Europe clears urgent aid to save Greece

AFP, *Brussels*

Eurozone finance ministers cleared the way Saturday for Greece to receive urgent funds to avoid imminent bankruptcy, but warned it would take weeks to conclude a new bailout for the debt-hit nation.

Greece is expected to receive 12 billion euros from the eurozone and IMF by July 15 after the ministers approved the fifth tranche of aid from last year's 110-billion-euro ($160 billion) financial rescue package.

The IMF is due to clear its slice of the next instalment, 3.3 billion euros, next week. The eurozone's share amounts to 8.7 billion euros.

Following a more than two-hour conference call, the ministers said in a statement they would also determine the details of a second bailout for Greece, including the scale of private sector participation, in the "coming weeks."

German Finance Minister Wolfgang Schaeuble indicated that Greece may have to wait until autumn for a new rescue package as Berlin wants Athens to follow through with its commitments, including privatisations "that should begin immediately."

The IMF welcomed Europe's move Saturday.

"We welcome the eurogroup's commitment to a financing strategy that ensures the Greek economic program is fully covered," chief International Monetary Fund spokeswoman Caroline Atkinson said in a statement.

"This commitment -- together with the recent parliamentary passage of the necessary fiscal measures in Greece -- will enable the IMF's executive board to consider the completion of the fourth review and the release of the next tranche under the current stand-by arrangement with Greece."

AFP

A woman holds a "Peace" flag in front of policemen as she demonstrates with other French and US Gaza flotilla activists on Friday in Athens outside the US embassy in Greece to protest against the blockage by international authorities of their boats.

The Greek parliament responded to EU and IMF demands this week by passing 28.4 billion euros in budget cuts and tax hikes, and a 50-billion-euro privatisation programme, despite rioting in the streets of Athens.

Greek Finance Minister Evangelos Venizelos pledged that Athens would fulfill its end of the bargain as he welcomed the release of the next tranche, saying it "strengthened the country's international credibility."

"What is crucial now is the timely and effective implementation of the decisions taken in parliament, so we can gradually emerge from the crisis in the interest of national economy and the Greek citizens," he added.

European diplomats said the eurozone finance chiefs would discuss the second bailout again on July 11 in Brussels but that a decision will likely have to wait until September.

Talks on a new bailout -- expected to be similar in size to the first one -- are tricky because some governments, especially Germany, want private investors to share the pain by agreeing to a voluntary rollover of Greek debt.

Under the scheme banks, insurers and pension funds would buy new bonds to replace those maturing soon.

The eurozone statement said talks with Greece's creditors are underway to define the modalities for a voluntary private sector participation, "with a view to achieving a substantial reduction in Greece's year-by-year financing needs, while avoiding selective default."

The new rescue package would revolve around "a continued strong commitment" from Athens to implement austerity measures as well as "ambitious and concrete structural reform and privatisation plans," the ministers said.

Their plan won the backing Friday of a key global finance group, the Institute of International Finance (IIF), which represents banks, insurers and investment funds.

France, whose banks hold a sizeable proportion of Greek debt, has proposed, among other measures, that lenders roll over their loans into new 30-year bonds, giving Greece more time to put its financial house in order.

German banks made a gesture Thursday by agreeing to extend the maturities of around 3.2 billion euros ($4.6 billion) in Greek bonds due to expire between now and 2014.

Since the eurozone wants to avoid any scheme that would be interpreted as a default, governments are holding talks with the world's powerful credit ratings agencies to determine how they would view the deal, a European diplomat said.

Analysts warn that any Greek default could spill over to other eurozone nations such as Ireland and Portugal, and even Spain and Italy.

"We can't afford to relax and we need to move forward as fast as possible, both on the eurozone and IMF side," Polish Finance Minister Jacek Rostowski, whose country took over the rotating EU presidency, said earlier Saturday.

On Saturday, the United States reiterated calls to Europe to find a lasting solution to the debt crisis.

"It is our hope that European leaders continue to make sure that Europe's response to the crisis is strong, flexible and effective," US Secretary of State Hillary Clinton said during a visit to Madrid.

Vodafone takes full control of Indian mobile group

AFP, *New Delhi*

British mobile phone giant Vodafone is taking full control of its Indian joint venture by buying out its local partner Essar Group, a statement said Saturday, ending a troubled relationship.

Vodafone, which has sought to make India a crown jewel in its expanding emerging markets portfolio, said it will pay Essar Group companies $5.46 billion for the one-third holding in Indian mobile-phone services provider Vodafone-Essar.

"The settlement marks the end of a four-year partnership between Vodafone and Essar in India, during which Vodafone Essar has grown to reach almost 140 million subscribers," the British firm said in the statement.

Vodafone had announced plans for the buyout in March after friction between Vodafone and the Essar Group, founded by billionaires Shashi and Ravi Ruia, became more public over the valuation of Essar's minority stake.

The deal caps a process which began when Vodafone bought a 67 percent stake in Hutchison Essar Ltd from Hong Kong-based Hutchison Whampoa for $11.1 billion in 2007, marking its first foray into India.

The company, which was renamed Vodafone Essar, now is the third-largest mobile operator in India's fiercely competitive market.

Vodafone's pact with Essar gave the Indian conglomerate an option to sell its stake in Vodafone Essar to the British firm for $5 billion.

The figure of $5.46 billion to be paid to the Essar Group is higher than the $5 billion initially announced and reflects tax on the transaction.

However, Vodafone has insisted it doesn't have to pay tax on the initial 2007 deal with Hutchison Whampoa that gave it control of Vodafone-Essar.

It argues the deal was between two companies based outside India while Indian authorities counter that tax must be paid on the transaction because it involved an asset based in India.

India's Supreme Court is slated to hear the dispute over the Vodafone-Hutchison transaction on July 19.

Go Daddy in deal to be bought for $2.25b

REUTERS, *New York*

Web hosting company The Go Daddy Group Inc agreed to be bought by a private equity consortium led by KKR and Silver Lake for $2.25 billion, including debt, people close to the situation said on Friday.

The decision to sell will give Go Daddy access to deep-pocketed backers to buy other firms and broaden its presence internationally, Go Daddy's founder Bob Parsons told Reuters in an interview.

Parsons said using the private equity buyers knowledge of the public markets would eventually aid in the company's IPO should it take that path.

The private equity buyers also include Technology Crossover Ventures. Go Daddy announced the deal but did not disclose the terms.

The buyers were willing to finance the buyout with a larger equity portion than debt, Herald Chen, head of KKR's software and Internet effort told Reuters.

"There is more equity than debt going into the deal because this is a growing company and a growth investment for the investment group, Chen said.

Parsons and the company's board of directors decided to hire Frank Quattrone's Qatalyst Partners during the summer of last year after receiving numerous calls of interest from parties looking to buy the company.

"We have talked to a number of firms and eventually we met the combination of KKR and Silver Lake and just absolutely was amazed what they brought

Embattled Malaysia Airlines in $8b fightback

AFP, *Kuala Lumpur*

Under siege at both the budget and high end of the air travel market, Malaysia Airlines is fighting back with a multi-billion-dollar fleet renewal plan in an effort to secure its future.

Analysts say that in recent years the company has been overshadowed by its aggressive upstart rival, Malaysian budget carrier AirAsia, while Singapore Airlines and others remain formidable competitors in the business sector.

A few years ago Malaysia Airlines was on life support, forced to sell off its headquarters, slash unprofitable routes and fire thousands of staff to avoid bankruptcy.

In 2005 it racked up losses of 1.3 billion ringgit ($386 million) over nine months, a dismal performance that forced the introduction of sweeping reforms which saw the airline swing into the black in 2007.

Now the state-owned carrier is looking to build on the recovery with orders for six long-haul Airbus A380 superjumbos, plus 25 Airbus A330-300s and 45 Boeing 737-800s for regional use, with an option to buy 10 more of the US model.

In all, the bill comes to $8.4 billion.

"By 2015, we will have one of the youngest fleets in the world," the flag-carrier's managing director, Tengku Azmil Zahruddin Raja Abdul Aziz told AFP in an interview.

The firm has already received five Boeing 737-800s and three Airbus A330s, while the first A380 will arrive in the second quarter of next year, he said.

The double-decker superjumbos, the world's biggest commercial passenger plane, will be used to serve cities such as London, the airline's most lucrative destination in Europe.

"What we need to do is to be the best airline serving out of Kuala Lumpur," said Tengku Azmil. "That is what we want to do."

The purchases were part of an ambitious "multi initiative strategy" that also includes reducing fuel and maintenance costs and seeking more market share, he said.

AFP

A Volkswagen Passat TDI clean diesel car is on display at the 2011 Washington Auto Show in Washington, DC. After many fits and starts, diesel cars are gaining traction in the US market, fuelled largely by German carmakers including Volkswagen. Diesel auto sales in the United States revved higher this year thanks to some temporary factors, including a shortage of hybrid cars because of disruptions from the Japanese earthquake disaster.

Europe and US in legal clash over airline emissions

REUTERS, *Brussels*

US airlines will step up their campaign against European Union climate policy next week, with a legal challenge at Europe's highest court to their inclusion in the EU carbon market.

The EU aims to lead the world in fighting climate change, and says it needs to put a price on carbon dioxide emissions to guard against future climate impacts such as crop failures, droughts or flooding.

From January 2012, airlines flying to or from Europe will have to buy permits from the EU's Emissions Trading Scheme for 15 percent of the carbon emissions they produce. They join 11,000 factories and power plants already in the scheme.

Airlines warn of a looming trade war, but the EU says it will not back down. The carriers say their emissions should only be tackled in United Nations bodies, such as the International Civil Aviation Organization (ICAO).

The US government demands an exemption. And on July 5, the Air Transport Association of America (ATA), American Airlines and United Continental will seek to overturn the EU scheme at Europe's highest court.

EU officials say the international talks at ICAO have dragged on since 1997 without bearing fruit and they can wait no longer to start dealing with airlines' emissions.

"We have been patient for many years," EU climate commissioner Connie Hedegaard told Reuters. "Global solutions? I'm all for it. The EU has been fighting for global solutions for many years -- unfortunately, without enough success."

EU lawyers will argue at the European Court of Justice in Luxembourg that the EU only included aviation in its emissions scheme after receiving implicit approval from the U.N. body.

REUTERS

A United Airlines Boeing 747-400 jet airplane takes off from Frankfurt airport.

They will also point to the fact that airlines themselves chose the scheme -- in preference to other tools such as eco-taxes or charges on jet fuel. That stance is well documented.

"Extending the EU ETS to cover aviation is probably the least-cost and most effective way of dealing with aviation's climate impacts in Europe," Brian Pearce, the chief economist of the International Air Transport Association (IATA), wrote in a paper in 2007, when the EU was preparing the move.

Economic analysis by IATA, which represents 93 percent of air traffic, concluded at the time: "The impact on airline profits would be marginal."

US airlines have pursued a similar line at home, with ATA telling Congress that an emissions trading scheme would be roughly a third of the cost of taxes or fuel levies, in a letter seen by Reuters.

Hedegaard added: "The question now is: For how long can a truly global sector claim they want to contribute but not take action and deliver solutions?"

Airlines deny they have zigzagged to avoid regulation, and say their only complaint is with the detail of the EU scheme.

"We welcome the steps the EU took in designing an ETS for aviation, because we see a global ETS-type program as one of the options at the global level," IATA's director of environment, Paul Steele, told Reuters.

"It's not about challenging the whole ETS," he added. "It's primarily the fact the EU is trying to impose the ETS on third- country airlines for flights that largely take place outside European air space. It's the extra-territorial aspect."

Court papers show the US airlines will argue that only their own government has the right to regulate them as they fly over the north American continent or the Atlantic ocean. They will also say the EU has broken aviation's main treaty, the Chicago Convention.

"We are very concerned about the prospects of a trade war," said Steele. "It's not going top solve anybody's issues, and it certainly won't reduce CO2 emissions."