Japan quake setback to global nuclear industry

AFP, *Washington*

The meltdown and radiation fears at Japan's nuclear power plants following a massive earthquake put nuclear power supporters on the defensive Monday just as the industry was enjoying a renaissance.

Opponents raised new doubts about the safety of nuclear plants advertised as "clean" energy, and investors dumped the shares of companies that manufacture or operate nuclear plants.

Supporters of the industry, which has more than 200 reactors under construction or planned around the world, were meanwhile backpedaling, calling for safety reviews and distancing their own situations from Japan's.

"The severe nuclear incident in Japan has put a global nuclear renaissance into question," said Alex Barnett, an industry analyst at Jefferies International.

"This incident is sure to cast fresh doubt in the public's eyes on the safety of nuclear power and will likely to have a lasting impact on the industry."

In the United States -- the world's biggest producer of nuclear energy, depending on 104 reactors to supply 20 percent of all electricity -- some politicians stepped back from President Barack Obama's $18.5 billion push to expand the sector.

"I've been a big supporter of nuclear power because it's domestic -- it's ours and it's clean," Senator Joseph Lieberman said Sunday.

AFP

Members of the Fukushima prefectural assembly observing an operation of the MOX fuel storage pool inside the Tokyo Electric Power CO's Fukushima No.1 plant third reactor building in Japan.

Nevertheless, he said, "I think we've got to... quietly and quickly put the brakes on until we can absorb what has happened in Japan."

The White House stood by its policy, but with a note of caution.

"Information is still coming in about the events unfolding in Japan, but the administration is committed to learning from them and ensuring that nuclear energy is produced safely and responsibly here in the US," White House spokesman Clark Stevens told The New York Times Sunday.

In Europe, Japan's troubles reignited old battles, especially in Italy which was moving to revive nuclear power after having rejected it by referendum in 1987, one year after the Chernobyl disaster.

German Chancellor Angela Merkel announced the reconsideration of a recent plan to keep Germany's 17 reactors on line to the 2030s, well beyond what had originally been slated.

"We cannot just go back to business as usual," she said. "Events in Japan... teach us that risks that were thought to be completely impossible cannot in fact be completely ruled out," Merkel said.

Austria called for "stress tests" to be conducted on all European nuclear power stations, including for earthquakes.

"We want security to be reviewed or (plant) closure," Environment Minister Nikolaus Berlakovich said.

While environmentalists in France renewed their call against nuclear energy, the government was cautious and even the opposition Socialist Party said they would just like to reduce nuclear's 80 percent share of all of the country's electricity generation.

But French ministers held an emergency meeting on Sunday with energy companies and nuclear safety experts to discuss the Japanese crisis.

"It is not yet a catastrophe," the industry and energy minister, Eric Besson, said, but added: "We absolutely cannot rule that out."

And in London Energy Minister Chris Huhne stressed the difference between Britain and Japan, while saying lessons can be learned from Japan's experience.

Britain's government cleared the way in October for new nuclear power plants to be built at eight sites in England and Wales.

The British are "frankly, amazingly lucky that we don't live in a seismically active earthquake zone like Japan," he told BBC television.

At the same time, "I'm asking our own nuclear regulator, or safety authorities, to look very carefully at the Japanese experience to learn any lessons that we can, both for our own existing nuclear reactions and for any new nuclear program."

In China, which has the world's largest nuclear building program, with 13 reactors in place and 34 greenlighted, officials were unfazed.

PepsiCo unveils 100pc plant-based bottle

AP, *New York*

PepsiCo Inc. on Tuesday unveiled a bottle made entirely of plant material, which it says bests the technology of competitor Coca-Cola and reduces its potential carbon footprint.

The bottle is made from switch grass, pine bark, corn husks and other materials. Ultimately, Pepsi plans to also use orange peels, oat hulls, potato scraps and other leftovers from its food business.

The new bottle looks, feels and protects the drink inside exactly the same as its current bottles, said Rocco Papalia, senior vice president of advanced research at PepsiCo. "It's indistinguishable."

PepsiCo says it is the world's first bottle of a common type of plastic called PET made entirely of plant-based materials. Coca-Cola Co. currently produces a bottle using 30 percent plant-based materials and recently estimated it would be several years before it has a 100 percent plant bottle that's commercially viable.

"We've cracked the code," said Papalia.

The discovery potentially changes the industry standard for plastic packaging. Traditional plastic, called PET, is used in beverage bottles, food pouches, coatings and other common products.

The plastic is the go-to because it's lightweight and shatter-resistant, its safety is well-researched and it doesn't affect flavors. It is not biodegradable or compostable. But it is fully recyclable, a characteristic both companies maintain in their new creations.

Traditional PET plastic is made using fossil fuels, like petroleum, a limited resource that's rising in price. By using plant material instead, companies reduce their environmental impact. Pepsi says the new plastic will cost about the same as traditional plastic.

The company, based in Purchase, NY, said it has had dozens of people working on the process for years. While PepsiCo wouldn't specify the cost to research and design the new bottle, Papalia said it is in the millions of dollars.

For China, new plan is a question of balance

REUTERS, *Beijing*

It's a roundabout way for China to rebalance its economy, but launching the world's largest housing investment scheme should eventually generate the extra consumption long sought by Beijing and its overseas critics alike.

As part of its new five-year plan for 2011-2015, China intends to build 10 million affordable homes this year and 36 million units over the period 2011-2015.

Assuming three people to a flat, that is enough to house the combined populations of France, Australia and Canada.

The short-term impact will be to further whet China's appetite for steel, copper and other materials, to the benefit of commodity exporters, and to prop up its unprecedented investment rate of 48 percent of gross domestic product.

But if the goal is reached -- and it would be rash to bet against the Communist Party hitting a high-priority target -- then China will have created a new class of consumer.

In theory, millions of Chinese will no longer have to save for an exorbitant, market-priced home, leaving more spending money in their pockets.

And with more people living in cities -- the urbanisation rate is expected to rise to 51.5 percent by 2015 from 47.5 percent now -- they will have a greater array of goods and services to choose from.

Louis Kuijs, an economist with the World Bank in Beijing, said China was putting substantially more effort into affordable housing than he had expected.

"It should ensure urbanisation continues and help free up not just the savings rate but disposable income among households," Kuijs said. "I wouldn't be surprised if big efforts like this also raise confidence in the economy."

In effect, China is adopting the Singapore and Hong Kong model of a two-tier market: social housing for those on lower incomes and market-priced property for the better off.

As well as sowing the seeds for greater consumption, the huge new supply of flats should deflate bubbly property prices and so ease a

AFP

A woman walks by a housing construction site in China. Rising costs of food and housing have become a major source of anxiety for stability-obsessed policymakers, who are ever fearful that prolonged inflation could spark unrest.

source of fierce resentment among ordinary Chinese.

During the annual session of parliament that ended on Monday, Premier Wen Jiabao flagged an array of other policies to improve "people's livelihood" that also bode well for consumption.

He promised to gradually raise the proportion of national income going to labour and said pay should keep pace with productivity. Pension and health insurance coverage will be broadened. Tax cuts are in the pipeline. Wages are rising fast.

All in all, the five-year plan is likely to "spark the greatest consumption story in modern history" and boost household spending to a range of 42-45 percent by 2015 from just 36 percent now, Stephen Roach, non-executive chairman of Morgan Stanley Asia, wrote in a Project Syndicate column.

Reducing China's surplus savings would, by definition, diminish its current account surplus, which came to 5 percent of GDP last year and is a perennial irritant in relations with Washington and Brussels.

But not everyone is convinced that China is on the fast track to rebalancing.

The government's projected 14 percent increase in social outlays this year, while outstripping the planned 11.9 percent rise in the total budget, is inadequate given the low starting base, according to Qu Hongbin, HSBC's chief China economist.

People will still save for a rainy day. "Though a step in the right direction, the shift in spending from construction to education, health care and other social welfare is still too modest to make a meaningful impact on Chinese consumers' saving behaviour any time soon," he said in a report.

And China's budget deficit is still projected to shrink this year to 2.0 percent of GDP from 2.5 percent in 2010.

Mark Williams with Capital Economics in London said this "extremely conservative" fiscal position was hard to square with the idea that the government was doing all it can to boost consumption.

Moreover, all other things being equal, a smaller budget deficit will translate into a higher current account surplus.

"I suspect that at the highest levels of the Chinese government policymakers do not see the connection between their fiscal position and their current account position. It's as simple as that," Williams said.

Forecasts of the current account surplus diverge. Williams expects it to widen this year to around 6.5 percent of GDP, which he said was "not anywhere near enough to keep the Americans happy".

By contrast, economist Ting Lu with Bank of America Merrill Lynch in Hong Kong last week reduced his estimate of the surplus to 4.0 percent of GDP from 4.2 percent.

German investor confidence declines in March

AFP, *Frankfurt*

German investor confidence has declined and could be affected further by the disaster and nuclear crisis in Japan, the closely followed ZEW survey showed on Tuesday.

The ZEW poll of Germany's financial sector resulted in a drop to an indexed 14.1 points in March from 15.7 points in February, a statement said.

The results from investors in Europe's biggest economy were received both before and after the Japanese earthquake, tsunami and nuclear crisis erupted, but the results were in before before the full extent of the crisis was clear.

"The German economy is in a robust shape. Nevertheless, the tragic events in Japan could slow down the dynamics of German economic growth at least in the short run," the statement quoted ZEW president Wolfgang Franz as saying.

Overall however, "the indicator shows that financial market experts continue to expect a positive economic development during the forthcoming six months," it added.

Analysts polled by Dow Jones Newswires had expected the index to remain unchanged at 15.7 points.

The overall indicator, which measures financial market expectations, remained well below its historical average of 26.7 points.

A measure of how German investors view the situation at present edged higher meanwhile, gaining 0.2 points to 85.4 points, though that was lower than an analyst forecast for a slight increase to 86 points from from 85.2 in February.

US backs Japan's economy despite disaster

AFP, *Washington*

The United States offered a firm endorsement of Japan's economy Monday, saying it had "full confidence" its ally would parry the financial aftershocks of its earthquake and tsunami disaster.

Despite fears over the tragedy's impact on the fragile global economic recovery, and sell-offs on global stock markets, the White House said it believed Japan was sufficiently resilient to ride out the crisis.

"These are still early days, but that we remain confident that Japan and, therefore, the world can deal with this crisis and respond and rebuild in a way that is good for Japan and good for the world," White House spokesman Jay Carney said.

"We have that confidence and we therefore believe that the resiliency of the Japanese people, the resiliency of the Japanese economy are very important factors in the capacity of Japan to handle this."

Carney spoke up after Japanese stocks saw their biggest fall for two years, plunging 6.18 percent Monday and the central bank pumped a record amount of money into markets shaken by the quake, a tsunami and a nuclear emergency.

US stocks took direction from Tokyo. The Dow Jones Industrial Average finished 51.24 points lower (0.43 percent) at 11,993.16.

The tech-rich Nasdaq Composite dropped 14.64 points (0.54 percent) to 2,700.97 and the S&P 500-stock index, a broader measure of the markets, shed 7.89 points (0.60 percent) at 1,296.39.

European finance ministers meeting in Brussels for talks focused on plans to defend the euro from future debt crises were also discussing the impact of events in Japan.

The two-day meeting of the world's 20 industrialized and emerging economies will allow ministers to closely examine possible reactions to events in Japan.

Indian garment workers hold up a cutout of a sewing machine during a protest against excise duties in New Delhi yesterday. Thousands of garment workers protested against the imposition of excise duty on readymade garments in the recent Indian budget.

AFP