

## 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 Reuters.

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 an 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.

Sjahrizal, 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 Singgih 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.

Singgih also said cases on Sjahrizal, 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.

Sjahrizal told the court that after BAPINDO directors had met on June 2, 1992 to discuss Tansil's loans to import machinery, they decided to halt the issuance of bank acceptances, which already amounted to 208 million dol-

lars. Sjahrizal 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," Sjahrizal 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.

Heryoto, meanwhile, who took over from Sjahrizal 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.

## Malaysia to buy Russian jet fighters

KUALA LUMPUR, June 2: Defence Minister Najib Abdul Razak said Wednesday Malaysia will sign an agreement next week to buy 18 Russian-made MiG-29 jet fighters, reports AP.

Najib declined to state to cost of the plane, spare parts, training and other facilities, but government officials have said it could exceed one billion ringgit (\$37.7 million dollars) and part of the payment would be in palm oil and other commodities.

Najib told reporters the signing ceremony will be held next Tuesday, in the presence of Russian Prime Minister Oleg Soskovets and Malaysian Deputy Prime Minister Anwar Ibrahim.

With the purchase, Malaysia's would become the first air force in Southeast Asia to fly the MiG-29.

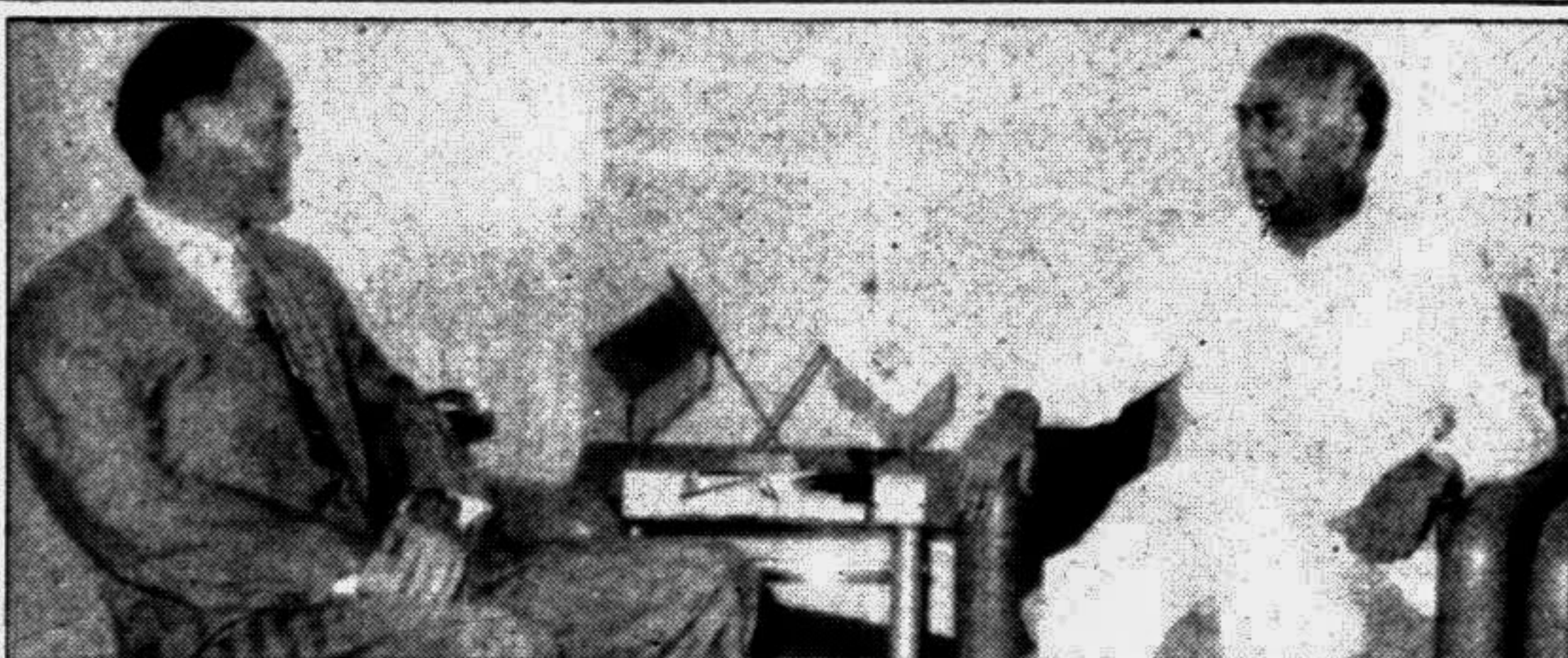
## ROK's foreign debt deepening

SEOUL, June 2: South Korea's net foreign debt is deepening in 1994 due to an expanded trade shortfall and a reduced influx of foreign capital into the domestic stock exchange, the Central Bank of Korea said yesterday, reports AFP.

The net domestic debt, excluding payment on overseas assets, had increased to 8.7 billion dollars by the end of March from 7.87 billion dollars at the end of 1993, according to bank report.

South Korea registered a total 45.08 billion dollar foreign debt, up from the 43.87 billion dollars at the end of last year.

The report pointed to the widening trade deficit, which amounted to 2.52 billion dollars during the first quarter, and the reduction of foreign investment in domestic stocks for the surge.



Jong Kyoo Byun, Ambassador of the Republic of Korea in Bangladesh, called on Mahbubur Rahman (R), President of the Federation of Bangladesh Chambers of Commerce and Industry at the FBCCI office in the city yesterday.

## Asian stocks close mostly lower

HONG KONG, June 2: Asian stock markets closed mostly lower Thursday, with share prices plunging across the board in Hong Kong, reports AP.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 289.73 points, or 3.0 per cent, closing at 9,222.34, on Wednesday, the index had slumped 41 points.

In Tokyo, share prices fell after the key index set 1994 high closings for three consecutive days.

The Nikkei Stock Average of 225 selected issues fell 44.11 points, or 0.21 per cent, closing at 22,009.000. On Wednesday, it had closed at its latest 1994 high — 21,053.11.

The Tokyo Stock Price Index of all issues listed on the first section was down 3.92 points, or 0.23 per cent, to 1,689.66. It had climbed 11.08 points, or 0.66 per cent, to 1,693.58 the previous day.

Wellington: Share prices closed higher, boosted by buying of Telecom Corp. Ltd., New Zealand's largest company by market value. The NZSE-40

capital index rose 11.55 points to 2,147.76.

TAIPEI: Share prices closed mixed after strong gains in the morning were eroded by profit-taking. The market's Weighted Index rose 4.83 points to 5,956.62.

SEOUL: Share prices closed higher after four straight days of declines. The Korean Composite Stock Price Index rose 4.66 points provisionally to 937.43.

SYDNEY: Australian share prices closed sharply lower in reaction to weaker European markets on Wednesday. The All Ordinaries index of share prices fell 20.2 points to 2,077.0.

MANILA: Share prices closed lower on profit-taking after three days of hefty gains. The Philippine Stock Exchange Composite index of 31 selected issues fell 34.8 points to 3,079.64.

Singapore: Share prices closed lower in weak trading. The 30-share Straits Times Industrial Index fell 15.50 points to 2,252.38.

KUALA LUMPUR: Malaysian share prices closed lower across the board. The Kuala Lumpur Stock Exchange's Composite Index fell 27.36 points to 955.44.

BANGKOK: Thai share prices closed lower on profit-taking. The Stock Exchange of Thailand Index fell 9.43 points to 1,358.92.

## Another record high in Tokyo's forex reserves

TOKYO, June 2: Japan's foreign exchange reserves rose 2.34 billion dollars in May to 106.91 billion dollars, rewriting a record high for the third straight month, the finance ministry said Wednesday, reports AFP.

Dollar-buying by the Bank of Japan to check the yen's rapid rise was seen as responsible for the seventh straight monthly gain in foreign reserves, including convertible foreign currencies, gold and International Monetary Fund (IMF) special drawing rights.

But, as is the custom, the ministry refused to give reasons for the increase but the central bank has actively stepped in the market in the past month as the yen-dollar rate moved wildly.

The dollar started the month at 101.80 yen and closed out at 104.38 yen.

The Ministry said Japan was believed to be the biggest holder of foreign exchange reserves, according to the latest comparable figures available.

At the end of March, Japan had reserves totaling 101.7 billion dollars, followed by 84.8 billion dollars for Germany, the ministry said.

It added that Taiwan also had 84.4 billion dollars at the end of January, compared with the March figure of 78.7 billion dollars for the United States.

## 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 per cent 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 cut-backs, 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.

Currency	Selling		Buying	
	TT & OD	EC	OD	Transfer
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
FF 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
Yen	0.3899	0.3902	0.3799	0.3791
Indian Rupee (AMU)	1.2908	1.2973	1.2754	1.2594
Pak Rupee (AMU)	1.3177	1.3243	1.3020	1.2858
Iranian Ryal (AMU)	0.0231	0.0232	0.0229	0.0226
A) T. T. (DOC) US Dollar Spot Buying Tk	40.0591			
B) 90 Days DA	39.7507	39.4666	39.1826	38.8985
C) 120 Days DA	39.7507	39.4666	39.1826	38.8985
D) US Dollar sight export bill 3 months forward purchase: Tk	40.0172			
E) US Dollar 3 months forward sale: Tk	40.5355			

Currency	Selling		Buying	
	T.T. & O.D.	EC	O.D. Transfer	
S Riyal	10.7467		10.6368	
UAE Dirham	10.9728		10.8601	
Kuwaiti Dinar	135.5077		133.9080	
Singapore Dollar	26.3003		26.0166	
D Guilders	21.8428		21.6177	
S Kroner	5.2104		5.1542	
Malaysian Ringgit	15.6282		15.4617	

Note: AMU—Asian Monetary Unit

## Shipping Intelligence

Chittagong Port									
Berth position and performance of vessels as on 2-6-94									
Berth No.	Name of Vessels	Cargo	L Port	Local Agent	Date of 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	Lerantini	Cement	Chin	PSAL	13/5	6/6			
J/5	Svendborg Gallant	GI	Sing	BSL	31/5	6/6			
J/7	Banglar Urmil	GL	Mong	RSC	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	Socot-1	Cont	Col	Baridhi	01/6	3/6			
J/12	Lanka Mahapala	Cont	Sing	RSL	30/5	2/6			
J/13	Banglar Asha	Wheat (GI)	ESC	R/A					
MPB/1	Meng Kiat	Cont	Sing	AML	30/5	3/6			
MPB/2	Banglar Robi	Cont	Sing	ESC	30/5	3/6			
CGJ	Aradia-1	C Clinik	Visa	Seacom	29/5	7/6			
CGJ	Callian-5	Wheat (GI)	Sing	SBS	29/5	4/6			
TSP	Antron	R Phos	Sing	SSST	25/5	6/6			
RM/4	Mekhdureshnak	Cement	Laye	USTC	21/5	5/6			
RM/6	Banglar Shourab	Repair	ESC	R/A	3/6				
DDJ/1	Alkyonis		Lams	R/A	3/6				
DDJ/2	Infinitly	Repair	Sing	RSL	17/5	15/6			
CUFJ	Marine Three	Urea	Yang	RML	21/5	5/6			

Vessels due at outer anchorage					
Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Fong Yun	3/6	Haid	BDShip	Cont	Sing
Farangy	2/6	Sing	SES	Rice (P)	Sing
Tug Salvator	2/6	Sing	SES		Sing
Lhotse	3/6	Sing	RSL		Sing
Venkat-IV	3/6	Sing	Novo		Sing
Tae Chon	3/6	Mong	Litmond	Urea	
Salem Twelve	4/6	Const	MSA	GI/S Ash	
Kota Bintang	4/6	Const	CTC		Sing
I Yambarenko	4/6	CT		Cont	Sing
Chestnut Hill	4/6	P Ang	Ancient	Wheat (GI)	
Yannis-II	6/6	Sing	PSAL	P Iron (P)	
Banglar Sampad	5/6	Mong	ESC	GL Karachi B.A.H.	
Pearl One	5/6	Yang	ENCL	GI	
Petr Starostin	5/6	CT		Cont	Sing
Dignity-1	5/6	USTC		Cement	
Obo Makedonia Star	5/6	Sing	MSPL	For Scraping	

Tanker due					
Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Global Mercury	2/6	Kala	Seacom		
Antares	6/6	Bela	Royal		

Vessels at Kutubdia					
Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival	
Sea Nymph	5/6	Cement	Sing	PSAL	17/5
Tanary Star	5/6	Cement	Sing	USTC	28/5
Ournia	5/6	Cement	Lian	USTC	1/6

Vessels ready					
Ready on					
Loyal Bird	5/6	Urea	Mong	ENCL	R/A (25/5)
Banglar Jyoti	3/6			ESC	R/A (30/5)
Alma			Seacom	R/A	(31/5)

Movement of vessels for 3-6-94 & 4-6-94					
Outgoing	Incoming	Shifting			
J/11 Socot-1	GSJ/PP Top Glory	J/3 Armas to DOJ			
MPB-1 Meng Kiat	RM-6 Banglar Jyoti	J/5 S Gallant to J/T			
MPB-2 Banglar Robi	MPB-1 Jhotse				
RM-6 Banglar Shourab	R-5 Concord				
DDJ/1 Al Kyonis	J/3 Ournia				

The above were the Thursday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

## Dhaka Stock Prices

At the close of trading on June 2, 1994

## BTC leads losers

The losers, led by BTC, dominated the floor of the Dhaka Stock Exchange (DSE) on Thursday, the closing day of the week.

BTC led 26 losers in terms of volume with 21701 shares traded. Apex Spinning (1400), Bangla Process (1050), Beximco Synthetic (2340), Beximco Ltd (3200) and Apex Footwear (1040) also incurred remarkable losses in terms of volume.

In terms of value, Stylecraft topped the losers' list with a fall of Taka 50.00 per share.

Eastern Cables led 18 gainers in terms of value. The company's 1440 shares were traded. Ashraf Textile (1100), Eastern Insurance (1260), Quasem Drycells (950) and Bata Shoe (720) also gained significantly.

IDLC dominated the gainers' list, in terms of value, with a rise of Taka 40.00 per share. The number of issues totalled 53, in which nine traded at previous rates.

The turnovers on the DSE fell. The turnover in volume decreased by 48.25 per cent and the turnover in value showed a decline of 29.14 per cent.

A total of 41,659 shares worth Taka 72,67,673.75 changed hands as against Wednesday's 28,100

shares valued at Taka 1,02,57,072.00.

The DSE All Share Price Index gained slightly. It reached 644.91872 from 644.45037, a rise of 0.0727.

Trading at a glance

DSE All Price Index 644.91872

Market Capitalization Tk 2,93,92,11,690.00

Turnover in volume 41,659

Turnover in value Tk 72,67,673.75

Company's Name Change Number

(per share) of shares

Tk trade