

Business Briefs

Finance

Japan urges Asia to go slow on deregulation

Asian nations should resist U.S. calls for faster financial deregulation, Japan told finance ministers at the Asia-Pacific Economic Cooperation (APEC) forum in Honolulu on March 20. Financial liberalization should only go at a pace "that would not disrupt the economic stability of the region," an official of Japan's Ministry of Finance told reporters.

"Japan's postwar economic growth was made possible due to regulations and protective measures, such as interest rate controls and concentrated investment in priority industries," he added. "It was only in the 1970s, when those regulations became an obstacle to further growth, that Japan started to remove them."

"Many Asian financial markets are in the infant stage. It is not fair for them to have to compete with adults," said a senior Chinese official. "The United States is trying to push very hard to ask developing members of APEC to pry open their financial markets. It's not a matter of right or wrong, it's a matter of how fast and how far."

Banking

France will bail out Crédit Lyonnais

The French government has prepared a 50 billion franc (\$8.4 billion) restructuring package for Crédit Lyonnais, in order to prevent it from going bankrupt. The government will allow the state-controlled bank to transfer 40 billion francs in bad loans to a new company that will be managed by Crédit Lyonnais and will be guaranteed by the state. The bank will get 10 billion francs in new capital from the state and will sell at least 20 billion francs of assets by the end of 1995.

The bad loans were mostly to Paris real estate speculators and to film companies such as Metro Goldwyn Mayer, Inc. in Hollywood. In addition, the bank had an unprecedented loss of 6.9 billion francs in 1993, more than

three times 1992 losses. About 4,700 jobs, more than 10% of the bank's work force, will be eliminated. Chairman Jean Peyrelevade warned that he cannot exclude further loan-loss provisions in coming months.

"This Crédit Lyonnais problem is very serious, I don't think the financial markets have yet absorbed how serious it is," a City of London source told *EIR* on March 25. "Crédit Lyonnais was involved in everything, from derivatives to over-trading in securities. It succumbed to all the worst excesses of the past years in the banking world." The global implications of such an important European banking institution getting into such problems could not be underestimated, he stressed. Crédit Lyonnais has branches and subsidiaries all over Europe, especially in Germany, Spain, and the Netherlands.

Medicine

New polio vaccine will not need refrigeration

A polio vaccine that needs no refrigeration, even in tropical temperatures, may be made with heavy water, Karl Simpson of the company Benezech-Simpson in Lyon, France and Radu Crainic of the Pasteur Institute in Paris said in a report to a symposium of the Children's Vaccine Initiative in Washington on March 23.

The two researchers say that heavy water (water in which deuterium takes the place of normal hydrogen) has a characteristic that slows down the natural degradation of the oral vaccine. The need for refrigeration greatly affects the cost and availability of polio vaccine in the tropics.

The Children's Vaccine Initiative, sponsored by Unicef, the U.N. Development Program, the Rockefeller Foundation, the World Bank, and the World Health Organization, seeks to create vaccines that require only one or two doses, can be given earlier in life, can be combined, do not require refrigeration, protect against diseases for which there are now no vaccines, and are available to all.

Dr. Francis André of Smith Kline Beecham Pharmaceuticals in Rixensart, Belgium, told the meeting that live vaccine carri-

ers may make it possible to create a single vaccine against many diseases. In one approach, genetic information needed to make the protective antigens is inserted into a virus or bacterium. Another approach for multiple protection is based upon "naked DNA," in which there is no virus or bacterium, but only the DNA for making a particular antigen.

Raw Materials

China facing worst cotton crisis since '78

China is now in the "most serious cotton crisis since 1978," with thousands of textile enterprises shutting down or desperately trying to get supplies from the interior, according to the *Peasants' Daily* in February. Hong Kong press reports say that last year, production of cotton, one of China's staple agricultural products, fell to the lowest level since 1989, and government purchases were at the lowest level since 1978. The government raised cotton prices 21% in January, but this was too little, too late.

China is expected to become a net importer of cotton during 1994, paying premium prices for the declining world supply. Chinese cotton production has been at the mercy of both natural disasters and "cotton wars" between the central government production goals and those of the regional governments. Overall, average production on a per hectare basis has not expanded since the bumper crop of 1984, and in fact fell by almost 30% per hectare in 1992. Chinese agriculture is especially vulnerable to pests, disease, and bad weather because of the low scientific level of farming.

China's textile industry is also seriously outdated and its future is becoming "more and more critical," the *People's Daily* reported in January, even though it is the primary national export industry, accounting for 30% of exports. The industry has been losing money for three years, its exports face serious competition from other Third World nations, and even the domestic market is being lost to imports.

In January, the head of the General Chamber of Textiles called for shutting down 25% of production capacity that is most outdated. The *Economic Information Daily* reports that

industry equipment is 30 years behind state-of-the-art technology and that 40% of exports are of medium to low quality. But, it says, the lack of modern equipment is not due to lack of R&D in China, but to lack of funds to implement new technologies.

Infrastructure

Navigable river network nears completion

A 3,600-mile navigable river network in southern South America came closer to completion in early March with the opening of a 79-foot lock at the Tres Irmaos Dam in Pereira Barreto, Brazil. The lock connects the Paraná River basin of Argentina, Paraguay, and Bolivia with the river system feeding east to São Paulo, Brazil. The Presidents of Paraguay and Bolivia inaugurated the opening of the lock. President Itamar Franco of Brazil was unable to attend because of illness.

The lock, plus a second one still under construction, will link the Tiete and Paraná rivers forming a navigable system 1,500 miles long. Special terminals will enable cargo to be moved from barges to trucks and trains, and vice versa. The system is expected to be handling 5 million tons of cargo by December 1994, and 20 million tons when the Paraguay River basin to the west, linking Bolivia and north-west Argentina, is completed by the year 2000. The construction of that link will complete the 3,600-mile waterway.

Trade

South Korea seeks to expand ties with Japan

South Korean President Kim Young-Sam called for expanded Korean-Japanese trade in language clearly related to his plan for an East Asian common market with Korea, Japan, and China, while on a visit to Tokyo on March 25. He promised to throw open markets in his country and asked Japan to do the same. "Our two countries should work

more closely together to remove marketing obstacles stemming from differences in economic systems and business practices through close consultations," he told Japanese business leaders.

Kim said South Korea is concerned about its \$8 billion annual trade deficit with Japan, and urged Japanese to invest more in Korea to boost Korean exports. "We have drawn up a bill to permit foreign businessmen to acquire the land they need—one of the biggest obstacles to internal investment," he said.

For the first time since the end of Japan's harsh 1910-45 colonial rule over Korea, Kim invited Japanese Emperor Akihito to visit South Korea. "I think it would be a good thing for friendly relations," he told Akihito and Empress Michiko. "We must not let our past fetter our progress into the future any longer." Akihito's 1992 trip to China was the signal for a wave of Japanese industrial investment in China.

Economic Policy

Pope urges reform of world economic order

Pope John Paul II called for the reform of the world economic system at a meeting with Italian trade union leaders and the heads of the central bank and the industrialists' association, on the March 19 feast of St. Joseph, the patron of workers.

According to the March 20 Italian daily *La Stampa*, the pope said: "More and more numerous are the countries that are victims of exploitation in the context of the present international economic systems." Less and less is being paid for products of "hard labor" in agriculture and more and more for industrial products. Many nations, instead of development, "are condemned to stagnation, to unemployment, to emigration. It is an unjust system that today becomes a world problem."

The pope admonished the trade unionists, "You, people responsible for justice, for the conditions of the workers wherever they are on the earth . . . must shout loudly, must demand the changing of this order."

Briefly

● **BRITISH** rural poverty exceeds 20%, according to a study by the Rural Development Commission, the March 26 London *Financial Times* reported. At least 20% of households were living on or below the poverty line in 9 of 12 counties surveyed.

● **SOUTH KOREA'S** leading oil refiner, Yukong Ltd., has agreed to build a refinery in China at a cost of up to \$1.5 billion. The biggest joint venture since the two nations established diplomatic ties in 1992, the refinery will be built in Shenzhen with a processing capacity of 100-150,000 barrels a day.

● **AN EAST ASIAN** common market will be discussed by South Korean President Kim Young-Sam during his trip to China in late March, a Seoul government official said. He will seek duty-free trade of automobiles, aircraft, high-definition television, and communications equipment as a first step toward "the possibility of setting up a European Union-style common market in northeast Asia."

● **THE OIL INDUSTRY** is "damn-near extinct," Clayton Williams, a west Texas oilman, told a hearing in Austin of the Texas Railroad Commission, which regulates oil and gas production, the March 24 *Houston Chronicle* reported. He proposed a program to revive the industry through tax breaks, fewer regulations, incentives, and a federal oil import fee.

● **JARDINE MATHESON**, the British trading company historically involved in the opium trade, announced that it will cease trading its shares on the Hong Kong stock exchange at the end of the year, the BBC reported on March 24. China called the move "irresponsible."

● **ALLIED SIGNAL** announced in March that it will shut down its plant for chlorofluorocarbons (CFCs) in Danville, Illinois, laying off most of its work force.