

Business Briefs

Water Management

Egypt may seek bigger share of Nile River

A two-day conference on water and desertification held in Cairo may result in Egypt asking for a larger share of Nile River water. Under a 1959 agreement, Egypt receives three times as much water from the Nile as does Sudan. Ethiopia is expected to contest any further demands from Egypt for more water—a dispute underscoring the urgent need to develop nuclear-powered desalination. In May, water ministers from 10 countries on the River Nile will meet in Addis Ababa.

Egyptian Minister of Public Works and Water Resources Mahmoud Abu Zeid said on April 17 that Egypt is cooperating with Uganda on clearing away weeds from the Nile, is working with Kenya to dig 100 wells for drinking water, and that Egypt is ready to cooperate with all.

The May meeting will tackle a new mechanism for cooperation and coordination for the Nile. According to Egyptian sources, “Peace in the region of East Africa completely revolves around the issue of water.”

Commodities

Price collapse hits producers, traders

The dramatic fall in commodities prices is hitting not only producer nations, where low prices have exacerbated debt problems, but also commodities traders. “Price Collapse Hits Coffee and Cocoa Market,” read a headline in the April 14 German economic daily *Handelsblatt*. The week before, May contracts for cocoa on the London futures exchange were down 38% from a year ago, the lowest level in 66 months. *Handelsblatt* said that the dramatic price decline has already resulted in the forced cancellations of futures positions, and some of the main traders have run into serious problems. The French company Unidaf, for example, one of the three leading French cocoa traders, has now publicly admitted liquidity problems. The situa-

tion in the coffee markets is similar, where prices have fallen to an 18-month low.

In a new study on the prospects for soft commodity prices, the London-based Economist Intelligence Unit states that the devaluation of the Brazilian currency, the real, in January 1999, has been one of the main triggers for the new round of price decreases. Already in 1998, EIU reports, several agricultural commodity prices went down sharply, such as Arabica coffee (-28.5%), sugar (-21.5%), wheat (1997, -23.2%; 1998, -19.6%), barley (1997, -20.7%; 1998, -37.1%), maize (1997, -24.4%; 1998, -8.8%), soybeans (-18.7%), and soybean meal (-34.8%).

The EIU forecasts that for most of the soft commodities, this trend will continue at least for the next two years. For example, prices for Arabica coffee are expected to fall 20.7% in 1999 and another 25.4% during 2000. This year, tea prices are expected to go down 20.9%, followed by sugar (-12.5%), soybeans (-18.5%), palm oil (-17.6%), rapeseed oil (-20.5%), and cocoa (-12.9%).

Communications

APMT terminates Hughes satellite contract

The Asia-Pacific Mobile Telecommunications consortium has terminated its contract with Hughes Electronics Corp. to build a \$450 million system to provide mobile telephone service to Southeast Asia. The contract, which had been finalized a year ago, included a communications satellite, a spare satellite, five switching centers, two operations centers, and 70,000 user terminals. The high-technology contract is a victim of the latest round of China-bashing in the United States.

Hughes had been denied an export license in March by the U.S. State Department, whose objections ranged from using a Chinese rocket to launch the satellite, to selling the satellite to a consortium in which China has a large representation. It was the first time the U.S. government had denied an export license of this kind.

Hughes CEO Michael Smith said that his company understands “the position of our

customer.” He added that Hughes will “continue to have discussions with AMPT and the State Department regarding alternatives that would be approved and licensed by the U.S. government.” Hughes is the world’s leading manufacturer of geostationary communications satellites.

Economic Policy

Chinese demand new, just world economic order

Chinese strategists demanded a “new, just world political economic and financial order” to counter the British-American-Commonwealth faction’s rush toward World War III, at conferences on “The International Economic and Financial Situation” on March 17 and April 14 sponsored by the China Association for International Strategy. China’s official *People’s Daily* reported on April 15. The meetings were chaired by Vice Chief of General Staff of the People’s Liberation Army Gen. Xiang Guang Kai, and more than 100 economic and financial experts, veteran diplomats, and generals attended.

Chinese strategic experts put forward the view that “recent changes in the international security situation [referring to the attacks on Iraq and Kosovo, as well as the financial crisis] make it necessary to develop a new, comprehensive strategy which embraces political security, military security, and economic security together as a single unity. . . . The new emergence of Cold War thinking, hegemonism, the politics of force, the devastation caused by the new policy of ‘gunboat diplomacy,’ and the tendency toward strengthening of military alliances are intimately connected with the imbalance in the real development of the world economy. . . . China’s entry into the WTO [World Trade Organization] would be in its own and the common interests of nations . . . but at the same time, the industrial nations are dominating the process of economic globalization. The Western countries’ policy of ‘financial liberalization’ has provided a golden opportunity for Western short-term speculative capital to carry out financial looting around the world. The economic power and scien-

THAILAND has 190,000 drug-addicted youths (1.4% of all students), of whom 75% are addicted to amphetamines and 18% to heroin, according to the Thailand Development Research Institute. At least 13 provinces have reached a critical level, but central Thailand, including Bangkok, is the hardest hit.

ZIMBABWE President Robert Mugabe said on the 19th anniversary of national independence on April 18, that 1,200 people are dying from AIDS each week. AIDS "is reversing the gains which the country has made since independence," he said. About 20% of Zimbabwe's 12.7 million people are infected with AIDS or HIV. At that rate, 625,000 will die from AIDS this year.

ITALY'S industrial production fell 3.4% for January and February compared with 1998, official statistics released in mid-April show. The sectors hardest hit are metals (-10.9%), transportation (-8%), chemical products (-5.9%), oil refineries (-5.1%), textiles (-4.8%), and rubber and plastics (-4.6%).

THE NORWEGIAN Kvaerner Group, one of the world's largest shipbuilders, will sell its global shipyards, in a major restructuring. Twelve shipyards in Europe, North America, and Asia, involving 10,000 jobs, will be sold.

AUSTRALIANS gambled away \$11 billion in 1997-98, a 41.2% increase over 1994-95, the Bureau of Statistics reported on April 9. Meanwhile, in the first three months of 1999, bankruptcies increased 11.1% over the last quarter of 1998, the Insolvency and Trustee Service of Australia reported.

A MANNED MAGLEV train made a record-breaking run of 552 kilometers per hour on an 18.4 km test track in Japan on April 14. "The ride was extremely stable, and we feel we're close to having a practical version," said Akio Seki, head of the testing center.

tific-technological level of developing countries is being kept down, and it is difficult for the developing countries to withstand all sorts of attacks and pressures."

The conclusion drawn by the conference, *People's Daily* commented, is that "the international community should make the greatest efforts to promote the creation and orderly realization of a peaceful, stable, just, and equitable new world economic and financial order, and establish a new international financial system."

Finance

Malaysian urges capital controls for Indonesia

Ibrahim Ali, Malaysia's Deputy Minister in the Prime Minister's Department, urged Indonesia on April 10 to join Malaysia in adopting capital control measures and banning currency speculation, in the effort to resolve the economic crisis. As far as Malaysia is concerned, he said, these measures have already shown positive results, and would be more effective if more nations were to join in. He added that confidence in Malaysia, which was once regarded as "crazy" for banning currency speculation, has grown because of such results, and was further strengthened when the United States and the European Union recognized the adverse effects of currency speculation.

Ibrahim Ali said that commodity trading in currencies would paralyze developing economies. Malaysia is not strong enough to influence others to follow its lead, he said, but what is urgently required now is reform of the financial system—not leadership reforms of individual nations, which should be appropriately addressed in elections.

EIR's "London Unleashes the Four Horsemen of the Apocalypse" (April 16 issue) shows how urgent is Ibrahim Ali's recommendation to Indonesia.

Meanwhile, Indonesian Defense Minister and ABRI chief General Wiranto urged a meeting of 300 U.S., European, and Asian businessmen organized by the Indonesian Chamber of Commerce and Industry, to resume investment in his nation. "Despite the outbursts of violence in several areas, most

of the country is still safe," he said, and ABRI will protect those investments.

The meeting was set up after Investment Minister Hamzah Haz reported that foreign direct investment has collapsed 90%—down from \$5.1 billion in first quarter 1998 to \$560 million in first quarter 1999. Wiranto faced tough questions: Could the military protect travellers on toll roads, who have been the target of bands of thieves, and could ABRI guarantee the safety of Indonesian Chinese? He said, "Among the measures are the order to shoot on sight anyone engaged in acts of violence and the swift deployment of troop reinforcements to areas hit by violence."

Agriculture

Russian minister promotes India ties

"Russia's cooperation with India in various areas, including the agrarian sector, assumes the nature of a strategic partnership," Russian Agriculture Minister V.A. Semyonov said on April 12, on his arrival in India on a five-day visit. Itar-Tass wrote that the purpose of Semyonov's visit is to strengthen Russo-Indian ties and to create new forms of cooperation, to help ensure Russia's food security.

Russia is interested in importing from India equipment for processing fruits, vegetables, tea, and dairy products; for animal health care, vaccines, and medicines; and for agriculture, Semyonov told Indian Agriculture Minister Dr. Rajendra Prasadrao Sompal on April 12. Semyonov said that Russia would also like to set up joint ventures in Russia, for manufacture of vaccines, food-processing equipment, and agricultural machinery.

Semyonov said, "We must look for non-standard solutions to questions connected for the further development of cooperation with India which can no longer be viewed in the monetarist respect alone. . . . Prospects for the sale of biological preparations and equipment for the food and processing industries will be discussed, which must promote the long-term development of Russia's agro-industrial branch."