

US-Japan trade talks stalled

WASHINGTON, July 31: The United States and Japan broke off trade talks Saturday, officials from both sides said, all but ensuring the launch of sanctions proceedings against Tokyo on Sunday, reports Reuters.

The talks which lasted two days, had focused on Japanese government procurement practices for telecommunications and medical equipment — two areas where US producers are highly competitively but have still faced difficulties cracking the Tokyo market.

A spokeswoman for the US Trade Representative's office declined to say if Washington would start the clock ticking on sanctions following the breakdown in the talks, but Japanese officials and US trade sources said that such a move seemed inevitable.

On Saturday, White House Press Secretary Dee Dee Myers said President Clinton expects the talks to resume, even if Washington takes steps to impose sanctions on Tokyo.

Myers said the US Trade Representative's office would probably announce today whether or not Washington has found Japan in violation of its trade laws subject to sanctions that would go into effect in 60 days.

"We expect talks to continue," Myers said in Cleveland. She accompanied Clinton on a one-day trip to Missouri and Ohio.

Washington had set a July 31 deadline for deciding whether Tokyo's procedures for government purchases of telecommunications and medical equipment discriminate against imports, the first step towards possible sanctions.

Sanctions would be implemented only if the two sides fail to reach agreement during a 60-day consultation period.

Before the talks began, US officials had said that Washington stood ready to launch sanction proceedings unless Tokyo made major concessions in the negotiations — something that US trade sources

believe did not occur. The two nations remain at odds over how to measure improved market access as well as US demands for changes to Japanese government procurement procedures.

Japanese officials said it was the former issue that proved to be the major sticking point in the latest round of negotiations, held between Japanese Deputy Foreign Minister Sadayuki Hayashi and US Deputy Trade Representative Charlene Barshefsky.

Washington wants to use forward-looking yardsticks to measure Tokyo's progress in opening its government procurement and other markets to imports, but Japan opposes that proposal out of fear that such indicators would end up being mandatory targets.

If Washington goes ahead as expected and launches sanction proceedings, US officials are likely to play down the significance of the move by stressing that the two sides still have two months in

which to settle their differences before sanctions proceed. That might help limit the fall out from the decision in the currency market, where the dollar bounded over 100 yen last week for the first time in a month — partly on hopes that a trade deal would be struck.

Japanese officials, who had earlier warned that they might refuse to enter into any further negotiations if Washington set the clock ticking on sanctions, seemed to back away from that threat on Friday.

"I'm hoping the talks will be concluded, but even if there were no accord by July 31 we would continue to seek one," Japanese Finance Minister Masayoshi Takemura told reporters in Tokyo.

Government procurement, along with insurance and cars and car parts, is a priority sector in the so-called economic framework negotiations between the United States and Japan.

Indian bond scam Govt-Opposition showdown today

NEW DELHI, July 31: Indian Opposition parties said they were united on a proposed showdown tomorrow with the government over the nation's worst financial scandal, reports Reuters.

But representatives of both right-wing and leftist opposition groups said over the weekend they did not see the 1.28 billion dollars scandal, in which a Parliamentary probe blamed seven ministers, as threatening the government.

Nearly all major opposition groups have accused Prime Minister P V Narasimha Rao of unfairly shielding Finance Minister Manmohan Singh against criticism in a joint Parliamentary Committee (JPC) findings in the 1992 incident.

Rao set up the all-party JPC to investigate the scandal in which brokers and bankers were accused of siphoning funds illegally from the inter-bank securities market to invest on the then booming Bombay Stock Exchange (BSE).

The opposition has paralysed parliament since last Tuesday over their demand that the government withdraw its "action taken report" which has rejected JPC criticism of Singh, architect of a three-year-old programme of radical economic reform.

BSE share prices up

BOMBAY, July 31: Indian share prices posted a smart recovery on the Bombay Stock Exchange (BSE) following renewed buying support from financial institutions and investors, reports AFP.

The BSE sensitivity index gained 37.26 points to close at 4,191.30 points during the five-day week which ended Friday.

The 100-share national index gained 37.26 points to close at 1,981.79 points.

Share prices rose sharply as first quarter financial results of market leaders Tata Steel and Tata Engineering encouraged speculators and financial institutions to go on a buying spree, analysts said.



A man poses with a Vietnamese model beside a replica of a Kodak Golden III roll during a nationwide advertising campaign yesterday in Hanoi marking the US film maker's official comeback to Vietnam after lifting of the US trade embargo last February. Kodak faces tough competition against Japan's Fuji and Konica which have been selling film in Vietnam for years.

Rao announces steps to reform loss-making state firms

NEW DELHI, July 31: Indian Prime Minister P V Narasimha Rao today announced stern steps to reform loss-making state firms, telling them to employ fewer workers and modernise their technologies, officials said, reports Reuters.

They quoted him as telling chief executives of state companies as saying the government would cut budgetary support to them.

Rao told them not to rely on "spoon-feeding" two weeks after he told a Congress Party rally state-run companies would have to perform or close.

Labour Minister Purno Sangma told the meeting that wage rises would be possible only if the number of workers shrank. "Wage revision should not impact in terms of in-

creased unit cost of labour," he said, adding the government would not yield.

The entire wage structure has to be linked to productivity.

Public sector reforms are considered a tough political challenge for Rao, who launched a radical economic reform programme in 1991. Surplus labour is a major issue in the companies, which have highly-organised labour unions.

Pranab Mukherjee, head of the government's Planning Commission, said state companies would have to fend for themselves by raising more funds from the market.

A substantial portion of disinvestment should be reinvested in modernisation," he said. "If reform has one mes-

EU decision to continue subsidies to 2 air services faces criticism

WASHINGTON, July 31: Secretary of Transportation Federico Faria has criticised the European Union decision to continue paying subsidies to state-owned carriers Air France and Greece's Olympic Airways, reports USIS.

"Huge subsidies propping up noncompetitive state-owned carriers seriously undermine the promise of genuine competition in European aviation and greater competition in the trans-Atlantic market," Faria said in a July 28 statement.

The EU Commission has approved subsidies of 3,700 million dollars for Air France and 2,300 million dollars for Olympic Airways.

Faria said the EU Commission cannot construe its prohibition on the airlines' use of the subsidies to compete with other EU airlines as beneficial for the rest of the world.

"We reject any implication that this somehow legitimizes the use of the subsidies in competition with the carriers of the US and other countries in intercontinental markets," he said.

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on July 31.

Currency	Selling		Buying	
	TT & OD	EC	TT Clean	OD Sight Transfer
US Dollar	40.3725	40.4015	40.1100	40.0325
Pound Sterling	62.6265	62.6715	60.9416	60.8239
DM	25.7669	25.7855	25.0814	25.0329
F Franc	7.5399	7.5454	7.2185	7.2045
C Dollar	29.4243	29.4454	28.6438	28.5884
S Franc	30.4527	30.4746	29.6335	29.5762
Jap Yen	0.4102	0.4105	0.3951	0.3943
Indian Rupee (AMU)	1.2904	1.2967	1.2750	1.2590
Pak Rupee (AMU)	1.3204	1.3270	1.3046	1.2883
Iranian Rial (AMU)	0.0230	0.0231	0.0227	0.0224
A) T.T.(DOC) US Dollar Spot Buying Tk 40.0712				
B) Usance Rates:				
30 Days DA	39.4755	39.1914	38.9073	38.3588
90 Days DA	39.4755	39.1914	38.9073	38.3588
C) US Dollar sight export bill 3 months forward purchase:	Tk 40.0325			
D) US Dollar 3 months forward sale:	Tk 40.6015			

Currency	Selling		Buying	
	T.T. & O.D.	MSL	O.D. Transfer	MSL
S Riyal	10.7664	10.9370	10.8614	10.8614
UAE Dirham	10.9936	10.9936	10.9936	10.9936
Kuwaiti Dinar	135.6231	133.6740	133.6740	133.6740
Singapore Dollar	26.7296	26.3943	26.3943	26.3943
D Guilders	22.6508	22.3752	22.3752	22.3752
S Kroner	5.1636	5.0996	5.0996	5.0996
Malaysian Ringgit	15.5798	15.3886	15.3886	15.3886

Note: AMU—Asian Monetary Unit

Shipping Intelligence

Chittagong Port
Berth position and performance of vessels as on 31.7.94

Berth	Name of vessels	Cargo	L.P. Port	Local agent	Date of arrival	Leaving
J/1	Tiger Star	GI	Thail	Prog	29/7	2/8
J/2	Fu Shan	M.S. Coll	MSL	Prog	31/7	5/8
J/3	Golden Rose	Cement	Sing	PSAL	14/7	4/8
J/4	Young Lin	GI	Sing	BML	28/7	2/8
J/5	Russula	Cement	Sing	USTC	26/7	—
J/6	Kransnoyarski	GI	Sing	Seacom	26/7	5/8
J/7	Banglar Kallio	GI	Pena	BSC	23/7	3/8
J/8	Nikoula	GI	Sing	Prog	22/7	3/8
J/9	Jiang Cheng	GI	S.Hai	BDShip	25/7	2/8
J/10	Dolores	Idle	—	Seacom	R/A	10/8
J/11	Alan Tanang	Sugar(P)	Bank	Seacom	17/7	10/8
J/12	I.Yamburenko	Cont	Sing	CT	31/7	4/8
J/13	Petr Starostin	Cont	Sing	CT	30/7	4/8
MF/1	Fong Yun	Cont	Sing	BDShip	29/7	3/8
MF/2	Optima	Cont	Sing	RSL	30/7	2/8
CSJ	Marlin	Wheat (G)	Rosen	Ancient	21/7	31/7
RM/4	Prudent Venturer	Cement	Sing	PSAL	17/7	3/8
RM/5	Team Trinta	HSD/MS	Sing	MSPL	10/7	4/8
DOJ	Global Trader	Cement	Sing	AEKA	14/7	—
DDJ/1	Pearl One	Repair	Yang	ENCL	15/6	2/8
RM/9	Banglar Jyoti	Repair	—	BSC	R/A	6/8

Vessels Due at Outer Anchorage				
Name of Vessels	Date of arrival	Last Port	Local agent	Cargo
Banglar Maya	1/8	Col	BSC	—
Dubai Glory	1/8	—	Prog	GI
APJ Priti 31/7	31/7	Sing	USTC	Cement
Tirgu Secules	2/7	Braz	USTC	P.iron
Gai Jiang	31/7	L.Shan	Litmond	Cement
Fong Shin 23/7	2/8	Sing	BDShip	Cont
Safar	1/8	—	ASL	Sugar
Pan Trader	2/8	SACR	OWSL	Wheat (P)
State of Nagaland	2/8	—	SSL	GL
Ultima 23/07	6/8	—	Baridui	Cont
Mikhail Stenko 23/7	4/8	Col	BTSA	Cont
Dona Ourania	3/8	—	JF	Scraping
Jaya Supply-1	3/8	—	Novo	P.Equip
Andrian Goncharov 27/7	5/8	Sing	CT	Cont
Banglar Robi 26/7	6/8	Sing	BSC	Cont
Banglar Moni	4/8	Mong	BSC	Cont
Pelopidas	6/8	—	Litmond	Wheat (P)
Samudra Raj	7/8	Kara	SSL	Rice/GI

Vessels at Kutubdia				
Name of Vessels	Cargo	Last Port	Local agent	Date of arrival
Vessels at Outer Anchorage				
Ready On				
Banglar Asha	Wheat (G)	—	BSC	R/A (24/7)
Kutuzovo	GI (Copro)	KOSC	Seacom	31/7
Arktis Sun	GI (Copro)	Sing	BSC	31/7
Vessels Not Ready				
Clipper Aquamarine	D.Pess/Wheat	Sing	MSA	16/7
Altador	Cement	Sing	AEKA	21/7
Cartona	Sugar (P)	Kaus	Seacom	R/A (29/7)
Khartoum	SSP (P)	SAFA	Cosmo	30/7
Vessels Awaiting Instruction				
Banglar Shourabh	—	—	BSC	R/A (31/7)

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

'Cyprus is the mafia's major centre for money laundering'

The Russians are coming — capitalists cashing on generous incentives: 4,000 sun-and-sand tourists a week; and, in close attendance, the mafia.

The island draws tourists with cheap chartered flights and package holidays in hotels with Russian speaking staff, many of whom attended universities in the old Soviet Union.

Cyprus has just negotiated an agreement for additional flights to accommodate the thousands of Russians who want to come here for holidays.

It provides businessmen with office space, houses and flats and state-of-the-art communications, registers them as offshore entities and taxes their profits at 2.4 per cent.

The two countries have an advantageous tax treaty. Russians are looking for a free market and a way to avoid exchange controls. They can avail themselves of efficient banking, well-developed communications and the professional services of Russian-speaking Cypriots.

Cyprus is less expensive than other offshore centres and is at the edge of Europe, not too far from their homeland, and plugged into European business networks.

Of the 2,892 new offshore company registrations last year, 1,548 were East European, the majority Russian. Of

the 23 offshore banking units, four are Russian; of the seven maintaining representational offices, five are Russian.

Dr Sophocles Michaelides, director of the offshore banking unit in the Central Bank of Cyprus, told Gemini News Service: "Eventually Cyprus will be to Russia what the Channel Islands are to Britain" as an offshore banking and business centre.

The island developed as an offshore centre after the enactment in 1975 of a tax law according near total exemption to companies whose activities were outside Cyprus. The Lebanese civil war drove businessmen from Beirut to Cyprus while foreign firms seeking to exploit booming markets in the oil rich Gulf based their regional representatives here.

Eastern Europe more than made up for losses caused by a regional recession in the late 1980s. Foreign exchange revenue from the offshore sector has reached 240 million dollars, about 10 per cent of Cyprus' invisible receipts.

This is because, Michaelides says, "The money is much bigger, the companies involved are much bigger and the volume of trade is much bigger."

But the Cypriots are also aware that wherever the Russians go, their mafia is not far behind, going into business for themselves and preying on Russian

Michael Jansen writes from Nicosia

offshore firms and, even, tourists.

An agent of Russia's Federal Counterintelligence Service, the former KGB, told a local businessman, "Cyprus is the mafia's major centre for money laundering."

Mafians register perfectly legitimate companies in Cyprus to do legitimate business. Once they open a few letters of credit, conclude some deals, they inject their ill-gotten gains into the banking system.

The mafia easily establishes these companies by setting up their own banks in Russia, affiliated with the Russian Central Bank which, caught

between the rival parliament and government, is not properly regulated.

According to the United States Federal Bureau of Investigation, which is establishing an office in Moscow to monitor the mafia, 40 out of 260 banks are mafia owned.

The Central Bank of Cyprus is obliged by international regulations to recognise credentials offered by banks affiliated with the Russian Central Bank. Virtually all Russian businesses have some sort of mafia protection. So when they go offshore, their protectors follow and may even try to expand their activities in their

The major groups are functional controlling protection for certain categories of businesses. Protection is extended on the basis of a percentage of turnover. The underground organisation of the mafia is so good that foot-soldiers and minor bosses in the provinces may not know to which vertical structure they ultimately belong.

The mafia flourishes in Russia for a variety of reasons including corruption, collapse

of the ethical-moral fabric of the society and a bewildering set of rigid rules and regulations governing business activity. But the major cause of the rise of organised crime is the lack of the due process.

One businessman said, "Because there is no equality before the law, businessmen and private persons cannot take disputes before the courts and obtain redress or justice. So they rely on strong-arm tactics and bribery to get what they want."

Police cannot suppress the Russian mafia. Only a thoroughgoing reform of the society can undermine its position. Until this happens the mafia will continue to flourish.

Also flourishing are the "Natashas," the Russian prostitutes, posing as cabaret artistes and masseuses, who have infiltrated the Turkish-occupied north from the mainland. The "Natashas" have become such a threat to family life in Turkey and northern Cyprus that local women are protesting against their presence.

— Gemini News

[Michael Jansen was born in the US, lives in Cyprus, and has covered the Middle East for many years. Her books include the United States and the Palestinian People, The Battle of Beirut, and Dissonance in Zion.]

Dhaka Stock Prices

At the close of trading on July 31, 1994

Index continues to rise

Star Report

The Dhaka Stock Exchange All Share Price Index continued its upward trend on Sunday, the virtual opening day of the week.

The price index reached 693.45515 from 691.19021, showing a gain of 2.265 points.

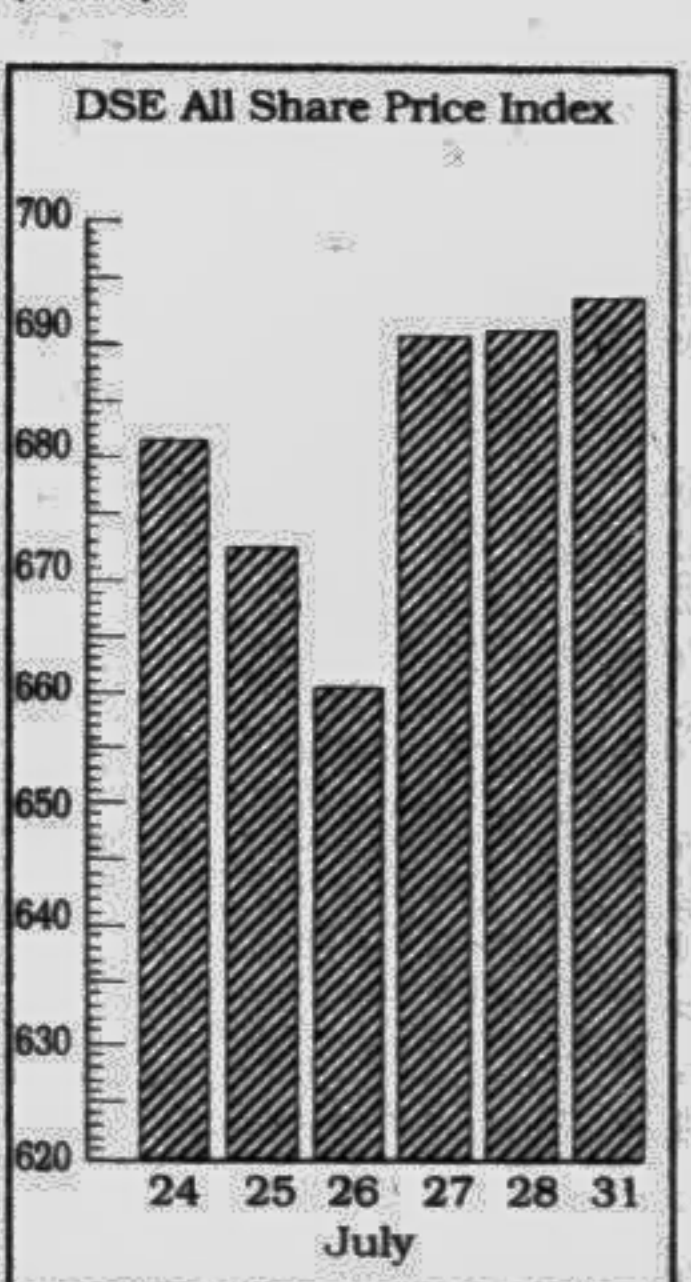
The turnovers in volume on the DSE rose by 53.010 per cent while the turnover in value fell by 9.482 per cent.

A total of 37,404.00 shares worth Tk 67,28,230.50 changed hands as against Thursday's 24,445.50 shares valued at Tk 74,33,013.00.

The number of shares traded rose from 49 to 60, in which 37 gained, 15 incurred losses and the share prices of eight other issues remained unchanged.

The day's volume leaders were: 6th ICB M Fund (1490), Bengal Carbide (1220), Eastern Cables (1280), Atlas BD (1000), Quasem Drycells (1250), Beximco Fisheries (3020), Ashraf Textile (4114).

Apex Spinning (2340), Beximco Synthetic (240), Libra Pharma (1900), Bata Shoe (3120), Beximco Ltd (4600) and Eastern Insurance (1480).



DSE Shares and Debentures

Company	FV/ML (Taka)	Closing Price (Taka)
BANKS (13)		
A-Bank	1000/1	760.00
A-3 Bank	100/5	170.28
City Bank	100/5	275.00
Eastern Bank	100/20	110.00
IDLC Ltd	100/20	455.00
ULC	100/20	378.83
ULC	100/5	165.00
Islami Bank	1000/1	1590.00
National Bank	100/5	102.76
F-bank Bank	100/5	100.00
Rupah Bank	100/10	70.50
U.C.B.L.	100/5	80.80
Utiara Bank	100/5	90.00

INVESTMENT (8)		
LCB	100/5	125.00
1st ICB M Fund	100/5	690.00
2nd ICB M Fund	100/5	276.00
3rd ICB M Fund	100/5	216.00
4th ICB M Fund	100/10	369.29
5th ICB M Fund	100/10	210.03
6th ICB M Fund	100/10	135.97
ICB Unit Cert.	—	—
Sale Price	—	—
RE-PURCHASE (5)		
BGC	100/10	381.00
Eastern Insurance	100/20	205.58