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The Daily Star BUSINESS

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Pakistan initiates process of privatising Habib Bank

ISLAMABAD, Mar 11: Pakistan's Privatisation Commission (PC) has initiated the process of privatising Habib Bank Limited (HBL), the largest national commercial bank in Pakistan, said the PC sources here Sunday, reports Xinhua.

The PC started the first stage by choosing financial advisers to privatise 26 per cent shares and the management of the bank.

The process of documentation, evaluation and information memorandum will start soon after the appointment of financial advisers.

The documentation and pre-qualification process of the parties, the sources said, could be kicked off simultaneously to save time.

The first phase of privatisation is expected to be completed within six months, the sources added.

HBL was established in 1941 and nationalised in 1974 with 1,868 domestic branches and 66 international ones, employing 33,000 personnel at present.

It will be the fourth national bank to be privatised. Muslim Commercial Bank, allied bank of Pakistan and the United Bank Limited have been privatised since the country started its ambitious privatisation process in 1988.

China-Taiwan crisis New Aussie govt slated over APEC mediation

CANBERRA, Mar 11: Australia's new government demonstrated its ignorance in foreign relations by suggesting the APEC trade group should mediate the crisis between China and Taiwan, the former foreign minister said Monday, reports AP.

Deputy Prime Minister Jim Fischer, who is also head of Australia's rural based national party and the country's new trade minister, said he is concerned Australia could be dragged into a potential conflict between Taiwan and China, which are both APEC members.

"Look, you have to be concerned about the level of tension that has developed in recent days and recent weeks between China and Taiwan," he said.

"One particular point about APEC: it's one of the few major organisations which China, Hong Kong and Taiwan — all three — are members of."

"That's one thing that I would put forward," Fischer said.

Garth Evans, the former foreign minister, said this remark showed Fischer is on a steep learning curve.

"It's just a fundamentally stupid misconception as to what APEC is all about," he said.

APEC is an economic organisation that has no security role at all, Evans said. Its members joined as economies, not governments.

Evans said remarks like this, which show that the new government does not know what it is talking about, would damage Australia's image in East Asia.

Any attempt to place the China-Taiwan security issues on the APEC agenda could have dire consequences for Australia, he said.

"It would simply result in China walking out of APEC," he said, losing the involvement of the biggest economy in East Asia.

GM plants idle due to strike

UNDATED, Mar 11: General Motors Corp plants idle since a strike at two GM Delphi chassis brake plants in Dayton, Ohio, began Tuesday, reports AP.

Moraine, Ohio (beginning Monday): 4,000 workers; assembles GMC Jimmy trucks, Chevrolet Blazers and Oldsmobile Bravadas.

Wentzville, Missouri: 1,500 workers; truck assembly plant producing large vans, Chevrolet Express and GMC Savana.

Auburn Hills, Michigan: 225 workers; assembles seats for GM vehicles.

Detroit: 3,100 workers; produces Cadillac, Seville, Eldorado and Deville.

Lansing, Michigan: 6,000 workers; produces Buick Skylark, Oldsmobile Achieva, Pontiac Grand Am and Chevrolet Cavalier on two assembly lines.

Lansing, Michigan: 850 workers; produces engines for car assembly plants in Lordstown, Ohio, Lansing, Ohio.

Lordstown, Ohio: 4,500 workers; produces Chevrolet Cavalier and Pontiac Sunfire.

Orion Township, Michigan: 3,600 workers; produces Oldsmobile Ninety Eight Regency, Eighty Eight, Royale, Aurora, Buick Riviera and Pontiac Bonneville.

Oshawa, Ontario: 6,500 workers; produces Buick Regal, Chevrolet Lumina and Monte Carlo on two assembly lines.

Confrontation with Taiwan may hit Chinese economy

SHANGHAI, Mar 11: Taiwan investment is the first casualty of the current China-Taiwan confrontation, but any escalation would have huge repercussions for China's economic ties with the whole world, foreign business people in Shanghai said, reports Reuters.

They said China's missile tests aimed at influencing the March 23 Taiwan presidential election are also making foreign investors think again about the long-term political stability of the area and could affect investment growth.

The obvious initial impact is the Taiwanese sourcing even more than they are now on China, in terms of their willingness to invest," said one American banker based in Shanghai.

Investment from Taiwan companies over the past decade has been a crucial factor in China's economic transformation, particularly of export industries in the coastal provinces.

The People's Daily overseas edition said on Friday that there were nearly 10,000 Taiwan-invested companies across China with total Taiwan investment of around 4 billion dollars, while other estimates go much higher.

"A lot of the momentum could slow down," the banker said. "I don't know how many basis points off export growth that you get from interruption of technological transfer, and manufacturing plant transfer, but they don't seem to care too much."

A European banker also said he saw Taiwan-China economic ties as being the main casualty from a continuation of China's brinkmanship, with China having as much to lose as Taiwan.

The main impact would be in loss of Taiwanese investments, but not just that. China very much appreciates the software transfer of technology and management practices that Taiwan can provide," the banker said.

The sabre-rattling is already making foreigners look twice at the prospects for political instability in the greater China region, said a Hong Kong analyst working with a foreign broker in Shanghai.

"Military tension or blockade will definitely increase the political risk for foreign investors. A military confrontation implies high political risk and instability. That will slow

down the recent dramatic expansion of direct foreign investment," the analyst said.

"A military clash across the Taiwan Strait would have a disastrous impact on China's economic environment, and the first area to be hit would be foreign trade," the analyst said.

Business people said they saw the main pressure for escalation coming from the Chinese military, with the central government trying to limit the economic implications.

"I believe the Chinese leadership are trying to strike a balance. If they had not taken into account the possible economic impact, they may have already taken more extreme military action against Taiwan," said one analyst.

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Kuwait advised to go for Islamic banking

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Kuwait's emir formed the consultative committee in 1991 to examine state laws for any contradiction with Islam and propose change it sees necessary.

Mathkour said the committee was considering suggesting a temporary system of Islamic and traditional banking units to co-exist modelled on a similar system in Malaysia. The system would serve as a step to a full Islamic banking sector.

No decisions were expected to emerge from the seminar, organised by the committee along with the two countries' central banks for Kuwaiti bankers to study Malaysia's system.

Kuwait now has six commercial banks, two specialised banks and an investment firm that performs the role of an Islamic bank, which according to Islamic law does not charge interest, but instead shares profits with depositors.

Islamic deputies in Kuwait are pushing for quick Islamic reform, while the government wants slower change to avoid negative impacts on the economy and society.

Central bank governor Sheikh Salem Abdul-Aziz Al-Sabah said any changes in the banking system should be gradual.

Japan suffers \$18m current account deficit

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The January trade surplus plunged 46.9 per cent from a year earlier to 263.4 billion yen, with exports rising 22.2 per cent to 3,260.1 billion yen and imports expanding 38.0 per cent to 2,996.7 billion yen, the ministry said.

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Visitors were to include US Secretary of Defence William Perry, who was scheduled to visit on Monday.

It is the world's fourth most important show after those in France, Britain and Singapore, according to FIDAE president Gen Florencio Duble.

Visitors to the week-long show will see 32 different combat aircraft, 14 transportation airplanes and 24 aircraft for civilian use, including the new Boeing 777 and the latest model developed by Airbus Industries, the European consortium, Duble said.

The show will see the international debut of the EMB-145, a 50-passenger jet made by the Brazilian company EMBRAER in association with BNAER of Chile.

Asian currencies experience mixed week against dollar

HONG KONG, Mar 11: Currencies across the Asia-Pacific region had a mixed week against the US dollar, with the fallout of the election boosting the Australian dollar and Taiwan's currency ending slightly down as China launched its latest series of military tests near the nationalist island, reports AP.

JAPANESE YEN: Was held to a narrow range against the dollar as the Bank of Japan appeared poised to prevent any sudden exchange rate fluctuations.

The yen stood at 105.42 to the dollar toward the end of trading Friday.

Slightly down from 105.31 a week earlier, as investors awaited the release of US unemployment data for February.

The Japanese unit staged a slight rebound from the week's low of 105.60 to the Greenback, reached on Thursday.

When the US dollars advanced against the yen in tandem with its gain against the mark.

China's test-firing of missiles across the Taiwan Straits failed to boost buying of the dollar, as a safe-bet currency in international crisis.

AUSTRALIAN DOLLAR: Closed stronger over the week, shrugging off concerns over a possible wages breakout and huge budget deficit to move almost one third of a US cent higher. The currency closed at 76.68 US cents in the first week of trade under the new conservative coalition government, compared to 76.38 US cents last week.

There's been some genuine capital inflow — buying of Australian dollars," Citibank Australia dealer Michael Sarpi said.

The secretary of the country's peak union body, Bill Kelly, resigned from the Central Reserve Bank of Australia's board this week, prompting concerns the move would herald a centralised wages push.

On the Central Reserve Bank of Australia's trade weighted index, a basket of major trading currencies, the local unit ended at 55.8 points from 55.7, the previous week.

Hong Kong dollar, ended the week at 7.7322-7.7332 to the US dollar, slightly down from a range of 7.731-7.732 a week earlier.

SINGAPORE DOLLAR: Ended higher against the greenback over the week, at 1.4075 compared to 1.4123 a week earlier.

The greenback is still on a bearish trend and we expect it to continue to face some downward pressure in the week ahead," said Tan Kee Wee, forex analyst with Singapore's United Overseas Bank.

NEW ZEALAND DOLLAR: Closed Friday worth 67.49 US cents, little changed from the 67.48 cents it has closed at for the last two Fridays.

The Kiwi has been pretty much dictated by strengthening in the Aussie dollar today so we've seen it come off its overnight lows of 67.30 cents," a dealer said Friday.

"We're waiting for this data tonight for the next direction in the big dollar, and obviously the Kiwi will move on the back of whatever happens in the US dollar," he said.

5 Latin American presidents okay Andean econ bloc

TRUJILLO, Peru Mar 11: Five Latin American presidents on Sunday approved the creation of an Andean community economic bloc to replace the ailing 26-year old Andean Pact trade group, reports Reuters.

They said the new Andean community, made up of Bolivia, Colombia, Ecuador, Peru and Venezuela, would seek economic and political harmony along the lines of the European Union.

The Andean pact has made little progress in consolidating a free trade zone in this region of 100 million people.

"We agreed to take a great leap forward to build from the Andean pact a superior entry, the Andean community," Peru's president Alberto Fujimori said at the close of the two day summit.

The Andean community is the firm expression of the will of all governments of integrating our countries not only economically but also politically."

Colombian President Ernesto Samper said the reforms were needed to allow the Andean group to start negotiations with other trade blocs in Europe and Asia.

Now is the time to move forward in the integration process. We have to build a trade group that allows a start to negotiations with the European Union and the Asian trade blocs," he said.

Officials did not specify what sort of political union was being considered, nor how the Andean community would substantially differ from the Andean pact other than in name.

Indonesia Rupiah: Closed trading on Friday at 2,325 rupiah to the dollar, or 13 rupiah weaker than at the closing on Friday the previous week.

Malaysian Ringgit: Strengthened slightly against the dollar over the week on better than-expected trade data for December released Wednesday, dealers said. The local currency rose five points to end the week at 2,5445, from 2,5450 previously.

Philippine Peso: Depreciated against the US dollar, closing at 26.192 to the greenback from 26.175 on March 1.

South Korean Won: Strengthened against the greenback, trading at 778.10 on Saturday as compared with 782.90 a week previously.

Taiwan Dollar: Weakened slightly due to soaring demand for the US dollar following China's announcement of missile test off Taiwan at the close the US dollar stood at 27.499 Taiwan dollars, up 0.2 Taiwan cents from the previous week's finish of 27.497.

Thai Baht: The Bank of Thailand's exchange equalisation fund on Friday fixed the official mid rate at 25.21 baht to one US dollar, compared to last week's close of 25.18 baht.

The greenback was boosted by the sluggish German economy and Japanese bad loan problems, a dealer at the Thai Farmers Bank said.

Political money — story of US presidential race

WASHINGTON, Mar 11: There's no place like Manhattan for Bob Dole, when it comes to big political money. New York is generous for Bill Clinton, too, and Beverly Hills isn't too far behind, reports AP.

Lamer Alexander's gold mine was Nashville, where donors in funnelled more than one million dollars to his presidential bid before he dropped out of the race last week.

An analysis of the big donations — those over 200 dollars — that have fueled the 1996 presidential race makes one thing clear: Those who bankroll the campaigns are concentrated in the epicentres of American wealth.

For instance, both Dole and Clinton raised more money from the 4,500 residents of Tony Bloomfield, Michigan where the median household income is 150,000 dollars — than they did from the one million residents of nearby Detroit.

Dole collected 92,125 dollars from Bloomfield Hills, nearly four times his take from Detroit. Clinton raised 66,600 dollars from the suburb, compared to 51,800 dollars from the city.

The Associated Press did a computer analysis of 111,000-plus contributions totaling nearly 73 million dollars to the presidential campaigns in 1995.

Millionaire publisher Steve Forbes is financing most of his Republican presidential bid from his own fortune. But when he does collect private donations, they are usually the maximum.

Forbes had the largest average donation, at 974 dollars — just under the 1,000 dollars maximum per person for primary candidates. Dole (828 dollars) and Clinton (780 dollars) followed close behind.

At the other end of the spectrum was commentator Pat Buchanan, whose average big donation was 416 dollars, the analysis showed.

The contributor records do not include the thousands of Americans who give less than 200 dollars to the presidential campaigns because federal law does not require small donations to be reported. But the 200 dollars plus donors provide the bulk of money the candidates spend.

This is all a story about big money and big givers," said Ellen Miller of the Centre for Responsive Politics, a non-partisan group in Washington that studies political money.

"The people who live in (Beverly Hills) 90210 and in the richest zip code in New York are hardly representative of the diversity of the nation, and yet they dominate the rolls of the presidential money lists," she said.

Despite his campaign promise four years ago to lessen the influence of big money in politics, Clinton was the king among the maximum 1,000 dollar donors. Sixty per cent (14,997) of the president's 25,000 biggest donors gave at least 1,000 dollars.

Dole was a somewhat distant second, with 13,623 donors at the 1,000 dollar mark.

Long before Dole swept New York's 93 delegates last week, he was courting Manhattan money.

Dole also fared well with New York executives who make their homes just across the Connecticut border. Resi-

Stock traders have nothing to do as the share prices took a nosedive during a morning session at the Tokyo Stock Exchange market yesterday.

The Nikkei stock average plunged to 19,916.68 points, down 239.19 points to end the morning session, following New York Stock Exchange's sharp fall at the end of last week.

Alexander, the former Tennessee governor, tapped another entertainment capital closer to home for his big bucks. The Nashville zip codes of 37205 and 37215 provided him 1 million dollars of the 10 million dollars he raised from big donors last year.

Buchanan has concentrated his fund-raising on direct mail appeals that attract smaller donors. His most generous zip code was 29302 in Spartanburg, South Carolina, where the commentator collected a total of 13,000 dollars in big donations.

Among the Hollywood stars to open their wallets for 1,000 dollars to Clinton were Christian Slater, Kirk Douglas, Barbara Streisand and former MCA chairman Lew Wasserman.

After all of his bashing of Hollywood violence and sex on the campaign trail, it's not that surprising that Dole didn't fare as well. Still, a few big names from Beverly Hills did oblige, including singer Pat Boone and Northwest Airlines Alfred Checchi.

Clinton also fared quite well among his neighbours. The president collected 142,265 dollars from residents in Washington DC's prosperous Cleveland Park neighbourhood, popular among lawyers, retired diplomats and other capital players.

The president's No. 2 haven for money, though, was clear across the country — Beverly Hills' 90210 zip code provided him nearly 173,000 dollars through December.

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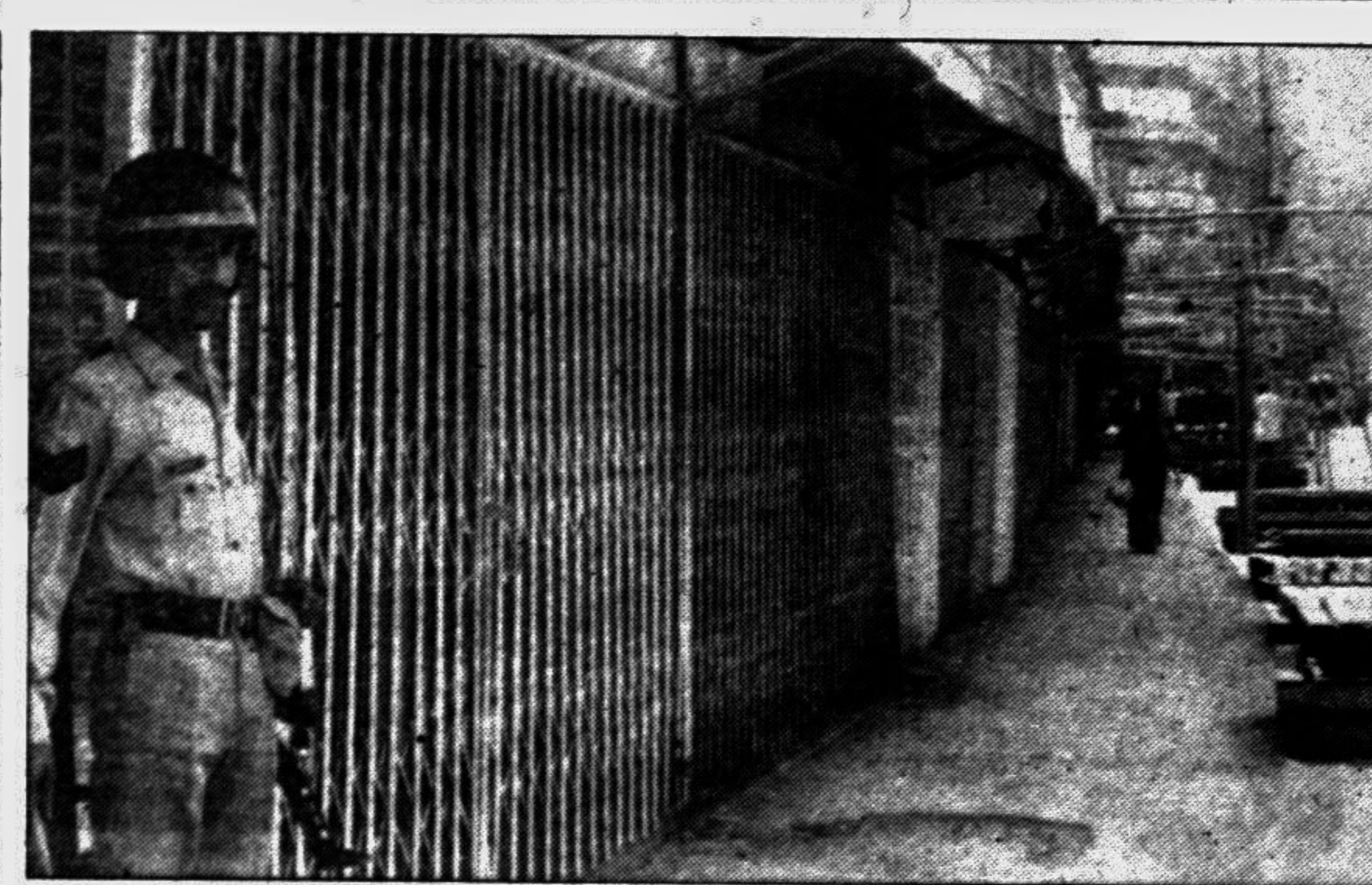
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Among the US models in the show are the F-16 from McDonnell-Douglas and helicopters such as the Apache and the Bell AH-1W Super Cobra, used in the Gulf War.

The Russians brought a number of weapons, especially the Smerch multiple rocket launcher developed by the Splyav company, and the latest generation of the T-80U tank.

The Russian delegation is headed by Gen Alexander Kotelnik, director general of Rosvoorusheniye, a large arms manufacturer.

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