

# Business Briefs

## Saudi Arabia

### Oil-rich kingdom facing major financial crisis

The Kingdom of Saudi Arabia is facing a rapidly deteriorating internal financial crisis of an unprecedented dimension, City of London oil and banking sources have told *EIR*. This assessment was also covered in the Aug. 14 London *Guardian*.

According to sources, Saudi Arabia was recently the subject of a highly classified U.S. government inter-agency meeting to discuss possible downgrading of the kingdom's current top-grade credit rating. The Federal Reserve pressed strongly for a downgrade, but was stopped for the time being because of intense opposition from U.S. Treasury Secretary Lloyd Bentsen. A downgrade would force U.S. bank lenders to Saudi Arabia to sharply increase loan loss provisions for Saudi loans.

"The Saudi share of total Gulf war costs comes to some \$60 billion. As well, they have been hit by the steady fall in world oil prices," said one London analyst. "To make matters worse, during the 1980s the Saudi government was convinced by their American and British financial advisers to invest a large share of Saudi oil earnings in global real estate. Those assets are now mostly illiquid or in default. The matter is being regarded in Washington with considerable alarm as Saudi Arabia has been a key financial prop for U.S. Treasury markets since certain covert agreements made during the time of [former Secretary of State Henry] Kissinger."

## Environmentalism

### Polish group says: Go nuclear for cleaner energy

The Polish Nuclear Society has issued a statement calling for replacing some of Poland's coal-fired plants with nuclear plants for environmental reasons, the August issue of *Nuclear Energy INFO* reported.

Coal plants, none of which have pollution-

control equipment, account for 96% of Poland's electricity, and contribute to its severe pollution problems. Poland stopped construction on its first nuclear plant in 1990.

The statement discussed the impact of international efforts to reduce carbon dioxide emissions, saying that "an unavoidable consequence . . . would be the need to replace coal-fired plants with nuclear ones." The statement noted that western help would be needed to counter the "distorted perception of nuclear power and its usefulness to Poland."

## Trade

### EC restricts aluminum imports from CIS

The European Community has decided to restrict imports of aluminum from the Community of Independent States to 60,000 tons until the end of November 1993. This protectionist move reveals the inner contradictions of "free trade."

While Russian industry and aluminum consumption are collapsing, Russia is flooding western Europe with cheap aluminum. Since 1989, Russian aluminum exports into the EC have increased from 147,000 tons to 529,000 tons in 1992. European aluminum producers are complaining that Russian aluminum is much cheaper because of "artificially low energy prices" and a lack of environmental safety measures.

The Aug. 11 London *Financial Times* reported that the Russian ministry for foreign economic relations is protesting that "restrictions on aluminum imports from Russia contradict numerous declarations of Community representatives about support for Russian reforms and trade liberalization." The main trader of Russian aluminum exports is financial speculator Marc Rich.

The main European aluminum cartels (the German VAW Aluminum AG, the French Pechiney SA, and the European Aluminum Association) have welcomed the EC declaration. Included in the EC decision is all Russian aluminum which reaches the EC via third

countries. This measure is particularly aimed against the Russian aluminum on the London Metal Exchange.

It is expected that cheap Russian aluminum will increasingly be directed toward the United States. Aluminium Company of America (ALCOA), the world's biggest aluminum cartel, has already announced that it will act "to protect ourselves" against this "unfair trade."

However, Paul O'Neill, the chairman of ALCOA and "a fervent free-trade advocate" according to the *Financial Times*, is "extremely disappointed" by the EC decision. He warned, "The EC's move would certainly increase trade friction and might force the U.S. industry to ask its government to take retaliatory action."

## Public Health

### Quarantine of HIV cases gaining support

Cuba's policy of quarantining those infected with HIV, the virus that causes AIDS, was praised by the Aug. 11 *Washington Post*. Heretofore, the suggestion of quarantine measures to deal with the AIDS epidemic has been vilified by the liberal press as "concentration camps."

The paper reported on "Cuba's unusual approach to keeping the AIDS virus from spreading." Author Douglas Farah, who visited El Maranon, one of 13 sanatoriums for HIV-positive people in Cuba, wrote, "The strategy consists of providing the infected with medical treatment and a special diet, while limiting their ability to transmit the disease by limiting their contact with society at large." According to the head of epidemiology at El Maranon, Rigoberto Torres, "So far we have an arithmetic progression in cases, not a geometric progression like you see in most countries."

Despite severe economic hardships in Cuba, the expensive regimen, which costs \$38,000 per patient per year, has been maintained. Cuba has an aggressive testing program, and those who test positive are pres-

## Briefly

● **THE GERMAN STEEL** industry continues its collapse, with production expected to fall by more than 10% and consumption by 12% in 1993 compared to 1992, the *Steel Report 1993* of the German economic institute RWI reports. More than 50,000 steel workers will lose their jobs by the end of 1994.

● **A MEMBER** of the Group of 30, a front for Morgan and other leading banks, and the world's central banks, admitted to *EIR* that financial derivatives could lead to a meltdown of the world financial system. In July, the group released a report which white-washed the danger posed by derivatives trading.

● **SULFURMINING** is in depression conditions in the United States, the Aug. 12 *Houston Chronicle* reported. The main reason for drastically declining prices and layoffs is that sulfur is mainly used in the production of fertilizer. India and China, for example, two of the biggest importers of U.S. fertilizer, have cut their imports in half.

● **FRANCE** is aging, *Le Figaro* reported Aug. 11. The latest census (for 1990) reveals that there are 1 million more people under the age of 20 than 15 years ago, and 3 million more over 60 than 30 years ago. Those over 60 represent 11 million, or one-fifth of the population of 56.6 million.

● **THAILAND** has approximately 600,000 cases of HIV infection, the *Neue Zürcher Zeitung* reported Aug. 12. At the current rate of growth of the AIDS epidemic, by the year 2000 Thailand will be spending \$2 billion a year to care for the AIDS-infected.

● **MEXICO'S DEBT** is at its highest point in history, \$111.2 billion, the Bank of Mexico announced Aug. 9. The figure is 34% of Gross National Product. The news comes like a bucket of cold water to those who rejected *EIR's* analysis of the Mexican economy and advice against International Monetary Fund policies.

sure, but not forced, to live in the sanatoriums. Those who had salaries are provided 100% of their former salaries; those without salaries are given half of the minimum salary. Study or work of up to four hours a day is permitted. Patients are allowed out on accompanied visits.

A high-protein diet of 4,000 calories a day is provided—far more than the food ration available to the general population. "If any symptom appears . . . in consultation with the doctors, each patient chooses from an array of treatments, including interferon. Medicine is free and when the disease progresses to AIDS, the person is transferred to a Havana hospital."

However, there is no crash program to stop AIDS, and Cuba has a continuous "public health campaign promoting the use of condoms and other safe-sex practices, especially among adolescents."

### Infrastructure

#### Businessman pushing Eurasian rail projects

French businessman Michel-Edouard Leclerc is mobilizing support for a proposal to build high-speed rail (TGV) networks from Paris to Johannesburg, South Africa, and from Paris to Beijing via Moscow, as a way of creating millions of jobs and solving the problem of unemployment, especially among immigrants, in France. The proposal is being advertised on posters that have been put up all over Paris.

Leclerc is the owner of the Leclerc supermarket chain. The posters show maps of Europe and Africa, and Europe and Asia, with TGV rail networks shown along the Paris-Johannesburg and Paris-Moscow-Beijing routes. The advertisements claim that perhaps as many as 21 million jobs could be created through such a rail-building program. One of the posters shows a TGV rail line and a space shuttle together, to communicate the idea of an overall reinvigoration of French technological and infrastructural capabilities.

Earlier this summer in the daily *Libéra-*

*tion*, Leclerc called for spending 6 trillion francs (over \$1 trillion) on infrastructural projects, arguing that the repayment of the loans which would be needed for such projects would come from "the transfer of the current cost of unemployment" compensation.

### Health

#### Vaccine-resistant cholera strain spreads

The vaccine-resistant new strain of "Bengal cholera" has now been confirmed to be found in Thailand, and threatens a global epidemic, according to the World Health Organization and the U.S. Centers for Disease Control. Doctors in Thailand wrote a letter to the British medical journal *Lancet* saying that Bengal cholera had been found in Bangkok.

A group of researchers in Bangladesh wrote in *Lancet*, "It is important that other countries . . . are aware of the strain's potential to cause severe morbidity and mortality." Infection with older strains of cholera does not make people immune to the new strain, health authorities report. Most cases are adults.

Two U.S. researchers warned that the new strain could start the eighth cholera pandemic.

The new strain, which cannot be detected by standard laboratory techniques, was first discovered in eastern India and Bangladesh a year ago, and there have been at least 100,000 cases. One non-fatal case of the cholera has been detected in the United States, in a woman who had been in India. Another case occurred in Berlin. About 17 cases of cholera have also been found in Russian cities in recent months, although it is not confirmed if these are the "Bengal cholera" strain. Russian Deputy Health Minister Anatoli Monisov said that the cholera was brought into Russia from India, Pakistan, and Turkey.

The cholera pandemic which struck South America and Africa in recent years was caused by the "El Tor" type of cholera bacterium, which can survive for a long time in water. Laboratory tests suggest that the new cholera strain is even harder than the "El Tor" type and can survive longer in water.