...uced to tears' by questioning

on the basis that his main home was a small flat occupied by his brother in Reigate, Surrey, even though he and his wife were listed on the electoral roll at their long-standing address in Hampton, South-West London. He was sidelined for eight months, has repaid more than £27,000 and resumed his seat.

Lord Paul, one of Britain's richest men, lived in London but designated a one-bedroom flat in an Oxfordshire hotel that he owned as his main home. He was suspended for four months and has returned £41,982. All three also claimed travel expenses.

Neither Lord Bhatia or Lady Uddin were willing to comment.

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CBI issues challenge to Osborne

By **Peter Campbell**

FALLOUT from the eurozone crisis has knocked business leaders' confidence, with seven in ten saying the economic outlook has worsened since August.

A survey from the CBI, which holds its annual conference today, will act as a stark reminder to George Osborne of the challenges facing him when he delivers his Autumn Statement in eight days.

It found that the unfolding sovereign debt crisis and fears of a double-dip recession have caused a fall in confidence and were the factors most likely to take their toll on the economy in the next 12 months.

More than 60pc of the bosses surveyed said they would change business plans to cope – with staff changes top of the list. Some 29pc said they had reduced the number of people they planned to take on, and 25pc said they would invest less in their companies over the coming year.

But most supported the government's spending cuts programme, with 82pc saying they thought the plans to cut the deficit should continue.

They called on the government to stimulate short-term growth, and 80pc said the Chancellor should focus on infrastructure investment in his statement. CBI director-general John Cridland said the cuts 'must go hand in hand with some fresh thinking and a more creative growth strategy'.

Today the business lobby group – with accountants Ernst & Young – publishes a report calling for the UK to increase the amount it exports by a quarter in the next five years.

Britain should have 36pc of its GDP in exports in 2016, compared with 29pc last year, says the report.

The number of small and medium-sized enterprises that export should also rise, from one in five now to one in four by 2020.

Trade Minister Lord Green said: 'We need more companies to start selling overseas and moving out of their comfort zones into high-growth markets.'

Phoenix in play as Resolution walks

By **Geoff Foster**

SHARES of Phoenix, the UK's biggest owner of 'zombie insurance funds', will be in big demand today after the company confirmed it had received a number of bid approaches.

Ubiquitous British insurance group Resolution, run by City tycoon Clive Cowdery, confirmed yesterday that talks which might have led to an offer for Phoenix had come to nothing.

But hours later Phoenix revealed that it had also received other approaches concerning potential offers for the company, including from private equity group CVC Capital Partners.

The Phoenix board is considering whether CVC's approach may form the basis of an offer that is appropriate to recommend to shareholders. But there is no certainty that any approach will lead to an offer. Phoenix chairman Ron Sandler said: 'Phoenix is in a strong position to deliver substantial value and has a compelling business model. The board is obliged to evaluate any proposals that are received, and will update shareholders as appropriate.' Phoenix has more than 6m policyholders for whom it manages £68.5m of 'zombie funds'.

Talks break down: Clive Cowdery, left, and Ron Sandler

They relate to old life assurance and pension policies sold by household names such as National Provident, London Life and Scottish Mutual. Reports suggested Cowdery's Resolution had been prepared to pay up to £1.2bn or £7 a share for Phoenix, a significant premium to Friday's closing price of 492p.

This would have allowed Cowdery to buy back his old Resolution Life business at a knockdown price. It was swallowed by Pearl, run by entrepreneur Hugh Osmond, for almost £5bn in 2007. Cowdery made £150m from the sale and gave cash to his charitable foundation.

Phoenix, whose chief executive is former HSBC director Clive Bannister, remains burdened by around £2bn of debt following a complex restructuring of Pearl last year. It has long been considered a bid target. Its shares have fallen 20pc since the start of the year.

Other interested parties could include reinsurer Swiss Re, whose Admin Re unit specialises in buying insurers such as Phoenix that are closed to new customers.

Airport bid plan

SIR Brian Souter, the founder of bus company Stagecoach, plans to bid for Edinburgh Airport when BAA is forced to sell by the Competition Commission. Analysts give the airport an estimated value of £457m. Sir Brian's buyout vehicle Souter Investments joins private equity firm 3i and Charles de Gaulle airport owners Aéroports de Paris as interested parties.

Insurer's task

HOMESERVE, which suspended calls from its sales centre last month causing shares to fall 50pc, announces its half-year results tomorrow. The figures for the emergency insurer only run to the end of September and do not include the period when the group has been unable to make phone sales, but the market will expect an update on its staff 'retraining'.

Sunday tips

Mail on Sunday: APR Energy (buy).
Sunday Telegraph: Lamprell, Cranswick (buy).
Sunday Times: Compass (buy).

Arcadia will deepen the Christmas gloom

AS the High Street hopes for the best this Christmas, but prepares for the worst, billionaire Sir Philip Green's Arcadia clothing empire should this week pile on the gloom and announce sharply lower profits.

The BhS-to-Topshop group is expected to announce profits of below £150m in the year to August, down more than 30pc on 2010. In 2007, excluding BhS, it made almost £300m.

Arcadia's statement will come hard on the heels of profits warnings from French Connection and Mothercare. The much-anticipated squeeze on consumers has forced shoppers to tighten their belts, while the unseasonably warm weather has delayed winter clothing purchases.

Accountancy group BDO says the economic backdrop will make it extremely difficult for most retailers this Christmas and predicts only minimal overall sales growth of between 0-2pc allied with lower gross margins.

It forecasts a plethora of pre-Christmas sales, but unlike the last two years the very deep discounts and one-day special promotions won't re-emerge. Panic measures that blighted the run up to Christmas 2008 will not be seen this season. Retailers so far have maintained reasonable discipline.

Don Williams, national head of retail at BDO, said: 'Trends get magnified at Christmas. Typically strong retailers get stronger and weak retailers get weaker. But they should not forget next year's highlights. The Queen's Diamond Jubilee celebrations should boost consumer confidence in the run-in to the Olympics.'

Thomas Cook to shut stores

EMBATTLED travel operator Thomas Cook is expected to announce the closure of 200 shops this week – putting at risk more than 1,000 jobs.

It has already shut 75 stores so far this year following its merger with the Co-operative Travel, which left it with more than 1,200 outlets.

While analysts say only 24 of the shops are loss-making, the firm is in the process of restructuring its UK operations and the axe is likely to fall more widely.

The move comes on the back of renewed loan agreements last month, which have given the company breathing space.

As part of the deal the group will dispose of £200m of non-essential assets, which will include hotels and its stake in NATS, Britain's air traffic control system.

The announcement is expected to come alongside the group's full-year results on Thursday. The last 12 months have seen it issue three profits warnings and lose chief executive Manny Fontela-Novoa as well as three quarters of its value after shares went into freefall.

MONDAY VIEW

By **Gerard Lyons**

How emerging economies help global growth

YOU may find it hard to believe, but despite the financial crisis the world economy has continued to grow.

Compared to the start of the crisis, the world economy has grown by 14pc and is set to reach \$52trillion by the end of this year. A decade ago, it was worth only \$24trillion, less than half its current size.

Some of this is explained by inflation, but the bulk of it is because of strong growth across the emerging world, led by China.

If one ever wanted a sign of how the world is changing it is the contrasting fortunes between the West and the rest of the world. I have witnessed this again over the last week, travelling across Latin America.

There, the region has solid growth, benefiting from continued strong demand for commodities from China, as well as from robust credit growth.

Emerging economies have been cooling down for a few months, but they are not collapsing. Their slowing is largely in response to monetary tightening earlier this year when food and energy prices were high.

Yet, from Shanghai to Santiago, despite natural concerns about the fallout from Europe, there is still a positive mood.

As we saw three years ago, no part of the world is immune to what happens elsewhere. Yet, as we also saw then, regions such as Asia, Latin America, Africa and the Middle East were better insulated and thus able to rebound to growth. This time, emerging economies may also be better able to cope with the crisis in Europe.

First, across the globe the outlook depends on the interaction between the fundamentals, policy and confidence. In the West, the fundamentals are poor on account of an overhang of debt, the policy cupboard is almost bare and confidence has been shot to pieces.

Thus, interest rates across the West are likely to stay as low as possible, for as long as possible.

In contrast, across the emerging world the fundamentals are good, the policy cupboard is almost full and confidence is likely to prove resilient. Firms and people are optimistic about the future. Second is China's ability to support growth both at home and across the globe. China is now the largest export market for Japan, Korea, South-East Asia and Australia, the second-largest for the EU, Brazil and South Africa, and even the third largest for Germany, Canada, the US and the UK. Its global impact is huge.

I would not be surprised if China's economy slows over the next six months but then it should benefit from policy stimulus. Next year, 8.5pc growth is still likely in China. That is impressive.

A third factor why emerging economies will help global growth is that domestic demand is relatively solid across large parts of Africa, Latin America and Asia. This reflects investment, infrastructure spending, employment growth and economic diversification.

It is also seen in the growth of new trade corridors, with increasing flows of goods, commodities, services and investment across what would once have been called South-South trade.

It is the possibility of solid growth in domestic demand across the emerging markets that will help them offset some of the slack from the West.

WRITING this from Latin America, it is clear that no-one is under-estimating the fallout from the euro area crisis. Yet there is also a recognition that the longer-term outlook is very positive, driven by the opening up of China, India and other economies.

One of the biggest challenges for firms in the West is deciding where should they invest in this environment. Large firms, whose balance sheets are in good shape, would usually be tempted to invest here in the UK at this stage of a cycle. But not now. Faced with weak demand at home, they may be tempted to invest elsewhere.

This is a challenge for the UK. Yet, at the same time, there are opportunities, in particular the need to encourage small and medium-sized UK firms to become more global in their outlook. Despite challenges here, it is clear there are growing markets across the globe for us to sell into.

Dr Gerard Lyons is chief economist at Standard Chartered Bank