

Business Briefs

Italy

Leaders react to threat to industrial system

The Milan daily *Il Giornale* on April 17 mooted that an "anti-foreigner alliance" has been formed between Mediobanca head Enrico Cuccia and Italian Prime Minister Massimo D'Alema. The week before, the two met at the house of businessman Alfio Marchini, and reportedly discussed the slew of attempted financial takeovers in Italy, in which Banca di Roma, Comit (Banca Commerciale Italiana), and Telecom Italia are in danger of being brought under foreign control.

Cuccia reportedly told D'Alema that the break-up of Mediobanca's financial power would have serious consequences for the Italian industrial system, and would allow the creation of bridgeheads "against Italy's productive system, both public and private."

Il Giornale suggested that the Prime Minister and the head of Mediobanca both want to stop the "economic colonization of our country," and that they share "a growing hostility toward [Carlo Azeglio] Ciampi, [Mario] Draghi, and Co.," who are otherwise known as the "Britannia boys," because of their role in a meeting in 1992 on board Queen Elizabeth's yacht, which planned out an attack on the Italian economy.

Infrastructure

Trans-Asian Railway to close the gaps

The International Union of Railways (UIC) Trans-Asia committee chairman V.K. Agrawal said that a sea-link from Singapore to Bangladesh or India must be used until the "huge gaps" in the rail network inside Myanmar can be closed, in an interview with the April 26 *Business Standard* of India. In a recent meeting, the committee estimated that 800 kilometers of rail links are needed in Myanmar, and concluded that it will take a long time for these links to be built. In Iran, about 500 km of rail line between Zahedan and Kerman is under construction and is expected to be completed in about a

year's time.

"We realized that the missing rail links in Myanmar are huge and it will take a long time to build them. Till this happens, containers will be brought from Singapore to a port in Bangladesh or India by small ships and then carried on rails to Europe," Agrawal said. "Once built, the route will save transportation time between Singapore and Europe by two weeks. An action plan is being drawn up by the member countries of UIC. But a final decision remains to be taken on a number of issues like cross-border formalities."

Currently, ships carrying containers from Singapore have to cross the Indian Ocean and the Arabian Sea, and transit the Suez Canal before reaching Europe.

The UIC is expected to choose either Chittagong in Bangladesh or the Indian port of Haldia, near Calcutta, as the receiving point for containers from Singapore. The goods would then move through India, Pakistan, and Iran, and enter Europe through Turkey. Another rail line from Iran will take some of the containers to members of the Commonwealth of Independent States. The project is expected to boost trade among Asian and European countries along the rail route.

"Each member country of the UIC will develop the missing links and the necessary infrastructure for its portion of the route at its own cost. The economic potential of the project is so huge that they all have agreed to do so," Agrawal said.

Nuclear Energy

Russia and China to develop fast reactor

The Russian government has approved a proposal from the Atomic Energy Ministry for the Russian TVEL nuclear industry group to negotiate a contract with China on designing the active section of an experimental fast breeder reactor. Interfax reported on April 21.

The two nations will also discuss delivering to China enriched nuclear fuel (up to 64.4% of the uranium-235 isotope) in the form of heat-generating and regulating elements. The contract will be signed if China

observes all Russian regulations on the export and import of nuclear materials and equipment, and if the ministry and TVEL agree on the surrender of federally owned nuclear materials to TVEL. Russia's Atomic Energy Ministry is to monitor how the contract is carried out. TVEL, set up in 1996, is a 100% federally owned group.

Meanwhile, construction of the Lianyungang nuclear power plant, the largest Chinese-Russian joint venture, should officially begin in October as planned, Xinhua reported on April 20. Four 1-million-kilowatt generators will be installed, and there is space for two additional generators in the future. During the first-stage construction, two Russian-built pressurized water reactors will be installed. The two generators will be completed and commissioned in 2004 and 2005, respectively, providing 13 billion kwh of electricity a year.

Economic Policy

Malaysia's Mahathir to release new book

A book by Malaysia Prime Minister Dr. Mahathir bin Mohamad, *A New Deal for Asia*, which outlines the need for global financial reform, will be released in early May, Bernama reported on April 30. In the book, Mahathir says that Asia must rebuild its economy on more solid foundations than before, and that it will not succeed, and may face a recurrence of its earlier crisis, if the entire world does not learn that the speculative onslaught that hit Asia must be rooted out of the global financial system. "Must the Dow Jones crash with all the pain and anger this entails before the world will wake up?" he asks. "We all share a common fate, and . . . there must now be a willingness to challenge some of the most fundamental tenets of global capitalism."

The damage wrought by the crisis triggered strong emotions, including some anti-Western sentiment, but it is not wrong for Asians to fear a new form of economic colonialism, because they have seen foreign investors snapping up assets at bargain prices. "If globalization and open markets are to contribute to true growth and enrichment of people, there must be certain regu-

WORLD GRAIN output in 1999 will be below "expected consumption," and about 1.5% below 1998 overall, with wheat and coarse grains output down 3% and 2%, respectively, the UN Food and Agriculture Organization warns in its April newsletter. "Global cereal reserves will have to be drawn down" in 1999, the FAO forecasts. Such estimates are already way below true dietary needs.

OFFICIALS of China's Xinjiang region and Russia's Altai frontier region met on April 7 to negotiate economic, trade, scientific, and technical cooperation. Xinhua reported. Xinjiang's regional chairman Abdulahat Abdurixit called for wide-ranging exchange and cooperation to promote common development.

INDONESIAN Minister for Social Affairs Yustika Sjarifudin Baharsjah told parliamentary Commission VIII that, in Jakarta alone, the number of unattended children has risen from 3,000 before the financial meltdown to around 16,000. Nationwide, she reported that there are 50,000 street children. *EIR* has received reports of a similar nature from Manila and Bangkok.

AUSTRALIA'S largest industrial conglomerate, BHP, built on mining and steel, plans to cut R&D spending (and its 400-person research staff employed in Australia and the United States) by half. BHP's R&D effort is the single largest of any Australian firm, and it also provides sizable support for external R&D activities, such as scholarships.

COAL EXPORTS from the United States to Europe are falling and may never recover. Exports in 1996 were 79 million tons, and they are expected to be 58 million tons this year, the May 2 *Washington Post* reported. The decline started with the Asian financial crisis, and was exacerbated by factors ranging from Australian overcapacity and the end of apartheid in South Africa, to chaos in ocean shipping and steel dumping in eastern Europe.

lating mechanisms or laws for everyone to observe. Without these, the strong and the corrupt will rule and dominate, and the sheer lust for money will be allowed to set the global economic agenda. . . . Now is not the time for recriminations, but to re-examine the way our global economic system functions. Yet I do not see this discussion in major Western media," Dr. Mahathir says.

"Nobody seems to question the rights of currency traders or stockbrokers to play with the fate of entire nations in their pursuit of great profits. Nobody seriously asks why currency transactions should not be taxed or regulated like conventional trade is," he says. "How can Western powers preach democracy and demand more transparency of Asian nations when their own brand of global capitalism is kept secretive and unquestioned?"

Finance

Chinese scholars urge new financial order

Chinese scholars meeting in Shanghai, China's biggest industrial city and financial center, said that the world financial order has suffered from an increasingly severe crisis centered on mushrooming malpractices, and called for rebuilding the world's financial order, Xinhua reported on April 23.

Developing countries have the right to supervise the international financial sector, which should be opened on a step-by-step basis, they said. Although financial liberalization and commercialization since the 1980s have helped improve the efficiency of the international financial market, the lack of safety mechanisms and risk management, and the weakness of the international financial legal system, have sparked rampant speculation and bubbles around the world, they stated. The situation has harmed economic development, financial order, and the living standards of people in many countries.

They proposed strict controls on the flow of short-term international capital, and emphasized that global transfers of capital with a term of one year or less should be prevented. They also called for improving monitoring of the system.

Participants stressed the financial sovereignty of all countries, noting that developing countries efforts to liberalize gradually should be respected. They also called on the international community to support the restrictive measures taken by sovereign countries against international capital to protect the stability of their financial sector.

Thailand

State sector workers say, stop privatization

On April 28, the last day of the International Monetary Fund's annual spring meetings, the myth of the "Thai miracle" blew up in the IMF's face. Some 4,000 members of the State Enterprise Workers Relations Confederation staged a rally in Bangkok, protesting bills in Parliament calling for privatization of state sector firms, including the state electrical authority, EGAT. "IMF Go to Hell — No Sale Thailand," read one of their banners, photographed for the front page of the next day's *Bangkok Post*.

The union is calling for a public hearing on the legislation and a full accounting of the consequences of privatization, with the plan to be suspended until these issues are addressed; otherwise, it says, the government should dissolve Parliament and let the bills lapse. The union secretary general said that in other countries, public utility rates have risen 200-600% under privatization. Privatizing EGAT, he said, would lead to 150,000 layoffs, more than 50% of current staff.

The union started its protest paying tribute to King Rama V, who introduced public utilities a century ago.

On April 29, union leaders met with the Communication Minister, who said that the government has promised that privatization of state sector firms will not lead to layoffs, and that the cost of basic services will not increase. The sticking points were over workers' concerns about "the loss of Thailand's economic sovereignty," Agence France Presse reported, and that the proceeds from privatization will go to pay off the debts incurred by the government's early attempt to bail out bankrupt banks, which were later shut down.