

WTO's Lamy: Doha failure an "academic" question

REUTERS, Jakarta

The head of the World Trade Organization on Monday dismissed the notion that the Doha round of trade negotiations was dead, and held out hope that a band of smaller countries might help prod India, China and the United States toward agreement.

WTO Director General Pascal Lamy said after nearly a decade of discussion, most of the trade topics on the table were "reasonably ripe for conclusion".

Lamy has urged the WTO's 153 member countries to focus on an "early harvest" of what can be agreed now and leave the most difficult issues for later.

"What if the round fails? This is, I'm sorry to say, a very academic question," Lamy said during a panel discussion on trade at the World Economic Forum on East Asia in Jakarta.

"International conventions never fail. They never die. They just procrastinate," Lamy added, drawing laughs from the crowd.

Ten years of negotiations in the WTO have failed to seal an accord that could generate billions of dollars and alleviate poverty by freeing up trade in goods and services. The WTO last week postponed negotiations on a slimmed-down deal that would require rich countries to make good on promises.

IMF cyber attack boosts calls for global action

REUTERS, London

Governments, multinational corporations and global institutions are losing the battle against computer hackers and must combine their resources if they are to lock out cyber intruders, experts say.

The International Monetary Fund has joined Sony and Google on a growing list of hacking victims but it is hard to identify the culprits who consistently manage to keep one technological step ahead of their pursuers.

"This is an example of technology developing faster than the frameworks and sometimes the regulations around that," said Unilever chief executive Paul Polman on the sidelines of a World Economic Forum meeting in Jakarta.

Cyber security experts say the only way to effectively combat the menace is for the public and private sectors to join forces and combine greater regulation with international action.

"Clearly we are losing the battle," said Vijay Mukhi, one of India's leading cybersecurity experts.

"We are not doing enough... every year we hope things will change but now people like me have turned cynical. It requires co-operation on a global scale," he said.

Earlier this month, Internet giant Google pointed the finger at Chinese hackers for an attempt to access the Gmail accounts of assorted rights activists, officials and others.

Entertainment giant Sony suffered serious damage to its reputation after hackers accessed the details of thousands of PlayStation users, while Lockheed Martin and Citi also reported attempts to steal data.



The growing complexity and seriousness of cyber attacks has begun to break down some of the stigma of being a victim, firms, government and organisations realising they must work together.

"There has been a real change," said John Bassett, senior fellow for cyber security at London's Royal United Services Institute and a former senior official at Britain's signals intelligence agency GCHQ.

"There is much more awareness of the threat (and) organisations are being much more open about the attacks they face. Lockheed, Google and now the IMF are showing far more openness than organisations would have done a year ago."

Experts like Alexander Klimburg, said the attempt to steal sensitive information from the IMF, the global lender of last

resort, was a chance for all sides to come together to confront a common menace.

"This is potentially a great opportunity to launch a 'communal' investigation into an attack on a 'communal' institution," said Klimburg, a cyber security specialist at the Austrian Institute for International Affairs.

"If fingers can be pointed, they should be pointed. The only way to stop such attacks is 'naming and shaming', and in this case, unlike those of individual national governments, there is a clear global interest at stake."

With the volume of data stored online increasing exponentially every year, some specialists say the problem is escalating out of control and action must be taken.

While some civil liberties campaigners fear giving govern-

ments greater control of the Internet would undermine privacy, others say that same privacy is already being undermined by both criminal and state-linked hackers.

Countries such as the United States have begun to publish national doctrines on cyber security and warfare but talks on international standards and agreements seem remote.

In reality, most states engage in some form of electronic espionage but some worry it is now getting out of control.

The Stuxnet computer worm widely believed to have been built by a state intelligence agency to attack the Iranian nuclear program through reprogramming centrifuges to inflict damage on themselves is seen by some as a sign of things to come.

India business execs lose faith in government

REUTERS, New Delhi

Three quarters of leading Indian companies have lost faith in Prime Minister Manmohan Singh's second-term government, saying a governance crisis ranging from corruption scams to policy limbo will hit economic growth and their investment plans.

A survey of 75 leading companies by the Economic Times newspaper and Federation of Indian Industry and Chambers of Commerce (FICCI) is the latest sign of corporate unease with the Congress party-led coalition government in a country where grievances from companies are rarely aired in public.

Singh has been besieged by corruption scandals, including a \$39 billion telecoms scam that saw a minister fired and parliamentary bills blocked by the opposition, as well as anti-graft hunger strikes by a civil activist and a yoga guru that galvanized many Indians.

The survey, published on Monday, said 80 percent of companies believed that decision-making by the government had slowed and 72 percent feared investment plans would be hit.

Ministers have repeatedly shrugged off criticism over the government's handling of the economy, pointing out that growth was among the highest in the world. Critics say growth is driven despite the government, not because of its policies.

India's economic expansion is seen slowing to 8.5 percent by the government in 2011/12, from nearly 9 percent in the prior year, a forecast that many private economists think is optimistic.

Foreign direct investment has fallen 28.5 percent in 2010/11, in part a sign of falling investor confidence in Asia's third largest economy.

India's main stock index has fallen more than 10 percent since mid-November, when the corruption scandals began to spiral. That compares with emerging markets equities firming 2.1 percent in the same period.

"The prevailing negative sentiment among domestic investors will have a bearing on the perception of foreign investors," the Economic Times quoted Harsh Mariwala, president of FICCI, as saying.

German port's future blowing in the wind

AFP, Cuxhaven, Germany

The small German port of Cuxhaven is betting its future on North Sea wind, promoting itself as a base for new offshore wind farms as the country embarks on a bid to scrap nuclear power.

Five-hundred-tonne tripods, meant to be sunk to the sea floor to support giant wind turbines, line the quays awaiting shipment out to sea.

"Wind power is the promise of an industrial future. Business used to be stagnant," says Hans-Joachim Stietzel, scientific director of the local economic development agency.

For this port of 52,000 inhabitants, which once lived off fish factories and retirement homes, Chancellor Angela Merkel's decision late last month for Germany to renounce nuclear power by 2022 is manna from heaven.

Cuxhaven, which was losing its importance as a harbour because of the

development of giant container ships that prefer ports such as Hamburg or Rotterdam, decided to take up the windpower challenge as early as 2007.

It built a specialised terminal, with roads and platforms designed to take very heavy loads, and turned sheep pastures into industrial parks.

With parliament expected to vote later this month on abandoning nuclear power and the government promising five billion euros (\$7 billion) to develop offshore electricity production, Cuxhaven is eyeing a golden opportunity.

"Of course this is going to help. But we didn't wait for the government to get on with the job," says engineer Rolf Bartelheim of Cuxhaven Steel Construction, a firm that set up shop here in 2009.

Workers busy themselves around the giant tripods which will be sunk in waters from 20 to 40 metres (65 to 130 feet) deep.

Samsung, Apple to end Nokia's smartphone reign: Nomura

REUTERS, Helsinki

Samsung Electronics Co Ltd will become the world's largest smartphone maker this quarter, overtaking struggling Nokia Oyj which has lead the market since 1996, Nomura said on Monday.

In the next quarter Nomura also sees also Apple Inc overtaking Nokia, pushing the Finnish company to No.3 in the rankings.

"Nokia looks set to relinquish its smartphone crown to Samsung and Apple," Nomura analysts said in a research note. "Further emphasising the shift in power to Asia is our forecast for HTC to almost match Nokia during 2012."

Research firms Gartner and Canalsys both said they saw Nokia -- which created the smartphone market with its 1996 launch of the Communicator model -- losing smartphone volume leadership later this year.

"If Nokia's new phones are not well received in the third quarter and (with) the Galaxy S2 ramping up, Samsung might overtake them and become the smartphone leader in Q3," said Gartner analyst Carolina Milanese.

Nokia has lost initiative in the smartphone market to Apple's iPhone and Google Inc's Android devices, and at the lower end to more nimble Asian rivals.

Overall, Nokia still makes more cellphones than Samsung due to its strong position in basic cellphones and its wider distribution network in emerging countries.

Roubini sees 'meaningful probability' of China hard landing

REUTERS, Singapore

China faces a "meaningful probability" of a hard economic landing and the euro zone is storing up problems for the future by not tackling the debt crisis head on, said Nouriel Roubini, the economist who predicted the global financial crisis.

He said US Treasury prices, which have risen sharply as investors sought a safe haven from the euro area debt crisis and worries about a slowdown in the global economy, were fairly valued although he was cautious about US equities.

New York-based Roubini is closely followed by Wall Street because he predicted the US housing meltdown that precipitated the global downturn.

China avoided a hard landing during the global credit crunch but faces a downturn after 2013 as it will struggle to keep increasing fixed investments, Roubini said.

"There is a meaningful probability of a hard landing in China after 2013," he told a financial conference in Singapore.

Roubini said investment was already 50 percent of gross domestic product. Sixty years of data had shown that over-investment led to hard landings, he said, citing the Soviet Union in the 1960s and 70s, and East Asia before the 1997 financial crisis.

"I was recently in Shanghai and I took their high-speed train to Hangzhou," he said, referring to the new Maglev line that has cut travelling time between the two cities to less than an hour from four hours previously.

"The brand new high-speed train is half-empty and the brand new station is three-quarters empty. Parallel to that train line, there is also a new highway that looked three-quarters empty. Next to the train station is also the new local airport of Shanghai and you can fly to Hangzhou," he said.

"There is no rationale for a country at that level of economic devel-



Nouriel Roubini

opment to have not just duplication but triplication of those infrastructure projects."

Roubini said the risks confronting the global economy were evenly balanced. US corporates had strong cash balances of some \$2 trillion and the fact that the global financial crisis was not followed by a great depression were positives.

Persistent debt problems in advanced economies and the fact that U.S. consumption is being sustained by tax cuts and other government support were negatives, he said.

"It is a glass that is half full and half empty," said Roubini, head of an investment advisory firm that bears his name.

Asked about his outlook on US financial markets, Roubini said he would stay defensive on equities but he did not believe there was a bubble in treasuries.

"At current levels, US treasuries are fairly valued. I don't think there is a bond bubble," he said, adding U.S. 10-year bond yields at 3 percent or slightly lower were consistent with the low growth and low inflation outlook for the world's largest economy.

"Every time there is a global bout of risk aversion, and every other week there is another tail risk or black swan event, people dump the euro, dump yen and go to the safety of the US dollar and US treasuries," he added.

US 10-year yields edged up just over half a basis point in Europe on Monday to 2.9802 percent. But they have fallen from 3.7 percent in February and 3.9 percent in April last year.

Other risks to the global economy include the debt problem in Europe's so-called periphery countries and the euro zone's reluctance to address issues head on.

Greece, Portugal and Ireland have been financially bailed out over unsustainable debt levels.

The EU is currently thrashing out a second package for Greece to ensure the country is funded through 2014 but many analysts believe Athens will struggle even then to avoid a harsh debt restructuring in the future.

"Kicking the can down the road, muddling through, extending and pretending that Greece will be better and you buy time... may make the collapse more disorderly over time," he said.

An Indian vendor carries a stack of wooden racks on a cycle in New Delhi yesterday. India's industrial output growth in April halved compared with the same period last year, a newly-structured index showed, easing pressure on the central bank ahead of an interest rate decision.

