

British banks face tax on bonuses: reports

LONDON (AFP) — Britain's government is considering slapping a "supertax" on bankers' bonuses amid fears of a lavish season for senior staff despite the global financial crisis, reports said Monday.

Chancellor of the Exchequer Alistair Darling is mulling the levy on bankers handed bonuses above a certain level, and it could be included in his latest taxation and spending plans to be revealed on Wednesday, the Financial Times said.

Staff at British banks as well as the British arms of overseas-based firms, such as Goldman Sachs, JP Morgan and Deutsche Bank, could be hit with the new 12-month tax, the BBC said, citing unnamed Treasury officials.

The tax could appeal to voters in recession-hit Britain amid anger over huge bailouts to struggling banks following the global downturn, and a row over bonuses planned for staff at state-rescued Royal Bank of Scotland.

Chancellor of the Exchequer Darling delivers his pre-budget report against the backdrop of national debt and a record recession ahead of a general election by mid-2010 that his ruling



Labour Party is tipped to lose.

Darling is expected to focus Wednesday

on fixing Britain's public finances, which have buckled under the weight of the bailouts of the

Copenhagen climate summit: businesses need a clear signal to start investing

The Copenhagen Climate Change conference has been billed by Lord Stern as the "most important meeting since the Second World War."

The date has been in my diary for the last 2 years. And like a long awaited sporting event such as the Olympics or the World Cup, the kick-off finally takes place.

I remember the drama of the conference in Bali in 2007, when the chief UN negotiator broke down in tears under the stress of the negotiations.

And then the Bush administration finally yielded to the calls of the other nations and agreed a timetable for a new 'Global Deal' on climate change — a successor to the Kyoto Protocol.

At stake is an agreement to reduce the carbon emissions of the whole planet over the next 40 years. The goal is to limit the rise in temperature to just 2 degrees centigrade and avert the potentially catastrophic consequences on our ecosystem that could put mankind itself, at risk.

Negotiators are aiming for both a target for the world to reduce its emissions by 2050 and specific targets for countries to reduce emissions by 2020.

Critical to a deal is an agreement on financial support for developing nations, which could cost as much as \$100b per annum by 2020. Who pays and by when is a key sticking point.

If the agreement is made, it should definitively fire the starting gun on the race to a low carbon economy. It could be the most dramatic business revolution in history, comparable to the boom in information technology, or the industrial revolution itself in terms of transformation.

The entire energy system needs to de-carbonize at a terrific rate. For example, the UK could generate 25pc of its electricity from wind in only 10 years time and be nearly carbon free in 20 years.

Over the next 10 years, new cars will be electric or possibly hydrogen powered. New homes will be 'passive', requiring no central heating and relying on renewable energy such as solar power or ground source heat pumps.

The nature of business will change. For many, it is a huge opportunity for growth. The winners will be those companies which have a first mover advantage in products and technology. For example, the UK could create 70,000 jobs in offshore wind alone by 2020 and needs to build two turbines the height of the Gherkin building in London every day for next ten years.

However, laggards could put their business at risk, if they fail to plan for the new business environment.

Many countries enter the negotiations with pledges for carbon reductions. But they are not yet enough.

And there is no agreement yet on the financing. There will be hard work ahead. The business world needs a strong signal to enable it to act. But a deal is in prospect. We must wait to see if it delivers.

Bruce Duguid is Head of Investor Engagement at The Carbon Trust.

(Source: Telegraph)

A web of classified ad rivals challenges Craigslist

Globally, upstarts led by OLX move to edge Craigslist out of fast-growing local classified advertising markets and to crack its dominance in the U.S.

Fabrice Grinda is bullish on Brazil and betting big on Internet classified ads in South America's largest country.

This year, Grinda's New York-based company OLX opened an office in São Paulo, hired locals to translate the OLX site into Portuguese, asked top real estate brokers and auto dealers to offer low-priced listings, and recruited an executive from eBay (EBAY) in Latin America.

That approach has worked well for OLX in Mexico, Spain, Portugal, Russia, and a handful of other countries.

And in September, OLX became the leading classifieds site in Brazil, surpassing local rival QueBerato in visitors, according to researcher comScore (SCOR).

Craigslist, which has come to dominate the U.S. and other markets by charging no fees for most ads, is a distant No. 42 in Brazil, according to comScore.

"I would like to think we have a chance to become the Craigslist of the rest of the world," Grinda says.

Craigslist is a worthy target. Founded in 1995, the popular site for free online listings has almost single-handedly replaced the classifieds business of print newspapers and now dominates the U.S. online market.

Yet critics say Craigslist has done little to innovate, ignoring opportunities to expand through search, social networking, and wireless communication.

It's also been slow to penetrate some developing overseas markets. Internationally, Craigslist is "asleep at the wheel," says Grinda.

New players are raring to overhaul online classifieds. "Classifieds have gone through two chapters," says Craig Donato, co-founder



and CEO of classifieds startup Oodle.

First came newspapers, then Craigslist, he says. "We are focused on the third chapter." Craigslist declined to make an executive available to comment for this story.

Most of the innovation in classifieds has happened in specific areas such as job postings on Monster (MWW) and real estate listings on Trulia.

"Those sites all have a lot of traffic and they co-exist with Craigslist," says Greg Sterling, founding principal of researcher Sterling Market Intelligence.

Jobs are one of the few areas where Craigslist charges a fee for postings. It also charges for New York real estate listings.

Newcomers find it tough to challenge Craigslist's array of listings, which range from used Apple (AAPL) iPods, to beachfront properties in Miami, to solicitations for "casual encounters," often a euphemism for consensual sex.

OLX starts are making headway. In 2009, its fourth year, OLX became the world's second-most-visited online classifieds property, leapfrogging eBay's Kijiji sites and approaching Craigslist.

Co-founder and CEO Grinda says the site encompasses 90 countries and 40 languages, compared with Craigslist's 70 countries and 6 languages.

Unlike the more established site, OLX works hands-on with locals in all its major markets to translate its services and to relate to merchants in the community, Grinda says.

Hands-off Craigslist relies mainly on local sellers to post listings. It does next-to-no marketing.

OLX makes money by promoting ads to the top of listings, charging \$2 to \$10 a week. The company saw its first profit in June and expects more than \$10 million in sales this year.

(Source: BusinessWeek)

TCW fires investment chief Gundlach in metropolitan purchase

TCW Group Inc., the Los Angeles-based money manager overseeing \$110 billion, fired Chief Investment Officer Jeffrey E. Gundlach and replaced him as fixed-income head with the co-founder of a bond firm it acquired.

Gundlach, 50, whose bond fund outperformed Bill Gross's Pimco Total Return Fund over the last 10 years, was "relieved of his duties" and will be succeeded by Tad Rivelle, investment chief at Metropolitan West Asset Management LLC.

TCW, which didn't disclose a purchase price, said in a statement yesterday that it "deeply regrets" having to take this action.

The sudden departure of a fund executive of Gundlach's stature is "exceedingly rare," Eric Jacobson, director of fixed-income research at Chicago-based Morningstar Inc., said in an interview.

"In terms of surprises, I can't think of anything else to compare it to."

Societe Generale SA, the French bank that owns TCW, has said it would consider taking the fund unit public and hired Citigroup Inc. in July to explore changes to the firm's ownership structure.

Gundlach, who worked for TCW since

1985, held conversations earlier this year with rivals including Legg Mason Inc.'s Western Asset Management Co. and BlackRock Inc. about a role at those firms, according to people familiar with the talks.

The conversations ended and no agreement was struck, the people said.

Beating Pimco Gundlach's \$11.9 billion Total Return Bond Fund has returned 22 percent this year, beating 95 percent of funds with a similar investment style, according to Bloomberg data.

Over the past 10 years, it averaged 7.9 percent a year, topping the 7.7 percent annual return for Pacific Investment Management Co.'s Total Return Fund, managed by Gross, according to Morningstar Inc.

Gundlach couldn't be reached for comment. Erin Freeman, a TCW spokeswoman, declined to comment beyond the statement.

Gundlach was recently nominated, along with Gross, for Morningstar's fund-manager-of-the-decade award in the fixed-income category. He won the research firm's annual award in 1996.

"Any time an organization of their size loses its chief investment officer, it's a

significant event," Geoff Bobroff, a fund consultant in East Greenwich, Rhode Island, said in an interview.

He said the frank language in TCW's statement was "highly unusual."

"Normally a company would say he was leaving to pursue other interests," Bobroff said.

TCW said Rivelle will be head of high-grade fixed-income investing after the acquisition is completed in the first quarter of 2010, and that Michael Reilly has been named head of equities.

The Metropolitan West acquisition will add \$30 billion in assets and 115 employees, TCW said.

TCW was founded in 1971 by Robert Day. About two-thirds of its assets are in bonds and remainder in stocks and alternative investments such as hedge funds.

The firm was one of nine money managers selected in July to participate in the Treasury Department's Public-Private Investment Program.

It matches private money with government capital and loans to fund the purchase of troubled securities from U.S. banks in an effort to help revive the economy.

(Source: Bloomberg)

banks and a sharp economic downturn that has slashed taxation revenues.

Ahead of the report, Prime Minister Gordon Brown will set out plans for cutting public spending by 12 billion pounds over four years, as he details the government's plans to slash the massive budget deficit.

"The proposals we are setting out in this plan - which is just one element of our efforts to reduce the deficit - will go further than we have ever gone before in streamlining central government," Brown is to say.

Darling on Sunday told BBC television that the government would not be "held to ransom" over bonuses but appeared to play down the prospect of new taxes on the financial sector.

"We are not going to be held to ransom by people who believe you can pay extraordinarily high bonuses without regard to what's going on," he said. "With all matters of tax - whether it's individuals, whether it's companies - you've got to be fair, you've got to be reasonable," he added.

"You've also got to have an eye on what the long-term result of all this might be."

The move comes as RBS, 70-percent state-owned, reportedly wants to pay 1.5 billion pounds (1.6 billion euros, 2.4 billion dollars) in bonuses to banking staff, and the board has threatened to quit if the government blocks the move.

Some observers blame the bonus culture of the world's two preeminent financial sectors -- the City of London and Wall Street -- for encouraging excessive risk-taking, which helped to tip the global economy into chaos.

Stock futures signal dip, eyes on Bernanke



Stock index futures pointed to a lower open on Wall Street on Monday, with futures for the S&P 500 down 0.62 percent, Dow Jones futures down 0.53 percent and Nasdaq 100 futures down 0.52 percent, at 0840 GMT (03:40 A.M. EST).

Investors will keep a close eye on Federal Reserve Chairman Ben Bernanke, due to speak at the Economic Club of Washington at 1700 GMT, as the market seeks clues on the outlook for interest rates following data showing U.S. employers cut a far-fewer-than-expected 11,000 jobs in November, the smallest decline since the start of the recession in December 2007.

The projected long-term cost of the U.S. government's bailout of the nation's big banks is going to be at least \$200 billion less than previously thought, a Treasury Department official said on Sunday night.

U.S. energy firm ExxonMobil Corp (XOM.N) has finalized a gas sales contract with Japan's Tokyo Electric Power (9501.T) for its project in Papua New Guinea, putting the \$15 billion development on track for approval on Tuesday.

Intel Corp (INTC.O) has scrapped plans to launch an advanced graphics chip based on its novel Larrabee design, after concluding that delays in the project would make it uncompetitive, a spokesman said on Sunday.

Bayer (BAYG.DE) and Johnson & Johnson (JNJ.N) have ruled out delivering data requested by U.S. regulators on their anti-blood-clotting pill Xarelto this year, playing it safe for the potential blockbuster's largest market.

Five senior executives at American International Group (AIG.N) told the insurer last week they may quit if their compensation was cut significantly by the U.S. pay czar, the Wall Street Journal reported on Sunday.

Clear Channel Communications Inc's outdoor advertising business is in talks with lenders to raise as much as \$2.5 billion in the high-yield market, the Wall Street Journal reported, citing people familiar with the matter.

Press reports over the weekend suggested Hershey (HSY.N) was in talks with Nestle (NESN.VX) over the possibility of forming a consortium to bid for Cadbury (CBRY.L) after Kraft Foods (KFT.N) on Friday formally launched its 713 pence a share offer for the British confectionery group.

Mexico's top retailer Wal-Mart de Mexico, or Walmex (WALMEXV.MX), said on Sunday it had signed a deal to buy Walmart Centroamerica, the local division of Wal-Mart Stores, Inc (WMT.N).

Japan's Nikkei average climbed 1.5 percent to a six-week closing high on Monday, with exporters boosted by the dollar's surge against the yen late last week after better-than-expected U.S. jobs data fanned recovery hopes.

European stocks dropped 1.1 percent in morning trade, reversing sharp gains made on Friday, led lower by banking shares such as Barclays (BARCL.L) and HSBC (HSBAL.L) that were hit by news that Britain was still considering some kind of windfall tax on bankers' bonuses.

U.S. stocks climbed on Friday as data showed the economy shed far fewer jobs than expected last month, brightening the outlook for the economy and profits.

The Dow Jones industrial average (DJ) gained 22.75 points, or 0.22 percent, to end at 10,388.90. The Standard & Poor's 500 Index (SPX) added 6.06 points, or 0.55 percent, to finish at 1,105.98.

The Nasdaq Composite Index (IXIC) rose 21.21 points, or 0.98 percent, to close at 2,194.35

(Source: Reuters)