

# Business Briefs

## Eastern Europe

### IMF increases the pressure on Ukraine

The release of the fourth tranche of the International Monetary Fund's standby credit to Ukraine has been delayed until February or March, Ukrainian radio reported on Jan. 17. The credit should have been released in January, but the IMF and World Bank have said that Ukraine is not making enough progress in its structural economic reforms or in privatization.

That same day, Ukrainian lawmakers were debating provisions in the 1996 draft budget for deep cuts in spending in education, scientific research, health, and social welfare programs, that the IMF is demanding. The current draft slashes expenditures on research from 1.7% to 0.076% of Gross Domestic Product, and on education, from 10% to 6.5% of GDP. The allocation for the country's school system would not be sufficient to cover teachers' wages and student stipends. The government still owes trillions of *karbovantsi* in back wages and stipends since autumn.

The draft budget also foresees a 4% cut in social spending and would finance only 31% of the basic needs of Ukraine's State-run health care system. The government has said that the cuts are necessary in order to lower the budget deficit to 6% of GDP this year.

## Economic Policy

### Egypt under IMF pressure to deregulate, privatize

Despite a recent cabinet reshuffle, which changed the chief negotiator with the International Monetary Fund, the government of Egyptian President Hosni Mubarak continues to come under heavy IMF pressure to deregulate and privatize its economy. Adel Hussein, a Cairo-based opposition figure, told *EIR* in mid-January that the previous round of negotiations failed, because Egypt did not agree to total privatization of the State sector and lifting of all regulations on foreign trade. The IMF used de-

valuation as a bargaining chip in that round, threatening to debase the currency, unless the State sector were put up for sale. Now, the same pressures are being mounted again, and Hussein expects that Egypt will capitulate.

The recent visit to the region by U.S. Vice President Al Gore and a group of U.S. businessmen, led to a cooperation agreement, first outlined at the Cairo population conference. A joint commission has been set up to coordinate cooperation, including on preparations for the conference scheduled to take place in Egypt in 1997, which will follow up the Casablanca and Amman conferences on Middle East development.

As part of its restructuring program, Egypt recently lifted all regulations on foreign investment. Whereas earlier, prospective foreign investors had to request permits, and were limited to first \$3 million, then \$15 million; today, they are required only to "inform" the Egyptian government of their plans. There are no ceilings on investment. Thus the way is open for "investment" in casino gambling, bordellos, and similar drains on the economy. The final decision was announced the day after Gore left.

## Algeria

### Zeroual disappoints foreign investors

Foreign investors are disappointed in the performance of Algerian President Liamine Zeroual, because he has reneged on his electoral promises to open a dialogue with the Islamic Salvation Front (FIS), and because the civil war is escalating, the German financial daily *Handelsblatt* reported on Jan. 16. "The government repeatedly said, that rising oil revenues would put the economy back on its feet," raising export revenues from \$3.4 billion to \$4.5 billion. However, this requires foreign investment worth \$2 billion.

Great Britain stepped forward right after the "elections" to announce a \$2 billion investment in seven gas fields in Salah, which will yield initially 9 billion cubic meters per year. An 800 km pipeline from the fields to Hassi R'Mel is also planned. This new production would in-

crease gas revenues from \$2.6 billion in 1995 to \$4.7 billion in 1999. The rest of the natural gas would flow through the TransMed and Europa-Maghreb pipeline into southern Europe.

According to the French daily *Le Monde* on Jan. 12, an IMF secret report says that Algeria has not fulfilled the restructuring demanded for a May 22, 1995 loan of \$1.8 billion, but that it should be given aid nonetheless. The two (out of eight) criteria it failed to satisfy, concern internal credit issuance and resultant inflation, and foreign exchange reserves. Algeria issued "too much" credit internally, especially to its state sector, the report said, and inflation was at 28%, instead of the 20% prescribed. At the end of September 1995, Algeria had no more than \$1.9 billion in foreign exchange reserves, \$400 million below the required level.

The IMF report sees the causes of Algeria's poor performance as the weak oil price, and the lack of financial aid from Japan, Germany, Italy, and the United States. The increase in grain and wheat prices also led to a 30% increase in Algeria's import bill in 1995.

## Biological Holocaust

### Death rate rising in United States

The death rate from infectious diseases once thought to be virtually conquered, has been on the rise for more than a decade in the United States, government health experts said on Jan. 16. Dr. Robert Pinner from the Centers for Disease Control in Atlanta, Georgia, said the U.S. death rate increased 58% from 1980 to 1992, and, after the demographics of an aging population were factored in, it increased by a still striking 39%, the Jan. 17 issue of the *Journal of the American Medical Association* reported.

The increase would have occurred even without the AIDS epidemic, although at a slower rate. The data are part of a special report on emerging and reemerging health threats, ranging from newly recognized viruses such as AIDS, to older infectious diseases that are growing resistant to the drugs used to treat them for several decades.

"Despite historical predictions that infec-

tious diseases would wane in the United States, these data show that infectious diseases mortality has actually been increasing in recent years," Pinner said. Among the threats are tuberculosis, *E. coli*, cholera, drug-resistant pneumonia, hepatitis, and viruses such as AIDS, Hantavirus, and Ebola. Respiratory tract infections, which often strike older people, were responsible for nearly half the deaths from infectious diseases in 1992. Mortality from septicemia (blood poisoning, caused by potentially lethal bacteria) rose 83% in the 12 years studied. And deaths from infections contracted in hospitals are worrying doctors, because some of the bacteria are now resistant to antibiotics.

It is well known by health experts that this "death-rate" increase is primarily caused by decreasing standards of living and general decay in necessary infrastructure, such as water and sewer systems. But reporters, such as Reuters' Joanne Kenen, chose to "recast" the initial report, to present the lie that the culprits are "global warming, drug resistance and evolution itself."

## Russia

### Stand up to IMF, ambassador urges

Russia should stand up to International Monetary Fund (IMF) and World Bank pressures that infringe on its sovereignty, stated former ambassador Vassily Sofronchuk, who was deputy secretary of the United Nations during 1987-92, the London *Guardian* reported on Jan. 19.

Sofronchuk stressed that it had previously been the case, that the IMF and World Bank would lecture only Third World governments on their domestic and foreign policies. "Now they are doing this to Russia, which is a measure of how low Russia has fallen," he said. "They don't have the right to prompt or advise the government of a sovereign State about the composition of its government. . . . If Mr. [Russian Prime Minister Viktor] Chernomyrdin understands that he is the head of a government, he should say to the U.S.: Dear sirs, this is none of your business. This is something we shall decide ourselves."

## Southeast Asia

### Australia invited to join in Mekong project

Malaysian Prime Minister Mahathir Mohamad invited Australia to participate in an ambitious plan of the Association of Southeast Asian Nations (ASEAN) to develop the Mekong region that encompasses six countries (Burma (Myanmar), Cambodia, China, Laos, Thailand, and Vietnam). The invitation came during a visit of Australian Prime Minister Paul Keating to Malaysia, the Singapore *Business Times* reported on Jan. 17. ASEAN endorsed the Mekong Basin project at its recent summit in Bangkok, Thailand.

Mahathir told Keating that Australians could be involved in the construction of dams, as well as in the transport, telecommunications, and housing sectors in the project. "Mahathir told Keating that it is a massive project that will require all efforts of ASEAN and others that can play a role," said Ahmad Kamil Jaafar, the Foreign Ministry secretary general.

## Asia

### Japan, China consider new shipping route

A group of Japanese companies and the Chinese government are to carry out a feasibility study into shipping goods between the two countries, including using the Yangtze River, the Jan. 15 *Nihon Keizai Shimbun* reported.

Goods would be shipped by river from Chongqing to Shanghai prior to sea transport to Japan, forming the first major transport link between China's inland areas and Japan, the daily said. Beijing and the Japan-China Investment Promotion Organization would set up a joint firm to launch the river service as early as 1997.

The Japan-China Investment Promotion Organization plans to set up a committee for the project by March to start negotiations with China's State Planning Commission and the Ministry of Communications.

**ALBANIA** has declared a bread supply emergency, in which a shortage of flour has caused long bread lines in all cities, especially the bigger ones. There has been a pattern of spontaneous protests against the government and its agricultural policies. In an effort to preempt riots, the government has begun to open its strategic grain reserves.

**SUDAN** was the recipient of China's first Export-Import Bank loan, of \$12 million for the purchase of Chinese equipment for a petroleum development project, Beijing Central TV reported on Dec. 10, 1995. The Exim Bank is one of four "development" banks designed to funnel national credit to industry, agriculture, infrastructure, and exports.

**FRANCE** is facing "a black year for jobs," an internal memorandum compiled for the government forecasts, according to the economic journal *Tribune Desfosses*. At least 120,000 jobs, but more likely 170,000, will be lost this year, the memorandum says.

**GERMANY** is planning a pilot project for the privatization of governmental administration functions which will cut 7,000 jobs as part of a new effort to achieve a "lean State" and reduce State expenses by DM 1 billion per year, according sources in Bonn.

**CANADA** is facing a record pace for bankruptcies, the Montreal *Gazette* reported on Jan. 18. Over the first 11 months of the year, 72,496 people or businesses went bust, up 19.5% from 1994. The worst previous year was 1992. But, for Canadian banks, 1995 was a year of record profits of over \$3.5 billion.

**THE BRITISH** are experiencing severe malnutrition, 18 experts for the "Low Income Project Team" said in a survey for the government, the Jan. 21 *Observer* reported. "Mounting poverty during 16 years of Conservative rule has produced malnutrition among Britons on a scale unseen since the 1930s," the paper said.