

Business Briefs

Public Health

U.S. Said Vulnerable to Biological Attack

The breakdown of the U.S. health care and public health system has crippled the United States' ability to respond to an epidemic, and left it vulnerable to biological attack, Dr. Tara O'Toole, Deputy Director of the Johns Hopkins University Center for Civilian Bio-defense Studies, indicated in a talk at the Center for Strategic and International Studies in Washington on Aug. 23.

O'Toole pointed out that more than 1,000 hospitals have closed since 1990, and 30% of those remaining are losing money; even for those that aren't, the margin of profit is much smaller than it used to be. The just-in-time supply and staffing methods that hospitals have adopted have wiped out the surge capacity of both hospitals and the drug supply system. In short, she said, "Hospitals are ill-prepared to cope with epidemics." The same problem extends to the public health system as well. While state and local public health officials have the legal authority to do what they need to in the event of an epidemic outbreak, the problem, said O'Toole, is "how to translate laws into actions."

O'Toole proposes a robust research and development effort to make biological weapons obsolete (she defines "robust" as \$3 billion per year), preparing the medical and public health communities to respond to intentional epidemics, and ensuring that the public health system has the capacity to detect, track, and contain epidemic outbreaks.

Petroleum

OPEC: 'Speculation' Is Behind Price Volatility

Organization of Petroleum Exporting Countries Acting Secretary General Ghanem said that speculation is behind oil price rises, at an industry conference in Vienna on Aug. 24. "We don't see a real shortage of crude. We think that the fundamentals of the market are okay," he said. Then, in a comment virtu-

ally blacked out in Western media, he added: "I believe that the movements of prices these days, as well as the recent two months, are essentially due to speculation. Supplies coming from inside and outside OPEC have been greater than demand. In the second quarter, specifically, supply surpassed demand by more than 2 million barrels" per day.

Ghanem did not rule out an OPEC output increase in the near future. "If this price level continues, then of course OPEC has to do something," he said. OPEC does not want to disrupt the world economy.

According to media reports, only Saudi Arabia has the capacity at the moment to dramatically increase crude oil production. Most other OPEC members are running at peak production capacity.

The Venezuelan government has said that "consumer governments were to blame for high prices through market speculation, high taxes, and costly environmental rules."

Middle East

Saudi Arabia Readies National Rail Network

Saudi Arabia is building a 3,000 kilometer rail network, the Arabic daily *Al-Hayat* reported on Aug. 22. In September, a consortium which includes Saudi and Canadian firms, according to its head, Salih Matbaqani, will "present to the Communications Ministry . . . a detailed plan on building the proposed network, which crosses the country north-center and east-center west."

One rail line is proposed to go from Al-Qarayayt in the north, close to the Jordanian border around Al-Jawf, south to Hail, Al-Qasim, Buraydah, and Riyadh. This area contains the highest density of agricultural projects in the country.

The other line goes from the east, at the Persian Gulf city of Al-Dammam, Dhahran to Riyadh, to meet the line coming from the north. The eastern coast has the nation's biggest petroleum and petrochemical production capacity.

The two lines are proposed to proceed from Riyadh to the west to Medina, Mecca, and the Red Sea port cities of Jeddah and

Yanbu al-Bahr. The western part of the country, including the rectangle Medina, Yanbu, Jeddah, Mecca, and the southeastern province of Asir (bordering the Republic of Yemen) has the highest population density.

According to a World Bank estimate, the project will cost \$3.4 billion. Previous reports state that it could take four to five years to complete. Matbaqani says that private and public institutions in Saudi Arabia and abroad are interested in financing the project. The project is also backed by a number of Saudi businessmen and royal family members.

According to *Al-Hayat*, "preliminary studies of this project done by international agencies, state that it is possible to link Saudi Arabia with the 'Middle East network' which includes the Basrah line [southern Iraq] and to Palestine and beyond that." It has not yet been made public how the Saudi network would link to Iraq, Jordan, Syria, Turkey, and Egypt, as a way of connecting to the Eurasia-Africa network.

This project is a reflection of the growing attention being given to building the Eurasian Land-Bridge, also known as the New Silk Road, in the Middle East.

Raw Materials

Japan Fights Crown's Grab for Iron Ore

The British Crown's raw materials cartel, led by Rio Tinto, is maneuvering to seize even greater control of the world's iron ore production, and panicked Japanese steel producers are fighting the moves. Japan's steel mills were so opposed to a takeover bid by Rio Tinto for Australia's second-largest iron ore producer, North Ltd., announced in June, that they backed a "white knight" bid by the other giant, Anglo American. This sparked a bidding war that Rio won, giving it unprecedented dominance in global iron ore production, and putting Japan's steel mills somewhat at its mercy.

Rio has continually tried to break down the traditional Japanese "family of companies" method of collective business deals, specifically the Japanese Steel Mills (JSM) buying cartel, through which the Japanese

SOUTH KOREAN Construction and Transportation Minister Kim Yoon-Ki announced on Aug. 24 that to facilitate the “free flow of personnel and materials, serving as a bridgehead for both Koreas to form the same community at an early date,” both Koreas have agreed to build a highway through the Demilitarized Zone to reconnect the country. Ground-breaking is scheduled for Sept. 15.

THE CHINESE *People’s Daily* on Aug. 23 editorially praised the “bright prospects of the new Eurasian Continental Bridge,” and its potential to “open a new passage” for trade from Japan, both Koreas, and Southeast Asia, with Europe, Central Asia, and the Mideast. It “is progressing gradually toward a compound three-dimensional transport passageway that encompasses railway, highway, airway, waterway, and pipeline as well as cable communication.”

MOROCCO “has discovered oil and gas of good quality in the Talsent region in abundant quantities, which means that the country will be transformed from an importing to a producing country,” King Mohammed VI announced on Aug. 21. One estimate is that the Talsent region alone contains 20 billion tons of quality grade oil, which is the size of Mexico’s oil reserves.

THAILAND has a new incentive to develop nuclear power because of rising oil prices, a government expert told Thailand’s *Business Day* on Aug. 21. The state energy company EGAT had mothballed plans to investigate the potential of nuclear power following the global economic crisis which broke out in Asia in Summer 1997.

CROATIA’S unemployment rate was officially 20.5% in June, 9.4% higher than in June 1999. According to the unions, real unemployment is much higher. There are an additional 160,000 workers who are still formally employed, but have not been paid salaries for months. With these people counted, the rate would increase to 32%.

have collectively encouraged and even underwritten new iron ore producers, which have kept prices stable and, more importantly, ensured supply stability. For example, it was Japanese money that sparked the development of Australia’s now massive iron ore industry in the Pilbara region of Western Australia in the 1960s, through both direct investment, and guaranteed long-term contracts.

Despite the benefits they received from Japanese patronage, Rio Tinto forcibly bought out JSM minority shareholding of its Hammersley iron ore mine in 1981, and then, in 1987, led a proposed sellers’ cartel, comprised of Australia’s BHP and Brazil’s Companhia Vale do Rio Doce, the world’s largest iron ore producer, whose development was also subsidized by Japan, to take on Japan’s buyers’ cartel. In the decade since, the market value of Japan’s steel mills has fallen from seven times, to just half the combined value of Rio Tinto and BHP today. In that time, the JSM’s profit margins have been squeezed, while the Pilbara iron ore producers’ margins are more than 40%. These high margins give the lie to Rio’s and BHP’s union-busting against their Pilbara iron ore workforces, demanding “productivity gains” to remain “competitive.”

Crown cartel companies now control or have significant interest in all major global iron ore producers, leaving Japan no independent iron ore supply.

Banking

Dutch ING Group To Open Virtual Banking in U.S.

The Dutch insurance and banking giant ING Group, which already owns a dozen U.S. insurance companies, is planning to open what the Aug. 26 *New York Times* called a “virtual bank” on the Internet. It plans to unite all its U.S. businesses under its name as a way of building up ING as a brand name in the United States. Rather than having a branch network, its new ING Direct bank will use, in the words of the *Times*, “a scattering of cybercafés where people can drop in to buy pastry and coffee, surf the web, and perhaps check their digital accounts.”

As with most online banks, ING Direct will pay higher interest rates to attract deposits, but will not offer checking accounts. ING is now one of the larger U.S. insurance companies, thanks to its recent acquisitions of ReliaStar Financial Services and the non-health insurance units of Aetna Financial Services. According to one analyst, the financial services sector will eventually consolidate into about ten companies, and ING plans to be one of them.

Health

Kenya, Japan Produce Improved HIV Test Kit

A technological partnership between Kenya and Japan has resulted in a local HIV testing kit that will bring down costs and improve accessibility to testing, the Kenyan daily *The Nation* reported on Aug. 24. The Japanese government sees the initiative as one of technology transfer to developing nations as they grapple with devastating diseases such as AIDS. Japan and Kenya have “successfully developed an HIV screening kit whose main objective is to ensure safe blood supply countrywide through the use of simple technology,” said Morihisa Aoki, Japan’s Ambassador to Kenya, during a training program on blood screening strategies for viral hepatitis B and HIV/AIDS in Sub-Saharan Africa.

The kit is easy to use in rural areas because it does not require sophisticated equipment or electricity. The kit is being piloted in seven provincial hospitals and five other evaluation centers. The biggest benefit of the kit is clearly cost. There are other HIV testing kits in Kenya that also do not require electricity, but these remain out of reach for most hospitals because of their exorbitant cost.

Another advantage of the kit is that its users only require a short training period. Last February, 16 users of the new test from Ethiopia, Eritrea, Ghana, Tanzania, and Zimbabwe were also training at KEMRI, the Kenyan firm working to develop the kit. Experts from a Japanese firm which manufactures Seroda, another rapid test kit, came to Kenya and trained KEMRI scientists. Three KEMRI scientists later went to Japan for further training.