

# Business Briefs

## Transportation

### Officials advance Trans-Asia rail line

The second meeting of the "southern corridor" of the Trans-Asian Railway, involving India, Bangladesh, and Iran, took place in New Delhi on Aug. 9, the Press Trust of India reported. Pakistan did not attend the meeting.

The "southern corridor" is intended to link Singapore to Turkey via Myanmar, Bangladesh, Pakistan, and Iran. The northern and central corridors are planned to pass through China. The Aug. 9 meeting was of rail managers, to discuss operations and maintenance policy for rail tracks, rolling stock, signalling, and train and crew scheduling.

Officials of the Paris-based International Railway Union also attended the meeting. The first meeting of the southern corridor task force was held in Tehran on Feb. 20-22.

Indian railway board chairman V.K. Agarwal told the meeting that globalization of the economy had provided participating countries "an historic opportunity" to develop a partnership in providing long-distance international surface transport links.

## Africa

### Malaysia seeks to boost investment

Former Malaysian Industrial Development Authority Deputy Director General Datuk J. Jegathesan told a workshop on Aug. 13 that Bank Negara (Malaysia's central bank) is expected to ease the ringgit's (the Malaysian currency) fixed exchange rate in order to facilitate Malaysian investment abroad, especially in Africa, *New Straits Times* reported on Aug. 14.

The workshop was held to prepare for the Africa-Asia Business Forum on Oct. 25-29, where Malaysian Prime Minister Dr. Mahathir bin Mohamad will deliver the keynote address. The Forum is organized by the UN Development Program, the Malaysian government, the World Bank's Multilateral In-

vestment Guarantee Agency, and the Malaysian South-South Corp.

Jegathesan said that Japan sees Malaysia as a "conduit" for its investment into Africa. He added that an Afro-Asia Investment Promotion Center will open soon in Kuala Lumpur, Malaysia's capital. Malaysia currently has significant business in Namibia, South Africa, Ghana, Mauritius, Tanzania, and Zimbabwe. Officials of the Malaysia Export Credit Insurance Bhd and Export-Import Bank of Malaysia Bhd reassured investors of assistance and support in financing projects.

## Technology

### Electron acceleration used in industry, defense

The Indian Bhabha Atomic Research Center is in the final stages of assembling a powerful electron accelerating machine, which can potentially be used as a beam weapon, as well as for industry. The machine, developed by Mumbai-based BARC, will be ready for testing by the end of the year, the Press Trust of India reported on Aug. 18. The machine, Kali-5000, "is an illustration of how far Indian scientists have gone with the scientific and engineering knowledge they have built up for making devices which could meet the hi-tech needs of industry and also be crafted for defense applications," wrote *The Hindu* in an Aug. 21 editorial.

The Kali-5000 has industrial applications for ultra high-speed photography and welding, which "holds out the promise of a quantum leap for industry," *The Hindu* wrote.

"The defense applications of Kali-5000 are of greater interest because of its ability to incapacitate enemy missiles and aircraft. Incidentally, what we were now told about the 'soft killing' which the beam could achieve, with its burst of microwaves packed with gigawatts of power and its potential for crippling electronic systems and chips, give some startling glimpses of what the existing weaponry could do with its laser weapons. . . . The advanced 'softness' claimed for the beam obviously does away with disfiguring perforation of hostile aircraft by puncturing. If Kali-5000 can achieve this much, the next

logical step would be to go ahead with the electronic shielding of our own combat aircraft to protect them from such microwave mauling.

"BARC seems to have made a beginning here with the 'hardening' of the electronic systems built into India's missiles against deadly accurate electromagnetic impulses of nuclear weapons." The machine's weight of 26 tons, however, is a serious limiting factor, *The Hindu* wrote.

## Finance

### IMF attacked for its policy toward Russia

Jacques Sapir, Director of Studies at France's School of Graduate Studies of Social Sciences and an expert on the Russian economy, attacked the International Monetary Fund (IMF), in the Aug. 19 issue of the French weekly *L'Express*. It is "the policies of the IMF in Russia which should be questioned, to the point of making one wonder whether that institution has not sought to make that country insolvent deliberately."

After 1992, Russia became more and more indebted, despite a large commercial balance surplus, due to massive capital flight. "That massive capital flight however was in great part due to the rapid liberalization of foreign exchange markets and of foreign trade, . . . two measures which, one should recall, were part of the demands of the IMF. Thus, the loans had to be made to Russia because the conditions imposed made those loans inevitable. The money of the Western taxpayer thus financed the embezzlement by the oligarchs and the theft of public property," Sapir writes.

By trying to achieve total convertibility in a few months, "the IMF gave a premium to speculators," Sapir says. "The good advice of the IMF and of a few Western experts, and the irresponsibility of the Russian liberals, thus led to the financial crash of August 1998."

Against all odds, former Prime Minister Yevgeni Primakov managed to stabilize the situation: first-quarter results are much better than those of last year, inflation has fallen, tax revenue was "more than satisfactory in

**OFFICIALS** and scholars from China, India, Bangladesh, and Myanmar met in Kunming, China on Aug. 15, to discuss expanding regional economic cooperation. All have rich mineral, agricultural, energy, and tourism resources, and their mutual borders are located where China, Southeast Asia, and South Asia meet, forming a venue for economic exchanges.

**JAPAN** has offered a 7.5 billion yen (roughly \$75 million), low-interest loan to Iran for construction of the "Karoun-4" dam in Khuzestan province. Masahiko Komura of the Foreign Affairs Ministry also said that the Japanese government has invited Iranian President Seyyed Mohammad Khatami to visit in 2000.

**THE PALESTINIAN** Authority has received only \$65 million of the \$800 million in donations promised for 1999, the Israeli daily *Ha'aretz* reported on Aug. 18. The Palestinian budget of \$1.3 billion depends on \$700 million in outside financing.

**BALKAN** governments and state-sector industry managers are set to meet in September in Thessaloniki, Greece, in events organized by the Thessaloniki International Trade Fair. One panel, of economic and financial ministers, is set for Sept. 1, with the inaugural address by Greek Prime Minister Costas Simitis. A panel on Sept. 7-9 will involve rail, utilities, and gas and oil firms.

**A ROMANIAN** meningitis epidemic continues to spread. Some 200 new cases are registered every day, according to Health Ministry data. The number of registered cases now totals 2,160, of which 77% are under the age of 19.

**THREE BANKS** in Japan, the Industrial Bank of Japan, Dai-Ichi Kangyo Bank, and Fuji Bank, will merge to form the largest bank in the world. Together, the combined group will have assets of \$1.3 trillion, surpassing the current world banking leader, Deutsche Bank AG.

March, and also, in April, flight capital was brought under control," says Sapir. "Contrary to numerous experts, adapted forms of capital control are thus possible and efficient in Russia." These results are "better than positive," Sapir says, "yet, the IMF is demanding once again the elimination of the efficient measures adopted in the last months. The Russian government had to accept them in order to avoid default, and the result has been the restarting of capital flight since the beginning of July 1999." The IMF's incompetence is its own business, says Sapir, but "when it blocks Russian reorganization and demands that Western taxpayers pick up the tab, it is unacceptable."

## Agriculture

### Polish farm protests rise as income falls

The Polish Main Office of Statistics (GUS) projects that farm income will fall further in 1999, because prices for agricultural produce are dropping, while the cost of production is rising. Preliminary GUS estimates indicate that real farm income fell 6.8% last year. Since 1996, it has decreased 25%. Meanwhile, in the first six months of 1999, farm expenses rose 11% compared with the same period in 1998. Comparison of prices in the first half of 1998 to the same period of 1999 shows that wheat fell 17.3%, potatoes 13%, poultry 16%, milk 5.6%, and pork 24.7%.

Wladyslaw Serafin, head of the Farmers Circles cooperative, warned that protests will escalate in September, and may paralyze the country, creating the basis for ousting the present government. At a press conference in Lublin on Aug. 11, Serafin said that this government should be ousted, because Deputy Prime Minister and pro-International Monetary Fund Finance Minister Leszek Balcerowicz and his circles pose a threat to the nation. He also criticized the Catholic Church for keeping silent about the problems of the Polish countryside.

On Aug. 15, Zdzislaw Podkanski, a leader of the Polish Peasants National Assembly, accused authorities of "destroying the nation's soul." He called on the Parlia-

ment to dissolve itself, and on the government to resign. "Among the peasants, there are those who have erred, thus contributing to the return to government of Leszek Balcerowicz," he said. "This mistake is costing us today the loss of the economic and military sovereignty of the Polish state, the rapid expropriation of the national assets, and the deterioration of culture, education, and health in the countryside. The anti-peasant policy of Prime Minister Jerzy Buzek's government is being exploited by swindlers and wheeler-dealers."

## Gold

### Demand reaches an all-time record high

In the second quarter of 1999, demand for gold reached a record high, the World Gold Council reported in *Gold Demand Trends*. The total demand in the 27 countries covered by the WGC reached 809.5 tons in the second quarter of 1999, or 16% more than a year ago. The second highest quarterly demand ever recorded was fourth-quarter 1998: namely, 807 tons.

Contributing to the record high, was a 13% increase in jewelry demand, and a 32% rise in investment demand, compared to 1998. In India, the United States, the Gulf states, and Mexico, demand was at the highest levels ever observed in a second quarter. The import of gold skyrocketed in Singapore to 89.3 tons, some 147% higher than one year ago, while Singapore's consumption of gold amounted to only 2.6 tons.

Another peculiarity in the gold market reported by the WGC is the very large amount of net short positions of large speculators, which, according to official figures from the Commodity Futures Trading Commission, surged to an all-time high in April, equivalent to 275 tons of gold. The WGC suggests that short positions on unregulated over-the-counter gold markets were even "considerably higher." In June and July, official short positions again were close to record-high levels. In July, the average daily net clearing turnover in London gold markets jumped up sharply, to 1,082 tons, considerably higher than the entire world gold demand in second-quarter 1999.