

Leaders call for global trade deal

REUTERS, Davos

World leaders appealed on Friday for all nations to make concessions and reach a deal on long-running trade talks by the end of this year or risk losing the opportunity for years.

British Prime Minister David Cameron told the Davos World Economic Forum it was "frankly ridiculous" that the Doha round of world trade talks had so far limped on for a decade.

"We simply cannot spend another 10 years going round in circles," he said. "...I call on every world leader to join me. We've got one last chance to get this right -- 2011 is the make or break year."

Cameron spoke alongside German Chancellor Angela Merkel, Indonesian President Susilo Bambang Yudhoyono and World Trade Organisation (WTO) chief Pascal Lamy.

"The right answers in this crisis must also to reduce barriers", Merkel said. "...the cheapest way to boost our competitiveness and to give a boost to our economic development is free trade".

Yudhoyono said that "fair, free and open trade is more important than aid" for developing nations.

The European Union, the world's biggest exporter, hosted a dinner on Friday for trade ministers from the other key players -- Australia, Brazil, China, India, Japan and the United States -- in Davos.

The seven will take stock of the Doha round. Members of the World Trade Organization have agreed to intensify the pace of negotiations, already in their 10th year, after the G20 urged them to use 2011 as a window of opportunity to reach a deal.

But a warning from the trade ministers of Brazil, India, China and South Africa ahead of the dinner underlined just how difficult compromise could be.

The four ministers said concessions already made by their emerging economies were not being matched by rich countries, who were now demanding more, and that such demands jeopardised efforts to conclude the Doha round.

Friday's dinner will be followed by a broader meeting of about 25 trade ministers on Saturday.



(L to R) Britain's Prime Minister David Cameron, German Chancellor Angela Merkel, Indonesian President Susilo Bambang Yudhoyono and World Trade Organization chief Pascal Lamy attend a session untitled "Revitalising Global Trade" during the World Economic Forum (WEF) annual meeting on Friday in Davos.

A report by trade experts presented at Friday's panel discussion recommended heads of government get personally involved in reaching a Doha trade deal and set themselves an end-year deadline to achieve it.

"What is already on offer is a package that would provide a global economic stimulus of hundreds of billions of dollars in new trade annually," the report's preface said. "Everyone would gain".

The Doha round was launched in late 2001 to boost the world economy and help poor countries prosper through trade.

The wide-ranging and complex talks have missed repeated deadlines and some negotiators say 2011 will go the same way, perhaps dooming the negotiations altogether.

U.S. President Barack Obama showed

little interest in a WTO deal in his first two years in office, mindful of his supporters in organised labour and their Democratic allies in Congress.

But in recent months the talks in Geneva have moved up a gear and some believe the necessary trade-offs are now possible.

"There seems to be a general acceptance that what is needed to bring Doha to a successful conclusion is for the major countries to bring a little bit more to the table," Australian Trade Minister Craig Emerson told Reuters.

Emerson said Australia, one of the keenest proponents of a deal, does not believe that it is the one blocking agreement, but would consider further concessions as part of a final push.

"If it's a matter of the demonstration of good faith and everyone bringing more to

the table then Australia would be a willing participant in that," Emerson said.

In the end the deal will require bilateral agreement between the United States and China, the world's two biggest economies.

But it is much more complicated than that, with competitive exporters among the emerging economies wanting to boost South-South trade by opening markets as well.

There is no sign so far of progress narrowing gaps on proposals allowing developing countries to limit imports of food, which contributed to the collapse of a meeting of ministers to push for a deal in 2008, said Gonzalez, who was a top WTO agriculture official during that meeting.

"That continues to be a very contentious issue," she said.

LinkedIn eyes \$175m IPO

REUTERS, New York/Bangalore

Investors are closely examining the financial details disclosed in LinkedIn Corp's IPO filing, trying to determine how much the company is worth.

LinkedIn, which filed on Thursday to raise up to \$175 million in an IPO, is attracting significant interest as the first social networking company to start the process of becoming publicly traded. But exactly how attractive it is, is an open question.

"It's only recently that their earnings have turned positive," said Jay Ritter, a professor of finance at the University of Florida.

LinkedIn has posted sequentially increasing revenue in each of the past seven quarters. It has posted several quarterly losses during that period -- \$2.9 million in the March 2009 quarter -- but has been profitable for the past two quarters, according to its filing with the US Securities and Exchange Commission.

LinkedIn said that it expects its rate of revenue growth to decline and that it does not expect to be profitable on a GAAP basis in 2011 due to investments in its growth.

Some privately held shares are traded on secondary markets such as SharesPost. But their value so far has depended more on buzz than fundamental knowledge of the company's finances.

"You're talking about the secondary markets, which are like the wild west," said David Menlow, president of IPOfinancial.com, an independent research firm. "Who's to say what they are really worth?"

Investor interest in privately held Web companies such as Facebook, Zynga and Groupon, which recently rejected a takeover bid from Google Inc, is surging.

Facebook, a social networking site that has more than 500 million users, has been valued at \$50 billion.

Earlier this week Demand Media Inc, which publishes articles online, saw its shares gain by more than a third.

LinkedIn's investors include Greylock Partners, Bessemer Venture Partners, Goldman Sachs Group Inc and Sequoia Capital, a venture capital firm that has backed Yahoo Inc, Google, Apple Inc, Cisco Systems Inc and Oracle Corp.

Fiat returns to profit

AFP, Milan

Italian industrial giant Fiat said Thursday that it returned to profit in 2010, beating analyst forecasts as it enjoyed strong sales of lorries and tractors, with Brazil performing especially well.

The company, recently restructured into separate auto and industrial operations, also confirmed its guidance through to 2014 for the two new entities.

Fiat said the former, single company had a net profit of 600 million euros (\$820 million) last year, reversing a loss of 849 million euros in 2009 and beating analyst forecasts for earnings of 380 million euros.

Sales were up 12.3 percent to 56.26 billion euros despite a 3.2 percent fall in vehicles sold at 2.08 million.

For the fourth quarter alone, it posted a net profit of 318 million euros compared with the year-earlier loss of 283 million euros.

As of January 1, Fiat split into two companies -- its traditional auto business based on its Fiat, Lancia, Alfa Romeo and Maserati brands; and Fiat Industrial formed from CNH, its agricultural and construction equipment unit and Iveco, the commercial trucks branch.

The two companies will report their results separately in due course.

The Fiat Industrial part of the business had sales of some 21 billion euros last year, up 18 percent, while Fiat Auto generated more than 35 billion euros, up 9.8 percent.

Fiat head Sergio Marchionne, who also runs US auto giant Chrysler, told analysts that he was not looking for any new alliances but he remained open to any opportunities.

He highlighted a "very good performance" in Brazil, Fiat's top market and which offset a more mixed picture in Europe. This year, Brazil will continue to grow, along with other markets except Italy, he added.

Apple begins iPad sales in India

REUTERS, New Delhi

Apple Inc's popular iPad tablets finally hit Indian stores on Friday, nearly 10 months after its US sales began, giving more options to customers in the world's fastest-growing mobile market that is also seeing a surge in sales of smartphones and other high-end devices.

Apple is selling the iPad through its authorised resellers and partner stores across the country, an India-based company spokesman told Reuters.

Apple has priced the iPad in India between 27,900 rupees and 44,900 rupees (\$612-\$985), depending on the model.

The iPad model with 16 GB of memory that works only on Wi-Fi is priced at 27,900 rupees, while the one that can operate on both Wi-Fi as well as third-generation (3G) mobile networks costs 34,900 rupees.

Customers have the option to buy an iPad with 16, 32 or 64 GB of memory and can choose a model that works only on Wi-Fi or on both Wi-Fi and 3G.

The 64 GB iPad model that operates on both Wi-Fi and 3G costs 44,900 rupees, according to Apple's website.

Apple first introduced the iPad in January last year and began sales in April. The company shipped a total 14.79 million iPads as of Dec 25 last year and research firm iSuppli expects 36.5 million to be sold in 2011.

The India launch comes at a time when the company is expected to announce in weeks the next version of the iPad,

More robust spending helps economy gain steam

AP, Washington

The economic recovery is now consistently picking up speed, and American consumers are the ones pushing the gas pedal. They increased their spending late last year at the fastest pace since 2006.

The question now is whether they can spend enough this year to make the economy grow even faster and finally bring down unemployment. It's up to them because the housing market and government spending aren't offering much help.

A more active consumer was the main reason the economy grew at an annual rate of 3.2 percent in the final three months of 2010, the Commerce Department said Friday. It was up from 2.6 percent the previous quarter and the best since the start of last year.

That level of growth would be great news in a healthy economy that only needed to hold steady. But with unemployment still at 9.4 percent a year and a half after the Great Recession, steady is not good enough. By some estimates, the economy would need to grow 5 percent for a whole year to significantly bring down the unemployment rate.

Still, the recovery has gained steam since a difficult patch last spring. Economists now think 2011 will be a pivotal year when consumers can finally be counted on to power the economy to stronger growth.

A one-year cut of 2 percentage points in the Social Security payroll tax is a big reason why economists predict Americans will keep spending enough that the economy will grow more strongly this year.

"Consumers are the most powerful cylinder the economy has, and finally it is firing," said economist Sung Won Sohn at California State University. "Consumers will be picking up the slack this year as the government stimulus fades."

After the recession ended, Americans became cautious about spending. That changed at the end of last year. They increased spending by a



People shop along Broadway on Friday in New York City. The US government announced on Friday that the economy grew at an annual rate of 3.2 percent in the last three months of the year. Much of the growth was generated by consumer spending on durable goods which rose 21.6 percent.

4.4 percent annual rate from October to December, including holiday splurges on furniture, appliances, cars and clothes.

Besides the tax cut, the stock market is at its highest point since mid-2008 and unemployment has come down from its post-recession peak. Both factors could make people feel more comfortable about spending.

Economists think consumer spending will rise 3.2 percent or more for all of 2011, almost double last year's rate. Consumer spending accounts for roughly 70 percent of overall economic activity.

"At this point, it looks like consumers will finally be full-fledged contributors to the economy's growth," said economist Jim O'Sullivan of MF Global.

The recovery has a tough road ahead, though. Economists surveyed by The Associated Press predict the unemployment rate will rise to 9.5 percent in January and fall only to 8.9 percent by the end of this year.

For all of last year, the economy grew 2.9 percent, the most since 2005.

The year before, the economy had suffered its worst contraction since World War II. All told, the economy produced about \$13.4 trillion worth of goods and services in 2010, a record.

In a separate report, the Labor Department said wages and benefits rose 2 percent last year, the second-smallest increase in nearly three decades and only marginally better than 2009. Even though employers are expected to hire more this year, they have little incentive to pay more because competition for jobs is so fierce.

And with their paychecks growing only marginally, Americans are saving less. The savings rate dropped to 5.4 percent, from 5.9 percent in the quarter before. Economists predict people will save even less this year.

The economy depends heavily on consumer spending because federal stimulus aid is fading and many businesses are spending less money to replenish their stockpiles.

Businesses spent about \$7 billion on inventories in the last three months of the year.

A woman walks past an US fast food chain McDonald's restaurant in New York on Friday. Beef prices have been increasing 6.1 percent for the consumer market linked to an increase in price in agriculture raw material. Large beef providers such as US fast food chain McDonald's are expected to raise their price due to the increase.

