

# Business Briefs

## France

### Working class mortality high, report warns

A report by France's High Committee on Public Health has found that mortality among the working class is three times higher than in higher-income areas, according to the Paris financial daily *Les Echos* on Aug. 27, in an article entitled "Ever-Widening Inequalities." The committee's report was to be released in early September.

Among the committee's findings: Mortality among workers and employees in the 25-54 age group is three times higher than for members of the bourgeoisie, and the gap is widening. The death rate for that age cohort is twice as high as in England. Extremely poor areas, notably the Nord Pas de Calais, where the textile, coal-mining, and steel industries have been liquidated over the last two decades, have a mortality rate 10% higher than high-income regions such as the Mediterranean Coast.

Eleven percent of all adults take tranquilizers regularly, according to the committee—the highest rate in the world.

A significant increase in suicides was also noted by the report, which now is the cause of 20% of deaths among men between 25 and 34.

## Asia

### Mekong region meeting to boost cooperation

Delegates from the six nations of the Mekong River region (Thailand, Laos, Cambodia, Vietnam, Burma, and China) began a ministerial conference in Kunming, China on Aug. 28, intended to boost cooperation, according to Asian press reports. The sixth meeting of the Greater Mekong Sub-region (GMS) was to review billions of dollars worth of regional infrastructure projects, officials at the conference said.

Norida Morita of the Asian Development Bank said that the meeting would push forward the GMS program. "The main thrust of the Greater Mekong activities is to link

the six countries with a transport network," he said.

A proposed \$490 million road to connect Bangkok, Thailand with Phnom Penh, Cambodia and Ho Chi Minh City, Vietnam, is one project expected to be approved. Other joint projects being considered include a \$1.8-2.1 billion rail line from China to Southeast Asia, and construction of a telecommunications and power transmission network.

The week before the conference began, Chinese President Jiang Zemin told Malaysian Prime Minister Mahathir Mohamad, who was visiting Beijing, that China is committed to the Mekong River project. A Beijing official told the Singapore press that China considers Mekong River cooperation "a model for South-South cooperation," a term the Chinese government uses to promote economic ties among developing nations. There is also an office of the Foreign Trade and Cooperation Ministry which deals with South-South cooperation projects, such as the Eurasia land-bridge and the Mekong region rail lines.

## Infrastructure

### New body to oversee Asia private investment

A new regional body is being established in Asia to govern private investment policy in infrastructure, the *Asia Times* reported on Aug. 14. The Asia Infrastructure Development Alliance is to be inaugurated in October, at a joint meeting of the UN Economic and Social Commission for Asia and the Pacific and the second World Infrastructure Forum-Asia, to be held in New Delhi. The agency will be centered in Singapore.

British imperial strategy is to halt state support for, and to strangle, infrastructure development. To all appearances, the agency is part of that policy.

Ranjit Gupta, Indian ambassador to Thailand, said, "To the best of my knowledge, this is the first time the private sector is being placed on an equal footing with governments."

Graham Galloway, the chairman of the project, characterized the purpose of the organization: "Asian governments . . . have to

act decisively and engage the private sector in comprehensive and consistent dialogue to find realistic solutions." "Realistic solutions" are identified as including government guarantees and currency convertibility.

## Economic Policy

### German austerity will increase budget deficit

The German government's austerity package will only increase the budget deficit, the Berlin-based German Institute for Economic Research (DIW) warned in its weekly report at the end of August.

The DIW says that due to falling tax revenue and the ever-higher costs of unemployment, the public budget deficit this year will increase, despite all the budget cuts, from DM 111 billion (roughly \$69 billion) toward DM 130 billion. All public budgets are included in this figure. The federal budget deficit alone will be DM 76 billion, that is, DM 16 billion more than the official estimate.

If the government were to now push through its austerity package, it would only make things worse, warns the DIW. On Aug. 27, Ottmar Issing, the chief economist of the Bundesbank, announced that Germany will in 1996, as in 1995, miss the 3% GDP limit for the budget deficit demanded by the Maastricht Treaty. He said that Germany has now also surpassed the 60% GDP limit of the total public debt, thereby violating another Maastricht criteria.

## Central Asia

### Kyrgyzstan President boosts Silk Road

Kyrgyzstan needs the Silk Road trade routes to prosper, President Askar Akayev said in an interview with the Aug. 30 *Wall Street Journal Europe*. "Structural changes in our industry require access to new markets in India, Pakistan, and China," he said. "When we had access to all these trading routes, we

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were a booming country." The Silk Road routes which linked Europe to Asia have to be rebuilt, he said, and include a link from Kyrgyzstan to Pakistan.

"We have very good relations with our neighbors, but we have to put a lot of work into it," the President said. "Our great neighbor to the south is China. Uzbekistan, too, thinks it will be a great nation in the 21st century. And Kazakhstan says, 'Why should we be behind Uzbekistan?' According to the laws of physics, when large masses are putting pressure on, it does not give the small masses the opportunity to relax. Kazakhstan does not worry us, but with the other countries, we have to work constantly."

Relations with Tajikistan are a particular problem, he said, because of its territorial claims on Kyrgyzstan, and its role as an artery for drug- and weapons-smuggling from Afghanistan to Kyrgyzstan, and beyond.

Akayev said he hopes to sign a trade accord with China. "You have to be friends with your great neighbors," he said. He added that he hopes that the rebuilding of the Silk Road and a road to Pakistan will foster economic ties with China.

### High Technology

#### Thailand to consider maglev in modernization

Thailand is planning to modernize its rail infrastructure, and the magnetically levitated Transrapid rail technology built by Germany is one of four options being considered, according to a report in the German economic daily *Handelsblatt* on Aug. 31.

The government of Thailand has authorized the state-owned railway company SRT to conduct a study during the next four months on how to modernize and expand the national rail grid. The study will build on a preliminary study recently done by Arun Chairseri and Schimpeler Associates Co., and the project would involve \$20 billion of investments in an 2,850-kilometer rail network. In the center of efforts would be the modernization of existing rail routes from Bangkok toward the Malaysian border, and from Bangkok to Chiang Mai in the north, Nong Khai in the northeast, and the indus-

trial provinces Chonburi and Rayong in the southeast. Among the four technologies to be studied are conventional high-speed trains with speeds of 200 kilometers per hour (kph); advanced trains which can manage steeper inclines, with speeds of 250 kph; the building of new rail lines using TGV, ICE, or Shinkansen high-speed technology, with speeds of 300 kph; and the Transrapid, with speeds of 500 kph.

The Thai government stated that selection of the technology will be done in consultation with Singapore, Malaysia, Laos, and China, because the Thai projects would be part of a common trans-Asian rail concept.

### Middle East

#### Arab nations cut back economic ties to Israel

Israel's Arab neighbors are slowing down the implementation of economic agreements with Israel in the aftermath of the election of Benjamin Netanyahu as Israeli prime minister, the Israeli daily *Haaretz* reported on Aug. 25.

Egypt's oil minister has reportedly informed his Israeli counterpart recently that Egypt is not interested in resuming talks on the supply of gas to Israel. According to reports from unattributed Egyptian sources, Egypt believes that, after having concluded the principles of the deal with the previous government, the new government must now decide whether to accept these terms, or to cancel the deal altogether. Egyptian President Hosni Mubarak also has warned that his country will not convene the previously planned Mideast economic conference, if there is no apparent progress in the peace process.

Similarly, the Emir of Qatar has frozen discussions on the construction of a gas pipeline from Qatar to Israel, conditioning their resumption on political developments.

Reviewing this situation, the paper commented: "Thus, the Israeli government has achieved its most important feat in record time. It has returned Israel to a familiar situation, in which it knows how to function—in other words, as a small country surrounded by enemies."

**THE MIDDLE EAST** Regional Development Bank was registered with the UN on Aug. 26, and will begin its work in a few weeks. The bank's initial capitalization will be \$5 billion. Israel, Egypt, Jordan, and the Palestinian Authority will each control 4% of its equity. The United States will be the largest shareholder (21%), followed by Japan (9%), and Russia (6%).

**PERU** is being told by the World Bank to kick 4 million people off food assistance, the Peruvian daily *Expresso* reported Aug. 26. A World Bank report argues that "malnutrition has not fallen because of the inefficiency of food programs."

**UZBEKISTAN** Foreign Minister A. Kamilov suggested building a rail and road link to India via Iran, in a meeting with India's Minister of State for Commerce B. B. Ramiah in New Delhi, *Ettela'at* reported Aug. 26.

**THE IRANIAN** government is suing the German firm Siemens for not completing the 1,200 megawatt nuclear power plant at Bousher after the Iranian revolution, Iran's ambassador to Germany Hussein Moussavian told the daily *Iran* on Aug. 29. The suit seeks \$5 billion in damages. German exports to Iran have collapsed in the last three years to 25% of 1991-92.

**RUSSIAN** deputies have collected 70 of the 90 signatures required to call an emergency Duma (parliament) session on the food supply situation in the northern territories, *ITAR-TASS* reported Aug. 27. Only about 50% of supplies have been shipped, and 5 million people may be left without food during the winter.

**CHINA** increased control over stock markets on Aug. 30, the *International Herald Tribune* reported. The new rules ban insider trading, and are intended to control price manipulation. Exchange officials are barred from taking jobs at listed companies or brokerages, and the State Council will now select the head of the stock exchange.