

# Business Briefs

## Asia

### Infrastructure needs outlined for 2000

The Asian-Pacific region needs \$1 trillion in infrastructure investments before the year 2000, the Asian Development Bank (ADB) estimated in its yearly report released in April. Roughly \$300-350 billion will be needed for energy infrastructure, \$150 billion for telecommunications, \$300-350 billion for transportation, and \$80-100 billion for water supply.

However, the 1993 figures presented at an ADB meeting in Manila show a sharp reduction of credit expansion, from 6.6% in 1992 to 3.5% in 1993. (The credit volume of the ADB in 1993 was \$5.3 billion.) The ADB is now proposing privatization of infrastructure and other "market mechanisms" in order to fill the gap.

## Trade

### Turkey offers Iraq food for oil deal

Turkey has proposed to buy 12 million barrels of Iraqi oil, worth about \$120 million, that is in its pipeline that crosses Turkish territory from Iraq to the Mediterranean Sea. The Turks will pay for the oil with food and medical supplies.

While some observers claim this would violate the U.N. embargo, the Turks say it doesn't. They say that they will maintain solidarity with the allies on continuing the embargo, but they have also made clear they want the embargo lifted and see it having little effect on undermining the Baath regime. The move is seen as preparation for the eventual lifting of the embargo and resumption of oil exports.

Although the United States and Britain have made it clear that they will continue the embargo when it comes up for renewal in May, the Chinese, Russians, and French say they want it lifted. French, German, Italian, and American oil firms have held discussions with Iraqi officials on renewing oil contracts as soon as the embargo is lifted.

## Health

### Tuberculosis baffles doctors, experts say

Scientists remain baffled by the global reemergence of tuberculosis, especially by drug-resistant strains of the disease, Dr. Barry Bloom, the head of TB research at the Albert Einstein Clinic in New York, told the Sixth International Congress for Infectious Diseases meeting in Prague on April 27, Reuters reported.

"The state of scientific ignorance in the pathogenesis of TB is enormous. We really don't know how the organism enters the body, attaches to tissue cells, invades, survives, grows, spreads," Bloom said. "Fundamentally we don't have any idea why TB kills cells, causes disease, kills people, nor has any single gene been identified that is known to be responsible for the virulence of this organism."

Bloom said that poverty has been the most pervasive factor in the reemergence of TB, regardless of the overall wealth of a country.

In the Summer 1992 issue of *21st Century Science & Technology* magazine (p. 16), Bloom warned, "But even if bad things like HIV and homelessness hadn't occurred, TB would have come back. . . . People have treated this as a great surprise, but it's a predictable result of abandoning public health measures that were working."

## Biological Holocaust

### Census Bureau issues special warning on AIDS

The Census Bureau of the U.S. Department of Commerce issued its bi-yearly population report on April 28, and for the first time it featured a special section on the AIDS epidemic, Reuters reported. The report stated that the AIDS epidemic is reversing hard-won gains in child survival rates in many poor nations and is expected to raise death rates in a number of African countries.

"The cumulative effect of national AIDS epidemics will be staggering," said the report. "Government health programs and facilities,

with meager budgets already stretched, will be unable to cope with the numbers of people with AIDS and other HIV-related illnesses."

Available data show an alarming trend. For example, the level of infant and child mortality in Zambia is 15% higher than it was 10 years ago. More than 20% of pregnant women in Lusaka, Zambia tested positive for the AIDS virus in 1990, and similar patterns have been shown in the capital cities of Uganda and Malawi. AIDS is expected to double the death rates in 13 sub-Saharan African countries from 1985 to 2010. The death rates in Brazil, Haiti, and Thailand will also rise significantly because of AIDS—nearly double in Haiti and more than triple in Thailand. Because of the higher death rates, life expectancy in Haiti is expected to fall to 44 years by the year 2010, whereas without the AIDS virus it would be 59 years. In Uganda, life expectancy has declined to 32 years, while without AIDS it would be 59 years.

## Middle East

### Israel and PLO sign economic accord

The Palestine Liberation Organization and Israel have signed an economic accord laying out the PLO's responsibilities for economic development under the Gaza-Jericho accord, the April 30 *International Herald Tribune* reported. The accord provides for:

- Finance: While an independent Palestinian currency has been ruled out, there will be a monetary authority to regulate banks and foreign exchange and manage currency reserves. The Israeli shekel and Jordanian dinar will be used as currency.

- Taxation: Palestinians will collect their own income and property taxes and municipal fees while Israel will turn over 75% of the income taxes it collects from Palestinians working in Israel. The value added tax will be up to 2% lower in the territories.

- Trade: Import tariffs and rates will be coordinated between Israel and the Palestinians, but several categories of products, such as agricultural machinery, can be imported from Arab states freely.

## Briefly

● **SWEDEN'S** Carnegie investment group, a financial trading subsidiary of the state-owned Nordbanken, lost an estimated SKr 200 million in 10 days early in April, in highly leveraged bond derivatives contracts, more than double its capital base. The Swedish government will have to cover the losses.

● **DELTA AIRLINES** will cut up to 15,000 jobs, or 20% of its staff. On April 28, the company announced a restructuring that will slash annual operating costs by \$2 billion over the next three years. The move came after a fiscal third-quarter net loss of \$77.9 million. It has lost over \$2 billion since 1991.

● **THE MOON** may have water ice at its poles, scientists analyzing images taken by the Clementine spacecraft believe. The discovery could change current thinking about the evolution and development of our solar system. If confirmed, the ice would greatly aid human settlement.

● **CHINA** signed an agreement with the U.S. Securities and Exchange Commission on April 28, which calls for information exchanges in enforcement investigations and for technical assistance to develop and regulate securities markets, Reuters reported. Beijing said it would increase the confidence of international investors in Chinese equities.

● **AEROSPACE** industry employment has fallen to a 15-year low. Between 1989 and the end of 1993, employment in the nation's aerospace industry has fallen by one-third, to 909,000.

● **THREE ISRAELI** bankers have been given jail sentences for their role in a bank fraud case dating from the mid-1980s, when Israel's top five banks manipulated the price of their shares. Rahael Recanati, chairman of the Israel Discount Bank, was given an eight-month sentence, as was Mordechai Einhorn, former operations officer for Bank Leumi. Eliahu Cohen, formerly with Israel Discount Bank, was given six months.

● **Borders:** There will be free movement of goods and people between the two areas. A joint tourism authority will be formed.

● **Fuel:** The Palestinians will be able to import their own fuel from Arab states at whatever price they wish but gasoline prices cannot be more than 15% lower than in Israel.

Senior PLO negotiator Nabil Shaath said, "People will start seeing Palestinian ports, airports, economic institutions. . . . They will see a real opportunity to develop their future."

One of the most important aspects of the accord is that it will allow for the disbursement of \$2.5 billion in aid which has been committed by international donors, but held up by the World Bank.

### Insurance

## Lloyds of London may go out of business

Lloyds of London insurance, founded in 1688 by Welshman Edward Lloyd, may be declared insolvent and put out of business this year. The French daily *Libération* reported on what it calls "the most important trial in the entire history of the United Kingdom," which began in London's High Court on April 27, when over 3,000 of the so-called "Lloyds Names" brought a suit against "Lloyds agents."

The "Names," who have a union of their own, are fighting against having their assets seized, since they pump money into the firm's insurance operations and are supposed to provide compensation when Lloyds gets into trouble. In other words, the Names are hurt financially when Lloyds loses money, and Lloyds has taken a financial bath in the past couple of years. The Names are charging that the Lloyds agents engaged in "reckless gambling" and displayed "incompetence on a spectacular scale" in managing their funds.

The case "could bring Lloyds, an institution that is more than 300 years old, to its knees," *Libération* reported. The trial "could be a disaster for the largest insurer in the world." Lloyds was saved from bankruptcy by government administrative intervention last year.

In recent months, at least seven Names

committed suicide, reportedly out of despair that their life savings had been eaten up in their failed subscriptions into Lloyds' coffers. Depending on what happens with the suit, at least 30 more lawsuits are pending. Among the thousands of Names are numbered at least 50 British parliamentarians.

### Infrastructure

## Bering Strait project would link U.S., Russia

"U.S. experts and businessmen are studying the possibility of building a transcontinental rail line across the Bering Strait," linking Russia and the United States, the Russian daily *Rossiiskaya Gazeta* reported on April 27. "The unique project will be financed by an international corporation, Transcontinental, which has set up a non-profit foundation for the purpose."

The 90 km underground rail tunnel would be the largest such project in the world, with an estimated cost of over \$9 billion, the paper reported. It will open up Siberia, "which is practically lacking in permanent transportation routes, to other parts of the world."

Nikolai Grom, chief of the Design and Capital Construction Department of the Russian Ministry of Railroads, who is involved in planning the project, noted that plans for the project began in 1991, when an international corporation, International Railroad and Tunnel Across the Bering Strait, was registered in the United States and a branch was accredited with the Russian Committee for Foreign Investments. "The current state of technology of railway transport and transport engineering makes it possible to implement what appears to be a fantastic project," said Grom.

One problem that must be solved "is providing power supply for the railway from Yakutsk to the Bering Strait and for the industries which will be created along the route." Grom said that Russia would conduct the feasibility studies and "experimental and design work in the field of construction and maintenance of railways in the northern and other rigorous climatic regions of the country."