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The financial capital of the universe?

By a growing number of measures, London seems to surpass New York

By Heather Timmons

LONDON: At a black-tie event this summer, some of the world's most powerful bankers and business executives gathered for a toast: "We are the international finance and business capital of the world, the world's greatest global financial center, without question," the mayor told the assembled crowd.

But that wasn't Michael Bloomberg talking. That's because the city wasn't New York — it was London.

Even as the Dow Jones industrial average is climbing to new highs and Wall Street firms are reporting robust profits, by some measures, New York's long-held crown as the financial capital of the world may be slipping.

London, whose lord mayor, David Brewer, made the summertime boast, has had a heady resurgence in banking and lending.

In recent years, its stock market has attracted a growing number of companies that once would have sought to list in the United States. And London is attracting a growing tide of hedge fund assets.

Other financial centers are growing, too: Chicago will be the home of the world's largest derivatives market when the Chicago Mercantile Exchange and the Chicago Board of Trade merge, while Hong Kong is poised to be the biggest market for initial public offerings this year with the huge IPO of Industrial and Commercial Bank of China.

The rise of financial centers outside New York has raised alarms in Washington and in Bloomberg's office.

"There's a genuine recognition that we need to make some changes," said Laure Aubuchon, head of international business development for the New York City Economic Development Corporation. The issue of winning financial business is "so important to New York City," she said.

Indeed, the financial services industry makes up 9 percent of the city's work force, and provides 31 percent of the tax base, she said.

London's success reflects in part its

geography. Some of the most rapidly developing markets and fastest growing companies can be found in Asia and Russia, which are within the right time zones to do business easily with London, but not with New York.

"In the 1980s and 1990s, large transactions did not get done without the United States capital markets," said Michael Cole-Fontayn, a managing director with the Bank of New York in London. But that is no longer true, he said.

"The European and Asian capital markets are becoming deeper and more liquid by the day," he said. "You can get a \$5 billion stock global depositary receipt offering or a \$30 billion privatization satisfied outside the United States SEC-registered markets."

TMK, a Russian pipe manufacturer, hopes to raise \$1 billion in a November public offering. The company was approached by the New York Stock Exchange, but chose to list on the London Stock Exchange.

London "is the world's biggest financial center, and very internationally flavored," said Vladimir Shmatovich, the chief financial officer, in a recent telephone interview.

Plus, he added, London is a shorter flight to Moscow.

Of course, Wall Street banks dominate London and have benefited from doing business with the new wealth of Russia, Asia and the Middle East.

London is also attracting investors and companies because of a perception that regulatory scrutiny is more burdensome in the United States than in London. At the same time, while London is outside the euro zone, the common currency has helped bring depth to the capital markets of Europe, benefiting London.

"At the moment, people are still arguing New York versus London," said Shaun Springer, the head of Napier Scott, a London-based headhunting firm that specializes in trading jobs. In five years, he predicts, "there will be a real, visible gap," with London taking the lead.

So far, the only financial arena

LONDON, Continued on Page 15



Troubling sign for France

A fresh outbreak of violence in France is feared after several buses, like this one in the Paris suburb of Nanterre, were set on fire by youth gangs. Friday is the one-year anniversary of riots that swept parts of the country last autumn. **Page 3**

Virgin to delay delivery of A380s

Airbus saves face as airline decides not to cancel order

From news reports

LONDON: Virgin Atlantic said Thursday that it was pushing back delivery of its first Airbus A380 super-jumbo jet by four years, allowing the European plane maker to escape the damage that canceling the order would have brought.

Virgin said it still intended to take delivery of all six of the \$300 million jets it has on order, but now would not receive its first A380 until 2013.

While the deferral is ostensibly another embarrassment for the oft-delayed A380, it could actually turn out to be good news for Airbus.

Senior Airbus officials have said that a cancellation or a deferral by a smaller customer could allow it to deliver more planes earlier to its larger customers.

Among them is Singapore Airlines, which owns 49 percent of Virgin Atlantic. Richard Branson's Virgin Group owns the rest.

Singapore Airlines, which is set to be the first airline to fly the A380, has 10 A380s on firm order and options to buy 15 more. It was supposed to receive the first in December, but is not expecting delivery now until late 2007 because of Airbus's production problems.

Virgin had expressed dissatisfaction this month over the delays as well, and said cancellation was one of the options it was considering.

In a statement Thursday, however, Virgin said that deferring the order would allow Airbus to "prioritize production and deliveries for its launch customers such as Singapore Airlines."

In addition, by the time Virgin takes delivery of its superjumbos, the aircraft will have "proven its innovative design over several years in commercial service," the airline said.

An Airbus spokeswoman, Barbara Kracht, declined to comment on whether there had been any change to the financial terms with Virgin.

Airbus is running two years behind schedule in producing the A380 because of problems encountered in wiring the 555-seat double-deckers.

Some airlines that were forced to lease planes to fill planned routes until the A380 is ready have asked Airbus for compensation.

"We have extended the leases of several of our Boeing 747-400 aircraft in order to meet our fleet needs and future growth plans," Virgin said.

Earlier this month, Emirates, the plane's biggest customer, said that it planned to maintain its order for 45 superjumbos, with a combined list value of \$13 billion.

The deferral was the second from Virgin, which said in 2004 that it would push back the expected start of delivery in 2006 until 2007. The plane's wiring woes had already pushed that date back to the end of 2009. **(Reuters, AP)**

On Iraq, the alternatives are murky

By John M. Broder

WASHINGTON: Throughout this long election season, voters have consistently identified the war in Iraq as the most serious problem facing the nation. But what are the politicians offering as a solution?

President George W. Bush on Wednesday acknowledged that things were not going as well as he hoped in Iraq and he was adjusting tactics

on the ground to deal with the continuing military and political problems there. But he said his overarching goal — victory — remained unchanged and he would not shrink from the effort required to achieve it.

Democratic leaders and candidates

Neither party offers 'a clear path ahead'

are virtually unanimous in opposing the president's conduct of the war and most advocate American disengagement, either quickly or slowly. Still, most also avoid spelling out a detailed timetable for troop withdrawals or a vision of what postwar Iraq should look like, and the variety of formulations offered by Democratic candidates has been dizzying.

Nineteen House members sponsored a bill to cut off funding for the war. A Democratic Senate candidate in Missouri wants all troops out within two years. The Democratic candidate for Senate in Ohio thinks that American commanders in Iraq should set the withdrawal schedule. Nancy Pelosi,

who probably will become speaker of the House if Democrats win back the chamber, is calling for the removal of American forces to begin immediately and be completed by the end of 2007.

The range of alternatives in part reflects the military, political and sectarian morass that Iraq has become. There is no easy exit available. But it also illustrates the state of the Democratic Party, which has not held executive power in six years or controlled the Congress for twice that long. There is no single figure in the party to formulate a policy position, so a hundred schools of thought contend.

"The republic is being offered a

WAR, Continued on Page 8

Rumsfeld says Iraqis will not risk penalties over timeline. Page 8

Russia opposes plan for sanctions on Iran

Russian diplomats disparaged the draft text of a UN Security Council resolution detailing sanctions against Iran for its nuclear program Thursday. They urged instead that communications be preserved with Iran. **Page 5**

Asians and Europeans lead way in Vietnam

With Vietnam verging on admission to the World Trade Organization, American companies are lagging behind their competitors there in part because of acrimony resulting from the Vietnam War. **Page 12**

Oracle targets Red Hat

The business software maker Oracle says that it will charge at least 50 percent less for maintenance on Red Hat products than Red Hat does. **Page 15**

With an order for 150 jets, China gives Airbus a big lift. Page 12



China's border with North Korea remains open for business

North Koreans ready to head home from the Chinese border town of Tumen, where no one seems to have noticed the recent UN sanctions against the North. **Page 2**

Net widens to Beijing leaders in anti-corruption drive

By Joseph Kahn

BEIJING: A widening Chinese anti-corruption inquiry has taken aim at Beijing's top leaders, including the

deals and procurement practices in the capital since at least late September and have uncovered suspicious dealings that implicate top Chinese leaders, the report said.

member of the Politburo.

If the investigation results in the removal of one or both of the men, it would make the housecleaning the most sweeping since the leadership

sition with the convening of the 17th Party Congress next fall.

The party leaders of Beijing and Shanghai, large urban enclaves that control vast wealth and enjoy broad

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Bruno Lafourcade opened an architecture and design studio in Saint-Rémy in 1977. He works there with his son, Alexandre, at rear, and their 17 employees.

Rebuilding with style in a year in Provence

By Jean Rafferty

SAINT-RÉMY DE PROVENCE, France

Not every Provençal dream house springs from illustrious beginnings. But Bruno Lafourcade, who first attracted attention in 1970 when his restoration of a crumbling château in the Périgord region of southwest France won the Prix Nationale de Restauration, is equally adept at transforming undistinguished houses and dilapidated farm buildings into aristocratic country houses imbued with the spirit of the 18th century.

Lafourcade, a self-taught architect who works with his son, Alexandre, 32, and their 17 employees, has attracted a high-flying international clientele with imaginative metamorphoses of Cinderella structures into princely estates.

As before-and-after photographs prove, these architectural renaissances can be radical.

Conforming to strict Provençal building regulations, the designers work from a property's "footprint," incorporating such unlikely outbuildings as chicken coops and pigpens into their plans to gain space. In one of their most unusual reincarnations, "we transformed an incinerator into a marvelous Grecian-style house on the Côte d'Azur," Lafourcade recalled.

"What is important for a property to have is a beautiful location, to have a view and a park and know what surrounds it," he said. "A plane tree 80 to 100 years old cannot be transplanted, but we can always find a solution for the house, no matter its state."

Just such an arboreal asset shades the front of a pleasant vacation home outside Saint-Rémy that the Lafourcades are turning into a luxurious compound on 18 hectares, or 45 acres.

The main house will be extended on the second floor and entirely reorganized to include a TV room, an artist's atelier, a hothouse and five large bedrooms and bathrooms.

A guardian's house will rise from the outline of the pigsty, the former pool house will become a guesthouse overlooking an ornamental pool, and the swimming pool and a



new pool house will be relocated among some olive trees to gain a view of the Alpilles Mountains.

All the proportions will be revised and the plate-glass window in the living room banished to restore the harmony and distinctive features of a traditional "mas," or farmhouse.

Catering to a clientele that is a mix of nationalities — including Russian, Indian, English, American, German, Italian and Swiss — the Lafourcades' credo is flexibility. "How could they be happy if we imposed a style on them?" Lafourcade asked. "Our philosophy is to listen." (It helps that most members of the team speak English and among them are a Russian, a German and a Briton.)

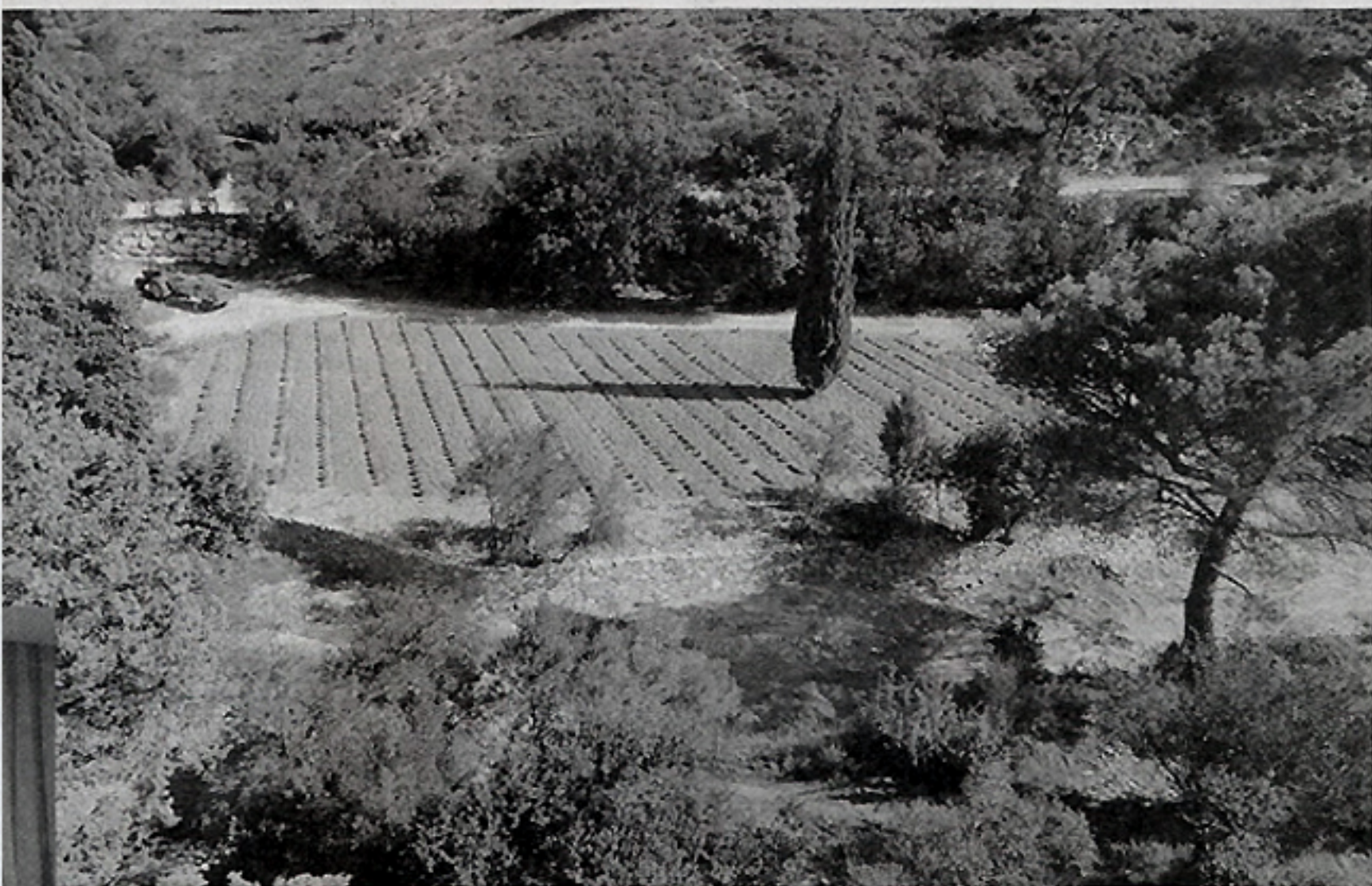
"We're curious to know how they like to live, and our job is to guide them and give a physical form to their lifestyle," Lafourcade said.

A first meeting with clients always takes place at the property. After questioning that is intended to learn the clients' preferences, the Lafourcades tour the site from top to bottom and immediately present the grand outlines of a proposal.

"Explaining how the entrance would be, how a courtyard would be paved and a chapel integrated into the scheme is much better than a drawing," Lafourcade said. "There is already something to savor."

The proposal is not carved in stone at that stage, but it serves as a measure of reciprocal understanding. "You have to have a mutual feeling to work with a client," he explained.

Depending on the location, one of the company's three construction-site managers will set up a portable desk and



Photographs by Richard Harbus for the International Herald Tribune

The Abbaye de Pierredon is one of the Lafourcades' most notable projects. Their work included the lavender fields, above; the master bedroom, below left, and the dining room.



work right on the property. Alexandre Lafourcade, helped by his assistant, covers the area south of Aix-en-Provence to the Italian border; his father and Claire Perraton, the third site manager, oversee projects from Aix and Saint-Rémy to Saint-Tropez and Montpellier.

"You see things on the spot that you don't see working from a plan in an office," Bruno Lafourcade explained. "How to take into account where the sun rises to place the rooms; to situate the master bedroom where there is beautiful light."

"People did this in the past, but now everything has become very technical," he added.

The company limits to 15 the number of commissions it will accept at any one time. For all projects, regardless of the size, the maximum work period is one year. Many are completed in just nine months.

The secret of their speed is a complete overhaul of the common building practice that one workman — a mason, for example — must finish before the next tradesman is called. On a Lafourcade project, the various artisans work simultaneously.

"We divide the construction into parts so we can be painting the first part while we are in demolition on the fourth part. When there are 75 people working on the site, everything needs to go quickly," Lafourcade said.

"A full-time archivist in the office will be given a list right at the start to find four stone fireplaces and one in wood, for example, and 400 square meters of old oak planks," he explained. "Once builders see that it works well, they are converted."

Project costs generally run from €2,000 to €2,500 per square meter, or \$235 to \$295 per square foot.

The Lafourcades' reputation has been built around refined details — gracefully arched windows, the shape of the shutters, an elegantly designed balcony — that spell the dif-

Rebuilding with style in Provence

LAFOURCADE, From Page 10

ference between ordinary and extraordinary renovations.

Colors are mixed on the spot and tests of different shades are applied to walls, both in the shade and in the sun.

"After the client has chosen, we give a sample to be analyzed and have the paint made. It's more complicated than choosing a paint chart color, but when you see the texture in a ray of sun, it makes a considerable difference," Lafourcade said.

The passion for getting it right was born during Bruno Lafourcade's very first experience in the building industry, when he worked with an exceptional mason to restore a 16th century mill in the Dordogne region of southwestern France.

"Monsieur Bonnet was the kind of craftsman that practically no longer exists. He knew how to do everything and with taste," Lafourcade said. "Meeting him gave me the chance of my career and my life."

Among the more than 300 projects that the Lafourcades have completed, one of the most outstanding is the Abbaye de Pierredon in the hills near Les Baux de Provence.

A 12th-century chapel, all that remained of a monastery, and a bastide, or country house, built in 1602, were joined seamlessly to create a private residence of 2,500 square meters, or nearly 27,000 square feet.

The Lafourcades created a new entrance drive that passes lavender fields and a budding vineyard to approach the house from the north, through a verdant avenue of plane trees that had been un-



used. A cobbled courtyard was created in a vacant lot and the façade was transformed into a graceful glassed-in conservatory for the entrance.

Careful planning gave the kitchen equally easy access to a small garden terrace for breakfast in the rising sun, the main southern courtyard for summer lunches in the shade of 150-year-old plane trees, and an interior courtyard, for winter lunches in the sun.

Although many of the Lafourcades'

projects are noted for classical interiors, they have noted a growing trend of clients' wanting a contemporary style. The Abbaye was one such project and Alexandre Lafourcade, who supervised the work, specializes in such decors. An attic became a loft-style office flooded with light; a large, metal-framed window was installed in the master bedroom to provide a panoramic view of the landscape.

The Abbaye's garden spotlights the artistry of the third Lafourcade, Dominique, who is Bruno's wife and Alexandre's mother. "The base is on plants one can find growing wild in the Alpilles — laurel, olive trees, cypress, lavender and pine," she said.

Dominique Lafourcade's gardens often feature fruit trees native to the Mediterranean, like kaki, or persimmon; arbutus, or strawberry tree; grenadier, which produces a reddish berry; and neflier, a type of loquat tree.

Peter Mayle wrote of the trials of renovating a home in Provence. But for Craig Magher, a financier in Atlanta, and his wife, Ginny, an interior designer, working with the Lafourcades proved a happy revelation.

In 1996 they transformed a large barn and farmhouse, set on 60 hectares in the foothills of the Alpilles, into an 18th century-style bastide and garden.

The planning took six months, construction about a year — and between their trips to Provence, Bruno Lafourcade



Photographs by Richard Harbus for the International Herald Tribune

Top, the Abbaye de Pierredon and its swimming pool. Above, the Lafourcades, who are renovating a house in Saint-Rémy de Provence, oversee construction of the pool house.



gave them weekly reports about progress on the 14-room, 800-square-meter house.

"Bruno was very good about estimating costs. He had almost like a fixed-price system and if we decided to change something, he put a cost on it and we signed the order," Craig Magher said. "Did we spend more than we originally thought? Yes, but not unknowingly. There were no surprises."

"We built a house in Atlanta a couple of years later and it took twice as long and cost more than estimated," he continued. "And there were nasty surprises — something estimated at \$40,000 ended up at \$200,000."

Ginny Magher, who decorated the interiors, also remembers the experience with pleasure. "In my design work for others, I feel the house should reflect the people living in it. Bruno really let me express my ideas," she said.

And 10 years on, the Maghers are just as pleased with their home as they were when it was finished.

"People think the house has been the same for 200 years," Craig Magher said.

International Herald Tribune

Next week in Properties

Tired of Tokyo, some expats head for tranquil Kamakura.

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A slide show of the Abbaye de Pierredon and the Lafourcades' current project in Saint-Rémy de Provence. The selection also includes images of the limestone quarries in Les Baux, where Pascal Bourcier, a stonecutter, turns the Lafourcades' designs into balustrades, columns and other ornamental features.