

Business Briefs

Italy

Not-so-invisible British hand snatching up firms

One year after the "big bang" in the Italian privatization market (in 1997, revenue from privatizations in Italy was more than \$70 billion, the highest in the world), the real owners of former state companies have begun to emerge.

Telecom Italia, which still holds a monopoly, is in the hands of the Agnelli group, which controls it with less than 5% of the shares. The first move undertaken by the new management, led by chairman Gian Mario Rossignolo, has been to abandon negotiations with the American firm AT&T, and to sign a strategic partnership with the British firm Cable & Wireless. According to sources, the joint ventures which will be established by Telecom Italia and C&W will be controlled by a British manager. Last year, the just-privatized Telecom Italia bought Telecom Serbia, paying more than \$150 billion in cash to the Belgrade regime.

Another example is the defense firm Alenia, which has signed a deal for a joint venture with the British GEC Marconi. The new group will be the largest European firm in the field of defense electronics, and will extend its partnership to weapons systems, armored vehicles, and avionics.

Britain

Economy is reported to be in sharp downturn

Britain's Engineering Employers Federation (EEF) and the British Chambers of Commerce have documented a sharp downturn of the British economy, in particular due to collapsing demand in Asia and the high foreign exchange value of the pound, the London *Sunday Times* reported on July 5. The study was provided to the Bank of England, in an attempt to forestall rises in key interest rates which, the groups believe, would threaten to further push up the pound and hit British exports.

In a front-page article headlined "Storm

Warning," the *Sunday Times* reports key aspects of the study, as well as other indications of British economic gloom. The EEF states, that export orders for British firms have now declined for the sixth successive quarter, and that the decline is accelerating. In the coming 18 months, the study forecasts, 100,000 industrial jobs will be wiped out in the engineering sector. According to the Birmingham Chamber of Commerce, business confidence has fallen to its lowest level since the early-1990s' recession. A manager of a machine-building company is quoted, "I have never experienced such a rapid downturn before. All our customers are putting capital expenditure on the back burner. The downturn is absolutely astounding."

The following week, the Institute of Directors published figures showing perhaps the biggest-ever slide in business confidence in Britain. Ruth Lea, policy unit head of the IOD, told the *Sunday Times*: "Services are declining, and manufacturing looks to be collapsing. The R-word is certainly there for manufacturing and has been for some time." According to Dun & Bradstreet, the number of small business bankruptcies increased 25% from the first quarter of this year compared with the second quarter.

Europe

Infrastructure plan to help future EC members

European Commissioner for Transport Neil Kinnock on June 25 unveiled a 90 billion ECU (\$98 billion) program to upgrade the transport network in countries seeking to join the European Union, including Poland, the Czech Republic, and Hungary. According to preliminary reports, the plan calls for the development of 10 transport corridors, comprising 18,030 kilometers of roads, 20,290 km of rail lines, and a total of 100 air, sea, and river ports.

The European Union will contribute ECU 150 million annually to the project until the year 2000, and thereafter ECU 500 million annually until 2015, for a total of about ECU 8 billion. This means that by far the biggest share of the projects will have to be paid for by the central and eastern Euro-

pean countries themselves, an unlikely prospect given the financial crisis hitting these nations.

Trade

New Zealand blindly pursues zero tariffs

New Zealand International Trade Minister Lockwood Smith promised an early end to all tariffs, at a business conference in Taiwan, the June 15-16 *Waikato Times-New Zealand* reported. He said that all tariffs would be unilaterally abolished well ahead of the Asia Pacific Economic Cooperation (APEC) group's deadline of 2010.

Meanwhile, New Zealand industry is being decimated by the tariff cuts to date. Four clothing and footwear companies in New Zealand have recently announced that they are closing, resulting in the loss of 130 jobs. Trade Union Federation president and Clothing Workers Union secretary Maxine Gay said that the entire industry was nearing collapse, and that in all cases the companies had said that increased competition from imports due to the continuing decline in tariffs was the key reason for the closures. The tariffs were to drop gradually until 2010, but the government is reviewing the process to see whether it can be sped up. The government decision to scrap all tariffs on automotive vehicles in the year 2000, has led Toyota, Nissan, and Honda to announce that they will close, completely wiping out the auto-assembly industry in New Zealand.

Space

Japanese program scores two firsts

On July 4, Japan launched its first spacecraft to Mars, becoming the third country in the world, after Russia and the United States, to launch an interplanetary spacecraft. Planet-B will make two fly-bys of the Moon to gain speed and save on fuel. From Mars orbit, it will study the planet's ionosphere, upper at-

mosphere, and interaction with the solar wind.

On July 7, engineers at the National Space Development Agency of Japan were elated when two unmanned satellites in Earth orbit successfully carried out a docking and rendezvous in space, the first time that two spacecraft were docked in space completely automatically. While the unmanned Progress supply ships dock to the Russian Mir automatically, there is a crew on Mir who can dock them manually, when necessary. In the mid-1960s, astronauts practiced the first dockings in space, between the Gemini spacecraft and an unmanned Agena rocket, but the U.S. dockings have also always been carried out with a crew on at least one spacecraft.

The Japanese are developing the ability to carry out these automatic dockings in preparation to deliver supplies to the International Space Station, which will include the Japan Experiment Module laboratory and other equipment. The two spacecraft that docked were launched together last December, undocked, and redocked in orbit. Public television in Japan broadcast the docking. Experiments in docking the two spacecraft are planned at roughly monthly intervals, with the initial distance between the spacecraft before they dock increasing each time.

Petroleum

Iraq, Jordan to build oil pipeline to Aqaba

Iraqi and Jordanian officials signed an agreement in Baghdad on June 28 to build a 750 kilometer oil pipeline from Al-Haditha in western Iraq to the Azzarqaa oil refinery in northeast Jordan, and then south to the port of Aqaba on the Red Sea. *Al-Quds Al-Arabi* reported on July 3. Construction of the first segment of the pipeline from the Iraq-Jordan border to Azzarqaa will start soon, according to Jordanian Energy Minister Mohammed Salih Al-Hourani. The project will cost \$350 million, and the agreement states that it will be followed by construction of an oil refinery in Aqaba at a cost of \$600 million.

Iraqi Oil Minister Mohammed Amer Rashid stated that the two countries also

agreed that this year, Iraq will supply Jordan with 75,000 barrels per day of crude oil. The oil is to be transported by tanker, part of the delivery to be at below-market rates, and the rest free of charge. (Iraqi sales of oil to Jordan are exempted from UN sanctions.) Rashid stated that Iraq is fully committed to supplying Jordan with all its oil needs. The Iraqi-Jordanian agreement also includes joint projects for oil and gas exploration in the border area between the two countries.

Demography

Russia called a target of population war

In a report on a roundtable entitled "Demographic Security of Russia: If We Keep Quiet, They Will Simply Destroy Us! Russia in Grips of Demographic Catastrophe," in the Communist Party-linked newspaper *Sovietskaya Rossiya* on June 11, Ibrahim Usmanov reports on the depopulation war being waged against Russia. He attacks the policies of the International Monetary Fund (IMF), George Soros, and the late Margaret Sanger, as they are currently being implemented in Russia.

Usmanov describes the depopulation of Russia as a demographic war, and denounces the fact that the IMF, the World Bank, the International Federation of Family Planning (founded by Sanger), and Soros, as part of their financial aid to Russia, require population control policies. Usmanov also denounced Doctors Without Borders, which, he writes, "has expanded a broad youth advertising campaign in Russia: 'Safe Sex Is My Choice,' which provokes early sexual contacts among children," and says that Russian agencies are supporting these birth control programs. "The state is handing over the functions of control and regulation of the life of the nation to supranational mondialist [one-world] structures and commercial organizations."

Usmanov offers proposals to reverse the demographic catastrophe, including imposing stricter controls on the availability of abortions, which are easy to obtain in Russia, health-care measures, and steps to defend the family.

THE MOSCOW to St. Petersburg high-speed railway was cancelled, in a decree signed by Russian President Boris Yeltsin on July 1, Interfax reported. The cost of the 654 km rail line was estimated at \$5-8 billion. The government had hoped that it would have been built with private funds.

THE MALAYSIAN financial concern MBf Holdings, the parent of MBf Finance, the largest finance firm in Malaysia, filed for court protection the week of July 6, in a bid to buy time to restructure its debts. MBf has shareholder funds of \$155.3 million and debt of \$282.4 million.

GEORGE SOROS has become a shareholder in Milan's electricity company, AEM, the largest such municipal firm in Italy, which has been privatized. Milan Mayor Gabriele Albertini reports that "among institutional investors, London has a share of 50%."

BANGKOK BANK, Thai Farmers Bank, Krung Thai Bank (government owned), and Siam Commercial Bank are the only banks that will remain Thai-owned within a few years, according to Ronald Stride, senior vice president of Booz-Allen and Hamilton, the June 24 *Bangkok Post* reported. Even the giant Bank of Ayudhya and the Thai Military Bank (owned by the military) will fall, he predicted.

THE COMPUTER CHIP industry is plummeting, with sales down 13% in May from a year earlier, the July 6 *Wall Street Journal* reported. Worldwide, chipmakers are estimated to have cancelled \$25 billion in investment in new plant and equipment over the past nine months. U.S. companies have been hit hardest. DRAM chips that sold for \$3 at the beginning of 1998 are now selling for \$2, well below the cost of production.

AN AUSTRALIAN federal government funding shortfall of \$2 billion has been blamed for the closure of more than 300 public schools in the state of Victoria alone.