

G20 finance chiefs aim to change destiny of global economy



Finance ministers and central bank governors pose for a group photograph at the G20 Finance Ministers and Central Bank Governors Meeting in Cairns yesterday. Finance ministers from G20 nations met in Cairns as they grapple with how to achieve a lift in global growth by 2 percent while being held back by a sickly eurozone recovery.

AFP, Cairns, Australia

Finance chiefs from G20 nations held talks Saturday, confident they can "change the destiny of the global economy" despite rising world political tensions and mounting fears of financial instability.

The meeting in Cairns aims to thrash out a set of policies to achieve the ambitious goal of raising the total GDP of the 20 major world economies by two percent over the next five years, a target they set in Sydney in November.

Finance ministers and central bank governors, including US Federal Reserve chairwoman Janet Yellen, want to be able to take their plan to the G20 leaders' summit in Brisbane in November.

A high-level G20 source said of Saturday's discussions: "There was no longer talk about growth versus

austerity. Now it is all about how we can grow our economies.

"What we found is that extremely good progress has been made towards the two percent objective," he added. "Everyone supports that agenda."

The source acknowledged that the "global picture" of economic growth was "very uneven", but added that all members of the Group of 20 "will continue to sustain their efforts" to reach the target.

Australian Treasurer Joe Hockey, who is chairing the meeting, said as he opened the summit that he was buoyed by the more than 900 submissions that had been made by participating countries to meet the goal.

These involve reforms to accelerate infrastructure investment, steps to strengthen financial reform and the opening of econo-

mies to free trade.

"We are determined to make the world a better place -- to grow the global economy, to create more and better paying jobs, to build the infrastructure to ensure children get better quality water, education and healthcare," he said.

"I have no doubt that as a result of the deliberations of this meeting this weekend, followed by the leaders' summit in Brisbane in November, that we have the opportunity to change the destiny of the global economy."

Despite the upbeat comments, with the OECD downgrading its world growth forecasts this week amid a stalling eurozone recovery and weakening emerging economies, the task has become more complicated.

There is also mounting concern about the impact on emerging

economies of the US Federal Reserve's shift towards tightening its monetary policy next year, while political tensions in Ukraine and the Middle East have spooked some investors.

Hockey added that there is a consensus that Russia should attend the leaders' summit in November, despite alarm over Moscow's actions in Ukraine.

"We've consulted with a number of countries and the emphatic view came back that of course we expect Russia to attend the G20," he said.

"They are a member of the G20 and we expect that they would attend the G20 meetings."

A Russian delegation is in Cairns, led by deputy finance minister Sergei Storchak.

Capital Economics senior global economist Andrew Kenningham said he was not expecting any fireworks

from Cairns. "Few analysts will be waking up early this weekend to read the communique," he said.

"It is likely to cover a lot of familiar ground. No doubt it will be full of good intentions -- but the key question is how much will be implemented." But he added that "the G20 focus on promoting growth makes a lot of sense."

OECD secretary-general Angel Gurría said difficult reforms to drive economic activity were more essential now than ever with global growth struggling.

"Why would you reduce the ambition when precisely what you need is the growth," he told The Australian newspaper.

"Why do you think some countries are doing better now? It's because they did the structural changes. They went in earlier and now it is starting to produce a benefit."

Shells leave Ukraine's coal miners digging for survival

AFP, Vilkhivka, Ukraine

They spend much of their day clearing their gardens of shrapnel, digging up potatoes or chopping wood to prepare for the fast-approaching winter.

The coal miners of the village of Vilkhivka in eastern Ukraine haven't been working for months, forced to down tools by the shells they say are still falling almost every day.

"As miners, we used to get coal for the stove," says Pavel Krivonosov, 64, who despite his age still used to work at the nearby state-owned Zhdanivka mine.

"Now the mine is shut, so we'll have nothing for the winter. And without electricity..." he trails off. "It can get down to minus 30, with the wind it's even worse."

He surveys the last crop of tomatoes, grapes and red peppers in his large vegetable garden, collecting mortar shrapnel and other fragments from various munitions into a grey metal bucket.

Vilkhivka, which lies about 50 kilometres (30 miles) from the main rebel stronghold of Donetsk, has been caught in the firing line as Ukrainian forces shell the pro-Russian separatists dug in nearby.

The village has been without water and electricity for more than a month. Half of its 600 inhabitants, those who could afford to, have left. Those remaining are miners without jobs, without money.

"We haven't had any wages or anything for three months," chimes in Krivonosov's neighbour Oleksandr Gabrichuk, 40, his brow glistening with dirt-brown sweat. "The pumps have been shut down, the mine is flooded. It'll take a year to get it started again," he says. "We're surviving on what we can get from the garden, that's all."

The fighting that has raged across eastern Ukraine since April has killed nearly 2,900 people and sent at least 600,000 fleeing devastated towns and cities.

Many of the once-powerful steelworks, coal mines and factories that form the backbone of Ukraine's heavy industry have ground to a halt and the country is now relying on a massive international aid package to stay afloat.

The IMF approved a \$17 billion line of credit in April as part of a global \$27 billion rescue but has warned even that might not be enough to shore up its finances.

Government figures show that national coal production -- which is concentrated in the eastern rustbelt known as Donbass -- plunged by half from January to August.

In May, the cabinet ordered the sale of dozens of state-owned coal mines, most of them loss-making ventures that benefited from government subsidies to keep running.

Tim Cook puts personal touch on iPhone 6 launch



AFP

First in line, Francisco Naranjo prepares to rush in as the doors are opened for people waiting to buy the new iPhone 6 and iPhone 6 Plus, at the Apple store in Pasadena, California, Friday. The California tech giant has said more than four million pre-orders were received in the 24 hours after the sale of the new devices was announced.

AFP, San Francisco

Apple chief Tim Cook personally kicked off sales of the iPhone 6, joining in "selfies" and shaking hands with customers Friday outside the company's store near his Silicon Valley home.

Cook was dressed in a black T-shirt and jeans as he worked his way from one end to the other of the long queue outside the Apple Store in the city of Palo Alto shortly before it opened.

"I want to share in the excitement," he said in response to a question from one of the reporters tagging along as Cook welcomed devotees who made the pilgrimage to get Apple's new big-screen smartphones on launch day.

When asked by to pose for a picture with a fan, Cook quipped "Sure, as long as it's with an iPhone."

Cook said that he has had both an iPhone 6 and an iPhone 6 Plus for months in what is "a privilege of being at Apple."

He took part in a clapping countdown inside the window-walled shop before swinging open a glass front door to let iPhone 6 buying there commence.

Cook's local Apple Store was among the last to join in an iPhone 6 roll-out that began many time zones away in Australia.

Television news footage from Australia showed a man identified as the first iPhone 6 buyer drop his new pur-

chase while fumbling it out of packaging to show a reporter.

Buyers from China, deprived of the latest iPhone launch at home, were Friday among the first in line in Japan to grab the "6" and its new large-screen cousin as Apple hit back at rivals.

Licensing problems in China meant the global rollout went ahead without the huge and lucrative market, in a blow to Apple which had trumpeted its inclusion in the initial wave of the last iPhone launch.

Both new iPhones have larger screens in what some consider Apple catching up with the "phablet" trend pioneered by competitors.

The iPhone 6 has a screen of 4.7 inches and the 6 Plus is 5.5 inches, reflecting a growing preference for bigger displays, despite Apple's earlier vow to stick with the traditional size.

Main rival Samsung has long had a range of larger handsets, which are popular in Asia, and will soon release a new Galaxy Note 4 phablet.

Apple says more than four million pre-orders were received in the 24 hours after the sale was announced.

Other markets launched Friday are Singapore, Britain, France, Germany, the United States, Canada and Puerto Rico. Some 20 more countries will get the new iPhone from September 26.

Alibaba IPO to boost employee fortunes to \$8b

AFP, Shanghai

Employees of Chinese e-commerce giant Alibaba will see their fortunes swell to nearly \$8 billion as the company prepares a massive US stock offering that could be valued at \$25 billion.

Alibaba on Friday priced its stocks at the top end of the \$66-\$68 range before its trading debut on the New York Stock Exchange, according to documents filed with US regulators.

The offer price would make stocks owned by some 6,000 employees -- both former and current of the group and its affiliates -- worth nearly \$8 billion in total. The employees held a combined 4.8 percent stake before the offering.

Alibaba could raise as much as \$25.02 billion from its initial public offering (IPO) if options are exercised for additional demand, dwarfing the record \$22.1 billion IPO by China's AgBank in 2010.

But founder Jack Ma had asked employees to be prepared for the changes this IPO could bring along and warned of possible challenges.

"We've worked hard, but not just so we could turn into a bunch of tuhao," Ma reportedly said in an internal letter sent to employees in late July, referring to a Chinese expression of "new money".

The letter was widely reported in China's state media in July. Founded in 1999, the Hangzhou-based company has become China's dominant e-commerce company in just 15 years. Its consumer-to-consumer platform Taobao is estimated to hold more than 90 percent of the Chinese market with over 800 million product listings and around 500 million registered users.

"Today's Alibaba is different from what it was before, the society, the public, and even the government will have difference views and expectations of us," Ma said in the letter. "We must be mentally prepared."

Alibaba: a 'crocodile' of online shopping

AFP, Shanghai

Alibaba has become by far the dominant e-commerce company in China, a country with the world's greatest number of Internet users, in only 15 years.

The Hangzhou-based company is largely unknown outside Greater China, but a historic listing on the New York Stock Exchange Friday and its recently-launched US shopping website, 11 Main, are expanding its global stature.

By raising \$25.02 billion, Chinese online giant Alibaba has broken the record for the largest initial public offering in history.

With ambitions beyond online retailing, the company is guided by Jack Ma, a diminutive yet charismatic onetime English teacher who is now a billionaire entrepreneur.

"Fifteen years ago, Alibaba's 18 founders were determined to set up a global Internet company originated by Chinese people, with hopes it would become one of the world's top 10 Internet companies, a company which will exist for 102 years," Ma said in May, meaning the company would span three different centuries.

"We have a dream," said Ma, who was on the floor of the New York Stock Exchange on Friday before trading opened.

"We hope in the next 15 years the world will change. We want to be bigger than Wal-Mart."

Alibaba had originally planned to list in Hong Kong, thereby staying on Chinese soil, but talks between the company and the exchange broke down last year because listing rules prevented Ma and top management from retaining control over the board of directors.

The controversial structure has proved to be an issue even with a US listing, prompting Alibaba to disclose the identities of more than 20 partners who have the power to appoint a majority of the corporate board.

"Unlike dual-class ownership structures that employ a high-vote class of shares to concentrate control in a few founders, our approach is designed to embody the vision of a large group of management partners," it argued in a filing with US

regulators.

Ma chose the name Alibaba from "1,001 Nights" because it is easily pronounced in both Chinese and English, and the literary work's "open sesame" catchphrase signifies the company can "open a doorway to fortune for small businesses".

Alibaba is often described as the Chinese version of eBay. Like the US company, it has its own payments system, though it puts less emphasis on online auctions in favour of instant transactions.

Alibaba bested eBay in China over a decade ago, essentially forcing it to retreat.

"eBay may be a shark in the ocean, but I'm a crocodile in the Yangtze River. If we fight in the ocean, we lose, but if we fight in the river, we win," Ma is famously quoted as saying.

Unlike another US online retailing giant, Amazon, Alibaba has no product stocks itself, instead connecting buyers and sellers.

Its consumer-to-consumer platform, Taobao, is estimated to hold more than 90 percent of the Chinese market with over 800 million product listings and around 500 million registered users.

Taobao's presence is so pervasive in a country with more than half a billion Internet users that it has entered the lexicon: "Taobao Villages" are settlements of sellers

while "Taobao Girls" are young women who model clothes on the site.

Another Alibaba platform, Tmall.com, is estimated to hold over half the market in China for business-to-consumer transactions.

Domestic competitors include JD.com, which listed on the US Nasdaq market in May, and a newly created upstart backed by property conglomerate Wanda Group -- the company of Wang Jianlin, who is worth \$16 billion, according to publisher Forbes.

The surge in Alibaba's share price following its debut Friday lifted Ma's personal net worth to about \$17 billion, making him the new richest man in China, Forbes said.

Ahead of the flotation, Alibaba has embarked on an acquisition frenzy aimed at expanding beyond its traditional online commerce business, though critics say it is already spending the money it will raise.

Recent deals include buying a 50 percent stake in China's top football club Guangzhou Evergrande, purchasing domestic mobile browser developer UCWeb and paying \$1.22 billion for a stake in top Chinese online video platform Youku Tudou.

Alibaba said it recorded profits of nearly \$2 billion on revenue of \$2.5 billion for the quarter ending June 30.



AFP

Alibaba CEO Jack Ma, centre, and his company's other executives arrive at the New York Stock Exchange in New York on Friday.