

Business Briefs

Aerospace

India, China, S. Korea will form consortium

India, China, and South Korea have formed a consortium to manufacture what could be the Third World's first 100-seat passenger aircraft, which is expected could be put into operation by the turn of the century, according to Chinese and Indian press reports. The deal is a giant step forward for industrial cooperation in Asia.

A memorandum of understanding was signed in Shanghai on Aug. 29, officials in New Delhi said. Details were not yet available, but indications are that India and China would have 30% equity each while South Korea would have 40%.

China has begun assembly of McDonnell-Douglas passenger jets, according to the overseas broadcast of the China Central TV program on Aug. 29. It reported that the manufacturers from 10 major cities of China will supply parts, which could account for up to 70% of the McDonnell-Douglas jetliner components. The Chinese-assembled planes will take to the sky in 1998.

Agriculture

Italy hit with drastic output decline in 1994

Figures published by Coldiretti, the largest association of Italian farmers, show serious production declines in almost all agricultural commodities in Italy in 1994. Coldiretti said that the main reasons for the decline are the European Union agricultural policy and General Agreement on Tariffs and Trade.

National agricultural production decreased overall by 2%, led by drops in wine (-8%), olive oil (-17%), and citrus fruit (-14%) production. Meat (cattle) production has decreased by 1 to 2%. Employment in agriculture decreased 3.8%, causing the closure of many farms, especially in hill and mountain areas. Roughly 450,000 hectares of farmland have been set aside. Value added compared to costs has decreased from 4.9% to 4.4%.

The Italian Association of Pasta Producers

denounced the scarcity of durum wheat and called for a change of the European agricultural policy, in a statement in late August. "The European Commission announced a production deficit of about 1.5 million tons relative to industrial consumption, and a reduction of stocks to the zero level," it said. Such a situation, "considering that prices of raw materials in Europe have had, at the beginning of the marketing campaign 1995-96, increases of more than 40% compared to last year, with expectations of further increases, will have repercussions also on prices of semolina and food pastas."

The Confederation of Italian Agriculture, another farmers' group, supported the association's criticism and proposed "a self-governing of production, together with a treaty between agriculture, industry, and trade sectors," and common action of all European farmers organizations to defend "consumers' interests."

Banking

Japan crisis has 'global implications'

The banking crisis in Japan is becoming more serious. On Aug. 30, several hundred customers of the credit union Kizu Shinyo Kumiai stormed the 27 branches of the bank to pull their money out, until the offices were closed on government order. It is the biggest of the 400 Japanese credit unions, and is twice as big as Cosmo, which was hit by crisis in August. According to official data, Kizu Shinyo Kumiai has about \$6 billion of bad loans. On the same day, the liquidation of the regional bank Hyogo was announced by the government. Most of its branches will be closed down, and remaining business will be taken over by other banks. European press, such as Deutschlandfunk economic radio news, said the crisis had "global implications."

The government is putting together a bank restructuring plan. The final cost to Japanese taxpayers of the bailout is estimated to be "between \$700-800 billion before the problem can be settled," one source close to Tokyo financial circles told *EIR* on Sept. 1.

According to the source, the Kizu credit union and the Hyogo Bank were problems that

"were known for months. It was a deliberate political decision to surface the press reports of their troubles just now and trigger another mini-panic. Understand that the Ministry of Finance is trying . . . to create a new popular consensus where taxpayers will somehow accept the idea of paying the huge bank bailout costs," the source said. "But no one inside Japan is asking the really fundamental questions of how such an incredible bubble was allowed to be created in the first place. That is the worrying aspect."

China

Township structure to use higher technology

The Chinese plan to change the nature of the vast township enterprise structure, away from low-technology process industries toward high-technology manufacturing, Vice Minister of Trade and Economic Cooperation Tin Shanzai said at a conference on exports from the township enterprises, the Chinese daily *Nongmin Ribao* reported from Beijing on July 6.

Tin laid out the changes necessary during the Ninth Five-Year Plan, which begins next year: "1) a change of emphasis from quantitative growth to qualitative improvement; 2) a change from simple manufacture of low-grade primary products to precision and in-depth manufacture of high-grade quality goods; 3) a change from blind production of commodities to production of exports in line with international market demand . . . ; and 5) a change from the operating modes of small and decentralized to intensive operations of scale."

Germany

Economy may be on the Titanic, banker warns

Norbert Walter, the head of the research department of Deutsche Bank, warned that "all of us Germans may be on board the *Titanic*." He said, in an interview with the British Broadcasting Corp. on Aug. 29, "We are acting as

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if things were normal, but we have already hit the iceberg, and we just don't want to admit it."

According to the August 1995 monthly report of the Bundesbank (German central bank), nothing really can be said right now on the state of affairs of the German economy, because of the ongoing restructuring at the Federal Statistical Office in Wiesbaden. From the beginning of 1995, all statistical data are supposed to be in accordance with European Union standards. This has created a "statistical fog," just at the moment when unemployment and bankruptcy figures signal the end of the "shortest recovery in German history."

However, the wave of bankruptcies is expanding. On Aug. 28, the German Association of Factoring Companies in Mainz announced a 29% increase in business in the first half of 1995, compared to 1994, due to the unprecedented rate of bankruptcies. The fear of bankruptcy among trading partners has led more and more companies to sell their expected payments to a factoring company. The association said that international business was also up 62%. This is because companies outside Germany are worried about the level of German bankruptcies.

Nuclear Energy

Use plutonium in nuclear reactors, experts urge

A blue ribbon panel of international nuclear experts urged that surplus weapons plutonium be burned as fuel in civilian power reactors in the United States, Russia, and other nations, in a report on plutonium management released on Aug. 22. The panel was convened by the American Nuclear Society and chaired by Dr. Glenn T. Seaborg, who discovered plutonium, and included former government officials, weapons and disarmament specialists, and international nuclear experts such as Bertrand Goldschmidt from France, who was a student of Marie Curie and pioneer of the French nuclear program, and Nikolai Ponomarev-Stepnoi, vice president of the Kurchatov Institute in Russia.

Burning plutonium as fuel is the fastest and most effective way of disposing of surplus

weapons plutonium, the report said. The panel recommended that the United States reverse its decision to stop work on reprocessing and on breeding nuclear fuel. "Plutonium is a valuable energy resource, not a waste material to be buried," it said.

The report also called for the safe storage of surplus weapons plutonium in the short term under the "strict non-proliferation safeguards" of the International Atomic Energy Agency. Unfortunately, in its environmental section, the report makes the case for nuclear energy by citing the fraudulent "global warming" thesis and mandated CO₂ emission limits. However, the report affirms that the developing sector should not have "to forgo the benefits of abundant energy that the industrialized world has enjoyed for many decades" and that there is "no need for international uniformity" in how individual countries configure the nuclear fuel cycle.

Dope, Inc.

Let Laos become a 'tax haven,' says FEER

The *Far Eastern Economic Review*, a Hong-kong-based mouthpiece for the British oligarchy, called for Laos to become a new Cayman Islands for Asia, i.e., a center for money-laundering, in its Aug. 17 issue.

Sherry Buchanan wrote that Laos, "whose main resources are electricity, timber, and opium, does not have the resources for an export-driven economy. . . . It would likewise be difficult for Laos to become a manufacturing base." The solution? "Laos' real future lies in becoming a service economy for both its rich neighbor Thailand and its upwardly mobile ones, Vietnam and China." To achieve this lofty goal it should "become a tax haven." Laos already gets advice from the World Bank, the U.N., and Harvard, she wrote, but they would "get much better value for their money—and some more pointed advice—were they to fly in a few bankers from the Isle of Man, Bermuda, the Cayman Islands and Switzerland."

The same issue also reported on calls for Cambodia to forgo industrial development and turn the entire country into a national park.

● **INDIA AND RUSSIA** signed a memorandum of understanding covering cooperation in the fields of ferrous, non-ferrous, and precious metals, Indian press reported on Aug. 16. Russia has shown high interest in the alumina smelting capacity in India and in the copper sector.

● **CHILEAN** investments abroad have risen to \$6.6 billion, \$1.6 billion in the first quarter of 1995, the Peruvian daily *Expreso* reported on Aug. 17. Half of the investments were in oil. Chile has long been a platform for British operations and money in Ibero-America.

● **ISRAELI** Foreign Minister Shimon Peres and Jordan's Crown Prince Hassan, during a meeting on Aug. 28, discussed plans for a joint airport near the Red Sea resorts of Eilat and Aqaba. The project, which has already received a \$500,000 grant from the U.S. Trade and Development Agency, will be presented at the upcoming economic summit in Amman.

● **CHINA** and India will cooperate in a \$170 million iron ore mining project, according to an agreement signed on Aug. 11, Indian press reported. China will supply equipment and coking coal for the project; India will export iron ore to China.

● **IN LONDON**, "smart money has quietly started to liquidate holdings in the New York Stock Exchange," a financial source told *EIR* on Sept. 1. "The peak of the 1929 U.S. stock market bubble was not October 1929, but many weeks before, whereupon insiders quietly began to unload their stocks on the naive who were still convinced stocks were rising. Similarly in 1987. . . . So, today."

● **CHEMICAL BANK**, the fourth-largest banking company in the United States after having swallowed Manufacturers Hanover in 1991, is buying Chase Manhattan, the sixth-largest banking company in the country, in a \$10 billion stock swap, the Aug. 28 *Wall Street Journal* reported. The bank will take the Chase name.