

GE TO MOVE TURBINE JOBS TO EUROPE, CHINA

WASHINGTON: General Electric Co said yesterday that it will move 500 US power turbine manufacturing jobs to Europe and China because it can no longer access US Export-Import Bank financing after Congress allowed the agency's charter to lapse in June.

GE said that France's COFACE export agency has agreed to support some of the industrial giant's global power project bids with a new line of credit in exchange for moving production of 50-hertz heavy duty gas turbines to Belfort, France, along with 400 jobs. GE also said in a statement that 100 additional jobs

will move from the United States to Hungary and China.

The company said it is now bidding on \$11 billion worth of international power projects that require export credit agency financing, including some in Indonesia. The US jobs will be moved from facilities in South Carolina, New York, Texas and Maine, but no US facility will close, a GE spokeswoman said.

GE Vice Chairman John Rice said the company would soon announce agreements with other foreign export credit agencies to finance GE products.

"If the EXIM bank were open, it

would be business as usual," GE Vice Chairman John Rice told Reuters in a telephone interview. Given the bitter fight in Congress over EXIM's future, Rice said that GE cannot afford to wait and must make other long-term financing arrangements for large industrial projects.

"If EXIM isn't going to happen, or it's going to be a regular fight to be reauthorized, we've got to make other plans," he said. Conservative Republicans in Congress who say that EXIM represents "corporate welfare" and "crony capitalism" successfully blocked renewal of the

81-year-old export credit agency's charter at the end of June.

EXIM supporters have thus far been unsuccessful in attaching renewal to other legislation, but new efforts are expected to be made this autumn as Congress considers government "must-pass" agency funding, a transportation bill and an increase in the federal debt limit.

GE last year vowed to add 1,000 jobs in France to gain the blessing of the French government for the U.S. conglomerate's acquisition of the power business of France's Alstom. GE won

European regulatory approval for the deal last week, and expects it to close by the end of the year.

GE is also seeking to wring out \$3 billion in cost savings as it combines with Alstom, including by reducing overlap and consolidating manufacturing operations.

In its statement, GE said the job move "reinforces the need for Congress to promptly reauthorize the US Export-Import Bank." Aerospace giant Boeing Co has also said it was considering moving work overseas due to uncertainty over the future of the EXIM bank. —Reuters

NISSAN PATROL BREAKS ANOTHER GUINNESS WORLD RECORDS TITLE

NISSAN PATROL ASCENDS 100M SAND DUNE IN 4.9 SECONDS TO CLAIM GUINNESS TITLE

KUWAIT: The Nissan Patrol, dubbed the "Hero of All Terrains in Life", has again proved its toughness and versatility by setting a Guinness World Records title for the fastest time to ascend a 100 meter sand dune by a production car.

The Patrol climbed the imposing dune in Jordan's Wadi Rum in a staggering time of 4.9 seconds to break the Guinness World Records title for a second time.

The Nissan Patrol also holds the Guinness World Records title for the 'heaviest object pulled by any production vehicle', set at Sharjah International Airport, UAE. An unmodified production Nissan Patrol pulled a cargo plane weighing 170.9 tons, inclusive of fuel and cargo, for over 50 meters smashing the previous record by 15 tons.

Nissan Middle East managing director Samir Cherfan, says: "The Nissan Patrol has again proved that there are no conditions it can't tackle and conquer. We believe that this latest award shows the Nissan Patrol is one of the best production cars for off-roading and dune bashing on the market."

This latest extraordinary feat by Nissan's "Hero of All Terrains in Life", yet again bears testimony to the superiority of the Nissan Patrol when going off-road in the challenging conditions in the Middle East.

"The first Nissan Patrol in the Middle East arrived in Kuwait in 1956 and now its status in the region is nothing short of iconic. While loyalty to the Nissan Patrol

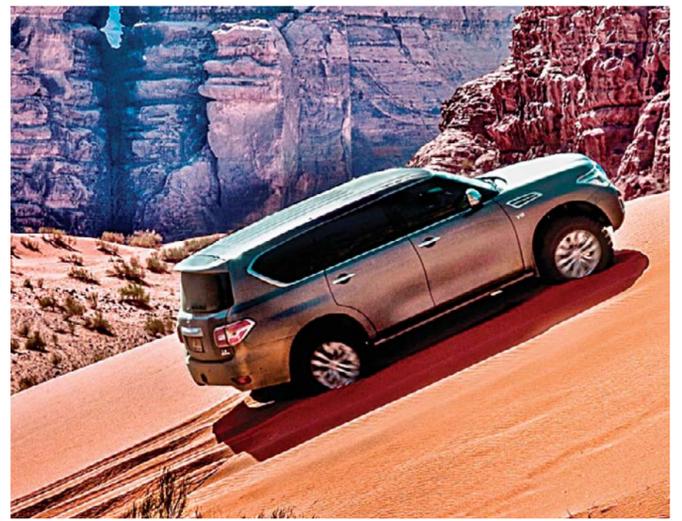
stretches back decades, we are expanding to a new audience all the time as the record number of vehicles leaving the showrooms indicates. Whether towing a huge plane or scaling a sand dune in a record time, our Guinness World Records titles show that we continue to deliver on our promise of 'Innovation that Excites,' concluded Cherfan.

An off-roading instructor piloted the Nissan Patrol up the 100 meter dune in order to successfully gain

the world record in 4.9 seconds. Achieving such a feat in a record breaking short time reflects the highly advanced technology and innovation incorporated within the Nissan Patrol.

The Nissan Patrol's reputation as a highly-capable, durable and reliable off-roader is second-to-none in the Middle East market. Many of what are now the world's leading automotive technologies made their debut with the Nissan Patrol. They include its Hydraulic Body Motion

Control System (HBM), which keeps the car flatter with less body roll during lane-changing and cornering, while delivering excellent stability on rugged and sandy tracks. The Patrol also includes an All-Mode 4x4 system, which allows the driver to quickly switch between four drive modes - sand, on-road, snow and rock - with the mere flick of a switch. Its Hill Start Assist and Hill Descent Control functions also can be selected easily with the touch of a button for braking on slope road surfaces.



WAYNE: A lineup of Ford Focus vehicles is seen on an assembly line at the Ford Michigan Assembly Plant in Wayne, Michigan. US industrial production fell in August on a large drop in automobile manufacturing that partly reversed its solid gain in July. —AFP

US CONSUMER SPENDING RISES, MANUFACTURING STILL WEAK

WASHINGTON: US consumer spending appeared to grow at a fairly healthy pace halfway through the third quarter, pointing to solid domestic demand that could persuade a cautious Federal Reserve to hike interest rates on Thursday.

Other data on Tuesday, however, showed manufacturing continuing to struggle under the weight of a strong dollar and softening global demand. Factory activity in New York state contracted in September for a second straight month. "Today's data are positive news for final demand in the third quarter and should give the Fed more confidence in the spending outlook," said Laura Rosner, an economist at BNP Paribas in New York.

The Commerce Department said retail sales excluding automobiles, gasoline, building materials and food services increased 0.4 percent in August after an upwardly revised 0.6 percent increase in July. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product and were previously reported to have increased 0.3 percent in July. It was the latest indication of sturdy economic momentum and suggested the recent stock market sell-off had little immediate impact on consumer spending.

Signs of sustained strength in the economy could encourage the US central bank to raise its benchmark overnight interest rate from near zero. The Fed's policy-setting committee meets on Wednesday and Thursday against the backdrop of a tightening US labor market, low inflation and slowing global growth.

US financial markets have sharply dialed down expectations of a rate hike in the wake of the recent volatility in global equity markets and are now pricing in a 25 percent probability that the Fed will announce a rate hike this week. Data ranging from

employment to housing have suggested the US economy retained most of its momentum from the second quarter, when output expanded at a 3.7 percent annual pace. Consumer spending grew at a 3.1 percent rate during the same period.

US stock index futures and prices for US Treasuries fell after the data, while the dollar edged up against a basket of currencies.

DOLLAR WEIGHS

Overall retail sales rose 0.2 percent last month as strong gains in auto sales were offset by a 1.8 percent drop in the value of sales at service stations due to a decline in gasoline prices. Retail sales increased by an upwardly revised 0.7 percent in July. Economists polled by Reuters had forecast retail sales increasing 0.3 percent in August after a previously reported 0.6 percent rise in July. Receipts at auto dealerships rose 0.7 percent last month after rising 1.3 percent in July. Sales at clothing stores were up 0.4 percent, while receipts at building materials and garden equipment stores were down 1.8 percent. Sales at furniture stores fell 0.9 percent.

There were sales increases for online retailers, restaurants and bars, sporting goods and hobby stores, and electronics and appliance outlets.

In a separate report, the New York Fed said its Empire State general business conditions index was -14.7 in September, barely changed from -14.92 in August, which had been its lowest level since April 2009. A reading below zero indicates contraction.

The August and September levels marked the first back-to-back contractions since a six-month run in negative territory between August 2012 and January 2013. Manufacturing, which accounts for about 12 percent of the US economy, has been stymied by the buoyant dollar, faltering global demand and lower oil prices. —Reuters

INFINITI LAUNCHES ULTIMATE TEST DRIVE IN A REAL F1 CAR

DUBAI: Infiniti has launched the 'Ultimate Test Drive' campaign providing one lucky motorist from the Middle East the opportunity to get behind the wheel of a real Formula One car with instruction from Infiniti Red Bull Racing driver Daniil Kvyat.

Customers who visit any Middle East Infiniti centre and complete an Infiniti Q50 test drive will be entered into a prize draw. From there, 25 finalists will be selected to go head to head at Dubai Autodrome where they will be assessed on all aspects of their driving ability and car control by a panel of judges with the aim to identify one lucky winner from the region. The judging panel will include Infiniti Red Bull Racing Test & Reserve driver Sebastien Buemi.

Commenting on the event, Juergen Schmitz, Managing Director, Infiniti Middle East said: "Here in the Middle East, we consistently strive to leverage our Formula One partnership to really offer our customers an experience like no other."

One Middle East winner will be selected to join winners from Russia and the UK for the ultimate prize. Starting with driver training on the Infiniti Red Bull Racing simulator at the team's factory in Milton Keynes, they will then be flown to Dubai to test drive a real, fully race specification Formula One car with personal guidance from Infiniti Red Bull Racing driver Daniil Kvyat. After the driving experience of a lifetime, they will travel to Abu Dhabi to experience a VIP hospitality weekend for two at the Grand Prix from the 27th - 29th November, courtesy of Infiniti.

Schmitz added: "Driving a Formula One car represents the pinnacle for anyone interested in motorsport. The Ultimate Test Drive is in every sense a dream opportunity for our potential and existing customers. Our partnership with Infiniti Red Bull Racing allows us to really emphasize the

performance part of our DNA and offering this experience to the winner is also a testament to our own 'Inspired Performance'."

The 'Ultimate Drive' campaign is currently operating from all Middle East Infiniti centres and will close on 10th October.



CRISIS-HIT BRAZIL UNVEILS \$17BN AUSTERITY PACKAGE

BRASILIA: Brazil announced a massive \$17 billion austerity package Monday in a bid to boost its ailing economy amid a deepening crisis that already caused a downgrade of the country's credit rating.

The package announced at a news conference by Planning Minister Nelson Barbosa includes freezing public sector salary raises and hiring, entirely eliminating 10 of 39 ministries, cutting 1,000 jobs and slashing housing and health-related social spending.

"These are major corrections," Finance Minister Joaquim Levy said. Just a few years ago, Brazil was in carnival mode as one of the BRICS group of emerging giants, winner of hosting rights to both the 2014 World Cup and 2016 Summer Olympics. But the government of Latin America's largest country announced in August that the economy—the world's seventh largest—was officially in recession and that the contraction could extend through 2016, becoming the longest recession since 1931.

Last week's shock downgrade of

Brazil's sovereign credit rating to junk status by Standard & Poor's sent the government scrambling to prevent an exit of foreign capital and to balance the books in an economy already suffering from plummeting commodity prices and the effects of a huge corruption scandal. With deep recession, the country's first ever deficit budget, a corruption scandal of surreal proportions at state oil company Petrobras, and political paralysis, S&P didn't have to look far to justify its cut.

Brazil's score is now even lower than Russia's, which faces powerful Western sanctions over the war in Ukraine.

For the markets, news of the austerity measures was expected and not necessarily seen as being pro-growth. "These are measures that are quite unpopular. And they are going to affect the support that (President) Dilma (Rousseff's government) still has, especially among lower-income people," economist Felipe Queiroz told AFP.

"Austerity (makes sense) to maintain a budget surplus like the ratings agencies

want, but that is going to contract economic activity even more," he said.

Political price?

After a weekend huddled with ministers, pressure piled on Rousseff to take action. But the cuts in housing and health-related spending could erode the lower-income base of her governing Workers Party, analysts warn.

Rousseff succeeded her political mentor, former two-term president Luiz Inacio Lula da Silva. Now in power 12 years, but hard-hit by the global economic slowdown, the Workers Party is credited with lifting 40 million Brazilians out of poverty under Lula.

Yet Rousseff-painted into a corner by recession, growing unemployment and surging inflation, plus corruption allegations against her government—has seen her legacy as the first female Brazilian head of state take a body blow from public approval that has slid into the dark realm of single digits.

Rousseff had already ordered some

\$21.6 billion in spending cuts from this year's budget.

Yet she still ended up turning in a federal budget in the red for the first time. The economic outlook is grim with GDP forecast to shrink 1.49 percent this year, according to the government. Market expectations are less optimistic—for a shrinking of 2.55 percent.

The government is more than a little concerned other ratings agencies will follow the lead of Standard & Poor's. Many Brazilians are quick to float the idea of a potential impeachment of Rousseff, 67.

But politically, that would be an uphill battle. She would have to be proven to have committed a crime or dereliction of duty. Even then, impeachment would have to be approved by two thirds of the lower house of Congress, in addition to special proceedings in the Senate. Some of Brazil's most senior government officials and private sector executives, as well as a growing list of political figures, are among the dozens already tainted by the growing Petrobras scandal. —AFP