

G8's last hurrah? Summitry evolves, not dead

REUTERS, Deauville, France

The latest Group of Eight summit was "historic", the moment for the great powers to rally their wealth and arms behind the Arab people and staunch a gap in the spread of "Western" values across the world. Really? Or was it a pointless, costly absurdity, a vanity project for leaders of nations in decline, marginalised by the rise of China and other big, industrialising nations, for whom the forum founded in the 1970s is a neo-colonial throwback?

Some answers in that debate should emerge in the coming year when France, proud host of a summit in Deauville, hands the chair to the United States, where officials have been sceptical of the group's utility.

The White House has not set a date for the 2012 G8 summit; it may all but merge into the Group of Twenty, which brings in China, India, Brazil and others and became Washington's favoured global forum after President Barack Obama's predecessor George W Bush hosted the first G20 summit three years ago.

On Friday, however, after 24 hours of talk on the Normandy coast, it seemed US attitudes to the smaller G8 might have been warmed by a summit that offered big credits to new Arab democracies and rallied Russia, an often awkward post-Cold War addition, to the cause of ousting Libya's Muammar Gaddafi.

"This has actually been quite a good G8 and in many respects it has underscored what is best about the G8," a senior official in



World leaders pose for a family photo at the end of the G8 summit in Deauville, France, on Friday.

the administration said. "We are strong proponents of the G20 as the premier forum for international economic coordination.

"But there is something about the G8 and a small group of leaders who deal with each other across a wide range of issues ... on a very regular basis ... It builds a strong relationship with them and it really came out here."

The G8's critics are far from convinced. "The Deauville summit ... is a monumental waste of time and money," British commentator Timothy Garton Ash wrote in the Guardian. "If the G8 did not exist today, no one would dream of inventing it. Its core business, the management of the global economy, cannot properly

be discussed without the presence at the top table of countries like China, India and Brazil."

Obama should focus on merging the G8 into the G20 and improving the functioning of that newer, larger forum, he said.

Yet among admirers, John Kirton of Toronto University, whose G8 Research Group tracks the forum's effectiveness, said it was needed "now more than ever". He compared its aid for Egypt and Tunisia to its role in Europe after the fall of the Berlin Wall.

"If there was ever a time for the G8 after the post-Cold War victory it was now, and the Deauville summit got the job done," he said. "This is a transformational and historic as that."

The calendar of the coming

year's events may be revealing.

French President Nicolas Sarkozy, for whom such gatherings are welcome platforms as he campaigns for re-election, has set this year's G20 for Cannes in November, six months after the G8.

Obama may prefer a G8 that is essentially a preparatory caucus for the G20 summit to held in Mexico -- last year Canada hosted both G8 and G20 summits on succeeding days.

"I was ... surprised that the (US) president did agree to two visits to France this year," Heather Conley, director of the Europe program at Washington's Center for Strategic and International Studies, said before Deauville. "But I think you'll see perhaps the same difficult decision next year -- should

we do a formal G8 summit?" she added, noting discomfort among European leaders at their diluted weight in the G20.

"We're in this, I fear prolonged, transition period," Conley said, "where the G8 doesn't feel like it's got the right combination but the G20 has not matured into a coherent body."

One senior European official at Deauville conceded: "If you really want to make something happen in the world, you have to go to the G20." But the G8 was a less formal "club of friends" where leaders spoke more freely. "It still has a role."

The world has changed dramatically since the group began. France hosted the first summit 36 years ago, when President Valery Giscard d'Estaing invited peers from the United States, Japan, Britain and West Germany to Rambouillet to seek consensus on surging global capital flows and soaring OPEC oil prices.

Once Italy and Canada had joined by the next year, 1976, the G7 accounted for two thirds of the world's economic output. Even with Russia, added in 1998 in hopes of fostering its post-Soviet democracy, the G8 now has only about 40 percent of world GDP. China's economy has surpassed all but that of the United States.

But Daniel Schwanen at Canada's Centre for International Governance Innovation said: "You're talking about very rich countries, with two thirds or more of the military power in the world ... That makes it still a credible and viable institution, and one that need not stand in opposition to the G20 at all."

Mobile devices useful travel companions

REUTERS LIFE! New York

Even travellers going solo do not need to feel lonely, out of touch, or misinformed thanks to mobile devices, which are proving to be good travel companions.

A new survey shows that the ubiquitous devices have helped tourists make travel arrangements, book flights, find the best restaurants in foreign cities and the hottest attractions.

"Smartphone adoption around the world is skyrocketing, and is fundamentally changing the way people get travel advice," said Mike Putnam, of the travel website TripAdvisor, which surveyed travellers' use of mobile devices.

Sixty percent of the 1,000 US adults questioned in the poll said they had downloaded travel apps and a similar number had used mobile devices to research restaurants.

More than 40 percent found or booked hotels with mobile devices and 28 percent used them to check in to a hotel, restaurant or a local attraction.

As useful as smartphones are for planning a trip, the main reason travellers said they took along their devices was to call home and stay in touch via email and social networks.

Along with talking, texting and emailing, 65 percent of travellers used the devices to share photos, 54 percent surfed online, more than half found it useful for finding their way around and 48 percent kept up with the news on mobile devices.

Sporadic connectivity in far-flung places and small screens were the biggest gripes about the mobile devices.

Hong Kong mulls ban on Taiwanese imports

AFP, Hong Kong

Hong Kong officials said Sunday they will consider banning imports from Taiwan, prompted by a food scare after the neighbour ordered a recall of nearly half a million contaminated drinks.

More than 460,000 bottles of sports drinks and fruit juice, as well as 20 tonnes of fruit and yogurt powder and 130,000 packs of probiotic powder were recalled earlier this week over fears they contained a chemical used in plastics.

"If necessary, we can use our existing regulations to ban imports to ensure that those products would not be sold in the market," York Chow, Hong Kong's secretary for food and health said in a statement.

"According to the information given by the Taiwan authority, the incident seems to be quite widespread in many aspects of food ingredients, involving not only drinks, but also drugs," he added.

Chow added that most of the contaminated products are currently not sold in the city.

Taiwan removed the products from shelves after health officials found locally manufactured drinks containing a plasticiser called DEHP, which could affect the hormone balance in young people.

Authorities on Monday arrested the owner of a Taiwanese company which had used the DEHP rather than palm oil, which is five times more expensive, in products supplied to dozens of local drinks makers.

Multinationals propping up US economic growth

MARTIN HUTCHINSON

US multinationals are propping up the nation's economic growth. While annualized first quarter GDP growth was a sluggish 1.8 percent, much of it inventory buildup, the private sector expanded more strongly, as did returns from overseas investments. With the government now reining in outlays, America's biggest companies are providing the economic stimulus.

The headline GDP growth figure would have been 1.1 percentage points higher but for a decline in government spending. And gross private sector output grew at an annual pace of 3.6 percent in the quarter, up from a 2.6 percent growth rate for 2010 as a whole, suggesting an acceleration in productive output as the government's post-crisis efforts at stimulus are withdrawn.

Meanwhile, gross national product grew at a 3.1 percent rate in the quarter. GNP is based on ownership rather than geography and so includes income from US investments abroad, net of payments to foreigners. Net receipts jumped 26 percent from \$160 billion to \$202 billion at an annual rate. Even in a \$15 trillion economy, that's a sizable contribution to

growth from the country's multinationals, and demonstrates that their profitability and growth can still overcome some of the drag from America's huge budget and payments deficits.

That's all despite the fact that the first quarter GDP report was somewhat quieting when viewed at the consumer level. Final sales to domestic purchasers rose at only a 0.7 percent annual rate, while inventories increased by \$52 billion, a potential cause of future weakness if the buildup reverses. The US savings rate also declined further to 5.1 percent, suggesting consumers are still not rebuilding their reserves.

Overall, though, the latest data hint at a healthy shift away from government spending and toward the private sector and the global economy. Logical policy responses include increasing interest rates, thereby providing an incentive for the rebuilding of America's capital base, and encouraging free trade to the benefit of US multinationals. Another lesson can be found in the private sector's ability to keep growth going even as government spendingshinks.

The author is a Reuters Breakingviews columnist. The opinions expressed are his own.



The Tata Nano EV car is displayed on the exhibition stand of Tata during the first media day of the 80th Geneva Car Show at the Palexpo in Geneva. Tata Motors said on Saturday it launched its small Nano model in Sri Lanka, its first foreign market since sales of the vehicle began in April 2009.

British Queen, Obama put Irish tourism back on map

REUTERS, Dublin

After Barack Obama put it on the map by downing a gulp of Guinness, residents of the US president's tiny ancestral home of Moneygall have spent the past week greeting busloads of tourists.

"It's still all happening. We're still buzzing," said Moneygall resident Marian Healy, whose son Henry welcomed his distant cousin Barack to the sleepy village during the president's day trip to Ireland last week.

"There was a busload of Japanese tourists this morning and there were Americans here earlier too, looking for Henry to have his photograph taken with them."

Restaurateurs, hoteliers and tour operators countrywide are now hoping for a "Moneygall effect" of their own.

Obama's morale-boosting stop-off, together with Queen Elizabeth's historic state visit just days earlier, have given Irish tourism a boost it desperately needed after three years of recession saw revenues and visitors drop by about a third.

After a record 1,200 foreign journalists arrived for the first visit of a British monarch since independence from London in 1921, global headlines took a rare positive turn -- a break from the relentless run of bad economic news that culminated in Ireland's IMF/EU bailout late last year.

WEBINTEREST

The renewed interest in a country famed for its beautiful coastlines and rich literary history seems to be working.

Internet searches by potential visitors from Ireland's two main overseas markets surged by almost 200 percent for some tourist spots included on the royal itinerary, according to Hotels.com, a leading provider of worldwide hotel accommodation.

The website said searches last week by UK tourists for the county of



US President Barack Obama speaks at an Irish celebration at College Green in Dublin May 23.

Tipperary, where the Queen visited the Rock of Cashel, a medieval national movement that attracts thousands of tourists each year, nearly trebled compared to a year ago.

Searches by US tourists for Cork -- the last stop of the Queen's four-day trip -- doubled. Interest also jumped at home, with 225 percent more Irish tourists thinking of visiting Kildare, where the Queen spent an afternoon in the heartland of Irish horse-racing.

With state-funded Tourism Ireland increasing its advertising spend this month by 35 percent compared to a year ago, officials say they are prepared to capitalize on the publicity.

"If we were riding along normally, I'd say it's lovely to have the queen here and you're always delighted to have the President of the United States, but it would have a marginal impact on tourism," Eamon McKeon, chief executive of the Irish Tourist Industry Confederation (ITIC), told Reuters.

"But I think coming as it did at the tail end of six months when the news has just been awful every day, it's far more important. It's up to us to stretch the publicity out for

months and milk the goodwill for all it's worth."

EMPLOYMENT-INTENSIVE

Ireland's new government is banking on a recovery in the tourism industry, having this month come up with a modest package of measures to revive the labor-intensive sector.

Dublin agreed the measures -- which include a temporary reduction in the sales tax on restaurants and hotels, an easing of visa restrictions and the scrapping of a travel tax -- with its creditors in the IMF and the European Union, on the basis that it would not derail efforts to cut the budget deficit.

ITIC predicts that these measures, along with the increased publicity and a regaining of some of the competitiveness lost during the heady days of the "Celtic Tiger" economy, when hotel prices jumped, will return the industry to revenue and visitor growth of between 4 and 6 percent this year.

McKeon said 10 percent growth in 2012 and a 6 percent rise per annum after that would -- all things being equal -- see the industry match its 2007 peak where it welcomed 7.7 million tourists to the country.