Business Briefs

Mexico

Pemex To Axe 5,000 More Workers

The state oil company PEMEX announced that 5,000 employees are to be fired by the end of September, *El Financiero* reported on May 4. PEMEX engineers, who denounced the decision to the media, charge that those who oppose the privatization of the company, and defend the nation's sovereignty over its oil, are being targetted in the purge. Although the firings are being justified as necessary to cut costs, these engineers point out the company is hiring top executives from the private sector, who want to privatize the company; these executives each receive a far higher salary than many engineers combined.

Power

Nuclear Tech Reviving in Europe?

The decision was taken in Paris on May 5 for the construction of an enhanced pressurized water reactor prototype, also termed the European Pressurized Water Reactor (EPR), to be completed by 2010. A concrete timetable has not yet been decided, and the French parliament—in which the governing UMP has a solid majority—has yet to vote on it. The expenses of 3 billion euros shall be borne by the private sector industry.

The EPR is a pilot project of the Franco-German joint venture Framatome, which will actually build the first reactor of this type not in France, but in Finland, which several weeks ago signed a contract. There is interest also in Bulgaria, which wants to build a modern 1,000 megawatt unit.

A reflex of the French move was seen also in Germany, where Bavarian State Governor Edmund Stoiber, in a Munich speech on May 5, said that nuclear power is indispensable, and that it now has a renaissance worldwide, after years of being demonized. More and more nuclear power reactors will be built in the coming years, Stoiber said, adding that the transformation of Bavaria from an agrarian state to an industrial one in the second half of the past century, was accompanied by the construction of nuclear power plants. Today, they provide two-thirds of the state's power needs (almost as much as in France).

Globalization

Winn-Dixie New Victim Of Cheney's Wal-Mart

On April 30, the Jacksonville, Florida-based Winn Dixie grocery store chain announced that it plans to close or sell 156 stores, and close three distribution centers and several manufacturing operations next year, threatening the jobs of 10,000 workers. It reported only $610,000 profit on $2.67 billion in revenues last quarter, compared to $50.6 million on $2.28 billion one year ago. The closings and sales will leave it with 922 stores and about 90,000 employees. The chain's number-one competitor is Wal-Mart, which has 101 supercenters in Florida alone, where 40% of Winn Dixie's stores are located; 80-90% of Winn Dixie's stores are within 10 miles of a supercenter. One analyst told the *Miami Herald* that Winn Dixie's latest moves are likely only to put off bankruptcy. "Everyone is picking the carrion of Winn Dixie," said Gary Giblen of retail analyst C.L. King and Associates of New York. "Everyone in retail knows they are history. Closing stores is a prelude to bankruptcy."

China

Growing Economy Faces Major Problems

The Chinese economy faces five major problems, said the Ministry of Commerce in a report publicized on May 4. The problems cited are: slower growth of consumption than of investment; the widening gap between consumption in urban and rural areas; the supply shortage of power and transportation services; the unsatisfactory quality of some commodities; and prominent inflationary pressure.

In the first quarter of this year, total retail volume for social consumption grew 10.7% year on year, while fixed assets investment rose 43%. During the same period, retail sales volume for rural consumers stood at 430.54 billion yuan ($51.9 billion), accounting for 22.6% of total retailing, while that of urban consumers reached 852.52 billion yuan, or 76.4%. In addition, the Ministry report said the shortage of power, transportation services, and raw materials has not been fundamentally resolved.

Inflation

Fuel Prices, Dereg Squeeze U.S. Truckers

Protests erupted in California, on April 30, when truck drivers, angry about the skyrocketing price of diesel fuel, parked their rigs on Route I-5 in the City of Commerce and disrupted freight movement from ports in both the Los Angeles and Oakland areas. With diesel prices averaging about $2.25 per gallon and no "market influence" to force shippers to pay higher rates, independent truckers, who own their own rigs, are finding it more and more difficult to make a living. Not only fuel prices, but insurance rates, maintenance, taxes, and registration fees have all increased, yet the rates that drivers receive have gone down, forcing many to consider quitting the business. The *Los Angeles Times* attributed the high fuel prices to insufficient refinery capacity in the state. to satisfy demand. The low shipping rates, it attributed to the 1980 Federal trucking deregulation law, which has not only led to market control of rates by big shippers, but also to the exploitation of port drivers, many of whom are immigrants, who are charged more for insurance and fees by the firms that hire them, than the actual cost. So far, the *Times* notes, the protests have been limited to California, but the unrest could easily spread "raising the specter of massive disruptions in the flow of goods nationwide."