

Business Briefs

Germany

Less investment, more unemployment forecast

Less investment and more unemployment and short-work in Germany's capital goods production industry have been forecast for the second half of this year, in a report by the Munich-based IFO research team on March 25.

Except for the chemical industry, production perspectives are grim in the electrical engineering, truck-manufacturing, machine-building, machine-tool, and construction equipment industries, the IFO report warned.

More small and medium-size companies will have problems surviving, and only a handful of companies intends to employ more skilled workers and engineers. Many companies plan to reduce their workforce, concentrate on a smaller range of products, and reduce output, and many companies will have to announce short-work to bridge periods with idle capacity caused by a lack of new orders.

Nuclear Energy

China to build more nuclear plants

Chinese officials said that Guangdong province near Hongkong will build more nuclear power plants, according to wire reports on March 27. An official of Guangdong Nuclear Power Holding Corp. said that the company hopes to put 8 to 10 more 1,000-megawatt nuclear reactors on line by 2010, to keep pace with energy demand, in addition to two French-built reactors (900 MW each) already in operation at Daya Bay, near Hongkong, and two additional reactors (1,000 MW each) in Daya Bay's planned Ling'ao expansion, for which ground will be broken in July.

Nuclear power accounts for less than 1% of energy needs in China, which relies primarily on coal, but the government has said it would produce 10 times as much by 2010, would build a world-class nuclear industry this decade, and even begin to export

1,200 MW stations.

Meanwhile, U.S. nuclear firms are failing to compete in China because of the policy of the U.S. Congress of curbing exports, an industry spokesman told the U.S. Congress in March. China is making most deals in Beijing's international power industry exhibition with partners other than American firms.

U.S. business executive Steve Barber from General Electric Nuclear Energy, said, "U.S. companies are looking forward to the removal of U.S. curbs so we are not left in France's dust in terms of reactor orders."

"It's like fighting with your hands tied behind your back," said Dick Gaskins, president of the Westinghouse unit, Westinghouse Electric China. "Because of the curb on exporting U.S. hardware, we are in the odd position of being prevented from doing work in the United States. . . . It's too bad for the U.S. worker."

South Africa

ANC faction strives for 'Asian tiger' model

South Africa's Deputy President Thabo Mbeki told the "ASEAN Tigers and African Lion Business Conference" that the government is committed to the same kind of "growth-creating policies that helped fuel success in ASEAN States like Singapore, Malaysia and Thailand," wire services reported on March 26. Mbeki has reportedly taken over much of the day-to-day running of the government and is generally thought to be Nelson Mandela's successor.

However, the economic policy steps he referred to were not promising, but in the realm of free trade. Mbeki said that public finances would be reined in, tax levels capped, the last foreign-exchange controls scrapped, and the tariff-protected economy opened up further to global trade. "We are determined to follow the example of our ASEAN guests by achieving high rates of growth on a sustained basis," he said. "We have been very keen to learn what we could of the factors that led to the ASEAN economic miracle."

Anglo-American Corp. is putting the nation under intense pressure to privatize, and

various economists, such as Nico Czipionka, chief economist at South Africa's Standard Bank, want the government to target the labor movement. They singled out a highly regulated jobs market as one of South Africa's main problems, with union agreements and minimum wages providing well-paid jobs in organized industries while one-third of the workforce was jobless. They said the government, while moving in the right direction, was too hesitant to push through unpleasant measures and too ready to give in to domestic pressure groups.

Singapore's National Development Minister Lim Hing Kiang is quoted that African countries have to tie their economies more closely into the global economy and find a way to bring in foreign investment which had so far stayed away. He urged them to diversify and lessen reliance on commodities.

Middle East

Enron, Jordan sign for plant in Aqaba

Jordan has signed a letter of intent with Enron Corp. to build a \$300 million plant in Aqaba to supply Israel and Jordan with natural gas from Qatar in the year 2000, company officials said on March 26, wire services reported. The plant will handle up to 2.5 million metric tons annually of Qatari liquefied natural gas, with some 2 million tons expected to go to Israel and the rest to Jordan—and possibly to Palestinian self-rule areas.

Jordan will provide the site for the construction of the LNG plant in Aqaba, and other investor guarantees and incentives, industry executives said. Qatar gave Enron approval to market 5 million tons of LNG annually, half to India and the rest to the Middle East, from a planned \$4 billion joint venture in Qatar.

A spokesman for George Bush's office in Houston claimed that Bush no longer has any official ties with Enron. But the connection still exists, he said, because Ken Lay heads Enron Corp., and Lay is good friends with the Bush family, and engaged with them in extensive "charity" work all over the world.

According to the agreement, Enron will

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own 50% of the project and the rest will be owned by private Jordanian and Israeli investors (25% each). This comes in the context of mass privatization in Jordan. A new law has been ratified by the Jordanian Parliament and is awaiting the king's signature, which would allow the private sector to own and control power generation plants and energy production. This deal will be the biggest Israeli-Jordanian private joint venture since the signing of the peace agreement between the two governments.

Europe

Ban on British beef kept, but EU to pay

On April 3, the European Union agriculture ministers reached interim agreement on a set of actions on to deal with the England-centered bovine spongiforme encephalopathy (BSE) disease outbreak. According to preliminary information, the EU ministers refused to grant U.K. Agriculture Secretary Douglass Hogg's request to lift the ban on British beef exports, but they acceded to London's demand that the EU cover compensation costs for destroying cattle herds in which BSE-infected animals have been identified.

More than 4.5 million animals are to be culled, over an estimated six-year time period. The details are still to be worked out. The costs to the EU, it is estimated, will run at least \$1.9 billion.

The record is clear that BSE, or so-called "Mad Cow" disease (first officially reported in England in 1985), was needlessly spread by Thatcher government (1979-90) policies, which deregulated the hygiene requirements for livestock feed, and failed to take necessary veterinary, and food and feed protection measures (see *EIR*, April 5, p. 4). Therefore, EU nations are being made to shell out, not for a natural disaster, but for negligence by the Thatcher and Major governments.

In recent months, 10 anomalous cases of the human counterpart to BSE, called Creutzfeldt-Jakob disease, have been said to be under study by British scientists to determine if there is a possible transmission link from BSE. Britain has not made the results of the investigations available to other nations.

Among the points of the EU decision are: 1) All British cattle that today are over 30 months of age, will not enter the food chain when slaughtered, but be cremated instead. 2) Britain has to reintroduce the pressurized batch system, in which animal wastes are cooked at 137° Celsius under requisite pressure for 20 minutes. 3) The EU will cover 70% of the compensation to British farmers; London has to pay 30% and carry the costs for cremating the carcasses. 4) London has to present to the EU Commission by the end of April, detailed plans for selective cullings of cattle that were given possibly contaminated feed.

Health

World faces explosion of malaria cases

The world is facing an explosion of malaria cases, and most of the new cases are of drug-resistant varieties, according to a series of reports by the World Health Organization (WHO). Malaria, which had almost been eradicated worldwide in the early 1970s by the use of DDT, has made a frightful comeback. The WHO estimates that there are perhaps 300-500 million clinical cases of malaria per year, with an estimated death toll of 1.5-2.7 million, mostly young children. Some experts estimate, however, that the death toll may be 4-5 times higher.

WHO has developed a more accurate count of malaria cases by changing the official definition for reporting cases. Most of the cases of malaria have not shown up in any statistics, because the guidelines were that the cases had to be confirmed using a microscope to examine the blood samples. There are few, if any, laboratories or microscopes in most of the world, so most cases have not been counted. The new definition is based on disease symptoms.

The provisional total number of cases reported to WHO in 1993 was 5.1 million (using the old microscope-based method). Of the total number of cases reported to WHO in 1993 (excluding Africa south of the Sahara), more than two-thirds were concentrated in six nations (in decreasing order): India, Brazil, Sri Lanka, Vietnam, Colombia, and the Solomon Islands.

RUSSIA'S military-industrial complex could be completely destroyed by June, Vitali Vitebsky, of the Defense Industry Committee's economic department warned on March 20. Overall, February output was 81.7% of February 1995; the number of personnel dropped by 14.1%.

FRENCH National Assembly Speaker Philippe Séguin told a group of European parliamentarians on March 28 that jobs should be the European Union's priority. "Ultra-liberalism and its excesses have reached their limits throughout Europe, and mean we must adopt a new approach to our economies," he said.

CRUDE OIL futures prices soared to a four-year high, to as much as \$23.39 a barrel on March 19, after it became clear that Iraq has run into new problems in gaining approval from the United Nations for sale of crude oil to finance the purchase of medicine and food.

ALUMINUM prices offered by Russia will undersell Europeans, President Boris Yeltsin told a group of Norwegian businessmen March 25. "We will undercut the European market prices," Yeltsin said. "Continue to do your paperwork via the London market, I mean the London banks, and buy aluminum: You need it."

CORPORATE pay in U.S. firms in 1995 rose while the economy contracted, according to a survey by Graef Crystal, an expert on compensation, the March 29 *New York Times* reported. The median salary and cash bonuses of CEOs at 76 of America's largest 150 companies rose nearly 15% in 1995, to \$2 million. But when "other compensation" is added in, it rose by 31%, to \$5 million.

CHINA'S Academia Sinica is developing a space-based solar telescope to study the surface of the Sun, which it plans to put in orbit with German help, the *World Journal* reported. The telescope will lead to breakthroughs in the space technology of the next century, it said.