

Business Briefs

Petroleum

Iran announces new oil and gas reserves

According to National Iranian Oil Co. exploration director Mahmoud Mohaddes, since 1993-94, 1.49 billion barrels of oil, 31.85 trillion cubic feet of natural gas, and 596 million barrels of liquid gas have been discovered in the course of exploration operations in oil and gas fields in Iran, the Iranian News Agency reported on Jan. 1.

Mohaddes said that exploration operations have so far resulted in discovery of several gas fields in the Persian Gulf, as well as in Khuzestan, Fars, and Bushehr provinces. It is expected that, with the drilling of about 300 wells, some 180 to 200 trillion cubic feet of gas and over 15 billion barrels of oil will be discovered in other fields. Mohaddes stated that exploitation operations in subterranean surfaces of the Bibi Hakimeh field indicate the potential for 1.984 trillion cubic feet of gas reserves, and that the Zagros area has the largest gas potentials in the country, especially the region between the Aghar and Dalan gas fields, stretching toward Bandar Abbas and the Strait of Hormuz.

Mohaddes said that that portion of the Oil Ministry's budget allocated to exploration for the next fiscal year, is double the present year's 265 billion rials. He said that a seismographic vessel, purchased from a foreign geophysics company for exploration operations in the Persian Gulf, will be delivered to Iran within four months.

Indonesia

Layoffs mount, in wake of financial crisis

Indonesia is expecting unemployment to hit 5.8 million in 1998, as the global financial crisis deepens, according to the Ministry of Manpower, the Antara News Wire reported on Jan. 6. The estimate includes only 1.3 million of 2.7 million joining the labor force in 1998 who will not be able to find work. Unemployment at the end of 1997 was said to be

4.4 million, out of a workforce of 91 million. The number who have lost their jobs because of cancelled projects is 1.5 million, while jobs lost since July include 800,000 in real estate and construction, 300,000 in textiles and the garment industry, and 100,000 others.

A meeting of the Indonesian Chamber of Commerce (Kadin) in Jakarta on Dec. 29, heard reports on the mounting layoffs. The chairman of the Federation of All Indonesia Workers Association told the meeting that "open unemployment" (i.e., less than one hour of work per week) will rise in the coming year from 7.7%, to 9%. The Construction Executives Association estimates that 3-4 million workers are already jobless, although the Ministry of Manpower reports 950,000.

The meeting renewed discussion of how to generate liquidity for the economy. The Kadin noted that "only giving attention to the IMF [International Monetary Fund] and World Bank will not solve the problem." Technical solutions are not enough, nor is focussing on short-term debt as the main cause of the crisis. "If this crisis is left too long, it will make development a slave and lessen the achievements made all this time."

Economic Policy

'Purely capitalist order will kill us'

"We cannot tolerate the chaos and speculation on international financial markets," former German Labor Minister Heiner Geissler said, in an interview with the German engineering weekly *VDI-Nachrichten* in its Dec. 19 issue. "Man is a creature of God," and "this image of man is the foundation of our economic system," he said. The "Anglo-Saxon model . . . [is] obsolete," and, if we don't act with solidarity, "the world is going to crash."

Geissler drew a parallel to the social eruptions and revolutions 150 years ago, and said that, by focussing on shareholder values, we are now heading into similar problems. "The market needs order, also on the international level," he said.

The rises in the stock markets, Geissler said, "are nothing but purely virtual increases. Here, artificial financial assets are being created, which have nothing to do with the output of the companies. If people are fired, the stock prices go up, but once the next stock market crash arrives, tens of thousands will also lose their jobs."

In Germany, he said, despite the dangers of globalization, "our big companies have to be active on a global scale. Therefore, there has to be an international control over financial markets, as the president of the World Bank has also recently called for." He emphasized that, in contrast to the "Anglo-Saxon two-thirds society" (i.e., in which one-third lack an adequate standard of living), the German economy has had the advantages of more investment into infrastructure and skill levels. Therefore, productivity is much higher than in the Anglo-Saxon countries. Many of those companies, which outsourced production to eastern Europe for cost-cutting reasons, are now coming back. Geissler concluded that, without solidarity, "a purely capitalist economic order will put us all into the abyss."

Trade

Ukraine studies Chinese model, boosts trade

Ukraine's Prime Minister Valeri Pustovoytenko is sending experts to study China's economic reforms, because he was so impressed on his recent trip to China, Xinhua reported from Kiev on Dec. 29. He said "that political harmony is essential for Ukraine's ailing economy to recover. 'The Chinese people's spectacular economic achievements reflect the need for attaining political accord within the nation and rallying all political forces around certain goals,' he said," Xinhua reported.

Pustovoytenko stressed the importance of steady, clear-cut, and meaningful political and economic policies. "China's sober and predictable economic strategy makes the nation attractive for foreign investors," he said. "To make China's valuable experience of economic reforms applicable and more adapted to Ukraine's realities, a Ukrainian

experts group will be sent to Shanghai shortly after the New Year holidays." The group's mission will be to find out what should be done to set up free economic zones in Ukraine.

Pustovoytenko was in Beijing on an official visit on Dec. 23-26. He was received by Premier Li Peng, who welcomed the "practical results in many spheres of cooperation" between China and Ukraine, and noted the "immense potential" for deepening ties. Pustovoytenko said that "China is Ukraine's strategic partner," and called for bilateral trade to be increased from this year's approximately \$1 billion, to \$2-3 billion by the year 2000. He stressed expanded cooperation in the areas of military hardware, the chemical and aviation industries, and shipbuilding. Bilateral trade and scientific-technical, economic, and financial agreements were signed.

Biological Holocaust

Kenya, Somalia hit by unidentified fever

Hundreds of people have died as of early January in Kenya and Somalia from a yet-unidentified hemorrhagic fever. The outbreaks are taking place along the Ewaso Nyiro River in the districts of Wajir and Garissa, in the Northeastern Province in Kenya, and along the Shabelle River in the town of Torotorow, Somalia, 70 miles south of Mogadishu. The reports, collected through the international infectious disease alert network known as ProMed, indicate that at least 45 have died in Kenya, with as many as 217 deaths reported overall.

The outbreak is exacerbated by International Monetary Fund austerity policies. Dr. Abdi Hassan, the medical officer in charge of Northeastern Province, said that the outbreak could have been easily managed if health centers in the affected area were operational. Most medical institutions in Kenya have been shut down, following a nationwide nurses strike that started on Nov. 29 against pay cuts. The government, to comply with savage IMF-dictated budget cuts, has been gutting its health infrastructure. The nurses have vowed to stay off the

job until the government accedes to their demands for a 500% pay hike.

Most of the victims are dying within three to four days, and some die within 12 hours of presenting symptoms. It is not known how many people are surviving infection, given the dismal conditions in the area. A veterinarian with the team, Dr. Louise Martin, reports that a similar illness has killed thousands of livestock, including cattle, but particularly sheep and goats. She reports that the livestock mortality rate is 50-75% in the area.

Kazakhstan

Electric power needs demand nuclear option

Participants in a scientific conference on the need for nuclear power in Kazakhstan, in Ust-Kamenogorsk, central Kazakhstan, concluded that the nuclear option is essential for the nation to survive, *Almaty Ekspress* reported on Dec. 18, in an article entitled "Is Hell in Store for Us Without the Atom?"

The meeting was addressed by Academician Vitali Kononov from the Russian Academy of Sciences, who projected a threefold increase in electric power requirements over the next 50 years. While this estimate is a vast understatement of needs, conference participants concluded that, with even such modest expanded requirements, "without nuclear power stations, it will be difficult for south Kazakhstan to survive; and, the industrial life of such industrial centers as Almaty, Ust-Kamenogorsk, and Semipalatinsk, may become a hell unless nuclear energy is harnessed. That is, the environmental consequences of utilizing fossil fuels would be disastrous."

One plan presented at the conference suggested setting up nuclear power generators using the reactors from scrapped submarines. There are also plans in Russia for a new plant to produce uranium fuel "pills" for nuclear power stations, including for use at facilities in Kazakhstan. Academician Kononov stressed the jobs-creation benefit of these schemes.

CHINA'S state media announced on Dec. 30 that the cabinet has approved construction of a 16.8-mile bridge to link Zhuhai to Hong Kong. It will take six years to build, and cost about \$2 billion. The Ministry of Communications and the Guangdong provincial and Zhuhai city governments will cover 55% of the cost; 45% will be raised overseas.

DEMOGRAPHIC trends in Ukraine are drastically down, as death rates rise and birth rates fall. The population declined by approximately 400,000 people in 1997, the State Statistics Committee announced on Dec. 26. The country's population now stands at 50.48 million.

RUSSIA and China signed a \$3 billion deal for two 1,000-megawatt, Russian-designed nuclear power reactors for the port city of Lianyungang, in Jiangsu province. Xinhua reported on Dec. 29. The reactors are scheduled to come on line in 2004 and 2005.

IRAN AND RUSSIA began a "Row-Row" (roll-on, roll-off) shipping line on Dec. 26, between the Russian port of Astarakhan, and Nowshahr on the Iranian side of the Caspian Sea. Because of the closure of the Russian-Azeri border, Iranian trucks have had to travel to Russia via Turkey and the Black Sea.

ASEAN, the Association of Southeast Asian Nations, accepted a proposal to set aside claims to the Spratly Islands in the South China Sea, in favor of joint development, at its heads of state meeting in December, the Malaysian *Star* reported on Dec. 17.

THAILAND'S 10-megawatt research reactor, approved by the Chavalit Yongchaiyudh government on June 1, 1997, could be the latest casualty of the financial crisis. The 3.8-billion-baht (\$146.8 million, at the time) deal with General Atomics, will now cost 57% more, and Prime Minister Chuan Leekpai has ordered it reviewed, the *Bangkok Post* reported on Dec. 29.