

Business Briefs

Infrastructure

Spain, France discuss tunnel through Pyrenees

The governments of Spain and France have entered into talks on a project to build a tunnel through the Pyrenees Mountains, which would significantly increase cross-border transportation capacity by road and rail by early next century.

Two other projects linking France and Spain are already listed in the European Union report on priority infrastructure corridors: a high-speed rail connection from Bordeaux, France through Dax to Saragossa, Spain, and a road from Somport, France to Saragossa and Valencia in Spain. Once agreed on officially by the two governments, the projects, which are planned to be completed by the year 2010, can be presented to the EU Commission for funding.

In France, the government has also begun discussions on the long overdue construction of the Rhine-Rhône Canal, which will run from Strasbourg to Chalon-sur-Saône, creating a direct shipping route between the Mediterranean Sea and the inland Central European waterway grid connected to the Rhine River.

Finance

Takeover of Warburg believed imminent

The Swiss Bank Corp. (SBC), with \$187 billion in assets, is in discussions to take over the investment banking assets, and perhaps the entirety, of S.G. Warburg, the deeply troubled British arm of the Warburg family, the May 4 London *Financial Times* reported.

On May 4, S.G. Warburg warned that it had large trading losses in its investment banking operations during the first quarter of 1995. The SBC is a leading trader worldwide in derivatives, and has been a financial adviser and lender to the Reichmann real estate family and the deceased Robert Maxwell.

Warburg is the largest investment bank in England and the largest investment bank deal-maker in Europe. The history of Warburg goes

back centuries to the Italian *fondo Del Banco* family, which set up shop in Hamburg, Germany. Reestablished after World War II in London by Sir Siegmund Warburg, the bank has been swept up in a wave of severe problems and financial disintegration that is hitting financial institutions that are closely tied to, and make up core assets of, the British royal household.

Barings Bank, which is close to Queen Elizabeth II, and was founded in 1763, suffered huge derivatives losses in February and was placed into bankruptcy. In March, the Anglo-Dutch Internationale Nederlanden Group took over Barings. Lloyd's Insurance Group, which was founded in 1688, and has played a role historically in maintaining London's imperial position as a Venetian-style maritime-financial force, is on the verge of collapse. It has reported \$11.2 billion in losses over its last four reporting years.

Middle East

Palestinians to form communications company

Palestinian Authority Minister of Planning and International Cooperation Nabil Shaath said that "Yasser Arafat has endorsed the establishment of a company which will build and administer the most modern international communication system in Palestine," the newspaper *Asharq Alawsat* reported on May 6.

Shaath said that the company, named Tel Bal, will begin construction of 700,000 telephone lines, in addition to electronic nets and satellite systems, within the next ten years. The \$600 million project will be financed by the Saudi-based Al-Aqqad Development Institutions (owned by Palestinian businessman Omar Al-Aqqad), the Jordan-based Palestine Company for Development and Investments (PCDI), and the Jordanian Al-Bank Alarabi.

Telecommunications services in the Palestinian territories are currently dominated by an Israeli company, which often threatens the Palestinian authorities with cutoff of service to the Gaza Strip, because of delayed payments. Shaath said that Tel Bal will not

be related to the Israeli company, and that Palestinian authorities will legally arrange with the Israeli company to pay for the transfer of lines to the new company. The profits of Tel Bal will be shared equally by the Palestinian authorities and investors.

The representative of PCDI, Egyptian businessman Munir Al-Masri, said that the project will create thousands of jobs and will yield about \$1.5 billion annually. He added that further steps might be taken toward the list of strategic projects contributing to the building of infrastructure in Palestine, such as power generation, airports, ports, and industry.

Nuclear Energy

Agency head defends Iran's right of use

Reza Amrollahi, head of the Iranian nuclear energy agency, in an interview in the May 2 Swiss daily *Neue Zürcher Zeitung*, defended Iran's right to develop nuclear energy. Asked why Iran does not rely on oil, he answered, if the U.S. has oil, why has it developed nuclear? Iran wants to diversify energy production, he said, "we cannot burn all our fossil fuels in power plants. That would cause further environmental problems." He pointed out that "nuclear energy is even cheaper" in the long run. Since Iran already laid out \$5 billion under the Shah, equivalent to \$10-12 billion today, a further investment of \$1 billion to make its plants operational is a modest investment.

He attributed the U.S. opposition to work on the two light water reactors (1,000 megawatt) at Bushehr, which is to be completed with Russian help, to U.S. hostility to Islam and Iran. Why, he asked, did the United States accept Iran's nuclear program under the Shah, and why has it okayed light water reactors for North Korea, but not for Iran? Amrollahi recalled that the 1986 U.N. General Assembly guaranteed the right to development. Iran, he said, is a signator to the nuclear Non-Proliferation Treaty and a promotor of a regional nuclear-weapons-free zone.

Amrollahi said Iran has a small 5 MW research reactor in Teheran and another in Isfahan, and that Iran plans to build two additional

300 MW light water reactors with the help of China.

In the late 1970s, as Iran was about to acquire the capability to produce nuclear energy with the reactor started under the Shah, Iran was destabilized and the pro-development thrust thwarted.

Africa

Sudan, Russia sign deal for dam construction

Russia and Sudan signed a \$100 million deal in which Russian companies will construct a dam in Kejbar (400 kilometers north of Khartoum, the capital of Sudan) for irrigation and power generation, the London-based daily *Al-Hayat* reported on May 3.

Construction will take three years, and will be divided into two stages. In the first, the power generation capacity will be 50-80 megawatts; in the second stage, it will reach 300 MW. The dam will help irrigate a half-million hectares of agricultural land.

Meanwhile, a Sudanese official delegation is said to be visiting Moscow later in May to sign various economic cooperation agreements that were discussed by Sudanese officials and Russian Deputy Foreign Minister Victor Bosovaljuk during his recent visit to Khartoum.

Health

Nutritional deficiencies affect virus mutation

New evidence that viruses mutate and become more virulent because of nutritional deficiencies in the hosts they infect was reported by researchers at the University of North Carolina and the U.S. Department of Agriculture's Agricultural Research Service, the May 1 *New York Times* reported, based on an article in the May 1 journal *Nature Medicine*.

Scientists introduced into mice a virus that causes heart damage in human beings but is normally harmless to mice. The virus mutated

in the mice that were nutritionally deficient and damaged their hearts. Further, the researchers found that once the virus had mutated, it was able to infect and cause heart damage even in those mice that had balanced diets. The article briefly reported comments from one researcher about the global implications of this work for the spread of viral diseases among malnourished people, but did not mention the spread of AIDS.

The research confirms the process of biological holocaust that Lyndon LaRouche and *EIR* warned of 20 years ago.

Natural Gas

Iran, Turkey sign \$20 billion agreement

Iran and Turkey signed a 23-year agreement in Ankara on May 5, according to which Turkey will buy \$20 billion worth of Iranian gas, the London-based Arabic daily *Al-Hayat* reported.

Turkish Energy Minister Wasil Atasoy, who signed the agreement with Iranian Oil Minister Gholamriza Aghazadeh, said that Turkey will start by buying 2 billion cubic meters of Iranian gas annually during 1998-2001. Atasoy told the Anadholo news agency, "We will buy 8 billion cubic meters in 2001 and increase the amount to 10 billion after 2001."

Atasoy added, "This agreement is the fruit of a longstanding project, and, thus, the gas pipeline, which we call Tabriz-Ankara, will now be achieved. The pipeline will be an extension of a proposed pipeline between Iran and Turkmenistan." Said Aghazadeh, "We have agreed on the feasibility of the pipeline project, which is a ring binding the relations between the two countries and promoting them forward, and the only remaining aspect of the agreement, the issue of prices, will be discussed in the next six months."

Turkey's demand for natural gas is expected to increase from the recent level of 8 billion cubic meters to 30 billion in 2001. Turkey buys most of its gas from Russia (6 billion cubic meters), 2 billion cubic meters from Algeria, and is seeking to buy 2 billion cubic meters from Qatar.

Briefly

● **LYNDON LAROCHE** lectured on the systemic nature of the global financial crisis and physical economy at Hamburg University in Germany on May 2. The American economist outlined the basis for a just, new world economic order.

● **IRANIAN** Khorasan province (northeast Iran) Gov. Ali Mofidi said on April 30 that \$40 million has been earmarked for completion of the Mashhad, Iran to Sarakhs, Turkmenistan railway project designed to link Iran to the Central Asian network, the Iranian daily *Ettelaat* reported on May 2. The 160 km track is to be completed this year.

● **MALAYSIAN** Prime Minister Mahathir Mohamad on May 2 blamed western countries for deliberately pushing the Japanese yen up, Reuters reported. "This is a new strategy from the West that we have to watch," he said. The rise in the yen has tripled the original costs of its yen-denominated loans.

● **BECHTEL**, the U.S. construction giant, says it is close to working out financial arrangements with China on building infrastructure, the May 1 *Wall Street Journal* reported. Bechtel is also close to launching the first stage of a \$6 billion conversion of the island of Daxie, near Shanghai, into a port and industrial center.

● **ROYAL DUTCH SHELL** held talks with the National Iranian Oil Co. on April 27 on expanding oil fields "A" and "E" off the Iranian island of Siri in the Persian Gulf. This is the same contract with Conoco which was cancelled by the U.S. administration in March.

● **VENEZUELAN** Finance Minister Luis Raúl Matos Azocar denied that a British-style currency board was under consideration, in a press conference in Caracas on May 3. In response to a question from *EIR*, he said a currency board "is like those obese people who get their stomachs stapled to lose weight."