

Business Briefs

Labor

Australian court: right to strike 'irrelevant'

A three-member bench of the Victorian Court of Appeal has effectively eliminated the right to strike, by overturning an earlier decision by a Supreme Court judge on an industrial dispute, who had declared that the right to strike was a "fundamental right," the Oct. 7 *Australian Financial Review* reported. The Appeal Court declared this finding to be "irrelevant."

Instead, the Appeal Court found that, under the government's new industrial relations legislation, the Workplace Relations Act, it is now up to the discretion of courts, whether to allow strikes. This overturns earlier Australian decisions where civil courts, accepting the right to strike, had always deferred to industrial tribunals which adjudicated in labor disputes. Though unions may still strike under the new Workplace Relations Act, they may only do so under relatively onerous conditions, and are otherwise open to gigantic fines and other penalties.

Justice John Phillips delivered a unanimous judgment which said that the Workplace Relations Act "thrusts the parties towards the common law courts. Emphasis no longer is on resolution of disputes by tribunals, but by parties themselves, by means of direct action."

India

Infrastructure projects needed, says financier

India's sluggish economy needs a kick-start, K.N. Atmaramani, managing director of Tata Asset Management Ltd., said on Oct. 9, wire services reported. "The key factor is to clear the way for infrastructure projects," he said. The Tata fund is India's third-largest private fund, and is 20% owned by Dresdner Kleinwort Benson, the investment bank unit of Germany's Dresdner Bank AG.

Atmaramani said, "The RBI [Reserve Bank of India] can only provide the tool. It is the government which has to roll up its sleeves and get things moving."

The RBI is poised to loosen credit policy and lower interest rates on Oct. 21, when it announces the country's next six-month policy, Atmaramani said. But, he argued, simply lowering interest rates will not impel economic growth, because poor infrastructure is choking economic activity. He identified a number of critical bottlenecks: "militant environmentalists," "bureaucratic red-tape, and lengthy court duels" preventing the approval of projects.

Atmaramani identified "pension and insurance funds" as potential sources of funding for infrastructure projects. Under his proposal, India's laws would have to be changed to permit redirection of these funds. "Pension funds alone have more than 1,000 billion rupees [\$27.6 billion]," which are mostly invested in government securities, he said, which he labelled "non-productive." He also called for India to open its "insurance and financial sectors . . . to foreigners."

Overall, according to some analysts, India needs \$130-150 billion in the next five years just to ease bottlenecks in power, roads, ports, telecommunications, and airports.

Infrastructure

Iran, Russia, and India discuss ground transport

Iran's Ambassador to Moscow Mehdi Safari discussed cooperation in transportation with Russia's Transport Minister Nikolai Tsakh on Oct. 7, including the latest developments in the construction of the joint Iranian-Russian port on the Volga River, and Iran's request to set up a special terminal for Iranian vehicles in Moscow. Tsakh said he would meet Iran's Roads and Transportation Minister Mahmoud Hojjati in the near future, IRNA reported.

Indian ambassador to Teheran Rajendra Singh Rathore met Hojjati on Oct. 7. Rathore said that his government is keen to cooperate with Iran on rail projects. He said road and transport cooperation between the two countries is at a good level, and that exchange visits by Iranian and Indian experts in the field have been a good example of South-South cooperation. Hojjati agreed that cooperation

would be mutually beneficial, and said that the Islamic Republic would welcome joint investment by the two countries on rail projects in Iran. He added that details of the procedures for concluding maritime and rail agreements between the two countries would have to be closely studied.

Africa

Egypt marks new stage in Sinai irrigation project

Egypt's President Hosni Mubarak flew to the Kantara district in the Sinai peninsula on Oct. 6, to ceremonially mark the advance of an ambitious construction project, which will divert water from the Nile delta to the Sinai peninsula.

At a construction site there, the President opened the gates to four new tunnels constructed under the Suez Canal, which will channel fresh water from a 40-mile canal from the Nile River delta, into another canal on the Sinai peninsula. About half of the new irrigation canal's 110-mile length has been completed. By the time it is scheduled to be finished in 2003, a network of channels will branch off from the main canal to irrigate 400,000 acres of currently barren desert. The government hopes to eventually move 750,000 people to the Sinai peninsula.

Economic Policy

Iran's President charts development course

The guidelines for economic policy laid out by Iran's President Mohammad Khatami reflect the broad policy debate in the country, and throughout the developing sector, on the need to make development coherent with social justice. In a conference with economists and managers on Oct. 8, President Khatami stressed that development should be carried out, and efforts made to lower inflation, to protect purchasing power, IRNA reported. He emphasized the key role of industrial pro-

duction, for a healthy, dynamic, and developed society.

"An important task for the government in the industrial sector is the reform of economic, financial, social, and institutional infrastructures in order to pave the way for growth in production," he said. This includes reform in investment laws and regulations in the production sector. Among the important measures that should be taken, Khatami referred to establishing investment security, making the private sector active in production affairs, upgrading manpower, and creating a security umbrella for the workforce and consumers. He also called for tax reform, noting that taxes account for only 25% of Iran's revenue, compared to 90% for other states.

Khatami said that while the government is primarily investing in infrastructure, the private sector is investing in non-productive endeavors, with consequent inflation and shortages of goods. He stressed that investments of the private sector should be channelled toward productive activities.

The Philippines

Supreme Court blocks oil price increase

The Philippines Supreme Court locked horns with deregulators again on Oct. 7, this time blocking an oil price increase for 30 days while it reviews a petition filed by legislators, challenging the legality of a law deregulating the oil industry passed earlier this year. Previously, the Supreme Court had invoked a nationalist statute of the Constitution to prevent foreign interests from taking over the industry, which the court declared part of the national heritage.

Oil price increases habitually are the trigger for political and social unrest; militant unions, led by public transport ("jeepney") drivers, took to the streets on Oct. 7, demanding a legislated wage hike and reduction in oil prices, both of which were eliminated under President Fidel Ramos's IMF-dictated deregulation measures earlier this year.

Pilapinas Shell, a subsidiary of Royal Dutch Shell, has hiked oil prices twice since the peso was devalued on July 11, and now

is complaining that it has lost 550 million pesos from the devaluation alone.

Meanwhile, Albert Reyes, deputy governor of the Bangko Sentral ng Pilipinas (the Philippines central bank), said that Manila will not commit itself to allowing 60% foreign ownership of local banks, as proposed by the World Trade Organization, the *Journal of Commerce* reported on Oct. 7. Rather, Reyes said that a ceiling of 49% foreign ownership will be imposed for local financial institutions, including banks, investment houses, and finance companies. He said that the Bangko Sentral cannot agree to a higher ceiling, while the Congress is debating the issue.

Australia

Southeast Asia crisis bringing worst recession

Australia is heading into the worst recession since World War II, brought on by the Asian currency crisis, according to a report by the National Institute for Economic and Industry Research, Australia's largest independent economic forecaster, the *Bulletin* reported on Oct. 14. In releasing the report, the institute's executive director, Peter Brain, said, "The crisis is coming and it will not be going away for many years. It will affect Australia's major export industries including all of the agricultural sector (wheat, wool, and beef), as well as iron ore, gas, and steel industries." The report predicts a two-year recession in the next 3-5 years, accompanied by 11% unemployment, a household debt crisis, and record bankruptcies.

Brain sees "ironic" benefits from the crisis for Australia, "because it will level the playing field in Asia to some degree and some of the Asian economies will realize they cannot carry on in the way they have been." While the report ignores the global financial collapse, it is the first official acknowledgment in Australia of the crisis, and flies in the face of Treasurer Peter Costello's recent claim that Australia is immune from the crisis in Southeast Asia. Collectively, the nations of China, Japan, Korea, and the members of the Association of Southeast Asian Nations comprise 63% of Australia's export markets.

HONGKONG'S Chief Executive Tung Chee-hwa called for improved air, rail, and road links with Guangdong Province on the mainland, in a speech to Parliament on Oct. 8. He also called for building 85,000 new homes per year; last year, 30,000 units were built. "Hongkong's stability and prosperity are linked to the mainland," he said.

JAPAN pledged \$8 billion in trade and investment insurance to Thailand, in a meeting on Oct. 9 between Prime Minister Ryutaro Hashimoto and Thailand's Chavalit Yongchaiyudh. Japan will also send 1,000 experts to assist in Thailand's economic restructuring program and will consider more government loans to small businesses.

NIGERIA exported its first liquefied natural gas on Sept. 29, as a result of the joint venture of the Nigerian National Petroleum Corp. and Chevron Oil. Some 30,000 tons of LNG were produced from the Escravos Gas project.

THAILAND plans to scrap the contract with Hopewell to build the \$3.2 billion Bangkok elevated rail mass transit project, because of repeated project delays and losses due to the financial collapse. On Oct. 9, Bangkok papers reported that Thai officials have made an offer for China to take over the project.

AMERICANS are being cheated by Morgan Stanley in derivatives investments, according to Frank Partnoy, a former employee of the firm and author of a new book, *F.I.A.S.C.O. Blood in the Water on Wall Street*, the London *Guardian* reported on Oct. 9. "He has accused his former employers of milking unsophisticated clients," the paper said.

THE PRIVATIZATION plans of Australia's New South Wales state Premier Bob Carr, the leader of the N.S.W. Labor Party, to sell off the state's electricity industry, were rejected by the N.S.W. Labor Party, at its annual conference in October.