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WEEKEND JOURNAL.



Travel special issue:
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THE WALL STREET JOURNAL.

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Bigger capacity for bailout fund

By MATTHEW DALTON
AND STEPHEN FIDLER

DAVOS, Switzerland—Euro-zone governments will increase the lending capacity of their bailout fund and make it more flexible, but governments won't raise its current €440 billion in guarantees, European Economics Commissioner Olli Rehn said in an interview Thursday.

The likely decision may raise questions about whether there will be enough in the pot to finally put to rest doubts about the fund's ability to provide emergency finance for Portugal, Spain and other countries that might need it.

Some governments had wanted €1 trillion in guarantees to reassure financial markets. If the plan is agreed to, there should be a total of close to €700 billion available, if lending from the International Monetary Fund and other European Union governments is included.

The bailout funds are needed to shore up confidence in the European common currency. In a speech in Davos, French President Nicolas Sarkozy was emphatic in his defense of the euro, saying that those who were forecasting its demise "misunderstand" the nature of Europe.

"The euro is Europe, and Europe is 60 years of peace on our continent," Mr. Sarkozy said, adding in his own name and that of German Chancellor Angela Merkel that



Jean-Claude Trichet, head of the European Central Bank, at the World Economic Forum meeting on Thursday in Davos, Switzerland.

"we will never turn our backs on it, we will never abandon it."

The bailout fund—the European Financial Stability Facility—has suffered from an unexpected problem since it was created in late-night ne-

gotiations in May: To achieve a top AAA credit rating for the loans it makes, the fund must be overguaranteed by euro-zone member states.

As a result, its actual lending capacity is estimated at around €250 billion.

"Our goal is to reinforce the effective lending capacity of the EFSF and widen the scope of its activities, not to increase the headline figure," Mr. Rehn said in an interview with The Wall Street Journal on the sidelines of the World

Economic Forum in Davos.

These discussions aren't likely to be settled at a Feb. 4 summit of EU leaders, Mr. Rehn said.

Final decisions on both the €440 billion (\$603 billion) fund and a permanent fund

intended to replace it in June 2013 will be taken at a summit late in March, he said.

He said the existing fund

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Complete World Economic Forum coverage 6-7

As EMI default looms, Citigroup talks with Hands, other buyers

By DANA CIMILUCA
AND ETHAN SMITH

Citigroup Inc., which is expected to seize control of EMI Group Ltd. from beleaguered financier Guy Hands in coming months, has already made contact with parties that could quickly snap up the music company—and Mr. Hands is among those angling to grab the historic music company.

At the end of March, EMI's performance is expected to fall short of the targets in its

roughly €3 billion (\$4.79 billion) of borrowings from Citigroup. If, as expected, Mr. Hands fails to come up with the nearly €200 million required to make up for the shortfall, the business will go to Citigroup. The handover is expected to take place three months after a default, but people familiar with the matter say Citigroup is exploring ways to take control of the business sooner.

In anticipation of the company changing hands, and mindful of Citigroup's desire

to get back the cash it has tied up in EMI as soon as possible, a number of potential bidders have begun circling. The price tag for all of EMI is expected to be in the range of €1.8 billion.

The most eye-popping name on the list of potential buyers is Mr. Hands, whose Terra Firma Capital Partners LP now owns EMI. Mr. Hands is exploring ways that Terra Firma can maintain an ownership stake in EMI, which under such a scenario might

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The Quirk



Japan's belching smokestacks draw industrial-strength sightseers. Page 29

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Hague and Westerwelle: It's time to act on Belarus. Page 13

ElBaradei in Egypt as protests continue

CAIRO—Nobel Peace Prize laureate Mohammed ElBaradei, viewed by many among Egypt's loose grouping of young opposition groups as a potential leader, arrived in Egypt Thursday night after a third day of battles in several cities between police and protesters.

Demonstrators are planning larger protests for Friday, a day when few Egyptians work. The government said Thursday it is willing to talk with the protesters. Mr. ElBaradei said he was

seeking regime change and was ready to lead the opposition. Last year, Mr. ElBaradei was widely feted as Egypt's best alternative candidate to President Hosni Mubarak.

The White House said anti-government protests are an opportunity for Mr. Mubarak to demonstrate his willingness to listen to his citizens and make political reforms.

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Yemenis demand change in government 10

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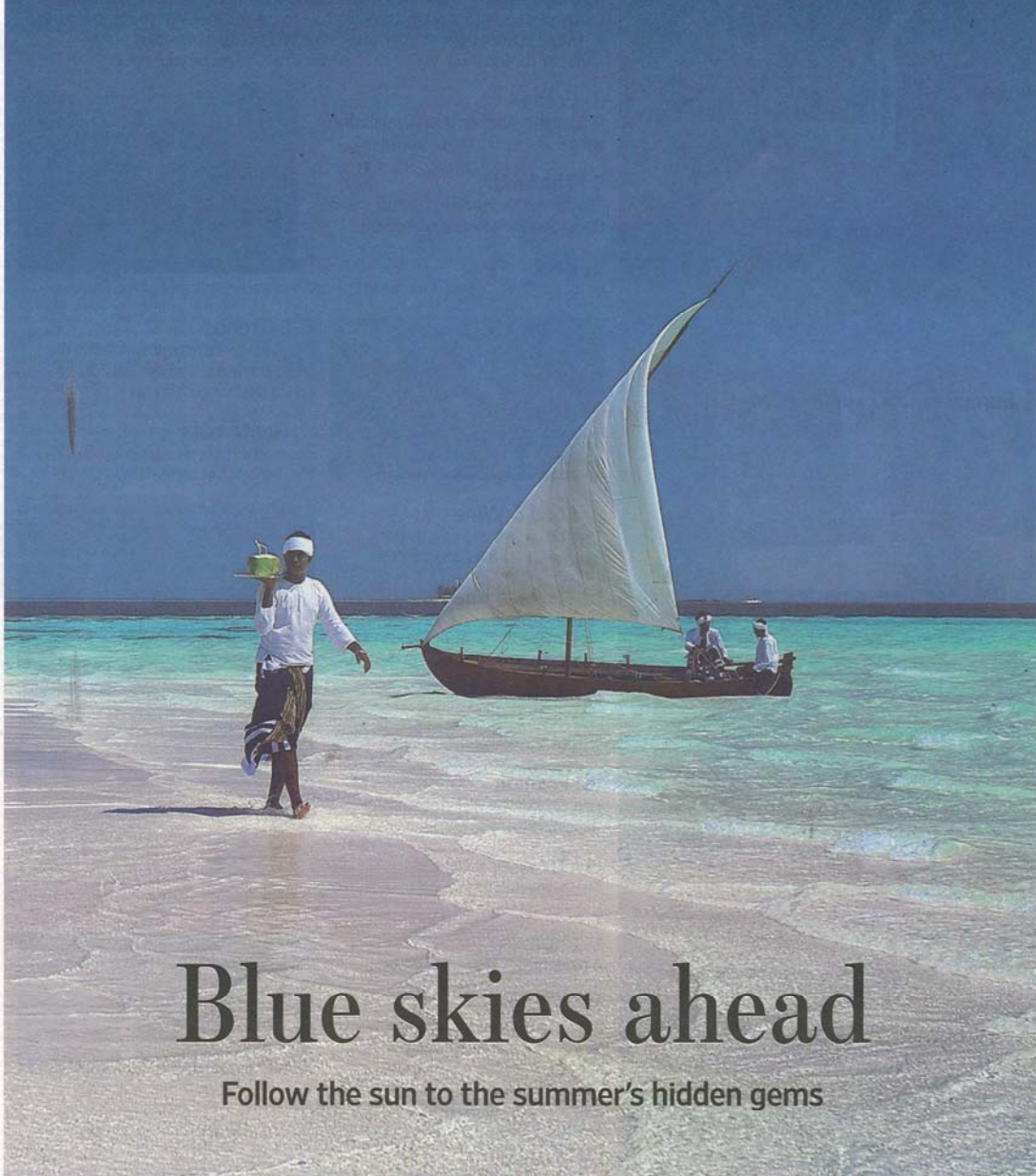
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Blue skies ahead

Follow the sun to the summer's hidden gems

ESSAY

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African stargazing or eco-lodge, where will you be in 2011? W6

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TRAVEL GUIDE

Rediscovering a sense of adventure

From African stargazing to artistic getaways, travelers are yearning for old-fashioned exploration

By JEMIMA SISSONS

There is a mood of cautious optimism among travelers and tour companies this year, as the market shows signs of improvement following a difficult few years.

Value, even within the luxury market, will remain at the forefront of people's decisions when it comes to choosing their holiday—not just in a monetary sense, but in a physical and educational sense as well.

"People are not flaunting their wealth; it is all about having out-of-the-world experiences," says Simon Mayle of International Luxury Travel Market, an annual trade event in Europe and Asia. Deprivation vacations and luxury boot camps look set to rise in popularity, as does cultural tourism, with a particular focus on art and literature.

Michelle Grant of Euromonitor International, the market-research group whose key trends for 2011 include stargazing in Africa and off-the-beaten-track Latin America, adds that people are now looking to meet personal goals and accomplishments

while on holiday. "It is the search for a unique experience where you reap benefits as well, such as climbing Kilimanjaro," says Ms. Grant. "People this year are looking to take their bucket-list holidays."

There is also a yearning for old-fashioned exploration. "We have seen the need for retro holidays that involve slowly re-tracing the steps of the great explorers," says Tom Marchant of luxury travel specialists Black Tomato. "It is a backlash against the culture of immediacy."

Ethical concerns are also influencing travel decisions, as people seek out new and inventive forms of eco-tourism that combine a modern sense of luxury with a green ideology.

Technological advances are hot on the agenda for travel companies, as consumers increasingly look toward apps and social media for their travel needs. Meanwhile, many hotels are coming up with new ways of enticing guests in an increasingly competitive market, from sensory experiences to innovative forms of retail.



Artclusive Japan includes trips to the Museum of Contemporary Art Tokyo.

Portrait of the artist as a tourist

Consumers are also set to broaden their horizons with vacations focused on culture, in particular on art. A collaboration between luxury travel company Cox & Kings and London's Royal Academy offers trips ranging from the pictures and palaces of St. Petersburg, led by RA lecturer Colin Bailey, to Peruvian treasures, led by David Drew. The tours will give clients access to hidden art

collections and talks by curators. Art in Japan, meanwhile, is the focus of new venture Artclusive Japan, which tailor-makes trips, including tours of the Tokyo art scene, visits to artists' studios and advice on how to buy art. Black Tomato will be offering literary trips that focus on how a region has inspired literature, drawing on the experiences of top authors. "A lot of people are increasingly tying day-to-day passions with travel," says Mr. Marchant.



Above, the Namibian night sky; below, a telescope on display at the Sossusvlei Desert Lodge.

Out of Africa

As people pursue more experiential holidays, stargazing safaris in Africa, where some of the clearest skies in the world are to be found, are on the rise. At the Sossusvlei Desert Lodge in the heart of Namibia's Namib Desert, an observatory comes complete with a Meade LX200 computerized GPS telescope so guests can learn about the night skies. Surrounded by wilderness and with over 330 days of sunshine a year, the skies are perfect for stargazing. "It is so dark and quiet," says resident astrologer Kate Lee. "You hear the call of wild animals like jackals and some will come right up to the observatory, look in shock and run away. There are more stars than most people think existed." Guests can expect to see with twinkling clarity the Milky Way, as well as the Magellanic Clouds and Southern Cross constellation. "People get really excited and like to sleep with the skylight open at night and watch the shooting stars," says Ms. Lee. At the boutique Sanctuary Baines' Camp in Botswana's Okavango Delta, guests are given an educational "cosmic safari" of the skies around the boma (bonfire) by the camp manager. After the lesson, they can take a star bath: A vast zinc bubble bath under the open sky, where they can revise what they learned.



Above, the Pantanal wetlands in Brazil; below, a salt field in Bolivia.

Off the beaten track

Latin America has been identified as a top destination this year across the industry, with Euromonitor predicting at November's World Trade Market that adventure holidays would be particularly popular.

"Flight searches for Chile have doubled over the last 12 months, while year-on-year searches to Argentina have increased by a massive 162%," says Gareth Williams, chief executive of flight-comparison website Skyscanner. "We would expect the popularity of these destinations to continue well into 2011."

Travelers are looking for out-of-the-way destinations, with Brazil's Pantanal, northern Colombia, Pueblos Mágicos in Mexico, the salt flats of Bolivia's Salar de Uyuni and the Atacama Desert all high on the intrepid traveler's agenda. A crop of new hidden luxury resorts includes Relais & Châteaux's Ponta dos Ganchos near Florianópolis, Brazil.



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TRAVEL GUIDE

Green acres

Eco-tourism is a sector that continues to grow, as consumers become increasingly conscious about the environmental impact of travel. Large companies are investing in green initiatives and the industry is developing new ways for travelers to vacation in style while remaining ecologically aware. Six Senses, the original "barefoot luxury" company, which started 16 years ago in the Maldives and now has 14 resorts, is aiming to become carbon neutral by 2020. Some of its latest initiatives include an eco-villa in Thailand, powered entirely by solar energy and water.

At the Baros resort in the Maldives, the destination's first eco-diving resort has just opened. Here, guests can enroll in a course to gain a certificate that qualifies them to help EcoDive teams monitor reefs across the globe. Other imaginative options include ecological river cruises in Peru offered by luxury group Aqua. Spas are also entering the green market. The U.K.'s first certified eco spa, Titanic Spa in Huddersfield, is housed in a carbon-neutral mill, the pool is chlorine-free and salt regulated, and there are photovoltaic solar panels for energy. In France, La Gresse des Landes eco spa was designed using "bioclimatic" architecture, with roofs covered with plants, southwest-facing windows that utilize natural light and thermal solar panels to help heat water. It also plants one tree for every stay by a guest; dead trees are left as refuges for animals and insects.



Cayenne Grill restaurant at the Baros eco-resort in the Maldives.



Lonely Planet's City Guide apps, like this guide to Melbourne, Australia, are popular.

It's an app world

In a world increasingly dependent on smartphones, travel apps are becoming an essential tool for people on the go. According to a survey by research group Compete, 34% of travel apps are aimed at helping people find information about the local area, such as restaurants and entertainment as well as maps, while 29% help customers check reservations and 25% are used to reserve rooms. Some luxury hotel chains such as Mandarin Oriental and Four Seasons offer apps, although at the high-end, most customers are using the feature to discover the local area rather than book rooms, as face-to-face is still important in this sector, says Christoph Oberli, vice president of e-commerce at Mandarin Oriental. Applications from guidebooks like "Lonely Planet" are particularly popular, as are more unusual ones such as Tipping Tips, which tells travelers how much to tip in each country. Euromonitor predicts that 50% of Europeans will use smartphones to make travel reservations and/or find information by 2015. Social media such as Twitter and Facebook also continue to grow as a medium for marketing and booking holidays. Delta Air Lines Inc. launched the airline industry's first Facebook reservations page in August. Other big players in the market are Lufthansa AG and TripAdvisor, with strong Facebook presences. Resorts are also getting in on the act, with Vail Ski Resort in Colorado shifting more than 80% of its advertising spending from print media to online channels, including Twitter and Facebook.



Left, SoMa perfume, made for the Shanti Maurice resort; above, a James Small insider belt, sold exclusively at the W Hotel in London.

The sweet smell of luxury

As hotel chains compete to shift rooms, many companies are coming up with inventive ways of branding. At the Shanti Maurice resort in Mauritius, owner MPS Puri worked with perfumer Tammy Frazer to create an aroma that recalled the early morning scents of the island's flora, something guests could associate with their holiday. "Scent is a hugely important part of the memories we form and we wanted to create something that associated the location to the hotel," says Mr. Puri. "There is something primordial about it." The perfume is sprayed around the hotel, in rooms and on towels, and guests are given a solid scent to take home with them. Le Méridien chain has also created a sensory experience in all of its hotels. Working with hip New York perfumer Le Labo, they have created a signature scent evocative of forest groves and old books. Adding to the earthy feel, the elevators play a soundtrack featuring the chirp of crickets in the morning and a crackling fire at night. Hotel chains are also looking to increase their profile by offering new and unusual things for sale. W Hotels works with local style gurus and trendsetters, offering one-off pieces exclusively in the hotel shops. At the new W in London, opening in February, East End designer James Small has made a range of reversible belts, from £400. At the St. Petersburg W, opening in March, guests will be able to purchase oversized chain-link necklaces from Behnaz Sarafpour for \$175. Morgans Hotel Group, which includes the Mondrian in Miami, Los Angeles and San Francisco, has giant vending machines in some of its hotels from which you can buy everyday essentials such as a Ferrari, a Paul Smith toothbrush or a retro Ouija board.

Dieting and deprivation

Extending last year's "transforconations" trend, more people are expected to seek more austere and extreme forms of self-improvement breaks this year.

At the Ranch in Malibu, Calif., which was launched in September by ex-realtor Alex Glasscock, guests can count on a rigorous program of exercise and diet, with women expected to lose up to eight pounds and men 10 pounds during their weeklong stay. Guests, including Hollywood celebrities getting into shape for the red carpet and CEOs looking to get off steam, are encouraged to relinquish their computer and mobile phones, and only check in at home for emergencies.

At \$5,600 a week, the daily routine typically involves 10 hours of exercise, including a five-hour hike; a strict vegetarian diet of 1,200 calories a day; and inspirational talks in the evening to keep guests going.

In the foothills of the Dolomites at Palace Spa Merano, guests pay from €4,170 a week to shave off the pounds through a specially designed health program that includes a punishing regime of exercise, a 36-hour detox and under 1,000 calories a day. (For the less extreme, there is a blioght option, at 1,200 calories a day.)



Afternoon classes at the Ranch in Malibu, Calif., include TRX training shown here.