

Business Briefs

Petroleum

Oil may be a renewable resource, says expert

The conventional wisdom that the supply of oil is finite, is being challenged by the phenomenon of oil fields that grow, even while oil is being extracted, the April 16 *Wall Street Journal* reported. For example, the probable reserves of Eugene Island 330, an oil field in the Gulf of Mexico, have grown from 60 million barrels to 400 million barrels in recent years, and the crude being mined now is coming from a different geological age than the crude pumped out when the field was first tapped in 1973. "All of which," the *Journal* says, "has led some scientists to a radical theory: Eugene Island is rapidly filling itself, perhaps from some continuous source miles below the Earth's surface."

One scientist, astronomer and Cornell Professor Emeritus Thomas Gold, has maintained for years that oil is a renewable, primordial syrup continually manufactured by the Earth under ultra-hot conditions and tremendous pressures; as it migrates toward the surface, Gold says, it is attacked by bacteria, leading to the presumption that it had an organic origin.

Between 1976 and 1996, the estimated global oil reserves grew 72%, to 1.04 trillion barrels, with much of the growth coming in the last ten years, thanks to improved computer mapping of geological structures. Even so, the *Journal* says, geologists are hard-pressed to explain why the great oil pool of the Middle East has more than doubled its reserves in the past 20 years, despite intense drilling.

Environmentalism

Plants are violating Montreal Protocol

Soil chemists at the U.S. Department of Agriculture's Agricultural Research Service have determined that the Brassicaceae family of plants, which includes broccoli, cabbage, rapeseed, and many weeds and ornamental crops, releases methyl bromide into the atmosphere in large quantities, the

USDA reported in its April *Methyl Bromide Alternatives* newsletter under the headline "Plants Guilty of Producing and Releasing Methyl Bromide?" Methyl bromide, a crucial soil fumigant and pesticide used widely throughout the world, has been demonized as a man-made ozone-depleter. This latest finding, according to the USDA, may account for the "missing source" of the methyl bromide found in the atmosphere.

The 1987 Montreal Protocol decreed a ban on the use of methyl bromide in the early 2000s. However, no substitutes have been found for the useful chemical, and if the ban is enforced, it will reduce supplies of fruits and vegetables, vastly cut the export income of Arizona, California, and Florida, and add to the death toll from the ozone-depletion hoax.

Infrastructure

Egyptian road link to Asia, Africa to open

In July, the remaining 26 kilometers of the international coastal road linking North Africa to the Arabian Peninsula, is scheduled to be completed. The highway passes through eight Egyptian governorates, including North Sinai, Port Said, Damietta, Kafr Al-Sheikh, Alexandria, and Marsa Matrouh. It connects a large network of roads starting from the Alexandria-Salum axis to the west, to that of Qantara-Rafah Sinai, on the border with Israel, to the east. It is expected to be the lifeblood of the new urban communities established along its course. The road enhances the prospects for an Arab common market, and establishes further contact with world markets.

Work on the international coastal road began in 1992. In April 1996, the eastern network, which extends 350 km from Rafah to Port Said, and the western network, extending 540 km from Alexandria to Al-Salum on the border with Libya, were opened. The middle network, which passes through the governorates of Damietta, Dakahlya, Kafr Al-Sheikh, Al-Behira, and Alexandria, and major industrial coastal cities, is to be completed by July.

This road is located on the main southern route of the Eurasian Land-Bridge linking

Eurasia with Africa. A rail line and a bridge over the Suez Canal, which are under construction, will establish a rail link between the three continents. Chinese and South Korean firms have signed contracts with Egypt to build ports and industrial infrastructure in the region north of the Suez Canal.

Libya, meanwhile, has announced that it will start construction on a 1,700 km coastal rail line, completing the missing link between Egypt and the rest of North Africa to Spain.

New Zealand

'National security' used vs. anti-free trader

New Zealand Prime Minister Jenny Shipley, a close friend of U.S. Vice President Al Gore, has cited "national security" as the excuse for not releasing crucial documents relating to the targetting of an anti-free-trade activist by the Security Intelligence Service (SIS), New Zealand's domestic spy organization.

The house of anti-free-trade activist Abdul Aziz Choudry was burglarized in July 1996 by SIS officers; he has filed a civil lawsuit against the Attorney General, and is seeking \$150,000 in damages. Shipley, as the Minister in Charge of the New Zealand SIS, is fighting to keep the documents relating to the incident from being disclosed to the Court of Appeal, insisting that "disclosing the documents threatens national security."

Trade

WTO admits worst global figures in 17 years

In its yearly report released on April 22, the World Trade Organization (WTO) states that it has had to sharply downgrade its earlier projections for 1998. The volume of world trade in 1998 grew only by 3.5%, compared to 10.5% in 1997. The dollar value of merchandise exports (trade without commercial services) shrank in 1998 by 2%, toward \$5.2 trillion, which is the biggest con-

INDIA and Central Asia have begun a strategic dialogue, focussing on energy security, regional security, and trade. Former Prime Minister I.K. Gujral inaugurated the dialogue in New Delhi on April 19, in a meeting sponsored by the Institute of Defense Studies and Analyses. He emphasized that Central Asia would be key in fulfilling India's long-term oil and gas needs.

JAMAICA was rocked by protests, after the government announced a sharp increase in the gasoline tax on April 15. Parts of the country were shut down. The U.S. State Department issued a travel advisory on April 20, warning of "protest fires and other violent activity." On April 22, the government yielded, and announced the tax would not be imposed.

THE PAKISTANI and Indian industry associations on April 10 formally inaugurated the India-Pakistan Chamber of Commerce and Industry, a joint chamber to facilitate bilateral trade.

EUROSTAT, the European Union statistics agency, said in its first global study of services that the much-touted "information society" is only a small part of the economy. It said, "Even though they are the Rosetta Stone of the global information society, the communication sector does represent only 1.7% of the total employment" in the EU.

GEORGE SOROS said, "The global financial crisis is now officially over. So now we can look for the next one," the April 24 *New York Times* reported. It seems that the speculator was happy because Brazil (under his crony, Central Bank chief Arminio Fraga) was able to sell \$2 billion worth of bonds that week (for the first time in a year).

AN INDONESIAN conglomerate, the Bakrie Group, has agreed to sell 80% of its shares in PT Bakrie to its foreign creditors as part of its \$1.5 billion debt settlement in a debt-for-equity swap scheme.

traction since 1982. But the export of commercial services also contracted toward \$1.3 trillion, the first-ever annual decline since the compilation of such statistics began in 1983.

All regions were affected, but Asia and the raw materials-exporting countries were particularly hurt. Because of the sharp decline of raw materials prices and demand, export earnings of African countries fell 16%; those of Middle East countries fell 21%. Saudi Arabia's export earnings dropped 35%.

For the first time since World War II, the share of raw materials in world trade fell below 20%. At the same time, the collapse of currencies caused a 17.5% contraction of imports by Asian nations, including a 17% drop for Japan and 25% for East Asia (China, Hong Kong, Taiwan, Malaysia, Korea, Singapore, and Thailand).

Privatization

Chile faces electricity rationing, shortfalls

The Mont Pelerin Society's Chilean "paradise" must now ration electricity, because of power plant breakdowns and lack of investment in energy infrastructure by privatized electricity firms. As of April 15, electricity throughout most of Chile is cut off for two hours a day. The worsening situation comes in the wake of a 15-day blackout in metropolitan Buenos Aires, Argentina in February, because of the criminal negligence of a Chilean-owned consortium. That incident had already damaged the reputation of the allegedly "more efficient" Chilean electric firms, all privatized as part of the economic "miracle" imposed by Mont Pelerin free traders in 1973.

The outages are being blamed on a drought which has affected the country's hydroelectric systems, but there are no contingency plans to deal with the crisis, in which equipment failure at the Nehuenco power station means that 11% of the consumption needs of the Central Interconnected System are not being met. The latter provides electricity to 90% of the country's consumers located between the city of Taltal, 630 miles north of Santiago, and Chiloe Island, 700

miles to the south of Santiago.

In early April, Energy Minister Oscar Landerretche told media that rationing would continue in Santiago and other major cities for four to six weeks, until repairs at the Nehuenco plant were completed. But Germany's Siemens company, which installed the plant's generator, warned on April 15 that repairs could take up to four months. Landerretche also announced a 0.8% decrease in electricity rates, but this was immediately rejected by the generating companies, which claimed that the cost of production has increased because of the drought.

Banking

Peruvian calls for exchange controls

Dionisio Romero, president of the Banco del Crédito del Perú, stated that "capital controls on short-term capital should be established," the Peruvian newspaper *Expreso* reported on April 9. "The Common Good requires that the Central Bank be an entity which regulates the flow of capital, so that it does not enter with such ease, so that it does not leave with the ease with which it left" in 1998, he said.

Romero reported that last October, the inflow of short-term capital—upon which the banking system had become dependent for capital—suddenly fell by \$700 million, deepening the recession in the country. However, he proposed only that short-term capital entering the country be duly registered, and a tax paid on it.

Romero also stated his opposition to "dollarization," arguing that a country should have "its own currency," but he said that in Peru, the issue is almost moot, since 80% of all bank deposits are now in dollars.

One impetus for Romero's domestic concerns, is the intense pressure on every Peruvian bank (most of them are bankrupt) to sell out to foreign interests. Banco del Crédito is still the number-one bank in terms of deposits in Peru, but Romero said that it now faces increased competition from the second-largest bank, Banco Wiese, which was just bought out by Sudameris.