

International Business News

India pegs growth this year at 7.5pc

AFP, New Delhi  
 India's finance minister forecast Wednesday the economy would grow by 7.5 percent this fiscal year and eight percent next year, laying the ground for rolling back stimulus in this month's budget.

Finance Minister Pranab Mukherjee's forecast came on the back of official figures late last week that showed industrial output jumped by 16.8 percent in December, the most in nearly two decades.

The industrial production figures suggest the economy will "grow by 7.5 percent this fiscal year (to March 2010) and perhaps over eight percent in the next fiscal" year, Mukherjee told reporters in New Delhi.

His forecast assumes extra significance ahead of the budget at the end of February with analysts saying India's strong performance has given the government reason to start slowly unwinding stimulus aimed at shielding the economy from the global slump.

Mukherjee called rising inflation, fuelled by soaring food prices, "disturbing" but added he was confident prices would recede in the next few months.

Overall inflation rose to a 14-month high of 8.56 percent last month, its highest since November 2008, driven mainly by higher food prices. Food inflation is riding at close to 18 percent.

Dubai World expected to present restructuring plan in March

AFP, Dubai  
 Dubai World is expected to present a proposal in March for the restructuring of its 22 billion dollars in debt, a government spokeswoman said on Wednesday.

"Neither the government nor the company have put forward any restructuring proposals to the lenders at this time," the spokeswoman said. "We expect to put a proposal to banks in March."

Dubai shook global stock markets in November when it called for a debt moratorium for troubled Dubai World.

The company began negotiations with creditors in December, shortly after it settled 4.1 billion dollars of its subsidiary Nakheel's debt with a last-minute bailout from Abu Dhabi.

"The government and the company are operating within internationally accepted principles in order to ensure a fair and equitable process for all creditors," the spokeswoman said.

Dubai said on February 7 that it had advanced Dubai World 6.2 billion dollars over the previous 12 months, and that it was prepared to lend more if necessary.



AFP  
 A girl dries fish along a roadside in a shantytown in Manila yesterday, where millions struggle each day to make a living. Experts from the United Nations and the Asian Development Bank said in Manila that 17 million Asians have fallen into extreme poverty due to the global financial crisis and another four million could this year slip into the same situation.

BNP Paribas reports doubled profits of 5.8b euros

AFP, Paris  
 BNP Paribas bank reported doubled net profit to 5.832 billion euros (8.027 billion dollars) last year on strong capital market activity, beating forecasts and driving the shares up 2.85 percent on Wednesday.

Managing director Baudouin Prot said that the bank was "well positioned in all its main activities" and would "continue to put most of its capacity to generate profits to the strengthening of shareholders' funds in the service of financing the economy."

This remark appeared to refer to strong public and political demand for banks to show that they are funding activities by businesses and individuals, in contrast to a perception that they have been unduly reticent to lend during the crisis and have focused unduly in the past on trading activities.

There is also strong pressure on banks to strengthen their underlying capital structure in order to be able to withstand any future strains in the banking system.

Bank of England united over radical monetary policy

AFP, London  
 Bank of England policymakers voted unanimously to keep British interest rates at a record low level and to freeze radical credit-easing plans, minutes of a recent meeting showed on Wednesday.

The central bank's Monetary Policy Committee voted 9-0 in favour of keeping its key lending rate at 0.50 percent at its last meeting held on February 3-4.

It was also united over a decision to pause its extraordinary policy of pumping billions of pounds (dollars) of new money into the British economy.

"The Committee voted unanimously in favour" of the propositions, the minutes said.

In order to revive the British economy, the Bank of England has pumped out 200 billion pounds (222 billion euros, 320 billion dollars) under the radical policy of quantitative easing (QE).

AUTOMOBILE

Corolla: Latest blow to Toyota

AP, Tokyo

Toyota is considering a recall of its hot-selling Corolla subcompact after complaints about power steering problems -- another blow to the world's largest automaker already reeling from a string of recalls for safety problems.

Company President Akio Toyoda, meanwhile, said he won't be attending the US congressional hearing on the automaker's safety lapses, entrusting the job to US-based executives -- although he did say he would consider appearing if summoned. He said he wanted to focus his energies on improving quality worldwide.

"I trust that our officials in the US will amply answer the questions," Toyoda told reporters Wednesday. "We are sending the best people to the hearing, and I hope to back up the efforts from headquarters."

He said Yoshi Inaba, who heads Toyota Motor Corp.'s North American unit, was more familiar with the US situation and was the best executive to deal with the hearing. Toyoda said he was still making plans to go to the US and dates have yet to be set.

But in an alarming disclosure that could widen Toyota's recall crisis, the Toyota executive in charge of quality controls, Shinichi Sasaki, said Toyota was taking seriously the complaints about power-steering problems in the Corolla, the world's best-selling car.

Sasaki said drivers may feel as though they were losing control over the steering, but it was unclear why. He mentioned problems with the braking system or tires as possible underlying causes of the steering problem.

There have been fewer than 100 complaints, the automaker says.

Speaking at Toyota's Tokyo office, Sasaki said it was still uncertain if a Corolla recall would be necessary but the automaker is considering one. The number of affected vehicles is unclear, he said.

The company was putting customers first in a renewed effort to salvage its reputation and would do whatever is necessary if a fix is needed, he said.

Toyota has recalled 8.5 million vehicles globally during the past four months because of problems with sticking gas pedals, floor mats trapping accelerators and faulty



AFP  
 In a picture taken on February 8, a car (bottom C) drives past the Toyota Motor Corp headquarters in Toyota City, in Aichi Prefecture. There is a saying in Toyota's hometown that when the auto giant sneezes, the whole city falls ill. But the symptoms of its recall crisis look set to be felt far beyond "Japan's Detroit". No flashy signs or advertisements are necessary to remind visitors to the company town in central Japan that it is the birthplace of the world's largest carmaker. The name -- Toyota City -- speaks for itself.

brake programming.

The US House Oversight and Government Reform Committee is holding a hearing on Feb 24 on Toyota's gas pedal problems. The House Energy and Commerce Committee has scheduled one the next day.

Inaba, Transportation Secretary Ray LaHood and NHTSA Administrator David Strickland are expected to testify at both meetings. The Senate Commerce, Science and Transportation Committee has scheduled a March 2 hearing.

Toyoda reiterated his promise to put customers first in beefing up quality controls at the world's No. 1 automaker.

He promised a brake-override system in all future models worldwide that will add a safety measure

against acceleration problems that are behind the recent massive recalls.

The system is a mechanism that overrides the accelerator if the gas and brake pedals are pressed at the same time.

"We are not covering up anything, and we are not running away from anything," Toyoda said. Toyota has also commissioned an independent research organization to test its electronic throttle system, and will release the findings as they become available.

Toyota took full-page ads in major Japanese newspapers Wednesday to apologise for the massive recalls, most of which affect cars outside of Japan.

"We apologize from the bottom of our hearts for the great inconvenience and worries that we have

caused you all," the black-and-white ads say.

Toyota has published similar ads of apology in US papers. Toyota has also stopped airing TV ads in Japan for models affected by the recall, although it has continued them for other models.

Toyota in Japan had no immediate comment on the order Tuesday from the US Transportation Department to hand over documents related to its massive recalls. The department wants to know how long the automaker knew of safety defects before taking action.

Toyota's US unit said in a statement that it "takes its responsibility to advance vehicle safety seriously and to alert government officials of any safety issue in a timely manner."

"We are reviewing NHTSA's request and will cooperate to provide all the information they have requested," it said.

Toyota must respond within 30 to 60 days or face fines.

Reports of deaths in the US 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 US government.

Under federal law, automakers must notify the department's National Highway Traffic Safety Administration within five days of determining that a safety defect exists and promptly conduct a recall.

LaHood has said the government is considering civil penalties for Toyota over its handling of the recalls.

TECHNOLOGY

Social networks pull mask off fashion world

AFP, New York

Emerging from the exclusive Marc Jacobs show in New York, Robert Duffy, CEO of the Marc Jacobs line, proclaims to his Twitter audience: "Marc did look good didn't he? I'll tell him."

High heels, catwalks and now... tweets. Social networking has burst in on the usually mysterious and elitist world of New York's Autumn-Winter 2010 Fashion Week.

Previously inaccessible shows and ultrahip designers are being brought down to online earth by Twitter, Facebook, online streaming and blogs, allowing ordinary folk a glimpse of what previously only the high priests and priestesses of the runway were allowed to see.

Within hours of designers unveiling the world's next trends, shows are broadcast online, sparking immediate reaction and commentary from fans and critics alike.

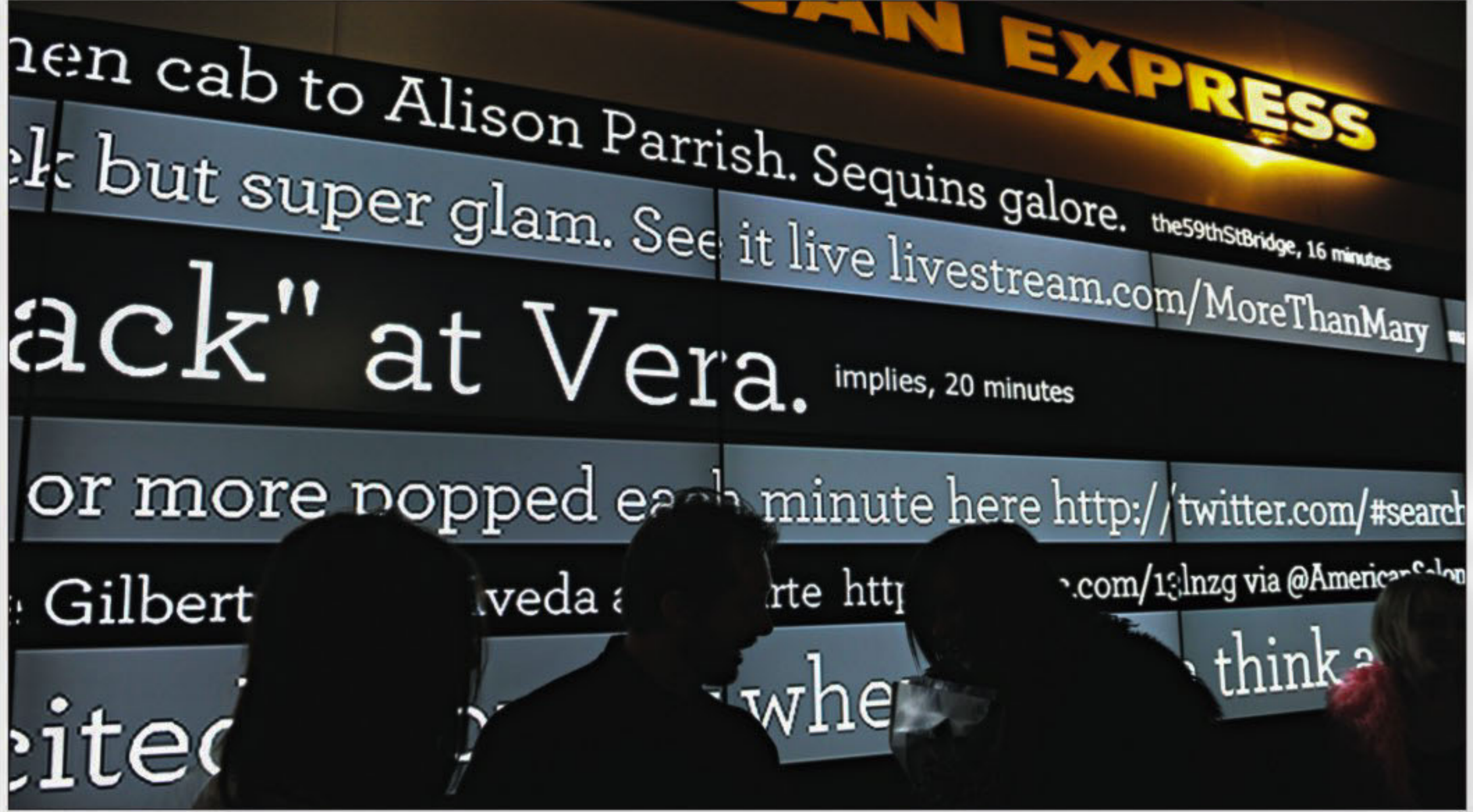
Even more immediate are the tweets coming from within the shows.

"Just arrived at (designer Vera) Wang. White setup," writes NARSissist on a big tweet screen installed by American Express in the entrance at Bryant Park, where most of the ready-to-wear shows take place.

The specially created user account for the American Express screen is "amexmbfw" -- American Express Mercedes Benz Fashion Week -- and it's getting heavy use.

"We put a block of 50 tweets every 2 minutes and we are here 10 hours a day, from 9:00 am to 9:00 pm. People don't stop tweeting -- when they are waiting in line, when inside, when the show is finished," one of the account's managers told AFP.

Many shows are quickly available for broadcast on YouTube, as well as fashion-related websites. Fashion Week itself has a Facebook page with 20,000 friends able to



AFP  
 Live Twitter feeds are displayed on screens at the American Express sponsored area on Tuesday during the Mercedes-Benz Fashion Week in New York. People Tweet live from the fashion shows.

tune into the constant updates, promotional events, celebrity interviews and gossip.

Virtual fashionistas can see scenery preparations, press conferences and models at work.

Twitter reigns supreme, though. "I really wanted to be part of Fashion Week somehow!" exclaims Twitter user Michy Bugg, whose words are projected across the Bryant Park screen.

Tweets from Fashion Week crop up throughout the media, from style.com, Vogue magazine's site, to Glamour and

Women's Wear Daily, the industry newspaper.

Cathy Horyn, fashion editor for The New York Times, is a notable convert to the technology.

Already a blogging pioneer with her "On the Runway," she now is also part of the tweet-universe.

She says that even if that means more work, the different sources of information complement, rather than compete with each other. Blogs appeal to reader comment, tweets have unbeatable immediacy

and old-fashioned newspaper articles work well for analysis.

"The tweet is a separate entity. I think of it as being my feeling or color or the atmosphere of the room. It could be something newsworthy," she told style.com.

Some designers, including Alexander Wang, Marc Jacobs and Calvin Klein, have reached a deal to allow live broadcasts of their shows on the Internet, shattering the hierarchy that allowed only fashion or celebrity royalty to see new season's designs first.