

and elsewhere in Russia, to the Newly Independent States, to eastern Europe, and then to western Europe via newly established markets. Existing major markets to and from Asia can be greatly expanded in the future for both containerized and bulk cargoes to China, Japan, Korea, Mongolia, Malaysia, Thailand, Vietnam, Indonesia, and elsewhere, by means of the Bering Strait tunnel railroad.

The market analysis for railroad transport through the Bering Strait tunnel plus connecting rail lines indicates potential movements of as much as 95-285 million tons per year in the long term, with a maximum movement of 100-150 million tons per year through the tunnel itself. Crude oil constitutes the greatest potential for shipment, with an expected 26-35% of the total movements. Intermodal containerized cargo shipments and automobile transport would comprise 17-19% of the expected movements, while grain transport would comprise 10-11% of the expected total. Passenger traffic would be expected to provide 500-1,000 riders per day, primarily for tourist travel and work access.

The Bering Strait railroad tunnel and connecting railroad lines would need to be integrated with other transportation, energy, industrial, and water infrastructure development projects in North America and Asia. The expected capital cost of the total Bering Strait tunnel and railway project is expected to range from \$35 to \$60 billion in a 10-20-year development period. Approximately half of the cost would be for the 53-mile-long tunnel, with the other half of the cost going for the construction of the 4,500-5,000 miles of connecting railroad lines. The starting point on the North American side would be to haul crude oil from Alaska to refineries in Washington, over the new rail line, to replace shipments via the aging Alaska pipeline, and to prevent oil spills by tankers in Prince William Sound and Puget Sound.

Geopolitical implications

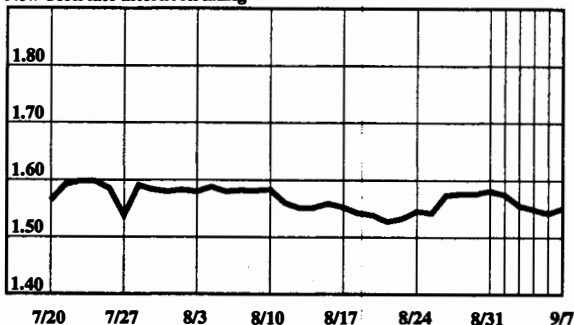
The development of the Bering Strait railroad tunnel and connecting railroad project has geopolitical as well as economic implications. The recent agreement by U.S. President Clinton and German Chancellor Helmut Kohl at the Naples Group of Eight summit points to an emerging new economic alliance of the United States and Germany, which includes Russia. The recent announcement of the construction of a high-speed rail line from Paris to Berlin to Warsaw to Moscow, along the lines of the Delors Plan, points to a realignment of national allegiances to include Germany, Russia, the United States, Japan, China, and others.

This new emerging geopolitical alliance would make it possible for the United States to obtain its increasing oil import needs from Russia, to the mutual economic benefit of both countries. The United States would then no longer be dependent for its oil supplies on the increasingly unstable Middle East. The construction of the Bering Strait tunnel and connecting railroad is the key to making all of the above a reality.

Currency Rates

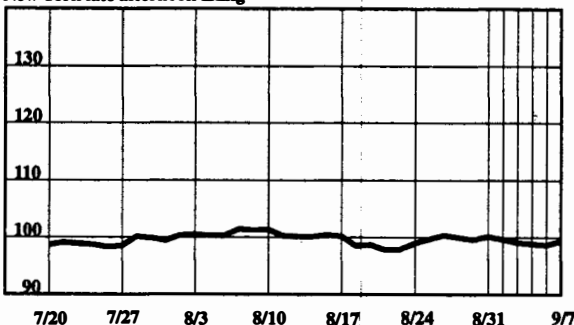
The dollar in deutschemarks

New York late afternoon fixing



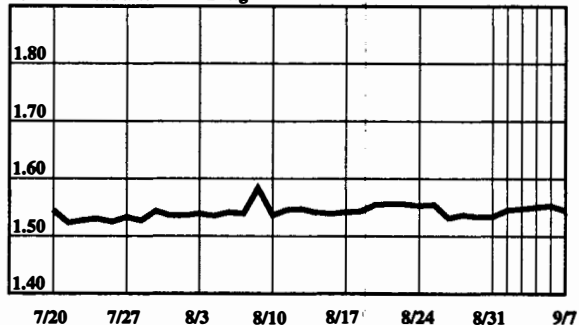
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

