

Business Briefs

Southeast Asia

Thailand, Laos meet to improve transport

The Thai and Laotian transport and communications ministers met to discuss rail and other transport improvements on Feb. 3, the *Bangkok Post* reported. Thai Transport and Communications Minister Suwat Liptapallop met his Laotian counterpart, Phao Bounnaphone, to discuss improved use of the "friendship bridge" across the Mekong River, linking Nong Khai with Vientiane.

The bridge was opened in 1993, but use has declined sharply. To promote rail transport of goods and passengers from Thailand to Laos via the bridge, construction of railway tracks on the Thai side from a new Nong Khai railway station to the middle of the bridge will be completed in July. Laos has contracted Pacific Transportation, a joint venture between the Laotian government and Sahaviriya Co., a Thai firm, to construct the railway from that point to Vientiane in two years, at an estimated cost of \$40 million. Laos also plans to extend the rail line to other provinces up to its border with China.

Space

Sagdeev: Russian program lacks financial support

University of Maryland physics professor and former Soviet space scientist Roald Sagdeev described the state of Russian space infrastructure and capabilities, in a presentation written for the 35th annual Goddard Memorial Symposium, held in Greenbelt, Maryland on March 4-5. He asked, "Is Russia still a great space power?"

Overall, Sagdeev said, the Russian space program is one-fifth what it was five years ago, with less than 30% of the physical infrastructure in use. The rest, made up of launch pads, test facilities, manufacturing plants, and the like, is "nearly lost," and many of the supporting industries are out of business. Those that are still functioning, are relying on western Europe for parts

and components.

The major problem, Sagdeev said, is "the lack of financial support." He reported that only 0.5% of the companies can issue paychecks on time. Young engineers are not considering careers in space research, because they do not believe it has any future. But, he said, the performance of the program overall is about the same—better in launch vehicles than in satellites. Those that are doing the best, are teaming up with Western companies.

He predicted that half of Russia's space enterprises will "go down the tubes," and said that most are now bankrupt. He forecast that the Russian government is not going to bail out the failing companies.

Eurasia

Polish deputy backs Eurasian Land-Bridge

Deputy Wojciech Blasiak (KPN-BBWR), a member of the Polish Sejm (parliament), outlined an economic program which urged Poland's participation in the Eurasian Land-Bridge, in a speech to the parliament on Jan. 22. Blasiak criticized the 1997 budget proposed by the government, and compared the government to a slumlord who only cuts services and never invests. That government, he said, is controlled by the International Monetary Fund.

"Poland has not been sentenced to profess the false doctrine of neo-liberalism," he said. "Poland's geographic position is a great challenge, but at the same time a great chance for development, because our country is 'a juncture of European and Asian land connections.' Poland has one of the best conditions in Europe to create land route junctions, which define the future axis of world development over the territory of Europe and Asia. However, Poland is losing an historic chance for a strong development impulse in the form of construction and development of those routes."

Blasiak called attention to one project, in particular. "The key for Poland is to open, as soon as possible, the connection between the Oder and the Danube, and in this way allow Scandinavian countries to get access to the

Suez Canal," he said. "The whole Polish economy would benefit from constructing an Oder-Danube water route on the territory of Poland and the Czech Republic, as well as the development of a port complex in Szczecin and Swinoujscie. This project would also help to make export of Polish coal more profitable."

That canal, he said, "is only one of the most urgent elements of the great and bold program of infrastructure building in the country, in the form of waterways, railroads, and highways, which would allow Poland to use its place as a junction of the development axis of Europe, both north-south and west-east. This great project would serve as a catalyst of an overall economic development.

"Our strategic economic collaboration with the East, especially Ukraine, is a historical challenge, but at the same time a great opportunity, since it is connected to the west-east axis. The development of transport infrastructure in this direction is a precondition for a closer economic collaboration. Therefore, Poland should aid Ukraine during the coming years, especially in economic matters."

Finance

Another bankruptcy hits Japanese real estate

The Japanese real estate finance company Koei Corp. filed for liquidation on March 10, with bad debts of more than \$2 billion, the latest casualty of "bubble"-era bad real estate loans. The Industrial Bank of Japan Ltd., a leading commercial bank, and other large banks such as Sumitomo Trust, hold shares in Koei and have lent money to it.

The collapse, in debt terms, was Japan's biggest so far this year, and the ninth-biggest insolvency case involving a non-bank financial institution in Japanese corporate history. Koei is a "non-bank," a financial institution which makes loans but cannot take deposits, relying on money borrowed from banks, which can be heavily exposed if the firms fold.

Meanwhile, Japanese stock scandals are putting new pressure on the Tokyo stock

market's Nikkei index, which fell below the 18,000 barrier on March 13 to the lowest level since the mini-crash of Feb. 7. On March 13, Japanese government regulators announced an investigation of Japan's five leading commodity firms for making illegal payoffs to favored Taiwanese clients. The Tokyo Commodity Exchange had held an emergency hearing on Feb. 21 with heads of five Japanese commodity brokers currently operating in Taiwan (Nihon Unicom Co., Tokyo General Co., Okato Shoji Co. Ltd., Kobayashi Yoko Co. Ltd., and International Trading Co.).

The week before, media reports said that Japan's largest brokerage house, Nomura Securities Co., is being investigated (yet again) for payoffs to *yakuza* racketeers. The Nomura-*yakuza* saga in the past has always led straight to the door of Sir George Bush's brother Prescott Bush. The market is also full of rumors that Daiwa Securities Co., Japan's second-largest broker, is under investigation by Japanese officials.

China

Policy to develop hinterland advances

Two important projects in China's plan to shift economic focus to its underdeveloped interior central and western regions have just been completed, Xinhua reported March 10. One is the rail-laying for the most expensive railway in the country, the Nanning-Kunming railroad; the second is the beginning of full operation of a large power-generating plant in Shanxi Province. The Chinese central government plans to spend 75 billion yuan (\$9.5 billion) in Xinjiang, northwest China, alone, for development projects.

A long-range development plan was approved by the National People's Congress in March 1996, to accelerate development in the central and western areas so as to obtain "common prosperity for the entire country in the next century," Xinhua reported. In the first half of 1996, growth in investment in infrastructure and technological renovations in these areas exceeded that in coastal areas for the first time in many years. For the whole

year, over 43% of all investment money for key projects launched went to the interior areas, up from 30% in 1991-95.

Different from the open policy in the coastal areas, China's shift in focus to the central and western areas is mainly represented by increased government input in infrastructure construction so as to improve the investment environment, Xinhua quoted economist Wu Jinglian. "It is a successful worldwide experience to promote the economic development of a country through government investment in infrastructure facilities."

Trade

Kazakhstan, Lithuania step up cooperation

Kazakhstan President Nursultan Nazarbayev said he regards Lithuania's Klaipeda seaport as of "exceptional importance" for Kazakhstan, at a joint press conference on March 7 in Almaty, the capital of Kazakhstan, with visiting Lithuanian President Algirdas Brazauskas. Nazarbayev said his nation was prepared to invest in the construction of a new terminal with a throughput of up to 8 million metric tons to facilitate exports of crude oil, which Kazakhstan would pump through existing pipelines across Russia to the Baltic Sea, and onward to Europe.

Nazarbayev said that oil could also be shipped across Russia by rail. Brazauskas said that he and Nazarbayev had discussed the possibility of refining the crude in Lithuania, and had "agreed on joint participation in the development of the Asian republic's oil wealth."

Lithuania also wants to gain access to Chinese and Southeast Asian markets via Kazakhstan, through the Druzhba-Alashankou rail connection on the Eurasian Land-Bridge. Nazarbayev said this was a question of "mutually beneficial cooperation," and stressed the importance of economic and trade accords and an agreement on freight and other services related to shipping Kazakh goods via Klaipeda. The two Presidents said bilateral relations, especially economic ones, had increased.

RUSSIA'S State Duma, the lower house of parliament, passed a draft resolution on March 12, which directly attacked the International Monetary Fund. The government's policies, under the diktat of the IMF, it said, are bringing the country "to the brink of catastrophe."

THE BEIBU GULF area in southeast China, bordering Vietnam, could become a new economic center similar to the heavy industrial belt at the Bohai Bay in north China, in the early 21st century, Xinhua reported March 3. Beibu Gulf, once an agricultural area, has one of the six largest oil-gas fields in China and one of the eight largest iron mines in Asia.

THE CLINTON administration has asked to participate in 20 major infrastructure projects in China, the March 5 *Wall Street Journal* reported. U.S. Undersecretary of Commerce Stuart Eizenstat said that "tens of billions of dollars" worth of deals in "telecommunications, energy, and aviation" would be involved.

A PYRAMID SCHEME fund called TAT collapsed in the Republic of Macedonia on March 7. Losses are estimated at \$65-150 million. The collapse forebodes greater instability in the Balkans, and the government has appealed to the UN not to reduce its blue helmet contingent, in this former part of Yugoslavia.

SIERRA LEONE capitulated to IMF demands and hiked fuel prices 20% on March 8. "The IMF made it clear that if the government failed to meet its demand immediately, it would withdraw its assistance to the country," a Finance Ministry official said.

INDIA'S national TV network, Doordarshan, may be an investment target of James Packer, the son of Kerry Packer, the alleged "Mr. Big" of the Australian organized crime scene. Privatization of part of the network is reportedly being considered by the government, to raise funds to expand transmitting capacity.