

International Business News

Toyota CEO apologises for recall, accidents

AP, Washington  
Akio Toyoda, the mysterious scion of the Toyota empire, apologised Wednesday before a House committee investigating deadly flaws that sparked the recall of 8.5 million cars.

Toyoda, the automaker's 53-year-old chief executive, says the company grew too fast to keep up with safety controls.

"We pursued growth over the speed at which we were able to develop our people and our organization," Toyoda said in testimony prepared for delivery Wednesday. "I regret that this has resulted in the safety issues described in the recalls we face today, and I am deeply sorry for any accidents that Toyota drivers have experienced."

An apology won't be enough for the feisty panel of lawmakers on the House Oversight and Government Reform Committee in a year in which every one faces re-election. Nor will any culture gap; Japanese CEOs typically serve symbolic roles akin to figureheads without much power to control operations.

Toyoda at first declined to appear before the panel but acquiesced last week when he was officially invited. He shouldn't expect an easy day.

Australia, China resume trade talks after rows

AFP, Sydney  
Australia on Wednesday resumed free-trade talks with China after a 14-month gap, sweeping aside a brief plunge in ties to focus on a booming partnership tipped to deliver decades of growth.

Trade Minister Simon Crean said Australia's vast resources sector was the subject of intense interest from China, but that Canberra was also keen to gain greater access to the huge Chinese market.

"We need a new framework that reflects that interest, but a framework that (also) reflects the importance of investment as a two-way street," Crean said.

"Because Australia too has significant interest in getting greater investment into the Chinese economy."

With the three-day talks the two countries appear to have buried disputes which flared last year over the arrest of Rio Tinto executive Stern Hu in China and a visit to Australia by exiled Uighur leader Rebiya Kadeer.

Hu and three Chinese Rio employees are awaiting trial in Shanghai over alleged bribery and commercial espionage during difficult talks to set a contract price for iron ore, Australia's biggest export to China.



AFP  
Mercedes-Benz Japan President Hans Tempel introduces the new "E350 Blue Tec station wagon" at the world premiere in Tokyo yesterday. The Blue Tec technology model, equipped with a three-litre clean diesel engine and turbo-charger, went on sale yesterday.

Greece hit by nationwide strike against austerity

AP, Athens, Greece  
Greek unions staged a nationwide strike Wednesday, grounding flights, shutting schools and crippling public services, in a show of strength against government austerity measures aimed at pulling the debt-ridden country out of financial crisis.

In the first general strike since the centre-left government's election in October, all flights to and from Greek airports have been cancelled, while trains and ferries are also idle.

Commuters in Athens were left without most forms of public transport. Public schools, tax offices and municipal offices are closed, while public hospitals are using emergency staff.

Journalists are also holding a 24-hour strike, and two separate demonstrations are planned for central Athens.

The country's two largest umbrella labor groups, the private sector GSEE and public sector ADEDY, fiercely oppose a wave of belt-tightening measures announced over the past weeks to reduce the bloated budget deficit from 12.7 percent of gross domestic product to 8.7 percent this year.

Three Google execs convicted of privacy violations

AP, Milan  
Three Google executives were convicted of privacy violations Wednesday in Italy because bullies posted a video online of an autistic boy being abused -- a case closely watched due to its implications for Internet freedom.

In the first such criminal trial of its kind, Judge Oscar Magi sentenced the three to a six-month suspended sentence and absolved them of defamation charges. A fourth defendant, charged only with defamation, was acquitted.

Google called the decision "astonishing" and said it would appeal.

"The judge has decided I'm primarily responsible for the actions of some teenagers who uploaded a reprehensible video to Google video," Google's global privacy counsel Peter Fleischer, who was convicted in absentia, said in a statement.

RECESSION

World trade sees biggest drop

AFP, Brussels

World trade last year suffered its biggest collapse since World War II, an unprecedented 12 percent drop according to new WTO figures, with worrying signs suggesting 2010 threatens only mediocre recovery.

"World trade has also been a casualty of the crisis, contracting in volume by around 12 percent in 2009," Pascal Lamy, director general of the World Trade Organisation, told an audience in Brussels on Wednesday.

"It is the sharpest decline since the end of the Second World War," the Frenchman said, and a steep downwards revision from the WTO's most recent estimate, in December, of 10 percent.

The massive contraction in global commerce makes it "economically imperative to conclude" international trade negotiations, which are at a standstill, in 2010, Lamy told business figures and policymakers at the European Policy Centre, a Brussels think-tank.

The Doha Round of trade negotiations that began in 2001 with a focus on dismantling obstacles to trade for poor nations has been dogged by intractable disagreements including how much the United States and the European Union should reduce farm aid and the extent to which developing countries such as India and China should lower tariffs.

Deadlines to conclude the talks have been repeatedly missed, with the latest being the end of this year.

Lamy blamed the "freefall"



AFP  
Director-General of the World Trade Organisation (WTO) Pascal Lamy (L) and WTO Deputy Director-General Valentine Rugwabiza (R) attend a Doha Round-discussion on Tuesday at the European Parliament in Brussels. World trade contracted by around 12 percent in 2009, Lamy said. The Doha Development Round or Doha Development Agenda is the current trade-negotiation round of the WTO.

triggered by a crisis that first struck financial markets in late 2008 on a reduction in demand "across all major world economies" as well as the drying-up of trade financing and rising tariffs or national subsidies.

Some protectionist response "was to be expected," he sighed, although he maintained that worries of "runaway protectionism" had proved an exaggeration.

Amid vast government deficits,

he said the biggest enemy to a sustained pick-up was "intolerably high" unemployment that the International Labour Organisation estimates has hit 200 million people worldwide -- 20 million of whom have lost their jobs since the crisis began on Wall Street.

"The political consequences in my view are still to come," Lamy warned of the so-called jobless recovery, underlining that "keep-

ing international markets open is vital" if negative global economic growth of minus 2.2 percent in 2009 is to be reversed.

He revealed the latest WTO figures in order to underscore his argument that completing the Doha trade treaty begun in 2001 was essential to re-booting the global economy after recession.

While he would give "no forecast" for 2010 trade growth, he insisted a "pickup" is underway,

but led by an "overheating" China, could not say whether short-term or sustainable.

With heavy irony, Lamy said getting agreement on Doha is a "challenge for probability inspectors," but said he was "80 percent" there, although he "wouldn't venture any prediction" on when Russia would come on board, given it has no "fear" of harming its sought-after raw materials exports.

Along with Brazil, China and India, Russia makes up a quartet of developing economies said to hold the key to conclusion of a deal that would cut agriculture subsidies and tariffs on industrial goods.

However, increasing bilateral ties are also slowing down progress -- just on Wednesday, Australia resumed free trade talks with China after a 14-month gap.

In the US and the EU, under greater pressure now during the negotiations than when first launched, indicators remain weak or poor.

US consumer confidence is lower than expected, EU giant Germany posted zero percent growth in the fourth quarter of last year and Bank of England governor Mervyn King on Wednesday expressed worries over the health of the eurozone economy and key trading partner.

The 16-nation eurozone, which posted growth of just 0.1 percent during that period, is going through the worst crisis of its decade in existence, battered by massive debts in Greece that have forced officials to examine the possibility of a bailout.

HOUSING

Hong Kong acts to avoid property bubble

AFP, Hong Kong

Hong Kong said Wednesday it would introduce a series of measures to cool the overheating property market, such as increasing residential land supply and hiking stamp duty for luxury flats.

Financial secretary John Tsang warned that a recent property frenzy, driven by a huge inflow of more than 640 billion Hong Kong dollars (82 billion US) since late-2008, could threaten economic stability.

"If capital flows were to reverse or interest rates rebound, asset prices would become more volatile. This in turn may affect the stability of our financial system and the recovery of the real economy," he said in his annual budget speech.

To reduce the risk of speculation in the luxury market, the stamp duty for sales of properties valued at more than 20 million dollars will be raised from 3.75 percent to 4.25 percent beginning in April, he said.

Buyers of these flats would no longer be allowed to defer payment of stamp duty. The measure could be extended if excessive speculation was detected in the trading of less expensive properties, he said.

Tsang said the government would also strive to increase residential land supply, with plans to auction several urban residential sites in the next two years if market conditions allow, he said.

The financial secretary also pledged to prevent excessive expansion in mortgage lending.

Prices of some luxury flats returned to the peaks of the 1997 property boom in January, he said.

Concerns that speculation has extended beyond the high-end market intensified this week after Sun Hung Kai Properties, Hong Kong's largest developer by market capitalisation, agreed to pay a staggering 3.37 billion dollars for a 12,000 square metre (130,000-square-foot) site in the city's suburbs.

The price, reached after fierce bidding at a government land auction on Monday, was well above the average forecast by analysts.

Sellers in the southern Chinese city hiked prices of their units after the auction, according to media reports.

However, a property analyst said a bubble would still be created with Hong Kong's interest rates remaining low due to its currency peg to the US dollar.

"The measures can slow down the property price hike but will definitely not be able to stop it," Wong Leung-sing, head of research at Centaline Property Agency, told AFP.

"The economic boom in China and low interest rates in the US are two major external factors that together will almost guarantee a property bubble in the next few years."

Share prices in developers rose after the budget speech as stock investors were relieved that the measures were much weaker than expected.

Sun Hung Kai jumped 1.52 percent to 107.20 dollars and Sino Land was up 1.02 percent to 13.92 dollars at the close of Wednesday's trading.

"The only way to avoid a property bubble is to drastically increase land supply, which the government has not done," said Francis Lun, general manager at Fulbright Securities.

Stimulus measures by governments around the world have boosted liquidity, which has led to large fund inflows into Asia, driving asset prices higher, Tsang said.

Mainland China has also seen soaring property prices, with values rising at their fastest pace in 17 months in December after Beijing encouraged tax breaks, loans and lower down payment requirements to boost the sector.

Land sales and stamp duties were the major contributors to the government's surprise surplus of 13.8 billion dollars for the 2009-2010 financial year, Tsang said.

He said the government was "cautiously optimistic" about Hong Kong's economy in 2010 and expected it to grow by 4.0 to 5.0 percent.

The city emerged from its latest recession in the second quarter of 2009, when its gross domestic product rose 3.5 percent on a quarterly basis after four consecutive quarters of contraction.



AFP/FILE  
The photo taken on October 18, 2009 shows upmarket apartments and houses in the background behind a fisherman on his boat in Hong Kong's Deep Water Bay. Hong Kong said yesterday it will introduce a series of measures to cool the overheating property market, including increasing residential land supply and stamp duty for luxury flats.