

Business Briefs

Middle East

Jordan, Syria will build dam on Yarmouk River

Following a meeting of the joint Syrian-Jordanian Yarmouk River committee, an agreement was reached to construct the Al Wahdeh (Unity) Dam, the *Jordan Times* reported on Oct. 14. The project was first agreed upon in 1987, but was sabotaged. The dam, according to Jordan Valley Authority Secretary General Dureid Mahasneh, will be built on Syrian territory.

The project, which will cost up to \$400 million, will provide badly needed water for irrigation and domestic household use. This is the first major infrastructure project to be started in the region since the Oslo Accords of 1993. It has nothing to do with the accords directly, but demonstrates that if there is a political and financial commitment to implement such projects, they can be successful.

Dr. Mahasneh said that "Jordan's decision to build the joint dam reflects its national and pan-Arab commitment which His Majesty King Hussein has been seeking to enhance and promote."

Trade

Iran plans to propose Islamic common market

Iranian Foreign Minister Kamal Kharrazi revealed that the "establishment of an 'Islamic Common Market'" is one of the issues to be discussed at the annual summit of the Organization of Islamic Conference, in an interview with the daily *Kayhan International* in Teheran. Also to be discussed at the OIC summit in December, is "an international Islamic satellite and communications network under the supervision of the OIC to counter the foreign, especially Western, cultural invasion."

This is the first public discussion of such a project, which dovetails with the Developing-8 initiative launched earlier by Turkey. The OIC is an umbrella organization which includes all Muslim countries which wish to be members.

Kharrazi said that the main political items on the agenda were the Palestinian issue and Bosnia-Herzegovina, and that Iran, the host country, had invited all OIC members, and expected most of them to attend at a high level. The summit will mark the beginning of Iran's rotating chairmanship.

Meanwhile, in an interview with the Japanese daily *Mainichi*, which was reported in *Iran News* on Oct. 14, the former President of Iran, Hojjatoleslam Akbar Hashemi Rafsanjani, put economics in the center of political relations. Rafsanjani stressed that it was in the economic interests of both the United States and Japan to improve relations with Teheran.

Central Asia

Iran, Turkmenistan sign deal on oil, gas

Following a visit by Iranian Foreign Minister Kamal Kharrazi to Ashkabad, Turkmenistan, the two nations signed a memorandum of understanding which calls for the creation of a standing committee, led by the foreign ministers, to deliberate on issues related to the Caspian Sea, including oil and gas. They agreed to lay pipelines to transfer Turkmen oil to the Persian Gulf through Iran, and to accelerate construction of a pipeline to transfer gas from Turkmenistan through Iran and Turkey to Europe.

In addition, an international consortium was formed for exploring and exploiting the Caspian Sea resources, and a gasoline refinery will be set up at a Turkmen refinery. The joint economic commission will meet in November. They also agreed to pursue three-way cooperation, with Ukraine. The agreement includes a Turkmen government guarantee for repayment of credit which Iran will allocate for the project.

The standing committee was a proposal of Turkmen President Saparmurat Niyazov. Kharrazi said at a press conference that the foreign ministers of Iran, Turkey, and Turkmenistan would meet in November to discuss the pipeline construction.

The natural gas from Turkmenistan to be

delivered to Iran should begin to be pumped in December, when the pipeline is completed. Turkmen Oil Minister Sardzhayev said that the 200-kilometer Korpedzhe-Kurd-Kui pipeline would carry up to 3 billion cubic meters of gas by 1998, and 8 billion, by the year 2006. Iran has promised to purchase Turkmen gas for 25 years.

Agriculture

Food production in CIS drops dramatically

During 1991-96, food production in the Community of Independent States was cut almost in half. *Agra-Europe* reported, based on figures from the Committee for Statistics of the CIS in Minsk. On average, total production in all of the CIS in 1996 was 52% of what it was in 1991.

In Georgia, Kyrgyzstan, Tajikistan, and Azerbaijan, the collapse in production was the greatest, of 75% to 79%; production fell 24-27% per year. In Russia, Moldova, Ukraine, and Kazakhstan, food production decreased 11-13% per annum; total production was halved in five years. In Belarus and Turkmenistan, 70% of 1991 levels were reached. Only in Uzbekistan did food production exceed 1991 levels, by 11%.

Despite the fact that food processing capacities were cut massively in all states, such facilities are still operating at low levels. In 1996, milk- and meat-processing companies in Russia, Turkmenistan, and Belarus operated at 24-50% of capacity; in Kyrgyzstan and Tajikistan, it was 9-17%.

During 1991-96, meat production in the CIS collapsed 73%, and milk 74%—down to the level of the 1950s. Per capita per year, 26.5 kilograms (58.3 pounds) of milk equivalent and 10.3 kg of meat were produced in 1996. In Azerbaijan, Georgia, Kyrgyzstan, and Tajikistan, milk production was less than 2 kg per capita per year. The same is true for meat production in these countries, plus Uzbekistan; production of meat and sausages is below 1 kg, a fall of over 90% in five years. Only Armenia managed to increase milk production.

In the first half of 1997, total food pro-

duction in Russia was 5% below the level of one year before. The highest decrease, 10%, was in meat production; it is now down to 3.1 kg per capita. Milk production went down by another 4% and egg production by another 2%, the Russian State Committee for Statistics (Goskomstat) calculated. Similarly unbroken is the trend in reduction of numbers of farm animals. The number of cows fell 10.1%; hogs, 13.8%; and goats and sheep, 18.4%. Total land area under cultivation decreased by 4%, to 95.7 million hectares.

Demographics

Depopulation a danger, researcher warns

Nicholas Eberstadt, from the American Enterprise Institute and the Harvard Center for Population and Development Studies, warns that if current trends in fertility decline continue, the world could see "a future whose social, political, and economic outlines promise to break sharply with anything in recorded experience." His remarks, in a commentary in the Oct. 16 *Wall Street Journal*, were adapted from an article in the autumn issue of the *Public Interest*.

While most of the news from the Twenty-Third General Population Conference, held in Beijing in October, focussed on the "threat" of overpopulation, Eberstadt states, "this danger may be a myth." He reviews the drops in fertility rates in the advanced sector, and reports that the UN Population Division now projects the decline in fertility to continue also in the developing sector.

This fall in fertility will have dramatic consequences for the age distribution of the population, Eberstadt states. In 1900, the median age of the world's population was about 20. By 1995, it had reached 25. If fertility continues to fall, by the year 2050 the median age worldwide could be 42, and in Japan, it could be 53, in Germany, 55, and Italy, 58. However, even these figures may be optimistic, because Eberstadt assumes that life expectancy will continue to rise, which is clearly impossible under the economic ca-

tastrophe that is befalling the world's population.

To give a flavor of what the world would look like under depopulation, Eberstadt states: "Consider the possibilities for Italy, currently the country with the world's lowest fertility level. If Italy's current regimen is extended for two generations, almost three-fifths of the nation's children will have no siblings, cousins, aunts, or uncles; they will have only parents, grandparents, and perhaps great-grandparents." The UN's projections, based on the trends today, Eberstadt states, "imagine a world in which the only biological relatives for many people will be their ancestors."

Economic Policy

Nobel Economics Prize backs derivatives bubble

The Royal Swedish Academy of Sciences has awarded the 1997 Nobel Economics Prize to Harvard Prof. Robert C. Merton and Stanford Prof. Myron S. Scholes, for "a new method to determine the value of derivatives." Said the Academy: "Their method has contributed substantially to the rapid growth of markets for derivatives in the last two decades."

The award is the equivalent of giving an award to the creators of a disease rather than to the scientists fighting to cure it. Derivatives instruments are the main part of the speculative bubble threatening to disintegrate the global financial system.

Merton and Scholes are founding principals of Long-Term Capital Management, a three-year-old hedge fund based in Greenwich, Connecticut, and run by former Salomon Brothers trader John Meriwether. It takes "trading positions as big as \$100 billion" and leverages "its capital as much as 20-to-1, according to rival traders," the Oct. 15 *Wall Street Journal* reported. The partners of LTCM have shared more than \$1 billion in profits, but the ride may be coming to an end: "Recently, however, faced with falling returns, the firm decided to return nearly half its \$6 billion in capital to investors."

A SECOND hunger belt, in addition to that in the Sahel region in Africa, has been developing from Sudan to Rwanda, the UN Food and Agriculture Organization says. Included are Ethiopia, Burundi, Eritrea, Kenya, Congo-Zaire, Somalia, Uganda, Tanzania, and Sudan. The region will need at least 2 million tons of food aid this year.

IRAN, ARMENIA, and Greece signed a telecommunications cooperation agreement in Yerevan on Oct. 12, which will make it possible to set up picture, voice, and computer data transmission among 100 countries of the world at the lowest cost and with higher quality, according to IRNA on Oct. 15.

IRAN plans to buy six vessels from China, each with a 20-25 thousand ton capacity for \$20-24 million each, *Iran News* reported on Oct. 15. "The fleet has transported . . . 8% of the total cargo moved in the country, and hopefully it will increase that share to 15% by the year 2001," an official said.

BRITAIN is promoting the "Spotlight U.K." trade exhibition in Indonesia, with 70 firms, involved in oil and gas, water, health care, and fashion, participating. The Tony Blair government seems to be trying to patch up relations after nixing two defense-related contracts because of possible human rights abuses.

THE PERSIAN Gulf Arab states, due to financial pressures and growing unemployment, are expelling masses of foreign workers and replacing them with native personnel. One-third of the 18 million workers in Saudi Arabia, for example, are foreigners.

AZERBAIJAN and Iran are stepping up economic cooperation. Iranian Minister for Roads and Transportation Mahmoud Hojjati recently called for building a road from Astara to Astarakhan, and said that a rail line should be built; he said aviation cooperation would be expanded.