

# Business Briefs

## Germany

### Import Price Inflation at Highest Level in 19 Years

September figures released by Germany's Federal Statistical Office on Oct. 25, show that import prices have climbed 13.4% compared to one year ago, the biggest annual advance since October 1981. While the largest price increases appeared in energy imports, such as natural gas (96.4%) and mineral oil products (90.8%), prices of other commodities were also shooting up dramatically. For example, precious metals and precious semi-finished metal products rose 75.9%; wood, 49.4%; crude non-ferrous metals, 29.5%; and basic chemicals, 14.6%.

The day before, German producer prices for September had been published: at 4.3%, they reflected the highest annual inflation rate since October 1982. There is also an alarming increase in producer prices for commodities such as copper, 32.8%; aluminum, 26.9%; and certain semi-finished steel products.

## Economic Warfare

### Steel Cartels Seek To Defeat Nationalists

A steel cartel could successfully cut production and defeat the economic nationalists who would increase output, the Oct. 23 *Wall Street Journal* said in an article which lied that the problem of low prices to producers is too much steel capacity, rather than the collapse of the physical economy.

The tone at a recent international conference in Australia of owners of steel facilities was set by an executive of Broken Hill Proprietary Co., an affiliate of Her Majesty's Rio Tinto. The Broken Hill man said, "We must start focussing on building value and not building capacity."

The "biggest players in the industry," the *Journal* reported, claim that "the value of their companies would . . . at least stop falling, if they begin to close inefficient plants, scale back production, and consolidate. . . .

There's little doubt . . . that consolidation would solve many problems. . . . With fewer and bigger companies, the industry could maintain control over prices."

USX, the once-mighty U.S. Steel Corp., is now only the world's eleventh-largest steelmaker in terms of capacity. Cartelizing the industry would allow the owners to overpower nations which want to keep open their own steelmaking capacity.

The United States has in the past erected barriers to the shutdown of industry, the *Journal* complained, citing such programs as the U.S. Emergency Steel Loan Program, that helps distressed companies. They quote from the president of Nippon Steel Corp., predicting that, since in the New Economy steel mills are no longer huge job centers with thousands of employees wielding political clout, there will be less political will to fight the closure of steel mills throughout the world.

## South Korea

### Product Quality Decline Is Threatening Exports

The Samsung Economic Research Institute (SERI) is warning that South Korean domestic industries face the risk of weakening international "competitiveness," due to a decline in product quality, the daily *Chosun Ilbo* reported on Oct. 26. The institute attributed the result to an "unbalanced emphasis" in recent years on firms improving their financial status and selling off poorly performing businesses.

On Oct. 25, SERI released the findings of a study that showed that Korean products have been losing market share in advanced countries. The share of the U.S. market occupied by Korean-made goods came to just 3.2% in the first half of this year, down from 4.6% back in 1988, according to SERI. Also, the Korean share of the Japanese market fell during the same period from 6.3% to 5.5%.

The institute suggested that the decline in the market share indicated a loss in quality of value-added and state-of-the-art products.

The report said, that Korean dynamic random access memory (DRAM) products

had had the highest share, at 40%, of the global market last year, but that local semiconductor manufacturers had only 1.3% of market for non-memory chips, which accounts for 75% of the entire chip market.

Production by Korean automakers rose to 5.8% of global output in the first half of 2000, up from 4.5% in 1997, but, in a U.S. survey of the quality of 37 models, the highest ranking achieved by a Korean-made car was 27th. In shipbuilding, Korean firms have been concentrating on making general-purpose vessels such as tankers and container carriers, while neglecting the market for highly sophisticated vessels such as LNG carriers.

## Space

### NASA Outlines 15-Year Mars Exploration Program

After almost a year of study, since the failure of two Mars missions over the past year, and heeding the recommendations of a number of advisory groups, the U.S. National Aeronautics and Space Administration (NASA) announced on Oct. 26 its revised Mars exploration plan for the rest of this decade and the next. The missions will be science-driven, primarily to "follow the water," the prerequisite for life, and follow up the intriguing photos of Mars from the Global Surveyor, which recently indicated that there may have been underground liquid water in Mars' recent past, or that it may exist today.

At the 2001 launch opportunity, the Mars Odyssey Orbiter will be sent to Mars for high-resolution mapping and imaging. At the next 26-month opportunity, in 2003, two Mars Exploration rovers will be launched, to carry on detailed geological research.

In 2005, a Mars Reconnaissance Orbiter, able to image objects as small as a foot in diameter will be launched. Mars exploration program scientist Jim Garvin likened it to putting a microscope in orbit.

In 2007, a "smart" surface lander will be sent to Mars, with new precision landing capability, to explore the most scientifically interesting sites, which are not necessarily the safest for landings. It will carry a 600-pound

**RUSSIAN** Prime Minister Mikhail Kasyanov's Oct. 23-25 visit to Turkey has boosted cooperation. If Turkey speeds up the underwater section of the Blue Stream gas pipeline, it will receive increased gas supplies from Russia as of Autumn 2001. Russia will provide electricity to Turkey, via the Georgian power grid, starting as early as this Winter.

**THAILAND'S** state power company, which has been ordered to privatize, has said that it will refuse to sell to any foreign bidders. Electricity Generating Authority of Thailand Deputy Governor for Hydropower Chalermchai Ratanarak said that the firm will offer shares in its remaining thermal power plants in phases, but only to Thai purchasers.

**68% OF FOREIGN** investment in Asian nations since the 1997 crash has been in "mergers and acquisitions," according to a UNCTAD report, "Cross-Border Mergers and Acquisitions." In 1996, 81% was investment in new plant and equipment or construction.

**ECONOMISTUL**, a Romanian economic daily, serialized Lyndon LaRouche's speech "On the Subject of Strategic Method," on Oct. 5-7, 9, and 10 (see *EIR*, June 2, 2000). Under the title "Is a New International Financial and Monetary System Needed?" LaRouche was presented as the author of the proposal for a New Bretton Woods system.

**AMAZON.COM**, the Internet retailer, reported that its losses widened to \$240.5 million in the third quarter, bringing total losses for the last six quarters to nearly \$1.5 billion.

**SERBIA'S** Zoran Djindjic, an aide to President Vojislav Kostunica, called for infrastructure cooperation in the Balkans, and development of a common market of 50 million consumers, in talks with Bulgarian Foreign Minister Nadezha Mikhaylova, BBC reported on Oct. 26. One proposal is to rebuild the highway from Nis, Serbia to Sofia, Bulgaria.

science payload, and be the first long-duration mobile science laboratory on Mars. The first in a series of small "scout" missions could also be launched in 2007, using a balloon or an airplane for close-up surface reconnaissance.

There could also be an international effort in 2007, with the Italian space agency contributing to a telecommunications orbiter for Mars, or the French helping with a network of small landers. Such orbital and surface infrastructure elements would greatly increase the robustness of Mars missions.

In 2009, studies are under way with Italy for a probe that would carry ground-penetrating radar to prospect for water. And as early as 2011, or in 2014, NASA plans to take the dramatic step of returning multiple samples of rock and soil from Mars to the Earth, about four pounds total.

While there is no plan included for the first manned mission to Mars, Dr. Ed Weiler, NASA science administrator, said that these precursor missions are necessary before that step can be taken. The program is based on a \$450 million per year budget for Mars programs.

## Nuclear Energy

### Russia Overcomes 'Chernobyl Syndrome'

"The Chernobyl Syndrome has been overcome," the strana.ru information website of the Russian government says, in announcing the forthcoming startup of a newly completed nuclear power plant in Rostov, on the Don River in the south of Russia. The article stresses that the government policy to go for rapid expansion of nuclear power generation is already producing results.

The plant, whose final check-out is being personally supervised by Atomic Energy Minister Yevgeni Adamov, was one of a complex of three which were under construction in Rostov at the end of the 1980s, but whose completion was halted amid the uproar around the April 1986 Chernobyl accident. But the public mood has shifted in the meantime, and after exhaustive studies of plant safety, local and national authorities

gave the green light to restart construction.

A number of other nuclear plants are now being completed, including two additional units in Rostov, as well as reactors in Kalinin and Kursk. Also, in recent interviews, Kurchatov Institute Director Ponomaryov-Stepnoy has been calling for Russia to modernize its nuclear reprocessing technology in order to play a bigger role in the "\$200 billion world market for nuclear fuel and fuel treatment."

## Economic Disparity

### Rich-Poor Divide Is Growing, Says UN

Under present trends, the poorest countries will need more than 100 years to reach daily per-capita income of \$3, according to "The Least Developed Countries 2000," a United Nations Committee on Trade and Development report released in October.

UNCTAD Secretary General Rubens Ricupero says that the "accelerating process of economic liberalization" during the 1990s, which according to "widespread expectation" was believed to "promote diminishing income disparities between countries within the global economy," has resulted in quite the opposite: "The number of people living in poverty is increasing in various regions of the world," and in many cases countries "are getting stuck in vicious circles of economic stagnation and regress," he says.

If the average Gross Domestic Product growth rates of the least developed countries (LDCs) during the 1990s should continue, then only one of the 43 LDCs—Lesotho—would achieve a yearly per-capita income of \$900 by 2015, and only eight countries would reach this level within 50 years. Countries such as Burkina Faso, Malawi, Mali, and Yemen would need more than a century, to achieve this goal, and 17 others, including Angola, Burundi, Haiti, and Zambia, would never get there.

Ricupero calls for a "radical rethinking of international development cooperation," but he did not present any real alternative, such as Lyndon LaRouche's proposal for a New Bretton Woods conference to restart production.