

Business Briefs

Asia

Thailand, China sign pact for 21st century

On Feb. 5, visiting Chinese Foreign Minister Tang Jiaxuan and his Thai counterpart, Surin Pitsuwan, signed a blueprint for relations in the next century that includes a pledge to accord each other favorable trade conditions "whenever possible," the *Bangkok Post* reported. Tang called the bilateral accord unprecedented. Trade had become a sticking point between the two, as both export agricultural commodities and light industrial goods, and China has been importing less rice and rubber recently.

The joint statement pledged to eliminate trade barriers, prevent market dumping, and "accord whenever possible favorable consideration to each other's exports." The two nations also pledged "co-production," with special emphasis on small and medium-sized industries.

The result of a year's discussions following Thailand's initiative, the joint statement covers cooperation in investment, agriculture, merchant shipping, science and technology, tourism, education, health, sports, environmental protection, and judicial affairs. The statement also calls for stronger security cooperation through research institutes, consultations, information, and exchanges of military science and technology.

On the political front, Thailand reaffirmed its one-China policy, and the agreement recognizes Taiwan as "an integral part of Chinese territory."

The two nations pledged to step up cooperation in developing the Mekong region, within the framework of the economic quadrangle drawing together Thailand, China, Laos, and Burma, as well as a larger, six-nation scheme also incorporating Vietnam and Cambodia.

At a luncheon hosted by the Thai Foreign Ministry's International Studies Institute, Tang said that Beijing had set up a working committee, and that the southwestern province of Yunnan had hosted several meetings on the scheme providing for water, land and air routes, as well as cooperation in trade, investment, tourism, and energy among countries sharing the Mekong River.

Pakistan

Debt is a threat to national security

"The problem of debt poses a potentially greater security threat to Pakistan than the crisis in Karachi or Kashmir," the *Frontier Post* of Peshawar argued, in Feb. 4 review of Pakistan's indebtedness.

Pakistan's total public debt has risen 100% in three years, from 1.6 trillion rupees in 1994-95 to 2.5 trillion (roughly \$61 billion) by June 1997. Domestic debt has increased 7.5 times since 1984, to 1,151 billion rupees. Debt service on this amount has increased 15 times in this same period, to 159.5 billion rupees. Some 75% of this increase in borrowing is used for debt service.

Pakistan's external debt is now \$29.7 billion, of which 23% is short-term. Debt service payments on external debt have doubled in recent years, from \$2.3 billion in 1993-94, to \$5 billion in 1996-97.

For such reasons, debt service now accounts for 45% of total federal expenditure; for fiscal year 1998-99, it is the largest single expenditure, as compared to 24% for defense and 18% for development. The situation, the paper emphasized, "is not sustainable." It warned, "The West cannot expect Pakistan's much-heralded progress toward democracy or its economic and political cooperation to continue without solid and more rapid economic recovery."

Infrastructure

Chinese prof. proposes China-Taiwan tunnel

Prof. Wu Zhiming of Qinghua University is proposing the construction of a tunnel from the Chinese mainland to Taiwan, the *China Daily Business Weekly* reported on Feb. 7. "Building a tunnel under the Taiwan Straits has been my dream since the idea occurred to me when travelling through the Channel Tunnel [connecting Britain and France] at the beginning of 1996," Wu said. He added that the tunnel could be built by 2030.

Professor Wu has proposed four possible

routes for the proposed tunnel. One route, running from Pingtan in Fujian province, to Xinzhu on Taiwan, is 144 kilometers long. To build this tunnel, the shortest route, would cost \$173 billion, almost six times the cost of the Three Gorges project, Wu said. It would take 16 years of research and studies, and another 16 years of construction.

Qinghua University's 21st Century Development Institute has established a Taiwan Straits Tunnel Demonstration Center, with Wu as its director, to study the proposal. In November 1998, a seminar was held on the tunnel proposal in Fuzhou, Fujian province, with experts from China, Taiwan, Hong Kong, the United States, and other countries.

The construction of a tunnel would be very beneficial for bilateral economic exchange and cooperation, Wu told *China Daily*. Total passenger traffic across the Taiwan Straits is expected to reach 261 million persons by 2030, and goods transported should reach 517 million tons. "Railway transportation through a tunnel would be an ideal way to handle this large freight demand," Wu said.

"As well as being faster than water shipment and cheaper than air freight, railway transportation through a tunnel has the unique advantage of being an all-weather operation," he said.

While some pointed out that the Channel Tunnel and the Seikan Tunnel in Japan still operate at a loss, Wu noted that the proposed tunnel would enhance expanding trade between China and Taiwan.

Nuclear Energy

Russia should cooperate with Asia on fusion

Russia should work with Asian nations to develop thermonuclear fusion energy, the Jan. 12 Moscow *Vestnik Rossiyskoy Akademii Nauk* said in an article on a conference organized by the Institute of Superconductivity of Solid-Body Physics and the Kurchatov Institute, in Kurchatovets, near the city of Protvino, in May 1998.

"Regretfully, owing to economic reforms and unstable financing of research

A CURRENCY BOARD is an “archaic and brutal” system, Nobel Prize-winner in economics James Tobin told Argentina’s *Página 12* on Jan. 31. He warned that it would lead to mass unemployment. “It isn’t easy to sustain, and requires much pain [for the population]. If anyone had a minimum of nationalist interest, they perhaps would like to have their peso continue to exist. It’s not very nice for a country to be without a currency.”

THE IRANIAN Minister of Post, Telegraph, and Telephone announced on Feb. 2 that Iran is manufacturing fiber optics for the 14,000 kilometer-long information highway which runs along the Silk Road from Frankfurt to Shanghai. The Martyr Qandi telecommunications cables factory in Yazd will supply the 5,500 km stretch through Iran and Turkmenistan.

RUSSIA’S population fell by 401,000 (0.3%) in 1998, compared with 1997, according to a preliminary estimate by the State Statistics Committee, ITAR-TASS reported on Feb. 4. In 1997, the population also fell by 0.3%. As of Jan. 1, 1999, some 146 million people lived in Russia.

THE MALAYSIAN firm Awan Megah (M) Sdn Bhd signed a shareholder’s agreement in Kuala Lumpur on Feb. 4 with the Czech ZPS a.s Zlin, to form Mega Machine Tool Technologies (M) Sdn Bhd, the first company to produce computerized numerically controlled machine tools in Malaysia. Deputy Entrepreneur Development Minister Datuk Idris Jusoh welcomed the Czechs’ willingness to transfer know-how to Malaysians.

BANGLADESH Prime Minister Sheikh Hasina Wazed called for increased trade among members of the South Asian Association for Regional Cooperation, at the Association’s Commerce Ministers’ meeting in Dhaka on Feb. 3. “We should, at first, ensure that the SAARC preferential trading arrangement succeeds before moving on to the next stage,” she said.

work, there were no great achievements in the past period,” it said. But, “in recent years China, India, and South Korea have shown interest in the installations of controlled thermonuclear fusion. These countries have serious shortages of electrical power.” It continued:

“Only 20 years ago, the population of the Earth was 4 billion. It looks like the technical progress is lagging behind the increased demands of population, which now amounts to 5.8 billion people. Organic fuel reserves are limited; the search for new ways of obtaining electric power must be done with the help of controlled thermonuclear fusion. India allocated nearly \$50 million for a small tokamak project. A superconducting cable for winding toroid was manufactured in Japan, and presently is being transported to Moscow, inasmuch as preparation of the tokamak coils is entrusted to the RNTs ‘Kurchatov Institute.’ . . .

“In recent times, we have stopped considering our country and are forgetting about its possibilities. Our institutes are getting older and emptier: Perhaps, we should practice cooperation with our neighbors from South Asia. Russian experience can be called on by the countries assimilating high technologies.”

Economic Policy

Assessments by IMF’s Camdessus called absurd

Lim Say Boon, a director of Crosby Corporate Advisory, sharply criticized International Monetary Fund (IMF) Managing Director Michel Camdessus, in a commentary in the Feb. 4 *Far Eastern Economic Review*, a publication run by the financial oligarchy.

“IMF Director Camdessus suggested the worst was over for Indonesia, but warned that Malaysia’s medium-term prospects were ‘more uncertain’ than the other East Asian economies in crisis? Absurd! What is this—cynicism, malevolence, breathtaking ignorance, or the arrogance of dogma?” Boon wrote.

Boon described the human disaster in Indonesia brought on by IMF policies, the “bloody, primordial violence, ranging from

the religious and tribal to the pitched turf wars of urban street gangs, rending the fabric of nationhood.” Malaysia, on the other hand, “remains politically stable and socially cohesive,” without malnutrition and without racial strife. Malaysia has some problems convincing investors to invest without the IMF’s blessings, “but at least it will go to these investors with its society and economy intact.”

Great Britain

Blair’s ‘New Labour’ targets welfare rolls

On Feb. 10, the same day that the Bank of England warned that Britain has a growth rate “close to zero,” and that more turbulence on international markets lies ahead, British Prime Minister Tony Blair introduced legislation attacking what he called the “something-for-nothing welfare state.” At present, Britain pays out \$157 billion a year on social welfare benefits. Blair’s measure would kick anyone off welfare rolls who does not demonstrate that they have attended regular interviews to discuss job opportunities. Also, people who have permanent disabilities would be subject to tougher guidelines and reduced benefits.

The *New York Times* reports that some 170,000 people may be thrown off the welfare lists, which would save \$1.2 billion a year. Blair said that this “New Labour” policy was based on “a new ethic of rights and responsibilities.”

“Individuals have a responsibility to accept work, train themselves for jobs, be flexible in the jobs they take and avoid dependency where they can,” Blair wrote in the Feb. 10 *Daily Mail*. In Parliamentary debate on the same day, Alistair Darling, the Social Security Secretary, said: “What we will not do is simply rot away and live a life on benefit. There comes a point where it’s not good for you and not good for the rest of us to be unemployed.”

Earlier, Blair cleared some 100,000 people off the welfare rolls by offering one-time incentives to businesses to hire welfare recipients.