Eurozone makes fresh bid to tackle Greek crisis

REUTERS, *Brussels/Berlin*

Euro zone countries continued to grapple with the thorny issue of involving the private sector in tackling Greece's debt pile as they prepared for a meeting to decide support for the country next week.

"The principle of having a euro chiefs' meeting is accepted by the main players, including Germany," said one EU diplomat, adding that it was likely to happen next week despite earlier signals from Berlin that there was no rush to finalise a second package of aid.

First, however, countries have to agree how to involve private sector investors in tackling Greece's debt burden, a key demand of Germany before it signs off more support for Athens and a step the International Monetary Fund said on Wednesday must be taken.

"Comprehensive private sector involvement is appropriate, given the scale of financing needs and the desirability of burden sharing," the IMF said in its latest review of the debt-choked country.

"Greece's debt service capacity may also need to be bolstered by combining appropriate PSI and official support," IMF officials wrote, referring to private-sector involvement.

Ratings agency Fitch cited continued uncertainty about private-sector participation and foot-dragging on giving more aid to Greece, when it downgraded the country further into junk territory.

Euro zone leaders' agreement to meet followed warnings they needed to act quickly after markets were rattled by the failure of finance ministers to reach agreement earlier this week.

Italian central bank chief Mario Draghi, soon to take the helm of the European Central Bank, and Ireland's premier both said a definitive plan was needed and quickly -- echoing a strongly-worded attack from Greece's prime minister earlier in the week.

The spotlight was taken off the euro zone, at least temporarily, after the Federal Reserve Chairman Ben Bernanke said the central bank could resort to more monetary stimulus if a sluggish U.S. economy weakens further.

Ratings agency Fitch had also countered the bleak outlook in Europe following an earlier downgrade of Ireland to junk status by Moody's when it said Italy could keep its credit status by sticking to fiscal targets.

But many remained on edge after a market attack on Italy and concerns that it too could need assistance, something that would overwhelm the euro zone's existing rescue funds.

"Moody's problem is not with Ireland, Ireland's problem is with Europe," Prime Minister Enda Kenny told parliament, as the cost of insuring Irish debt climbed.

"There is no point in having a meeting that won't bring about a conclusion in a comprehensive sense to something that is not going to go away unless it is dealt with."

WRANGLING

Should the leaders meet, they will need to pin down how private owners of Greek government bonds can be persuaded to shoulder a portion of the cost of a new package for Greece, a key demand of Germany.

They will weigh up the potential impact on markets if securing such involvement is declared a debt default by ratings agencies, as expected.

But countries had appeared to be subsiding into a bout of internal wrangling and risk creating a no-win situation.

"Markets reacted very badly after euro zone finance ministers could not reach an agreement," an EU diplomat said, referring to a finance ministers' meeting on Monday. "If they cannot agree, we take the fight to the highest level."

Herman Van Rompuy, the presides over meetings of EU leaders, had originally informed ambassadors he wanted to hold a summit on Friday evening.

But Europe's biggest economic power, Germany, which one EU official said was angry about being "backed into a corner", was reluctant, pushing the date of the gathering into next week.

STRESS TESTS

Another concern of leaders are the results of stress tests of European banks.

That could have a further impact on Italy, where bank stocks and the bond market have been hit by growing concerns that the euro zone's third-largest economy could be next in line after Greece, Ireland and Portugal to suffer debt contagion.

Draghi said Italian banks would comfortably pass the tests but echoed Kenny's call for a comprehensive EU response to the spreading debt crisis.

AFP

Libyan opposition National Transitional Council (NTC) leader Mahmud Jibril (L) and European Commission President Jose Manuel Barroso give a press conference on Wednesday at EU headquarters in Brussels.

Indian firms top world sales growth

REUTERS, *London*

Indian companies' sales growth has soared past the rest of the world in the past five years, posting annual average rises of 27 percent compared to just 5 percent for firms in developed countries, an Ernst and Young survey found.

Indian sales growth was also far higher than the average of 16 percent for the developing world as a whole, according to the 2006-2010 study which compared the performance of 150 companies in rapid-growth markets with 80 leading US and European firms.

"Some of these gains (in developing countries) are due to the exceptional growth of their domestic economies. Others have benefited from rising raw materials prices, particularly mining and oil and gas companies," Ernst & Young said.

"Developed market companies suffered more from the financial crisis than those from rapid-growth markets. Except for a knock against exports, the economic downturn was experienced as a distant concern in the rapid-growth markets.

After India, Brazilian companies saw the next fastest growth of with a 22 percent rise on a compounded annual average basis, followed by Russia and China with 17 percent each.

Malaysian, Polish, Indonesian and South African firms also enjoyed double-digit sales growth, the study showed.

Companies from the developing world also enjoyed better operating margins, posting an average of 24 percent compared with 18 percent for the developed market companies.

Ernst & Young said that while lower labour costs and lighter regulation were partly behind the better margin performance, it added: "Margins are also increasingly being driven by the fact that many of these companies are now world-class operations that command real intellectual property."

Moreover, the study found that 31 percent of the world's top 1000 companies by market capitalisation now come from the rapid-growth markets. This is up from 10 percent in 2000.

Twitter gears up auto-ads for big clients

REUTERS, *San Francisco*

Twitter is courting bigtime advertisers and will soon allow them to tailor, automate and publish ads in bulk directly onto the Internet microblogging service, according to two people with knowledge of the matter.

The company will soon provide a so-called application programming interface, or API, that will help advertising agencies and corporations deliver large volumes of ads on Twitter. Access to the API, which Twitter plans to begin in the fourth quarter, will initially be rolled out as a test involving a limited number of partners, the people said.

The move could provide a boost to Twitter's fledgling advertising business by opening the door to large online marketing agencies that rely on specialized software tools to deliver a blizzard of ever-changing ads on popular websites like Google and Facebook.

"It would increase the opportunity for advertisers to participate in that marketplace. Right now you've got to talk to a salesperson" to run an ad on Twitter, said one of the sources, who wished to remain anonymous because details of the new service are confidential.

The move could also pose a risk to Twitter for consumer backlash if it results in a barrage of ads to users of the service, particularly if the promotions are of the less-exhalted variety like ads for teeth-whitening and weight-loss products. So far, Twitter has taken a go-slow approach to advertising for fear of annoying users with intrusive promotions.

The five-year-old company is taking steps to ramp up its revenue at a time when its valuation is surging and anticipation mounts that it could follow in the footsteps of LinkedIn and Groupon by floating shares in an initial public offering.

According to a recent report in the New York Times, Twitter is seeking to raise $400 million in funding at an $8 billion valuation.

Many details have yet to be hammered out, but the sources say that Twitter's advertising API will initially let advertisers automatically deliver ads for two ad formats on its website: Promoted Tweets and Promoted Accounts, according to another one of the sources.

Promoted Tweets allow an advertiser to effectively sponsor any of the 140-character text messages that users send on Twitter, while Promoted Accounts let an advertiser promote its Twitter account to users of the service.

While Twitter is among the most popular Internet social networking companies with more than 200 million registered accounts, its advertising efforts have lagged those of larger rival Facebook, which is expected to generate $4 billion in ad revenue this year.

NEW KID ON ADVERTISING BLOCK

Twitter, which only began offering advertising on its service in April 2010, currently has roughly 600 advertisers, and is expected to generate about $150 million in ad revenue this year, according to estimates by research firm eMarketer.

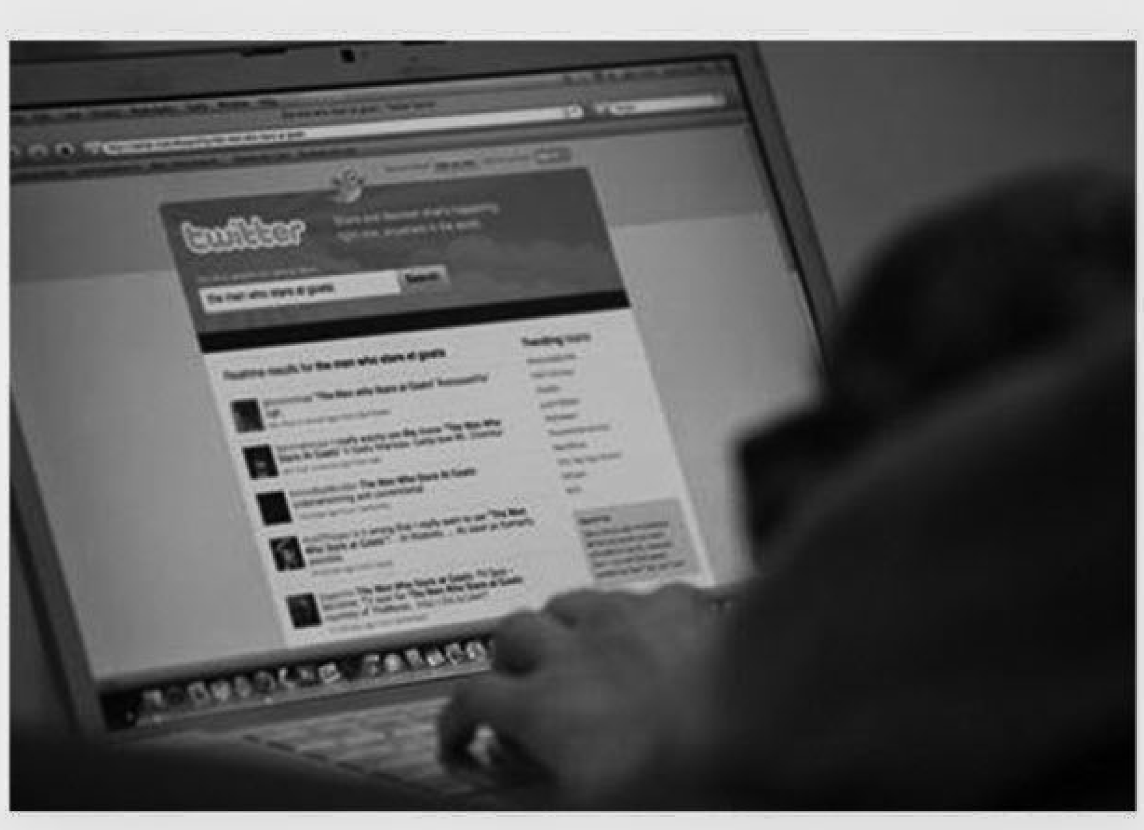
"We're always thinking of ways to help marketers get more value from advertising on Twitter," said Twitter spokesman Matt Graves in an emailed response. He declined to comment specifically on Twitter's advertising API.

An API is a standardized set of technical specifications which allow different software programs to communicate and interact.

Twitter's forthcoming advertising API could complement a self-serve advertising system, which the company has said it plans to introduce by the end of the year.

Websites like Facebook and Google offer basic advertising self-serve features designed to ease the process of buying ads by small businesses. The systems allow an advertiser to fill-out online forms to set certain parameters of the ad, including the text displayed in the ad and the price they want to pay.

That kind of system is not well-suited for larger advertisers that need to buy ads in bulk. Companies that rely on heavy online marketing such as Groupon and Zynga, as well as ad agencies representing multiple clients, often run large-scale online ad campaigns that can involve blasting thousands of different permutations of an ad.



REUTERS

A man types on a Twitter page on a laptop computer in Los Angeles.

Lafarge in talks with Etex to sell plaster assets

REUTERS, *Paris*

French cement maker Lafarge SA has entered exclusive talks to sell most of its plaster activities in Europe and South America to Belgium's Etex Group for 850 million euros ($1.2 billion).

The deal would mean Lafarge, the world's largest cement maker, will exceed its target of selling at least 750 million euros worth of assets as part of a plan to cut its debt by 2 billion euros.

Lafarge, which took on debt to finance the purchase of Egypt's Orascom Cement for 8.8 billion euros in 2007, also plans to fund its debt reduction by cutting the dividend payment and other cash outlays.

Lafarge shares were up 1.4 percent at 40.20 euros in morning trade, the top gainers in the French CAC 40 index of blue chip stocks, having lost 15 percent since the beginning of the year.

Lafarge Chief Executive Bruno Lafont said on Thursday he expected to complete the transaction before year-end.

"There are a certain number of important steps which include consultation with staff and the competition authorities and all this should lead us to conclude before the end of the year," he told Reuters in an interview.

The transaction gives the combined units being sold an enterprise value of 1 billion euros. Lafarge will retain a 20 percent stake in the new entity created to control the activities which it could sell to Etex

China almost doubles rare earth export quota

AFP, *Beijing*

China on Thursday nearly doubled the export quota of rare earths for the second half of the year to 15,738 tonnes, amid tensions with trade partners over its grip on the shipments of raw materials.

The quota for the next six months of the year is up 97.3 percent from the 7,976 tonnes set for the same period last year, according to data from the Ministry of Commerce.

It was unclear whether the quota covered iron alloys containing rare earths -- a rule Beijing announced in May as part of efforts to further tighten control over the increasingly lucrative metals.

EU trade commissioner Karel De Gucht -- who met with Chinese commerce minister Chen Deming on Thursday to discuss a range of issues including rare earths -- declined to comment specifically on the quota changes.

But De Gucht -- a vocal critic of China's restrictions on the highly sought after metals -- said that "what industry needs is predictability" and he urged China to publish the quotas "more in advance".

"They have already indicated that they are going to change their policy and they realise that they have to change the policy," he told reporters after a four-hour meeting with Chen.

China produces more than 95 percent of the world's rare earths -- 17 elements critical to manufacturing everything from iPods to low-emission cars and missiles.

Beijing, keen to burnish its green credentials and tighten its grip over the highly sought-after metals, has started cleaning up the industry by closing illegal mines, restricting overseas shipments and hiking export taxes.

In December, it slashed the export quota of the metals for the first half of the year to around 14,450 tonnes, down 35 percent from the same period in 2010, after cutting the maximum by 72 percent for the second half of 2009.

The moves have led to a spike in international prices of the elements and triggered mounting complaints from foreign buyers.

AFP

Russian President Dmitry Medvedev (R) and his Swiss counterpart Micheline Calmy-Rey (L) attend the inauguration of the cement plant of the Swiss company Holcim in the city of Kolomna, some 100 kms of Moscow, on Wednesday.