

## Business Briefs

### 'Free Enterprise'

#### British customs sets drug haul record

British customs officers seized a record amount of narcotics with a street value of \$154 million in 1985, according to figures published in Britain Jan. 7.

Seizures of cocaine rose by 125% (174 pounds) from 1984, heroin by 11% (767 pounds). Richard Lawrence, customs chief investigation officer, warned of a growing future threat from South American drug dealers who are trying to widen the British cocaine market.

"There are signs that the cocaine market in the U.S. has reached saturation level and dealers are now looking toward Europe for new markets," Lawrence said heroin remains the biggest single problem in Britain.

Customs officers said they smashed more than 70 organized drug rings last year. Lawrence said that a further 360 lbs. of heroin and 47 lbs. of cocaine were confiscated by foreign police as a result of information provided by British police.

### International Investment

#### Japanese industry in Great Britain

Over 40 Japanese companies now have factories in Britain, with investments at \$2.8 billion, about 5% of foreign investment in Britain. Most produce consumer goods, about 5% of foreign investment in Britain. Most produce consumer electronics, light engineering (robot machine tools and construction equipment), and cars (Nissan).

The largest share of Japanese investment in the European Community is in Britain, with about 7,500 jobs created. The factories began as "screwdriver" assembly operations for Japanese products, but the aim now is to increase local content to 60-80%.

Products with over 50% local content are considered "made in Europe" and no duty is levied.

Additionally, 40 Japanese banks and security houses now operate in London, and

more are expected when the London Stock Exchange membership is opened up in March 1986. Japanese banks account for one-third of London non-sterling overseas lending, mostly in Eurodollars, and they hold one-fifth of all assets held by banks.

### International Banking

#### Peking group to buy Hong Kong bank

The Peking-based China International Trust and Investment Corporation (CITIC) agreed in principle to buy up 90% of Ka Wah Bank, a small Hong Kong bank with \$128 million (Hong Kong \$1 billion) in problem loans.

The Peking deal will save the Hong Kong government from having to bail out the bank, six months after the Overseas Trust Bank bailout. Forty percent of the bank is now held by the Singapore-based Low family.

Negotiations over the Peking deal were led by David Li, head of HK's bank of East Asia, who met with CITIC officials in Tokyo and then went to Peking with Hong Kong Monetary Affairs Secretary David Nendick.

Ka Wah is one of a small number of publicly quoted banks left in Hong Kong. The deal will put CITIC in direct competition with the Bank of China, the umbrella for 12 Chinese-owned sister banks, the *Financial Times* states.

Ka Wah has 27 branches in Hong Kong, and assets of HK\$6.4 billion with a large number of loans to Malaysia. The price for Ka Wah "is unlikely to be large."

### International Trade

#### Japan fears retaliation from Red China

Japanese bankers said on Jan. 5 that they feared China would try to retaliate this year against imports from Japan because of the surging Japanese trade surplus with China.

The bankers were commenting on a report in the Hong Kong magazine *Zheng Ming* which said that Peking had ordered a ban on imports of Japanese consumer goods, in-

cluding domestic electric appliances, beginning Jan. 1.

One Japanese banker told Reuters that there was no way Japan could quickly increase imports from China and that the firms feared unilateral action by China to cut the deficit. *Zheng Ming* also said that public anger has increased following reports that some Japanese firms sent defective goods to China, including 5,800 trucks and 15,000 TV sets.

### Money Laundering

#### Bankamerica to be fined for transactions

On Jan. 3, the Bankamerica Corp. and the Treasury Department said they were close to an agreement on the amount could be as high as \$7 million against Bankamerica for failing to report large cash transactions, banking sources said.

This could be the largest civil penalty ever imposed under the Bank Secrecy Act; \$2,250,000 was levied against Crocker National in August 1985 for failure to report 7,877 transactions totaling \$3.98 billion.

According to sources, the number of violations involved at Bankamerica is close to five times the number at Crocker.

### International Debt

#### Poland defaults, gets extension

Poland has defaulted on \$550 million in foreign-debt repayment that came due Dec. 31. The so-called Paris Club of official creditors has given Poland a three-month extension on the due date, according to the *Financial Times* of London.

The amount was to have been the first payment of interest on the country's 1982-84 official debt arrears. Poland's hard-currency surplus fell in 1985 to below \$1 billion, some \$400 million less than in 1984.

Poland began talks in 1984 with Western creditor banks, largely from Europe, on the private half of its \$27 billion foreign debt.

## Labor

### Black workers laid off in South Africa

A mass exodus was in progress on Jan. 7 at three South African platinum mines where 20,000 black workers were fired for going on strike.

The surprise move came only hours after reports that a five-day old strike at the Gonor Company's Impala platinum mines appeared to have ended. The mines lie about 70 miles northwest of Johannesburg.

Gonor chief executive Gary Maude told a news conference in Johannesburg on Jan. 6 that efforts to resolve the dispute had failed and 20,000 of the company's 30,000 miners were dismissed.

Impala Platinum, Ltd., the world's second-largest producer, said its black workforce was being paid off and driven home in buses in an operation which could last several days. The mass firings followed a protest over working conditions at the mines, situated in the tribal homeland of Bophuthatswana.

Maude told Reuters there had been no violence as the workers collected their pay and were given a medical examination before going home.

He said workers began returning to the company's fourth mine in the area after being threatened with dismissal unless they reported to work on Jan. 7. The dispute has pushed up the price of platinum. South Africa produces 80% of the non-communist world's total output.

This represents the largest mass-firing in South Africa's history, exceeding the dismissal in May 1985 of 17,000 gold miners who staged a wildcat strike against Angola American and other mines.

## Peru

### García questions Soviet fishing contracts

Peru's contracts allowing the Soviets fishing rights will be reviewed, President Alan García asserted Dec. 30.

"We are not going to be pragmatic, realistic, and tough only in dealing with Western capital." He said the big Soviet firms operating in Peru would also have their profits examined. "How could it be that for fish which belong to Peru, our share is only 15%, and 85% is for the foreign company that doesn't even pay taxes and we don't know anything about it?"

His question echoes charges against the Soviets long made by Schiller Institute Trade Union Commission member Juan Rebaza, now president of Pescaperu, the state fishing company. Rebaza was fired from the company several years ago for making such criticisms, and for accusing then-Pescaperu President Cesar Elejalde of corruption. Those charges against Elejalde, now Peru's chief prosecutor, were upheld by the Supreme Court Dec. 19.

## Dope, Inc.

### Will 'Inca Health Tea' flood U.S.?

*Expreso*, the daily owned by Manuel Ulloa, a former prime minister of Peru, carried an article on Jan. 7 expressing the hope that the tea made from coca leaves which is sold in the United States as "Inca Health Tea" will become a major Peruvian export, serving to legalize coca-production.

*Expreso* reprints the commentary published in early January in the *Journal of the American Medical Association* by a Harvard professor and others, who claimed that the tea "contributes successfully to the detoxication of addicts and their rehabilitation." The *JAMA* letter admits it contains cocaine, but calls it "innocuous."

*Expreso's* editorial is ecstatic at the possibility that "its curing properties will be recognized, which will open the immense U.S. market, with all that that means not only for our trade balance, but also to orient coca cultivation legally in our country, favoring our great peasant mass."

Ulloa's editorial notes that China and North and South Korea have made profitable exports out of products such as ginseng, whose stimulating and diuretic qualities are much less proven than those of coca tea.

## Briefly

● **ITALIAN** hospitals began providing only emergency services on Jan. 7, after 100,000 doctors began a three-day strike demanding higher salaries. Hospital doctors in West Germany earn four times as much as their colleagues in Italy. *Corriere Della Sera* said in an editorial that the doctors have a case to be answered. It said the strike reflected the "crisis affecting Italy's welfare state, which is falling apart day by day."

● **BRAZIL** is planning to expand its steel exports to the European Community and to the U.S.S.R. in 1986. Currently, Brazil exports 230,000 tons to Europe, and will increase that in 1986 to 260,000. A Brazilian delegation will visit the Soviet Union in mid-January to define trade and technology agreements between the two countries. The initial export of some 1,000 tons of steel to the Soviets may be begun in 1986. The U.S.S.R. imports some 15,000 tons of metal yearly.

● **THE UNITED STATES** will end its embargo of Mexican tuna fish, Mexico was informed during the presidential summit in Mexicali Jan. 3. The embargo was slapped on in 1980 in response to Mexico's detention of U.S. tuna boats for fishing in Mexico's territorial waters.

● **VOLKSWAGEN** will sign a deal with the Soviet Union worth \$2 billion. Reports from Bonn say the Volkswagen Corporation is about to build an engine-production plant in the Soviet Union, which will produce 300,000 engines for cars per year.

● **BOLIVIA** will not pay its foreign debt if it does not receive enough international support, Adolfo Linares, chairman of the Special Committee for the Debt, told the private international banks in Washington in early January. "This does not mean that Paz Estenssoro's government is denying its obligations, but it is not feasible to resume debt payments while we do not receive massive credit support from multilateral and bilateral agencies," Linares added.