

International Business News

British official inflation hits 14-month high of 3.5pc

AFP, London  
Twelve-month inflation in Britain surged to 3.5 percent in January -- the highest level for 14 months -- owing to a higher rate of tax on goods and services, official data showed on Tuesday.

Inflation in January on a 12-month basis compared with a level of 2.9 percent in December, the Office for National Statistics (ONS) said in a statement.

Monthly prices fell by 0.2 percent, the figures showed. The data means that the head of the Bank of England, Mervyn King, must write to Finance Minister Alistair Darling explaining why 12-month inflation is one percent-point higher than the government's 2.0-percent target.

The BoE last week said that it expected annual British inflation to peak at about 3.5 percent this year, before falling back underneath the target level.

Keeping annual inflation at around 2.0 percent is the BoE's key task and it attempts to achieve this by changing the level of interest rates.

Market expectations had been for a 12-month increase of 3.7 percent, according to analysts polled by Dow Jones Newswires.

Sri Lanka records lowest trade deficit in four years

AFP, Colombo  
Sri Lanka's trade deficit fell to a four-year low in 2009 as both imports and exports fell due to the global economic downturn, the central bank said Tuesday.

The deficit fell 52.5 percent to 2.8 billion dollars in 2009 from 5.9 billion dollars a year earlier, the lowest deficit since 2005, the bank said in a statement.

Earnings from garments, tea, rubber, cinnamon and jewellery exports fell 12.7 percent to 7.1 billion dollars in 2009 from 8.1 billion dollars a year earlier.

The island, which produces no oil of its own, benefited from falling crude oil prices that helped the country's import bill to fall 29.5 percent to 9.9 billion dollars in 2009 from 14.0 billion dollars a year earlier.

The bank said Sri Lanka also imported less vehicles and electronic goods and this helped reduce the import bill.

However, worker remittances in 2009 hit 3.3 billion dollars, up 14.1 percent compared to 2008, helped narrow the full-year trade deficit, the bank said.

The island's foreign currency reserves fell to 5.1 billion dollars in December 2009, from 5.3 billion dollars in November, but the reserves were enough to pay for over six months of imports, the bank added.



AFP  
French workers at a Total oil refinery in Dunkirk, northern France, gather in the office of the plant director yesterday after they stormed into the plant and occupied the offices to demand their return to work. In September, Total cited a decline in sales of refined products for its decision to halt operations at the Flanders refinery, which employs 370 people directly and 450 sub-contractors.

New European car sales up 12.9pc in January

AFP, Brussels  
New car sales were up 12.9 percent across the European Union in January compared with a year earlier, benefiting from ongoing fleet renewal schemes, the European carmakers body said on Tuesday.

However, the bloc's biggest market, Germany, saw a decline of 4.3 percent, reflecting the end of incentives there.

Italy, Britain, Spain and France each saw big jumps in the number of new registrations there -- although compared with January 2008, before the full effects of the economic crisis kicked in, they were down across the bloc by 17.3 percent.

In total, 1,058,868 new cars were registered in the 28 nations covered by the data -- 25 EU members, not counting Cyprus and Malta, plus free-trade partners Iceland, Norway and Switzerland.

Italy posted the highest sales figures at 206,341, with Germany (181,189), France (171,478) and Britain (145,479) registering

Foreign investors shunning Philippines: Experts

AFP, Manila  
The Philippines has lost ground as a destination for foreign investment during President Gloria Arroyo's nine years in power, a business consultancy said Tuesday.

"Almost everything today is worse than it was in 2000. You see the deterioration of most factors," said Peter Wallace, president of Manila-based AYC Consultants, which advises foreign investors.

Arroyo, who is required by the constitution to step down as president on June 30, has launched a media blitz in recent weeks to highlight what she has described as the country's economic gains since she took office in 2001.

But Wallace said that foreign investment in the Philippines, if adjusted for inflation, would be lower under Arroyo than other presidents.

Toyota boss to answer questions



AFP  
Japan's auto giant Toyota Motor President Akio Toyoda (C) is surrounded by reporters after meeting with Japanese Transport Minister Seiji Maehara at Maehara's office in Tokyo on February 9. Toyoda, who may appear before US Congressional hearings later this month, will give updates on the global recall of some 400,000 Prius gas-electric hybrids at the Tokyo news conference.

AP, Tokyo  
Toyota announced its president will answer more questions on the beleaguered company's massive global recall at a press conference Wednesday after being lambasted for being largely invisible during the crisis.

Toyota Motor Corp. President Akio Toyoda, who may appear before US Congressional hearings later this month, will give updates on the global recall of some 400,000 Prius gas-electric hybrids at the Tokyo news conference, the company said Tuesday.

Toyota has recalled 8.5 million vehicles globally during the past four months because of problems with gas pedals, floor mats and brakes, threatening the safety and quality reputation of the world's No. 1 automaker.

Complaints of deaths connected to sudden acceleration in Toyota vehicles have surged in recent weeks, with the alleged death toll reaching 34 since 2000,

according to new consumer data gathered by the U.S. government.

Complaints to a database maintained by the U.S. National Highway Traffic Safety Administration about the popular Prius grew by nearly 1,000 in just over a week.

Calls have been growing for Toyoda to answer questions from U.S. lawmakers. Toyoda told reporters last week he planned to go to the U.S., mainly to talk to American workers and dealers.

Criticized for initially being largely invisible, Toyoda has appeared at two recent news conferences, where he has apologized for the recalls and promised to be more responsive to customers.

At the Wednesday press briefing, Toyota will outline repair efforts on antilock-brake software for its other hybrid models including the Sai, sold only in Japan, and the luxury Lexus HS250h, the national newspaper Yomiuri reported. Repairs may begin as early as the end of the week in Japan, it said.

Toyota declined comment saying

details were still being worked out.

Toyota's global recalls for various models - including the Camry, America's best-selling model, and the Prius, its prized ecological car - have ballooned around the world.

The company has been trying to reassure consumers by quickly releasing details about its recalls after being criticized for being slow.

Vice President Bob Carter told reporters at the National Automobile Dealers Association Convention in Orlando, Florida that dealers have fixed more than 500,000 of the 2.3 million cars and trucks covered by the sticky gas pedal recall. About 50,000 vehicles are being repaired every day, he said.

Carter said the company was considering offering incentives or increasing the length of its warranties to attract consumers. Toyota already is offering zero percent financing for 60 months in some of its regions, as well as cash to dealers to help sweeten deals, he said.

EMPLOYMENT

China's young graduates live with less

AFP, Beijing  
Six years after moving into a maze of bunkhouses on the outskirts of Beijing, Yu Ping still frowns as she heads home along the muddy lanes lined with grocery stores, web cafes and hair salons.

The security devices saleswoman is one of hundreds of thousands of young university graduates -- known as the "ants" -- scraping by on meagre salaries from unstable jobs as they try to take advantage of China's economic miracle.

"I'm planning to move -- I've had enough of living here," said the 27-year-old Yu, who lives in a tiny 10-square-metre (110-square-foot) flat in Tangjialing village with her husband, a computer hardware salesman.

The apartment is so minuscule that the couple cannot have a proper wardrobe -- they use their only chair as a makeshift dresser.

Yu however admits the cheap rent of 550 yuan (80 dollars) a month makes the hardships worth it, saying a flat in the city centre would be "extravagant", given the couple's combined earnings of just 4,400 yuan a month.

University graduates in China were once dubbed "the favoured children of Heaven" -- they won decent jobs from the government upon graduation, and housing was one of the many perks offered to them.

But the country's three decades of economic reform have made such privileges a thing of the past and forced many 20-somethings into a fierce battle for decent jobs -- and an unenviable life in the cramped suburbs.

China had more than six million new university graduates in 2009, but by year's end, only 87 percent of them had found jobs, meaning nearly 800,000 were yet to be employed.

Beijing alone has more than 100,000 "ants", and other mega-cities such as Shanghai and Guangzhou in the south have similar worker armies, according to the book "Ants Tribe", based on two years of surveys among the huge workforce.

"They have high aims and expectations," said Lian Si, the book's lead author and an



AFP  
In the picture taken on January 27, young people walk in the back streets of Tangjialing, a village 20 kilometres (12.4 miles) northwest of Beijing. The village was once "a vast garbage dump" dotted by bungalows a few years ago but now looks like a boom town, with grocery stores, web cafes and hair salons under neon signs on the main street as thousands of young graduates moved in packing the storied bunkhouses quickly built on top of villagers' own housing.

associate professor at the University of International Business and Economics.

"They put up with the poor conditions in these villages in order to strive for their goals and future," he said.

Software engineer Huang Guolong is an ant colony survivor. After 18 months in Tangjialing, he has landed a three-year contract with a new company, and his monthly wage was boosted by 50 percent to 4,500 yuan.

"I'm here to build an economic foundation, gain work experience and be more capable," said the 26-year-old from the central province of Hubei, who says he aims to eventually become a manager at a first-rate IT company.

"I'm moving closer towards my goals." Not all of the faceless residents of the "anthill" are as lucky as Huang.

A survey done in early 2009 by Lian and his team, conducted among more than 500 Beijing "ants", found that about one-third of them had no formal employment contracts, with many changing jobs twice a year.

Their average monthly salary stood at just 2,150 yuan -- little more than half of the capital's average at the time.

Some experts say university programmes are outdated and too similar, creating a glut of graduates in certain fields whose job prospects are dim.

"Some courses are rather old and can no

Barclays profit soars eight-fold on unit sale

AP, London

Barclays Plc on Tuesday reported a fourth quarter profit of 6.9 billion pounds (\$10.8 billion), more than eight times larger than a year earlier, due to gains on the sale of its Global Investors unit to a private equity company.

The result compared to a net profit of 824 million pounds a year earlier and boosted the full-year profit to 9.4 billion pounds, more than double the previous year's 4.4 billion pounds.

The fourth-quarter surge reflected a pretax gain of 5.3 billion pounds from the sale of Barclays Global Investors to BlackRock Inc.

The sale and a revenue boost from the acquisition of Lehman Brothers US operations in September 2008 compensated for a difficult year in the bank's traditional retail operations. Full-year profit from continuing operations fell from 3.8 billion pounds in 2008 to 2.6 billion pounds last year.

Income was up 34 percent to 31 billion pounds, the bank said.

Barclays' shares were up 8.7 percent at 299 pence in morning trading on the London Stock Exchange.

"With or without the sale of BGI, the figures are extremely impressive," said Richard Hunter, analyst at Hargreaves Lansdown Stockbrokers.

"As was trailed in previous trading updates, the performance of Barclays Capital was a core contributor to the profit numbers, whilst the impairment levels appear to be under control."

Barclays CEO John Varley and Group President Robert E Diamond both declined bonuses for a second year. Bonuses for other senior executives and the Barclays Capital Executive Committee will be paid in full "over a three-year period, subject to claw-back," the bank said.

Chairman Marcus Agius said Barclays boosted lending by 35 billion pounds in 2009, more than tripling its pledge in April to increase lending by 11 billion pounds.

"We believe that when the behaviour of banks is assessed by their stakeholders to see whether we have genuinely learnt from the experiences of the last years, we will be judged mostly by how we conduct our business and, in particular today, by how we lend and how we pay," Agius said.

Barclays said impairment levels in the second half of 2009 were 23 percent, an improvement it didn't expect to match in the current year. "Whilst we expect 2010 impairment levels to rise in certain books of business, particularly in our commercial lending portfolios, our planning assumption is for a moderate decline in impairment," it said.

longer meet the needs of the current social development," said Hu Shoujun, a sociology professor at Fudan University in Shanghai.

"Too many universities are offering similar courses, causing a relative oversupply of graduates in certain majors," he said.

Back in Tangjialing, Yu said her situation was precarious -- while she took home sales bonuses on rare occasions of as much as 20,000 yuan, some months were dire for the couple.

"We will not stay in Beijing forever and will go home sooner or later," said the woman from northern Hebei province, adding she hoped to open a clothing shop in her hometown of Cangzhou.