

IMMELT ALTERS GE'S BUSINESS MODEL, NOT ITS STOCK PRICE

NEW YORK: General Electric's Jeff Immelt is stepping down after 16 years as CEO of the iconic conglomerate, having succeeded in repositioning the company as a producer of large industrial products but failing to fully revive its lagging stock price. John Flannery, president and CEO of the GE's health care unit, will take over as CEO in August, the company said Monday.

Immelt took the helm in 2001 from legendary CEO Jack Welch. After the financial crisis, he sharply pared down the financial services business that Welch had built up and went on a spending spree to acquire businesses in the power and oil and gas sectors. During his tenure Immelt also disposed of GE's appliance unit and the NBC television business. The 61-year-old Immelt will stay on as chairman until his retirement from the position at the end of the year, with the 55-year-old Flannery stepping into the role after that.

GE traces its roots to 1878, when inventor Thomas Edison formed the Edison Electric Light Co. in New York City after having opened his famous laboratory in Menlo Park, New Jersey. The next year, Edison invented the first successful incandescent electric lamp. Recent reports say GE is considering selling the lighting business, which could fetch about \$500 million. While GE credits Immelt with improving its financial performance and its focus, GE's stock price has trailed the market with him as CEO. The stock was worth a bit less than \$40 on Immelt's first day in 2001, with the US in the middle of a recession. The stock briefly rose above \$40 in 2007, just ahead of the economic crisis. It sank as low as \$6.66 in March 2009 in the depth of the crisis, and closed at \$27.94 a share Friday.

Large exposure

Analyst Robert McCarthy at Stifel Nicolaus wrote in a note to clients that the

timing of the change in leadership was "unsurprising since the serial underperformance of the stock." GE said the moves were part of its succession plan. An investor who bought \$1,000 in GE stock when Immelt took over would have \$1,243 today, including dividends. The same amount invested in the S&P 500 index would be worth \$3,206 today. GE's stock rose 4.1 percent to \$29.10 in afternoon trading Monday. Immelt spent the second half of his time as CEO returning the company to its less-risky industrial roots. In 2007, GE's finance arm accounted for about 55 percent of its profits, but its large exposure to commercial real estate left it vulnerable during the financial crisis.

Immelt instead focused on products like energy-generating windmills, gas turbines power plants, online medical records and energy saving equipment for electrical grids as a source of new profits. GE made big acquisitions under Immelt to bring new business and technologies to GE. The company acquired the power business of France's Alstom three years ago. GE on Monday received US antitrust approval to combine its oil and gas operations with Baker Hughes, potentially creating an oil services powerhouse with more than \$32 billion in revenue. The approval is conditioned on GE selling its Water and Process Technologies business.

GE also remains one of the world's biggest producers of jet engines. Flannery is a longtime General Electric executive, starting his career at GE Capital in 1987. He became president and CEO of the company's equity unit in 2002 and eventually joined the health care division in 2014, focusing on advanced technologies. In addition, Chief Financial Officer Jeff Bornstein was named vice chair and Kieran Murphy was named president and CEO of GE Healthcare to succeed Flannery. —AP



WASHINGTON: President Donald Trump, accompanied by, from left, Interior Secretary Ryan Zinke, Secretary of State Rex Tillerson, Defense Secretary Jim Mattis, smile during a Cabinet meeting, Monday, June 12, 2017, in the Cabinet Room of the White House. — AP

ATTORNEYS GEN HOPES TO FORCE TRUMP FINANCIAL DISCLOSURES

PURPOSE OF CURRYING SPECIAL FAVOR

WASHINGTON: The attorneys general of Maryland and the District of Columbia hope a little-known clause in the Constitution will force President Donald Trump to separate himself from his businesses and release his tax returns and other financial information, contending in a lawsuit he is corruptible to foreign governments who make payments to his businesses from around the world. The emoluments clause bars the president and other government employees from accepting foreign gifts and payments without congressional approval.

A lawsuit filed in federal court in Maryland on Monday alleges he is violating the Constitution by accepting payments from foreign governments. "We're concerned that foreign governments are coming to the Trump businesses with a single purpose of currying special favor from the president of the United States so that their interest can get a higher priority than the interest of the American people," District of Columbia Attorney General Karl Racine said at a news conference announcing the lawsuit. "If that's not a harm to every American citizen and every resident in the District of Columbia and Maryland, I don't know what is."

Unique status

Trump's unique status as both president and the financial beneficiary of his global business empire raised questions about the emoluments clause of the Constitution even before he took office. Trump and his attorneys argue the clause does not cover fair-value transactions, such as hotel room payments and real estate sales. The attorneys general aren't the first to sue Trump over emoluments. Just days after Trump's inauguration in January, the government watchdog

Citizens for Responsibility and Ethics in Washington filed a federal lawsuit in the Southern District of New York. Since then, a restaurant group and two individuals in the hotel industry have joined as plaintiffs.

The Justice Department said Friday that those plaintiffs did not suffer in any way and had no standing to sue, and that it was unconstitutional to sue the president in his official capacity. White House press secretary Sean Spicer noted that response at a White House briefing Monday. "This lawsuit today is just another iteration of the case that was filed by that group CREW, filed actually by the same lawyers," Spicer said. "So it's not hard to conclude that partisan politics may be one of the motivations behind the suit." But the two Democratic attorneys general say their lawsuit is unique, because they are suing as sovereign entities on behalf of residents of Maryland and Washington, DC they say the Trump Hotel in the nation's capital affects business in the Washington area.

Maryland Attorney General Brian Frosh also underscored that the framers of Constitution included the clause for good reason. "If the Justice Department is right, the emoluments clause has no meaning whatsoever," Frosh said. "The president can stand over here with his president of the United States hat and he's not allowed to take payments, but he takes a step over here and puts on his businessman hat they can funnel as much money to him as they want. You got no emoluments clause there, and it's absolutely clear that the framers of the Constitution intended that to protect us from presidential corruption." The two attorneys general also hope the case will build a record against Trump through the discovery

process in the court case. Frosh said the president has discussed some of his business dealings on the campaign trail, noting Trump's mention that a state-owned Chinese bank has office space in Trump Tower in New York.

Emoluments clause

"He bragged about that on the campaign trail," Frosh said. "I don't think he's giving it them for free, and there are many sources that have given us information about the payments that he has received. We'll have a lot more after we get discovery." Racine noted that the emoluments clause hasn't been tested by the Supreme Court or federal circuit courts. "And we think that our case will also further develop the record and the law for the court, which obviously will ultimately be the final arbiter, a necessary cog in the check-and-balance wheel," Racine said.

The lawsuit also focuses on the fact that Trump chose to retain ownership of his company when he became president. Trump said he was shifting assets into a trust managed by his sons to eliminate potential conflicts of interest. If a federal judge allows the case to proceed, Racine and Frosh say they will demand copies of Trump's personal tax returns in court to gauge the extent of his foreign business dealings. "Mr Trump is unique in American history in violating the emoluments clause," Frosh said. "There is no other president whose domestic and foreign investments, the entanglements, have been so bound up with our policy and our interests, and he is the only president who has refused to disclose the extent of his holdings and interests, so, yes, it will be a subject of our lawsuit. We will be seeking that information." — AP



CUBA HARDLINERS, US DEFENDERS BATTLE OVER NEW TRUMP POLICY

HAVANA: Cuba's best friends in the US used to be a smattering of Washington policy wonks and leftists who sent donated school buses and computers to the communist-led island. Five months into the Trump administration, Cuba has a new set of American defenders: a coalition of high-tech firms, farming interests, travel companies and young Cuban-Americans thrown into action by the looming announcement of a new Cuba policy.

On the opposite side, hard-line members of Miami's Cuban exile community who suddenly have a direct line into the White House through Cuban-American Republican members of Congress and the administration. President Donald Trump planned to announce the new policy on Friday in Miami but had not yet decided all the details, according to a White House official who spoke on condition of anonymity in order to discuss internal deliberations. The US Embassy in Havana will remain open, but Americans can expect actions by the departments of State, Treasury and Homeland Security to ban US trade with any Cuban entity linked to the military.

Also planned: A reduction in the number of categories for which Americans do not need US government licenses to go to Cuba. The US will demand greater internet access and the release of prisoners and return of American fugitives in Cuba. President Barack Obama's repeal of the special Cuban immigration privileges known as wet-foot/dry-foot will not change, the official said. "If this were a traditional policy environment, we'd be having great success," said Collin Laverty, head of one of the biggest Cuba travel companies and a consultant for US corporations seeking business in Cuba.

Political deal

"We're certainly winning the debate for public opinion and in foreign policy circles, but unfortunately it appears that it'll come

down to a backroom political deal between the president and Cuban-American members of Congress." The most prominent figures still seeking a reversal in the opening are Sen. Marco Rubio and Rep. Mario Diaz-Balart, both Cuban-Americans. The Trump government wants to maintain good relations with both Rubio, who sits on the Senate committee investigating Trump's relations with Russia, and Diaz-Balart, a member of the powerful House Appropriations Committee.

Laverty is one of the most prominent figures in the new pro-Cuba lobby, which has been furiously tweeting and writing letters to the White House in a last-minute rush to sell the Trump administration on the benefits of the friendly relations established by President Barack Obama on Dec 17, 2014. A particular focus is saving Obama's easing of US travel to Cuba, which tripled the number of American travelers to the island and pumped tens of millions of dollars into the island's private hospitality sector. "Thousands of Americans are visiting Cuba and fueling the fastest growth in its private sector since 1959," CubaOne, a group of young pro-engagement Cuban-Americans, wrote in an open letter to Trump Monday.

After months of public silence, Airbnb last week released a report on its activities in Cuba, which have put \$40 million into the hands of private bed-and-breakfast owners since the online lodging giant became the first major US company into Cuba in the wake of Obama's declaration of detente. Google, which installed servers on the island to speed Cuban internet service last year, spoke out for the first time Monday in favor of maintaining relations. "Google has played a formative role in the first chapter of Cuba's connectivity story, but this is just the beginning," Brett Perlmutter, head of strategy and operations for Google Cuba, said at a conference in Miami on Monday. — AP

JAPAN COURT CLEARS WAY FOR NUCLEAR REACTOR RESTARTS

TOKYO: A Japanese court yesterday gave the green light to switch on two more nuclear reactors despite heavy public opposition, in the latest victory for the government's pro-atomic push. Local residents lost their bid for an injunction to block the re-firing of the No 3 and No 4 reactors at the Genkai nuclear plant in southwestern Japan on safety grounds, according to a district court official. The site, operated by Kyushu Electric Power, lies some 100 kilometers north of Kumamoto prefecture which was hit by a deadly earthquake last year.

Residents unsuccessfully argued that the utility had not taken enough measures to prevent an accident linked to a natural disaster. The restarts are not likely to happen for at least several months. The court ruling comes a week after another utility switched on a reactor at the Takahama plant in Fukui prefecture, some 350 kilometers west of Tokyo, bringing the number of running reactors in Japan to five. Dozens more in the country still remain offline. Japan shut down all of its atomic reactors after a powerful earthquake in March 2011 spawned a huge tsunami that led to meltdowns at the Fukushima nuclear plant.

It was the world's worst nuclear accident since Chernobyl in 1986. Since then, just a handful of reactors have come back online due to public opposition and as legal cases work their way through the courts. However, Prime Minister Shinzo Abe has aggressively promoted nuclear energy, calling it essential to powering the world's third-largest economy. Much of the public remains

wary of nuclear power after the disaster at Fukushima spewed radiation over a large area and forced tens of thousands to leave their homes, with some unlikely to ever return. Last week,

Japan's nuclear energy agency said five employees were exposed to dangerously high levels of radiation after a bag containing plutonium broke apart during a routine inspection. —AFP



SAGA: Residents seeking to suspend the operation of No 3 and No 4 reactors of Kyushu Electric Power's Genkai nuclear plant hold a banner while heading to the Saga District Court. — AFP

THAI JUNTA VOWS TO FORCE THROUGH CHINA RAILWAY

BANGKOK: Thailand's junta chief said yesterday he would invoke his 'absolute powers' to clear hurdles holding up a multi-billion-dollar deal with China to build a high-speed railway. The two countries, who are increasingly close friends, have agreed to lay the track that will ultimately cut through the Laos' border to Thailand's south. Beijing's big plan is to link the southern Chinese city of Kunming by rail with Singapore and work has already begun on the line in Laos.

But the deal with Thailand has been beset by delays, including a tussle over the initial loan terms from Beijing. More recently construction has been

set back by a Thai law limiting the number of foreign nationals who can work as engineers and architects on mega-projects inside the kingdom. Yesterday Prime Minister Prayut Chan-O-Cha said he would force through the deal, if necessary using Article 44 a self-granted law dubbed an absolute power by critics.

"The government must solve the problem otherwise it will hit snags or legal issues and it will look like the government can't achieve anything," he told reporters. Article 44 is a controversial power Prayut granted himself to make any executive decision in the name of national security. He has

used the law on a raft of issues, from sacking officials to raiding a controversial temple, to deputizing all soldiers with policing powers. His government defends it as a needed tool that bypasses Thailand's sclerotic bureaucracy. But critics say it is a vivid illustration of the junta's unaccountable powers. Prayut's comments will be a comfort to Beijing. The rail deal with China is one of the biggest foreign investment projects in Thailand in years and is part of China's huge regional infrastructure drive.

The first stage of the Thai railway, a high-speed line between Bangkok and the north eastern

province of Nakhon Ratchasima, is alone worth 179 billion baht. The vast majority of technical expertise will come from Chinese engineers, something that may dislodge Thai construction firms that stand to lose out. Under junta rule Bangkok has become more comfortable with Beijing, splurging billions on Chinese arms and welcoming investment from the regional superpower. Washington's relationship with Bangkok cooled under the previous administration of Barack Obama over the junta's rights abuses. But Donald Trump has signaled relations may be rebooted by inviting Prayut to visit the White House. —AFP