

Business Briefs

Infrastructure

Electricity grid will link Mideast

Energy and electricity ministers of Jordan, Syria, Iraq, Egypt, and Turkey met in Amman, Jordan on June 12 to push ahead with a \$384 million project to link their countries in a unified electricity grid, according to an Amman TV report.

The five nations are expected to sign a general trading accord drafted by a joint technical committee. A meeting of electricity board chiefs in October is expected to endorse the project, and the Arab Fund for Economic and Social Development and the Islamic Development Bank are expected to finance it.

Iraqi Minister of Industry and Minerals Amir Hammudi al-Sadi has called for isolating all phases and details of the electricity grid project from foreign influence. "We view this project as a major, positive step that will help our people overcome some of the difficulties hampering their aspirations for prosperity, stability, and close multilateral relations," the minister said, according to Baghdad radio.

Technology

Agencies push use of food irradiation

The World Health Organization (WHO) is asking governments to authorize food irradiation and to assist its commercialization, according to reports from Paris in early July. A joint meeting of WHO, the International Atomic Energy Agency (IAEA), and the U.N. Food and Agriculture Organization in France in March confirmed that irradiation was feasible and cost-effective in both industrialized and developing countries.

Food irradiation could help reduce the tremendous post-harvest losses of food products and lower the number of food-borne diseases. According to a U.S. Department of Agriculture study, the savings on the costs of food-borne illnesses would be three times the cost of irradiation processing. The cost of salmonellosis alone in the United States is estimated

to be \$2.5 billion.

The board of governors of the IAEA recently released a plan for expanding the use of food irradiation in developing nations. Four countries, Chile, China, Mexico, and Morocco, have been selected for introducing commercial scale irradiation programs. The latter two countries have already carried out feasibility studies with assistance from the IAEA.

An irradiator facility is planned for San Luis Potosí in central Mexico. IAEA experts are concerned that the coming ban on the pesticide methyl bromide will hurt Mexican agriculture and lower the quality of domestically consumed food. The ban "will almost certainly increase the food industry's interest in the alternative and in many ways more effective, or unique, technology for some products, i.e., irradiation," according to an IAEA document.

Food irradiation is authorized in 38 countries worldwide for many products, including fresh produce, spices, grains, meats, and poultry.

Trade

Ibero-American banana industry threatened

The decision of the European Community, strongly pushed by Germany, to place a punitive tax on bananas originating in the Western Hemisphere (supposedly to favor bananas from African producers), is expected to decimate what is a crucial industry for at least eight countries, including some of the poorest in the continent, including Nicaragua, Costa Rica, Honduras, Panama, the Dominican Republic, and Ecuador. At least \$1 billion annually is expected to be lost, and with it, the jobs of at least 600,000 banana growers—a catastrophe of major proportions.

According to sources in Europe, this will have, among other consequences, the very specific result of causing an explosion of drug production, especially poppy cultivation, which will facilitate major heroin production in the region for the first time. These sources note that this drug production will largely be exported to Europe, including Germany, France, and the former East bloc.

Investment

Taiwan readies major trade zone development

Taiwan plans to spend about \$11 billion over 25 years to develop a strip of 26,150 acres of land along the island's western coast in Yunlin county into an industrial and trade zone, the Industrial Development Bureau said on July 1. Some 4,940 acres would be developed into Taiwan's first free trade zone, where import tariffs would be waived to promote warehousing, shipping, and other transport industries, bureau director Chang Chuan-tsuan said, Reuters reported.

The plan is part of an economic stimulus package announced by the government in June and formally approved by the cabinet. Vincent Siew, chairman of the cabinet's Council for Economic Planning and Development, told reporters that Taiwan hoped to lure multinational companies to establish centers for their regional operations inside the zone.

"We want to liberalize and internationalize Taiwan's economy," Siew said. He added that the government would complete detailed plans for the zone within two years.

Space

Russia and Kazakhstan discuss cooperation

A high-level delegation of Russian space scientists and administrators has been at the Baikonur Cosmodrome in Kazakhstan to try to come to some agreement on the status of this launch facility, according to reports on Moscow News television in early July. It is the only complex from which Russia can launch manned space missions and other non-military payloads. The delegation was there for the launch of a Soyuz spacecraft carrying a crew of two and a French astronaut.

For the past two years, the Cosmodrome has been in a chaotic state. With the collapse of the Soviet Union, Russia pulled out the military specialists who had run the facility. Remaining military troops have rioted and threatened to go on strike over the deteriorating

conditions, typical of the state of the entire former-Soviet space program. Moscow News showed the state of the facilities, with buildings in disrepair and equipment lying idle. Neither Russia nor Kazakhstan has come up with the 4 billion or so rubles it is estimated is required to rehabilitate the complex.

Public Health

Some AIDS carriers quarantined in Australia

Some AIDS carriers are being quarantined by the government of the Australian state of Victoria. According to a report in the July 2 Melbourne *Herald-Sun*, the Health Department is already understood to have isolated a number of AIDS carriers in their homes.

Health Minister Marie Tehan said that her department had the power to protect the community from AIDS patients who are seen as a risk to the community. If AIDS carriers who are deemed to be dangerous fail to respond to counseling, then they will be confined to public institutions, she indicated. Civil liberties organizations oppose the measures.

Oil

Azerbaijan breaks deals with western companies

The new government in Azerbaijan has torn up a three-week-old basic agreement on oil exploration and production negotiated on June 11 with a number of U.S. oil companies, including Amoco and Pennzoil, as well as oil companies from England, Norway, and Turkey, the June 30 *Houston Chronicle* reported. The deal had combined three separate oil field development projects (Shirag, Azeri, and Guneshli offshore fields) into one huge project in the Caspian Sea.

The head of Azerbaijan's state oil company, Sabit Bagirov, "has little power left," the *Chronicle* said. Bagirov is a member of the Popular Front of ousted President Abulfaz Elchibey. Diplomats told Associated Press that an

oil refinery boss who is an ally of new Azeri leader and former Azerbaijan KGB head Gaidar Aliyev, now controls the Azeri oil industry.

The *Chronicle* also reported that negotiations with Turkey's state-run pipeline company, BOTAS, to build an oil pipeline for exports from the Caspian Sea across Turkey to the Mediterranean are also on hold. "We were supposed to hold talks on the route of the pipeline on June 29, but we have postponed them indefinitely," Mete Goknel, the head of BOTAS, told Reuters.

Speculation

Derivatives market protected by U.S.

The United States is pressuring the Japanese government to open derivatives markets, the June 28 *Wall Street Journal* reported. Treasury Undersecretary for International Affairs Lawrence Summers and other U.S. officials met on June 25 with officials of the Japanese Ministry of Finance "in an unusual instance of U.S. regulators' making a preemptive strike against Japan's policymaking," to prevent the Japanese government from cracking down on financial derivatives.

The derivatives market is the largest speculative bubble in history. A recent Bank for International Settlements study estimated derivatives contracts at the end of 1991 at a "colossal \$10 trillion." American economist Lyndon LaRouche has proposed a one-tenth of 1% tax on such transactions to get an idea of how big the bubble is and bring it under control.

The *Journal* reported that "a few savvy U.S. companies, including Morgan Stanley Group, Inc., Salomon, Inc., and Goldman Sachs & Co., have focused much of their energy in Tokyo on this part of the financial market. . . . Some Japanese securities companies, along with the Tokyo Stock Exchange, want to curb derivatives, which they think hurt the traditional business of trading ordinary stock. The exchange has proposed rules allowing it to shut down derivatives business when it wants and to limit the business a company may conduct for its own account."

Briefly

● **LLOYD'S** of London revealed a record \$4.33 billion loss for 1990, the third successive annual deficit for the 306-year-old insurance market, Reuters reported on June 22. Lloyd's lost \$3 billion in 1989 and nearly \$1 billion in 1988. Leading members of Lloyds say the run of unprecedented losses could jeopardize Lloyd's itself.

● **UKRAINE'S** economic catastrophe can be traced back to the role of the International Monetary Fund and the advisers sent in by Harvard University, Friedrich W. Christians, the former chairman of Deutsche Bank, said on July 2. Christians asserted that most of the problems that the Ukrainians now face could have been avoided.

● **THE WALL STREET** stock market boom is so volatile that it can collapse in another 1987-style crash, the June 21 German weekly *Der Spiegel* mooted. Investors have begun pulling out of New York stocks, seeking their fortune in booming Asian stock markets instead. "The risk of a crash is increasing," the weekly warned.

● **COLLEGE STUDENT** jobs doubled in the United States over the last 30 years. Some 48% of U.S. college students held jobs in 1991, as opposed to 23% in 1961, according to the Bureau of Labor Statistics. Most are working to pay tuition costs.

● **JACQUES ATTALI**, who has been under attack by the British-controlled press for alleged lavish spending, resigned as president of the European Bank for Reconstruction and Development June 26. Former French Foreign Minister Roland Dumas charged that the criticism of him reflected the lack of enthusiasm that the "Anglo-Saxon financial establishment showed for the bank."

● **MALAYSIAN** Defense Minister Najib Abdul Razak announced that the country will buy 19 MiG-29s from Russia and eight F/A-18s from the United States in a \$1 billion deal, the June 30 London *Financial Times* reported.