

Davos meeting faces global burnout threat

REUTERS, Geneva

The world is suffering from "global burnout syndrome" and is too weak to tackle the web of interrelated threats facing businesses and governments, the head of the World Economic Forum said on Wednesday.

Klaus Schwab, who chairs the WEF that organizes the annual meeting of executives and politicians at Davos, said the world had not yet fully digested the crisis that emerged from the financial crunch, and was not yet in post-crisis phase.

"We have to be careful that this crisis does not become a social crisis -- which it has in some countries," the German business studies professor told a media conference on the gathering at the Swiss resort from January 26 to January 30.

"We have in the world a situation where the political system and the institutions are just overwhelmed by the complexity which they have to face," he said.

The Davos meeting, protected by beefed-up Swiss security which includes the closing of local airspace, is the world's top networking event, allowing bankers and CEOs to rub shoulders with presidents and prime ministers, and to cut deals.

But the uneven economic recovery makes it a particularly challenging time to be meeting, with emerging economies rebounding but rich countries still struggling.

In the rich world social tension is rising as governments



World Economic Forum (WEF) founder and executive chairman Klaus Schwab gestures during a news conference about the January 26-30 WEF annual meeting at forum headquarters in Cognoy, near Geneva.

bring in austerity measures to pay off debt or postpone hard decisions on borrowing, while companies return to profitability and banks resume controversial bonus payments.

Global forecasting and analysis group IHS says a restructuring of eurozone sovereign debt is inevitable and while it is unlikely that fringe countries will drop out of the euro, financial markets could force the next phase of crisis management as early as this year.

"This will very likely include a debt restructuring plan, with 'haircuts' for investors and further aid for the European banks holding much of this debt," IHS

Chief Economist Nariman Behravesh said in a briefing for the Davos forum.

In a report last week, the WEF identified three interrelated nexuses of risks -- economic, such as fiscal, trade and currency problems; raw materials, particularly the impact of rising energy costs and dwindling water supplies on food prices; and illegal trade, corruption and failed states.

"It's not just risks in isolation, it's the combination of risks that can be so dangerous," said WEF Chief Business Officer Robert Greenhill.

Rising economic disparity and social tension nationally

and the increasing inability of the global community to tackle problems proactively exacerbates these threats.

"It's that failure of global governance... which is perhaps the greatest risk of all," Greenhill said.

Glitz and hype surround the meeting in Davos, an upmarket ski resort made famous by German novelist Thomas Mann in his novel "The Magic Mountain" written at a time when it was better known for its sanatoriums for wealthy tuberculosis sufferers.

But the organizers do not claim it can actually solve the problems it discusses -- although

anti-capitalist campaigners denounce it as a plutocratic cabal plotting global domination.

"The World Economic Forum is not a decision-making body. It fosters dialogue, it fosters understanding," Schwab said.

But Greenhill said it will try to help with the complex of threats by launching a "global risk response network" bringing together company risk officers and government policy-makers.

As usual the WEF will wheel out several global leaders among its 2,500 participants. The chair of the G20, French President Nicolas Sarkozy, addresses the forum on Thursday, January 27.

Among 25 government heads expected are German Chancellor Angela Merkel and Russian President Dmitry Medvedev, who opens the forum on Wednesday, January 26. Medvedev, a keen user of the micro-blogging site Twitter, will take questions from the public via "crowdsourcing" on www.wef.ch/askdmitrimedvedev.

The cast list also features eight central bankers, including European Central Bank President Jean-Claude Trichet, who will also take part in an open session accessible to the public, and 14 labor leaders and more than 1,400 CEOs and other business chiefs -- 400 of whom will be using Twitter as "CEO reporters."

Davos's reputation in the past was made by several high-profile diplomatic meetings on the sidelines.

eBay earnings shine on PayPal performance

AFP, San Francisco

Online auction house eBay reported better than expected earnings Wednesday, driven by the success of its online financial transactions service PayPal.

eBay revenue for the quarter ending December 31 was slightly less than \$2.5 billion and its net profit was \$559.2 million dollars.

"We delivered a strong fourth quarter and a solid year," said eBay chief executive John Donohoe. "We are driving strong local growth at PayPal and strengthening our core eBay business."

PayPal ended the quarter with 94.4 million registered user accounts and handled a total of \$26.9 billion in payments during the period, according to eBay. Nearly half of that PayPal revenue came from outside the United States.

The company saw revenue rise in its online auction Marketplaces during the year-end holiday shopping season.

eBay finished the year with a net profit of \$1.8 billion on \$9.16 billion in revenue.

The San Jose, California-based Internet firm's stock price climbed nearly three percent to \$29.90 per share in after-hours trading that followed release of the earnings results.

eBay is adapting its service to changes in how people shop, focusing on the trend of using smartphones to locate bargains or stores and to even pay for things, Donohoe said in an earnings conference call.

"Mobile is increasing the number of Internet-enabled transactions, and in the process it is rapidly blurring the line between online and offline," Donohoe said.

"We are trying to make sure we are aggressively capitalizing on that as a company."

eBay sees PayPal as a reassuring option for shoppers reluctant to enter credit card or other sensitive financial data into mobile phones.

"We are treating mobile as another device in an increasingly seamless shopping experience," Donohoe said.

Along with building up its mobile platform, eBay will continue to beef up its tools to help shoppers easily find things they want.

China's economy surges 10.3pc

AP, Shanghai

China's economy accelerated in the last quarter of 2010 to expand a blockbuster 10.3 percent for the year as its communist leaders struggle to keep growth on an even keel while cooling surging prices.

Figures released Thursday showed growth picking up in the fourth quarter, to 9.8 percent from 9.6 percent in July-September, as the world's second-largest economy gained momentum despite moves to curb a torrent of investment that is fanning politically risky inflation.

The inflation rate was 4.6 percent in December compared with a 28-month high of 5.1 percent the month before. That put inflation for the full year at 3.3 percent.

The news rattled investors who fear further moves to dampen credit. Markets across Asia fell, with Shanghai's benchmark Composite Index sliding 2.9 percent to 2,677.65.

"The only slight decline in inflation in December shows just how grim the situ-

ation is for cooling inflation," said Peng Yunliang, an analyst at Shanghai Securities. "In my view, inflation will remain a headache for the government in 2011."

Those pressures may force Beijing to slow the economy more aggressively, potentially crimping growth in a world increasingly dependent on Chinese demand.

The news, coming as Chinese President Hu Jintao celebrated what was viewed back home as a triumphant state visit to the United States, accentuated the wide divide between China, which has vigorously rebounded from the global crisis, and the still fragile U.S. and European economies.

Echoing earlier complaints by Beijing, the National Statistics Bureau commissioner, Ma Jiantang, blamed rising prices on lax monetary policies among "developed economies," which have fanned speculative demand and driven commodity prices higher.

But he acknowledged that increased costs for wages, land and other factors in China were also pushing prices higher.

Mitsubishi to launch green cars by 2016

AFP, Tokyo

Japan's Mitsubishi Motors Corp. said Thursday it would launch eight new environmentally friendly car models by March 2016 while boosting production in Brazil, Russia and emerging Asian nations.

Mitsubishi will launch a total of eight electric vehicles and plug-in hybrids, starting with a mini commercial vehicle, the MINICAB-MiEV, the company said as it unveiled a new mid-term business plan from April.

Japan's fourth-largest automaker launched the i-MiEV, the world's first commercially produced electric vehicle, in 2009.

The eight models will also include Mitsubishi's first plug-in gasoline-electric hybrid vehicles, to be rolled out in the fiscal year starting April 2012.

Mitsubishi said it would "adjust" production and capacity to appropriate levels in mature markets, while boosting levels in emerging markets.

"MMC will strengthen its production capacity in emerging markets to respond to the range of growing demands in these regions," the company said in a statement.

Company president Osamu Masuko said Mitsubishi would enhance business further in China through a new joint venture with a local partner.

"There is huge domestic demand in China and people's living standards are rapidly improving. I believe there is no major doubt that China will continue to grow," he told reporters.

Fakes trouble India's booming art market

AFP, New Delhi

Over the next few days, India's biggest art show will witness a frenzy of buying, but before opening their wallets, collectors should be aware of Arpana Caur's cautionary tale.

During a recent visit to a gallery in New Delhi, the 57-year-old artist identified two paintings that were copied from her "Nanak" series that depicts the life of the founder of the Sikh religion.

She says her investigation revealed that her former apprentice and framer were running a racket employing art students to copy her works and then sell them to new galleries.

"I filed a police complaint against them, seized the forged paintings as proof, but they were never arrested," said Caur, whose work fetches up to two million rupees (\$44,000) at international shows and auctions.

"It's not just the paintings that were copied. My signature and certificate of authentication were being forged too," she added. "The problem of fake art is not new in the global art world, but in India this cancer has spread beyond your imagination."

Caur is not alone in her worry. The country's most celebrated artists M.F. Husain, S.H. Raza and Satish Gujral have also been victims of sophisticated counterfeiters.

A total of 500 artists will be on show at the third India Art Summit, which opens in a sprawling exhibition hall in the Indian capital on Thursday.

In 2009, the last time the exhibition was staged, a total of \$5.3 million worth of paintings, sculpture and multi-media work was snapped up by investors and collectors, according to organisers.

They say the show only includes the best galleries who are adept at sniffing out the fake from the bona fide, but they concede that the counterfeit market is a problem.

"We do not verify the works that are displayed. It is the job of the art gallery owners and the buyers. Our job is to provide a platform," said director Neha Kirpal.



Artist Arpana Caur works on her paintings in New Delhi on January 13. Over the next few days, India's biggest art show will witness a frenzy of buying, but before opening their wallets, collectors should be aware of fakes.

Jatin Gandhi, an art historian based in Mumbai, says the hunger of art collectors to buy a piece of contemporary India has attracted shady operators.

He estimates that more than 1,000 suspect galleries, often run by people who previously sold Indian handicrafts, have sprung up in the past five years, particularly in cities such as Mumbai, Delhi, Bangalore and Hyderabad.

"The new galleries are desperate to have works from established artists. They have no understanding and are happy to throw black money at fakes," he said.

"The fakes are sold at premium prices and they frequently exchange hands until they are detected."

Prices in the Indian market are said by experts to be back on their steep upward trajectory after a blip caused by the global financial crisis but no reliable figures are available.

The year 2010 saw some record prices, notably for a work by S.H. Raza. His "Saurashtra" painting fetched \$3.5 million at Christie's in London.

Romano Ravasio and his Italy-based company Art Consulting offer advice to art collectors and he says he avoids the secondary market in India, where art is resold by dealers

and collectors. "My golden rule is to buy from a reputed gallery or directly from the artist," he said.

Industry experts say India needs a specialised police team to probe art crime, but with the force often lacking basic crime-fighting training and equipment, this seems unlikely in the short-term.

In the meantime "fake factories", often using art students, are expected to continue churning out copies that are a hazard for anyone thinking of putting money into the market.

Even highly experienced connoisseurs have fallen prey to the criminals.

The owners of the Dhoomimal Gallery in New Delhi, who have been in the business of exhibiting and selling original works for more than seven decades, say they have been victims.

"We had to pull out an entire series in 2009 as they were all fakes," says Uma Jain, owner of the gallery, who had to discard 12 paintings purportedly by S.H. Raza after the artist identified them as forgeries.

Raza later confirmed the fakes were sold to the gallery by his nephew, who claimed they were originals left in a family home.



Sri Lankan actress Jacqueline Fernandez (R) and Deputy Managing Director of Samsung India Ravinder Zutshi pose with newly launched split air conditioners at a product launch in Hyderabad yesterday. Samsung announced the launch of its new advanced range of split air conditioners in the Indian market across the Invinicia and Purista series, priced between rupees 22,450 to 49,420.