

Business Briefs

Eurasia

Containerized shipping discussed in Moscow

An international conference on the development of container shipment capacity to service Europe, Asia, and the Far East was held in Moscow in early March. Russian Deputy Railways Minister Ivan Besedin promoted the Trans-Siberian Railway, which will have the capability to carry 120,000 containers per year by the year 2001, becoming a competitor to shipment by sea. At present, the Trans-Siberian Railway carries 22,000 containers per year. While 3 million containers are shipped by sea from Japan, Korea, and China to the West each year, the volume of rail shipments is only 5% of that level.

Trans-Siberian Railway coordinating council secretary Gennadi Fadeyev presented a schedule for 12- to 14-day shipment of containers from Nakhodka on the Pacific coast, to Brest. The sea route from Japan to Central Europe takes 35 days. Russia has slashed tariffs for freight passing through its Far East ports, and through Astrakhan (where the Volga River flows into the Caspian Sea) to Iran, to win shipments away from trucking companies.

South Asia

India looks forward to trans-Asia link

The completion of the Kerman-Zahedan rail link in Iran, which is expected to be completed shortly, will integrate the Indian rail network into the trans-Asian system, connecting western Europe, eastern Europe, and the Middle East with South Asia, home to over 1 billion people, *The Hindu* reported from New Delhi on March 18. The rail link from Zahedan to Mirjaveh, Iran, on the border with Pakistan, already exists; only the Kerman-Zahedan link remains to be finished.

Indian Railway Board chief V.K. Agarwal announced in New Delhi on March 18 that, in fact, the Indian railways had become international, with the opening of corridors to Bangladesh and Pakistan. Agarwal was

inaugurating a three-day General Assembly meeting of International Union of Railway Medical Services.

Given that railways are six times more fuel efficient than the use of roads, Agarwal said that if the current decline in the share of freight traffic to the railways were reversed, from the 40% currently, to 60%, India would save 53 billion rupees (about \$1.36 billion) annually, due to reduced consumption of petroleum products.

Israel

IMF policies draw industry protests

Dan Proper, on behalf of the Manufacturing Association of Israel, charged in statements issued in Tel Aviv on March 16, that the International Monetary Fund (IMF) is not in the real world. Proper's comments came in response to the IMF's latest prescriptions for the Israeli economy, the German financial daily *Handelsblatt* reported.

In its latest criticism of credit and budget policies in Israel, the IMF accused Israel of not adjusting far enough to IMF standards, but rather, of sticking to an inflationary budget and continuing to borrow to stimulate the economy. Israel should export more, to make money, and not increase borrowing, the IMF said in its memorandum to the government and the central bank.

Proper said that it is folly to call for increasing exports at a time when Israel's exports to Asia have already suffered a 27% drop in the last quarter, including a 38% fall in the diamond trade. Proper said that should Israel follow the advice of the IMF, it would sign a "script for certain recession," and "neglect the rising jobless figures, with all their social implications."

Transportation

Iran, Russia plan to step up rail cooperation

Iran and Russia have expressed readiness to reactivate cooperation in rail transportation, the Iranian daily *Ettela'at* reported on March 11.

Russian Deputy Railroad Minister Oleg Anatolyevich said in a recent meeting with Rahman Dadman, managing director of Iran's State Railways, that the Tajan-Sarakhs (Turkmenistan-Iran) rail link is strategically important. Dadman said that Iran will concentrate its efforts on getting the five nations neighboring Iran and Russia to convene a meeting on rail cooperation, to activate the rail link between Russia and Iran.

Anatolyevich also said that Russia wants to sell rail cars, locomotives, and other rail equipment to Iran, of which Iran already wants to buy 2,000 freight cars.

During the week of March 2, Russian Deputy Prime Minister Vladimir Bulgak visited Iran, and discussed economic cooperation, focussing on transport, with Iranian Minister of Roads and Transport Mahmoud Hojjati. Bulgak said that the two nations should promote transport cooperation via the Caspian Sea, including rail networks and roads. He called for establishing regular Iranian-Russian shipping lines on the Caspian Sea.

Germany

Labor, industry blame Maastricht for job loss

In a statement that has received little publicity, Michael Geuenich, a member of the national executive of the German DGB labor federation, said that the news that Germany has met the Maastricht budgeting criteria in 1997, is not good news for labor. The budget cuts in the public sector that helped Bonn reduce expenditures and, thereby, new borrowing last year, "contributed to a great extent" to the loss of 400,000 jobs, he said.

Unfortunately, the DGB is still endorsing the European Monetary Union. This is mostly because the unions in the big exporting branches of industry, like the metal workers, believe that the monetary union and the single European Union currency, the euro, will reduce currency turbulence, helping boost exports. Some unions, however, such as the construction, textile, and leather workers, oppose the EMU because of its liberalization and deregulation clauses.

On March 17, Ignaz Walter, chairman of

the German Construction Industry Association, said at a press conference in Bonn that cuts in public sector construction, because of austerity budgets, are contributing to the loss of another 100,000 jobs this year. Public sector contracts dropped by 8.9% in 1997, and will not recover this year. Walter said that 34 western and 14 eastern German municipalities planned to cut projects, including municipal road building, construction projects, and other infrastructure work.

The 8.9% drop in 1997 is to a great extent due to budget cuts of the Federal and state governments toward the end of 1997, to reduce expenditures to meet the balanced budget Maastricht criteria. This helped the government to bring new borrowings down to 2.7% for 1997, thereby meeting the 3.0% criteria.

Meanwhile, a survey of Volkswagen automobile workers by the *Frankfurter Allgemeine Zeitung* found that living standards of German workers have dropped 8% since 1990, the daily reported on March 13. The survey investigated how many working hours are required to buy specific consumer goods. In 1997, for example, it took 893 working hours to buy a Volkswagen Polo car, while in 1980, it took 782 hours. From 1970 to 1980, living standards of working families increased 20%; from 1980 to 1990, only 7%; and since 1990, the standard of living has dropped 8%. The downward trend is continuing.

Ibero-America

British continue investment push

Richard Nichols, the Lord Mayor of London, toured Ibero-America in March, peddling lies about how the British now view countries such as Peru as a great "investment option," now that Asia is going down the tubes—as if there were no crisis in Peru. With a large contingent of businessmen in tow, Nichols stopped off in Lima, where he met with President Alberto Fujimori on March 12; he was scheduled to proceed on to Chile, Paraguay, and Argentina, to meet with the heads of state of those nations, the daily *Expreso* reported. Nichols reported

that "real estate and financial services" were his primary concern, and that as mayor of London, he wanted to promote his city's financial services in other parts of the world.

While talking about a closer relationship between Peru and Great Britain, Nichols demanded that Peru grant highway, port, and airport concessions for a much longer period of time, because otherwise, these areas "would not be attractive for investors," he said. He promised that he would report on Peru's privatization program to London, "to make it known among interested investors."

Britain is the third-largest investor in Peru (the United States and Spain are numbers one and two), but, he said, "We can be patient." According to the British ambassador in Lima, John Illman, several British firms, including Land Rover, Fleming Bank, and Hongkong and Shanghai Bank, have gone into the Lima stock market.

Space

China to participate in deep-space exploration

China is preparing missions to the Moon and Mars, Xinhua reported on March 20. Yuan Jiayun, vice president of the Chinese Academy of Space Technology, said, "China will actively participate in deep-space exploration (DSE) during the 21st century, and Chinese scientists [will] expand in-depth research concerning various scientific objectives as the engineering feasibility of DSE. . . . The Moon will be the focus of human activity, and priority during the 21st century will be placed on DSE." Yuan said that mankind's planetary exploration will also focus on Mars.

Another Academy vice president, Ma Xingrui, said that China would launch small lunar explorers when possible, and develop other space vehicles on the basis of retrievable satellite technology.

Scientists also reported that "space technology" had helped them to find the 2,000-year-old city of Niya, which had been buried in the Taklamakan Desert, in Xinjiang Region. The city had been described by Xuan Zang, the T'ang dynasty monk who made the original "journey to the West."

FUND MANAGERS are finding that "there's nowhere to invest," a Swiss banking source told *EIR* on March 17. "Some hedge funds are even returning money to investors because of the problem. For pension funds and mutual fund managers who must make returns each quarter or face the firing squad, the once-booming emerging markets from Asia to Brazil are now 'off limits.'"

JAPAN is rebuilding the Myanmar international airport in Yangon, the first official aid since 1988, the *South China Morning Post* reported on Feb. 27. Japan has also given a debt-relief grant worth about \$15 million, for purchase of machinery and spare parts. The loan is politically important, given U.S. and European Union trade sanctions against Myanmar.

EGYPTIAN Prime Minister Kamal Al Ganzouri inaugurated a conference in Cairo on March 15, intended to lead to the creation of an Arab Common Market. The 21 member-states of the Arab League have signed a trade accord, but more can be done to foster inter-Arab trade, he said.

THE CENTRAL ASIAN nations of Kazakstan, Uzbekistan, and Kyrgyzstan agreed to form a consortium on hydro-electric resources, on March 17. Kazakstan reaffirmed its intent to barter coal, and Uzbekistan natural gas, for water from Kyrgyzstan.

THAILAND'S pig population has fallen 30%, and chickens 25%, *Business Day* reported on Feb. 27. The head of the Thai Poultry Promotion Association reported, "We cannot pass on the rising costs to consumers as fast as we want, due to eroding purchasing power."

THE SOUTH AFRICAN Reserve Bank would view a shift away from the insanity of the speculative markets as "a welcome relief," a source close to the bank told *EIR* on March 17. "The financial developments of the 1990s have been a disaster for South Africa," he said.