

Spain banks to cut jobs and shrink in restructuring

The European Commission has approved the Spanish government's plans to restructure four troubled banks: the largest banking system re-structure in Europe since 2007

Bankia, NCG and Catalunya Banc must cut their loans and investments by over 60 percent in the next five years, shut half their branches and shed thousands of staff. A fourth bank that was in the worst shape, Banco de Valencia, is to be sold to the privately owned Caixa Bank. The agreement means the banks will now get almost 40bn Euros (£32bn; \$52bn) in loans from Eurozone bailout funds.

All four were nationalised by Madrid after suffering heavy losses on loans to homebuyers and property developers. Bankia, the largest of the four, announced that it would lay off 6,000 employees and shut 39 percent of its branches. Trading in shares of Bankia and Banco de Valencia were suspended for the day on the Madrid stock exchange, to give investors time to digest the details of the announcements.

The Commission's approval opens the way for Spain's government to draw 37bn Euros from a 100bn-Euro loan facility made available by the Eurozone's bailout fund specifically for the purpose of cleaning up the country's banks. Of that money, 18bn Euros will go to Bankia, 9bn Euros to Catalunya Banc, 5.5bn Euros to NCG and 4.5bn Euros to



A man reacts while looking at information screens at the Madrid Stock Exchange

Banco de Valencia. Shrinking their size will help the banks repay rescue loans they have received from the European Central Bank, via the Spanish central bank. They will do this in part by selling their most problematic loans to Sareb — the Spanish government's 'bad bank', which will be responsible for seeking to recover as much of their

value as possible in order to mitigate the cost to taxpayers of rescuing the banks.

Bankia — which lost 3bn Euros last year and expects to lose 19bn Euros this year — said it would shrink itself by some 50bn Euros by selling assets to Sareb, and also by cutting back on lending and by selling off investments in Spanish industry, including a

12 percent stake in International Airlines Group.

The banks will no longer be allowed to lend to property developers, and must re-focus their business on loans to Spanish households and to small and medium-sized businesses.

These investors are controversially expected to include many ordinary Span-

iards, particularly older investors, to whom their banks sold preferred shares as a savings product. They are set to lose between 10 percent and 50 percent of the value of their investments. The banks have been banned from making interest payments to these investors until the amount of their losses has been finalised.

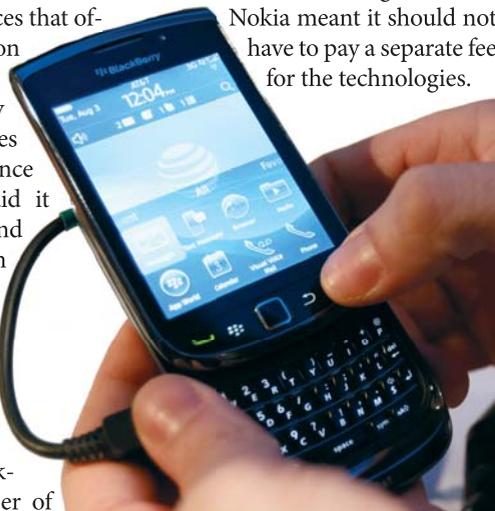
Nokia strives to ban sales of BlackBerry after patent dispute

Nokia has asked courts in the US, UK and Canada to block sales of rival BlackBerry smartphones

It follows a patent dispute between the Finnish company and BlackBerry's parent, Research In Motion (RIM). Nokia says an earlier ruling means RIM is not allowed to produce devices that offer a common type of wi-fi connectivity until it agrees to pay licence fees. RIM said it would respond to Nokia 'in due course'.

Nokia's action comes two months after an arbitration ruling by the Stockholm Chamber of

Commerce in Sweden. The organisation had been asked to act as an arbitrator in a dispute over RIM's use of handsets and tablets featuring wireless active network (WLAN) connections to the Internet. All of RIM's current products use it. RIM had argued that an earlier licensing deal with Nokia meant it should not have to pay a separate fee for the technologies.



Portugal is going to pass another austerity budget

The parliament of recession-struck Portugal has passed a budget promising another year of austerity measures

The coalition government ensured enough discipline to muster a majority despite every opposition party voting against. The budget, which includes the biggest tax rises in the country's recent history, was opposed by thousands of protesters surrounding the parliament. The government wants to cut its deficit from 5 percent of economic output this year to 4.5 percent next — as required by its bailout. Portugal's economy is projected to shrink 3 percent this year, after contracting 1.7 percent in 2011, but the government hopes the recession will moderate to



People shout slogans during an anti-austerity protest

a 1 percent decline next year.

However, some economists consider this growth forecast optimistic, and the Organisation for Economic Co-operation and Development on Tuesday predicted a 1.8 percent contraction. A significantly sharper reces-

sion could see the government making no inroads in its deficit, despite the austerity measures contained in its latest budget. The government also expects unemployment to rise from 15.7 percent to 16.4 percent of the workforce over the coming year.

NZ goes hobbit crazy for film premiere

New Zealand's capital is in the grip of Hobbit fever. Pointy-eared fans of the Tolkien fantasy took over Wellington for the premiere of Peter Jackson's latest epic movie *The Hobbit*

At the city's airport, the Bilbo-Baggins appeared to emerge from the very bowels of Middle-Earth itself. Airline stewards were transformed into Elf and Safety officials. The national airline arrived with a specially Hobbit-fied Boeing 777, adorned with what it claimed was the biggest aircraft sticker ever. It had brought many of the stars of the film, which is the first of a planned trilogy.

New Zealand has adopted *The Hobbit* and *The Lord of the Rings* as national treasures ever since Jackson began making his movies there 12 years ago. The production has been at the centre of several controversies, including a union dispute in 2010 that led to the government changing employment law. The first film of *The Hobbit* series is set 60 years before *The Lord of the Rings* and was originally planned as just two films, until the producers decided there was enough material for a third. The follow-up is due out in December of next year, and the final movie is scheduled for release in the middle of 2014.

Casablanca piano goes up for auction

The piano from the Oscar-winning classic *Casablanca* is to be put under the hammer at Sotheby's on 14 December

The auction of the 58-key piano, worth an estimated £1.2 million, marks the 70th anniversary of the film. It features in a flashback scene in Paris at La Belle Aurore where the romance between Humphrey Bogart's character Rick and Ilsa, played by Ingrid Bergman, is established.

The pianist, Sam, plays *As Time Goes By* on it during the love scene. A Japanese collector bought the piano for \$154,000 in 1988 from auctioneer David Redden at Sotheby's, who will sell it once again next month. *Casablanca* has been named the most romantic and quotable movie of all time by the American Film Institute.