

Business Briefs

Northeast Asia

New development bank to focus on infrastructure

Plans for a Northeast Asian Development Bank were discussed at the Northeast Asia Economic Forum in Yonaga, Japan on July 28-29, in which scholars and officials from China, Russia, Mongolia, North Korea, South Korea, Japan, and the United States participated, the July 30 *Japan Times* reported. The bank would focus on "improving infrastructure in the region."

One proposal put forward at the conference, is for these countries to contribute a total of \$20 billion for the bank's core capital. Representatives of the U.S. government signalled that the United States would contribute. An infrastructure investment volume of at least \$7.5 billion per year could be financed by the bank, in particular for poorly developed regions such as Northeast China, the Russian Far East, North Korea, and Mongolia.

Japan Times reported that conference participants called upon the United States to play a pivotal role in launching this urgently needed effort. Sources in Washington have reported to *EIR* that the United States is quietly speaking with allies in Asia about the need for a Marshall Plan-type initiative on a case-by-case basis, to help the Asia countries that have been economically devastated in the past 18 months.

Infrastructure

Eurasian Land-Bridge to connect to Africa

A high-speed rail line from the western bank of the Suez Canal to the Palestinian border city of Rafah, will be operational in the year 2000, the Egyptian daily *Al-Ahram* reported on July 27. The Egyptian project includes a 640-meter-long drawbridge over the Suez Canal, a 252 kilometer railway, and 13 new stations, canals, and roads, extending from the north of Ismailiya on the western bank of the Suez, across the canal, to the north of Sinai's Mediterranean coast, and eastward to Gaza and Israel.

Egyptian Infrastructure Minister Sulaiman Mitwalli emphasized the role of the rail line in the context of the "National Plan for Development of Sinai," which includes transferring water from the Nile to agricultural and industrial projects covering 400,000 feddans (a feddan is roughly an acre). *Al-Ahram* stated that the 160-200 kilometer per hour high-speed train will be part of the "Orient Express, linking Egypt with the other Arab countries and Europe."

Eurasia

'Silk Road' conference planned in Azerbaijan

On July 23-25, a planning meeting was held in Baku, Azerbaijan, to prepare for an "International Conference on the Restoration of the Historical Silk Road," to be held in Baku on Sept. 7-8, the Russian-language Azerbaijani paper *Bakinsky Rabochoy* reported on July 28. The meeting prepared a number of documents in the framework of Traseca, the Europe-Caucasus-Asia transportation corridor, chiefly promoted by the leaders of Georgia and Azerbaijan, in coordination with the European Union. A main Traseca agreement, and technical supplements on automobile transport, international rail transport, merchant shipping, customs procedures, and documents processing, were initiated by representatives of Azerbaijan, Bulgaria, Georgia, Kazakstan, Kyrgyzstan, Mongolia, Moldova, Poland, Romania, Turkey, Uzbekistan, and Ukraine.

Azerbaijani Deputy Foreign Minister Khalaf Khalafov told the Azertaj agency that an intergovernmental commission and a permanent secretariat of the group will be set up, possibly based in Baku. Azerbaijani Deputy Prime Minister Abid Sharifov attended, and the Azerbaijani press played up "the initiative of Azerbaijani President Heidar Aliyev, in association with the European Union," in convening the conference.

The Traseca projects are genuine, but wherever Aliyev, an intimate of British intelligence circles and a recent visitor to London, is involved, there is a dose of geopolitics. Key "Silk Road" countries, including China, Iran, Russia, Armenia, and Turkmenistan, are not on the prospective list of parti-

cipants, although they have numerous bilateral and multilateral infrastructure and other deals with the participating countries.

South Asia

Iran, India promote trade, rail links

Iranian Minister of Commerce Mohammad Shariatmadari met with India's Ambassador to Iran Rajendra Sing Rathor on Aug. 2, to seek rapid expansion of trade ties, the Iranian daily *Ettela'at* reported. The Iranian minister cited cooperation in petrochemicals and in setting up a pipeline for the export of Iranian gas to India, as examples of needed cooperation, but urged more rapid implementation of deals already agreed upon.

At the same time, the Iranian News Agency reported that India has agreed to participate in a trans-Asian rail link from Europe to Southeast Asia, via Iran, Pakistan, India, Bangladesh, Myanmar, Thailand, and Malaysia. The director of public relations for the Indian Ministry of Railways, D. Mukou-paddyay, said that India would participate in a meeting in Tehran in September on the subject. He said that the project was still "more of a concept" than a reality, and that "a clearer picture will emerge only after the Tehran meeting." He added that he hoped it would become a reality by 2001. He noted that the stretches of rail line on the Europe-Singapore route still to be completed include Kuala Lumpur-Ipoh, Bangkok-Yangon, and Zahedan-Kerman.

Brazil

Telebras auction called a crime against nation

Telebras, Brazil's national telecommunications grid, was broken up into 12 different companies and sold for \$19.2 billion on July 29. The sale was denounced as a "crime against national sovereignty" by Barbosa Lima Sobrinho, the 102-year-old president of the Brazilian Press Association and the

U.S. TREASURY Secretary Robert Rubin announced on Aug. 5 that, starting with the Aug. 10 auction of three- and six-month Treasury bills, investors will be able to make purchases for as little as \$1,000. Until now, minimum purchases were \$5,000 for two-year notes or \$10,000 for shorter-term bills. The announcement came amid growing stock market jitters.

CENTRAL ASIA will gain access to Pakistani ports, through construction of a highway linking Uzun-Agach, Kazakhstan to Kemin, Kyrgyzstan, which will then be connected to the Pakistani road system. An international tender had been opened for the 87 kilometer highway.

ISRAELI unemployment rose to 9.3% in May, up from 8.4% in January. Growth has dropped from a high of 9.5% during the height of the peace process in 1994, to 1.5% this year. Unemployment is the number one issue on the minds of most Israelis, the daily *Ha'aretz* reported.

THAILAND and Malaysia have eased up on deporting illegal aliens, because only the aliens will do some of the dirtiest work. Thailand, which has expelled 230,000, is allowing 95,000 illegals to stay for work on rubber and sugar plantations, pig breeding, water transport, and rice mills. In Malaysia, 100,000 new foreign workers have been approved for work on plantations.

THE GRAIN HARVEST in Russia, "under the best circumstances," will be 67 million tons, compared to 88.5 million tons last year. Agriculture Minister Viktor Semyonov reported to the State Duma (parliament) in early August.

PAKISTAN'S Finance Minister Sartaj Aziz told the Aug. 6 *Wall Street Journal*, that the International Monetary Fund has "enough casualties on their hands. They don't want another. If we get \$3 billion, that's what we pay back out anyway — we will get no net benefit. And unless we get resources, we can't pay."

Movement in Defense of the National Economy. In an article in *Tribuna de Imprensa*, Lima Sobrinho argued that this is the case, because telecommunications are a strategic sector for the country; Telebras was both efficient and profitable, and the government had invested more than \$30 billion in its improvement since 1995; and with the sale, Telebras's Research and Development Center, "one of the five most important and advanced" such centers in the world, will be liquidated.

The money from the privatization of Telebras will be used to pay off Brazil's public debt. Andre Carvalho, an economist at Banco Fleming Graphus, told the daily *O Globo* that the money "won't reduce the debt very much," but will rather "have an impact on the speed with which it grows. The privatization will lengthen the time before which the public debt becomes critical, and will give the government more time to promote fiscal adjustment." Economist Lauro Vieira de Faria of the Getulio Vargas Foundation said that Brazil will spend close to \$60 billion this year just in interest payments, more than three times what the Telebras sale generated.

Trade

Italy expands economic relations with Iran

Italy is moving ahead to expand economic relations with Iran. In late July, Iranian Minister of Industry Shafei was in Rome as head of a delegation, and had talks with government representatives and industrialists, including Giorgio Fossa, head of Italy's industrial association Confindustria. Shafei told businessmen that Iran is offering special conditions for investment in the free-trade zones, "among them, tax exemption for 15 years, permission to repatriate profits, government guarantees, authorization for banks to open, and no visa requirements for foreign investors." Some 1,600 foreign firms have already invested in three free-trade zones and 11 industrial zones.

Fossa said that Iran represents a first-rate market for Italian firms, because "it has restructured its foreign debt satisfactorily, and,

despite the large drop in oil prices, has always honored its commitments on time, closing its balance of payments in advance."

At the same time, an Italian delegation was in Tehran, led by Foreign Trade Minister Augusto Fantozzi, to take part in the third joint economic commission. The group, which had not met for seven years, is discussing increasing trade from the \$13 billion level achieved during 1992-96, and to reach a trade balance, exclusive of oil. Iran will continue supplying Italy with oil, but intends to expand non-oil trade, and cooperate in the fields of "finance and banking, small and medium-sized industries, transportation, oil and gas, petrochemicals, mines, agriculture, food, housing, and urban development." Fantozzi said the memo of understanding would resolve existing financial problems and reopen Italian state credit guarantees. The Iranian press reported that these guarantees would be "unlimited." Italy has said that it is "fully ready" to cooperate with Iran, i.e., that it poses no political conditions.

Agriculture

Polish farmers protest low grain prices

On Aug. 4, Polish farmers blocked 250 roads and several transit points to protest extremely low grain prices, the *Berliner Zeitung* reported. Grain prices have been going down in the central European free trade zone, CEFTA, which includes Poland. Most farmers had to finance their harvests by taking out loans, expecting to repay the loans from the proceeds. Now, they are facing bankruptcy if they cannot sell their crops.

Normally, the state-controlled Polish agriculture company is obliged to buy up grain on the market to keep prices at a certain level. But the company has not intervened, because it has no money, and grain stocks remain from last year's crop. The government reminded farmers that street blockades are illegal, but the farm organizations answered that such demonstrations are the "European standard," and the government, which is more interested in joining the European Union than protecting its industries, would have "to get used to these standards."