

# Iraqi neighbors, Asians non-plussed

BY MARK LESLIE

The possibility of a war brewing in the neighborhood is not stopping golf course developers in Eastern Europe and Southeast Asia, according to Americans involved in projects overseas.

Consultant Jim McLoughlin and architect J. Michael Poellot, both fresh from long trips to the region, agree developers are not disturbed by the Persian Gulf crisis.

"We've got two clients in western Turkey on the Mediterranean coast, 300 to 400 miles from the Iraqi border, and they are proceeding," said McLoughlin, president of The McLoughlin Group in Pleasantville, N.Y. "I have 11 projects in Thailand and they're going hell bent for election."

McLoughlin said the Turkish believe the Gulf confrontation is "a political situation, and the only thing that will hurt the projects there is if a policy has to be cleared through government, whose agenda is crowded. So politics would slow it down, not directly but indirectly because of the Gulf crisis. Economics is not a problem. Safety is not a problem."

"And Turkey is as close as you can get (to

Iraq)."

"In that region of the world, they've had political unrest for centuries," McLoughlin said. "This is probably the 833rd time they've had a threat of war."

He added that two projects he is consulting on in Yugoslavia have come to a stop — but because of internal, not external politics.

Meanwhile, in Southeast Asia, extreme wealth of developers means money in hand, which means keeping projects alive.

"In all those highly active golf environments in Asia — Japan, Taiwan, Thailand and Korea — the economy won't have an impact on golf for about a year because all the projects are with money in hand....," McLoughlin said. "Golf is popular. There are ways to cut through the government redtape to get approvals. So the impact of the Persian Gulf on the economy won't affect them for about a year."

He said: "In Thailand the wealthy are very, very wealthy. They're dealing with money in hand, not like the United States, where you have to go out and raise it."

McLoughlin said Thailand and Taiwan get most of their oil from Iraq. Thailand's economy is growing about 14 percent a year. Working

closely with government officials, McLoughlin said half think the economy is "so strong the Gulf crisis will not make a difference. The other half feel it will slow the economy about one-half."

"They feel that if this happened two years later there would be no impact whatsoever."

Japan, on the other hand, is "very vulnerable" because it gets most of its oil from Iraq," McLoughlin said. "We have two clients (one for 36 holes) in Japan. But again, in Japan they have their money before they start a project."

"They buy land and decide to build a course. They announce it and get a fully subscribed membership before they break ground. The investor and developer both have money in hand."

"They pay \$300,000 to \$500,000 for membership."

Poellot agreed: "The average golf course developer (in Japan) is not fazed at all" by the Gulf crisis.

"We're dealing with a segment of society that has been without war ... and has only known very good times the last 50 years, and I don't think the gravity of the situation has

filtered down to them," he said.

"I've never seen a stronger market for golf in Asia in the 20 years I've done business there. I was in Indonesia, Thailand, Hong Kong, Japan, China."

"In some areas it's waning. In others it's just on the horizon."

Poellot pointed to Indonesia and Thailand as hottest markets.

To emphasize Japan's feeling of euphoria, he said that although the country is 100 percent dependent on foreign oil, 70 percent of which comes from the Middle East: "Several weeks after Iraq invaded Kuwait there was no change in gas prices in Japan, whereas in the U.S. it was already up 15 percent and it was up as high as 30 percent in many countries in Europe."

A sort of "naive confidence" pervades in Japan, he said.

Indonesia is not economically affected because it has its own oil supplies.

And although Thailand is largely dependent on the Middle East for oil, "they are not too concerned right now," Poellot said. "It is a thorn in their side but they don't seem to be trembling about it."

## Supers

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effect is going to kill golf courses — especially the marginal ones. They are going to get the crunch," he said. "We're probably four or five months away from seeing the worst of it, as it goes through the manufacturing lines."

Florida golf courses are being hit doubly bad, since the state has added a surcharge for electricity.

"Florida Power and Light just got approval on it. That's the domino theory. First it's the fuel oil; then it's the electricity; then in another couple of months I'll start getting hit on the fertilizers and chemicals," Jones said.

"Our whole economy is built around oil so much that it's scary. My electric is one of my biggest items now. And it's nothing like out in Arizona where they have to pump their water twice. They \$400,000 to \$500,000 a year for electricity. We pay about \$30,000 a year."

The effects in Arizona, if any, will be in the future, according to superintendent Michael Kline at Desert Highlands Country Club in Scottsdale, Ariz.

"Our gas prices are fluctuating from month to month regardless of what's going on. We've had 30-cent-per-gallon jumps within a two-month span, and then it goes back down, then jumps back up. Yes, it's gone up but nothing out of the norm," Kline said.

He said electricity increases also have not been approved.

### Impact on construction

Golf course architects Thomas Clark of Kensington, Md., and Willard Byrd of Atlanta, Ga., said builders will feel the effects in the cost of irrigation pipe.

"Some products based on petroleum will skyrocket," Clark said.

Foreseeing a price increase for pipe, Byrd bought some in advance, reasoning that "irrigation pipe is one of the first things to go up in our industry."

Bill Rogers, vice president of Oasis Irrigation Systems, Inc. in Nashville, Tenn., said irrigation pipe prices increased in early September by 12 percent, and components like controllers, heads

and valves rose five percent.

Rogers estimated that would translate to \$10,000 more for the pipe in building an 18-hole course, plus more for the components. A course requiring 800 heads, at \$200 apiece, would see

an \$8,000 increase just for heads, most of which are PVC.

"If (President) Bush keeps us in a stalemate for a year, I wouldn't be surprised to see another 30-percent increase for pipe," he said.

## Reserves few in industry

The call to arms is affecting many companies nationwide that employ military Reservists. But the golf course industry is apparently nearly immune.

Dr. Michael Hurdzan, an architect whose firm is headquartered in Columbus, Ohio, apparently stands alone.

The reason is simple: Summer, the traditional training time for Reservists, is the busiest time of the year for superintendents, builders and architects.

John LaFoy, an architect in Georgia, retired last year after 20 years in the Marine Corps Reserves.

A lieutenant colonel in the U.S. Army Reserves, Hurdzan is a Green Beret and psychological operations officer who trains in-

fantry.

"In my particular case, my unit has a plus 60 call-up, or we expect to go 60 days after declaration of hostilities, or well into the war," Hurdzan said. "Then, once alerted, my unit has an additional 30 days to deploy to Fort Benning, Ga., where we will train newly recruited soldiers."

"So I have at least two months to arrange who will be doing what, plan details and let people know."

"There is a great safety factor in my current war-time job," he said. "In my old unit on the Special Forces I would have had units near Iraq from the beginning... Now, it is highly unlikely I'll get called up unless we have a full-scale and protracted war."

"People can't spend as much in dues so they ask you to cut back on maintenance. Now is not a good year to ask for money for a capital project."

Flisek said he is more concerned with "the overall big picture. When the economy slows down we tend to get hit more."

"We are a playground for the rich. When they're not making as much money we get the after-effects."

## Gulf crisis

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### Existing courses

Ken Flisek, superintendent at The Woodlands, a golf course community in Falmouth, Maine, said of the conflict's impact on his course: "The only thing that's affecting us is our members who used to have a lot of money to spend on leisure activities. They now have less. The direct cost of the fuel increase isn't hurting us as bad as the general economy."

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