

# Business Briefs

## *Fusion Energy*

### **Break-even expected at Europe's JET facility**

Researchers at the Joint European Torus (JET) fusion energy research facility near Oxford, U.K., "hope to achieve a 10-million-watt output sustained for several seconds, which should smash the 'break-even' barrier, with energy output exceeding energy input," the *Irish Times* reported on Sept. 22. The new series of experiments, which are about to get under way, will use a 50-50 deuterium-tritium fuel mix, which is considered an "optimum blend for the reaction."

The former chairman of the JET executive committee, Frank Turvey, who is now the deputy chief executive of the Radiological Protection Institute of Ireland, told the *Irish Times*, "I expect we will get to break-even . . . and that would be a great achievement, a milestone on the road to success." Turvey said that he expects the next six weeks' work at JET will make the history books. "What we are achieving with fusion will be seen to be as significant as what the Wright brothers did in 1903," he said.

## *Space*

### **Australian group plans satellite launch by 2010**

A non-profit, voluntary group of Australian professionals has been working for the last eight years to build a microsatellite, and the rocket to carry it, in preparation for launching commercial satellites from Australia by the year 2010. Founding chairman of the Australian Space Research Institute (ASRI) Mark Blair told the London *Sunday Times* that the goal was to see Australia well placed to partake in the multibillion-dollar space industry through education, technological development, and component production. Although Australia had a world-class space and rocket research industry in the late 1950s, when space stations like Jindivic and Woomera were well known, this had almost vanished by the late 1970s.

ASRI's two major programs are now well along to achieving their targets. The first

is to complete the microsatellite called Australis. Second, is a four-part rocket program called Ausroc. The first Ausroc-1, liquid-fuel rocket was launched successfully in 1989. Ausroc-II hit a snag with a frozen main liquid oxygen valve and was destroyed by fire on the launchpad; it wasn't until 1995 that Ausroc-II-2 was successfully launched.

Ausroc-III is expected to be launched in the year 2000, carrying a 150 kg payload to a height of 500 km. Its payload will be weightless for six minutes before re-entering the atmosphere and returning to Earth using a steerable gliding parachute. Ausroc-IV, in 2005, will be built from four Ausroc-III rockets clustered around a fifth, central Ausroc-III. Once tested, these rockets will need to be enlarged so that they can lift commercial satellites. Blair is optimistic that Australia will have this rocket-launching capability within 10 years. "The whole Ausroc program hinges on the backing of Australian industry, the government, and voluntary support of numerous engineers, scientists, and technicians," he said.

## *Finance*

### **Queen's Packer follows Buffett out of the market**

Australia's richest man, Kerry Packer, announced on Sept. 3 the withdrawal of AUS \$850 million of his company's funds from the Australian stock market, bringing the amount Packer has pulled out of the market in recent months to AUS \$1.3 billion, the *Australian Financial Review* reported. Packer's move follows the decision of Nebraska multibillionaire Warren Buffett to move over \$2 billion of his funds into U.S. Treasuries.

It is Packer's connections that make his action telling: Packer's chief financial adviser is World Bank President James Wolfensohn, who sits on the board of Packer's personal holding company. Over the last three decades, neither Packer nor his father before him, have made any important financial decisions without Wolfensohn's approval. Also counted among Packer's close friends are such insiders as Lord Jacob Rothschild, Conrad Black, British gambling czar John Aspinall, and UN strongman Maurice

Strong. Packer was also close to the late Sir James Goldsmith.

Another member of the Packer circle, Australian stockbroker René Rivkin, said on Channel 7's "Witness" program on Sept. 9, that he had pulled all his money out of the stock market, in anticipation of a 1987-style crash.

## *Economic Policy*

### **German cardinal condemns unbridled capitalism**

In the context of the traditional autumn convention of the German Catholic Bishops in Fulda, Cardinal Friedrich Wetter of Munich attacked an economic strategy that favors maximal profits over the creation of jobs, KNA wire service reported on Sept. 25. "We are witnesses to a development which makes branches of the economy boom, but the number of jobless is not decreasing, in spite of that," Wetter said.

Wetter criticized the fact that "moral limits are transgressed" in such a system, which "rates profits higher than human beings" and "neglects jobs."

The cardinal added that such an economic system runs into conflict with the Ten Commandments, which God gave to mankind in order to "make sure that the dams that protect human order, do not break."

## *Australia*

### **Manufacturing decline worse than in OECD**

*Historical Statistics*, an annual report of the Organization for Economic Cooperation and Development (OECD), shows that Australia, which in the 1960s had one of the largest manufacturing workforces in the Western world relative to the size of its economy, has suffered the largest decline in manufacturing output and employment of any Western country except Turkey. Australia also had the smallest manufacturing sector relative to Gross Domestic Product apart from Greece.

Manufacturing output roughly halved, from 24.8% of GDP in 1960-73, to 14.3% in 1990-94. The report also showed that by 1993, Australia was producing 4% fewer manufactured goods per capita than it did in 1973, while other OECD countries, on average, were producing 27% more per capita; Italy was producing 66% more; and Japan, 110% more.

The report does not reflect the increased rate of collapse in the last four years, but it said that 420,000 jobs were lost in manufacturing during 1973-94, which has added dramatically to Australia's high unemployment rate. During 1960-73, some 28% of workers were employed in manufacturing; by 1990-94, manufacturing had shrunk to 13.5% of the workforce, less than half the employment of the generation before. It was also reported that unemployment in the 1990s is five times the level it was in the 1960s.

Also, whereas manufacturing declined from 27% of the workforce to 19.1% in the OECD as a whole, if Australia had matched that, 450,000 more people would be employed in manufacturing, roughly halving the current unemployment rate. Australia would be producing one-third more manufactured goods, adding AUS \$20 billion to GDP. Of the 16 countries compared, only in Australia and Norway had manufacturing output failed to keep up with population growth since 1973. In contrast, Japan, Ireland, Denmark, and Portugal increased their manufacturing workforce and massively increased their manufacturing output per capita.

## Natural Gas

### Broken Hill buys into Bolivia-Brazil pipeline

Broken Hill Proprietary Company Ltd. (BHP), an old Australian establishment company which has become the third-largest minerals company in the Western world after Anglo American and Rio Tinto, has bought a 7% stake in the \$2.7 billion pipeline which links Bolivia's gas fields with industrial markets in Brazil. The pipeline's shareholders include: Enron and Shell, 14% each; British Gas, El Paso, and BHP, 7% each; and the

Brazilian national company, Petrobras, which has kept a majority holding of 43%. The balance of the equity is owned by Brazilian investors and Bolivian pension funds.

"BHP Petroleum's involvement in the project reflects the strategic importance it attaches to opportunities for investment in Brazil and Bolivia," a BHP spokesman said. The firm is "actively assessing" opportunities that have been created in Brazil since the changes to laws relating to foreign investment in its oil and gas industry, which BHP finds "highly prospective," the spokesman said.

## Debt

### 'Cooking the books' found in Filipino debt default

Victorias Milling Corp., a leading sugar miller and real estate developer in the Philippines, which defaulted on 5.07 billion pesos (\$154 million) in loans from 32 banks and finance companies earlier this year, has more problems. A management committee including government officials and creditors has discovered that Victorias financial reports are fraudulent, and that the firm's assets only add up to one-quarter of what had been reported. The committee reported on Sept. 25 that Victorias's assets are worth only \$16.3 million, not the \$62.3 million reported to the Securities and Exchange Commission.

Those analyzing the assets say the company's woes were made worse by diversifying into such areas as cut flowers, a featured item in the new agricultural zones dedicated to for-export crops. One of the accounting practices used by Victorias was to credit \$27.5 million to its assets, based on appreciation of its holdings in the town of Victorias in central Philippines. This was based on the assumption that the town would be upgraded to the status of a city, thus raising property values. Victorias had been given loans using this estimated appreciation as collateral.

Since the July 11 devaluation of the peso, a local electric appliances firm, Eycos Group, has applied for a debt moratorium, and rumors are circulating that two more firms are sinking. On Sept. 26, Standard & Poors downgraded its long-term outlook on the country to "stable" from "positive."

**KENYA'S** Assistant Minister of Public Health Basil Criticos warned that 1 million citizens are expected to die of AIDS in the next three years, the *East African Standard* reported on Sept. 24. He said that about 1.3 million, out of Kenya's 28 million people, are infected with the disease.

**THE DOW JONES** could very likely fall 4,000 to 5,000 points, Eckart Langen v.d. Goltz, head of the German investment fund PSM, told the Sept. 4 German daily *Frankfurter Allgemeine Zeitung*. There will be a massive crash on Wall Street in the coming 12 months, he said.

**CHINA** approved the export of a 300,000 kilowatt stabilizer and other equipment to the Chashma nuclear power station in Pakistan, Xinhua reported on Sept. 20. The equipment, made by the Shanghai Boiler Factory, includes components for the power station "and are crucial for preventing nuclear leakage."

**GERMANY'S** youth say that creation of jobs comes before environmental issues, a survey by the Hamburg-based BAT social research institute reports. Among youth aged 14-25 who were interviewed, 93% said the creation of jobs is the topmost priority, and 67% call for state intervention to create such jobs.

**IRAN** and Saudi Arabia resumed regular air links on Sept. 21, with an Iran Air flight from Teheran landing in the port city of Jeddah. Saudia, the kingdom's official airline, is expected to begin flights between Jeddah and Teheran in the near future. The resumption, after 18 years, comes amid rapid moves for a thaw in relations.

**A CONSORTIAL LOAN** of DM 488 million (\$287 million) for German participation in China's Three Gorges Dam project, was approved on Sept. 24 by a group of four banks led by the state-run Kreditanstalt für Wiederaufbau. The loan will finance turbines and power generators produced by an industrial group led by Voith and Siemens.