
Economics in Brief

China-Mexico

November Signing Set For Port Complexes

Oct. 3—Agreements for joint work in building the long-planned Veracruz-Oaxaca Trans-Isthmus Railway and industrial corridor, a high-speed rail line from Mexico City to Queretero in the center of the country, and modern, high-tech agroparks are expected to be signed in November, when Mexican President Enrique Peña Nieto and Chinese President Xi Jinping meet in Beijing on Nov. 13, *Excelsior* reported on Oct. 1.

Details of the joint Chinese-Mexican infrastructure fund have been worked out and signed, according to *Excelsior*. Initially funded at \$1.5 billion, and then increased to \$3 billion, the fund targets mass transit, ports, energy and agroindustry projects, starting with those mentioned above.

The Trans-Isthmus rail line is the most ambitious and significant in physical-economic terms. The line is to function as a “dry canal,” connecting the Gulf of Mexico port of Coatzacoalcos, Veracruz, with the Pacific port of Salina Cruz, Oaxaca. President Peña Nieto’s intent is to build up a productive, industrial corridor, in clusters of new settlements along the route, *Excelsior* reported.

This is precisely the development corridor along that route championed by the LaRouche movement since the 1970s, when it was designated one of four development poles to be built around “industrial port complexes” under President José López Portillo’s (1976-82) national industrialization program. It was thwarted, and López Portillo ousted, on orders from the IMF and allied institutions.

China-Russia

New Ice-Free Port In Russian Far East

Oct. 3—China is helping Russia build a large port at Zarubino, Russia, an ice-free

location just 18 km from the Chinese border. The port is connected by road and rail to the Chinese city of Hunchun in the northwestern province of Jilin. Jilin province signed a deal with the Russian transport firm Summa Group to develop the new port on the Sea of Japan, which can handle 60 million tons of cargo a year.

A private Jilin company has been spending several years trying to develop the North Korean port of Rajin, but has run into difficulties, experts say. Chinese media have recently started to focus attention on the Zarubino port. Expansion of the port is to begin in 2015 and will begin operations in 2018, according to Alexander Ananenko, the project manager of the port in the Summa Group. The project includes building a port terminal to handle Chinese grain—one of Jilin’s main exports—and upgrading railway lines connecting the port to Hunchun.

Opening a port at Zarubino gives Russia another ice-free port in the Far East. For it to be effective, Russia would also have to build rail links to Zarubino from the Trans-Siberian Railroad. Liu Bin, a professor at Dalian Maritime University, indicated that Russia began to warm to the idea of the Zarubino port, after the Ukrainian crisis and the economic sanctions that resulted from that.

Bolivia

First Nuclear Reactor Planned for La Paz

Oct. 2—Bolivian President Evo Morales, speaking in the department of La Paz on the occasion of the signing of a hydroelectric plant contract there, announced that the nation’s first nuclear reactor will be built in the department, with an estimated investment of more than \$2 billion by 2025. The first reactor will be used for research, medical diagnostics, and cancer treatment purposes, as well as food preservation, seed improvement, and insect control through a gamma irradiation plant, he said. The official announcement on when the “Nuclear Energy in Bolivia”

project will begin has not yet been made.

Morales’ nuclear plan is part of the concept of turning Bolivia into an energy hub for South America, not only providing electricity for its homes and new industries, but exporting power to its neighbors.

Morales said, “I am convinced that the country that controls its energy is a liberated country, an independent country. . . . The best way to free ourselves is also having nuclear energy for peaceful purposes.”

Eurasia

Economic Union Treaty Ratified by Russia

Oct. 3—Russian President Vladimir Putin announced today that the Eurasian Economic Union (EEU) treaty, which was signed on May 29 by the leaders of Russia, Kazakstan, and Belarus, has been ratified by the Russian parliament and signed into law by himself. “This is a major milestone in our joint work on integration with our closest partners and allies,” he said.

The move follows ratification in the two houses of parliament, the State Duma on Sept. 26 and the Federation Council on Oct. 1.

The Eurasian Economic Union, which is based on the already existing Customs Union of the three countries, will become operational Jan. 1, 2015.

According to Itar-Tass, “the agreement is the basic document defining the accords between Russia, Belarus and Kazakhstan for creating the EEU for free movement of goods, services, capital and workforce and conducting coordinated, agreed or common policies in key sectors of the economy, such as energy, industry, agriculture and transport.

“It stipulates the transition of Russia, Belarus and Kazakhstan to the next stage of integration after the Customs Union and the common economic space.

“The Treaty on the Eurasian Economic Union stipulates customs and technical regulation, foreign trade policies and

measures to protect the internal market. The agreement envisages transition to common customs tariffs.

“The agreement also stipulates principles of coordinated macro-economic and foreign exchange policies, financial market regulation, interaction in the energy and transport sectors, development of a common gas, oil, petroleum product, medicines and medical equipment market.”

Belarus is set to ratify the treaty on Oct. 7. Kazakhstan’s lower chamber already ratified it on Oct. 1.

Today, Armenian Prime Minister Hovik Abrahamyan announced that Armenia will join the Eurasian Economic Union on Oct. 10, at a signing in Minsk, Belarus.

Kyrgyzstan President Almazbek Atambaev has said that his country will join the Customs Union by the end of 2014.

Russia

Putin: Diversify Ties With BRICS, Others

Oct. 2—Russian President Vladimir Putin participated today in the “Russia Calling!” investment forum organized by VTB Capital, where he elaborated on the prospects and priorities for the Russian economy in the immediate period ahead. He emphasized “diversification of foreign economic ties.”

In his remarks to the forum, Putin said: “Among our priorities is greater business, trade, investment and technological partnership with Latin America, the Asia-Pacific region and our colleagues within BRICS, including China and India, naturally.

“As you may know, during my May visit to Beijing, we signed a big package of Russian-Chinese economic agreements worth tens of billions of dollars. Among them is a 30-year contract for the supply of Russian gas to China.

“The creation of the infrastructure necessary for its implementation will become one of the largest construction projects in the world. This is, of course, not

only about energy cooperation—we intend to work in other areas as well.

“I would like to add that only recently Gazprom made the first trial supply of oil for rubles. Further, we intend to actively use our national currencies in our trade in energy resources and in other foreign economic transactions with both China and other countries. As you may know, corresponding mechanisms have been created within BRICS as well.

“We see the use of national currencies as a serious mechanism for reducing risks, creating opportunities for participants in economic activities and, of course, great prospects for promoting regional integration.”

NASA-India

Radar Satellite Mission Is Well on Its Way

Oct. 2—The NASA-India Synthetic Aperture Radar (NISAR) satellite mission, formalized this week during Prime Minister Narendra Modi’s visit to Washington, is already making progress toward a planned 2020 launch. Last March, both the NASA and ISRO (Indian Space Research Organization) radars passed instrument design reviews, for each of the two radars that will make up the scientific payload of the satellite. With approval of the designs, work can begin for the next stage of building the instruments.

The main purpose of the mission is to measure the deformation of the Earth’s surface that takes place due to earthquakes, volcanoes, subsidence, uplifts, and landslides. It will be able to track the dynamics of the cryosphere (areas of the Earth’s surface where water is solid), such as glaciers, sea ice, permafrost, and ice sheets; track changes in vegetation and wetlands; and support global disaster responses.

NASA will schedule a workshop to consider potential applications of the NISAR data, open to the scientific community, and to explore new areas for users of the data.

● **DB SCHENKER**, the leading rail logistics operator in Germany, is offering an inter-modal freight transfer from China all the way to Brazil (and other Ibero-American countries), which, through use of rail, truck, and aircraft capabilities, will bring freight around the globe in less than half the time required by maritime transport.

● **THE AUSTRIAN** Economic Chambers will hold a conference on “BRICS versus NAFTA—The Ups and Downs in Economic Order” in Vienna, on Nov. 13. The keynote, expected to be skeptical of the BRICS, will be given by Rachel Ziemba (Director Emerging Markets, Roubini Global Economics U.K.), but speakers also include prominent representatives from the BRICS countries, notably China.

● **THE RESIGNATION** of Argentina’s Central Bank Governor, Juan Carlos Fabrega, Sept. 30, and his replacement by Alejandro Vanoli, head of the National Securities Commission, signifies that President Cristina Fernández de Kirchner intends to clamp down on domestic cultures engaged in financial warfare to destabilize her government and the country—what Chief of Staff Jorge Capitanich referred to as “active coup-plotting.”

● **THE CENTRAL ROUTE** of China’s South-North Water Diversion project is ready to start operating this month, bringing water from the Yangtze Valley to China’s densely populated but dry Northern Plain.

● **ECUADOR’S DEFENSE** Minister Maria Fernanda Espinosa announced from Beijing on Sept. 19 that Ecuador will develop its own satellite, thanks to space technology from China. Chinese officials expressed interest in training Ecuadorian aerospace professionals.