

Business Briefs

Energy

China, Russia form joint nuclear company

A \$10 billion company was launched by Russia and China in November, that will be involved in "all areas of civilian nuclear technology," including importation of super-clean isotopes from nuclear reactors in Russia for industrial uses, according to a company spokesman.

Victor Mikhailov, Russian minister of nuclear power engineering, made a "private visit" to Shenzhen, where a facility will be located, to sign the deal. China's top nuclear scientist Sun Zuxun, head of the Research Institute of Atomic Energy, represented China. Another plant is planned for Hainan.

The spokesman said that Shenzhen (the leading free trade area in China, across from Hongkong) had approved the land usage for the facility, "despite the dangers of radioactive materials, because of a desire to shift the local economy away from labor-intensive processing industries."

Transportation

Berlin must commit to maglev, says official

A commitment must be made now to develop magnetically levitated rail networks, Herwig Haase, minister of transportation for the city-state of Berlin, said in a debate in the Berlin House of Representatives on Nov. 24, 1994. Maglev trains could travel the 9,000 kilometers between Berlin and Beijing in 24 hours, posing a realistic alternative to airlift early in the next century, he said. He endorsed extending the lines for the German Transrapid from Berlin toward the southeastern regions of Europe, through Dresden to Budapest and Prague.

"I want to emphasize explicitly that the Transrapid must not be confined for long to the Hamburg-Berlin line," Haase said. "I am expecting a European network here—yes, a network—that one day, like the railway, will reach out beyond Europe. Most of all, I am convinced that the Transrapid will have a

chance concerning eastern Europe, for example, along the route toward Warsaw, Minsk, and Moscow. . . . I am furthermore convinced that it is only a question of time until this system will have replaced the old system. . . . A pioneering spirit in the transportation sector always has pushed Germany forward. This kind of pioneering spirit is required at the end of this century."

Haase said that the Transrapid project between Hamburg and Berlin would create up to 12,000 jobs annually during construction. After completion in 2005, about 2,800 jobs would be created in Berlin linked to operation of the system.

Haase rejected claims by a Green parliamentarian that maglev trains would be too costly under current budgetary constraints. "When our grandfathers built the east-west rail link which is so much to our benefit today. . . they did not have money either. . . . The city of Berlin never at any time was a rich city, but it was a city that saw its chance and has used it, and that is what we have to do as well!"

Bilateral Relations

Gore, Chernomyrdin sign 15 agreements

U.S. Vice President Al Gore and Russian Prime Minister Viktor Chernomyrdin signed a series of 15 agreements during Gore's visit to Moscow on Dec. 14-16, covering areas such as space, energy, health, defense conversion, customs cooperation, and prevention of pollution in the Arctic.

The two sides agreed to carry out joint space research to gather data on the Earth's atmosphere and to cooperate on an international space station. A U.S. astronaut is due to join a Russian mission to the Mir space station in March, and the first docking between an American space shuttle and Mir is scheduled for June.

The two also committed their nations to ensuring safe and secure nuclear warhead dismantlement, and to fund studies on viable energy alternatives to replace plutonium-producing reactors.

The U.S. Overseas Private Investment Corp. has offered up to \$500 million in financing and insurance for U.S. business participa-

tion in defense conversion, Gore said. "OPIC has given fresh impetus to work on defense conversion. . . . We've also made impressive strides in our joint work on an international space station."

Eurasia

India, Russia sign eight long-term agreements

India and the Russian Federation signed eight agreements during Russian Prime Minister Viktor Chernomyrdin's visit to India the last week in December. The agreements cover long-term military and technical cooperation, merchant shipping, investment promotion, trade, and space technology.

The agreement in space technology opens up cooperation in space meteorology, monitoring the earth's environment, materials processing, remote sensing, space medicine, biotechnology, and use of space infrastructure. Cooperation is also envisaged in space research, production of equipment, unmanned and manned space activities, practical applications of spinoffs from space technology, and joint use of launch-related facilities.

Russia

Renationalize strategic industries, says minister

Russian Minister of Privatization Vladimir Polevanov, who recently replaced Anatoly Chubais, called for renationalization of "wrongly privatized" industries, especially in the aluminum, energy, and military-industrial sectors, the Russian daily *Sevodnya* reported on Dec. 30, according to Reuters.

Speaking of possible foreign participation in management of such companies under the privatization law, Polevanov said, "This directly threatens national security." *Sevodnya* added, "It is known that Chubais is not only against Polevanov's nationalization line, but is trying to oppose it with his actions."

Meanwhile, industrial output in Russia fell 21% in 1994, and is now less than 45% of 1991

levels. Most badly hit have been such sectors as machinery and chemicals. Overall capital investment fell by 27% between January and November 1994, and by year-end was at 39% of 1991 levels, the London *Financial Times* reported on Dec. 31. Even that pro-shock therapy paper acknowledged that the capital investment collapse undermines the Yeltsin entourage's argument that closing down "unproductive" sectors would mean a growth in investment, as people switch to more "profitable" investments.

South Africa

Rift on economy grows between ANC, union

There is a growing rift over economic policy between the African National Congress (ANC) and the Congress of South African Trade Unions (Cosatu), its affiliated trade union umbrella group. A paper by Cosatu trade union leader Sam Shilowa is the "clearest indication yet of a serious policy divergence between Cosatu and the government," the Johannesburg-based *Sunday Times* said on Dec. 18, 1994.

In his paper, Shilowa objected to various ANC economic policy shifts, which generally tend to bow to dictates of the International Monetary Fund:

- "We have received unsolicited advice to embark on wholesale privatization, drop all tariff barriers, adopt a wage freeze, and cut back on social spending. . . . Cosatu believes these are ideologically driven proposals which are not dictated by the needs of the people of South Africa."

- "We reject the current approach which seems to suggest that large cutbacks of personnel in and of itself is a desirable objective, and that a mathematical, percentage-based formula can be used to achieve this."

- Referring to Trade and Industry Minister Trevor Manuel's tariff-reduction program, Shilowa said: "Cosatu will oppose the current trend of dogmatic adherence to rapid, unplanned trade liberalization and the lifting of protective tariffs."

- A third area of looming confrontation is over privatization. The ANC government has already stated it will have to sell off certain

of its assets to help finance the Reconstruction and Development Program. Said Shilowa: "The RDP is in fact in danger of being destroyed by the kind of economic thinking currently doing the rounds in Pretoria. . . . Privatizing parastatals [state-sector companies] and subjecting them to the laws of profit would have the effect of denying the poorest South Africans, the majority of our people, access to health, electricity, transport, communication, and other services."

- Shilowa described the Reserve Bank as an institution reflecting "elements of the old Thatcherite bureaucracy and the large conglomerates." He added, "We want to destroy the myth that the Reserve Bank is somehow above society and operating as an 'independent' institution."

A former adviser to former British Prime Minister Margaret Thatcher, Sir Alan Walters, was in South Africa in November. Walters insisted in particular that real wages in industry were too high in South Africa—"almost as high as Taiwan and about double those in Brazil. . . . None of these countries is plagued with unemployment on anything like the scale of South Africa, and they have much higher productivity."

Infrastructure

Environmentalists given setback in Berlin court

A federal court in Berlin ruled in December against a legal motion by the German Alliance for the Environment and Protection of Nature (BUND), which had tried to block a key section of the Middleland Canal, one of 17 priority projects in the National Transport Infrastructure Plan of Germany, because it allegedly affected the integrity of the Droemling Nature Park, northwest of the city of Magdeburg.

Completion of the modernization of the canal, scheduled before the year 2000, would make it navigable for "Euro-barges" that can transport bulk cargo of up to 1,350 tons.

The canal links the western Ruhr region to Berlin, and is a key corridor of east-west waterway transport. Minister of Public Transportation Matthias Wissmann welcomed the court ruling against the ecologists.

Briefly

- **UKRAINE** is facing a diphtheria epidemic which so far has killed 13 people and infected 450, Reuters reported on Dec. 28. "The outlook is not good. . . . Large sectors of the population are not vaccinated and do not want to be vaccinated," said epidemiologist Vasily Bonenko. "We appear to be dealing with a new strain which is resistant to vaccines."

- **CHINA** will soon begin building the Wanjiashai aqueduct, to be finished by the year 2000 at a cost of \$1.4 billion, to divert water from the Yellow River to industrial centers in Shanxi province. It will enable Datong, Zhuozhou, and Taiyuan to sharply to increase electrical power generation, officials said.

- **A MALAYSIAN** businessman, Yong Teck Ming, of the Berjaya Group, said on Dec. 29 that he intends to sue Crédit Suisse Financial Products and CS First Boston Ltd. for \$50 million in damages due to derivatives losses. Berjaya is the first Malaysian company to disclose losses incurred in derivatives trading.

- **UNISYS** Corp. of Pennsylvania will cut 4,000 jobs worldwide in 1995 while shifting its focus from mainframes to desktop computers, Associated Press reported on Dec. 30. It blamed a weak market and slow business in Europe for the cuts.

- **ISRAELI** Minister of Industry and Trade Michael Harish invited India to partake of the economic benefits of the Mideast peace process, during a visit to India on Dec. 29. India and Israel extended Most Favored Nation status to each other for five more years.

- **CADILLAC FAIRVIEW**, Inc., one of Canada's biggest remaining real estate firms, filed for bankruptcy in Toronto on Dec. 23, the *Wall Street Journal* reported. The move was supposedly forced by Whitehall Street Real Estate L.P., a fund run by Goldman Sachs. The firm has \$2.5 billion in debt.