

Business Briefs

Eurasia

'New Silk Road' pact signed in Azerbaijan

Twelve nations (Armenia, Azerbaijan, Georgia, Bulgaria, Romania, Moldova, Ukraine, Kazakistan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkey) signed an agreement to develop road, rail, air, and ferry networks linking Central Asia to Europe, via the Transcaucasus, at a Traceca conference in Baku, Azerbaijan, on Sept. 8. The European Union is sponsoring the plan.

Georgian President Eduard Shevardnadze called the pact the "New Silk Road Agreement." Turkey's President Suleyman Demirel stated that the plans to build transport links along the ancient Silk Road will define international politics in the next century, and bring peace and prosperity to the world, BBC radio news reported.

The 12 nations agreed to regulate transport tariffs and customs procedures, and set up a permanent secretariat in Baku. The project has already drawn \$200 million worth of investment, although the EU estimates that at least \$900 million is needed to refurbish existing infrastructure. The European Union and European Bank for Reconstruction and Development are to finance many of the projects.

Transport volume along this route was 1.9 million metric tons in 1997, but plans are to increase it to 34 million tons, by 2010.

China

Rate of rail, road construction increases

China is increasing the rate of rail and highway construction this year, Xinhua reported on Sept. 11. Beijing recently added another 4.2 billion yuan (\$506 million) to rail investment, bringing the total for this year to 53 billion yuan. Some 41.3 billion yuan will go into construction of large- and medium-sized projects, including laying 1,876 kilometers of railroad tracks, and building 1,210 km of new rail lines, 575 km of double-tracked lines, and 1,091 km of electric

railways. The Ministry of Railways noted that work in the next four months will exceed that of the past eight months.

In addition, construction of 16 priority projects will be intensified. These include double-tracking the southern section of the Beijing-Kowloon railway, and electrification of the Chengdu-Kunming railway.

However, rail construction in the past few months has been slower than expected, due to a lack of preparatory work. Major problems have arisen in acquiring the necessary land, which have been compounded by the floods.

Investment in highway construction was 86.2 billion yuan in the past eight months, up 82% over 1997, employing over 3 million workers. There are projects to build 38,500 km of highways this year, costing 180 billion yuan. Repairs of flood-damaged infrastructure will also receive major investment. Some 29,000 km of roads were damaged by the floods, about 2.5% of China's total. The Ministry of Communications has earmarked 60 million yuan for repairs.

Venezuela

Doctors strike over hospital conditions

Doctors in Venezuela's public hospitals went on strike in September, denouncing the "deplorable conditions" in public hospitals, and demanding a wage increase, up from the monthly \$500 salary they now make, to \$1,029. The government of President Rafael Caldera declared the strike illegal, and ordered the firing of 250 doctors from a Caracas hospital, before the dispute entered arbitration. The strike was initially called by the Medical College in Caracas, but was joined by the Venezuelan Medical Federation. The public hospitals are funded by the Health Ministry, but the government states that it is impossible to meet the doctors' demands, because of the severe economic crisis afflicting the country.

In a press release, the Medical Federation reports that because of budget cuts, epidemiological information is no longer sent out to the country's public hospitals, and it has called on the World Health Organization

to send representatives to Venezuela "to confirm the deplorable conditions in which we, the doctors, work." The doctors also charge that "patients die daily" in hospitals, because of lack of supplies and medicines. A Venezuelan doctor who saw the video on conditions in Russian hospitals at a recent Schiller Institute conference in Caracas, remarked that "this is exactly what is happening in Venezuela." Doctors also say that the new health law would leave 80% of the population without medical protection, especially for serious ailments such as heart or kidney disease.

Demographics

Life expectancy is falling in Europe

Because of the catastrophic deterioration of health conditions in eastern Europe, overall life expectancy in Europe between 1991 and 1994 dropped from 73.1 years to 72.4 years, the World Health Organization (WHO) said in a recent report on the health situation in Europe. It is the first drop in life expectancy in Europe since World War II.

The health situation in all the successor states of the former Soviet Union is even worse. In 1970, people in western and central Europe had a life expectancy 2.5 years above those in the Soviet Union, but by 1995, the gap had increased to 11 years. However, the report said that in western Europe, there are alarming developments because of the rapid expansion of poverty and unemployment, while social assistance is being cut back.

Health

HIV infection rates to rise in western Pacific

World Health Organization regional chief Dr. Han Sang Tae told a WHO meeting in Manila, the Philippines on Sept. 15, that the infection rate for human immunodeficiency virus (HIV) is projected to increase to more than 1.5 million individuals by the year 2000, a 100% increase, the *South China Morning Post* reported. The increase is fu-

elled in particular by the spread of curable sexually transmitted diseases.

The regional WHO office estimates that more than 35 million new cases of chlamydia, gonorrhea, and syphilis occur yearly in the region, with rates of infection of 2-5% among the sexually active population, and 20-40% among "commercial sex workers." Nearly 85,000 new HIV infections and more than 15,500 new AIDS cases were found in the region in a one-year period to May 1998, but Dr. Tan says that, because of underreporting and underdiagnosis, the actual figure is closer to 700,000 HIV infections and 40,000 AIDS cases. Tan relied on the conservative figures to reach his conclusion of a 100% increase in HIV infections, to 1.5 million, and 50,000 AIDS cases by 2000.

Trade

Activity across Taiwan Strait is on the rise

Economic and trade exchanges across the Taiwan Strait "are growing by the day," the Beijing-owned China News Agency reported on Sept. 12. "Since the outbreak of financial crisis in Asia last year, . . . Taiwan businesses that invested in Southeast Asia as prompted by Taiwan authority's 'southward policy' are now suffering great losses . . . because of the significant currency depreciation in Southeast Asia. On the other hand, Taiwan businesses which went 'westward' to invest in mainland China, basically remained unaffected," it said.

"Because of the rapid development of the mainland market and the rising profits, Taiwan businesses are even more confident of their investment in the mainland," it said. "The amount of Taiwan investment [in China] from January to June stands at \$695 million, or a 40.22% growth from the same period last year," while enterprises which invested in southeast Asia are "almost in a stalemate."

Recently, a delegation from a group of Taiwanese petrochemical factories toured China. Under current Taiwan policy it is impossible for Taiwanese petrochemical firms to invest in China, but industrial leaders are preparing for when it does become possible.

Groups from Taiwan enterprises in information, telecommunications, computer science and technology, finance, banking, and other sectors have all recently visited China.

Britain

Blair under attack as physical economy falls

British Prime Minister Tony Blair is walking into a "Greek tragedy" by insisting on holding down salaries for public sector workers, Trades Union Congress (TUC) president John Edmonds said in an interview with *New Statesman* magazine and reported on in the Sept. 10 London *Guardian*. Edmonds said that Blair's policy is likely to lead to widespread disruption of public services. On Sept. 16, Blair was jeered when he visited a plant threatened with closure near his Sedgefield constituency. The *Daily Telegraph* had a cartoon, depicting workers holding signs like "Plant Closures," "Manufacturing Crisis," "Market Turmoil," and shouting at Blair, "It's the world economy, stupid!"

The TUC estimates that 250,000 manufacturing jobs could soon be lost, and it wants Blair to set up a task force of ministers, employers, and unions "to coordinate measures to breathe life into manufacturing."

The risk of Britain sliding into "a full recession" because of the global financial crisis is growing, economists at the accounting firm Price Waterhouse Coopers are warning. The firm's chief economist, Rosemary Ratcliffe, said, "Recent events, by threatening the stability of the international financial markets, have further increased the dangers of a severe global downturn."

On Sept. 9, the *Guardian* reported, in an article entitled "Britain's Poor Are Worse Off than Ever," that "deprivation, chronic unemployment, and poor levels of literacy have turned the United Kingdom into one of the most poverty-stricken countries in the developed West." There is a "growing gulf between rich and poor," and only the United States and Ireland suffer from higher levels of poverty. A recent UN Human Development Report says that, as of 1995, some 15% of the British population were living in poverty.

A GERMAN constitutional court on Sept. 18 prohibited the sale of state-owned real estate by the state of Schleswig-Holstein, to prevent "severe damage to the public." The decision is expected to have far-reaching consequences for various privatization schemes in preparation or under way at the federal, state, and municipal levels.

AUSTRIAN industrial exports to Asia have dropped at alarming rates over the first five months of 1998, according to a survey by the Vienna-based Institute for Economic Research. Exports to Indonesia dropped 51.1%; Japan, 34.4%; and South Korea, 28.9%, a pattern similar to the collapse of German exports to Asia.

TSINGHUA University, one of China's most prestigious, plans to develop a satellite for Earth remote sensing, to celebrate its 88th anniversary next year, an official said on Sept. 16. The satellite is expected to be launched on a Long March rocket.

BANC ONE Corp.'s purchase of First Chicago NBD Corp. was approved by its shareholders on Sept. 15. The deal, valued at \$29 billion when it was announced in April, is now worth \$21 billion at today's stock prices. Banc One will become one of the top seven U.S. derivatives banks.

KAZAKSTAN signed oil deals with Japan's National Oil Agency, Mitsubishi, Mitsui, and the U.S.-based Phillip's Petroleum on Sept. 14. The deals cover exploration of Kazakstan's portion of the Caspian Sea, extraction of gas condensate, and the reconstruction of the refinery in the western city of Aktau and several other industrial complexes.

SUDAN has been hit with flooding on the Nile River, leaving 100,000 homeless. The floods are the result of unusually heavy rainfall in Ethiopia. Sudan has asked Egypt to open the Aswan Dam, so as to allow floodwaters to flow more rapidly into the Mediterranean.