swelling ranks of China's affluent.

Some countries are going out of their way to lure the Chinese hordes. Singapore and Malaysia have declared ambitions to welcome at least 1m Chinese next year. Singapore has negotiated more flights to more cities, both in booming coastal areas and in inland centres such as Chengdu.

Meanwhile, western countries such as Canada, Finland and Switzerland are looking into ways to make it easier for the Chinese to get tourist visas. The main worry is that "tourists" might overstay or claim refugee status on arrival. So these countries are negotiating with China's government to join Australia, New Zealand, Germany, Turkey, Hong Kong, and most of South-East Asia in getting Approved Destination Status (ADS). Under ADS, Beijing sets outbound quotas for package tours organised by state-owned travel agencies, whose function is to ensure that nobody in their groups absconds. Last month, Beijing licensed 461 new agencies, on top of the mere 67 that were previously offering such holidays—just in time for this year's rush.

The Chinese are leaving their mark on places. Macau rarely brags any more about its hidden Portuguese façades, but talks instead about turning its casino industry, Asia's biggest, into a Las Vegas for mainlanders—complete with a spewing plastic volcano in the harbour. Hong Kong's hopes are hitched to a forthcoming theme park by Disney. And Thailand's girlie bars will never be the same again.

AIDS and South African business

Strategic caring

JOHANNESBURG

Firms strategise about AIDS

GREATER transparency for American firms may mean little more than describing what outlandish perks the boss gets. In South Africa, the disclosures will make much grimmer reading. Johannesburg's stock exchange is currently "considering what form of accounting standard is needed from listed companies". Translated: in six months, firms listed on the exchange will probably be required to publish anti-AIDS policies. Before long, they will have to spell out how AIDS affects their business, markets and workers, and show how they are fighting it.

Elsewhere, say in America, such requirements would probably be seen as a triumph by the "corporate responsibility" movement, and as a burden by firms and investors. In South Africa, at least some of the demand for disclosure has come from investors, and many corporate bosses have long been planning anti-AIDS strategies in part because it has become impossible to make informed decisions without considering the impact of the disease.

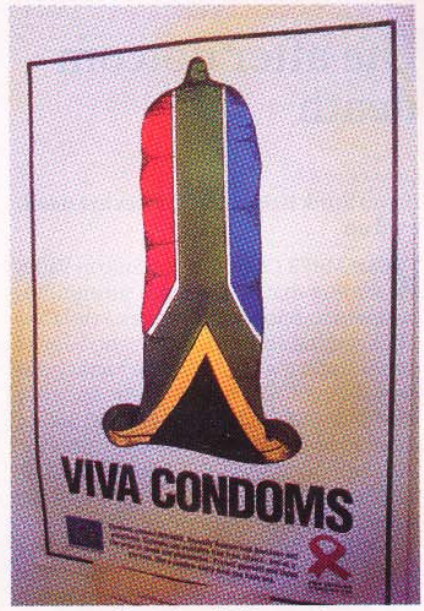
Investors are worried that firms are keeping quiet about what AIDS will do to their business, and thus their value. Earlier this year, the King report, a widely welcomed study on corporate governance, called on firms to disclose their exposure to AIDS—there are now 5m people in South Africa infected with HIV and many more in other parts of Africa where South African firms operate.

A survey by Deloitte and Touche earlier this year found that roughly half of South Africa's bigger firms had adopted a formal HIV/AIDS policy. In the past three months several mining companies, including Anglo American, AngloGold and De Beers, have announced that they would give infected workers free anti-retroviral drugs. Tens of thousands of workers are likely to take up the offer. On September 10th, Old Mutual, a finance firm, followed suit for the 5% of its workforce it says are infected. DaimlerChrysler and Transnet, a transport utility, have made similar promises. On September 26th Coca-Cola's Africa Foundation said it would roll out an anti-AIDS medical programme, including some drugs, for 40 bottling firms in Africa.

As the number of people with full-blown AIDS soars, firms are beginning to see a loss of productivity, low morale, absenteeism, and the death of workers aged between 20 and 40. As skilled and experienced workers die, their firms face rising retraining costs and the loss of valuable know-how, as well as the need to deal with grief-stricken colleagues. Even for unskilled workers, there are extra hiring costs and sick-leave payments. AngloGold, for example, estimates that the virus adds as much as $6 to the $170-180 cost of producing an ounce of gold.

Providing drugs, educating workers and treating infections may sometimes be a firm's cheapest option. "It now costs more not to treat than to treat," argues Clem Sunter, a business analyst who studies the impact of AIDS. Yet many smaller firms are likely to decide it is too costly to help workers, beyond paying for any basic medical insurance that is available.

Big company bosses are also acutely aware that being seen to do something about AIDS may transform their corporate image, especially with foreign investors. South African executives travelling abroad find any conversation turns quickly to the AIDS problem, and the uselessness of the South African government's response to it. South Africa has more people infected with HIV than any other country, but the government is loth to dispense anti-AIDS drugs at state hospitals. Notoriously, President Thabo Mbeki doubts their usefulness and safety and fears the cost. Given that,



A message from the chief executive

foreign investors ask, why doesn't the boss do something through the firm? Now, many are.

The danger is that politicians will simply try to shift the burden of tackling AIDS on to the corporate sector. On September 28th, ex-president Nelson Mandela praised those firms with AIDS plans, before saying that "there can be no excuse for a South African corporation not to be at the forefront of the battle against HIV/AIDS by making anti-retroviral drugs available to your staff".

Clearly, the long-term interest of most firms is for South Africa to have as many workers and consumers as possible. But investing in long-term population management does not make sense for a lone firm, given the large up-front costs and highly uncertain long-term benefits. This is the sort of investment decision that only a government is properly equipped to take.

True, firms can work in partnership with government, so long as their costs are not excessive. This makes particular sense when a company dominates a local community, as De Beers does Kimberley and DaimlerChrysler East London. In a 1996 experiment in Virginia, the local mining firm offered staff and the public, especially sex-workers, medical care (notably for sexually transmitted diseases); the spread of HIV slowed sharply. This cost 270,000 rand ($63,000), but stopped perhaps 285 people catching the disease—cheaper than treating them later.

Yet in South Africa, for all their current goodwill, firms are increasingly facing a fight against AIDS on two fronts: the effort to withstand attempts by the government to make them responsible for fighting AIDS in the population at large—and their own struggle to care for their workers. ■