

Business Briefs

Health

East Europe leads spread of drug-resistant TB

The emergence of strains of tuberculosis which are resistant to several antibiotics, is continuing worldwide, with the highest incidence of multi-drug-resistant TB found in Russia and the former Soviet states.

A study sponsored by the World Health Organization, published in the *New England Journal of Medicine*, tested TB samples in 35 countries. Rates of resistance to more than one of the four front-line antibiotics were found to be as high as 14.4% in Latvia and 10.2% in Estonia. The Russian figure was 4%, but this is a low estimate, because there were few samples from the prison population; it is estimated that at least 50% of inmates are infected with TB.

Other countries found to have high rates of multi-drug resistance included Thailand, the Dominican Republic, and Argentina. The United States figure was 1.6%, out of 13,500 samples tested.

Brazil

Severe lack of food threatens northeast

The northeastern region of Brazil, one of the poorest regions in the country, has been hit with one of the worst regional droughts in the last 15 years, according to a special news alert issued by the UN Food and Agriculture Organization on June 1. The prolonged drought stretches across 10 states, severely affecting crop production in the area and threatening the population's food supply. Almost 10 million people do not have enough food to eat, and about 4.8 million, according to the government, are at "immediate risk of starvation."

The government's regional development agency has issued a report which describes the situation as critical for the entire region, and dry conditions are forecast to continue until December, with the possibility that they might extend into March 1999, overlapping part of the next rainy season.

Planting has been reduced to 60-90% of projections. In a normal year, total grain production in the region is about 4.5 million tons, but current indications are that this year's output is unlikely to exceed 50% of normal production.

Brazil is now the world's second-largest food importer. Aloysio Biondi, in a column in *Monitor Mercantil* on June 3, attacked President Fernando Henrique Cardoso's embrace of globalization for destroying agricultural production in a country which has the largest unexplored arable land area in the world. At the end of the 1980s, Brazil was self-sufficient in wheat, rice, and cotton production; but after the 1997-98 harvest, it has become the world's second-largest importer of wheat, the third-largest importer of cotton, and the third-largest importer of rice. "Without [decent] prices, without credit, crushed by imports, national agriculture has lost out to 30% of its profits in the last few years," Biondi said.

Transportation

China's land-sea artery will link north, south

China is planning to construct a new land-sea transport corridor that will link northeastern and southern China, the *China Daily* reported on May 29. The new 2,200 kilometer rail line will use some existing rail routes, and will be the first to use a rail ferry, to cross the Bohai Sea from Dalian to Yantai on Shandong peninsula. It will cut the travel distance of the current route by up to 1,000 km. The project will cost 3 billion yuan (\$360 million), and take three years to complete. In addition, a rail ferry will be built at Jiangyin, to carry trains across the Yangtze River. The rail line will also cross the Euro-Asian Continental Bridge.

The proposed artery will begin in Harbin, in northeast Heilongjiang province. New north-south rail links will be built in eastern Jiangsu province, to complete the artery to Changxing, in Zhejiang province. In addition to creating rail lines in southern Shandong and eastern Jiangsu for the first time, the project will also enhance port development in China.

Overall, China will invest 45 billion yuan (\$5.7 billion) in rail development this year, Railway Minister Fu Zhihuan said on May 29 in Beijing. Originally, the government had planned to invest 35 billion yuan this year. The increased spending is part of the policy of Prime Minister Zhu Rongji to ensure that China's economic growth rate continues at 8%. Fu Zhihuan said that as much as 350 billion yuan would be invested in China's rail network over the next five years, "the largest in the country's rail history." Some 250 billion yuan will go into construction and electrification of rail lines, and 100 billion into maintenance and repairs. Funds are to be raised from China's policy banks, the state rail construction fund, and overseas capital markets.

China has spent 150 billion yuan on the rail network in the past five years.

Fu Zhihuan said that the ministry lacked experience in "build-operate-transfer" operations, indicating that China's rail development is unlikely to be opened much to foreign investment at this time.

In addition, the railways will undergo a restructuring, which will end their overall accumulated losses of 16 billion yuan, by 2000. As many as 850,000 workers will become redundant by 2000. The restructuring also includes separating rail operations from construction, logistics and support, and equipment manufacturing.

Eurasia

Financial turmoil hurts Land-Bridge project

The financial crisis in Asia is taking its toll on the development of the Euro-Asian Continental Bridge, part of the overall proposed Eurasian Land-Bridge project, the *China Daily* reported on May 31.

The vast majority (97%) of the cargo being sent from east to west on the rail bridge, is machinery and electronic products manufactured in South Korea, and 98% of the goods going to the east, are raw materials from Central Asia destined for South Korea. Due to the economic crisis in South Korea, the amount of cargo being transported is "declining rapidly," the *China*

THE CZECH Association of Industry and Transport has charged the Central Bank with working for speculators. "Loans are presently the most important source of funding, but their costs are so high that the enterprises are not able to prepare and carry out projects, which could secure their future profitability," the industrial managers said recently.

MOTOROLA, the giant U.S. electronics firm, said on June 5 that it is cutting 15,000 jobs (10% of its workforce) because of the Asian crisis. One-quarter of its sales, including of cellular phones, which it invented, had been going to Asian nations.

OIL MINISTERS of Mexico, Saudi Arabia, and Venezuela met to discuss measures to stop the fall in the price of oil. They are expected to cut production another 450,000 barrels per day. Brent Oil, the world benchmark crude, is trading at \$14.36, compared to \$21 a year ago. The price has aggravated the pressures on many nations, including Russia and Mexico.

JAPAN'S jobless rate, one of the world's lowest since World War II, hit a record 4.1% in April, and is about to exceed U.S. levels, due to deregulation, Russell Jones, chief economist of the British-run Wall Street firm Lehman Brothers, said on May 29. Jones expects the rate will soon surpass 5%.

HARRAH'S, the U.S. casino giant, has been declared fit to control the Sydney, Australia casino Star City, after a five-month investigation. Harrah's was denied a license 12 years ago because of its mafia connections. New South Wales police have documented that heroin dealers have been using Star City casino chips to launder drug money.

THAILAND'S 23 finance companies and 22 securities houses that survived the early 1997 closure of 54 firms, reported a 76-80% collapse in revenues for 1997: a 6.1 billion baht loss compared to profits of 4.8 billion baht in 1996.

Daily reported. Goods transported in November-December last year, were only 45.5% of the amount in last May-June. By the first quarter of 1998, the amount of cargo had fallen 75.5% from the same period the year before. And, the South Korean economy is not likely to recover soon, the *China Daily* noted.

At the same time, there is "fierce competition" from other transporters. The collapse of cargo shipments on the Trans-Siberian Railroad has prompted the Russians to lower freight charges 10% since Oct. 1, while China has raised its rail fees. The expansion of cheaper maritime transport is also undercutting rail transport.

Finance

Crisis boosts foreign takeovers in Asia

The rate of foreign takeovers in Asia in the wake of the financial crisis is increasing, and most of the takeovers are British-linked.

In the Philippines, sources in Manila and Mindanao have told *EIR* that British-run speculator George Soros is looking to stake claim to the largest commercial bank, Philippine National Bank (60% owned by the government), which is up for privatization this year.

In Thailand, government officials have announced they will further liberalize foreign ownership in firms, after ruling earlier this year that majority ownership could be held by foreigners. Former U.S. President Sir George Bush was in Bangkok for 24 hours on June 5 to push for ceilings to be lifted on foreign shareholding. Merrill Lynch has just picked up 51% of Phatra Securities Ltd. for \$63 million.

Foreign accounting experts are swarming all over Asia, assessing damage and slapping fire-sale prices on firms. Bangkok's *The Nation* reports that 120 British "insolvency" experts (10% of "the senior insolvency profession") are in Thailand alone. The Big Six accounting firms, including Price Waterhouse, Coopers & Lybrand, Arthur Andersen, and Ernst & Young, have had up to 800 staffers in the region over the past nine months.

Science

India developed new technologies for bomb

Indian nuclear scientists have shown their mettle in face of heavy odds, by developing some new technologies and building up a homegrown capability to produce nuclear weapons, the Romanian daily *The Nation* reported in early June.

The paper said Indian nuclear scientists have shaken up the international scientific community by obtaining tritium, the radioactive isotope of hydrogen used in making nuclear weapons, in a completely new way. "India, with its new technology, can produce hundreds of kilograms of tritium in just a few months, and its production is not covered by the NPT [Nuclear Non-Proliferation Treaty]," it said. It added that Western scientists have so far been unable to replicate the Indian method. It reports that at a recent closed-door NATO meeting, some military experts commented that the West had systematically erred in thinking that it could isolate countries with a high human potential, such as India, and thereby block their military progress.

Africa

CFR spokesman backs debt cancellation

Africa needs debt cancellation and big infrastructure projects, said Salih Booker of the New York Council on Foreign Relations, at a seminar at the Center for Strategic and International Studies in Washington, D.C. on June 3.

"It is impossible to have democracy in the Democratic Republic of the Congo without roads and infrastructure," he said. "How can a candidate even campaign, since he cannot even reach his constituents? We need big infrastructural projects in Africa, not this piecemeal stuff." Booker has consistently called for the total cancellation of Africa's debt, and not just relief to a selected few who meet austerity conditionalities.