

International Business News

Sanofi-Aventis Q4 profit up on swine flu vaccines

AP, Paris
Sanofi-Aventis reported a 10 percent increase in fourth quarter net profit Wednesday as strong sales of its swine flu vaccine drove full year earnings above expectations.

France's largest drug maker said net profit rose to 1.8 billion euros (\$2.5 billion) in the three months ending December 31 from 1.63 billion euros a year earlier.

The company, whose Sanofi Pasteur division is the world's biggest vaccines manufacturer, said the fourth quarter performance was lifted by a record rise -- 64.6 percent -- in revenue from its human vaccines business.

Sales of 100 million doses of pandemic vaccines last year helped lift earnings per share on an adjusted basis by 13.1 percent at constant exchange rates, above the 11 percent target Sanofi-Aventis had set in October.

Chief Executive Christopher Viehbacher, who took the reins at Sanofi-Aventis early last year, said in a statement that "major steps have already been achieved in strengthening our growth platforms and reinforcing our R&D pipeline while delivering a double-digit EPS growth."

Since taking the helm, Viehbacher has led a programme to help the company take on generic competition and replace aging blockbuster drugs with new treatments.



A public servant wears a mask and holds a placard, reading: "employed" during a demonstration during the 24-hours strike in the public sector yesterday. Government offices, schools and colleges were closed, and there were only emergency services in hospitals. Flights across Greece were suspended as air traffic controllers joined the protest and rail services were disrupted. Around 10,000 people demonstrated in Athens and a further 3,000 in the second city of Thessaloniki.

BHP Billiton cautious despite profits doubling

AFP, Sydney
The world's biggest miner BHP Billiton fired a warning over the economic recovery on Wednesday despite smashing forecasts with half-year profits of 6.14 billion US dollars.

BHP said the global economy had hauled itself out of the doldrums of the financial crisis but cautioned that advanced countries were expected to lag growth in the developing world.

First-half profits to December more than doubled -- up 134 percent -- from the 2.62 billion US dollars recorded a year earlier, as emergency government stimulus prompted a recovery in demand.

"We remain cautious about the speed and strength of the global economic recovery across the developed world despite the positive momentum in the developed countries," chief executive Marius Kloppers told reporters.

Indonesia posts 4.5pc growth in 2009

AFP, Jakarta
Indonesia's economy, Southeast Asia's biggest, grew 4.5 percent last year and is on track to lead the region's recovery from the global economic crisis, officials said Wednesday.

Resilient domestic demand, stimulus spending and political stability helped the mainly Muslim nation of 234 million people weather the economic turbulence of 2009 and emerge poised to resume its pre-crisis growth trajectory.

Last year's growth was down from 6.1 percent in 2008 but above government forecasts of 4.3 percent and puts Indonesia on track to hit its 5.5-percent target for 2010, officials and analysts said.

South Korea jobless rate jumps to nine-year high

AFP, Seoul
South Korea's jobless rate jumped in January to its highest in almost nine years despite a faster than expected economic recovery, official figures showed Wednesday.

The five percent rate last month compared with 3.5 percent in December and was the highest level since 5.1 percent in March 2001, Statistics Korea said.

Seasonally adjusted, the rate was 4.8 percent compared to the previous month's 3.6 percent and matching the level of February 2000.

The number of employed people stood at 22.87 million last month, up 5,000 from a year earlier.

VEHICLE RECALL

Honda deepens auto woes

AFP, Tokyo
Honda, Japan's second-biggest carmaker after crisis-hit Toyota, Wednesday recalled more than 400,000 vehicles to fix airbags that it said can explode and spray out potentially deadly metal shards.

The recall, the third related to the defect since late 2008, includes top-selling Accord and Civic cars sold in the United States and Canada as well as models marketed in Japan, Mexico, Taiwan and Australia.

Honda said the defective airbag inflators could rupture, "resulting in metal fragments passing through the airbag cushion material and possibly causing injury or fatality to vehicle occupants".

The expanded recall of 437,763 vehicles covers models made in 2001 and 2002, mostly in North America, and also includes family-friendly models such as the Odyssey and CR-V.

Honda said it knew of 12 incidents involving the defect and one fatality, but added that there had been no new reports since last year.

The latest safety recall adds to the woes of Japan's auto industry, a key export earner of Asia's largest economy, with Toyota making global headlines over its faulty accelerator and brake systems.

Hans Greimel, the Asia editor of Automotive News, said Honda's airbag problem was "significant" but said the company was "coming under increased scrutiny now because of the Toyota problem".

"I think all automakers are coming under pressure because of the increased intricacies and complicated nature of today's cars," Greimel said. "There are a lot of electronics in the cars. A lot of things that can go wrong."

Toyota on Tuesday expanded its global recall to over 400,000 of its Prius and other petrol-electric hybrid models. The world's biggest car maker has now pledged to fix 8.7 million vehicles worldwide.

Toyota dealers in Japan have started fixing software problems that can make brakes slow to respond in the third-generation Prius, the company's flagship hybrid.


Company president Akio Toyoda, the

Honda vehicle recall

Problem: Defective airbags that can blow up and injure or kill occupants

Models affected: Some 2001 and 2002 models of Honda Civic

Accord	Pilot
Civic	CL
TL	Inspire
CR-V	Saber
Odyssey	Lagreat



Recall date	Number of vehicles	Coverage
November, 2008	4,205	US, Canada, Mexico
June-July, 2009	510,150	US, Canada, Japan, other countries
February 9-10, 2010	437,763	US, Canada, Japan, other countries

Source: Honda 100210 AFP

grandson of the Toyota founder, has publicly apologised and plans to fly to the United States soon, where his company faces a congressional grilling and a host of lawsuits.

Angry consumers and Congress members claim Toyota knew about the dangerous problem of "sticky accelerators" for years but was slow to respond until it was forced into action by federal authorities.

Japan's Transport Minister Seiji Maehara, after publicly upbraiding Toyota on Wednesday, said he expected the company boss to face Congress if US lawmakers request his presence.

However, Toyota officials in Tokyo said they were unaware of such plans.

A House of Representatives committee in Washington postponed a hearing on the Toyota recalls from Wednesday until February 24, after huge snow storms engulfed the US capital.

Japan's centre-left government -- which took power last year promising to put the interests of consumers before those of big business -- has also ramped up pressure on Toyota, one of Japan's most iconic companies.

Prime Minister Yukio Hatoyama said: "Not just Toyota, but all manufacturers

must take early action when they see incidents that could endanger safety."

The Asahi Shimbun daily reported that a contrite Toyota had turned down an energy efficiency award from the government in light of the recall troubles.

Greimel of Automotive News said that Toyota, a company not used to crises, was enduring a "perfect storm" after looking unstoppable during its rise to global dominance.

"They are having their first operating loss in 70 years. Now their quality has been questioned like never before," he said. "It is a classic fall-from-grace story."

TECHNOLOGY

Taiwan's high-tech firms diversify to survive

AFP, Taipei
Wistron Corp., a spin-off from giant PC maker Acer, is facing a simple choice: Diversify or see profit margins slowly vanish.

Like many other Taiwanese technology suppliers, the company is opting to broaden out of its established strengths.

Wistron, which gets 70 percent of its 13.5-billion-US-dollar revenue from notebook computers, is adding handheld devices, flat-panel televisions and three-dimensional TVs to its product portfolio.

"Wistron is lowering the portion of notebook computer production and raising the weighting of these new products," company spokeswoman Joyce Chou told AFP.

Wistron is not alone. Fierce global competition has prompted Taiwanese technology companies more generally to diversify.

"Taiwanese high-tech firms mostly operate as contract manufacturers. They have to find alternatives to maintain profitability as cheaper makers emerge to depress pricing," said Topology Research Institute vice president Simon Yang.

China, with a cheap and increasingly well-educated workforce, has proved a particular threat to the island's hi-tech industries.

Wistron's gross profit margin was 5.5 percent in September 2009. Without the diversification, it would have fallen "precipitously below five percent", said Angela Hsiang, an analyst at securities firm KGI.

HTC Corp., one of Taiwan's leading smartphone makers, has also been widening its reach, analysts said.

In 2008, HTC launched its first phone using the Android platform developed by Google, the T-Mobile G1.

To enrich its product line, HTC last year rolled out HTC Hero, its latest model featuring built-in Google mobile services, including search, maps, Gmail and YouTube.

HTC had for years made smartphones powered by Microsoft's Windows Mobile, but now to gain a share in the mobile Internet, "HTC has to work with Google to get access to its open-source operating system", Topology's Yang said.

"HTC is taking advantage of strengths from both Microsoft and Google. The strategy has helped HTC become more flexible." Even Taiwan Semiconductor



In a picture taken on Monday, an electronics shop employee holds up an electronic book viewer at a shop in Taipei.

Manufacturing Co, the world's largest contract microchip maker, is diversifying, targeting solar energy and light-emitting diodes (LEDs).

In December, TSMC announced it would buy 20 percent of Taiwan's Motech Industries, one of the world's leading solar-cell producers, while also investing in LEDs through a venture capitalist.

"Compared with our (microchip) foundry business, the solar energy and LED parts are very small. But TSMC is confident that they will become part of its core business," company spokesman J.H. Tzeng said. The output of Taiwan's solar-cell sector is

likely to grow nearly 48 percent this year to 106.3 billion Taiwan dollars (3.3 billion US dollars), according to the economics ministry.

"TSMC already has an advantage in technology development. It also has deep pockets. I expect it will capitalise on the new investments in a big way," said Julian Wang, an analyst with Grand Cathay Securities.

Meanwhile, Hon Hai Precision Industry, which is the world's largest contract manufacturer in the electronics sector and works for companies such as Dell, Nokia and Sony, has teamed up with Amazon.com in e-book development.

Amazon's Kindle, the most successful e-book reader to date, has boosted Hon Hai Precision's visibility.

"To my estimate, Hon Hai has grabbed a 70- or 80-percent market share in global e-book device manufacturing," said Kuo Ming-chi, a Taipei-based analyst with industry journal Digitimes.

Hon Hai spokesman Edmund Ding said the company "always grows with its customers".

Those Hon Hai customers have included Apple, whose new iPad will offer the stiffest challenge yet to the Kindle -- and another revenue stream for Taiwanese suppliers.