

# Business Briefs

## Infrastructure

### Austria Stymied By Maastricht Treaty

Building infrastructure will not be a topic at government-level talks about a stimulus package for the Austrian economy, according to Transportation Minister Monika Forstinger, the daily *Die Presse* reported on Nov. 27. The reason is, that there are no plans for any infrastructure projects ready to go. Under the Maastricht Treaty rules, not only infrastructure building fell victim to budget austerity, but also infrastructure planning.

Because of the complicated administrative processes (not the least because of environmental protection laws, and because of legally mandated "free market" tender procedures, etc.) which have to be followed before construction on such projects can begin, it will take years before such projects will have any measurable effect on the economy. Among such projects, which will be stalled for years to come, are key sections of *EIR*'s proposed "Productive Triangle," connecting Vienna to Prague, Czech Republic, and Bratislava, Slovakia. Construction to improve key sections of the Vienna-Munich rail line will start at the end of 2002, at the earliest.

Unfortunately, because the desperate "free marketeers" are looking at infrastructure construction projects only in terms of short-term "stimulation" of the economy, and not as something necessary for long-term viability of the economy, they apparently intend to forgo such investments.

## Nuclear Energy

### Green Light Given For Brazil's Third Plant

After long battles, tantrums by environmentalists, stalling by the Ministry of the Environment, and deliberate bureaucratic sabotage, rationality appears to have won out, and on Nov. 27, Brazil's National Council of Energy Policy gave the go-ahead, with certain conditions to be met, for construction of the Angra III nuclear power plant. The last ob-

stacle was overcome on Nov. 14, when the National Environmental Council failed to invent another reason to block the completion of Brazil's third nuclear plant (into which almost \$2 billion of investment has already been made), and gave its approval.

When completed, Angra III will generate 1,360 megawatts of electricity—an especially critical contribution, given Brazil's energy crisis, which has forced a 20% cut in national consumption since June 2001. Angra I and II already provide about 40% of the electricity used in the state of Rio de Janeiro, and 6% of national consumption.

This is a big victory against the World Wide Fund for Nature and its shocktroops, who thought in the early 1990s they could shut down Brazil's nuclear program entirely. *21st Century Science & Technology* magazine published the story of "How Brazil's Nuclear Association Defeated Greenpeace" in its Spring 2001 issue, in an interview with one of the people who led the battle. Brazilian Nuclear Energy Association director Guilherme Camargo.

Asked in October 2000 about the prospects for Angra III, Camargo told *21st Century*: "We will build it for sure—with the Germans, without the Germans, with the French, with the Japanese, or without them. And if there is nobody who wants to participate in this great business, then we will build it by our own means. . . . And here is a special message for the Greens . . . : No matter what you say, no matter what unilateral conditions you are trying to impose on our nation, you have lost this battle. Angra III is already a reality. . . . There is enough space for a fourth nuclear plant at the same site! . . . I think that the fourth power plant is already also guaranteed."

## Rice

### Exporting Nations Seek To Halt Market Manipulation

Six of the seven major rice exporting nations (all but the United States) are about to form a global "pool," the Dec. 1 *Bangkok Post* reported. The six account for 70% of the world's rice trade. These are, in order of size

of exports: Thailand, Vietnam, China, Pakistan, India, and Myanmar. Last year they exported 16.32 million tons of rice, out of the global total of 23.26 million. The United States is the fourth-largest exporter.

Thai Commerce Minister Adisai Bodharamik said that the countries had agreed in principle to form a cartel to strengthen their roles and stabilize world rice prices. Dr. Adisai acknowledged that the Organization of the Petroleum Exporting Countries is a model, but said: "The pool does not mean to have one export price from all countries or create market manipulation. The main objective is to have fairer rice prices with fewer fluctuations, in order to benefit local farmers." In other words, the point is to prevent the manipulation of the market by the derivatives speculators.

When Thailand and Vietnam agreed on such cooperation earlier this year, their rice export prices began to show more stability, he said.

Bangkok is expected to be the site of the pool's first meeting, early in 2002.

Thai Prime Minister Thaksin Shinawatra plans to discuss rice when he visits the United States in December, according to Wattana Muangsuk, a deputy secretary to the Prime Minister. Thaksin is not likely to directly address the manipulations by the market controllers. Rather, Wattana said, he "would likely ask the U.S. to reduce its farm subsidies, since they have a great impact on world rice prices."

## Health

### AIDS Plague Worsens In Africa, East Europe, Asia

Sub-Saharan Africa is by far the region worst affected by AIDS, according to a BBC report which quoted from the latest World Health Organization survey released preparatory to World AIDS Day (Dec. 1).

There were 3.4 million new HIV infections in Africa in 2001, which is almost 70% of the global total. This brings the number of Africans now living with HIV/AIDS to 28.1 million. In Botswana, Malawi, Mozambique, and Swaziland, average life expect-

**THE U.S. ECONOMIC** collapse is accelerating. Third-quarter GDP dropped at an annual rate of 1.1% compared to the second quarter, the worst since 1991, with the goods portion falling 4.6%, the Commerce Department said on Nov. 30. Exports plunged 17.7%, compared to an 11.9% decrease in the second quarter; imports fell 12.9%, compared to 8.4% in the second quarter. Non-residential fixed investment declined by 9.3%.

**THE CONSOLIDATION** of the global energy industry took another big step on Nov. 19, when Conoco, Inc. and Phillips Petroleum Co. announced that they have agreed to a merger of equals into a new company, ConocoPhillips. It will be the world's sixth-largest oil company in terms of both oil and gas reserves and annual production (after ExxonMobil, Royal Dutch/Shell, BP, ChevronTexaco, and France's TotalFinaElf).

**THE DANUBE** River has been cleared of debris from the Kosovo war, and shipping resumed on Dec. 1. Since the bombings, Europe has lost about \$1 million per day, because of increased shipping costs. Ship traffic is restricted to only seven hours a day, two days a week, until a pontoon bridge at Novi Sad, Yugoslavia is replaced with a permanent structure.

**ASIAWEEK**, started in 1975 and revamped in May 2001, is being shut down by AOL Time Warner, Reuters reported on Nov. 29. *AsiaWeek* has 120,000 subscribers. Its major rivals, the *Far Eastern Economic Review* and the *Asian Wall Street Journal* (both owned by Dow Jones), merged and downsized earlier this year. The collapse of advertising revenue is cited as the main cause.

**PHILIPPINES** manufacturing output fell 7.3% in September, for the sixth month of decline. The slowdown was led by the double-digit decline in the production of tobacco, paper and paper products, and wood products. Electrical machinery and textiles were also hit hard.

tancy has dropped to below 40 years. A survey of 15 firms in Ethiopia found that over a five-year period, 53% of staff illness was AIDS-related.

In Burkina-Faso, 20% of rural families have cut back their farming activities because of AIDS. In Swaziland, school enrollment has dropped 36%, largely due to girls being taken out of classrooms to care for sick relatives. In 1999, at least 860,000 African children lost their teachers to AIDS.

The UNAIDS organization, in its report for 2001, called attention to developments in Russia, Ukraine, and Eastern Europe. In Russia, 75,000 new AIDS infections have been reported to date in 2001, and the rate of infection has increased 15 times since 1998. An average of 3,000 Russians are now infected every week, bringing the total number of infections to 200,000.

In Ukraine, 1% of the population is infected. An alarming development throughout Eastern Europe, is that young people are especially affected, largely because the spread of hard drug consumption.

In Thailand, the annual number of new HIV cases reported has dropped from 140,000 a decade ago to 30,000 today, but it is now the country's leading cause of death, with about 1 in 60 Thais infected with HIV. Dr. Tim Brown, coordinator of the joint UN program on HIV/AIDS, said that about 50% of the Kingdom's new infections are occurring among married couples. Commercial sex workers account for only 10% to 15% of new infections.

## Southeast Asia

### New Highway Given Construction Go-Ahead

Thailand, Laos, and Vietnam have agreed to build a highway linking the three nations to boost economic cooperation. Foreign ministers of the three met in Bangkok on Nov. 22 to discuss closer ties made possible by the planned Thai-Lao international bridge, the second bridge across the Mekong River that will connect Thailand's northeast and Savannakhet, Laos. In attendance was Japan's parliamentary secretary for foreign affairs,

Tamei Yamuguchi. Japan is helping to finance the project.

The project is part of the Greater Mekong Subregion's East-West Economic Corridor linking the South China Sea and the Indian Ocean. Goods could be transported through Laos from central Vietnam's port city of Danang, through Mae Sot on Thailand's western border, and on to Moulmein, Myanmar. It is hoped the project will be completed in four years.

Thai Foreign Minister Surakiart Sathirathai said trade and investment would be promoted at Lao Bao, on the border between Laos and Vietnam, and a special economic zone between the Thai province of Mukdahan and Savannakhet would serve as a production base. Joint marketing campaigns, improved tourism infrastructure, and closer ties among their private sectors are also planned.

## Mining

### Basic Metals Output Is Dropping Drastically

As metal-working and manufacturing activity contracts, prices and output of basic metals are contracting.

**Zinc:** Used to galvanize steel, zinc prices recently hit a 14-year low, falling 23% for the year on the London Metal Exchange (LME), while inventories have more than doubled. The average price is \$885 a ton, at which some 40% of all Western output is unprofitable, according to a November report by Sydney-based AME Mineral Economics. World output this year will exceed demand by 200,000 tons, and demand is down at least 2.3%.

**Lead:** Output is dropping, and mining potential is shrinking. The November AME report stated, "Low levels of investment in lead capacity in recent years . . . may cause a supply shortfall to develop." Lead prices have risen 1% this year, in contrast to the rest of the LME, after producers cut back output in response to weakening consumption.

**Copper:** While futures rose a bit in November, up about 1.3%, or \$47, to \$1,562 a ton on the LME, its price decline for the year is still 15%.