

# Business Briefs

## Health

### HIV-AIDS epidemic worsening worldwide

A report released in late November 1997 by the Joint UN Program on HIV-AIDS shows that the epidemic of the human immunodeficiency virus (HIV), which causes AIDS, is far worse than previously thought. The report estimates that the epidemic is spreading at a rate of 16,000 new infections each day, a rate also higher than previously thought. As stated by Dr. Peter Piot, executive director of UNAIDS, on Dec. 1, "We are now realizing that rates of HIV transmission have been grossly underestimated, particularly in sub-Saharan Africa."

The most severely hit areas include sub-Saharan Africa, Southeast Asia, and Ibero-America and the Caribbean. According to the report, an estimated 30 million adults and children are now infected with the HIV virus, and, in most countries, the majority of new infections are occurring among people between the ages of 15 and 24. In addition to devastating families, the epidemic is also taking a huge economic toll in some developing countries, striking many people who are of working age.

In a message delivered on Dec. 1, the UN's World AIDS Day, James Gustave Speth, the administrator of the UN Development Program, presented shocking evaluations concerning the HIV epidemic:

The U.S. Bureau of the Census estimates that by the year 2010, if the spread of HIV is not contained, AIDS may increase infant mortality by as much as 75% and increase mortality among children under five by more than 100% in those regions most affected by the epidemic.

In sub-Saharan Africa, where children under 15 constitute 50% of the population, it is estimated that by mid-1996, some 9 million children had already lost their mothers to HIV-AIDS. In Uganda alone, 1.3 million children have lost at least one parent to HIV-AIDS, and this figure is thought to increase by 50,000 each year. In Zimbabwe, it is estimated, that by the end of 1996, approximately 8% of children under 15 had lost their mothers to HIV-AIDS, while in Zambia, approximately 20% of children under 18 are likely to be without one or both of the parents

by the year 2000. Similar estimates are reported from other countries.

According to the estimate, most of the nearly 3 million children under 15 who have been infected since the beginning of the epidemic, have developed HIV-related illnesses, the majority of whom have already died. Of the estimated 1 million children who are currently living with HIV, more than 90% live in developing countries.

## Petroleum

### Kazakstan signs deal with Indonesian firm

The Central Asian republic of Kazakstan has signed a \$4.1 billion deal with Mangistaumunaigaz, which is partly owned by Indonesia, to develop oil and gas fields in western Kazakstan. "This is probably the largest contract in Kazakstan in terms of attracting investments," said Rashid Sarsenov, chairman of Central Asia Petroleum. CAP, which is a subsidiary of Indonesia's Medco, bought 60% of Mangistaumunaigaz in 1997, according to the *Teheran Times* on Jan. 13. The joint venture will be the second-largest oil producer in Kazakstan, after Tengiszchevroil.

CAP will provide \$4.1 billion in investments for the first 20 years of a 31-year contract. The first \$2 billion will be due in the coming five years. Sarsenov is quoted by the *Teheran Times* saying that Mangistaumunaigaz, which currently sells 70% of its oil domestically, plans to increase its exports.

## Corporate Strategy

### Hoechst cuts one-third of research employment

The German unit of Hoechst Marion Roussel announced on Jan. 14 that it will eliminate 600 out of its 1,800 pharmaceutical research workforce, located in Bad Soden. The international management of the company has decided to start a "global cost-cutting drive," i.e., part of an insane trend

away from production.

The logic behind the decision was explained in a Deutschlandfunk radio report: Eager to increase the company's stock value and dividends, the management first decided to cut costs. After comparing its cost structure with that of other big pharmaceutical producers in the world, the management discovered that it had unusually high expenditures in the research and development sector, compared to other companies. Therefore, the R&D capacities will be drastically slashed.

The factory council of the firm has said that it will fight the decision.

## Central Asia

### Russia steps up economic, diplomatic efforts

Russian Prime Minister Viktor Chernomyrdin visited Ashgabat, Turkmenistan on Jan. 13, along with officials from the Russian energy firm Gazprom, to discuss prospects for Russia's cooperation with the Central Asian republics in fuel extraction and transit. On Jan. 14, Chernomyrdin visited Dushanbe, Tajikistan. The trip followed the Ashgabat summit of Central Asian leaders, and preceded a Commonwealth of Independent States summit which began on Jan. 20.

RIA Novosti reported from Ashgabat that Chernomyrdin favorably assessed his talks there as confirming "the commitment of both countries to the deepening of friendly and mutually advantageous relations." The dispatch cited Russian sources, that Russia will take part in development of Turkmenistan's transport system, and that the two countries "intend to launch an international consortium with the aim of developing north-south transport links." One project would be a railroad from Astrakhan to Turkmenbashi to Kyzylatek, connecting to the Iranian rail network, with ferry service across the Caspian Sea between Astrakhan and Turkmenbashi.

Following talks with Chernomyrdin on Jan. 13, Turkmen President Saparmurat Niyazov told reporters that Russia wanted to participate in the \$1.6 billion pipeline project which will pump gas from Turkmenistan

**AUSTRALIA** suffered some 2,900 deaths in 1997 as a result of workplace accidents or occupational diseases, one-third more than died in highway accidents, Opposition Minister for Industrial Relations Bob McMullan has revealed. He blamed the anti-union Workplace Relations Act, authored by Rio Tinto executive Mike Angwin and passed in December 1996, which has cut funding to health and safety.

**JAPAN'S** Itochu Corp. will sign a \$300-million contract to build an oil refinery at the Black Sea port of Supsa, according to Georgian International Oil Co. president Giorgi Chanturia. The refinery will be close to the terminal of the Baku-Supsa pipeline, and will have an annual capacity of 3 million metric tons.

**INDIA** and Russia have finalized a key agreement paving the way for Russian help in the construction of the 2,000 megawatt Kudankulam Atomic Power Plant in Tamil Nadu, *The Hindu* reported on Jan. 14.

**THE GENOCIDE LOBBY** exulted about the "astonishing declines in fertility around the world," reported in the Jan. 12 London *Independent*. "Almost half of humanity now lives in countries where population growth is set to end over the next few decades. In many, it may even be replaced by a decline," the paper said.

**THE CHINESE** Academy of Social Sciences "has decided to make preventing financial crises one of its major research goals," Xinhua quoted a speaker as saying at its annual meeting on Jan. 14. "The financial crisis in Southeast Asia and in Japan and the Republic of Korea has caused concern in the Chinese government," Xinhua said.

**GERMANY** lost 463,000 jobs in 1997, including 400,000 in industry and 188,000 in eastern Germany, according to figures published by the Federal Statistical Office. Since 1991, industrial employment has fallen from 14.5 million to 11.5 million.

through Iran to Turkey and Europe. Niyazov said, "Russia will take part in the gas pipeline via Iran to Turkey. There are no problems . . . because the market can absorb both the Russian and Turkmen potential." Niyazov said that Russia had also confirmed that it will take part in the 1,464-km pipeline to Pakistan. Gazprom already has a share in the proposed pipeline from Turkmenistan through Afghanistan to Pakistan.

The Turkmenistan-Iran-Turkey gas pipeline is expected to run from fields in western Turkmenistan (Satlyk), southwards, toward Teheran, to Tabriz, and into Turkey. Satlyk has an estimated 450 billion cubic meters of gas reserves.

## **Economic Policy**

### **Kaufman, Delors seek new Bretton Woods**

Henry Kaufman, one of Wall Street's most respected economists, warned about the depth of the Asian financial crisis and said that a new Bretton Woods agreement is urgently needed, in an address to the Japan Society of Canada on Jan. 13, according to wire reports.

Kaufman, president of Henry Kaufman & Co., Inc., said that "there is unfortunately no alternative to a huge bailout to contain the Asian financial crisis. . . . Too much politically and economically is at stake." He said that in the short run, unless a successful Asian bailout can be put in place, "it is highly likely that the Japanese financial system would come under renewed scrutiny. If so, there is a risk of a credit rupture of such monumental proportions as to shake the very foundations of the world's financial markets."

Kaufman said that the International Monetary Fund and the World Bank, as now constituted, cannot effectively meet the challenges of rapidly changing global markets, and are, at best, awkward financial firefighters. He said that another Bretton Woods-type agreement, which would either substantially overhaul the existing institutions or put new ones in place, is urgently needed.

In an op-ed in the Jan. 15-21 issue of *Le Nouvel Observateur* entitled "The Bitter

Fruits of Speculation," French Socialist Jacques Delors wrote that the Asia crisis "could reverse or at least halt growth" in the rest of the world, and attacked those "flatterers" who have "praised the merits and affirmed the ineluctable character of globalization, of *laissez faire, laissez passer*."

"Everything must start with the necessary distinction between the financial bubble on the one hand, and the real economy on the other," Delors wrote. "One must now pose the taboo question: What if the markets and the Invisible Hand didn't lead to the best possible worlds? What if the increasing independence of economies needed new instruments of regulation to remedy the myopia and inadequacies of the markets? In other words, don't we need a New Bretton Woods?"

## **Trade**

### **Azerbaijan will export via Iran**

The State Oil Company of the Azerbaijan Republic (SOCAR) has decided to transport its oil through Iran, the Iranian daily *Ettel'at* reported on Jan. 16. SOCAR President Natic Alieyev told the Iranian News Agency, according to the paper, "that Azerbaijan intends to export its oil to the international market via Iran." If the news is confirmed, it will signal a positive shift in Iran-Azerbaijan relations, which had soured as a result of Azerbaijan's separate deals with international, primarily British, oil multinationals, for export of Caspian Sea oil.

*Ettel'at* also reported that Azerbaijan "has exported a total of 1 million tons of oil products to Iran during 1994-96," and that "gas oil and kerosene are Azerbaijan's major exports to Iran." About "8,000 tons of gas oil has been exported to Iran annually," it said.

The two countries have been cooperating on the Shakh Deniz oil field, where Iran holds a 10% stake. They are also cooperating on development of Lenkoran Deniz and Talyash Deniz oil fields. Further, "Iran is drilling two wells in the Caspian Sea for Azerbaijan, and has rented a drilling unit from Baku to carry out drilling operations in its own side of the Caspian Sea."