

IN BRIEF

FROM THE BLADE'S WIRE SERVICES

Wendy's reserves tomatoes for requests

DUBLIN, Ohio — Tomatoes are available only by request at Wendy's restaurants, a short-term policy that began in late December because of crop damage from hurricanes last year in Florida.

"We use larger size tomatoes in sandwiches and haven't been able to secure them with the quality and quantity that we would like," said Bob Bertini, spokesman for **Wendy's International Inc.**, which has its headquarters in this Columbus suburb.

The shortage, he said, could end in a few weeks when new crops become available. The company uses about 85 million pounds of tomatoes a year.

Federated seeks buyer for Lord & Taylor chain

NEW YORK — **Lord & Taylor**, which once defined American classic designer styling but lost its cachet amid fierce competition, is on the block.

Federated Department Stores Inc., of Cincinnati, which purchased Lord & Taylor when it acquired **May Department Stores Inc.** last year, said yesterday it will sell the New York department store chain because it no longer fits with an expansion strategy for its larger Macy's and Bloomingdale's chains.

Average mortgage rates decline in week

WASHINGTON — Rates on 30-year mortgages fell this week for the fifth consecutive week, mortgage giant Freddie Mac reported yesterday.

Rates on 30-year, fixed-rate mortgages dropped to 6.15 percent from 6.21 percent last week. Rates on 15-year fixed-rate mortgages averaged 5.71 percent, down from 5.76 percent, and the average initial rate on one-year adjustable-rate mortgages dipped to 5.15 percent from 5.16 percent.

Iowa legislators try to block Maytag sale

DES MOINES — Two Democratic members of Iowa's congressional delegation said yesterday they have asked the U.S. Justice Department to block **Whirlpool Corp.**'s proposed purchase of **Maytag Corp.**

U.S. Rep. Leonard Boswell and Sen. Tom Harkin sent their request in a letter to Assistant Attorney General Tom Barnett. The Justice Department is investigating whether the merger of Whirlpool, the nation's leading appliance maker, and Maytag, the third largest, would concentrate too much of the appliance business in one company and violate antitrust laws.

Report finds failure to monitor experiment

HONOLULU — In a report released quietly just before Christmas, the U.S. Department of Agriculture's investigative arm disclosed that the department failed to properly monitor thousands of acres of experimental biotechnology crops.

The report by the department's inspector general said the department didn't thoroughly evaluate applications to grow experimental crops and then didn't ensure the genetically engineered plants were destroyed after experiments. The two-year audit, which ended in April, made 28 recommendations for improving regulation.

Netflix settlement delayed for a month

SAN FRANCISCO — A proposed legal settlement affecting more than 6 million current and former **Netflix Inc.** subscribers has been delayed to address complaints that the deal unfairly favors the online DVD rental service and lawyers who sued the company.

Approval of the class-action settlement in state court was rescheduled to Feb. 22 after the Federal Trade Commission raised a red flag in a legal brief this week that warned the agreement "appears dangerously close to being a promotional gimmick" for Netflix.

Toledo Powertrain counting on new Tahoe

By **JULIE M. MCKINNON**
BLADE BUSINESS WRITER

For struggling General Motors Corp., improved this year rest largely on the success of the 2007 Chevrolet Tahoe and other redesigned full-size sport-utility vehicles.

For GM's Toledo Powertrain Plant, such success would help toward a return to full production speed.

The Tahoe is among more than 30 mostly truck-based vehicles supplied with four-speed rear-wheel-drive transmissions by the North Toledo factory, where about 270 of 3,500 jobs have been idled since Dec. 12.

Volunteers are rotating through layoffs, which are expected to last until Feb. 6, said plant spokesman Wanda Montion.

This week, GM officials

continued to tout the virtues of the upcoming 2007 Tahoe during previews for the North American International Auto Show in downtown Detroit. The SUV will be on display at the Cobo Center show, which opens tomorrow and runs through Jan. 22.

The redesigned Tahoe LS, with a 5.3-liter, V-8 engine, will be priced at \$33,990, or \$2,000 below the current 2006 model. GM cut suggested retail prices for about 80 percent of its lineup.

"We're serious about getting our product and value story out to the public," said Mark LaNeve, vice president of GM's North American sales, service, and marketing.

Said Oscar Bunch, president of United Auto Workers Local 14, which represents workers at Toledo Powertrain: "We're certainly happy that they [favor

large SUVs] because it is our business."

Focusing on full-size SUVs is smart for GM even though volatile gas prices have hurt the category overall, experts said.

"They're high-profit-margin vehicles, and that sort of gets lost in the shuffle of the gas price talk," said Matthew Vicenzi, an analyst with J.D. Power and Associates.

J.D. Power estimates GM will sell 500,000 full-size SUVs this year and between 460,000 and 475,000 in coming years, down from a peak of 586,000 in 2003, Mr. Vicenzi said.

U.S. sales of all SUVs built on a truck platform, which include several models supplied by Toledo Powertrain, totaled 2.4 million units last year, down 13 percent from 2004.

Paul Taylor, chief economist for the National Automobile Dealers Association, said, "It's

absolutely necessary that they upgrade the vehicles. This segment is essential to GM's future."

Some of the decline in full-size SUV sales has been caused by customers buying full-size pickups instead, the experts said. Toledo Powertrain also supplies GM's full-size pickups, such as the Chevrolet Silverado.

Hybrid versions of the Tahoe and GMC Yukon will be added next year as 2008 models. The hybrid Tahoe unveiled this week at the Detroit auto show will use a hybrid transmission and have better fuel economy. The company is to decide where that part will be built by April, a spokesman said.

GM has not talked about making the hybrid transmission in Toledo but it would be welcome, Local 14's Mr. Bunch said.

"We're open to building

If you want to go to the Detroit show

Where: Cobo Center, downtown Detroit

When: Tomorrow to Jan. 22
Times: 9 a.m. to 10 p.m. tomorrow through Jan. 21; 9 a.m. to 7 p.m. Jan. 22

Tickets: \$12 for teens and adults; \$6 for those 65 and older; \$5 for children 7 to 12; free for children 6 and younger with parent

More information: www.naias.com

anything they want us to build," he added.

"We're always looking for work.

Contact Julie M. McKinnon at: jmckinnon@theblade.com or 419-724-6087

Trade deficit narrows in month but stays on track for record

ASSOCIATED PRESS

WASHINGTON — The U.S. trade deficit narrowed slightly in November as the price of foreign oil fell and U.S. exports hit an all-time high. Some economists predicted the country may soon start to see sustained improvements in its trade performance.

The Commerce Department reported yesterday that November's deficit declined by 5.7 percent to \$64.2 billion. That was a bigger improvement than analysts had been forecasting, although the imbalance was still the third highest after the all-time record of \$68.1 billion set in October, which had surpassed the previous record of \$66 billion in September.

The November improvement reflected a 1.8 percent rise in exports, which climbed to an all-time high of \$109.3 billion, led by a 27.4 percent surge in shipments of commercial aircraft, reflecting strong sales by Boeing Co.

Imports fell by 1.1 percent to \$173.5 billion as the price of foreign petroleum retreated further from record levels that had been hit following hurricane-related shutdowns of Gulf Coast production.

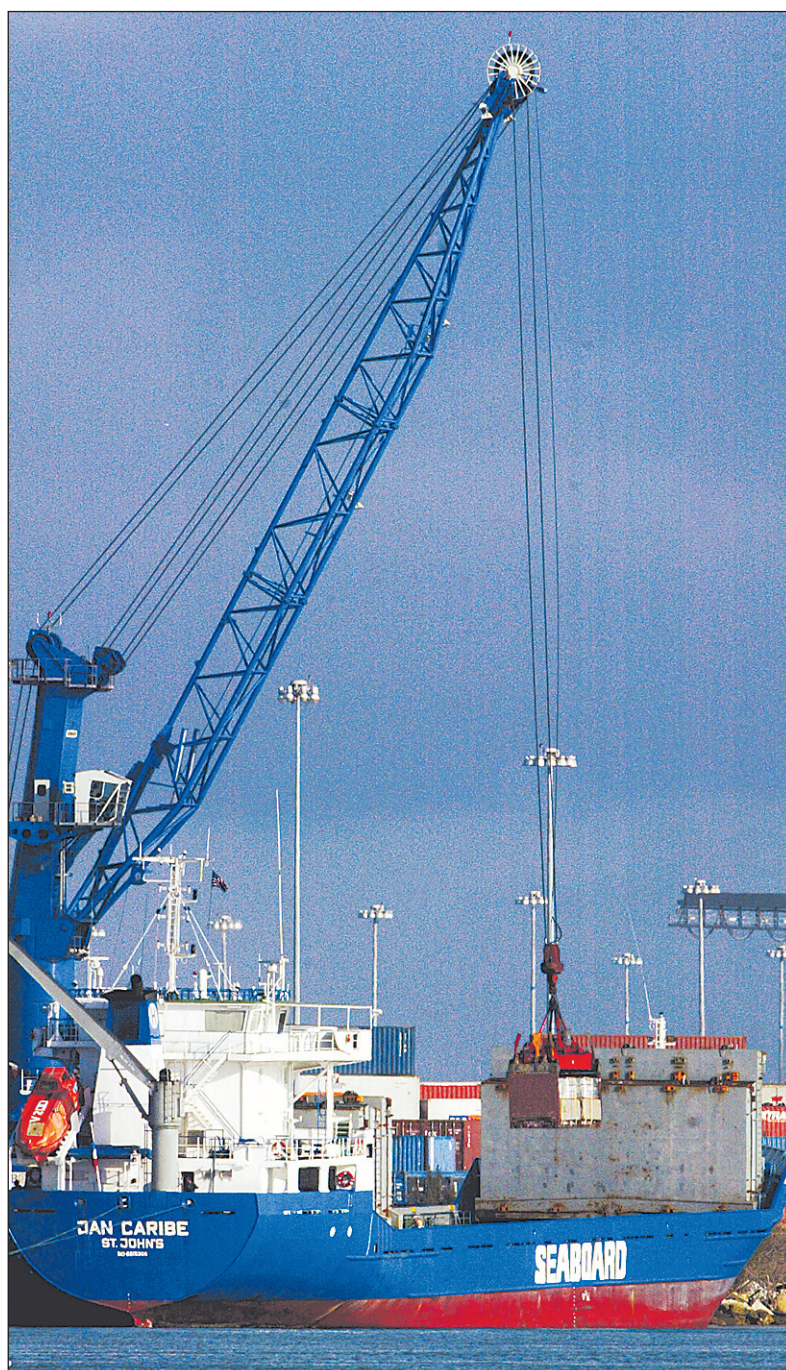
David Huether, chief economist for the National Association of Manufacturers, said adjusting for inflation, exports rose 7 percent through the first 11 months of 2005 while imports increased by a slightly slower 6.6 percent.

He said this showed the dollar's decline from its most recent peak in early 2002 was helping to make U.S. goods more competitive on world markets.

Even with November's improvement, the trade deficit for the first 11 months of 2005 totaled \$661.8 billion, surpassing the previous annual record of \$617.6 billion set in 2004. Economists believe that when December figures are included, the final deficit for 2005 will top \$710 billion.

The deficit with China narrowed by 9.9 percent to \$18.5 billion. The drop was the first after seven consecutive monthly increases and reflected declines in imports of toys and games and clothing and other consumer products after a surge in those categories as U.S. retailers stocked their shelves for Christmas.

The deficit with China is expected to surpass \$200 billion for all of 2005, far above last year's record of \$162 billion, adding to the pressure



BLOOMBERG NEWS SERVICE

Imports to the United States, such as these containers coming into the port of Miami, fell 1.1 percent to \$173.5 billion.

on Congress to pass legislation imposing across-the-board tariffs on Chinese products unless China does more to allow its currency to rise in value against the dollar.

American manufacturers contend China is unfairly depressing the value of its currency by as much as 40 percent to gain unfair trade advantage against American producers.

China announced Wednesday that its overall trade surplus with the world surged to \$101.9 billion in 2005, more than triple the \$32 billion surplus recorded in 2004.

America's deficit with Canada declined to \$7.5 billion in November, down 8.3 percent from October, while the deficit with Europe dropped 13 percent to \$12.6 billion.

ECONOMIC DEVELOPMENT

Asian plants unlikely in Toledo area, analysts say

Auto unions' strength called major drawback

By **MARY-BETH McLAUGHLIN**
BLADE BUSINESS WRITER

Three Asian automotive companies are planning new plants in the United States, but it is unlikely any will be located in northwest Ohio and southeast Michigan.

The companies — **Kia Motor Corp.**, **Honda Motor Co.**, and **Toyota Motor Corp.** — are at various stages of dealing with states on sites for assembly and engine plants. Ohio and Michigan have had some contact with the automakers, but industry analysts say the strong labor climate in the region could be a deal breaker.

"These companies are very attracted by the skill of the work force here, but they've been watching the difficulties that GM and Ford have and they don't know why the unions aren't being more proactive in working with the company because that's what would happen in Japan," said David Cole, chairman of the Center for Automotive Research in Ann Arbor.

Kia, which is owned by Hyundai, is searching for a site for a factory that would employ more than 2,000 people; Alabama, where Hyundai has an assembly plant, is trying to lure the project, a state economic development official has said. A spokesman for Kia Motors America Inc. in California said any comment must come from its parent company, Kia Motors Corp., in Seoul. Officials there could not be reached for comment yesterday.

Ed Schulte, a top official with Toledo's Regional Growth Partnership, said the South Korean automaker has been working on such a plant for several years.

"We did approach Kia two or three years ago, but they just showed no interest and you can only take a guy so far," he said.

Bill Teets, a spokesman for the Ohio Department of Development, said officials have had early discussions with Kia about what the state can offer in terms of business climate and incentives, but Gov. Bob Taft

See **PLANTS**, Page 5

Dow industrials fall below 11,000

ASSOCIATED PRESS

NEW YORK — Stocks posted their first noteworthy losses of 2006 yesterday. Analyst downgrades of two Dow Jones industrials coupled with rising oil prices to spur investors to take profits one session after the major indexes reached new multiyear highs.

Analysts said **Coca-Cola Co.** and **JPMorgan Chase & Co.** could face difficulties in 2006 as the economy slows and consumers limit their spending — both of which could have a much broader impact on stocks as the year goes on.

The downgrades of Coca-Cola and JPMorgan Chase weighed on the Dow, which fell 0.73 percent and dropped below 11,000.

Broader stock indicators also fell. The Standard & Poor's 500 index lost 0.63 percent and the Nasdaq composite index dropped 0.63 percent.

With the economic data still strong and corporate profits still expected to remain strong as fourth-quarter earnings season begins in earnest next week, analysts saw the day's losses as an isolated occurrence, rather than a halt to the January rally.

"I think it's relatively healthy. Nothing goes straight up. We know that. There needs to be a little consolidation before you can go higher," said Joseph Keating, chief investment officer at First American Asset Management. "Between the situation in Iran and the Dow downgrades, it's probably been a nice little excuse to take a few profits."

Starbucks bets on drive-through

ASSOCIATED PRESS

SEATTLE — Leaning out the window of her SUV, Tami Cornwell orders the same drink she gets almost every day: "Double-tall, four-pump vanilla caramel Macchiato."

A high-tech recruiter, she's gotten hooked on the growing number of drivethrus Starbucks has been opening in recent years.

"On weekends, I like to go into the store," she said one morning at a drivethru north of downtown on her way to work. "On the weekdays, it's more about convenience and caffeine."

The world's largest specialty coffee chain once shunned the drive-through concept, fearing it might alienate customers who like to come inside and sip their lattes while listening to music in cozy chairs.



ASSOCIATED PRESS

The coffee chain once shunned drive-through service, but now more than half the company-owned stores have the format.

See **STARBUCKS**, Page 5