

Business Briefs

Health

Dramatic rise in HIV, alcoholism hits Russia

The number of registered cases of human immunodeficiency virus (HIV, which causes AIDS), which stands at more than 30,000, according to the Health Ministry, increased at a rate four times higher in 1999 than the year before. More than 50% of the registered cases contracted AIDS in the past year. Irina Savchenko, a Ministry AIDS specialist, announced that the government is kicking off a new anti-AIDS campaign with Doctors Without Borders, which will spread information about safe sex and the dangers of drug use. She said that 90% of those infected are young drug addicts.

At the same time, the number of registered alcoholics in Russia has nearly doubled, to 2.2 million, since 1992. Deputy Health Minister Olga Sharapova said on March 2 that more than 110,000 of the alcoholics are between the ages of 12-16, Itar-Tass reported.

Infrastructure

Urgent projects urged on German state governor

The Lübeck Chamber of Industry and Commerce, in cooperation with its sister organization in the neighboring city-state of Hamburg, has presented a list of the "highest priority" infrastructure development projects, to the Gov. Heide Simonis of Schleswig-Holstein; Simonis is a Social Democrat who was re-elected on Feb. 27. Her previous Social Democratic-Green party coalition government ignored infrastructure development for the last four years.

The projects include the bridge across the Fehmarn Belt, the missing link to the projected rail line connecting Germany, Denmark, and Sweden; the extension of the planned A-20 highway westward to Hamburg, including crossing the Elbe River; another Elbe River crossing from Hamburg toward the region of Lauenburg; a six-lane

highway section linking the airport and business region of Kaltenkirchen to the A-7 highway; the electrification of the Hamburg-Lübeck rail line; widening the Elbe-Lübeck Canal, to make it navigable for European Union-standard barges of up to 4,500 tons; and the extensions of the seaport at Lübeck and the Lübeck-Blankensee airport.

Altogether, it is estimated that these projects would generate investments of up to 20 billion deutschemarks (roughly \$13 billion). Governor Simonis is reportedly becoming more positive toward at least some of the projects, but the question is whether her Green coalition partners will agree. The longtime Green blockade of projects in the Lauenburg region contributed to losses for the party in the last election in the range of 30%, compared to four years ago.

Central Asia

Russia advances 'united energy balance'

On Feb. 22, Russian Fuel and Energy Minister Viktor Kalyuzhny met with Kazakstan President Nursultan Nazarbayev, the Russian newspapers *Kommersant Daily* and *Izvestia* reported on Feb. 23. The Russian delegation included Transneft's President Simon Weinstock and Rosneft's President Sergey Bogdanchikov. The agenda of the talks included Kazakstan's debts for Russian oil, and the Caspian Pipeline Consortium, but these issues were the "sauce" for the main course: the project for the reestablishment of the "united energy balance" among Russia, Belarus, Kazakstan, and Turkmenistan, which, as Kalyuzhny made clear, would include oil, gas, coal, and electricity.

Izvestia included Ukraine among the Commonwealth of Independent States (CIS) countries, that may join the project. Such an arrangement would give Kalyuzhny the ability to supervise the activities of Russian firms, such as Gazprom and United Energy Systems, in the CIS republics, emphasized *Kommersant's* Vadim Bardin.

The project has serious political implications: By coordinating energy policy, the four republics would avoid struggling

against each other, and could conduct a unified export policy.

Three days earlier, Gazprom CEO Rem Vyakhirev spent a weekend in Ashgabat, Turkmenistan, where a long-term contract on the purchase of Turkmen natural gas, involving 50 billion cubic meters for 30 years, was discussed. The final text of the agreement is to be signed in April. According to *Izvestia*, Vyakhirev achieved a strategic victory over Western rivals, convincing Turkmenistan to agree to have 20 billion cubic meters of its natural gas transported across Russia, thus effectively abandoning its participation in a Western-backed project for a trans-Caspian gas transit route to Turkey. (This means that Gazprom and the Turkmen authorities reached a compromise: Russia and Turkey will construct the Blue Stream project across the Black Sea, while Turkmenistan is granted access to existing Russian gas pipelines.)

Izvestia's analyst Semyon Novoprudsky mentions one more strategic opportunity for Russia: The Western-backed Baku-Ceyhan pipeline project, designed for pumping crude oil from Baku, is "apparently stalled." He reports, "Meanwhile, the existing Baku-Novorossiysk pipeline and the Tengiz [Kazakstan]-Novorossiysk pipeline can serve as good alternatives to the Baku-Ceyhan project." He emphasizes the vital interest of the Kazak leadership in the implementation of the Tengiz-Novorossiysk connection.

Argentina

Child poverty grips Buenos Aires region

More than half (53.6%) of the 2.4 million children age 14 and under who live in the greater Buenos Aires region, are classified as poor, the Argentine daily *Clarín* reported on March 3. There are 1.3 million poor children, which is an increase of 60,000 compared to 1998 figures. Of these, 383,000 are classified as indigent; that is, they live in a family unable to provide each child with the minimum monthly market basket, costing \$21-62. In the area known as the "second cordon" of greater Buenos Aires (6 million

residents), poor children make up 57.3% of the total. Here, 40-47% of the employed work in the underground, or "clandestine" economy.

A study recently published by the Equis consulting firm reveals that the greater Buenos Aires region of 9 million residents has the worst socio-economic indicators in the country. This is a dramatic change for this part of the country, which has historically been better off than the interior provinces. Equis reports that the decline in employment levels and social conditions in this region has occurred only in the last ten years, since the 1991 imposition of the currency-board system known as "convertibility." In some districts, unemployment has quadrupled during this timeframe, going as high as 20%. Many people work in the "informal" economy, others are underemployed. Of the economically active population in this region, 47% of those of working age are seeking work.

Space

Cuts in Israeli civilian program draw protests

The year 2000 budget for the Israel Space Agency (ISA) has been cut by more than half, from \$1.5 million last year, to \$700,000. It is the lowest allocation in the agency's history. ISA head Aby Har-Even has characterized the budget as "ridiculous," and vowed to fight in the Knesset (Parliament) for a restoration to at least last year's level. When the space agency was formed in 1994, a Finance Ministry-appointed commission recommended that the budget should reach \$5 million, but it has never come close to that level.

Har-Even has appealed to Science Minister Matan Vilnai to secure funding for the agency from other areas within the government. He said he hopes that funding will be restored, and will reach about \$3 million next year, and the full \$5 million recommended, in 2002. He stated that at the reduced funding level, Israel will honor its international commitments, including the flight of an Israeli astronaut on the Space Shuttle, an Israeli-Dutch experimental satellite program, and

the Israeli-German remote sensing research satellite, but domestic remote sensing and technology development will be sacrificed.

During a meeting with Knesset members on Feb. 8, Science and Technology Committee chairman Anat Maor stated that "space research and applications are a significant factor in the development of every modern country. The peace process will bring about a change of orientation from military to civilian. The use of the existing infrastructure, whether relating to information [or] human resources, will be a source of speedy development and economic prosperity."

Trade

Western-run zones are China's real problem

The United Auto Workers union published a letter to the editor, entitled "A Different View on China," which identifies Western-run "free-market zones" as the actual source of trade problems blamed on China, in the union's newspaper *Solidarity*. The letter, from Brian Turner, a California graduate student, is a refreshing break from the constant anti-China drumbeat appearing in all U.S. labor publications.

"On many issues, such as sweatshops and NAFTA [North American Free Trade Agreement], I support your positions," Turner writes. "However, I believe your characterization of China is very misleading. You said child labor and prison labor are 'business as usual.' For one, the U.S. uses prison labor. The presence of child labor is far, far less than in other developing countries. Consider just one country in comparison—India is absolutely off the charts compared to China. In China's state-owned sector, there are worker councils that have the power to demote and fire managers.

"One sector of the Chinese economy is as bad as you describe. This sector is full of sweatshops, no unions (even of the party variety), brutality, sexual harassment, low pay, ultra-long hours, and terrible safety conditions. That is the coastal free-market zones. They are mostly made up of Taiwan- and Hong Kong-owned factories, but there are also U.S., Korean, Japanese, and others."

PAUL VOLCKER called for "a world currency," as the "final step in ending financial volatility caused by the disparity in size among the financial systems of developed and emerging markets," in Bangkok on Jan. 27. In other words, the "controlled disintegration of the world economy" called for by Volcker in the New York Council on Foreign Relations' Project 1980s, has succeeded to the point that the objective—world colonial government—is now within reach.

INDONESIA is boosting electricity rates 29.43%, starting April 1, less than the 35% demanded by the International Monetary Fund. The government expanded a proposal for subsidies for only the poorest households, to include 86% of users. The state electricity company PLN will carry losses of about \$540 million, which will be covered by the government.

THE COLLAPSE of education in Thailand due to the financial collapse, saw "up to 20% of students give up their studies before finishing," *The Nation* of Bangkok, reported on Jan. 28. Thai scholar Dr. Apichai Panthasen reported that "laborers over 15 years of age had spent an average of only five-six years in school, indicating that Thai workers are unfit for industrial labor."

CITIGROUP announced on Feb. 28 that co-chairman and co-chief executive officer John Reed will retire effective April 18. Former Travelers (which merged with Citicorp) Chairman Sandy Weill "will become the chairman and sole chief executive officer of the company," the firm said.

THE UNITED NATIONS has set the tone for its authority over East Timor, by imposing a "presumptive income tax" on coffee exports at the insistence of the IMF, despite opposition to the tax by most Timorese leaders and even the World Bank. Coffee is East Timor's main agricultural export, with 17,500 small family-run plantations and 15 primary cooperatives producing 6,500 tons of organic coffee a year.