

Business Briefs

Asia

Ganges-Mekong Nations Meet in Vientiane

The "Vientiane Declaration," designed to boost cooperation among nations along the Ganges and Mekong Rivers, was signed by India, Laos, Thailand, Cambodia, Vietnam, and Myanmar in the Laotian capital, Vientiane, Nov. 10. A highlight of the initiative is the push for a trans-Asian highway to connect India with Southeast Asia.

A stumbling block to this has been Myanmar, which has all but closed its borders with its neighbors. But Myanmar's representative, Saw Lwin, stated that the Yangon government is "prepared to pave the way in our position as the strategic gateway to India." In several recent high-level diplomatic meetings, relations between India and Myanmar have warmed, and the two nations will soon inaugurate a 160 km road, built by India to connect Tamu, India with Kalemyo in Burma's Sagaing division.

Since the days when international trade was first documented, India and Thailand have maintained trading relations, and a return to an overland route would provide great benefits for all the nations in the region.

The Western press is spinning this as an effort by India to counter Chinese influence in the region, with no mention of the broader implications. However, the project is primarily intended to promote regional economic cooperation, and is not intended to establish a military grouping against anybody. Laotian Deputy Prime Minister and Foreign Minister Somsavat Lengsabad stated on Nov. 9.

Petrochemical Industry

Thailand's State Firm Targetted for Shutdown

As bankers, executives, and others gathered on Nov. 16 to divide up Thai Petrochemical Industries (TPI), Thailand's largest debtor at \$3.2 billion, they were interrupted by 5,000 protesters, mostly workers from a nearby TPI plant. The meeting was then postponed until Nov. 27, at an undisclosed venue.

The workers' protest focussed on three issues, including layoffs and wage cuts. Effective Planners, a subsidiary of the Australian accountancy firm Ferrier Hodgson, which is running the bankruptcy reorganization, is denying that there are plans for layoffs, but has announced plans to sell off "non-core" industries and reduce production.

Second, workers are opposed to the current debt-restructuring plan, which calls for the Thai owners' shareholding in TPI to be diluted from 60% to 25%, conceding majority control to foreign creditors, who will convert unpaid interest into equity. Third, Effective Planners is bleeding the firm dry through very high consultancy and other fees.

On Nov. 17, workers continued their protests with a 600-person demonstration at the U.S. Embassy. Letters to U.S. officials asked for assistance in ensuring that U.S. banks did not take advantage of Thai firms. Protesters later presented similar letters to officials of Bank of America Bangkok Bank, and Citibank.

Reaction has been fast and vicious. As the Thai currency, the baht, dropped through a key support level to 44.19 to the dollar, various bankers made mafioso-like threats and *The Nation* compared the possible fate of TPI to that of South Korea's Daewoo.

On the other hand, the Thai Rak Thai party, tailing after popular opinion, promised to amend the bankruptcy and 11 economic-reform laws if it wins the Jan. 6 election. The TPI problem is widely blamed on the 11 economic reform laws enacted by the Chuan government, which were mandated by the International Monetary Fund as part of a three-year "reform" program.

Middle East

Adopt 'Schuman Plan,' Says Jordan's Prince

Jordan's Prince Hassan called for a "Schuman Plan" for the Middle East, centering around water development, in a keynote speech to the Trilateral Commission's European branch meeting in Milan on Nov. 10-12. The meeting focussed on "Euro-Mediterranean relations."

According to a report received by *EIR* from a Trilateral Commission figure who was at the meeting, the Prince said that political issues in the Middle East must be resolved. But, now is the time to put on the table, ideas for multilateral economic development. The model for this, should be what was done in Europe after World War II, when longtime enemies France and Germany came together around cooperation in coal and steel, products that had been bones of contention in Europe. This was codified in the famous "Schuman Plan," put forward by French Foreign Minister Robert Schuman.

Now, he said, the Middle East needs a "Schuman Plan," but this time, the focus of cooperation should be water. The area comprising Palestine, Israel, Lebanon, and Syria suffers from severe water shortages, and could be the focus of future "water wars," so the Schuman Plan precedent is exactly what is needed.

Lyndon LaRouche has insisted, for the better part of the past 25 years, that development of water resources is the key to Mideast peace, and that without it, no solution can be found to the region's political disagreements.

Central Asia

Kazakstan Prioritizes Caspian Oil Land Route

Kazakstan is prioritizing the land route, via Russia, for the transport of Caspian Sea oil, and work is making progress. On the other hand, the fate of the Trans-Caspian Sea pipeline, which Anglo-American geopoliticians still advertise as a non-Russian route for the transfer of gas to the West, is increasingly in doubt.

After Kazak President Nursultan Nazarbayev met with Russian Transport Minister Sergei Frank on Nov. 10, the Kazak government informed Moscow that it intends to join the Grand North-South Transportation Route from Russia to India, via Kazakstan and Iran. This route would include cooperation in the Caspian Sea region, which Russia, Kazakstan, and Iran border on.

Zhakyp Marabayev, chairman of Kazak oil, announced on Nov. 14 that work on the 1,500-kilometer oil pipeline from Kazakstan's Karachaganak oil field to the Rus-

sian Black Sea port of Novorossiisk is on schedule. The 635 km of pipelines on Kazak territory will be completed by the end of 2003, Marabayev said. In a parallel effort, Kazakstan will build a refinery complex for oil and another industrial complex for the processing of gas, in the Karachanagak region.

Russia is offering Europe and other Western regions access to Kazak oil via new terminals, one of which is already completed, at Novorossiisk, and the other is to be completed soon, at Primorsk, near St. Petersburg. Both terminals will be linked by pipeline to the Tengiz oil field in Kazakstan in the near future. Pending an end of warfare in Chechnya and Dagestan, the Russians are also offering a third, Caspian Sea route to the Kazaks, via Aktau and Makhachkala.

The project for a southern route for a new oil pipeline via Iran, will be on the agenda of upcoming Kazak-Turkmen talks. It was discussed between Turkmen President Saparmurat Niyazov and Kazak Ambassador to Turkmenistan Amangeldy Zhumabayev, on Nov. 11. The Iranian route would be the shortest, and least costly.

Nuclear Energy

Asian Forum Links Use To Economic Development

Delegates from nine member-countries of the Forum for Nuclear Cooperation in Asia drafted a communiqué designed to prepare the region to cope with widespread use of nuclear technology in the near future. Santad Somchevita, a Thai delegate to the forum, stated, "Nuclear power would be the tool for social and economic development in the Asian region. . . . In this new century, widespread use of nuclear technology for both generating electricity and for other purposes, such as medical treatment, agriculture, and research, will make Asia the new center for nuclear technology after North America and Europe."

Delegates agreed to set up research studies and strengthen cooperation in seven areas, including utilization of research reactors, nuclear energy for agriculture and medical science, public information, radio-

active waste management, nuclear safety, and human resource development.

The Forum divided responsibility for specific topics among member-countries. For example, "Thailand would take charge of researching nuclear technology for agriculture while Korea and Vietnam control radioactive waste management. Korea has a nuclear power plant, while Vietnam plans to build its first 1,200 megawatt nuclear power plant in 2010."

Participating in the meeting were Thailand, Australia, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, and Vietnam.

Oil Prices

OPEC Officials Attack Speculators Once Again

Returning from a one-day trip to Moscow, Ali Rodríguez Araque, Venezuelan Minister of Oil and Organization of Petroleum Exporting Countries Secretary General-elect, in an interview with France's economic daily *La Tribune* on Nov. 17, charged speculators with creating a "market" that did not really exist, adding up to \$8 to the price of a barrel in a single day of trading with such paper barrels. "There were days, on which more than 150 million barrels, that is, double the world's demand, were negotiated on the markets" by speculators, he said.

The English-language daily *Saudi Gazette*, based in the United States, on Nov. 16 blamed derivatives traders for oil price rises and for "bringing about the world's next financial catastrophe." The newspaper's comments came in the context of Saudi Oil Minister Ali Al-Nuaimi's remarks prior to the Nov. 17 oil producer-consumer meeting in Saudi Arabia.

According to a paraphrase by Agence France Presse, *Saudi Gazette* said that "the world oil market is held captive by derivatives market" speculators. "Speculators in the derivatives markets could bring about the world's next financial catastrophe. If oil prices are pushed substantially above current levels by speculation—paper demand for non-existent paper barrels—the effect on the world economy could be disastrous."

WHEELING-PITTSBURGH, the ninth-largest U.S. steel producer, filed for Chapter 11 bankruptcy protection in November, its second filing in 15 years. The inadequate expansion of the U.S. physical economy, and in a more delimited way, the growth of imports, have hurt the U.S. steel industry.

THE POLISH Treasury has filed a lawsuit to overturn the partial privatization of Poland's largest insurance company, PZU, charging that the Dutch investors, Eureko and BIG Bank Gdanski, misled the government. The government wants to protect the stability of PZU.

PARAGUAY has "temporarily" suspended payment of domestic and foreign debt, involving \$45 million in interest and principal payments to multilateral lending agencies. The Secretary of State has also announced that November pensions will not be paid. Payment of wages for 200,000 employees hinges on approval of an \$85 million bond issuance.

RUSSIA'S space agency announced plans on Nov. 16 to deorbit the Mir space station in late February 2001. It appears that this policy has now been agreed upon by all of the relevant agencies, because resources are needed for the International Space Station, two astrophysics satellites with international partners, and domestic satellites for communications, meteorology, and navigation, which require new launches.

CHINA AND LAOS signed an agreement on Nov. 12, whereby China will "provide assistance to Laos within [China's] capacity," and will support mutually beneficial collaboration in trade, investment, and agriculture. Laos has been hit hard by economic problems in Thailand, which had been its biggest investor and trade partner. Laos has suffered from hyperinflation and currency weakness since 1998. China has provided interest-free loans to support Laos's currency.