

Business Briefs

Ibero-American Integration

Mexico to help in Peruvian pipeline

An agreement signed March 26 by Pemex director Francisco Rojas and Petroperu president Jaysuno Abramovich, commits Mexico to participate in the construction of hydrocarbon processing facilities, off-shore drilling projects, and 600 kilometers of gas pipeline in Peru. Pemex will also aid in refinery enlargements and other Peruvian projects.

The deal, the first such hydrocarbon cooperation program between the two countries, was signed only hours after the visit to Mexico of Peruvian President Alan García.

On March 20, the Peruvians also signed an agreement with Venezuela. Venezuelan Foreign Relations Minister Simon Alberto Consalvi and Peruvian Foreign Relations Minister Allan Wagner agreed to start negotiations on hydrocarbons and mining, to create a bilateral commission for cooperation, and to meet periodically.

On March 21, Wagner gave a luncheon in Consalvi's honor, where they discussed the debt problem and "solidarity between both countries" on debt matters, although they are negotiating with creditors separately.

International Credit

Philippines signs debt deal; banker indicted

Philippines Finance Minister Jaime Ongpin, who is connected to Meyer Lansky circles in the United States, has finalized a deal with his country's foreign creditors for rescheduling the Philippines' \$27 billion foreign debt. Under the new deal, a full 50% of Philippines export earnings will go to debt service.

The banks got everything they wanted. The deal involves rescheduling payment of \$13.2 billion over 17 years with a 7-year grace period on the principal. The interest rates to be paid are 7/8 of the Libor rate. Ongpin, who expressed unmitigated delight

at the deal, had previously said he would resign if the interest rate went over 5/8 of Libor.

The banks also declared Ongpin's debt-for-equity Philippine Investment Notes (PINs) "optional."

The Ongpin deal "places the Philippines at the mercy of the banks for the next 17 years," charged Grand Alliance for Democracy chairman Vicente Puyat on March 31. Puyat heads up the 24-man senate slate in opposition to President Corazon Aquino in the upcoming elections.

Philippines central bank chief Jobo Fernandez, while in New York as part of the negotiations, learned that an indictment had been handed down against him by the Philippines Supreme Court. He is charged with four counts of graft and corruption.

Fernandez pulled the plug on the Pacific Bank—forcing the bank to close without proper notice—in order to eliminate his competitors. Evidence brought by the Pacific Bank employees' union shows that Jobo has not divested his interests in the Far East Bank and Trust, but retains them through a dummy holding company.

Foreign Debt

Bolivia to use drug aid to buy up debt?

Bolivia is currently in negotiations with its major creditors to buy back its \$900 million in foreign debt, currently selling on the secondary markets at 17 cents on the dollar. Should its creditor banks agree, Bolivia need only come up with \$173 million, which is what the debt is currently worth on these markets.

The proposal was agreed to with Bolivia's creditor bank committee in mid-March, and the country's 300 international bank creditors have been approached for approval of the deal.

The only problem is, where will Bolivia get the \$173 million? According to Central Bank head Javier Nogales, Bolivia hopes to use anti-drug aid from the United States to purchase its debt! The United States is reportedly "studying the proposal" to see whether such a conversion of the aid can be

done under U.S. law. Bolivia would reportedly allocate a comparable figure in pesos to finance the anti-drug effort.

Agriculture

Democrats demand lower food output

Democratic Party radicals called for mandatory food-output reduction in a March 31 hearing in the House Agriculture Committee.

These included: Jim Hightower, Texas Agriculture Commissioner; Minnesota Agriculture Commissioner Jim Nicholls; and the sponsors of a mandatory food reduction bill, Sen. Tom Harkin (D-Iowa) and Rep. Richard Gephardt (D-Mo.). The hearing was part of a series in March dedicated to presenting "concepts" for the farm crisis, but committed to retaining existing laws.

Hot rhetoric was exchanged. House Agriculture Committee Chairman Kika De La Garza (D-Texas) said to Nicholls: "Don't come in and say it isn't working [current export and other laws]." As De La Garza rose to leave, Nicholls replied: "You just come to my state. It isn't working."

The Harkin bill calls for farmers to vote for higher prices and reduced output. He said, "Livestock farmers are addicted to low grain prices . . ." and should "kick the habit."

Middle East

Soviets give Egypt debt relief

Egypt and the Soviet Union have agreed to postpone the repayment of Egypt's debts to the Russians for 25 years. Salah Basyuni, the Egyptian ambassador in Moscow, noted that the negotiations had taken full account of Egypt's current economic circumstances.

The two sides drafted guidelines for a trade agreement and long-term payments, including a list of new commodities for export to the Soviet Union. Basyuni said they

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agreed to restore certain goods to the list, such as rugs, furniture, and hides.

Egypt also announced that the value of the accounting pound sterling will be increased to encourage Egyptian exports.

Biological Holocaust

Reagan, Chirac agree on AIDS cooperation

President Reagan and French Prime Minister Jacques Chirac announced an agreement March 31 for U.S.-French cooperation in finding a vaccine or cure for AIDS, according to UPI.

Reagan said the agreement covering research, education, and technology exchanges had been reached between the Department of Health and Human Services and the Pasteur Institute, resolving a dispute over patent rights to the AIDS antibody test kit.

"The two medical groups will share the patent and each party will contribute 80% of the royalties received to establish and support an international AIDS Research Foundation," Reagan said. "This foundation which will also raise private funds, will sponsor AIDS-related research, and will donate 25% of the funds they receive to education and research problems in less developed countries. This agreement opens a new era in Franco-American cooperation, allowing France and the United States to join their efforts to control this terrible disease. . . ."

Free Enterprise

Colombian cattle ranches laundering drug money

The Barco government in Colombia has just announced an investigation of the drug-money laundering by dozens of cattle ranches across the country. According to Agriculture Minister Luis Guillermo Para, "The liquidity of the cattle market has unfortunately been used as a mechanism for legalizing capital of suspect origin."

Many of these ranches are located in

areas of guerrilla violence, where the former owners were forced to sell. The new owners, mostly absentee drug traffickers, have established a *modus vivendi* with the areas' terrorist groups.

The cattle raisers themselves have not hesitated to admit to the practice. In a study released by the Corporation of Agricultural and Ranching Studies (CEGA), it is stated that cattle raising in Colombia has climbed out of its depression and attained a miraculous recovery, due in large part "to the emergence of a new kind of large-scale cattle ranching, the product of legalization of capital," i.e., money-laundering.

East-West

Russia proposes 'Euroasian zone'

A "Eurasian economic zone from Gibraltar to Siberia," merging the economic potentials of the European Community and the Warsaw Pact, was proposed by leading spokesmen of the Comecon at a symposium at Hamburg University March 23-24. The symposium was sponsored by Jacques Delors, the president of the European Community, and featured, among its guest speakers from the East, Vyatsheslav Sychiev, the secretary-general of the Comecon. The West German government sent three senior officials to the event.

Other prominent guests were Ryszard Mankiewicz of the Polish foreign trade ministry, Prof. Jürgen Nitz of the Institute of Policy and Economic Studies (East Germany), and Gabor Vertes, the vice-president of the Hungarian National Bank.

Nitz described Russian imperial control over the continent of Europe in terms of a future "all-European economic union," to include high-tech cooperation and technology transfer, joint research in the Eureka project, a continental transport and energy grid, and joint ventures for exports all over the world.

The scheme resembles the historic proposal for a "Eurasian Economic Bloc," originally made by geopolitician Karl Haushofer, one of the "fathers" of the Nazi party, at the beginning of this century.

● **THE TRILATERAL** Commission, holding its annual international meeting beginning March 23, debated a report contending that some debt relief, combined with a new flow of money to the Third World, should be considered. The report was prepared by former presidential adviser Martin Feldstein, French banker Herve de Carmoy, Bank of Tokyo adviser Koei Narusawa, and MIT Prof. Paul Krugman.

● **HEALTH AUTHORITIES** in Venezuela, according to a resolution published in the *Official Gazette* March 23, have established a policy of "obligatory reporting of all cases of persons detected carrying antibodies of the HIV [AIDS] virus, to the relevant health authorities."

● **OTIS BOWEN**, Secretary of Health and Human Services, said March 31 that Medicare benefits would have to be reduced by 13% and contributions increased by 15% over the next 25 years to avoid the bankruptcy of the program. The figures were included in the annual report on trust funds under the Social Security Administration and the Health Care Financing Administration.

● **PETROBRAS**, the Brazilian state oil company, has signed an agreement with Kuwait to import 30,000 barrels of oil per day, with payment due 90 days after shipment and no credit requirements. Brazil had stopped importing Kuwaiti oil in 1983, because Kuwait would not buy Brazilian exports. Petrobras signed another deal for 10,000 barrels a day from the Soviet Union.

● **CROP PLANTINGS** will be down for all crops except oats and cotton, says the Department of Agriculture's March 31 crop report. Estimates of lowered plantings include corn 12%, soybeans 7%, winter wheat 11%, sorghum 23%, and barley 16%. The figures, however, are only based on a survey of farmers.