

Business Briefs

China Income Gap

Beijing Addresses Severe Rural Poverty

A severe and growing income gap between China's rural and urban populations, and between the interior and coastal regions, is the target of a concerned Chinese government, said Vice Minister of Finance Ding Xuedong April 16, speaking to the 2008 Forum on Fiscal Reform in China. He said that China will "increase the volume of transfer payments to ease fiscal difficulties of grass-roots governments."

The poverty of 700 million rural Chinese is not only a serious problem itself, but is making it difficult for China to shift its economic strategy from dependence upon exports to the collapsing U.S. and other economies, to one based on internal development, *China Daily* reported. Lyndon LaRouche noted that this is also a strategic problem, as the enemies of China are trying to drive a wedge between the "two Chinas" implied by the continuing rural poverty.

Two years ago, China finally ended the 2,000-year-old agricultural tax and other taxes on farmers, which amounted to 50 billion yuan (\$8 billion) a year. However, local governments, which were dependent upon these tax revenues, were hit hard. Some Chinese economists are estimating that county and local governments accumulated about 1 trillion yuan in debts after the tax reform, according to *China Daily*.

Energy

Putin Builds Economic Ties with Libya, Italy

Russian President Vladimir Putin arrived in Sardinia, Italy April 17, for talks with Prime Minister-elect Silvio Berlusconi, after having paid a visit to Libya, the first of a Russian leader since 1985. Putin's trip is part of an effort to integrate the North African, European, and Russia economies, in the field of energy, infrastructure, and industrial projects. The British Empire, which wants

to block this land-bridge development, signalled that its pawns at the European supranational center in Brussels are "nervous" at such a partnership, especially the South-stream gas pipeline, to be built by Russia's Gazprom and Italy's ENI. In a comment on Putin's trip, the April 18 *Financial Times* wrote that, "to many in Brussels, the pipeline is seen as a dangerous move to increase the dependence of the European Union on Russian energy supplies."

Putin discussed with Libyan leader Muammar Qaddafi an increased role for Gazprom in building gas pipelines from North Africa to Europe, via Italy. Gazprom is already holding talks with Nigeria about participating in a \$13 billion project to build a pipeline 4,000 km across the Sahara, linking the Niger Delta to an export terminal on Algeria's Mediterranean coast. In Libya, Gazprom is interested in participating in the construction of the second stretch of the Sicily-Libya gas pipeline built by the Italian ENI consortium. ENI, the largest foreign operator in Libya, discussed, earlier this month in Moscow, a swap of a quota in the Libyan "Elephant" oil field with Gazprom.

African Development

Niger Minister Backs China, Nuclear Power

At a press conference April 18 in Paris, Mohamed Ben Omar, Niger's communications minister, addressed the country's development programs. The presence of China and others in Africa has reinforced the independence of Niger, which is now able to negotiate higher prices and better conditions for contracts with mining and oil companies. The purpose of his press conference was to outline what the country is doing with these increased revenues. He indicated to which countries the 141 exploration permits for uranium, oil, gold, copper, platinum, and other raw materials were granted, and the list includes a highly diversified group of nations, including France, China, India, Canada, Britain, and the United States. In the area of oil exploration, in particular, he mentioned CNPC from China and the Alge-

rian Sonatrach as being among the main recipients of those contracts.

Among the improvements derived from this new wealth is the fact that 15% of the proceeds from oil and uranium are returned to the development of the regions where they are exploited. Ben Omar was particularly proud to announce that never again would his country, one of the richest in terms of raw materials, allow itself to be treated as one of the poorest in Africa, begging for handouts. He also called for nuclear power to be developed in his country.

Banking

Macquarie Intensifies Assault on China

The British Empire's Macquarie Bank is spearheading an Australia-based, but British-directed financial assault on China by a complex of "Australian" banks and insurance companies. Macquarie, the world's leader in corporatist/fascist public-private partnerships (PPPs), has held talks with "key Chinese ministries, regulators and investors about establishing China's first domestic infrastructure fund," reported the April 15 *Sydney Morning Herald*. Fronting for Macquarie and other British speculators, Mandarin-speaking Australian Prime Minister Kevin Rudd lunched with Chinese executives and regulators in Beijing the week of April 14 to push the idea. "One of the core propositions that I am putting to the Chinese government for consideration is to expand the number of Australian funds managers who are able to operate here in the Chinese market," Rudd said.

Macquarie bought the brokerage business of the Anglo-Dutch ING Barings in 2004, and advised the China Railway Construction Corporation in a \$5.6 billion Hong Kong and Shanghai stock offering, China's largest float this year, and "the second-largest globally," according to the *Herald*. The paper also notes that Macquarie is working with Goldman Sachs and Morgan Stanley to secure a role in "future floats and acquisitions involving some of China's largest companies."