

Business Briefs

Debt

South Africa minister says G-7 policy criminal

Speaking at an economic summit of southern African political and business leaders, South African Trade Minister Alec Erwin declared that for the Group of Seven "to be cautious on debt is criminal. It's criminal."

Erwin was responding to castigations from U.S. Deputy Commerce Secretary Robert Mallett that the South African Development Community must erase all barriers to free trade regionally. "The global economy is here, and unlike Europe, you don't have 40 years to get your act together," the "ugly American" said.

Erwin answered: "In Mozambique, Zimbabwe, Zambia, how can we do projects in public-private partnerships when the sovereign risk is so massive because of debt? If we want to build southern Africa, the G-7 can help, but not by preaching to us about governance, but by taking debt off the books so we can have genuine public-private partnerships."

Central Asia

Karimov attacks IMF, as cooperation grows

Uzbekistan President Islam Karimov attacked the International Monetary Fund, at a summit of the Central Asian Economic Community on June 24 in Bishkek, the capital of Kyrgyzstan. "It is the policy of Western countries to drive commodity prices down as part of a campaign against countries like ours which are dependent on raw material exports. Then international lending organizations step in and put pressure on us, first dictating economic policy and then interfering in politics," he said.

The Presidents of Kazakstan, Kyrgyzstan, Uzbekistan, and Tajikistan met under the aegis of the Interstate Council of the Central Asian Economic Community. Georgia, Turkey, and Ukraine were granted observer status; Russia did not attend. The main

focus of discussion was on creating a free-trade zone among the states by the year 2000, through eliminating customs, trade, and technical obstacles, and on promoting the free exchange of manpower and goods. At the same time, the group discussed undertaking coordinated measures to protect regional markets and manufacturing.

Meanwhile, Radio Free Europe reported that Kazakstan and Kyrgyzstan have agreed to write off mutual debts. It reported, "The Kazak and Kyrgyz ministers of trade said in a statement issued after their meeting in Almaty on July 2 that the two countries will 'soon' sign an agreement offsetting mutual debts." Kazakstan owes Kyrgyzstan some \$22.5 million for electricity and irrigation water, while Kyrgyzstan owes \$12 million. Kazakstan will also abolish the 200% duty it imposed in March on imports of butter, soft drinks, and some other goods imported from Kyrgyzstan.

Petroleum

TotalFina makes bid to take over Elf Aquitaine

TotalFina, based in France, made a \$42.98 billion hostile takeover bid for Elf Aquitaine SA. The takeover, if completed, would create the world's fourth-largest oil company, and the largest company in France.

The takeover is part of the frantic consolidation of world petroleum production, largely under the control of the oligarchy. In December 1998, Exxon's \$79.5 billion takeover bid for Mobil Oil, which is now in process, set the basis for creating the largest oil company in the world. In August 1998, British Petroleum took over American oil giant Amoco, and then in March of this year, it made a \$28.5 billion bid to take over Atlantic Richfield. If the merger is completed, BP-Amoco-Atlantic Richfield would become the second-largest oil company in the world. The British-Dutch monarchy crown jewel, Royal Dutch Shell, is the world's third-largest.

In December 1998, Total bought the Belgian oil company Petrofina, for \$11.6 billion. If TotalFina's bid for Elf, which will be for-

mally tendered in August, goes through, TotalFina-Elf would have a market capitalization of \$86 billion, and a worldwide daily oil output of 2.1 million barrels per day.

Elf was privatized in 1994, but the French government retains a so-called "golden share," which gives it veto power over an ownership change in Elf.

Russia

'New poor' shows growing poverty

Not only is there a "new rich" in Russia, but there is a new poor, the July 1-7 *Obshchaya Gazeta* reported. In an interview with Irina Shurygina of the Russian Academy of Sciences Sociology Institute, the extent of poverty in Russia was described. Unfortunately, no link was made to International Monetary Fund conditionalities or the turning of Russia into a raw-materials-exporting country.

"The 'new poor,' " said Shurygina, "are those who previously lived prosperously, belonging to the intelligentsia or to the category of skilled workers, but who now live below the level of the subsistence minimum." She described the situation in Moscow, where former skilled workers are now forced to become the equivalent of travelling salesmen at "beggary wages." "Such workers are not especially valued: They are a dime a dozen," she said. "In monitoring the fates of these people, one sees how they have become socially degraded: Every new job which they take requires ever less skill, and pays ever less. And the family slips into poverty. Yet, while it is still possible to find work in Moscow, in the provinces this is extremely difficult."

A table, entitled "Deprivations as an Indicator of Poverty; Results of Studies in St. Petersburg and Vyazniki" (given in percentages, respectively), includes: family does not get enough to eat—3.9; 8.3; cannot afford meat or fish at least twice a week—24.4; 33.5; no money for vitally needed medicines and medical supplies—22.8; 24.0; cannot afford to go to paid doctors if aid of specialists is unavailable free of charge—23.1; 29.1; cannot organize ritual services without

excessive debts—6.4; 22.5; cannot buy fruit for the children—4.3; 15.3; cannot buy new shoes for children or replace shoes as children outgrow them—11.5; 6.5; family cannot afford to make repairs on house (apartment) in case of extreme necessity—22.8; 42.5.

Trade

British delegation returns from Iran

The largest British business delegation since the fall of the Shah, recently returned from Iran, the London *Daily Telegraph* reported on July 9. Senior executives from 32 major corporations, including Barclays Bank, Hongkong and Shanghai Banking Corp., British Aerospace, the London Stock Exchange, Shell, and Norwich Union, an insurance and investment group. This is the first such delegation since Britain's recent normalization of relations with Iran.

Britain hopes to increase its current exports to Iran, which stand at £300-400 million a year, or 4.9% of the Iranian market. Up for grabs is over £8 billion worth of contracts related to the oil and gas industry. Also, are new opportunities presented by the relaxation of government restrictions on foreign trade and investment. This is reflected in the fact that Iranian non-oil exports rose to £817 million for the first quarter of this year, an increase of 43% over last year.

The delegation was organized by International Trade Missions Ltd., a private firm, and led by its directors, Sir Jeremy Hanley and Sir Alan Monroe. The former was former state secretary for the Middle East and former chairman of the Conservative Party. The latter was ambassador to Saudi Arabia during the Gulf War. According to a spokesman for ITM, there will most likely be a follow-up mission. ITM has organized such missions in the recent past to Turkey, Brazil, Saudi Arabia, and Egypt, and will soon organize one to India and Malaysia.

The trip follows Foreign Secretary Robin Cook's policy of opening relations with Libya and Sudan as well. In addition, in June, Cook was the first British Foreign

Secretary to meet his Cuban counterpart. Apparently North Korea, Iraq, and Yugoslavia are still on the "no contact" list, but the *Daily Telegraph* commented that it is only a question of time before the "Union Jack will again fly over the Baghdad embassy."

Space

China becoming true 'space flight' nation

"The next footprints on the Moon could be Chinese," says international space expert Phillip Clark, in a commentary in an upcoming issue of *Jane's Intelligence Review*, CNN reported on June 30. Far from being a one-time stunt, the plan to start a manned space program in China is part of a long-term project that aspires to launch a space station, and to achieve a lunar landing in the next century.

Clark calls the maiden Chinese manned mission the "most ambitious" of its kind in any country. He says it will include two astronauts (*taikonauts*, in Chinese), who will orbit the Earth for at least a day. (The first Soviet and American orbital flights were for a few hours.) Clark believes that the second or third manned flight will include the docking of two spacecraft, as a dry-run for transferring a crew to a space station module.

On June 21, the German daily *Die Welt* reported that preparations are under way to put two Chinese astronauts into space next year on board a new space vehicle, launched by the also new "Long March 2F" rocket, capable of putting 20 tons into a low-Earth orbit or six tons into a geostationary orbit. The first, unmanned launch of the new rocket is scheduled for Oct. 1. Vice President of the Chinese Academy for Space Technology Ma Xingrui is quoted saying that on top of a manned space mission, China also intends to land a probe on the Moon's surface in the first years of the next century.

Contrary to the unprecedented series of U.S. rocket failures in the last 12 months, since 1996, China has achieved 14 successful launches in a row, putting two foreign satellites into a geostationary orbit, and launching 10 "Iridium" satellites for the U.S. firm Motorola.

Briefly

COLOMBIA'S industrial production dropped 9.2% in the first quarter, DANE, the government statistical agency, reported. It is the worst drop in 19 years. The decline was led by automobile production (57.2%), non-electrical machinery (39.7%), wood (49.8%), textiles (24.8%), and paper (15.7%).

A WALL STREET crash of 50% "is not impossible," the July 6 London *Economist* said, in an editorial. Regardless of what Federal Reserve Chairman Alan Greenspan is doing, "if there is a bubble, it will eventually burst anyway. That is what bubbles do. And this might happen sooner rather than later."

THE PACE of corporate cartelization increased significantly during the first six months of 1999, with \$880 billion in announced mergers and acquisitions involving U.S. targets, and \$620 billion in non-U.S. targets. By comparison, there were a record \$2.5 trillion in such deals announced in 1998.

JAKARTA, Indonesia has seen the number of street children rise 500% since August 1998. As of June 1999, the total is up to 68,888. The increase is contributing to a growing number of "crime spots" in the capital city.

ERASMUS of Rotterdam, in his *Enchiridion* of 1503, reviewed the "symptoms by which you may recognize either the sickness or death of the soul." It is useful for those whose lives revolve around "my money." He said, "When your knees feel weak and your feeble limbs can scarcely move, you know the body is in trouble; do you not infer soul sickness, then, when it languishes and feels squeamish over acts of piety? When it has not the strength to endure even a minor shock? When it is crushed by the loss of a little money?"

POLISH NURSES ended their strike after the government agreed to an increase in pay 2% above inflation—which the nurses must negotiate with health care institutions.