

International Business News

Japan's finance minister to visit oil-rich nations

AFP, Tokyo
Japan's finance minister said Tuesday he would visit the Middle East and Central Asia to strengthen ties with oil exporters and seek investment in Asia's largest economy. "I would like to deepen dialogue with exporters of resources and build a cooperative partnership," Fukushima Nukaga told reporters ahead of his departure the same day to the United Arab Emirates, Kuwait and Uzbekistan. Nukaga also said he would seek investment in Japan from oil-rich countries during a six-day trip because they "possess abundant funds due to the surge in oil prices." Government-controlled Middle East investment funds have been ploughing petrodollars into foreign companies. One fund owned by the government of Dubai, one of seven members of the United Arab Emirates, last year bought a "substantial" stake in Sony Corp. Nukaga will be accompanied on the trip by executives from five major banks or brokerage firms, including Mitsubishi UFJ Financial, Sumitomo Mitsui Banking, Daiwa Securities, Mizuho Corporate Bank and Nomura Asset Management.

Philippines overseas remittances up 15.6pc

AFP, Manila
Money sent home by Filipinos working abroad rose 15.6 percent in May from a year earlier to 1.4 billion dollars, the Philippine central bank said Tuesday. This brought inflows for the first five months of the year to 6.8 billion dollars, a 14.7 percent increase from the same period in 2007, the bank said in a statement. The increase was attributed to the growth in the number of Filipinos going abroad to work and the "enhanced financial services" that banks are offering to such workers to send their earnings home. The number of workers deployed in the first five months of the year rose by 39.5 percent over the same period in 2007 to 533,945 the bank said, quoting Labour Department figures. More than eight million Filipinos, out of a population of 90 million, work abroad. Their remittances are a major source of foreign exchange.

Bush lifts offshore drilling ban

AFP, Washington
US President George W. Bush on Monday lifted a White House ban on offshore oil drilling and urged lawmakers to follow suit amid an election-year fight over painfully high gasoline prices. "The American people are watching the numbers climb higher and higher at the pump, and they're waiting to see what the Congress will do" about legislative prohibitions, he said in a brief statement in the White House Rose Garden. But Democrats who control both houses of the US Congress rejected Bush's mostly symbolic appeal, effectively dooming a proposal that appeared to enjoy broad US public support some four months before the November elections. "The Bush plan is a hoax. It will neither reduce gas prices nor increase energy independence," said House Speaker Nancy Pelosi, who urged Bush to bring some of the Strategic Petroleum Reserve stockpile to market. "We cannot drill our way out of this problem," said Senate Majority Leader Harry Reid, who charged that big oil companies are "not using more than half of the public lands they already have leased for drilling."



AFP
A pedestrian walks past a share prices index board in Tokyo yesterday. Japanese share prices closed down 1.96 percent on July 15 at a three-month low, the lowest close since April 1.

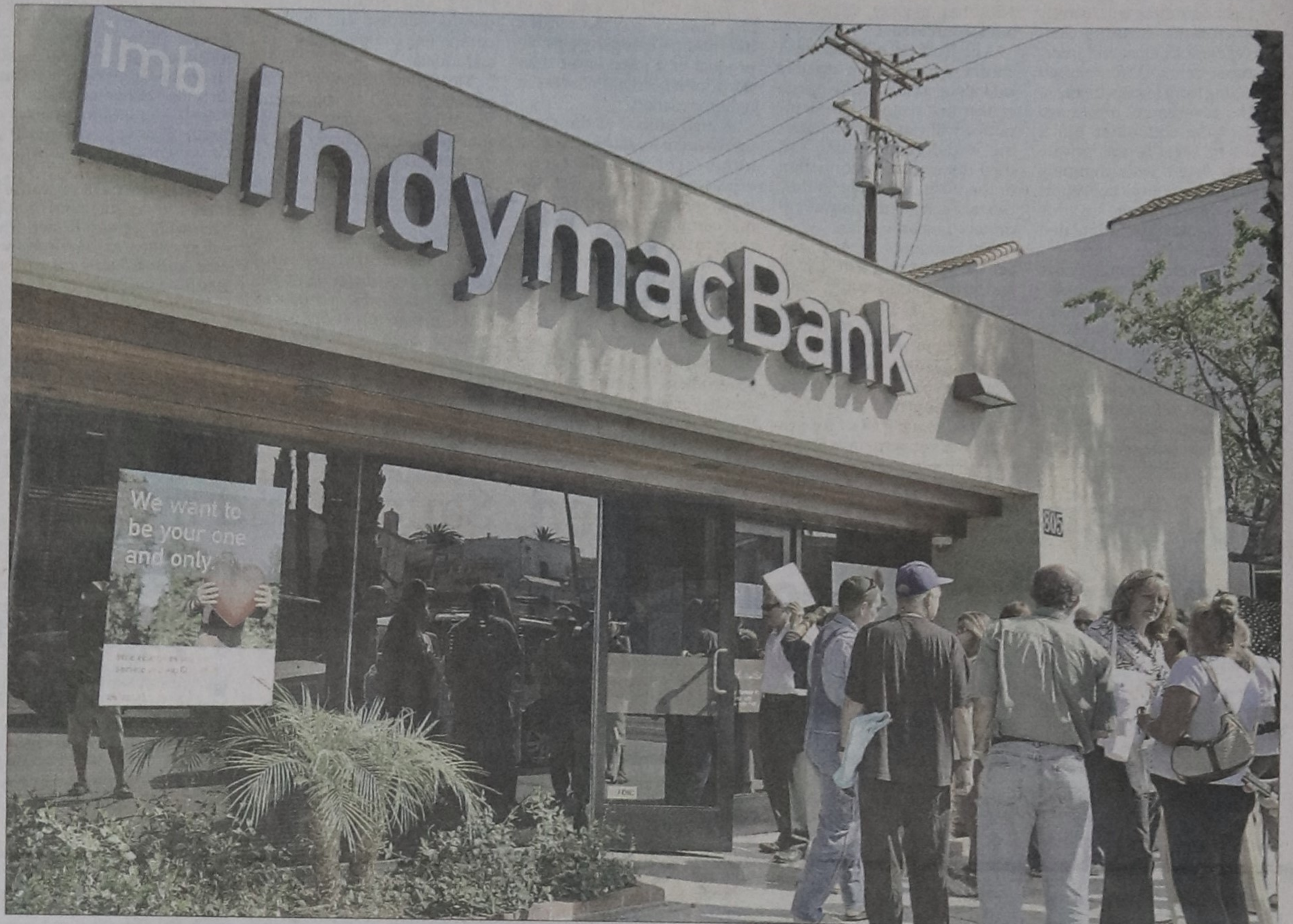
More plane orders to land at Farnborough air show

AFP, Farnborough
European planemaker Airbus was expected to announce further orders for its aircraft on the second day of the Farnborough International Airshow here on Tuesday. Airbus and Qatar Airways were due to make a "commercial announcement" at the Farnborough airfield, outside London, at a press conference due to start at 0900 GMT. Ahead of the Airbus announcement, US aerospace giant Boeing was to present an update on its new fuel-efficient Dreamliner passenger plane which has been beset by delays. Etihad Airways stole the limelight at the start of this year's Farnborough show on Monday, announcing deals for 100 fuel-efficient Airbus and Boeing passenger planes worth 20.4 billion dollars (12.8 billion euros). The national carrier of the United Arab Emirates, a nation enjoying the riches of record-high oil prices, revealed its purchases at one of the biggest events in the commercial aviation industry's calendar.

US MORTGAGE INDUSTRY

It's not a wonderful life for worried IndyMac investors

AFP, Glendale
Bewildered and anxious investors queued up to withdraw savings from a branch of failed California-based bank IndyMac here Monday, ignoring assurances that their money would be safe. Around 200 people waited outside IndyMac's branch in this prosperous Los Angeles suburb, and some had begun patiently lining up from 5:00 am (1200 GMT), sitting on fold-out chairs to be first in line when the doors opened. A burly private security guard stationed at the door greeted worried customers, many of whom were retirees scrambling to withdraw every last dollar and cent from their accounts. Bank staff only allowed eight people into the bank at once, and a uniformed police officer and another security guard were stationed inside the doorway. Many of those waiting outside expressed a similar sense of shock at IndyMac's collapse, saying the news on Friday that the bank had been seized by federal regulators had caught them by surprise. "I just didn't ever expect to see anything like this happening in our country. This is the kind of thing that happened in the Depression," said Dottie La Rose, 50, who was queuing with her mother. "We just want to see what our options are and how much we can withdraw," added La Rose, blaming IndyMac's closure on "bad management."



AFP
Customers line up in front of an IndyMac Bank branch in Santa Monica, California. The mortgage lender, which will reopen as IndyMac Federal Bank, marked the largest bank failure in a year of mortgage and foreclosure crisis highlighted by a surge in defaults and a plunge in housing prices which are rippling through the US economy.

La Rose's mother meanwhile took aim at the comments from Democratic Senator Charles Schumer last month concerning the bank's health, which prompted a flood of withdrawals by panicked customers. "I think a lot of this is down to what Schumer said," Mary La Rose, 76, said. "Shame on him." The regulatory Office of Thrift Supervision (OTS) announced Friday it had placed the California-based bank, worth an estimated 32 billion dollars, under the control of the Federal Deposit Insurance Corporation (FDIC). The mortgage lender, which re-opened Monday as IndyMac Federal Bank, marked the largest bank failure in a year of mortgage and foreclosure crises. IndyMac branches were allowing customers to withdraw up to 100,000 dollars on Monday, and paying 50 cents on the dollar thereafter, reports said Monday. Several investors waiting outside said they planned to withdraw everything they had from the bank, unconvinced by assurances that their savings would be safe because the lender was federally insured. "I'm taking out everything I have and a lot of people I've spoken to are doing the same. Don't believe anything anyone tells you until you've got the money in your hand," said one woman, who asked

to be identified as Susan. "The interesting question is why everybody here if the bank is federally insured? I'll you why -- it's because people just don't trust financial institutions and the government anymore." Paul, 37, a real estate investor echoed Susan's view. "We're taking everything out," he told AFP. "I didn't ever expect anything like this to happen in this day and age," he said, comparing the fiasco to the scene in the classic 1946 Frank Capra film "It's a Wonderful Life", where James Stewart has to calm the nerves of an angry mob seeking to withdraw their money from his Savings and Loan. "My wife and I took the trouble to find out whether the bank was federally insured before we put our money in, but even so it's still worrying." Rose Batt, a 65-year-old legal secretary, blamed IndyMac's failure on poor management and greed. "It did not have good management. Someone was just wanting to make more and more money without thinking about what was good for the institution and the investors," Batt told AFP. "People were obviously getting greedy. And when you're greedy, you don't think things through. So you start giving people big loans that they will have no way of being able to pay back, and that's when problems start."

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AUTOMOBILE

German auto makers on board the electric bandwagon

AFP, Frankfurt
BMW did not say when it planned to sell such vehicles however, nor did it indicate if the BMW brand would also offer an electric car. "It remains completely open," a company spokesman told AFP. As for hybrid cars that use a traditional petrol (gasoline) engine combined with an electric motor, they should arrive "at the end of next year," he said. VW boss Martin Winterkorn has said repeatedly that "the future belongs to the electric car." As to whether such declarations are a sign the major car makers are ready for a serious change in strategy, German expert Ferdinand Dudenhoeffer said: "It's important but there is also a bit of marketing mixed in." Sector players agree that no large scale series of electric cars will hit the streets in the next several years. One German analyst said "ten to 20 years," while Bjoern Eberleh, who works at the research group Akasol, said: "No earlier than 2012." Renault of France has vowed to be the first with a full-scale rollout and is aiming for several European countries in 2011. "The Germans are behind," said Eberleh. "They have

Like motorists almost everywhere in the world, Germans have seen the price at the pump leap and know that higher taxes on the most polluting vehicles are coming. Germany's biggest car makers now want to launch electric cars, getting on the environmentally friendly bandwagon after lagging behind their peers.

earned a lot of money for a long time with their powerful cars. They were very happy with the situation." Motors were either petrol or diesel because German manufacturers "were opposed to hybrids, Toyota has a five-year lead," Dudenhoeffer said. He also pointed to a psychological factor. "Germans are engineers. As opposed to France, they do not know how to make do with what they have. "With hybrids, they estimated it was not the best system, with two motors, a battery and a fuel tank," Dudenhoeffer said. "Germans always have the most elegant solution but one which takes 20 years to bring to fruition!" BMW has invested in research on hydrogen fuel cells but "the infrastructure does not exist yet," its spokesman

acknowledged, in particular service stations. And while the group refuses to announce it will give up on the technology, its spokesman estimated it still needed "around 20 years." Eberleh noted that Germans also had a relationship with their automobiles which meant that "for many, it's a question of image, they tend to their cars and they have to be powerful ... but that is changing." Like motorists almost everywhere in the world, Germans have seen the price at the pump leap and know that higher taxes on the most polluting vehicles are coming. "Hybrids and electric vehicles are going to be profitable, everyone is getting quickly into the act," Dudenhoeffer said, projecting that by 2025, all cars sold in Europe would be either hybrids or electric.