

International Business News

China's electricity use up 6pc in 2009

Electricity consumption in China rose nearly six percent in 2009, the government said Wednesday, as the economic recovery gathered pace and unusually early cold weather struck parts of the country.

Overall consumption rose 5.96 percent to 3.6 billion megawatt hours from a year earlier, the National Development and Reform Commission, China's top economic planning agency, said in a statement on its website.

That compares with an increase of 5.49 percent in 2008, according to figures in the statement.

Consumption by primary industries such as agriculture and forestry jumped 7.9 percent on-year, while the amount of electricity used by secondary industries such as mining and manufacturing rose 4.2 percent, it said.

Household consumption surged 11.9 percent on-year, the statement said, reflecting rising living standards and a sudden drop in temperatures in northern and central provinces late last year.

A strong rebound in the Chinese economy last year was driven by massive public spending and record government lending.

Bank of England to keep interest rate at record low

The Bank of England is expected to hold its key interest rate at a record-low 0.50 percent at a meeting on Thursday, analysts said, amid hopes that Britain will soon exit a deep and long-lasting recession.

The BoE is also forecast to announce that it will continue to pump out new money totalling up to 200 billion pounds (222 billion euros, 320 billion dollars) as it seeks to boost lending by commercial banks.

Britain is the last major economy officially in recession but data due later this month is expected to show that the nation returned to growth in the fourth quarter of 2009.

In a bid to lift Britain out of recession, the BoE's monetary policy committee (MPC) decided in March 2009 to slash borrowing costs to their current record low level.

At the same time, the central bank launched a programme of quantitative easing (QE), whereby it creates money by purchasing bonds from commercial institutions. The programme is due to finish at the end of January.

"This week's MPC announcement is unlikely to be the source of much controversy," said Investec Securities economist Philip Shaw.



A man walks on a snow covered bridge near newly-built apartment buildings in Beijing yesterday. China's economy likely grew 8.5 percent in 2009 despite the global downturn, but the country still faces challenges this year, including the difficult task of driving demand, a senior official has said.

SandP puts Icelandic debt under negative credit watch

Rating agency Standard and Poor's said Wednesday it had put Icelandic debt under negative credit watch, a day after Iceland's president blocked a bill of compensation for the failure of Icesave bank.

SandP said that the refusal of the Icelandic president to sign the bill, compensating Britain and The Netherlands, could undermine help from the International Monetary Fund, although the IMF has said there was no link.

The agency said that that "as a result, we could lower our ratings on Iceland by one to two notches within a month."

The decision by SandP came after the Fitch credit rating agency had downgraded Iceland's long-term debt rating from BBB- to BB+ late on Tuesday, citing a "renewed wave of domestic political, economic and financial uncertainty."

SandP said on Wednesday that its negative watch decision referred to its BBB-/A-3 foreign currency and BBB+/A2 local currency sovereign ratings for Iceland.

North Korea to close major wholesale market

North Korea has ordered the closure of a major wholesale market in the latest of a series of measures to reassert government control over the faltering economy, a Seoul-based welfare group said Wednesday.

The order, issued on December 30, followed a drastic currency revaluation aimed at weakening the role of free markets and strengthening the socialist system, said Good Friends, which has extensive cross-border contacts.

North Korea will close the Soonam wholesale market in Chongjin, a port city in the northeastern province of North Hamgyong, by the end of March, it said.

The South's unification ministry, which deals with cross-border relations, said it could not confirm the group's report.

CELLPHONE MARKET

Google, Apple in high-tech war

AP, Mountain View, California

The once-cuddly relationship between Google Inc and Apple Inc is morphing into a prickly power struggle as the ambitions and ideas of the technology trendsetters increasingly collide.

The growing use of high-powered phones for Web surfing has become a flash point in the brewing battle because both Google and Apple view the mobile market as a key to their continued success in the next decade.

The rivalry also is spilling into other products, including Web browsers, computer operating systems and digital music.

The tensions rose further Tuesday when Google unveiled its plans to sell its own cell phone in its latest bid to upstage Apple's hottest gadget, the iPhone.

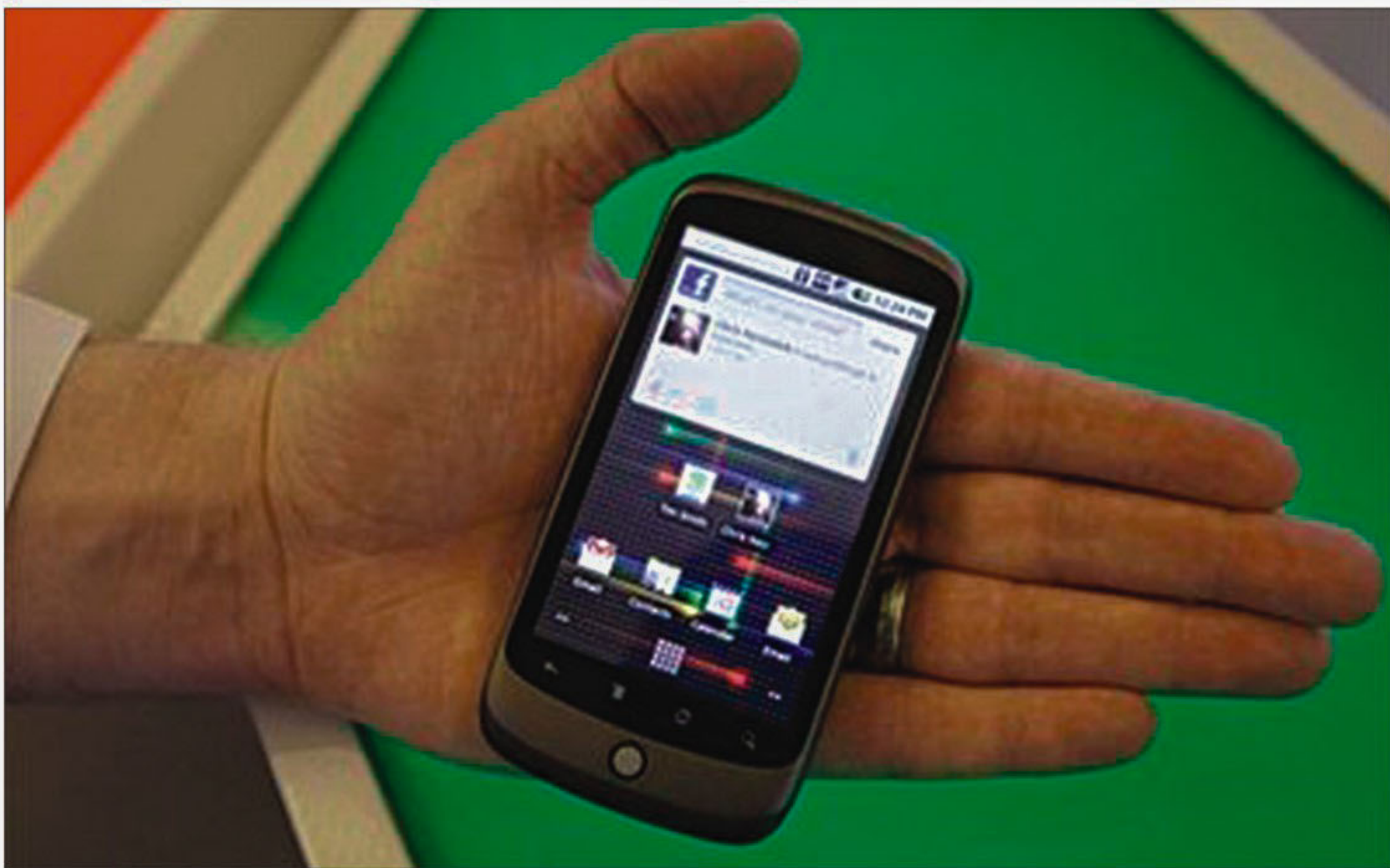
Google is billing its phone, called the Nexus One, as a "super" phone -- a device designed for people looking for something more advanced than the iPhone, Research in Motion Ltd.'s BlackBerry and other devices that serve as pocket-sized computers.

The Nexus One "is the closest thing to an iPhone challenger that I have seen so far," said Gartner Inc. analyst Ken Dulaney. "It's a very good piece of hardware."

Meanwhile, Apple is taking a stab at Google's heart by expanding into advertising sales. Apple let it be known that it had bought a mobile advertising service, Quattro Wireless, just before Google held a news conference at its Mountain View headquarters to announce the Nexus One.

Quattro gives Apple its own platform for distributing ads on the iPhone, and conceivably could serve as a marketing vehicle for a computing tablet that Apple is expected to be introduced near the end of the month. The acquisition also serves as a counterpunch to Google's proposed \$750 million acquisition of Quattro rival AdMob, a deal that may be tied up in a regulatory review for several more months.

Apple didn't disclose Quattro's



The Nexus One phone from Google Inc is shown at a demo in Mountain View, California on Tuesday.

sales price, but the technology blog All Things Digital pegged it at \$275 million.

Google hopes AdMob can help it become as dominant selling ads for mobile phones as it has been in placing ads on Internet-connected computer screens during the past six years. Most of Google's ads are tied to search requests on personal computers, a system that has propelled Google's annual revenue from \$1.5 billion in 2003 to more than \$22 billion in 2009.

Meanwhile, the iPhone has turned into a gold mine for Apple, with more than 30 million of the handsets sold in the past two and a half years and demand still growing. It has helped boost Apple's annual revenue from \$24 billion in its fiscal year 2007 to \$36.5 billion in its most recent year ending last Sept. 26.

The iPhone's success also has spawned the development of more than 100,000 applications that make it easier to play games, read news, check the weather, get directions and shop on the handset.

Google acknowledges it also has benefited from the additional traffic that the iPhone has brought to its search engine and other services.

But the revenue that Google gets from the iPhone may diminish as the array of applications that consumers put on their handsets decrease the need to use search engines to find popular services, Broadpoint.AmTech analyst Benjamin Schachter said in a recent research note.

By designing and selling its own phone, Google will have another way to ensure its services remain within easy reach of people on the go.

Besides their technical prowess, Google and Apple are packing plenty of financial artillery.

They are Silicon Valley's two most prized companies, with each of their market values hovering near \$200 billion. In another reflection of their power and influence, neither Google nor Apple are joining the high-tech herd at consumer electronics show in Las Vegas this week. They don't have to because the media floods to them whenever they want to show off a new product.

A looming showdown between Google and Apple seemed improbable just a few years ago when they had a common disdain -- and fear -- of software maker Microsoft Corp.

"Now I think Google might be more focused on Apple than Microsoft," said technology analyst Rob Enderle.

Google and Apple also publicly fawned over each other's elegantly designed products.

The companies even shared personal ties, with Apple board members Bill Campbell and Al Gore, the former US vice president, serving as advisers to Google in its early days. The companies' kinship culminated in Google's chief executive, Eric Schmidt, joining Apple's board in 2006.

Schmidt resigned as an Apple director five months ago, with Apple CEO Steve Jobs citing Google's expansion into "Apple's core businesses" as the main reason for the departure.

The Federal Trade Commission had been looking into whether Schmidt's dual roles on the boards of Google and Apple might stifle competition between the two companies. That now appears to be a dead issue.

AUTOMOBILE

Asian cars lead US roads in 2009

AFP, Chicago

Asian automakers dethroned Detroit as the biggest sellers in the United States in 2009 after General Motors and Chrysler succumbed to the economic crisis, industry data has shown.

Total industry sales fell 21.2 percent to 10.43 million vehicles in 2009, according to Autodata figures released Tuesday.

That is the lowest level since the 1983 recession and drastically below the 15 to 17 million-vehicle range posted each of the previous 15 years.

GM and Chrysler saw their sales suffer more than most after seeking billions of dollars in government aid and restructuring under bankruptcy protection.

While Ford managed to both stay afloat and increase its piece of the shrunken market, the Detroit Three's overall share fell to 44.2 percent of their home market from 47.5 percent in 2008.

Asian brands captured a 47.4-percent share in 2009, up from 44.6 percent in 2008, Autodata said. It was the first time they gained a bigger piece than GM, Chrysler and Ford combined, which held a 60-percent share as recently as 2004 and a 70 percent share a decade ago.

European automakers saw their piece of the pie rise to 8.4 percent from 7.8 percent in 2008.

"It was a challenging and very volatile year," said Ken Czubay, Ford vice president for US marketing sales and service.

"We had to deal with a near-depression economy, there were bankruptcies, bailouts, discontinued brands, distressed pricing, a government stimulus program... that resulted in huge shifts in demand from one month to the next."

Ford managed to increase its share to 15.5 percent in 2009 from 14.4 percent a year earlier -- the first time the second-largest US automaker posted a full-year share gain since 1995.

Ford capped the year with a 33-percent gain in December sales, even as the year's total fell 15.4 percent to 1.7 million vehicles.

"For 2010, I'm leaving my seatbelt on, because I think that volatility is still an ele-



Dancers perform next to a newly-launched Volkswagen Polo car during the 10th Auto Expo in New Delhi on Tuesday. Asian automakers dethroned Detroit as the biggest sellers in the United States in 2009, with Toyota holding onto the number two spot in US sales.

ment of the new norm," Czubay said in a conference call discussing Ford's December sales results.

Ford said it expects global vehicle sales to resume growth this year. Other major automakers also predicted smoother roads ahead as total December sales rose 15.1 percent from a year earlier.

"Emerging from the rollercoaster of 2009, the industry has gained positive momentum for a gradual recovery," said Don Esmond, senior vice president of automotive operations for Toyota Motor Sales, USA.

Toyota -- which managed to hold onto the number two spot in US sales -- posted a 32-percent sales gain in December. It also

managed to increase its share of the US market by 0.3 points to 17 percent, although sales ended the year down 20.2 percent at 1.78 million vehicles.

"Despite a tough market, TMS performed solidly, reaching its goal to grow market share," Esmond said.

General Motors posted a six-percent drop in December US sales and saw its share shrink to 19.8 percent in 2009 from 22.2 percent in 2008 as annual sales fell 30 percent to 2.93 million vehicles.

"We're looking forward to 2010 as a year when the economy continues a modest recovery, industry sales begin to improve and our outstanding new products build additional sales momentum," said Susan

Docherty, GM vice president of US sales.

Chrysler also expressed optimism even after its share fell to 8.9 percent in 2009 from 11 percent in 2008 and its ranking slid to 5th place as annual sales dropped 36 percent to 1.45 million vehicles.

"As we kick off the new year, Chrysler Group continues to build momentum with some of the best products in the marketplace, and we are enthusiastic about the new products coming this year," Chrysler's top sales executive Fred Diaz said in a statement.

Korean automakers were among the big winners of 2009, with Kia and Hyundai the only brands besides Japan's Subaru to post both market share and net sales gains.