

Business Briefs

China

Credit to be eased to ailing state enterprises

Chinese Vice Prime Minister and Governor of the People's Bank Zhu Rongji has signaled that credit restrictions on aid to ailing state enterprises will be eased, the May 24 London *Financial Times* reported. In addresses to two economic forums of provincial leaders from central and southern areas, he said government bodies should "make surveys and help enterprises to resume production and get out of these predicaments."

In a related development, to fight inflation, the State Planning Commission is drafting a law to combat speculative gains by unscrupulous merchants and businessmen, which could be passed as early as July. A report by the Hongkong China News Agency on May 26 said that new government units would be set up to define and monitor excessive or speculative profits and to mete out punishments.

Banking

Many Venezuelan banks will disappear, says banker

The banking crisis in Venezuela will force that nation to rationalize its financial sector, Mark Schniders, representative in Venezuela of the Netherlands ING Bank, said in May. He said that some banks in Venezuela will disappear and others will be forced to merge.

ING Bank, the largest bank in the Netherlands and the eighth largest in Europe, is the first 100% foreign-owned bank to set up shop in Venezuela. Schniders said that in Holland, which has 15 million inhabitants, there are only three banks. In Venezuela, ING will also open a brokerage firm. ING, which is the first foreign bank to be allowed into Fidel Castro's Cuba, has been associated with the drug money-laundering Banco Latino of Gustavo and Ricardo Cisneros, with which it jointly owned a subsidiary, Banco Interunion.

According to legal documents filed with the U.S. Federal Communications Commission in connection with EIR's challenge of the purchase of Univision, the largest Spanish-language television network in the United

States, Univision's lawyers admitted for the first time that Banco Interunion and Banco Latino provided the Cisneros brothers with part of the financing to purchase their share of the network.

Europe

Privatization could cost 700,000 jobs by 1998

Over 700,000 jobs could be lost in Europe by the end of 1998 due to privatization schemes, according to the ERECO network of European research institutes. ERECO consists of Cambridge Econometrics (U.K.), IFO (Germany), BIPE Conseil (France), Prometeia (Italy), NEI (Netherlands), and WIFO (Austria).

In the European Union and in the European Free Trade Area, 120 state companies with more than 3.5 million employees are candidates for privatization. According to ERECO, 20% of current jobs will be cancelled in these companies—290,000 in France, 180,000 in Italy, and 140,000 in Germany. The job cuts will affect 268,000 workers in the telecommunications sector, 250,000 in energy, and 77,000 in transport.

Depending on government deregulation and liberalization policies, the overall cuts could reach anywhere between 500,000 and 1.1 million, and privatization will become a major political issue in the years ahead, ERECO predicts.

Science

'Liquid breathing' may help premature infants

A liquid breathing technique may be used to save the lives of babies born as much as three months prematurely, if approved by the Food and Drug Administration. The treatment was the subject of a TV news report produced by the American Chemical Society.

The lungs are one of the last organs to develop, a limiting factor in the survival of premature babies because the air sacs within the lungs are hard to expand and tend to re-collapse. Often, gas ventilators end up damaging

the fragile lungs.

The new technique first fills the newborns' lungs with an oxygen-carrying liquid drug, called LiquiVent (developed by Alliance Pharmaceutical Corp. of San Diego), which gently expands the collapsed air sacs, re-creating a womb-like condition. Then, highly oxygenated air is pumped in; the oxygen dissolves in the drug, and is transferred to the blood surrounding the air sacs, and carbon dioxide is transferred from the blood to the drug and out of the lung.

LiquiVent is perfluorooctylbromide, a perfluorochemical compound containing carbon, fluorine, and bromine. Perfluorochemicals were selected for their lack of toxic effects on body tissues. The compounds can be breathed at normal atmospheric pressure and can hold considerably more oxygen than does air.

Trade

Tuna boycott illegal, GATT tells United States

A panel of the General Agreement on Tariffs and Trade ruled in May that the U.S. boycott of tuna caught with seine nets (high-efficiency nets that environmentalists claim kill too many dolphins) is illegal, because GATT forbids trade bans based on production methods. However, the panel implicitly recognized the legitimacy of extraterritorial measures, basically reversing a previous GATT ruling on the tuna fishing issue, which had said that GATT rules prohibit any administrative law which attempts to regulate wildlife outside the border of the nations applying the law.

U.S. Trade Representative Mickey Kantor attacked the ruling. "GATT procedures not only denied us a fair hearing, but they need to be totally revamped," he told the May 23 *Wall Street Journal*. Kantor released all documentation the United States had relating to the ruling, in violation of secrecy rules on GATT hearings.

Reaction by environmental groups, the *Journal* reported, was surprisingly muted. Last year environmental groups had purchased two-page ads in the *Washington Post* and the *New York Times*, arguing that GATT would override the stricter environmental laws of the United States.

Briefly

● **THE PALESTINE** Liberation Organization has chosen Morgan Stanley Asset Management to oversee over \$2 billion in international aid pledged to the Palestinians over the next five years, the May 25 London *Financial Times* reported.

● **CADILLAC FAIRVIEW** is seeking a lifeline from new investors after a record \$1.9 billion loss in 1993. Investors rumored to be eyeing stakes in the Canadian real estate giant include the Reichmann family of failed Olympia and York, and Hong-kong billionaire Li Kai-shing.

● **JAPAN** and the United States resumed the "trade framework negotiations," U.S. Trade Representative Mickey Kantor said on May 24. The talks had broken down on Feb. 11. One observer said that the agreement was reached for show, out of fear of further foreign exchange turmoil, which would give the Federal Reserve the excuse to further raise interest rates.

● **DERIVATIVES** instruments are replacing government debt, municipal bonds, and other loans used to finance infrastructure projects in many of the supposedly secure money market funds, the May 29 *Washington Post* reported.

● **JACQUES DELORS**, the president of the European Commission, warned that abolishing the "European model" of social protection would destroy centuries of striving toward "a balanced society," the May 27 London *Financial Times* reported. Without protected minimum incomes, the three recessions of the past 20 years could easily have degenerated into a 1930s-type depression, he said.

● **THE CLINTON** administration abandoned plans to pursue legislation this year to consolidate bank regulatory agencies after Treasury Secretary Lloyd Bentsen failed to reach a compromise with Federal Reserve Chairman Alan Greenspan, the May 28 *Washington Post* reported.

Iraq

U.N. warns of terrible famine

The U.N. Food and Agriculture Organization (FAO) and the World Food Program said that Iraqis were experiencing "massive deprivation, chronic hunger, endemic undernutrition for the vast majority of population, collapse of personal incomes, and rapidly increasing numbers of destitute people," in a report released on May 26.

These are "commonly recognized pre-famine indicators" which cause "deep concern," the agencies said. The FAO representative in Iraq, Amir Abdulla Khalil, said he will appeal to the world community to come to Iraq's aid. "I can say the situation is serious," he told Reuters. "We have to move."

Most of the pressure for keeping the genocidal embargo on Iraq is coming from the United States and the neighboring oil-producing Arab sheikhdoms, which are notorious Anglo-American assets.

Ibero-America

Pacific-Atlantic link subject of summit

Over the coming months, officials from Brazil, Bolivia, Uruguay, Paraguay, and Peru will meet to plan construction of multimodal transport corridors to connect the Atlantic and Pacific oceans, Paraguayan Deputy Foreign Minister Oscar Cabello Sarubbi announced in Lima at the Second Diplomatic Consulting conference between his country and Peru, the Peruvian daily *Gestión* reported on May 24.

Cabello said that sometime during the second half of 1994, representatives of Peru, Bolivia, and Paraguay will meet in Puno, Peru to discuss this further, and that the oceanic interconnection will also be discussed by foreign ministers at the upcoming meeting of the Organization of American States in Belem, Brazil in early June.

Cabello also referenced the recent agreements between Peru and Paraguay, to provide a water link from Peru to the Paraguay and Plata rivers, and said that legislation of the five countries involved is being "harmonized" so

that there will be no obstacles to the completion of these infrastructure projects.

Agriculture

Wheat harvest poor in former Soviet Union

The wheat harvest is poor in the nations of the former Soviet Union, according to the International Wheat Council. The council estimates that the wheat harvest of these countries will not exceed 79 million tons in the current harvest year, owing to poor snowfall in key areas, lack of fertilizer and pesticides and other vital inputs, and general economic problems.

By comparison, in 1990, an excellent year, the harvest was 102 million tons, while in 1989 it was 87 million tons. Only in the severe drought year of 1988 did it fall to 79 million tons.

A top Russian grain purchasing team visited the United States in May, surveying possible import purchases. Last year official imports were down drastically, to 6.6 million tons compared with average imports of 40 million tons during the 1980s. A major problem is lack of hard currency.

Shipbuilding

Newport News in race for commercial contract

Newport News Shipbuilding, a Virginia subsidiary of Tenneco, Inc., said it has signed a letter of intent to build two of its newly designed 46,000-ton "Double Eagle" double-hulled tankers for the Greek shipping firm Eletson Corp. of Piraeus. Completion of a contract to build the tankers depends on the U.S. Maritime Administration approving financing guarantees, under a new provision of the Maritime Act of 1936, which was extended by Congress last year.

The Double Eagle is the first new tanker designed by a U.S. shipyard in a decade, the May 23 *Wall Street Journal* reported. If Newport News wins the contract, it will be the first time since 1957 that a U.S. shipyard received a foreign order for a commercial vessel.