

Business Briefs

Finance

Taiwan deregulation will facilitate looting

Taiwan will open its stock market to investment by foreign brokerages to bail out its slumping bourse, the Taiwanese Securities and Exchange Commission (SEC) said on Nov. 19. Foreign brokerages with equity assets totaling at least \$300 million will be encouraged.

Taiwan opened the market to investment by foreign banks, insurance companies, and fund management firms at the start of last year. Thirty-three overseas institutions have received approval to bring in \$1.44 billion worth of investment funds.

The SEC said Taiwan would also relax restrictions on foreign banks, allowing in the world's biggest 1,000 instead of only the biggest 500, and would consider raising its \$2.5 billion ceiling for total foreign investment in the market.

Beijing has been quick to offer Taiwan a *quid pro quo* for financial deregulation. China approved the listing of a Taiwan-invested company on the Shanghai stock market, an official of the British drug-linked firm Jardine Fleming Securities Taiwan, which arranged the listing, said on Nov. 19. The Taiwanese and Chinese joint venture, a Shanghai flour mill, will be the first firm with majority Taiwanese ownership to list in Shanghai, the *Commercial Times* newspaper reported. Taiwanese investment in China has soared to over \$4 billion since the late 1980s.

Monetarism

Croatia to join IMF, 'resist' austerity

Croatia will almost certainly be admitted to the International Monetary Fund (IMF) before the end of the year, Croatian Prime Minister Hrvoje Sarinic said Nov. 20 in Zagreb, Reuters reported. "It is now only a question of when, and we hope it is going to happen at the very beginning of next month."

Sarinic felt compelled to say, however,

that Croatia would not resort to "shock therapy" to put its economic house in order. Observers say that this is an acknowledgement of the campaign waged by the Schiller Institute against Harvard Prof. Jeffrey Sachs. Last Sept. 20, a Schiller Institute leader had denounced the negotiations with the IMF at a press conference held by President Franjo Tudjman in Cleveland, Ohio. After that, Tudjman continued secret negotiations with the IMF but canceled several public events.

"We intend to reduce state intervention and public spending," the prime minister said, adding that the objective was to make privatization the main moving force of economic recovery. "The biggest problem we have is that public spending is too high . . . 35% still goes to the military." He said Croatia's GNP was 50% below its pre-war level, but stressed that tourism was almost back on track and would inevitably generate other activities. Sarinic warned Croatians not to expect "miracles" from the admission to the IMF.

AIDS

Sports injury led to transmission, say experts

An Italian soccer player became infected with AIDS in 1989 after colliding with an HIV-positive opponent during a match, according to a team of Italian doctors, the Nov. 5 *Minneapolis Star Tribune* reported.

Shortly after the incident, the five Italian doctors who examined the man published a letter in *The Lancet*, a British medical journal, in May 1990. They reported that after the collision, both men bled heavily from large cuts above the eyebrows. Two months later the man, who had tested negative for HIV a year earlier, was found to have AIDS. He denied homosexual contact or drug abuse and he had not had blood transfusions, injections, or dental care. The doctors also ruled out "unsafe sex" because the patient had been in a four-year monogamous relationship with a woman who tested negative. This led the group to conclude that the infection was caused by the injury.

The Centers for Disease Control in Atlanta, Georgia responded that they are aware of

the Italian case, but that the chance of a person being infected by a sports injury is very small.

Ukraine

Kuchma granted emergency powers

The Ukrainian Parliament on Nov. 18 granted Prime Minister Leonid Kuchma and President Leonid Kravchuk emergency powers to enact economic measures by decree for the next six months, in order to counter the devastating economic crisis. Kuchma addressed the Parliament, stressing that the crisis is reaching a dimension where it can threaten the very existence of the Ukrainian state: "We've reached the border beyond which chaos and catastrophe begin," he said.

Kuchma detailed the grisly economic collapse. In the first nine months of 1992, industrial production fell by 19.7% and GNP by 18%, compared to the same period in 1991, and for the first 10 months, exports fell by 19%.

In his speech, Kuchma demanded the imposition of exchange controls on all foreign currencies, including the ruble, and a physical reconstruction program. "We have no choice but to build everything from scratch as we did after the Second World War," he said. Certain backward and unneeded parts of industry will be shut down, including, as he acknowledged, a rise in unemployment. However, Kuchma stressed, plans have been drafted where the unemployed will be put to work at a minimum wage on state-financed construction projects.

Russia

Economy to shrink over 20% this year

Russia's gross domestic product will shrink by 21-23% this year and another 5-7% in 1993, according to Central Bank figures published by Interfax news agency Nov. 17, Reuters reported. Inflation topped 25% in September and

is expected to reach an annual rate of 2,200% by December, according to the bank's estimates. Government investment has fallen by 55%. Trade turnover fell by a third in the first nine months, with exports declining faster than imports. As a result, Russia had a trade deficit of \$2.2 billion.

The bank said it expected the crisis to continue into 1993, and government measures to stimulate production were not likely to make an impact until the second half of the year. Industrial production will slump by 12-15% in 1993. Inflation is expected to stabilize at about 10-12% per month, and unemployment, officially non-existent under communism, is likely to hit 3-5 million by the end of next year, out of a total population of 150 million.

Meanwhile, the medical situation in the former Soviet Union is worsening and the health situation of the population is deteriorating, Red Cross officials have warned. Public health problems are "growing to crisis proportions" in some areas, they say. The most critical need is for basic medical supplies. Only outside assistance can prevent unnecessary deaths and suffering over the next two years. Less than 30% of the total need in medications has been produced domestically in the last year, and imported supplies have virtually vanished.

Shipping

Shipyards refuse repairs fearing liability

Shipyards are refusing to repair vessels in poor condition, for fear that they will incur legal liability for any subsequent malfunctioning or disaster, Michael Ellis, general manager of the Salvage Association, told a London conference on ship repair and conversion, the Nov. 16 *Journal of Commerce* reported.

Ellis warned that marine insurance underwriters can no longer afford to allow claims for equipment failure that results from poor maintenance, and urged insurers to withhold coverage from ships registered under the least reputable flags of convenience.

Lars Carlsson, president of the Swedish group Concordia Maritime AB, which operates 10 oil tankers, argued that adding addi-

tional crew members to perform preventive maintenance at sea actually reduces costs. Carlsson cited estimates by Lloyd's Register that it costs six times as much to neglect maintenance and then replace steel in a shipyard, as it does to undertake preventive maintenance. Concordia crews average 40-45 personnel, compared to 25-30 on most very large crude carriers, but Concordia's costs for drydocking came to only \$500,000 for about nine days, compared to \$4 million for some tankers that are in drydock for a month or two for repairs.

Epidemics

WHO, CDC ignore AIDS without HIV

The World Health Organization (WHO) and the Centers for Disease Control (CDC) in Atlanta, Georgia have effectively decided to ignore AIDS cases which have developed without signs of the HIV virus. "Worldwide surveillance is not recommended at this time," WHO said, according to its *Weekly Epidemiological Record*.

Since late 1989, cases of unexplained severe immunosuppression without evidence of infection with either HIV-1 or HIV-2 have been reported from Australia, Denmark, France, Germany, Spain, the U.K., and the United States. During this year's Amsterdam AIDS conference, preliminary data were presented on virus-like particles, different from HIV-1 and HIV-2, which were reportedly present in a very small number of these patients.

After a search, WHO now reports that fewer than 100 such have been identified, and that WHO has concluded that such cases are rare and that there is no evidence that such cases are epidemic. The meeting concluded that although previously unknown infectious agents *could not definitely be ruled out* in all the cases reported, the limited epidemiological data did not support the conclusion that the immunosuppression is caused by one or more transmissible agents, and that the evidence did not indicate transmission through transfusion of blood and blood products. The significance of the presence of the microorganisms is at present unclear.

Briefly

● **THE EUROPEAN** Parliament has asked the European Commission to do all it can to stop the British government from closing 31 coal mines, the European Parliament said on Nov. 19.

● **ONE MILLION** Germans and 400,000 Frenchmen are without homes, a survey of the International Association of Housing and Urban Development has found. The findings were presented to the authorities in Bonn and Paris. Spokesmen of church and other groups say that the real figure may be twice as high.

● **OXFAM**, the British relief agency, announced in mid-November a program for hunger relief for the United States, because of the large number of homeless and ill-fed in the country. Contributions and operations details will be forthcoming, Oxfam officials said.

● **GERMAN INDUSTRY** will have little chance of recovery in 1993 because of the world economic crisis, warned a forecast presented Nov. 19 in Bonn by the German Industry Association. The consequence will be reduced industrial investments and employment in most sectors of the economy, the report said.

● **GENERAL MOTORS** is expected to announce that its unfunded pension liability has increased from \$8.6 billion at the end of 1991 to \$11 billion, a 28% increase in less than one year, the Nov. 16 *Wall Street Journal* reported. Besides GM losses, the investment earnings of the funds have been nowhere near the actuarial projections that were used to rationalize GM's low contributions to the fund.

● **10,000 MINERS** were killed in industrial "accidents" in China last year, the German paper *Tageszeitung* reported Nov. 11, based on a Chinese Labor Ministry statement. China will not have a regular mining safety law until next May, and even then, the bad conditions will continue, because 70% of deaths and injuries occur in small, unregulated mines.