

# Business Briefs

## Agriculture

### World can feed 50 billion, says industry association

The world could easily feed 50 billion people, based on today's technologies alone, Industrieverband Agrar (IVA), the German association of agro-industrial companies, asserted in its newsletter in March.

The IVA points out that 1.4 billion hectares of land are now being farmed worldwide, but 3.6 billion hectares could be cultivated. Arable land is classified into six different categories of soils according to natural productivity. About 45% of all arable land worldwide belongs to the three highest classes "with a potential yield of more than 15 metric tons of grain equivalent per hectare per year."

Most of these soils are located in developing sector countries. Africa, Asia, and South America possess 83% of these highly productive soils, whereas only 17% are situated in the industrial countries. If the productive potential is counted in grain equivalents, "50 billion people worldwide could be nourished on a high-quality standard," such as that which Europe enjoys today.

Population control advocates are hysterical over estimates that 11.5 billion people will live on earth by the year 2100. But "these people could be fed with only one-quarter of the maximum food production" that is possible already today. Hunger and misery, the association asserts, would stem from "purely political reasons."

## Trade

### South Korea, China sign trade deals

China and South Korea on March 28 agreed on plans for joint production of car parts, aircraft, and other items, South Korean Trade Minister Kim Chul-su announced after talks with China's Minister for Foreign Trade and Economic Cooperation Wu Yi. He said a ministerial-level committee would hold its first meeting in Seoul before July to discuss new production projects, and predicted that bilateral trade

would almost triple to \$28 billion by 1997.

"I hope my visit will provide an impetus to form expanded and active ties between China and South Korea," South Korean President Kim Young-sam told officials the day before, during his visit to China.

Trade has grown since China and South Korea established diplomatic ties in August 1992, reaching \$11.5 billion last year, more than 10 times China's trade with North Korea. South Korean investment in China at the end of last year was \$960 million in 1,042 projects, with more than half of these started in 1993 alone. This made China the top destination for overseas South Korean investment.

Many of the projects are small factories making textiles, garments, metals, furniture, and leather goods, but there are large-scale projects, such as a cement plant built by Korea's Daewoo firm in a \$300 million investment, and a TV plant in which Korea's Goldstar will put in \$140 million.

## Germany

### No downturn in industrial plant construction

The commission for the industrial plant construction sector of the German machine building association (VDMA) announced that since 1988, the sector has been expanding. Even in 1993, when all other industrial sectors collapsed, new orders for industrial plant construction increased 20%, and new orders from foreign countries increased 34%.

Most jobs involve improvements in energy supply systems in eastern Germany, eastern Europe, and Asia. The construction of waste-processing systems is booming. Most of the new orders in 1993 came from Russia, Malaysia, Saudi Arabia, and China. Only 28% of new foreign orders came from western industrialized countries. The commission said that the main competitors for the German companies are those from Italy and Great Britain.

However, the increase of foreign orders is dependent on the process of "globalization," i.e., the search for cheaper labor costs. For example, 250,000 out of 700,000 engineering working hours in 1993 by the German compa-

ny Uhde came from its branch in India, where the company doesn't have one single project. In Germany, 2% of jobs in the sector were lost in 1993.

## Russia

### Chernomyrdin says collapse will get worse

Russian Prime Minister Viktor Chernomyrdin forecast that the economic collapse will become even worse in Russia, in an interview with *Stern* magazine in Germany in March. "At the moment, a lot of firms have shut down. But things will get even worse. Companies will go bankrupt. We need that so that our economy will become healthy," he said.

Chernomyrdin outlined the need for a state industrial policy. "For me there is only one way—the market economy," he said. "But we need a state industrial policy—not a planned economy. As a former company boss I myself know exactly what harm that can do. Centralism regularly made me sick. Go back to that? I wouldn't dream of it. I can't be in Moscow and decide how to build a road in Vladivostok, on the Pacific. Let people think for themselves."

Chernomyrdin hit out at the West for failing to provide promised aid, in particular the \$24 billion package announced in April 1992. "If we had received that money we would not have gone into such decline," he said. "The reforms would have come easier. All these western promises of the last few years, they were not kept. The Russian people know that too."

## Space

### Create atmosphere on Mars, says writer

Science writer Arthur Clarke called for creating an atmosphere on Mars to support scientific colonies, in a telephone address to the world's largest science festival in Edinburgh, Scotland

on March 31, Reuters reported. He predicted that humans would one day live on Mars. He said he did not envisage mass migration from Earth, but scientific colonies, and that it was essential that plans were made now to establish them.

U.S. presidential candidate Lyndon LaRouche has outlined a 40-year effort to establish a permanent colony on Mars. A key part of his approach, however, is the development of propulsion systems that could reduce the travel time to the planet from a year or more to a few weeks or days.

Clarke stated that "science and technology are the two main driving forces shaping our future." Clarke outlined the possibilities for creating "a beneficial greenhouse effect" on Mars so that life in the open would be possible. Giant satellite mirrors focused to deflect the sun's rays onto selected parts of Mars were one option, he said. "It could take a hundred years, it could take a thousand, but it will be done."

## **Chemical Industry**

### **Reductions in pesticides will deepen hunger**

Environmentalism, set-aside programs, cuts in farm subsidies, and growing farm indebtedness have caused an immense cutback in the use of pesticides, which portends a dramatic fall in yields threatening millions of people with malnutrition and starvation. Almost half of the world's harvest is dependent on the use of pesticides. Without their use, wheat harvest losses, for example, would exceed 50%; rice losses would exceed 85%.

The developments in the pesticides market will hit Europe, and Germany in particular. Some 61% of all pesticides used worldwide are produced in Europe; 25% of the world supply comes from Germany alone.

Partly as a result of decreasing use, the pesticide business sector, in both production and trade, is becoming concentrated in fewer hands. In the past year, Maag was taken over by Ciba Geigy, Vesicol by Sandoz, Union Carbide by Rhône-Poulenc, Celamerck by Shell, and Stauffer by ICI. In addition, many big companies formed joint ventures: Schering

and Hoechst formed a new entity named "Agr-Evo," Shell is cooperating with Cyanamid, Dow with Elanco, and Bayer with Ciba. Before these mergers, 13 companies controlled 80% of the world market. By the year 2000, only 7 to 10 companies will survive, according to a study published in the agriculture press in Germany.

In addition, consumer protection laws have caused the cost of development of new pesticides to skyrocket, leaving only a few huge companies with the funds to invest.

## **Technology**

### **'Technological apartheid' suffers a setback**

The Paris-based Coordinating Committee for Multilateral Export Controls (COCOM) officially went out of business on March 31. This has apparently set back efforts of people like "neo-conservative" Richard Perle of the Center for Security Policy and the American Enterprise Institute, to impose "technological apartheid," i.e., denial of advanced technology to developing nations.

Clinton administration officials, meeting with European, Japanese, and Australian counterparts in The Hague, the Netherlands, were unable to agree on controls for weapons-related exports to "countries of concern," including North Korea, Libya, Iran, and Iraq. However, while the ban was lifted on exporting "dual use" technologies (technologies which have both civilian and military uses), including telecommunications and computers, the ban will continue on the most threatening technologies, including nuclear and chemical weapons and missile technology.

U.S. businessmen expect that the ending of COCOM restrictions, particularly those requiring export licenses on commodities with "dual use" potential, will give them the chance to compete for \$150 billion in orders. According to U.S. industry sources, Russia proposes to purchase several billion dollars worth of telecommunications equipment over the next three to four years. China's ambitions are allegedly even greater; AT&T reports that China may spend \$40 billion by the end of the decade.

## **Briefly**

● **CHINA AND RUSSIA** signed a protocol for space cooperation in Moscow on March 25, Xinhua news agency reported. "Virtually all fields of space science, including communication satellites, satellite television broadcasts and space technology applications" are involved, Russian space director Yuri Koptev said.

● **MAGLEV** rail lines should be built from Berlin to Moscow, and from Berlin to Prague and Budapest, as soon as the Hamburg-Berlin line has been completed, Municipal Berlin Transportation Senator Herwig Haase said on March 31. Berlin would become the "European center of a new transportation system."

● **SAUDI ARABIA** is keeping the price of oil low to please the U.S., the *Teheran Times* charged. On March 26-27, OPEC failed to agree on cutting its 24.5 million barrels a day production ceiling after Saudi Arabia opposed the move. Iran says it has lost \$3.5 billion in revenues over the last year due to the weak market.

● **THE UNITED STATES** doubled its share of arms exports over 1981-91, becoming the world's leading arms supplier, said a March 29 report by the U.S. Arms Control and Disarmament Agency. U.S. exports (\$59 billion) declined 34% over 1987-91, but overall world sales dropped 53%. Russia expects to increase exports tenfold next year.

● **CHINA** hosted a conference on March 27 on the economic development of North Korea, AFP reported. Chinese, Russians, North and South Koreans, and Mongolians discussed a Tumen River project, launched in 1991 under U.N. aegis and expected to cost \$30 billion over 20 years.

● **J.P. MORGAN** rates China a more attractive place to invest than India, a company official told a seminar on Investment Opportunities in the Indian Metals Industry. An investment of \$1 million will net a post-tax profit of \$700,000 in China, \$675,000 in Vietnam, and \$375,000 in India.