

Microsoft attacks
Google with EU
anti-trust
complaint

AFP, Brussels

Microsoft announced Thursday it has filed a "formal" anti-trust complaint against Google with the European Union, amid accusations the Internet king has rigged the search market for consumers.

"Microsoft is filing a formal complaint with the European Commission as part of the Commission's ongoing investigation into whether Google has violated European competition law," read an online posting from Brad Smith, senior vice president and general counsel, Microsoft Corporation.

The move heightens the intensity of a probe officially launched by EU regulators at the end of November, which already carried echoes of a decade of antitrust action against US computer giants Intel and Microsoft, each of which were eventually hit with billion-euro fines.

EU competition watchdogs are investigating whether Google is guilty of "unfavourable treatment" of rival search services providers and whether Google's own services -- including YouTube video, book-scanning or telephony -- are getting "preferential placement" in consumer queries.

France, US call for flexible
exchange rates at G20

AFP, Nanjing, China

French President Nicolas Sarkozy and US Treasury Secretary Timothy Geithner on Thursday called for more flexible exchange rate regimes as G20 nations met on global monetary reform in China.

The pair, speaking at the start of the talks in the eastern city of Nanjing, also urged a widening of the basket of currencies underlying the IMF's international reserve asset, while keeping the dollar and euro stable.

The West wants to see the yuan become part of the International Monetary Fund's Special Drawing Rights (SDR) basket as part of its efforts to prod Beijing into opening up its tightly managed and controversial currency regime.

"It's clear we must move towards a more flexible exchange rate system that would allow the world to absorb shocks. But this system cannot evolve without rules, coordination and oversight, or instability will prevail," Sarkozy said.

Geithner echoed his comments, saying the gap between flexible and managed exchange rate policies -- and the problems such a divide creates -- was "the most important problem to solve in the international monetary system today".

"This asymmetry in exchange rate policies creates a lot of tension," Geithner said, noting that it "magnifies upward pressure" in emerging markets with flexible exchange rates and "intensifies inflation risk in those emerging economies with underval-



Participants wait for the opening of a one-day meeting of finance ministers and central bank chiefs from the G20 nations in Nanjing yesterday.

ued exchange rates" -- a clear reference to China.

The one-day seminar -- bringing together ministers and central bankers from the world's leading economies, as well as a select group of academics -- has been organised by France, which holds the Group of 20's rotating presidency.

The meeting, which comes as the global recovery faces major hurdles such as Japan's quake-tsunami disaster and the ongoing eurozone debt woes, aims to hone in on key ways to reform the monetary system.

China had ruled out any discussion of its tightly managed exchange rate regime despite ongoing criticism that the yuan is massively undervalued, giving

its exporters an unfair trade advantage, but the issue nevertheless surfaced.

Chinese Vice Premier Wang Qishan vowed Beijing would "work with the rest of the international community" to ensure the "economic order will move towards a just and equitable and win-win direction".

Sarkozy called on the G20 to agree on a timetable for widening a basket of currencies determining the value of the SDR, which now only includes the dollar, euro, yen and pound.

"Isn't it time to agree on a calendar for the expansion of the SDR basket to new currencies from emerging nations such as the yuan?" Sarkozy said.

"We must support the inevita-

ble internationalisation of the world's major currencies," he added.

"This of course does not mean calling into question the crucial roles of the dollar and euro, which must remain stable."

Geithner said the United States supports "reforms to change the composition of the SDR", adding that those countries whose currencies eventually become part of the SDR basket "should have flexible exchange rate systems".

Nobel prize-winning economist Robert Mundell agreed, telling reporters that an expansion would enable the IMF to "help Europe more and other countries that are in financial difficulties."

Chinese investment
soars in Brazil

AFP, Brasilia

China is rapidly expanding its presence in Brazil, surpassing the United States as the South American giant's biggest investor and trade partner, a report released Wednesday said.

Published ahead of a planned visit by Brazilian President Dilma Rousseff to China next month, the report said Chinese firms have announced investments of nearly \$30 billion in Brazil, including \$8.6 billion currently under negotiation.

The energy and mining sectors represented 90 percent of those investments, the report by the Brazil-China Business Council said.

But Chinese investors have also made direct or indirect purchases of Brazilian farm lands, especially for soy production.

China is seeking "a base for supplies of natural resources," the study said.

Brazilian exports to China have also climbed rapidly, jumping from \$1 billion in 2000 to \$30.7 billion last year.

These exports -- mostly in soybeans, iron ore, oil and other commodities -- helped Brazil secure an estimated \$5 billion annual trade surplus with China.

Most Brazilian imports from China are manufactured products, which soared from \$1.2 billion in 2000 to \$25.5 billion in 2010.

The growth has been so explosive that China replaced the United States in 2009 as Brazil's biggest trade partner. From 2009 to 2010, bilateral trade increased by 52 percent.

But "until 2009, Brazil had more investments in China than China in Brazil," noted Norton Rapesta, who heads trade promotion at the Brazilian Foreign Ministry.

"Latin America is the last frontier attracting great interest from China, and Brazil is the engine of that dynamic," said Edileuza Reis, Brazil's undersecretary-general for Asian affairs at the Foreign Ministry.

Brazil hopes this economic expansion will also yield tangible benefits for the Latin American nation.

When Rousseff visits China April 10-15, she will seek a greater presence for Brazilian firms in China, secure more Chinese investment in developing Brazilian industries and reduce Chinese purchases of raw materials, as well as the diversification of Chinese exports.

German unemployment
falls further in March

AFP, Frankfurt

German unemployment reached a post-reunification low in March, official data showed Thursday, but inflation is nonetheless dampening consumption and sentiment in Europe's biggest economy.

The seasonally-adjusted German unemployment rate fell to 7.1 percent of the workforce from 7.3 percent in February, the national labour office said, the lowest level since records were compiled for a united Germany in 1992.

A total of 3.313 million people were registered as looking for work in March according to that measure, marking the 21st consecutive decline since the middle of 2009 according to UniCredit economist Alexander Koch.

Germany has benefitted from a pick up in global economic activity and labour market reforms that have kept labour costs in line.

But a rise in low-wage jobs along with higher prices for energy and food has begun to undermine consumer sentiment, and retail sales fell 0.3 percent on a monthly basis in February according to provisional, price-adjusted figures

released by the national statistics office.

The highly volatile retail data also showed a 12-month gain of 1.1 percent but a one-month gain of 1.4 percent initially reported for January was revised down to just 0.4 percent.

Across the 17-nation eurozone meanwhile, inflation climbed to 2.6 percent in March according to European Union data agency Eurostat, from 2.4 percent in February.

It was the fourth successive month that inflation exceeded the European Central Bank's target of just below two percent and underscored warnings that rising prices could put a brake on economic growth.

On Tuesday, the GfK research institute said concern stemming from an unsettled international environment and inflation fears had pushed its German consumer confidence index lower for the first time in 10 months.

Berenberg Bank senior economist Holger Schmieding said: "We look for a more noticeable decline in the next two months."

"But after a while, the robust labour market will likely offset these external shocks," he forecast.

Nissan, Renault
eye joint holding
company

AFP, Osaka

Japan's Nissan Motor and France's Renault SA are considering a holding company that would put the two firms and several of their other interests under a single umbrella, a business daily said Thursday.

In an interview with the Nikkei newspaper, Nissan president Carlos Ghosn said Russia's leading auto maker AvtoVaz, which is 25 percent owned by Renault, would be incorporated in the proposed company.

Romania's Dacia and South Korea's Renault Samsung Motors -- both subsidiaries of the French auto maker -- would also be included.

If realised, the plan would mark the first time that major auto makers in countries across the globe came together under a single holding company, the Nikkei said.

The new company would draw up development, production and sales strategies, with each unit cooperating to execute the measures, including the exchange of personnel and technologies, the newspaper said.

Such a structure would help expand the use of common parts and joint procurement, the Nikkei said, citing Ghosn.

The process could take place in two or three years said Ghosn, who doubles as chairman of Renault, according to the newspaper.

US energy future hazy on
Japan, environment fears

AFP, Washington

The United States faces tough questions as it tries to plot its energy future in the wake of the Japan nuclear disaster and long-running environmental and security concerns, analysts say.

Natural gas appears to be gaining the inside track as the favored short-term energy source although coal, biofuels and renewables such as wind and solar power are also generating interest.

A report by the Washington-based Energy Policy Research Foundation says it would be difficult to replace the 5.5 gigawatts of electric generating capacity at US nuclear plants with permits expiring in the next five years.

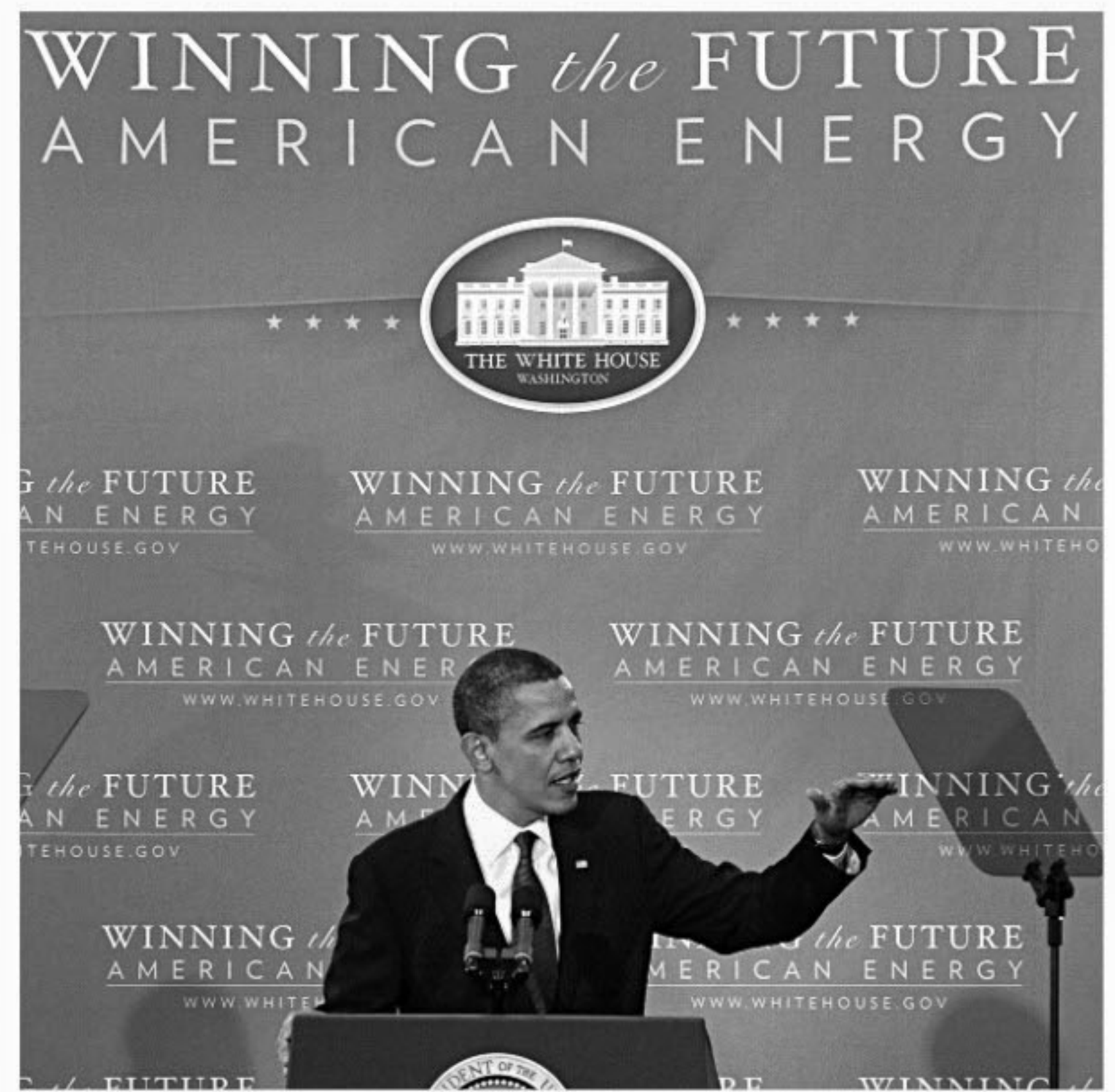
But if it had to be done, "natural gas would be the easiest and most economical," said Ben Montalbano, a senior research analyst at the think tank.

Despite efforts to produce clean coal power, he said this "still is in the test tube phase," he added. Renewable sources such as wind and solar energy "require large amounts of land and are very expensive."

John Rowe, chairman and chief executive of Exelon, a major US utility operator which operates several kinds of power generators, told a Washington forum recently that if new capacity is needed, "the answer is gas, gas, gas. The economics are driving you in one direction."

President Barack Obama, in a speech on energy policy, Wednesday reiterated his goal of cutting oil imports as part of his "Blueprint for A Secure Energy Future," as he called for more use of domestic natural gas and biofuels.

Daniel J. Weiss, senior fellow at the left-leaning Center for American Progress think tank, praised Obama's proposal but called for a "more aggressive" energy strategy that would derive at least 35 percent of electricity from renewable sources such as wind, solar, tidal



US President Barack Obama delivers an address on his administration's strategy on the future of American energy, at Georgetown University, in Washington, DC, on Wednesday.

and geothermal energy.

Weiss said the United States needs to move "more quickly because of the urgency to reduce our dependence on oil which has volatile prices and insecure sources."

Separately, US officials in March announced coal lease sales in Wyoming's Powder River Basin that contain an estimated 758 million tons of low sulfur coal. "Coal is a critical component of America's comprehensive energy portfolio," said Interior Secretary Ken Salazar.

But with coal seen as too dirty and oil clouded by the massive BP oil spill in the Gulf of Mexico last year, much of the focus is now on natural gas.

Fueling interest in gas is what is believed to be a massive reserve in the so-called Marcellus Shale over a

wide area of the eastern United States.

Pennsylvania State University's Terry Engelder estimates that the Marcellus shale holds between 168 trillion and 516 trillion cubic feet of gas that can be "easily produced."

Yet extraction requires a controversial practice of hydraulic fracturing or "fracking" -- injecting water mixed with chemicals into the rock formation.

Concerns have risen that fracking can pollute groundwater with toxic chemicals and possibly radioactive elements.

Montalbano said any worries about pollution from fracking can be solved with "simple engineering fixes."

But New York state has imposed a temporary moratorium on horizontal fracking, and some members of Congress are skeptical.



AFP

Construction workers adjust metal rods at the construction site on the main terminal of Berlin's new airport, the Berlin-Brandenburg International Airport. The German unemployment rate fell to 7.6 percent in March 2011 as the unadjusted number of people out of work declined to 3.21 million, the national labour office said yesterday.