

# Business Briefs

## Banking

### Islamic banker blasts use of derivatives

Sheikh Saleh Kamel, a Saudi financier and president of the Dallah Albaraka group that dominates much of Islamic banking worldwide, attacked the use of derivatives instruments at an Islamic banking conference, Reuters reported on Oct. 25. "Don't sell what you haven't got," he quoted Prophet Mohammad.

"There is an urgent need in the developing world in general and the Islamic and Arab countries in particular to provide support for the primary market by promoting new issues . . . and guiding them toward new productive ventures," Kamel said. "Encouraging the primary market leads to the creation of new jobs and the enhancement of the productive base, while the secondary market only creates demand for parasitic and marginal jobs for people like brokers and middlemen."

Sheikh Kamel said that if financial markets had taken note of the Prophet Mohammad's word, "these markets would not have witnessed Black Monday nor . . . suicides from balconies and skyscrapers," he said, referring to October 1987, when the New York stock market crashed.

## Central Asia

### Cornerstone laid for new gas pipeline

President of Turkey Suleyman Demirel visited Turkmenistan in October to lay the cornerstone for the construction of a 4,000-kilometer gas pipeline which will go through Iran and Turkey, the Arabic daily *Al-Arab* reported. Turkish companies are taking part in the project, which will cost \$1.477 billion.

The *Al-Sharq Al-Awsat* newspaper reported that five Turkish-speaking states of the former Soviet Union also planned to take part in a conference on such cooperation scheduled for Istanbul in late October. The Turkish government is aiming to become the center of an economic and cultural union which gathers together these countries. Demirel intends to dis-

cuss with the Presidents of these states questions of trade, investment, and development of oil and natural gas resources in the region, which, it is believed, could surpass the production of the Persian Gulf countries in the next decade. Turkey is seeking to convince the other states that it is the ideal partner for the newly independent states of the former Soviet Union.

Turkey proposes to connect these states' oil and gas fields through the construction of pipelines through the Caspian Sea and into Turkey. Turkish Prime Minister Tansu Ciller hopes to get diplomatic agreement from the Presidents for preliminary studies of such projects during the conference. Such projects would provide Turkey with \$6 billion annually in tariffs for the oil and gas running from these states through its territory.

## Czech Republic

### High-speed rail projects stalled

Lack of national funds and the reluctance of western creditors to invest is blocking high-speed rail projects in the Czech Republic, according to Minister of Transportation Jan Strasky. On Oct. 24, Strasky presented the national infrastructure development plan, and reported that there are fewer problems finding western financiers for the various highway modernization projects—the links between Prague and Dresden, Prague and Plzen (to be completed by next autumn), and Plzen to Nuremberg—than for developing rail networks.

The Czech government desires projects which would integrate the Czech rail grid into modern high-speed transport systems, but its own policy guidelines put more emphasis on highway construction. The lack of western financing is all the more deplorable, Strasky said, because the Czechs, who have a fairly dense rail infrastructure, have a genuine interest in linking up with the western European rail grid for high-speed trains.

The key rail corridor Prague-Brno-Breclav, Strasky stated, will be completed on schedule by 1999, but will only be used at speeds of 160 kilometers per hour. Preparing the track for speeds of up to 250 kmh has not been possible for lack of the necessary extra funds, he said.

## Physical Economy

### LaRouche economics book released in Italian

The Italian-language edition of American political economist Lyndon LaRouche's book *The Science of Christian Economy (La scienza dell'economia cristiana)*, published by *EIR*, was released in October, and is already at the center of a fight over economic policy in Italy.

The book has Brunelleschi's Cupola in Florence on the cover, and contains an updated introduction by Paolo Raimondi, president of the Italian Solidarity Movement, on the fight against the attempts to impose one-world government control over population growth and on the disintegration of the financial system.

Recently, so-called Catholic Michael Novak launched an operation against the pope in Italy, publishing in Italian a book in which he tries to demonstrate that the Catholic Church should back free market economics. Sources in the Vatican and the Popular Party of Italy (the successor party of the Christian Democrats) report that the conferences planned in Rome, Salerno, and other cities to present LaRouche's book will have a big political impact on the church and on Italian politics, particularly since more and more people are aware of the damage free market economics has had on the Italian and the world economy.

## Health

### Russia may test all foreigners for AIDS

Russia's state Duma, the lower house of parliament, passed a law by a vote of 247-1 on Oct. 28 which will force foreign residents to undergo compulsory AIDS tests, Reuters reported. The plan is to expel all those who test positive for the disease. The law must still be passed by the upper house of parliament and signed by President Boris Yeltsin.

The law will affect foreigners "who visit Russia as tourists, students, or for any other

## Briefly

● **AFRICA** will lose \$2.6 billion in trade because of the General Agreement on Tariffs and Trade, the Economic Commission for Africa reported to an African trade ministers conference in Tunis on Oct. 21. The main losses will be in agriculture.

● **THE 'BRITISH Invisibles'** began a two-day visit to Beirut on Oct. 31, to promote British financial services. The visit may be the opening wedge in an effort to set up a major financial center in Beirut if the peace process is successful. The group was led by John Manser, chairman of Robert Fleming.

● **DEUTSCHE BANK'S** board of directors on Oct. 28 said it will put its entire international business in financial instruments in London. Ronaldo Schmitz, who will co-chair the venture, said the move will give the bank "another culture."

● **INDIA** is facing an outbreak of a fatal strain of cerebral malaria (*Plasmodium falciparum*) in the western state of Rajasthan, which may already have affected as many people as the outbreak of bubonic plague. The Delhi daily *Indian Express* estimates that more than 4,000 have died since September. The government has sent a high-level team to the area for an immediate evaluation.

● **FOOD IRRADIATION** must be used if Americans want safe meat, the American Meat Institute said in October. The AMI criticized the USDA's proposed program to increase testing of ground beef for *E. coli* 0157:H7 as an "ineffective and piecemeal approach to preventing foodborne illness" that will cost a lot, give a false sense of security, and fail to eliminate pathogens in meat.

● **CHINA'S** infrastructure needs over the next decade will exceed \$500 billion, Finance Minister Liu Zhongli told an international forum on infrastructure development, *China Daily* reported in late October.

purpose." Expatriates refusing to take the test might have to leave the country. The law would also force Russian citizens working in certain jobs to be tested, and those who test positive for the human immunodeficiency virus, which causes AIDS, might be barred from certain professions.

According to state health committee figures released in May, 105 people have died of AIDS in Russia since 1987, and a further 740, including 281 children, have tested HIV-positive.

Homosexual rights groups say the real figure for those infected with HIV is much higher. A scandal broke out in Russia in the late 1980s when it was revealed that hospitals were re-using needles and that basic hygienic requirements were not being met, usually due to lack of funding, a circumstance which can only have gotten worse under International Monetary Fund-imposed austerity. More than 100 children were among those who contracted the virus in 1989 after being injected with infected syringes. As a result, many parents in Russia today refuse to have their children vaccinated against childhood diseases.

### Russia

## Development projects outlined for far north

The Russian government has announced a great infrastructure development program in its far north, the Swedish daily *Svenska Dagbladet* reported on Oct. 1. The project is in part designed to stimulate East-West trade.

The plans include 1) a new harbor for the city of Pechenga, which is estimated to cost \$1 billion. The old one in Murmansk is too small; 2) reconstruction of the road to Kirkenes in Norway, which was destroyed in World War II; 3) repair of the railway connecting St. Petersburg with Murmansk and Pechenga, and the construction of an extension to Kirkenes; 4) a new railway between Salla, on the Finnish border, to Kandalaksha on the White Sea (south of the Kola/Murmansk peninsula); 5) a tunnel from the Kola peninsula under the White Sea to Arkhangelsk; and 6) expansion of the Murmansk Airport to international stan-

dards. The area is rich in mineral resources, and there are big oil and gas reserves in the Barents Sea.

Already, the opening of the border of the Nordic nations with Russia has opened up a flourishing trade, in which Russian fishermen are fishing in Norway in order to get hard currency. A new shipyard is being built in Kirkenes to repair the Russian ships. Seven atomic-powered icebreakers are keeping the Northeast route to the Pacific Ocean open all year round, thereby shortening the transport distance for goods shipped from Europe to Japan by 40-60%. A special organization, the Barent Council, has been formed among the Nordic countries and Russia, and includes a European Union representative, for development cooperation.

### Finance

## NAFTA secret accords now out in the open

The secret financial accords of the North American Free Trade Agreement are paving the way for an invasion of derivatives instruments in Mexico. According to Finance Minister Pedro Aspe, Mexico has opened its doors to 52 foreign institutions, including 18 banks, 16 brokerage firms, 12 insurance companies, 5 financial groups, and 1 leasing company, all of which will set up in Mexico in the coming months.

According to several articles in the U.S. financial press on Oct. 24, Mexico has no choice but to turn to derivatives to "compete" with foreign banks. Credit-starved small and medium-sized Mexican companies are desperate for relief, Mexican banks heretofore have been "lacking in creativity," and "part of the solution, some financiers say, lies in unlikely places like derivatives markets," the *Journal of Commerce* said. "Bancode México, Mexico's central bank, for example, will begin operation of a futures market in local interest rates and the consumer price index on Nov. 7. . . . 'This is an important advance for the Mexican market,' said Roberto Mendoza, vice president of the Morgan Guaranty Trust Co. of New York."