

Glencore pricing values firm at about \$61b

AP, Geneva

Commodities giant Glencore International PLC said Wednesday that its partial share float later this month could value the company at \$61 billion, making it one of the biggest initial public offerings in recent years.

The Swiss-based company aims to sell part of its shares for between 4.80-5.80 pounds (\$8-\$9.67) on the London Stock Exchange starting May 24, with a secondary floatation planned for Hong Kong a day later.

Glencore would raise about \$10 billion from the initial public offering that will catapult it straight into the FTSE 100 on the first day of trading. Almost a third of the shares available will go to so-called cornerstone investors, the company said. "Today we are able to announce one of the largest cornerstone investor participations ever achieved for an IPO," chief executive Ivan Glasenberg said in a statement.

He said the company looked forward to welcoming new shareholders "as long-term partners in our growth." Glencore has been at pains to stress to investors that current shareholders, said to be some 500 senior employees, will be prevented from cashing in their shares for several years.

Glencore reported sales of \$145 billion in 2010. For many years the privately held company, founded in 1974, was considered the silent giant behind much of the world's trade in raw materials.

India, six other economies central to Asia's rise

REUTERS, Hanoi

Seven economies are the potential drivers of Asia's rise over the next 40 years into a powerhouse that accounts for just over half of global output, the Asian Development Bank (ADB) said in a report released on Wednesday.

In the report on Asia in 2050, the ADB said the dominant economies needed to avoid falling into the middle-income trap that has seen the development of other emerging markets stall.

If they can achieve that, some 3 billion people will enjoy prosperity a generation earlier than they otherwise would, the ADB said at its annual meeting in Hanoi.

"Yawning inequalities must be narrowed and -- as home to over half of the world's population -- Asia must confront a massive wave of urbanisation and changing demographic profiles," the ADB said, adding the region's urban population would nearly double to 3.1 billion people by mid-century.

Necessary reforms included improved governance and strong institutions -- which the ADB said was an Achilles heel for most economies in the region -- and tackling environmental challenges to ensure food and water supplies.

"Asia's rise will be led by China, India, Indonesia, Japan, (South) Korea, Malaysia, and Thailand," the ADB said.

The seven economies had a combined GDP of \$14.2 trillion in 2010, 87 percent of Asian GDP, and a total population of 3.1 billion, or



REUTERS

Labourers work at a construction site of a recreational park on the outskirts of New Delhi.

78 percent of Asia's people.

The study found that by 2050, the seven could account for 90 percent of Asian GDP -- and 45 percent of global output -- even as their share of Asia's population falls to 73 percent.

Average per capita income across the seven countries would be \$45,800 in purchasing power parity terms -- 25 percent higher than the global average of \$36,600, the study found.

The middle income trap, which sees per capita income stall before advanced-economy levels, usually occurs as countries try to change from resource-driven economies reliant on cheap labor and capital to growth based on high productivity and innovation.

The ADB said based on Asia's record over the past 25 years, there were three categories of Asian economies.

Seven -- Brunei, Hong Kong, Japan, South Korea, Macau, Singapore and Taiwan -- had grown rapidly since the 1950s, "avoiding the middle income trap and becoming high-income developed economies in one generation."

A second group of 11, including China and India, have posted high growth since 1990 but now face the greatest risk of seeing per capita income stalling at middle-income levels.

The others in this group are Armenia, Azerbaijan, Cambodia, Georgia, Indonesia, Kazakhstan, Malaysia, Thailand, and Vietnam. "Several of these economies, or

the larger ones, could easily derail the enticing prospect of the Asian Century," the report said.

Another 31 economies, which include Pacific Island nations and also countries such as the Philippines, Myanmar, Iran and Uzbekistan, have achieved only modest or low long-term growth.

"Their success in joining the ranks of the fast-growing group would significantly facilitate the spread of affluence to all Asians," the ADB said.

The ADB is charged with fighting poverty in a region that includes small Pacific islands, Southeast Asia, the giant economies of China and India, and central Asian republics such as Kazakhstan.

Virgin rebrands Australia and Pacific operations

AFP, Sydney

Sir Richard Branson Wednesday announced a rebranding of Virgin's airline operations in Australia and the Pacific in a bid to grab a larger slice of the corporate market from rival Qantas.

Domestic carrier Virgin Blue and its international offshoots, Pacific Blue and V Australia, will all be known as Virgin Australia, with negotiations under way to bring Polynesia Blue under the same umbrella.

British entrepreneur and part owner Branson, who launched the new airline in Sydney with chief executive John Borghetti, said the move would allow Virgin to build a single strong brand recognised globally.

As well as changing the name, Virgin has also dropped the bright red body paint from its aircraft in favour of a more conservative white with red trim as it seeks to revive fortunes after rising fuel prices eroded earnings.

Branson said the Virgin Australia brand represented a new chapter for the airline, which first started flying in Australia 11 years ago.

"I'm absolutely thrilled with the new look and feel of Virgin Australia's domestic product and I know it will shake up the Australian travel market on a larger scale than it did 10 years ago," he said.

Analysts said the move was part of a strategy to shift Virgin, Australia's second-largest carrier, away from low-cost carriers such as Jetstar and Tiger Airways and towards Qantas in the full-service market.

Virgin fired the first shots in this battle by introducing a new Boeing 737-800 and an Airbus A330-200 aircraft to its Australian domestic fleet Wednesday.

More are expected later in the year, complete with luxury leather seating and a gourmet menu designed by Australian celebrity chef Luke Mangan.

"We're going after Qantas's business market and by capturing that business market we will be able to do a lot more for the economy customer," Branson told reporters.

Telenor reports profits boosted by Asian growth

AFP, Oslo

Norwegian telecoms operator Telenor reported on Wednesday sharply raised profits thanks to growth in its Asian markets, but saw difficulties in two of its most important markets Russia and India.

In the first quarter, Telenor posted a net profit up 169 percent from the equivalent figure last year to 2.8 billion kroner (356.1 million euros, \$530.3 million) while analysts surveyed by Dow Jones Newswires expected 2.9 billion.

"The Asian operations were the main contributors to subscriber and revenue growth," Telenor said.

During the last quarter, the operator gained some 9.0 million subscribers worldwide and its sales grew 7.8 percent to 24.1 billion kroner. The company's own Northern European domestic market meanwhile stagnated.

"In Norway and Denmark, there is increased price competition and more comprehensive measures on cost reductions are required," chief executive Jon Fredrik Baksaas said.

Telenor maintained its expectations for the year, with an earnings before taxes, depreciation, and amortisation (EBITDA) margin of about 31 percent and organic

growth "of more than 5.0 percent."

In Russia, Telenor saw its ownership in its subsidiary Vimpelcom heavily diluted after its purchase of Wind Telecom, which Telenor opposed but Vimpelcom's other large shareholder, Russia's Alpha, wanted.

Baksaas said Telenor would "continue to work in the best interest of Vimpelcom," but in light of its diminished influence analysts have even suggested the company disengage itself from the operator specialised in emerging markets.

In the highly competitive India market, where Telenor is present through its Uninor subsidiary, the company fears being negatively affected by a scandal on the sale of mobile licences which sent former Telecommunications Minister A. Raja to prison.

Telenor's partner in Uninor, India's Unitech Wireless, is one of the operators which is thought to have snagged licences at a bargain price thanks to Raja in 2008.

The Norwegian company stressed it came to India after the alleged fraud took place, but fears its subsidiary's licences could be revoked, which would send a blow to its costly expansion strategy in the country.

EU, Japan race to overcome obstacles to trade deal

AFP, Brussels

Japan and the EU are racing to leapfrog obstacles holding up a much-anticipated free trade deal between the world's third economic power and its leading market, officials said on Tuesday.

With little over three weeks to go before an EU-Japan summit provides the backdrop for announcing an historic deal to launch free trade talks, Tokyo's Foreign Minister Takeaki Matsumoto held a whirl of talks with European Union officials Monday and Tuesday.

"This is a very important moment for Japan," his spokesman Satoru Satoh said. "Japan is suffering from the quake and tsunami, the economy is our most important task."

"The launch of an economic trade agreement now would be a good gesture."

There were no signs of tangible progress after Matsumoto's face-offs with the EU's Trade Commissioner Karel De Gucht and Internal Market Commissioner Michel Barnier, according to sources on both sides questioned by AFP.

But European business officials and EU sources voiced optimism about a breakthrough before this year's annual Japan-EU summit on May 27 and 28.

"They were good, cordial meetings, we hope to move forward to open negotiations," said

US to press China on financial reform

AFP, Washington

The United States will press China to make progress on financial reform at high-level bilateral talks next week, Treasury Secretary Timothy Geithner said Tuesday.

The US is going "to put a little more attention this time on expanding our discussion to the next stage of financial reform in China," he told a US-China Business Council forum in Washington.

"If China's going to be successful in moving the economy away from exports to a more domestic-demand economy, it's going to have to increase the return to savers in China and dismantle the set of protections that are now designed to lower the cost of capital to state-owned enterprises."

Geithner and Secretary of State Hillary Clinton will host Chinese Vice Premier Wang Qishan and State Councilor Dai Bingguo in the two-day talks that open Monday in the US capital amid continued tensions over debt, exports and the value of China's currency.

It will be the third US-China Strategic and Economic Dialogue (SED) since Obama and Hu established the forum to discuss a broad range of issues in April 2009.

Geithner said China's current system of controls on both bank deposit and loan rates is designed to channel low-cost loans to state-owned enterprises, giving them a competitive advantage over private firms, both domestic and foreign, and adding to trade tensions.

High on the economic agenda for the talks are persistent conflicts over China's monetary policy and intellectual property rights protection.

Geithner said that China's currency, the yuan, had appreciated by more than five percent since Beijing decided in June 2010 to allow it to trade more freely against the dollar.

However, "the renminbi remains substantially undervalued," he said,



US Treasury Secretary Timothy Geithner speaks on the US-China Strategic and Economic Dialogue during an event held by the US-China Business Council on Tuesday in Washington, DC.

using the formal name for the yuan.

"China needs to let the exchange rate adjust at a faster pace to correct that undervaluation," he added.

China in July 2005 freed the yuan from an 11-year-old peg to the dollar and moved to a tightly managed floating exchange rate.

But in mid-2008, policymakers effectively pegged the currency at about 6.8 to the dollar to prop up its exporters during the global financial crisis. Critics say the yuan could be undervalued by as much as 40 percent.

On Tuesday, the yuan edged down against the dollar, to 6.498 yuan per dollar from 6.492 yuan. Geithner said the US strategy is to "work with the grain of China's interests."

The Chinese authorities' recent moves to cool inflation in the booming economy "will be enhanced if they let the exchange rate appreciate more rapidly," he suggested.

The Treasury Department has delayed the publication of its next currency manipulation report to Congress that could lead to sanctions against Beijing until after the

SED meeting.

The semi-annual report, which was due on April 15, has become a focal point for critics who accuse Beijing of unfairly keeping the yuan weak against the dollar to boost Chinese exports.

Geithner said the Obama administration sees encouraging changes in China's economic policy that could benefit all countries, but stressed the need for "action on the ground."

"Over the past two years, we have seen the beginning of promising shifts in the economic policy in China that have the potential to benefit China, the United States, and the world as a whole," he said.

Geithner recalled that Chinese President Hu Jintao, in his state visit to Washington in January, had made commitments to Obama to level the playing field between the world's two largest economies.

The pledges included further opening of access for non-Chinese companies to compete for government procurement, and strengthening intellectual property rights protection and enforcement.



AFP

Customers check the price of tea in Shanghai yesterday. China has been on edge over spiralling prices with its consumer price index rising 5.4 percent year-on-year in March well above the government's 2011 target of 4 percent.