

Business Briefs

Auto

SEC Chairman Discovers Axles of Evil at Ford

U.S. Securities and Exchange Commission chairman Christopher Cox “is concerned about Ford Motor Co.’s business ties with terrorist states and their backers,” the Nov. 27 *Investment News* reported.

In letters dating back to July 5 between the SEC and Ford’s chief financial officer, Don Leclair, the SEC asked Ford if its “reputation and share value” were at risk because of its connections with Syria, Iran, and Sudan.

Cox asked if Syrian officials showed an interest in Ford dealerships, and if business volumes had notably changed in Syria over the last three years.

The investigation could further push Ford toward bankruptcy. Syria, Iran, and Sudan are not likely large Ford markets, but since Ford has just borrowed \$18 billion, and experienced a credit-rating downgrade on its unsecured debt, this type of investigation produces a cumulative effect of weakening the company. This unprecedented case shows that the SEC, far removed from its mission, is using terrorism as a threat to drive U.S. businesses out of certain countries.

Cox has blocked all attempts to regulate hedge funds or private equity funds—the actual purview of the SEC.

UN Report

‘Formal Banking’ Aids Afghan Opium Trade

The UN Office on Drugs and Crime has issued a 210-page report, “The Afghan Drug Industry,” which is a damning indictment of international finance networks that operate under the noses of U.S. and NATO military forces there.

Chapter 6 of the UN report (which is available in full in pdf format at www.undoc.org/pdf/Afghan_drugindustry_Nov6.pdf) notes that the “informal financial transfer

system (*hawala*)” is “heavily reliant on formal banking channels in regional countries around Afghanistan.” From there, the bulk of Afghanistan’s heroin finds its way to western Europe, home of the oligarchy’s *fondi*.

Opium production accounts for one-third of Afghanistan’s total economic activity—a \$3.1 billion export value last year. And in the past year alone the crop rose by nearly 60% to 6,100 metric tons. Afghanistan’s harvest produces 90% of the world’s heroin.

The opium crop is raised mainly in the country’s southern (Helmand) and western (Ghor) regions, and covers 4% of its landmass, roughly 25,800 square kilometers (9,961 square miles). (For comparison, the area of Massachusetts is 10,555 square miles.)

The UN report sees no prospect of eradicating opium production in Afghanistan for a generation. It makes the unastounding conclusion that a key problem is corruption. Its findings show “a probability of high-level (government) involvement” in the opium trade. The report presents a strong indictment of the Interior Ministry, which runs the country’s police. The underworld could not operate, says the report, without the support of the political “upperworld.”

The report names no names. And it states that “imposing stringent anti-money laundering standards too quickly on the re-emerging formal financial sector risks alienating the Afghan people from using banks.”

The report, released Nov. 28, is co-authored by the World Bank.

Technology

China ‘Not Yet An Industrial Power’

China is far from being a real industrial power, and must improve its “ability to innovate and develop our own technology” to change this, Prof. Liu Yingqiu, executive vice president of the Graduate Institute of the Chinese Academy of Social Sciences, said in an interview with *People’s Daily*, published Nov. 24.

“China has transformed itself from a large agricultural country into an industrial country. However, it isn’t an industrial power yet. Relatively speaking, China’s added output value is still low,” Liu said.

“Many people refer to China as the world’s factory, which isn’t accurate. China is only a processing plant. China still has a long way to go.”

Those factors on which China has depended for sustaining its economy in the recent period, are now weakening, Liu said. Among them, he said, “the amount of capital inflow and the marginal benefits of investment are dropping off.”

Nuclear Fusion

Brazil To Create Lab And National Network

The Brazilian government is creating a National Fusion Network (RNF) and a National Fusion Laboratory, to conduct research and development of nuclear fusion as a means of meeting its future energy needs.

Speaking Nov. 7 at an event organized by the Brazilian Physics Society, Science and Technology Minister Sergio Rezende announced this initiative, which will be overseen by Brazil’s National Nuclear Energy Commission (CNEN), and will initially incorporate 70 researchers and 14 national scientific institutions. The Physics Institutes of several universities, the National Institute for Space Research (INPE), and the Aeronautics Technological Institute are among the entities participating, the Brazilian media report.

In announcing this initiative, Minister Rezende emphasized that it will focus particularly on attracting youth, even though the starting budget is small—\$450,000.

Brazil also plans to expand its nuclear fission energy capacities. The state-owned energy research company EPE has just released its “National Energy Plan—2030,” which calls for building four nuclear reactors between now and 2030, each capable of generating 1,000 MW.

The plan also projects completing the Angra III nuclear reactor by 2015.