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BUSINESS AND POLITICS IN THE MUSLIM WORLD

Weekly Report on Global Economic and Business Developments
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Report Outline

GENERAL ECONOMIC AND BUSINESS DEVELOPMENTS IN THE WORLD

ADB annual meeting in Hanoi to focus on inflation control

May 02, 2011

HANOI -- Inflation control in the regional countries, including Vietnam, will be discussed in the sessions of the Asian Development Bank (ADB)'s 44th Annual Meeting of Board of Governors.

Governor of the State Bank of Vietnam Nguyen Van Giau addressed at the press conference held here on Monday ahead of the ADB's Annual Meeting to be held in Hanoi on May 3-6.

Some Asian countries are facing a bigger threat from inflation, including Vietnam. The Vietnamese government has tightened policy since February by cutting down ten percent of its fiscal spending, raising rates and clipping its credit growth target to counter inflation, Giau reported.

ADB Country Director to Vietnam Ayumi Konishi said the Vietnamese government has issued correct measures to curb inflation, however, policies will take time to be proved efficiency. Vietnam should consistently implement the set measures to curb inflation, despite the fact that some businesses may face difficulties in borrowing capital from banks.

During the upcoming ADB meeting, besides inflation, a wide range of issues will be discussed, including food security, the economic growth model, coping with instability of the hot money, infrastructure development and sustainable growth, Giau said.

Vietnam is one of ADB's 67 members. This is the first time that the country hosts the ADB annual meeting during its 45 years of ADB membership.

Vietnam is one of the biggest ADB-funded receivers, mostly in the areas of infrastructure development, social security, healthcare and alleviation of poverty. ADB pledged to grant Vietnam 1.3 billion U.S. dollars per year besides supporting the country to expand other modes of lending to achieve the goals of sustainable growth and comprehensive infrastructure development, Giau said.

http://news.xinhuanet.com/english2010/business/2011-05/02/c_13855657.htm

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G20, IMF, ADB to discuss reforming international monetary system

May 03, 2011

HANOI -- G20 finance ministers, top officials from the Asian Development Bank (ADB) and International Monetary Fund (IMF) and other key Asian policymakers will attend a high- level seminar here Wednesday to discuss reforming the international monetary system to promote greater global monetary and financial stability.

The seminar, organized by ADB, France, as the chair of the G20 group of leading emerging and advanced economies, the IMF, and the Japanese Ministry of Finance, takes place in the context of slow growth and high government debt in advanced economies.

According to ADB, Finance Minister of France Christine Lagarde, Finance Minister of Japan Yoshihiko Noda, Finance Minister of India Pranab Mukherjee, Finance Minister of Indonesia Agus D.W. Martowardojo, ADB President Haruhiko Kuroda and the IMF's Deputy Managing Director Naoyuki Shinohara will join the panel.

"We have yet to fix the current international monetary system, which fails to address issues such as large and volatile capital flows, undue exchange rate pressures, and disruptions in providing sufficient global liquidity in times of market distress," Kuroda said on the eve of the talks.

The monetary and financial reforms to be discussed at the meeting are critical to helping Asia achieve strong and sustainable growth for all, he said.

http://news.xinhuanet.com/english2010/business/2011-05/03/c_13857209.htm

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China to engage more in South-South cooperation: ADB president

May 03, 2011

HANOI -- After China surpassed Japan in terms of nominal GDP, China will engage more in South-South cooperation, said Haruhiko Kuroda, president of Asian Development Bank (ADB).

Kuroda made the statement at a press conference under the 44th annual meeting of the Board of Governors of the ADB in Vietnam's capital city of Hanoi Tuesday.

In 2010, China's GDP was valued at near 5.8 trillion U.S. dollars, surpassed Japan's 5.47 trillion U.S. dollars and became the world's second largest economy after the United States.

Kuroda said China's population is 10 times more than that of Japan, which is an advantage of China's economy. "China surpassed Japan to become second largest economy, but Japan still remains a modern economy," he said.

In the past few decades, China has been become a phenomenon in reducing poverty, improving living standards of people and particularly providing more better infrastructure, Kuroda said. China is expected to play more construction role in Asia's economy and South-South cooperation, to contribute more to the economic growth of the region and the world, said Kuroda.

http://news.xinhuanet.com/english2010/china/2011-05/03/c_13857176.htm

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ADB warns Asian countries of middle income trap

May 04, 2011

HANOI -- Fast-growing Asian economies can not afford to fall into the middle income trap when seeking to move from resource-driven growth that is dependent on cheap labor and capital to growth based on high productivity and innovation, according to a report released by the Asian Development Bank (ADB) here Wednesday.

The report, named "Asia 2050 -- Realizing the Asian Century," was unveiled at ADB's 44th Annual Meeting and will be a topic of discussion among participants at the Governors' Seminar, including the finance ministers of Bangladesh, France, India, and the Republic of Korea, the vice finance minister of China, the governor of the State Bank of Vietnam, the parliamentary secretary for finance of Japan and ADB President.

According to the report, Asian countries would face six key drivers of transformation: technical progress, capital accumulation, demographics and the labor force, the emerging middle class, climate change mitigation, the competition for resources, and the communications revolution.

The report compared the potential outcomes for Asia under two competing scenarios: the Asian Century and the Middle Income Trap.

The first scenario predicts an additional three billion Asians could enjoy higher living standards by the middle of this century. The region could account for about half of global output in 2050, up from the current 27 percent, as well as half of global trade and investment.

However, if Asia can't sustain its present growth momentum and address daunting multigenerational challenges and risks, it will fall into the middle income trap of slowing growth rates and stagnating income levels over the next five to ten years.

"The difference in outcomes under the two scenarios and thus the opportunity cost of not realizing the Asian Century scenario is huge, especially in human terms," Haruhiko Kuroda, President of the ADB said.

http://news.xinhuanet.com/english2010/business/2011-05/04/c_13858270.htm

IMF warns Latin America of "overheated" economy, high inflation

May 04, 2011

PANAMA CITY -- Latin American countries face an economic "overheating" with high consumer inflation, the International Monetary Fund (IMF) said on Wednesday.

Luis Cubeddu, assistant director of regional studies for the IMF, said the current favorable economic conditions for the region will not be permanent. Cubeddu was speaking at a joint press conference held here together with the IMF representative for Central America, Fernando Delgado.

The region "must begin to normalize its macro-economic policies, increase the monetary rates and reduce trade deficits" in order to prevent the economy from overheating, said Cubeddu.

He said that not all Latin American countries have the same pace of growth and in the case of South America "the winds are favorable" due to high prices of raw materials like mining, while in Central America the pace is slower.

Cebeddu added that Central American countries would benefit from implementing polices that make the business climate more attractive to both domestic and foreign investments.

The biggest risks to the South American economies are an increase in inflation, the fiscal deficits and the high price of fuel.

The Latin American economies grew an average 6 percent in 2010 and the IMF projects that the average growth rate in 2011 will slow to 4.7 percent.

Growth in Central America, meanwhile, slowed to 3 percent because of the impact of the economic crisis in the United States which has had an impact in all the countries receiving remittances from migrant workers in the U.S., as well as the slower world economy which has reduced revenues from the tourism sector.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13859625.htm

New Africa builds new South-South economic ties

May 05, 2011

CAPE TOWN -- Despite long-standing commercial ties with Europe, Africa now conducts half its trade with developing economic regions. Building new South-South relations would benefit the African continent as the economic momentum shifts from West to East.

"Now there's a clear shift taking place, not only a shift of global economic growth, production, more than that (there) is a rebalance," Anand Sharma, Indian minister of Commerce and Industry, said Thursday at the 21st World Economic Forum on Africa discussion session.

South-South trade and investment have been rapidly expanding in recent years, and the South-South share of world trade has jumped from about 7 percent in 1990 to 17 percent in 2009.

BRICS, an acronym for the grouping of Brazil, Russia, India, China and South Africa, which are commonly regarded as the most powerful emerging economies, held its third summit in China nearly a month ago. Trade relations between BRICS and the African continent are vital for the formation of new South-South relations and would also result in a new global balance.

Robert Lawrence, professor at Harvard Kennedy School, believed that after 2000, especially after the 2008 financial meltdown, the world changed dramatically. Emerging countries such as China and India have undergone internal and external changes, and have become much stronger through domestic reforms, putting them on the fast track toward rapid and steady growth.

"Africa now is part of global society; we are no longer the Dark Continent that had been forgotten. We have become the third fastest growing region in the world," said Maite Nkoana-Mashabane, minister of International Relations and Cooperation of South Africa, which was invited to join the BRIC group last December.

"The investment nowadays is very focused on Africa; all institutional main investors ask how to invest in Africa," said Colin Coleman, head and managing director of Goldman Sachs in South Africa.

How Africa seized the opportunities to be integrated into the global market and how its comparative advantages to strengthen and expand growth should be put to use are being discussed by the African leaders at the forum.

"These countries (emerging economies) are resource-hungry, while Africa has the potential to offer," Nkoana-Mashabane said.

"The rising labor cost in China and India will ultimately be beneficial to Africa. They must take advantage of that," Obiageli Katryn Ezekwesili, vice president of the World Bank for the Africa region, said.

She also urged the African countries to encourage economic diversity, including developing agriculture, the services sector, tourism and real estate.

In Lawrence's opinion, African countries should clearly know where the global economy is heading.

"We need to think about where the global economy is going, the South Africans and Africans should take those opportunities," he said. "Labor cost is rising in China. China has changed its growth strategy to depend more on consumption." As China will no longer play the role of supplier, the question crops up who will take over that role, he said.

"Resources and energy up to now are still the comparative advantage in Africa. China now is in sustainable growth, we need a comparatively stable resource supply of energy and resources. Africa has been one of the destinations," said Liu Guijin, African Affairs special representative of the Chinese government. He said that accusations against China for grabbing resources from Africa are groundless.

Nkoana-Mashabane and Sharma strongly agreed with Liu's comments.

http://news.xinhuanet.com/english2010/indepth/2011-05/06/c_13862087.htm

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UN survey forecasts 7.3% growth for Asia-Pacific, warns inflation

May 05, 2011

GENEVA -- The Asia-Pacific region was expected to grow by 7.3 percent in the year 2011, however, high commodity prices and capital inflows might pose downward risks, the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) said in its survey issued here on Wednesday.

"Asia-Pacific developing countries will continue driving the global economy in 2011," the survey said, adding that the region has emerged from the global financial crisis as an engine and stabilizer of the global economy.

ESCAP statistics showed, at the support of massive fiscal stimulus packages and resumed exports, the Asia-Pacific economy soar by 8.8 percent, pulling the region out of the recession with a V-shape recovery.
"Still, the 2011 regional growth outlook is subject to downside risks," the survey said, given that factors such as high food and fuel prices, the sluggish recovery and demand in developed nations, the volatile capital inflows and the impact from Japan's recent disasters are all likely to exert negative impact on regional economy.
ESCAP estimated rising good and oil prices could cause the population in poverty of the region to increase by 42 million within the year, postponing the achievement of the Millennium Development Goal for poverty.
In addition, if the high oil prices persist, the regional growth would be dragged down by as much as 1 percent.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860007.htm

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Indonesia among nations driving Asia's rise: ADB report
May 05, 2011
JAKARTA -- Asian Development Bank (ADB) said that Indonesia is among seven Asian nations that will lead the region's rise to become a powerhouse that controls half of the world's economy and output, local media reported on Thursday.
In its latest report released Wednesday, the ADB cited China, Japan, India, Indonesia, Malaysia, South Korea and Thailand as the potential drivers of Asia's rise over the next 40 years, when 3 billion Asians could enjoy higher living standards compared to those of Europe, the United States and other developed nations.
In 2010, the seven economies had a combined total population of 3.1 billion, or 78 percent of Asia, and a gross domestic product (GDP) of 14.2 trillion U.S. dollars.
Indonesia's economy stood at Rp 6,422.9 trillion (about 751.48 billion U.S. dollars) in 2010, growing at a pace of 6.1 percent throughout the year.
Under the ADB's "Asian Century" plan, the region's GDP is expected to soar to 148 trillion dollars and account for 51 percent of global output in 2050. On a purchasing parity basis, GDP per capita in Asia would rise to 38,600 dollars, compared with the projected 2050 global average of 36,600 dollars, the ADB said.
"Being the 18th largest economy in the world and one of the fastest growing in Asia, Indonesia has the potential to contribute to Asia's economic growth, which will be the engine of global growth in the next 20 years," Standard Chartered Bank Indonesia senior economist Fauzi Ichsan was quoted by the Jakarta Post as saying.
Indonesia's economy is expected to reach 4.7 trillion dollars by 2025, according to President Susilo Bambang Yudhoyono's administration's economic master plan, which involves investment in six economic corridors or clusters throughout the archipelago worth up to 4 trillion dollars.
Economists, including Vice President Boediono, have said that infrastructure bottlenecks remain the most impeding factor for the country's economy to achieve its optimal growth of up to 8 percent.
Fauzi agreed, saying the amount of Indonesia's contribution to Asia will depend on "how fast Indonesia builds its infrastructure, which can accelerate GDP growth to its 8 to 9 percent potential".

As for the ADB, governance and institution building are the " great challenges" for the region to boost its economy. "Governance and institution building need to be modernized to ensure transparency, accountability and enforceability of rules and regulations."
If Indonesia and other Asian countries fail in solving these issues, they would fall into the "middle income trap" scenario, which assumes that Asia's fast growing economies -- China, India, Indonesia and Vietnam -- will fall into a trap of slowing growth rates and stagnating income levels over the next five to 10 years, ADB said.
"If these events occur, Asia would account for only 32 percent, or 61 trillion, of global GDP in 2050. On a purchasing power parity basis, GDP per capita would rise to only 20,300 U.S. dollars, or just over half of that under the 'Asian Century' scenario," the Bank said.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860071.htm

Soaring food prices, capital inflow to leave sluggish growth in Asia
May 05, 2011
KUALA LUMPUR -- Rising inflation and capital inflow will slow economic growth in Asian countries, an United Nations official said here Thursday.
Food prices hikes, and higher energy prices, will push 19 million people into poverty while keeping 42 million additional people in poverty in Asia, the UN resident coordinator for Malaysia, Kamal Malhotra said at the launch of the UN Economic and Social survey of Asia and the Pacific 2011 (UNESCAP).
In Malaysia, though the impact of rising food and fuel prices is minimal due to a series of subsidy cuts, Malhotra said the crisis would severely affect those in the poorest income group.
To avert the crisis, he advises Asian countries to boost productivity and divert exports for domestic consumption.
The UN predicted inflation in Asia Pacific to come in highest in Vietnam this year, with a year-on-year rate of 11 percent, 3 percent for Malaysia and 4.8 percent for South East Asia as a whole.
Countries in the region are also seeing some of the world's steepest increases in property prices, driven by foreign investors who are seeking higher returns.
These short term investments, Maholtra said, are asserting currency appreciation pressure to the volatile and deficit-ridden Asian markets, like India.
He urges Asian countries to take measures to control foreign exchange derivatives, so as to avert overwhelming capital inflow.
The UNESCAP survey involved 56 countries, including 6 associated nations.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860336.htm

Asia-Pacific region economic growth to reach 7.3% in 2011: UN report
May 05, 2011
HANOI -- Economic growth in the Asia-Pacific region will reach 7.3 percent in 2011, lower than 8.8 percent in 2010, said an U.N. report released Thursday.
The Gross Domestic Production (GDP) in the East and Northeast Asia will expand by 7.9 percent this year, and the GDP growth for the North and Central Asia, the South and West-South Asia, and the Southeast Asia, will stand at 4.8 percent, 6.8 percent, and 5.5 percent, respectively,

the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) said in the report issued at a press briefing here.
According to the report, countries with the fastest growth included China with 9.5 percent, India with 8.7 percent and Indonesia with 6.5 percent.
India and Indonesia will see strong economic growth thanks to huge consumption and big investment, while China will realize a high growth due to the government consumption spur.
The report warned that in 2011, most of the economies will fall into increasing inflation due to the increased prices of energy and food, which had severe impacts on the poor and vulnerable populations.
ESCAP estimated that in 2011 people living in poverty in the Asia-Pacific region will reach 42 million.
Further, ESCAP also called for protection for the poor and vulnerable families through expanding the public food supply chains, free coupons and providing meals at schools and other target allowances.
The ESCAP called on effective government policies to curb inflation.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860634.htm

Economic outlook positive in Asia-Pacific, though high food and fuel prices pose challenge: UN report
May 05, 2011
UNITED NATIONS -- The UN Economic and Social Commission for Asia and the Pacific (ESCAP) released a report here on Thursday that indicates continued strong economic growth in the region, but underscores the challenges that increasing fuel and food prices have created, especially in the region's least developed countries (LDCs).
"I must say that ESCAP has estimated that the high food prices in 2010 have already led to 19 million people remaining in poverty in 2010 and if this continues also in 2011, the estimate is that 42 million people will also remain in poverty due to these high food prices," Amr Nour, director of the New York office of ESCAP, told reporters at a press conference here regarding the report's release.
"But there are also other challenges like the oil prices which could reduce the growth of countries up to 1 percent in 2011 as well," Nour said.
ESCAP is a regional forum that works on spurring inclusive economic and social progress in Asia and the Pacific. Its flagship annual report, the Economic and Social Survey of Asia and the Pacific, provides a look at developments in the region and makes recommendations for the future.
Nour said that the Asia-Pacific region is projected to grow by 7.3 percent in 2010, which is less than last year's 8.8 percent but still impressive.
"Its growth rate will be nearly one and a half times more than that of any other region," Nour said.
Despite growth, Nour stressed the importance of combating rising food prices that affect the LDCs particularly strongly. He said that ESCAP has proposed many recommendations in the 2011 report for how to ameliorate the situation.
"ESCAP is proposing to act on several levels really to address those challenges and to combat the price rises. Some of the policies are at the national, others are at the regional, and some are at the global level," Nour said.

Regionally, he explained, the report proposes the creation of additional reserves of food staples and further South-South cooperation that could include the sharing of research and development.
The report emphasizes the potential of intra-regional trade as a tool for economic development.
"For the smaller economies in the region, intra-regional trade and integration should be boosted to benefit from the domestic demand of their neighbors," said Nour.
Intra-regional trade rose from 46 percent in 1999 to almost 54 percent in 2009, he said, adding that this positive trend could be built on even further.
The ESCAP report also emphasizes the need to increase and diversify the productive capacity of the LDCs, which would help them display important economic growth that would make them less susceptible to rising food and fuel prices.
"A critical reason for the slower progress of the LDC countries in the Asia-Pacific is their small productive capacities which (do) not allow them to take advantage of the emerging opportunities in the region and beyond," Nour said. "The survey stresses the need to expand and diversify the productive capacity of the LDCs for them to take advantage of the opportunities arising from the Asia- Pacific dynamics."
The report says that the a worst-case scenario, in which food price inflation doubles in 2011 and oil prices rise to an average 130 U.S. dollars per barrel, the achievement of the Millennium Development Goal (MDG) for poverty could be delayed for up to five years in some Asia-Pacific developing countries.
The MDGs are a set of eight development targets that UN member states have agreed to reach by 2015.

http://news.xinhuanet.com/english2010/business/2011-05/06/c_13860874.htm

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China's investments in Africa bring multiple benefits: special envoy

May 07, 2011

CAPE TOWN, South Africa -- China's investments in Africa have brought multiple benefits to the continent, providing better livelihood, more development opportunities and more choices for local people, according to a senior Chinese diplomat.
Liu Guijin, China's special envoy on African affairs, made the comments at the end of the three-day World Economic Forum on Africa which was opened here on Wednesday.
He told a seminar on prospects for Sino-African relations that China's investments cater to Africa's needs for a diversified economy.
The investments have increased rapidly and in a variety of forms, covering 49 countries of the continent and a wide range of areas including mining, finance, manufacturing, construction, agriculture, forestry, fishery and animal husbandry, he added.
China has been working to enhance Africa's self-development capabilities, he said, citing China's efforts to held Sudan develop a modern oil industry.
In Zambia, Mauritius, Nigeria, Egypt and Ethiopia, China has invested more than 250 million U. S. dollars in economic and trade joint ventures, or local infrastructure, said the Chinese special envoy.
According to statistics released by Zambia, China's investments contributed to the creation of 15,000 job opportunities in the country in 2010. In Uganda, China became the biggest investor in the last fiscal year, creating more than 5,500 positions from 32 projects, Liu said.
Local people have witnessed much improved livelihood with China's investments in road building, housing, hospitals and schools, he told the seminar.

A great change in the pattern of investment in Africa is the soaring of capital inflow from developing countries, which have become more reliable investors than the developed world against the backdrop of global financial crisis, the Chinese diplomat said.

In Zambia, he said, Chinese mining enterprises expanded investment instead of reducing production or sacking employees despite the global crisis. The local government and media spoke highly of the operations by the Chinese firms, Liu said.

China's investments have drawn more and more attention in Africa and the world, giving rise to high enthusiasm in Western investors or those from developing countries about the economic and social development in the continent, he said, adding foreign investments are becoming the key resources for Africa's development.

The three-day meeting, held under the theme "From Vision to Action, Africa's Next Chapter," is gathering more than 900 participants from over 60 countries to discuss potentials and challenges of Africa's economic development in the post-crisis era.

http://news.xinhuanet.com/english2010/china/2011-05/07/c_13863717.htm

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18th ASEAN Summit concludes in Jakarta with Chair's Statement

May 08, 2011

JAKARTA -- The two-day 18th ASEAN Summit concluded here Sunday with the release of the Chair's Statement on ASEAN Community-building, the implementation of ASEAN Charter and other issues.

JOINT EFFORTS FOR COMMUNITY-BUILDING

The leaders agreed and adopted three joint statements on "ASEAN Community in a Global Community of Nations", "Establishment of the ASEAN Institute for Peace and Reconciliation" and "Enhancing cooperation against trafficking in persons in Southeast Asia."

While acknowledging the challenges of establishing the ASEAN community, the ASEAN leaders agreed to increase the efforts of each individual member state and joint efforts to establish the ASEAN Community by 2015.

As to the fight against people trafficking, they agreed to enhance the work of the existing law-enforcement agencies, ensure the victims are treated humanely and have essential medical and other forms of assistance and accelerate the consideration of an ASEAN Convention on Trafficking in Persons.

They also recommend the establishment of an "ASEAN Institute of Peace and Reconciliation," with the aim to "promote a culture of peace as well as respect for diversity and tolerance in order to create the conditions necessary for sustainable regional peace and reconciliation."

The leaders discussed the implementation of the Master Plan on ASEAN Connectivity, which provides the basis for regional connectivity that prioritizes the development of infrastructure, institutions, and community empowerment.

Other strategic issues discussed include the protection of rights of migrant workers, the handling of piracy and terrorist activities and the expansion of cooperation in food and energy security, and disaster management.

JOINT EFFORTS FOR DISPUTE SETTLEMENT

The leaders also agreed to facilitate the resolution of the conflict between Thailand and Cambodia, and they also agreed that ASEAN must take the leading role in securing the peaceful resolution of conflicts.

With the mediation of Indonesia, chair of ASEAN, Cambodian and Thai leaders met Sunday on the border issue.

The two countries have agreed on the deployment of Indonesian observer team to monitor cease-fire. But Thailand has not formally submitted its acceptance letter. On Monday, the foreign ministers from Cambodia and Thailand will continue dialogue with the presence of Indonesian foreign minister.

Meanwhile, Thailand has invited Cambodia to participate in meetings of the Joint Commission on Demarcation for Land Boundary (JBC), the Regional Border Committee and the General Border Committee.

"We are waiting for Cambodia to accept the invitations", said Thailand's Prime Minister Abhisit during a press conference held on Saturday.

EFFORTS FOR INTER-REGIONAL COOPERATION

The first ASEAN-EU Business Summit was held before the 18th ASEAN Summit, giving business from ASEAN and the EU not only an opportunity to engage between themselves, but also to have dialogue with policy makers from both regions.

The Summit aims to enhance business networking and rising awareness about trade and investment opportunities in ASEAN and the EU, to identify market access opportunities and challenges, and to better facilitate trade and investment relations between the two sides with formulation of policy advice and recommendations to the ASEAN Governments and the European Commission.

Surin Pitsuwan, Secretary-General of ASEAN, said that the EU has been the No. 1 source of foreign direct investment (FDI) into ASEAN.

"We all agree that the trade between us has been robust, although the year 2009 it dipped a little bit about 16 percent, but this year we are going up again, and it is very very encouraging," he said.

For his part, EU trade commissioner Karel De Gucht said the first-ever ASEAN-EU Business Summit provides an opportunity for creating business ties and the platform to engage with governments.

http://news.xinhuanet.com/english2010/world/2011-05/08/c_13865012.htm

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Apple overtakes Google as world's most valuable brand

May 09, 2011

SAN FRANCISCO -- Apple Inc. has overtaken Google as the most valuable brand in the world and more top global brands are originating from "BRICS" markets, global media communications services group WPP plc said in a report on Monday.

The Apple brand has increased in value by 84 percent from last year and 859 percent since 2006, with a brand value of 153.3 billion U.S. dollars, said WPP in its sixth annual study of BrandZ Top 100 Most Valuable Global Brands.

"By nurturing its brand and constantly innovating, Apple is able to command a high price premium and weather economic turbulence, providing a global business success story that other brands can learn from," said Eileen Campbell, CEO of brand research company Millward Brown, a WPP subsidiary.

During the economic recovery last year, the combined value of all the brands in the top 100 has risen by 17 percent and is now worth 2.4 trillion dollars, said the report.

Technology and telecom brands dominate the ranking, making up one-third of the top 100 brands. Apple is followed by Google, with a brand value of 111.5 billion dollars, a decrease of 2 percent from last year. IBM is in third place with a brand value of 100.9 billion dollars.

Facebook ranks No. 35 with the highest increase of 246 percent in brand value on a year-over-year basis, and the brand is now worth 19.1 billion. Online retailer Amazon also edged past Walmart to become the No. 1 retail brand and 14th overall, with a 37- percent rise in brand value to 37.6 billion.

Compared to two in 2006 and 13 in 2010, 19 brands come from " BRICS" markets in this year's ranking, highlighting the expanding purchasing power of people in these countries. While many of these brands are buoyed by the size of their local customer base, more brands now have international ambition, like Petrobras in Brazil and China's largest search engine Baidu, noted the report.

BRICS is a mechanism that groups the world's five major emerging economies, namely Brazil, Russia, India, China and South Africa.

Twelve of the top 100 global brands are from China. China Mobile Ltd. ranks No. 9 with a brand value of 57.33 billion dollars, an increase of 9 percent from last year. The Industrial and Commercial Bank of China Ltd. ranks No. 11 and Baidu has moved up 46 places from last year to No. 29.

The top ten BrandZ most valuable global brands are Apple, Google, IBM, McDonald's, Microsoft, Coca-cola, at&t, Marlboro, China Mobile, and GE.

http://news.xinhuanet.com/english2010/business/2011-05/10/c_13866575.htm

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Recovery reconfirmed, double dip unlikely: ECB president

May 09, 2011

BASEL, Switzerland -- Central bankers from around the world have reconfirmed global recovery from the financial crisis, and ruled out the possibility of an imminent double-dip recession, European Central Bank (ECB) chief Jean-Claude Trichet said here Monday.

Trichet made the remarks following the regular Bank for the International Settlement (BIS) bimonthly meeting which gathered central bankers around the world.

"It is certainly considered by our colleagues as healthy development," Trichet said, citing central bankers' positive assessment of the overall situation of the global economy.

"We have not the sentiment that a double dip would be now likely," he added.

The ECB chief, however, cautioned about the deficiencies of the recovery.

"This is no time for complacency," said Trichet, calling for sustained efforts to consolidate the recovery.

For advanced economies, their fiscal situation had to be progressively improved, the ECB chief said, citing the case of the highly indebted European countries, in particular.

Another issue that has to be coped with in global level is the potential or real overheating in a number of emerging countries.

The central bankers had associated the potential of overheating in emerging economies with the overall recovery confirmed at the global level, Trichet said, given that recovery was stronger in these countries than in advanced countries.
On recent volatility in commodity markets, the central bankers made extensive discussions.
"We are very cautious and prudent and we did not engage in a very immediate appreciation of what has happened," Trichet said. But the ECB president admitted that the central bankers all confirmed about the level of volatility in the commodity prices which was considered as "extremely high."
At the central bankers' bimonthly gathering, remarks were also made on the correlation between different commodity markets.
"The possible correlation between the silver market and the commodity market that has been observed," Trichet said, adding that all central bankers at the meeting considered that there was a strong need for better understanding in the correlation between various commodity markets.

http://news.xinhuanet.com/english2010/business/2011-05/09/c_13866501.htm

Oil markets to continue to tighten through 2012: EIA
May 10, 2011
HOUSTON -- Oil markets are expected to continue to tighten through 2012 given projected world oil demand growth and slowing growth in supply from non-OPEC countries, the U. S. Energy Information Administration (EIA) said Tuesday.
During the first week of May, West Texas Intermediate (WTI) crude oil prices fell by nearly 17 U.S. dollars per barrel to 97 dollars per barrel, along with a broad set of commodities, and then rebounded by almost 6 per barrel Monday, according to a monthly report released Tuesday by the EIA.
EIA predicted that WTI spot prices will average 103 dollars per barrel in 2011 and 107 dollars per barrel in 2012, reductions of about 4 and 6 dollars per barrel respectively from the agency's last month's outlook.
EIA expects total world oil consumption to grow by 1.4 million barrels per day in 2011, which is about 0.1 million bbl/d day lower than last month's outlook, and 1.6 million bbl/d in 2012, slightly higher than forecast last month.
World crude oil and liquid fuels consumption grew to 86.7 million bbl/d in 2010, surpassing the previous record of 86.3 million bbl/d set in 2007.
EIA expects that world liquid fuels consumption will grow by 1. 4 million bbl/d in 2011, followed by 1.6 million bbl/d growth in 2012, resulting in total world consumption of 89.7 million bbl/d in 2012.
Supply from non-OPEC countries will increase by an average of about 0.6 million bbl/d annually through 2012, which is about 0.2 million bbl/d higher than in last month's outlook.
Forecast OPEC crude oil production declines in 2011, falling by about 450,000 bbl/d, followed by an increase of 640,000 bbl/d in 2012, according to the EIA report.
EIA expects the market will rely on both a drawdown of inventories and increases in the production of crude oil and non crude liquids in OPEC member countries to meet projected demand growth.
EIA forecasts that the annual average regular-grade retail gasoline price will increase from 2.78 dollars per gallon in 2010 to 3.63 per gallon 2011 and to 3.66 per gallon in 2012.

The agency expects that working gas inventories will build strongly during the summer and approach record-high levels in the second half of 2011.
The projected Henry Hub natural gas spot price averages 4.24 dollars per million British thermal units (MMBtu) in 2011, 0.15 dollars per MMBtu lower than the 2010 average.
EIA expects the natural gas market to begin tightening in 2012, with the Henry Hub spot price increasing to an average of 4.65 dollars per MMBtu.

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13868491.htm

OPEC raises crude oil demand forecast

May 11, 2011

VIENNA -- In its latest monthly market report released on Wednesday, the Organization of the Petroleum Exporting Countries (OPEC) raised its forecast of world oil demand in 2011 to 88.08 million barrels per day, 1.4 million barrels more than the estimation of last month.
The global demand for OPEC crude oil is estimated at 29.87 million barrels per day, an increase of 20,000 barrels from the forecast last month.
The report said although the international oil prices have increased sharply, the current supply level is adequate, blaming the price hikes to market speculation caused by political crisis in the North African and Arab countries.
OPEC will hold a ministerial meeting on June 8 in Vienna to discuss the production quota for the coming period.
OPEC has not changed its production quota for two years, though researchers claim that some member states have increased their output without permission.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13870325.htm

Africa requires 93 bln USD for infrastructure development

May 11, 2011

LUSAKA -- Africa's largest trading bloc says the continent requires about 93 billion U.S. dollars annually to raise infrastructure endowment to a reasonable level within the next decade, the Zambia Daily Mail reported on Wednesday.
The Common Market for Eastern and Southern Africa (COMESA), which has 19 member states, said from the total of amount of money required, two thirds needed to be spent on capital development, rehabilitation and the remainder on maintenance, the Daily Mail said.
Sindiso Ngwenya, the organization's secretary-general, said the continent could save 17 billion dollars through improving efficient use of existing infrastructure although this still left a funding gap of 31 billion dollars.
The official, who was speaking at a tripartite meeting of three regional groups namely COMESA, Eastern Africa Community (EAC) and the Southern African Development Community in Lusaka, said however that it was encouraging that governments were championing infrastructure projects in a "prioritized manner".
Under the North-South Corridor Aid for Trade program, a project driven by the tripartite initiative, projects in various sectors have been prepared as funding documents, according to the Daily Mail.

http://news.xinhuanet.com/english2010/world/2011-05/11/c_13869844.htm

Pan-African parliament, WB to discuss development
May 11, 2011
NAIROBI -- The World Bank and the Pan-Africa Parliament (PAP) in partnership with the African Parliamentary Center will hold a special meeting on International Development for over 50 members of parliament from Africa, the bank said on Wednesday.
A statement from the World Bank's office in Nairobi said the May 13-14 meeting which will be held in South Africa will also focus on the role of International Financial Institutions in meeting Africa's development challenges. "African Parliamentarians are a very important constituency in the development agenda, and they have shown, in many instances, that they can hold their government accountable and influence the political will for attainment of their set development goals," said Colin Bruce, World Bank Director for Operations in the Africa Region.
The goal of the seminar is to provide parliamentarians in Africa with practical knowledge about international development and expose them to thousands of freely available development resources, as a way of fostering informed debate in Africa as well as equipping the legislators to better exercise their oversight role both at the national and global levels.
Among the key topics to be discussed at the training is the issue of voice and representation, as well as aid effectiveness, and the role of legislators in fostering their own countries investment climate. All factors that are currently key to Africa's development.
Participants will also have a chance to discuss concrete development success stories. Presentations would be given by experts from the World Bank, IFC and the IMF, parliamentary organizations, parliamentarians and scholars. "One of the aims of the PAP is to encourage good governance, transparency and accountability in Member States and we hope that this training in international development will equip the members with the requisite skills to debate development issues constructively and with the requisite knowledge," said Dr. Moussa Idriss Ndele, President of the Pan-African Parliament.
The program will take place during the Fourth Ordinary Session of the Second Parliament in Midrand, South Africa in order to attract and engage a diverse pool of talented parliamentarians to participate and benefit from this unique learning opportunity.
The 235 Member Pan-African Parliament (PAP) is the legislative body of the African Union formed in 2004 and is currently headquartered in Midrand, South Africa.
In October 2009, the Second Parliament of the Pan-African Parliament opened its First Ordinary Session and began a new 3- year mandate.
PAP Members are nominated by the legislatures of the 47 out of the 53 member states of the African Union, who have so far ratified the PAP Protocol.

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13869878.htm

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U.S. companies eye Chinese market for growth
May 11, 2011
BEIJING -- "The Chinese market is one of the most important markets to Procter & Gamble in our global development range," Shannan Stevenson, P&G's President-Greater China, said in an interview with Xinhua.
Earlier this month, the company started construction on its 10th plant in China, which will be one of P&G's largest production bases in Asia upon its completion.

Stevenson said the plant not only marks P&G's commitment to providing the Chinese market with better products, but it is also part of the company's plan to invest at least 1 billion U.S. dollars in the Chinese market by 2015.
P&G's choice may be representative.
According to the American Business in China White Paper 2011 released in late April by the American Chamber of Commerce in China (AmCham-China), this year's Business Climate Survey shows that all 434 members of AmCham-China have been performing well in China, with business having returned to pre-financial crisis levels.
Of the 434 survey respondents, 85 percent reported revenue growth in 2010, and 78 percent reported being either profitable or very profitable.
The Business Climate Survey also shows increased optimism about China's economic growth prospects and the potential of the Chinese market, said AmCham-China Chairman Ted Dean.
Members also reported growing concerns about certain regulatory trends, and, for the first time, they rated bureaucracy as their top business challenge, according to the White Paper.
Dean said this is the result of many U.S. companies trying to turn China into a kind of hometown or base, so they have higher expectations for economic policies.
China, meanwhile, will be actively changing its economic growth mode during its 12th Five Year Plan (2011 to 2015), Dean said. China will focus more on domestic demand and consumption during this time, creating more of an opportunity than a challenge for U.S. companies in China.
Many U.S. companies have already expressed a willingness to participate in China's reform process and they are willing to provide products and services to China's growing domestic market, said Dean
Wang Zhile, director of the Research Center of Transnational Corporation of the Ministry of Commerce, said China's overall foreign investment environment is promising, as about 80 percent of U.S. companies in China turn profits.
"But we realize that there are still problems, and the government is now trying to improve the investment environment," said Wang.
Wang suggested that both China and the U.S. be more open and cooperative about business problems. In this way, both sides could enhance cooperation and development.
"It's in line with the trend of the times," he said.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13870277.htm

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ASEAN countries to take steps to ease inflation
May 12, 2011
JAKARTA -- ASEAN countries plan to take steps to ease inflation as the acceleration of economic growth in those countries will also bring the risk of high inflation.
Only few ASEAN countries have good infrastructure facilities that can ease the price hike threat when economic activity increases following huge capital inflows in the region.
Besides, volatile global oil prices and extreme weather phenomenon, which may disturb foods supply that had spurred high inflation recently, still threaten the region.
Take Indonesia for example, The National Space and Aviation Agency (LAPAN) predicted the country to suffer from a long drought next year and urged the government to immediately start making preparations. Extreme weather phenomenon last year caused a lack of rice and chilies supply, triggering inflation to a 21-month- high to 7.02 percent in January.

ASEAN leaders and its representatives at the recent 18th ASEAN Summit in Jakarta proposed to add ASEAN rice reserve to over 780, 000 tons from the initial plan of 700,000 tons and to expand the usage of the reserve not only for emergency purpose but also to stabilize prices in its member countries.
"Indonesia and other ASEAN countries propose to use the reserve to stabilize volatile foods price," Indonesian Trade Minister Mari Elka Pangestu said.
Each ASEAN member countries, as well as China, Japan and South Korea would share to fill the reserve. Indonesia has decided to add its contribution from the initial target of 14,000 tons to 25, 000 tons, Indonesian Agriculture Minister Suswono has said.
Poor infrastructure in some ASEAN member countries has also hampered the countries to boost its economic efficiency when the economic activity rises following huge capital inflows.
With loosing monetary policy, advanced nations have spread inflation to emerging markets.
Nearly-zero interest rate in advanced nations has spurred seeking-higher yield funds to flow into emerging markets, including the ASEAN member countries, which offer higher yields.
There has been no decision from the ASEAN countries at the summit to block the rapid flow of capitals into the region.
Some central banks in Southeast Asia have tightened monetary policy to contain inflation. Indonesia raised rate by 25 basis points to 6.75 percent in February.
Countries in the region have set up an infrastructure fund worth 480 million U.S. dollars that would be placed in the region with priority for the connectivity of ASEAN, Indonesian Finance Minister Agus Martowardojo has said. Indonesia will contribute 120 million U.S. dollars to it, he said.
"The value of the fund is still small, but it may be raised. The most important thing is the purpose of the fund," Indonesian Coordinating Minister Hatta Rajasa said.
Indonesian central bank decided to allow rupiah to strengthen to contain imported inflation, but later the bank said it would monitor the appreciation to make it not move too far.
Coordination among the ASEAN member countries has also established amid the strong capital inflows and threat of inflation, the Indonesian coordinating minister for economy has said.
Despite the global oil prices has decreased recently after it rose following the political turmoil in the Middle East, it still threatens the countries in the region which provide huge subsidies.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13871516.htm

Direct investment from China benefiting America: U.S. media
May 12, 2011
WASHINGTON -- Foreign direct investment from Chinese firms in the United States can create win-win situation, according to an article published by the Wall Street Journal on Thursday.
"China's gain could also be America's gain," said Daniel Rosen and Thilo Hanemann, co-authors of the article entitled "America Gains From Chinese Investment."
They said that the U.S. should take the opportunity of China's rapidly growing direct investment abroad.
Based on their recent research, Chinese firms are expected to deploy between 1 trillion and 2 trillion dollars of direct investments abroad between now and 2020.
"Americans could be a major beneficiary of this -- if anti- China sentiment in Washington and around the country does not bring down the curtain just as the show is starting," they noted in the article.

China started investing overseas in a big way in the mid-2000s, almost entirely in the natural-resources sector. Chinese firms made some attempts to invest in the U.S. -- notably CNOOC's failed bid for oil company Unocal in 2005--but through 2008, such forays were few and far between.
Since 2009 that story has begun to change. In a new study, the two authors find that over the past two years direct investment expenses by Chinese firms in America have grown more than 130 percent a year.
In 2010 alone, Chinese firms spent more than 5 billion dollars in America on a combination of 25 "greenfield" projects built from scratch and 34 acquisitions of existing companies. While China still accounts for only a tiny share of total foreign direct investment in the U.S., Chinese firms are today invested in at least 35 of 50 states and an upward trend is clearly underway.
The article cited Japan's investment story in the U.S. as an example, saying that China's investment in the United States will benefit both countries.
"Japanese firms had a difficult start in the U.S. in the 1980s, as they were greeted with skepticism and fear. Today, Japanese firms employ almost 700,000 Americans with an annual payroll of nearly 50 billion dollars," it said.
The article warns that it is a "clear danger" that anti-China reactions will only grow louder as the numbers increase, and even result in more restrictive terms for firms from China.
It suggests that the U.S. need to open its door to Chinese firms. Otherwise, "it would also be tragic for American communities to lose the jobs, innovation and tax revenue additional investment dollars could create."

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13872226.htm

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Not to raise debt limit risky for U.S. economy: Bernanke
May 12, 2011
WASHINGTON -- U.S. Federal Reserve Chairman Ben Bernanke warned Thursday that the U.S. financial system may be destabilized again if the Congress would not raise the government debt limit. "Using the debt limit as a bargaining chip is quite risky," Bernanke said when he testified before the Committee on Banking, Housing and Urban Affairs of the Senate.
The U.S. debt ceiling, which now stands at 14.29 trillion dollars, is expected to be hit early next week and the government still needs to borrow to finance its huge fiscal deficit.
Republicans in Congress have refused to raise the debt limit unless they can get the Obama administration and its Democratic supporters to agree to sweeping long-term spending cuts.
"It is a risky approach not to raise the debt limit in a reasonable time," Bernanke said. "At minimum the cost will be an increase in interest rates that will actually worsen our deficit."
"The worst outcome would be one in which the financial system was again destabilized... which of course would have extremely dire consequences for the U.S. economy," warned the central banker.
The mounting debt issue has become one of the key challenges that the U.S. is facing. The U.S. public debt increased rapidly after the burst of the financial crisis and economic recession. The federal government deficit hit 1.41 trillion dollars in 2009 and 1.29 trillion dollars in 2010. It is expected that the figure in 2011 will reach another historic high because of the stimulus policies taken by the Obama administration.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13872237.htm

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IMF calls for strengthening policy response to tackle European fiscal challenge
May 12, 2011
WASHINGTON -- Europe need to take comprehensive and bold policy action to restore fiscal health, address remaining weaknesses in the financial sector, and implement reforms to restore competitiveness and growth, the International Monetary Fund (IMF) said on Thursday.
The economic outlook in the European region "is expected to solidify," but fiscal challenge remain tough, according to a statement released by the Washington-based international lender.
"In advanced Europe, policy makers need to take steps to restore confidence -- structural reforms, fiscal consolidation, and strengthening of the financial system, most notably in the euro area periphery," said Antonio Borges, Director of the European Department of the IMF. "Emerging Europe has so far proved resilient to spillovers from the euro area periphery, but it will need to continue reducing its fiscal and financial vulnerabilities and reorient growth towards the tradable sector."
In the latest Regional Economic Outlook (REO) for Europe: Strengthening the Recovery, the IMF sees growth for all of Europe at 2.4 and 2.6 percent for 2011 and 2012, respectively, after 2.4 percent last year.
The IMF projects growth in advanced Europe to expand by 1.7 and 1.9 percent this year and next, compared with 1.7 percent in 2010. Growth in emerging Europe is expected to be stronger, at 4.3 percent in 2011 and 2012, after 4.2 percent in 2010, with all countries posting growth for the first time since the 20082009 crisis.
The IMF noted that to prevent new crises, more vigilance is called for, better institutions to deal with financial sector problems must be developed, and more, rather than less financial and economic integration is needed.
The main risk to the outlook for Europe arises from tensions in the euro area periphery. Other global worries also pose risks, but concerns about overheating in the continent's emerging economies are more muted than in other regions.
The IMF also warned that stepping back from financial integration would be wrong. It suggested that to prevent the next crisis, more vigilance is needed, both nationally and across borders, together with better pan-European institutions to deal with financial sector problems, and, correspondingly more, rather than less financial integration.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13872257.htm

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Romania welcomes Turkmenistan's readiness to join EU energy policy
May 12, 2011
BUCHAREST -- Romanian President Traian Basescu Thursday welcomed Turkmenistan's readiness to join the European Union's energy policy and to become a natural gas supplier for the planned Nabucco and AGRI pipelines.
"I must make public my satisfaction with Turkmenistan's readiness to take part in the EU energy policy by the development of the Southern Corridor," Basescu said while meeting with his visiting Turkmen counterpart Gurbanguly Berdymukhammedov.
Basescu also told Berdymukhammedov that Romania considered absolutely correct Turkmenistan's request to be committed to these projects, adding that a political deal between the EU and Turkmenistan and setting up a consortium to build the pipeline under the Caspian Sea between Turkmenistan and Azerbaijan were key elements.

"Romania backs Turkmenistan's stand that, before establishing the consortium to make the gas transfer from Turkmenistan to Azerbaijan possible, a political-judicial document should be signed at the highest level so as to offer guarantees that the gas will be demanded and purchased," said Basescu.

"Nabucco project is a viable project as long as the partners in this project are Azerbaijan and Turkmenistan," he added.

In his turn, the Turkmen president said that he came to Romania "with very serious intentions, to strongly found our bilateral cooperation relationships."

Turkmenistan's President Berdymukhammedov is paying a three-day official visit to Romania.

Romania is interested in winning over Turkmenistan as a natural gas supplier for the Nabucco and AGRI pipelines, both via Romania. The two projects are regarded as an attempt to lessen European dependence on Russian energy.

http://news.xinhuanet.com/english2010/world/2011-05/12/c_13872113.htm

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Euro zone economy forecast to grow by 1.6% this year

May 13, 2011

BRUSSELS -- Eurozone economy would grow by 1.6 percent this year, with downside risks to growth prevailing amid increased uncertainties, the European Commission said in a major forecast on Friday.

The growth figure was slightly revised up, compared with a previous forecast in autumn, which had predicted that the 17-nation euro zone may post a growth rate of 1.5 percent in 2011.

For the next year, eurozone economy was projected to grow by 1.8 percent, remaining unchanged from the autumn forecast.

Meanwhile, the combined economy of the whole European Union (EU) was expected to expand by 1.8 percent this year and by 1.9 percent in 2012, according to the commission's spring economic forecast.

The EU's executive arm had predicted a growth rate of 1.7 percent for the EU this year and 2.0 percent in 2012.

With prospects for 2011 looking slightly better than projected in the autumn, the commission said the European economy was set to further consolidate its gradual recovery, supported by improvement in the global economy and overall upbeat EU business sentiment.

"The main message in our forecast is that the economic recovery in Europe is solid and continues, despite recent external turbulence and tensions in the sovereign debt market," said Olli Rehn, EU Commissioner for Economic and Monetary Affairs.

However, inflation is rising faster, reflecting the increase in commodity prices. Headline inflation was projected to average almost 3 percent in the EU and 2.6 percent in the euro zone this year, before easing to about 2 percent and 1.8 percent respectively in 2012.

The overall picture could not mask the marked differences in developments across EU member states.

Some countries, in particular Germany, but also some smaller export-oriented economies, have registered a solid rebound in activity, while others, notably some eurozone peripheral countries, are lagging behind due to their debt problems.

It was expected that the pace of recovery within the EU would continue to vary, the commission said.

The commission warned financial markets, particularly some sovereign-bond segments, would remain fragile, and damaging negative feedback loops could not be totally excluded, posing a major risk to the economic outlook.
In addition, the recent political changes in the Middle East and North Africa and the economic fallout of the earthquake and tsunami in Japan heightened uncertainty and constitute downside risks to global economic activity, which could be detrimental to European recovery.
"All in all, the balance of risks for the economic growth outlook presented in this forecast is clearly tilted to the downside," the commission warned.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13873731.htm

GLOBAL BANKING & FINANCE

South Korea braces for RMB internationalization

May 06, 2011
SEOUL -- South Korea started bracing for the Chinese yuan's internationalization. The country's central bank said it applied for the status of qualified foreign institutional investors (QFII) earlier this year to invest its foreign reserves into the yuan-denominated assets.
"The central bank applied to China for QFII status to be able to invest its foreign exchange reserves in the yuan-denominated assets. The move aims to prepare for the Chinese currency's internationalization over the long haul amid China's growing influence in the global markets," a senior official at the Bank of Korea (BOK) told Xinhua Wednesday.

YUAN GOING GLOBAL
Given the Chinese currency's steady globalization, South Korea has no choice but to consider putting its foreign reserves into yuan assets, analysts at home and abroad said.
"The yuan is going through a process of internationalization. It's just a matter of how quickly it takes place. It makes sense to get in and attempt to establish investment links with China as the process evolves. There are likely to be lots of opportunities for strong investment returns, so it makes sense to establish a foothold in China before all the best opportunities disappear," Jonathan Cavenagh, a Singapore-based currency strategist at Westpac Banking, told Xinhua.
China has steadily promoted the internationalization of its currency. The world's second-largest economy expanded the settlement of trading bills in renminbi, allowed western companies ' yuan-denominated bond issuance and eased various regulations on yuan uses.
Back in August 2010, the fast-food giant McDonald's issued a 200 million yuan (29 million U.S. dollars) worth of reminbi-denominated bond in Hong Kong. It became the first non-financial foreign firm which issued bonds in yuan.
By the end of last year, the number of Chinese exporters that can use yuan in trading their goods was increased from a few hundred to more than 67,000, with the total cross-border renminbi trade settlements reaching 509.3 billion yuan.
The Bank of China (BOC) allowed their customers to trade the yuan in the U.S. starting January this year, and currency swaps between the People's Bank of China (PBOC) and foreign central banks amounted to 803.5 billion yuan from December 2008 to the end of last year.
Dai Xianglong, chairman of China's National Council for Social Security Funds, said in January when speaking at annual economic forum in Beijing that yuna's internationalization should be steadily promoted, adding that the globalization of the yuan will take 15 to 20 years.

DIVERSIFICATION MOVE

South Korea's push for yuan assets came amid the country's foreign reserves surpassed the 300 billion dollar mark for the first time in April. The nation's foreign reserves reached a record 307.2 billion dollars as of the end of last month. The reserves tumbled to 200.5 billion in November 2008 amid the global financial crisis, but it has steadily risen since then due to brisk exports and increasing conversion value of non-dollar assets.

"The central bank invested its foreign reserves mainly into the dollar-denominated assets when the size of the reserves was tiny, but now the reserves exceeded the 300 billion dollar level, so it makes sense to consider investments into profitable assets, including the yuan," the senior official at the BOK said by phone.

The official noted the BOK's diversification move is not connected with dollar weakness, but market watchers said weaker dollar trend is also believed to urge the central bank to diversify its foreign reserves.

"The diversification is the BOK basic strategy in managing its foreign reserves owing to the manifest dollar weakness. The central bank is also considering growing influence of China in the global markets, and the yuan has potential to appreciate further against the greenback down the road," Sam Hong, senior vice president in charge of currency strategy at Shinhan Bank in Seoul, told Xinhua.

"Given the heightened status of the yuan and rising foreign reserves in South Korea, the BOK will inevitably join the Asia- wide diversification trend. At the early stage, the central bank is likely to focus on the euro assets, but its interests will widen to yuan assets which have strong economic fundamentals," Jeon Seung-ji, a currency analyst at Samsung Futures in Seoul, told Xinhua.

"Central banks around the globe have already diversified their reserves. They are not dumping the U.S. dollars, but putting new reserves into different currencies. Over time it seems only natural that the yuan will also become part of that diversification process considering it is likely prominence in trade and capital flows," Cavenagh, a currency strategist at Westpac Banking, said.

http://news.xinhuanet.com/english2010/business/2011-05/06/c_13861983.htm

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China signs currency swap deal with Mongolia

May 06, 2011

BEIJING -- The People's Bank of China (PBOC), the country's central bank, said Friday that it has signed a 5-billion-yuan (about 769 million U.S. dollars) currency swap agreement with the Central Bank of the People's Republic of Mongolia. The agreement will last for three years and is extendable by mutual consent, according to a statement posted on the PBOC's website. The swap is aimed at promoting bilateral trade and offering short-term liquidity to the two countries' financial systems, it said.

Since the onset of the world financial crisis in late 2008, China has signed currency swap agreements with 11 countries and regions with a combined value of 834.2 billion yuan. Analysts said the moves will be of great significance in promoting cross-border trade settlements and investment using the yuan, China's currency.

http://news.xinhuanet.com/english2010/china/2011-05/06/c_13862292.htm

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Bank of China taps Cambodian market

May 07, 2011

PHNOM PENH -- Bank of China has officially begun its branch in Cambodia on Saturday, and its Phnom Penh Branch is the first lender from China in the country and is the Kingdom's 30th commercial bank.

Deputy Prime Minister and Finance Minister Keat Chhon believes that the bank's presence here would contribute to the development of Cambodian economy.

"The bank will provide advantages and positive inputs to Cambodia to boost its banking industry and economic growth," he said during the launching ceremony, which was attended by about 200 bankers, local and Chinese businesspeople in Cambodia.

"I would like to encourage the bank to focus its loans on agricultural sector in order to help Cambodian government to develop this sector, which is one of the four pillars supporting the country's economic growth," he said.

Chea Chanto, the governor of National Bank of Cambodia, said the bank's presence reflected the confidence of Chinese investors in Cambodian market.

"With the presence of the bank, it would bring new technology and innovative banking products to develop Cambodian banking industry," he said.

He said that by the end of 2010, the customers' deposits in the banking sector grew by 26 percent to 4.16 billion U.S. dollars, while the customer credits increased by 26.7 percent to 3.18 billion U.S. dollars.

The country has the population of 14.3 million, of which, 1.35 million people have used banking system, he added.

Meanwhile, Yue Yi, executive vice president of Bank of China, said the presence of the bank in Phnom Penh demonstrates the evidence of the comprehensive strategic partnership of cooperation between China and Cambodia.

"We would help support large Chinese firms doing business in Cambodia, especially those in infrastructure projects, hydropower dams, agriculture, and special economic zones," he said. "It is in line with the policy of China in helping to develop Cambodia's economy."

He said that as the bank's loan targets are mainly on huge projects, so he believes that the bank's presence here will not affect existing local banks and the bank is looking forward to cooperating with all of them.

He said that the Bank of China Phnom Penh branch will be a center for Chinese yuan RMB settlement, clearance and remittance.

"We hope that the National Bank of Cambodia will include Chinese currency into its central clearing system for banking settlement in order to promote the presence of Chinese currency in Cambodian markets."

Cambodia sets to launch its stock market in July this year. Yue Yi said the Bank of China will actively participate in the upcoming stock market through providing clearance and settlement services.

"We will also provide funding to companies in the stock market and other market players," he added.

Chen Chang Jiang, chief executive officer of Bank of China Phnom Penh Branch, said that Cambodia's financial market is relatively small at the moment, but it has lots of room to grow.

"We set our stance firmly in Cambodia, we are committed to grow stronger in Cambodian banking market," he said.

Bank of China is among the four largest banks in China. Its total asset is over 11 trillion Chinese yuan (1.7 trillion U.S. dollars), with branches in 31 countries around the world.

http://news.xinhuanet.com/english2010/china/2011-05/07/c_13863933.htm

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ASEAN agrees to provide financing access, sets standard for SMEs

May 08, 2011

JAKARTA -- Trade ministers of the Association of Southeast Asia Nations (ASEAN) have agreed to provide access to
financing and to set product standard for small and medium enterprises (SMEs), a minister said here on Sunday.

"Related to SMEs, we have agreed on several things. There are some recommendations that were submitted in symposiums a few days ago that we will focus on access to financing and standard," Indonesia's Trade Minister Mari Elka Pangestu told reporters in the side line of the 18th ASEAN Summit.

She said that every country has its own problem and policy for their SMEs.

"So, we have to make difference between national policy and regional policy to help the sector. In regional policy, what must we do? So, we agreed that we will help SMEs that are ready to export their products. We will find them export financing," she said.

Besides, she said, trade ministers also agreed on how SMEs could take benefit of the ASEAN single market.

"We help them to understanding rules, regulations, standard and others. We will also provide them in building capacity and others, " she said.

http://news.xinhuanet.com/english2010/business/2011-05/08/c_13864616.htm

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China raises bank reserve requirement for 5th time this year amid mounting inflation pressure

May 12, 2011

BEIJING -- In its latest move to battle inflation, China's central bank announced Thursday that it will raise the reserve requirement ratio (RRR) of the country's lenders by 50 basis points, the fifth such increase this year.

The raise will become effective on May 18, said the People's Bank of China(PBOC) in a statement on its website.

The move will lift the RRR for China's large financial institutions to a record high of 21 percent, meaning they will have to lock up 21 percent of their deposits as reserves.

The tightening measure came shortly after the government announced on Wednesday that China's consumer price index (CPI), a main gauge of inflation, rose 5.3 percent in April from one year ago, slightly down from March's 32-month high of 5.4 percent.

Though the current upward price trend in China was under control, inflationary pressures will remain high based upon domestic and international situations, said Sheng Laiyun, a spokesman for the National Bureau of Statistics, during a press conference releasing April's economic data.

Zhuang Jian, senior economist with the Asian Development Bank, said the latest round of RRR hikes has reflected the government's determination in curbing inflation despite that some key economic indicators in April suggested a slowdown.

China has also raised the benchmark interest rates four times since last October in an effort to fight rising prices.

"The government would keep sticking to its prudent monetary policy so long as inflation conditions are not eased," said Guo Tianyong, a professor with the Central University of Finance and Economics.
Guo noted that year-on-year growth in the money supply, industrial production, and fixed asset investments had slowed in April from previous months.
Liu Dezhong, chief economist with Minmentals Securities, said the RRR hike was "within market expectations" due to April's 11.43 billion U.S. dollar trade surplus and persistent inflation.
"The April CPI remains stubbornly high. Besides, the rising price trend is starting to influence non-food products," he said.
Expectations of further policy tightening caused the stock market to dive on Thursday, with the benchmark Shanghai Composite Index slumping 1.36 percent, or 39.34 points, to 2,844.08.
To drain market liquidity, the PBOC also resumed selling three-year bills Thursday, which had been suspended for more than five months.
"The selling of three-year central bank bill, which helps drain off liquidity for a longer period, is usually seen as an alternative for a RRR hike, therefore we can sense the government's worry about liquidity as the two moves are taken on the same day," said Guo.
Lian Ping, chief economist with the Bank of Communications, said the main reason behind the latest RRR hike is that open market operations alone are "not enough to drain excessive liquidity in the market."
According to Lian, growth in new lending is no longer a decisive factor in liquidity conditions but outstanding foreign exchange funds and central bank bills that are set to mature in May.
The market is expecting about 500 billion yuan of central bank bills to mature in May, and the higher-than-expected trade surplus is giving a strong rise to funds outstanding for foreign exchange, which increased by 407.9 billion yuan in March.
The rise in the RRR is likely to freeze about 370 billion yuan (about 56.92 billion U.S. dollars) in market liquidity.
Lu Zhengwei, chief economist for the Industrial Bank, said he expected the tightening measures to soon take effect, as the market liquidity would strain in late May and June.
But he said there still is room for further tightening, including RRR hikes and interest rate increases.
Liu Yuanchun, a professor with Renmin University, said the central bank would be more prudent with monetary tools as it would wait for the ending of the U.S.'s second round of quantitative easing in June to see if there is any change in U.S. monetary policies.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13871929.htm

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Belarus devalues currency by 30%
May 12, 2011
MINSK -- National Bank of Belarus will devalue its currency, the ruble, by 30 percent and lift restrictions on foreign exchange rates for individual transactions.
The bank said in a statement Wednesday the use of market-based approaches would help meet people's demand for foreign currency.
"It will make the further active purchase of foreign currency senseless," the bank said, referring to speculative buying of foreign currencies in expectation of exchange rates changing.

Russian Finance Minister Alexei Kudrin has recommended Belarus seek aid from the International Monetary Fund (IMF) and privatize its state-owned enterprises.
The IMF approved the decision of the Belarus to deregulate the currency exchange rates.
"We support the decision of the National Bank. It's a step in the right direction, which we hope will lead to the unification of exchange rates in all market segments," Natalia Koliadina, head of Mission Fund in Minsk, said.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13872072.htm

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Assets of China's banking industry hit 101.2 trillion yuan by March: CBRC
May 13, 2011
BEIJING -- Assets of China's banking financial institutions rose in value 18.9 percent year on year to 101.2 trillion yuan (15.57 trillion U.S. dollars) by the end of March, the country's banking regulator said Friday.
Total liabilities of the country's banking industry stood at 95 trillion yuan at the end of March, up 18.2 percent from a year earlier, the China Banking Regulatory Commission (CBRC) said in an online statement.
By the end of March, large commercial banks' assets increased in value 13.8 percent year on year to 49.8 trillion yuan while that of joint-stock banks surged 25.2 percent to 15.9 trillion yuan, said the statement.
Liabilities of large commercial banks rose 12.9 percent year on year to 46.7 trillion yuan while those of joint-stock banks stood at 15 trillion yuan, up 24.5 percent from a year earlier, it said.

http://news.xinhuanet.com/english2010/china/2011-05/13/c_13873725.htm

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INTERNATIONAL TRADE

China to see full-year trade surplus in 2011: vice minister
May 03, 2011
BEIJING -- A Chinese official on Tuesday predicted that China would maintain a trade surplus in the whole year of 2011, though it recorded a small foreign trade deficit in the first quarter of the year.
"China's foreign trade is moving in a more balanced and coordinated way, and the proportion of trade surplus in the country's gross domestic product will continue to go down, " Vice Commerce Minister Jiang Yaoping told a press conference convened in Beijing Tuesday.
The press conference was held for the 13th China Hi-Tech Fair, scheduled to take place from Nov.16-21 in Shenzhen City, South China's Guangdong Province.
Customs data showed China notched 1.02 billion U.S. dollars in trade deficit from January to March -- the country's first quarterly trade deficit in six years -- due to rising commodity prices and robust domestic demand, which pushed up the value of imports.
"Despite this, the trade picture for the year remains complicated. The year's trade surplus is expected to continue, but it will take up a smaller share of the GDP," said Jiang.
He noted the Chinese government would continue to encourage imports of high-tech products amid the nation's economic restructuring drive.

Over the past ten years, high-tech imports and exports increased from 110.56 billion U.S. dollars in 2001 to 905.08 billion U.S. dollars last year.
In the first three months of this year, the country's imports and exports of high-tech products totaled 222.8 billion U.S. dollars, up 20.7 percent.
Jiang added that the 13th China Hi-Tech Fair would highlight displays and transactions in achievements for new technologies and products from different countries so as to boost exchange and cooperation, and to make trade reciprocal for all partners concerned.
"It demonstrates that the Chinese government has been striving to strike a balance in its trade through further assisting imports," he said.

http://news.xinhuanet.com/english2010/business/2011-05/03/c_13857407.htm

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UN body: China is new major investor in Latin America
May 04, 2011
MEXICO CITY -- China has become one of the most important investors in Latin America and the Caribbean accounting for almost 9 percent of the total investment flow to the region in 2010, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) said on Wednesday.
"In 2010 Chinese companies invested about 15 billion U.S. dollars in countries in Latin America and the Caribbean, basically through mergers and acquisitions," said the ECLAC in a new report published here Wednesday.
It said that more than 90 percent of Chinese investments in Latin America have been used toward the extraction of natural resources, especially in mining, but China is expected to start diversifying investments into a lot of new areas in the years to come.
"In the medium term it is expected that the transnational companies of that country (China) will continue to reach the region and that they diversify towards the infrastructure and manufacturing sectors," it added.
The ECLAC said that the flows of investment is reinforcing the production of specialized items in the region, but it did not provide any example of this.
It added that by 2011 the direct foreign investment in the region is expected to grow between 15 percent and 25 percent compared to 2010, but the region still has to apply policies that will focus on innovations that can help absorb improved benefits of this capital flow.
The main investor in the region is the United States with 17 percent of the total value, followed by the Netherlands with 13 percent, China with 9 percent and Canada and Spain each with 4 percent.

http://news.xinhuanet.com/english2010/china/2011-05/05/c_13859702.htm

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Colombian president welcomes U.S. advance in FTA
May 04, 2011
BOGOTA -- Colombian President Juan Manuel Santos welcomed the news here Wednesday that the U.S. government has notified Congress of its consideration to ratify a bilateral Free Trade Agreement (FTA).
For a very long time, this has been something they had been waiting for, Santos said at a military event in Bogota, adding that during the last meeting with President Barack Obama a few weeks ago, they agreed that this step was the next to be taken.

The notification was published today in a letter from the U.S. Trade Representative's office, ensuring that the nation is ready to advance the approval process.
The bilateral trade agreement, initially signed in 2006 by the two governments, is still pending. It has has not been approved by the U.S. Congress because the sections on labor protection and human rights need to be strengthened, Congress believed.
Since taking power in August last year, Santos has pledged to make changes to meet the U.S. demands, hoping that the FTA will ultimately be ratified and take effect.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13859807.htm

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Indonesia convinces U.S. on investment, offers opportunities
May 4, 2011
JAKARTA -- Indonesia convinced the Overseas Private Investment Corporation (OPIC), an investment vehicle of the United States government, about the nation's investment regulations and tried to attract investment in agriculture sector, a minister said Wednesday.
Industry Minister M.S. Hidayat told reporters that the OPIC is very important agency as with its endorsement, big American investment could enter Indonesia.
"This morning, Coordinating Minister for Economy Hatta Rajasa, Trade Minister Mari Elka Pangestu, Head of Investment Coordinating Board Gita Wirjawan and I have talked to representatives of the OPIC where we convinced them about rules and regulations," said Hidayat in the side line of the 7th OPIC International Investment Conference here.
He also said that as many American companies invest in mining, oil and gas sectors, Indonesia wants that the U.S. could enter other sector.
"That's why we offer them to enter the agriculture sector," said Hidayat.

http://news.xinhuanet.com/english2010/business/2011-05/04/c_13858467.htm

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Indonesia, EU committed to raising trade to $50 bln
May 05, 2011
JAKARTA -- Indonesia and the European Union (EU) announced that they agreed to double trade and strengthen the investment climate through capacity building and increasing funding, local media reported here on Thursday.
Indonesia Trade Minister Mari Elka Pangestu said both parties decided to bring their relationship to the next level. "We realized trade growth with the EU has not been as fast as Indonesia's growth with other countries. We decided that building capacity is necessary because there is a difference on the level of development between the two," she said on Wednesday.
She said the capacity building would be in the form of bringing EU expertise and technology transfers to increase Indonesia's quality standards to meet EU market requirements.
"Indonesia's trade value with the EU reached 27 billion U.S. dollars last year, an increase of 21 percent from 17 billion dollars a year earlier. It is realistic that we set a target to double trade in the next three to five years," she was quoted by the Jakarta Globe as saying.
In 2009, President Susilo Bambang Yudhoyono and Jose Manuel Barroso, the president of the European Commission, established the Vision Group, a collection of stakeholders, business players and academics from both sides to give high-level recommendations that would be brought to the negotiation table on how to promote trade.

"The group handed us their recommendations today. They cover important issues such as standardization and sustainable trade," Mari said.
Among the recommendations are decreasing key tariffs on both sides by up to 95 percent, standardization and certification of Indonesian products to EU standards and creating sustainable trade in palm oil and cocoa.
Karel de Gucht, trade commissioner for the EU, said in his first official visit to Indonesia that creating common standards was an important strategy to boost trade. "The EU will provide 30 million euros (about 44.7 million dollars) to promote the investment climate and export-oriented businesses," he said.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860040.htm

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Indonesia, EU to set up joint commodities standards to promote trade
May 05, 2011
JAKARTA -- Indonesian Industrial Minister MS Hidayat said that Indonesia and the European Union (EU) would set up a joint commission tasked to discuss standards of trade commodities between the two economies, local media reported here on Thursday.
Hidayat said that the discussions would set up detailed standards approved by respective authorities. According to the minister, the would-be discussed joint standards will be implemented in each commodity sector involved in trade between the two economies.
"Those involved in the commission would launch their arguments in the discussions to draft the commodity standard," Hidayat said on the sidelines of an Indonesian-EU officials meeting here as quoted by the tempointeraktif.com.
The minister said that the discussions are highly expected to make Indonesian businessmen understand the European commodity standards, thus enabling them to produce commodities that are in conformity with EU standards.
For instance, Hidayat said that EU does not prefer Indonesian palm oil commodities produced from oil palm trees planted on peat land.
Previously, Trade Minister Mari Elka Pangestu expected a 20 percent trade growth between the two economies this year, or equivalent to last year's figure. "That trade growth target was considerably high," the minister said, adding that trade growth with Europe reached a range of 10 to 15 percent in years before the global financial crisis hit in 2008-2009.
Indonesia's total export to EU reached 17 billion U.S. dollars, while EU's export to Indonesia reached 27 billion U.S. dollars in 2010.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860398.htm

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Brazilian president presents investment opportunities to German counterpart
May 05, 2011
BRASILIA -- Brazilian President Dilma Rousseff presented her German counterpart Christian Wulff with investment opportunities in Brazil's infrastructure sector here Thursday at the Planalto Palace, the presidential headquarters.
Rousseff said that Germany is an important partner of Brazil in terms of investment as 1,200 German companies are operating in the country.
Recent announcements of new investments in the automotive, heavy civil construction and chemical industry sectors are demonstrating confidence in the Brazilian economy, she said.

"I presented new opportunities to President Wulff, including the PAG (Program to Accelerate Growth), the investment in ports and airports for the World Cup and the Olympics, as well as the expectation of German participation in the construction of the high-speed train between Rio and Sao Paulo," she said.
Wulff came to Brazil accompanied by a large delegation of businessmen, with whom he will also visit Sao Paulo and Rio de Janeiro. The visit is scheduled for May 4 to 7.
German companies expressed interest in investing in the airport concession plan in Brazil and in participating in the bidding process for the bullet train.
Rousseff also highlighted educational exchanges between Brazil and Germany, which will allow thousands of young Brazilians to study in the European country, especially in the areas of engineering, physical sciences and biological sciences.
The German president said that Brazil will be the theme country of the 2012 CeBIT technology fair, the biggest event of the digital industry in the world, which takes place in Hannover.
The presidents also discussed issues on the international agenda, including the two countries' bids for a permanent seat on the United Nations Security Council and their performances in the G20.

http://news.xinhuanet.com/english2010/business/2011-05/06/c_13861780.htm

China says not seeking substantial trade surplus with U.S.
May 06, 2011
BEIJING -- China reaffirmed on Friday that it is not looking at pursuing a substantial trade surplus with the United States. "China's policy is clear-cut: we are not seeking a large trade surplus," Vice Finance Minister Zhu Guangyao said during a press briefing on Friday, days ahead of the China-U.S. Strategic and Economic Dialogue, which will take place in Washington next week.
Zhu said that the Chinese market is open to the United States, with U.S. shares increasingly soaring. "We have a mutually beneficial, win-win economic relationship," Zhu said.
China is the United States' second-largest trading partner and its third-largest export market, with bilateral trade totalling about 385 billion U.S. dollars in 2010, according to Chinese customs statistics. In regard to Chinese currency reforms, Zhu said the exchange rate issue is a matter of China's own economic sovereignty. He said China and the United States agreed on the direction for yuan reform but remain divided on the specifics.
"China believes the objective is to deepen exchange rate reforms, while the United States is focused on the range of the yuan's appreciation," Zhu said.
However, Zhu said that U.S. Treasury Secretary Timothy Geithner acknowledged that the yuan exchange rate is floating.
Zhu said both sides have maintained smooth communication on the issue and their differences concerning the range of the yuan's appreciation require further understanding.
Geithner said on Tuesday that Beijing has allowed the yuan to rise in value by about 5 percent against the dollar since last June.
In regard to managing China's growing foreign exchange holdings, Zhu said it was a "crucial and challenging" job.
"The principle is to ensure safety, liquidity and moderate profitability," he said.

http://news.xinhuanet.com/english2010/china/2011-05/06/c_13862336.htm

China continues anti-dumping measures against imported chloroprene rubber

May 09, 2011

BEIJING -- The Chinese Ministry of Commerce (MOC) announced on Monday that it will continue to impose anti-dumping measures on chloroprene rubber imported from Japan, the United States and the European Union for another five years.

The extended anti-dumping measures will take effect beginning Tuesday with a term of five years, according to a statement on the MOC's web.

The decision came after a 12-month investigation by the MOC to review measures it had imposed in 2005.

China's domestic chloroprene rubber producers filed an application for a re-examination of the anti-dumping measures against Japanese, U.S and EU rubber exporters in March of last year.

During the investigation that began on May 9, 2010, the MOC found that dumping by Japan, the U.S. and the EU would be very likely to continue if the anti-dumping measures came to an end, which would damage China's chloroprene rubber industry, according to the statement.

In May 2005 the MOC imposed anti-dumping duties ranging from 2 percent to 151 percent on imported chloroprene rubber from Japan, the U.S. and the EU with a term of 5 years.

Chloroprene rubber, commonly known as Neoprene, is mostly used in manufacturing electrical cables and other types of cables, as well as water-proof products.

http://news.xinhuanet.com/english2010/business/2011-05/09/c_13866265.htm

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Indonesia ratifies free trade pact of ASEAN-Australia, New Zealand

May 10, 2011

JAKARTA -- The Indonesian government has ratified ASEAN-Australia and New Zealand Free Trade, Coordinating Minister for Economy Hatta Rajasa said here on Tuesday.

The minister said that the free trade implementation would start this year, but the some post tariffs implementation would be gradual by up to 2015.

"This agreement would bring benefit for Indonesia, so the government decided to ratify it. The ratification was in line with schedule, before the ASEAN Summit," he was quoted by Bisnis online as saying.

Minister Rajasa said that the deals stipulated that the products imported from Australia and New Zealand were complementary.

"The products that can be produced in Indonesia may not be imported from Australia or New Zealand and so may the products that can be produced in Australia and New Zealand," he said.

Indonesia has engaged in some free trades, including the ASEAN- China Free Trade which brings benefit for the hike of Indonesia's total exports.

http://news.xinhuanet.com/english2010/business/2011-05/10/c_13867945.htm

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New Zealand traders urged to become more engaged with China

May 10, 2011

WELLINGTON -- New Zealand traders need to become more active and engaged in trading with China, according to the head of the New Zealand China Trade Association (NZCTA).

NZCTA chairman Stuart Ferguson dismissed perceptions that China was a "difficult" place to do business.

"The future is clearly written on the wall we have to trade with China and it's a good place to trade so long as you understand that it's not New Zealand you're dealing with," Ferguson told Xinhua ahead of the biennial NZCTA China trade awards in Auckland Thursday.
"A lot of the mythology about the difficulties of dealing with China is just that mythology. It's no different from dealing with many other places where there are differences in custom and language," said Ferguson.
"China is a market for our consumer durables and expendables and intellectual property and it has been increasing in value and breadth. The future for NZ in China is fantastic," said Ferguson, who was general manager and a director of COSCO New Zealand, a branch of the Chinese shipping giant, for 22 years.
"Trade with China is sound and strong. The free trade agreement has assisted that."
However, it was important for New Zealand businesses to seek good advice before entering China, even if they had to pay for it, Ferguson said.
"The more mature we become as traders and engagers with China, the better off we will be."
The NZCTA, which was founded in 1981 by New Zealand entrepreneurs seeking to expand trade links to China, was stronger than it had ever been with more than 200 members, he said.
"The event on Thursday is the biennial event that celebrates success in China in terms of the bilateral commercial relationship. This year is the best year we've had in terms of the numbers and caliber of the applicants. We should see about 350 people taking part, up from about 250 to 280 last time," he told Xinhua.
"A lot of applicants are from one-man bands, several from big corporations and some small and medium-sized enterprises."
The New Zealand-China Free Trade Agreement was signed in 2008. According to New Zealand's Ministry of Foreign Affairs and Trade, bilateral trade in the first year rose by 23 percent to exceed 10 billion NZ dollars (7.92 billion U.S. dollars), with New Zealand exports up almost 60 percent to 3.5 billion NZ dollars.
New Zealand's exports to China have traditionally been primary sector products such as wool, dairy products, meat, seafood and wood, but sales of high-tech products have been growing in recent years.

http://news.xinhuanet.com/english2010/china/2011-05/10/c_13867702.htm

South Korea, Indonesia to launch feasibility study on FTA
May 13, 2011
SEOUL -- South Korea and Indonesia have agreed to launch joint study on the feasibility of a free trade agreement (FTA) between the two countries, the foreign ministry said Friday.
The two sides plan to conduct four rounds of bilateral meetings starting in June this year with a goal of kicking off official negotiations on bilateral free trade pact in November, when the leaders of the two countries are scheduled to meet, according to the ministry.
South Korea already has a similar trade accord with the Association of Southeast Asian Nations (ASEAN), where Indonesia is a member, but the bilateral deal will help further strengthen their economic ties, the ministry said in a statement.
Indonesia is South Korea's 10th biggest trade partner, and the second biggest partner in ASEAN, with their bilateral trade volume estimated at 22.9 billion U.S. dollars last year.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13873576.htm

China protests EU first anti-subsidy duties on Chinese goods

May 14, 2011

BEIJING -- China opposes the European Union's decision to impose its first-ever anti-subsidy and anti-dumping duties on imports from China, said Ministry of Commerce (MOC) spokesman Yao Jian on Saturday.

Yao made the remarks in a statement on the MOC website after the EU announced its anti-subsidy and anti-dumping duties on Chinese coated fine paper -- used for high-quality printing.

The EU has violated the World Trade Organization (WTO) rules by imposing both anti-subsidy and anti-dumping trade remedies on the same goods, Yao said.

The Chinese government and enterprises provided much evidence to show the coated fine paper industry in China is a competitive one where market economy principles are applied and the government never intervened in company operations or goods pricing, Yao said.

The EU ruling contravened many WTO rules and seriously impaired the interests of Chinese enterprises, Yao said.

China and the EU should oppose trade protection, avoid abuses of trade remedies and properly tackle trade frictions through negotiations, Yao said.

China will carefully study and evaluate the final ruling and reserve its right to take legal action accordingly to protect the interests of Chinese enterprises, Yao said.

The anti-subsidy duties will range from about 4 percent to 12 percent and the anti-dumping tariffs will range from 8 percent to 35.1 percent.

The dual duties would last for the next five years and could be extended if the expiry leads to a recurrence of injury to the European paper industry, the European Commission said.

The EU launched an anti-dumping investigation into imports of Chinese coated fine paper in February 2010, followed by an anti-subsidy investigation two months later.

http://news.xinhuanet.com/english2010/business/2011-05/14/c_13874922.htm

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WORLD ECONOMIES

Malaysia hikes interest rate for first time this year to ease inflation

May 05, 2011

KUALA LUMPUR -- Malaysia raised its interest rate Thursday for the first time this year to 3 percent to ease inflation that was driven by high food and fuel prices.

The Central Bank said in a statement that it has decided to raise the Overnight Policy Rate by a quarter percentage point to 3 percent.

It also asked banks to set aside more cash reserve as it increased the Statutory Reserve Requirement, or SRR Ratio from 2 percent to 3 percent.

Economists said the hike in the SRR ratio was prompted by strong loan growth and excess liquidity in the banking system, and would lead to more pricing discipline among banks and slow lending for those with weaker balance sheet.

Loan growth was up to 13.2 percent year-on-year in March, near its strongest pace in the past decade.

Inflation in Malaysia spurred in the fastest pace in 23 months to 3 percent in March from a year ago.

Besides food and fuel, prices of housing, alcohol and tobacco and utilities have also increased

The bulk of inflationary pressure coming from services implied the inflation was domestically-driven.
Malaysia raised its interest rate three times last year.

http://news.xinhuanet.com/english2010/business/2011-05/05/c_13860548.htm

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U.S. unemployment edges up to 9.0% in April
May 06, 2011
WASHINGTON -- The U.S. unemployment rate rose to 9.0 percent in April, and nonfarm payroll employment added 244,000 positions, the U.S. Labor Department reported Friday.
The fresh figure was the first increase since last November after dropping to 8.8 percent in March, which was also unexpected. Economists had estimated the unemployment rate would remain unchanged from last month's level.
The employment growth in April was the biggest hiring spree in five years, which was reflected a variety of sectors, including retailing, manufacturing, finance and construction. However, the federal, state and local governments cut jobs.
Total payroll employment has grown by 1.8 million since a recent low in February 2010 while the private sector has added 2.1 million jobs over the same period.
Meanwhile, the change in total payroll employment for February was revised up to 235,000, and the change for March was also revised up to 221,000.
In addition, the number of persons unemployed for less than five weeks increased by 242,000 in April. But the number of long-term unemployed declined by 283,000 to 5.8 million.
In April, 2.5 million people were marginally attached to the labor force, about the same as a year earlier. Among them were 989,000 discouraged workers, decreasing by 208,000 from a year earlier.
According to the latest government data, the U.S. economy grew 1.8 percent in the first quarter this year, weaker than the pace of 3.1 percent in the fourth quarter of 2010.
Federal Reserve chairman Ben Bernanke said last week that joblessness continues to be a major challenge for economic recovery.
The fresh job creation figure in April suggests U.S. businesses are confident in the economy. However, economists believe that job growth at this pace can not significantly bring down the unemployment rate and the rise in joblessness signalizes that the labor market's recovery is still volatile and fragile.

http://news.xinhuanet.com/english2010/business/2011-05/06/c_13862673.htm

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Myanmar's foreign investment in FY 2010-11 larger than past 20 years: data
May 06, 2011
YANGON -- Myanmar drew over 20 billion U.S. dollars foreign investment in the fiscal year of 2010-11 which ended in March, meaning that the single year's investment was more than that over the past 20 years, according to the latest Myanmar official figures.
Of the investment country- and region-wise, China led with 7.75 billion U.S.dollars, followed by China's Hong Kong with 5.79 billion U.S. dollars, South Korea with 2.67 billion U.S. dollars, Thailand with 2.14 billion U.S. dollars, Britain with 799 million U.S. dollars and Singapore with 226 million U.S. dollars.

Of the investment sectors, oil and gas received 10.17 billion U. S. dollars, electric power 8.218 billion U.S. dollars, mining 1. 396 billion U.S. dollars and manufacturing 66.32 million U.S. dollars.
The statistics also show that total foreign investment in Myanmar hit 36.05 billion U.S. dollars up to March this year since 1988 when Myanmar was open to foreign investment.
Of the total foreign investment coming from 31 countries and regions, China was leading with 9.603 billion U.S. dollars, followed by Thailand with 9.56 billion U.S. dollars, China's Hong Kong 6.308 billion U.S. dollars, South Korea 2.915 billion U.S. dollars, Britain 2.659 billion U.S. dollars and Singapore 1.818 billion U.S. dollars.
Sectorwise investment as of the date was shown as 14.5 billion U.S. dollars in electric power, 13.8 billion U.S. dollars in oil and gas, 2.8 billion U.S. dollars in mining, 1.7 billion U.S. dollars in manufacturing and 1 billion U.S. dollars in hotels and tourism.

http://news.xinhuanet.com/english2010/business/2011-05/06/c_13862680.htm

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Brazilian inflation has peaked: finance minister
May 06, 2011
RIO DE JANEIRO -- Inflation in Brazil has peaked and will start to fall in May, Finance Minister Guido Mantega said Friday.
The country's annual inflation rate rose to 6.51 percent in April 2011, higher than the ceiling allowed, according to figures of the Brazilian Institute of Geography and Statistics (IBGE).
Mantega attributed high inflation in April to higher ethanol fuel prices, which are expected to fall in May due to the beginning of sugarcane season. In addition, commodity prices on the international market are also dropping.
"The worst inflation moment is behind us," he said.
The government's target for this year's inflation is below 4.5 percent with a tolerance of two percentage points, which means the inflation rate can't exceed 6.5 percent by the end of this year.
"The inflation rate will not exceed the limit," said Mantega.
Month-on-month inflation rate would be between 0.45 percent and 0.5 percent in May, said Mantega

http://news.xinhuanet.com/english2010/business/2011-05/07/c_13863345.htm

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Cuban government to unveil revised economic reform plan
May 07, 2011
HAVANA -- The Cuban government said Saturday it will soon release the new version of the economic reform plan promoted by President Raul Castro to "upgrade" the country's socialist economic model.
The economic reform plan was amended and approved in April at the Sixth Congress of the Communist Party of Cuba.
The official daily Granma said Saturday the plan, entitled the "Guidelines of the Economic and Social Policy of the Party and the Revolution," will be published on Monday.
"From Monday on will be sold a 48-page tabloid with summary information on the study of each guideline and the reason for the changes, based on the results of the extensive public debates," Granma added.

Over 8 million Cubans took part in more than 163,000 meetings to discuss the unprecedented reform plan, said Castro in a report to the April party congress.
Castro said that all the amendments proposed in the popular discussions were reviewed without exception, which allowed to swell the text discussed by the party delegates to the congress.
Castro seeks to "upgrade" the economic model of the island state while ensuring the "irreversibility" of socialism, in face of an acute crisis Cuba has suffered since the collapse of the Soviet bloc.
The reform measures include an expansion of private employment, cuts in the bloated public sectors, more autonomy to the management of state enterprises and an elimination of unnecessary social subsidies, and an increase of foreign investments in key sectors like tourism.

http://news.xinhuanet.com/english2010/business/2011-05/08/c_13864185.htm

German exports, imports hit all-time high in March
May 09, 2011
BERLIN -- German exports and imports climbed to a record high simultaneously in March, as the Europe's largest economy continuously gained strength from recovering world economy, official data showed Monday.
The Wiesbaden-based Federal Statistics Office said that German exports totaled 98.3 billion euros (142 billion U.S. dollars) in March and imports 79.4 billion euros. Both of them reached the highest monthly level since the country first collected such data in 1950.
Compared with February, seasonally-adjusted exports advanced 7. 3 percent and imports 3.1 percent. Economists had expected a 1.1- percent increase of exports, according to a survey of Bloomberg News survey.
In unadjusted terms, exports surged 15.8 percent year-on-year while imports by 16.9 percent, the office said.
Data showed that Germany's unadjusted trade surplus widened to 18.9 billion euros in March, compared with 11.9 billion euros last month. In March 2010, the surplus amounted to 17.0 billion euros.
German economy posted a strong recovery since spring of 2010, mostly powered by surging foreign orders and steady domestic growth. Its unemployment has reached the lowest level of nearly two decades, with only less than 3 million people registered as jobless.
The German government revised in April its expectation on economic growth from 2.3 percent to 2.6 percent. The country registered a record 3.6 percent growth in 2010.
Economists believed that Germany is set to register another solid growth in the first quarter of this year. However, some observers warned that the economy would take down a gear in the rest of the year as it faced mounting inflation pressure and a strong euro currency.
Earlier data showed that German retail sales and manufacturing orders had plunged unexpectedly in March.

http://news.xinhuanet.com/english2010/business/2011-05/10/c_13866592.htm

India needs more reforms to attain balanced growth: economist

May 10, 2011

MUMBAI -- India needs additional reforms to realize a more balanced growth through manufacturing boost, said Dharmakirti Joshi, chief economist with Indian leading credit rating and research body CRISIL Limited.

India now requires a manufacturing boost to provide huge job opportunities to its great pool of young laborers, Joshi told Xinhua in an interview last Friday.

Indian economic growth is mainly driven by service sector and internal consumption and hasn't experienced manufacturing boost when India morphed into a service-based economy from one relying on agriculture in the 2000s.

India now faces challenges such as weak infrastructure, high inflation especially high food prices and shortage of qualified labor force, said Joshi.

High food price inflation will hurt people despite income increase and will be the major challenge in the next decade, according to the economist.

Going ahead, lack of skillful labor will be a big problem and both high and low skill training shall be in place for potential workers in mining and other fields.

"Until we create good infrastructure, we can not improve industry sector, which needs support from infrastructure," said Joshi. And now the improvement of infrastructure is not happening in a big way.

India needs to lift the share of industry in overall GDP, which is standing at 20 percent now, improve investment especially in the infrastructure sector and increase agricultural productivity through better irrigation system, high quality seeds and better technologies, said Joshi.

Efforts also have to be made on education including participation of private sectors, since the government alone can't contribute all of the work, added Joshi.

Indian government has the consensus to push ahead more reforms and the Planning Commission has set up a task force to prepare a manufacturing policy paper, Joshi said.

Joshi said, the policy paper will create better environment for the development of Indian manufacturing industry with proposed building of infrastructure and investment zones and modifications of labor laws.

India has to inject more flexibility to labor laws and give top priority to agricultural reforms, which could lead to lower inflation, said Joshi.

Reforms are required in the financial market so as to generate more revenues like development of the bond market for financing since most of the financing is concentrated on the banking sector, according to Joshi.

Moreover, India also needs to attract more capital especially foreign direct investment (FDI) by opening up more sectors.

The government has to provide training first and then provide job opportunities to the people, said Joshi, noting manufacturing is the most labor-intensive sector after agriculture.

"It will be a great achievement if the share of manufacturing in GDP rises to 25 percent by 2025 and the share of agriculture will keep going down at around 3 percent of annual growth," said Joshi.

Joshi predicted that India won't turn into an export-oriented country and the share of industry in GDP will reach 35 percent in 30 years, despite insignificant growth of export in the last couple of years.

http://news.xinhuanet.com/english2010/business/2011-05/10/c_13868103.htm

Eurasian Economic Community considers financial support for Belarus

May 11, 2011

MOSCOW -- The Eurasian Economic Community may grant 3 billion U.S. dollars from its anti-crisis fund to support Belarus' economy through 2012, Russian Financial Minister Alexei Kudrin said Wednesday.

Kudrin said at a news conference that Russia alone would not provide Minsk with any financial support, the RBC news agency reported.

Kudrin added that even those 3 billion dollars might be insufficient to save the Belarussian economy from collapse and Minsk ought to either apply to the International Monetary Fund for more support or start the privatization of state property.

Kudrin estimated that Belarussian government could earn more than 2 billion dollars in 2011 from privatization.

On Wednesday, Belarus' National Bank canceled all restrictions on currency exchange rates. That effectively means a "shock devaluation" of the Belarussian ruble, local experts said.

The National Bank in March suspended exchange operations on the free market that led to panic purchasing of foreign currencies and a skyrocketing exchange rate for the U.S. dollar, euro and Russian ruble on the local black market.

The Eurasian Economic Community originated from the Commonwealth of Independent States (CIS) Customs Union. Its members include Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13870218.htm

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BOE says UK inflation to reach 5% this year

May 11, 2011

LONDON -- Britain's central bank said Wednesday that inflation in the UK could reach 5.0 percent this year because of soaring energy costs, high commodity prices and an in increase in the value-added tax.

"There is a good chance that inflation will reach 5.0 percent later this year and it is more likely than not to remain above the 2.0-percent target throughout 2012, boosted by the increase in (sales tax) VAT, higher energy and import prices, and some rebuilding of companies' margins," the Bank of England said in its quarterly inflation report.

The BOE said, though, that inflation was likely to fall back through 2012 and into 2013 as the impact of the factors raising the inflation declines.

The consumer prices index in the UK increased 4 percent in March following an increase of 4.4 percent in February. The index has remained at a level of more than 3 percent since the beginning of last year, much higher than the inflation target of 2 percent set by the BOE.

The BOE also predicted that gross domestic product (GDP) would grow by approximately 1.7 percent this year, compared with the previous forecast of 2.0 percent released in February.

The British central bank has kept the interest rates at the historical low of 0.5 percent since March, 2009, in a bid to spur the economic recovery.

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13870204.htm

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Asian growth boosting New Zealand economy: NZRB governor

May 11, 2011

WELLINGTON -- Strong economic growth in Asia was bolstering New Zealand and Australian exporters, but New Zealand's economy still faced a volatile and uncertain environment, Reserve Bank of New Zealand governor Dr Alan Bollard said Wednesday.

"The global economic recovery is now broader, and strong growth in Asia is supporting commodity producers like New Zealand and Australia. However, global wholesale funding markets remain fragile, given stretched fiscal positions and banking sector problems in some European countries," Bollard said at the release of the bank's May 2011 Financial Stability Report.

"Efforts by households and businesses to cut or contain debt are reducing New Zealand's overall external imbalance, but are also weakening domestic demand. Government too is looking to consolidate its financial position, which should help to improve the country's overall external position."

Bollard said the February earthquake in Christchurch, which left at least 181 dead, had caused financial stress for households and businesses and challenged the insurance industry's ability to deal with claim flows, but the bank was ready to support recovery.

"Rebuilding will add momentum to the economy and is likely to require access to credit, despite much of the damage being substantially insured."

Later Wednesday, Bollard told a Parliament select committee hearing that New Zealand's currency was too highly valued.

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13869416.htm

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Japan key economic gauge slumps 3.2 points in March

May 11, 2011

TOKYO -- A key gauge of Japan's current economic conditions dropped in March for the first time in five months, data from the Cabinet Office showed Wednesday.

The composite index of coincident indicators such as industrial output, retail sales and overtime working hours, which reflects current business conditions in Japan, plunged a record 3.2 points to 103.6 against the 2005 base of 100 from a month earlier, revealing the adverse affects of the March 11 earthquake and tsunami on business conditions in Japan.

According to the preliminary government data, the leading composite index which measures the state of the economy three months ahead fell 4.5 points to 99.5.

As for the lagging index, which reflects economic conditions three months in the past, the index dropped 1.7 points to 88.8, the Cabinet Office said.

March's CI was in line with median market forecasts for a 3.2 points fall to 103.6 and of the 11 sub-indexes comprising the CI, eight of them declined in the recording period, the data showed.

The figures in March however led the Cabinet Office to maintained its overall assessment, saying that the composite index "indicates that the economy is improving," however noted that the March 11 twin disasters had severely disrupted key supply chains and diminished consumer sentiment.

This view will likely be downgraded by the government in upcoming assessments, with economists predicting April's CI may show that the Japanese economy is at a "standstill".

http://news.xinhuanet.com/english2010/business/2011-05/11/c_13869828.htm

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Japan bank lending falls for 17th straight month in April
May 12, 2011
TOKYO -- The level of outstanding loans held by Japanese banks including trust banks fell 0.9 percent in April from a year earlier, marking the 17th consecutive month of decline, the Bank of Japan (BOJ) said Thursday.
The BOJ's figures revealed that loans held by the country's four main categories of banks, including "shinkin" or credit unions, stood at a total of 458.187 trillion yen (5.65 trillion U. S. dollars), in the recording period.
The central bank also said that with the exception of loan write-offs, the overall loan balance dropped 0.7 percent from the same month a year earlier.
Separately, the BOJ said Thursday that the value of M2 money stock and CDs collected an annual 2.7 percent on year in April to 796.8 trillion yen, with the figure following a downwardly revised 2.6 percent increase a month earlier.
M3 money stock was up 2.1 percent on year following a 1.9 percent rise in March, the central bank said.
The balance of M3 includes currency in circulation, deposit money and so-called "quasi" money and CDs.
Japan's money supply or money stock, refers to the total amount of money available in the nation's economy at a particular point in time and is usually defined as currency in circulation and demand deposits.

http://news.xinhuanet.com/english2010/business/2011-05/12/c_13871327.htm

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German economy boosts in first quarter, exceeds pre-crisis level
May 13, 2011
BERLIN -- The German economy expanded faster than expected in the first three months from the fourth quarter last year, confirming the country has exceeded the pre-crisis level in 2008, official data showed Friday.
The Wiesbaden-based Federal Statistics Office said that Germany' s seasonally-adjusted gross domestic product (GDP) grew 1.5 percent in the first quarter, compared with the previous quarter, when the growth stood at 0.4 percent in rarely harsh winter weather.
The increase was well above economists'expectation, as most analysts forecast a 1-percent jump in the Europe's largest economy.
On a yearly basis, the German economy boosted by a hefty 5.2 percent, the fastest pace since reunification two decades ago.
"The pre-crisis level of early 2008 has been exceeded,"the office said in a statement.
The office noted that exports, the country's traditional economic driver, "had a smaller share in the strong GDP growth than domestic uses." In fact, "the domestic economy was the main contributor to the growth."
It added that Germany's investment in equipment and construction, as well as consumer spending has played a significant role for the solid growth. Domestic demands and consumer confidence were maintained at a high level since last spring as the country's unemployment rate dipped to 7.1 percent, the lowest in 19 years.
Moreover, emerging economies'strong demand for "made-in- Germany" luxury cars and high-end machinery also help accelerate the growth. In March, German exports surged 7.3 percent

from last month and reached the highest monthly level since the country first kept such records in 1950.
The official data confirmed that even with eurozone debt crisis, soaring oil prices, and strong euro currency, Germany has managed to withstand all these challenges. "Germany is the engine of growth among industrial countries, and not just in Europe," the country's new Economy Minister Philipp Roesler said in a statement.
The German government revised last month its expectation on economic growth from a previous 2.3 percent to 2.6 percent, after the country registered a record 3.6 percent growth in 2010. Some economists believe the expansion would be at 3.0 percent this year.
On Friday, France, another economic power in Europe, also reported a 1-percent growth in its overall economy in the first quarter, higher than the previous market expectation of 0.6 percent.

http://news.xinhuanet.com/english2010/business/2011-05/14/c_13874061.htm

Slight growth in Spanish economy in first quarter
May 13, 2011
MADRID -- The Spanish economy experienced growth of 0.3 percent in the first three months of 2011, according to the advance study of the National Accountancy report published by the National Institute of Statistics (INE) Friday.
The 0.3 percent increase in GNP is an improvement on the 0.2 percent growth seen in the last quarter of 2010 and on the 0.1 percent growth seen in the same period a year ago.
The main reason for the improved performance is the growth in demand from outside of Spain and an increase in exports.
The full details of the National Accountancy report will be published on May 18, but the INE figures are 0.1 percent up on the predictions made recently by the Bank Of Spain, which said there would be 0.2 percent growth in Spain 's GDP in the first quarter and an expansion of 0.7 percent over the whole of 2011.
Spain' s GNP has now increased for the last nine months, after remaining static in the second quarter of 2010 and falling by 1.4 percent in the first quarter of last year.
The INE report stresses that the improved performance comes as a result of increased demand from outside of Spain, while national demand is still failing to expand, perhaps due to the continued worries over unemployment and the effects of unemployment itself in a country where 21 percent of the population is currently out of work.
Meanwhile, the Spanish government has forecast growth of 1.3 percent for 2011 with that increasing to 2.3 percent in 2011. These predictions are higher than the forecasts of both the Bank of Spain and the IMF, although the new INE figures may allow the government of Jose Luis Rodriguez Zapatero some grounds for optimism.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13873730.htm

Romania recovers from economic recession: Statistics
May 13, 2011
BUCHAREST -- Romania has recovered from recession after two years of economic crisis, with the gross domestic product (GDP) recording growth for two consecutive quarters, showed the official statistics released Friday.

According to the National Institute of Statistics, the GDP in the first quarter of 2011 has grown by 0.6 percent in real terms from the last three months of 2010.
This is the second quarter of economic growth, after the Romanian economy expanded 0.1 percent in the last three months of 2010 from the previous quarter.
The economy comes out of recession, technically speaking, if it posts growth for two consecutive quarters compared to the previous quarters.
"The country's exiting from recession means that economic growth has resumed," said Finance Minister Gheorghe Ialomitianu, stressing that "an immediate effect will be the rise in investor confidence in the Romanian economy. There will be more foreign investments in Romania and jobs will be generated."
The Romanian economy's coming out of recession does not amount to a solid basis for resumed sustainable growth and it will not be felt in consumer spending or the living standards, but it is an adequate psychological signal, local economic analyst Liviu Voinea was quoted as saying by official Agerpres news agency.
Voinea pointed out the economy should grow 4 percent for such recovery to reflect in the living standards.
The Romanian economy slumped into recession two years ago, after having recorded a GDP consecutive fall in the first three months of 2009 and the last three months of 2008.
The national economy contracted 1.3 percent last year. The Romanian economy is predicted to grow 1.5 percent this year and some 3.5-4 percent in 2012.

http://news.xinhuanet.com/english2010/business/2011-05/13/c_13873782.htm

ARTICLES/COMMENTARIES

E-commerce injects vitality into rural development in China

May 06, 2011
NANJING -- Yiwu in eastern China's Zhejiang Province has not only won world fame as an international distribution hub for small commodities, but has also brought business opportunities to local farmers through development of e-commerce.
Yiwu's Qingyanliu Village, which is praised as China's No. 1 "e-commerce village", is home to over 1,000 permanent residents and nearly 2,000 online shops. It recorded more than 800 million yuan (121.2 million U.S. dollars) in online sales in 2009.
The online shops, which are engaged in selling such daily-used merchandise as scarves, toys and lamps, have also attracted some 20 express delivery companies and more than 7,000 workers and business people from other parts of the country.
"Starting up a business on the Internet has helped change livelihoods and lifestyles of local farmers. They have gotten used to computer keyboard and mouse," Liu Wengao, deputy head of the e-commerce association of Jiangdong community in Yiwu, told Xinhua.
In order to ensure that small online businesses can find sources for commodities inside the village, a special supermarket tailored to the online shops was established at Qingyanliu. Online business people are able to shop for thousands of real items at the market, instead of going outside the village. They may log in descriptions and pictures of the commodities they are going to sell onto the Internet and go to the supermarket to pick up the products after having received clients' orders.

Business people from other areas of Zhejiang, and even from Chongqing Municipality in southwest China, Anhui in the eastern part of the country and Liaoning in the northeast, have flocked to Qingyanliu. Any of them may rent a house in the village and start an online business with a computer. All parts of the business process, from online shop registration to goods purchases and delivery, can be done inside the village.

Two years ago, Zhang Haiyang from Anhui moved to Qingyanliu to run an online shop selling daily necessities. He told Xinhua that the village boasted the nation's lowest cost for express services and professional homepage designers for online startups.

Qingyanliu is a showcase of e-commerce development in China's rural areas. Official statistics show that in 2009 rural Internet users numbered more than 100 million throughout the country, an increase of 26.25 percent year on year. Between 2007 and 2009, the annual growth rate for rural Internet users averaged 71.6 percent, much higher than the 34.6 percent rate for urban Internet users.

Apart from population growth, rural online shop operators have expanded their business scope from farm produce to industrial products, which they committed local workshops to process.

In the northern county of Qinghe, China's largest cashmere spinning base, local villagers began to launch online shops to sell cashmere yarn beginning at the end of 2007. At Donggaozhuang village of Qinghe, there are 400 households running 400 registered online brands, with over 20 online shops each reporting at least 1 million yuan in annual sales income.

In Suining, an impoverished county of Xuzhou City, eastern China's Jiangsu Province, several young villagers from Shaji town succeeded in selling simple furniture in online shops in 2006. More local residents have since followed suit and expanded businesses to include sale of computers and small hardware pieces, as well as repairing PCs.

There are now 600 online business people running approximately 1,000 online shops in Shaji town. Among them are college graduates and owners of groceries and small supermarkets. Their suppliers include over 180 furniture producers, ranging from traditional household workshops to modern factories.

In 2010, online shops in Shaji recorded 300 million yuan in sales income.

Wang Weike, Party chief at Dongfeng village of Shaji, told Xinhua that between 1,000 and 2,000 out of the 4,000 local residents used to migrate elsewhere to find jobs. However, 90 percent of the migrants have returned home to run online shops. They employ people from nearby county seats and even from the provincial capital of Nanjing. "We farmers have begun to make city dwellers work for us," Wang commented.

According to Wang Xiangdong, head of the information technology research center under the Chinese Academy of Social Sciences, farmers used to be vulnerable to markets, as information was controlled by big companies. Now farmers have received direct access to information through e-commerce based on the Internet.

Other experts suggest that local governments should take measures to encourage sustainable development of e-commerce in rural areas and build more infrastructure to support the businesses.

Further, it is necessary to provide training courses on e-commerce for farmers, and efforts should be made to improve farmers' awareness of intellectual property rights in the e-commerce environment.

http://news.xinhuanet.com/english2010/china/2011-05/06/c_13862044.htm

Africa - one of the most attractive investment destinations, says Ernst & Young regional chief

May 07, 2011

CAPE TOWN, South Africa -- Africa has become one of the most attractive destinations in the world with its natural resources, unexploited sectors and young population base being the crown pearl luring growing number of global investors, said Mark Otty, area managing partner of Europe, Middle East, India and Africa of Ernst & Young.

The firm has recently published its Africa Attractiveness Survey which combines an analysis of investment into Africa over the last decade, with a survey of over 562 global executives on their views about how and where investment will take place in the next decade.

According to Ernst & Young's findings, in the last decade Africa has seen an increase in inward Foreign Direct Investment (FDI) from 338 new projects to the continent in 2003 to 633 in 2010, an increase of 87 percent. Strong growth in new projects into Africa is expected with FDI inflows forecast to reach 150 billion U.S. dollars by 2015.

"The important thing is that we are seeing significant growth, and in terms of the conversations we had with CEOs, there is a real interest in investing more in the future," Otty told Xinhua in a recent interview.

According to Otty, the first thing that highlights Africa's investment attractiveness is its natural resources, not only the extractive industries, but also agriculture.

Meanwhile, Africa is also opening up new markets in many unexploited sectors, Otty said.

According to the firm's survey, a more diverse range of sectors in Africa are now beginning to emerge as attractive investment options, including tourism, consumer products, construction, telecommunications and financial services.

Africa's population base is another factor that attract investors, said Otty. "Two third of the people in Africa today are under the age of 23. And the expectation is that its population base will not only grow but it's population base is getting younger... so that is very, very attractive," he said.

Although challenges and disadvantages remain, such as social and political instability and inadequate integration between African countries, Otty said he believes the risks pale by comparison with its attractiveness.

Ernst & Young's survey says emerging markets are becoming particularly interested in investing in Africa. Over the last decade investment from emerging markets to the continent has increased rapidly from 100 new projects in 2003 to 240 in 2010, representing an annual growth of 13 percent. Emerging markets investment now comprises 38 percent of the total into Africa, up from 30 percent in 2003, it says.

Commenting on China's growing investment in Africa, a highlight of emerging markets' investment in the continent, Otty said what China can contribute to Africa is not only in enhancing markets, but also in developing infrastructure and providing skills to the market.

"Actually if you look at some of the examples today, there are some fantastic examples across the continent where significant investment by China into the economies of Africa is creating the capacity for the extractive industries to grow," he said.

http://news.xinhuanet.com/english2010/world/2011-05/08/c_13863986.htm