

Business Briefs

Energy

World Needs \$16 Trillion Investments by 2030

According to a study released by the International Energy Agency (IEA) on Nov. 5, about \$6.6 trillion in energy investments will be needed in the OECD countries, \$3.2 trillion for the United States and Canada alone. Russia and other "transition" countries account for \$1.6 trillion in energy investment needs. And about \$8 trillion of energy investments are required in the developing sector, including \$2.3 trillion in China alone; another \$2.5 trillion in other Asian countries; \$1.2 trillion in Africa; and \$1 trillion in the Middle East. The report, "World Energy Investment Outlook," was released on Nov. 4 at the IEA's Oil and Money Conference in London.

A substantial part of the \$16 trillion will be needed "simply to maintain the present level of supply. Oil and gas wells are depleting, power stations are becoming obsolete, and transmission and distribution lines need replacing. Much of the new production capacity brought online in the early years of the projection period will itself need to be replaced before 2030. In total, 51% of investment in energy production will be needed simply to replace or maintain existing and future capacity."

The IEA figures are based on rather conservative projections of future demand. The report emphasizes that even in the case the full \$16 trillion is spent on energy infrastructure, there will still be "1.4 billion people without access to electricity in 2030," compared to 1.6 billion today. "Advanced technologies being developed today, including carbon sequestration, hydrogen, fuel cells, and advanced nuclear reactors, could dramatically alter energy investment patterns and requirements in the longer term."

Financing

Thailand Offers Myanmar Transportation Loan

Bangkok's *The Nation* reported the offer of a low-interest loan made by Prime Minister

Thaksin Shinawatra in his visit to Rangoon Nov. 10 for a meeting with his counterparts from Cambodia, Laos, and Myanmar (Burma). Thaksin was to meet with Myanmar Prime Minister Gen. Khin Nyunt. Thailand is expected to offer Myanmar about \$50 million (1.9 billion baht) in the form of aid, and a low-interest loan to support the construction of transportation links between the countries, Thai Deputy Prime Minister Korn Dabbaransi said Nov. 4. The grant will fund construction of an 18 kilometer-long stretch linking the Thai border town of Mae Sot and the Myanmar town of Myawaddy.

Korn said an additional \$445 million will be granted in the form of a low-interest loan. Thailand also wants to jointly develop plantations for corn, potatoes, beans, and bamboo shoots in Myawaddy. Thai businesses, including members of the Thai Chamber of Commerce, have agreed in principle to buy the produce from the plantations. Thailand has also agreed to support a study into the construction of a deep-seaport at Myanmar's Tavoy, and is studying commercial feasibility.

Transport

Russia Building Up Corridor to India

Russia is striving to increase traffic along the North-South transport corridor Russia-Iran-India, by building bigger container terminals on the Caspian Sea and a 50-km railway to link the Caspian Port of Olya with Russia's national rail network by 2005, *The Hindu* reported on Nov. 8. This was announced by Deputy Transportation Minister Chinghiz Izmailov on Nov. 7.

This corridor, first put forward for development by the Russian Transport Ministry in early 2001, is a "North-South Eurasian Land- and Sea-Bridge"; it links and upgrades railroads running from European Russia down through Iran to the Indian Ocean—including Caspian port facilities upgraded for more rapid and efficient freight movement—and then links by sea to the Indian port of Bombay.

A new container terminal was opened at the Caspian Sea port of Olya last month, and an even bigger terminal is being built at Makhachkala port. The Olya terminal, near Astrakhan, can handle 20,000 TEU (twenty foot-equivalent units) containers per year, whereas the Makhachkala Port will be able to handle 30,000 TEU containers by the end of 2003.

Also, the government has cut port calling tariffs by 45% to encourage use of the new terminals. Izmailov told *The Hindu* that "much depends now on the activity of Indian and Russian trade partners." He called on India and Russia, when Prime Minister A.B. Vajpayee visits Russia in mid-November, to set up a joint carrier company to operate the route. "It would obviously make sense if Indian and Russian companies give thought to establishing an international consortium for container shipment along the North-South Transport Corridor."

Reconstruction

Iraq's Economy Already Being Hyperinflated

"America brought us freedom . . . to go back to the Stone Age," lamented a skilled Iraqi worker quoted by the *Wall Street Journal* on Nov. 12; he had had to build a new roof out of mud for his house, located in a now-impoorished Baghdad neighborhood of well-built concrete houses. He couldn't afford to buy concrete because the U.S.-led occupation's buying power has sent the prices of cement—once the cheapest in the region—and of building iron, soaring. Concrete is requisitioned for U.S. military uses: runways, military housing, and defense walls.

Compared to the pre-war subsidized price of \$10 per ton, Iraqi cement now costs \$80 per ton, more than double the factory price in nearby Lebanon or Turkey. In addition, cement production is a mere one-sixth of its pre-war level. Deregulation of cement prices, part of coalition plans to remove Iraqi subsidies, is another reason for the sticker shock.

Some officials of the U.S.-led occupa-

SHANGHAI'S final testing of its magnetic-levitation train line was successful. With Nov. 7's new speed record reached on the track between Shanghai and Pudong Airport, the German-Chinese maglev train ran at 471 kilometers (about 280 miles) per hour along the 34-kilometer distance. Here, as well as in other tests during the past weeks, no major problems have been noted; so that with some additional preparations that have to be made, full commercial service of the two-way track can begin, on schedule, at the beginning of 2004. The Shanghai project is the first of this kind, worldwide.

GERMANY'S Red-Green government's pension cuts provoked the first-in-Germany's-history protest rally of mayors on Nov. 5. Nearly 200 mayors from throughout Germany rallied in Berlin. The action, by the Social Democratic-Green Party government of Chancellor Gerhard Schröder, is also a first ever: It voted up a freeze on pensions for 2004 and a new rule that pensions be paid only at the end of a month, from 2004 on. This is the first real net pension cut in Germany, since the 1957 pension legislation.

ITALY was advised to go back to nuclear energy, in a report presented on Nov. 1 by the International Energy Agency's Director Claude Mandil, to Italy's Industry Minister Antonio Marzano. The report recommends that Italy reverse its dependence upon imported electricity—which is now 17% of all power use, and has resulted in national blackouts—and that it “restart the public debate on its nuclear power option.”

UNEMPLOYMENT continued to increase in France through September, with 2,435 million registered jobless, for a national official unemployment rate of 9.7%. The figure is up 25,000 from August, and 130,000 from September 2002. France is as hamstrung by the European Union's “Maastricht Rules” as Germany, with its 10.4% national unemployment rate.

tion authority fear that the planned price rises for fuel and basic foodstuffs in next year's budget will lead to riots, and more attacks on U.S. troops. “We've created a new economy and then inflated it out of the reach of ordinary Iraqis,” said a U.S. military coordinator with the Iraqi government. “It's crazy.”

“No clear reconstruction program has started yet,” insisted Walid Khidr, a top advisor to Iraq's industry minister.

China

Beijing-Shanghai May Be High-Speed, Not Maglev

China may not use magnetic levitation technology for the full route of the Beijing-Shanghai high-speed railroad, according to reports in the Chinese press. Also, the Chinese Foreign Ministry has denied that China will build a power plant on the Yarlung Zangbo (Brahmaputra) River in Tibet.

According to a Sept. 28 report in *People's Daily*, “Feasibility studies on the [former] project are under way. . . . Earlier, related experts pointed out that if maglev is adopted, the total cost will amount to 400 billion yuan, or 300 million per kilometer (about \$35 million). Whereas the use of rail technology will cost a total of 130 billion yuan, 100 million yuan per kilometer. The Economic Newscast of CCTV quoted a personage from the Ministry of Railways saying that under the contract, construction of the project will be divided into several parts. For instance, track-laying will be undertaken by Chinese enterprises, while rolling stocks respectively by firms of Germany, Japan, and France through competitive bidding. Of these three source-lands of high-speed railways in the world, Germany puts emphasis on maglev technology, while Japan and France take rail technology as primary.”

India's Press Trust reported that the Chinese Foreign Ministry on Nov. 6 said that China would not build a power plant on the Brahmaputra. “We don't have any plan to build a power plant on the river,” Chinese Foreign Ministry spokeswoman Zhang Qi-

yue said, in response to a journalist's question. Since no power plant is planned, she said, there was no question of signing any agreement with countries like India and Bangladesh.

The river called the Yarlung Zangbo in Tibet, flows into India and Bangladesh, where it is named the Brahmaputra.

Venezuela

Economy Sinks Under The IMF and Chávez

According to Venezuelan media and first-hand reports from that country in the second week of November, its economy is falling rapidly from a combination of International Monetary Fund forced shrinkage over a decade, and the lunatic rule of President Hugo Chávez.

Venezuelan purchasing power has fallen as much as 7.3% below what it was 50 years ago, according to a study just issued by the UN Development Program (UNDP) and reported in the daily *El Nacional* of Nov. 10. According to another report by the Venezuelan Teachers Federation, the average family income now covers only 39.7% of the requirements for the most indispensable food, goods, and services.

On-the-scene reports contradict claims by the Chávez government that the health of the population has improved as the result of his “import” of Cuban doctors (the majority are paramedics). Medical services, in particular, are collapsing, residents say, to the point that patients at public hospitals are forced to bring everything with them, from cotton pads to blood to syringes.

According to a report by the UN's Economic Commission on Latin America, Venezuela's economy contracted 27.6% in the first quarter of this year, helped along by the effects of the nationwide strike in the beginning of the year which was unsuccessful in ousting dictator Hugo Chávez from office. The economy fell an additional 9.4% in the second quarter, putting Venezuela below even Argentina as the Ibero-American economy with the severest recession on the continent.