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## 7 Congressmen in Brazil accused of misusing budget funds

BRASILIA, Dec 28: Congressional investigators probing corruption allegations in Brazil accused seven Congressmen Monday of misusing budget funds destined for social welfare projects, reports Reuters.

The seven are among more than two dozen politicians named by a former Congress budget official as being part of a corruption network involving business contractors that illegally siphoned off hundreds of millions of dollars of budget funds.

A preliminary report sent to the Congress commission investigating the corruption allegations said the seven Congressmen "diverted, misused and manipulated" budget funds supposedly destined for social projects.

The report, drawn up by a sub-commission of the main anti-corruption commission, concluded that the seven were "seriously involved" in the budget corruption scandal.

## Beijing to spend \$35m on airport safety next year

BEIJING, Dec 28: The government will spend about 35 million dollars on airport safety improvements as part of a campaign to reduce the crashes and hijackings plaguing China's civil aviation, state-run media said Monday, reports AP.

Jiang Zhuping, Deputy Director of the Civil Aviation Administration of China, attributed a recent spate of air disasters to flight crews that perform poorly in emergencies and profit-minded airlines that don't pay adequate attention to safety and maintenance, the Xinhua News Agency reported.

He was quoted as saying China's aviation industry had a woeful shortage of trained professional staff for in-flight administration, maintenance and safety supervision.

The shortage stems from the explosive growth in civil aviation created by China's booming economy. Total domestic passenger travel this year is expected to be up one-fifth from 1992.

1992 was the worst year ever for Chinese aviation safety, with five crashes that killed 310 people. Jiang placed the death toll this year at 76 in five crashes.

Jiang was demoted from Director of the Civil Aviation Administration earlier this month. Although no official explanation was given, the move came amid reports of a campaign to improve air safety.

The campaign will include 200 million yuan (nearly) 35 million dollars next year for construction of defensive stockades surrounding airports, safety examination equipment and fire prevention, Xinhua said.

Hijackings to Taiwan have become more frequent in recent months. Jiang, speaking to China's national legislature, acknowledged that relaxed safety examination measures by Chinese airlines was partly to blame.

China in the past has blamed Taiwan's refusal to repatriate air pirates as the main cause for the hijackings.

## Thailand, S'pore plan business council

BANGKOK, Dec 28: Thailand and Singapore will hasten the establishment of a business council to facilitate economic and trade cooperation between their private sectors, reports Xinhua.

The initiative was announced after Monday's meeting of Thai Prime Minister Chuan Leekpai and Singapore Prime Minister Goh Chok Tong who arrived here yesterday for a two-day working visit to Thailand.

The council would focus on investment in Thailand as Singaporeans were already one of the biggest groups of people engaged in trading businesses in Thailand.

But investment by Singaporeans is still minimal and Thailand needs to attract more investment from them.

During the meeting, Goh proposed studying the possibility of linking the ASEAN free trade area with the North American Free Trade Agreement. America is a major export market for members of the Association of Southeast Asian Nations (ASEAN).

Linking the markets would benefit ASEAN. The Bangkok Post quoted Thai Deputy Prime Minister Supachai Panitchpakdi as telling reporters.

## Cuba's sugarcane fields in deplorable condition

HAVANA, Dec 28: Cuba's sugarcane fields are in deplorable condition and will be reduced to using horse-drawn ploughs next year because of fuel shortages, the national assembly was told yesterday, reports AFP.

The country's main objective is to realize the 1993/94 harvest as efficiently and as quickly as possible," the sugar industry ministry said in a report to the six-monthly session of the legislature, which opened Monday and is due to end Tuesday.

But if that is to be achieved something will have to be done to improve the sugar plantations which are in a deplorable state," the state-run news agency AIN quoted the report as saying.

Sugar is Cuba's main foreign currency earner but exports in the 1992/93 season fell to a 30-year low of 4.2 million tonnes.

Next year sugarcane farmers will be reduced to using 45,000 horse and ox-drawn ploughs to work the fields because a shortage of fuel and spare parts has rendered their tractors useless.

Cuba's economy has been in a tailspin since the collapse of the Soviet bloc, which accounted for some 80 per cent of the country's imports and exports.

# Kuwait blames Iraq for slump in world oil prices

MANAMA, Dec 28: Kuwait Oil Minister Ali Ahmad Al-Baghlhi has blamed Iraq for sending false signals to depress world oil prices, reports Reuters.

"Every time (oil) prices recover, Iraq publishes a report it would soon return to the market leading to lower prices," Baghlhi told Bahrain's newspaper Al-Ayam in an interview.

"The (Iraqi) attempts are intended to harm the oil market," Baghlhi said in a telephone interview with the daily.

"All political indications show that the Iraqi production will not return before six months or one year in the earliest estimation," he added.

The United Nations imposed an oil embargo against Baghdad when it seized Kuwait in August 1990 and some of the Gulf War

allies who defeated Iraq say it still has to comply with all related UN resolutions before sanctions could be lifted.

Baghlhi said the Gulf Cooperation Council (GCC) states voiced readiness on Wednesday to cut their oil production if other producers agreed to join a comprehensive effort for "balanced" cuts.

"We oppose such a reduction if it will not lead to higher prices," Baghlhi said.

The oil-rich GCC groups four OPEC members Saudi Arabia, Kuwait, United Arab Emirates and Qatar with independent producers Oman and Bahrain.

Baghlhi refused to say whether the 12-nation organization of Petroleum Exporting Countries (OPEC) would hold an emergency meeting to tackle low oil prices, but said: "We are waiting to see results of Omani Oil Minister Said Ahmed Al-Sharfi's tour."

Shanfarli — who visited Yemen, Egypt and Syria before going to Norway on Monday — is touring non-OPEC oil producers to secure production restraint or even cuts.

But the paper said Baghlhi indicated that there were currently contacts between OPEC states to review market conditions.

Another report from Nicosia adds: A call from Gulf Arab states for cooperation between OPEC and independent oil producers is unlikely to lead to cutbacks aimed at easing pressure on prices, the Middle East



The Indian businessmen accompanying the visiting Indian Commerce Minister met the members of the Metropolitan Chamber of Commerce and Industry, Dhaka at the chamber office on Monday.

## China will lift price controls on electricity

BEIJING, Dec 28: China will lift electricity price controls and establish a "rational" fee system within three years to help the troubled industry keep pace with rapid economic growth, it was reported today, reports AFP.

Power Industry Minister Shi Dazhen said artificially low electricity prices — set in 1976 under rigid central planning — had hampered the efficient operation of power plants and the development of the industry, exacerbating chronic energy shortages in factories.

The prices were not adjusted until this year, but the small rise was far from adequate as inflation pushed up the cost of fuels, materials and generators, Xinhua said.

But Shi pledged at a conference that more radical changes were in the pipeline. "A scientific and rational pricing system should be established within two to three years," he said.

Shi said electricity production fell short of demand by 20 per cent, putting output this year at 815 kilowatt hours, 9.44 per cent more than in 1992. Next year, production is forecast to rise by 11.2 per cent to 890 kilowatt hours, he said.

## Indonesia expects lower inflation rate than targeted

JAKARTA, Dec 28: Finance Minister Marié Muhandis has expressed confidence that the inflation rate for the whole of 1993 will stand under 10 per cent, a press report said here today, reports AFP.

Marié said he projected the inflation rate for the month of December to stand below 0.5 per cent while the cumulative inflation rate for the first 11 months of 1993 stood at 9.27 per cent, the Merdeka Daily quoted him as telling journalists late on Monday.

The Indonesian government has targeted 10 per cent as the maximum inflation rate for the year and President Suharto has exhorted his officials to work hard to keep inflation below that ceiling, especially after the high rate recorded for the first three months of this year.

Inflation for the January-March period had stood at 6.44 per cent compared to the 9.4 per cent recorded for the whole of 1992.

Officials have blamed the high inflation rate to a rise on fuel prices, and increased salary levels in the public and private sectors as well as the series of floodings and natural disaster that have struck several food production centres in Java.

## Controversy over motorway in Pakistan

ISLAMABAD, Dec 28: South Korean contractor Daewoo said yesterday it wanted two billion rupee (71 million dollar) in compensation for the Pakistan government for reducing the width of a motorway it is building from Islamabad to Lahore, reports Reuters.

"The company is planning to seek two billion rupee as compensation for reducing the number of lanes from six to four as well as other changes in the plan," a spokesman said.

The government has also decided to scrap proposed roadside fences and a central concrete dividing barriers, he said.

The 1.0 billion US dollar 335-Km (200-mile) motorway was proposed by then Prime Minister Nawaz Sharif in 1991 and the contract was awarded to Daewoo later that year.

The project aroused widespread controversy. Critics complained that the road was too costly in terms of foreign exchange, the contract could have been awarded to a local consortium and the existing road could have been improved.

The government of Prime Minister Benazir Bhutto has said it will save 3.5 billion rupee (125 million US dollar) by reducing the two lanes.

## US study questions grain export credit to Russia

WASHINGTON, Dec 28: A study by Congressional auditors questions whether the United States should give Russia more credit to buy wheat and other farm goods, reports AP.

In a report to the Senate Agriculture Committee and Sen. Dennis DeConcini, the General Accounting Office said export credit guarantees may delay farm reform in the former Soviet Union.

That is because the imports generally go to state-owned enterprises rather than the upstart private ones. The cheaper imports may also keep prices artificially low, making it hard for the domestic food industry to get started on a private basis.

But the report also noted arguments of some officials in the newly independent states that credit-assisted food imports may prevent shortages in Russia that would lead to political unrest, blocking overall economic progress.

The Agriculture Department is considering whether to renew the credits after cutting them of little more than a year ago when Russia began defaulting on earlier loans granted to it and other former Soviet states.

## IFIC opens branch in Lahore

International Finance Investment and Commerce Bank Ltd (IFIC) has opened its second branch in Lahore, Pakistan, says a press release.

The branch was opened last Thursday. Industrialists, businessmen and prominent citizens attended the opening function.

A H M Aga Yusuf, Syed Mohsen Ali and Aminul Hoque Chowdhury, directors of the bank and Kazi Mesbahuddin Ahmed, Managing Director were also present.

## BCCI scandal Saudi banker with aide pays \$225m to settle charges

NEW YORK, Dec 28: A Saudi banker and a top aide have paid 225 million dollars to settle charges arising from the collapse of the Bank of Credit and Commerce International (BCCI), officials said yesterday, reports AFP.

The payment by Sheikh Khalid Bin Mahfouz and a top aide, Haroon Kahlon, brings to 88 million dollar the amount recovered for (illegal) gains from BCCI, said Manhattan district attorney Robert Morgenthau.

Most of the money will go to depositors defrauded by BCCI and both will cooperate with federal investigators, Morgenthau said.

Regulators in a number of countries seized the bank on July 5, 1991 after the discovery of enormous fraud and improper lending. BCCI collapsed, leaving more than 12 billion dollars in losses among its operations in 70 countries.

Sheikh Khalid, the former Chief operating officer of Saudi Arabia's largest bank, National Commerce Bank of Saudi Arabia, and Kahlon were charged in New York in July 1992 with defrauding BCCI customers of 300 million dollar.

The federal reserve also accused Sheikh Khalid of violating federal banking law by arranging in 1986 to acquire a 28.7 per cent stake in credit and commerce American holdings of the Netherlands antilles.

The Caribbean Company owns First American, and by law US regulators were to have been apprised of Sheikh Khalid's plans.



Monowar Ali, Director of the City Bank Ltd inaugurated the 62nd branch of the bank at Shreemangal in Moulvibazar on Sunday. Mohammad Shoeb, Director of the bank and Mohammad Mohsin, Chairman of Shreemangal Powrashava also seen in the picture.

## Daewoo wants \$ 71m compensation

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# Top privatiser Mexico angers sugarworkers

By John Ross

leads the Third World in privatising state-run industries, has divested itself of responsibility. As in other Mexican communities in such sugar-producing states as Tabasco, Morelos, and Veracruz, this has left a bitter aftertaste.

"Out of Puruaran... Traitors' demand signs splattered on town walls. Cane-cutters angrily stride the dirt streets with ever-ready machetes. "Salinas is trying to steal this mill from us," says Ramon Reyes, a pensioner with 50 years at the factory.

Privatisation of Mexico's sugar industry has resulted in the closing of seven mills and the loss of 9,000 jobs, says the government-controlled Sugar and Alcohol Workers Union.

The sell-off began three years ago when Azucar SA, the government sugar monopoly, was liquidated and its mills auctioned off to 11 groups of investor.

Santos de Hoyo, former owner of the nation's largest cookie-maker (Gamesa — now part of the Pesco empire), has been a key figure in privatising agriculture in northern Mexico on state-subsidised wheat and bean-producing tracts at Vaquerias in Salinas' home state of Nuevo Leon.

In an interview, Santos explained that after operating Puruaran for one sugar harvest, he knew it was a money-losing venture and decided to consolidate his holdings at another mill in the region.

State and federal officials, he suggested, should provide job alternatives for Puruaran cane cutters, farmers, and millworkers. Pesticide making plant and increased cattle ranching have been proposed.

Other major players in Mexico's sugar sweepstakes are: Coca-Cola, which has bought four mills, and PepsiCo, which owns three — including the largest in Mexico — and is reportedly maneuvering to pick up seven of 26 recently privatised mills.

With five mills, the Bremer family, whose Grupo Xafra bought Mexicana Airlines from the Salinas government in its first major privatisation, is a strong competitor. Another syndicate reportedly bought three mills in that state — and shut two.

The 11 groups that have snapped up Mexico's 59 sugar mills will probably consolidate into six, believes columnist Luis Soto, who follows commodities for the daily EL Financiero.

Such volatility reflects intense jockeying for a share of an export market that could grow from 25,000 tons annually to 200,000 if the North American Free Trade Agreement (NAFTA), joining Mexico with the United States and Canada, comes into force on January 1 as planned.

Although investment groups have ready access to bank credits when they seek to buy sugar mills, workers and farmers who bid for them are routinely turned down because of inadequate financing.

Newly privatised banks are often affiliated with the same groups that are competing to own the sugar mills. Takeovers and start-ups by fired employees have been met with the kind of force displayed by police in Puruaran.

The sugar privatising process, tainted with conflicts of interest, unannounced closings, and the stripping and resale of mill machinery, has met little official resistance from the government-controlled unions and farmers organisations that traditionally represent sugar workers.

The use of armed forces has characterised Salinas' wholesale privatisation of the economy. In 1989, he sent troops to Cananea in northern Sonora to break a copper strike. Then, having marginalised the militant union, he sold the mine — the eighth-largest in the world to the highest bidder.

In five years, the administration has privatised 18 banks, the nation's telephone company, and its highway system. Only PEMEX, the national petroleum consortium, and the Federal Electrical Commission are said to be safe.

Between 1988 and 1992, 31 privatising transactions netted the government \$20 billion, tops in the Third World and a half the total funds generated by privatisations in Latin America during that period. Only Britain, Germany and Japan outdid Mexico, according to the International Monetary Fund and World Bank.

This summer, the Salinas administration posted what it described as its final sale of state-run enterprises: two television stations and a string of movie theatres. Removed from the package at the last minute was the ruling party's daily newspaper, El Nacional.

That, say political insiders, will not be sold until after the August 1994 presidential elections so that it can be used to promote Salinas' hand-picked successor. — Gemini News

John Ross is a US-born poet-activist-reporter who has covered Mexico for three decades.

## Public sale for private profit

