Business Briefs

Mexico

New rules permit foreign ownership

New regulations announced by the government of Mexico on May 15 make major changes in the protective system for Mexican businesses set up in 1973. Now, foreign
tourism-related companies and *maquiladoras,* the sweatshops along the U.S.-Mexican border. They will also be allowed 100% ownership of many industries, provided certain conditions are met.

For the first time, foreigners will be allowed up to 49% ownership of secondary petrochemical industries, breaking the monopoly formally held by Pemex, the state oil company. Pemex has been decapitalized and forced to cut back on its own investments, leaving room for foreigners to gain the benefits of its low-priced feedstocks.

The same 49% ownership will be allowed in some other strategic sectors previously reserved for Mexicans. Foreign speculators will be encouraged to play the local stock markets through mutual funds, which will serve as vehicles for denationalization of industries. Oil, basic petrochemicals, banking, railroads and electricity remain state monopolies.

Mexican authorities say that the liberalization is another step in their effort to get the country's foreign debt renegotiated.

Ecological Holocaust

New malaria cases are double WHO estimates

New malaria cases total five times more than the World Health Organization admits, the magazine *Parasitology Today* reports. After studying data world, the magazine came to the conclusion that 500 million people annually contract malaria—not the WHO's "official" 100 million.

This includes 300 million cases in Africa, 170 million in Asia, and 15 million in the Americas. Of those who contract a special form, *Malaria tropica,* 2.3 million die each year.

'Environmentalism'

Vermont to ban automobile CFCs

Vermont will soon become the first state to ban the use of CFCs (chlorofluorocarbons) in automobile air conditioners when the governor, Madeleine M. Kunin, a fanatical environmentalist, signs a bill passed by the legislature on May 2.

In the latest propaganda hoax supplied to the international "environmentalist" movement by the Soviet Academy of Sciences, CFCs are blamed for causing a "hole" in the oz
tion which they could not possibly have caused.

The Vermont bill, called by Kunin "landmark legislation," will ban the sale or registration of automobiles equipped with air conditioners that use CFCs for coolant, starting with the 1993 model year. The bill also bans the use of CFCs for cleaning private photographic or electronic equipment, beginning in 1990.

Kunin stated that Vermont is "a role model, and we may be the role model for the U.S. Congress." At present only DuPont and Imperial Chemical have a potential replacement for auto refrigerants. So far, this "replacement" has been found to be highly inefficient, corrosive, quite toxic to human beings, and 500% more expensive than CFCs.

Industry

Nuclear executives meet in Moscow

Representatives from nearly all of the 150 companies that operate nuclear power plants in 31 countries met in Moscow to form a new organization, the World Association of Nuclear Operators, to help prevent nuclear accidents, Reuters reported on May 15.

The group will be headed by Lord Marshall, chairman of Britain's Central Electricity Generating Board, who told the opening session of the meeting, "The world would be a better place if we, the utilities, had set up this school in earlier years. It is sad that we have needed accidents to persuade us of the necessity of it, but we are now persuaded."

Hans Blix, International Atomic Energy Agency director general, said that nuclear power is vital to reduce the "greenhouse effect" and that "conservation and a greater use of renewables are not seen as solutions. The choice is between fossil fuels and nuclear power."

Nikolai Lukonin, the Soviet atomic energy minister, said that the Soviets have ended a ban on divulging information on power plants and the environment, and that the Soviets' new energy plan, to be published soon, calls for the construction of new power plants and the extension of existing sites. The new plants are to be mainly in the European part of the country, he said.

However, the chairman of the Soviet State Nuclear Supervisory Committee, Vadim Malyshev, told a reporter for *Sotsialisticheskaya Industria* that his committee has held up approval on the expansion of two nuclear plants, Balakovo and Rostov, and has proposed to stop the Armenian, Beloyarskoye, and Novo-Voronezh plants because of safety concerns.

In an April 8 interview made available to *EIR*, Malyshev said that his committee had submitted a proposal to the Supreme Soviet to set up standing commissions for the use of nuclear power that "should consist of representatives of different social groups" to consider "major problems, such as location of atomic power plants, acceptable standards of their safety, protection methods, etc."

Banking

Wall Street groups to buy up S&L assets

Salomon Brothers has formed a joint venture with Council on Foreign Relations head Peter Peterson's Blackstone Group, according to mid-May reports in the financial press.

The aim is to raise $300-600 million which will then be used, under current law, "with government assistance," to buy up to $10-20 billion worth of savings and loans assets.

Salomon/Blackstone's new Stone Group now joins similar S&L looting funds put together by big Wall Street brokers Shearson Lehman, Hutton-Amex, and Merrill Lynch, whose former chairman, Don Regan, has been accused of setting off the early 1980s deregulation in a deliberate plan to produce the present S&L crisis to allow his Wall Street friends to grab a huge market. (See *EIR*, Feb. 3 and Feb. 10, 1989.)

Salomon estimates that some $400 billion in S&L assets will be sold off in the next several years, with government subsidies going to the Wall Street sharks who purchase them.

But the May 14 *New York Times* voiced its worries about this process, when it reported that 90% of the assets of failed S&Ls are real estate. If the government "dumps" those assets on the market, the real estate market will crash, but if it simply keeps hold of them, prices will remain low, exacerbating the insolvency of the banking system.

Europe

Bush names coordinator for EC relations

The Bush administration has set up a special coordinator to handle U.S. relations with the European Community. The European edition of the *Wall Street Journal* reported from Brussels that Bush has nominated Raymond Seitz to be assistant secretary of state for European and Canadian affairs.

Seitz was number-two man at the U.S. embassy in London. His mandate will be to coordinate U.S. policy toward the European Community for the State Department, the Commerce Department, and the U.S. Trade Representative's office.

The *Journal* reports that "after a four-month policy review," the Bush administration has decided to "cautiously emphasize the EC's positive role in the newly emerging order in Europe." In 1992, European customs barriers are to be dropped, making of the EC member-nations a "single market." But U.S. Trade Representative Carla Hills is telling Congress that they should not fear "Fortress Europe" protectionism, and U.S. multinationals are reportedly "enthusiastic" over the potential markets of an integrated Europe.

Trade War

Taiwanese denounce U.S. "unfair" list

Vincent Siew, speaking for the Republic of China-U.S. Trade Panel of the Taiwan Executive Yuan, denounced the U.S. government for putting Taiwan on its "unfair trade" list. The list was disclosed in a report recently released by U.S. Trade Representative Carla Hills.

"This is an unfair act confounding right and wrong," Siew said.

He outlined the 22% drop in Taiwan's trade surplus with the United States from 1987 to 1988, from $18 billion to $14.1 billion, due to the United States's "Buy American" campaign and other efforts, and the appreciation of the Taiwan currency by 49% against the dollar over recent years.

He also noted that Taiwan has instituted tariff cuts on 4,739 items, reducing the average tariff from 5.7% to 4.7%, which is now significantly *lower* than the average U.S. tariff.

Energy

Major gas deal signed between Iran, Soviets

Iran will supply the Soviet Union with 3 billion cubic meters of natural gas by January 1990. Two days of negotiations on May 16-17 also produced an agreement to jointly build an Iranian offshore oil platform in the Caspian Sea, the building of a Soviet-Persian Gulf railway, and restarting the Isfahan steel mill in Iran.

Briefly

- **JAPANESE** investors, according to informed sources, were conspicuous by their absence from the mid-May quarterly Treasury bond auction. On average for the three-day auction, Japanese investors bought only 20-25% of the total compared with recent levels of 30-40%.

- **BRITISH** Petroleum and Royal Dutch Shell have reported enormous first-quarter profits. BP and Shell are the major producers in the North Sea and Alaska, and the main "victims" of the rash of "accidents" at oil platforms in recent months. Despite a claim that overall results for the January-March period were "mixed," Shell's net profit for the period jumped by 55%, while BP's increased by 100%.

- **A FEDERAL** bankruptcy judge in Alabama ruled in April that the 1972 conviction of Emprise Corp. for fronting for organized crime elements, can't be held against its descendant company, Delaware North Companies, Inc. The court ruled that Delaware North is not the same company as Emprise, and is therefore eligible for an Alabama racetrack license. Delaware North, however, is run by the Jacobs organized-crime family. Its current chief executive is Jeremy M. Jacobs, son of Louis M. Jacobs, the founder of Emprise.

- **U.S. HOUSING** starts were at a six-year low in the first quarter of 1989, with analysts blaming the effect of a 3% interest rate hike by the Federal Reserve on mortgage rates. Single-family home construction stood at 1.01 million in April, up from 986,000 in March, but 3.8% below levels of a year ago.

- **MINORCO,** the South African mining giant, on May 17 ended its long effort to take over Britain's Consolidated Gold Fields, the largest mining concern outside South Africa, because a U.S. bankruptcy judge refused to lift an anti-trust injunction against the takeover.