

International Business News

Buckingham Palace accounts reveal cost of royal family

AFP, London
The royal family cost Britain's taxpayers 38.2 million pounds (46.1 million euros, 57.8 million dollars) in the last financial year, according to accounts released by Buckingham Palace Monday.

The figure, which represents 62 pence per person, was released with Britain facing deep public spending cuts as the new coalition government led by David Cameron bids to cut the country's record budget deficit.

Officials insisted that the royal household, which includes Queen Elizabeth II and her family, were "acutely aware of the difficult economic climate" and had taken action including freezing the number of employees.

The figure for 2009-10 represents a 7.9 percent drop on the previous year, a fall attributed in part to royals taking fewer commercial charter flights.

But opponents of the monarchy are demonstrating outside the palace Monday to demand more clarity on how the royals spend public money.

"We'll be demanding real transparency and accountability from the palace, so we can really see how much public money they are wasting at a time when government spending is under the pressure of huge cuts," Graham Smith of campaign group Republic said.



AFP
Customers inspect Lexus vehicles at a Toyota showroom in Tokyo yesterday. Toyota began recalling more than 91,000 vehicles in Japan because of an engine defect affecting its luxury Lexus range and Crown sedans, the latest in a string of recalls hitting the company.

Hitachi, Mitsubishi firms discuss hydropower merger

AFP, Tokyo
Japanese high-tech giant Hitachi and two Mitsubishi companies are to discuss merging their hydroelectric power operations, the three firms said in a statement Monday.

Hitachi, Mitsubishi Electric and Mitsubishi Heavy aim to create a new company to combine marketing, engineering development and design know-how in anticipation of higher demand for clean renewable energy, the statement said.

The companies added that the proposed merger would strengthen their position to win overseas contracts in the face of increased competition from Chinese and European companies.

"The business environment continues to be severe," they said in the statement, "due to Chinese manufacturers' expansion into overseas markets, in addition to existing competition with European companies."

In an effort to pool resources, the companies said they will discuss creating a new company in which Hitachi will take a 50 percent stake and the two Mitsubishi companies hold the remainder.

S Korean firms buy stake in Australian mines

AFP, Seoul
Two South Korean firms have agreed to buy mining assets from Australia's Anglo American in a bid to secure a stable coal supply, officials said Monday.

State-run Korea Electric Power Corp said it would buy a 100 percent stake in the Bylong coal mine from Anglo for 340 million US dollars (403 million Australian dollars).

The company plans to start producing at Bylong in 2016, with a view to extracting 7.5 million tons of low-ash thermal coal, used for power generation, a year.

KEPCO said a final contract would be sealed in the fourth quarter of this year, after Anglo receives approval from its board and the Australian government.

"Our company has formed a strategic alliance" with South Korean steel giant POSCO and Australia's Cockatoo Coal to buy assets from Anglo, a KEPCO spokesman told AFP.

POSCO said that it would buy a 70 percent stake in Anglo's Sutton Forest mine, while Cockatoo will buy the remainder.

KEPCO said the deal to buy Sutton Forest is worth 72 million Australian dollars overall.

Vietnam breaks ground on \$1.2b coal power plant

AFP, Hanoi
Vietnam has broken ground on a 1.2 billion dollar coal-fired power plant, state media reported Monday, as the fast-growing economy seeks to stem power shortages.

The Nghi Son 1 project, to be fully operational by 2014, will have a capacity of 600 megawatts, the Vietnam News reported.

Japanese aid is providing 85 percent of the 22.26 trillion dong (1.2 billion dollar) cost of the development in Thanh Hoa province more than 150 kilometres (90 miles) south of Hanoi, the report said.

Prime Minister Nguyen Tan Dung, who attended Saturday's groundbreaking ceremony, said the development will help power a planned oil refinery and other factories in the area, the Vietnam News said.

Many parts of Vietnam have been hit by periodic power outages prompting the energy-short nation to diversify its energy sources.

FUEL PRICES

India rocked by strike

AFP, New Delhi

An opposition-led strike over fuel price rises disrupted life across India yesterday, triggering transport mayhem and sporadic violence in major cities where schools and businesses closed down.

Flights were grounded in commercial airline hubs such as Mumbai and Kolkata, while protesters attacked buses, blocked roads with burning tyres and organised sit-down protests on inter-city railway links.

Police were out in force to prevent any large-scale unrest during the day-long strike called by the main opposition Bharatiya Janata Party (BJP) and leftist parties in a show of strength against the Congress-led government's reform programme.

The response was mixed, with the greatest impact felt in states with non-Congress administrations, like West Bengal, Karnataka and Bihar.

The day of action virtually shut down the software sector in India's IT showcase city Bangalore -- the capital of BJP-ruled Karnataka -- where hundreds of software firms, including giants like Infosys and Wipro, told employees to stay at home.

In New Delhi, the government said it would not be bullied into reneging on reform promises, and Finance Minister Pranab Mukherjee insisted there was "no question" of rolling back on the fuel price hikes.

The government scrapped petrol subsidies last month and announced an across-the-board rise in the price of other fuels as a key part of its strategy to rein in a yawning fiscal deficit.

The inflationary knock-on effect of the increases is an issue that India's fractured opposition can unite over, given popular anger over steep rises in the cost of living.

The strike was widely observed in India's financial capital, Mumbai, where the right-wing Hindu nationalist Shiv Sena party holds sway. Police had rounded up 1,000 "trouble-makers" on Sunday in a pre-emptive move to prevent unrest.

Flights to and from Mumbai airport were severely disrupted, with domestic airlines

cancelling 45 departures and 39 arrivals.

The city's taxis were mostly off the streets, and schools, colleges and businesses closed down, while 50 Communist Party activists were arrested as they tried to storm the platforms of a suburban train station.

There were clashes in several other cities, with police charging with batons and using water cannon to disperse crowds.

One of India's main industry bodies, Assocham, said commercial and economic activity had "ground to a halt" in some parts of the country.

In Kolkata, the capital of the Marxist-controlled West Bengal, public transport was at a standstill and many flights were cancelled.

Demonstrators took to the streets and held sit-down protests to block key intersections, but there were no reports of major violence.

"Normally, I'm against strike action, but this is different," said Sriparan Bose, a geography teacher in Kolkata.

"Inflation is already hurting a lot of people, and the fuel rises are only going to make things worse. The government needs to rethink this," said Bose.

Mahesh Rangarajan, a political analyst at Delhi University, said the strike was a significant test of the commitment of Prime Minister Manmohan Singh's year-old government to push through tough reforms.

Any rollback now "would be an erosion of their authority," Rangarajan said.

In the northern city of Lucknow, police reported incidents of protesters stoning buses to keep them off the streets and senior BJP leader Arun Jaitley was arrested for illegal assembly.

Prior to being detained, Jaitley told reporters the strike was an "unprecedented success."

"This protest has been widely supported by the average common man because he is really the target of the government's policies," he said.

In the Bihar state capital Patna, protesters disrupted train services and used burning tyres to block traffic.



AFP
Stranded travellers wait on a platform bridge at the NJP railway station during a strike in Siliguri yesterday. An opposition-led strike over fuel price rises disrupted life across India.

SPECIAL REPORT

China's new migrant workers pushing the line

REUTERS, Zhongshan/Longhua, China

After a morning of confrontation with his bosses at an auto parts factory in southern China, Wei took a different route home to avoid the plain-clothes police tailing him.

As soon as he reached his building, Wei darted up a flight of stairs to his small rented room and logged onto a desktop computer.

"There are 54 workers online now, and most still support the strike," he said, pointing to a stream of cascading messages posted on a popular Chinese social networking website by employees of Honda Lock, a Chinese supplier to Japan's Honda Motor Co.

"Tomorrow is a critical time," said Wei who asked that his full name not be used. "If we continue to strike, Honda doesn't have enough stock and can only last until Monday. Let's keep going till then," he read aloud from a post in a chat room called "Honda Workers Fight Until the End."

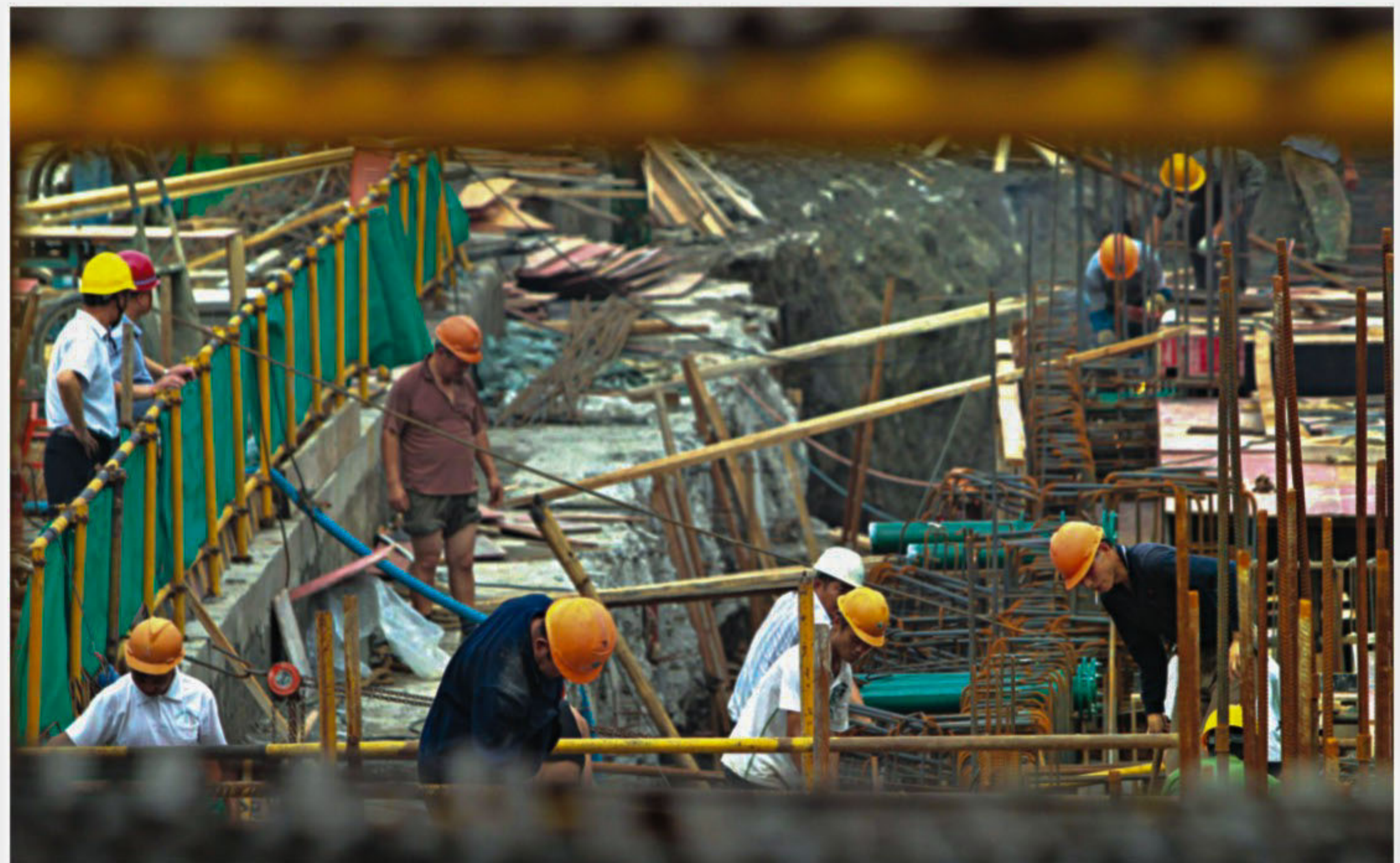
A short 22-year old with gelled hair and a passion for football, Wei joined co-workers who put down their tools last month to demand higher pay from the supplier of car locks, mirrors and handles.

The strike forced Honda Lock to suspend production and led Honda Motor to shut its Chinese assembly lines for over a week.

"Every boss is a little greedy," said Wei, who added he was inspired by the words of a labour leader who had argued that Chinese should stop working like "slaves" for the Japanese.

Wei is part of a vast, embryonic and potentially powerful force that has captured the world's attention by staging a surprise string of strikes recently. China may be "the workshop of the world", but young rural migrant workers like Wei are less accepting than their parents were of life in the factories -- low pay, gruelling hours, and sometimes martial workplace rules.

A spate of worker suicides at the tightly guarded factories that make gadgets for Apple and other electronics companies has also highlighted their plight, becoming



Workers are seen at a construction site in Shanghai yesterday. A strengthening erodes China's labour cost advantages.

a cause célèbre for migrant workers who followed the stories online -- as well as an embarrassment to the foreign companies that depend on the plants.

The new assertiveness of migrant workers has implications that reach far beyond the obvious higher costs for foreign companies that have relied on a cheap and docile Chinese workforce.

And it comes at a time when a strengthening yuan is further eroding China's labour-cost advantages, prompting some firms to consider relocating their China operations.

Besides the strike at Honda Lock and other Honda parts mak-

ers, workers also have refused to man the factory lines at suppliers to Toyota, Hyundai, Adidas and other foreign companies. China has seen bursts of labour protest before, but they often fizzled when disgruntled workers -- fragmented and often afraid -- gave in.

Not this time, at least so far. Workers have been far more aggressive, using the Internet to organise, and are winning significant concessions. Nearly all of the recent strikes resulted in pay hikes. The Honda Lock walkout ended two weeks ago, with workers agreeing to a pay rise of 20 percent.

"(This is) a new generation of migrant workers," said Liu Kaiming, executive director of the Institute of Contemporary Observation, a privately funded group in Shenzhen that focuses on labour issues. "They are more willing to speak out about their grievances and are less tolerant of

long hours and tough conditions than the older generation."

Four years ago, Wei crowded onto a slow train from his ancestral village in the backwaters of Guangxi to neighbouring Guangdong, making the voyage from village to factory that tens of millions of rural Chinese have made in recent decades.

He wasn't sorry to leave. "You open the door and there are mountains," said Wei of his home village among the famous craggy limestone hills near Guilin. "The air is fresh but there's absolutely nothing to do. If young people like us just stay at home there's no way out."

Wei's parents -- farmers who grow rice and vegetables and raising pigs, chickens and ducks -- were largely content to live off the land and didn't join others of their generation streaming to factories in the coastal cities.

Unable to afford the fees to

keep their sons in school, however, they encouraged Wei and his brother to make a living in the city after they completed middle school -- an opportunity they were only too happy to take.

While Wei found work at the Honda Lock plant, a complex of low-slung white buildings beside a muddy river in the factory town of Xiaolan in the Zhongshan region, his younger brother headed to the dusty industrial county of Dongguan to the east of the Pearl River.

It hasn't been easy work. Wei, who spends at least eight hours a day standing on an assembly line, putting together locks for Honda cars, speaks of an almost unendurable monotony in carrying out identical tasks around the clock.

"Each year is the same. It makes me sick in the stomach. There's no freshness to things anymore," he said of his job which pays around 30 yuan (\$5) per day.