

Report from Bonn by Rainer Apel

Economic impulses from the Far East

Germany is investing a big effort into improved economic relations with China.

Outside the European Union's program for the modernization of transport and telecommunications infrastructure, the only consistent impulse abroad currently for Germany's export-oriented industry is coming from mainland China. There has not been a single week recently without a meeting between senior officials or industry managers from both sides. Although spectacular contracts have not materialized, the intensity of contacts signals a genuine interest on both sides to improve cooperation.

This interest has been confirmed by Chinese leaders despite the fact that the Dalai Lama of Tibet was received on May 9 in Bonn by Foreign Minister Klaus Kinkel. Indeed, embarrassment at the Dalai Lama's talks in Bonn was not concealed by German industrialists, who were at that moment engaged in talks about projects with the Chinese.

The Chinese ambassador to Bonn protested with the German Foreign Ministry, and the German ambassador to Beijing was summoned to the Chinese Foreign Ministry to receive a note of protest. Although no grave diplomatic crisis developed, the question arises: Who in the German government is interested in aggravating relations with the Chinese at a moment when negotiations on a number of potentially profitable industrial projects were under way—just at a time when Economics Minister Matthias Wissmann and a high-powered industry delegation were on their way to Beijing?

Chancellor Helmut Kohl, who will receive Chinese leader Li Peng in Bonn in mid-July, and plans to visit Beijing in October, had his spokes-

man declare diplomatic contacts with China a "project on the level of the chief." This made clear that Kohl considers this field important enough not to leave it exclusively in the hands of his Foreign Ministry, which is known for its Anglophile views.

Reflecting Kohl's views, a mid-May report by the Economics Ministry identified the transport infrastructure and energy sectors of China as the most crucial fields for investments, because that is where the Chinese economy has some of its worst bottlenecks, and where German industry has specialized know-how.

Already in mid-April, Bavarian State Gov. Edmund Stoiber returned from a tour of the Chinese province of Chandong, with which the Bavarians have a sister-state partnership, with the message that the Chinese have a deep interest in cooperating with the Germans, with whom they have had positive experiences (unlike their experience with the British, for example). Stoiber portrayed a prominent role for German industry in China's national infrastructure development program, which over the next 10 years envisions the construction of 100,000 kilometers of roads and highways, 20,000 km of new railway tracks, and 10 new nuclear power plants.

The same message was also sent home by Economics Minister Wissmann, who first feared the worst when he found that all planned high-level meetings, for example with the railway minister, had been cancelled or postponed, when he arrived in Beijing on May 9. But, unexpectedly, he was received by the head of the state planning commission the next day, and learned that China wants to accelerate

bilateral talks.

The question mark over all potential projects is where financial resources can be found in the collapsing, speculative world monetary system that currently dominates banking policies. It is nevertheless important to note that in a May 11 report from Beijing, Germany's business daily *Handelsblatt* wrote that Wissmann identified railway technology, particularly high-speed train systems, as the centerpiece of relations with the Chinese.

German industry is aware of the competition from other industrial nations; for example, the 1,300 km of tracks for the new rail route between Beijing and Shanghai, designed for conventional, high-speed railway technology, could be served by the German ICE, French TGV, Japanese Shinkansen, or the Swedish X2000. But if the Chinese decide for maglev technology, the Germans, who are the only ones who have that technology available at this moment, in the form of the Transrapid system, would have an exclusive role.

A hint in this direction was given to a Hongkong representative of the Thyssen Industry group, which is producing the Transrapid, on May 8. After two months of intense negotiations with the municipal administrations of Hongkong and Canton about a maglev train route between the two cities, the manager expressed optimism that this 160-km route could be served by the Transrapid. Construction would start in 1997 and be completed in the year 2000, with costs of DM 3.5-4 billion (roughly \$2-2.5 billion). Based on maglev technology, the new route would reduce travel time between the downtown areas of Hongkong and Canton to 20 minutes. The lord mayor of Canton will soon visit the Transrapid testing route in Emsland, Germany.