

# Business Briefs

## Infrastructure

### Egypt, Sudan prioritize rail, road construction

Egypt and Sudan are putting the construction of rail and road links at the top of a list of objectives for full normalization of relations and economic integration.

The Egyptian-Sudanese Joint Commission, which will be headed by the foreign ministers of the two countries, is scheduled to meet in Cairo in January, to discuss normalization of relations, integration, and implementation of joint economic projects. It will take up the establishment of institutions and integration formulas in all fields, in addition to the immediate implementation of joint economic projects which will enhance the linking of the two countries.

According to the Egyptian daily *Al-Ahram* on Dec. 28, 1999, Sudanese President Omar Al-Bashir said, "There are projects that have priority, such as the construction of roads, railways, and the different communications capabilities." He emphasized the necessity of "establishing regulations and mechanisms which will prevent any potential crises between the two countries in the future."

## Eurasia

### 'South passage' of Land-Bridge to open soon

Another segment of the Eurasian Land-Bridge is expected to open soon, Xiong Chunfan, chief engineer of the First Survey and Design Institute of the Chinese Ministry of Railways, said in an interview with *Xinhua* on Dec. 30. The "south passage" starts in east China's Lianyungang port, goes west to Kashi in northwest China's Xinjiang Region, then extends to Uzbekistan, and joins the rail network in central and southern Europe. Xiong Chunfan said that this route would open soon after the Nanjiang Railway (the southern branch of the Xinjiang rail line) opened.

The rail line will connect China to the Middle East and southern Europe, including

Turkey, Greece, and Italy, Xiong said. However, there is still a gap along the passage—the planned China-Kyrgyzstan-Uzbekistan international rail line. The three nations have signed an agreement to build this 577 kilometer rail line, which would begin in Kashi and run through Kyrgyzstan to Uzbekistan.

The northern passage of the Land-Bridge connects Lianyungang with Rotterdam. However, a faster route is still needed for cargo transport between China and south Europe, Xiong said. Also, Kyrgyzstan and Uzbekistan are not satisfied with the inefficient transportation system that currently links them with China, and are urging that a new international rail line be built.

## Asia

### Framework proposed for Korea's cooperation

South Korea President Kim Dae-jung proposed creation of a framework for inter-Korean economic cooperation, in a statement on Jan. 2, *China Daily* reported. "I propose that [the South Korean and North Korean] state research agencies start discussion on establishing an economic cooperation framework," Kim said. He called for a positive response from Pyongyang, saying that the proposed body would bring substantial benefits to the two Koreas, and called on North Korea to allow the reunion this year of families separated by the division of the Korean peninsula.

President Kim is to chair a National Security Council session on his proposal. South Korea's Unification Ministry said that Seoul's first goal is to open an inter-Korean government channel aimed at "systematizing" economic exchanges being pushed by private firms. "First of all, the two Koreas need a government channel to systematize scattered economic exchanges being pushed by private enterprises," a ministry official said. "The channel could be expanded later to cover various non-political matters."

On Jan. 1, President Kim, in an interview with the Japanese daily *Asahi Shimbun*, said that a Korean summit might be possible before his term expires in 2003. "What I should do during my term is to end the cold war on

the Korean peninsula, realize peaceful co-existence of the North and South, and establish peaceful exchanges," he said. "I will entrust the job of unification to our successors. It is impossible that the people, who had been unified for 1,300 years will not be unified again just because of several decades of separation."

However, he warned that now, it would not be economically possible to reunify the two Koreas. "We do not have the capability to sustain the North Korean economy right now. It [reunification now] would have more minuses than pluses," he said.

On Jan. 2, President Kim, in an interview with CNN, predicted "significant progress" this year in North Korea's relations with South Korea and its allies. He said that South Korea would be neither "naive" nor "optimistic," despite North Korea's recent overtures to improve ties with Japan and the United States. "We should use both carrots and sticks," Kim said. "We should provide due assistance if the North abides by promises it made. If it does not, we should ensure that it suffers pains."

Kim said that although North Korea's economy improved marginally last year, its situation remained unstable because of persistent food shortages and industrial weakness.

## Energy

### Malaysian firm to build two projects in India

The Malaysia power utility firm Remaco has decided develop two power projects of 105 megawatts each in the state of Tamil Nadu, India, on its own, the *Business Standard* of Mumbai (Bombay) reported on Jan. 3. Earlier, the company was planning to develop both projects as part of a consortium.

The consortium of Remaco, Pristine Infrastructure Development Corp., and the U.S.-based Stone and Webster Development Corp. (S&W) was awarded two projects of 105 MW each. They were to be set up at Thuvakudy and Samayapuram in Tiruchirapullu district in Tamil Nadu. Initially, Pristine was to develop the project, with Remaco as the operations and maintenance (O&M) con-

tractor, and S&W as the engineering, procurement, and construction (EPC) contractor.

"Remaco has decided to set up both these projects, relocated to Paganur village in Tiruchirapalli district. Remaco will be the O&M contractor while the EPC contract is likely to go to Thermax Cogen," a source said. Remaco is a wholly owned subsidiary of Tenaga Nasional Berhad, the Malaysian national power utility company. The Malaysian government holds 70% in the parent company. TNB generates, transmits, and distributes 8,129 MW in Malaysia.

## China

### Government endorses moving water north

China plans to go ahead with its huge "moving southern water north" project, at a cost of several billion dollars, the Jan. 7 London *Financial Times* reported. Wang Chunzheng, vice minister of the State Development Planning Commission, said, "We will definitely do this project." The plan is to transport water from the well-watered south of the country, to the dry north.

"Moving southern water north," which was conceived by Mao Zedong, will require an engineering project on the scale of the Three Gorges Dam. It will involve moving water many hundreds of kilometers, via canals, pipelines, and man-made rivers, through mountains and other difficult terrain. The government had not previously publicly endorsed the project.

A consensus to build the project, despite ongoing controversy, is growing in the government, because of the worsening water crisis in northern China. The water table under Beijing fell by an average of 2.6 meters last year, and by 6 meters in one industrial suburb. Since the late 1960s, the water table beneath Beijing has dropped by 59.5 meters. The Yellow River is so diminished, that it did not even flow to the sea for 226 days during 1997.

The route of the project has yet to be decided. There are three possible routes, one from the lower reaches of the Yangtze River, one from the middle, and one from the upper

section. This might involve taking water from the upper reaches of the Mekong or Irrawaddy rivers, which flow into Southeast Asia. Five of Asia's greatest rivers all originate within a relatively small area, in the Himalayan-Tibetan region.

Wang Chunzheng said it was unlikely that the project would be begun this year, but might be made a key element of China's 10th Five Year Plan (2001-2005), which is now being drafted by senior planners.

## Economic Policy

### Jospin reaffirms intent to curb market forces

French Prime Minister Lionel Jospin, in presenting his New Year's greetings to President Jacques Chirac, reiterated his commitment to exert controls on market forces.

Referring to the lessons which should be drawn from the two catastrophes which recently struck France (a hurricane and an oil spill), Jospin said that "the world is not only a market, our societies require rules, the economy must be at the service of man, and not the reverse. The tempest and the oil spill were not the specimens of the same type. There was, on the one hand, the sudden violence of a natural catastrophe; and, on the other, an accident which a defective international organization was not capable of preventing.

"The sinking of an oil tanker . . . has underscored the dangers of an unbridled globalization, cast off by a savage capitalism. In the face of the often excessive appetite of market interests, the rights of the human person, the quality of our environment, and our resources must be defended," he said.

Jospin characterized his government's policy as one which would "guarantee the security of the French, exert control over market forces, and combat the excess of liberalism." Referring to France's refusal to import British beef, he cited the "determination with which we defended the food security of the French. The freedom of the markets must not be imposed, putting public health in jeopardy."

**EUROPE** can no longer reproduce itself and needs immigrants, according to a UN report, "Replacement Migration," the French daily *Le Monde* reported on Jan. 6. Due to low birth rates and greater longevity, the ratio of active to retired members of society will go from 4:1 to 2:1 in the next 50 years. The report says that Europe will need 159 million immigrants by 2025.

**'FREE TRADE'** kills trade. Bolivia, Colombia, Ecuador, Peru, and Venezuela suffered a 33.3% decline in trade among themselves, from \$5.4 billion in 1998, to \$3.6 billion in 1999. Trade among Mercosur nations (Argentina, Brazil, Paraguay, and Uruguay) fell 29.4%: from \$20 billion, to \$14 billion. So much for International Monetary Fund demands that countries trade their way out of "their" crises.

**RUSSIA** paid to the International Monetary Fund seven times what it received from it, in 1999. While the IMF disbursed \$640 million to Russia in 1999, Russia paid \$4.4 billion in debt service.

**THE MALAYSIAN** construction company Safuan Group will be building the majority of a new township for 40,000 residents of Soweto, South Africa, exemplifying the close relationship between the two nations. The project will link Soweto with South Johannesburg, and has been described as "the first fully integrated township in South Africa."

**FORMER GERMAN** Chancellor Helmut Schmidt declared that the worst aspect of the situation as we enter the new millennium, is the degenerate media bosses who are manipulating the youth into ego-centrism and materialism. But that fits with the present hegemony of "jungle monetarism," he said.

**THE AVERAGE PRICE** of a new house in the United States was \$209,700 as of November 1999, up 17% from one year earlier, the Commerce Department reported on Jan. 6.