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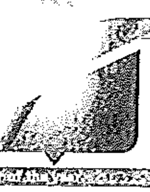


Stanford: missed warnings
How a string of allegations against the Texas tycoon failed to ring alarm bells **Analysis**

Martin Wolf
To nationalise or not to nationalise is the question

Page 11

World Business Newspaper

News Briefing

Brussels set to back changes to finance rules
Brussels is expected to throw its weight behind an overhaul of European financial regulation today, committing to push for a new structure for supervising institutions and monitoring systemic risks by 2010. Page 15

Miners plan price delay
Iron ore miners plan to delay any agreement in annual contract negotiations with steelmakers until as late as the summer, betting that demand, and so market prices, will improve. Page 15

Eurozone aid signalled
Eurozone authorities would help a member state in economic difficulties before it needed to approach the International Monetary Fund because of a risk of debt default, according to a senior European Union policymaker. Page 4

Tariffs on US biodiesel
US biodiesel exporters face additional tariffs after the European Union announced temporary anti-dumping and anti-subsidy duties. Page 4

Obama backs UK
US president Barack Obama backed Gordon Brown's efforts to forge a co-ordinated global response to the economic crisis after talks with the UK prime minister in Washington. Page 3; Editorial Comment, Page 10

No to missile shield deal
Russian president Dmitry Medvedev rejected any suggestion that Moscow would "trade or exchange" on policies to dissuade the US from installing an anti-ballistic missile system near its borders in eastern Europe. Page 7

Diplomats off to Syria
US secretary of state Hillary Clinton said the US would dispatch two senior diplomats to Syria for negotiations this week, in the clearest break yet with Washington's policy of isolating Damascus. Page 7

Oligarch plea rejected
A Moscow court rejected calls by Mikhail Khodorkovsky's defence lawyers to change prosecutors as Russia opened new hearings against the former oligarch. Page 7

Japan to dip into forex
Japan's government plans to use part of its $1,000bn (€795bn) in foreign exchange reserves to help cash-strapped companies in an effort to combat tight credit conditions and the global recession. Page 3; Toyota seeks $2bn, Page 15

Bernanke backs deficits
Higher fiscal deficits were necessary in the short term as the price of boosting economic growth, said Federal Reserve chairman Ben Bernanke. Page 3

HSBC at 10-year low
Shares in HSBC dropped to a 10-year low as Hong Kong investors had their first chance to react to the bank's discounted share sale plan and dividend cut. Markets, Page 23

Germans bicker on pay
Bickering between the two parties of Germany's ruling coalition threatens to derail an agreement, originally expected today, on improving shareholder scrutiny of boardroom pay in listed companies. Page 4

Hungary plan lives
Hungary's plan for a €180bn stabilisation plan for the economies of central and eastern Europe, is still very much alive, said prime minister Ferenc Gyurcsany. Page 4

Terror in Lahore
Attack on cricket team raises India-Pakistan tensions

Officers gather beside a damaged police van after a dozen gunmen opened fire on the Sri Lankan cricket team in the Pakistani city of Lahore. Five policemen were killed and seven squad members injured. Pakistan and India traded fresh accusations over the attack Pakistan terror attacks, Page 6; Editorial Comment, Page 11 AFP

GM warns of Europe crisis

Three plants and 300,000 jobs at risk

Carmaker in urgent appeal for state aid

By John Reed in Geneva

GM's European arm could run out of money by as soon as next month, threatening the closure of at least three plants and putting up to 300,000 jobs on the continent at risk, the carmaker warned yesterday.

Fritz Henderson, the struggling Detroit carmaker's chief operating officer, said that GM would face a liquidity crunch "early in the second quarter" if emergency funds from European governments did not materialise.

"We would try to stay alive, but there's no guarantee we could stay alive," Mr Henderson said yesterday at the Geneva motor show.

Drawing a clear link between its call for aid from European governments and possible factory closures, GM estimated its excess capacity on the continent to be 30 per cent, meaning that three of its 10 European plants were no longer needed.

GM has asked Germany for €3.3bn worth of federal and state bail-out aid in exchange for shares in its European arm, which it wants to spin off as a semi-independent entity.

It has also asked the UK and Spain for aid, and planned to contact others, said Mr Henderson.

Carl-Peter Forster, GM Europe's president, called for a "shared burden" among European countries that hosted its car factories, which also include Belgium, Poland, and Sweden. GM has 10 European plants.

"The British government can't expect for the German government to carry all that burden," said Mr Forster.

GM employs more than 55,000 people directly in Europe and estimates that between 200,000 and 300,000 people in all depend on it for jobs, including suppliers and dealers.

GM's call for help has been received sceptically by Germany's government, which wants assurances that GM can become viable. In Spain, the state government of Aragon has pledged €200m of aid.

GM said that a full separation of its European arm, of which Germany's Opel is the largest component, was not feasible at this time and that it would retain a stake of undetermined size in the semi-independent entity.

GM said in a restructuring plan presented to the US Treasury last month that it needed to close 14 North American plants by 2012.

An autos task team appointed by Barack Obama, US president, is studying GM's request for up to $16.6bn (€13.2bn) more aid, $4.6bn of which it says it will need in March and April. GM's plan did not outline proposals to close plants in Europe. It plans further voluntary redundancies, pay cuts and the use of part-time work to avoid closing plants.

Mr Forster described GM's two UK plants in Ellesmere Port and Luton as "very lean and productive", suggesting that they were not under immediate threat.

In a video interview with the Financial Times, Mr Forster said that the carmaker had spoken to "several interested parties" about buying its manufacturing plant in Eisenach, Germany.

Lex, Page 14
Cars in crisis, Page 16
www.ft.com/gmvideo

By numbers

55,000
People employed directly

10
Number of factories

€3.3bn
Amount sought from Berlin

BP chief expects dividend freeze this year

By Ed Crooks in London

BP expects to freeze its dividend this year, its chief executive has told the Financial Times, as the company struggles to adjust to the plunge in the price of oil to about $45 a barrel.

A failure to increase the dividend, BP's first freeze since 1999, would disappoint investors hoping for income growth. The company paid out more in dividends than any other British company last year, accounting for £6.7bn (€7.5bn) of the £55.6bn paid out by the constituents of the FTSE All-Shares index.

Fears about the dividend helped drive BP shares down 4 per cent yesterday.

The shares now yield more than 9 per cent, reflecting fears that the dividend could be cut again, as it was in 1992.

However, BP insisted that the payout could be maintained for this year and next, even if the oil price stays at its present level.

Tony Hayward, BP's chief executive, warned in BP's annual strategy presentation yesterday that the company did not "expect a quick recovery" in the oil market, and it would be "wise to prepare for continued volatility, which could extend into 2010."

He added: "This difficult period could last some time."

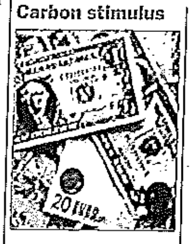
Speaking later to the FT, Mr Hayward said that because of the tough times facing the industry, "we don't at this moment anticipate" a rise in the dividend for this year.

He said that the industry's costs had doubled since 2004 but the oil price had returned to its level of that year, and if the price stayed at about $45 a barrel, costs would have to halve again.

BP needs an oil price of $60 per barrel to be able to pay for its dividend and its planned $20bn-$21bn capital spending programme from its cash flow, so it is likely to have to borrow to meet those commitments.

Additional reporting by Neil Hume in London

Carbon stimulus



The multibillion-dollar economic stimulus plans being rolled out across the world could end up committing countries to much higher greenhouse gas emissions, say environmental analysts. Much of the spending will go to projects that will increase emissions, such as roads and fossil fuel power stations, while too little will be devoted to low-carbon projects.

Report, Page 2
www.ft.com/globaleconomy

France and Germany call for a fresh crackdown on tax havens

Call for disclosure and higher capital measures

By Ben Hall in Paris and Ralph Atkins in Frankfurt

France and Germany yesterday proposed a fresh crackdown on tax havens and offshore financial centres, insisting that banks that use them be forced to put aside higher capital to offset the risk to the financial system.

Christine Lagarde, French finance minister, and Peer Steinbrück, her German counterpart, said that they wanted leaders meeting at the G20 summit on April 2 to sign up to the idea that banks and insurers should be forced to disclose their use of tax and regulatory havens in their annual regulatory filings.

They would have to provide regulators with information about the size and nature of their transactions with these jurisdictions – data that could be used to trigger higher capital requirements.

The move is the latest attempt to set the agenda for the G20 summit in London, amid fears in the French and German capitals that the meeting might fail to tighten financial regulation.

Paris has recently proposed clampdowns on hedge funds and bankers' bonuses, in both cases using the threat of tougher capital requirements as a way of reducing what it believes to be excessive risk-taking.

The two governments also want the G20 summit to approve new blacklists of jurisdictions that refuse to co-operate with the tax or regulatory authorities of other countries.

Ms Lagarde called on G20 countries to vow to end bilateral treaties with territories that refused to co-operate with other governments.

"We want to act with determination on non-co-operative centres in fiscal, prudential or money laundering matters," said Ms Lagarde.

The OECD is drawing up a fresh list of non-co-operative tax havens. The existing list includes only Monaco, Andorra and Liechtenstein.

Speaking at the same meeting in Paris, the French and German central bank governors confirmed that the European Central Bank was studying whether it could boost the eurozone economy by launching a programme to buy corporate debt.

Such a move would follow similar action by the Bank of England and US Federal Reserve. The ECB would favour a targeted programme involving corporate bonds or commercial paper, rather than buying government debt. The ECB's governing council is widely expected tomorrow to cut eurozone interest rates by another half a percentage point to 1.5 per cent, the lowest ever.

Additional reporting by Vanessa Houlder in London

World Markets

STOCK MARKETS

	Mar 3	prev	%chg
Dow Jones Ind	6763.82	6763.29	+0.33
Nasdaq Comp	1344.32	1322.85	+1.62
S&P 500	702.96	700.82	+0.31
FTSEurofirst 300	659.64	692.31	-1.56
DJ Euro Stoxx 50	1854.73	1852.79	-0.06
FTSE 100	3512.09	3625.83	-3.14
FTSE All-Share UK	1781.64	1832.45	-2.77
CAC 40	2554.55	2581.45	-1.04
Xetra Dax	3690.72	3710.07	-0.52
Nikkei	7229.72	7280.15	-0.69
Hang Seng	12033.84	12317.46	-2.30
FTSE All World $	(u)	118.51	-

CURRENCIES

	Mar 3	prev		Mar 3	prev
$ per €	1.256	1.259	€ per $	0.796	0.794
$ per £	1.404	1.401	£ per $	0.712	0.714
£ per €	0.895	0.899	€ per £	1.118	1.112
Y per $	98.5	97.6	Y per €	123.8	122.8
Y per £	138.3	136.6	£ index	77.8	77.4
$ index	54.9	54.5	€ index	100.0	100.1
SFr per €	1.493	1.472	SFr per £	1.654	1.644

COMMODITIES

	Mar 3	prev	chg
Oil WTI $ Apr	41.65	40.15	1.50
Oil Brent $ Apr	43.70	42.21	1.49
Gold $	920.40	932.70	-12.30

INTEREST RATES

	price	yield	chg
US Gov 10 yr	98.39	2.94	0.03
UK Gov 10 yr	107.90	3.55	0.01
Ger Gov 10 yr	105.71	3.07	0.02
Jpn Gov 10 yr	100.04	1.30	-0.01
US Gov 30 yr	95.52	3.67	0.03
Ger Gov 2 yr	101.83	1.19	-0.02
	Mar 3	**prev**	**chg**
Fed Funds Eff	0.22	0.22	-
US 3m Bills	0.27	0.24	0.03
Euro Libor 3m	1.83	1.81	-0.02
UK 3m	2.05	2.05	

Prices are latest for edition

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EU slaps tariffs on US biodiesel

Brussels acts over dumping claims

By Joshua Chaffin in Brussels and Chris Tighe in Newcastle

US biodiesel exporters face additional tariffs after the European Union yesterday announced temporary anti-dumping and anti-subsidy duties .

A European Commission trade committee has imposed tariffs ranging from €29 ($32.83) to €41 per 100 kg for an initial period of six months, according to people familiar with the matter.

The move is the latest in a series of transatlantic trade spats and comes at a time of rising fears over protectionism. It highlights the perilous state of an industry that is suffering overcapacity and thin margins.

European producers blame their woes almost entirely on imports of US biodiesel, which benefit from a $1 per gallon government subsidy.

Those subsidies, they claim, have helped US exports to Europe grow from just 60,000 tonnes in 2006 to more than 1.5m tonnes last year.

At least 15 European producers have declared bankruptcy in the past two years, according to the European Biodiesel Board, an industry trade group, with dozens more cutting production.

The EBB estimates that after investing heavily in recent years to build 16m tonnes in annual production capacity, European output is running at less than 40 per cent.

US biodiesel producers say their smaller European competitors suffer from inefficient operations and poor geographical locations.

The Commission is expected to publish a formal decision on the extra tariffs and duties on March 12, which would come into force the next day. After four months, those provisional duties could be extended for up to five years.

Sean Sutcliffe, chairman of Biofuels Corporation Trading, which built and is operating the UK's largest biodiesel plant at Seal Sands, Teesside, said: "All we have ever asked for was a level playing field."