

Business Briefs

Central Asia

New economic group said to be 'formidable'

Five former Soviet republics (Turkmenistan, Kyrgyzstan, Tajikistan, Uzbekistan, and Azerbaijan), and Afghanistan, joined the Economic Cooperation Organization (ECO) of Iran, Pakistan, and Turkey on Nov. 28, Reuters reported. The expanded regional grouping includes 600 million square kilometers (372 million square miles) and about 300 million people.

Oil-rich Kazakhstan, the largest of the Central Asian states, has opted for observer status while it tries to gain entry into the European Community, Minister of State for Economic Affairs Sardar Asif Ahmad Ali said.

Ali predicted that the induction of the Central Asian states would transform the slow-moving economic grouping into a formidable force within 5-10 years. "They [Central Asia] will force us," he said. "They feel that they have been held back for decades and they want to catch up with the rest of the world as fast as possible. . . . This will be a link between Europe and the East and the South at the heart of Eurasia."

Differences exist in the approaches of the three ECO founding members, which have appeared increasingly as competitors rather than as cooperators, analysts say. But Ali dismissed these fears, saying that all three offered distinct advantages that would strengthen the bloc rather than divide and weaken it.

Russia

Gas project award favors national group

President Boris Yeltsin has signed a decree awarding a development project for a 3 trillion cubic meter gas deposit in the Barents Sea to a consortium of Russian companies closely linked to the military-industrial complex, displacing a foreign consortium that had already been working on the project.

The decision "reflects a growing disillusionment with western aid" and "growing resentment against western investors, who are seen as rapaciously using Russian raw materials without contributing to the economy," the Nov. 26 *Wall Street Journal-Europe* commented. "The decision also potentially sets a precedent for international competition on other natural resources development in Russia, including the development of the huge Udokan copper project. Rio Tinto Zinc Corp. of Britain and Broken Hill Proprietary Co. of Australia are competing with a Russian consortium for that contract."

Yeltsin's decree overturns an agreement that had been signed by the Soviet government in 1989 with Conoco Inc.; the Oslo-based energy and minerals company Norsk Hydro AS; and the Finnish Barents Group. Sources affirm that the deal had been strongly backed in past months by acting Prime Minister Yegor Gaidar. A Norsk Hydro official on Nov. 25 characterized the Yeltsin decree as "a setback."

The Russian consortium, Rosshelf, "had the important political backing of the military, which was concerned about having foreign builders and a foreign excavation in an area where nuclear submarines regularly conduct military exercises," the paper reported. Rosshelf chairman Yevgeny Velikhov, after meeting Yeltsin on Nov. 25, declared, "The first principle is to provide Russian industry with new jobs and to support its development." Rosshelf expects to create 250,000 new jobs and bring orders valued at \$2.5 billion to Russia as a result of winning the contract.

International Credit

Russia, Ukraine divide old Soviet debt, assets

Russia and Ukraine have reached an agreement on sharing the foreign debt owed by and to the former Soviet Union, as well as on sharing former Soviet assets. The agreement was worked out in talks between Russian Foreign Trade Minister Pyotr Aven and Ukrainian Minister for Foreign Economic Relations Ivan Herta.

Under the terms of the agreement, which will soon be signed in Moscow, Russia will

assume Ukraine's 16% share of the \$70 billion former Soviet debt, in exchange for Ukraine renouncing all claims to the \$146 billion owed to the U.S.S.R. by Third World countries. Russia has also agreed to grant Ukraine a share (presumably 16%, but the exact figure is not confirmed), of Russian liquid assets in the form of foreign exchange and gold reserves, as well as diamonds and non-gold precious metals, like platinum.

Observers believe that the agreement is a precursor to a broad accord between Russia and the West, involving debt rescheduling and western creditors writing off part of the former Soviet debt in return for receiving so-called creditor rights on part of the Third World debt owed to the former U.S.S.R.

Drug Trafficking

Greece probes Israeli role in heroin manufacturing

Greek Foreign Minister Mikhail Papakonstantinou met with Israeli Ambassador to Greece David Sasson on Nov. 17 to present evidence that Israeli cargo ships had been regularly transporting acetyl anhydride, required for refining opium into heroin, to the Greek ports of Thessaloniki and Piraeus, covertly bound for Macedonia. Sasson categorically rejected the complaint, but Thessaloniki Chief Prosecutor Tsikhlas has announced that the Greek government will intensify efforts to prevent the alleged smuggling, and the Greek government has announced that it will continue its investigation into Israel's role.

According to Balkan sources, U.S. officials Lawrence Eagleburger and Brent Scowcroft are believed to have been personally involved in fostering the cultivation of opium poppy in Yugoslavia beginning in 1962, when both were attachés in Belgrade. Since that time, opium cultivation or trafficking (the "Bulgarian connection") has played an important role in Yugoslav politics. The ongoing war has also created a situation where most of the former Yugoslav states are desperate to acquire foreign exchange for the purchase of arms or to barter with arms-smugglers.

AIDS

Burma threatened with widespread infection

AIDS is now becoming a serious problem in Burma, as young Burmese girls who had been kidnaped or sold into Thai brothels are returned to their villages, the BBC reported on Nov. 24.

There is a big traffic in Burmese girls, many as young as 7-8 years of age, to Thai brothels, but the scandal, especially over the extremely high rate of AIDS infection in these places, is causing the Thai police to crack down. The police are returning the girls to Burma, but some 50% of those sent back are already HIV positive. Many of them disappear when returned to Burma, but others are making it back to their hill villages, bringing AIDS with them. Already, some hill tribes are in danger of extinction within a matter of years due to AIDS, the BBC reported.

Aerospace

Airbus sets commercial non-stop flight record

The new Airbus A340 jetliner flew a world record non-stop commercial flight of 12,500 kilometers, from Frankfurt, Germany to Honolulu, Hawaii on Nov. 21, the London *Financial Times* reported. The total airborne time was 15 hours and 21 minutes.

The A340 has been designed to fly 263 passengers on 14,500-kilometer non-stop trips in 16-17 hours, and is expected to make viable very long-distance routes that cannot now be economically flown with a Boeing 747.

Airbus has spent about \$3.5 billion on developing the aircraft, and another \$1.5 billion on testing its safety and performance. About 1,200 design modifications have been made so far. Tests have included firing dozens of frozen chickens at the fuselage and engines to simulate bird strikes; flying into a severe thunderstorm (in which the aircraft was struck by lightning 17 times) to study the effect on the A340's electronic "fly by wire" systems; and bom-

barding the aircraft with radar and radio waves at a French naval base, also to study the effect on the aircraft's electronic systems.

The American System

Hamiltonian polices said better than 'free trade'

The policies of first U.S. Treasury Secretary Alexander Hamilton are a positive alternative to the insanities of the General Agreement on Tariffs and Trade (GATT) and "free trade," columnist Dan Atkinson wrote in the Nov. 28 London *Guardian*.

The pro-GATT propaganda is the latest example of the priorities of the policy elites being "out of whack with those of ordinary people," Atkinson wrote. The constant drumbeat about a "boost to world trade" of \$100-200 billion is "without a shred of evidence" to back it up. "Who in this country (or France or America) imagines freer world trade will mean anything but higher unemployment and destruction of family farming?" Atkinson asked. "In short, who wants free trade? Not the American worker. Not the French farmer. Not the recession-stunned British economy."

Atkinson charged that "at any given moment, the strongest economy in the world will always favor free trade. . . . Free trade is a tool, not a religion. It's useful when you're on top, less so when you're on the way down. What makes GATT so dangerous is that it creates an international bureaucratic priesthood charged with guarding the sacred flame."

Atkinson noted that Bill Clinton has been accused of supporting "managed" rather than free trade. "If only he were; he could then follow in the fine tradition of America's first and best treasury secretary, Alexander Hamilton, who advocated 'orderly commerce between the states.' To the GATT crowd, the Hamiltonian tradition of trade management is anathema. Not only is it not what they believe in, it is an alternative to the industrial pillaging, wage-cutting and environmental wreckage created by free trade. And to the high priests of GATT, there can be no alternative. Ergo, the progressive, industry-building, nation-building ideas of Hamilton and his successors must be heresy."

● **'JEFFRY SACHS** describes the root of Russia's economic problems in simple terms," *Investor's Business Daily* said of the Harvard professor and architect of "shock therapy" in November. "Stalin loved steel mills. He had total disrespect for pizzerias," Sachs said recently. He puts Russia's solution in simple terms, too: 'Stop the steel production. Give us some pizzerias.'"

● **CHINA** faces famine if agriculture is neglected, the official Chinese *Farmers' Daily* warned on Nov. 26. Several times since 1949 "a weakened agriculture dragged the national economy down," it warned.

● **SOUTH KOREA** is a model for Russia, one "close to Russian realities and to the post-communist mentality of the Russians," the Moscow newspaper *Kuranty* commented on Nov. 23. "South Korean society is egalitarian without a marked gap, manifest in the West, in the incomes of different parts of the population."

● **HOSPITALS** in the United States are quarantining tuberculosis patients in an attempt to combat new drug-resistant strains, the Nov. 28 *Washington Post* reported.

● **LIFE EXPECTANCY** among children in Africa is dramatically dropping because of drought, poverty, and AIDS infection of parents, according to figures released by Unicef and the Organization of African States.

● **LOW FREQUENCY** electromagnetic fields (EMF) do not pose a health hazard, the Nov. 20 *What's New* newsletter of the American Physical Society reported, based on the findings of a review panel formed by the Oak Ridge Associated Universities. The White House Office of Science and Technology Policy requested the review because of allegations that EMF increased the risk of miscarriages and cancer.