

# Corruption Threatening Russian Stability

**MOSCOW, Feb. 21**--Corruption in Russia has grown so widespread that it could threaten political stability unless urgent measures are taken, Reuters said in a report on Tuesday.

The report's authors, members of a Public Chamber set up by President Vladimir Putin to improve ties between officials and citizens, said corruption had seeped into every aspect of life.

"If in the near future radical measures are not taken to cut the level of corruption in Russia... a consolidated corrupt system will triumph," the 27-page report said.

The aim of that system would be "to form a new social-economic formation order oriented to the enrichment of a tiny part of society at the expense of the majority of Russian citizens."

The report's authors gave no estimates of the value of Russian corruption, which pressure groups say runs into hundreds of billions of dollars per year.

Bribes are a daily drain on millions of Russians who are forced to reach into their pockets to steer their way

through the country's maze-like officialdom.

Putin has made fighting corruption a key priority and analysts say that the crackdown on corruption and official privileges is emerging as a major issue ahead of the 2008 presidential elections.

Vladislav Surkov, Putin's deputy chief-of-staff, told Reuters last September that corruption was "problem number one".

Bribes range from a few dollars passed to a policeman for breaking traffic rules to millions--and even billions--of dollars paid out to corrupt civil servants who hold sway over Russia's giant reserves of gas, oil and natural resources.

When asked by reporters about rumors of corruption among senior officials, Andrei Przhedzomsky, one of the report's authors, said there was too little evidence to make clear conclusions.

"If we know that such processes take place frequently at the medium level... then we can suppose such things take place at the higher levels of power," he said. "But I underline, we have no facts."

# EU in Bold Move To Cut Greenhouse Gases

**BRUSSELS, Belgium, Feb. 21**--EU nations announced an ambitious target to cut their greenhouse gas emissions by the year 2020 in one of the boldest moves yet to contain global warming--a goal likely to lead to mandatory limits for cars and pollution permits for airlines.

But the goal--to cut emissions to 20 percent below their 1990 levels--could put a heavy burden on the European Union's newest members, and it was unclear how much of the load wealthier nations would shoulder.

AP quoted environment ministers as saying on Tuesday that the target could be pushed up to 30 percent below the 1990 levels if other industrial countries sign on to a global effort.

German Environment Minister Sigmar Gabriel said many European colleagues had spoken of a moral duty toward future generations during the talks in Brussels.

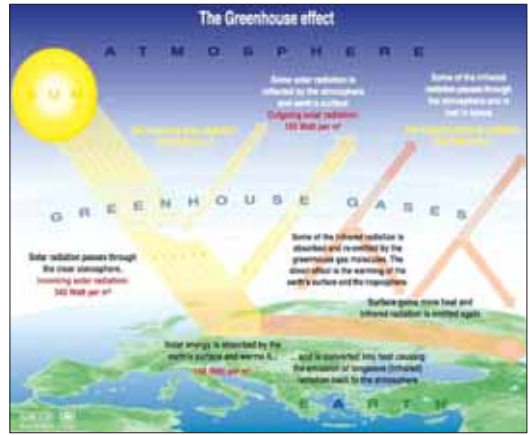
"Those who took the floor said that their daughters asked them exactly what they did when they came to such meetings and did they come home with good results," Gabriel said.

The target, which must be approved at an EU summit next month, is a critical first step in a global warming strategy that must be in place by

the time the Kyoto Protocol expires in 2012. The protocol requires 35 industrial nations to cut carbon dioxide and other

pollutants that would bring airlines into the European trading scheme, in which industries that emit too much

backed by over 85 companies and groups including Air France, metals giant Alcoa, German pharmaceuticals



harmful gases collectively by 5 percent from 1990 levels.

The EU ministers called for UN-led talks to finish by 2009 to fix a new climate change goal after Kyoto expires.

The next agreement should include the United States--which rejected Kyoto--and other less developed polluting countries like India, China, Mexico, Brazil and South Africa.

The ministers gave their broad support to a

carbon dioxide must buy credits from energy-efficient industries that meet their own targets.

Meanwhile, heavy-weight companies including General Electric and Citigroup joined forces Tuesday in a high-profile campaign against global warming, demanding that governments mandate caps on greenhouse gases.

The three-year-old Global Roundtable on Climate Change launched a new strategy

maker Bayer and insurer Allianz.

"Global businesses are assuming their just place as catalysts for action on climate change. But action by business alone is not enough," GE chairman and chief executive Jeffrey Immelt said at the campaign's launch.

Companies can apply new technologies to tackle the problem but governments "must step forward with equal force," he said.

# S. Korea to Expand Industrial Project in North

**SEOUL, South Korea, Feb. 21**--South Korea

announced plans to expand a joint industrial project with communist North Korea in another sign of improving ties following last week's deal on Pyongyang's nuclear program, AFP reported.

The unification ministry said it would offer another 175 hectares (432 acres) at the Kaesong industrial complex for lease by South Korean companies by

mid-April at the latest.

Last week the two sides agreed to resume suspended ministerial talks, following the February 13 six-nation agreement in Beijing under which the North agreed in principle to disable its nuclear facilities in return for aid.

The expansion of Kaesong just north of the heavily fortified inter-Korean border had been postponed after North Korea test-fired missiles last July, sparking international condemnation.

South Korea also suspended food and fertilizer aid and relations worsened when the North carried out its first nuclear test last October.

At present 21 South Korean factories at Kaesong employ about 11,000 cheap but skilled North Korean workers, producing clothing, kitchenware, watches and a variety of other items.

The South sees it as a way to help revive the North's moribund command economy and edu-

cate it about the free market.

Under plans for the completed project by 2012, Kaesong would employ half a million North Korean workers at some 2,000-3,000 South Korean firms.

Kaesong is one of two major projects South Korea has kept afloat in spite of criticism that North Korea earns hard currency through them and could use it to make weapons.

The other is the Mount Kumgang tourism resort.

# US Moves Against Lebanese Co.

**WASHINGTON, Feb. 21**--The Treasury Department acted Tuesday to freeze all assets under U.S. jurisdiction owned by Jihad al-Bina, a Lebanese construction company it said is owned and operated by Hezbollah, reported AP.

Stuart Levey, the undersecretary for terrorism and financial intelligence, said in a statement that Hezbollah uses the company for its construction needs "as well as to attract popular support through the provision of civilian construction needs."

In addition to freezing Jihad al-Bina's US assets, the Treasury action prohibits dealings anywhere

between American interests and the group.

Levey said in his statement that while acting against Hezbollah's construction company, "the US government is also working to ensure that legitimate reconstruction efforts, led by the Lebanese government, succeed."

Large amounts of construction and infrastructure in southern Lebanon were badly damaged during the Hezbollah-Israeli war in July and August last year.

Hezbollah gave cash grants to restore many of the damaged buildings.

# Exxon, Qatar Scrap Gas-to-Liquids Project

**HOUSTON, Feb. 21**--Exxon Mobil Corp. and Qatar Petroleum on Tuesday said they would scrap a gas-to-liquids project in favor of developing another project to provide natural gas to the domestic Qatari market.

According to AP, the domestic project, Barzan, will supply domestic gas to the booming Qatari economy.

Qatar has seen unprecedented industrial growth amid a natural gas boom. The move comes amid soaring costs for major capital projects like converting gas to petroleum liquids. The liquids are easier to export by tanker ship than the gas.

Exxon Mobil and Qatar signed an agreement for the GTL project in July 2004. The deal was due to expire later this year, said Exxon Mobil spokeswoman Jeanne Miller.

"This is a decision we made that's very consistent with our investment approach," Miller said. "The Barzan project is a very important strategic project for Qatar," said Qatar Energy Minister H.E. Abdullah bin Hamad Al-Attiyah.

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# Zimbabwe Will Nationalize Diamond Mining

**HARARE, Zimbabwe, Feb. 21**--Zimbabwe, the world's fastest shrinking economy, will nationalize diamond mining in an attempt to arrest the slump that began when President Robert Mugabe's government started seizing white-owned farms seven years ago.

According to Bloomberg, the government will take control of the industry after allegations of smuggling from the country's mines and a diamond rush in the eastern district of Marange, Mugabe said in an interview on state television late yesterday. Zimbabwe has two diamond mines known as Murowa, owned by Rio Tinto Plc, the world's third-biggest mining company, and Riozini Ltd. The second, River Ranch, is held by private investors.

"Only government will mine diamonds," Mugabe said. Diamonds will fall into a "special category," he added, accusing exploration companies of selling the gems they

find illegally.

Zimbabwe in 2000 began a program of seizing white-owned commercial farms for redistribution to black subsistence farmers deprived of land during white rule that ended in 1980. In the process export earnings plunged, deepening a recession now in its ninth consecutive year, and inflation soared to 1,594 percent, the world's highest rate.

"If the state takeover of diamond mines is passed into law, it will destroy diamond exploration in this country," Andrew Cranswick, Chief Executive Officer of African Consolidated Resources Plc, said in an interview today from the capital, Harare.

Shares of Rio Tinto fell 15 pence, or 0.5 percent, to 2,805 pence on the London Stock Exchange at 10:23 a.m. local time. The stock has risen 3.3 percent so far this year.

Mugabe has repeatedly threatened to seize mining assets in the country

that has the world's second-biggest platinum and chrome deposits after South Africa.

It is unclear whether Mugabe's latest pronouncement will be made law, said David Murangari, Chief Executive Officer of Zimbabwe's Chamber of Mines, a business association that represents most mining companies in the country.

"We are studying the situation and will discuss it with the mining industry if that's really government's intention, but currently there is no law that specifies certain minerals can be mined only by the government," Murangari said in an interview.

Zimbabwean diamond production ranks behind Botswana, the world's biggest producer of the gems, South Africa, Namibia, the Democratic Republic of Congo and Angola in Africa. The continent produces 65 percent of the world's diamonds, according to De Beers.

## WORLD News In Brief

### Economic Growth

**SYDNEY**--The Australian economy could outstrip expectations in 2007 after a leading indicator released Wednesday found the growth rate for December was the fastest for seven years.

### \$3b Investment

**DHAKA**--Saudi Arabian business tycoon Nagi Al Awad is scheduled to arrive here on March 1 with an investment proposal of 3 billion US dollars, according to a press release here Tuesday.

### New Aircrafts

**LONDON**--British Airways said on Wednesday it was choosing four Boeing 777 aircraft, with options for four more, ahead of Airbus A330s as it starts expanding its long haul fleet.

### Auto Parts Export

**SEOUL**--Hyundai Motor Co., the world's sixth-largest automaker, said Tuesday it plans to export vehicle parts and components to be assembled at a locally owned plant in Brazil.

## Indonesians Condemn WTO Chief

the WTO negotiations, particularly on the issue of agriculture. "We are very concerned about the repeated viola-



Protesters shout slogans during a demonstration against the WTO in Jakarta, Indonesia on Wednesday.

tions against democracy, transparency and participatory principles of negotiations at the WTO," it said. "We ask that you cease

to abuse your mandate as the WTO director general by refraining from putting pressure on governments of developing countries to

nations to allow special product exemptions. "The position of the G33 is not a stumbling block to the Doha agenda negotiations. Rather, the EU and the US are the stumbling block, as they refuse to substantially decrease their subsidies and keep on shuffling subsidies among the boxes," it said. The Doha talks, launched in 2001 in the Qatari capital, aim to remove barriers to global trade but have been deadlocked since July last year, notably over steps to reduce agricultural tariffs and subsidies.

The EU and United States have been unable to agree on the size of cuts in agriculture subsidies and tariffs protecting their farm industries, while rich and poor countries are at

loggerheads over trade in industrial goods and services.

Trade ministers at the World Economic Forum in Davos last month

agreed that negotiations should resume, sparking optimism that a breakthrough can be found after five years of fruitless negotiations.

## IRAN DAILY

Published by the Islamic Republic News Agency (IRNA)  
 Add: Iran Cultural & Press Institute, #212 Khorramshahr Avenue  
 Tehran/Iran

**Executive Editor:** Amin Sabooni

**Editorial Dept. Tel:** 88755761-2  
**Fax:** 88761869

**Subscription Dept. Tel:** 88329002-4

**Advertising Dept. Phone:** 88738307

**Advertising Dept. E-mail Add:** <http://www.trade-daily@icpi.ir>  
**Internet Add:** <http://www.iran-daily.com>  
**E-mail Add:** [iran-daily@iran-daily.com](mailto:iran-daily@iran-daily.com)

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