

USA TODAY

AVAILABLE AROUND THE WORLD

THURSDAY

INTERNET'S GENDER GAP IS CLOSING

OXYGEN WEB SITE SPURS MARKET, 8B

ASIA'S LAXNESS ON Y2K ALARMS U.S. VENTURES 8A



By Anat Givon, AP, for USA TODAY

Robert Kushner: U.S. exporter in Hong Kong is vulnerable, 8A

U.S. worries about bug overseas



Anat Givon, AP

Vulnerable: Robert Kushner, managing director of Pacific China Industries, says his export office in Hong Kong is Y2K ready, but he's concerned about the hundreds of other computers at businesses his company depends on.

Y2K disruptions could undermine recoveries

By Julie Schmit
USA TODAY

HONG KONG — Robert Kushner's export office here is Y2K ready.

The Los Angeles native runs Pacific China, which exports Chinese goods to U.S. and European stores. His office computers are prepared to read the Jan. 1, 2000, date and not malfunction by

COVER STORY

reading it as 1900.

But Kushner buys goods from 500 suppliers in China. They buy supplies from hundreds of other Chinese companies. They all move goods by truck, rail and airline. They all need power and phone service.

In short, Kushner's business depends on hundreds of computers over which he has no control. "There is no way they will be ready," he says.

While the USA appears poised to pass the Y2K milestone with minimal problems, Asia is another matter. Analysts say China and Indonesia, two of the world's most populated countries, are two of the world's least-prepared.

Widespread disruptions in air travel and social services are expected, as are a moderate number of power and telephone service outages. The Philippines, Cambodia, Vietnam and Laos are in the same position. Japan, the world's No. 2 economy, is months behind the USA, the experts say.

If disruptions in Asia are severe enough, they could undermine tenuous economic recoveries and set off civil unrest, U.S. officials warn.

They could also hurt the hundreds of U.S. businesses with outposts in Asia. The region is a manufacturing hub for everything from athletic shoes to toys. It is at the heart of the computing industry: Memory chips come

from South Korea and Japan; motherboards from Taiwan; PCs are assembled throughout the region.

"A break in the supply chain in China could have a domino effect," says Tim Janes, a senior manager for PricewaterhouseCoopers in Hong Kong.

That's what scares U.S. companies. Computer chipmaker Intel, with plants in China, Malaysia, the Philippines, Latin America, Ireland and Israel, is most worried about Asia. Last fall, a vast majority of its Japanese suppliers were at "very high risk" for Y2K problems, it says. In other Asian countries, "we found major discrepancies in their ability to operate," says Don Rose, head of Intel's Y2K program. Worried, Intel dispatched trainers to help companies and agencies. Rose's current assessment? "They have a good

Please see COVER STORY next page ▶