

Business Briefs

Nuclear Energy

Chinese will supply uranium to Indian plant

The Department of Atomic Energy of India (DAE) will be supplied with enriched uranium from China for its two 220-megawatt boiling water reactors at the Tarapur Atomic Power Station, the agency said on Jan. 4. The supply of low enriched uranium was part of a commercial contract between DAE and the Chinese Nuclear Energy Industry Corp.

The Tarapur plant will be operated with a fuel core of low enriched uranium and mixed uranium and plutonium oxides (MOX). The phased introduction of indigenously developed MOX fuel in Tarapur began last June.

According to press accounts, the sale of the low enriched uranium by China to India has the approval of the International Atomic Energy Agency, whose safeguards would apply.

Tarapur, which was constructed in 1969 and was a bone of contention between India and the United States during the Carter administration in the 1970s, had been getting fuel from the United States and France. The fuel shipments were stopped in October 1993, when the 25-year fuel supply contract expired. The Indians are confident that the plants are good for another 10-12 years of full-scale operation.

Russia

Back science-intensive industries, says Glazyev

Sergei Glazyev, Duma Economic Policy Committee chairman and chairman of the National Committee of the Democratic Party of Russia, warned in a press conference on Jan. 18 that without state intervention, and without an economic policy oriented toward production instead of the money supply, Russia's "manufacturing industries will be finished as a key sector of the Russian economy. This applies primarily to engineering and light industry, but also, more generally, to the entire con-

sumer sector. We absolutely disagree with such a scenario."

The results of the 1995 budget already can be clearly calculated, Glazyev said. "They include the final deindustrialization of the country, its ultimate transformation into a raw materials appendage, and the disappearance of any potential of future economic growth."

Glazyev noted that "there are no defense conversion credits under the present draft budget. . . . Defense conversion and science-intensive industry constitute the key area of economic restructuring, and the implementation of those policy lines constitutes our main hope for the resumption of economic growth."

"I will remind you that 70-90% of economic growth in the present economy is generated by science-intensive industries. In our country, science-intensive industry was integrated into the military-industrial complex. Accordingly, there will be no economic growth without its conversion. That is why we will be pressing for the restoration of defense conversion credits."

Vietnam

Foreign firms refuse to pay minimum wage

The chairman of the Vietnam State Committee for Cooperation and Investment charged in January that eight strikes in enterprises in which foreigners have invested were triggered by the companies' violation of the minimum wage laws. The legal minimum wage in Hanoi and Ho Chi Minh City is \$35 per month, and \$30 elsewhere. More than 600 foreign joint ventures now operate in the country. Most strikes occur where there is no labor agreement, contract, or trade union.

The number of strikes has increased steadily, particularly in the garment industry. There were 32 strikes in the first 10 months of 1994, eight more than in all of 1993. Some 21 strikes were in Ho Chi Minh City, the main manufacturing center. However, 17 strikes were in state-owned companies. So far, the government has remained silent on proposals, including from the Vietnam Confederation of Labor, to raise the minimum wage to \$40-50 per month,

"which would raise foreign investors' costs considerably," Reuters commented.

Meanwhile, on Jan. 19, Citibank became the first American bank to open a branch office in Vietnam since the U.S. withdrawal in 1975.

Eastern Europe

Don't scrap military industry, Belarus warns

"I do not favor scrapping the military-industrial complex," Belarus President Alexander Lukashenko told the press, after signing a peace pact and a \$50 million arms deal with the People's Republic of China on Jan. 18.

Beijing will buy \$50 million in military equipment from Belarus, mainly involving advanced optics and guidance systems, items that were the principal Belarussian contribution to the former Soviet Union's military infrastructure. "We have worked out new conceptions to expand our military industry. China is one of our major partners. We hope for close cooperation between the military-industrial complexes of our two countries," Lukashenko said on Jan. 19.

In a joint communiqué signed during President Lukashenko's visit to China, the two nations pledged themselves to non-aggression, non-interference in each other's internal affairs, equality, mutual benefit, and peaceful coexistence.

Finance

Leuschel warns of 'permanent crash'

Roland Leuschel, head of the Belgian Banque Bruxelles Lambert, warned of a "permanent crash" in financial markets and of the potential for "generalized panic," in an interview in the Jan. 20 French weekly *L'Événement du Jeudi*.

Leuschel differentiated between the idea of a "great global crash" of the 1929 and 1987 varieties, and the kind of "salami crash, in slices," that we are seeing now. This began with the bond market losses of last year, which

saw \$3-3.5 trillion in losses in financial markets, with the money simply "evaporating into thin air." Nobody can predict when the next phase will take place, he said, but there is no doubt that "a part of the crash has already taken place, and other episodes will follow." Nobody can predict the exact form this will take, "but turbulence is inevitable."

For the moment, "thanks to the massive intervention of the American authorities," catastrophe triggered by the Mexico crisis has been avoided. "But tomorrow, what will the reaction of the public be? Will we be able to avoid a generalized panic?"

The underlying, undeniable problem, Leuschel said, is that each day there are \$2-3 trillion in financial market transactions, but only 1% of the transactions have anything to do with "trade in goods and services. No central bank, no government can control such a market." Since 1990, the U.S. Federal Reserve has been busily creating "artificial wealth, based on nothing. There are no miracles; bubbles always end up bursting."

The magazine commented, "Fortunately, the worst is not always guaranteed." Leuschel responded, "That reminds me of the story about the fund manager who tells his client, 'I have good and bad news to tell you. The bad news is that you lost 50% of your investment portfolio. The good news is, this doesn't mean a crash has taken place.'"

Middle East

Nuclear an alternative after 2000, says Jordanian

The use of nuclear energy for desalination is an alternative solution to the water shortages in the Middle East, but not till the next century, Dr. Munther Haddadin, the leading Jordanian representative on the Mideast Regional Development Working Group (Redwig) and a co-chairman of the Rift Valley Development Project, said in response to a question from *EIR* at a meeting of the Washington Institute on the Middle East in Washington on Jan. 12.

"Nuclear desalination is definitely not out," Haddadin said. "There will be a new generation of reactors using nuclear fission out

on the market early next century which will be easier to control and smaller than 500 megawatts. By that time the option will be seriously considered."

On the canal projects to connect the Mediterranean to the Dead Sea and Dead Sea to the Red Sea, Haddadin said that the group is awaiting a feasibility study in the fall. "The alternative Mediterranean Sea to Jordan River to Dead Sea is what Jordan would prefer. . . . But you have to look at the economic and environmental costs. In the Med-Dead alternative, the economic factors speak in its favor. If you add the environmental costs, it could become more expensive. In the Red Sea-Dead Sea alternative, the environmental factors are all favorable, as are the demographic factors," he said. "These canal projects will carry us into the next century, but we will always need fresh water as the population grows and the area develops."

Economic Policy

IMF praises Algeria as 'model' student

The International Monetary Fund and the World Bank maintain that Algeria "has been a model student of economic reform" and IMF Managing Director Michel Camdessus insisted recently that Algeria had "scrupulously" abided by IMF requirements, the Jan. 20 London *Financial Times* reported. The comments are widely viewed as a political statement of support for the regime, which has taken a hard line against opponents in the ongoing civil war.

The IMF is said to be pleased with the fact that the budget deficit has declined from 9.3% of gross domestic product to 5.4% over the last year, and that inflation is said to be 30%. Economic growth was reportedly 0.1% last year, compared to -2.2% in 1993.

The IMF failed to mention the cost in human lives, which is running at the rate of 500 to 1,000 deaths a week in the current bloody civil war. In support of their "model," the IMF will extend another \$1 billion credit in order to service Algeria's \$26 billion debt, which is over 100% of export earnings.

● **CHINA** said on Jan. 17 that it had executed some of the 2,665 people convicted of intellectual property piracy since 1991. The campaign primarily has targeted violators of copyrights of audio and visual products, software, and publications. So far, no protest from human rights groups has been reported.

● **THE GERMAN** Banking Association is using the Hell's Angels to boost its image. One ad shows a rocker saying, "I prefer conservative types of investment." Similarly, Volkswagen has designed a 1995 model that will be advertised with symbols borrowed from the Rolling Stones' album "Voodoo Lounge."

● **PIPER JAFFRAY'S** Americas Income Trust, which buys U.S., Mexican, and Canadian bonds, has lost 55% of its share value since it began operation on Jan. 31, 1994, and 20% since Dec. 20. Piper said it will cut its monthly distribution to fund stockholders by 41% in February, the Jan. 20 St. Paul, Minnesota *Pioneer Press* reported.

● **BANKERS TRUST** New York Corp. has forgiven \$72 million owed to it by clients who lost money on derivatives, \$46 million more than previously reported. But it also classified \$351 million in derivatives as non-performing loans, allowing it to post a \$101 million profit for the fourth quarter of 1994.

● **CAMBODIA** received \$83 million in aid from the European Commission on Jan. 18, which will be "focused mainly on rural development, primary education, human rights, and the reinforcement of the country's institutional capacity," the EC said.

● **INDONESIAN** President Suharto urged Thailand to buy its CN-235 turboprop commuter plane, in exchange for rice, Foreign Minister Ali Alatas said on Jan. 6. Thai Foreign Minister Thaksin Shinawatra said he would encourage Thai business to invest in Indonesia.