

Business Briefs

New Zealand

Tariff cuts will close automotive industry

New Zealand's motor vehicle assembly industry will close in the near future, putting 1,500 workers out of jobs nationally, after the government's announcement in December that the tariff on motor vehicles will be scrapped as of Dec. 1, 2000. The jobs lost, and the additional effects of this latest Mont Pelerin Society-dictated decision, will be a major blow to this nation of 3.4 million.

Although Toyota New Zealand has not decided on a final close-down plan, Mitsubishi Motors' Wellington plant will close in June, leaving 300 people without work. Honda New Zealand will close its assembly plant at Nelson, on the South Island, by the end of September, with a loss of 190 jobs. The plant, started in Nelson 35 years ago, initially as the New Zealand Motor Corp., was taken over by Honda 10 years ago.

"This decision is another nail in the coffin of provincial New Zealand," said the Engineers' Union's South Island spokesman, Ged O'Connell. The closure will also affect such areas as freight, shipping, parts supply, and other manufacturing companies which were part of a contribution of more than \$10 million a year to the economy.

Middle East

Netanyahu scored for Israeli unemployment

Israel's official unemployment has increase to 6.5%, jumping from 153,400 to 163,400 individuals from February to March, and Prime Minister Benjamin Netanyahu's policy against peace is to blame, the daily *Ha'aretz* charged in an editorial on April 23.

The major cause for the increase in unemployment is the change in the government's investment policy, away from infrastructure, to support of the settlers and the projects of the coalition parties. "It is necessary to recognize the new order of priorities which is built into the national budgets of

1997 and 1998," the daily said. "The government opted to freeze the infrastructure allocations and increase the funds earmarked for the settlers in the territories and for the support of institutions and organizations that are connected with the coalition parties. There was no increase at all this year in the budgets for roads and interchanges, for the Trans-Israel Highway and for the rail network, even though all the studies show that growth is achieved by investment in infrastructure. No one disputes that the roads, the interchanges, the trains, and the national water and sewerage systems are in a state of gross neglect."

Meanwhile, the "government has dramatically increased the budget allocations for the development of the territories." There has also been a 17% increase in the budget of the Religious Affairs Ministry, "most of it to subsidize yeshiva students," who are the most right-wing and anti-peace. The editorial also points to the fact that Netanyahu's freezing of the peace process has led to an almost a complete halt in foreign investment into the country, while the deep freeze of relations with the Arab countries has worsened the prospects for increasing exports.

The editorial concludes, "This government, which changed the order of national priorities in the direction it wanted, refuses to acknowledge the price of that change."

Banking

Foreign banks 'bottom feeding' across Asia

"Foreign banks are already picking over the ruins looking for bargains," Britain's Reuters news agency commented on April 21, in a survey of how such banks are taking over Asian banks for the proverbial nickel on the dollar. According to Roy Ramos of Goldman Sachs in Hong Kong, banks in five Asian nations need almost \$250 billion in new capital over the next few years to reorganize. China needs new capital but won't let foreigners in. Malaysia's limits on foreign ownership of banks, now set at 30%, will also prevent or delay acquisitions, they say. Korean banks need \$55 billion in new capital, but they are

in such a mess that foreigners are still studying them.

More than \$30 billion is required by banks in Thailand and Indonesia, however, and both countries are welcoming foreign capital, the report said.

The banks named include London's Hongkong and Shanghai Bank, Standard Chartered Bank, and Banque Bruxelles Lambert (the Belgian Rothschild bank). "The predators are going to look for the bigger banks," one broker said. "The 'Asian Miracle' is not over yet. If you buy now and put your money in the right investment, when the downturn ends, you will benefit big-time."

Dutch, German, and French banks are also bargain hunting, they say. "We always knew that you have to hold on tight when riding the tiger," said Ulrich Cartellieri of Deutsche Bank.

Germany

Engineer shortage hurts machine-building sector

Germany's role as a machine-building nation is threatened because of an increasing shortage of engineers, the Association of German Machine-Building Industries (VDMA) during the Hanover World Industrial Exhibit in April.

Small and medium-sized firms, especially, are having increasing difficulty finding qualified engineers, and the number of new enrollees for machine-building in the universities continues to drop. In 1992, about 16,000 students enrolled in machine-building; in 1998, that number fell to 8,100, a decline of more than 50%. In the electronics and information faculties, the drop has been even greater over the same period, from 25,000 to only 10,000. Despite the drastic downsizing in the machine-building sector, Siemens alone is absorbing almost all of the annual potential of university graduates in electronics in Germany: 3,000.

Another reason for this devolution, is the failure of the school system to interest enough young people in the natural sciences, because the system uses outdated texts, or

curricula dedicate more time to the alleged risks of nuclear energy, than to a positive history of the natural sciences and German industry.

Prof. Monika Greif of the German Engineers Association warned on April 21 that Germany cannot afford a cultural outlook that neglects or opposes technology. Greif also said that the profile of engineers has undergone a significant change in recent years: In 1989, some 42% of all engineers were in the classic fields of design, research, and development; by 1993, this was down to 22%. However, service jobs in communications, maintenance, and consulting have increased.

The German machine-building sector plays a crucial role in solving the problems of this planet and mankind, VDMA president Michael Rogowski said on April 17. "This applies to the basic needs of a growing world population, that is, food, housing, energy, infrastructure, as well as for the improvement of environmental conditions," he said. A continuation in the drop of engineering students, he warned, would be disastrous for "a nation that is known for not possessing substantial natural resources of its own, and the success of which is based on the export of the most modern technologies."

Asia

Sino-Myanmar highway nears completion

Another 30-mile stretch of the road from Mandalay, Myanmar to China, called the Union Highway, was commissioned on April 5. The new stretch will go from Lashio to Kintha, both in Myanmar. The section from Lashio to the border (at Muse) was opened last September. The road will both facilitate trade with China, while "uplifting the life and economy in border regions," the Myanmar government said. "The virgin and fallow lands along the Union Highway can be reclaimed for cultivation."

This highway segment is even more important, following the Yangon government's recent request to the United States for help to eradicate opium production within five years. Lashio lies in close proximity to the

most dense poppy cultivation section of the Wa-controlled area along the Myanmar-China border, the target area of the government's proposed anti-narcotics effort. The road-building is another step in bringing the Golden Triangle opium-growing region under the control of Yangon for the first time, and ending the British-controlled opium traffic's domination of the region.

Technology

U.S. interest in maglev rail systems is growing

Institutional interest in the German maglev rail technology is growing in the United States, according to articles in the *International Herald Tribune* and the *Washington Post* on April 21.

"The scene could be straight out of 'Star Trek,'" the *Tribune* reported from Emsland, the site of the experimental track of the German Transrapid. "As passengers take their seats, the snub-nosed train starts to levitate above the guideways. Soon it is hurtling noiselessly at speeds close to 480 kilometers per hour, propelled by electromagnets and a linear motor lodged inside the rails. . . . But this ultrafast vehicle is no scientific fantasy. Eight times a day, it races along a 32-kilometer test facility here in the Frisian pastures near the Dutch border, preparing for its first commercial run between Berlin and Hamburg. By 2005, magnetic levitation trains could carry 40,000 passengers a day between Germany's two largest cities in less than an hour."

In April, the U.S. Senate earmarked \$1 billion in the Transportation bill "to develop and construct high-speed magnetic levitation trains throughout the country," the *Washington Post* reported on April 19. "State officials and private developers in Nevada, California, Florida, Maryland, and Pennsylvania have expressed interest in the program for developing passenger trains that can travel in excess of 240 mph."

Senate Environmental and Public Works Committee Chairman John Chafee (R-R.I.) pushed the funding for maglev after a visit to the Emsland test facility last year.

CHINA and the Association of Southeast Asian Nations discussed "new forms of trade," in meetings in Malaysia on April 18-19. China's assistant Foreign Minister Chen Jian said Beijing regarded the regional economic turmoil as an opportunity to strengthen bilateral trade and economic ties, and will extend credit and set up barter trade so that China can import more from ASEAN nations.

A.U.S. COMMERCE Department-led delegation signed 18 economic agreements in China in April, as a prelude to President Clinton's trip to China in June. The contracts include one by Westinghouse for \$167 million for turbines for a fossil fuel power plant, and a partnership for IBM with the government of Shanghai to help establish an electronic technology center.

BELARUS is rationing foodstuffs in some regions of the country. A directive issued by the Minsk District Executive Committee says the decision was made "to stop the unorganized and unauthorized export of goods outside the borders of the republic." Individuals are allowed to buy no more than 2 kg of meat and poultry, 0.4 kg of cheese, and 2 kg of bread at any one time.

THE NATIONAL IRANIAN Gas Company has asked the Australian resource company BHP to conduct a feasibility study for a 2,400 km, \$4 billion natural gas pipeline from Turkmenistan through Iran to Turkey. However, the company has already been threatened with sanctions under the U.S. boycott laws against Iran and Libya.

RUPERT MURDOCH'S News Corporation is lobbying to buy Television New Zealand, following an indication from the government that it may privatize the state-owned network. Murdoch already owns the Sky pay-TV network, and the largest newspaper group, Independent Newspapers Ltd.