

# Business Briefs

## Petroleum

### Mobil joins Kazakh oil pipeline deal

Mobil Oil Co. has signed a preliminary agreement with eight other oil companies and three governments, to build a \$1.2 billion pipeline from the Tengiz oil field in Kazakhstan, to the Russian Black Sea port of Novorossiysk, the April 28 *Washington Post* reported. Russian President Boris Yeltsin signed the agreement in Alma-Ata, the capital of Kazakhstan, on a visit there on his way back from China.

The agreement comes in the context of a revival of the British Empire's "Great Game" in Central Asia (see *EIR*, April 12, p. 4).

The agreement provides for restructuring the four-year-old Caspian Pipeline Consortium, giving Mobil the right to acquire 7.5% of the shares in the consortium. The agreement comes ten days after Mobil agreed to buy 25% of the Tengiz oil field, the source of the oil that the pipeline will transport. Through this deal, Mobil largely displaces the Oman Oil Company, co-owned by the Omani government and Bush-linked operatives John Deuss and Ted Shackley.

## Trade

### China, Russia sign economic accords

China and Russia signed several economic cooperation agreements, centered around technology, science, and infrastructure development, during Russian President Boris Yeltsin's visit to China in late April. They include:

- cooperation on the peaceful exploration of space, which could include manned space flights;
- cooperation on peaceful uses of nuclear energy. Russia is contracted to help build a nuclear power plant in the northeastern Chinese province of Liaoning, which will be equipped with twin generators of

1,000 megawatts each. A \$4 billion investment, it would be the biggest such plant in China. The Russian government agreed earlier to grant China \$2.5 billion in credit to import Russian-made nuclear power plants;

- cooperation in the energy sector. This could include a gas and oil pipeline from Siberia to the Yellow Sea and possible sale of turbogenerators for China's Three Gorges Dam, the world's biggest water control project, among others.

There are now thousands of Russian scientists and senior engineers in China who work on projects from water and aeronautical engineering, to space programs. The Chinese government has set up recruitment offices in Moscow and St. Petersburg to offer jobs to Russian experts in China, a Canada-based Russia expert told *EIR*.

## Health

### World situation worst in 50 years, says group

The health situation in the world is the worst in 50 years, Save the Children, a London-based organization, documents in a new report, the April 27 London *Guardian* reported. The report says that 800 million people have no access to any health care, and many countries in the developing sector are falling into a situation in which nothing can be done to combat even comparatively trivial, preventable diseases—which will therefore kill many more children in coming years.

While health care systems in many of the poorest countries are collapsing because of a lack of economic resources, industrialized nations are cutting development aid. Among the factors that cripple the developing sector's ability to invest in health care, are huge debt repayments and structural readjustment programs which are aimed at servicing western debtors, the report says.

Save the Children estimates that a minimal health care program would require annual expenditures of \$8 per capita, which is a very small sum in comparison to the average \$723 that the British now spend on their chil-

dren. But no less than 16 African states cannot even afford \$8, nor can Bangladesh, Nepal, India, Vietnam, and Pakistan.

"With so few resources, even the most basic and effective treatments like childhood immunizations, become impossible to provide. Immunization costs 40 pence per head of population, more than half the entire national health budget for countries like Mozambique and Uganda," the report comments.

## Unemployment

### Real German jobless rate much higher, says expert

The real jobless rate in Germany is about 7.5 million, not the official, end of March rate of 4.141 million, the Working Group on Economic Policy Alternatives, chaired by Prof. Rudolf Hickel of the University of Bremen, said in a memorandum on April 25, the *Frankfurter Rundschau* reported. The figure is much closer to *EIR*'s estimate of the real jobless rate.

"The undertakers are sitting in Bonn," Hickel charged. He pointed out that the authors of the memorandum consider the fight against unemployment the top priority. The memorandum warned that the present tendency in Bonn will kill economic chances for growth because of its austerity policies.

The memorandum identifies 1.5 million that are not counted in the statistics because they are re-trainees and are categorized as "students."

There is another 1.6 million working-age Germans who are classified as part of an "idle reserve." This includes sections of the working-age population who have specific problems in finding a job, who are doing unregistered or irregular black market work, who are longtime unemployed and homeless outside the state social welfare system, who are younger housewives and mothers who have not been employed before pregnancy and, therefore, are not listed in any statistics, and so on.

The "big year of the consumer-based upswing of the year 1996," which the Bonn

## Briefly

government "experts" are talking about, is pie in the sky, the memorandum charged.

The group called for measures opposite to those that are planned by the government in Bonn: Instead of cutting the public sector budget by 40-60 billion deutschemarks (roughly \$25-38 billion), the public sector should spend an extra DM 40-50 billion for job creation and private consumer incentives. Private consumption is already suffering from a deficit of DM 90 billion that normally would be available for private household spending, the group pointed out.

As far as these figures are concerned, the memorandum is somewhat acceptable. But typical of the methodological degeneration of the established "anti-elite" which the Hickel group belongs to, they call for a pollution tax and other such post-industrialist measures that won't improve the basic parameters of the situation in Germany.

### Agriculture

#### Cartels say reduce herds to conserve grain

The international cartel companies dominating food prices, processing, and distribution are putting out the line that meat herds should be drastically reduced in order to "solve" the grain shortage. This herd-killing policy (which has nothing directly to do with "Mad Cow disease"), was stated clearly by speakers at a press conference at the Chicago Board of Trade (CBOT) in early April. Every speaker was from a brokerage agency, and all reflected the views of the major food cartel companies.

"The bottom line is, we need to reduce animal numbers and we are not getting the job done," was the comment from Mickey Luth at the CBOT event. He said that rates of use for corn for livestock feed were only 11% lower now than last year, and faster liquidation of livestock must be forced. Luth is research director for LaiFa Group, speculation consultants.

"Grain Stocks Are the Tightest in 60 Years, Analysts Say," was the headline on the CBOT press conference from *High*

*Plains Journal*, published by the Knight-Ridder financial news service, on April 15. According to the *Journal*, the following demands to force liquidation were made.

"Gregg Hunt, commodities broker and analyst at Rand Financial Services, called the low U.S. corn stocks situation 'extreme,' and said the function of the market now needs to be liquidating large amounts of livestock via much higher [corn and feed] prices.

"The only way to have a reasonable amount of corn left over come Sept. 1 is to change the current price structure and force liquidation," Hunt said."

Many speakers at the CBOT event called for much higher corn prices (\$5 per bushel and up) to force what in market jargon they call "feed demand rationing."

### Africa

#### IMF programs hurting economies, nations say

Members of the Common Market for Eastern and Southern Africa (Comesa), at an inter-governmental committee meeting that ended on April 17, agreed that International Monetary Fund structural adjustment programs (SAPs) have drastically affected their economies for the worse, the *South African Post* reported.

Representatives of the member nations discussed the ever-worsening position of the African countries in international trade. A report delivered to the conference, revealed that foreign businessmen are taking advantage of SAP loopholes to grab markets, leaving local industries with nothing. It was noted that a lot of local business initiatives are dying out in the face of stiff competition from well-established foreign companies entering the market with the added advantage of incentives.

Domestic production in the region has been reduced, and there have been acute shortages of food, necessitating high imports, which have been a major drain on scarce foreign exchange reserves. The meeting adopted unspecified "corrective measures."

**A CONVOY** of trucks sponsored by the European Commission is following the old Silk Route, delivering EU emergency food aid, and trying to entice private investment to follow in its wake, the *Asian Age* reported April 11. It will travel 3,500 kilometers by road across Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kyrgyzstan, and Kazakhstan.

**PROSTITUTION** in Thailand is a \$20 billion a year business, the Economics Studies Center at Chulalongkorn University in Bangkok said in a study on 1993-94 illicit money flows. Another \$2-3 billion was generated by the illicit export of workers and prostitutes, while drugs generated \$4 billion. This is the reality of Thailand's "success story."

**GERMANY'S** medium-size industries urgently need help against the depression, Heribert Spaeth, president of the Central Association of German Crafts, said on April 23. He suggested an instrument comparable to the state-backed Hermes export credit guarantee that covers losses in volatile export markets.

**CHINA** received a \$160 million loan from the U.S. Export-Import Bank to buy three Boeing aircraft, Agence France Presse reported April 18. The decision came one week after Premier Li Peng signed a \$1.5 billion contract with the European consortium Airbus Industrie for 30 A-320 passenger jets and three A-340 long-haul aircraft.

**BRITISH** firms were the most heavily represented at the four-day Defense Services Asia exhibition which opened in Kuala Lumpur on April 23. Organizers reported that Southeast Asian nations were considering or had committed to \$50 billion in military purchases over the past two years.

**THE MINISTER** of industry of the Spanish state of Catalonia presented ten demands to Madrid seeking greater liberalization of the economy, *El Pais* reported in April.