

Business Briefs

Eurasia

Russian interest grows in transport corridor

"Russia is interested in the creation of a Eurasian transport corridor linking western Europe and the Asia-Pacific region, a source in the Transport Ministry told Itar-Tass" on April 11, according to a *Journal of Commerce* story filed in Moscow on April 14. The article reported that "officials from Germany and France, as well as representatives of the Russian-Belarusian Union," were to meet in Moscow on April 13 and 14, to discuss the project.

"This project provides for the building of European-standard railway track from Brest in western Belarus to Moscow, via Minsk, and a large transit hub and customs center in Moscow," according to the *Journal*. "A road and electric transmission lines are expected to run along the railway track. According to experts, it is necessary to invest 14 billion to 15 billion euros [\$14.6-15.3 billion] into the project. It has received preliminary backing in Germany, France, and Russia."

Europe

Build nuclear to ensure clean air, says report

A European Commission report says that "at least 85 nuclear power stations must be built in Europe—including four in Britain—over the next 20 years if targets on emissions of carbon dioxide are to be met," the *London Guardian* reported on April 10. The report, which was compiled by a London-based consulting firm, ERM Energy, "so alarmed the EC's energy and transport directorate at first that it was kept confidential, but now officials have decided it should be released shortly to 'stimulate debate' on the future of electricity generation in Europe," the *Guardian* said.

The targets were set in the Kyoto protocol on greenhouse gas emissions, adopted in Kyoto, Japan in 1997. If ratified, they would require the European Union (EU) to cut emissions by 8% by 2010, the United States 7%, and Japan 6%.

The report says that despite the "increasing public and political opposition to nuclear power, particularly in Germany, it is important to keep them in production to meet the Kyoto target." Alternative energy sources, such as biomass, are "unlikely to fill the gap," the report says. In 1995, twenty-three percent of the EU's electrical power came from nuclear. In France, the figure is close to 80%; in Britain, it is about 20%.

China

Agriculture to be hit hard by WTO entry

China must not underestimate the negative effects on agriculture from joining the World Trade Organization (WTO), Huang Jikun, director of China's Agricultural Economic Research Center of the Chinese Academy of Agricultural Sciences, told a Ministry of Agriculture forum, *China Daily* reported on April 15. The government must orchestrate an agricultural development strategy as soon as possible, to mitigate the negative effects of WTO entry on China's rural economy. "For the short run, it would be unrealistic for us to underestimate the negative effects on rural employment and the incomes of Chinese farmers after the country's entry to the WTO. International companies will step in and compete with their Chinese counterparts side by side in the marketplace, bringing structural changes to agriculture and many other business sectors based on the agriculture," he said.

In the five years after China's accession to the WTO, the agricultural sector will lose 4 million jobs, he said.

Both production costs and retail prices of China's grain and the majority of other agricultural products now are higher than the world market average, and during the next two decades, they are likely to remain at such levels. Chinese consumers, he warned, would reject more expensive Chinese products, and buy cheaper foreign-made products.

As a developing country, China can implement a tariff rate quota system to curb agricultural imports during the transitional period into the WTO, and China won a five-year grace period in its deal with the United States. But by 2004, average tariffs on ag-

ricultural products will decrease to 17.5% from the current 21.2%, and tariffs on other farm and sideline products will fall to 14.5%.

Huang said China's annual net imports of grain could be as high as 54.7 million tons by 2005, if China joins the WTO this year. Otherwise, net imports would be about 20.9 million tons.

Huang also said that, because China is accused of being a nation where "livestock epidemic diseases are frequent," and its animal quarantine system is not accepted by the developed countries, WTO entry will not be a positive impetus to Chinese livestock exports. On the contrary, imports of meat and meat products will pose a threat to domestic animal husbandry development.

France

Nuclear energy no longer a priority

For the first time since France's Atomic Energy Commission was created under President Charles de Gaulle, the Commission's head, Pascal Colombani, has said that France will no longer favor nuclear energy. "Nuclear energy still has its place," he told the Paris daily *Le Monde* on April 12, but the days when France strove to go "all nuclear" are over, just as occurred with oil in its time. France pioneered quality standardized reactors, in its efforts to derive 100% of its power from nuclear. "Industrialists are now looking for the more competitive energies," he said.

Colombani added that "nuclear power still has a future," and called on researchers to intensify work on a new and clean nuclear reactor. But, "we already have a small amount of activity in solar energy that we will reinforce and, especially, we will focus on fuel cells," he said. Research in areas concerned with new technologies, namely, microelectronics, nanotechnologies, biotechnologies, and bio-chips, will also increase.

This shift has resulted from both commercial considerations, such as the lack of foreign markets for nuclear power, and comparable prices for gas, as well as growing ecologist ideology and post-industrial myths that an economy can function without energy.

Agriculture

Indonesian rice prices collapse under IMF

Rice prices in Indonesia have collapsed, and the responsible state agency has no funds to stabilize them, leaving farmers desperate, the March 22 and 24 *Jakarta Post* reported. The International Monetary Fund (IMF) thugs were particularly proud of busting up the government grain monopoly, Bulod, with accusations of corruption, in 1998. Now, the price of rice has fallen to 500-800 rupiah per kilogram, below the cost of production.

The Bulog is officially committed to buying all rice from farmers for 1,400 rupiah per kilogram, but it has no funds to live up to the promise. Farmers and others are demanding a halt on rice imports, blaming that for the collapse in price, but the government insists that the country still needs the imports, and that they are not the cause, but, rather, "it is because Bulog's finances have been reduced, and, therefore, its ability to intervene and stabilize prices is much more limited." Previously, Bulog was provided with loans at preferred rates to sustain the rice (and other crop) prices, but now it must borrow "at market rates."

Privatization

IMF scheme 'criminal,' says Filipino senator

Philippines Sen. Raul Roco has urged President Joseph Estrada to scrap the privatization of the National Power Corp. (Napocor), a move demanded by the International Monetary Fund (IMF) in a letter submitted to the House Committee on Energy in December 1999. The proposed privatization would transfer \$7 billion of Napocor's debt to taxpayers and consumers, while another \$7 billion would be added to rates to rescue "stranded assets," that is, 70% of power capacity contracted for by the previous Ramos administration, at IMF-World Bank urging, with mainly foreign independent power producers, who charge 10 times Napocor's rates.

Senator Roco, who was a Presidential candidate in the 1998 election and a prospective leader of a new "third party" coalition, called the privatization plan "unconscionable" and "criminal." Support for the privatization scheme is coming from the Presidential Economic Coordinating Council, which is dominated by the likes of the insurance giant AIG's Hank Greenberg and former U.S. Secretary of State Henry Kissinger's buddy Washington Sycip.

Trade

India seeks to improve ties to Germany, Europe

Indian Finance Minister Jaswant Sinha led a 30-member delegation of top businessmen and senior officials from eight ministries to Germany, to attend the 14th session of the Indo-German Joint Commission of Industrial and Economic Cooperation. Sinha is aggressively promoting India, to reverse the decline in foreign direct investment.

At the German-Indian Chamber of Commerce in Berlin on April 12, Sinha said that India can give Germany computer specialists, if Germany helps India build its infrastructure. There are about 60 million well-trained computer specialists in India, he said. The 20,000 Germany urgently needs, could be easily spared by India.

But, Sinha called on Germany to improve economic relations, as trade between the two countries dropped 20% during 1998-99. German experts and assistance would be most welcome by India, which plans to build an additional 13,000 kilometers of six-lane highways and an additional 25,000 megawatts of power supply, to modernize airports and seaports, and expand telecommunications infrastructure, among other projects.

Sinha also warned that India would be forced to resort to protectionist measures if the European Union did not desist from imposing non-tariff barriers. He told German investors that peak import tariffs had been gradually reduced in phases to 35%. "In the medium term, we will bring our import duty structure to levels prevailing in India's neighboring countries," he said.

IRANIAN Oil Minister Bijan Namdar Zanganeh announced on April 5 that a new sweet gas field, Tabnak, has been found in southern Iran, with an estimated 445 billion cubic meters of gas and over 240 million barrels of gaseous liquids. Expected revenues are \$16.5 billion.

POLAND'S central bank (chaired by Hanna Gronkiewicz-Waltz, whose adviser is Stanislaw Gomulka of the London School of Economics) has announced that the currency, the zloty, will float, a European Union demand for membership. The decision was taken despite decreasing support for EU membership among Poles.

SUDAN AND INDIA signed eight agreements at the Second India-Sudan Joint Commission on April 9, including on trade and economic cooperation, development of small industries, and forming a joint council of businessmen.

TURKIC LANGUAGE nations, including Azerbaijan, Kazakstan, Kyrgyzstan, Turkmenistan, Turkey, and Uzbekistan, met in Baku, Azerbaijan on April 8-9, to discuss cooperation in the fight against terrorism, separatism, and extremism, as well as development of oil and gas production, and a transport corridor from Europe to Asia. Among the agenda items was the restoration of the Silk Road.

GERMAN RAIL head Helmut Mehdorn said that the Inter-City Express system will be phased out by 2010, in favor of a new super-train based on the French TGV, in interviews on April 8-9.

CONSTRUCTION companies have been delayed in carrying out road and bridge projects in Virginia in the United States, because of shortages of steel, the April 16 *Richmond Times-Dispatch* reported. The crunch is attributed to the burgeoning of projects under the 1996 Transportation Act, and to bankruptcies among steel fabricators resulting from the increase in steel imports in 1998.