

# Business Briefs

## Africa

### Nigeria, South Africa agree on cooperation

South Africa and Nigeria committed themselves to finalize trade and investment agreements and to collaborate in the petroleum industry and on electricity projects, during the two-day inaugural session of the Nigeria-South Africa Joint Commission, in Abuja, the Nigerian capital, on Oct. 4 and 5. The Commission ended on Oct. 5 with the signing of minutes by the co-chairmen of the sessions, Nigeria's Vice President Atiku Abubakar and the Deputy President of South Africa, Dr. Jacob Zuma.

Both sides confirmed a memorandum of understanding between the South African electricity giant, Eskom, and its Nigerian equivalent, and agreed to "inject urgency" into planning for joint projects. The minutes indicated that the commission had agreed on cooperation in rehabilitating port facilities, and agreed to encourage increased contact between the Nigerian Railway Corp. and South Africa's Spoornet.

Abubakar said that the convening of the commission is a new leaf in relations between the Economic Community of West African States and the Southern Africa Development Commission. The challenge now, he said, is to ensure that the two blocs integrate within the shortest possible time, as the next step toward the integration of the African continent.

## Southeast Europe

### EU, NATO refuse to clean up Danube River

No effort has been made so far to clean up the Danube River, after NATO bombings collapsed at least nine bridges which are blocking this vital shipping artery. At this point, the Danube is beginning to freeze over, meaning that nothing can be done until next spring. Hungarian officials fear flooding because of the obstruction of the river's flow by debris from the bombings.

The private intelligence group Stratfor

says that the European Union has rejected appeals from Romania, Bulgaria, and Ukraine to clean up the river; those countries have already lost more than \$200 million to their economies because shipping has been blocked, not to mention the losses incurred by Hungary, Germany, and eastern European nations. "This is the price Romania and Bulgaria are paying for opening their airspace to NATO," Stratfor says, "since the EU has delayed reconstruction aid." Now, NATO and the EU are hinting that Romania, Bulgaria, and Ukraine should pick up the tab, saying that those countries should be allowed into Serbia to rebuild the bridges — which is unacceptable to Serbia because Romania and Bulgaria supported the NATO strikes.

## Finance

### Germany's 'new market' bubble is bursting

Even more precipitous than the decline of NASDAQ stocks in the United States since April, has been the crash of German "high-tech" stocks that make up the so-called "new market." Most of these stocks have only been around for a few months and belong to post-industrial sectors, such as media, software, and Internet trading. German media have given a lot of hype to the "new market" in recent years, celebrating the fact that Germany was finally adopting the Anglo-Saxon "stock market culture." However, the party seems to be over.

On Sept. 24, the Nemax All Share Index, covering all the "new market" stocks, fell by more than 4% to 2,733 points, its lowest level this year. One-third of the Nemax peak of 4,000, reached on Feb. 1, has now been wiped out. While the downward trend of average "new market" stock prices has been ongoing since February, the speed of decline has considerably accelerated recently. In the last two months alone, the Nemax index was down more than 20%. The "Nemax 50" share index, covering only the 50 most prominent "new market" stocks, is down more than 40% compared to its peak on Feb. 16. In particular, the media-related stocks have proven to be excessively overvalued.

Prices of 38 stocks in the "new market" have been halved since their peaks earlier this year, including AC Service (-73%), Art-net.com (-77%), Brain International (-63%), Beta Systems (-68%), Ceotronics (-66%), Computec Media (-60%), Cinemedia Film (-70%), Datadesign AG (-73%), FortuneCity (-68%), Fortec Elektron (-60%), Graphisoft (-63%), Kabel New Media (-67%), MB Software (-66%), Micrologica AG (-81%), Mobilcom (-72%), Netlife (-62%), Plenum (-68%), PSI (-68%), Saltus Technology (-76%), Sachsenring Auto (-60%), Telfadax (-74%), and Teles AG (-68%). Almost all the first stock emissions on the "new market" which had been scheduled for the two weeks prior to Sept. 24, have been indefinitely postponed due to the aversive market conditions.

## Natural Gas

### Peruvian engineers urge development, not export

The Junin Departmental Council of the Peruvian School of Engineers (CIP) is aggressively promoting national economic development through the Peru-Brazil bi-oceanic integration project, centered around the Camisea natural gas deposits, located in Junin state. This is counterposed to Shell Oil, Mobil Oil, and a Peruvian government commission's proposal for extracting the natural gas for export. The Junin engineers argue that Camisea must become the focal point for extending a transportation interconnection to Brazil, and at the same time ensuring economic development.

The engineers' plan foresees building a new industrial city in Huancayo, Junin's capital, which is separated from the oil and gas deposits by the western chain of the Andes, but which is connected with Lima by the Central Peruvian Railroad, built in the 19th century by American entrepreneur Henry Meiggs. Historically, Huancayo benefitted from the development plans of nationalist President Manuel Pardo, and it constituted the last bastion of resistance to the Anglo-Chilean invasion during the 1879-81 War of the Pacific. Referred to as a proposed "Industrial Satellite City of the Center" in the proj-

ect, Huancayo would become a center of agro-industry, including electricity generation, refining of metals, and petrochemical, fertilizer, cement, and glass production.

The CIP envisions completing the Huan-cayo-Camisea-Ipapari highway, from Huan-cayo to the Trans-Amazonian highway, which links the Brazilian states of Acre, Rondonia, and Matto Grosso to the Atlantic port of Santos. Gas would be liquefied at Camisea, transported in containers to Brazil, and distributed inside Peru by highway, rail, and waterway transport. A second phase of the project proposes building gas pipelines. The Junin engineers have established contacts with pro-integration Brazilian entities, and chambers of commerce, private sector firms, and government agencies which might purchase natural gas, in both countries.

Hernan Lopez of the CIP Junin chapter told *EIR* that, in the long term, natural gas won't solve Peru's energy problem. More important, is the proposed Paquitznapango hydroelectric project, on the Ene and Tambo rivers, which has a 5,000 megawatt potential—five times greater than the Mantaro hydroelectric plant in Junin.

## Colombia

### Health system near collapse

The Pastrana government's obeisance to the International Monetary Fund's austerity dictates has led to a collapse in basic social services. Indicative is the imminent shutdown of the San Juan de Dios hospital and maternity ward, the largest hospital in Bogotá with 600 beds and 3,000 employees. Workers have not been paid for several months, and there is no budget for medicine or food. In September, several clinics which, combined, had offered 400 beds for low-income patients, announced that they would be shutting their doors for lack of funds.

The problem is not just in Bogotá. The nation's social security system owes some \$750 million to the nation's public hospitals, which are supposed to provide health care for 15 million of Colombia's poorest citizens. Already, as in Africa and elsewhere,

hospitals are urging prospective patients to bring supplies and medicines with them when they are admitted or visiting.

The government has been unable to care for the more than 1 million persons displaced by narco-terrorist violence, who are pouring across borders in search of shelter, only to be turned back in many cases. Another indication of economic and social collapse in the country, energy consumption in September alone reportedly fell by 3.9%.

## Central Asia

### Caspian Sea at center of Kazak, Iranian talks

Kazakstan President Nursultan Nazarbayev, who visited Iran in early October as head of a 40-person delegation, discussed agreements on economic cooperation, transport of Kazak oil through Iran, and joint work on natural resources. Nazarbayev and Iranian President Seyyed Mohammad Khatami both stressed in a press conference that "there is no obstacle on the way of Iran-Kazakstan cooperation."

Nazarbayev said that he hoped the two nations would work for an agreement on the legal regime of the Caspian, to be reached by all five littoral states. Khatami said that the Caspian Sea is "a divine blessing for the five littoral states," and stressed the need to establish peace in Afghanistan and to stop its drug exports, and to stop the war in the Caucasus.

Nazarbayev spoke of the transit of goods from Iran's ports, swap agreements, and plans to build pipelines to transport Kazak, Uzbek, and Turkmen oil through Iran. He denounced as alien plots, the operations behind the destabilization of Afghanistan, Tajikistan, and Kyrgyzstan.

Meanwhile, Turkmenistan President Sararmurat Niyazov, who met Oct. 4 in Ashgabat with the directors of American and European members of the trans-Caspian consortium, told Turkish Minister of Energy and Natural Resources Cumhu Ersuemer in Ashgabat on Oct. 6, that his country will sell Iran 60 billion cubic meters of gas unless the trans-Caspian project is implemented within seven months—a feat considered not possible.

**ARGENTINE** automobile production and exports plummeted in September, compared to September 1998, by 33.5% and 70.4%, respectively. Meanwhile, the Argentine branch of Massey Ferguson has gone bankrupt, after 30 years of operating in the country. The firm had been producing only 90 tractors a month, on orders from its parent firm, but low demand for tractors because of the agricultural crisis meant that the firm couldn't comply with an agreement with its creditors.

**PHELPS DODGE**, the copper producer, which broke up the planned merger of rivals Cyprus Amax and Asarco by offering to buy them both, has reached a deal to buy Cyprus Amax for \$3.3 billion, according to Bloomberg. The battle over Asarco is still up in the air, due to a competing bid for Asarco by Grupo Mexico.

**TOTAL U.S. CONSUMER** installment credit rose \$10.8 billion in August, to \$1.368 trillion, the Federal Reserve reported Oct. 7. Revolving credit (primarily credit-card debt) rose \$4.3 billion, an annualized growth rate of 8.9%. Non-revolving credit grew \$6.5 billion, a 10.1% annual rate. "What's disturbing is that earlier we were seeing some modest payback in debts but now consumers are just using borrowing openly to finance more spending," said MCM Money Watch analyst Astrid Adlolfson.

**CHASE MANHATTAN** Corp., New York City's largest corporate employer, has told its workers that, beginning in 2000, it will move 10% of its jobs (about 3,500 positions) to Tampa, Florida; Dallas, Texas; and Lowell, Massachusetts.

**TYSON FOODS**, one of the largest poultry providers in the world, announced on Sept. 20 an agreement with Titan Corp. to use its electron-beam irradiation technology on selected poultry items, as "part of Tyson's strategy of providing its customers the highest quality and safest product in the industry."