

# Business Briefs

## Infrastructure

### China sorely needs flood control projects

China's flood control official warned that the country's inadequate flood control defenses and record-high summer floods could lead to devastating losses, a government newspaper reported on June 1.

"China is facing a grim situation in the coming flood season beginning next month, as major problems in the country's flood control system remain unsolved. . . . Many people are not aware of the flood danger because catastrophic flooding has not been seen along four of China's longest rivers for over 40 years," State Flood Control headquarters chief Chen Junsheng said at a flood control conference.

Chen pointed to a dangerous combination of insufficient flood walls, inexperienced provincial leaders, and heavy 60-year floods, and warned that the neglect could inflict heavy losses on the country. In 1991, heavy flooding across China killed more than 2,000 people, ruined 51 million acres of farmland, and left millions homeless.

## Biological Holocaust

### New, virulent form of cholera spreads in Asia

A new virulent form of cholera is spreading in India and other Asian nations, the British newspaper *Independent on Sunday* reported on May 30. The World Health Organization has issued a warning throughout South Asia, where the disease has already killed 6,000 people. There is an "ominous possibility" that over the next three years the new strain could spread to Africa, the Mideast, and southern Europe, the WHO said. Since late last year, the disease has already spread to Nepal, and a few cases have been detected in Malaysia and Japan. Experts fear the biggest cholera epidemic of the century, according to German press reports.

The new strain, *Vibrio cholerae* 0139, known as "Bengal cholera," was first discovered by Calcutta toxicologist Dr. Balkrish Nair

in Madras last November. It is "extremely toxic, hardier than all other cholera bacteria, and it spreads very rapidly. The chances of those characteristics coming together in one kind of cholera organism were probably a trillion to one, but it has happened," he said.

Calcutta's Infectious Disease Hospital has treated more than 22,000 cholera victims in May alone. At the peak of that epidemic, the hospital admitted 500 people on just one day for treatment. In West Bengal, it has already killed about 3,000 people, according to one unofficial report, and many more have died in neighboring Bangladesh.

Cholera is rarely fatal if treated immediately by the massive re-hydration of the victim, but when a disease breaks out on such a scale, many will not get treatment fast enough. Children especially die very quickly from cholera. In addition, a vaccine developed for the older strain of cholera, which was only 58% effective, has no effect against the new strain. Indian physicians have been documenting cholera epidemics originating in the Ganges Delta since the 4th century, and six epidemics this century which have spread as far as Europe and Ibero-America, as in 1991, have begun there.

## Investment

### Kazakhstan seeks more contact with Thailand

Kazakhstan President Nursultan Nazarbayev has proposed visiting Thailand during the late summer, the *Bangkok Post* reported on May 27. Nazarbayev made the proposal to Kasit Piromya, Thai ambassador to Russia and Kazakhstan, in Alma Ata early in May.

Officials of the Petroleum Authority of Thailand, interested both in buying oil and gas from the states of the former Soviet Union and in evaluating the potential of Thai investment in the region, accompanied Kasit to Alma Ata.

Nazarbayev had been "frustrated lately by the failure of western countries and Japan to implement promises of assistance for Kazakhstan's balance-of-payments problems and investment requirements," the *Washington Post* reported, citing sources close to the President. It was fear of alienating foreign investment that

led Nazarbayev to agree to grant Chevron production rights for oil fields in western Kazakhstan.

## Economic Policy

### Israeli central bank foresees slower growth

Israel's central bank, warning of slower economic growth and rising unemployment, urged the government on May 31 to speed up reforms and sell state-owned companies. The recommendations will, however, exacerbate the shut down of the physical economy.

Former World Bank official and Bank of Israel Governor Jacob Frenkel, presenting the central bank's 1992 report to the press, said reforms to boost exports and investment were vital to maintain growth next year. The 350-page report highlighted rising unemployment as the main economic problem for Prime Minister Yitzhak Rabin's 11-month-old government, whose election promises included opening up the state-dominated economy and creating jobs.

The previous week, the government sold 20% of its shares in Bank Hapoalim, the country's largest bank, which was the first step in privatizing many of Israel's biggest firms. "It would have been desirable to increase the sale of ownership of government companies and privatize functions of the public sector," the report said.

## Germany

### Economy shrinks by 3% in one year

The federal statistics office announced in early June that the economy of western Germany shrank by more than 3% compared with one year ago. Economics Minister Günter Rexrodt said that the figures confirmed that the recession could develop into the worst slump in three decades.

This is the sharpest decline in GNP since

## Briefly

1968, when quarterly data were first published. The data also showed a sharp decrease in exports of 5.4% from a year earlier, and a 6.3% fall in imports, Reuters reported on June 4. Rexrodt also warned that western Germany's weakness could dampen prospects of pulling eastern Germany's ravaged economy out of the ruins of communism.

Stefan Schneider, chief economist for Nomura Research Deutschland, warned that any new increase in government spending could prompt a renewed rise in long-term interest rates and throw the economy back into decline. "There may now be voices in Bonn calling for some kind of fiscal stimulus package, but if this means higher deficits it would have exactly the opposite effect," he said.

The June 6 London *Sunday Times* quoted President Richard von Weizsäcker saying that "industry and the economy are stuck in a cost and innovation crisis, labor in an unemployment crisis, the political class in a credibility crisis, and society in an orientation crisis."

Analysts are predicting a further 2% collapse in the economy over the next year. Unemployment is up 21.5% over a year ago, while taxes are rising fast. Over 500,000 manufacturing jobs have been cut in just over a year. The *Sunday Times* quoted one economic analyst saying, "Germany has been an over-industrialized country. We have to de-industrialize it."

### 'Technological Apartheid'

## Indonesia industrial program under attack

Indonesia's high-tech industrial program has come under attack by the World Bank. In a draft report, the bank said that Jakarta would do better to concentrate on broad-based economic development to generate jobs. According to Reuters on June 5, the report says: "Policies centered on 'technological leap-frogging' strategy, involving the development of high-tech industries supported by direct public investment or subsidies and high levels of protection are ill-advised."

Indonesian Planning Minister Ginanjar Kartasasmita said that the World Bank sug-

gests that the correct technology for Indonesia is such industries as textiles and shoes, which make use of cheap labor. "But we don't want to depend on shoes for a living!" he said.

Indonesia is being criticized for going ahead with projects such as a state-run plane factory and shipyard. Ginanjar added: "This is a big country consisting of many islands. The transport issue is important for the development of this nation. We have a strategy that we should not depend on other countries for transport" equipment.

### Health

## Navajos stricken by mystery illness

Navajo Indians in New Mexico and Arizona are being stricken with what is being called "Unexplained Respiratory Distress System" (URDS) by medical investigators. Preliminary findings indicate that the disease is a virus carried by rodents that is spread to humans through feces and urine. A mild and wet winter in the desert area has favored an explosion in the rodent population this spring.

The story is receiving major news coverage, including in Europe. The headline of the coverage of the outbreak by the June 2 London *Independent* was entitled "Navajos Fall Prey to Mystery Illness." The story has also been featured in France's *Libération* and Italy's *Corriere della Sera*.

The *Independent* reported: "Doctors in northern New Mexico and Arizona are struggling to diagnose a mystery illness that has led to the sudden deaths of 11 people, all of them young and most of them Navajo Indians. Medical researchers admit to being baffled by the ailment, which causes its victims at first to suffer flu-like symptoms, including high temperature and aching limbs. It quickly worsens, however, and within hours can lead to an accumulation of liquid in the lungs and death, effectively by drowning. Two hundred doctors and researchers are trying to identify the cause of the illness . . . at hospitals in the region as well as in Washington, D.C. and at the Centers for Disease Control in Atlanta, Georgia."

● **ROMANIA** has a rate of AIDS infection which is close to African rates, Public Health Minister Julian Mincu said June 1. About 10% of Romanians are infected with AIDS, but since there is limited testing capacity, the rate may be higher, Mincu hinted. The news comes as statistics show that industrial output dropped by almost 60% in the past two years.

● **CUBA** has been hit by an unknown viral epidemic called "optical neuritis," which has affected 23,000, the Cuban press agency reported April 30. The virus hits the nervous system, first causing the loss of the capacity to distinguish colors, then disturbing motor activity.

● **CHINA** posted a trade deficit in the first quarter of 1993 for the first time in four years, the June 6 London *Sunday Times* reported. The deficit is reported at \$1.7 billion, but another \$5 billion of foreign goods is believed smuggled in each year. The official *China Daily* also reported that flight capital soared by two-thirds last year to \$30.5 billion.

● **LOCKHEED** announced plans to eliminate 400 jobs at its Lockheed Advanced Development Co., the so-called "Skunk Works" where such legendary aircraft as the U-2, the SR-71 Blackbird, and the F-117A "stealth" fighter were secretly developed, the June 1 *Wall Street Journal* reported. The layoffs are about 9% of the 4,432-man work force.

● **NORINCO**, the China North Industries Group, China's biggest arms manufacturer, is seeking \$300 million in foreign investment to move into machinery and car production in the civilian market, the official *China Daily* said on May 30.

● **TAIWAN** is considering financial incentives to expand its export processing zones, the government's Export Processing Zone Administration said on June 2. The package may include the lifting of remaining restrictions on imports into the zones, Reuters reported.