

Business Briefs

Food

Philippines seeks U.S. rice imports

The Philippines is seeking to obtain rice imports from the United States under PL-480 "Food for Peace" law. The Philippines' national stocks of rice, a staple food item there, are extremely low.

"I do not want even a few hours of Venezuela," said President Corazon Aquino when approving the purchase, referring to the days of bloody rioting in which over 1,000 died, after Venezuelan President Carlos Andrés Pérez signed an austerity package with the International Monetary Fund that sharply increased food prices.

Filipino officials were in Washington, D.C. in early April to conclude a deal for 250,000 tons of U.S. rice, in an attempt to augment stocks that have fallen to 190,000 tons, 75 days' worth of national consumption; 90 days is considered the safe supply level.

There has been a 20% price hike in rice in the last 10 days, and hoarding by millers and grain dealers has begun.

Energy

Ireland turning to Soviets for oil

In the wake of the huge tanker oil spill off Alaska and other oil disasters, Ireland, fearing that the oil companies would soon raise prices, froze gasoline prices on March 31, and Shell and Exxon retaliated by suspending imports into Ireland; British Petroleum, Texaco, and other suppliers warned they would soon do the same unless the government let them raise the prices above the Rotterdam spot market. But Ireland is hoping that the Soviet Union will step into the breach.

Ireland imports about two-thirds of its oil needs and has only a two- to three-week

reserve. The oil majors said that they expected panic buying to begin almost immediately. The Irish government scheduled a meeting with the oil companies for April 13 to try to reach an agreement.

The longstanding dispute with Shell and Exxon reached a crisis with the government decision to go ahead with a planned "fair trade commission" to investigate charges that the large oil multinationals were already deliberately overcharging Ireland.

But meanwhile, the government let it be known that it plans to discuss a barter deal with Moscow to counter the Seven Sisters' blackmail. Prime Minister Haughey, in his April 2 talks with visiting Mikhail Gorbachov in Shannon, discussed the barter of Soviet oil for Irish beef and other food. Irish government ministers are to go to Moscow very soon to further the discussions, according to reports in London's *Daily Telegraph* April 12.

Ireland already has a unique arrangement with Moscow's Aeroflot, whereby Soviet oil is stored in special tanks at Shannon Airport, allowing Soviet planes en route to Havana to refuel without paying hard currency for fuel

Agriculture

Analyst warns on U.S. wheat disaster

A leading grain analyst has urged the Bush administration to stop the U.S. Department of Agriculture's farmland set-aside program and end grain export subsidies because of the wheat harvest disaster now under way.

John Schnittker, a leading private crop analyst, said that only with great discretion should export subsidies be used until at least mid-year. Schnittker forecast a reduction in the U.S. winter wheat crop of nearly 15% this year.

Most of U.S. wheat is winter wheat—i.e., planted in the fall.

Schnittker forecast a drop in the wheat harvest from 1.85 billion bushels (a level he called "potential") to 1.6 billion bushels—a drop of about 6.8 million tons.

Meanwhile, the Agriculture Department told Congress that the wheat disaster in Kansas may plunge U.S. stocks below 13.6 million tons. Ewen Wilson, Assistant Secretary of Agriculture for Economics, said that this was below the level which the USDA would like to have it fall.

For reference, as of April 1, the Soviet Union has already contracted for 15.5 million tons of U.S. corn and wheat exports over the six-month period from October to March of the current trade year. And, they are expected to demand much more.

Infrastructure

Brazil unveils north-south railroad

Brazilian President José Sarney inaugurated the North-South Railroad on April 7, the most important development project in the country. Sarney was present for the opening of the the first 65-mile stretch of the 1,000-mile railroad that will link Brazil's isolated northern port of São Luis with Anapolis in the industrial south.

Its aim is to turn the huge, underpopulated Cerrado region—the inland savannah running north from Brasilia—into farming's "new California," while settling landless peasants from the south and the Amazon on rich but presently inaccessible agricultural lands.

Brazil's leftists, ecologists, and the news media have been attacking the \$2.4 billion project for alleged "corruption and extravagance."

A month ago, defending itself from these attacks, Valec, the state railway company, made a powerful argument for rail transportation as a means to open up the Cerrado. They told foreign journalists that the combination of new fertilizers and farming techniques could make an area of 143 million hectares, three times that of France, burst into bloom.

Up to now the key remaining hurdle has been the cost of road freight transport. The railroad would not only cut heavy diesel import costs, but could carry 40 million tons

of grain a year to idle port capacity at São Luis.

Foreign Debt

African nations call for writeoff

A declaration presented to an April 9 meeting of economic planning and development ministers from 28 African nations has called on foreign creditors to write off all of their foreign debts.

Falling commodity prices, inadequate foreign aid, a hardening of terms on such aid, and growing indebtedness, aggravated by weather and refugee problems "has led to the increase in the number of LDCs [least developed countries] in Africa from 21 in 1981 to 28 in 1988 and brought most of our countries to the verge of economic collapse," the declaration read.

The ministers, meeting in Addis Ababa, Ethiopia, also called on the international community to fund all food and emergency relief operations; supply adequate aid for balance of payments and other immediate needs; allocate to them a larger share of funds from multilateral institutions; remove tariff and non-tariff trade barriers; give development assistance, loans, and grants without conditions attached; and to fix interest on loans no higher than that charged by the World Bank's International Development Association.

Monetary Affairs

IMF's Camdessus goes to Beijing

The managing director of the International Monetary Fund, Michel Camdessus, began high-level talks in Beijing April 10, the *International Herald Tribune* reported. Camdessus told the paper that it is "essential" for China to succeed in its "market-oriented" reforms.

In this "particularly burning juncture" in China's reform drive, he said, the IMF is

"intensifying its dialogue with the Chinese authorities to see with them how to recover control of the situation"—meaning, he said, that inflation must be brought under control.

Camdessus's visit is the first by a high-level IMF official to China, although China has been a member of the IMF since 1945.

China's problem, said Camdessus, is how to move to an "open price system" without the "checks and balances of a market economy." One of the reasons the IMF attaches so much importance to the Chinese situation, he added, was that "all centrally planned economies are looking to the Chinese experience," naming Hungary and Yugoslavia as two of them.

The IMF has had high-level experts ostensibly helping China "improve the key sectors" of its economy for some time. In June, he reported, former U.S. central banker Paul Volcker and leading Western central bankers will be featured at an IMF seminar in Beijing, to give the Chinese the "benefit" of their experience on monetary policy.

Euthanasia

Austrian nurses held in 44 deaths

Although no formal charges have yet been filed, authorities in Vienna are holding four nurses in connection with the deaths of 44 elderly patients at Vienna's oldest hospital.

The nurses admit they killed the patients, between 75 and 80 years old, who were seriously ill, but investigators say the nurses also killed patients they merely considered a nuisance. The patients were in effect drowned, forced by the nurses to drink excessive amounts of water, which then entered their lungs and suffocated them.

The nurses claim they did this out of pity!

The slayings began in 1983, and authorities are now investigating for more victims. Officials of the Linz Hospital say the affair, not surprisingly, has caused much unrest among its patients, with many demanding to be transferred to other hospitals, and some refusing injections.

Briefly

● **THE NUCLEAR** reprocessing project at Wackersdorf, West Germany, may be sacrificed by Chancellor Helmut Kohl, as part of a "redefinition of policy priorities." The project has been the target of bloody riots by the Greens and Communists.

● **DOCTORS** and patients are staging protests outside Italian hospitals after huge budget cuts, effective April 1, forced patients to pay much more for treatment. "We see especially elderly patients crying and leaving our office, because they can't pay," said a state health insurance worker. "I can't pay, but I must have this medical treatment. Afterward, they can arrest me," press quoted a patient.

● **THE SOVIET UNION** will leave the *Mir*, the world's only permanently manned outpost in space, unmanned for the first time in more than two years when its current three-man crew returns to Earth April 27. *Pravda* suggested that the program's high cost was the reason for the shutdown, and new experiment modules scheduled to be added to the space station have been delayed.

● **A GRAND JURY** April 11 indicted six people for allegedly defrauding North American Savings and Loan of Santa Ana, California of more than \$16 million, which the Justice Department charges was a significant factor in the thrift's insolvency. It was taken over by the FSLIC in 1987, and liquidated in 1988 at an estimated loss of \$120 million.

● **ECUADOR** has been a party to the largest debt-for-nature swap to date, with \$9 million in debt being bought up by various "conservation" groups to transform parts of Ecuador's Amazon rain forest into "preserved" areas. The World Wildlife Fund has purchased \$4.5 million in debt from Morgan Guaranty and Bankers Trust, while Nature Conservancy has bought debt from American Express.