

# Business Briefs

## Russia

### Strikes resume, as more sectors threaten action

Hundreds of coal miners from the Russian north began picketing in Moscow in mid-June. The government, which spent April crisis-managing the nationwide miners' protest, is giving the protesters much attention, as labor actions are threatened from other key sectors for the weeks ahead.

Independent Union of Russian Miners Chairman Aleksandr Sergeev told a press conference that the action was against "empty promises," and was meant "to hold the authorities to account for failing to honor their responsibilities." He said that coal miners, unpaid since September, were owed 3 billion rubles (\$500 million), but the government has only come up with 500 million rubles, and that is not being disbursed until autumn. Individual miners were quoted demanding payment of back wages, and the resignation of President Boris Yeltsin. Sergeev also said that the miners want an early Presidential election.

At a press conference on June 8, Kemerovo Gov. Aman Tuleyev forecast a surge of unrest in the autumn, when payments are due to teachers, agricultural workers for harvesting, and utilities sector workers for winter preparations. "We won't hold out past autumn," he said.

Only a few reports on the April protests emphasized that many teachers and other public sector professionals went out to block railways with the coal miners. Jim Catterson of the International Chemical and Energy Works union, who edits "Pay Us Our Wages" on the Internet, was quoted in an early June issue of the Moscow English-language weekly *The Exile*, on his surprise at the scant notice given to the participation of these white-collar state workers in the Kemerovo actions.

There is already labor unrest in various sectors besides coal. Interfax reported in mid-June a statement by Lev Mironov, leader of the energy and construction workers' union, that some of his members are so angry about wage arrears that they have begun to stage spontaneous work actions, including turning off oil wells. On June 10,

Mironov's union held an extraordinary conference, which passed a resolution calling for "mass protests including a national strike," if the government failed to meet its demands within two weeks. The demands include a reduction in electricity, rail, and oil pipeline fees; freezing the oil sector's debts to the government; and a six-month moratorium on tax payments, which is absolutely counter to the International Monetary Fund's and the government's all-out tax-collection mobilization. The resolution said that the collapse of the international oil prices made it impossible for companies to pay taxes.

## Middle East

### Iran, Saudi Arabia sign cooperation agreement

Iran and Saudi Arabia have agreed to upgrade bilateral relations. In late May, Iranian Foreign Minister Kamal Kharrazi and Saudi Arabian Foreign Minister Saud al-Faisal signed an agreement for joint investment and cooperation in economic, commercial, technical, scientific, cultural, and sports fields. Provisions include industrial and mining cooperation, transportation, commercial transactions, and expanded trade and tourism.

Iranian President Seyyed Mohammad Khatami, upon receiving a message from Saudi King Fahd through Prince Saud, said, "The region belongs to us and is in need of talk and security. The larger the scope of progress and development in regional countries, the better is guaranteed regional security." He added that improved relations would benefit the whole Muslim world, a reference to the fact that Saudi-Iranian friendship could help overcome the centuries-long split between Sunni and Shia currents in Islam.

It was also announced, that a Saudi-Iranian joint economic committee would be established, and would hold its first meeting in Riyadh in November. The first concrete economic agreement, is a deal signed by the Saudi Industrial Exports Co. with a group of banks, to guarantee payments for Saudi exports to Iran. The banks involved would con-

firm letters of credit for the exports. This will enhance trade, because bankers had previously considered Iran a high-risk country, according to one of the company's managers.

## Indonesia

### Physical economic collapse is catastrophic

On June 10, leading opposition economist Rizal Ramli, of the Econit consultancy, reported that 80% of Indonesian firms are de facto bankrupt, and have been effectively so, since the rupiah passed the 7,000-to-the-dollar mark back in January. The rupiah was hovering at 11,750 as of his statement. On top of that, the chairman of the Indonesian Importers Association reported on June 10, that imports have collapsed 80% since the monetary crisis hit. The only things being imported are medicine, chemical raw materials, and vehicle spare parts, while the import of fruits and other food products has been effectively suspended.

On the same day, the Coordinating Minister for the People's Welfare reported that an estimated 30 million people, out of the country's 202 million, will fall below the poverty line this year. When the crisis started, the poverty figure was 22 million, and had decreased to 17 million, thanks to special poverty eradication programs, such as a 2% levy on profits of those firms and individuals earning more than 100 million rupiahs. That program was cancelled with the ouster of President Suharto.

The Education Ministry reports that 30% of students have dropped out of school, leading the government to take emergency measures to suspend some tuition fees, and to provide scholarships and school allowances for the country's 29 million elementary schoolchildren and 9.6 million junior high students. Annual school allowances of 2 million rupiahs (\$170) will go to 40% of the 173,000 elementary schools; and allowances worth double that will go to 40% of the 30,000 junior high schools. In addition, monthly scholarships of 120,000 rupiahs will go to 1.1 million elementary students,

and monthly scholarships of 240,000 rupi-ahs will go to 1.5 million junior high students. Similar steps for high school and university students have yet to be drawn up.

## Transcaucasus

### Bridge to Azerbaijan to boost Georgia's role

A bridge being built to connect Georgia and Azerbaijan will reinforce the importance of Georgia as a transit corridor between Europe and Central Asia, said European Union officials who visited the bridge site recently, according to a London *Financial Times* report on June 9. The bridge is funded by the EU Technical Assistance to the Commonwealth of Independent States (TACIS), a program intended to develop transportation infrastructure in the Transcaucasus to facilitate European-Central Asian trade.

"The bridge is a means to restore an important connection between Georgia and Azerbaijan, and implies greater connection for the whole region," stated EU commissioner for external relations Hans van den Broek. "We expect a dramatic increase in trade when the bridge is completed."

The bridge will run parallel to the old Red Bridge which spans the river forming the Georgian-Azeri border. When finished in August, it will connect roads from Baku to Batumi and Poti, Georgia's Black Sea ports.

## Health

### AIDS cases soar among drug users in Russia

Russian First Deputy Health Minister Genadi Onishchenko told a parliamentary hearing on June 8, that, within a few years, Russia will be forced to spend its entire health budget on persons infected with the human immuno-deficiency (HIV) virus, which causes AIDS, unless steps are taken now to stop the disease from spreading, Radio Free Europe reported on June 9.

A three-year federal program to educate Russians about the risk of contracting AIDS expired in 1996, just when the number of AIDS cases began to increase, Onishchenko explained. The number of people registered as having the HIV virus is still relatively low, at 8,313, he said.

Onishchenko said the number of AIDS cases has quadrupled since 1996, mainly because of the rapid spread in intravenous drug-taking among young people.

## Labor

### Nabisco cutbacks lead growing layoffs

Nabisco Holding Corp., America's largest cookie and cracker manufacturer, announced plans on June 8 for a massive restructuring program that includes laying off 3,100 of its 52,400 employees and closing a number of facilities around the world. These layoffs come on top of 15,000 announced a week earlier by Motorola Inc., which were directly attributed to the Asian crisis.

During the past six months, 273,822 workers have been laid off by major U.S. companies, a 32% increase over the same period of last year, according to Challenger, Gray & Christmas, a job placement firm. The reason, a Challenger spokesman told the June 9 *Washington Post*, is that "companies cannot keep underperforming operations without getting killed in the marketplace. If earnings are below expectations, you have to show Wall Street that you're doing something about it immediately." He said that "there's a real potential for continual heavy cuts throughout the summer."

The insane shift away from long-term investment in capital and labor resources has caused the collapse of physical production. The policy was epitomized in the U.S. economy in recent years by "Chainsaw Al" Dunlop, who earned his nickname by downsizing tens of thousands of workers at Sunbeam and other American corporations. Dunlop was finally himself downsized on June 15. It seems that his approach hadn't achieved what he had hoped, as Sunbeam experienced huge losses in the first quarter of 1998 and expects the same in the second quarter.

**AN IRANIAN** delegation of businessmen and investors arrived in Egypt on June 10, the first delegation to visit Egypt in almost 20 years. A similar delegation from Egypt visited Iran in March. Ali Naqi Khamoushi, the president of Iran's Chamber of Commerce and head of the delegation, told reporters that the visit was aimed at setting the basis for cooperation between the two countries.

**THAILAND'S** CP Group has announced it will sell off non-core assets, including a motorcycle production plant and Heineken brewery in China, to shore up its investments in agribusiness and telecommunications. CP Group had \$1 billion in investments in China, but has suffered severe losses during the current crisis.

**UKRAINIAN** coal miners from Dnipropetrovsk province walked 600 kilometers to Kiev, to protest non-payment of wages. Arriving on June 11, they began picketing the Parliament, the Cabinet of Ministers, and the Presidential Administration offices. Ukrainian TV reported that the Kiev population is providing the miners food and medicine. Up to 100,000 miners have been on strike.

**THE ARGENTINE** and the Spanish central banks on June 9 agreed to allow both nations to "jointly examine those financial groups which operate in both countries," including firms linked to these groups, "to evaluate the stability and solvency of the whole, as well as the risks and responsibilities assumed." This, after having handed over national banks to such London-controlled Spanish entities as Banco Santander and Banco Bilbao-Vizcaya, both of which are now in trouble.

**SOUTH AFRICA** is heading for a major financial crisis, as the rand recently collapsed to 5.25 to the dollar despite interest rates of more than 20%. The rand has depreciated 60% since 1994, the year the African National Conference came to power, despite following the diktats of the International Monetary Fund.