

# Business Briefs

## Central Asia

### Rail link gets strong backing from Kyrgyzstan

"The construction of the Andijan-Osh-Kashi railway connecting three neighboring states (Uzbekistan, Kyrgyzstan, and the People's Republic of China), may be called the project of the century," Kyrgyz Television reported on Nov. 5, in its coverage of a conference in Bishkek, the capital. "The railway will become a direct route into landlocked countries and for opening up international markets. Kazakhstan is interested in the project," it said.

Representatives of Uzbekistan, Kyrgyzstan, and China met to coordinate the work of experts for designing the construction of the Andijan-Osh-Kashi rail line, the broadcast stated. The Uzbek delegation was headed by a deputy prime minister, Yunusov; the delegation of the People's Republic of China by the first deputy minister of railways, Sun Yongfu; and the delegation of Kyrgyzstan by the first deputy prime minister, Nanayev. Representatives of "international financial organizations" also were in attendance.

Kyrgyz Prime Minister Apas Dzhumagulov, who met the delegation heads, stated, "The solution of the problem would be a great landmark in our interrelations." The rail line, which passes through China, will shorten travel times and allow Kyrgyzstan access to other countries of the world; it will also be of enormous importance for Kyrgyzstan domestically, connecting the country's northern and southern regions. Construction will be carried out with credit from the Asian Development Bank. If other international financial organizations also help with soft credits, Dzhumagulov said, the task will be entirely feasible. The project is expected to boost the development of the economies of the three nations.

## Caspian Sea

### Iran protests Azeri unilateral actions

Climaxing a long conflict between Iran and Azerbaijan over exploitation of the Caspian

Sea, the Iranian mission to the UN, in a letter to UN General Secretary Kofi Annan, protested against Azerbaijan's formal inauguration of exploration operations in the Cheragh area in the Caspian Sea, *Ettela'at* reported on Nov. 14. Iran said that the action contravened the Iranian-Russian friendship treaty of 1921, and the Iran-U.S.S.R. commerce and navigation treaty of 1940, both of which are to be respected by the U.S.S.R. successor states, according to the Almaty Declaration of Dec. 21, 1991.

Iran, Russia, and Turkmenistan agree, that a conference must be convened to establish a legal regime for the resources of the Caspian Sea, among all the littoral states, which also include Kazakhstan and Azerbaijan. Especially since Heidar Aliyev's visit to the United States, Azerbaijan has intensified its diplomatic activities, aimed at making deals with foreign concerns for the natural resources in the Caspian Sea.

While Iran was making its protest at the UN, talks were continuing in Baku, between Deputy Chairman of the Azeri national Assembly Yashar Aliyev, and Iranian ambassador Alireza Bigdeli, on ways to resolve the conflict. Iran's Minister for Cooperatives Morteza Hajj, who is also chairman of the joint economic commission, left for Baku, for a meeting of the commission scheduled for Nov. 17-20. Iran is Azerbaijan's largest trading partner, with \$60 million worth of exports and another \$40 million through border trade exchanges. Azerbaijan exports \$240 million worth of gas and oil to Iran.

## Petroleum

### Kazakhstan boosts ties with Iran, China

Kazakh Minister of Energy Asygat Zhabagin, in a meeting with Iranian Deputy Minister of Oil Ali Majedi, in Almaty on Nov. 12, called for partnership in exploration and exploitation of oil and gas in Kazakhstan. Kazakhstan already swaps 2 million tons of oil with Iran, which exports oil in turn through its southern ports. Kazakh Deputy Foreign Minister Relan Edrisov expressed eagerness to increase the amount of oil which traverses Iran. They also discussed

problems around developing resources in the Caspian Sea, and reviewed the trilateral co-operation protocol which includes Turkmenistan.

Kazakhstan recently changed the composition of the crude oil it supplies Iran; the crude which was being supplied was found to have high amounts of mercaptan, and could not be processed at Iranian refineries. According to the contract, Kazakhstan is to supply Iran 2-6 million tons of crude for 10 years, and Iran will deliver a comparable amount through the Persian Gulf, to Kazakhstan's customers.

Meanwhile, Kazakhstan has chosen China to develop its third-largest oil field, Xinhua reported on Nov. 6. "China National Petroleum Corp. beat off rival bids from Amoco, Unocal, and Texaco for the prized onshore Uzen oil field, east of the Caspian Sea," because of China's commitment to invest billions of dollars in pipelines linking Kazakhstan's oil fields to China, according to the *Petroleum Economist*. The Uzen field has an estimated 207 million tons of recoverable reserves. In return for exclusive rights to develop Uzen at a cost of some \$400 million, China has agreed to invest in two major pipelines, with a combined length of 3,000 kilometers, in Kazakhstan.

## Trade

### India strengthens economic ties to Sudan

During the first session of the India-Sudan Joint Commission, which ended its three-day session in New Delhi on Nov. 8, India improved its economic ties to Sudan. The focus of the talks related to cooperation in trade, commerce, science and technology, agriculture, and oil and gas exploration.

Indian state radio noted that the first ministerial-level meeting of the commission came two days after the U.S. government imposed sanctions on Sudan. "It is true that India and the U.S.A. had agreed to cooperate in the area of fighting international terrorism, a concern that was articulated during the visit of the U.S. Assistant Secretary of State, Mr. Thomas Pickering, but in its relations with friendly countries, India takes its own deci-

**ALAN GREENSPAN**, the chairman of the Federal Reserve, is keeping about \$2 million of his \$5 million personal wealth in liquid cash holdings, the Nov. 16 *New York Post* reported. Former Federal Deposit Insurance Corp. Chairman William Seidman commented, "Greenspan thinks we're heading for a crash. He's putting his money where his mouth is. . . ."

**IRAN** completed a gas distribution and storage project in Khartoum, Sudan, on Nov. 8, *Ettela'at* reported. The project, carried out by "Iran-Gas," should supply 40% of Sudan's natural gas needs, estimated at 2,500 tons.

**SPOT GOLD PRICES** slid below \$300 per ounce in London on Nov. 14, Reuters reported. The Bundesbank has begun to lend gold to the market, which some see as a step toward outright selling, which fueled the drop. While manipulating the drop in price, the oligarchy is investing heavily in hard commodities.

**THE INDONESIAN** government wire service reported on Nov. 7 that 16 out of 18 central Java coffee growers are facing bankruptcy and will be unable to export. Liquidity to finance exports is tight, and qualifying for a line of credit can take up to two weeks. Exporters report that in one province, only 10,000 tons will be exported out of 45,000 produced.

**A JAPANESE** government panel on Nov. 11 urged the nation to build 20 nuclear reactors by 2010, to cut emissions of greenhouse gases. While global warming is a scientific fraud, nuclear energy is important. Japan now has 50 nuclear reactors in operation, which supply more than 28% of the nation's electricity.

**THAILAND'S** petrochemical industry plans to lay off up to 20% of its workforce by the end of 1997, a company source told *Business Day*. The layoffs come as the nation's debt and currency crises worsen. The industry has \$2.6 billion in debt, incurred in expanding petrochemical and cement operations since 1995.

sions irrespective of the decisions to impose sanctions by third countries," it said.

"In fact, Sudanese terrorists had been inducted into the fold of militants operating in Kashmir, and several militants of Sudanese origin have been arrested by the Indian security forces in Kashmir. . . . To blame the Sudan government for such acts of omission and commission by some Sudanese cannot be taken as a valid ground or a justification for breaking of relations with a big and potentially rich country like Sudan."

## Australia

### Number of homeless rises 50% in 10 years

Some 12-13% of Australia's 18 million population are now in a housing crisis, often unable to feed or clothe themselves after paying the rent, according to surveys compiled by the Ecumenical Housing, Inc., advisers to the National Council of Churches in Australia. It was also found that 61,000 people are now considered homeless, which represents a 50% rise in the last decade, the *Sydney Morning Herald* reported on Nov. 12.

About 575,000 Australians in the private rental market live in poverty after they pay housing costs, while 70% of low-income tenants spend more than 30% of their income on rent. This "housing poverty," the study showed, contributed to family stress, poor health, and poor education outcomes, which reduced employability.

Hal Bisset, director of Ecumenical Housing, speaking on behalf of the National Council of Churches, said, "Governments' faith in the market is not matched by the churches' experience."

## Industrial Policy

### Varta begins 'insourcing' jobs back into Germany

The biggest European producer of batteries, Varta, headquartered in Hanover, with 13,000 employees worldwide, has announced that it will shut down its production

facility in Singapore (500 employees), which was set up as part of the company's outsourcing efforts. Production will be shifted back to Ellwangen, in southwestern Germany.

The main reason given by Varta management for the move is that in order to maintain the company's production at the highest quality level worldwide, the skills of physicists and chemists, as well as the far better infrastructure of Germany, are indispensable. In comparison to these factors, management said, labor costs (i.e., cheap labor, a primary factor in the spread of "globalization") are of only very limited importance.

In a commentary, the Berlin daily *Tagespiegel* reported on Nov. 15 that Varta's decision is by no means a unique case, but is indicative of an overall trend. An economist of the Berlin-based Institute for Economic Research is quoted saying that 20% to 30% of all outsourcing projects by German industrial companies into eastern Europe have ended in utter disaster, that is, resulted in an unacceptable drop in the quality of products, and are now being reversed.

## Commodities

### Iran, Malaysia to set up distribution center

Malaysian Ambassador to Teheran Mohammad Khalis, in a meeting with the Iranian Minister of Transport Mahmoud Hoojati on Nov. 12, announced that Iran and Malaysia will cooperate to establish a commodity distribution center in the special economic zone of Shahid Rajaei Port. Khalis said Malaysia was ready to expand relations with Iran in land, air, and sea transportation, and called Iran "the gateway to Central Asia," IRNA reported.

Khalis said that the center will be set up after the Malaysian minister of transport inspects Iran's transportation network, the Mashhad-Sarakhs-Tajan rail line, and the Shahid Rajaei Port. He said he hoped that transport will be expanded between Teheran and Kuala Lumpur, and added that both countries should strive to increase cooperation in transit of goods to nations in the region and to other destinations.