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<1370/c>	majority of shareholder votes. This is probably what will happen at a shareholders' meeting on March 13th, thanks to a closing of ranks by Germany's top industrialists. Organising the defence, much to Pirelli's pique, is Deutsche Bank, Germany's biggest bank. Ulrich Weiss, a top Deutsche executive as well as the chairman of Continental's supervisory board, originally favoured the takeover, according to Pirelli. Mr Weiss denies this. In any case, Deutsche is now wholly opposed and has coaxed powerful friends into buying Continental shares to help block the bid. One is Daimler-Benz, the aerospace and vehicles group. Its supervisory board is headed by Deutsche's boss, Hilmar Kopper, and a former head of Continental, Helmut Werner, sits on Daimler's management board, a second-tier of executive directors that actually runs the giant industrial firm. Another ally is Volkswagen, the car maker; it too is led by a one-time head of Continental, Carl Hahn. Even rival German firms have put aside their differences to jump to Continental's defence. BMW, Daimler's chief competitor in the luxury-car market, is helping the tyre company. Allianz, the largest German insurance group and a strong rival of Deutsche Bank's, looks likely to join the defence effort because its finance chief, Friedrich Schiefer, also sits on Continental's supervisory board. The 'rescue' of Continental recalls a famous victory for Germany's business elite in seeing off a foreign interloper in the 1970s. The Shah of Iran sought to buy a hefty stake in Daimler, Germany's most prestigious company. German companies rallied round to form a holding company just to buy Daimler shares. To this day the holding company owns a 25.23% blocking minority in Daimler. Another 28.2% is held by Deutsche Bank. Foreigners can win control of German firms, but usually only when the target company is in trouble and when no leading German firm objects to the acquisition. Grundig is controlled by Holland's Philips, Standard Elektrik Lorenz by France's Alcatel and Triumph-Adler by Italy's Olivetti. But when Germans decide a national asset is at stake, and the old-boy network starts buzzing, a foreign buyer's chance of victory is almost always low. New Zealand farmers Sell them sunny meadows WELLINGTON 'ALTOGETHER too many damned sheep,' was how George Bernard Shaw summed up New Zealand. True, there are a lot of them - 58m compared with only 3m people. But, unlike the rest of the rich world's sheep, they do at least stand on their own four feet without any government support. While the European Community quarrels over subsidies with America and other farm exporters in
Key: **Footprint ConEn1** **Footprint ConEn2** **Footprint ConEn3**	**the Uruguay round of world trade talks**
	, New Zealand's farmers are showing that eliminating subsidies completely will not wipe out farming, but make it far more efficient instead. In 1984 New Zealand farmers received an effective level of government aid (taking account of subsidies, minimum-price supports and so on) of 33% of the value of their output - almost as much as European farmers then received. That year a Labour government uncharacteristically committed to free-market economic policies won office. Over the next few years, all farm support was phased out. For farmers this was a bruising experience. The real net incomes of beef and sheep farmers have fallen by more

	than half since 1984, as have land prices in real terms. The number of sheep has shrunk by 12m from its peak. And now two of New Zealand's main export markets have been badly hit by political and economic troubles: the Middle East and the Soviet Union. Despite this, Federated Farmers, the farmers' lobbying group, is not calling for a return to subsidies. Its main gripe is the high level of tariffs on manufactured imports, still among the highest of the 24 rich countries in the OECD. This amounts to a tax on farmers because they import most of their machinery and materials. But New Zealand farmers could not be better placed for the day when (if) other rich countries lower barriers to food imports and abolish farm subsidies. New Zealand's dairy and meat farmers have become the cheapest producers in the OECD, thanks to their country's mild climate and to their average herd size of 160 cows, compared with the EC's less-efficient average of only 20 cows. Not only do other rich countries restrict access to their markets, the EC also dumps surplus food on world markets, depressing the prices on which New Zealand farmers depend. As a result, they receive for their milk only a fifth of the price paid to European farmers, a third of the price paid to American farmers, and one-seventh of that paid in Japan. Even at these prices New Zealand farmers earn a living. If other countries eliminate farm supports and stop dumping surplus food abroad, then world prices of dairy produce might double and export prices for other food items would move upwards too. With farm exports accounting for 70% of New Zealand's exports, that would be good news for the entire economy. In the meantime, Owen Jennings, president of Federated Farmers, reckons that New Zealand farmers have to learn to market their produce, no matter what happens to subsidies elsewhere. Though the easy life of acting as Britain's larder ended in the 1970s, they have been slow to add value to produce before