

# Business Briefs

## Infrastructure

### Indonesia okays world's longest bridge project

Indonesia's President Suharto has approved a project to build a bridge linking the Malaysian peninsula to Indonesia's northernmost island, Sumatra, via the island of Rupert, the *Jakarta Post* reported on Aug. 21. The bridge would span the Strait of Malacca, and would be a key link in the Eurasian Land-Bridge.

The bridge, which would be the longest in the world at 95 kilometers (60 miles), would be equipped with power and communications cables, and is expected to carry 2-5,000 vehicles per day.

The *Post* reported that a consortium of Malaysian and Indonesian firms would construct the bridge. Candidates are Malaysia's Renong Bhd and PT Malindo Transmadu, the latter headed by Suharto's daughter, Sisi Hediati Heriyadi. The consortium must get permission for the project from the International Maritime Organization.

## China

### European consortia win Three Gorges contracts

The China Yangtze Three Gorges Project Development Corp. announced on Aug. 24 that two European-led consortia had won contracts worth \$740 million, to supply the main generators and turbines for the Three Gorges Dam, the world's biggest water-control project.

A consortium consisting of GEC Alsthom and Swedish-Swiss ABB was awarded contracts for eight generators worth \$420 million. Six other generators, worth \$320 million, were awarded to a consortium consisting of Siemens AG, Voith Hydro GmbH, GE Hydro, and GE International, Inc. The 14 generators and turbines will have installed capacity of 700 megawatts each.

The two consortia beat out a Japanese consortium that included Mitsubishi Heavy Industries, Toshiba, and Hitachi. U.S. firms are at present unable to compete in the project. They are denied Eximbank loan guaran-

tees, because of unscientific and incompetent "environmental concerns" about the Three Gorges Dam.

The Three Gorges project is expected to cost \$30 billion by its completion in 2009. It will need another 12 generators and turbines, which will be built in China, and will generate 85 million megawatt hours a year when completed.

China's Harbin Electric Machine Co. Ltd. and Norway's Kvaerner ASA will be the major subcontractors for the eight generators awarded to GEC Alsthom and ABB, and Dongfang Electric Machine Co. Ltd. will be the major subcontractor for the six units awarded to the Siemens and Voith consortium. The portion subcontracted to Harbin Electric and Dongfang accounts for 31% of the total contract price. The consortia have provided export credits and 15- to 20-year commercial loans, and have pledged to transfer technology to the Chinese subcontractors.

## Finance

### Tax, prosecution mooted to curb speculation

Malaysia's Prime Minister Mahathir Mohamad said that a tax on speculation may be necessary, in comments after seeing off the co-chairmen of the Council of Ministers of Bosnia-Herzegovina, Dr. Haris Siladjic and Boris Busic, on Aug. 13, the Malaysian daily *The Star* reported. "We are studying a way to limit their speculative trading through the imposition of taxes. This, we think, may be a long-term solution, just like what the European nations are planning to do," he said.

Mahathir expressed confidence that the Malaysian currency, the ringgit, would recover from recent speculative attacks, but added, "These avaricious speculators do not care what they do to the people, because they are backed by big powers, and they think destroying the economy of a developing country is great fun. But because they don't suffer, what do they care? And, they talk about human rights, poverty eradication, and the speculators come here and squeeze our country that is just trying to raise its head. This is

the kind of free trade and democracy they propagate."

Asked if he was referring to the United States, Mahathir replied, "You can make your own guess."

Mahathir added that Malaysia has abundant resources and capable firms, but, he said, "what I am worried [about] is that these kind of activities are supported by the very rich countries. When they see the poor countries coming up, they try to knock their head down and talk about fairness, justice, and freedom."

Meanwhile, on Aug. 21, Indonesian Justice Minister Utoyo Usman said that Indonesia's 1963 subversion law could be used to prosecute speculators, Antara, the state press service, reported. Under the law, the maximum penalty is death. "If indeed they cause disorder in the national economy, of course, it can be categorized as a subversive criminal action, because economic criminal acts are included in the formulation of that law," he said. "If [speculators] have truly manipulated an economic situation, I agree we should take firm action."

## Labor

### Israel's Histadrut unions prepare strike

Hundreds of union leaders and local labor council members attended an emergency meeting at Histadrut headquarters in Tel Aviv on Aug. 21, to complete preparations for a general strike at the beginning of September, the *Jerusalem Post* reported. The workers are protesting the government's economic reforms, including privatizations, which will involve mass firings, the violation of signed pension and wage agreements, the taxing of study funds, and the continuing erosion of wages due to failure to update the cost of living increments.

At the meeting, which was described as stormy, Histadrut Chairman Amir Peretz called on the government to "take the workers' demands seriously and start talking immediately, because this time we will launch an all-out war." But, he also expressed the hope that talks with the Treasury, which

were to start on Aug. 24, would stave off the strike.

"We don't want to strike. The plants are ours; they are our source of livelihood and we want to work. I hope we will be permitted to work in dignity, make a decent living, and grow old in dignity. Nobody has the right to deprive us of that," said Haim Katz, head of the Israel Aircraft Industries union. Katz scoffed at Finance Minister Yaakov Neeman, who, he said, "cannot understand" what the strike is about. "Neeman is all set. He has a budgetary pension [senior officials get their pension from the state budget, rather than paying into it from their salaries]. Moreover, his wages are updated every few months by dozens of percent," Katz said.

The Histadrut has not yet decided whether to strike the whole economy at the beginning of September, or to strike separately in each sector, then escalate to a general strike. The leaders of the larger unions urged a nationwide strike, including mass demonstrations and roadblocks, which would paralyze the entire economy for weeks on end. The Histadrut has sent out strike notices to employers in the public and business sector, warning of the expected general strike. The strike notices were also sent to Prime Minister Benjamin Netanyahu, the entire cabinet, and the directors-general of all the ministries.

## Environmentalism

### CFCs substitute poses health threat

Hydrochlorofluorocarbon (HCFC) substances that are replacing chlorofluorocarbons (CFCs) pose a health threat to workers, according to an article in *Lancet*, the British medical journal. Workers in a Belgian factory, after air-conditioning leaks exposed them to HCFC-123 and HCFC-124, suffered liver damage. Nine were diagnosed with acute hepatitis.

The CFCs replacements HCFC-123 and HCFC-124 were both known to be more toxic than freon (which is virtually harmless), and were rushed into production without the usual testing process that is required for chemical substances such as pesticides.

The warnings on the labels of the replacements indicated that they were highly toxic. The chief author of the article, Perrine Hoet from the Catholic University of Louvain, is calling for "very strict measures" to control the replacements, and for the development of safer alternatives.

The safest product is still CFCs, which were banned on the basis of a scientific hoax alleging that they damage the ozone layer in the stratosphere.

## Natural Gas

### Russia, China pipelines discussed in Mongolia

At the seventh meeting of the Northeast Asia Economic Forum in the Mongolian capital of Ulan Bator in August, Steve Cowper, president of the Northern Forum, proposed that Russia and China collaborate on a project to expand the planned gas pipeline from Russia's Irkutsk region to China, into a network linking other parts of Russia, Japan, and South Korea. Experts at the meeting said that a second system should be built off the planned connection between China and the Lake Baikal gas field in Russia. This second system could establish links to Seoul, Shanghai, and northern Japan.

"I believe the pipeline system will be a key to the emergence of Northeast Asia as an economic giant. The scope of this project is breathtaking. If successful, it could bring dramatic economic growth to Northeast Asia," Cowper said. It could be "the world's largest new energy transit corridor."

The Northern Forum includes South Korea, and local governments in Japan's Hokkaido prefecture, Dornod province in Mongolia, China's Heilongjiang province, and five regions in Russia. In June, China and Russia signed a memorandum of understanding on a pipeline to export 25 billion cubic meters of natural gas from the Russian Irkutsk field in Kovyktinsky to China. The deal is worth an estimated \$7 billion.

The second system proposed by Cowper would link new Russian reserves in Sakha and Krasnoyarsk to South Korea, eastern China, and Japan. Cowper proposes that each nation would operate the section within its own borders.

**UZBEKISTAN** and Turkmenistan have begun work on their sections of the TransAsian-European Fiber Optics telecommunications line, which will run from Shanghai to Frankfurt-am-Main, the Russian daily *Delovoi Mir* reported on Aug. 20. It will be more than 27,000 km long and run through 20 nations.

**IRAN AIR** is set to resume direct weekly flights to Saudi Arabia on Sept. 14, the first since Iran's 1979 revolution. Iran Air now may only fly to Jeddah to take Iranian Muslim pilgrims to Mecca for the annual Haj, or pilgrimage.

**KENYA** could default on its \$6.1 billion external debt, unless a new deal is worked out with the International Monetary Fund. The head of the country's central bank, Micah Cheserem, said, "The possibility of accumulated debt arrears is real if the present impasse with the Fund is not resolved."

**IRAN** will build a new higher education center to offer doctoral programs in scientific fields, Iran's plan and budget organization announced on Aug. 20. The complex is intended to attract Iranian scientists residing abroad, and will offer modern training facilities to provide manpower for Iran's high-technology projects.

**TURKMENISTAN** is expanding cooperation with Iran, Russia, and other states in developing Caspian offshore deposits, IRNA reported on Aug. 20. One project involves joint development of the Serdar oil field. The three have agreed to allow companies of other states, including Azerbaijan, into the project.

**CHINA** is cracking down on "pyramid sales operations," *Zhongguo Xinwen She* reported on Aug. 12. Administrative offices in Jilin and Hebei provinces are taking measures against illegal networking sales operations, or "pyramid" selling of commodities through many layers of contacts. A national inspection will be carried out in September.