BCCI's shareholders waiting for response from liquidators

ABU DHABI, Oct 31: BCCI's majority shareholders are waiting for a response from its liquidators after the Luxembourg supreme court turned down a compensation offer for the bank's creditors, BCCI sources said here Saturday, reports AFP.

The liquidators have told majority shareholders of the collapsed Bank of Credit and Commerce International they needed seven days to decide on the next move after the court ruling, the sources said.

The liquidators can either appeal against the court ruling or sue the majority shareholders, one source said, declining to be named. They said they would inform the shareholders within seven days after the court decision.

The Luxembourg court on Wednesday rejected Abu Dhabi's compensation offer of 1.7 billion dollar on the grounds it violated the legal arrangements of public order in Luxembourg.

The offer respected neither the priority of claims by creditors nor the principle that they be treated equally, presiding judge Raoul Gretsch said in announcing the ruling.

The agreement on compensation has been challenged by three creditors, how held that the terms were inadequate. Liquidators had said the contribution by Abu Dhabi, which owns 77 per cent of BCCI, and the realisation of the bank's assets would have enabled creditors to recover 30 to 40 per cent of their funds.

BCCI's majority shareholders reacted angrily to the court decision, warning creditors would be the losers.

"We regret that the Luxembourg court of appeal has refused ... to grant authority to the liquidators to enter into the arrangement which have been approved by the English and cayman courts, they said.

"It could be a long legal battle and creditors will suffer most," a BCCI source warned.

"Majority shareholders are waiting for the liquidators' reply to decide on their own action. They will announce their position in light of that reply, which is expected before Wednesday."

The creditors, who voted 93 per cent in favour of the arrangements last year, will be the losers."

Major shareholders cited liquidators as saying that in the absence of the arrangements, the more than 250,000 creditors would wait for as long as 10 years and that they may then recover less than 10 per cent of their money.

BCCI was shut in July 1991 worldwide for fraud allegations and ordered liquidated a year later.

Before the closure, it was one of the world's leading financial institutions, with assets of more than 20 billion dollars and operations covering nearly 70 countries.

BCCI's Pakistani founder Agha Hassan Abedi, has been indicted in the United Arab Emirates (UAE) and is being tried in absentia while nine of his associates have been held in Abu Dhabi since September 1991.

They appeared earlier this month in the criminal court of Abu Dhabi, the wealthiest member of the UAE. The trial resumes on November 13.

Dr Khandaker Mosharraf Hossain, Minister for Energy and Mineral Resources speaking at the monthly meeting of the American Bangladesh Economic Forum (ABEF) at Dhaka Sheraton yesterday. Sitting from left are: Aftabul Islam, Executive Director—ABEF, James Nach, Charge d' Affairs—US Embassy, Dr Khandaker Mosharraf Hossain, Forrest E Cookson, President—ABEF, Faizur Razzaque, Secretary, Energy and Mineral Resources Ministry, and A Gafur, Executive Secretary, ABEF.

India may become transit-point for exporting gas from Iran

NEW DELHI, Oct 31: With the construction of proposed gas pipeline from Iran to India, the country would become the transit-point for exporting natural gas from Iran to several countries in the region, reports the Economic Times, reports PTI.

Commercial counsellor of the Iranian embassy S M K Naeimi said in New Delhi that Iran, with the largest reserves of natural gas in the world, can supply enough gas for re-export to Nepal, Bhutan, Bangladesh and other countries in the region.

"The scope of the pipeline project is not bilateral. It is much more than that," the diplomat said.

The project is being actively discussed by the union ministry for petroleum and natural gas. It will also figure in the discussions with the petroleum minister of Iran, who is visiting India next months.

The pipeline from Iran is expected to traverse the territorial waters of Pakistan, unlike the one from Oman, which is expected to take the direct deep-sea route.

The involvement of Pakistan in the project, however, is seen as an area of concern in the government circles. Naeimi, however, views the possible involvement of Pakistan in the project differently.

Naeimi said if the two countries could work together in the economic field, it could pave the way for working together politically.

China executes 3 corrupt officials

BEIJING, Oct 31: A mayor, a police chief and another powerful local official accused of big-time graft were execute Friday in what the government said was a demonstration of its resolve to fight corruption, reports AP.

Publicised executions of a few corrupt officials have been an integral part of a nationwide anti-graft campaign that was launched in August and has intensified in recent days.

The three officials executed Friday were Xu Zhonghe, former Mayor of Ruzhou in central Henan province; Hong Yonglin, a former city police chief in southern Guangdong province; and Chen Binggen, a former head of housing in the southern boomtown of Shenzhen.

"Our principle of enforcement is that everybody is equal before the law", Gao Changli, a Vice President of the Supreme People's Court, said in a news report on the executions aired on national television Friday evening.

In fact, the anti-corruption campaign was a response to public anger over the endemic misuse of power by government, banking and ruling Communist Party officials infected by the get-rich-quick mentality of China's market-style economic reforms.

ROK workers demand repeal of 'evil' labour laws

SEOUL, Oct 31: Thousands of South Korean workers staged a protest rally through central Seoul today demanding the abolition of "evil" labour laws promulgated under earlier military-led governments, reports Reuter.

About 10,000 workers, students and dissidents who stated an overnight sit-in at Korea University in Northern Seoul marched for three hours through the city centre and were joined by some 5,000 workers at a sports stadium for a rally.

"Repeal the evil labour laws. Dismiss President Kim Young-Sam, who dismissed workers," the workers chanted during the march, the biggest since Kim was inaugurated in February.

A rally organiser said the workers represented 45 unions across the country which have a total membership of 407,000 workers.

"The reforms of Kim's government are lame-duck without revising the labour laws," a leader asserted during the rally.

The workers demanded the government release union leaders and lift warrants for the arrest of others who have played leading roles in labour strife.

No arrested and injuries were reported during the rally but some radical workers scuffled with riot police who tried to keep them from blocking roads during the march, which paralysed weekend traffic for hours.

Hundreds of workers have been dismissed, arrested or put on the wanted list for organising labour activities deemed illegal by law.

South Korea forbids sympathy strikes or third-party intervention in any dispute.

The government of Kim, sworn in as the country's first civilian president in three decades, this month announced it would lift arrest warrants for the wanted union leaders, but protesters say 39 workers were excluded from the list.

Among the 39 are six union leaders at subsidiaries of the giant Hyundai Group. Eight units of the conglomerate were hit by intermittent disputes for months this year, which peacked in late July when fully fledged strikes broke out.

One of the major issues in the Hyundai disputes was the reinstatement of workers sacked under past governments.

Jakarta to tighten control on expatriates in foreign banks

JAKARTA, Oct 31: Indonesia will tighten control on expatriates working in foreign banks to make the institutions employ foreigners only when they cannot find Indonesians with equal expertise the official Antara News Agency said on Saturday, reports Reuter.

The manpower ministry's industrial relations Director-General, Payaman Simanjuntak was quoted as saying closer control on expatriates in foreign banks was needed because many Indonesians could work on top posts in banks.

Simanjuntak's statement followed a call by Indonesia's officially-sanctioned SPGI trade union last week to tighten the issue of permits for expatriates in foreign banks.

"They (the banks) prefer giving priority to expatriates rather than Indonesians, particularly for certain posts," Zulficar Biter, the unions insurance and bank official, said.

He said one US — owned bank employed 20 expatriates for divisional head posts with salaries larger than those of Indonesia's with comparable experience.

US economy now in a 'contained depression'

NEW YORK, Oct 31: The US economy is now in a "contained depression," said a US economist, reports Xinhua.

David Levy of Jerome Levy economics institute said the recession that ended in March, 1991 was no mere recession but a 'contained depression,' and "we're still in it," according to the latest issue of 'business week' magazine.

Levy's view ruins counter to the attempted wisdom of most economists, who believe that the economy has been labouring in first gear since the end of the recession and stronger growth is just around the corner.

The relative weakness of profits was a key sign of the economy's underlying problems, Levy pointed out. Profits, which normally are up almost 60 per cent at this stage of a recovery, are up only 25 per cent.

Levy said that the reason is that the US has entered a new era of sharply reduced capital spending, with private investment dropping from its traditional level of 14 per cent to 17 per cent of gross domestic product (GDP) to below 13 per cent. This fall has been caused by overcapacity and excess debt, which take longer to right than the overproduction and excess inventories that typically cause business cycles.

The troubles have been brewing for decades, according to Levy. Since the mid-1960s, capacity utilisation in manufacturing has been sliding, from 92 per cent to 85 per cent at its last peak in 1989. Office occupancy rates, too, have been in along-term decline. Both Phenomena stemmed in large part from speculation.

Compared with the great depression of the 1930s, this depression has been contained by two new factors, Levy said. The financial system is protected by such safeguards as deposit insurance and federal reserve willing to pump money into a sluggish economy. And the federal government spends nine times the share of GDP that it did at the beginning of the 1930s, putting a floor under economic growth.

Levy said the danger at this point is that well-intentioned politicians may take too large a cut out of the federal budget deficit, depriving the economy of needed support.

However, Levy believed the economy is slowly healing itself, with balance sheets improving, overcapability easing, and restore turning of vital manufacturing industries well under way. But he said the recovery could be a long drawn-out affair and the current 'depression' would last till 1996.

British women still earn 20pc less than men

LONDON, Oct 31: British women still earn 20 per cent less than men on average and lag behind in pension settlements, benefit payments and training opportunities, according to a report in the Times newspaper today, says Xinhua.

Chief executive of Britain's equal opportunities commission Valerie Amos said that the above-listed problems were often magnified in rural areas.

Consumption of tobacco declines in France

PARIS, Oct 31: France's year-old legislation limiting smoking in public has yielded uncertain results as few violators have been prosecuted and smokers and non-smokers appear to be getting on without conflict, reports AFP.

Tobacco consumption has declined 2.8 per cent in France since January in response to a steady hike in cigarette prices, which have risen 29.7 per cent in the last year and a half.

The law that took effect November 1, 1992 banned smoking in train stations, metro corridors, banks and schools, and required cafes, restaurants and employers to set aside sections for non smokers.

Smokers choosing to scoff at the law are liable to fines ranging from 600 to 1,300 franc (100 to 230 dollar). Employers failing to comply are subject to fines of between 3,000 and 6,000 francs (545 and 1100 dollar).

But one year on, the ministries of labour, health, justice and the interior are unable to provide any figures on either the number of violations or instances of prosecution.

In work places, according to research carried out by AFP, cigarettes and ashtrays have disappeared from meeting rooms and cafeterias — but not from individual offices.

At the computer manufacturer Bull, located just outside Paris, "tolerance is essential, which means that non-smokers have to put up with smoke from colleagues with whom they want to remain on good terms," confided one 34-year-old non-smoker.

The car-maker Citroen — without much enthusiasm — has complied with the minimum provisions of the legislation.

Losses in Kuwaiti tanker co scam may reach $ 200 m

KUWAIT, Oct 31: Kuwait Oil Tanker Company losses to embezzlers could reach 200 million dollar, more than double previous estimates, according to a published report, says AP.

The independent newspaper Al-Qabas reported Saturday that Abdullah Al-Roumi, head of the tanker company's board of directors said documented losses have reached 90 million dollar and he expected them to more than double before the investigation is completed.

Two senior officials have been accused of embezzlement from the state-run company by leasing tankers in their own names and then re-leasing them to the company at inflated rates.

One of the officials, Hassan Qabazard, has been arrested while the other, Abdul Fatah Al-Bader, fled the country. Both men's assets have been frozen by the prosecutor-general who is still investigating the case.

HANOI: World Bank Vice-President for East Asia and Pacific Gautam Kaji (L) meets with Vietnamese Vice-President Nguyen Thi Binh (R) at the Presidential Palace on Saturday. The World Bank is to formally, during Kaji's four-day visit here, resume lending to Vietnam after a 15-year hiatus. — AFP photo

Cuba announces reforms to reduce budget deficit

HAVANA, Oct 31: Cuba announced a series of economic reforms yesterday aimed at reducing the budget deficit and attracting more foreign investment, reports AFP.

The reforms, to be implemented over the next few weeks, were announced in the Communist party newspaper Granma by Carlos Lage, president Fidel Castros top economic advisor.

The plan includes new taxes and improved revenue collection for cutting the country's burgeoning deficit, as well as a new convertible currency.

Restructuring the government workforce will affect large numbers of workers who will either be given new posts or laid off with 60 per cent of their salary.

Cuba has gradually been opening up its socialist economy which was hard-hit by the collapse of the Soviet Union and the demise of communism in eastern Europe.

"Our economic system is socialist and our battle ... is to preserve socialism," he said.

"The planned economy will be maintained," he said, adding that the new reforms were in no way a rejection of past policies.

The reforms will affect social programmes and the poor little as possible, particularly in the areas of education and health, Lage said.

He condemned the newest element of the decades-old trade embargo against Cuba under which foreign subsidiaries of US firms cannot do business with Cuba.

"While they are demanding that Cuba open up and make changes they continue to block any kind of moves toward opening," said Lage.

According to the Cuban official, 413 firms form some 40 firms from some 40 countries are currently established in Cuba and 99 joint ventures, including 21 in the tourism industry, were set up with foreign capital.

He added that 50 per cent of a major industrial installation was recently sold to foreign interests but did not identify the facility.

Lage said he was optimistic about Cuba's chances for a strong economic recovery and said robust growth was expected next year.

Commodity markets : Tin price falls back as dealers doubt output cut plan

LONDON, Oct 31: The price of tin, which rose earlier in the month, fell back below 5,000 dollar a tonne in London this week with dealers doubtful over the Association of Tin Producing Countries plans to cut output, reports AFP.

Other metals followed tin lower, depressed by the steady rise in stocks on the London Metal Exchange and the weakness of international industrial metal demand.

Precious metals remained firm, however, with the market optimistic abut the prospects for jewellery demand as the Christmas period approaches.

The price of natural rubber rose to its highest level since March while the producers met in Indonesia and continued discussions about a new accord.

Among the soft goods, coffee had a difficult week, with the market perturbed by contradictory statements from Brazil over the purchases for its stock withholding scheme, finally ending higher after a definite purchase date has announced for November 3.

Cocoa prices rose, boosted by the delays in the Ivorian and Ghanaian harvests and the raising of the International Cocoa Organisation (ICCO)' s estimate of the 1992-93 deficit of production.

The price of Brent, the reference crude oil for the North Sea, fell toward 16 dollar per barrel, depressed by dealers' doubts over the capacity of OPEC member countries to keep to their production limits and the possibility of a renewal in Iraqi oil exports currently under UN sanctions.

GOLD: Uneven. The price of gold fluctuated at around 370 dollar an ounce with investors cautious about setting any definite trend in the absence of news on supply and demand.

Gold price rose and fell in direct opposition to the rise and fall of the dollar, which started the week high and fell back later on profit-taking.

Jewellery demand ahead of the Christmas period and signs of a recovery in Chinese buying are thought likely to push prices higher toward the end of the year.

PLATINUM: Stable. Platinum price was little changed over the week, finishing slightly higher than the week before but setting little real direction for prices.

The difficulties of the international car sector, the main outlet for platinum, used in the manufacture of catalytic converters, continued to weigh on prices.

SILVER: Steady. Like the other precious metals, silver prices hardly moved during the week with dealers cautious because of the low level of industrial laying in Europe and Japan and the high level of world stocks.

COPPER: Lower. Copper prices fell at the start of the week because of a rise in LME stocks of the red metal, but regained some of the lost ground later on as Chinese demand for copper picked up.

Copper price fell at the start to 1,620 dollar, its lowest level since the dollar contract was introduced to the exchange in July, before the increase in demand raised market prices.

LEAD: Unchanged. Lead price ended the week unchanged, falling like copper given stocks rose, but supported later in the week by news that Mexico's largest mining companies has stopped production.

Analysts said the trend for the lead market was likely to remain strong with demand for lead for car batteries likely to rise in the northern hemisphere over the winter period.

ZINC: Lower. Zinc too followed the trend set by copper, dropping at the start of the week when news emerged showing another rise in zinc stocks, but recovering some ground later in the week on hopes of cutbacks.

Dealers said zinc was looking firmer ahead of the November 2 meeting of producer lobby group Eurometaux in Brussels.

Dealers hope that the producers will agree on the need for an immediate setback in production to curb the rising levels of stocks.

On the LME, zinc stocks rose by 5,350 tonnes to a record 828,350 tonnes.

ALUMINIUM: Lower. Aluminium prices fell to a record low for the LME contract, depressed by the high level of stocks and poor demand for aluminium.

Prices dropped to their lowest point since the existing contract was introduced to the LME in July 1987, then stabilised on news of an explosion at the Dubai Aluminium Company.

The high level of Russian exports and the failure of Russia and the European Community to agree on a compromise to reduce Russian supplies to the West made it sure prices wouldn't rise, dealers said.

On the LME, aluminium stocks jumped by 32,700 tonnes to a record level of 2,289,250 tonnes.

NICKEL: Lower. Like other metals, nickel price suffered from the combined effects of high stocks and low demand, this week, falling steadily as the week more on.

Fears of disruption to supplies at Russian nickel producer Norilsk Nickel, the world's leading supplier of the metal, followed a fire at a foundery but prices fell back after supplies continued uninterrupted.

On the LME, nickel stocks jumped by 1,092 tonnes to a record 119,196 tonnes.

TIN: Lower in uneven trading. Tin prices fell over the week in uneven leading as dealers found it difficult to fix on a settled price after the producer meeting in Kuala Lumpur.

In Kuala Lumpur, the Association of Tin Producing Countries (ATPC) agreed to cut its exports by 12.75 per cent next year and said China had agreed to run the organisation this year, with Brazil following suit in 1994.

The decision to join the organisation was seen as significant by dealers even that, between them, China and Brazil account for 70 per cent of world tin supplies.

Prices were undermined by doubts over the determination of the producers no cut output by 12.75 per cent, and were hit further by news that Russia has abolished the tax on export licences for the metal.

The danger is that hidden stock piles could be shipped, worsening the already high levels of stocks in the West.

Reports that the United States has decided not to change its policy of liquidating its strategic stocks of tin pushed prices lower.

On the LME, tin stocks rose by 175 tonnes to 20,615 tonnes.

COFFEE: Recovery after weak start. Coffee prices fell at the start of the week below 1,200 dollar per tonne, affected by doubts over Brazil's financing deficits stock retention scheme.

However the market rose again after the Brazilian government officially meet November 3 as the date for its first purchases of coffee stocks for the scheme.

The market was boosted at the end of the week by estimates from the Brazilian authorities which said the country exported 700,000 bags of coffee in October against the average of 1.7 million bags.

The decision of the Brazilian National Monetary Council to accept a 50 million dollar loan put forward by the Bank of Brazil. To allow the coffee purchases to start also supported the higher trend.

Elsewhere, a strike of Colombian lorry drivers lead to fears of a disruption in supplies from the world's second largest coffee producer, formally set at 1.2 million bags a month.

COCOA: Firm. After rising the previous week to their highest level since June, cocoa prices steadied this week.

The general trend remained encouraged by the delay in Ivorian and Ghanaian harvests and the upward revision of the International Cocoa Organisation (ICCO) estimate of the production deficit in 1992-93.

SUGAR: Higher. The price of sugar rose to its highest level since June, supported by forecasts of a second deficit in production, though some of the gains were lost at the end of the wee after profit-taking.

German statistician F O Licht said Chinese demand would grow by five per cent per year over the next seven years to reach at least 10.5 million tonnes in raw sugar by the year 2000.

VEGETABLE OILS: Steady. After falling in recent weeks, the price of palm oil stabilised as the production season came to an end in Malaysia, the world's leading producer of palm oil.

Malaysian stocks reached a record 1.13 million tonnes at the end of October, local sources said, up from 1.02 million tonnes the previous month.

The market was awaiting details on the share out of the exports, made under the US export enhancement programme for 1993-94.

CRUDE OIL: Lower. Crude oil prices continued to fall back down towards 16 dollar per barrel, depressed by doubts over the OPEC member countries, commitment to respecting their production agreements.

Signs of a hefty increase in output from the North Sea oil fields also hit prices.

Demand has failed to rally despite the arrival of the winter period and signs of an imminent renewal of Iraqi oil exports continued to plague the market.

RUBBER: Higher. The price of natural rubber rose to its highest level since March but the trend remained cautious because of poor industrial buying and doubts over the future of the International Natural Rubber Organisation (INRO).

The activity slowed this week as producers met in Indonesia to discuss the respects of a new agreement.

GRAINS: Weak. The prices of wheat and barely remained low, depressed by prior consumer buying while the market is at its busiest period of the year and stocks in the northern hemisphere are at their highest level.

Dealers were unaffected by statistics from the International Wheat Council which cut its estimate of world wheat production in 1993-94 by five million tonnes to 570 million.

The figure is still well above the level of the previous season when 562 million tonnes was harvested.

TEA: Firm. Tea price was firm, supported by the steady buying encouraged by growing cold weather in the northern hemisphere and renewed buying in Russia in particular.

The weekly London auctions, average prices were unchanged at 210 pence/kilo for high grade tea, fell four pence to 121 pence/kilo for middle grade and were unchanged at 100 pence/kilo for low grade tea.

COTTON: Slightly lower. The price of cotton fell because of the fall in US demand in September linked to the slowing up of the US textile industry.

The National Cotton Council of America said monthly cotton demand in the United States fell by 1.7 per cent in September from August to 10.327 million bales (480 pound a bale).

WOOL: Higher. Wool price rose to its highest level since August on the hope that the market will bounce back after the Australian and New Zealand wool boards have liquidated their buffer stocks.