

Japan to review car recall system

AP, Tokyo

Japan's transport ministry may review and improve its car recall system, reports said Sunday, as Toyota Motor Corp. battles accusations it may have delayed acting on drivers' complaints.

The step reflects deepening concerns in Japan over Toyota's recalls of more than 8 million vehicles, most of them in overseas markets.

Transport Minister Seiji Maehara told Japanese lawmakers Friday that he hopes to try to improve his agency's recall system to respond better to consumer interests, Kyodo News agency reported.

"We will consider reviewing the recall system to make it more familiar to users," Maehara told a lower house committee.

The agency may require automakers to move more quickly to fix defects and may expand the types of problems subject to reporting requirements, according to the reports, which also included one in the Yomiuri Shimbun newspaper. The reports cited unnamed ministry officials.

Calls to the ministry rang unanswered Sunday.

Toyota's president, Akio Toyoda, is to appear Wednesday before the US House of Representatives Oversight and Government Reform Committee. Its chairman, Rep. Edolphus Towns, a Democrat from New York, virtually compelled Toyoda to attend last week after issuing a formal invitation for him to testify.

Toyota has not given any details of Toyoda's travel plans, though the Japanese newspapers Yomiuri Shimbun and Mainichi Shimbun reported he left Japan over the weekend.

Maehara and other Japanese officials have applauded Toyoda's decision to attend the hearing and voiced their support, saying he should use the opportunity to reassure customers angered by recalls over sticking gas pedals, accelerators jamming in floor mats and momentarily unresponsive brakes.

US safety regulators are also investigating complaints about power steering in the Corolla, Toyota's top-selling model worldwide, with 1.3 million sold last year. The estimated 500,000 Corollas in question in the US market are not made or sold in Japan.

As Toyota wallows in its recall mess, there has been relatively little talk here about how and why its famously impeccable quality control regime failed and why mainly in overseas markets.



A rocky road for Toyota

Accelerator and brake problems led to recall of millions of vehicles by Japan's largest auto manufacturer

The journey so far

▶ Nov 2009

Toyota recalls 4.2 million cars in US due to floor mats that could trap accelerator pedals

▶ Jan 21, 2010

2.3 million car recall in US due to sticking accelerator pedals

▶ Jan 26

New 1.1 million car recall in US due to floor mat problems

▶ Feb 4

Toyota says global recall will cost up to US\$2 billion

▶ Jan 30

Toyota president Akio Toyoda apologises for the massive car recall

▶ Jan 29

1.8 million car recall in Europe due to sticking accelerator pedals

▶ Feb 9

Global recall of 437,000 Prius, other hybrid cars to repair flaw in braking system

▶ Feb 16

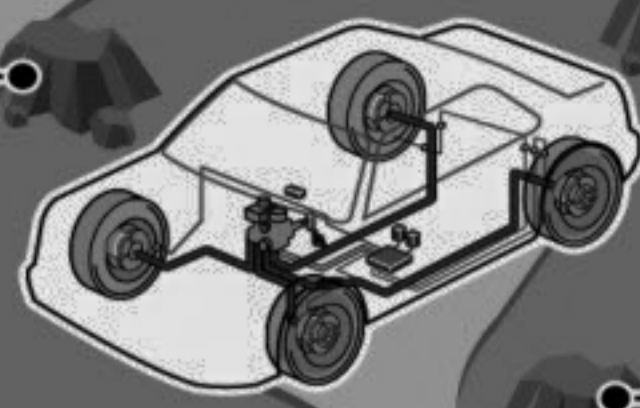
US auto safety watchdog demands Toyota to hand over documents in recall probe

▶ Feb 17

Toyota starts investigations into complaints about possible defect in power steering system in Corolla model

▶ Feb 19

Toyota president Toyoda accepts invitation to testify before US Congress



AFP 190210

But a review by the transport ministry could focus on such issues inside Japan, where the company has recalled about 223,000 Prius hybrid cars for braking problems.

The number of complaints over quality and safety issues in the US has dwarfed those in Japan, largely because the millions of Toyota vehicles subject to recalls were made with parts not used in models made and sold in Japan.

The recalls crisis has raised doubts over the Japanese automaker's sterling reputation, earned over decades of striving to win over American and European drivers.

Even Toyoda, grandson of the company's founder, has publicly lamented the difficulties of keeping a grip on quality in an era of outsourcing and global expansion.

"We so aggressively pursued numbers that we were unable to keep up with training staff to oversee quality," he told

reporters at a news conference in Tokyo last week.

Toyoda has promised an outside review of company operations, better responses to customer complaints and improved communication with US federal officials.

Japan, where the customer is said to be "king," has had plenty of product quality crises some of the most notorious involving automobiles. And the transport ministry, similar to the National Highway Traffic Safety Administration in the United States, does keep public records of recalls and drivers' complaints.

But Japanese citizens tend to be less assertive, partly because the legal system and other government institutions are more likely to side with manufacturers than with consumers. Back home, Toyota's travails are drawing attention, but not the sort of outraged criticism seen

in the US.

"Americans are whinier. But it's also that most Japanese are aware that, at the end of the day, the consumer hasn't come out satisfied and mollified and compensated," says Jeff Kingston, director of Asian studies at Temple University in Tokyo.

Still, if the problems expand back in its home market, Toyota is bound to face some high-stakes questions here, too.

Japan's biggest recent auto quality case involved Mitsubishi Motors Corp. and its truck unit, which were mired in a scandal that first surfaced in 2000 over systematic hiding of defects for decades. The automaker recalled millions of vehicles some models repeatedly for multiple problems.

Although the manufacturer has promised the cover-ups will never happen again, it acknowledged in 2004 that it didn't come totally clean in 2000.

Two former Mitsubishi Motors employees were convicted of professional negligence in a 2002 accident in which a housewife was killed and her two young sons injured when a wheel flew off the axle of a Mitsubishi truck.

Parts that connected the wheel to the truck were among the defects requiring recalls, which also included braking systems.

A former Mitsubishi Motors president, Katsuhiko Kawasoe, was convicted of the same crime in a separate 2002 accident in which a driver died when the brakes of his Mitsubishi vehicle failed.

"Many automakers viewed Mitsubishi's problem as a wake-up call. Before, the problems were not handled so vigorously," said Christopher Richter, an auto analyst at CLSA Asia Pacific Markets in Tokyo.

"Mitsubishi Motors never recovered from that," he said.

Iceland confirms receipt of revised Icesave offer

AP, Reykjavik

Iceland's finance ministry has received a revised proposal from Britain and the Netherlands on the repayment of \$5.7 billion to the two countries following the collapse of the Icesave online bank, a spokesman said Saturday.

Elias Jon Gudjonsson, a spokesman for Finance Minister Steingrímur J. Sigfússon, confirmed that the government received the new proposal but declined to comment on details. He said confidential discussions between the Icelandic, British and Dutch governments were still going on.

A source with knowledge of the talks said Friday that the main revision under discussion was a floating interest rate, replacing the 5.6 percent under the previous deal.

The revised proposal was presented following talks held at the Iceland Embassy in London by officials from all three countries earlier this week. The officials were thrashing out terms of a deal to return funds spent by Britain and the Netherlands to compensate their citizens' depositors in Icesave, an Internet bank that collapsed with its parent, Landsbanki, in October 2008.

Iceland's government has been eager to reach a deal to avoid a planned national referendum on the repayment deal, scheduled to take place March 6. Iceland's president vetoed the so-called Icesave bill and ordered the legislation to be put to voters following widespread support for a national petition against the deal.

Leaders of different Icelandic parties are expected to meet later Saturday to discuss the new offer.

China tightens bank lending rules

AP, Beijing

Banking regulators in China have ordered institutions to tighten controls on risk and carefully scrutinize borrowers' ability to pay their debts in a new step to rein in lending.

The government's order comes as Beijing tries to prevent excessive lending that it says could lead to financial problems while ensuring adequate credit to keep the economic recovery on track.

Chinese leaders worry that a stimulus-driven torrent of lending is fueling a dangerous bubble in stock and real estate prices. Beijing has ordered banks to set aside additional reserves and to keep lending stable, but the central bank has avoided raising interest rates, which might slow down growth.

The China Banking Regulatory Commission, or CBRC, said in a statement on its Web site Saturday that it issued two regulations to increase risk management on personal and working capital loans. The rules took effect Feb. 12.

The regulation on working capital loans stated that banks must calculate borrowers' actual needs and also consider their cash flow, liabilities, repayment abilities and other factors when assessing loan

applications.

On personal lending, the regulation says that borrowers may not obtain loans if they do not specify what the money is to be used for.

Chinese leaders have warned banks repeatedly to keep lending stable in 2010 and avoid financing unneeded real estate and industrial projects due to fears they might fuel inflation or leave banks burdened with bad debts if poorly planned projects fail.

Banks were ordered Feb. 12 to increase reserves by half a percentage point to 16.5 percent for large lenders and to 14.5 percent for smaller institutions.

The government reported earlier this month that January bank lending rocketed to 1.4 trillion yuan (\$200 billion) -- nearly one-fifth of the planned 2010 total. That was despite a Jan. 12 order to banks to raise reserves, also by 0.5 percent, and repeated commands to keep lending at sensible levels.

Banks are expected to scale back lending to roughly 7.5 trillion yuan (\$1.1 trillion) this year, after handing out some 9.5 trillion yuan (\$1.4 trillion) last year, the industry's top regulator, Liu Mingkang, said last month.

Anglo American profits halve

AFP, London

Anglo American's net profit more than halved to 2.4 billion dollars (1.8 billion euros) in 2009 as last year's economic downturn slashed the prices of metals, the mining giant announced on Friday.

The London-based company said it would not pay a dividend for a second year running as profit after tax slumped 53.5 percent from 5.2 billion dollars in 2008.

"The impact of the global economic downturn on realised platinum group metals, iron ore, export coal, nickel and diamond prices has been the key driver of the decline in earnings, coupled with falling demand," Anglo American, the biggest mining company in South Africa, said in a statement.

Anglo American said revenue dropped by a quarter last year to 24.6 billion dollars.



Sahara Khatun, home minister, speaks at the zonal and branch managers' conference of Ansaar-VDP Development Bank in Dhaka on Saturday. A Taher, chairman of the bank, is also seen.

Fed chief to throw light on monetary policy

AFP, Washington

US Federal Reserve chief Ben Bernanke is expected to shed light this week on the central bank's sudden decision to hike an emergency bank-lending rate, triggering speculation on monetary tightening.

Bernanke is scheduled to appear before the financial committee of the House of Representatives on Wednesday and the Senate banking panel the next day, where his testimony will be closely scrutinized by jittery markets.

The Fed's increase Friday of the discount rate, the interest it charges on emergency loans to banks, rattled stock markets. Investors feared the central bank might be moving faster than anticipated to withdraw critical support measures for the US economy, as it recovered from a brutal recession.

It was the first major action by the Fed to remove some of the unprecedented monetary easing measures; and also the first tinkering of interest rates by a central bank from the Group of Seven industrialized nations after emerging from recession, analysts said. The markets were particularly con-

cerned that the central bank was setting the stage for tightening the more significant federal funds rate, the benchmark interest rate that banks charge each other for loans now at virtually zero percent.

"Hopefully, chairman Ben Bernanke's testimony to Congress (this week) will shed some important new light on the Fed's policy intentions," said Brian Bethune, chief US financial economist of IHS Global Insight.

"It is indeed puzzling as to why the Fed made this move and announcement out of cycle with its meeting dates for 2010," he said.

Although many had expected the Fed to raise the discount rate, considering the waning interest from banks for the short-term loan facility, the timing caught many by surprise, especially coming well ahead of the central bank's March 16 policy meeting.

If the Fed was laying the groundwork for dismantling the easy money policy critical to accelerating the US recovery, it appeared premature, analysts said.

The US economy expanded by a strong 5.7 percent in the final 2009

quarter after 2.2 percent growth in the preceding quarter, but unemployment near double digits is expected to persist for some time in the face of lagging job growth.

In addition, the latest consumer price data for January showed tame inflation, underscoring weak demand and still-fragile recovery from a recession that began in December 2007 and has cost more than seven million jobs.

"In some ways the timing of the Fed move is peculiar since growth is not exactly building in a clear way," said Robert Brusca, chief economist at FAO Economics.

The economy "has been so weak for so long that if there is backsliding the possibility that economic weakness turns to financial catastrophe again is quite high," he said.

Bernanke is likely to sound "cautiously upbeat on growth and inflation" in his congressional testimony and focus on the "exit" strategy for the radical measures introduced to haul the world's largest economy from recession, said Fabio Fois, an economist at Barclays Capital.



Zakaria Taher, director of National Bank Ltd, inaugurates the bank's 121st branch in Comilla recently. AFM Shariful Islam, managing director (current charge), was also present.