

# Britain endorses Lagarde as new IMF chief

REUTERS, New York

Britain endorsed French Finance Minister Christine Lagarde as an "outstanding candidate" for IMF chief on Saturday, the first G7 country to officially back her as Dominique Strauss-Kahn's successor.

Strauss-Kahn, who resigned as head of the International Monetary Fund after being charged with trying to rape a hotel housekeeper on May 14, is under house arrest and armed guard in an apartment in New York's financial district.

Lagarde has been touted by many European governments, but developing countries, with growing clout in the world economy, are keeping pressure on Europe and the United States to avoid a backroom deal over the appointment.

"We support her because she's the best person for the job, but I also personally think it would be a very good thing to see the first female managing director of the IMF in its 60-year history," British finance minister George Osborne said in a statement.

"She's shown real international leadership as chair of the G20 finance ministers this year. She has also been a strong advocate for countries tackling high budget deficits and living within their means."

The IMF has been run by a European since it was created at the end of World War Two.

Osborne's statement of support for a fellow European came just weeks after British Prime Minister David Cameron said the rise of nations like India and China meant "it may well be time actually to have a candidate from another part of the world."

Strauss-Kahn, a leading contender for the French presidency



REUTERS

France's Finance and Economy Minister Christine Lagarde (C), surrounded by the media, leaves a Parisian food and goods retailer after a visit focused on French employer's subsidies of meal coupons or restaurant tickets in Paris Thursday.

until his arrest, left jail on Friday and was expected to stay in the apartment in Manhattan for a few days until permanent housing can be found as he prepares his defence.

He denies the sexual assault accusations made by the housekeeper, a 32-year-old widow from Guinea. He is due to reappear in court on June 6 to formally answer the charges.

A trial may be six months or more away. If convicted, Strauss-Kahn could face 25 years in prison.

## TOURIST ATTRACTION

Strauss-Kahn's temporary housing was arranged by a private security company that is guarding him at an estimated cost of \$200,000 (123,213 pounds) a month, which he is responsible

for paying.

Satellite trucks lined the block outside the apartment building and scores of reporters and photographers waited for a glimpse of the man who until a week ago was one of the most powerful financial figures in the world.

Word of the new tenant at 71 Broadway quickly spread. Curious pedestrians questioned police officers stationed at the entrance and took pictures of the media.

A guide on a tour bus heading down the street could be heard pointing out the building as the one where Strauss-Kahn was staying.

Some neighbours seemed less than thrilled, complaining about the added security and throngs of media.

"I don't like all of this," said

Ian Horowitz, 29, a resident who works in finance. "I don't like all the attention and all the people outside."

A deal to have Strauss-Kahn stay in an apartment on the city's Upper East Side fell through after the media besieged the building.

He is allowed to leave his apartment only to travel within Manhattan for court appearances, meetings with his lawyers, medical appointments and a weekly religious observance.

His legal team has informally sought public relations advice from a Washington consulting firm, TD International, run by former CIA officers and U.S. diplomats. A source said if the firm signs on, its role will be helping in crisis management.

In France, Le Monde reported

Strauss-Kahn's lawyers have employed Guidepost Solutions, a global investigations firm headed by Bart Schwartz, former criminal division chief in the Manhattan District Attorney's office. Other company officers include the former global head of security for IBM and a former federal prosecutor and U.S. Secret Service special agent.

Also in France, feminist organizations published a petition saying they were "stunned by the daily flood of misogynist comments by public figures" since Strauss-Kahn was detained.

They said his friends and allies have downplayed the plight of the alleged victim. Former French culture minister Jack Lang said Strauss-Kahn should have been released earlier, considering "nobody has died."

"We are witnessing a sudden rise of sexist and reactionary reflexes, so quick to surface among part of the French elite," the groups said in a statement on the newspaper's website.

## CAMPAIGN FOR IMF TOP JOB

With the sudden vacancy at the top, the IMF board has said the process to find a new chief would be completed by June 30. With the euro zone debt crisis still far from controlled, European and U.S. officials want to move quickly.

The chair of the IMF's main advisory panel, the International Monetary and Financial Committee, Tharman Shanmugaratnam, said on Saturday it was imperative the process be open and transparent.

"The challenges we face are pressing and an early conclusion to the selection process will be advantageous," said Shanmugaratnam, who is also Singapore's finance minister.

## IMF chief should not be chosen on nationality: G20 group

REUTERS, Sydney

Merit, not nationality, should determine who replaces Dominique Strauss-Kahn as the chief of the IMF, the finance ministers of Australia and South Africa said in a joint statement on Sunday. Australian Treasurer Wayne Swan and South African Finance Minister Pravin Gordhan, who jointly chair a G20 committee on reform of the IMF, said the convention that the fund's managing director was a European was out of date.

They referred to a G20 agreement adopted in Pittsburgh in 2009 that called for an open selection process for the IMF chief, saying that agreement should be honoured.

"The global financial crisis demonstrated that the world needs a strong IMF and a strong managing director," they said. "For too long, the IMF's legitimacy has been undermined by a convention to appoint its senior management on the basis of their nationality."

"In order to maintain trust, credibility and legitimacy in the eyes of its stakeholders, there must be an open and transparent selection process which results in the most competent person being appointed as managing director, regardless of their nationality."

The financial institutions created by the 1944 Bretton Woods conference have operated for 60 years under an informal but rigidly adhered to rule that the IMF is headed by a European while an American leads the World Bank.

Separately, Swan pointed to the increasing importance of emerging economies, particularly in Asia, as a reason for considering non-Europeans for the post.

"The tradition of automatically appointing a European to the role is one that's long past its use-by-date given the shift of global economic weight to emerging economies, particularly in Asia, over the past few decades," Swan wrote in a regular economic note.

## IBM briefly tops Microsoft in market value

AFP, New York

IBM briefly topped Microsoft in market value on Wall Street on Friday to become the second-largest technology company after Apple.

But IBM shares lost 0.25 percent to close at \$170.16, giving the New York-based company known as "Big Blue" a market capitalization of \$206.1 billion.

Microsoft shares shed 0.91 percent to close at \$24.49, giving the US software giant a market capitalization of \$206.5 billion.

During mid-day trading, however, IBM shares hit a high of \$171.15 and the company topped Microsoft in market value at one point.

Apple, maker of the Macintosh computer, the iPod, iPhone and iPad, dethroned Microsoft in market capitalisation in May of last year to become the largest US technology company in terms of market value.

IBM announced meanwhile that it is investing an additional \$100 million in data analytics and unveiled new software and services to help clients manage large amounts of data.

"The volume and velocity of information is generated at a record pace," Steve Mills, senior vice president of IBM Software and Systems, said in a statement.

"This is magnified by new forms of data coming from social networking and the explosion of mobile devices," Mills said.

"Through our extensive capabilities in business and technology expertise, IBM is best positioned to help clients not only extract meaningful insight, but enable them to respond at the same rate at

## Tata Steel to axe up to 1,500 jobs in Britain

AFP, London

Indian steelmaker Tata Steel is to axe up to 1,500 jobs at two sites in northeastern England, the company announced Friday as it blamed weak demand for its products.

Tata said it would close or mothball its Scunthorpe plant, risking the loss of 1,200 positions, and would cut another 300 posts in Teeside.

The job losses will occur at Tata's loss-making British long products business, which produces bars, rods and rails -- mostly for the construction sector.

At the same time, Tata announced it would invest £400 million (456 million euros, \$649 million) in a five-year plan to try and turn around the long products business to target "high value" markets.

"The long products business as a whole has continued to make losses over the last two years. The decline in some major markets, particularly the con-

struction sector, has been a key factor," it said in a statement.

"Demand for structural steel in the UK is only two-thirds of the 2007 level and is not expected to fully recover within the next five years."

It added: "As a consequence, the business has proposed a plan to further reduce costs, focus on products that create value and improve its ability to respond quickly to demand fluctuations."

"This strategy includes a proposal to close or mothball parts of the Scunthorpe plant and puts at risk 1,200 jobs at Scunthorpe and 300 jobs at its Teeside sites," Tata said.

The sites were acquired by Tata in 2007 as part of its \$13.7-billion purchase of Anglo-Dutch steelmaker Corus.

"The continuing weakness in market conditions is one of the main reasons why we are setting out on this difficult course of action," said Karl-Ulrich Köhler, boss of Tata Steel's European operations.



REUTERS

Japan's Prime Minister Naoto Kan (C), South Korea's President Lee Myung-bak (R) and China's Premier Wen Jiabao attend the third Japan-China-Korea Business Summit Luncheon with Heads of State/Government in Tokyo yesterday. Japan won pledges of help yesterday from China and South Korea in its efforts to recover from an earthquake, tsunami and nuclear crisis that rocked the nation in March, with Beijing promising to start easing curbs on Japanese food imports.

## Mobile Wallet roll-out starts with small change

REUTERS, Paris

Virtual wallet technology that lets people pay for a coffee, newspaper or sandwich by swiping a cell phone at a checkout is finally set to start rolling out, executives told the Reuters Technology Summit this week in Paris.

Retailers, fast-food chains, advertisers and banks are preparing for a sea change in electronic commerce as more smartphones capable of making financial transactions are released. Many say it will change the way they do business.

Near-field-communication (NFC), the technology most likely to be used in the West, is a wireless way to swap data at short range, which means NFC-enabled smartphones can pay for goods, store electronic tickets, collect coupons or swap photos.

"2011 is likely the year when NFC could be on its way to become a mainstream technology in US and Western Europe," said Andrew Gardiner, an analyst at Barclays Capital.

Richard Clemmer, chief executive of top NFC chipmaker NXP, said Google has given a great boost to adoption by including NFC capability in its Android software, which is used by smartphone makers the world over.

"We co-invented the NFC technology eight or nine years ago with Sony. We tried to push it but frankly we just didn't have the influence," he told the summit.

"What we did by aligning with Google allowed us really to have a much larger impact. We'd been working with credit card companies, and it kept being on the roadmap four quarters out."

On Friday, Orange and Barclaycard launched Britain's first mobile payments service, allowing certain customers to make small payments in branches of fast-food chains including McDonald's and Subway.

In other countries, notably Japan and South Korea, NFC technology is already well established.



REUTERS

A man displays the LG Optimus 3D smartphone in Barcelona.

"I was blown away in Japan by NFC payments in action and with the ease and convenience of payments," Timo Soininen, chief executive of Finnish Web games company Sulake, said when asked what was the coolest thing he had seen in technology this year.

"It will change everything," Clemmer said every smartphone manufacturer was looking at putting NFC in its phones. He reckons up to three-quarters of all smartphones will be NFC phones in five years and that some traditional phones will also start adding the technology, particularly for use in developing markets in Africa and Asia.

Barclays Capital's Gardiner said: "NFC has the potential to evolve into a billion-dollar-plus semiconductor market over the next four to five years."

## LOW RISK, SMALL CHANGE TO DRIVE FIRST WAVE

Low risk data transfers like using NFC to read tags on movie posters, connect to wifi at cafes and swap business cards will help boost acceptance and drive the first big wave of NFC rollout to the consumers.

The interaction of smart posters and coupons is projected to help drive the adoption of NFC with consumers, according to Don Tait from IMS Research in the UK.

IMS estimates that by 2015 there will be more than 900 million devices with NFC technology including cellphones but also in terminals, laptops, tablets, tags, tokens, posters, watches, headsets and ATMs.

The "physicalisation of social media" or swapping LinkedIn Profiles or Facebook pages, Foursquare checkins and sharing games on line, is expected to be one of the most popular uses, according to David Birch from Consult Hyperion.

Electronic payments will still be the key driving force in the widespread acceptance of NFC, but initially the financial amounts in question will remain limited.

The Barclays-Orange mobile service launched on Friday only allows transactions up to 15 pounds, (\$24) at a time, since the initial scheme wants to try to replace the cash people fumble for when looking to pay for that first coffee or morning paper.