

Business Briefs

Petroleum

Iraq, China will develop the al-Ahdab oil field

The *Middle East Economic Survey* reported on Oct. 14 that Iraq and China signed an agreement last August to develop the al-Ahdab oil field in central Iraq. The deal, signed by the Iraqi oil minister and senior officials of the China National Petroleum Corp., will become effective when it receives final approval from Iraq's President Saddam Hussein, the report said. The field's production capacity is preliminarily put at about 80,000 barrels per day.

"This is the first agreement to be initiated by the Iraqi oil authorities, who have been carrying out upstream talks with foreign firms during the past five years," the *Survey* said. "The fact that the Ministry of Oil has decided to propose a production-sharing agreement to the political authorities is a significant breakthrough in the prolonged negotiations with foreign firms and is an important challenge to the UN sanctions regime."

The *Survey* added that "the Iraqi oil authorities have held upstream talks with over a score of European, Asian, Arab, and even some U.S. firms, but no agreements have been concluded yet."

Infrastructure

Mubarak launches great water project in Egypt

On Oct. 15, Egyptian President Hosni Mubarak led an "historic celebration" of the diversion of waters from Lake Nasser into the Toshka overflow canal. As reported in the Oct. 16 London *Financial Times*, in an article entitled "Mubarak's Historic Moment Aims to Make the Desert Bloom," this was the "first time the reservoir behind the Aswan High Dam reached more than 178 meters since its construction in 1964." This was due to heavy rains in the Ethiopian highlands.

The Toshka Depression, 6,000 square kilometers, is 30 miles away from Lake Nasser. It is to drain 4 billion cubic meters per

day, which will allow for reclamation of land not now cultivated. Mina Iskandar, chairman of the Aswan High Dam Authority, was quoted saying, "The increase of water level means that Egypt, for the next seven years, will be able to draw its annual share of 55.5 billion cubic meters of water, even if subsequent annual floods are low."

According to Egypt's daily *Al Ahrām*, Mubarak characterized the project as a road to the 21st century. With the newly available water supply, Egypt will be able to increase the amount of cultivated terrain from 4%, to 25%, or 500,000 feddans (a feddan is slightly larger than an acre). This expansion of agricultural production will require further infrastructure outlays; apparently, the project involves the creation of another fertile valley, in addition to the Nile, which will encircle the desert, between the Nile and west of it. A rail line is planned to reach the area of the Toshka Depression, where cities will be built. Thus, an entire economic region is being developed.

Mubarak stressed the fact that this infrastructure project could not be built by the private sector, but he welcomed private investment in agricultural programs. The irrigation minister reportedly ridiculed ecological arguments, including about drought, the ozone hole, and global warming. He emphasized that people living in the Nile Valley know that there have been cycles of floods and droughts for thousands of years, but this kind of project shows that the cycle can be broken.

Science

Iron fertilization of the ocean holds promise

A potential manifold increase in the world's fisheries and a transformation of the biosphere is possible, based on the results of the Iron Ex II oceanographic experiment designed to test whether dumping iron into the oceans would increase the amount of plankton, the Oct. 10 issue of *Nature* magazine reported.

The experiment was designed to test whether "global warming" could be ameliorated by reducing CO₂ levels in the atmosphere through an increase in CO₂-absorbing

phytoplankton, but what it really demonstrated is the ability of man to increase biological activity of the oceans and transform the biosphere.

The experiment consisted in seeding a 25-square-mile area of the Equatorial Pacific with 1,000 pounds of ferrous sulfate, a compound of iron thought to be most common in wind-borne dust deposited naturally on surface waters. Trace amounts of iron seem to be essential for numerous cell activities, including the manufacture of chlorophyll and the processing of nitrates.

The scientists, representing 13 institutions in the United States, England, and Mexico, chose a patch of ocean about 800 miles west of the Galapagos Islands that is nearly a "desert," in terms of living organisms. The iron "fertilization" led to the growth of more than 2 million pounds of phytoplankton in a week, a 30-fold increase. Kennet S. Johnson of Moss Landing Marine Laboratories in California reported, "We had an explosion of phytoplankton that's almost biblical in proportions; the water went from clear blue to this green, soupy-looking mess."

South Africa

IMF plan draws attacks during Camdessus visit

International Monetary Fund Managing Director Michel Camdessus praised the macroeconomic plan that the South African government adopted on June 14, after a meeting with President Nelson Mandela in October. But Camdessus, on his first official visit to South Africa since Mandela came to power, was greeted with severe criticism. The Congress of South African Trade Unions (Cosatu), allied with the African National Congress-led government, blasted Camdessus's presence. Cosatu Deputy General Secretary Zwelinzima Vavi said, "The IMF is not a friend of the working people or the majority of the South African people. . . . All their recommendations and policies have caused disasters in many developing countries in Africa."

Camdessus attempted to assure a hostile committee of legislators that South Africa,

and not the IMF, would design any package agreed to, i.e., they could pick their own poison.

Camdessus claimed that because of IMF interventions, economic growth in Africa now averaged 5%, while South Africa could not hope for more than 3.5% growth this year. The reality is that African nations have been so devastated by IMF policies, that their continued existence is in doubt.

Trade

WTO demands free trade for poorest countries

The World Trade Organization announced on Oct. 18 that it was calling a meeting of ministers from the world's 48 poorest countries, to be held in Geneva on Nov. 13-15, apparently to convince them that if they want to partake of the benefits of world trade, they must ease restrictions on foreign direct investment (FDI). The announcement followed a meeting between WTO Director General Renato Ruggiero, and Rubens Ricuperro, secretary general of the United Nations Trade and Development Agency (UNCTAD), which is helping to set up the gathering. UNCTAD has been working increasingly closely with the WTO, which is not formally part of the UN system.

The 48 countries are the Less Developed Countries (LDCs), defined by the UN as countries with per-capita income less than \$600. The total LDCs' population is more than 550 million. In 1995, according to Unctad, the LDCs' share of world trade was less than 0.4%; LDCs received only 2% of the global flow of foreign direct investment.

In the past, these proposals have been criticized by LDCs and other developing countries, which have insisted that they must maintain their powers to steer FDI according to national development policies. Many Asian and African developing countries also argue that discussion of investment issues should be pursued in Unctad, and not in the WTO, which sets binding rules for all its members.

Meanwhile, the trade secretaries of about 20 developing countries in Asia and Ibero-America scheduled a three-day plan-

ning meeting in New Delhi, in preparation for WTO negotiations, and explicitly excluded Singapore, the Sept. 23 *Asia Times* reported. The immediate issue is Singapore's "doubtful stance" on one of the most contentious issues, the Western demand for a "Multilateral Agreement on Investment," which would dictate against any sovereign limits on foreign ownership of companies, and use the WTO to enforce this and similar colonial rights. S.P. Shukla, India's former ambassador to the General Agreement on Tariffs and Trade, said that adoption of such an agreement would involve loss of sovereignty for national governments.

Finance

Belgium loses money in derivatives speculation

On Oct. 15, Belgian Finance Minister Philippe Maystadt testified before a Parliamentary commission, to explain how and why the government engaged in international currency speculation over the past five years, which has resulted in unrealized losses of over \$1 billion.

An op-ed in the Oct. 15 *Wall Street Journal Europe* said that the operations were part of what the government termed "active management" of the huge Belgian national debt. According to court records, between September 1989 and April 1992, the Belgian Treasury entered swap contracts, borrowing deutschemarks (a strong currency) and lending in lira (supposedly weak), and the difference used to offset the Belgian debt. But, in September 1992, the lira collapsed after speculative attacks by George Soros and others, falling 30%. As a hedge against such losses, Belgium sold "put" contracts in U.S. and Canadian dollars.

The outcome was that every side of the complex bet went against the Belgian Treasury, resulting in, instead of a nice gain, an added \$1 billion of public debt. But because it was the government, and it makes its rules, the losses never showed up on the public budget until they were discovered in October. The case also raises questions of "trading on government privileged information for profit."

THAILAND and Myanmar have completed studies to integrate a deep-water seaport with regional industrial development, the Sept. 5 *Bangkok Post* reported. The port, at Tavoy, on Myanmar's Andaman Sea coast, is also the end point of a natural gas pipeline being constructed to Bangkok, and would turn the route into a development corridor.

CHINA will build 120,000 homes in Nigeria, the Nigerian state news agency reported Oct. 19. Works Minister Abdulkareem Adisa said, "The agreement . . . is within the framework of technical cooperation among developing countries in the spirit of south-south cooperation."

MALAYSIA launched the \$5.5-billion Bakun Dam in Sarawak Oct. 2. By 2002, the 2,400-megawatt project will provide power for development of the mostly primitive island of Borneo, and send power through the world's longest submarine cable to peninsular Malaysia.

BANGLADESH'S Prime Minister Sheikh Hasina said on Oct. 11 that the nation will tie into the Eurasian rail projects. This is "required for the economic interest of our country," she said, the Oct. 12 *Daily Star* reported. "We can't afford to remain disconnected with other countries in this modern world."

ASIAN FARMERS defended agricultural supports against free trade demands, at a forum in the Philippines in October. Mitsugi Kamiya, president of the Food and Agriculture Research Center in Japan, said, "Rural folk . . . cannot survive in a free trade arena if they don't get enough support from their governments," especially investment in infrastructure and research.

EUROPEAN Commission President Jacques Santer attacked EU finance ministers for "killing" five of 14 Trans-European Net (TEN) projects and threatening the others by refusing to authorize an extra \$1.25 billion, at a meeting on Oct. 14.