

Business Briefs

Public Health

Europe, Asia Brace for Avian Flu Pandemic

The European Union on Aug. 25 adopted a "proposal for a directive" on establishing "EU-level measures on the control of avian influenza." A press release says, "The newly proposed legislation will require EU Member States to introduce and reinforce surveillance and control measures against the low pathogenic viruses, aiming to prevent virus mutation and highly pathogenic forms of the disease." Contentious issues include bird vaccinations and how to avoid restricting trade in poultry.

EU veterinarians met the same day to discuss preparations for the arrival of H5N1 strain of bird flu in Europe. The U.K. has about 120 million poultry, including chickens, turkeys, ducks, and geese, of which 25% of the egg-laying flock are kept outdoors and 10% of chickens raised for meat, are free-range. German farmers have been advised to put all their poultry under cover as of Sept. 15. The Netherlands ordered this same measure as of Aug. 22.

Top Russian epidemiologist Gennady Onishchenko, meanwhile, told Reuters that he expects wild birds to start migrating out of Russia in the latter half of September. He said that at present, "deaths of wild fowl continue to occur, although less intensively. In Russia, we intend to keep the current situation within the existing framework, and will try to reduce the affected through culling all domestic birds [in affected sites] until wild fowl leave the country." The H5N1 strain of flu has been officially registered in six Russian regions in inner Siberia and the Urals. Some 14,000 wild and domestic birds have died.

Infrastructure

Mississippi River Panel Calls for Water Projects

The Ohio River was re-opened to barge traffic above the Mississippi River confluence in August, as U.S. Army Corps of Engineers

spokesmen stressed the need to complete lock and dam upgrades. The Mississippi River Commission conducted an inspection of four low-water sites from Aug. 13-26, in order to prepare a report to Congress and the White House.

Near Cairo, Illinois, a seven-mile stretch of the lower Ohio was closed in mid-August, until the Army Corps could dredge a deeper channel. The outmoded locks and dams of the lower Ohio guaranteed a gigantic backup of barge tows. The water level has dropped many feet below normal, under current drought conditions. The Ohio supplies some 60% of the Mississippi River flow.

Larry Banks, watershed chief for the Corps' Mississippi Valley Division, said on Aug. 20, that if the Olmsted Locks and Dam (located above the Mississippi confluence) were in operation today, the barge tow bottleneck above Cairo would have been all but eliminated quickly. "With the capacity they will have there to lock, they would have freed that traffic up, and the barges would have saved days of time during the crisis." But the Olmsted construction site—a \$1.4 billion project, due for completion by 2012, is half-finished, and awaiting Congressional funding approval for another year. At Ohio Lock and Dam 53 (Olmsted), and 52 (Brockport, Ill.), two new lock chambers are being built on the Illinois shore, each 1,200 feet long and 110 ft wide.

Petroleum

Battle Over Resource Rages in Ecuador

Social protests in Ecuador's two major oil-producing provinces, Sucumbios and Orellana, and a ten-day strike there that led to violent clashes with the military and the declaration of a state of emergency in those provinces, have placed the question of who gets to control the nation's oil revenues front and center.

Since Aug. 21, sixty delegates (the majority of them elected officials, who led the protests) from the two affected provinces—which produce more than three-quarters of the state's oil production and one-half of private oil production—have been negotiating

with representatives of the Palacio government and oil companies, to end the stand-off. Their demands have ranged from kicking Occidental Petroleum, the largest private company in Ecuador, out of the country for long-term violation of contract, to allocating a larger portion of the tax collected on private oil profits toward local development. As one protest leader put it, "We want at least 50% of oil revenues to stay in Ecuador. . . . Occidental takes 84% and leaves us 16%."

As of Aug. 25, a number of concessions had apparently been made to the protesters, including oil company agreement to pave 160 miles of new roads and government agreement to allocate about two-thirds of the 25% income tax paid by the oil companies for local needs. The oil companies refuse to approve immunity from prosecution for the protesters, who are threatening a hunger strike if they do not get immunity, and a possible renewal of sabotage of the oil installations.

The financial community is upping the pressure. An International Monetary Fund mission was in Quito at the end of August, demanding new austerity measures, along with firm assurances that foreign debt payments will take priority in the national budget. And Standard & Poor has announced that it may cut Ecuador's CCC+ credit rating, "if the current impasse results in greater financial stress."

Automotive

Moody's Cuts GM, Ford Debt to 'Junk' Status

Moody's Investors Service became the third rating agency to downgrade the debt of Ford and General Motors on Aug. 24. It lowered GM's debt rating by two levels to Ba2, citing continued operating losses in North America (\$1 billion in the second quarter) and challenges to restructuring for long-term viability. Moody's also cut GM's finance arm, General Motors Acceptance Corp., to junk status. The downgrades affect about \$170 billion of outstanding debt, Moody's said.

Ford's debt rating was cut one level to Ba1, and Ford Motor Credit Co.'s rating was cut to the lowest investment grade.