Business Briefs

Industry

Israeli unit may be sabotaging competition

An intelligence agency turf war has brought to light the existence of a secret Israeli industrial espionage unit, which not only spies on behalf of the Israeli defense industry, but also carries out sabotage against competitor products, according to the U.S. publication *Defense News* on Jan. 26.

The agency, known as Malmab, an acronym for the Security Authority of the Israeli Ministry of Defense, is officially in charge of conducting background security checks for the defense industry, but also targets competitors in the international arms market.

The existence of the unit was exposed by Ran Cohen, a parliamentarian of the Meretz party, who told *Yediot Ahronot,* a Hebrew-language newspaper, that there should be Knesset (parliament) oversight of the agency, as there is over other arms of Israeli intelligence. The paper quoted a Mossad agent who warned that, if left unchecked, Malmab "is likely to blow up in our faces in the same magnitude as the Jonathan Pollard case." Pollard, a U.S. citizen who worked in the U.S. government, was convicted for spying for Israel.

The Israeli paper reported that Malmab is structured much like the Defense Ministry's defunct Scientific Liaison Bureau, disbanded in the mid-1980s after its involvement in the Pollard affair became known.

Asia

Malaysia's Mahathir warns of recolonization

Malaysian Prime Minister Dr. Mahathir Bin Mohammad called on Malaysians to fight against "colonization by foreigners," renewing accusations that outside powers are bent on impoverishing the country, in a speech on Jan. 29 broadcast on state radio and television. "We must realize the great danger facing our country. If we are not careful, we will be recolonized," he said.

Mahathir was referring to the attacks on Malaysia's economy and currency by international speculators such as George Soros, whom Mahathir had denounced by name as a "criminal."

In an interview with *The Australian* on Jan. 29, Mahathir spoke about his attempts to defend the currency, the ringgit, from such attacks. "I have effectively lost the right of free speech" against the financial attacks on Malaysia, he said. "It has been said that I've now toned down criticisms. That is basically out of fear. It is no longer safe to speak out and give your views.

"If you say the wrong thing, you will be brutally punished by having our currency devalued again, so it is very difficult for me to speak now. . . .

"We lack the freedom of speech now. It has been pointed out that there are very close relations to opinions expressed or deeds done with the devaluation of currencies. The currency is devalued, jobs are lost, people suffer. It is a very heavy punishment on the whole nation. No leader, I think, would want to say things which allow punishment not on him personally, but on his people."

Labor

Australia unions decline as part-time work grows

Some 141,000 Australian workers dropped out of trade unions in the past two years, bringing to just 30% the proportion of workers belonging to a union, according to figures released by the Australian Bureau of Statistics, the Jan. 17 *Canberra Times* reported.

"The number of employees reporting trade union membership fell from 42% in August 1988, to 33% in August 1995, and to 30% in August 1997," the Bureau said. The survey showed a massive shift from full-time to part-time work since 1988: Of the 900,000 jobs created in Australia in the last nine years, 787,000 were part-time, and only 113,000 were full-time—an average of only 12,500 full-time jobs per year. The collapse in union membership is blamed on the shift to part-time work, where union membership is only 21%, compared to 34% for full-time work, and on big cuts in the Public Service, where union membership is 55%, compared to 23% in the private sector.

The anti-union Federal government says that the unions have only themselves to blame for the drop in membership. It invited the unions to work with the government's Workplace Relations Act, the new industrial relations law drafted by the British oligarchy-controlled raw materials cartel firm Rio Tinto, which is designed to eliminate unions altogether.

Central Asia

Russia, Kazakstan work to resolve Caspian dispute

The Presidents of Russia and Kazakstan met for two days at Russian President Boris Yeltsin's residence outside Moscow in late January, and issued a joint statement indicating their commitment to solve the long-simmering dispute over development of the Caspian Sea. "The absence of a common solution brakes exploration of its mineral resources, breeds discord, and stands in the way of solving economic and urgent ecological tasks," they said. "The Presidents instruct the Russian and Kazak governments to work out a draft convention on the legal status of the Caspian Sea by March 15 for review by the heads of all five brodering nations."

Among the bones of contention, has been Kazakstan's charge that Russia's Lukoil received an oil and gas concession in the northern Caspian, in an area overlapping Kazak territory. Lukoil President Vagit Alekperov, after talks with Kazak President Nazarbayev the week before, said the borders would be redefined.

Yeltsin and Nazarbayev also reportedly discussed plans for the Caspian Pipeline Consortium project, to complete a pipeline from Kazakstan to a Russian Black Sea port. Russian Foreign Minister Yevgeny Primakov, who met Jeet Bindra, president of the Chevron Pipeline Co., which has a 15% stake in the project, said Russia considered the pipeline economically important for Russia, and for cooperation with the Central Asian republics. The pipeline has been delayed, reportedly due to problems in reaching agreement with the governors of several Russian regions that lie along the route.

Egypt

Soros's investment plans stir up hornet's nest

Plans by global speculator George Soros to invest $3 billion in Egypt have aroused suspicion in financial circles wary of the results of his spectacular forays into other markets, the *Asian Age* of India reported on Jan. 21. The Soros group is reportedly interested in investing $1.3 billion in a petrochemical plant, $1 billion in a technology scheme, and $1 billion in a textile project, according to Mahmud Abdel Aziz, president of the state-controlled National Bank of Egypt. The state bank is reportedly set to become a partner with Soros in the projects, although precise details are still to be finalized.

News of Soros's interest in Egypt prompted the Cairo opposition press to point to his Jewish origin, and accuse him of seeking to sabotage the country's economy. "What is a Jewish billionaire up to in Cairo, after sabotaging the Asian economy?" the newspaper *Al-Shaab* asked in a front-page headline this week. In fact, Soros is controlled by the British oligarchy.

Soros's financial groups are under investigation in several countries, for illegal activities, and for working to destroy the currencies and national economies of those countries.

Petroleum

OPEC pressed to stop oil price collapse

Ali Shams-Ardakani, secretary general of Iran's Chamber of Commerce, Industries, and Mines, called for a summit of the Organization of Petroleum Exporting Countries (OPEC), to deal with the collapse in oil prices. "My suggestion to our President," he said in an interview with *Iran News* on Jan. 25, "is to ask for an OPEC summit, which has been delayed for 20 years. The last summit we had was in 1975. In such a summit, we should look for preventive measures for this calamity."

Oil prices have plummeted since November, when OPEC, at its last meeting, agreed to Saudi demands that production quotas be raised to 27.5 million barrels per day. (For example, North Sea Brent crude is today at $14.87 per barrel, its lowest in four years. A year ago it sold at $24.50 per barrel.) Under the deal, Saudi Arabia's quota increased to 8.76 mbpd, a 10% increase.

Iranian political figures have pointed to the effects of the Asian financial crisis in reducing oil demand, and on the adverse effects of reduced oil revenues for countries such as Nigeria and Venezuela. Iran recently announced that its 1998 budget would have to be altered, because oil revenues fell short of expectations, due to the price collapse.

Infrastructure

China to speed up road, port construction

China's Minister of Communications Huang Zhendong announced in Beijing on Jan. 14, that China plans to speed up contruction of highways and ports. By so doing, transport facilities should meet the demands for national economic and social development for the year 2020. Transportation bottlenecks will still be a problem, he said, but by the mid-21st century, the country will have a modern transportation network.

China plans to build seven major highway arteries by the year 2000, linking Beijing with the cities of Zhuhai, Shenyang, and Shanghai, and connecting Tongjiang with Sanya, Lianyungang with Horgas, Shanghai with Chengdu, and Chongqing with Beihai. In 1997, China built 27,000 kilometers of roads, including 1,313 km of expressways. By the end of 1997, China's highway mileage reached 1.21 million km. In 1998, the country will add 2,370 km of new roads. In addition, China will accelerate port construction, adding a handling capacity of 4.7 million tons to its ports this year, and nine deep-water berths will be built, bringing the number of berths to 450.

Briefly

IRANIAN executive Rahman Dadman, managing director of the Railway Company of Iran, left for Japan on Jan. 26, for a conference on the "silk railroad," according to Iranian wire reports. Rail officials from the Central Asian states, and businessmen from Japan, are to take part in the conference, which is to "study cooperation among the states located along the . . . ancient silk road."

THE PRICE OF GOLD, which only the week before was at a 18-year low of $276 per fine ounce, on Jan. 28 rose to $303. "The recent rise in gold is being led by options and futures buying," a Swiss banker commented to *EIR*. He attributed the interest in gold to the scandals against Clinton, and growing prospect of U.S. military action in the Gulf against Iraq.

KAZAKSTAN faces an "emergency situation" with respect to the spread of tuberculosis, Aman Zhangireyev, director of the national TB research center, said on Jan. 27. The death rate from TB has increased 41% in the last three years. Currently, 53,000 people are infected, and more than 13,000 others are carriers.

THE AUSTRALIAN government on Jan. 20 agreed to put up Aus $300 million as back-up insurance to counter the immediate threat to that nation's Aus $7 billion export trade with South Korea. "This is an emergency situation," said Industry Minister John Moore.

JOB CUTS were announced by AT&T and J.C. Penney on Jan. 26. AT&T plans to cut 15-18,000 jobs (up to 14% of its workforce), after quarterly profits fell 18% in the fourth quarter. J.C. Penney plans to cut 4,900 jobs.

SINGAPORE'S *Straits Times* warned of the "moral hazard" in letting private banks profit from the crisis they helped create. The private banks' attempt to slap double-digit interest rates on South Korea's repackaged loans "is bad banking, bad economics, and bad politics," it said.