

G8 leaders gather in France, eyes on Arabs, IMF

REUTERS, Deauville, France

Leaders of the Group of Eight began gathering in France on Thursday to endorse aid to new Arab democracies, but wrangling among Western and developing economies over who runs the IMF may take up much of their time.

Overnight violence in Yemen, one of several Arab states where veteran rulers have faced unprecedented popular uprisings, may also get attention -- the United States, a key sponsor of President Ali Abdullah Saleh, ordered all but essential diplomatic staff to leave the country as clashes intensified.

Officials from the G8 -- the United States, Canada, Britain, France, Germany, Italy, Japan and Russia -- had held preparatory talks on Wednesday in the seaside resort of Deauville to hammer out common positions on issues ranging from the world economy to Libya's civil war, Iran's nuclear goals and unrest in Syria.

Hosted by French President Nicolas Sarkozy, the summit runs until Friday. It is expected to approve a multi-billion-dollar aid package for Tunisia and Egypt, after "Arab Spring" uprisings deposed their autocratic leaders, and to seal an agreement to back others in the region who want democracy.

Protests against other allies of the West, notably in the oil-rich Gulf, are, however, unlikely



AFP

French President Nicolas Sarkozy (2R) and French Foreign Minister Alain Juppe (L) hold a bilateral meeting with Russian President Dmitry Medvedev (3R) at the G8 summit in Deauville, western France yesterday.

to win clear assistance.

"We share a compelling interest in seeing the transitions in Egypt and Tunisia succeed and become models for the region," U.S. Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner wrote in a letter to the G8 on Wednesday.

"Otherwise, we risk losing this moment of opportunity."

IMFTENSION

G8 leaders arriving in the faded casino resort may have to fend off challenges to western Europe's grip on the post of

managing director of the International Monetary Fund, the global lender. The position was left vacant by the dramatic departure of Dominique Strauss-Kahn, a Frenchman who is charged with the attempted rape of a New York hotel maid.

French Finance Minister Christine Lagarde announced she was standing for the post on the eve of the G8 summit, after securing the unanimous backing of the 27-nation European Union and, diplomats said, support from the United

States and China.

"I think on the sidelines the G8 leaders will debate this question, even if Madame Lagarde will probably be the best candidate," Russia's envoy to France told Reuters, adding he did not believe his country would have any objections to her.

"But the question," ambassador Alexander Orlov added, "is whether western Europe should always be heading up this institution and why can't other countries, notably the BRICS (Brazil, Russia, India,

China and South Africa), have their own candidate?"

The IMF has promised a meritocratic process to replace Strauss-Kahn, a Socialist ex-finance minister who was favourite to defeat Sarkozy in a French presidential election next year.

It has set a June 30 deadline to pick a successor to the post, which has been held by a European since 1945.

But emerging-market nations are keen to push an alternative. Russian President Dmitry Medvedev and Finance Minister Pravin Gordhan of South Africa -- one of 10 African nations invited to the Normandy resort -- are likely to defend the BRICS' stance.

Medvedev is also likely to outline his concerns over Libya, where more than two months of NATO air strikes have failed to dislodge leader Muammar Gaddafi.

Russia, a critic of the military intervention, wants to push its own ceasefire plan after welcoming envoys of both Gaddafi and the opposition to Moscow for talks.

"Let me make it clear, Russia does not want Gaddafi to stay in power," Orlov said. "He has committed crimes and must take responsibility for those, but in the political transition process, we want all parties to take part."

"Russia is ready to play the role of mediator if other countries are ready, but to do that we must have a ceasefire."

Google's Street View starts mapping India

AFP, New Delhi

Internet giant Google on Thursday launched its ambitious "Street View" project in India to provide detailed panoramic images of life in a country of 1.2 billion people.

The 360-degree photographic mapping service, which is already in operation in more than 25 countries, will begin gathering data in the southern city of Bangalore, a technology hub where many Internet firms are based.

Google said in a statement that information collected by special cameras mounted on cars and tricycles would allow users around the world to access street-level imagery and explore the city.

"It will be as good as walking down the street from the comfort of your desktop or mobile device," the firm said.

It did not give further details about its plans to expand the project across the vast nation, where cities and villages are often a chaotic jumble of traffic jams, buffalo carts and slums.

Street View has proved hugely popular in other countries since its launch in the United States in 2007, but had also run into trouble with several governments concerned about privacy issues.

Google earlier this month said it would appeal against a Swiss ruling ordering it to ensure that all people and cars pictured on StreetView were unrecognisable.

France's data privacy regulator imposed a record fine of 100,000 euros (\$142,000) on Google in March for collecting private information while compiling photographs for the service.

Google has also agreed to delete private emails and passwords mistakenly picked up from wireless networks in Britain by its Street View cars.

LinkedIn eyes business opportunities in China

REUTERS, Beijing

LinkedIn Corp will seek out opportunities in China to capitalize on its massive user base even though it sees the market as complicated, a company executive said on Thursday.

LinkedIn, a professional social-networking-site, has a small presence in the country and is one of the few foreign social-networking-sites to still have access to Chinese Internet users. Twitter and Facebook are blocked in China.

"It (China) is a very competitive market," Arvind Rajan, Vice President of Asia Pacific and Japan at LinkedIn told reporters on the sidelines of a conference.

"There are political challenges,

technical challenges. There are a whole lot of things for us to go through. We are far away from making any decision. At this point, we are just here to explore the market, to talk to people..."

LinkedIn was also briefly blocked by China in February this year.

Similar to Facebook, LinkedIn allows users to create profile pages with a photo and details about themselves. But it is largely used for professional rather than social personas, and is basically an online database of electronic resumes.

LinkedIn shares more than doubled in their public trading debut last Thursday, evoking memories of the investor love affair with Internet stocks during the dot-com boom of the late 1990s.

Tata Steel swings into full-year net profit

AFP, Mumbai

India's Tata Steel, the world's seventh largest steelmaker, on Wednesday swung into a full-year net profit from a loss a year earlier, as industrial demand improved and steel prices rose.

Tata Steel posted a consolidated net profit of 89.83 billion rupees (\$2 billion) for the twelve months ended March, against a loss of 20.09 billion rupees a year earlier, a company statement said.

The earnings include a one-time gain of \$561 million from the sale of its Teesside plant in England to Thailand's Sahaviraya Steel Industries in March.

Tata Steel shares fell 0.83 percent or 4.7 rupees to 561.5 at the Bombay Stock Exchange ahead of the results.

Oil demand destruction? Not in Asia

CLYDE RUSSELL

The debate over at what point rising oil prices lead to demand destruction tends to ignore the fact that Asia's consumption seems to be considerably less affected by higher crude costs.

As motorists in the U.S. brace for gasoline to reach records above \$4 a gallon and Europeans battle energy-stoked inflation, most consumers in Asia feel comparatively less pain from the 42 percent rise in oil prices over the past year.

Even though many Asian countries have tried to trim subsidies or loosen price controls, motorists still enjoy substantial government largesse across the region.

China has made its system of imposing a price ceiling more flexible, but retail gasoline has only risen 19 percent over the past year to about 106 U.S. cents a litre, less than half the gain in crude.

In contrast, the pump price across the U.S. was the equivalent of 102 cents a litre in the week to May 23, a jump of 38 percent from a year earlier.

In India, gasoline has gained 22 percent in the past year to about 129 cents a litre, but it's a market-related price. Far more important in the world's fourth-largest crude user is the price of diesel, which is controlled and is around 80 cents a litre in the capital New Delhi, having actually dropped in the past year because of a tax change.

India's diesel price at the pump is about the same as the current over-the-counter cost in Singapore, which doesn't include the cost of transport, distribution or any retail margin. This means Indian refiners are once again losing money on every litre of diesel they sell, which ultimately means the government will have to boost the money they fork out, putting further pressure on the national budget.

In Indonesia, motorists part with only 51 cents for a litre of gasoline,



Fuel overflows as a man pumps gasoline into his car at a gas station in Tehran.

making them the most-subsidised in Asia and probably blissfully unaware of the anguish felt by Americans as they watch the numbers spin around on the petrol pump.

Asian countries control fuel costs for a variety of reasons, including keeping inflation lower, ensuring cheaper energy to fuel rapid economic growth and keeping the political support of the populace.

The cost of doing this is starting to hurt government revenues, which in many countries have already been stretched by responding to the global financial crisis.

But it's hard to see the price controls being relaxed much in the short term, especially since nobody in Asia wants higher inflation.

What this means is that while demand destruction may well be occurring in Europe and the U.S., it isn't in Asia and probably won't unless oil prices rise substantially from current levels. It would take the developed world falling back into recession to put a dent in the oil demand story in Asia.

IEA OFF THE MARK ON ASIA

The International Energy Agency says China will account for more

than one-third of global oil demand growth in 2011. Nobuo Tanaka, the agency's executive director, reckons prices above \$100 a barrel starts to lower demand.

He may well be right in the case of the developed world, as figures from researchers Wood Mackenzie show Europe's oil demand will be the lowest this year since 1995. In the U.S., Energy Information Administration data show gasoline demand slipped 2.3 percent in the week to May 13 from a year earlier.

But he's probably off the mark in Asia. Looking at China's crude imports, the surge in prices in 2008 to above \$147 a barrel didn't really do much at all to demand. At worst it was pretty much static through 2008, had a dip in February 2009 because of the seasonal impact of the Lunar New Year holidays before roaring ahead again the rest of the year.

Commentary from OPEC ministers suggest they see \$120 a barrel for crude as the point at which consumers turn away from oil.

Clyde Russell is a Reuters market analyst.

The views expressed are his own.



Chief Executive Officer of Ferrari SPA, Amadeo Felisa (L), and the chairman of Shreyans Group, Ashish Chordia (R) pose next to a Ferrari 458 during the launching of its first dealership in India yesterday. The full range of sports cars from the Italian manufacturer will be on sale in India, with the cheapest model the California priced at 22 million Indian Rupees (\$485,000) after punitive import tariffs of more than 100 percent are applied.