

Business Briefs

Agriculture

Argentina to import beef from Australia

Within a few weeks, Argentina, South America's premier beef producer, will import 7-8,000 tons of beef from Australia, and by year's end, expects to increase that figure to 40,000 tons, from both New Zealand and Australia. According to the Argentine Beef Industry Association, the cost of raising cattle has become so exorbitant, that it is cheaper to import beef than to produce it at home. (The figure for tax evasion in the cattle-raising sector is \$407 million annually, because most producers can't afford to pay taxes.)

Earlier this year, according to the daily *Clarín* on Aug. 19, Argentina quietly began to import beef in small quantities from two of its neighbors, Brazil and Uruguay, and also from the United States.

The total national stock of cattle is 50 million head, 3 million less than in 1995, and the equivalent of levels during the 1970s. Argentine slaughterhouses are functioning at 40% of capacity, and exports have dropped by the same percentage. An official at the Agriculture Ministry told *Clarín* that, "if we globalize in order to export, we'll have to accept the same rules of the game when [others] come to sell to us."

Asia

S. Korean unemployment is at a 32-year high

The South Korean economic disaster is growing worse. Figures released by the South Korean government on Aug. 25 show that unemployment is at a 32-year high, at 1.651 million, or 7.6% of the total workforce, the Aug. 26 *International Herald Tribune* reported. This figure is up 122,000 from the end of June, the biggest jump in a single month since March. Labor Minister Lee Ki Ho said that this figure does not include nearly 1.5 million who are either underemployed or so discouraged that they

have given up looking for work. He agreed with estimates of labor leaders, that there are 3 million members of the workforce who are either jobless or working less than 18 hours a week.

This is occurring at a time when "the social safety net is not sufficient," Lee said. In South Korea, only about 50% of regular wage earners are eligible for benefits, which only last 2-6 months. Day laborers, who are a big component of the unemployed, are not covered by the social welfare system.

In addition, the end of the Hyundai Motor strike (which was disastrous for workers), marked "the very first use of layoffs," Lee said. He predicted that other companies would now use layoffs and early retirement to force their workers out, without risking prolonged strikes. The Hyundai union, after a six-week strike, accepted 277 full-time layoffs and 18-month "unpaid leave" for many hundreds more.

The level of unemployment is the highest since 1966, when the country was beginning its industrial development. Before that, Korea had been kept extremely backward by the occupying Japanese, and then was devastated by the Korean War.

Imports and exports are also collapsing. Exports fell in July to \$10.16 billion, down from \$11.8 billion a year ago. Imports were worth only \$7.09 billion, down from \$12.64 billion a year ago. The Korean Development Institute, a government think-tank, is predicting a 4.2% contraction of the economy this year.

Trade

India nixes competitive currency devaluations

Indian Prime Minister Atal Bihari Vajpayee has opposed competitive devaluation of currencies, saying that the East Asian crisis shows the harm it can do to financial and capital markets, the Aug. 24 *New Delhi Business Standard* reported. "This is one of the areas where India and Southeast Asian nations should be consulting continuously and looking at strategies to prevent any crisis," Vajpayee told *The Nation* newspaper of

Thailand. "We have neither triggered competitive devaluation in the past nor indulged in it despite pressures to do so. The East and Southeast Asian crisis is a reminder of the harm this can do to Asian markets as also to the 'real economies' and 'asset values' of Asian countries," he said.

Meanwhile, India and Southeast Asia nations met on Aug. 26 in Singapore to discuss barter trade. The *Journal of Commerce Online* compared the event to "a move harking back to ancient times and more basic economic strategies." Participants included India, Malaysia, Singapore, Indonesia, Vietnam, and Thailand; the meeting followed an initiative by India at the April meeting of the Association of Southeast Asian Nations. Examples of likely trade deals would be Indonesia trading oil and coal for Indian rice, and Malaysia trading palm oil for spices and tea. India and Malaysia are also discussing increasing rupee-ringggit trade, following the pattern of similar regional currency deals by Malaysia.

Demographics

World population growth rate continues plunge

The rate of world population growth fell again in the past year, according to the U.S. Bureau of the Census, and the decline in the growth rate again accelerated, for the 20th consecutive year.

The Census Bureau figures, covering 157 countries or island groups and many other islands, principalities, and territories, show that 30 of the 157 countries now have falling populations. A year ago, there were 17 such nations. Of the 30 with declining populations, 16 are in western, central, or eastern Europe; 7 are in Africa; and 4 in the Middle East. An additional 16 countries are at zero growth, including 5 in Europe.

The overall figures give a mid-1998 world population of approximately 5.925 billion human beings, or about 75 million more than in mid-1997, the lowest increase in more than a decade. As recently as the 1994 Cairo World Population conference, the Worldwatch Institute claimed an in-

crease of 93 million per year, but the actual increase was 82-83 million per year.

The United Nations said in May, that the human race is supposed to reach 6 billion individuals by July 1, 1999. The world growth rate was still 2% per year in the 1980s; 1.7% at the 1992 Rio "Eco 92" summit. It fell to 1.4% by 1997, and now, a year later, has fallen to 1.3%. By 2000, the "extreme goals" of the Malthusian National Security Study Memorandum 200 and *Global 2000 Report*—a 1.1% world rate at the end of the century—will be reached or exceeded.

China is an exception: Its population increase, which had fallen to a very low 0.9% annually, has risen sharply to 1.25% per year.

China

Epidemics feared in wake of floods

China's Health Minister Zhang Wekang warned on Aug. 24 that the widespread flooding in central China's Yangtze River basin and in the northeast threaten a mass outbreak of water-borne snail fever, and said that about 400 cases of the parasitic disease have already been reported. He said that the floods have affected one-fifth of China's population, and that the health situation would worsen in the next three months, which is usually the peak period for epidemics. He reported that the incidence of intestinal diseases, hepatitis, and respiratory infections is greater than last year, and that a major problem is the shortage of medicines.

Following a Health Ministry report that at least 1,500 cases of cholera and 400 of schistosomiasis have been discovered among the flood victims, President Jiang Zemin ordered the ministry to step up disease-prevention efforts. Teams of doctors have been sent from Beijing and other cities to oversee work in the flood areas.

Lack of potable water and facilities to remove human waste are compounded by the fact that many homeless, people are living in the open. In Inner Mongolia, where hundreds of thousands of people are homeless, nearly

a half-million are living outdoors, and officials fear that they may not be able to resettle 120,000 of the worst-hit families before the onset of winter. Snow begins falling in September in the northeast, and the Red Cross estimates that more than 100,000 people have already fallen sick.

Poland

Privatization plans to be accelerated

Poland is increasing its disastrous sell-off of state property in order to meet budget needs. In 1999, the Polish State Treasury Ministry wants to privatize 70 large companies, and estimates that the state will receive almost 15 billion zlotys (more than \$4 billion) in revenue, twice as much as it got this year.

According to Treasury Minister Emil Wasacz, next year's privatization revenues will be funnelled to support the social security reform, cover payments to public sector employees and pensioners as compensation for wage adjustments and raises from 1991-92, and reduce the budget deficit. It is planned that privatization will bring in 6.5 billion zlotys this year, and almost \$20 million is allocated for fees for advisers and privatization appraisals.

According to Wasacz's plans, steelworks, sugar holdings, Polmos (liquor) companies, heat and power plants, and the Plock refinery will be privatized next year. The privatization of Polishi Telecommunication, Pekao (a bank), and Lot (the Polish airline) will be continued. Bigger banks, including BGZ (an agricultural bank), PKO BP, and the State Insurance Bureau, will be prepared for privatization. The latter company, Wasacz says, will receive additional capital before it is privatized.

There is considerable concern over the privatization of the banks. At the beginning of the year, there were 82 commercial banks in Poland (excluding cooperatives), of which 29 were entirely controlled by foreign capital. In 1993, there were only 10 banks in which foreign capital predominated.

KAZAKSTAN President Nursultan Nazarbayev said that he favors exporting manufactured goods instead of mostly raw materials, Interfax reported on Aug. 27. Kazakstan has become a net exporter of raw materials, as part of British free trade policy. "We should develop small and medium-sized businesses, which should number tens of thousands," he said.

ARMENIAN Foreign Minister Vartan Oskanian visited Tehran on Aug. 24-25. Talks with Iranian officials focussed on expanding bilateral trade, transport ties, and economic cooperation, including laying a gas pipeline from Iran to Armenia and the construction of a highway from Meghri, Armenia via Georgia to the Black Sea port of Poti.

GEORGIA has closed its border with Armenia because of the threat of hoof-and-mouth disease, the Armenian newspaper *Noyan Tapan* reported on Aug. 24. Two days earlier, Georgia had banned the import of cattle, poultry, and dairy products.

INDIA'S six "infrastructure industries" (electricity, coal, steel, crude petroleum, refined petroleum products, and cement) recorded 3.2% growth in the first four months of the current fiscal year, compared to 5.2% for the same period last year, the *New Delhi Business Standard* reported.

THE PHILIPPINES' agricultural sector collapsed 11% in the second quarter, and 7.15% for the first half of the year, the worst performance in 20 years. A survey of industries showed -12% growth in April and May, leading Socio-Economic Planning Secretary Felipe Medalla to conclude that the economy had hit zero or negative growth.

CUBAN dictator Fidel Castro told the Special Meeting of Heads of States and Government of the Caribbean, in the Dominican Republic in mid-August, that the oligarchical policy of "globalization is inevitable." "It would be useless to oppose a law of history," he said.