

Business Briefs

Trade

CIS customs union belies hopes for integration

The Commonwealth of Independent States (CIS) has failed to promote regional economic integration, Kazak President Nursultan Nazarbayev said on Sept. 24 in the Kazak capital of Astana, according to Xinhua, the Chinese news agency, on Sept. 30. "The CIS is losing its sense as a cooperative organization," he stated. "The CIS is not heading for integration but rather disintegration."

Nazarbayev's remarks followed talks with government heads from Russia, Belarus, Kyrgyzstan, and Tajikistan, who had met to sign a series of accords on economic cooperation. The four and Kazakstan had set up a customs union last February in Moscow, in an effort to survive the severe economic aftermath of Russia's financial crisis, in addition to the financial crises in Asia and Brazil.

CIS integration should be economic integration first of all, said Nazarbayev, yet trade among CIS countries has shrunk 70% since 1991. In the first half of this year, he added, Transcaucasian countries saw their trade with CIS members down 40%, and that with Kazakstan down 20%. Moreover, he complained, CIS members have signed thousands of documents, but only 5-10% of them have been implemented.

Nazarbayev said that he hoped that, with concrete actions and measures, the five-nation customs union will be able to set an example for CIS integration.

AIDS

Drug cocktail treatments are failing

The "triple drug cocktail" treatments, consisting of antiretroviral drugs including protease inhibitors, are becoming less effective, and the number of deaths from side effects of the drugs are rising, scientists told a recent meeting of the American Society of Microbiologists, Reuters reported on Sept. 27. Drug-

resistant strains of HIV are on the rise, and, according to Dr. John Mellors of the University of Pennsylvania, "The concern is that there will be a new wave of disease."

Deaths from AIDS had dropped by 42% between 1996 and 1997, but between 1997 and 1998, the number of deaths was only 20% fewer. Serious side effects of the multidrug treatment, such as high levels of lactic acid in the blood, have led to weight loss.

According to a study by the Food and Drug Administration, more than half of patients who developed lactic acidosis due to multidrug treatment died. The new study also showed that about one-third of patients who started on the triple-drug therapy a few years ago are now seeing increased levels of the virus in their bloodstream.

Infrastructure

Italy's D'Alema wants Europe-wide projects

"National projects are not enough" to create a favorable climate for economic growth in Europe, Italian Prime Minister Massimo D'Alema told an audience in Nimes, France during a recent visit. The Italian premier cited the white paper of former European Commission President Jacques Delors, and Delors's investment program, as giving the needed direction, according to reports in the Italian daily *L'Unita* on Sept. 27.

Prime Minister D'Alema has focussed repeatedly on the need for infrastructure development, in a series of recent speeches which have been blacked out by the press.

In a speech to a business fair in Bari, southern Italy, earlier in September, D'Alema said: "In 1997 the index of economic infrastructure (transportation, communications, energy, water) in the Mezzogiorno [Southern Italy] was equal to 52% of the infrastructure in the center-north of the country. In the same year, the level of social infrastructure (education, health) amounted to slightly less than 60% of that in the center-north. To close this gap is the direct responsibility of the state."

In the speech, D'Alema also spoke of Italy's role in reconstructing the Balkans: "It is

an opportunity for Italy and the Mezzogiorno, in this Mediterranean which can cease to be a border to patrol, and become a bridge to the Balkans, toward the other side [of the Mediterranean]. I'm thinking of the policy of friendship with Iran, which is now coming onto the international scene; I'm thinking of Libya, which is coming out of her isolation and again finding her place among nations; I'm thinking of Algeria, for whom we hope to see a future of peace, and we want to help end her conflicts; I'm thinking of the peace in the Middle East, to which we have also contributed, and which is an extraordinary opportunity for Italy and the Mezzogiorno.

"The Mezzogiorno thus finds itself at the center of a Mediterranean in which the specter of war and integralism is retreating, and the possibility of cooperation, peace, and development is moving forward."

Germany

Professors urge: Don't abandon nuclear energy

On Sept. 29, a "Memorandum by German Scientists on the Planned Abandonment of Nuclear Energy," signed by 570 German professors from 50 research institutions, was handed over to the German government. The memorandum calls on the government to "seriously rethink the role of nuclear energy," in particular due to the important improvements in security technology in recent years and the devastating consequences the abandonment of nuclear technology would have for the German economy.

Under these circumstances, energy policy cannot just automatically follow "party congress decisions from the 1970s and 1980s without any revision." If Germany were to close down its nuclear power plants, and at the same time stick to the environmental aims agreed to at the Rio conference, investments of up to 700 billion deutsche-marks (roughly \$450 billion) would be required, they said.

While German politicians are unwilling to recognize the improvements made in nuclear technology in recent years, there is obviously a different trend in the German popu-

RUSSIA plans construction of a new oil pipeline, bypassing Chechnya, for the transport of Azerbaijan's Caspian Sea oil. Russian Fuel and Energy Minister Viktor Kalyuzhny said at a meeting with Azeri President Heidar Aliyev on Sept. 22. If the project becomes a reality, it would be an important flank against British operations to isolate Russia.

RICHARD GRASSO, head of the New York Stock Exchange who recently met with FARC narco-terrorists in Colombia, said that Americans are unprepared for the sort of "nuclear winter" bear market that occurred in the late 1960s and early 1970s, but that he thought it was coming, according to business columnist Fred Barbash. Grasso apparently expects a 2,500-point dive in the Dow.

THE IRAN-CHINA Joint Economic Commission is preparing for its 10th meeting in Beijing. China has appointed Wu Yi, said to be one of the key figures in the country's economic affairs, to head up its side. This has been read in Tehran as an indication of the importance China places on relations with Iran. China's projects in Iran include five cement factories, hydroelectric and thermal power plants, the Tehran subway, and a zinc mill.

ANTIGUA, a member of the British Commonwealth, has issued banknotes bearing images of the most feared pirate ships, with "the most recently approved official portrait" of Queen Elizabeth alongside in at least one of the designs, according to a brochure issued by the government. The banknotes are intended for collectors.

UNICOM, the Chicago-based parent of Commonwealth Edison, and Philadelphia-based PECO Energy announced on Sept. 23 that they will merge. The new company will be the fourth-largest power generator in the nation and will have, said PECO chairman Corbin McNeill, "the largest nuclear fleet in the country." Since 1997, PECO has concentrated on increasing its nuclear power plants in a venture with British Energy Co.

lation. According to a recent poll by the Allensbach agency, 38% of the German population believes that the government's position on nuclear power is "irrational." The percentage of Germans who perceive themselves as "enemies of nuclear energy" has continuously fallen, from 18.6% in 1992 to 11.8% today. In particular, among young people in Germany, states the poll, nuclear energy is no longer seen as a dangerous matter.

Agriculture

European farm crisis enters new phase

A catastrophic fall in farm prices, resulting in a strong decline in total farm income, and additional cuts in support payments for agriculture by the governments and the European Union, paint a very grim picture for the farm economy. And, future prospects are that things will become even worse.

In Great Britain, which led the European agricultural downturn, farmers have started to cull their animals because they can no longer afford to feed them. Older lambs especially are practically unsellable. The London *Daily Telegraph* prints photos showing farmers standing in a heap of dead lambs, which they are about to put into a mass grave. The paper quotes one of them saying, "We are farmers, and it is our job to produce food for people to eat, not to act as slaughtermen." Neighboring farmers are helping each other to kill the animals, because usually the owner just cannot overcome his revulsion to this senseless slaughter, and upon which the economic existence of his family depends. In other places, such as North Wales, farmers dumped 300 sheep at an animal welfare center, telling the animals' rights people to take care of them.

On the continent, farmers and farm organizations have been staging protests to alert the public. In south Germany, there have been numerous local and regional demonstrations and confrontations with politicians. In France, there have been protests going on for many weeks throughout the country. There, the farmers declared "a war for the

profits in the food trade." They are battling against steadily growing pressure by the big food chains, that are lowering the prices they pay to farmers as they wish. With that, they get a free hand to lower the consumer prices and to expand their market share.

One of the big targets is MacDonald's. A few weeks ago, one MacDonald's restaurant under construction was completely destroyed by farmers. The farmers are protesting what they call an "aggressive policy of the United States against European farmers," in respect to the upcoming World Trade Organization negotiations.

Brazil

Supreme Court rejects 'excessive' taxes

A Brazilian Supreme Court ruling has rattled markets and put into question Brazil's ability to pay its debt. As a result of the Supreme Court's ruling striking down two tax measures, the Cardoso government will lose \$1.3 billion in revenues.

Last January, after much arm-twisting and four defeats, the government finally won congressional approval of a plan to impose an 11% social security tax on retired public employees' pensions, and a 25% tax on the salaries of current public employees. But the Supreme Court ruled that the two measures represented "excessive" taxation. Both were crucial elements in the package the government had presented to the International Monetary Fund (IMF) early this year, and were supposed to aid in reducing the \$62 billion budget deficit, and thereby boost "investor confidence."

While the usual gaggle of Wall Street "experts" insists that this is an "isolated incident," there is great nervousness over the implications of the ruling, especially coming after Ecuador's default. One ING Barings analyst moaned, "This is real bad. They're going to have to come up with something to replace this lost revenue, and they're already running a tight budget." A Brazilian banker added, "It increases the perception of risk. It's an outcome the market wasn't counting on."