

Business Briefs

Research and Development

United States falling behind Third World

The United States is falling behind developing countries in investments in research and development, Rep. George Brown (D-Calif.) charged in remarks on the House floor on June 28 during the debate on funding for Space Station Freedom.

Comparing figures for percentage of Gross National Product invested in civilian R&D, Brown said, Japan surpassed the United States 10 years ago, when U.S. investment fell to 2%. If we cancel the Superconducting Super-Collider and the Space Station, we will be cutting U.S. civilian R&D a full 10%, so that total investment as a percentage of GNP will fall to 1.9%. At that point, Brown calculated, not only will the United States be passed by Japan and Germany, but also by Taiwan, South Korea, and Hong Kong.

Brown said that his criteria for presenting programs from the authorizing Science, Space, and Technology Committee to the Congress as a whole, are based on the amount of funding and kinds of projects necessary to maintain the economic vitality of the nation. The slump in the economy over the past 10 years, he pointed out, concurs with the steady drop in R&D investment.

Infrastructure

Asian leaders urge regional transport links

The leaders of the 10-member Economic Cooperation Organization (ECO), at an ECO summit in Istanbul on July 6, proposed building transport and telecommunications networks to connect members of the trading bloc that stretches from Europe to China, Reuters reported. The regional pact, whose aim is to remove trade barriers, consists of Turkey, Iran, Pakistan, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Afghanistan, Azerbaijan, and Tajikistan.

"It is incumbent upon us to build a network of telecommunications and expressways, air routes, sea routes, and railroads. . . . Should

we fail to embark immediately on these measures, the organization will gradually wither away and lose an historical opportunity," Turkish President Suleyman Demirel told the summit.

Physical Economy

Engineering graduations linked to economic growth

The Australian firm EPM Consultants found a statistically significant correlation between engineering graduations and the rate of growth of output for 12 OECD countries between 1980 and 1988, in a report released in early July.

The report slams Australia's failure to train engineers and points out that Japan has 2 million engineers, where one employee in 30 holds engineering qualifications, as do an "incredible" one in 15 in manufacturing. In Australia, there are a mere 85,000 employed engineers, or one in 100 of the work force and one in 50 in manufacturing.

The study also found that there was a negative correlation between science, law, medicine, and accounting graduations, and manufacturing output. The report concludes that "the federal government . . . seems complacent about the fact that we are under-engineered and, as a consequence, likely to under-achieve."

Russia

Aerospace deals could pay debt, says minister

If the West were willing to cooperate in the aerospace sector, Russia could pay its foreign debt, said Oleg Lobov, Russian Federation minister of economics, at the session of the Russian-German cooperative council in Berlin on July 3-4. Lobov said that aircraft, space, and transport technologies were the high-technology sectors where cooperation with western industrial nations would pay off most visibly, and where

western industries could obtain the most benefit.

On the condition that the price paid for Russian know-how by the West was acceptable for the Russians, the perspective for such cooperation would be most attractive for both sides, Lobov said. An intent to establish a special Russian-German working group on aerospace cooperation was announced at the Berlin meeting.

Meanwhile, at a symposium in Cologne on July 7, Prof. Gennadi Tsoteyev of the Moscow Institute of Economic Research (NIEI) said that the ruble zone will collapse within six months because of insurmountable economic and monetary problems.

The institute's staff, which is part of the advisory board of the Russian Economics Ministry, doesn't have a conclusive analysis yet of where the Community of Independent States will stand toward the end of this year, whether there will be full disintegration or some form of revived supra-republic structure. Tsoteyev, who is the vice-director of the institute, said he favored a collapse of the ruble zone and the creation of national currencies by individual CIS republics, because that would make it much easier for Moscow to settle its own monetary problems.

Energy

Iran and China will build nuclear plant, refinery

Teheran and Beijing signed a wide-ranging protocol on July 6 to build a 300-megawatt nuclear power station in Iran and a joint oil refinery in China. China will refine crude oil for Iran, while increasing its oil imports from Iran to balance trade between the two countries, Reuters reported.

Iranian Vice President Hamid Mirzadeh and Chinese Vice Prime Minister Li Lanqing said the document they signed in Teheran opened a new horizon in Sino-Iranian economic and political ties, Iran's IRNA news agency reported. Mirzadeh said that the nuclear power station would be built under the supervision of the International Atomic Energy Agency, the U.N. nuclear watchdog.

Mirzadeh also said China agreed to grant Iran \$150 million in credit for a Teheran sub-

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way project and another \$120 million to build a cement factory, besides other cooperation in building small hydro-electric plants, and projects in communications, shipping, agriculture, fisheries, mining exploration, chemical and pharmaceutical industries, electronics, and steel.

Agriculture

Farmers around the world attack free trade

Twenty-two farm groups from 13 countries warned on July 5 that free trade in farming would destroy millions of small farms and leave food production in the hands of a few multinationals. The Family Farmers' Tokyo Summit, sponsored by Japan's Central Union of Agricultural Co-operatives (Zenchu), ended with a declaration to Japanese Prime Minister Kiichi Miyazawa to be relayed to leaders of the Group of Seven.

However, "the statement does not advocate the failure of GATT [General Agreement on Tariffs and Trade] negotiations," Leland H. Swenson, president of the National Farmers Union of the United States, told the press.

"We urge the many functions of farming, adapted to each country's priorities, including national food security, environmental protection, and preservation of rural society, be the basis for any GATT framework for agriculture," read the declaration.

Resources

Colombia announces new giant oil field

Colombian President César Gaviria inaugurated the Cusiana oil field on June 29, saying that it could transform Colombia. The new field, believed to be the largest new find since Prudhoe Bay in Alaska, is expected to contribute billions of dollars to Colombia's annual export revenues within a few years. One estimate is that it will bring in \$4 billion a year by 1997.

The prospect of such new revenue has set off a de facto debate in the country, with those

interested in developing the nation looking toward building infrastructure and investing in the development of the country.

The argument of those who oppose real development was expressed by the June 30 London *Financial Times*, which wrote, "Despite the need for spending on infrastructure and social projects, economists are worried about inflationary pressures and exchange rates. International reserves are already high at \$8 billion, and exports are losing competitiveness because of the slowdown in devaluation. Part of the Cusiana income may be frozen for the future and some used to pre-pay foreign debt."

Trade

U.S. limits on Russian trade may be lifted

The United States has signaled that Washington could permanently remove so-called Jackson-Vanik restrictions on trade with Russia in a couple of months, and that the United States is also proposing that rich industrial nations do away with most of the restrictions on trade in high-technology goods with Russia under the so-called Cocom agreement, Reuters reported on July 7.

The offer, however, is designed to put conditions on Russian entry into the world arms market, which will yield desperately needed hard currency, to draw Russia into the policing arrangement for a policy of "technological apartheid," i.e., denial of any advanced technology, against the Third World, China, and other nations.

U.S. officials said they want to transform Cocom (Coordinating Committee for Multilateral Export Controls) from a group that limits the flow of hi-tech goods to the communist world to one that seeks to prevent the proliferation of nuclear, chemical, and conventional weapons worldwide.

"We think that Cocom, like other Cold War institutions, has to change with the times," a senior U.S. official was quoted. "Russia should no longer be the target of Cocom. Russia hopefully in the future becomes part of a global effort to stem the proliferation of ballistic missiles, of chemical weapons, of conventional weapons."

● **GERMANY'S** industrial investments are expected to drop by 16% this year, according to a forecast presented by the Munich-based IFO institute on July 8. The drop will hit auto-making, steel, machine-building, aerospace, electronics, and nuclear technology the hardest.

● **CHINA AIR** said on July 4 that it will inaugurate its first passenger service to Israel with a non-stop direct charter flight to Tel Aviv on July 28. "This will enable Israelis good contact to other destinations in the Far East. I don't see a lot of Chinese tourists coming here at this time because we don't have a lot of foreign currency," a company official said.

● **FOREIGN TOURISTS** have become a key source of U.S. revenue, the July 8 *International Herald Tribune* reported. Estimates are that 46.5 million tourists will spend \$76.9 billion in the United States this year. More than \$10 billion will be spent by Japanese visitors.

● **VENEZUELAN** academicians sent a document to acting President Ramón José Velásquez noting that "a good part of the foreign debt was contracted outside the law." Trino Alcides Diaz, president of the National Association of Economists, said that instead of raising taxes to balance the budget, the government should declare a moratorium on foreign debt, which could save over \$1 billion.

● **APPLE COMPUTER** announced from its headquarters in Cupertino, California in early July that the company will lay off 2,500 workers, nearly 16% of its work force. The move followed a shakeup of top management over falling profits due to a price cut in personal computers.

● **CHINA** plans to import 3-3.5 million tons of crude oil a year directly from Saudi Arabia, the United Arab Emirates, and other Gulf exporters, rather than buying only from international oil companies, Zheng Dunxun, president of China National Chemical Import and Export Corp., told Xinhua news agency.