Trump trade strategy starts with quitting Asia pact

REUTERS, Washington

THE new US administration of President Donald Trump said on Friday its trade strategy to protect American jobs would start with withdrawal from the 12-nation Trans-Pacific Partnership (TPP) trade pact.

A White House statement issued soon after Trump's inauguration said the United States would also "crack down on those nations that violate trade agreements and harm American workers in the process."

The statement said Trump was committed to renegotiating another trade deal, the North American Free Trade Agreement (NAFTA), which was signed in 1994 by the United States, Canada and Mexico.

"For too long, Americans have been forced to accept trade deals that put the interests of insiders and the Washington elite over the hard-working men and women of this country," it said.

"As a result, blue-collar towns and cities have watched their factories close and good-paying jobs move overseas, while Americans face a mounting trade deficit and a devastated manufacturing base."

The statement said "tough and fair agreements" on trade could be used to grow the US economy and return millions of jobs to America.

"This strategy starts by withdrawing from the Trans-Pacific Partnership and making certain that any new trade deals are in the interests of American workers."

If NAFTA partners refused to give American workers a fair deal in a renegotiated agreement, "the President will give notice of the United States' intent to withdraw from NAFTA," the statement added.

The TPP, which the United States signed but has not ratified, had been the main economic pillar of the Obama administration's "pivot" to the Asia-Pacific region in the face of a fast-rising China.

Proponents of the pact have expressed concerns that abandoning the project, which took years to negotiate, could further strengthen China's economic hand in the region at the expense of the United States.

Australia's position that a change of heart remains possible in the US and that the trade deal can proceed, is unchanged despite the White House statement, Damon Hunt spokesman for the Australian prime minister, told Reuters on Saturday.

Trump has criticised China's trade practices and threatened to impose punitive tariffs on Chinese imports.

The Chinese government said on Thursday that China and the United States could resolve any trade disputes through talks, while a Chinese newspaper warned that US business could be targets for retaliation in any trade war ushered in by Trump.

Trump has sparked worries in Japan and the rest of the Asia-Pacific with his opposition to the TPP and his campaign demands for allies to pay more for their security.

AFP

US President Donald Trump signs an executive order as Vice President Mike Pence looks on at the White House in Washington on January 20.

Samsung probe finds faulty batteries triggered fire

AFP, Seoul

A Samsung probe into the exploding batteries that forced the electronics giant to scrap its Galaxy Note 7 smartphones has found irregularly sized batteries caused overheating, the Wall Street Journal reported Friday.

The South Korean conglomerate was forced to discontinue its flagship Note 7 after a chaotic recall that saw replacement phones also catching fire, with the debacle costing the company billions in lost profit and reputational damage.

Samsung is set to unveil the results of its investigation Monday, but sources told the WSJ that the findings indicated some of the problematic batteries were irregularly sized, causing overheating, while others had manufacturing problems.

Samsung announced a recall of 2.5 million units of the oversized Galaxy Note 7 smartphone in early September after several devices exploded or caught fire.

When replacement phones also started to combust, the company eventually decided to kill off the Note 7 for good.

The company blamed faulty batteries made by an unnamed supplier -- widely believed to be its sister company Samsung SDI.

Initially, the WSJ said, Samsung officials believed the problem was limited to batteries made by the Samsung affiliate, and recalled those devices while boosting production of smartphones carrying batteries made by Hong Kong-based Amperex Technology Ltd. to replace recalled devices.

The probe found that the issue with the batteries from Samsung SDI was an irregularly sized battery which did not fit the phone properly which then caused overheating, the WSJ said.

In the batteries made by Amperex Technology Ltd. the flaw centred on a manufacturing issue resulting from the quick ramp-up in production of replacement phones, the WSJ said, without specifying what the problems were.

Strong health product sales boost P&G earnings

AFP, New York

Consumer-products giant Procter & Gamble reported better-than-expected quarterly earnings Friday and lifted its 2017 sales forecast, due in part to strong demand for health products.

The maker of long list of products including Tide detergent and Gilette shaving products, said the strong results were due in part to cost-cutting initiatives that helped offset the drag from a strong dollar and a cut-throat pricing pressure from competitors.

The company has struggled in recent years to grow sales against these headwinds.

P&G's strongest division was health, a business that has been boosted by premium products, such as the Oral-B electric toothbrushes, as well as other dental products.

Sales for health were up five percent, and the gain was seven percent when foreign exchange and acquisitions and divestitures were excluded.

"We delivered good results in the second quarter in a difficult operating environment," chief executive David Taylor said.

Net earnings for the fiscal second quarter were $7.9 billion, up from $3.3 billion in the same period of the prior fiscal year, due to a large one-time gain from the sale of its beauty products to Coty.

Revenues were flat at $16.9 billion.

Toshiba making preparations for sale of stake in chip business

REUTERS, Tokyo

JAPAN'S Toshiba Corp has begun preparations to sell a minority stake in its core chip business, people with knowledge of the matter said, as it urgently seeks funding to avoid being crippled by an upcoming multibillion-dollar writedown.

The industrial conglomerate has distributed non-disclosure agreement forms to various funds including private equity firm Silver Lake, said one of the people.

Its semiconductor business - the world's second-biggest NAND flash memory producer after Samsung Electronics Co Ltd - is Toshiba's crown jewel, accounting for the bulk of its operating profit.

Facing a writedown on its U.S. nuclear business that media have reported could be $6 billion, selling part of the chip business is one of the few options left open to Toshiba, still battered by a 2015 accounting scandal.

Toshiba is rushing to split off its chip division and complete a stake sale by the end of the financial year in March as a massive writedown could wipe out shareholders equity that has shrunk to just $3 billion in the wake of the scandal, separate sources said.

"Toshiba is desperate to avoid falling into negative net worth," said one of the people. After being put on the Tokyo bourse's watchlist in the wake of the scandal, it is unable to tap equity markets.

Sources declined to be identified as they were not authorised to speak on the matter.

A Toshiba spokesman said the company may split off its memory chip business and sell a stake but it cannot comment on the specifics of the process. Silver Lake could not be immediately reached for comment.

Media reports have put the planned size of the stake to be sold at around 20 percent to 30 percent. Those reports could not be immediately confirmed but sources have said that Toshiba is determined to hold onto a majority holding.

The chip business could be valued at more than 1 trillion yen ($8.7 billion), industry sources have said, although some estimates for the unit have ranged as high as 2 trillion yen.

Another potential buyer Toshiba is considering for the stake is business partner Western Digital Corp, people familiar with the matter have said.

It has also approached the government-backed Development Bank of Japan (DBJ) for support, which is considering an investment in the chip business, sources said.

A senior Toshiba executive, who declined to be identified, said that a capital infusion from Western Digital might not be a viable option as it could take too much time to clear an antitrust review. Western Digital has declined to comment on the issue.

It remains to be seen, however, how much interest funds will show as they probably would want majority control or at the very least a 33.4 percent stake that would give them veto power over board decisions, a financial source said.

There has been little talk by sources of other strategic investors in Toshiba's chip business. But Canon Inc Chief Executive Fujio Mitarai told Kyodo news agency that the camera and office equipment maker would be willing to consider support if there was a request, noting that Toshiba was an important buyer of its chip-making equipment.

Shares in Toshiba plunged 16 percent on Thursday on the reports of the bigger-than-expected $6 billion writedown, giving it a market value of just $9 billion. On Friday, they ended 1.8 percent higher.

REUTERS/FILE

An employee stands next to a logo of Toshiba Corp in Yokohama, Japan.

Japan threatens India with WTO on steel as Trump era heralds rising trade tensions

REUTERS, Tokyo

JAPAN is threatening to take India to the WTO over restrictions that nearly halved its steel exports to the South Asian nation over the past year, a step that could trigger more trade spats as global tensions over steel and other commodities run high.

Such action is rare for Japan. The world's second-biggest steel producer typically tries to smooth disputes quietly through bilateral talks, but with global trade friction increasing, Japan's defence of an industry that sells nearly half of its products overseas is getting more vigorous.

Besides concern over India's protection of its domestic steel industry, Japan is also worried about the more rough and tumble climate for global trade being engendered by incoming US President Donald Trump, and feels it must make a strong stand for open and fair international markets.

"We need to stop unfair trade actions from spreading," said a Japanese industry ministry official, explaining a Dec. 20 request for WTO dispute consultations with India over steel safeguard duties and a minimum import price for iron and steel products.

India imposed duties of up to 20 percent on some hot-rolled flat steel products in September 2015, and set a floor price in February 2016 for steel product imports to deter countries such as China, Japan and South Korea from undercutting local mills.

"If consultations fail to resolve the dispute, we may ask adjudication by a WTO panel," the industry ministry official said. Such action could come as soon as 60 days - in February - after its consultation request was filed in December.

Tokyo says India's actions are inconsistent with WTO rules and contributed to the plunge in its steel exports to India, which dropped to 11th-largest on Japan's buyer list in 2016 through November, down from sixth-largest in 2015.

"We are following the WTO guidelines," said a top official at India's steel ministry, though adding that New Delhi is ready to sit across the table for trade talks.

As of Friday, the date of a WTO-led consultation had not been set.

There has been a series of trade disputes over the past few years amid massive exports of cheap steel products from China, the world's top producer, with Vietnam, Malaysia and South Africa taking or planning measures to block incoming shipments.

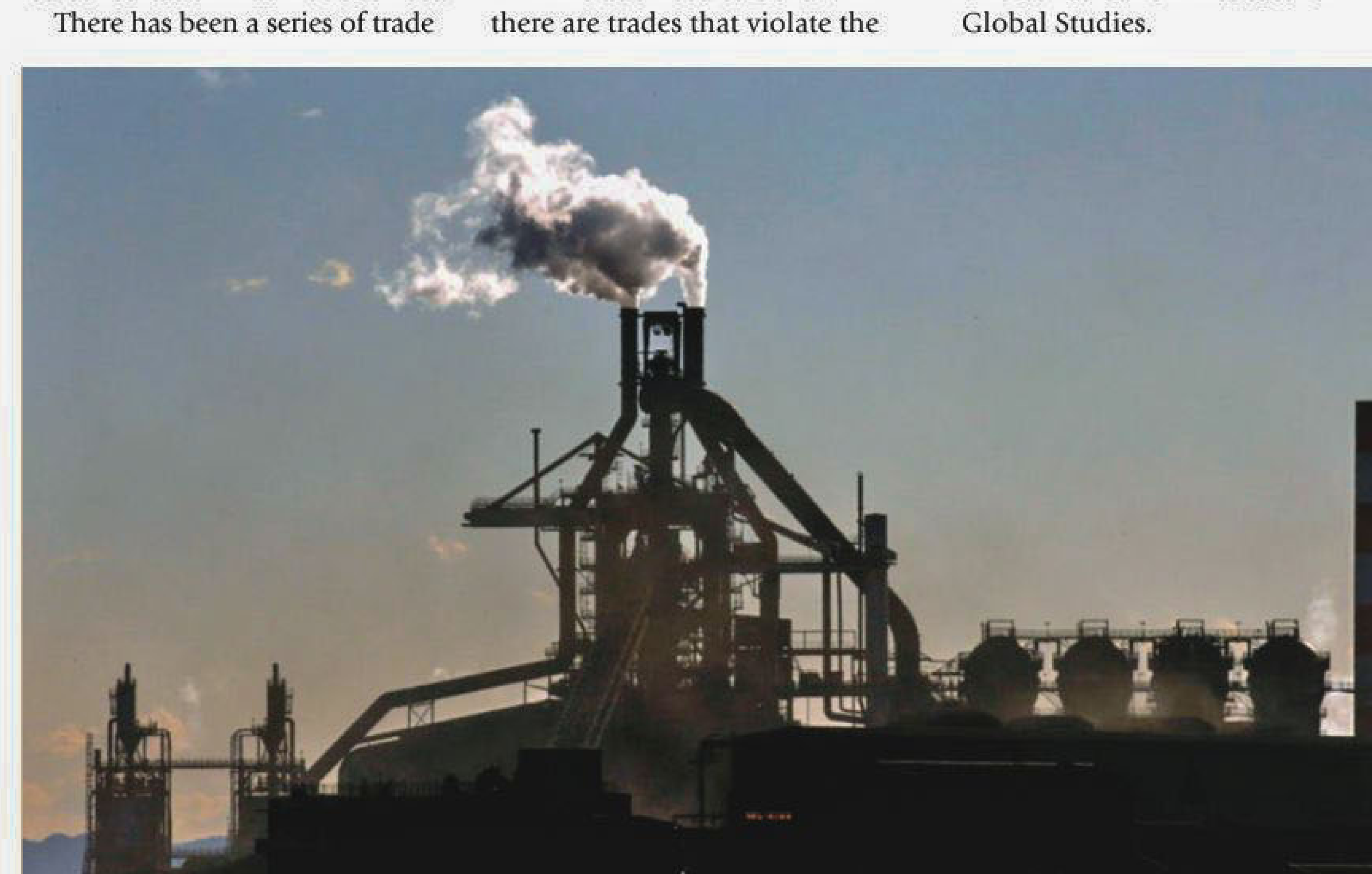
China's steel exports dropped by 3.5 percent in 2016 to 108 million tonnes, still about as much as Japan produces in a year.

Japan is also monitoring its small volume of imports for signs of dumping, fearing that steel products with nowhere to turn because of import restrictions may head to it own market.

"All trade need to be fair. If there are trades that violate the rules, we will take necessary actions while consulting with our government," Kosei Shindo, chairman of the Japan Iron and Steel Federation, told a news conference on Friday.

But in an environment where a new US president is threatening to tear up trade treaties and impose import duties in the world's biggest economy, Tokyo may be at risk of helping to set off a trade war it is trying to avoid.

"We may see a battle of trade litigations especially after Trump takes the helm in the US," said Kazuhito Yamashita, research director at Canon Institute for Global Studies.



REUTERS

Chimneys of a steel factory are pictured at an industrial area in Kawasaki, Japan.

HSBC cutting around 100 senior banking jobs globally

REUTERS, London

HSBC has begun cutting around 100 senior jobs in its investment banking division worldwide this week, according to sources with direct knowledge of the matter.

The cuts affect bankers at managing director and director level in the lender's Global Banking and Markets division, the sources said, declining to be identified due to the sensitivity of the matter.

"We review on an annual basis performances across Global Banking & Markets and make appropriate changes to strengthen and grow the business," a spokesman for the bank said in an emailed statement.

The cuts at HSBC follow a previous cull in the lender's Global Banking division last May as the business led by former Goldman Sachs banker Matthew Westerman looks to reduce costs.

Westerman, tipped by some insiders as a potential future HSBC Chief Executive, has made sweeping changes including cutting the jobs of dozens of senior bankers and restructuring the entire division.

Investment banks often trim jobs in January, as bosses review staff performance to decide how increasingly thin bonus pols should be allocated and which weaker performers they are prepared to let go.

The latest round of cuts comes as HSBC bankers in its London headquarters face uncertainty as the lender prepares for expected disruption caused by Britain's exit from the European Union.

HSBC Chief Executive Stuart Gulliver said on Wednesday the bank could relocate staff responsible for generating around a fifth of its UK-based trading revenue to Paris.

HSBC reports its full year earnings on Feb. 21. The bank's shares have risen 3.3 percent this year, against a 2.2 percent rise in the STOXX European banks index.