

Business Briefs

Petroleum

Iraq needs equipment to gear up oil production

Because of the collapse of the oil price, and more importantly, the desperate need for spare parts and new equipment, Iraq cannot produce enough oil to even earn \$4 billion, let alone \$5.6 billion, as allowed under agreement with the United Nations, Iraqi Oil Minister Amer Rashid said in a press conference in Baghdad, the March 2 London *Financial Times* reported.

Iraq can now pump 2.3 million barrels per day (bpd). If it could get the equipment it needs, it could increase production within two months to 2.65 million bpd, and in three months to 3.5 million bpd, its pre-war level. But to do so requires \$800 million worth of spare parts and equipment.

Iraq uses 500,000 bpd for domestic consumption and exports 100,000 barrels to Jordan, at one-third market price. In addition, one-third of the proceeds from the sale go to pay the cost of the United Nations programs, and reparations to Kuwait.

Rashid is inviting foreign investors into Iraq. Russia, China, and the French companies Elf and Total are ready to sign contracts. Rashid said that Iraq will remember its friends, and indicated that the list of friendly nations "is increasing."

Central Asia

Aliyev announces oil pipeline through Turkey

During a five-day visit to Japan, Azerbaijani President Heidar Aliyev announced on Feb. 27 that a pipeline from the Caspian Sea would be constructed from Baku to the Turkish port of Ceyhan, on the Mediterranean. He said that construction would start at the end of this year.

Asked by the press if the Azerbaijan International Operating Co. (AIOC) agreed with the Baku-Ceyhan oil pipeline plan, he said, "In general, yes." The AIOC international consortium, which is developing the Caspian oil fields, is led by British Petroleum Co. Plc., and Norway's state-owned

Statoil. It includes Amoco Corp., Exxon Corp., and Unocal Corp., as well as participation by Russia's Lukoil, Saudi Arabia's Delta Nimir, and state-owned Turkish Petroleum.

This route is the one which has been played up as the alternative both to the pipeline to the Russian port of Novorossiysk, and to the project for a pipeline across Iran. Aliyev, in signing the "deal of the century" contract with the consortium in 1994, broke ranks with other Caspian Sea littoral states, which include Russia and Iran.

Trade

Russia, Iran commission maps out joint projects

The second session of the joint economic committee of the two countries took place in early March in Teheran, the capital of Iran, the Iranian daily *Ettela'at* reported on March 6. Headed by Iranian Economic and Finance Minister Hussein Namazi and Russian Deputy Prime Minister Vladimir Bulgak, the commission was to review agreements for promotion of joint investments, cooperation in customs, and other projects. A memorandum of understanding was to be signed on scientific, technical, and telecommunications cooperation, manufacturing Topolov 234 aircraft, and exploring cooperation in oil and gas in the Caspian Sea and the Persian Gulf.

In a meeting on March 4, Bulgak and Iranian Minister of Roads and Transport Mahmoud Hojjati reviewed cooperation in transportation. Bulgak said they needed to expand facilities to promote transport cooperation through the Caspian Sea, with rail and road networks. A regular shipping line has been set up on the Caspian Sea. Hojjati said that transportation between north and south, from the Persian Gulf and the Sea of Abov to the north of the Caspian Sea, would prove to be very important in the development not only of the two countries' economies, but also that of other countries. Bulgak stressed Russia's eagerness to diversify cooperation with Iran, incorporating more cooperation between Russian provinces of Tatarstan, Astrakan, and Kal-

mykia, with Iran's northern provinces.

Russian Deputy Railroad Minister Oleg Anatolyevich and the director of Iran's railroads, Rahman Dadman, also met on March 4, to reactivate cooperation in the area of rail links on the borders. The Russian diplomat said that Russia wanted to sell rail cars, locomotives, and other railway equipment to Iran, and Dadman said Iran was ready to buy 2,000 freight cars. Anatolyevich pointed to the Sarakhs-Tajan link as strategically important, and said that Russia would start market research for the rail link. Dadman said that Iran would concentrate on getting the consent of five countries which are neighbors to both Iran and Russia, to convene a conference on rail cooperation, in order to activate the links among them. The five countries were not named, and could be the Central Asian republics and/or some countries in the Caucasus.

It was announced that Russian Prime Minister Viktor Chernomyrdin would visit Teheran soon, to finalize the agreements being hammered out.

Italy

Dini seeks cooperation between Europe, Iran

Italian Foreign Minister Lamberto Dini, before leaving for a visit to Iran on March 1-2, explained that the aim of his mission was to open the way to large-scale economic cooperation between the European Union (EU) and Iran, in the context of Eurasian integration, the Italian daily *La Stampa* reported on March 1. Dini had met in Venice on Feb. 28 with French Foreign Minister Hubert Vedrine, with whom he is believed to have discussed the Italian initiative.

La Stampa said Dini's aim was to open "new horizons in Irani-Italian relations." The daily said that "Italy, which has much in common in historical, cultural, and economic fields with Iran, plans to be the first among the EU members to expand its relations with the Islamic Republic." It stressed that "Teheran has had minimal disagreements with Rome, and amongst all the EU member states Italy has shown the greatest

interest in cultivating and strengthening its commercial, trade, and even political relations with Iran.”

The Italian oil company Agip, a subsidiary of the ENI group, is concluding negotiations for drilling in the offshore project in Doroud, together with the French company Elf-Aquitaine. Italy is interested in participating in the construction of the pipeline networks with Turkmenistan and Turkey.

Dini said that past conflicts with Iran must now give way to “working for the stability of this country, which means stability of the region as well. This government is close to the people, and there are visible signals of change inside the country.” Therefore, “Europe and Italy must support Iran. Iran is a large country, rich in energy, but it has a weak infrastructure. It needs to increase exports and it needs development projects. Iran is the natural door to Central Asia, the shortest and cheapest way to transport to the West the energy resources of the region,” he said.

Dini said that Europe must “bring Teheran closer to the Mediterranean,” and must therefore support the Iranian proposal for a cultural initiative aimed at “connecting the great civilizations of the past: Iran, Egypt, Greece, and Italy.”

Mining

Rio Tinto to snap up more resource assets

Rio Tinto, the British oligarchy-run resources cartel, met with the board of Atlantic Richfield Corp. (Arco) in Los Angeles on Feb. 24, and now appears to be the most likely purchaser of Arco’s coal assets in Australia and North America, the *Australian* reported.

Australian assets to be sold include 80% of Gordonstone coking coal mine, 31.4% of Blair Athol thermal mine, and 19.5% of Clermont steaming coal deposit, all in the Bowen Basin in Queensland.

In October 1997, Arco followed Rio Tinto’s union-busting lead, and sacked the entire workforce at Gordonstone. Even though the Australian Industrial Relations Commission has upheld seven complaints of unfair

dismissal, no severance pay has been issued. Arco’s anti-union exercise appears to have been executed in preparation for the potential sale to Rio Tinto.

Science

Water found at Moon’s poles, experts say

Scientists working on the Lunar Prospector mission announced that analysis of the first month’s data from the spacecraft indicate there is water ice at both the north and south poles of the Moon, in a press briefing broadcast from the NASA Ames Center in California on March 5. The first indication of water ice on the Moon came from radar sounding of the south pole by the Clementine spacecraft three years ago.

Dr. Alan Binder, the principal investigator for the mission who has been planning these experiments since the end of the Apollo program, stated, “We have found water.” He described the results as “unquestionable.” Binder explained that the data from the neutron spectrometer aboard Lunar Prospector does not measure water on the Moon, but the presence of hydrogen, and that the “cosmologically most reasonable” assumption is that excess hydrogen on the Moon is bound up in ice.

He said that the data show that there is more water ice at the north pole, and that at both poles, it is very dispersed. The ice crystals make up about 0.3-1% of the Moon’s soil, or regolith. However, the spectrometer is sensitive enough to measure hydrogen that would be indicative of a cup of water in a cubic yard of soil, and the measurements the scientists are receiving indicate there would be the equivalent of four gallons of water in a cubic yard of lunar soil.

Although all of the scientists stressed that the data are preliminary, and will be refined over the next 10 months while the Lunar Propsector orbits the Moon, there are indications that there are, overall, 11 to 330 million tons of lunar water ice. Mission Manager Scott Hubbard stated, “It’s enough water to support several thousand people for a hundred years.”

BRITISH oil and gas companies are planning to move in on Australia’s Northwest shelf off the coast of Western Australia. On March 2, Sir Robert Hill of the London Institute of Marine Engineers arrived in Perth, leading a trade mission representing 53 companies. In the past year, eight British companies have set up to exploit natural gas deposits.

THE UNION BANK of Switzerland, which merged on March 1 into a new giant entity, the United Bank of Switzerland, controlled by Swiss Bank Corp., has been summoned before the Bank of England and the Swiss National Bank to “clarify” the extent of its derivatives losses, sources report. Losses could be as high as \$1.6 billion, four times what the bank admits.

PERU has reported 5,000 cases of cholera in the first two months of 1998, compared to 1,000 cases for all of 1997. The outbreak is occurring in areas most severely affected by torrential rains, floods, and mudslides. The fall in production resulting from the floods is being cited as a factor in Peru’s economic and banking crisis.

ASIAN IMPORTS, according to a report by Salomon Smith Barney, for year-on-year comparisons for December 1997, were down in South Korea, 25%; Thailand, 29%; Malaysia, 10%; Singapore, 7%; and China, 5%. Three factors were cited: inability of traders to secure letters of credit, sharp depreciation of currencies, and (IMF-ordered) exorbitant interest rates.

SINGAPORE banks have been downgraded to “negative” from “stable” by Moody’s, due to the financial crisis, including a decline in the Singapore dollar rate and loan exposure in Indonesia, Malaysia, and Thailand.

THAILAND faces 6-6.5% negative growth through the third quarter of 1998, according to the National Economic and Social Development Board. The forecast puts the lie to all International Monetary Fund prognoses for Thailand.