

## Private trains in Pakistan can run on state rly tracks

ISLAMABAD, Feb 28: Prime Minister Benazir Bhutto's cabinet decided Monday to allow private trains to run on state railway tracks to carry fuel oil to thermal power plants in Pakistan, reports Reuter.

At present, the state-run Pakistan railways runs all train services in the country.

The cabinet approved a policy framework for private sector participation in the transportation of fuel oil for thermal power plants. Information and Broadcasting Minister Khalid Ahmad Khairi told a news conference after a cabinet meeting.

Several foreign companies, attracted by the Bhutto government's energy policy, have made deals with local partners in recent months to set up thermal electricity plants in the energy-deficient country.

Khairi said the policy would provide open access to Pakistan Railways track by private investors who would be permitted to run their fuel oil trains on designated routes.

"Pakistan railways would guarantee the availability of the track to the private haulers according to a pre-determined and mutually agreed schedule," he said. "The private haulers would guarantee availability of freight trains."

## Dollar lower in Tokyo

TOKYO, Feb 28: The dollar lost ground fractionally on the Tokyo foreign exchange market Tuesday in the absence of incentives, reports AFP.

The greenback was quoted at 96.93 yen at 3:30 pm (0630 GMT) Tuesday, down 0.02 yen from the previous day's 96.95 yen here and lower than 97.05 yen quoted in New York late Monday.

"It has been a very calm market," a dealer with a European bank said.

After being quoted at 97.05 yen at 9 am (2400 GMT), the dollar moved between 96.92 yen and 97.12 yen by 3:30 pm here Tuesday.

Spot turnover shrank from the previous day's 6.371 billion dollars to 4.223 billion dollars.

Dealers said most investors were unwilling to take positions in any currency in the wake of the Barings crisis, with most preferring to wait for the appearance of some market-moving news.

They said most of Tuesday's movements came on the dollar-mark cross, which rose above 1.47 marks on continued position-covering in early trading before coming back to New York levels.

Dealers said sentiment toward the dollar remained under pressure despite the overnight bounce off its lows, with investors seeing few reasons to establish firm long positions on the US unit.

The dollar was range-bound against the yen, with any rallies seen limited by selling interest attributed to Japanese exporters.

The greenback is likely to test the 1.43 marks level and 95 yen level in coming weeks before staging any significant rally, a dealer said.

On the Tokyo market, the mark was quoted at 1.4662 to the dollar at 3:30 pm yesterday.

## 2 troubled credit unions seek indictment of ex-chiefs in Japan

TOKYO, Feb 28: Two troubled credit unions in line for a controversial bailout led by the central bank field criminal complaints Monday accusing their former presidents of breach of trust in running up one billion dollars in bad debts, reports AP.

The complaints by the Anzen Credit Bank Board of Directors against Shinsuke Suzuki and by Tokyo Kyowa Credit Association against Harunori Takahashi were filed with the Tokyo District Public Prosecutors' office, effectively asking prosecutors to file formal charges against the two men.

The growing scandal already has forced a former Cabinet minister to resign his post in Japan's largest opposition party because of reports that his relatives received large loans from the two ailing credit unions.

The government has defended the bailout plan as a way to ensure the stability of the financial system, but it and the central bank have come under fire because the two credit unions are reported to have close ties to several politicians and Finance Ministry officials. Analysts fear the controversy will jeopardize future bailouts of other ailing banks.

## Lanka for cooperation among South Asian airlines

COLOMBO, Feb 28: Sri Lanka's Media, Tourism and Aviation Minister Dharmasiri Senanayake Tuesday called for cooperation among South Asian airlines to beat competition in global aviation, reports Reuter.

He said carriers in the West had made many technological advances such as ticketless travel.

"These are the compelling factors that should nudge us forward towards mutual and multilateral cooperation," Senanayake told a meeting of chief executives of South Asian airlines in Colombo.

The two-day meeting will focus on cooperation among the airlines in the areas of information, training and pooling of resources.

It will also discuss a common approach to issues in global aviation.

The airlines represented are Air India, Indian Airlines, Royal Nepal Airlines, Biman Bangladesh Airlines, Air Maldives, Pakistan International Airlines, Druk Air and Air Lanka.

Air Lanka Chairman Sepala

Attygalle said the need for dialogue and understanding among South Asian airlines was important.

"The discernible trends in international aviation are towards mergers on several key service aspects, global distribution systems, frequent flyer programmes, etc.," he said.

He said the airlines could discuss purchasing fuel on a joint basis with unified tender and negotiation processes.

### Chandrika appoints body on privatisation

Another report says: Sri Lanka President Chandrika Bandaranaike Kumaratunga has appointed a Public Enterprise Reform Commission to examine the sale, lease or management of government firms, official sources said yesterday.

They said the commission, expected to start functioning from March 1, will be headed by Rajan Asirwatham, Chairman of the Bank of Ceylon and also a highly respected accountant.

Other members include Dr Saman Kelagama, Executive Director of the Institute of Pol-

icy Studies, an economic think-tank, and Vas Gunawardene, Director-General of the government's Board of Investment.

The formation of the commission was first announced in the government's budget on February 8 by Deputy Finance Minister GL Peiris. He said it would initiate and coordinate strategic alliances between public sector enterprises and private sector enterprises.

Peiris said the government planned to retain state ownership of most public enterprises while inviting private sector participation in part ownership.

Yesterday, a treasury official told Reuters that Orient Lanka Ltd, a lucrative Sri Lanka liquor firm owned by the state, would be the first to be offered for sale under the privatisation programme of the People's Alliance government that won power last August.

Government firms involved in telecommunications, railways, aviation, ports, power, insurance, sugar, tea, milk, paper, textiles and rubber will come under this programme.

## Ukraine posts \$114.7m trade surplus in '94

KIEV, Ukraine, Feb 28: Ukraine registered a trade surplus of 114.7 million dollars last year, bouncing back from a deficit the year before, according to official figures reported Monday, says AP.

The statistics ministry refused to provide specific comparison figures for 1993, saying only that the balance was in significant deficit.

According to the Interfax news agency, exports last year totaled 9.8 billion dollars against imports of 9.7 billion dollars.

Among exports, Russia was Ukraine's leading trading partner with 39 per cent of the turnover, followed by Belarus, China, Moldova, all at five per cent. The US and Switzerland followed with three per cent.

Russia also dominated imports with 59 per cent of the total. Turkmenia followed with seven per cent and Germany was third at six per cent.

Fully 52 per cent of Ukraine's imports were fuels, mostly from Russia and Turkmenia, according to the report.

## Duma votes for tightening govt control on foreign trade transactions

MOSCOW, Feb 28: Russia's State Duma or lower house has passed a bill tightening government control on foreign trade transactions, Interfax reported, yesterday, reports AP.

The bill, which Friday passed its first reading, must be approved by the Council of the federation, the upper chamber, before being signed by President Boris Yeltsin. It authorises the government to impose import quotas where deemed necessary to protect Russian producers.

The bill also raises the possibility of creating state monopolies for the import and export of certain goods and the granting of export licences to public sector enterprises.

The Duma also on Friday voted to pass a bill preventing the government or the presidency granting by decree tax and customs duty exemptions for exports.

Currently, many fuel exporters benefit from such an exemption.

The measure would raise up to 2,000 billion roubles (500 million dollars) for the state.

## Pak decision to shut down Motorola will hurt US investment

WASHINGTON, Feb 28: Secretary of State Warren Christopher and Commerce Secretary Ron Brown have written to Prime Minister Benazir Bhutto saying that the decision by Pakistan to close down the mobile cellular phone service of the US Motorola Co's joint venture in Karachi "will hurt US investment in telecommunications in Pakistan," says PTI.

The Pakistani government took this extreme step because Motorola refused to give the Pakistani intelligence services the equipment to monitor the conversations on the systems.

This is stated in a German news report, attributed to US sources, published yesterday in the Washington Times.

"If Pakistan wants to be part of the international community, acts like these will only hurt their cause and discourage investment," the sources said.



Undated file picture of Nick Leeson, the 28-year-old Barings trader on Simex, the Singapore International Monetary Exchange, who is being sought by Singapore and Malaysian police. Leeson's high risk dealings have brought down the bank, Britain's oldest merchant bank, and sent share prices slumping around the world. — AFP photo

## Nick Leeson in Malaysia?

KUALA LUMPUR, Feb 28: Missing Barings trader, Nick Leeson, whose colossal gamble on the complex derivatives market brought down his venerable bank, fled to Malaysia and police said today they had put out a general alert for him, reports Reuter.

The current whereabouts of Leeson, the Barings futures general manager in Singapore, were still a mystery.

But a spokesman for the Regent Kuala Lumpur hotel said Leeson arrived there last Thursday, two days before the news of the Barings debacle broke, and was last seen

checking out of Friday.

Police in Thailand and Indonesia said they had not received official requests from Singapore to watch out for Leeson, but the Bangkok authorities said they were looking for him anyway.

Police and immigration officials in Bangkok said they were keeping a 24-hour watch on all entry points.

Malaysian police said a general alert was issued for Leeson. A spokesman said all police stations throughout Malaysia have been given a description of him.

## What happened at Barings may be repeated

NEW YORK, Feb 28: The collapse of Barings PLC, while unusual, reflects what many experts consider widespread sloppiness in overseeing the trading desks that handle complex derivatives investments, reports AP.

"What happened at Barings is going to happen over and over again," Eugene H. Rotberg, a Washington lawyer who was treasurer of the World Bank and a former risk management executive at Merrill Lynch and Co, said Monday.

The 232-year-old British investment bank went under late Sunday after one of its Singapore-based traders bet wrong on a type of derivative known as a stock index futures contract, which gained or lost value with the Japanese stock market.

There was nothing extraordinary about Barings' apparent inability to prevent the disaster. Most securities firms and banks that deal in derivatives don't have adequate reporting systems to keep them abreast of what traders in far-flung offices are doing, experts say.

"The kinds of reports management is getting are woefully inadequate," said Leslie L. Rahl, a principal at Capital Market Risk Advisors Inc, a New York firm that consults banks on derivatives.

Derivatives got their name because they derive their value from some underlying market in bonds, stocks, currencies or commodities, or a combination of them.

Some companies don't include over-the-counter derivatives — the type used by the Barings trader — in their computerized risk management reports, which give managers a snapshot of what trades have been made, and how much money the firm has made or lost.

Regulation of the industry as a whole is complicated by the nature of derivatives trades, which cross financial and national boundaries.

"What regulatory jurisdiction

Manila moves to defend currency

MANILA, Feb 28: The Philippines moved Monday to defend its currency, raising overnight borrowing rates by 10 per cent and selling millions of dollars on the foreign exchange market to shore up the peso, says AP.

The moves by the central bank followed concern that the Philippines experience a run on the peso similar to that of

Mexico.

Francisco Blanco of the Arka stock brokerage said investors were jittery also over unconfirmed reports of new shifts in President Ernesto Zedillo's cabinet and the effect of a decree last week forcing banks to increase the amount of money set aside to cover losses from bad loans.

Private analysts have projected inflation at closer to 30 per cent and say the economy is likely to shrink overall this year.

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

Manila moves to defend currency

## Leading banker sentenced to 17 yrs in Pakistan

KARACHI, Feb 28: A leading banker with close ties to top politicians was convicted of fraud and sentenced Tuesday to 17 years imprisonment in one of the country's biggest financial scandals, reports AP.

Yonus Habib, the chief operating officer of the now defunct Mehran Bank, was found guilty of misappropriating 1.1 billion rupees 367 million dollars in bank funds.

He was arrested last March and the private Mehran Bank was subsequently liquidated and merged with the National Bank of Pakistan.

Habib allegedly gave large sums of money to leading politicians, though a separate investigation has yet to determine whether any of those transactions were illegal.

The ruling Pakistan People's Party, led by Prime Minister Benazir Bhutto, and the main opposition group, the Pakistan Muslim League, have accused each other of accepting huge illegal payments from Habib.

Though it was not part of Habib's trial, media reports in Pakistan also say he gave 140 million rupees 4.7 million dollars to the country's main intelligence agency in 1990. Ms Bhutto has claimed that such money was used to rig elections that year, which she lost.

The collapse of the Mehran Bank last year was one in a series of financial scandals in Pakistan.

They include the spectacular collapse of the Bank of Credit and Commerce International (BCCI), which was seized by international banking regulators in 1991. It is considered one of the world's largest bank fraud cases.

## Cyprus adopts budget with \$1b deficit

NICOSIA, Feb 28: Cyprus has adopted a budget for 1995 with a deficit of one billion dollars, officials said yesterday.

The budget adopted by parliament late Friday set projected spending at three billion dollars and estimated income at two billion dollars, Finance ministry director Sofronis Eteocleous told AFP.

The main reason for the deficit was the 470 million dollars allocated to development and a further 156 million to funds for refugees from the 1974 Turkish invasion of the northern third of the Mediterranean island. Neither of them bring in financial returns for the government.

But Eteocleous said that assets from social security and other indirect revenues meant the fiscal deficit was less than four per cent of the gross domestic product, in line with International Monetary Fund standards.

The defence budget of 600 million dollars is run by a separate fund fed by a special tax and does not figure in the global budget.

## US Balanced budget amendment hangs on single vote

WASHINGTON, Feb 28: The balanced budget amendment hung on a single vote yesterday, the eve of the Senate's critical decision on the Republicans' crusade to outlaw deficit spending, says AFP.

The party said they were one vote short of the 67 needed to get a two-thirds majority in the Upper Chamber necessary to amend the constitution. Five senators — all Democrats — are still undecided, including the influential Sam Nunn of Georgia.

Although the House of Representatives has already approved the amendment, the debate will not end with the Senate vote as the text must be ratified by three-fourths of the states.

The amendment would require the budget to be balanced by 2002 or two years after the bill has been ratified by the states.

Passage would mark an important victory for the Republicans, proving that they can keep the promises made in the conservative contract with America legislative agenda which they successfully campaigned on in the November midterm elections.

The party is seeking to demonstrate they are the ones with enough guts to get the country's books in order an idea whose time has come according to many Americans concerned that the national debt has reached a whopping 4.8 trillion dollars.

The White House opposes the amendment but it is conscious that the idea is a popular one and was initially cautious in its approach. Recent days, however, have found President Bill Clinton on the attack.



US Ambassador to Japan Walter Mondale is all smiles after a simulated ribbon-cutting ceremony in the computer to open the Multimedia Semiconductor Seminar and Exhibition in the US Trade Center yesterday. Nineteen US semiconductor companies are participating in the Trade Fair which is hosted by US Embassy and US Department of Commerce. — AFP photo

## Asian stock markets rebound

HONG KONG, Feb 28: Asian stock markets rebounded strongly Tuesday after fears eased over the collapse of Barings, one of Britain's oldest and most prestigious investment banks, reports AP.

In Tokyo, the key 225-issue Nikkei Stock Average closed at 17,053.43, up 244.73 points, or 1.46 per cent. On Monday, the average had plunged 664.24 points, or 3.80 per cent.

In three straight days of declines through Monday, the benchmark Nikkei index had lost a total of 1,297.95 points, or 7.17 per cent.

The Tokyo Stock Price Index of all issues listed on the first section was up 27.43 points, or 2.00 per cent, to 1,348.39. It had dived 50.00 points, or 3.65 per cent, on Monday.

Monday's plunge in Tokyo and elsewhere followed news that losses of more than 900 million dollars were incurred in speculative trading by a dealer in the Singapore branch of Barings Plc.

Share prices surged in Hong Kong on bargain-hunting following Monday's sharp declines.

The Hang Seng Index, the market's key indicator of blue chips, rose 200.87 points, or 2.5 per cent, closing at 8,327.52. On Monday the index had tumbled 92 points.

Brokers said investors were confident that the collapse of Barings would not have a long-term impact on global financial markets.

They said the gloom over Barings was compensated for by news that China and the United States have averted a trade war that would have hurt Hong Kong's economy.

TAIPEI: Share prices closed higher, with brokers saying Monday's reaction to the Barings failure was panic-driven and not based on sound economic analysis. The market's Weighted Index rose 120.76 points to 609.33.

MANILA: Share prices closed higher in line with rebounds on the Tokyo and Hong Kong markets. The Philippines PSE index of 43 selected issues recovered 25.54 points to 2,509.99.

SYDNEY: Australian share prices closed higher, buoyed by a rebound in the Japanese market and a rally in local bond prices, brokers said. The

All Ordinaries Index rose 26.8 points to 1,920.00.

WELLINGTON: New Zealand share prices closed higher in moderate trading, with brokers expecting the market to continue to strengthen in line with the neighboring Australian and Tokyo markets. The NZSE 40 Capital Index rose 7.69 points to 1,997.90.

SEOUL: Share prices closed lower because of lingering jitters over the Barings crisis. The Korea Composite Stock Price Index fell 8.90 points to 885.69.

SINGAPORE: Share prices closed higher on a technical rebound after Monday's drop. The 30-share Straits Times Industrial Index rose 32.59 points to 2,126.69.

KUALA LUMPUR: Malaysian share prices closed higher in reaction to the strong recovery in regional bourses and a lower-than-expected overnight fall on Wall Street. The Composite Index rose 25.85 points to 979.64.

BANGKOK: Thai share prices closed higher, with investors paying little attention to the Barings financial crisis. The Stock Exchange of Thailand Index rose 17.70 points to 1,288.47.

## Mexican economy continues to sink

MEXICO CITY, Feb 28: Even no news seems to be bad news for Mexico, whose stock market and peso have tumbled sharply yet again, reports AP.

Investors worried by a lack of news about government plans to deal with the nation's economic crisis sent the Mexican stock market plunging on Monday.

The main market index fell by 106.37 points, or 6.9 per cent — the largest percentage drop in more than a year. The close of 1,447.52 was a low the market had not touched since October 1992.

The peso, too, fell on Monday. Worth about 29 cents in mid-December, it closed Monday at 16.8 cents, down from 17 cents last Friday. One dollar now buys 5.945 pesos.

The government has been struggling to halt an economic plunge that started December 20, when it became apparent that it no longer had the foreign reserves to protect the peso and meet short-term foreign debt payments.

Even a US-led international aid package announced January 30 and completed on February 21 has failed to halt the market's slide, wobbles in interest rates and the peso's

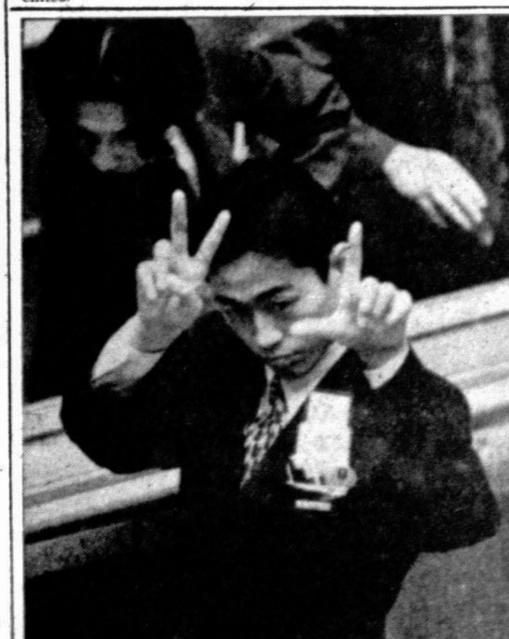
decline. Tough austerity measures demanded by the agreement have led to gloom about the economy.

Investors had expected the government to announce new, more skeptical economic targets for 1995 over the weekend. But none materialized, leaving crucial questions about the government's projections for inflation, interest rates, the peso wages, government spending and the economy.

"When investors have to ask questions like that and don't have the answers to them" the market suffers, said Felix Boni, an analyst at the Mexican brokerage company Interacciones.

Francisco Blanco of the Arka stock brokerage said investors were jittery also over unconfirmed reports of new shifts in President Ernesto Zedillo's cabinet and the effect of a decree last week forcing banks to increase the amount of money set aside to cover losses from bad loans.

Private analysts have projected inflation at closer to 30 per cent and say the economy is likely to shrink overall this year.



A floor trader shows a selling sign to his colleagues during the morning session in the Tokyo Stock Exchange on Monday. The Nikkei Stock Average fell 802.80 points or 4.6 per cent to end the session at 16,670.14 points. — AFP photo