE oil sources said he implied a decision by producers to raise oil prices.

"Governments cannot tax themselves. But I understand from Qassimi's comments that he is urging producers to offset their expected loss by selling crude at higher prices regardless of market factors," one source said.

But he said it was "impractical because you cannot guarantee all producers will stick to such a decision. Some of them might take advantage and give discounts to sell more oil."

Energy officials from the EC and GCC states — Saudi Arabia, Qatar, Bahrain, Oman, Kuwait and the UAE — are due to hold more talks on the carbon tax in Brussels on Friday after an inclusive meeting in May.

EC okays proposals for trade accord with Vietnam

BRUSSELS, July 15: The European Community's executive commission on Wednesday approved proposals for a trade and cooperation agreement with Vietnam, reports Reuter.

The commission said in a statement that it would recommend that community member states give it a mandate to negotiate the agreement for an initial period of five years.

The commission stressed that an essential element of the accord would be respect for human rights and democracy.

It said the agreement would seek to encourage trade and investment, and support economic development in Vietnam, especially to help the poorest people as the country moved towards creating a market economy.

Vietnamese Prime Minister VO Van Kiet was met by chanting Buddhists demanding religious freedom in Vietnam when he visited commission headquarters earlier this month to meet President Jacques Delors.

The commission hopes to start negotiations before the end of the year.

Little increase is expected in EC aid to Vietnam, totalling 27.7-million-ECUs (dollar 32 million) in 1992.

EC-Japan talks on auto exports end with no result

BRUSSELS, July 15: The EC and Japan failed to agree on new limits on Japanese car exports to the community when their negotiators completed their talks here Wednesday, reports Xinhua.

An EC negotiator told reporters after the three-day talks starting on Monday that the two sides only reached a consensus that the EC car sales fell much sharper than they had expected in April and new limits on Japanese car exports to the community were necessary.

But he was reluctant to comment on substantial differences which blocked an agreement.

EC sources said their major differences were on new limits' level. The EC wanted Japan to reduce its car exports to the community in 1993 by 20 per cent, while Japan insisted on an 11 per cent.

During ex-EC-Japan talks in April in Tokyo, Japan agreed to a 9.4 per cent reduction of its exports to the EC to 1.089 million motor vehicles, based on 6.5 drop in new car registrations in the community.

Gold coin sale up in western markets

NEW YORK, July 15: Total sales of gold coins in western markets (North America and Europe) rose 50 per cent in the second quarter of 1993 over the same period last year, according to statistic released yesterday by the World Gold Council, reports Xinhua.

The growth follows a strong first quarter 1993, when sales were up 21 per cent compared to the year-earlier period. Second quarter gold bullion coin sales reached a total of 348,986 ounces in western markets.

Worldwide sales from source of the leading gold bullion coins increased 46 per cent to 393,794 ounces in the second quarter 1993 over the same period last year.

This increase was driven by demand in western markets, which accounted for 88 per cent of worldwide gold bullion coin sales in the second quarter.

Year-to-date, worldwide gold bullion coin sales are up nearly 30 per cent to 818,842 ounces compared to figures for 1992.

These results confirm that there is rapidly growing demand for gold bullion coins among individual investors, "said David Enloe, International Investment Manager at the World Gold Council.

EC proposes continued ban on milk-boosting hormone

BRUSSELS, July 15: The European Commission said on Wednesday it proposed to continue banning the use of the milk-boosting hormone BST (Bovine Somatotropin) until the end of the century, reports Reuter.

European Community Farm Commissioner Rene Steichen said the executive wanted the hormone banned for a further seven years as it would turn consumers against milk and beef and drive small dairy farmers out of business.

"Massive use of BST would be likely to promote intensive farming methods to the detriment of the small farmer," he said.

The hormone increases milk output by between six and 20 per cent and is currently banned in the EC until the end of 1993. Large dairy farmers would be able to take advantage of the increased productivity brought by BST.

BST use would also prompt farmers to slaughter an estimated four to six per cent of the dairy herd because they are prevented by the community milk quota from raising output, he said.

Instead they would switch to beef production and swell surpluses, currently over a million tonnes.

"That is a road we don't want to go down. We don't want to encourage that kind of approach," he said.

Steichen said in a statement of Tuesday use of BST would also "tarnish the image of a product which is at present considered natural, wholesome and of a high quality by the consumer."

Consumer studies showed strong opposition to BST and its authorisation would lead to a significant drop in demand for dairy products and increase the 300,000 tonnes surplus.

Although BST meets safety, quality and efficacy criteria and is ethically acceptable, the executive commission said the welfare of animals could not be guaranteed because the hormone would be used on a large scale and would be difficult to control.

Delhi moving toward tax reforms, may introduce VAT

NEW DELHI, July 15: India is moving toward comprehensive tax reform that may include introducing value added tax (VAT), Finance Minister Manmohan Singh said on Wednesday, reports Reuter.

Singh told members of an all-party committee attached to the ministry that there was a broad political consensus on introducing VAT, but the government would seek the views of state governments before initiating tax reforms, a Finance Ministry spokesman said.

A discussion paper giving the various tax options available and prevailing practices in other countries will soon by the ministry, Singh said.

A government committee on tax reforms has suggested that India's direct taxes, among the highest in the world, be cut. It has also recommended that customs and excise duties be slashed and VAT introduced.

Singh said earlier this year while introducing the government budget for the fiscal year starting April 1993 that he broadly accepted the recommendation of the committee. But he added that because tax reforms involved a revenue loss in the short term the changes would be carried out in phases.

Export rise by 30 pc

An earlier AFP report says: Indian exports rose by nearly 30 per cent in the first two months of the fiscal year which began in April to 3.45 billion dollar, officials said Tuesday.

Imports declined by 14.4 million dollar during the first two months of fiscal 1993-94 to 3.46 billion dollar.

Minister of State for Commerce Kamaluddin Ahmed said the improved figures showed that the targeted 20 per cent growth in exports this fiscal year was feasible.

India's widening trade gap and declining overseas sales were reversed after Finance Minister Manmohan Singh, a former economist and World Bank official, launched a series of pro-market reforms in June 1991.

Singh's policies ended four decades of quasi-socialistic market curbs, introduced a free floating rupee and focussed on quality controls to boost the country's sagging economy and exports.

Pakistan announces new trade policy

ISLAMABAD, July 15: The Pakistani government announced a new trade policy for fiscal 1993/94 (July/June), setting an export target of eight billion US dollar, projecting imports at 10 billion US dollar and giving a package of incentives for exporters, reports Reuter.

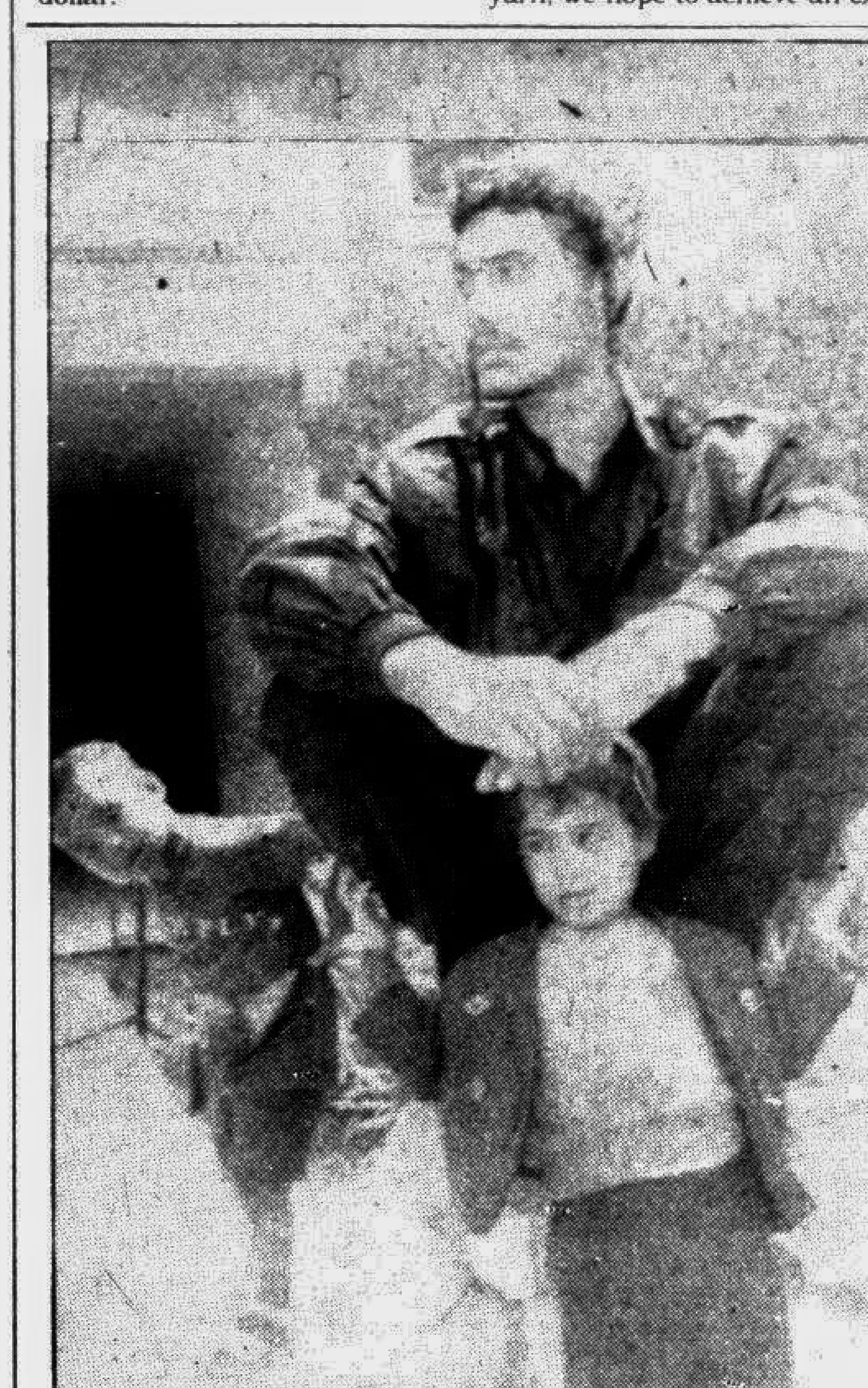
The export target is slightly below last year's target but nearly 18 per cent higher than actual exports of 6.78 billion US dollar. Imports for 1992/93 were valued at 10.04 billion US dollar.

The incentives, announced by Commerce Minister Mohammad Naeem Khan, included duty concessions for the import of raw materials and machinery by the textile, engineering, cutlery and plastics industries and for agricultural exports and fishing.

"With the help of the package of new incentives for exports, expectations of a good cotton crop and anticipated buoyancy in the prices of critical commodities like cotton and yarn, we hope to achieve an export target of eight billion US dollar in the year 1993/94, he said in a televised speech.

He dismissed traders' demands to devalue Pakistan's rupee, saying vibrant economies had increased exports by improving the quality of their products and not by devaluation.

The 1992/93 export target was initially projected at 8.06 billion US dollar but was cut to 7.8 billion US dollar after heavy floods last September devastated the vital cotton crop.



Two newly immigrated Yemenite Jews seat in front of an absorption centre in Rehovot, Israel, on July 14 while an Ethiopian youngster stares at them. Israel revealed that 246 Yemenite Jews have been secretly airlifted to the 'Promised Land' last year. —AFP/UNB photo

Beijing orders provinces to rectify policies in 10 days

HONG KONG, July 15: The Chinese central government has ordered all provinces to rectify economic policies within 10 days as investigative teams prepare to leave to carry out review, a report said Thursday, reports AFP.

The central government has sent a directive to 20 provinces, including Beijing and Shanghai, to rectify economic policies within 10 days and any provincial leaders who oppose it would face immediate dismissal, the pro-Beijing Wen Wei Po quoted sources as saying.

The directive was issued as 10 investigation teams prepared to leave Friday for the provinces, including those Guangdong and Fujian, to review the thousands of special development projects that have mushroomed in the past year.

Investment by provinces have exceeded Beijing's targets and is largely to blame for the overheating of China's economy, which grew 14 per cent in the first five months of the year.

In a move to slow the country's economy, a cabinet meeting over the weekend, chaired by Vice Premier Zhu, Rongji, to begin an investigation in an attempt to enforce Beijing's decision to step up centralised control over the economy.

The teams, which comprised central government and party officials, will report to the central government.

Growing budget gap may derail Canada's recovery

OTTAWA, July 15 :Canada's fledgling economic recovery, highly dependent on exports and limited by high unemployment and weak domestic expenditures, could be derailed by concerns over ballooning budget deficits, the OECD said, reports Reuter.

The recovery in Canada, modest by historical standards yet among the strongest in the OECD, will leave the economy with a sizeable output gap for the foreseeable future, the Paris- based body said in its mid-year outlook.

Canada had no room for slippage in its fiscal consolidation, it said.

Large discoveries spark new interest about Myanmar's gas

LONDON: A large natural gas find in Burma's Isthmus of the Kra offshore area is making international oil and gas companies reassess their position regarding exploration possibilities in the country.

Many international companies have of late been relinquishing their exploration rights and pulling out of the South East Asian country, citing high costs and a lack of drilling success.

But the find in December — in an exploration block operated by Texaco — has raised hopes that additional reserves can be found in the gas-prone Gulf of Martaban. Burma badly needs success in its oil and gas exploration programme, according to an industry source in London.

Current production is estimated at 13,500 BPD of oil and 70 million cubic feet of gas a day. Industry estimates put proven gas reserves at 6.5 trillion cubic feet. Figures for oil reserves are uncertain but some estimates quote three to five billion barrels.

Domestic demand is 30,000 BPD and 100,000 million cubic feet of gas a day. Official statistics are often generous in Burma and government figures are treated with caution.

Three wells account for 90 per cent of total Burmese production — the Mann is responsible for 64 per cent and Yenangyaung and Htaukshabin 13 per cent each.

By 1973, the government had accepted that its polity was a mistake and tendered for foreign companies to drill offshore in the Gulf of Martaban.

Within two years, and after 120 million dollar had been pumped into the area in development costs, CFP, Agip, Diminex, Esso and Arakan, among others, pulled out, claiming government interference and lack of support for their projects.

No oil shows were encountered and the best result was a 21 million cubic foot a day gas flow in the Gulf on Martaban. A second round of bidding was offered on 25 newly drawn-up offshore blocks in 1978, but there were no takers.

In the last few years, activity has begun again in the offshore sector. British company Premier Consolidated signed production-sharing contracts with the state company Myanmar for two blocks covering 32,000 square kms off the southern coast.

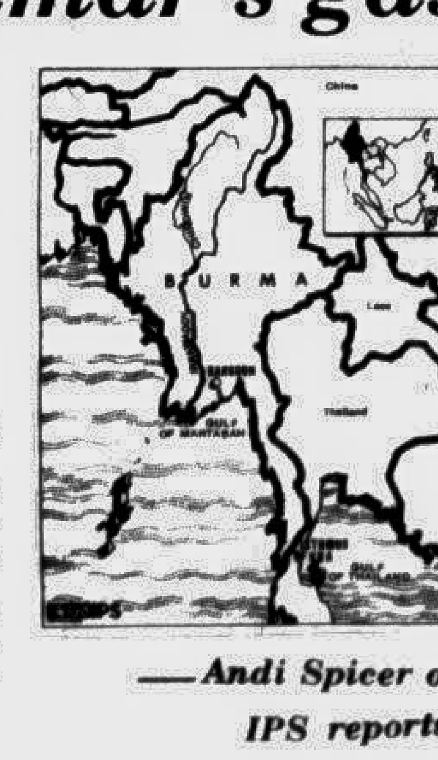
These are in the same geological setting as the company's Nang Nuan oil discovery in the Gulf of Thailand. In the Gulf of Martaban, two blocks went on offer and interest was shown by Idemitsu of Japan.

Foreign companies as well as Myanmar are now exploring more than 25 offshore blocks. The most significant finds lie onshore, in central Burma along the Irrawaddy River Basin.

Other blocks stretching from the upper Chindwin River in the Hukawng Valley down to the coastal region in Moulmein, close to the Thai border in the southeast have also been prepared. Analysts believe the most promising of these 10 blocks lie in the hitherto unexplored Chindwin River Basin.

Onshore gas reserves are significant in Irrawaddy basin and surrounding areas. Myanmar and Royal Dutch/Shell's joint venture recently found a new gas field near Rangoon, capable of producing 4,50,000 cubic metres a day.

A gas pipeline has been in use since 1985, from the Paya Gon gas field, south-west of Rangoon. It supplies several industrial units in the capital, including a power station.



—Andi Spicer of IPS reports.

US corn output estimate lowered

WASHINGTON, July 15: Flooding in the mideast will be blamed for the drop in the US output of corn and soybean this year, reports Xinhua.

In the report issued Monday by the department's world agricultural outlook board in Chicago of the flood-battered Illinois state, this year's corn output is estimated to be 7.85 billion bushels, 17 per cent less than the 1992 record figure.

The soybean output will be trimmed to 1.98 billion bushels, 10 per cent less than the 1992 figure, the report said.

This is chiefly due to the fact that roughly five million acres of corn and soybean crops have been washed out and the crops in some parts of the region are growing at the slowest pace in nearly 30 years.