

Business Briefs

Health

Iraq's Child Mortality Rates Doubled in Decade

Childhood mortality rates have doubled in Iraq during the last decade, and UN sanctions are being blamed. According to Mohamed Ali, a researcher at the London School of Hygiene and Tropical Health, the increase in death rates, especially in southern and central Iraq, is due to decaying hospitals and health care, malnutrition, shortages of water and power, and increases in communicable diseases. Infant mortality in southern and central Iraq increased from 47 per 1,000 live births during 1984-89, to 108 per 1,000 in 1994-99. Children under the age of five are particularly vulnerable to disease, due to the unsanitary conditions.

The study was published in the British medical journal *The Lancet*. An editorial in the journal blames Saddam Hussein for these conditions, adding that the United Nations is a "secondary perpetrator" of them. It recommends the "courageous policy" of suspending, not abandoning, UN sanctions, "lest upcoming generations of Iraqis, out of resentment, suffering, and isolation, grow up to be as aggressive as their current leader."

Trade

Opportunity Awaits U.S. Businesses in China

U.S. business leaders are "salivating lately as they contemplate the massive profits they say await them" in China, the May 22 *China Daily* reported. The U.S. Chamber of Commerce claims that the United States will increase exports to China by \$13 billion in the next five years. The U.S. Department of Agriculture claims that agricultural exports will triple, up from \$1 billion to \$3 billion.

However, this is little enough, given that the U.S. trade deficit with China, its fourth-largest commercial partner, last year rose to \$56.9 billion. U.S. exports to China have grown slowly since 1988, from about \$5 billion then to just under \$20 billion last year.

"Do the math," said U.S. Chamber of

Commerce president Thomas Donohue. "Nearly 1.3 billion people live in China, 20% of the world's population. But their economy only produces 3% of the world's goods and services. They have only 7% of the arable land. This trade agreement [permanent normal trade relations, passed by the U.S. House of Representatives on May 24] opens that market to American businesses, workers, and farmers." The trade deal will slash Chinese tariffs on U.S. industrial and agricultural goods by 50% or more over five years.

High-tech industry is especially anxious to increase exports to China. The High-Tech Industry Coalition testified that China in 1998 was the world's 12th-largest market for electronics exports, at over \$3 billion. By 2003, the Coalition claims, China will be the third-largest outlet for personal computers after the United States and Japan, with more than a million Chinese citizens planning to buy a computer in the next two years, according to the International Data Corp. The Business Software Alliance is also salivating over the China market. Insurance wants to get its hand in, claiming that the Chinese insurance market is worth \$10 billion, and that China, with one of the highest individual savings rates in Asia, spends less on insurance than 28 U.S. states.

Thailand

IMF's Claims of Recovery Greeted with Bronx Cheer

In mid-May, International Monetary Fund (IMF) Thai representative Shogo Ishii and IMF Acting Director Stanley Fischer lavished praise on the Thai "recovery." Ishii said, "Thailand's graduation from the IMF support program marks another milestone in its economic development." Fischer said, "Recovery is under way and an ongoing reform strategy is in place to address weaknesses," calling the recovery "impressive." But compare such remarks to the following:

Bangkok Bank CEO Kosit Panpiemras, now head of the Thai-U.S. Business Council, and a former Finance Minister, said recently that the IMF-defined targets simply don't apply when poverty rates are so high. "In a

year where incomes in rural areas declined because of reduced prices, the policy focus would have to be adjusted, and poverty cannot be forgotten." The IMF claim that exports will sustain growth is also probably false, "given the anxiety over international financial markets and slow recovery in Japan." Attacking IMF support for the Central Bank's recent effort to reject government policy demands, Kosit said: "This is not the time to worry about independence [of the Central Bank], so much as about strengthening [ourselves] to react to external volatility," a reference to the Asian Monetary Fund-related ideas.

Thanong Khanthong, Thailand's leading economic journalist, with *The Nation*, said that while the IMF talks of recovery, "International money managers and investors have packed their bags and pulled out of Thailand en masse, triggering yet another crisis of confidence." Describing near-panic in the country, Thanong says that *new* non-performing loans now exceed the retiring of *old* non-performing loans, while the stock market has plunged by 30% and the currency is sliding again. He also points to the coming U.S. crash as the greatest danger.

The Thai Farmers Research Council released a report on the "remarkably fragile state" of the stock exchange. Morgan Stanley Capital International Index and the FTSE World Index have drastically reduced their grading of the Thai market, feeding the renewed flight of foreign capital.

Deputy Finance Minister Pisit Leeratham warned that the "debt crisis" was making recovery most unlikely.

The Balkans

Bulgaria Crippled by IMF Policies

International Monetary Fund (IMF) policies in Bulgaria have caused the worst level of unemployment in nine years, and have driven the economy below 1995 levels. The latest official labor market statistics reveal a national jobless rate of 19% for April, 30% more than the 13% reported for April 1999. It is the highest jobless rate since official sta-

tistics started being kept according to Western methods in 1991.

The main reason for the rise of unemployment is the decline in industrial output by 31.2% over the last three years, caused by widespread foreclosures. The biggest drops occurred in 1998 and 1999, of 12.7% and 12.5%, respectively, and in 1997, output dropped by 10%. As a percentage of the national economy, industrial production has fallen to 28.9%, whereas services have increased to 44.6%. Farming accounts for 26.5%. The economy has fallen way below its level of performance of 1995, the Institute of Social and Trade Union Studies said at a press conference in Sofia, on May 23.

Experts of the Confederation of Independent Trade Unions in Bulgaria, however, say that the real jobless rate is above 25%. Confederation president Zhelyazko Hristov charged that the IMF bears the main responsibility for the fact that Bulgaria, by implementing its recommendations, has fallen behind other central and eastern European economies.

South Asia

India, Iran To Develop Strategic, Economic Ties

The foreign ministers of India and Iran met on May 22, reviving efforts to improve strategic and economic cooperation between the two countries. In Tehran, a meeting of the Joint Business Commission drew 23 representatives from Indian companies and business associations. Mr. Khamoushi, the head of the Iranian Chamber of Commerce, has said that over 200 industrial corporations will be privatized in the country's second five-year plan, which would provide opportunities to the Indian investors who are eyeing the emerging Central Asia market. India is also talking to Iran about laying a natural gas pipeline from Iran to India through Pakistan.

To promote a long-term energy partnership, India and Iran have announced creation of a high-level forum to identify the best possible means of transporting the vast natural gas reserves of the Persian Gulf and Central Asia to the Subcontinent, *The Hindu* re-

ported on May 23. In announcing the decision, India's External Affairs Minister Jaswant Singh and his Iranian counterpart, Kamal Kharazmi, avoided for the moment whether Pakistan should be a part of a major strategic deal between India and the Islamic world.

Iranian natural gas can be conveyed by ship, sub-sea pipeline, or overland pipeline through Pakistan. The first two options raise project cost significantly, while India's security concerns constrain the choice of the third option.

The joint working group will be headed by the two foreign ministers, and will raise the ongoing regional discussions on natural gas pipelines to the political level. It could also accelerate long-pending decisions on big projects that could lead to enduring economic and political bonds between India and its petroleum-rich neighbors.

Canada

Budget Cuts Blamed for E. Coli Outbreak

Public Utilities Commission authorities in Ontario, Canada were aware of the presence of *E. coli* bacteria in the water supply of the community of Walkerton for a week, but failed to alert residents. More than 1,000 people have taken ill, and as of May 31, six people have died, four children at the London Health Sciences Center were in critical condition, and seven others were in the hospital's pediatric ward.

On May 26, it was reported that a private laboratory had detected coliform bacteria in Walkerton's wells on *five occasions* between January and May. GAP EnviroMicrobial Services informed the district office of the Environment Ministry in Owen Sound, but apparently there was no follow-up.

On May 28, demonstrators protested the Conservative government's budget cutbacks, which are being blamed for the failure to act. Meanwhile, the epidemic has spread to southwestern Ontario, including the towns of Windsor, London, and Kitchener. The area's medical officer for health said he expects the death toll to climb. "This epidemic is not over yet," he warned.

INDIA'S northeast provinces will request of Prime Minister Atal Behari Vajpayee at a meeting in June, that the 1,079 mile "Stilwell Road" linking India to China via Myanmar be reopened, Mukut Mithi, Chief Minister of Arunachal Pradesh, told Agence France Presse on May 26. "Our region would then have the potential to become the hub of business activities and the gateway to South Asian economic centers," Mithi said.

SUDAN has concluded two contracts with China for purchase of power engines and irrigation water pumps. China will provide Sudan with 40 electric power engines, each with a daily output of 1 megawatt, worth \$9 million, and 256 irrigation water pumps, valued at \$8 million, to boost agriculture.

SOUTH AFRICA'S electricity parastatal ESKOM plans to invest more than \$1 billion in Africa over the next five years, as part of the Thabo Mbeki government's vision of an African Renaissance, Public Enterprise Minister Jeff Radebe said on May 22. ESKOM Enterprises would invest \$445 million in West Africa, \$245 million in East Africa, \$24 million in Southern Africa, and \$86 million in Central and North Africa.

MOZAMBIQUE'S sugar industry is threatened by a pull-out of investors if the government yields to pressure from the International Monetary Fund to end protection for domestically produced sugar. In November 1999, an IMF team said that the protection should be slashed so that by 2002, it would be no more than 20% above the world price.

PAPUA NEW GUINEA Prime Minister Sir Mekere Morauta has announced plans to sack 7,000 public servants, one-quarter of all government workers, with a \$90 million World Bank loan that promotes "good governance." Also, "The loan will be used to strengthen the Privatization Commission and allow it to go ahead with the sale of all significant government assets," he said.