GE Appliances to invest $118mn in Georgia factory, hiring 600

GE Appliances, a unit of Chinese appliance maker Haier, announced Tuesday that it will invest more than $118 million to expand its factory in northwest Georgia, hiring 600 additional workers by the end of 2024.

Spokesperson Julie Wood said the company needs to expand because of increased demand for the electric ranges, wall ovens and gas and electric cooktops it makes at the Walker County facility.

"Consumers continue to be at home cooking and using their appliances more, and we don't see that trend changing - especially as more people are deciding to work from home permanently," she wrote in an email.

The growth will boost GE Appliances' employment to more than 2,600 workers at its LaFayette factory, which uses the Roper Corp. name. The company also has another 400 workers combined at a distribution center in Commerce, a logistics facility in Crandall and a factory service dispatch center in Marietta.

The company makes products under the GE, GE Profile, Monogram, and Café brands in LaFayette.

"Investing in U.S. manufacturing allows us to be closer to our consumers and serve them better and faster, which is critical to GE Appliances' business strategy," Bill Good, vice president of manufacturing for GE Appliances, said in a statement.

GE Appliances announced a $130 million expansion in Georgia in 2019, including $43 million at the LaFayette plant, the $55 million Commerce distribution center, and a $32 million logistics hub in Crandall near the Georgia Ports Authority's inland rail port in Murray County.

The two rounds of investment are expected to increase the capacity of the LaFayette plant by 50%. Wood said the company will spend to install more robots to automate processes or aid workers, as well as autonomous vehicles to carry materials around the plant. The company says it's already hiring for the 600 new jobs, and that new workers will be paid as much as $17.50 an hour when they start.

GE Appliances could claim various tax breaks, including an income tax credit allowing it to annually deduct $2,500 per job from state income taxes, up to $7.5 million over five years. The company could also get local property tax breaks.

General Electric Co. sold the unit to Haier and an investment firm for $5.6 billion in 2016. The 12,000-employee unit remains based in Louisville, Kentucky, where the company announced a $450 million expansion in October. It also has assembly plants in Alabama, South Carolina and Tennessee. Haier, based in Qingdao, China, has the rights to use the GE brand name through 2056. (AP)

Business Buzz

Policy changes reflect an abrupt shift by Powell and the Fed

Why the Fed feels now is time to tighten credit more quickly

Treasury Secretary Janet Yellen, (left), and Federal Reserve Chairman Jerome Powell, appear before a Senate Banking, Housing and Urban Affairs Committee hearing on the CARES Act on Capitol Hill, Tuesday, Sept. 28, 2021 in Washington. The Fed said it will reduce its monthly bond purchases - which are intended to lower long-term rates - at twice the pace it had previously set and will likely end the purchases in March. (AP)

By Christopher Rugaber

For months, Federal Reserve Chair Jerome Powell responded to surging inflation by counseling patience and stressing that the Fed wanted to see unemployment return to near-pre-pandemic levels before it would raise interest rates.

Last week, Powell suggested that his patience has run out. High inflation has not only persisted but accelerated to a nearly four-decade high.

Average wages are rising. Hiring is solid, and unemployment is falling.

All those trends, Powell said at a news conference, have led him and the rest of the Fed's policymakers to decide that now is the time to speed up the Fed's tightening of credit.

The central bank said it will reduce its monthly bond purchases - which are intended to lower long-term rates - at twice the pace it had previously set and will likely end the purchases in March.

That accelerated timetable puts the Fed on a path to start raising rates as early as the first half of next year.

What's more, the policymakers collectively forecast that they will raise their benchmark short-term rate three times next year - a significant increase from September, when the 18 officials had split over whether to hike even a single time in 2022.

The Fed's key rate, now pinned near zero, influences many consumer and business loans, including mortgages, credit cards and auto loans.

Rates for those loans may start to rise, too, next year.

The policy changes reflect an abrupt shift by Powell and the Fed to focus more on wrestling inflation under control and less on further reducing unemployment.

At his news conference after the Fed's latest policy meeting, Powell stopped short of declaring that the job market had fully recovered from the pandemic recession.

But he said "rapid progress" had been made toward the Fed's target of "maximum employment." And if inflation is still running high next year, he said, the Fed might decide to start raising rates even if maximum employment hasn't been achieved.

He noted recent economic reports that have shown higher inflation, solid wage growth and steady job gains.

"We have to make policy now, and inflation is well above" the central bank's 2% annual target, Powell said. "With elevated inflation pressures and a rapidly strengthening labor market, the economy no longer needs increasing amounts of policy support."

The Fed's actions may raise borrowing costs across the economy in the coming months, although policy changes by the Fed don't always immediately affect other loan rates.

And even if the central bank does raise rates three times next year, that would still leave its benchmark rate historically low, below 1%.

Since spring, the central bank had characterized inflation as mainly a "transitory" problem that would fade as supply bottlenecks, caused by the pandemic, were resolved.

But at his news conference, Powell acknowledged that price spikes have persisted longer than the Fed expected.

Once consumers start to expect inflation to continue, Powell noted, it can make it harder for the Fed to control.

If households expect higher prices, they tend to demand higher wage increases, which can then lead companies to raise prices further to offset their higher labor costs.

"There's a real risk now," Powell said, "that inflation may be more persistent and that may be putting inflation expectations under pressure, and that the risk of higher inflation becoming entrenched has increased.

I think part of the reason behind our move today is to put ourselves in a position to be able to deal with that risk."

He said the Fed's goals of maximum employment and stable prices have been complicated by the unusual dynamics of the pandemic recovery.

The Fed had hoped to see inflation rise because of very low unemployment and higher wages, which are signs of a strong economy.

Instead, surging inflation has mostly stemmed from supply chain snarls and a spike in demand for goods such as furniture, cars and appliances.

"The inflation that we got," Powell said, "was not at all the inflation we were looking for."

The run-up in prices has lasted longer than the Fed expected and has spread from goods like food, energy and autos to services like apartment rents, restaurant meals and hotel rooms.

It has weighed heavily on consumers, especially lower-income households and particularly for everyday necessities, and negated the higher wages many workers have received.

Collectively, the Fed's policymakers forecast Wednesday that inflation, as measured by their preferred gauge, will reach 5.3% by year's end, according to the Fed's preferred gauge.

They expect inflation to slow considerably to a 2.6% annual rate by the end of 2022. But that's up from its September forecast of just 2.2%.

Gas prices have already come off their peaks. Supply chain bottlenecks in some areas are gradually easing.

And government stimulus payments, which helped spur a spike in spending that boosted inflation, aren't likely to return.

The officials foresee the unemployment rate falling to 3.5% by the end of next year, which would match the pre-pandemic level, when unemployment was at 50-year lows.

Powell said all Fed officials expect the central bank's goal of "maximum employment" to be reached some time next year, and he pointed to a rapid fall in the unemployment rate just in the past two months, from 4.8% to 4.2%.

He also noted that job openings are at near-record highs and that millions of people are quitting their jobs, which is typically a sign of a strong labor market, in which people are finding new positions at higher pay.

Though the proportion of people either working or looking for work still remains notably below pre-pandemic levels, Powell held out hope that it could fully recover over time if the economy remains healthy.

"We would not in any way want to foreclose the idea that the labor market can get even better," even after the Fed starts to raise rates, he said.

The Fed is buying $90 billion a month in bonds, down from $120 billion in October, and had been reducing those purchases by $15 billion a month.

But in January, it will reduce those purchases by $30 billion, to $60 billion, and will be on track, Powell said, to end them altogether in March.

In addition to three rate hikes next year, Fed officials foresee raising rates three times in 2023 and twice more in 2024, leaving their benchmark rate at 2.1%, still a relatively low level historically.

On Wall Street, stock prices rose gradually and then surged after the Fed issued its statement and Powell began speaking at a news conference.

At the end of the day, stock market averages were all up more than 1%, a substantial gain. (AP)

US probes potential of drivers playing video games in Teslas

ATHENS, Ohio, Dec 22, (AP): The U.S. has opened a formal investigation into the potential for Tesla drivers to play video games on a center touch screen while the vehicle is in motion.

In a document posted Wednesday on its website, the agency says the feature, called "Passenger Play," may distract the driver and increase the risk of a crash.

"To date, the agency has received one owner complaint describing the gameplay functionality and has confirmed that this capability has been available since December 2020 in Tesla "Passenger Play"-equipped vehicles," a NHTSA spokesman said in an email. "Before this time, enabling gameplay was only possible when the vehicle was in park."

The probe, which covers all four Tesla models, the S, X, Y and 3, was opened "to evaluate the driver distraction potential of Tesla 'Passenger Play' while the vehicle is being driven." Investigators "will evaluate aspects of the feature, including the frequency and use scenarios of Tesla "Passenger Play."'

The probe by the National Highway Traffic Safety Administration covers about 580,000 electric cars and SUVs from model years 2017 through 2022.

The NHTSA documents do not list any crashes or injuries caused by the problem.

An investigation can lead to a recall. A message was left early Wednesday seeking comment from Tesla, which has disbanded its media relations department.

Tesla owner Vince Patton, who lives near Portland, Oregon, filed the complaint with the agency last month. In August, he was watching a YouTube video of a Tesla owner who discovered that he could now play a video game on his touch-screen while the vehicle is moving.

Curious to see for himself, Patton drove his own 2021 Tesla Model 3 to an empty community college parking lot, activated a game called "Sky Force Reloaded" from a menu and did a few loops.

"I was just dumbfounded that, yes, sure enough, this sophisticated video game came up," said Patton, a 59-year-old retired broadcast journalist who lives near Portland, Oregon.

He tried Solitaire, too, and was able to activate that game while driving. Later, he found he could browse the internet while his car was moving.

Patton, who loves his car and says he has nothing against Tesla, worries that drivers will play games and become dangerously distracted.

"Somebody's going to get killed," he said. "It's absolutely insane."

So he filed the complaint early last month.

"NHTSA needs to prohibit all live video in the front seat and all live interactive web browsing while the car is in motion," Patton wrote in his complaint. "Creating a dangerous distraction for the driver is recklessly negligent."

Earlier in December, Mercedes-Benz issued a recall for a similar issue caused by a computer configuration error, raising questions about whether Tesla was being allowed to do something that other automakers are not. Most automakers disable front touch screens while vehicles are moving.

In the Mercedes case, drivers could browse the internet or watch television while the cars were moving. The automaker said it intended to disable the features while the cars are in motion. The issue was corrected by updating a Mercedes server.

Vince Patton, a new Tesla owner, demonstrates on Dec. 8, 2021, on a closed course in Portland, Oregon, how he can play video games on the vehicle's console while driving. (AP)

Co pledges to reach carbon neutrality in its operations by 2030

Alibaba to grow Lazada to $100bn

HONG KONG, Dec 22, (AP): Alibaba this week revealed an ambitious vision to grow its Southeast Asian e-commerce business to $100 billion in transacted sales as well as a pledge to reach carbon neutrality in its operations by 2030.

China's largest e-commerce company unveiled its vision for its Southeast Asian e-commerce arm Lazada in presentation slides uploaded to its site for its annual Investor Day, where it typically shares revenue figures and future strategies of its business units with investors. Alibaba's top executive Daniel Zhang also outlined its carbon emission goals during a presentation Friday.

The plan to quintuple Lazada's total gross merchandise volume - defined as the total amount of sales transacted on its platform - came as the Chinese company looked overseas for sources of growth amid increased competition and a slowing economy in the Chinese market.

Alibaba also eventually aims to have Lazada serve 300 million consumers, according to the presentation slides.

The Hangzhou-based firm took a controlling stake in Lazada in 2016, before investing an additional $2 billion to expand the business in 2018.

Alibaba's incoming chief financial officer Toby Xu said during a presentation on Friday that its China commerce segment has faced "near-term challenges of a slowing macro-environment and a heightened level of competition."

"This has resulted in slower GMV and the revenue growth in the most recent quarter," he said. "But we also see opportunities to tap into new addressable markets to grow new users that will position us well for the long term."

Currently, Lazada's gross merchandise volume for the last twelve months from September 2021 reached $21 billion, with 159 million monthly active users.

Alibaba CEO Daniel Zhang said in a separate presentation Friday that the company sees a "huge potential in the international markets" going forwards.

"In Southeast Asia, ecommerce penetration is only 11%, and Lazada's annual consumers have reached only 34% of regional Internet users," Zhang said. "There's tremendous potential in both the overall market size and our penetration."

Alibaba's push to expand its Southeast Asia business comes as it faces fiercer competition in its home market, from rivals in short-video e-commerce such as Kuaishou, as well as group buying platform Pinduoduo, which has invested heavily in sales and marketing expenses to expand its user base.

The company has also faced tighter regulatory scrutiny over the past year, as Chinese authorities increased regulatory oversight in the technology industry following concerns that some Big Tech companies were engaging in anti-competitive and monopolistic behavior. Alibaba was fined a record $2.8 billion earlier this year after authorities concluded that it had violated antitrust rules.

The Alibaba logo is displayed during the company's IPO at the New York Stock Exchange. (AP)

Separately Friday, Zhang also announced that the company is aiming to achieve carbon neutrality in its own operations by 2030, while also reducing the emissions across its supply chain and business ecosystem by half.

Zhang said that the company also plans to reduce emissions by using more renewables as well as "energy-saving and efficiency-improving technologies" to reduce emissions.

Alibaba would also mobilize consumers, merchants, business partners and service providers to take part in their carbon reduction efforts. Zhang named examples such as promoting the consumption of green products, green transportation options and encouraging the reuse and resale of pre-owned goods.

Alibaba's pledge towards reducing its carbon footprint also coincides with China's big push to achieve carbon neutrality by 2060. The country is currently the world's biggest carbon emitter, responsible for nearly a third of global emissions.

Chinese authorities have since placed energy targets on many of the country's state-owned firms, although most have struggled to wean themselves off coal consumption - one of the biggest contributors to China's massive carbon emissions.