

# Business Briefs

## ***Southeast Asia***

### **Foreign Investment Has Fallen Sharply**

A report by the Secretary General of the Association of Southeast Asian Nations (ASEAN), Rodolfo Severino, states that foreign investment in the region has fallen sharply, the *International Herald Tribune* reported on July 27. The report, which is usually released to the public, has been kept private. It warns that ASEAN faces a "serious challenge" in attracting investment, as large economies and free-trade regions elsewhere in the world are gaining strength.

The newspaper said that some ASEAN nations were concerned that the report would reveal that their economies are backsliding into economic crisis.

The report warned that China's accession to the World Trade Organization will pose a "formidable" competitive challenge to ASEAN. "China and, at least potentially, India, are huge markets in their own right and magnets for foreign investment seeking production platforms for export to the rest of the world."

However, China has recently released figures noting a collapse of foreign investment there over the past two years.

The ASEAN report said that foreign investment in the region fell from \$21.5 billion in 1997 to \$16.8 billion in 1998, and then to \$13.1 billion in 1999. Only Singapore, of the group's ten members, had a substantial rise in foreign investment in 1999. The report called on ASEAN to "maintain and strengthen" its commitment to regional economic integration, and to go ahead with its planned free-trade zone beginning in 2002.

## ***Health***

### **Ontario To Offer Free Influenza Vaccination**

Ontario, Canada will be the first jurisdiction in North America to offer universal, free vaccination against influenza, it was announced on July 25. The reasons are both good and bad: On the good side of the ledger, universal

vaccination (as opposed to vaccinating only those at greatest risk) has the potential, according to one expert cited by the July 26 *Sault Star* in Sault Saint Marie, to "help combat the next super-flu pandemic—a mass outbreak of a new and dangerous strain of the virus which may already be overdue." On the other side, Ontario is hoping to ease the strain on overcrowded hospital facilities and emergency rooms, whose overcrowding is due to cutbacks, rather than restoring the budget required for quality health care. Last year, an 18-year-old asthmatic died of cardiac arrest, when the ambulance he was in was turned away from one Toronto emergency room, and sent to another 13 minutes away. Nonetheless, even a good health-care system would be overburdened by a flu epidemic, and this is an easy measure to relieve the strain.

Dr. Allison McGeer, of the University of Toronto School of Medicine, said that a vaccine program would also help tackle a flu pandemic, where a new strain of the virus infects many people of a large area and makes them much sicker than usual. "Such outbreaks, like the particularly virulent one that killed millions of people after the First World War, occur about every 30 to 40 years, and the world may already be overdue for one," she said. New vaccines have to be developed for new strains of the virus. But having a system for making and distributing the vaccine universally would mean that a mass inoculation could take place much more quickly and easily.

## ***Africa***

### **Adopt Protectionism, Ghanaian Newspaper Urges**

The pro-government Ghanaian daily *Graphic* called for making use of quotas, discriminatory tariffs, and tax measures to protect industry, in its lead Aug. 2 editorial. Free trade may work for some Western economies, but it does not work for the developing sector, and Ghana can attest to this fact, it said. "As a matter of fact, the policy of free trade offers a unique opportunity for the developed nations to use their advantageous positions and strengths on the global market to flood devel-

oping economies with their products."

In a news article, the daily reported on an initiative by the country's Association of Small-Scale Industries, which just days earlier, had "joined a number of local business groups in calling on the government to review the policy of trade liberalization embarked upon in the country. They contend that such a move would help protect local industries and provide the much-needed boost to the national economy." The daily took up the subject in its editorial, saying: "We are compelled to return to this subject mainly because of the immense importance it has for the national economy. . . .

"The *Graphic* is keenly aware of the damage our rather over-zealous liberalization of trade has done to the nation, including its contribution to the collapse of mainly local industries along with thousands of jobs, incomes, and the standards of living of our people. It is a fact that no economy can be viable if it engages in little productive activity and more of the trading of manufactured goods of others. We clearly need to reverse this trend and create the basis for protecting local industries to spearhead the drive for national self-sufficiency. The *Graphic* finds it absurd that at a time that we are grappling with foreign exchange problems, we should continue to use \$100 million a year to import only rice, a commodity we have the capacity to produce for domestic consumption and for export, as well as several millions of dollars more on other goods we can produce."

The editorial concludes: "Japan and the U.S., the apostles of free trade, have fought many trade wars to protect their economies and people, and we cannot be wrong and condemned for doing so."

## ***France***

### **Study Takes Aggressive Stand for Nuclear Power**

A study compiled for French Prime Minister Lionel Jospin has concluded that existing nuclear power stations will retain their cost advantage over gas-fired plants, and that nuclear energy is likely to retain its economic edge when new power plants are built. The study examined nuclear's future in France to

the year 2050. Today, about three-quarters of France's electricity is produced by nuclear power plants.

The report was well received by the European Atomic Forum (Foratom) in Brussels. Foratom Secretary General Dr. Wolf-J. Schmidt-Kuster said, "The French report is a welcome reminder of the economic benefits that can be derived from the prudent use of nuclear energy for electricity generation." He stressed the environmental benefits of nuclear, and the energy independence that nations like France have gained. (The report is available in French on the Internet at [www.plan.gouv.fr](http://www.plan.gouv.fr).)

Steve Dean, head of Fusion Power Associates, reported in an Aug. 2 news release that at the July 11 meeting of the Consultative European Committee on Fusion in Brussels, the French delegate announced that France is offering a site for the proposed International Thermonuclear Experimental Reactor (ITER), a project in which Russia and Japan, in addition to Europe, are participating. The United States pulled out a couple of years ago due to drastic cuts in the U.S. fusion budget. Sites have also been offered by Japan and Canada. Dean reports that sources at the event say that Dominique Schwarzenberg, the French minister responsible for nuclear energy, is putting emphasis on fusion development.

## Indonesia

### Capital Controls Option Should Be Kept Open

Indonesia should not rule out using capital controls, economist Kim Hak-su said on Aug. 3, speaking at a conference on economic policy of the UN Economic and Social Commission for Asia and the Pacific. The conference "didn't rule out the possibility of capital controls" for Indonesia if "there were ominous indicators. There may be some merit in capital control if the indicators of economic performance are not going well; it should be an option," he said. But, he stressed that such a step should be short-term only.

The policymakers from 37 Asia-Pacific nations were discussing potential alternative

revenue sources for poor Asian nations, as foreign aid and investment dries up. Kim said that currency jitters in Indonesia, Thailand, and the Philippines, plus anticipated negative fallout in Asia from a possible hike in U.S. interest rates, were some of the "ominous signs" that the region could be verging on another monetary crisis. "So, as far as I know there is no liquidity crunch or liquidity shortage in Indonesia. But if they run out, if the exchange reserves are going down, then perhaps there is the option of capital control," he said.

While the government assumed a rupiah exchange value of 7,000 rupiah to the dollar for the April 1-Dec. 31 fiscal year, the rupiah is now about 8,600-9,200 to the dollar. Kim said this is not consistent with the inflation rate, which he said is "under control." But, "the rupiah has depreciated by 20%. So there is a gap: 5% inflation versus a 20% exchange-rate depreciation. So how can we explain the 15% gap?"

## Industry

### Farm Equipment Firm To Close U.S. Plants

CNH Global, Inc., formed in 1999 by the merger of Case Corp. and New Holland, and majority-owned by Fiat, announced on July 18 that it will close or sell several North American agricultural equipment manufacturing facilities. The cuts are being made to reduce costs.

Apparently, the largest affected is the combine harvester plant in East Moline, Illinois, which will close by 2004, when the current contract with the United Auto Workers union expires. Of 900 East Moline workers in the former Case plant who will lose their jobs, 720 are hourly workers.

The 157-acre plant has been a mainstay of East Moline for decades. It yields \$967,000 per year in taxes and fees to East Moline and its school district. Beneficiaries include the airport authority, mass transit district, townships, and community colleges. East Moline Mayor Bill Ward said that the closing would affect the city's budget for years to come, necessitating budget cuts and increased fees to residents.

**THE HOLLINGER** Corp. has sold most of its Canadian newspapers for Can \$3.5 billion, the London *Financial Times* reported on Aug. 1. Hollinger says that it wants to develop an Internet strategy, but the newspaper says the decision might have been motivated by Hollinger's "languishing share price," and aimed at reducing its \$1.7 billion debt.

**THE PHILIPPINES'** Mindanao region is losing at least \$22 million per day because of the war against the main secessionist group, the MILF, according to Joann Emiline de Belen, head of the Mindanao Economic Development Council. On July 31, she said that business losses were exacerbated by closure of airports and roads and loss of tourism.

**MAGLEV** technology can improve industrial productivity, Wiemers Innovative Technology announced on Aug. 3. The Germany-based firm has developed a more efficient, less energy-consuming device to move heavy materials for industrial processing, using the same principle that propels the Transrapid maglev system.

**IRAN** would like to develop trade with Afghanistan and Pakistan, via the southeastern province of Sistan and Balochistan, Deputy Commerce Minister Mojtaba Khosrowtaj indicated on Aug. 2. He cited the need to pave the cultural way for promotion of trade, remove problems related to border markets, make optimal use of investments in dairy industries, and combat smuggling of contraband.

**THE CZECH REPUBLIC** wants to become an exporter of nuclear technology. The Ministry of Industry and the CEZ, the operator of the country's nuclear power reactors, plans to ignore recommendations from Western governments and go ahead with the Temelin dual-reactor complex. They estimate that at least \$300 million worth of nuclear technology could be exported annually to eastern European nations and to Asia, notably China.