

## S. Africa Facing Wage Apartheid

Whites in South Africa earn five times more than their black counterparts on average, according to a new study, illustrating the enduring legacy of apartheid 14 years after its abolition. A study done for the UASA union made waves in the Rainbow Nation last week when it showed that whites bring home 450 percent more than blacks on average and 400 percent more than their mixed race peers, AFP wrote.

In line with the global trend, education is the single biggest determinant of earning power, it concluded, but in a country with South Africa's history the issue has a powerful racial dimension.

"That blacks weren't allowed on to certain beaches (during the apartheid era of whites-only rule) can be changed overnight but education has a long-lasting legacy," said the author of the research, economist Mike Schussler. "My concern is that our current education system hasn't overcome that legacy so we are going to be stuck with the problems for a while longer."

Under apartheid, says Marius Roodt, researcher at the South African Institute for Race Relations, whites had access to "near world class" schools and universities.

## PGCC Currency Revaluation Ruled Out

Persian Gulf Arab states will not revalue their currency pegs to the weak dollar despite soaring inflation, and plan to stick to a deadline for currency union by 2010, the chairman of a meeting of finance ministers was quoted by TradeArabia as saying.

Dollar pegs in all Persian Gulf Arab states except Kuwait compel their central banks to track the US Federal Reserve--which has introduced a series of rate cuts--although in the Persian Gulf inflation is spiraling and economies are booming.

"There is no revaluation ... it is as it is," said Qatari Finance Minister Youssef Hussein Kamal late on Saturday.

Qatar currently chairs the six-member Persian Gulf Cooperation Council (PGCC), which also includes Kuwait, Saudi Arabia, Oman, Bahrain and the United Arab Emirates.

"The schedule (for currency union by 2010) is there and is on track," Kamal told reporters after the meeting in the Qatari capital.



## Malaysia to Spend More on Subsidies

Malaysia says it will spend more money subsidizing oil and gas this year than on developing the country with Prime Minister Abdullah Ahmad Badawi calling for a review of all major projects. Abdullah said the government would spend 45 billion ringgit (\$14 billion) on fuel subsidies this year, state news agency Bernama reported late Saturday.

This will exceed its annual 40 billion ringgit budget for major development and infrastructure projects under the country's ninth development plan.

"It is five billion ringgit more, we need to look for more money," Abdullah told the agency. "As the government, we will try our best to ease this burden. We will not allow this problem to grow," he added.

Abdullah said with global oil prices hitting \$126 a barrel, the impact on Malaysians would be huge. He said the government was also uncertain whether the funds set aside to moderate the present soaring prices of food was enough.

Malaysia, which imports about 30 percent of its rice needs, heavily subsidizes more than 20 daily food items including milk and salt.

## GM Crops Get Mixed Response

With food prices hitting record highs the jury is still out in Asia as to whether genetically modified crops hold the key to future food security.

The Philippine government has openly embraced the commercial growing of genetically modified (GM) corn, but neighboring countries appear less than enthusiastic, AFP wrote.

"There has been a lot of talk about developing high-yielding crops and crops that can cope with climate change using GM seeds," said Daniel Ocampo, a genetic engineering campaigner with the environmental group Greenpeace. But, he said, the technology was still a long way from "addressing these needs." While Japan does not grow GM crops due to safety concerns among consumers it does import GM grains for use in making products such as cooking oil, animal feed and manufactured goods.

In Bangkok the regional headquarters for the United Nations' Food and Agricultural Organization (FAO) said it had not seen any signs that governments in Asia were pushing for genetically-modified seeds.



## News in Brief

### \$ Recovery Welcomed

US and European officials signaled satisfaction that the dollar is stabilizing after Group of Seven policymakers expressed concern a month ago about its decline. The dollar has advanced 3.4 percent from its record low of \$1.6019 per euro on April 22, and is up 2.1 percent since the G7 central bankers and finance ministers met in Washington April 11, Bloomberg said.

European Central Bank President Jean-Claude Trichet said May 8 he "would be happy" if traders take account of Treasury Secretary Henry Paulson's admonitions that the US wants a strong dollar. A Treasury official said on condition of anonymity yesterday that the G7's statement was aimed at getting investors to look past short-term US financial-market turmoil.

### Bulgaria Fears Dirty Money

As EU newcomer Bulgaria aims to attract ever larger flows of foreign investment, authorities and analysts have raised fears that part of the money streaming into the country may have been laundered.

"A growing number of investigations come to a dead end as we find that money that we had good reason to consider dirty, or resulting from criminal activity, has been transferred through foreign banks and returned to Bulgaria as 'fresh' investment," said national investigation service chief Boyko Naydenov, AFP wrote.

"You just have to look at the posh cars on the streets of Sofia, which exceed the number of luxury vehicles in any other European capital ... or the construction boom in our Black Sea resorts," he told a conference in Sofia.

### JVC, Kenwood Will Form Holding Company

Japanese mid-sized electronics makers JVC and Kenwood Corp have agreed to integrate their businesses under a holding company in October, sources close to the matter said on Saturday. Kenwood and asset manager Sparx Group acquired a combined 30 percent stake in loss-making JVC for 35 billion yen (\$340 million) last year, and Kenwood and JVC have been in talks with eyes on merging their operations under a holding company, Reuters reported.

Victor Co. of Japan Ltd (JVC) President Kunihiko Sato is set to become president of the holding company and Kenwood Chairman Haruo Kawahara is slated to become chairman of the new organization, the sources said.

### Private Hands Sought For Alitalia

Italy is seeking solutions for Alitalia that would keep it both Italian and privately owned, the government said on Saturday, responding to EU warnings against renationalizing the ailing air carrier.

Economics Minister Giulio Tremonti said the new government of Prime Minister Silvio Berlusconi was "seeking a solution which is Italian and fundamentally private", according to ANSA news agency.

Tremonti said Berlusconi's new government was committed to attracting Italian investors to Alitalia.

# China to Make Jumbo Jets



China's long-term goal is to make large passenger jets with more than 150 seats, or freighters capable of handling more than 100 tons of cargo, to give it a presence in the global commercial jet market.

China has established a homegrown company to make passenger jumbo jets, state media reported on Sunday--a step forward in the country's quest to become less dependent on Boeing and Airbus.

China Commercial Aircraft Co. was established in Shanghai with a registered capital of 19 billion yuan (\$2.7 billion), the official Xinhua news agency said.

It said the central government and the Shanghai government are among the major shareholders, as are China's two main aircraft manufacturing and servicing companies, China Aviation Industry Corp. I and China Aviation Industry Corp. II, which were split off from state-owned China Aviation Industry Corp. in 1999.

Europe's Airbus has forecast that China's domestic market will increase fivefold by 2026. Airbus and Chicago-based rival Boeing dominate the market for commercial airplanes carrying 100 or more people.

Xinhua said Commercial Aircraft Co. will be able to make planes with more than 150 seats. General manager Jin Zhuanglong said in a Xinhua interview that it was too early to say when a Chinese-developed jumbo jet would be taking off, as it would take a long time to develop homegrown talent and do research. "According to the development history of Airbus and Boeing, the development and success of civil planes cannot be realized by relying on one or two generations," he said.

A consortium made up of the municipal government of Shanghai--where the ARJ21 regional jet is being developed--and China's two state aircraft makers, AVIC I and AVIC II, will have a 25 percent share for five billion yuan, Xinhua said.

The 90-seat ARJ21-700 was unveiled late last year, China's first domestically developed regional jet which will be test flown later this year and is scheduled to begin deliveries sometime late next year, Guardian wrote.

But many analysts have expressed skepticism about the commercial prospects of a large jet designed and manufactured entirely in China, given the country's limited experience in big aircraft.

"They might be able to establish a presence in the business over the next 10 to 20 years," said Richard Aboulafia, an aviation analyst with Teal Group, while adding a key caveat. "If they nurture it with government seed cash, and gradually offer shares to the private sector," he added.

AVIC I, parent of Xi'an Aircraft International Corp, developed the ARJ21. AVIC II's Hafei Aviation Industry Co makes the ERJ-145 regional jet in partnership with Brazil's Embraer.

General Electric's aircraft leasing arm said in March that it had signed a preliminary agreement to buy five ARJ21, the first order from a major foreign customer. There are total orders for about 181 ARJ21s, almost all from domestic carriers.

General Electric and Parker Hannifin supply parts for the ARJ21.

The project is not the first attempt by China to build a commercial passenger jet--others include separate deals with McDonnell Douglas and Airbus--but all have failed.

The technology used in the ARJ21 could also be a step behind modern jetliners that use light-weight composite materials and state-of-the-art technology to reduce fuel consumption. "Initial specifications of the ARJ21 indicate that it's a bit heavier than today's regional jets", said Aboulafia.