

# Leaders agree eurozone debt deal after wearisome talks

European leaders have reached a 'three-pronged' agreement described as vital to solve the region's huge debt crisis

After marathon talks in Brussels, the leaders said private banks holding Greek debt had accepted a loss of 50 percent. Banks must also raise more capital to protect them against losses resulting from any future government defaults. The deal is aimed at preventing the crisis spreading to larger eurozone economies like Italy, but the leaders said work still needed to be done. It also approved a mechanism to boost the eurozone's main bailout fund to about 1tn Euros (£880bn; \$1.4tn). The framework for the new fund is to be put in place in November.

Meanwhile EU leaders welcomed Italian Prime Minister Silvio Berlusconi's pledge to balance his country's budgets and implement reforms to bring down its 1.9tn-Euro debt. The announcement of the deal helped lift the euro, with investors reacting positively to the outlook for the region's growth and



Anti-austerity protesters shout slogans during a student parade in Athens

single currency. "The eurozone has adopted a credible and ambitious response to the debt crisis," a visibly tired French President Nicolas Sarkozy said at a news conference in the Belgian capital. Fears about the state of the eurozone's finances and the threat of a break-up of the single European currency have been stalk-

ing markets for months.

Critics have accused policymakers of not doing enough to resolve the issues, contributing further to problems and fuelling uncertainty. Leaders of the 17 eurozone nations had been in meetings trying to hammer out a deal to help Greece put its national finances in order and un-

derpin other European economies such as Italy. Speaking after the deal was agreed, Mr. Sarkozy said that 'the complexity of the files, the necessity to get everybody to agree, means that we have been negotiating for long hours'. He said he believed the result would be a relief for 'the whole world', which had been

expecting a strong decision from the summit. Because banks have agreed to shoulder losses on Greek bonds, the country's burden has been reduced, cutting its debt down to 120 percent of its gross domestic product by 2020.

Greek Prime Minister George Papandreou hailed the deal, saying, "We can claim that a new day has come for Greece, and not only for Greece but also for Europe." The eurozone leaders also said the firepower of the main euro bailout fund — known as the European Financial Stability Facility (EFSF) — would be boosted from the current 440bn Euros to about 1tn Euros. Bank recapitalisation — the third key element of the package — was agreed earlier.

The banks would now be required to raise about 106bn Euros in new capital by June 2012, and governments may have to step in despite the unpopularity of further bank bail-outs. It is hoped that this would help shield them against losses resulting from any government defaults and protect larger economies — like Italy and Spain — from the market turmoil. "The package that we have agreed tonight, a comprehensive package, confirms that Europe will do what it takes to safeguard financial stability," said the President of the European Commission, Jose Manuel Barroso.

## Finland's Nokia bets on Windows Phone future



The new smartphone Lumia displayed at Nokia World

**Finnish mobile phone maker Nokia has launched two new smartphones based on Microsoft's new Windows Phone 7.5 operating system**

The Lumia 800 and the Lumia 710 mark the beginning of Nokia's fightback against Apple's iPhone and rivals using Google's Android software. Nokia's new boss, Stephen Elop, had previously warned that the company was stuck on a 'burning platform'. Today he said the

launch marked the 'rebirth' of Nokia.

In an unusual move for the company, it will start shipping the Lumia 800 range almost immediately and hit the shops in France, Germany, Italy, UK, Spain and the Netherlands in November. The firm also announced four new basic phones. The brightly coloured handsets are pitched at developing countries.

The new range will be called Asha, a name that clearly identifies Nokia's tar-

get market: the name is derived from the Hindi word for 'hope'. Although the phones will be relatively cheap, they will sport features like touch screens, 5 mega pixel cameras, bright screens, 32GB storage for music and long battery life.

Profit margins in the market for basic phones are razor thin, and so Nokia's main focus will be on its new smartphones. Until recently, the company was the world's largest maker of smartphones. However, its market share has been falling rapidly, and in one of his first moves after taking over at Nokia a year ago, Mr. Elop ditched Nokia's two operating systems for phones — the venerable Symbian and the Linux-based MeeGo — and struck a broad alliance with Microsoft.

Now Microsoft's new WindowsPhone7.5 operating system, also dubbed Mango, will power all Nokia's smartphones. Mr. Elop acknowledged that the Lumia 800 was a design development of a previous Nokia phone, the MeeGo-based N9. Mr. Elop said the 'Lumia is the first real Windows phone'.

## American shares join world markets in eurozone deal rally

**The eurozone agreed a deal on expanding the bailout fund and banks taking losses on Greek debt in exchange for recapitalisation**

The biggest gainers were banks, led by French institutions, which are the most exposed to Greek debt, with some up by 20 percent. The

Dow Jones index closed 2.86 percent higher at 12,208.55 points. London's 100 share index finished up 2.9 percent, France's Cac up 6 percent and Germany's Dax 5 percent higher. Banks led the rally, with Bank of America up almost 10 percent and JP Morgan 8 percent higher.

France's Societe Generale

was up 23 percent, Credit Agricole up 22 percent and BNP Paribas gained 17 percent. In the UK, Barclays rose 18 percent, Royal Bank of Scotland rose 10 percent, while in Germany Commerzbank and Deutsche Bank were both up more than 16 percent. The Euro was higher, rising 2.3 percent against the Dollar.

## Picasso thief pleads guilty to theft of *Tete De Femme*



Stolen Picasso's *Tete de Femme*

**A man who walked out of a San Francisco art gallery with a Picasso sketch under his arm after snatching it from the wall has pleaded guilty to grand theft.**

Wine sommelier Mark

Lugo, 30, took *Tete de Femme* from the Weinstein Gallery on 5th July before getting into a cab with the \$275,000 (£170,000) 1965

work. He will be released from prison under supervision on 21st November after getting credit for time already served. He will then be extradited to New York to face similar art theft charges.

Lugo was arrested within 24 hours after co-operation from the taxi driver and security camera footage from a nearby restaurant that captured Lugo walking away with the artwork. When officers searched Lugo's apartment, in New Jersey, they found *Tete de Femme* and other stolen works including a further Picasso, valued at \$30,000 (£19,000).

Materials prepared with aid of information agencies