

Business Briefs

Petroleum

Talks in Chechnya on Baku oil route

Aides to Azerbaijani President Haidar Aliyev said Nov. 18 that Boris Berezovsky, deputy secretary of Russia's Security Council, had met Aliyev in Grozny, Chechnya, in mid-November, to give assurances for the safe transport of "early" Azerbaijani oil to Russia via Chechnya, Interfax news agency reported. The worries voiced by Azerbaijan and Western oil consortium members over security on the Chechnya segment of the Baku-Novorossiisk pipeline, were "unwarranted," according to Berezovsky's reported remarks.

The "early" oil, due to be shipped beginning in August 1997, is small in quantity, but using the Novorossiisk route would establish a precedent for future oil shipments from Azerbaijan.

In an interview with *Segodnya*, Berezovsky denied that the fact that he is the largest shareholder in the Sibneft oil company affects his Security Council performance.

Britain

Pensioners cheated in privatization

The British Labour Party's "shadow" Treasury spokesman, Alistair Darling, said that a half-million Britons were cheated by government-promoted "private pension" schemes, the London *Independent* reported Nov. 15. The charge that people had been sold private pensions after a government drive to switch people from the State Earnings Related Pensions (Serps), came as the Conservative government is moving toward the next phase of pension privatization. "People will be deeply suspicious of a government with such an appalling record, actively encouraging people to do it again," Darling said.

On Nov. 14, Labour Party shadow Social Security Secretary Harriet Harman warned that "the writing is on the wall for state pensions." Her remarks came in response to reports that a policy paper by Tory parliamentarian

Geoffrey Clifton-Brown, backed by the "Bow Group" faction in the Tory Party, will propose "the total privatization of state pensions." Clifton-Brown is claiming that the current state pension is a poor investment, and investing two-thirds of national insurance contributions in a private fund, could earn the equivalent of \$400 million per week.

According to Brown, "bad publicity" could be undermining the private schemes. For 1994-95, some 5.56 million people had such pensions, but this was a drop-off of 100,000 from the previous year.

Infrastructure

Eurasian rail routes debated in Russia

In a report on Russian Federation Council hearings about Russian-Chinese border demarcation problems (which had been scheduled for Nov. 13), *Rossiiskaya Gazeta* of Nov. 11 raised the possibility of Sino-Russian disputes over Eurasian rail routes, a specter which was also mentioned by U.S.A.-Canada Institute head Rogov in a recent interview. But others in Russia are taking a more positive view.

The paper reported: "Attention will focus on approximately 300 hectares of land in the Tumannaya River Valley. Under the new plan, two stretches of the river valley will go to China, which intends to use them to build the large port of Tumenjiang, within the framework of creating an international free economic zone involving the P.R.C., South Korea, Mongolia, and Russia."

The Russian parliamentary debate will be "heated," the paper forecast. "After all, certain specialists (particularly from the opposition) are predicting that the creation of the port of Tumenjiang will redirect current Asia-Pacific trade flows away from the Russian ports of Vladivostok and Nakhodka, to the new Chinese port. And the bulk of the goods will be carried not on the Baykal-Amur and Trans-Siberian railroads, but on our neighbor's rail network."

However, the paper reported, "The Russian Federation Foreign Ministry . . . is convinced that the country's participation in the

Tumenjiang project will, on the contrary, attract goods to the Trans-Siberian and Baykal-Amur railroads, thanks to our having developed major port and business links."

Space

France, Japan to join in manned projects

On the first day of official talks in Tokyo on Nov. 18, French President Jacques Chirac signed an agreement for joint Franco-Japanese development of technologies for manned space missions in the next century, the German daily *Berliner Morgenpost* reported. The agreement includes the perspective of cooperation in Moon and Mars missions, as well as in the development and construction of a manned space station.

In respect to cooperation with Russia, France, which had put about \$110 million into the international "Mars 96" mission that failed on Nov. 17, has signalled its commitment to continue to invest in Russian Mars projects in the future, despite the unfortunate end of this particular mission.

Industry

Anglo-American buys up chunk of Lonrho

On Oct. 29, the South African-based Anglo-American Corp., a key instrument for the Club of the Isles' hoarding strategy and the world's largest raw materials company, purchased Dieter Bock's 18.3% ownership share of Lonrho, a mining-conglomerate company, the London *Economist* reported Nov. 2. This lifts Anglo-American's share in Lonrho to 25.9%. Bock took over as executive director of Lonrho after Tiny Rowland was pushed into the background.

The significance of the takeover is that Lonrho is the biggest shareholder, with a 30% stake, in Ashanti Goldfields, the largest African gold-mining company, outside of South Africa. (Ashanti owns the Obuasi gold field, one of the finest in the world.) South Africa's share of of total world gold output

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has shrunk from 52% in 1980, to 23% last year. As one senior manager for the Oppenheimer family-run Anglo-American put it: "If we want to maintain our position as a major player in gold, we've got to go to the rest of Africa."

If the Oppenheims are on the prowl for acquisitions, one of the richest mineral-producing areas in the world (not gold, but of many other minerals) is Zaire, including Shabaprovence (formerly Katanga) that British mouthpiece Conor Cruise O'Brien would like to see split off as a "separate entity."

Italy

Craxi attacks Soros, Prodi, Bank of Italy

Former Italian Prime Minister Bettino Craxi attacked George Soros, "his adviser" Prime Minister Romano Prodi, and the Bank of Italy for speculation against the Italian currency, the lira, in a letter in the Nov. 11 *Gazzetta del Mezzogiorno*. The Ministry of Justice is currently investigating the role of Soros in the 1992 assault on the lira and other crimes, in an investigation which was triggered by a legal brief presented by LaRouche supporters' Solidarity Movement.

Rino Formica, finance minister in 1992, "rightly pointed to an issue that has . . . gone unanswered until now," Craxi wrote. "I am referring to the devaluation of the lira in September 1992." Craxi said that the lira was not "overvalued," and the trade balance was "completely normal." What was not normal was a large speculation "against the lira and other European currencies." The attack was so strong, Craxi wrote, that the lira could not be supported only by operating on the exchange, i.e., pumping money from the reserves. In fact, this is what the speculators wanted. The Central Bank did exactly what the speculators expected, and from July to September 1992, "bought lira for the huge amount of \$48 billion."

"It would be very interesting now to reconstruct the list of the main national and international elements that participated in the speculation. It is also clear that some clever sharks of the Italian financial world—maybe even some national bank—felt comfortable

in the waters of that speculation," Craxi said.

"One of the speculators was the usual Soros, the American financier, the same who stated that Italy was a 'tasty morsel.' . . . The present prime minister, Romano Prodi, was one of his managers and advisers, also concerning his relations with Moscow, and that, in the presence of Prodi, Soros received an *honoris causa* from the University of Bologna.

"Of course after all this nothing happened. Nobody bothered to analyze that bizarre story and to demand that the responsible parties account for what they did."

Banking

Another bank goes belly up in Japan

Japanese authorities completely closed down the Hanwa Bank near Osaka on Nov. 21, the first time they have done so in five decades. Finance Ministry figures showed Hanwa Bank Ltd. to be completely illiquid, with \$1.71 billion in bad loans, against capital of \$182 million at the end of September, wires reported.

Housewives, shopkeepers, and students lined up for two hours outside the bank's headquarters in Wakayama near Osaka, to withdraw their money. It was the third bank failure in Japan since the end of World War II. There was one last year and one earlier this year, but these banks were reorganized, rather than being closed. Eleven smaller credit unions and credit associations have also gone under since December 1994.

Bank President Zenji Watanabe said that Hanwa's loans to the real estate sector were abnormally high, at about 30% of its lending, compared with only about 10% for similar-sized banks.

Finance Minister Hiroshi Mitsuzuka and Bank of Japan Governor Yasuo Matsushita told a news conference that all depositors would be protected, and that the Japanese government is now acting preemptively to close banks. "The Bank of Japan believes that prompt measures to deal with insolvent financial institutions without delay will lead to the early rejuvenation of the functions of the Japanese financial system," Matsushita said.

SIBERIAN river projects were discussed at a seminar in Tashkent in November, including the diversion of the Ob and Irtysh rivers to replenish the Aral Sea, *Rossiiskaya Gazeta* reported. "The discussion did not result in anything concrete, but the fact in itself is significant," it said.

CHINA AND VIETNAM will start up a second cross-border rail service on Dec. 6, a Vietnam Railways official said, the London *Financial Times* reported. The 761 kilometer route will connect Hanoi to Kunming, in China's Yunnan province. Two trains weekly are expected to carry 300-400,000 tons of freight.

ISRAEL'S economy will collapse, unless a 6-7 billion shekel cut (about \$2 billion) in the 1997 state budget is implemented, Prime Minister Benjamin Netanyahu warned, *Globes* reported Nov. 19. Finance Minister Dan Meridor says a further 2 billion cut will be required in the 1997 budget, beyond the 900 million cut in July.

THAILAND'S bad real estate debt is "like a tornado we know will come one day," said Bank of Thailand Governor Roengchai Marakanon, the *Bangkok Post* reported Nov. 4. He is frantically trying to "modernize" the money markets and restructure the bad property debt of financial firms, i.e., bail them out by allowing the Central Bank to buy the bad debt through repurchase agreements.

GOVERNMENTS should pay more attention to the development of rail networks, Iranian Transport Minister Akbar Torkan said, because railways are the only means of transportation which is free from dependence on oil energy, the daily *Ettela'at* reported Nov. 22. International Railway Union head Philip Rumike, who was visiting Teheran, called Iranian rail management "advanced."

NATURAL GAS pipeline capacity between Algeria and Italy will double, when a twin pipeline comes on line in January 1997, allowing a flow of 24 billion cubic meters a year.