

Businessmen-politicians links exposed

Major credit scam in Indonesia

JAKARTA, June 2: Testimonies from former bosses of an Indonesian state bank embroiled in a major credit scam have exposed long-suspected links between businessmen and senior politicians, academics and bankers said on Wednesday, reports Reuter.

They said the so-called Bapindo case — named after the state bank which is technically bankrupt over 450 million dollars in bad loans to businessman Eddy Tansil — reflected broader complicity between big business and state funds.

"It shows the whole system is rotten. It shows that with the Bapindo case there are more than just technical problems," Anwar Nasution, an economics lecturer at the University of Indonesia said.

"It shows that state enterprises, including the state-owned banks, are no more than arms-length extension of the government bureaucracy," he added.

Tansil, 40, is the first of six men to face trial in connection with a loss of about 450 million

dollar on letters of credit issued to his Golden Key Company, which has interests in petrochemicals.

He could be jailed for up to 20 years if convicted on charges of corruption and violating banking laws.

Sjahrial, former head of Bank Pembangunan Indonesia (BAPINDO) said on Tuesday during Tansil's trial that former finance minister Sumarlin told him to keep credit open for Tansil even though BAPINDO directors had decided this would cause liquidity problems.

Towill Heryoto, another former head of BAPINDO, one of seven leading state banks, also testified on Tuesday that a letter of reference from a close aide to President Suharto had helped to win loans for Tansil.

Attorney-General Singgin was asked by reporters on Wednesday if Sumarlin and Sudomo, who heads Suharto's Supreme Advisory Council (DPA) would testify. "It depends on the court. If they are needed Indonesian law can call

them," he replied.

Singgin also said cases on Sjahrial, Heryoto and two other former directors would be submitted to court this month. He said they were needed to testify in Tansil's trial.

One foreign banker, who declined to be named, said the testimonies highlighted a major problem facing Indonesia's state banks, which account for about half of total outstanding credit.

"Patronage, and testimony of political pressure, is a very real concern in the state banks. The system is wrong that permits political influence in commercial activity," he said.

"Unfortunately it will take years to eradicate these sort of entrenched practices," he added.

Sudomo, a retired admiral, was the coordinating minister when he wrote the letter of reference before 1993.

He was admitted writing a letter of reference for Tansil but has rejected calls to step down as chairman of the prestigious 47-member DPA.

lars.

Sjahrial said that later the same day he was summoned to meet Sumarlin who said: "The project is good and feasible, it can go ahead."

The (BAPINDO) directors came to a conclusion it was an order we had to carry out," Sjahrial added.

A bank acceptance is the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used widely in international trade.

Hereto, meanwhile, who took over from Sjahrial at the end of last year, told the court that Tansil was given credit because he had a letter of reference from Sudomo, a former coordinating minister for political and security affairs.

Sudomo, a retired admiral, was the coordinating minister when he wrote the letter of reference before 1993.

He was admitted writing a letter of reference for Tansil but has rejected calls to step down as chairman of the prestigious 47-member DPA.

Former Soviet states cut US farm imports

WASHINGTON, June 2: Economic reforms and tight financial constraints have caused the former Soviet republics to cut their demand for US farm commodities, the Agriculture Department says, reports AP.

The value of US agricultural exports to the republics this fiscal year is forecast at 1.3 billion dollars, down about 17 percent from 1992-93, and 50 per cent below the 1991-92 level, USDA's Economic Research Service reported.

That forecast would put the value of US agricultural exports, primarily grain and oilseeds, to the republics at their lowest point since fiscal 1986-87, and probably would place it as the seventh largest buyer of US farm goods, it said.

"Barring a significant crop shortfall... imports are likely to continue at this low level for the foreseeable future," the report said.

"While many reforms have taken place, economic recovery and growth, which would likely spur an increase in imports in the region, will probably be slow in coming, depending upon when further major reform measures are

implemented."

The governments of the former communist states have pushed reforms such as price liberalization, privatization, decentralization of state procurements and subsidy cutbacks, the report noted.

But at the same time, most of the governments have tried to maintain employment and arrest the downturn in production, both at the expense of higher inflation, it said.

"These two are inconsistent in the sense that policies directed toward the latter goal prevent and delay the implementation of policies aimed at the former," the study said.

It noted that grain use has declined considerably as livestock inventories in the former Soviet republics have fallen as a result of price deregulation.

"While many of the countries in Central Asia and the Transcaucasus will likely continue to receive food assistance in the near to medium term, past levels of concessional and commercial credits to Russia are likely to decline," the report said.

Exchange Rates

The following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on June 2 and 3.

(Figures in Taka)

Currency	Selling		Buying	
	TT & OD	EC	OD	Clean
US Dollar	40.3000	40.3355	40.1010	40.0172
Pound Sterling	61.1351	61.1889	60.1852	60.0594
DM	24.6105	24.6322	24.2306	24.1799
F Franc	7.1967	7.2030	7.0874	7.0726
C Dollar	29.2324	29.2582	28.7778	28.7177
S Franc	28.9193	28.9448	28.4759	28.4164
Jap Yen	3.8699	3.9002	3.7999	3.7911
Indian Rupee (AMU)	1.2908	1.2973	1.2754	1.2594
Pak Rupee (AMU)	1.3177	1.3243	1.3020	1.2858
Iranian Rial (AMU)	0.0231	0.0232	0.0229	0.0226

A) T.T.(DOC) US Dollar Spot Buying Tk 40.0591

B) Usage Rates:

30 Days DA 60 Days DA 90 Days DA 120 Days DA 180 Days DA

39.7507 39.4666 39.1826 38.8985 38.3304

C) US Dollar sight export bill 3 months forward purchase: Tk 40.0172

D) US Dollar 3 months forward sale: Tk 40.5355

(Indicative Rates

Currency	Selling		Buying	
	T.T. & O.D.	O. D. Transfer	T.T. & O.D.	O. D. Transfer
S Riyal	10.7467	10.6386	10.7467	10.6386
UAE Dirham	10.9728	10.8601	10.9728	10.8601
Kuwaiti Dinar	135.5077	133.9080	135.5077	133.9080
Singapore Dollar	26.3003	26.0166	26.3003	26.0166
D Guldars	21.8428	21.6177	21.8428	21.6177
S Kroner	5.2104	5.1542	5.2104	5.1542
Malaysian Ringgit	15.6262	15.4617	15.6262	15.4617

Note : AMU—Asian Monetary Unit

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 2-6-94

Berth	Name of Vessels	Cargo	L Port	Local	Date of Call	Agent	Arrival	Leaving
J/1	Iran Torab	Cement	Sing	H&H	10/5		6/6	
J/3	Armas	TSP(P)	Sing	PSAL	22/5		6/6	
J/4	Leratini	Cement	Chin	PSAL	13/5		6/6	
J/5	Svendborg Gallant	GI	Sing	BSL	31/5		6/6	
J/7	Banglar Urmil	OL	Mong	PSC	02/6		5/6	
J/8	Xiang Jiang	GI	Sing	Prog	30/5		6/6	
J/9	Mary-M	M. Seed	Pene	Royal	29/5		5/6	
J/10	Dolores	Idle	Seacom	R/A	15/6			
J/11	Socol-1	Cont	Col	Baridhi	01/6		3/6	
J/12	Lanka Mahapola	Cont	Sing	RSL	30/5		2/6	
J/13	Banglar Asha	Wheat (GI)	BSC	R/A	10/6		3/6	
MPB/1	Meng Kiat	Cont	Sing	AML	30/5		3/6	
MPB/2	Banglar Robi	Cont	Sing	BSC	30/5		3/6	
CGJ	Aracida-1	C. Clark	Vista	Seacom	29/5		7/6	
GSJ	Callian-S	Wheat (GI)	SBS	29/5		4/6		
TSP	Astron	R. Phos	Apaka	SSST	25/5		6/6	
RM/4	Mezdurechinsk	Cement	Layc	USTC	21/5		5/6	
RM/6	Banglar Shourabh	Repair		BSC	R/A		3/6	
DDJ/1	Alkyonis			Lama	R/A		3/6	
DDJ/2	Infinity	Repair	Sing	RSL	17/5		15/6	
CUJ/	Marine Three	Urea	Yang	BML	21/5		5/6	

Vessels due at outer anchorage

Name of Vessels	Date of Arrival	Last Port Call	Local	Cargo	Loading Port
Fong Yun	3/6	Held	BDSh	Cont	Sing
Pantay	2/6	Sing	SBS	Rice (P)	
Tug Salvator	2/6	Sing	SBS		
Lhote	3/6	Sing	RSL	Cont	Sing
Venkat-IV	3/6	Sing	Novo		
Tae Chon	3/6	Mong	Littmon	Urea	
Salem Twelve	4/6	Cont	MSA	GI/ S Ash	
Kota Bintang	4/6	Sing	CTS	Cont	Sing
I Yamabureko	4/6	Cont	CT	Cont	Sing
Chestnut Hill	4/6	P. Ang	Ancien	Wheat (GI)	
Yannis-II	6/6	Sing	PSAL	P. Iron (P)	
Banglar Sampad	5/6	Mong	BSC	GL	Karachi B.A.H.
Pearl One	5/6	Yang	ENCL	GI	
Petri Starostin	5/6	CT	Cont	Sing	
Dignity-1	5/6	USTC	Cement		