



**MADRID: Portuguese Prime Minister and leader of centre-right Social Democratic Party (PSD) Pedro Passos Coelho (center) speaks during the international conference Project Europe in Madrid yesterday. The two-day conference brings together a range of European leaders from public and private sectors and the media to discuss Europe's current challenges and opportunities with key themes being youth unemployment, investment and jobs. — AFP**

## SPAIN MAKES SMALL PROFIT ON FIRST BANKIA STAKE SALE

**MADRID:** Spain is making a 301 million euro (\$412 million) profit on the sale of a 7.5 percent stake in Bankia, the lender's parent company BFA said, as the government started to return the country's biggest bailed-out bank to private ownership. The shares were sold at 1.51 euros each yesterday, a discount of around 4 percent to their closing price on Thursday but 12 percent higher than the 1.35 euros the government bought them at last year. Bankia said the demand for the shares topped 2.5 billion euros, almost twice the amount on offer, with international institutional investors showing the biggest interest. While the sale is a powerful argument for the government as it struggles to convince angry Spaniards that the cleanup of the banking system has been a success, Spain is still a long way from recouping the more than 22 billion euros it injected into Bankia, a merger of seven failed regional savings banks.

Bankia became a symbol of Spain's financial crisis after the huge losses it and other banks suffered due to a property market collapse forced the government to take 41.3 billion euros in European aid to rescue its weakest lenders. Based on the Bankia's current market capitalisation, the remaining 60.9 percent stake of the state in the lender is worth around 11.1 billion euros.

Bankia shares were down 3.8 percent at 1.52 euros at around 1000 GMT. Senior government sources have told Reuters the state could sell its stake in several stages this year but would keep control of the bank until its Europe-agreed restructuring is fully completed.

The economy ministry closely followed the successful sale by the British government of a 6 percent stake in part-nationalized Lloyds last September. Another Lloyds share offering is set to take place in March or April, with possibly a small number of shares being offered to retail investors. —Reuters

# EU-US TRADE TALKS FACE GROWING HOSTILITY

## MINISTERS WARN AGAINST MISTRUST

**ATHENS:** Free-trade talks between the United States and the European Union are in danger of being derailed by populist groups opposing everything from globalization to multinationals, EU ministers and business leaders said yesterday.

The rise of anti-EU parties, reports of US spying in Europe and accusations that a trade pact would pander to big companies have combined to erode public support for a deal that proponents say would dramatically increase economic growth.

"We are grappling with people who are anti-European, who are anti-American, who are anti-free trade, who are anti-globalization and who are anti-multinational corporations," Finland's minister for Europe and trade, Alexander Stubb, told his EU counterparts and business leaders at a meeting in Athens. "We have an uphill battle to make the argument that this EU-US free-trade agreement is a good one," he said in remarks that were broadcast to reporters. With the euro zone's economy barely out of a two-year recession, EU governments see a trade deal with the United States as the best way to create jobs. They say a pact encompassing almost half the world's economy could generate \$100 billion in additional economic output a year on both sides of the Atlantic.

The European Union and the United States already trade almost \$3 billion in

goods and services each day, and by deepening economic ties, the pact could create a market of 800 million people where business could be done freely. The EU's trade chief Karel De Gucht conceded that, outside business circles, there was little public awareness about the proposed Transatlantic Trade and Investment Partnership, which is often known by its initials as "T-TIP".

"When we talk about T-TIP, some people think it is an extraterrestrial," De Gucht said.

Nils Andersen of Danish shipper A.P. Moller-Maersk, who was among chief executives invited to the debate, said there was a danger of voters being "hijacked by populist statements".

### Yes or no?

Public support is crucial because the European Parliament and the US Congress must ratify the agreement once it is made. EU lawmakers have already shown a willingness to reject deals they think do not have enough public support - for example the global Anti-Counterfeiting Trade Agreement (ACTA) thrown out in 2012. US-EU trade talks initially enjoyed a warm reception when they were launched in July last year. But European consumer and green groups said a deal letting firms operate freely in both the EU and the United States might let companies bypass

EU safety and environmental standards.

The talks have also been overshadowed by widespread distrust of Washington caused by reports the United States bugged EU offices and German Chancellor Angela Merkel's mobile phone.

In the United States, President Barack Obama's efforts to speed up agreement on the deal, by renewing a 'fast-track' trade promotion authority, have faced resistance from members of his own Democratic party, some of them sceptical about the benefits of unfettered free trade.

The 'fast track' authority, which expired in 2007, would allow Obama to present the trade to Congress for a simple 'yes/no' vote, avoiding the risk of lawmakers picking it apart clause by clause and delaying its chances of becoming law indefinitely.

De Gucht said the EU's tight regulation in the sensitive issue of genetically modified food would not change, even if Brussels and Washington did sign an accord.

Some Europeans are worried about what impact GM crops and products - often dubbed "Frankenstein Food" - might have on health and the environment. "We are not dumping down our standards," De Gucht said. "I will not agree to put hormone beef on the European market or change our laws on genetically modified organisms." —Reuters



**NEW DELHI: Seemanto Roy, Sahara group Executive Director, addresses a press conference following his father and Sahara group chairman Subrata Roy's surrender to the police in New Delhi yesterday. The head of India's giant Sahara group Subrata Roy surrendered to police yesterday two days after the Supreme Court ordered his arrest over delays in repaying billions of dollars illegally collected from small investors. —AFP**

## PORTUGAL VOWS TO STICK TO AUSTERITY AS BAILOUT ENDS

**MADRID:** Portugal will stick to its austerity course after its financial bailout program of 78 billion euros (\$106 billion) ends in May, Portuguese Prime Minister Pedro Passos Coelho said yesterday.

The country has been living under the strict rules of the rescue program agreed in May 2011 with the so-called troika of the EU, the International Monetary Fund and the European Central Bank. In exchange for rescue loans, Portugal agreed to push through austerity measures and deep reforms that have sparked recession, pushed up unemployment and encountered increasing resistance from unions and voters. Passos Coelho said Portugal would "enter into a new phase" after the bailout package expires on May 17.

"This new phase will not signify a return to fiscal indiscipline, to a loss of competitiveness, to the accumulation of debt and of economic stagnation," he said during a speech at conference in Madrid on the future of the European Union. "Portugal has experienced with great suffering where that path leads us. Believe me the Portuguese know very well the price we pay for irresponsibility and shortsightedness in political choices. We say no to irresponsibility."

Portugal's international creditors on Wednesday called on all parties and citizens in the country to back austerity measures for "a few more years" after its financial bailout package ends in May.

"The troika have let it be known that it will be good to have a bigger consensus, not only with the PS (opposition Socialist Party) but also with the whole of Portuguese society," said Miguel Frasilho of the ruling centre-right PSD, following a meeting with representatives from the creditor institutions.

Troika representatives arrived Wednesday in Lisbon to look at the country's accounts before it leaves the program. The Portuguese economy emerged from recession last year and unemployment has begun to fall from record levels as the government has worked to squeeze down the country's public deficit. Despite Portugal's efforts the main ratings agencies still classify the country's bonds as junk. —AFP

## INTERSERVE BUYS RENTOKIL UNIT

Building services and construction company Interserve PLC is buying a maintenance business from Rentokil Initial Plc for 250 million pounds (\$417 million), in pursuit of double-digit growth in earnings next year. The FTSE-250 company, whose services range from cleaning Sainsbury's supermarkets to building shopping malls in the Middle East, said buying Initial Facilities adds maintenance contracts at JP Morgan, the London Underground, Debenhams and others to its business.

The deal will add double-digit percentage growth to earnings next year and a little less in 2014, probably mid-single digits, Interserve Chief Executive Adrian Ringrose told Reuters.

He said there was "definitely a more optimistic outlook" for 2014, based on the uptick in Britain's construction sector at the end of last year. Interserve shares jumped as much as 6 percent after the announcement of the deal and annual results showing an 8 percent rise in profit last year. Initial Facilities provide services including cleaning, catering, security, and mechanical and energy management.

Interserve said it planned a share placement of up to 9.9 percent of its ordinary shares to part fund the deal, with the rest coming from a new bank facility. The sale comes as Rentokil, whose services range from pest control to catering and security,

nears the end of a major restructuring program to focus on core businesses. It said proceeds from the sale would be used primarily to pay down debt.

The 8 percent rise in profit for the year to Dec 31, 2013 was led by Interserve's maintenance unit and an early recovery in the British property sector that offset weak international construction in the first half of last year. Its London-listed shares traded as high as 609 pence on Friday morning. This was still far below the company's intrinsic value of 1,077.2 pence, according to Thomson Reuters StarMine's model of how much a stock should be worth when considering expected growth rates over the next 15 years. —Reuters