

IMF pick Lagarde to face early test with Greece

AFP, Washington

France's Christine Lagarde will confront a major, deepening crisis when she takes over as the first woman leader of the International Monetary Fund next month as Greek protests rock the eurozone.

The French finance minister, respected for her leadership during the financial crises that have shaken Europe over the past three years, has been tapped by the Fund's executive board to take up the five-year job from July 5.

Her victory Tuesday came after the BRIC powers -- Brazil, Russia, India and China -- joined the United States and Europe in endorsing her, dashing efforts by some emerging economies to break Europe's 65-year lock on the job.

Lagarde replaces fellow countryman Dominique Strauss-Kahn, IMF chief since 2007, who resigned on May 18 after being arrested in New York for allegedly sexually assaulting a Manhattan hotel maid. He has denied the charges.

French President Nicolas Sarkozy's office declared the pick a "victory for France," while British finance minister George Osborne welcomed the "good news for the global economy."

Lagarde's choice over Mexican central bank head Agustin Carstens was expected but not assured until Washington gave her its decisive endorsement and the BRIC countries added theirs.

The 55-year-old lawyer, a divorced mother of two and



France's former Finance minister Christine Lagarde (C), who was named the first female chief of the IMF, leaves surrounded by her colleagues after the weekly cabinet meeting in Paris yesterday.

finance minister since 2007, was chosen by consensus rather than a vote of the 24 IMF executive directors, the board said. A European has held the position by tacit agreement with Washington since 1946, and Europe's leaders were determined to have someone already deeply involved in its ongoing crises, especially the one in Greece.

The secretive process, coming after the IMF promised transparency, drew criticism from groups pressing for more

openness at the Fund.

"This travesty of an appointment process undermines the credibility of the IMF," said Luc Lampriere, the director of Oxfam France.

"Rumors had circulated about some openness, but before the candidates were interviewed, the decision had already been made."

Lagarde had to earn the support of the emerging powers, where worries over eurozone stability were accompanied by concerns that she

would be too focused on Europe and unable to take a neutral stance.

She stressed she would work for the Fund's entire membership.

"The IMF has served its 187 member countries well during the global economic and financial crisis, transforming itself in many positive ways," she said in a statement after her nomination.

"I will make it my overriding goal that our institution continues to serve its entire member-

ship with the same focus and the same spirit."

Carstens, who failed to rally developing economies to mount any real challenge, praised Lagarde as "very capable" but added that he hoped she would strengthen IMF governance.

The Fund, which plays a crucial but often controversial role in aiding countries in financial straits, was left reeling after Strauss-Kahn resigned in the middle of tense negotiations over Greece's massive bailout.

Though not an economist, Lagarde has gained wide respect as France's point-woman during its leadership of the G20 as well as in European debt talks.

She faces an immediate crisis on the job with Greece, where protesters and police battled in the streets on the eve of an expected parliamentary vote on the IMF and EU-dictated austerity program to help the country avoid default.

The measures are expected to add to the hardship in its ravaged economy.

"If I have a message this evening about Greece, it is a call to the Greek opposition for it to join in national unity with the party which is currently in power," Lagarde urged in an interview on France's TF1 television.

Looking ahead, she needs to advance reforms of the global finance system to protect against systemic weaknesses coming from some of the most powerful economies, including Europe and the United States.

India sought to join IMF Lagarde consensus: Pranab

REUTERS, Washington

India supported France's Christine Lagarde as the International Monetary Fund's next leader because it wanted to be part of the consensus that was forming around her, Finance Minister Pranab Mukherjee said on Tuesday.

Mukherjee told Reuters in an interview that he thought the IMF's selection mechanism should have been more transparent, but he believed that Lagarde, France's finance minister, was a worthy candidate.

"Of course she has merit. Otherwise, why should I be supporting her?" Mukherjee said.

Mukherjee kept his cards close to the vest, waiting until after the IMF board elected Lagarde as managing director on Tuesday, to reveal his country's support.

The decision kept the IMF's top job in the hands of a European, hewing to a tradition detested by many emerging market countries, which have been seeking a greater voice at the global rescue lender.

But Lagarde won the support of several large emerging market countries, including Brazil and China, over rival candidate, Mexican central bank chief Agustin Carstens.

"We knew both of them, but we wanted to be part of the consensus, and the consensus emerged ... around Christine Lagarde. So naturally we became a part of it," Mukherjee said.

Mukherjee said he met with both candidates, but he noted that Lagarde did not promise to make any reforms on behalf of emerging market countries.

"We didn't discuss any such thing when she met with us because it was not a quid pro quo. There was no question of that," Mukherjee said.

Asked if he would insist that the IMF choose its next leader from an emerging market country five years from now, he said it was too soon to predict anything, adding: "The world may undergo many other changes; therefore, let us wait for that."

Mukherjee was in Washington for annual economic talks with U.S. Treasury Secretary Timothy Geithner. Both sides pledged to deepen cooperation, but did not announce any concrete actions that would boost access to India's growing market for U.S. firms.

Mukherjee said the lack of specific actions was due to the need for legislation that is taking time to win the support of multiple parties. Major legislation for pensions, banking and insurance reforms are still pending.

"I told the secretary and other members (of the U.S. delegation), in India we consider reforms as a continuing process," Mukherjee said in reference to Geithner.

"We do not have a simple, single-party majority in legislature and in parliament. We shall have to carry other people with us and we are exactly trying to do

British airports warn strikes to cause travel delays

AFP, London

Travellers arriving at British airports on Thursday will face delays due to a walk-out by border officials as part of a nationwide strike of civil servants and teachers, airport chiefs warned.

BAA, which runs London's Heathrow and Stansted airports, as well as Edinburgh, Glasgow, Aberdeen and Southampton, said on Wednesday the walkout in a row over pensions was likely to trigger delays.

"We have been informed by UK Border Agency that arriving passengers should expect delays at the UK border on Thursday as a result of industrial action by immigration officers," said a BAA spokeswoman.

The UK Border Agency is responsible for enforcing immigration and customs regulations.

About 70 percent of agency staff -- an estimated 14,000 workers -- are members of the Public and Commercial Services (PCS) union, whose members are set to join the strike.

The UK Border Agency admitted the

walkout could also affect ports and international rail terminals.

"People travelling into the UK may experience delays at border control," said a statement on its website.

"The impact of the strike will be different at individual ports, airports and international rail terminals."

Jonathan Sedgwick, acting head of the agency, added: "We will do everything we can to minimise disruption and inconvenience to travellers but our priority will always be to ensure that the UK border remains secure."

A spokeswoman for British flag carrier British Airways, whose main hub is at Heathrow, said the airline was working to "minimise potential inconvenience to our customers."

"This is clearly an issue beyond our control but we are doing everything we can to protect our customers," she said.

Border agency staff are among about 600,000 teachers and civil servants set to stage a rare nationwide strike over pensions on Thursday in the country's biggest walkout since the coalition government took office last year.

HP to develop cloud products in China

REUTERS, Beijing

Hewlett-Packard Co, the world's No.1 PC maker, is investing heavily in China and plans to develop cloud-computing products here to sell globally, Chief Executive Leo Apotheker said.

This week, HP opened a cloud computing center in the port city of Tianjin, announced a server computer networking and development center in Beijing and said its Personal Systems Group will establish a China headquarters in Shanghai to develop hardware and Internet products.

"China is not only a huge market, it's also a great place to develop products and develop R&D," Apotheker said at a news conference in Beijing.

"Ultimately, we intend for HP to become the center of the cloud and connectivity," he said.

Cloud computing refers to users of computers, smartphones and other devices accessing programs and files kept on server computers rather than installed on individual PCs.

The concept is gaining attention as PC makers contemplate making PCs and other linked devices portals to information and content stored elsewhere.

Apotheker is leading a group of some 20 senior HP executives on a visit to China after a recent management reorganization that put emphasis on developing market share in China and India.

Both countries are crucial to HP, as it duels with Dell Inc in North America and Lenovo Group Ltd and Taiwan's Acer Inc in China.

Greece adopts austerity amid violent clashes

AFP, Athens

Greek lawmakers voted Wednesday for a massive new austerity package demanded by international creditors, amid violent clashes between protesters and police firing tear gas outside the parliament.

An AFP count gave Prime Minister George Papandreou's government the 151 votes it needed to push through measures to save 28.4 billion euros (\$40 billion) by 2015, and so unlock emergency finance from the EU and the IMF.

The yes vote was "the only way to buy time and start the great changes this country needs," Papandreou said in the moments before voting, pledging to do "everything to avoid the collapse of this country," with the plans deemed essential to prevent default on its 350-billion-euro debt mountain.

Papandreou's Socialists lost one vote among their 155 lawmakers, as expected, but also won backing from one opposition MP.

A second vote on the detail behind the measures has still to be held on Thursday.

As clashes between protesters and police rocked the streets outside the parliament for a second day, Papandreou admitted "there is no Plan B" to save Greece, evoking the threat that public salaries and pensions might go unpaid otherwise.

The plan is a condition for 12 billion euros of emergency loans needed by mid-July from stressed eurozone partners and the International Monetary Fund, that could now be unlocked by eurozone finance ministers as early as their next meeting on Sunday.

Clashes had intensified earlier around the parliament, with protesters erecting makeshift barriers on Syntagma Square, as an opposition lawmaker said she would back the government.

Massed ranks of protesters had hurled firecrackers, rocks and metal barriers at security forces over the morning, but Elsa Papadimitriou's



Communist party lawmaker Liana Kanelli enters her car after protesters threw yoghurt on her face as she tried to reach the Greek parliament during a 48-hour general strike in Athens yesterday.

decision made the plan more likely to pass.

"Yes indeed," she said of her decision. "To act with patriotism is to support the consensus and cooperation... The plan is a solution, necessary... but budgetary asphyxiation and economic suicide are not," she added.

One Socialist lawmaker repeated during the debate that he might vote against the package, in protest at plans to sell off part of the state's majority holding in the national electricity company, but with a majority of five Papandreou was secure.

On the second day of a 48-hour general strike, demonstrators, many wearing masks, said they would go toe-to-toe with nearly 5,000 police in a bid to down the hated package of taxes, spending cuts and sell-offs deemed essential for wider eurozone stability.

"It's us or them," 40-year-old lawyer Rena Nenedaki told AFP during separate early-morning clashes downtown. "The new budget plans and the deal with the EU and the IMF will destroy our country -- it will rip the guts out of workers, the unemployed and our children." Economics student Alexandros

added that if the government "doesn't fall, we will stay in the streets for another month if need be."

The strike brought about blanket power cuts and ground transport in the capital to a halt.

European Union and IMF negotiators have made the privatisation of a dozen utilities and other public assets including water and electricity a priority, with the goal of raising 50 billion euros by 2015.

New IMF chief Christine Lagarde had urged opposition lawmakers to support the government and vote for the package, saying Tuesday the austerity measures were needed to save Greece's "destiny".

EU president Herman Van Rompuy said approval of the package was "crucial for the Greek people, but also for the eurozone and the stability of the world economy."

The new measures were drawn up to meet EU and IMF conditions for further bailout support, after a 110-billion-euro rescue last year. Creditors could authorise as early as Sunday 12 billion euros in blocked funds needed to stave off bankruptcy for the Athens government when massive repayments fall due in mid-July.



Japan's telecom company KDDI President Takashi Tanaka (L) poses with Rakuten Chairman and President Hiroshi Mikitani (R) during a photo session of their joint press conference at a hotel in Tokyo yesterday. KDDI and Rakuten announced their business tie-up between KDDI's mobile telephone service "au" and Rakuten's electric money service "Edy."