

Business

Ghosn could win bail as court quashes bid to extend detention

Move as unexpected as auto tycoon's sudden arrest

TOKYO: Carlos Ghosn could soon be freed on bail after a Japanese court yesterday threw out a bid by prosecutors to extend his detention, in a move nearly as unexpected as the auto tycoon's sudden arrest.

The 64-year-old Franco-Brazilian-Lebanese executive has languished in a Japanese detention center since his November 19 arrest for alleged financial misconduct sent shockwaves through the business world. But in another stunning twist in the case, the Tokyo District Court said prosecutors had filed a bid to extend his detention on December 20, but it was "rejected".

In the Japanese system, it is extremely rare for the court to turn down prosecutors' request to continue the detention of someone who denies the allegations as Ghosn does, and the decision wrong-footed everyone.

The move paved the way for a potential release on bail as early as today, according to public broadcaster NHK. However, there are still many legal battles to be fought and Ghosn's release is by no means certain with prosecutors already lodging an appeal against the court decision.

Deputy chief prosecutor Shin Kukimoto declined to comment on the particular case, telling reporters only "we will handle this appropriately."

Kukimoto said that as far as he knew, Ghosn's lawyers had not yet filed a request for bail. NHK reported that prosecutors could also press further charges, which would further drag out his detention. It is also not clear what bail conditions would be set in Ghosn's case.

Yasuyuki Takai, a former official at the prosecu-

tor's office, told AFP: "The court now needs to decide whether or not to free him on bail. He could also be arrested on suspicion of a third crime. We do not know."

Ghosn 'combative'

Prosecutors formally charged Ghosn on December 10 with financial misconduct for allegedly under-declaring his income by some five billion yen (\$44 million) between 2010 and 2015. At the same time, they re-arrested him on suspicion of also under-reporting his income by a further four billion yen over the past three years. He has not formally been charged over this allegation.

Ghosn's detention threw the spotlight on the Japanese legal system where suspects can be detained for long periods. He is being held in a one-man cell in northern Tokyo measuring just three tatami mats-around five square meters (54 square feet) — a far cry from the lavish lifestyle that had previously attracted criticism.

Ghosn has told embassy visitors he is being well treated but has complained of the winter cold and the rice-based food.

Nevertheless, sources at French car giant Renault have described his frame of mind as "combative" as he fights the charges against him.

'Personal effects'

In addition to charges against Ghosn and his right-hand man Greg Kelly, prosecutors had also indicted Nissan itself, as the company submitted the official documents that under-reported the income.

ember and 50.1 in January, which makes its the biggest shift out of stocks in a calendar year since Reuters started its survey in 2013.

"Investors are doubting global growth and fearing a recession with uncertainty over the direction of trade wars at a time when most global central banks have entered or (are) about to enter the tightening cycle," head of multi asset at Liontrust Asset Management John Husselbee said.

A total of 45 funds took part in the poll conducted from Dec. 7 to Dec. 19. Fixed income holdings rose to 39.3 percent, a touch higher than October, while cash levels — a key gauge of investor caution — rose to their highest since November 2016 at 6.1 percent. It means that cash holdings have risen more than 2 percentage points since the start of this year and it will be the first year since 2013 that there has been any kind of rise in cash levels at all.

Across equity portfolios, fund managers have cut back hardest over the last month on UK stocks as the Brexit process has been thrown into fresh chaos.

UK holdings have fallen below 8 percent for the first time in the poll's lifetime and slipped by more than 2 percentage points over the year. A separate question in the poll also shows that most investors still expect Brexit to happen. —Reuters



TOKYO: Motonari Otsuru, lawyer of Nissan's arrested former chairman Carlos Ghosn, is surrounded by the media as he leaves the Tokyo Detention House in Tokyo yesterday. —AFP

Nissan and Mitsubishi Motors promptly sacked the tycoon as chairman but Renault kept him on and appointed an interim boss as it waited to assess the legal procedures against him.

The Japanese firm said: "Since this particular decision is exclusively between the court and the prosecutors, Nissan is not in a position to comment." It said the company decision to fire Ghosn was "based on the substantial and convincing evidence" from an internal investigation. "Both Ghosn and Kelly have violated their director duty of care," the firm added

in a statement. Ghosn's arrest on November 19 unleashed a firestorm through the three-way car alliance of Nissan, Renault and Mitsubishi Motors—which together sold more vehicles than any other group last year.

On Monday, Nissan failed to agree a replacement as chairman amid growing tensions with the French firm. Renault owns 43 percent of Nissan but the Japanese company now makes more money, leading to rifts within the tie-up that Ghosn forged and was credited with holding together. —AFP

Spooked global funds drive up cash and bond holdings

LONDON: Spooked by another worldwide stocks selloff, global investors have piled up cash to a more than two-year high this month, hoovered up bonds and cut back property holdings. Brexit worries have also made the UK stocks more unpopular than a long-running Reuters poll has ever seen, though there has been a tentative move back into US and Asian equities despite the two region's rumbling trade tensions. The moves show how much confidence in the world economy has soured since the start of the year.

The combination of the US-China trade tensions, central banks turning off the money taps and cooling growth will see world stocks suffer their first double-digit loss in any year since the 2008 global financial crisis. Fund managers around the globe reduced their exposure to equities to 47.2 percent from 47.7 percent in No-

World stocks suffer as Fed heightens recession fears

LONDON: World equity markets slipped yesterday after the US Federal Reserve dashed investor hopes of a more dovish policy outlook, worsening worries of a recession as signs grow that global economic growth is stuttering. Jitters over the Fed's move to largely keep guidance for additional hikes over the next two years spread from Asia to Europe, where major indexes fell to their lowest in two years and investors flocked to the relative safety of government debt.

European shares fell 0.9 percent, with bourses in Germany, Britain and France all hitting their lowest levels since late 2016. MSCI's global equity index fell to its lowest since May 2017, shedding as much as 0.7 percent as it headed for a fifth straight day of losses. By midday GMT it was down 0.3 percent.

The Fed on Wednesday stuck by a plan to keep withdrawing support from an economy it views as strong, hiking key overnight lending rates, as expected, by 0.25 percent points.

It said "some further gradual" rate hikes would be needed in the year ahead, with policymakers projecting two rises on average next year instead of the three predicted in



NEW YORK: The closing numbers are displayed after the closing bell of the Dow Industrial Average at the New York Stock Exchange on Friday in New York. —AFP

September. Although largely in line with expectations, that tweak failed to soothe a cocktail of market fears over slowing world growth, US trade tensions with China, and tightening monetary conditions for companies in the world's biggest economy. In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8 percent.

Indexes in Japan and South Korea fell into a bear market, defined as a 20 percent decline from the highest point of the last year, joining bourses in Shanghai and Hong Kong.

"It appears that risky asset markets wanted a stronger 'put' from the Fed given the ongoing recession obsession taking over the market sentiment," said Salman Ahmed, global investment strategist at Lombard Odier Investment Managers. —Reuters