

# Business Briefs

## Infrastructure

### Dutch, Belgians put joint projects on agenda

The Netherlands signed an agreement with Belgium on deepening a crucial section of the Scheld River in the third week in January, which will be important for making the Belgian port of Antwerp navigable for larger vessels and to increase its capacity.

The project has been discussed for some time, and is listed in the European Union's program of second-priority projects of waterway transport infrastructure development, but the Dutch have not been in favor of it for fear that the benefit Antwerp would gain from the project would be at the expense of their plans to upgrade traffic at the port of Rotterdam (already Europe's largest).

The two governments also resolved to put discussion about the high-speed rail project from Brussels to Amsterdam, which involves disputes over the route, on the agenda for another meeting this spring.

## Africa

### Economies of SADC nations deteriorating

The economies of the 11-nation Southern African Development Community (SADC) are declining, despite being the only part of Africa which is getting significant donor aid, the group said in its annual report released in January. It met with western donors in Malawi on Jan. 27 seeking funds, but donors are threatening significant cutbacks, saying these countries are too donor-dependent.

According to the SADC, the economic adjustment programs—which are dictated by the International Monetary Fund—in 1994 did not “have the desired effects.” Angola's economy is in a “hopeless mess,” Zambia will have to rely on loans and grants, and Botswana and Namibia's mining sectors are stagnating. In “normally healthy Botswana,” attempts to shift to the manufactur-

ing sector (away from mining) as a strategy for economic diversification, failed miserably, and growth in the manufacturing sector declined 12%. In Angola, Gross Domestic Product fell 22.6%, while Namibia and Swaziland registered declines of 3.3% and 2.7%, respectively.

What little growth there was, the SADC attributes mainly to improvements in the agricultural sectors of Malawi, Mozambique, Zambia, and Zimbabwe. In Angola, where mining has collapsed and the country is dependent on food aid, the country's debt grew in 1994 to \$11.6 billion, up from \$10.9 billion in 1993—exceeding the value of the production of goods and services by more than 400%. Mozambique will continue to depend largely on foreign donor aid.

## Caucasus

### Build oil pipeline for peace, says negotiator

John Maresca, a former U.S. negotiator in the Nagorno-Karabakh conflict between Armenia and Azerbaijan, wrote that “the new Silk Road” of potential oil pipelines to be built in the Caucasus could be the basis for economic development of the whole war-torn region.

In a commentary in the Jan. 25 *Wall Street Journal Europe*, Maresca wrote that the acute crises in the region leave all the potential routes for the pipeline full of “daunting obstacles.” However, “a new phase of urgent discussion” is beginning on potential pipelines. The “trans-Armenia route” is likely the best option among several routes. “Despite traditional hostilities toward Turkey and Azerbaijan, Armenia is a potentially reliable partner.” Russian interests will have to be met in the plan eventually adopted, or Russia will undercut any arrangements made, including preventing the shipment of heavy construction equipment through the Volga-Dan Canal system. But pipelines need not necessarily cross Russian territory, he wrote, since the amount of oil in the region would justify more than one

pipeline, and Russia might agree to shared control or a similar arrangement.

“The economic effects of these pipelines will be so important that they make this a unique opportunity for regional development. They represent huge investment potential in a generally poor area, and will knit together the nations that must share them,” he said. “The U.S. government has not taken a position on the pipeline issue, but it should. . . . U.S. interests in this matter are clear: Russia will have a pipeline from Kazakhstan, so a pipeline from Baku should cross Armenia and Turkey. Not only is this the best route technically, it would also create a badly needed incentive for ending the Nagorno-Karabakh war and for maintaining regional stability in the future.”

## Italy

### Privatization of state sector forces up imports

Since the progressive dismantling of the state-owned iron, steel, petrochemical, and machine-tool industries, Italy now has to import, mostly from eastern Europe, 60% of its strategically relevant industrial products such as ball bearings, aluminum, and other metal products. Concern is rising among many industrial consultants that after the recent privatization of state-owned specialty steel industries, the situation is going to become much worse, leaving the private steel cartel to take over what remains of state-sector production and impose a dramatic price increase on the internal market.

Since the collapse of the Berlin Wall, a private steel cartel led by Giorgio Falk and Luigi Lucchini has been buying up steel plants in eastern Europe and taking advantage of the low labor cost. It is believed that these people are now waging a trade war against Italy's national economy, providing cheap, foreign-made goods at very high prices and with costly delays in delivery.

Falk is a member of the 1001 Club, a key grouping of the European oligarchy which is led by the British monarchy. In the past, Falk

## Briefly

opposed Oscar Sinigaglia, one of the founding fathers of state-owned industries. The "Sinigaglia Plan" created a technologically advanced, full-cycle, mass-production steel industry, which especially built up operations in the traditionally poor Mezzogiorno region in southern Italy. In contrast, Falk's policy is technologically backward, costly, and profitable only because of state subsidies.

Thus, today, Italy's so-called economic recovery consists of an export boom based on "creative production" of such things as dolls, knives, fashion shirts, and luxury goods. Export earnings are not reinvested in the country.

### Nuclear Energy

#### Prospects improve in Sweden, Indonesia

Sweden, which decided in 1980 in a national referendum to shut down all nuclear power plants by the year 2010, may reconsider that decision. Labor unions have begun placing ads calling for the 1980 referendum to be reversed.

Prime Minister Ingvar Carlsson also said recently that in light of problems with a secured energy supply and a lack of viable energy alternatives, Sweden might have to reconsider.

On Jan. 27, Energy Minister Jörgen Andersson, who is said to have been pounded in recent weeks by Swedish industrial lobbies to change the government's anti-nuclear policy, seconded Carlsson, endorsing a new referendum in a statement on national television. "It would have to be on the question whether one could cancel that date 2010, should an exit [from nuclear] prove impossible by that date," he said.

In Indonesia, Minister for Research and Technology B.J. Habibie on Jan. 21 defended plans to build a nuclear plant in central Java, the official Antara news agency reported. "Preparations for the project started 20 years ago, both regarding the technology being used and nuclear's sociological presence

among the people," he said in the central Java capital of Semarang, 150 miles east of Jakarta. He admitted that people might object to the plan, but said that such an attitude could not be defended when the country was in need of energy sources to generate electricity in the future. "At this moment, the Indonesian people, from Sabang [Aceh] to Merauke [Irian], are aware of the importance of the modern technology, because the nuclear plant project is for the people's benefit." The plan would also help reduce unemployment, he said.

Indonesia said it plans to start building the \$1.2 billion plant on Java in May 1996. The 600-megawatt plant is scheduled to start generating electricity around the year 2004.

### Health

#### Patarroyo announces new malaria vaccine

Colombian scientist Manuel Patarroyo has announced the development of a new anti-malarial vaccine with 90-95% effectiveness. The vaccine is an improvement of an earlier vaccine which he developed, which protected an average of 40% of people (and of more than 70% of children) inoculated. The new vaccine is now undergoing testing.

Further, researchers at the U.S. company Becton and Dickinson have developed a new diagnostic test for malaria. Using a simple test similar to that used to detect glucose in urine, malaria can be detected from a drop of the patient's blood. This could be especially helpful in poor countries, because conventional detection requires time, microscopes, and trained personnel. As a result, doctors in poor countries often provide anti-malaria drugs when malaria is suspected, even if patients are not infected, which contributes to the long-term danger of the development of multi-resistant strains.

Today, researchers have to deal with the increasing resistance of the malaria agent to antibiotics, and the *Anopheles* mosquito, which transmits the disease, is increasingly resistant to DDT and other pesticides.

● **THE PANAMA** Canal Gatún locks are being overhauled, causing delays of five days, more than twice the normal waiting period, the Jan. 27 *Journal of Commerce* reported. The situation has been exacerbated by a surge of grain shipments from U.S. Gulf ports to Asia, and fruit shipments from South America to the U.S. East Coast.

● **YEMEN** has asked the International Monetary Fund to slow implementation of "economic reforms," including abolition of subsidies, unifying exchange rates, laying off thousands of workers, and up to fourfold price rises for water, power, and gasoline. Yemen has decided to sell off all state-owned industries.

● **JAPAN'S** Sumitomo Bank said on Jan. 27 that it will post a loss of 280 billion yen this fiscal year, the first loss by a Japanese bank since 1945, the *International Herald Tribune* reported. The bank said it would write off 600 billion yen in non-performing real estate loans, on top of 200 billion yen in the first half of 1994. But write-offs will reduce non-performing assets by only 20%.

● **'CHINA** is ready to import petrochemicals from Nigeria. . . . We have requested from the government that efforts should be made to enable China to buy more . . . especially goods produced in Nigeria," Chinese Foreign Minister Qian Qichen said on Jan. 24 during a visit.

● **'THE CANADIAN** government is backing a loser in encouraging production of bio-fuels with tax incentives and loan guarantees," the OECD said in a recent report, the *Toronto Globe and Mail* reported on Jan. 12. The energy used to produce ethanol from wheat and corn "can in some cases be higher than the energy saved by substituting it for petrol."

● **RUPERT MURDOCH'S** Fox TV and the British news agency Reuters are creating a "television news service" to serve Fox's U.S. outlets starting on March 1.