Germany just got almost all of its power from renewable energy

BLOOMBERG, *Berlin*

CLEAN power supplied almost all of Germany's power demand for the first time on Sunday, marking a milestone for Chancellor Angela Merkel's "Energiewende" policy to boost renewables while phasing out nuclear and fossil fuels.

Solar and wind power peaked at 2 p.m. local time on Sunday, allowing renewables to supply 45.5 gigawatts as demand was 45.8 gigawatts, according to provisional data by Agora Energiewende, a research institute in Berlin. Power prices turned negative during several 15-minute periods yesterday, dropping as low as minus 50 euros ($57) a megawatt-hour, according to data from Epex Spot.

Countries around Europe are building increasing amounts of renewable capacity in order to reduce their carbon emissions and boost supply security. Last year Denmark's wind farms supplied 140 percent of demand, while the U.K. had no coal-fired power stations meeting electricity demand for about four hours on May 10 as a result of plant breakdowns.

"Events like this highlight that eventually we may need to start curtailing because of market-wide oversupply," said Monne Depraetere, an analyst for Bloomberg New Energy Finance. "In the long-run, that may provide a case to build technologies that can manage this oversupply -- for example more interconnectors or energy storage."

QUARTZ

Countries around Europe are building increasing amounts of renewable capacity in order to reduce their carbon emissions and boost supply security.

Renewables were only able to meet demand because of Germany's strong export capability, the analyst said. Even when solar and wind peaked, conventional power plants were still supplying 7.7 gigawatts.

Merkel's unprecedented shift to clean energy has squeezed margins at coal and gas plants while driving up costs for consumers in Europe's biggest power market. The increased flows of clean energy have also put pressure on the grid to the point that the country is considering excluding certain regions from future onshore wind power auctions if local grids are already struggling to keep up with large volumes of renewable energy supplies.

"If Germany was an island, with no export cables, this would be technically impossible because you always need to have some thermal generation running as a back up supply for when the wind or solar drops off," Depraetere said.

"Germany consumed 100 percent renewable energy yesterday, but we're unlikely to see clean energy supply 100 percent of generation anytime soon," he said.

US banks scrutinise SWIFT security after hacks: reports

REUTERS

MAJOR US banks are scrutinising security of the SWIFT messaging network following cyber attacks in Bangladesh and Vietnam involving fraudulent transfer requests, according to media reports on Tuesday.

JPMorgan Chase & Co has limited SWIFT access to some employees amid questions about the breaches at two Asian banks, The Wall Street Journal reported, citing people familiar with the matter.

The actions are not tied to a specific concern about JPMorgan's vulnerability to SWIFT, but are part of its policy to review user access to certain systems following news of a security threat, The Wall Street Journal said, citing a person familiar with the bank.

Representatives with JPMorgan could not immediately be reached for comment.

Brussels-based SWIFT is a cooperative owned by some 3,000 global financial institutions.

Separately, Bloomberg News reported that major US banks want SWIFT to boost security in the wake of the attacks, which involved fraudulent transfer requests sent over SWIFT's private bank messaging system.

Some US banks want to discuss with SWIFT whether it responded quickly enough to the breaches and if it should help banks better secure their systems, Bloomberg cited one unidentified source as saying.

Some US banks expect SWIFT to come up with a technological solution to reduce the risk of further attacks, the report cited a second unidentified source as saying.

SWIFT codes for at least seven international banks were written into malware used in an attack that Vietnam's Tien Phong Bank disclosed over the weekend, Bloomberg reported, citing a private report published by BAE Systems PLC.

The malware was configured to hide transaction messages involving those banks, Bloomberg reported. It said they included Industrial & Commercial Bank of China Ltd, Bank of Tokyo Mitsubishi UFJ Ltd, UniCredit SpA, Australia & New Zealand Banking Group Ltd, United Overseas Bank Ltd of Singapore, South Korea's Kookmin Bank and Japan's Mizuho Bank Ltd.

The revelations that such banks were mentioned in the code raised concerns of global lenders because they show that the attackers were not focusing solely on small banks in developing nations, Bloomberg reported, citing people familiar with several banks in the US and Europe.

A SWIFT spokeswoman declined comment on both reports.

Crisis for S Korea shipbuilders as golden age fades

AFP, *Seoul*

AFTER more than a decade of global dominance, South Korea's shipbuilders face an unprecedented crisis that threatens the very survival of one of the flagship industries of Asia's fourth largest economy.

South Korea's "Big Three" shipbuilders were once considered the holy trinity of Korea Inc. -- controlling nearly 70 percent of the global market after seeing off their European and Japanese rivals in the 1980s and 1990s.

Year after year, the shipyards of Hyundai Heavy Industries, Daewoo Marine and Shipbuilding, and Samsung Heavy Industries churned out massive cargo ships, oil tankers and offshore drillers for shipping firms and energy giants around the world.

But a prolonged slump in oil prices and the global economic slowdown sapped demand for tankers and container ships, while overcapacity, regional rivalry and competition from cheaper Chinese shipbuilders squeezed profit margins.

The three firms racked up a collective loss of 8.5 trillion won ($7.4 billion) last year, while outstanding orders among all South Korean shipbuilders hit their lowest level in 11 years in February.

"Orders are drying up. We are faced with an unimaginable situation at which our dock may soon be empty," Hyundai Heavy chairman Choi Kil-Seon said in a letter to employees in March.

"Even banks are so reluctant to lend to us. This is the harsh, undeniable reality we are facing today," Choi said.

Hyundai -- the world's top shipbuilder by sales -- has reported a net loss for two straight years, totalling 5.0 trillion won.

It posted its first net profit for more than two years in the first quarter of 2016, but Choi said that was largely thanks to lower raw material prices and a weaker Korean currency.

The company became "oversized and complacent" during the boom years of the 2000s, he said, urging "bone-crushing efforts" to compete against Chinese shipbuilders that won more than half of all new global orders this year.

"If we can't compete against Chinese ... our jobs will be eliminated," he said.

Yang Jong-Seo, analyst at the Export-Import Bank of Korea, said the next two years would be the "worst years ever" for the shipbuilders as they embark on a period of painful, state-led restructuring.

In return for state aid and debt extensions, Seoul's financial regulators have pressed for more asset sales, mass layoffs, pay reductions and streamlined business plans.

"I think the situation will hit the bottom in the latter half of 2017 and revive in 2018. The key question is whether the shipbuilders can manage to stay alive until then," Yang told AFP.

"If they end up falling apart, I'm afraid the pillar of the global shipbuilding industry will really shift to China," he said.

The knock-on effect of any such collapse would be enormous.

The southern port of Ulsan and Geoje island -- home to the three shipbuilders' main docks -- are the bedrock of a regional economy that relies heavily on the industry for tax revenues and consumer spending by nearly 200,000 workers.

Hyundai shed more than 1,000 jobs at its Ulsan shipyard in 2015 and is reportedly planning to lay off around 3,000 workers this year. Their suppliers that hire tens of thousands of workers are being pushed to the brink of collapse.

The situation is even bleaker at the number two shipbuilder Daewoo. The firm has failed to win a single order so far in 2016, after suffering a record net loss of 5.5 trillion won last year. Daewoo -- partially owned by the state-run Korea Development Bank -- has proposed laying off 3,000 workers by 2019 but the government is demanding an even bigger job cut.

"The whole city is a big community of shipbuilding workers and their families. And we are all feeling the pinch," an official at the Geoje city council told AFP.

AFP/FILE

The photo shows a general view of an under-construction Maersk triple-E class container ship at the Daewoo DSME shipyard in Okpo, 60km south of Busan.

Japan economy returns to growth in Q1, avoids recession

AFP, *Tokyo*

JAPAN sidestepped a recession after its economy grew in the first quarter, preliminary data showed Wednesday, but efforts to cement recovery in the world's number three economy were gaining little traction.

Gross domestic product expanded by 0.4 percent between January and March -- or 1.7 percent at an annualised rate -- after a contraction in the last three months of 2015.

A consumer spending rebound helped drive the better than expected figures, but the leap year added another day of production -- and spending -- to the economy's performance. The fresh data will do little to buoy hopes for Prime Minister Shinzo Abe's faltering growth blitz.

His bid to revive Japan's once-soaring economy, dubbed Abenomics, was shaken by a bloodbath on equity markets at the start of the year and a resurgent yen which has taken a bite out of Japan Inc's profits.

Local media have suggested Abe will delay plans to raise Japan's consumption tax over concerns it could damage the already fragile economy. But the premier on Wednesday insisted his growth plan was making headway, and that no final decision has been made on the levy increase.

"I will make the appropriate decision at an appropriate time," he told reporters.

A consumption tax rise in 2014 -- seen as key to helping pay down Japan's enormous national debt -- was blamed for ushering in a brief recession.

This week the government approved a 778 billion yen ($7.1 billion) extra budget in response to April's deadly earthquakes, which prompted factory shutdowns in southern Japan. "But even if the government delays the tax hike, it still needs to set a course for getting public finances on a sound footing, which is not an easy job," said Yoko Takeda, chief economist at Mitsubishi Research Institute.

"The economy is in a tough situation with the strong yen hurting corporate earnings, stalled wages and a lack of confidence among consumers. There are going to be some tough times ahead."

Wednesday's figures came days before Japan hosts a meeting of the Group of Seven finance chiefs, followed by a summit of their leaders next week.

The finance group -- including US Treasury Secretary Jack Lew and European Central Bank President Mario Draghi -- converge at a hot springs town north of Tokyo, where two days of meetings kick off on Friday.

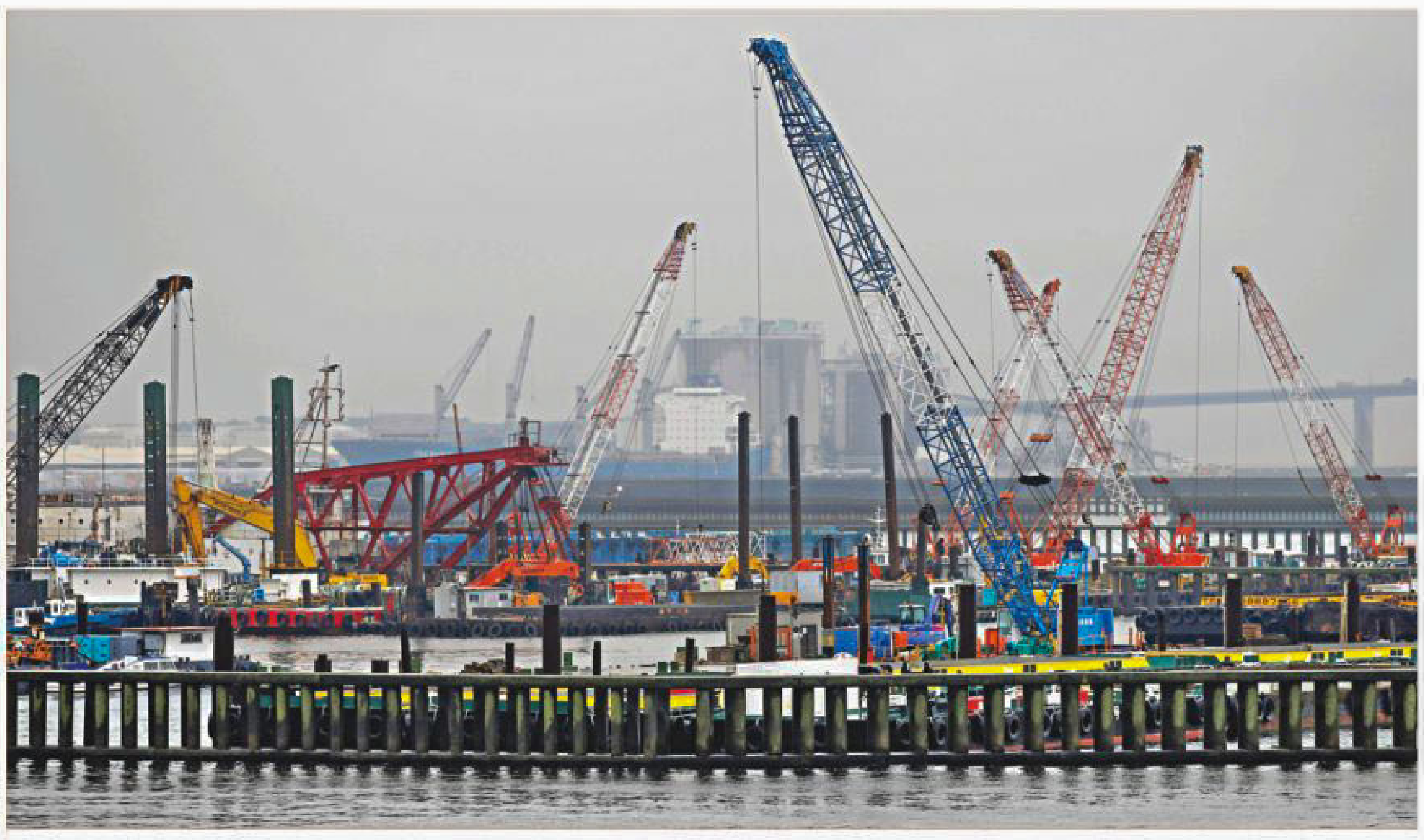
Topping the agenda will be how the group of rich nations can help kickstart global growth, as the host struggles to light a fire under its own economy.

Abe's growth plan -- big government spending, central bank monetary easing and reforms to the highly regulated economy -- initially appeared to bear fruit after he came to power in late 2012 elections. The yen weakened sharply, which boosted Japanese exporters' profits and sparked a huge stock market rally.

But sustained growth has been elusive and Abe's efforts to overhaul the economy have been widely criticised as half-hearted.

Key to the plan is a massive monetary easing campaign from the Bank of Japan aimed at dragging Japan out of years of deflation -- a spiral of falling prices that held back growth.

In January the central bank shocked markets with a negative interest rate policy designed to boost lending to people and businesses. But the move was widely criticised as a desperate bid to prop up Tokyo's faltering economic plan.



REUTERS

Cranes are seen at an industrial area in Tokyo on Tuesday.

Suzuki denies cheating on fuel, emissions testing

AFP, *Tokyo*

SUZUKI on Wednesday admitted to finding "discrepancies" in its fuel-economy and emissions testing, but the firm denied deliberately manipulating data to make cars seem more efficient.

The remarks from the Japanese small-car maker came in the wake of rival Mitsubishi Motors' shock admission last month that it had cheated on fuel-efficiency tests for decades.

On Wednesday, Mitsubishi said its president Tetsuro Aikawa would resign over the scandal, which has left the company's reputation in tatters.

Japan's transport ministry has ordered all domestic automakers to probe their own compliance with government testing methods following Mitsubishi's revelations that it manipulated fuel-economy data.

Major players Nissan, Toyota, Honda and Mazda have already denied any wrongdoing.

Suzuki joined that list Wednesday, although it admitted that it was not using testing methods required by the government.

"Any wrongdoing, such as manipulation of fuel efficiency data, were not found," it said.

"Some discrepancies were found in the automobile emission and fuel-efficiency testing process" between procedures required by the government and what Suzuki did, the company statement added.

In a curious revelation, Suzuki admitted that windy conditions at its seaside proving ground forced it to perform some tests inside a lab instead of outdoors as the government requires, which may have skewed results.

Sixteen models and about two million cars were affected, but the problem did not extend to cars sold outside Japan, according to Suzuki, which has a major presence in India.

Suzuki said it has been using the improper testing since 2010.

The firm's shares dived as investors took it as the latest bad news for a global auto industry shaken by scandals over deadly defects and emissions cheating.

Suzuki stock plunged as much as 15 percent in afternoon trading. It closed 9.4 percent lower at 2,613 yen ($24).

The Suzuki news comes amid the Mitsubishi revelations and as Germany's Volkswagen struggles to drive past a worldwide emissions cheating scandal.

Tokyo-based auto parts giant Takata has also been hit by lawsuits and regulatory probes over claims it hid deadly airbag flaws linked to at least 13 deaths and scores of injuries globally.

Suzuki's 86-year-old chairman Osamu Suzuki, a descendant of the company's founding family, visited the transport ministry Wednesday to discuss the issue and later apologised at a press briefing.

In a separate case, Seoul said this week it will fine Nissan for allegedly manipulating emissions data on a popular diesel sports utility vehicle sold in South Korea.

The news came as an embarrassment for Japan's number two carmaker, but the company has so far not come under fire for emissions cheating in Japan or anywhere else.