

# Business Briefs

## Investment

### Croatia, Bosnia, Malaysia meet on cooperation

A three-way meeting among Bosnia Prime Minister Dr. Haris Silajdzic, Croatian Prime Minister Nikica Valentic, and Malaysian Prime Minister Mahathir Mohamad was held in Kuala Lumpur in late October. According to the Malaysian press, the focus of that meeting and other bilateral meetings was on how Malaysia and other countries could help rebuild the two Balkan countries. Trade agreements were also signed.

Because there is no access into Bosnia directly, "Croatia will provide that access through their seaports on the Adriatic Sea. It is their airports which will serve as a gateway to Bosnia," the media said of the discussions. A radio broadcast on Oct. 26 by Kuala Lumpur Voice of Malaysia noted, "Credit should go to Croatia for joining hands with Bosnia in striving to determine a better future for all."

Malaysian investors will initially go into Croatia. "Some of the potential areas include shipbuilding, food processing, electronics, leather products, vehicle assembly, and textile manufacture. There are also opportunities to develop the oil and gas in both countries," the press reported.

## Ukraine

### Shock therapy fuels widespread unrest

Ukrainian President Leonid Kuchma ended all remaining food subsidies in late October, causing prices to skyrocket. The implementation of further International Monetary Fund (IMF) shock therapy measures is fueling the danger of major social eruptions.

Kuchma's move came on top of big price hikes in non-subsidized food prices during September and October. Price rises are ongoing, as a result of the free-fall collapse of the Ukrainian currency, the coupon. Most of the workforce has yet to be paid back wages owed them for four or more months' work.

The Kuchma decree also freed prices for

rents and utilities, including electricity, gas, and water. These prices rose by sevenfold, retroactive to Oct. 1. The physical effect of these increases won't hit people's pockets until the end of December, however, because, in keeping with the practice in the old Soviet system, rents and utilities are paid up at the end of each quarter. Under the Kuchma decree, the price of a ticket for urban transportation went up tenfold, from 100 to 1,000 coupons. For the Kiev Metro, a monthly ticket now costs 175,000 coupons, compared to 20,000 in October. Prices are ratcheting upward on almost a daily basis.

Kuchma said that a new round of increases will take effect on Jan. 1. He made no bones about the fact that this is being done to comply with conditions imposed by the IMF in order for Ukraine to receive a "stand-by" loan of \$1.5 billion. Talks on the loan will begin in Kiev later in November.

## Fusion Energy

### Japan makes progress in magnetic fusion research

The JT-60 tokamak fusion experiment in Japan has extended its world record for the product of plasma density, temperature, and confinement time of plasma to a value 13% higher than its previous results, the science team reported to an International Atomic Energy Agency conference in October.

An operating fusion power plant would require a value approximately three times higher than that achieved in the JT-60, mainly extending the few seconds of plasma confinement to a steady-state, continuous regime. However, the Japanese results represent significant progress.

The Russian fusion program, however, is unable to continue support for international projects, the newsletter of Fusion Power Associates, headed by former U.S. Department of Energy official Steve Dean, reported. The Russian government has been unable to continue to provide its promised one-fourth contribution to the International Thermonuclear Experimental Reactor (ITER), which is now in its six-year design and research and development phase. There is a shortage of hard currency in

Russia, which is needed to send scientists to work at ITER centers in Germany, Japan, and the United States, and there is a shortage of funding for Russia's own fusion research centers.

Sources working on magnetohydrodynamics research report that the Russian MHD research and development effort, which at one time was the furthest along internationally, has been shut down completely.

## Germany

### Bavarian minister says nuclear energy needed

Bavarian Minister for Economy and Transport Otto Wiesheu called for a new generation of nuclear reactors that would further improve safety, at the annual meeting of the German energy industry association (VIK) in Essen.

According to the Nov. 2 German daily *Handelsblatt*, Wiesheu emphasized the importance of the new German-French reactor design EPR (a standardized water reactor), and described this as an indispensable long-term option for Bavaria.

The new generation of nuclear reactors must not be produced only for export, Wiesheu said, but must also be built for use in Germany. He said that the nuclear energy crisis in Germany is revealing industrial policy deficits. It is not the technology that is failing, but "our social-political conditions." The consequence, he said, is the blocking of future technologies and, therefore, future jobs.

## Infrastructure

### Eurasian railway to be 'fully utilized'

Railway ministers of China, Russia, and five Central Asian republics signed an agreement in Beijing on Oct. 28 to fully utilize the Eurasian railway, *China Daily* reported. Chinese Railway Minister Han Zhubin said that he believed that the full use of the Eurasian railway would vitally enhance trade and economic and

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cultural exchanges among nations of the Pacific Rim, Central Asia, Europe, and the Middle East.

The ministers met for three days to work out agreements which would increase use of the Eurasian railway. They agreed to standardize freight rates, introduce international clearing methods, and coordinate national transport plans. They will also upgrade equipment and improve service.

Chai Pu'an, deputy director of the Chinese Ministry of Railways Foreign Cooperation Department, said that the agreement is aimed at enhancing the use of the Eurasian land bridge, which has been seriously hampered by lack of cooperation. The problems have "sharply reduced" passenger and freight travel since the railway opened in 1992, Chai said; in the first six months of this year, freight transported through the Alataw Pass from China to Kazakhstan fell by 33.8%. To facilitate shipping, China will make improvements in the just-finished double-tracked Lanzhou-Urumqi and Lanzhou-Baoji rail lines and speed up the completion of other projects.

## Agriculture

### World Bank official wants to produce food

Worldwide production of food must be increased, a report by the Counselor Group for International Agriculture Research (CGIAR) in Washington concluded, according to the Nov. 1 German daily *Frankfurter Allgemeine Zeitung*. The group is headed by Ismail Serageldin, vice president of the World Bank and chairman of CGIAR.

If production is not increased, the report said, the world would live with the false sense of security that production is sufficient to feed a growing population without confronting the greater difficulties that currently exist. Industrial countries, especially, would think that they could buy everything they want. This indifference is dangerous, because food production has to be more than doubled by the year 2025, warned Serageldin. Already there are many indications that such an acceleration in food production would be difficult to achieve. The amount of land under cultivation has been

stagnating for many years and, at the same time, there is more and more demand for land for construction and other purposes.

Serageldin is reportedly confident that it will be possible to meet the necessary increase in production. A key factor would be to intensify agricultural research. The industrial countries in particular, he urged, have to give more money for the 17 research institutes in developing nations. These institutes played a key role in the "green revolution."

He did not say whether the World Bank was planning to scrap its shock therapy policies, which are in large part responsible for the crisis in world food production.

## Shipbuilding

### Newport News shipyard gets foreign contract

The Newport News Shipyard in Virginia in October signed an agreement with Eleton Corp., a Greek shipping company, for construction of up to four petroleum product carriers, in a deal that could be worth as much as \$152 million. An extension of a federal loan guarantee program to foreign buyers, part of President Clinton's plan to revitalize U.S. shipbuilding according to the Nov. 1 *Virginian Pilot*, made the contract possible. It is the shipyard's first foreign commercial ship construction contract since 1957.

Shipyard Chief Executive Pat Phillips called the contract the beginning of a "renaissance in American shipbuilding. . . . We consider it a very significant contract. . . . It's major from our point of view because it marks our return to commercial shipbuilding."

U.S. Secretary of Transportation Federico Pena said, "These agreements send a powerful message to the world: . . . The United States is back in the shipbuilding industry to stay."

The ships will be built in the yard's submarine construction area using modern serial-shipbuilding techniques. The market for this sort of work is very competitive. The small double-hulled tanker is a basic design, bread-and-butter work for shipyards worldwide. Newport News was competing with subsidized yards in Japan, Korea, and Europe for the contract.

● **TURKEY AND ISRAEL** will sign a free trade agreement by the end of the year, Turkish Prime Minister Tansu Ciller said on Nov. 5 at a joint news conference with Israeli Prime Minister Yitzhak Rabin. Ciller also met PLO Chairman Yasser Arafat in Gaza, and promised that Turkey would help finance construction of an airport and a harbor in Gaza.

● **CHINA** said on Nov. 5 that prospectors had found a major new oil and gas field in Sangzhi county of southern Hunan province. Verified reserves in just one part of the field, called Siwangshan, amount to 3.786 trillion cubic feet, the official Xinhua news agency reported.

● **A SINO-INDIAN** trade bloc should be formed, Chinese Ambassador to Delhi Cheng Ruisheng said in October. He called for an Asian confederation for civil aircraft manufacture, and said that China was interested in collaborating with Hindustan Aeronautics Ltd.; a two-track policy to expand bilateral trade, especially in oil, space technology, mining, and agriculture; and lower duties on consumer products.

● **A NEW RICE** variety developed by the International Rice Research Institute in the Philippines, is expected to increase yields by 25% and needs much less fertilizer than current varieties. Researchers are hopeful that they will be able to increase yields another 25%.

● **TAIWAN** Power Co., a state-owned firm, has agreed in principle to buy uranium from China in exchange for permission to store nuclear waste on the mainland, *China Times* reported in early November. China's offer has "no disadvantages," the daily said.

● **BELARUSSIAN** and German railway companies signed an agreement on a package of technical, administrative, and pricing improvements at a conference in Mikolajki, Poland in late October. Transport of freight by rail through Belarus is expected to be improved.