ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Erik Brand <brande@nationalpress.com> (Erik Brand <brande@nationalpress.com> [UNKNOWN])

CREATION DATE/TIME: 6-JAN-2000 09:00:58.00

SUBJECT: Thursday's Latin America Advisor

TO: latinpub@iaginteractive.com (latinpub@iaginteractive.com [UNKNOWN])
READ:UNKNOWN

TEXT:
TODAY'S TOP NEWS STORIES

Consumer Confidence Falls As Tax Hike
Fears Rise In Argentina

Ecuador's Central Bank Rules Out
Dollarization

U.S. Interest Rates Rise, Latin American
Markets Plummet

Argentina Says "No" To Spanish Arrest
Requests

Terra Networks Share Price Soars On
E-Banking Announcement

TODAY'S QUESTION

Newly inaugurated Argentine President Fernando de la Rua is reportedly weighing plans to submit to Congress a bill declaring a "fiscal emergency" in order to give his government special powers to enact urgent economic measures by decree. Do you think he will submit such a bill? Would this legislation likely pass the Peronist-dominated Congress? How dire, in your view, is Argentina's fiscal situation?

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<br><i><font size=-1>Managing Director,</font></i>
<br><i><font size=-1>E.M. Warburg Pincus</font></i>
<p><b><font size=-1>Peter Egon de Svastich</font></b>
<br><i><font size=-1>Chairman, </font></i>
<br><i><font size=-1>WestHem International</font></i>
<p><b><font size=-1>Peter J. Firestein</font></b>
<br><i><font size=-1>Managing Director, </font></i>
<br><i><font size=-1>Latin America, </font></i>
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<i>Thomson Financial</i>

<i>Investor Relations</i>
<p>Ken Frankel

<i>Head, Latin America </i>

<i>Practice Group, </i>

<i>Tory Haythe</i>
<p>Francis Freisinger

<i>Manager, </i>

<i>Latin American </i>

<i>Economics Group,</i>

<i>Merrill Lynch</i>
<p>Wallace Gardner

<i>Vice President, </i>

<i>Worldwide Sales, </i>

<i>Chubb & Son</i>
<p>Michael Gavin

<i>Head Economic Research,</i>

<i>Latin America, </i>

<i>Warburg Dillon Read</i>
<p>Francisco Gros

<i>Chairman, </i>

<i>Latin America</i>

<i>Morgan Stanley </i>

<i>Dean Witter</i>
<p>Peter Gruber

<i>President,</i>

<i>Globalvest Management Company</i>
<p>Peter Hakim

<i>President,</i>

<i>Inter-American Dialogue</i>
<p>Robert C. Helander

<i>Partner,</i>

<i>Kaye, Scholer,</i>

<i>Fierman, et al.</i>
<p>Robert D. Hormats

<i>Vice Chairman, </i>

<i>Goldman Sachs International</i>
<p>James R. Jones

<i>Of Counsel,</i>

<i>Manatt, Phelps & Phillips</i>
<p>David R. Malpass

<i>Chief International Economist,</i>

<i>Bear Stearns & Co</i>
<p>Thomas F. McLarty III

<i>Vice Chairman, </i>

<i>Kissinger McLarty Associates</i>
<p>Geoffrey Milton

<i>General Manager, </i>

<i>New York Branch,</i>

<i>Arab Banking Corporation</i>
<p>Ronald Ratcliffe

<i>Chief Latin American Economist, </i>

<i>SG Cowen Securities</i>
<p>David L. Roberts

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<br><i><font size=-1>Managing Director, </font></i>
<br><i><font size=-1>Sovereign Research,</font></i>
<br><i><font size=-1>Banc of America </font></i>
<br><i><font size=-1>Securities, LLC</font></i>
<p><b><font size=-1>Allen M. Rodriguez</font></b>
<br><i><font size=-1>Co-Manager,</font></i>
<br><i><font size=-1>Global Economics,</font></i>
<br><i><font size=-1>General Motors Corporation</font></i>
<p><b><font size=-1>Thomas W. Studwell</font></b>
<br><i><font size=-1>Partner, </font></i>
<br><i><font size=-1>Baker & McKenzie</font></i>
<p><b><font size=-1>Michael Warren</font></b>
<br><i><font size=-1>Latin America Analyst, </font></i>
<br><i><font size=-1>Toyota Motor </font></i>
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<p><b><font face="HELVETICA"><font size=-1><a href="#story4">Argentina
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<p><b><font face="HELVETICA"><font size=-1><a href="#story5">Terra Networks
Share Price Soars On E-Banking Announcement</a></font></font></b>
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<p><b><font face="HELVETICA"><font size=+0>TODAY'S QUESTION</font></font></b>
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inaugurated Argentine President Fernando de la Rua is reportedly weighing
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plans to submit to Congress a bill declaring a "fiscal emergency" in order to give his government special powers to enact urgent economic measures by decree. Do you think he will submit such a bill? Would this legislation likely pass the Peronist-dominated Congress? How dire, in your view, is Argentina's fiscal situation?

<center>
<p>Yes: 20%

No: 0%

Other: 80%</center>

<p>
<p>Other vote commentary: Allen M. Rodriguez: Argentina's fiscal situation on its face value does not appear overly worrisome. After all, last year's combined deficit stood at $5.9 billion or 3.2% of GDP versus 8.5% for Brazil. But, like usual, the devil is in the details: unless Argentina can cover a large chunk of its $17 billion in public sector borrowing

requirements on the international capital markets, the GOA will be compelled to borrow on the fledgling domestic capital market and drawdown official reserves. Substantial domestic financing of the deficit would be recessionary.

Also, the government may be forced to accelerate the schedule under the fiscal convertibility law for balancing public sector accounts. Last week's passage of the $1.9 billion tax increase coupled with earlier approval of $1.4 billion in spending cuts and the pact limiting transfers to the provinces were steps in the right direction.
<p>Other vote commentary: Peter Egon de Svastich:
President de la Rua has made a lot of wise choices during his first days in office. The passage of the Year 2000 Budget helped cement some of the major pieces of de la Rua's economic policy into law. Argentina does need some urgent legislation to redress the primary problems it faces -- high unemployment, stagnant tax revenues, imbalances between federal and provincial spending, and a need to raise substantial foreign currency financing

($17.5 billion). Together with the budget, the Lower House was also able to pass almost intact a "luxury tax" bill that aims to raise some $2 billion in extra revenues -- with only a very minor impact on both the income tax and the contested fuel tax. New trade regulations are a far greater priority than any additional emergency measures, as these will boost the moribund export sector and increase foreign reserves. All eyes are on Economy Minister Machinea and the signals being sent about fiscal discipline at the federal level being the new administration's top priority. A $4.5 billion fiscal deficit is about as high as the country can tolerate in this first year of the new millennium.
<p>Other vote commentary: Geoffrey Milton: The situation is serious, but not dire. Any emergency decrees would probably be counter-produ
ctive
and just make the opposition more intransigent. Compromise on both sides with firm Presidential leadership is required -- that is what democracy is all about.
<p>Other vote commentary: James R. Jones: Argentina has a difficult, but in my judgment not dire economic challenge. President de la Rua has assembled a talented economic team which has won credibility

and plaudits from the investment community. This team has to pass a tough fiscal package in the near term. This will not be easy in light of Argentina's

high unemployment and stagnant economy. Trade will be an important key. Here Brazil's economy and a rejuvination of Mercosur trade are vital. De la Rua has a tough task ahead to pass a stringent budget without raising taxes to the point that investors are scared away.
<p>Yes vote commentary: Michael Gavin: The Fiscal Emergency law has already been submitted. I think that it will pass, though not without some haggling. The Argentine fiscal situation is not dire in absolute terms -- with a budget deficit of well under two percent of GDP, the public debt is not spiraling out of control. But the country has too much debt, and therefore needs to wean itself away from the kind of deficits that other countries consider normal. And right now it faces a crisis of confidence, and the only tool in the government's arsenal to improve confidence

is to provide reassurance that the needed fiscal adjustment is on track.
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Thursday, January 6, 2000</fo
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<p><a NAME="story1">Consumer Confidence Falls As Tax Hike Fears Rise In Argentina
<p>According to a survey done by Argentine think tank Fundacion Mercado,

as a result of the government's plan to increase taxes, which might prolong the economy's recovery from recession, Argentines are much less likely to buy big-ticket items like new homes, cars and appliances. In December, the percentage of Argentines who said that they would buy big-ticket items fell to 11.3 percent from 11.9 percent the prior month, says the survey. The survey, based off of 3,465 households in the country's main cities polled between December 13 to 26, also found that the number of families planning to save money dropped from 30.9 percent to 26.9 percent. The consumer

confidence decline is likely related to the new government's tax increase, which was passed last month. The tax hike, which raised income tax rates while lowering the minimum salary taxed, is aimed at shrinking the large budget deficit, bolstering confidence in the country, and instigating a recovery from recession. The tax package also levied higher taxes on many goods and services including, health care, cell phones, air and bus travel and new cars. The package is at the center of De la Rua's new government's plan to reduce the budget deficit by 25 percent to $4.5 billion. Ricardo Seeber, partner at a prominent law firm in Buenos Aires tells the <i>Latin

America Advisor</i> that frustration has arisen over the tax hike because it was first thought that the government was going to look internally to address the deficit. "People are quite angry about these tax increases," says Seeber, "what the people understood was that the adjustment was not going to fall on the people." The increase could be a long-term sign for confidence among foreign investors if the deficit issue is remedied, but, "it's not good news to start the new millennium with tax increases," Seeber says.

<p><a NAME="story2">Ecuador's Central Bank Rules Out Dollarization
<p>Wednesday morning, Ecuador's Central Bank ruled out dollarization, cash seizure or a currency peg to slow or stop the rapid fall of its <i>sucre</i> currency. The <i>sucre</i>, which saw a fall of 67 percent in its value last year and a further 15.5 percent fall in the first days of 2000, has been spiraling downward as a result of deep rooted economic problems in the beleaguered South American nation. The Central Bank reported this morning that the country was not heading toward hyperinflation, and would stabilize its teetering economy with its current system, a free float of the <i>sucre</i>
.
Pablo Better, president of the Central Bank, told reporters, "the Central Bank has a monetary program and has decided to stick with it." Ronald Ratcliffe

chief economist for SG Cowen Securities

tells the <i>Latin America Advisor</i> that "based on how Ecuador got to where they are, the central bank has not been paying as much attention to the currency as they should, they needed to tighten their policy earlier then they did." Mr. Ratcliffe commented that with the gross devaluation of the currency and the trepidation it has instilled among investors, the bank actions could be "to little to late." In early trading, the <i>sucre</i> raised 8 percent, rallying hopes for a recovery, but after the announcement, the currency lost most of its gain to close at 22,250/24,600 to the dollar, a rise of only 0.6 percent. The currency presently floats freely under a system implemented by the Central Bank last February. The bank's plan of action comes as Ecuador faces its worst-ever financial crisis. Its problems

began after the El Niño weather phenomenon devastated agriculture, coupled by a decrease in global oil prices, which accounts for about 40 percent of government income. Late in 1999 Ecuador stated that it did not have enough money to pay back foreign debt and had to postpone payments, a move which terrified investors and led towards devaluation.

<p><a NAME="story3">U.S. Interest Rates Rise, Latin American Markets Plummet
<p>As fears mounted over repeated rises in U.S. interest rates, Latin America stocks took a beating, with Brazil and Mexico, the region's two largest exchanges, worst hit. Tuesday was the Dow's fifth-largest point loss ever and the first time it dipped below the 11,000 mark since December 1. In Latin America's biggest economy, Brazil, the Bovespa index fell 6.4 percent to 15,851 points by the end of Tuesday, its biggest one-day fall since last January. Isabel Lemos, a fund manager at Banco Fator in Sao Paulo says, "the fear of higher U.S. rates is taking its toll on the Dow

Jones and on us. Coming on the heels of the strong gains in December,
I expect we'll see some more profit-taking before we resume an upward trajector
y."
In its largest percentage loss since November 1998, Mexico's IPC index dove 402.44 points to close at 6,675.27 points. Traders said that the IPC index of most-traded shares took a nosedive Tuesday of 5.69 percent that took it back to early December levels. Salomon Smith Barney's chief Latin American strategist Geoffrey Dennis said that it might be a few weeks or even a few months before the shakeout ends, but didn't see any reason for panic. In Argentina, the MerVal stock index followed suit with a fall of 5.22 percent to 522.97 points. Chilean stocks had a more moderate loss, as its blue chip index of the 40 leading companies fell 1.38 percent to 99.70 points Tuesday. The IBC index in Venezuela ended 0.41 percent lower on its first day of trading this year to finish at 5,396.01 points.

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<p><a NAME="story4">Argentina Says "No" To Spanish Arrest Requests
<p>On Tuesday, Argentina balked at the Spanish request for the arrest of 48 men accused of human rights abuses in the "Dirty War" of the 1970's, saying that the requests were not detailed enough. Ricardo Gil Lavedra, Argentine Justice Minister, said that Argentine judge Gustavo Literas, who was ruling on whether the Spanish requests complied with Argentine law, had found them "insufficient." According to Lavedra, Literas had asked the Foreign Ministry to take the requests and return them to Spanish judge Baltasar Garzon. The requests were reportedly being returned so that more specific details about each person's alleged crime could be added before they are considered. "The decision has been made to not comply with Judge Baltasar Garzon's request because he did not conform to prerequisites between (Argentina and Spain)," says Lavedra. Those charged with crimes include figures such as de facto Presidents Jorge Videla and Leopoldo as well as Admiral Emilio Massera. Even if Garzon refiles the requests for arrest, the new Argentine government has made it clear that he will not be successful.

The new government considers this case to be different than Garzon's dealings with Chile's former dictator Augusto Pinochet because the members involved have already been tried. Argentina is arguing that it has already tried the military juntas responsible for their terror campaign against opposition, in which 15,000 to 30,000 people disappeared or died after being tortured in secret jails. Many junta officers were tried in 1985 and imprisoned, but they benefited from a pardon for top junta leaders by former President Carlos Menem in 1990. "This is about crimes that happened in Argentina 20 years ago that have been punished by Argentine law and that are still

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being punished because there are cases still open," Gil Lavedra told reporters.

"Frankly, this request is unlikely to prosper. What they are asking is
for foreign law to take precedence over Argentine law."
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<p><a NAME="story5"></a><b>Terra Networks Share Price Soars On E-Banking
Announcement</b>
<p>Shares in Internet access and portals provider <b><a href="http://www.terra.
es">Terra
Networks</a></b> defied a slump in the Spanish market and climbed strongly
on Wednesday, on the heels of an announcement of an e-banking joint venture.
Terra -- a unit of telecoms conglomerate <b><a href="http://www.telefonica.es">
Telefonica</a></b>
-- was up nearly six percent at press time at 60.00 <i>euros</i>, more
than 4.5 times its IPO price in mid-November. Spain's other leading tech
stocks -- travel reservations system <b><a href="http://www.global.amadeus.net"
>Amadeus</a></b>
pay-television company Sogecable and Telefonica's yellow pages unit <b><a href=
"www.paginasamarillas.com">TPI-Paginas
Amarillas </a></b>-- were all down between 3.5 and 6.5 percent and the
blue-chip Ibex-35 index was off 1.66 percent. Terra and on Tuesday unveiled
a cross-shareholding agreement that will allow them to focus together on
the potentially huge e-banking markets of southern Europe and Latin America.
Under the agreement, BBVA will buy a three percent stake in Terra for around
$500 million and Terra will take a 20 percent stake in BBVA's new Internet
banking unit Uno-e, possibly raising it to 35 percent in the future. "We
think this announcement with a major bank is very positive because it will
allow Terra to increase its potential for clients in Spain and beyond,
and widen its range of services," says Nahum Sanchez, an analyst with Madrid
brokers <b><a href="http://www.bym.es/">Benito y Monjardin</a></b>. Some
traders said that Terra's rising share price is related to the fact that
it is now a leading candidate to join the Ibex-35 at the end of January
when bank <b><a href="http://www.argentaria.es">Argentaria</a></b> is due
to complete its merger with BBV and drop out of the index. Companies seen
as Ibex candidates traditionally attract speculative buying interest. Once
in the index they become compulsory buys for major funds.
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IAG Latin America Advisor

TODAY'S TOP NEWS

QUESTION OF THE DAY

Newly inaugurated Argentine President Fernando de la Rua is reportedly weighing plans to submit to Congress a bill declaring a "fiscal emergency" in order to give his government special powers to enact urgent economic measures by decree. Do you think he will submit such a bill? Would this legislation likely pass the Peronist-dominated Congress? How dire, in your view, is Argentina's fiscal situation?

YES: 20% NO: 0% OTHER: 80%

"Other" vote commentary: Allen M. Rodriguez: "Argentina's fiscal situation on its face value does not appear overly worrisome. After all, last year's combined deficit stood at $5.9 billion or 3.2% of GDP versus 8.5% for Brazil. But, like usual, the devil is in the details: unless Argentina can cover a large chunk of its $17 billion in public sector borrowing requirements on the international capital markets, the GOA will be compelled to borrow on the fledgling domestic capital market and drawdown official reserves. Substantial domestic financing of the deficit would be recessionary. Also, the government may be forced to accelerate the schedule under the fiscal convertibility law for balancing public sector accounts. Last week's passage of the $1.9 billion tax increase coupled with earlier approval of $1.4 billion in spending cuts and the pact limiting transfers to the provinces were steps in the right direction."

> "Unless Argentina can cover a large chunk of its $17 billlion in public sector borrowing requirements on the international capital markets, the GOA will be compelled to borrow on the fledgling domestic capital market and drawdown official reserves."
> -- Allen M. Rodriguez

"Other" vote commentary: Peter Egon de Svastich: "President de la Rua has made a lot of wise choices during his first days in office. The passage of the Year 2000 Budget helped cement some of the major pieces of de la Rua's economic policy into law. Argentina does need some urgent legislation to redress the primary problems it faces -- high unemployment, stagnant tax revenues, imbalances between federal and provincial spending, and a need to raise substantial foreign currency financing ($17.5 billion). Together with the budget, the Lower House was also able to pass almost intact a "luxury tax" bill that aims to raise some $2 billion in extra revenues -- with only a very minor impact on both the income tax and the contested fuel tax. New trade regulations are a far greater priority than any additional emergency measures, as these will boost the moribund export sector and increase foreign reserves. All eyes are on Economy Minister Machinea and the signals being sent about fiscal discipline at the federal level being the new administration's top priority. A $4.5 billion fiscal deficit is about as high as the country can tolerate in this first year of the new millennium."

Continued On Page Two

Economic News

Consumer Confidence Falls As Tax Hike Fears Rise In Argentina

According to a survey done by Argentine think tank **Fundacion Mercado**, as a result of the government's plan to increase taxes, which might prolong the economy's recovery from recession, Argentines are much less likely to buy big-ticket items like new homes, cars and appliances. In December, the percentage of Argentines who said that they would buy big-ticket items fell to 11.3 percent from 11.9 percent the prior month, says the survey. The survey, based off of 3,465 households in the country's main cities polled between December 13 to 26, also found that the number of families planning to save money dropped from 30.9 percent to 26.9 percent. The consumer confidence decline is likely related to the new government's tax increase, which was passed last month. The tax hike, which raised income tax rates while lowering the minimum salary taxed, is aimed at shrinking the large budget deficit, bolstering confidence in the country, and instigating a recovery from recession. The tax package also levied higher taxes on many goods and services including, health care, cell phones, air and bus travel and new cars. The package is at the center of De la Rua's new government's plan to reduce the budget deficit by 25 percent to $4.5 billion. Ricardo Seeber, partner at a prominent law firm in Buenos Aires tells the *Latin America Advisor* that frustration has arisen over the tax hike because it was first thought that the government was going to look internally to address the deficit. "People are quite angry about these tax increases," says Seeber, "what the people understood was that the adjustment was not going to fall on the people." The increase could be a long-term sign for confidence among foreign investors if the deficit issue is remedied, but, "it's not good news to start the new millennium with tax increases," Seeber says.

Continued From Page One

"Other" vote commentary: Geoffrey Milton: "The situation is serious, but not dire. Any emergency decrees would probably be counter-productive and just make the opposition more intransigent. Compromise on both sides with firm Presidential leadership is required -- that is what democracy is all about."

"Other" vote commentary: James R. Jones: "Argentina has a difficult, but in my judgment not dire economic challenge. President de la Rua has assembled a talented economic team which has won credibility and plaudits from the investment community. This team has to pass a tough fiscal package in the near term. This will not be easy in light of Argentina's high unemployment and stagnant economy. Trade will be an important key. Here Brazil's economy and a rejuvination of Mercosur trade are vital. De la Rua has a tough task ahead to pass a stringent budget without raising taxes to the point that investors are scared away."

"Yes" vote commentary: Michael Gavin: "The Fiscal Emergency law has already been submitted. I think that it will pass, though not without some haggling. The Argentine fiscal situation is not dire in absolute terms -- with a budget deficit of well under two percent of GDP, the public debt is not spiraling out of control. But the country has too much debt, and therefore needs to wean itself away from the kind of deficits that other countries consider normal. And right now it faces a crisis of confidence, and the only tool in the government's arsenal to improve confidence is to provide reassurance that the needed fiscal adjustment is on track."

Ecuador's Central Bank Rules Out Dollarization

Wednesday morning, Ecuador's Central Bank ruled out dollarization, cash seizure or a currency peg to slow or stop the rapid fall of its *sucre* currency. The *sucre*, which saw a fall of 67 percent in its value last year and a further 15.5 percent fall in the first days of 2000, has been spiraling downward as a result of deep rooted economic problems in the beleaguered South American nation. The Central Bank reported this morning that the country was not heading toward hyperinflation, and would stabilize its teetering economy with its current system, a free float of the *sucre*. Pablo Better, president of the Central Bank, told reporters, "the Central Bank has a monetary program and has decided to stick with it." Ronald Ratcliffe chief economist for **SG Cowen Securities** tells the *Latin America Advisor* that "based on how Ecuador got to where they are, the central bank has not been paying as much attention to the currency as they should, they needed to tighten their policy earlier then they did." Mr. Ratcliffe commented that with the gross devaluation of the currency and the trepidation it has instilled among investors, the bank actions could be "to little to late." In early trading, the *sucre* raised 8 percent, rallying hopes for a recovery, but after the announcement, the currency lost most of its gain to close at 22,250/24,600 to the dollar, a rise of only 0.6 percent. The currency presently floats freely under a system implemented by the Central Bank last February. The bank's plan of action comes as Ecuador faces its worst-ever financial crisis. Its problems began after the El Niño weather phenomenon devastated agriculture, coupled by a decrease in global oil prices, which accounts for about 40 percent of government income. Late in 1999 Ecuador stated that it did not have enough money to pay back foreign debt and had to postpone payments, a move which terrified investors and led towards devaluation.

U.S. Interest Rates Rise, Latin American Markets Plummet

As fears mounted over repeated rises in U.S. interest rates, Latin America stocks took a beating, with Brazil and Mexico, the region's two largest exchanges, worst hit. Tuesday was the Dow's fifth-largest point loss ever and the first time it dipped below the 11,000 mark since December 1. In Latin America's biggest economy, Brazil, the Bovespa index fell 6.4 percent to 15,851 points by the end of Tuesday, its biggest one-day fall since last January. Isabel Lemos, a fund manager at **Banco Fator** in Sao Paulo says, "the fear of higher U.S. rates is taking its toll on the Dow Jones and on us. Coming on the heels of the strong gains in ... December, I expect we'll see some more profit-taking before we resume an upward trajectory." In its largest percentage loss since November 1998, Mexico's IPC index dove 402.44 points to close at 6,675.27 points. Traders said that the IPC index of most-traded shares took a nosedive Tuesday of 5.69 percent that took it back to early December levels. **Salomon Smith Barney**'s chief Latin American strategist Geoffrey Dennis said that it might be a few weeks or even a few months before the shakeout ends, but didn't see any reason for panic. In Argentina, the MerVal stock index followed suit with a fall of 5.22 percent to 522.97 points. Chilean stocks had a more moderate loss, as its blue chip index of the 40 leading companies fell 1.38 percent to 99.70 points Tuesday. The IBC index in Venezuela ended 0.41 percent lower on its first day of trading this year to finish at 5,396.01 points.

Political News

Argentina Says "No" To Spanish Arrest Requests

On Tuesday, Argentina balked at the Spanish request for the arrest of 48 men accused of human rights abuses in the "Dirty War" of the 1970's, saying that the requests were not detailed enough. Ricardo Gil Lavedra, Argentine Justice Minister, said that Argentine judge Gustavo Literas, who was ruling on whether the Spanish requests complied with Argentine law, had found them "insufficient." According to Lavedra, Literas had asked the Foreign Ministry to take the requests and return them to Spanish judge Baltasar Garzon. The requests were reportedly being returned so that more specific details about each person's alleged crime could be added before they are considered. "The decision has been made to not comply with Judge Baltasar Garzon's request because he did not conform to prerequisites between (Argentina and Spain)," says Lavedra. Those charged with crimes include figures such as de facto Presidents Jorge Videla and Leopoldo as well as Admiral Emilio Massera. Even if Garzon refiles the requests for arrest, the new Argentine government has made it clear that he will not be successful. The new government considers this case to be different than Garzon's dealings with Chile's former dictator Augusto Pinochet because the members involved have already been tried. Vice Argentina is arguing that it has already tried the military juntas responsible for their terror campaign against opposition, in which 15,000 to 30,000 people disappeared or died after being tortured in secret jails. Many junta officers were tried in 1985 and imprisoned, but they benefited from a pardon for top junta leaders by former President Carlos Menem in 1990. "This is about crimes that happened in Argentina 20 years ago that have been punished by Argentine law and that are still being punished because there are cases still open," Gil Lavedra told reporters. "Frankly, this request is unlikely to prosper. What they are asking is for foreign law to take precedence over Argentine law."

Company News

Terra Networks Share Price Soars On E-Banking Announcement

Shares in Internet access and portals provider **Terra Networks** defied a slump in the Spanish market and climbed strongly on Wednesday, on the heels of an announcement of an e-banking joint venture. Terra — a unit of telecoms conglomerate **Telefonica** — was up nearly six percent at press time at 60.00 *euros*, more than 4.5 times its IPO price in mid-November. Spain's other leading tech stocks — travel reservations system **Amadeus** pay-television company Sogecable and Telefonica's yellow pages unit **TPI-Paginas Amarillas** — were all down between 3.5 and 6.5 percent and the blue-chip Ibex-35 index was off 1.66 percent. Terra and on Tuesday unveiled a cross-shareholding agreement that will allow them to focus together on the potentially huge e-banking markets of southern Europe and Latin America. Under the agreement, BBVA will buy a three percent stake in Terra for around $500 million and Terra will take a 20 percent stake in BBVA's new Internet banking unit **Uno-e**, possibly raising it to 35 percent in the future. "We think this announcement with a major bank is very positive because it will allow Terra to increase its potential for clients in Spain and beyond, and widen its range of services," says Nahum Sanchez, an analyst with Madrid brokers **Benito y Monjardin**. Some traders said that Terra's rising share price is related to the fact that it is now a leading candidate to join the Ibex-35 at the end of January when bank **Argentaria** is due to complete its merger with BBV and drop out of the index. Companies seen as Ibex candidates traditionally attract speculative buying interest. Once in the index they become compulsory buys for major funds.■

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Reporters: Vincent Jones, Dustin Ross
Editorial Advisor: David Wernick
Editorial Intern: Carlos Pavan

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TO: Nick Dowling <NDowling@Newmarketnet.com> (Nick Dowling <NDowling@Newmarketnet.com> [UNKNOWN])
READ:UNKNOWN

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GLOBAL OUTLOOK
Monday, 20 March - Friday, 24 March 2000

THE WEEK AHEAD IN THE AMERICAS

? On 20 March Argentine governors will meet with former President Carlos Menem. A leadership crisis has hit Menem's Peronist party with their defeat in the presidential elections in November. Calls to reunite the party
have come from several state governors, many of whom are Peronists. Menem has been discredited in recent months due to accusations of fraud and corruption occurring under his watch. Governors are not expected to call for
Menem to step down as head of the Peronist party.

? Also in Argentina, deficit figures for February will be announced at
mid-week. January's deficit came to 589 million pesos ($589 million). If Argentina is to meet IMF targets for the first quarter, the combined February and March deficits cannot exceed $1.56 billion, or Argentina will go over the IMF target of $2.15 billion for the first quarter fiscal deficit. February's deficit will include payments of $791 million in debt interest payments. Expect March to be an austere month for Argentina.

? Brazil's monetary policy committee, COPOM, will meet on 22 March. COPOM is not expected to reduce its benchmark rate, the Selic, from its current 19 percent. COPOM was rumored to be planning to drop the Selic 1 percent with the easing of inflationary pressure, and given Brazil's steady economic growth and currency flows. Instead, in a way to ease up an otherwise tight monetary policy, the central bank reduced its reserve requirement to 55 percent of deposits. Do not expect the Selic to be dropped
in the coming months as COPOM anxiously follows, along with the rest of the world, what the U.S. Federal Reserve Board does in the coming months.

? Brazil's state-owned energy company Petrobras will auction off a license to provide gas to Sao Paulo's eastern sector on 24 March. Brazil is

one of the world's largest natural gas producers and works in conjunction with Bolivia's gas company, YPFB, to send gas to and from Brazil through the
Bolivia/Brazil pipeline. Bidding for this license is expected to be competitive, as the gas market is extensive in Brazil. Brazil exports natural gas on a counter-cyclical basis to the U.S. Expect the sale of the license to garner a minimum of R$95 million ($54.6 million)

? Chile's newly installed President Ricardo Lagos will submit a labor
law to Chile's Congress on 23 March. The main thrust of the labor law is to aim for more equitable income distribution. One of the major obstacles to labor reform in Chile has long been the rights of businesses to replace striking workers. Lagos is expected to propose creating an unemployment insurance fund. Expect Congress, dominated by the opposition, to give a lukewarm reception to the bill.

? Mexico and Venezuela may jump the gun and increase their oil production ahead of the 27 March OPEC meeting. The 27 March meeting will be preceded by closed-door but not-so-secret negotiations on raising oil production quotas. Both Mexico and Venezuela say they are in favor of an oil
production increase, even though these two countries have reaped the rewards
of high oil prices for the past year. Whichever way the decision goes, Venezuela and perhaps also Mexico have already prepared for an oil production hike, and may have already boosted production at their oil wells.

? Mexican and EU officials will meet in Portugal on 23 March. Mexican
trade representatives will meet with their European counterparts to finalize
trade negotiations on a free trade agreement between the EU and Mexico. The agreement will go into in effect 1 July, a day before Mexico's presidential elections. Final sticking points discussed in the Portugal meetings include arrangements for concentrated orange juice and medium quality wine, issues raised by Italy and France respectively. Expect these negotiations to be completed without too much pain as all trade officials repeat the mantra: no
trade and all pain makes for no gain.

? On 24 March Peruvian and Ecuadoran officials will meet in New Orleans to discuss their ongoing border dispute, which sees both sides maintaining they gave up land that was historically theirs. An agreement was
signed last year that officially ended this border dispute, but recent tensions have caused the need for another meeting. Expect the meeting to be low-level and generate more promises for resolution.

? On 21 March the Federal Open Market Committee (FOMC) will meet to discuss interest rates in the U.S. The FOMC will likely raise interest rates another quarter of a point to ward off inflationary pressure. In

response to the possible 25 basis point hike, Chile raised its interest rates 25 basis points on Thursday. Several Latin American countries are fearful of exuberance hitting their economies. Chile and Mexico are two such
countries that will maintain tight monetary policies and will more or less operate on an FOMC bias.

THE WEEK AHEAD IN ASIA

? Chinese Politburo member Zeng Qinghong will visit Australia over 22-27 March. Zeng, the low-key but powerful chief strategist to President Jiang Zemin, is known as the "Keeper of the Imperial Palace" for his personal loyalty to Jiang. During his trip, which immediately follows the 18
March presidential election in Taiwan, Zeng is expected to stress the importance of maintaining a "one China" policy to Canberra. Zeng, well known
for his ethical purity, may also be searching for on-the-ground evidence - such as real estate or bank accounts -- of corruption by other powerful Chinese during his surprisingly long stay. Zeng's power is expected to increase following the strong emphasis Jiang and Premier Zhu Rongji placed on stamping out corruption among high-ranking officials at the just-concluded National People's Congress.

? Over the same dates, Philippine Vice President Gloria Macapagal-Arroyo will visit China. Macapagal-Arroyo will likely hold informal talks with counterpart Hu Jintao on economic and political issues between Manila and Beijing, particularly the ongoing dispute over territorial claims in the Spratly islands. Macapagal-Arroyo, the prot?g? of former President Fidel Ramos and Hu, Jiang's anointed successor, stand at the forefront among young and economically savvy East Asian leaders, and within ten years both could be in charge of their respective countries.

? U.S. President Bill Clinton arrives in India on 19 March for a six-day state visit. Clinton will have a busy itinerary, visiting both houses of India's parliament in New Delhi, the major cities of Hyderabad and
Mumbai, and holding talks with President Atal Behari Vajpayee. Clinton, to be accompanied by Secretary of State Madeline Albright as well as other high-ranking U.S. officials, will spend 20 March in Bangladesh and briefly visit Pakistan on his way back to the U.S. on 25 March. Clinton hopes to improve bilateral relations between the world's largest democracies as well as achieve diplomatic success in areas such as Kashmir and nuclear nonproliferation. The first goal will be easy; the second and third will be well nigh impossible.

? Japan's Takefuji Corp., the country's largest consumer finance firm,
will list its shares on the London Stock Exchange as of 22 March. Foreigners
already hold over 25 percent of the company, and Takefuji hopes to garner more foreign capital and expand its sources of funds through the listing. Takefuji expects a record 200.7 billion yen ($1.9 billion) in profit in

fiscal 199 (which ends on 31 March 2000).

? Japanese Prime Minister Keizo Obuchi will visit Okinawa on 25-26 March. Obuchi will observe and check preparations for the 21-23 July G-8 summit scheduled to take place in Okinawa - Japan's poorest prefecture. Knowing the emphasis Obuchi and Tokyo have placed on the success of the summit, all possible preparations are undoubtedly well underway, but the island's limited transportation and communications infrastructure, its crowded conditions and the threat of large-scale protests similar to those at the November WTO summit in Seattle are laying the foundation for a major logistical disaster.

? Japan's most prominent business organization, the Keidanren, is dispatching a ten-member mission to four Asian countries from 19 March. Keidanren President Takashi Imai, who is also the president of Nippon Steel,
will lead the delegation to Thailand, Indonesia, Singapore and Malaysia. Keidanren officials say the delegation of top business leaders will meet with top government and private sector leaders in the four countries and discuss ways to strengthen and enhance Asia's ongoing economic recovery. Another topic will be the large amount of unpaid loans local firms still owe
to Japanese banks. Expect some announcements of increased foreign investment
from Japan during the trip, but no major successes in solving the serious non-performing loan (NPL) problem. In Thailand, for example, NPLs make up some 35 percent of overall loans.

? The U.S. and Japan will hold a series of talks on telecom deregulation during the week of 19 March. The two sides will hold working-level talks on 20 March before bilateral negotiations between the U.S. Trade Representative's Office and the Japanese Foreign Ministry occur on 21-22 March. The major remaining outstanding issue is the price Japan's dominant telecom firm, Nippon Telegraph and Telephone Corp. (NTT), will charge other firms to use its network. Japan has offered to cut NTT's fees by 22.5 percent by 2004, but the U.S., while having backed down from its initial demand for a 50 percent reduction, still seeks a larger cut. The U.S. hopes to cut fees to a level where foreign IT-related firms can profitably use NTT's countrywide network to supply IT and Internet services and expand e-commerce in Japan. A final report on deregulation in a variety of sectors including agriculture, telecom and construction in Japan is set to be completed by 31 March.

? North Korea's Minister of Foreign Affairs, Paek Nam-sun, will embark
on an uncharacteristically broad series of foreign stops from 18 March. Paek
will visit China on 18-22 March before visiting Vietnam, Laos, Malaysia and Indonesia. Paek will end his trip in Colombia on 7-9 April, where he will attend a meeting of non-aligned leaders. Such a long trip abroad by a high-ranking official of the notoriously standoffish Stalinist country is surprising, and is a sign of Pyongyang's serious efforts to break out of its
diplomatic and economic isolation.

? Taiwan will hold its second-ever free presidential election on 18 March. In recent days, opposition candidate Chen Shui-bian of the historically pro-independence Democratic Progressive Party (DPP) has taken the lead over the ruling Kuomintang (KMT) party's candidate Vice President Lien Chan and independent James Soong, ex-KMT maverick. Polls have been forbidden since 8 March, but the last one showed that the three-way race was
too close to call. Taiwan's stock index has fallen over six percent since Monday's opening due to Chinese threats of military action before and/or after the election. Tensions will rise even further if Chen - who Beijing regards as an unabashed "splittist" and pro-independence traitor-wins the election. Chen has promised to undertake conciliatory measures towards China
if elected and not to seek independence.

THE WEEK AHEAD IN CENTRAL AND EASTERN EUROPE, AFRICA, AND THE MIDDLE EAST

? British Foreign Secretary Robin Cook visits Zagreb, Croatia on 20 March. Cook will meet the newly elected government, which came into power in
January 2000. He is scheduled to meet with President Stjepan Mesic, Prime Minister Racan Ivica and Foreign Minister Tonino Picula to discuss Croatia's
progress towards much-desired European Union membership. Cook's trip will help bring legitimacy to Croatia's new government and pave the country's path to eventual inclusion in the EU.

? Southeastern European prime ministers meet in Budapest, Hungary on 17-18 March for a regional roundtable. In attendance will be Prime Ministers
Ilir Meta of Albania, Ivan Kostov of Bulgaria, Ivica Racan of Croatia, Ljubco Georgievski of Macedonia, Mugur Isarescu of Romania and Viktor Orban of Hungary as well as Ejup Ganic, president of the Federation of Bosnia-Herzegovina. NATO Secretary General Lord George Robertson and EU Commissioners Javier Solana and Bodo Hombach will also be in attendance. The
meeting will focus on regional cooperation in Europe.

? Pope John Paul II visits the Holy Land on 21-25 March. The Pontiff will participate in mass in Nazareth, which will be broadcast live throughout the world. He will also visit Bethlehem, Jerusalem, Palestinian-ruled territories and Jordan. Recognizing irreconcilable differences between Israelis and Palestinians over Jerusalem, religious leaders will guide him through Jerusalem in order to avoid actions that could be construed as favoritism for either side. But the Pontiff's trip may
exacerbate tensions among Christians, Jews and Muslims, all of whom will be vying for his attention.

? Israeli Prime Minister Ehud Barak and Palestinian Authority Chairman

Yasser Arafat arrive in Washington DC on 19 March to resume peace talks. Israel is now again trying to reach a peace deal with the Palestinians after
coming to an impasse with Syria over the Golan Heights. Palestinians broke off talks in February when neither side could agree upon the percentages of land that Israel should hand over to Palestinian self-rule. Israel hopes to reach a final status agreement by 13 September. Palestinian demands for parts of Jerusalem, the actual percentages of land to be returned to Palestinian control, Jewish settlements in Palestinian-controlled territories and the right of return of Palestinian refugees remain nearly insurmountable obstacles to an agreement before September. In addition, dissent within Israel on all these issues will make peace negotiations very difficult.

? Kosovo prepares for the first anniversary of the NATO air strikes against Serbia on 24 March. KFOR security forces have been staging special maneuvers, but denies the reinforcements are in response to the tensions. Despite the demilitarization of the Kosovo Liberation Army (KLA), the territory is still full of armaments belonging to both the KLA and the Serbian army. On 16 March KFOR troops confiscated armaments found outside of
Kosovoska-Mitrovica. Armed aggression could peak next week between KFOR and
the National Army of Serbia and continue over the next few months. KFOR General Klaus Reinhardt stated that it could be more than a decade before the peacekeepers conclude their mission in Kosovo.

? Greek Foreign Minister Georgeos Papandreou will be in Moscow on 19 March for a two-day visit. He is scheduled to meet with his counterpart Igor
Ivanov to discuss plans for strengthened bilateral relations as well as the situation in the Balkans as a whole and Kosovo in particular. They are also expected to discuss problems in Cyprus and military and technological cooperation. Papandreou may also meet with acting President Vladimir Putinbefore the 26 March election and before the 9 April parliamentary election.

? On 23 March, Tajikistan will vote for the upper chamber of the new bicameral parliament decreed by President Imomali Rakhmonov in December 1999. 33 deputies will be chosen from regional representatives. The vote follows the 23 February election to the lower chamber of parliament. According to election law, the upper house's 33 deputies will consist of 33 deputies, 25 of whom are elected in a secret vote at local council assemblies and eight appointed by President Emomali Rakhmonov.

? European Bank for Reconstruction and Development (EBRD) Vice-President Charles Frank visits Kiev on 22 March for talks on the closure of the Chernobyl nuclear power plant. Frank is also scheduled to discuss the construction of compensatory reactors at the Rivne and Khmelnytskyy nuclear plants. While Ukraine will attempt to secure loans for the projects, some $1 billion is needed to complete construction. The two new reactors are 80 to 85 percent complete. Ukraine intends to close the troubled Chernobyl nuclear power plant by the end of 2000.

The Newmarket Daily Briefs are prepared by Ben Goldberg (Director, Analytical Team/Asia), Sage Hiley (Associate/Americas), Charles Zenzie (Director, Analytical Team/Asia), Greg Witczak (Analyst/Europe&ME) and Julie
Olker (Analyst/Americas). Clients and readers are encouraged to contact NM via e-mail with any questions or requests.

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Headlines for Monday, March 20, 2000:

- US TREASURY URGES WORLD BANK, IMF REFORMS ; K?HLER SEEKS DIALOGUE.
- US ENDING A FEW OF THE SANCTIONS IMPOSED ON IRAN.
- WORLD WATER FORUM OPENS IN THE HAGUE.
- GEPHARDT SETS PRICE FOR SUPPORTING US CHINA TRADE BILL.
- WORLD BANK SEEKS NEW WAYS FOR AFRICA TO HELP ITSELF DEVELOP.
- Also in this edition: MILITARY SPENDING THREATENS UGANDA'S ECONOMIC GROWTH:
DONORS. WORLD BANK SAYS PROBING BRIBES IN ARGENTINA.

US TREASURY URGES WORLD BANK, IMF REFORMS ; K?HLER SEEKS DIALOGUE.

Scrambling to keep ahead of hard-line US lawmakers who want to perform radical surgery on the World Bank and the IMF, US Treasury Secretary Lawrence Summers today will propose his own, more limited set of reforms for the Bank and its regional counterparts in Asia, Latin America and Africa, reports the Wall Street Journal (p.A36) and Wall Street Journal Europe (p.2).

In a speech to be delivered at the Council on Foreign Relations in New York, a favorite testing ground for US President Bill Clinton's initiatives, Summers will argue that the development banks should refocus their lending on

projects
too edgy to attract private money; on poor countries that prove they can
spend
public funds honestly; and on vaccines, the environment, and other areas of
value beyond borders.

"You have to be prepared not to lend if you can't be confident the money
will be
used effectively," said one senior Treasury official familiar with the
Summers
plan. The proposals supplement ideas Summers presented late last year to
narrow
the operations of the IMF.

The US cannot dictate reforms at the World Bank or such regional
institutions as
the IDB, the ADB, and the AfDB, notes the story. But as the largest single
shareholder in the institutions, the US can often sway other member
governments
to follow its lead.

Both the Fund and the Bank were lambasted earlier this month in the report
by
the US congressional advisory commission [chaired by economics professor
Allan
Meltzer], which recommended sharp cutbacks in the institutions' lending.
The
commission majority urged that the World Bank focus on grants rather than
loans
and cut off countries that have investment-grade bond ratings or per-capita
incomes exceeding $4,000 a year. Countries with per-capita incomes above
$2,500
would qualify only for limited World Bank aid. Several members of the
11-person
commission disagreed vehemently, saying those recommendations would worsen
the
plight of the poor around the globe, the story notes.

Handelsblatt (Germany, p.13) meanwhile reports that Meltzer rejected
criticisms
of the report, saying the commission is not urging privatization of the
IMF but
greater effectiveness of the Fund and the Bank's development aid, which
should
be left to the World Bank and the regional development banks.

While Treasury officials stress that Summers' reform plan, long in the
works,
isn't a reaction to the commission, he evidently wants to steer clear of
that
body's more extreme proposals and reorient, rather than reduce, the Banks'
lending to poor countries, the WSJE continues.

Among his ideas: the better-off developing countries, such as Brazil or

China,
should pay higher interest rates for World Bank loans to ensure that they seek
public funding only when private money isn't available; the [international financial institutions] should get used to the idea that rich countries aren't
likely to replenish their capital for lending to better-off borrowers, so proceeds from higher-rate loans should be managed to make the programs self-sustaining and to subsidize bargain-rate lending to the poorest countries
and global projects such as vaccine research; lending to the poorest countries
should emphasize education, health care, judicial reforms to improve the business climate, and financial-sector reforms to allow companies and consumers
access to credit; and the institutions should continue to insist that borrowing
governments adopt tough market-oriented policy reforms in exchange for loans and
debt relief.

The FT Deutschland adds that Bundesbank Vice-President J?rgen Stark said the IMF
should concentrate on its original aims and pull out of the Highly Indebted Poor
Countries (HIPC) debt relief initiative, which should be left to the World Bank
in the middle term.

The news comes as EBRD President Horst K?hler, widely expected to be the new IMF
managing director, on Friday pledged to maintain a dialogue with the US Congress
on policies to reform the Fund, Agence France-Presse reports. He sensed there
was "broad support" for his candidacy to become the next IMF head, he said, adding that he expected the Fund's 24-member executive board to vote on his nomination this week.

K?hler arrived in Washington on Wednesday to confer with IMF executive directors
and Summers, the story notes. "I am fully committed to an open discussion and
dialogue with the US Congress," he is quoted as saying. [Referring to the Meltzer commission's report], he said: "I have a good feeling that out of all
these contributions, comments and discussion about reform it is possible to sort
out structures and conclusions which will strengthen the IMF."

In an opening statement, K?hler said that in future "the focus at the Fund should be more on crisis prevention," a position shared by Summers. But he hinted that he and Summers may not be in total accord on what to do at the Fund,

says the story. "We reviewed the work of the IMF," he said of his discussions
with Summers this week. "We had an exchange of views on reform priorities and
we agreed (on) most of these items."

He likewise declined to express support for a proposal from the commission that
the IMF cancel the debts owed it by the poorest countries. Debt relief, he said, "is, can be and should be an element in a strategy to secure global growth
and to fight poverty." But he stressed that debt relief "without growth, macroeconomic stability, and structural reform makes no sense...I have a bit of
a concern that this discussion of debt relief and debt reduction is not strongly
enough combined with reform and macroeconomic stability."

K?hler also agreed that the procedure [for selecting the IMF managing director]
is "not the best I could imagine...The process should be reviewed and improved."

Italian Treasury Minister Giuliano Amato has meanwhile called for a thorough
overhaul of the method by which the head of the Fund is chosen, reports the Financial Times (p.1). Amato said the selection procedure had been peculiar and
clearly objectionable-one in which the rest of the world looks on as Europe and
the US compete to impose their own diktats." He added: "We have to invent a
procedure in which at least a range of names is first offered to the IMF board
to select [from]. There might even have to be an initial confidential stage during which a shortlist to be put to the IMF board is drawn up."

The Washington Post (3/18, p. A20), Los Angeles Times (3/18, p. C1), and the New
York Times (3/18, p. A3) also report.

Separately, Alain Fetaya writes in a letter to the New York Times (p. A24) that
ending the so-called gentlemen's agreement between the US and Europe about who
should head the Fund and the Bank while introducing more meritocracy and transparency into the process would go a long way to legitimize the necessary
existence of such organizations in the eyes of those who currently view them as
fiefs of an old-boy network of rich developed countries.

US ENDING A FEW OF THE SANCTIONS IMPOSED ON IRAN.
Secretary of State Madeleine K. Albright ended a few of America's economic sanctions against Iran Saturday, and declared a commitment to take extensive steps toward ending two decades of hostility "if Iran indicates a desire and commitment to do so," the New York Times (3/18, p. A1) reports.

Her comments describing a map for normalizing economic ties came in a speech that Clinton administration officials described as their most explicit overture to the moderates who triumphed in Iran's parliamentary elections last month, the story adds.

Without specifying them, Albright held out the prospect of ending such sanctions as the bans on American investment in Iran's oil industry and the blocking of large loans to Tehran by the IMF and the World Bank. But she made no mention of a resumption of full diplomatic relations. In Tehran, the Iranian government issued a muted but moderately positive response.

"Until these policies change," she continued, "fully normal ties between our governments will not be possible and our principal sanctions will remain." Under American law, for instance, Washington cannot support loans for Iran through the IMF or the World Bank until Iran is removed from the State Department's list of nations that support terrorism, the story adds.

Meanwhile, officials of Iranian President Mohammad Khatami's reformist government responded positively to Washington's decision to ease non-oil sanctions on Iran, reports the FT (p.3), noting that the US has, however, not lifted its objection to lending by the World Bank or other international financial institutions.

WORLD WATER FORUM OPENS IN THE HAGUE.
An international forum opened Friday in The Hague to discuss ways to tackle the looming worldwide water crisis, reports Kyodo News (Japan). The six-day forum will bring together 3,500 water experts, government officials, and politicians to address water-related issues such as flood and drought protection, the

right
of access to water and its geopolitical consequences, and sustainable agriculture. A ministerial-level meeting will be held parallel to the forum on
Tuesday and Wednesday.

Earlier this week, notes the story, the World Commission on Water-an institution
backed by the World Bank and the UN-said one billion people around the world
lack access to safe water and two billion people go without adequate sanitation.
The situation could worsen and affect millions more, unless action is taken now,
the commission said in a report, which suggested doubling global water investment from the current figures of \$70 billion-\$80 billion annually to \$180
billion, with almost all the increase coming from the private sector.

"Our attitudes on managing water must change," said World Bank Vice-President
for Special Programs Ismail Serageldin, who is also chairman of the commission.
"Decision-making must be undertaken at the basic level, even if it crosses political and administrative boundaries." To provide clean, safe water, the
private sector "must take the lead in providing services because of the large
amounts of money that is needed."

The Washington Times (3/20, p. A14) notes that more than 3 million children die
annually of water-related diseases such as diarrhea and fecal-oral infections,
the world's greatest source of infant mortality. "In terms of percentage, the
situation has grown better, but in absolute numbers, it is much worse, " Serageldin says. The story continues that for Serageldin, the "old problem" of
billions of people without access to fresh water and sanitation and a whole list
of "new problems' add to the crisis.

In a separate article on water availability and sanitation in Africa, the Washington Times (3/20, p. A14) reports that nearly two out of three Africans in
rural areas lack an adequate water supply and nearly three-fourths lack sufficient sanitation, according to the African Development Bank. And things are
getting worse. More Africans lack adequate water than in 1990, and Africa is the
only continent where poverty is expected to increase over the next 100 years,
according to UNDP projections.

Meanwhile, a New York Times editorial (3/20, p. A24) opines that because those
who suffer [from water shortages] are poor, their access to water is rarely a
political priority. There is now an opportunity for progress, the newspaper adds, pointing to the ongoing World Water Forum in the Hague. The conference
will be useful of it can persuade governments and the international banks to pay
more attention to conservation and fair distribution of water, the Times says.

Paradoxically, continues the newspaper, governments need to begin charging a
market price for water based on usage, ending the subsidies so common in the
Third World. This would do more than spur conservation. Designed to help the
poor, subsidies have ended up hurting them, the editorial notes. They are so
costly that governments do not build pipes into the relatively powerless rural
areas or the settlements of poor people that ring most third-world cities. As a
result, many slum dwellers must buy their water from itinerant peddlers. Some
pay a quarter of their income for water.

Le Figaro (France, 3/18, p.II) and Le Monde (France, p.2) also report.

GEPHARDT SETS PRICE FOR SUPPORTING US CHINA TRADE BILL.

US House of Representatives minority leader Richard Gephardt (D-Mo), setting his
price for supporting the US administration's China trade bill, is pressing for a
new review of Chinese actions that could force the US to oppose World Bank and
IMF loans to Beijing, reports the Asian Wall Street Journal. Rep. Robert Matsui
(D-Cal), who has been involved in discussions on the issue with Gephardt, said
cutting off aid from "the international lending institutions could be the penalty" for errant Chinese actions on human rights, labor issues, and the environment. Rep. Sander Levin (D-Mich) meanwhile said the idea "deserves a serious look." The New York Times (3/19, Sec. 1, p. 15) also reports.

Administration officials said on Friday they were studying the proposals by Gephardt, reports the South China Morning Post. The negotiations could

hold thekey to passage of the trade agreement in the House of Representatives,
where it
faces stiff opposition from Democrats demanding that China improve human
rights
and labor standards before joining the WTO. Gephardt has assured business
leaders he will not rally Democrats against the China trade agreement,
which
calls on Beijing to open a wide range of markets, from agriculture to
telecommunications.

Also, the South China Morning Post and Financial Times also report on
World Bank
Vice-President for East Asia and the Pacific Jemal-ud-din Kassum's
comments last
week indicating the World Bank will lend between $5 billion and $7 billion
to
mainland China in the next three years.

WORLD BANK SEEKS NEW WAYS FOR AFRICA TO HELP ITSELF DEVELOP.
African countries will be encouraged to develop new skills in managing
their
economies and involving the private sector under a new program discussed in
Paris last week, AFP reports. A two-day meeting of the African Capacity
Building Foundation (ACBF) considered more than 300 projects under the new
Partnership for Capacity Building in Africa (PACT), ACBF board chairman
Kwesi
Botchwey said. The PACT will also help develop regional initiatives such
as
networking between national chambers of commerce and finding a "single
voice" on
trade issues to help African countries cope with the pressures of
globalization,
Botchwey noted.

The initiative is expected to need around $1 billion over five years, and
so far
has a firm pledge of $30 million from the World Bank for this year, the
story
notes. The two-day meeting in Paris on Thursday and Friday was not to
garner
funds but to identify projects and their financing needs, Botchwey said.

The ACBF had received 317 proposals, and a second meeting in May will
consider a
short list of those to be implemented first. Some 20 percent of the
proposals
were for regional projects, said ACBF executive secretary Soumana Sako.

The Pan-African News Agency also reports.

Also in this edition: MILITARY SPENDING THREATENS UGANDA'S ECONOMIC GROWTH:
DONORS. WORLD BANK SAYS PROBING BRIBES IN ARGENTINA.
MILITARY SPENDING THREATENS UGANDA'S ECONOMIC GROWTH: DONORS. Donors have expressed concern over Uganda's high military spending, saying it threatens to slow down the country's economic growth, AFP reports World Bank country director for Uganda and Tanzania James Adams said on Friday. "I think donors are concerned that the good overall development record of Uganda is at risk with these defense expenditures and with these security problems that have emerged," Adams is quoted as saying in an interview in Kampala.

Referring to Uganda's military involvement in the war in neighboring Democratic Republic of Congo (DRC) and its operations against rebels in northern and western districts of Uganda, Adams said that there were, however, indications that defense spending this year would be within the limits agreed with the donor community.

The Ugandan government has said that this year's defense spending will fall back to between 2.1 and 2.2 percent of GDP, Adams said. He warned that future funding to Uganda could suffer if the defense spending limits were exceeded.
"Donors have made clear that if there is not appropriate restraint on military expenditure some will reduce the amount of support they give to Uganda," he said.

There was also rising concern that while key areas like education and health had not been affected by the budgetary reallocation to defense, other sectors had suffered cuts. "Government has done a pretty good job of protecting the key areas of poverty reduction, in particular education, health and rural roads.
However, what has happened is that it has squeezed all the other areas," said Adams. He warned that there was a risk that that the trend could in the long run slow down economic growth.

Adams was speaking ahead of a donors' Consultative Group Meeting due to begin today, the story notes.

WORLD BANK SAYS PROBING BRIBES IN ARGENTINA. The World Bank is probing allegations that former Argentine government officials took bribes from a firm
involved in a project financed by the lending body, a senior World Bank official
said, Reuters. "We have received a claim and we are going to start an investigation soon on accusations of kickbacks," said Myrna Alexander, World
Bank regional director for Argentina, Chile and Uruguay, in an interview late
Wednesday. "The investigators will be coming soon to the country."

The World Bank got an anonymous tip last year, when former Peronist President
Carlos Menem was still in power, via a special hotline in Washington for complaints. The caller alleged that government officials had taken bribes in a
bidding process for an unspecified World Bank-backed project.

"From the time-frame, the alleged occurrence appears to have taken place under
the former government," Alexander said. The announcement, the first of its kind
involving the World Bank and Argentina, comes at a time when the new government
of President Fernando de la Rua is looking into an array of corruption accusations against Menem administration officials.

After a preliminary study of the allegation, Alexander said it had been decided
that "there is enough substance to warrant an investigation." She declined to
provide details such as the amount of the alleged bribes, the name or nationality of the company or the identity of the officials. But Alexander did
say that the figure was "definitely not millions" of dollars. Typically, such
an investigation by the World Bank could take up to a year, the official said,
the story adds.

BRIEFLY NOTED...Bangladesh and the US today agreed to "intensify cooperation" on
developing the impoverished country's vast natural gas reserves, AFP reports
Prime Minister Sheikh Hasina Wajed said, noting that the announcement will disappoint US and British companies as well as the World Bank which have been
urging Bangladesh to open up its largely untapped gas resources for export...

Myanmar's military government has announced a supplementary budget to cover this
year's deficit, including more spending on construction and defense, Reuters
reports.

South African President Thabo Mbeki's decision to seek advice from two Americans
who argue that HIV does not cause AIDS has touched off an outcry at home and
abroad and raised fears that South Africa's already soaring infection rate will
climb still further, the New York Times (3/19, Sec.1 p.9) reports. News that
Mbeki recently consulted the Americans, a scientist and a professor of African
history, leaked out this month, and is the latest of several disputes over how
to treat AIDS in a country of 44 million people with one of the highest HIV infection rates in the world, the story says.

The Wall Street Journal (p.A27) reports that Mexico will attract about $12.4
billion in new foreign direct investment this year, about $1 billion more than
officially recorded in 1999, according to a survey to be released today by the
Mexican Investment Board...Also in Mexico, the IMF gave an upbeat assessment of
Mexico's economy and approved a $1.22 billion loan installment under the country's $4.12 billion standby facility with the IMF, the Wall Street Journal
(p.A25) reports. Eduardo Aninat, an IMF deputy managing director, praised the
government for "creating the economic conditions to ensure a smooth transition
to the next administration" after Mexico's presidential elections July 2.

An IMF mission will visit Ukraine in early April to assess whether the Fund should disburse the next tranche from its $2.6 billion loan, Reuters reports
Finance Minister Ihor Mityukov said late on Sunday...Also in Ukraine, a senior
IMF official tried to calm a dispute over allegations that Ukraine misused international economic aid, AP notes Interfax reported on Sunday. Ukraine has
come under scrutiny over allegations that the Central Bank misled the IMF by
providing incorrect information about its state reserves and that the bank also
misappropriated some of the IMF loans in 1997. J. de Beaufort Wijnholds of the
IMF stressed that Ukraine 's National Bank was ready to open its documents for

international audit, the story says.

The Vietnamese Ministry of Planning and Investment has asked the National Assembly to amend parts of the country's foreign-investment law in the hope of attracting more overseas investors, the Wall Street Journal (p.A25) reports a ministry official said Friday. He said Vietnam's top legislative body will consider the proposals next month...There's good news for Thailand, reports the Los Angeles Times (3/18, p.A2): emergency aid from the IMF will end on schedule in June, confirming that economic recovery is truly underway.

An editorial in the Washington Post entitled "Science vs. Poverty" (3/19, p.B6) says that the Clinton administration and Congress are belatedly responding to the global tragedy of infectious diseases partly in traditional ways, and partly in exciting new ones. The administration is asking for $100 million in extra funds to fight HIV and AIDS in Africa and Asia, and is pushing the World Bank and other regional development banks to devote more resources to health issues. But the really innovative scheme, embraced by administration and senators alike, is a global fund to buy vaccines for poor countries, the editorial says. The vaccine fund has already been embraced by a number of donors, notably Bill and Melinda Gates, but US support will advance its cause significantly.

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CAN We Work it Out?

As the first week of this crucial COP draws to a close and delegations prepare for the arrival of their Ministers, CAN believes that Parties need to be reminded of the central purpose of these negotiations. Climate change is happening already, and is going to get worse unless we take action now. This means that Annex I Parties must start to reduce their emissions at home immediately, and prepare for further cuts over the medium and long-term.

To make this happen, CAN demands that at a minimum the following demands must be incorporated into the decisions taken at COP6.

Sinks

* Carbon sequestration is not the solution to climate change. Therefore, no sequestration activities at all should be permitted under Art. 3.4, 6 or 12.

* The use of biological sinks under Art. 3.3 must be limited to those that can be estimated to an uncertainty of +/-10%. Biome-based forest definitions are also urgently required.

Compliance

* Binding consequences are needed to make the Kyoto Protocol work. They should accomplish verifiable, additional emission reductions in an amount equal to twice the party's excess emissions.

* Binding consequences should include an appropriately designed Compliance Action Plan and a Compliance Fund. Because the obligation of parties is measured in tonnes, there must not be a price cap that allows parties to meet their obligations by paying money.

* Full transparency is vital to a functioning compliance system. This includes giving the public the right to submit information to the compliance body.

Flexible Mechanisms

* Use of the Kyoto Mechanisms must be limited by a quantitative cap that ensures that Annex I countries achieve at least 70% of their target through domestic action.

* Measures to exclude Hot Air from the trading system must form part of the final decisions.

* Nuclear energy and large hydro projects must be explicitly excluded from the CDM, as they are clearly not sustainable.

* CDM baselines and additionality rules must exclude all business as usual activities and ensure real, measurable and long-term emission reductions. Rules must give clear preference to renewable energy and end-use energy efficiency projects.

* There must be public participation and transparency rules and procedures that ensure a voice for civil society at all stages of protocol processes and public accountability for protocol institutions.

* The adaptation levy must be extended to all three flexible mechanisms and provide sufficient funds to meet adaptation requirements in developing countries vulnerable to climate change.

North-South Issues

* Northern governments must immediately put money on the table to fulfill the promises they made eight years ago to transfer technology transfer and help build capacity in developing countries.

* As recommended by the IPCC, multilateral development banks and export credit agencies must stop funding all large conventional energy projects and provide additional resources for the transfer of renewable energy and energy efficiency technology.

* Significant new funds must be made available by Annex I Parties to reduce vulnerability and support adaptation in developing countries, reflecting the understanding that climate change has serious impacts on human welfare and vulnerable ecosystems.

* Under no conditions must compensation be paid to fossil fuel exporters. Their blackmail must not be allowed to wreck the Protocol.

Beyond COP6

* Annex I Parties must have made demonstrable progress towards meeting their targets by 2005. COP6 must therefore decide that parties will submit their definition of demonstrable progress and that these must be considered at SBSTA 14.

* Once the important business of COP6 has been completed, Parties must seriously analyse the atmosphere's limited capacity to stay in safe limits of the climate system. This analysis must lead to two key elements: a scientifically derived global carbon budget and an allocation system which fairly and equitably divides this global budget among the countries of the world.

Work It Out ... it is not that difficult!

* For further details, cf. the CAN COP6 Position Paper, available at all CAN NGO outlets in The Hague. Also, it will be available for download under www.climnet.org

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Nuclear free zone

A week has passed since the US's unexpected public announcement that it is "open to discussing" the nuclear power issue. Said David Sandalow of the US, "We have long had concerns about nuclear energy. These concerns relate to safety, waste disposal, nonproliferation, costs and public acceptance. In order for us to succeed in these negotiations, all parties are going to have to show flexibility."

Given that in September, the U.S. was still adamantly insisting that nuclear power be treated on par with renewables, this seems a rather significant statement, even if the U.S. will not say publicly what it means by "flexibility."

But words are one thing, actions another. The US cannot expect to get easy credit by making statements about nuclear power. It has to follow up with substantive policy proposals, be that support for the AOSIS text excluding nuclear power, or new text of its own that achieves the same outcome. Careful worded rhetoric has a limited half-life.

The nuclear issue is the one issue at COP6 that is easy to solve, since it has nothing to do with climate change. Few governments supported nuclear power before COP6, now there seem to be even fewer. And what about Canada and Japan? Do they want to be seen as the last remaining promoters of the world's nuclear power industry? The delegates should go ahead and resolve this issue quickly -- this week! It's not difficult. Agree to explicitly excluding nuclear power from the CDM and we can get back to the serious business of saving the climate.

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We Like to Watch

When the public and local communities are not informed about projects, things can go drastically wrong. The governments of Paraguay and Argentina decided to raise water levels in the Yacyreta Dam, despite anticipated severe social and economic impacts. When Carlos Menem, the former President of Argentina, was elected, he called this project "a monument to corruption", reflecting the fact that billions of dollars were lost in building the dam. At this point, the project is the subject of major protests and litigation demanding compensation for the displaced people. This would have been avoided if there had ever been adequate participation before it was built and a thorough EIA process had been completed. The 80,000 people affected were never consulted about the resettlement to which they are being subjected. Despite these problems, this situation has not improved as the reservoir has been filled since 1994, and both governments have recently decided to raise the level another seven meters with no sign of change in their disrespect for the population.

As the CDM and JI are new mechanisms, we should endeavor to set them off on the right foot, and avoid international controversy by including thorough public participation provisions. This is especially true because project developers and host countries are relying on the benefits that these projects will presumably produce. The CDM should at the very least meet the precedents set by international agreements such as the Aarhus Convention, and the mandatory procedures of the World Bank and the European Bank for Reconstruction and Development. Both the World Bank and EBRD have recognized the environmental, social and economic costs of insufficient public participation policies in this respect, and have recently taken some steps to strengthen their procedures.

Public participation in projects would foster environmental and social objectives including:

1) Helping to minimize the negative impacts of projects because citizens and NGOs with expertise in different project types would have opportunities to influence project design and sustainability;

2) Tapping local knowledge, providing timely notice, and enhancing the benefits flowing to indigenous and other local people by enabling project developers to better recognize community needs, and

3) Increasing the likelihood that projects provide real, measurable emissions reductions enabling informed citizens and NGOs to identify problems with baseline methodology and additionality data.

At the same time, public participation would provide economic benefits including:

1) Helping to ensure that the same basic environmental and social issues were properly addressed in projects in all countries, thus helping to promote a fairer playing field for competition between countries vying for limited investment funds;

2) Reducing the financial risks of projects by achieving local public support and avoiding costly political opposition, legal action, or local unrest, and

3) Contributing direct costs savings by providing local knowledge that could help identify cost-effective mitigation measures. The International Finance Corporation has formally recognized the role of public participation in providing some of these benefits.

Today parties have the opportunity to ensure these benefits in the Kyoto mechanisms by incorporating the following key principles:

1) Culturally appropriate access to information prior to decision-making, not just internet postings after EB decision have been taken.

2) Environmental and social impact assessment must be required (keep the bracketed text in the paragraph formerly known as 44(e)) and be made available to the public.

3) Information provided by stakeholders should be considered

during the validation, verification, certification and accreditation phases of a CDM/JI project at a minimum.

4) An independent review panel operating under the authority of the executive board should be established to ensure that the concerns of stakeholders are heard and addressed, and that project developers are held accountable to interested and impacted public.

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Sound CDM Baselines

ECO has presented a series of articles this week about key elements of the CDM. This is a crucial part of the "deal" agreed in Kyoto. How it is structured has important implications for the success of the Protocol over the longer term: Any steps taken in the next few years to lower the carbon-dioxide growth trajectories in developing countries will pay large dividends in the future.

Setting proper baselines will be a key aspect of the CDM in practice. If the baselines are wrong, the integrity of the CDM will be jeopardized and the potential climate benefits undermined, by allowing more emissions to occur in the North than would otherwise been the case.

We believe the decisions about the baselines must be kept separate from the additionality and sustainability tests of the projects. CAN strongly recommends a set of four additionality screens to be applied, before any project gets access to a baseline in order to generate CER's, as outlined in previous ECO.

At this COP, a decision is needed that requires the CDM's Executive Board to use the following principles in developing or approving baseline methodologies for CDM projects:

1. Baselines must be strict enough to ensure that the amount of CER's awarded to a project can never exceed the real emission reductions achieved.

2. Baselines should be forward looking, in anticipation of likely changes in technology, economic structures and behaviour:

- For grid-connected electricity, multi-project baselines should reflect the lowest emissions rate achievable by fossil-fuel plants in the sector.

-For decentralized energy projects, multi-project baselines should reflect the anticipated fuel and technology mix for providing off-grid energy services in the future.

3. Baselines should be dynamic. Within the agreed crediting period, baselines may become more strict on a predetermined schedule. After the agreed crediting period, baselines should be updated to reflect unforeseen changes in the project environment.

4. Baselines should allow for the possibility of growth in emissions to meet needed increases in the delivery of energy services in the South.

5. Avoided emissions should be treated equitably with reduced emissions.

6. All baseline methodologies must be approved by the Executive Board.

If governments agree to these principles, it will help to ensure that the CER's associated with CDM projects will represent real, measurable and long-term emissions reductions and avoidance, not only provide cheap carbon offsets and increase total emissions.

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Threading the Compliance Maze

As the technical negotiating process swirls towards its finale, and as delegates increasingly convene behind closed doors away from the public's prying eyes, CAN offers a few observations regarding the state of the Procedures and Mechanisms Relating to Compliance.

First, we address the United States: sure, you support binding consequences to noncompliance, but don't you think it's time to get serious about what they will be? Borrowing, "restoration," or whatever you want to call it doesn't honestly fall under the category of binding consequences. Let's see some serious consideration of the compliance fund and compliance action plan, so that your stance on binding consequences has some teeth.

For starters, you could agree to the EU's "let's-get-serious" payback rate of 2.0 (for every tonne of excess emissions, a Party reduces two tonnes through the compliance fund or its compliance action plan). Agree that approval and oversight by the compliance body will be appropriate when a Party has failed to honor its target. And don't dismiss out of hand the G77 and China's better-late-than-never compliance fund proposal.

Make us proud of your leadership abilities in the coming days, as you've already done in the public participation arena. Impress us in the same way you have when you (along with a few of our other Umbrella Group friends) have stood up for the right of NGOs andother members of civil society to submit relevant information to the compliance body during a compliance proceeding. (By the way, EU, you've been decent as of late on this question, but there's room for improvement. Do you really want to let the US show you up?)

The topic of public participation naturally brings us to Saudi Arabia. In the compliance discussions (or any other part of the negotiations) it's often been difficult for us to find compliments for our Saudi friends. You've been a lead recipient of our Fossils of the Day, but that's a booby prize at best. Still, we felt you were becoming a bit too personal the other day when you demanded that the provisions in the compliance text providing for public participation be deleted altogether.

This leads us to our final observation. G77 and China, what is going on with your seemingly blind obedience to the Saudi/OPEC line? Your compliance consequences text is -- despite its tardiness -- worthy of careful consideration. But why in the world would you include the provisions regarding Article 3.14? How could the terms of 3.14 -- deliberately left vague at Kyoto -- possibly create a standard against which compliance could be judged and enforced?

We all know the Saudis' game here. Insist upon a rule providing that Annex I Parties will face legally binding consequences of noncompliance (including fines) if they do not pay reparations to OPEC for lost oil sales. Get the rest of the G77 and China to acquiesce to the rule under the guise of developing-country solidarity. Do this knowing full well that the rule will be a "poison pill" for every Annex I Party, that it will be a requirement to which they will never agree, and that the rule -- if adopted -- would lead to the destruction of the Protocol.

CAN wonders why those in the G77 and China who are not among the world's wealthier nations would go along with this strategy, especially when it is the poorest of you who will likely bear the brunt of evermore severe weather, should negotiations fail. We assume you have some rationale, but we can't imagine what it is. Accordingly, we urge you, the rest of G77 and China, to stop allowing the Saudis to drag you about with their wreak-the-Protocol agenda. After all, who is leading the cart here?

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Diversity Threatened

Where have all the environmental safeguards gone? As text is being narrowed down in negotiating sessions, flocks of people are crowding into side events on how the Kyoto Protocol may relate to biodiversity conservation. IUCN gave a standing-room only presentation on "Carbon sequestration, biodiversity and sustainable livelihoods", and the Swiss government and Intercooperation presented their thoughts on "LULUCF: Opportunity or threat to biological diversity conservation" on Tuesday evening to an equally packed room. These events highlighted a number of potential linkages between the Kyoto Protocol and the Convention on Biodiversity Conservation (CBD), with the emphasis on "shoulds" and "potentials".

But as we have seen with negotiating positions so far, if parties aren't required to do something, they are not going to do it. So, where are the environmental safeguards, the language that will convince parties to undertake activities that will have benefits for biodiversity as well as climate- or at least be biodiversity-neutral?

A document on just this issue was presented by the Secretariat of the CBD on Monday, but for some reason, the chairman opted not to table the report until the next SBSTTA.

In the LULUCF sessions, biodiversity enters under the definition of forest management, 2000/12 Annex 1f, as "the stewardship and use of forests in a way and at rate that maintains their biodiversity, productivity, regeneration capacity, vitality and potential..." so long as the American/Canadian/Australian contingent does not get this more holistic definition truncated to, for instance, Australia's "management for the sustainable production of timber and/or other forest products."

Linkages with other environmental conventions and international standards enter the LULUCF Chairman's text most explicitly under eligibility, which requires article 3 activities to be consistent with the objectives of other conventions such as the CBD. This too, is being contested with wording that gets parties off the hook, being instructed only to "take into account" ancillary environmental effects in their domestic approaches... as if conservation of natural forest diversity and its sustainable and equitable use is a mere ancillary environmental effect! The Swiss delegation, among others are insisting that standards in LULUCF reflect standards in the other conventions, which have devoted much more time and thought to equitable benefit sharing and environmental services of ecosystems. They will be working today in the Friends of the Chair group to drive this point home. Let us hope this effort bears biodiverse fruit.

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Right for the Job?

As elections are in the air at the moment, CAN would like to bring to the attention of the Parties here in The Hague its deep concern over the candidacy of the Colombian Environment Minister Juan Mayr as the Latin American Vice President of the COP. We have three particular objections to the election of a man who, despite his apparent environmental credentials is contributing to both the weakening of international climate policy and to the destruction of some of the world's most fragile ecosystems.

* As Environment Minister, Mayr is ultimately responsible for Colombia's climate policy. This policy, as everyone knows, has as its central plank the inclusion of sinks projects in the CDM and host-generated projects, positions that have been rejected by the majority of both Parties and of the environmental community and that would allow Annex 1 countries to continue spewing carbon pollution into the atmosphere.

* Minister Mayr has approved two enormous concessions: for oil exploration by Occidental and the Urra 1 hydroelectric dam in recognized Indian territories in the Colombian Amazon region. These represent a grave risk to the culture and health of the U'wa and Embera Katio communities, as well as to the ecosystems on which they depend for their livelihood. Past experience of oil exploitation in the Amazon does not portend well for the ecological sensitivity of this activity, while the dam project will flood large areas of the fragile lower Sin£ river basin and displace local communities from their traditional homes.

* Minister Mayr has given permission for the fumigation of extensive areas of the Colombia Upper Amazon basin with a genetically modified fungus-based herbicide in the name of the war on coca production. Not only does this again threaten both the health of the people living in the region and the already delicate ecosystems, but it also does not eliminate coca production, merely stimulating further expansion of the agricultural frontier and further damage in more remote areas.

We also understand that another candidate has been proposed, in the person of Argentine Ambassador Raul Estrada Oyuela. In the light of his extensive experience as Chair of the process which led successfully to the adoption of the Kyoto Protocol, he is surely far more suitable for the job.

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Thursday's Fossils

Yesterday the Drowning Fossil (Hansje Brinker completely underwater) was awarded to the Annex II Parties, for failing to honour their Convention commitments for new funds for clean technology transfer under article 4.5.

The "Wet belly" Fossil (Hansje half submerged) went to China, for supporting nuclear power in the CDM at the G77 and China meeting.

Finally, Australia won the "Wet Feet" Fossil (Hansje with water at his ankles), for simple greed, wanting to count vegetation thickening as a sink in Article 3.4, as well as not counting it in the 1990 baseline in Article 3.7.

For full details, and Hansje Brinker models in aquariums, see the stand outside the plenary hall or look at the website, www.fossil-of-the-day.org

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Skunk

Skunk is intrigued that UK delegates are wearing badges that now read "United Kingdom of Great Britain", recalling that they used to also include Northern Ireland. Skunk hesitates to comment, fearing that this may reflect a delicate domestic situation, beyond wondering if the Deputy Prime Minister might not be photographed wearing such a badge next week...

...and did everyone hear about the Ukrainian NGOs? who were offered USAID funding to get here -- so long as they provided written support for well-known US positions?

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FOR MORE INFORMATION:

Eco can be contacted at the Boulevard Hotel
Seinpostduin 1-2, 2586 EA Scheveningen.
Tel: +31 (0)70-35 40 067, Fax: +31 (0) 70-35 52 574
E-mail: asieghart@gn.apc.org

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For information about ECO on WWW or adobe Acrobat files, contact Richard Elen, email: relen@brideswell.com

For information about electronic mail, conference distribution, and ftp availability of ECO, contact: Lelani Arris, email: larris@mcbridebc.net

A glossary of terms used in ECO can be obtained via anonymous ftp (see above) or by email from larris@mcbridebc.net

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Editorial/Production: Alister Sieghart, Gilbert Arum, Torsten van Geest

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CREATOR: BombSqd66@aol.com (BombSqd66@aol.com [UNKNOWN])

CREATION DATE/TIME:24-NOV-2000 23:04:17.00

SUBJECT: News 11-24-00

TO: "undisclosed-recipients:;"@eop.gov ("undisclosed-recipients:;"@eop.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
PARIS, Nov 24 (Reuters) - A parcel bomb posted in August exploded in a municipal office in France's western region of Brittany on Friday, killing a
man, police said.

The 35-year-old town employee in the seaside resort of La Baule was beheaded
by the explosion as he tried to open the package, which had lain on a shelf in the building since the summer, police said.

The bomb had been addressed to another municipal employee, a senior official
who said he did not know why he had been singled out for attack. It was not immediately clear why the package had remained unopened for so long.

The bombing was the latest in a series to hit Brittany. In January an explosion damaged La Baule's town hall, without causing injuries.

Late last year the Breton Revolutionary Army claimed responsibility for four
attacks in the region, including one which killed a young woman in a fast food restaurant.

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ATHENS, Nov 24 (Reuters) - An anarchist group on Friday claimed responsibility for the explosion of a makeshift bomb at the offices of a Greek magazine that caused minor damage but no injuries.

An anonymous caller to a Greek television channel said that the Children of November group had staged the attack on the offices of Nemesis magazine, published by a Communist Party of Greece member of parliament, Liana Kanelli.

The bomb, made up of two gas canisters, was placed at the entrance to the building in central Athens housing the offices.

Children of November has claimed responsibility for similar gas bomb attacks
at the offices of government ministers.

In January last year, it staged an attack at the central Athens political

offices of Foreign Minister George Papandreou. That attack caused damage,
but
no injuries.

DUBAI, Nov 24 (Reuters) - Two bombings in Saudi Arabia that killed a Briton and wounded four within a week were carried out in a similar way with rudimentary devices, a Saudi official said in remarks published on Friday.

Deputy Interior Minister Prince Ahmed bin Abdul-Aziz told the Saudi daily al-Riyadh that there was no evidence the attacks were linked to the Middle East crisis.

He said the bombings in the capital Riyadh had a "similar style" as they
were
carried out on cars and home-made devices were used.

"We cannot say that the (explosives) were made according to advanced techniques," Prince Ahmed said, adding that some basic ingredients may have been brought from abroad and assembled locally.

Three Britons, two of them working at a defence-related company, were
injured
by a bomb that blew up in their car on Wednesday. Last Friday, British engineer Christopher Rodway was killed and his wife Jane was injured by a
car
bomb.

Asked if the attacks were linked to recent Israeli-Palestinian violence, he said: "There is no indication of that until now."

Anti-Western sentiments are running high in the Arab world over perceived support for Israel in two months of clashes with Palestinians which have killed at least 264, mostly Palestinians.

"I cannot say that they were targeted because they were Britons," Prince Ahmed said.

He declined to give more details of the police investigation into the
attacks
for which no one has claimed responsibility.

A spokeswoman for Britain's embassy in Riyadh said one British man wounded
in
the latest attack remained in hospital, while the two others, a man and a woman, had been released.

She said British officials had urged the 26,000 British citizens living in Saudi Arabia to take additional precautionary measures, which included
taking
greater care of vehicle security.

British officials have said that the two British men wounded in Wednesday's bombing were employed by Al-Salam Aircraft Co, a Saudi firm half-owned by

U.S. aircraft giant Boeing Co.

The Riyadh-based firm is involved in modification and maintenance work on civilian and military aircraft.

On October 13, a bomb was also lobbed at the British embassy in neighbouring
Yemen a day after an apparent suicide bombing crippled a U.S. destroyer in Aden, killing 17 U.S. sailors.

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LONDON, Nov 24 (Reuters) - It's no wonder that the public are confused about
the health hazards of mobile phones. Even scientists are divided on how dangerous they may be.

So far there is no irrefutable medical evidence that mobile phones cause brain tumours or other medical problems but there have been studies showing there could be cause for concern.

Two review articles published in the Lancet medical journal on Friday added to the debate by presenting opposing views of the safety of the phones that have become as essential to modern lifestyles as washing machines.

Dr Kenneth Rothman, of Epidemiology Resources Inc in Boston, Massachusetts, says it is simply too early to reach a verdict on mobile phones. But he says
that the danger of them causing an accident is more immediate than the harm from electromagnetic radiation.

The heaviest users of mobile phones, he said, have more than double the number of deaths in road accidents than the lightest users.

"Based on the epidemiologic evidence available now, the main public-health concern is clearly motor vehicle collisions, a behavioural effect rather than
an effect of radiofrequency exposure as such," he said in the journal.

Even if scientists establish a link to brain cancer, he believes it will still be smaller than health risks from accidents.

PERCEPTION OF SAFETY

But Gerard Hyland, a theoretical biophysicist at the University of Warwick in
England and the International Institute of Biophysics in Neuss-Holzheim in Germany, takes a different view.

He argues that mobile phones can cause non-thermal damage to the body because
their frequencies can interfere with body frequencies.

Headaches can be caused by the effect of radiation on the dopamine-opiate system of the brain and sleep disruption is consistent with the influence

of
radiation on melatonin levels, he added, referring to brain chemicals.

But Hyland, who called for more research into the impact on body
frequencies,
admitted it would be difficult to establish a link.

"There is a subjective element to how sensitive we are. What might affect
you
may not affect me," Hyland explained in a telephone interview.

In a commentary on the reports in the Lancet, Dr Philip Dendy, a former
chief
physicist at Addenbrookes Hospital in Cambridge, England, said at the
moment
it came down to public perceptions of safety.

"There are indicators which should certainly cause us not to be complacent but they fall short at the moment of conclusive proof," he told Reuters.

"There is no absolute scale of safety," he added. "The bottom line is, at present time, the knowledge base of the hazards of mobile telephones is not good enough."

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Devices being tested for use in airports
Machines 'sniff' for bombs
by Bill W. Hornaday, Fort Worth Star-Telegram
by Bill W. Hornaday Fort Worth Star-Telegram

Sounds like a lot of hot air - a device that detects trace amounts of explosives in seconds simply by the smell of those who pass through the nation's busiest airports.

Yet that is the essence of Gary Settles' latest invention.

With new technology such as the Penn State University professor's
electronic
nose - which samples the body heat that every human generates - the Federal Aviation Administration plans to add bomb sniffers to metal detectors and X-ray machines as part of the routine for boarding commercial flights.

Passengers may see them at airports such as Philadelphia International as early as 2002, FAA officials said. Before that happens, Settles' gadget - the EntryScan III - and three competitors must complete a series of tests and field trials.

"The big question is, does the thing find bombs?" said Susan Hallowell, chief of explosive weapons research and development for the FAA security laboratory in Atlantic City.

"But we also have to determine such things as whether airport personnel can efficiently operate them, how much space they need, and how much they cost to purchase, maintain and operate."

The development of devices such as EntryScan III - the fruit of an eight-year collaboration between Settles and Ion Track Instruments of Wilmington, Mass., aided by $800,000 in federal grants - has been an FAA priority since the late 1980s.

The increasing threat of terrorism and two in-flight explosions - PanAm Flight 103 near Lockerbie, Scotland, in 1988 and TWA Flight 800 off Long Island in 1996 - provided a grim impetus, Hallowell said.

Three years ago, the FAA bought more than $12.2 million worth of trace detection equipment from Ion Track, Thermedics Detection in Chelmsford, Mass., and Barringer Instruments in Warren, N.J.

Each scans special filters that are wiped along objects such as baggage, electronics or cargo in search of nitrates, a key bomb-making component. But
there are drawbacks.

"The sampling is too slow. With millions of people boarding aircraft each day, there's no way to take everyone aside and wipe their baggage down," said Settles, who heads Penn State's Gas Dynamics Laboratory.

They also prompt further searches by dogs, which are not universally regarded as man's best friend.

"Some cultures hate dogs - even the cute little beagles that sniff your luggage," Hallowell said. "They find them intrusive, and in some cases, unacceptable. We need a non-intrusive solution."

Although the next generation of trace detectors focuses on walk-through systems that could check every passenger, the technologies vary.

Thermedics relies on fronds that lightly brush against passengers to obtain samples. Sandia National Laboratories in New Mexico uses instruments that measure the size and amount of particles, Hallowell said. Such samples are blown into a collector by an air stream directed across a person's body. The
sample is then ionized within the collector to track trace particles.

Barringer and Ion Track track the speed of such particles, which are collected and ionized in a similar fashion. What makes Ion Track's approach unique is that it takes advantage of the "human thermal plume" - warm air that rises from a person's body - and uses an overhead collector.

By sampling body heat, EntryScan III can spot nitrates as small as parts per
trillion within six seconds, a standard the FAA is aiming for, Ion Track spokeswoman Joanne Arsenault said. Such devices also could be tuned to detect other weapons, drugs or contraband.

As with metal detectors, automated bomb sniffers may have their quirks.

For example, heart patients who use nitroglycerine, engineers fresh from a blast site and hunters, police or military personnel recently exposed to munitions may easily trip them, Settles said.

Additional tests are planned to determine how certain varieties and amounts of clothing might hinder its effectiveness, as well as how long certain types of residue can be sampled, he said.

While bomb-sniffing portals are in various stages of production, EntryScan III should hit the market early next year at a cost of between $100,000 and $150,000, Arsenault said.

Should they pass FAA muster and enter common use, one obvious question remains: Will they put bomb-sniffing dogs out of work?

"Not likely," Hallowell said. "Dogs are not used for routine screening because they don't do well in repetitious work or being minded eight hours a
day. We only use them when there is a good chance we will find something."

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Friday, November 24 2000 02:
Nablus bombmaker dies in explosion
By Margot Dudkevitch

JERUSALEM (November 24) - Hamas terrorist bombmaker Ibrahim Bani Odeh was killed yesterday when his car exploded in the center of Nablus.

Nablus Governor Mahmoud Aloul claimed Israel assassinated Bani Odeh by planting a bomb in the car with the help of a Palestinian collaborator.

Palestinian security officials said Bani Odeh, 34 and the father of five from Tamun village near Nablus, was given the car earlier yesterday by one of his relatives, who has since disappeared.

Israel said it had nothing to do with Bani Odeh's death.

Bani Odeh was jailed by the Palestinian Authority in August 1998 for laying two booby-trapped bombs in an Afula park earlier in the year that wounded two Israelis, blowing both hands off one of the victims. He was briefly released last month during an IDF rocket attack in the West Bank, along with
dozens of other Hamas prisoners. He was quickly rearrested, but was given a four-day furlough earlier this week.

The PA reportedly launched an investigation into the incident.

Gaza Strip Hamas leader Mahmoud Zaher maintained that Odeh had been killed by Israel and said on Israel Radio that the incident "will not prevent Palestinians from continuing to oppose the occupation. [Extre-mist brigades]
will succeed in achieving what years of peace negotiations failed to achieve," Zaher said.

(News agencies contributed to this report.)

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Bomb-risk warning to Britons
Experts puzzled as expatriates hit by second car explosion in Saudi capital
Brian Whitaker
Friday November 24, 2000

Britons in Saudi Arabia were urged to take extra care yesterday after two explosions in five days in the capital Riyadh.
Three Britons - two men and a woman - were injured late on Wednesday night when their car exploded in the Suleimaniyeh district. One of the men was said to be in a stable condition in hospital with serious injuries to his right leg. The two other occupants of the car suffered minor injuries.
Sources in London said that all three worked for the Saudi al-Salam aircraft
company, which is half-owned by the US plane-maker Boeing.
Last Friday Christopher Rodway, 40, a British engineer who worked at a military hospital, was killed by an explosion in his car in central Riyadh. His wife was slightly injured.
There was widespread suspicion yesterday that both incidents were the work of terrorists, though there has been no official confirmation. The explosions do not fit the usual pattern of attacks by Osama bin Laden, the fugitive Saudi Islamist, and associated groups, according to security experts.
A source at the Control Risks consultancy, which advises on business risks, said: "The bombs were relatively small, capable of seriously injuring only the driver. This suggests that a local, previously unknown group with limited capabilities was responsible.
"The motive appears to be anti-western anger over its support for Israel rather than a specific political agenda." American, Canadian and European expatriates in Saudi Arabia were at risk and should check their cars.
American forces in Saudi Arabia, Kuwait and Qatar were put on the highest state of alert after the USS Cole was bombed in Yemen on October 12, with the loss of 17 sailors.Six Kuwaitis are being held in Kuwait after the discovery earlier this month
of a suspected plot to attack American and British forces there. The authorities say they buried 133kg of explosives in the desert and planned to
use it to bomb a US army camp and western military personnel in their homes and vehicles.
Yesterday security experts were discussing why, if the Saudi blasts were caused by terrorists, they were aimed at Britons rather than Americans.
One possible explanation is that tightened security around Americans has forced terrorists to look for easier targets and that Britain, a close ally of the US actively engaged in maintaining the no-fly zones over Iraq, is a suitable option.
Rodway had a military connection, and the three injured on Wednesday had a US connection through their employment. Between 25,000 and 30,000 Britons work in the kingdom.
Saudi officials, who often try to play down security problems in the kingdom, say they believe the incidents were personal rather than politically motivated. A British Foreign Office spokeswoman said yesterday:
"The Saudi police have reached no firm conclusion about last week's explosion, though they are 95 % sure it was some kind of device. They have

yet to examine any links between the two explosions."
She confirmed that no organisation had claimed responsibility and no specific threat was received beforehand.
The Saudis have turned down an offer of British help in the investigation.
"They say they feel they can cope, and we're happy with what they've done so
far."
A Saudi newspaper quoted the deputy interior minister, Prince Ahmed bin Abdul Aziz, as saying he did not rule out personal motives, and the authorities would "investigate any link to the previous incident, especially
since circumstances were similar and so were the nationalities".

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Washington Post
November 23, 2000
Pg. C7
Semper Fired
By Frank Ahrens, Washington Post Staff Writer

Lesson to the U.S. Marines guarding Camp David: If there are girlie mags on the grounds of the presidential retreat, keep it to yourself.
At the very least, don't call a radio station with the news. It could cost you your job.
A week ago Tuesday, DC101 morning man Elliot Segal interviewed Paula Jones, the former Arkansas government employee who received an $850,000 sexual harassment settlement from President Clinton last year.
Segal, who was hosting Jones because she posed nude in the current issue of Penthouse, asked his listeners if they'd seen the magazine, and encouraged them to call the station with their comments.
Shortly after, Segal says, a man called to say he'd seen the magazine where he worked.
Segal asked: Where do you work?
The caller replied: I'm a guard at Camp David.
Are you saying there's porn at Camp David, Segal asked.
Oh yeah, there's tons of it, the caller said.
The caller did not say where at the retreat he saw the magazine.
The next night, a promotions team from DC101 was working at Xhale, a night club in Frederick, about 10 miles south of Camp David, where a group of Marines told the staff that the station had cost their buddy his job.
According to the station, the Marines explained that the commander in charge
of the Camp David guards assembled the group and demanded, "Who called DC101?"
One Marine raised his hand.
Soon after, he was transferred out of Camp David.
"The question was asked, the individual showed some honor and integrity and raised his hand and admitted his mistake," says Maj. David Andersen, a Marine Corps spokesman. "Camp David is a premier post of our Corps. Marines are screened and selected using stringent guidelines." One of which, apparently, is a ban on talking to the media.
"As our standards are so high," Andersen says, "if a Marine is involved in trouble--or even perceived trouble--he is automatically removed until the event is studied and resolved."

The Marine could be reposted to Camp David pending the outcome of the investigation, Andersen says.
Citing privacy rights, the Corps would not reveal the Marine's name or rank.
Nor would it say where he had been reposted or if he'd been demoted.
Andersen said he had "no idea" where on the grounds the Marine saw the Penthouse magazine or other pornographic material, and the White House says it did not order the disciplinary action.
"We didn't even know about it until they told us about it," said White House
spokesman Jake Siewert. "They neither sought our advice nor approval. They merely informed us of the action."
Neither the White House nor Andersen would comment on the existence--or nonexistence--of pornographic material at Camp David.
As for the radio station, it got some free publicity--at the expense of one Marine with poor judgment.
"Everyone here at DC101 feels really bad that this guy lost his posting at Camp David," says Bob Neumann, WWDC's program director. "But we don't feel as if we're at fault. He called us to comment on the issue Elliot was talking about."
Neumann adds: "In this town, literally anyone can be listening."

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ONE DEAD, FOUR INJURED IN BOMB BLAST IN CROATIAN CITY OF SPLIT
Story Filed: Friday, November 24, 2000 4:04 AM EST

Zagreb, Nov 24, 2000 (EFE via COMTEX) -- One person died and four others were injured Friday when an explosion rocked the Croatian port city of Split, officials said. One of the injured was a policeman who was said to be
in serious condition.
Authorities said they believed the bomb was linked to an organized crime dispute over the control of a cafe and had nothing to do with the summit of leaders from the European Union and Balkan countries opening Friday in the Croatian capital of Zagreb.
In Zagreb, right-wing groups, several of which have been active recently in Split, were scheduled to protest the presence at the summit of new Yugoslav President Vojislav Kostunica. EFE

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Abundant arms seized in police operation in Chechnyia
Story Filed: Friday, November 24, 2000 3:12 AM EST

KHANKALA, November 24 (Itar-Tass) - One Chechen guerrilla has been killed and six others have been arrested in a police operation on Thursday.
A police spokesman told Itar-Tass on Friday that a lot of arms and ammunition had been found during the operation.
The arms depot was spotted with assistance from a local. It was found to contain a portable anti-aircraft missile Strela-2M.
"With this result, the police operation is not finished," the spokesman said.
He said police seized a self-guiding earth-to-earth missile and other arms and ammunition outside Grozny. Munitions, explosives, landmines and equipment for field camps have been also seized on Achkhoi-Martan,

Kurchaloi
and Urus-Martan districts.

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BOMB BLASTS AND ROAD BLOCKS MARK BEGINNING OF STRIKE IN ARGENTINA
Story Filed: Thursday, November 23, 2000 4:48 PM EST

Buenos Aires, Nov 23, 2000 (EFE via COMTEX) -- The third general strike against the economic policies of Argentine President Fernando de la Rua began Thursday with several small bomb blasts and traffic blocking in Buenos Aires and other cities.

Government officials warned that if "extreme situations" arose, the government would review the legality of the strike and sanction the organizers.

Traffic in downtown Buenos Aires, where public bus services were halted, was cut off by crowds of workers who set up soup kitchens in Plaza de Mayo, right in front of the government house.

Traffic was also cut off around the congress building, just a few blocks from the government house, where the workers demonstrated by banging pots and pans as they waited for the speeches of their leaders.

Moreover, some 700 workers blocked the highway joining Buenos Aires and the provincial capital of La Plata, and also National Highway 2 at the entrance of the country's major resort city of Mar del Plata.

In addition, about 500 workers blocked traffic on the bridges joining the southern provinces of Neuquen and Rio Negro, which have been targeted for subsidy reduction under the government's adjustment program.

The 36-hour strike was called by the dissident faction of the major General Workers Confederation (CGT) led by Hugo Moyano, the Argentine Workers Center (CTA), the second largest union organization in the country, and left-wing union groups.

The moderate faction of the CGT, under Rodolfo Daer, will join the strike on Friday, when public transportation will grind to a halt.

Despite government warnings, the unions refused to permit even token public transportation services - buses, trains, railways and subways included.

De la Rua, who was inaugurated in December 1999, is trying to cut public spending and introduce economic changes to qualify for funds from the International Monetary Fund (IMF) and other international lending institutions. In contrast to previous strikes, De la Rua has taken a hard stand against the union leaders, who are mostly associated with the major opposition Justicialista (Peronist) Party.

Presidential spokesman Ricardo Ostuni warned again that the strike would be declared illegal if "extreme situations" arose, while Labor Minister Patricia Bullrich held union leaders responsible for any acts of vandalism and violence.

Bullrich recalled that in the days before the strike, there were frequent attacks on public buses and taxis, which caused significant damage and losses. In the past few hours, she said, "there were bomb threats, even against several schools, and we won't tolerate this."

Bullrich and other government officials were quick to point out that the unions had staged their first general strike against previous Peronist

President Carlos Menem (1989-1999) in 1996, when the neo-liberal economic plan had already been in force for six years and the privatization of large state companies had been completed.
"And they want to strike against this government every three weeks, as if it
were a mathematical, not a reality issue," Bullrich said, describing the strikes as "political gymnastics."
Spokesman Ostuni said it was "odd" that Rodolfo Daer was among the strike organizers "after being an accomplice to the nefarious economic policy" of the Menem government.
"The people who supported the privatization of the country's industry covered up with their silence a policy responsible for current unemployment," Ostuni charged. EFE

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ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: MuzzyRudd@aol.com (MuzzyRudd@aol.com [UNKNOWN])

CREATION DATE/TIME:28-NOV-2000 12:58:45.00

SUBJECT: Best democracy money can buy / More Katherine Harris shenanigans

TO: EdRudd@abanet.org (EdRudd@abanet.org [UNKNOWN])
READ:UNKNOWN

CC: president@Whitehouse.GOV (president@Whitehouse.GOV [OVP])
READ:UNKNOWN

CC: vice.president@whitehouse.eop.gov (vice.president@whitehouse.eop.gov [UNKNOWN])
READ:UNKNOWN

CC: first.lady@Whitehouse.GOV (first.lady@Whitehouse.GOV [UNKNOWN])
READ:UNKNOWN

CC: mrs.gore@Whitehouse.GOV (mrs.gore@Whitehouse.GOV [UNKNOWN])
READ:UNKNOWN

TEXT:
Dear Groups:

Here is an article about the money and power of the Bush family that we
have
been facing in this election. The end of the story tells how Secretary of
State Katherine Harris used a company that made six figure soft money
contribution to the Republican Party to kick Black voters off the voting
rolls. More than enough were purged to make the election so close we are
in
this stage of recounts and contests.

We are only in this position because of the money and power of these
people.
We cannot let them win the public relations war and force the Vice
President
out of the race. Stand firm and keep up the fight.

I also thought the Vice President's remarks last night were excellent.

Ed Rudd <A HREF="http://www.egroups.com/group/DemocraticVictory2000">
Democratic Victory 2000!

</A>

The Guardian
<A

HREF="http://ads.guardianunlimited.co.uk/html.ng/Params.richmedia=yes&locat
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333

">Observer | Business | Best democracy money can buy</A>
http://www.observer.co.uk/business/story/0,6903,402957,00.html
28.11.2000

Best democracy money can buy

Gregory Palast examines the sources of the $500m that boosted Bush's bid
for
the White House

Sunday November 26, 2000

Last week, I mailed my overseas ballot for the US presidency -- and you can wipe that smug little grin off your face. I won't put up with condescending comments about America's democratic rituals from a nation with an unelected House of Lords occupied by genetic fossils and, soon, Chris Woodhead.
In fact, you could think of the $3 billion spent in the US campaign in positive, New Labour terms. Call it 'the efficient privatization of the democracy' -- though an outright auction for the presidency would be more efficient still.

If the guy who lost the vote, George W Bush, nevertheless wins the White House, he'll have surfed in on a crushing wave of nearly half a billion dollars ($447 million), my calculation of the suffocating plurality of cash from corporate America, a good 25 per cent more than Al Gore's take.

George W could not have amassed this pile if his surname were Jones or
Smith.
The key to Dubya's money empire is Daddy Bush's post-White House work
which,
incidentally, raised the family's net worth by several hundred per cent.

Take two packets of payments to the Republican Party, totalling $148,000, from an outfit called Barrick Goldstrike. That's quite a patriotic contribution from a Canadian company. They can afford it. In 1992, in the final hours of the Bush presidency, Barrick took control of US government-owned property containing an estimated $10bn in gold. For the whole shooting match, Barrick paid the US Treasury only $10,000.

Barrick made deft use of an 1872 gold rush law meant to allow
pan-and-bucket
prospectors to gain title to their tiny claims. In 1992, Clinton's newly elected administration was ready to prevent Barrick's stunning grab. But Barrick is a lucky outfit. Bush's Interior Department expedited procedures
to
ram through Barrick's claim stake before Clinton's inauguration.

Ex-Pres George Bush was lucky, too. When the electorate booted him from the White House, he landed softly -- on the Barrick Goldstrike payroll, where he
comfortably nested until last year.

Who is Barrick? Its founder, Peter Munk, made his name in Canada in the 1950s
as the figure in an infamous insider stock-trading scandal. Munk headed a small speaker manufacturer that went belly-up, just after he sold his stock.
This is not quite the expected pedigree for an international minerals mogul.

If we look in the shadows behind Munk we can see the more accomplished player
who provided the capital to set up Barrick - Saudi arms dealer Adnan Khashoggi.

During Bush's presidency, Khashoggi was identified as conduit in the Iran-Contra conspiracy. He had already run into trouble with US lawmen when,
in 1986, he was arrested and charged -- but not convicted -- of fraud. He was
bailed out of the New York prison by Munk, who provided the $4m bond. Bush performed an even bigger favour for Khashoggi: as his last act in office, the
president pardoned Khashoggi's alleged co-conspirators, key members of Bush's
own cabinet. As a result, no case could be made against Khashoggi.

In 1996, a geologist prospecting in Indonesia, Mike Guzman, announced his discovery of the world's richest gold field. Munk rapidly deployed his president. Bush, on behalf of Barrick, contacted officials of the former dictator Suharto who were in control of mining concessions. Thereafter, De Guzman's company was told it would have to turn over 68 per cent of its claim
to Barrick.

Barrick didn't have long to gloat. Jim-Bob Moffett, the tough, old, Louisiana
swamp dog who heads Freeport-McMoRan Mining, had a private meeting with his old benefactor Suharto. At the end of the meeting, Jim-Bob and the dictator stood on the steps of the presidential palace to announce that Freeport-McMoRan would replace Barrick. (Ironically, Barrick lucked it again.
The gold find was a hoax. After Jim-Bob learnt he'd been suckered, his company invited geologist De Guzman to talk it over. Sadly, on way to the meeting, De Guzman fell out of a helicopter.)

While Mr Munk's president did not pay the cost of his rental in Indonesia, Bush could redeem himself in Africa. In 1996, as genocide in Rwanda fomented
civil war in Zaire, Barrick smelt opportunity. We have learnt that, at that time, Bush spoke with his old golfing buddy, Mobutu Sese Seko (then

dictator
of Zaire) about diamond concessions.

I don't know what ex-CIA director Bush told the panicked dictator, but we do
know that Mobutu granted Barrick exclusive rights to mine diamonds in north-west Zaire.

Maybe Bush talked about Barrick's mining experience in neighbouring Tanzania
where, according to Amnesty International, Barrick's subsidiary carried out 'extra-judicial killings'. Amnesty reports that 50 independent miners who refused to move off the Barrick unit's concession were buried alive in the pits by company bulldozers. Barrick denies the allegations.

Beyond Barrick, Daddy Bush has many other friends who filled up his sonny-boy's campaign kitty while Bush performed certain lucrative favours for
them. In 1998, Bush p??re created a storm in Argentina when he lobbied his close political ally President Carlos Menem to grant a gambling licence to Mirage Casino corporation.

Bush wrote that he had no personal interest in the deal. That's true. But Bush fils did not do badly. After the casino flap, Mirage dropped $449,000 into the Republican Party war chest.

The ex-president and famed Desert Strormtrooper-in-Chief, also wrote to the oil minister of Kuwait on behalf of Chevron Oil Corporation. Bush says honestly that he, 'had no stake in the Chevron operation'.

Following this selfless use of his influence, the oil company put $657,000 into Republican Party coffers. Most of that loot, reports the Center for Responsive Politics, came in the form of 'soft money' That's the squishy stuff corporations use to ooze around US law which, you may be surprised to learn, prohibits any donations to presidential campaigns in the general election.

Not all of the elder Bush's work is voluntary. His single talk to the board of Global Crossing, the telecoms start-up, earned him $13m in stock. The company also kicked in another million for his kid's run.

And while the Bush family steadfastly believes that ex-felons should not have
the right to vote for president, they have no objection to ex-cons putting presidents on their payroll. In 1996, despite pleas of US church leaders, Daddy Bush gave several speeches (he charges $100,000 per talk) sponsored by
organisations run by Rev Sun Myung Moon, cult leader, tax cheat - and formerly, the guest of the US federal prison system.

There are so many more tales of the Bush family daisy chain of favours, friendship and campaign funding. None of it is illegal - which I find troubling. But I don't want to seem ungrateful. After all, the Bushes helped make America the best democracy money can buy.

Blackout in Florida

Vice-President Al Gore would have strolled to victory in Florida if the state
hadn't kicked 12,000 citizens off the voters' registers five month ago as former felons.

In fact, only a fraction were ex-cons. Most were simply guilty of being African-American. While 8,000 of those disenfranchised went through the legal
rigmarole of getting on to the voting list, the rest - enough to have won the
state for Gore - did not.

A top-placed election official (not a Democrat) told me that the government had conducted a quiet review and found - surprise! - that the listing included far more African-Americans than would statistically have been expected, even accounting for the grievous gap between the conviction rates of blacks and whites in the US.

The source of this poisonous blacklist: Database Technologies, a division of
ChoicePoint, and hired by Governor Jeb Bush's frothingly partisan Secretary of State, Katherine Harris. My thanks to investigator Solomon Hughes for informing me that DBT is a division of ChoicePoint. Under fire for mis-use of
personal data in state computers, ChoicePoint founder Rick Rozar made a strategic six-figure soft cash donation to the Republican Party.

??? Email: Gregory.Palast@observer.co.uk