Joblessness, rising prices could spark war within nations: IMF chief

REUTERS, *Singapore*

The world economy is beset by problems such as high unemployment and rising prices which could fuel trade protectionism and even lead to war within nations, the head of the International Monetary Fund warned on Tuesday.

Rising food and fuel prices in recent months have already hit poorer countries and are one of the factors behind massive anti-government protests in Egypt and in Tunisia, whose president was ousted last month.

"As tensions between countries increase, we could see rising protectionism -- of trade and of finance. And as tensions within countries increase, we could see rising social and political instability within nations - even war," Dominique Strauss-Kahn said in a speech in Singapore.

AFP

IMF Managing Director Dominique Strauss-Kahn holds a dialog session in Singapore. The IMF said on Tuesday it was ready to help riot-torn Egypt and other nations stricken by chronic unemployment.

Strauss-Kahn noted two "dangerous" imbalances that he said could sow the seeds of the next crisis.

The first was the unbalanced recovery across countries, as emerging nations grow much faster than developed economies and possibly overheat. The second was the social strains within countries with high unemployment and widening income gaps.

Over the next decade, 400 million young people would join the global labour force, posing a daunting challenge for governments, Strauss-Kahn added.

"We face the prospect of a 'lost generation' of young people, destined to suffer their whole lives from worse unemployment and social conditions. Creating jobs must be a top priority not only in the advanced economies, but also in many poorer countries."

Unemployment stands at 9.4 percent in the United States while European countries are struggling to create jobs.

Despite high joblessness in the wake of the 2008 global credit crisis, trade barriers have not reached levels feared by many analysts. Instead, a number of countries, most prominently China according to its critics, have sought to keep their currencies undervalued to keep exports humming.

"The pre-crisis pattern of global imbalances is re-emerging," Strauss-Kahn said.

"Growth in economies with large external deficits, like the US, is still being driven by domestic demand. And growth in economies with large external surpluses, like China and Germany, is still being powered by exports."

Strauss-Kahn said the IMF expected subdued growth of 2.5 percent for advanced economies this year as high unemployment and household debt weighed on domestic demand.

Emerging markets would grow at a faster pace of 6.5 percent, with Asia excluding Japan expanding by 8.5 percent, he said.

Strauss-Kahn said the "global growth gap" was straining the recovery in other ways, with energy prices rising swiftly, reflecting the rapid growth in emerging economies.

"Food prices are rising too -- though here supply shocks are the main reason with potentially devastating consequences for low-income countries. Together, these price increase are beginning to feed into headline inflation," he said.

The UN food agency said last month that global food prices hit a record high in December, above 2008 levels when riots broke out in countries as far afield as Egypt, Cameroon and Haiti.

Strauss-Kahn added that foreign exchange rate adjustments had an important role to play in addressing global economic imbalances and should not be resisted.

"Holding back such adjustment in one country also makes it harder, and more costly, for other countries to let their exchange rate adjust," he said.

Chinese policymakers were moving in the right direction by taking steps to bolster domestic demand, he noted. The United States and many other Western countries continue to push Beijing to let its yuan currency appreciate faster.

Panasonic profit jumps 24pc

AP, *Tokyo*

Panasonic's quarterly profit jumped 24 percent, driven by strong sales of flat-panel TVs, auto components and solar panels that offset damage from a strong yen.

The Osaka-based maker of Viera plasma TVs and Lumix digital cameras on Wednesday reported 39.98 billion yen ($490 million) in profit for the October-December quarter, up from 32.26 billion yen the year before.

The solid results came despite the damage from a strong yen, severe price drops in gadgets and soaring material costs.

Quarterly sales for the Japanese electronics maker climbed 21 percent to $28 billion.

Both results were in line with analyst expectations as surveyed by FactSet.

Panasonic had strong sales both in Japan and abroad, helped by a gradual global recovery, but also by economic stimulus spending in several countries, including rebates for green gadgets in Japan.

Panasonic also said it was well on its way to completing the acquisition of Japanese rival Sanyo Electric Co. into a wholly owned subsidiary, set to be completed by April.

The company said it hoped to gain "synergy" from Sanyo, which makes solar panels and batteries for hybrids and other ecological vehicles.

Panasonic is also in a joint venture with Toyota Motor Corp. to make batteries for hybrid vehicles like the popular Prius.

Panasonic - whose operations sprawl across a wide area, including housing, computer chips, home appliances and plasma panels - is shaping a brand image around ecological products such as solar energy for homes and green cars as well as rechargeable batteries and recycling efforts.

It has also been shedding unprofitable sectors to turn itself around, and focusing on growth markets such as China and India, raising its overseas sales.

Like other Japanese electronics companies, including archrival Sony Corp., Panasonic faces intense competition from formidable South Korean players like Samsung Electronics Co., the world leader in flat-panel TVs.

Bharti Airtel outlook improves on 3G, Africa after Q3 disappoints

REUTERS, *New Delhi*

Improved prospects in Africa and the launch of 3G services in India have brightened the outlook for Bharti Airtel after currency losses led to a bigger-than-forecast drop in quarterly profit.

India's wireless market -- the world's second biggest and the fastest growing -- saw prices steady last year after firms including Vodafone and Reliance Communications engaged in a vicious price war to grab market share.

Africa remains a short-term worry for Bharti, where it acquired the loss-making telecoms operations of Zain in 15 countries in a $9 billion deal in June to become the world's fifth-biggest wireless carrier.

"My sense is on a three year horizon, this company should be hugely profitable because that's the time it requires to rejig its costs," said Rakesh Rawal, head of private wealth management at Anand Rathi Financial Services, referring to Bharti.

"If the company is able to get such substantial revenue growth, it shows the company has been able to manage the consolidation. Now, cost management is a much simpler problem."

Bharti, India's top mobile carrier, is 32.2-percent owned by Southeast Asia's top telecoms firm SingTel and aims to launch third-generation (3G) wireless services across all its 13 telecoms zones in India by March.

New Delhi-based Bharti was founded by Chairman Sunil Mittal, who starting his career selling bicycle parts, saw an opportunity in telecoms in the mid-1990s when India was opening up the sector for private participation.

Shares in India's top mobile carrier, valued at about $26 billion, wiped out an early fall of 3.3 percent and were up 2.3 percent by 0630 GMT as analysts said the company's earnings outlook had improved with the launch of 3G services in India.

Bharti said on Wednesday consolidated net profit fell 41 percent to 13.03 billion rupees ($286 million) for its third-quarter ended December, from 21.95 billion rupees a year ago, based on international accounting standards.

AFP

Managing Director of Bharti airtel, Sunil Bharti Mittal, posing for a photograph after unveiling the brand's new identity in New Delhi. India's top mobile phone firm Bharti on Wednesday said quarterly net profit fell 41 percent because of bruising competition in India and costs from its new Africa operations.

Revenue rose 53 percent to 157.56 billion rupees from 103.05 billion a year ago.

A Reuters poll had on average expected net profit to fall 26 percent to 16.25 billion rupees on revenue of 155.40 billion rupees for the firm that operates in 19 countries across Asia and Africa with 199.6 million mobile customers at end-December.

Bharti competes in India with 14 other companies.

Analysts say consolidation is inevitable in the overcrowded sector, but a probe into allegations that telecoms licences and radio airwaves were given out too cheaply is a big overhang on the industry and regulatory rules stymie takeovers.

Loss related to Bharti's Africa business was at 5.25 billion rupees in the quarter ended on Dec. 31.

"Our objective is to make the operations very profitable, revenue growth has picked up well," said Manoj Kohli, Bharti Airtel's CEO for international operations, referring to the company's operations in Africa.

Bharti has cut prices in 10 out of 16 African nations to boost usage and is looking for long-term growth rather than turning a quick profit on the continent, a move that is hurting rivals such as Kenya's Safaricom.

"Our objective is to provide affordability in Africa," said Kohli. "you will see as the restructuring continues and gets completed in the next one or two quarters the operating cost will get under control and therefore profitability will grow."

Indian consumer goods makers are scrambling to buy assets in Africa, applying their knowledge of challenging, lower-income markets to a continent where spending power is on the rise.

Bharti, which spent $2.7 billion last year to buy 3G radio airwaves in an auction, recently launched the services in southern Karnataka state, whose capital is the technology hub of Bangalore.

The company hopes to cover 40 cities by March and expand the services to 1,500 cities and towns by a year later.

Third-generation services facilitate faster Internet on mobile phones and let customers use services such as video calls.

The services are expected to boost mobile carriers' data revenue in a market where low-margin voice calls account for close to 90 percent of the total revenue.

China's railways world leader, except in service

AP, *Shanghai*

Fed up after waiting in vain to get train tickets home for the lunar new year, migrant worker Chen Weiwei became China's latest Internet sensation, standing unclothed except for his gray jockey shorts and socks, after he stripped and shouted in protest.

Chen's frustrations are shared by tens of millions of other Chinese.

China's 91,000 kilometers (56,400 miles) of railways are the worlds longest and, in some cases, the fastest. The country's drive to develop high-speed rail technology rivals its space program in terms of national pride and importance.

But the annual scrum for tickets home for the year's major festival - the world's biggest annual migration involving 230 million people - highlights the wide gap between showcase Chinese infrastructure and the often abysmal services available to the public.

Yin Jie, a 36-year-old electronics salesman, was enduring that reality earlier this week as he waited in the cold night air, along with thousands of other migrant workers, for the chance to buy train tickets back home to Zhenjiang, in neighboring Jiangsu province.

"It is cold, but I'm already used to this since it is my sixth year of staying at the railway station," Yin said. "My boss wouldn't let me off until just before the spring festival."

Vimpelcom CEO losing patience with Telenor

REUTERS, *Oslo*

Russian mobile operator Vimpelcom will not be able to keep its $6 billion purchase of assets from Wind Telecom on track for much longer in the face of Telenor's opposition, Vimpelcom's CEO told a newspaper.

Telenor, a strategic shareholder in Vimpelcom, has said it was taking the company to arbitration over the Wind purchase which the Norwegian group says illegally strips its pre-emptive rights to buy shares.

"Patience is starting to end," Vimpelcom chief executive Alexander Izosimov told Norwegian daily Dagens Naeringslsiv in its Wednesday edition.

"I was hired as Vimpelcom's top boss with a mandate to grow the company further through mergers and acquisitions and there are few M&A opportunities in the market of this caliber."

Izosimov said Telenor's stance did not make much sense other than by seeking to delay the transaction. Vimpelcom's other big shareholder, Russian billionaire Mikhail Fridman's Alfa Group, said the Wind deal has a June deadline.

"What is Telenor going to use its (pre-emptive) rights for? I do not understand why Telenor will throw good money after bad if they believe that the acquisition is such a bad idea."

Telenor has long said the Wind deal, which gives Vimpelcom control of Orascom Telecom and Wind Italy, made no sense either financially or strategically for Vimpelcom.

Chinese student and print model Nina, 21, poses with her Yorkshire terrier at the Simba Pet Photography Studio in Shanghai. China's pet population is growing fast with about 58 million pet dogs in 20 major cities at the end of 2009 with the figure rising about 30 percent each year, while growth in China's pet products industry is outpacing the rest of the world.

AFP