

Business Briefs

Natural Gas

Russia, China seek financing for pipeline

Russia and China will ask Asian banks to help finance construction of an \$8 billion Trans-Siberian gas pipeline from Russia to China, Russian Deputy Foreign Affairs Minister Aleksandr Panov said on April 30, according to wire service reports. "About \$8 billion is an early estimate [of the cost], but Korean and Japanese companies have already shown interest, so we are not worried," he told a news conference in Moscow.

Russia and China signed a broad energy cooperation package during President Boris Yeltsin's visit to Beijing in April. Part of the deal calls for construction of a gas pipeline to run from Irkutsk, in central Siberia, to Mongolia, China, and South Korea.

The project would give Russia an export outlet for its huge natural gas reserves in Siberia, and open up cooperation among the four countries in the Far East, critical to U.S. President William Clinton's plans for a stable peace in the region.

Asia

South Korea approves North Korea investment

The South Korean government on April 27 ruled that three major Seoul companies, Samsung Electronics, Daewoo Electronics, and Taechang, could proceed with \$19.2 million worth of joint-venture projects in North Korea, according to wire service reports. A government spokesman said that this was an effort to advance U.S. President William Clinton's plan for a Korean peace settlement. "The government has made every effort to implement the four-nations peace talks [proposed by Clinton]. Our efforts to expand economic cooperation, including the approvals for the three companies, are in line with that," Minister of Unification Kwon O-kie said.

Stocks of all the companies involved have risen substantially in trading on the

Seoul stock exchange subsequent to the decision; the idea of such investment is very popular in South Korea. Lee Ju-yong, president of Taechang, arrived in the North Korean capital of Pyongyang on May 1, for 10 days of discussions on investment deals.

On May 1, Daewoo announced a \$10.5 million investment in a North Korean clothing company. "It took us four years to get to this point. There was no precedent and we had to create everything from scratch," said Daewoo executive Moon Ki-whan. "If this is successful, foreign companies, including South Korean ones, will be more active in the North."

South Korea's Kim Young-sam government, which before recent election losses had been hampering President Clinton's peace plans with attacks on the North, has shifted toward more cooperative actions after Clinton's visit, observers told *EIR*. "Easing the growing tension with North Korea is believed to be the top priority in our government's external policy now," a North Korean expert at Seoul's South-North Dialogue Office said. "The 'carrot' policy could be one of the best options the government now has to deal with the North."

Trade

Nigeria, China grant reciprocal trade status

Nigeria and China have signed an agreement according each other most favored nation trade status, the Nigerian Foreign Ministry announced on May 3, according to wire service reports. The accord was signed at the end of the Nigeria-China joint commission session held in Beijing on April 25-29. Nigerian Foreign Minister Tom Ikimi led a 35-member team that included businessmen. "The action the leaderships of our two nations have taken to raise the level of our cooperation is something the world is now watching," he told state television.

The accord provides for the expansion of trade, economic investment, and technological cooperation. Projects are to be set up in agriculture, industry, commerce, public works, water resources, and ocean transport.

As a result of an earlier agreement, more than 150 Chinese technicians have arrived in Nigeria since January to overhaul Nigeria's railway system, in a deal involving over \$500 million.

Nigerian businessmen in Ikimi's delegation said that trade with China, which stood at only \$200 million in 1995, should boom, including because contracts would be in freely convertible currencies. "This is a very viable option that should be followed through," said Bashir Gurudu, president of the Kano state branch of the manufacturers association, who was part of the team that went to China.

Health

New UN study shows alarming AIDS trends

Nearly 13 million people in Africa are infected with the human immunodeficiency virus (which causes AIDS), and over 4 million in Asia, according to the latest UN report, wire services reported on April 30. Although Africa remains the worst-hit, the report warns that that crisis could soon be dwarfed by the epidemic in Asia, whose progression has been very rapid. Worldwide, 20.1 million adults are estimated to be HIV-infected, and about 45% of them are said to be women.

Poverty is one of the most powerful driving forces behind the spread of AIDS, the report states. More than 90% of the people with the virus live in a developing country.

According to the study, about 7,500 people are newly infected daily. The hardest-hit group are young people between the ages of 15 and 24. Heterosexual transmission accounts for more than 75% of all infections worldwide.

In a briefing in Nairobi to Kenyan government and UN officials on April 28, the UN agency Unids reported that more than 12.9 million adults in sub-Saharan Africa are infected with AIDS. Africa remains the most affected area in the world, the report said, where almost 55% of the infected are women.

India and Thailand accounted for most of the cases in Asia, but there is also a rapid

spread of AIDS into other Asian countries.

Unaids estimates that up to 1.2 million adults in North America and western Europe are HIV-infected, including more than 750,000 in the United States alone.

Markets

Galbraith warns, 'Don't forget 1929'

Economist John Kenneth Galbraith warned of the danger of speculative markets, in an interview in the May 3 *New York Post* entitled "Don't Forget 1929." "There is far more money in the stock market than there is intelligence to command it," he said.

"There is no question," Galbraith stated, that "these movements are speculative. Particularly in the mutual funds." Emphasizing the herd instinct now governing decision-making, Galbraith pointed out that "the market goes up because people see it going up," and therefore invest in it. While prefacing his remarks by saying, "I don't think [the current speculation] is as dangerous to the economy" as it was in 1929, Galbraith clearly sees parallels between the two periods.

Transportation

China the biggest rail market, say engineers

"China has become the biggest market for rail systems in the world," the German engineers' weekly *VDI-Nachrichten* stated in an article in its May 3 issue. The article gives a quite optimistic view of railway programs of China's new Five-Year Plan for 1996-2000.

Germany's railway attaché in China, Martin Mueller, in an interview with the weekly, emphasized that the economic success of China will depend on the rapid development of transport infrastructure. China today has a railway network of 54,000 kilometers, which is insufficient for the third largest country in the world. He compared this to the 41,000 km of railway lines in Ger-

many, which is already 20% less than Germany had some decades ago.

Now, with the new Five-Year Plan, the development of the Chinese rail system has become a top priority, Mueller said. According to the plan, there will be 68,000 km of rail lines in the year 2000, and 90,000 km in the year 2010. Simultaneously, existing lines will be upgraded for higher speeds, for example, along the routes Beijing-Shanghai-Shenyang-Harbin-Qingdao and Beijing-Kowloon/Hongkong.

South Africa

Unions strike against British, IMF takeover

The Congress of South African Trade Unions (Cosatu), with 1.6 million members, led a one-day strike on April 30 against provisions in the new South Africa Constitution. Sam Shilowa, the general secretary of Cosatu, who opposes privatization and International Monetary Fund (IMF)-dictated "reforms," told a news conference that Cosatu opposes constitutionally negotiated positions on employers' right to lock out workers, protection of property, education, and the status of the 11 official languages. The National Union of Mineworkers, with 350,000 members, said the previous week that it would also support the strike.

The strike comes as the Mandela government's economic policy is increasingly being controlled by the IMF and British-South African conglomerates, such as Anglo-American Corp. On April 27, IMF Managing Director Michel Camdessus, speaking in Johannesburg, commended the Mandela government's gradualist approach to dismantling foreign exchange controls, because of the market turbulence, claiming he knew they would be dismantled soon.

Shilowa said Cosatu would announce further actions, and warned employers that dismissing strikers would trigger a major confrontation. On April 30, a spokesman for Anglo-American Corp. of South Africa Ltd, the country's biggest gold miner, claimed that most mineworkers had been persuaded not to strike. "We've got in excess of 85% attendance," he said.

Briefly

POLAND, under pressure from the International Monetary Fund, plans to privatize and "streamline" the mining sector, closing down 40% of the nation's mining capacity by the year 2000, the German daily *Sächsische Zeitung* reported May 2. Of 264,000 workers, 90,000 will be fired.

THE RUSSIAN Space Agency added the Priroda Earth observation laboratory, the final module, to the Mir space station on April 26, ten years after the launch of the core module. Priroda also carried 625 lbs of U.S. microgravity and life sciences equipment, to be used by U.S. astronaut Shannon Lucid during her 140-day stay on the station.

PHARMACEUTICAL firms are petitioning the United States to target India under Super 301 for pirating intellectual property, costing them \$450 million a year, the April 21 *Business Standard* reported. Medicinal drugs are sold relatively cheaply in India. If the firms get their way, untold lives would be lost as a result of higher drug costs.

FINANCIAL "shocks à la Mexico cannot be excluded" in Asia, the German economic daily *Handelsblatt* said on April 30, in a report on the yearly meeting of the Asian Development Bank in Manila, Philippines. "The shock of the Mexico disaster" is very much present in the heads of Asian leaders, it said.

FRANCE'S Finance and Economics Ministry said on April 29 that it would guarantee the debts of the public bank *Crédit Foncier*. The bank reported a 1995 loss of 10.8 billion francs (\$2.1 billion). The April 30 *La Tribune* reported, "The state has been forced to intervene to protect the Paris financial market."

DERIVATIVES dealers have been hiding the losses of their clients by quietly eating the losses, Michael L. Brosnan, director of Treasury and Market Risk at the U.S. Office of the Comptroller of the Currency, said on April 25.