

Business Briefs

Infrastructure

Peru, Argentina map railway project

Argentina and Peru agreed on Sept. 25 to accelerate consultations on a project for a trans-oceanic railroad, and to coordinate with Bolivia a meeting of foreign ministers on the matter.

Argentine Foreign Minister Dante Caputo and Peruvian Foreign Minister Allan Wagner met at the United Nations to discuss the issue, and their governments have pledged to come up with a plan before the end of the year.

The railroad would go from Matarani, in Peru's south, to Buenos Aires, Argentina. Wagner told UPI: "In general we would take advantage of the already existing railroad networks. We have to program the links and some improvements in the networks. We have decided to continue ahead with this project, and another aspect to consider is the preparation of regulations for the transport of cargo." Wagner stressed that "this is a great project of horizontal integration."

Raw Materials

Malaysia hits ban on palm oil sales

Malaysian Prime Minister Mahathir Mohamad has called U.S. and European Community (EC) plans to restrict palm oil imports from Malaysia an attack on "free trade," the *International Herald Tribune* reported from Trolak, Malaysia on Sept. 28.

Edible palm oil is Malaysia's third most valuable export, after crude oil and gas, and timber, and accounts for 30% of Malaysian land under cash crop cultivation.

The EC has proposed to raise an existing 12% import duty on vegetable oils, and a U.S. congressional committee has begun hearings on a bill to label palm oil and coconut oil as "saturated fats," and hence a danger to health. The U.S. bill was introduced by Rep. Dan Glickman of Kansas, who said the legislation would cut tropical oil sales in favor of soybean oil produced in

Kansas.

Indonesia and the Philippines will also be badly hurt by the measures. proposals. Seventeen million Filipinos—many who live in areas under assault from communist rebels—are involved in the coconut industry.

Health

Soviet Union to work with Japan on AIDS

The U.S.S.R. is seeking cooperation with Japan on AIDS research, according to Sept. 18 reports in the Japanese news service Kyodo, citing Soviet diplomatic sources.

The Soviet Union is working to inaugurate joint research efforts against AIDS, and is offering the Japanese government a cooperation pact similar to agreements already signed with West Germany and Italy, authorizing the exchange of information and expertise on AIDS. The Soviets also are engaged in joint AIDS work with the World Health Organization.

Banking

Deutsche Bank head warns of debt crisis

Alfred Herrhausen, director of West Germany's Deutsche Bank, criticized the hard-line policy on debt repayment of the International Monetary Fund, at a private press conference in Washington, D.C. on Sept. 28. Large-scale debt cancellation is preferable to a full-blown crisis of the banking system, he said; it should be coupled with new credits to the debtor nations, to allow their economies to recover.

Herrhausen said that debt cancellation would be painful for the creditor banks, but the only other alternative, continued insistence on debt repayment and increasing defaults of the Third World over the next few years, would lead into a big banking and world monetary crisis.

Herrhausen referred to the precedents of the Marshall Plan of 1947 and the 1952 Lon-

don Conference debt settlement between Germany and its former wartime enemies.

His remarks were rated as "unprecedented" in German media commentaries, and other bankers rushed to distance themselves from his view. Deutsche Bank president Wilhelm Christians said that Herrhausen had only voiced "his personal opinion," that it was "not the general opinion that there should be debt cancellation for the Third World." Karl Otto Pöhl, chairman of the Bundesbank, hailed the IMF and called for more "discipline and muscle" in the international debt negotiations.

The Debt Bomb

Ex-Treasury official: 'Baker Plan' a fraud

Robin Broad, a former official of the U.S. Treasury Department who now works at the Carnegie Endowment for International Peace, charged that the much-touted Baker Plan for easing the pressures of the Third World debt, was never intended to solve the problem, but was "simply an attempt to steal the thunder from the newly inaugurated Peruvian President Alan García, who had the gall to unilaterally implement his own formula for cutting back Peru's unsustainable debt service without consulting the U.S."

According to Broad, the plan was "pasted together in breakfast meetings" between Treasury Secretary James Baker III and Federal Reserve Chairman Paul Volcker.

Protectionism

India worried over U.S. textile ban

A bill passed by the U.S. House of Representatives on Sept. 16, strictly limiting imports of textiles, clothing, and shoes, will seriously threaten India's exports to the United States, the *Hindustan Times* reported Sept. 18.

An earlier bill had targeted Taiwan, South Korea, Singapore, and Hong Kong, but the new bill covers imports from all