GLOBAL POLITICAL ECONOMY - 179

BUSINESS AND POLITICS IN THE MUSLIM WORLD

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Report Outline

GENERAL ECONOMIC AND BUSINESS DEVELOPMENTS IN THE WORLD

Brazil to be the largest market for equipment of ultra-deep waters exploration: Petrobras

RIO DE JANEIRO -- Brazil will become the world's largest market for equipment of ultradeep waters exploration, said Jose Sergio Gabrielli, CEO of Brazil's state-controlled oil and gas giant Petrobras, on Wednesday.

"In terms of growth possibilities, in the next 10 years, most of the discoveries will come from Brazil," said Gabrielli, who participated in a Brazil-UK panel on energy generation.

Those new discoveries will make Brazil the world's largest market for equipment and services for ultradeep waters exploration, he said.

Gabrielli noted that Brazil will have a very important role in the new geopolitics of oil.

"In the immediate future, we will see a reduction of the consumption of oil byproducts in the U.S., Europe, and Japan, and an increase in consumption in China, India, Brazil, and Africa, where you have accelerated economic growth and social inclusion," he said.

There will be new logistics and perspectives in the oil geopolitics in the next years, he added.

http://news.xinhuanet.com/english2010/business/2011-06/23/c_13945688.htm

Brazil becomes big drug consumer: UN report

RIO DO JANEIRO -- As the world community observed International Day Against Drug Abuse and Illicit Trafficking on Sunday, Brazil has been reported to become a big consumer of cocaine as well as a major drug intermediate.

According to a report published this week by the United Nations Office of Drug and Crime (UNODC) on cocaine trafficking, Brazil is currently the third largest intermediate for cocaine seized in Europe, just after Venezuela and Ecuador.

For decades, Brazil has been one of the intermediate countries for drug traffickers transferring drug produced in the Andean region to the world's large markets, Europe and the United States.

Among the cocaine seized in Europe in 2009, 6.3 tons were passed through Venezuela, 2.4 tons through Ecuador and 1.5 tons through Brazil, said the report, based on the seizures made by the European police.

Brazil's role on drug trafficking to Europe has increased in terms of seizures, which registered 25 cases in 2005 and 260 cases in 2009, said the report.

Figures showed that Brazil, besides its growing role in the international drug trafficking, also witnessed growing consumption.

In 2004, the Brazilian police seized eight tons of cocaine, while the tonnage surged to 24 in 2009, according to the UNODC, adding that one third of the cocaine consumed in South America were passed or consumed in Brazil.

The UNODC estimated that there are 900,000 to one million drug consumers in Brazil, the third largest number in the western hemisphere next only to the United States and Mexico.

Bo Mathiasen, UNODC representative in Brazil, said that figures also show that big drug cartels are managing the world cocaine distribution.

Most of the cocaine is delivered by hired people to their destinations with small per capita quantity ranging from 10 to 12 kg, or less, each time.

Colombia is responsible for 35 percent of the drug seizures worldwide, followed by the United States with 15 percent, Ecuador with 9 percent, Panama with 7 percent, and Brazil with 3 percent.

The UNODC report also said that the consumption of amphetamine and meta-amphetamine has increased in Brazil, Venezuela and Argentina.
In 1987, the UN General Assembly decided to set June 26 as the International Day Against Drug Abuse and Illicit Trafficking in a bid to help create an international society free of drug abuse.

http://news.xinhuanet.com/english2010/world/2011-06/27/c_13952000.htm

IDB, ABEDA to finance more projects in Mozambique

MAPUTO -- Mozambican will soon sign agreements for new projects with the Islamic Development Bank (IDB) and the Arab Bank for Economic Development in Africa (ABEDA), the Finance Ministry said on Monday.
The agreement will be signed in the framework of the 36th annual meeting of the IDB taking place this week in Jeddah, Saudi Arabia, where Mozambique will be granted 11.9 million U. S. dollars for water projects in Cabo Delgado in the northern region of the country and Gaza province in the south.
The IDB will also inject 312.5 million dollars for the revitalization of the National Cotton Institute, while ABEDA is to provide 10 million dollars for the construction of schools and technique Institutes in the provinces of Cabo Delgado and Niassa in the northern region of the country.
In addition, they will sign agreements of 9 million dollars for the construction of agrarians Institutes in Gaza and Manica provinces.
These agreements will be signed by Finance Minister Manuel Chang, who is accompanied by a delegation including the governor of the central bank, Ernesto Gove.

http://news.xinhuanet.com/english2010/world/2011-06/28/c_13952862.htm

Hottest tourist destinations revealed

BEIJING – Bali Island in Indonesia, the Great Barrier Reef in Australia, and Tahiti took the top spots on the wish list for Chinese visitors according to a recent poll.
Initiated by China's Tourism Bureau, the poll reveals the ten most popular outbound destinations with Chinese tourists.
Other dream destinations include Niagara Falls in Canada; Hawaii; Paris, France; Edinburgh, Scotland; Lake Lucerne in Switzerland; Madrid, Spain; and Cape Town, South Africa.
The list covers five continents around the world. Representatives from forty countries participated in the publishing ceremony.
Organizers also plan to find out the most attractive inbound stops next year.

http://news.xinhuanet.com/english2010/video/2011-06/29/c_13956737.htm

China welcomes Christine Lagarde as new IMF chief, hopes reform to continue

BEIJING -- A spokesman of the People's Bank of China (PBOC), or the central bank, said Wednesday that China welcomes the endorsement of French Finance Minister Christine Lagarde as the new chief of the International Monetary Fund (IMF).
China hopes that under Lagarde's leadership, the IMF will continue its reform and play an active role in stabilizing the global economy, while increasing the representativeness of emerging

markets and developing countries in the governance of the IMF, the spokesman said in a statement on the PBOC website.
The PBOC spokesman said the election of the IMF leadership was open, transparent and competitive.
Mexican central bank governor Agustin Carstens also showed impressive leadership and professional competence during the campaign, said the spokesman.
China's remarks of endorsement for French Finance Minister Christine Lagarde came shortly after she was appointed managing director of the IMF Tuesday
Lagarde is the first woman to hold the top IMF post since its inception in 1944.
Lagarde replaced fellow countryman Dominique Strauss-Kahn, IMF chief since 2007, who resigned on May 18 after being arrested in New York charged with sexually assaulting a Manhattan hotel maid. He has denied the charges.
The IMF executive board selected Lagarde to serve as managing director and madame chairman of the executive board of the IMF for a five-year term starting on July 5, the Washington-based fund said in a statement.
The 24-member board said Lagarde and Mexican central bank governor Agustin Carstens were both "well qualified" candidates and it decided on Lagarde by consensus.

http://news.xinhuanet.com/english2010/china/2011-06/29/c_13956975.htm

Poland takes over EU presidency

WARSAW -- Poland took over the rotating presidency of the European Union (EU) from Hungary on Friday with a series of celebrations. Polish President Bronislaw Komorowski and Prime Minister Donald Tusk met with the visiting EU leaders and Hungarian Prime Minister Viktor Orban to celebrate the inauguration of the Polish presidency. Orban met Tusk at Friday noon and handed him a symbolic relay race stick, an EU flag and a barrel of Hungarian Tokay wine.
Tusk thanked Hungary for its decision to move the EU Eastern Partnership summit to Warsaw in September from Budapest. He also vowed that Poland would continue the "great task" of conducting talks with Ukraine on association treaty and trade accord.
Tusk assured that Poland would cope with the challenges of the presidency.
"We will manage. We have no other option. Everybody agrees that Poland has a lot of energy. It is not the largest EU country but is very enthusiastic and optimistic in its approach to its tasks in the EU," the Polish prime minister said.
Later Tusk met EU President Herman Van Rompuy and European Commission President Jose Manuel Barroso. At a joint press conference with Van Rompuy, Tusk said that the Eastern Partnership summit in Warsaw in September "can be and probably will be a great event for this part of Europe."
Van Rompuy agreed that the summit would confirm the importance of EU cooperation with eastern neighbors and increase its vigor. He pointed out that one of the main tasks of the Polish presidency would be the inauguration of debate on the new long-term EU budget.
Van Rompuy also noted that Croatia's accession treaty with the EU would be signed during Poland's presidency.
Dreams of many generations of Poles were coming true as Poland is taking over the six-month presidency of the EU, Polish President Komorowski said during a gala session of the parliamentary National Assembly on Friday.

The president also called on "all participants in Poland's political and public life to demonstrate the good will of cooperation over what can be divisive in the face of Poland's presidency of the EU."
Festivities marking the inauguration of Poland's EU presidency were held throughout the country on Friday with concerts and exhibitions which would continue in the following days.
The Polish government adopted a plan for Poland's six-month EU presidency, with goals concentrating on agricultural policy, energy security, the 2014-2020 EU budget, neighborhood policy in relation to nations to the east and south of the bloc.
The Polish government plans to organize some 350 ministerial and expert level meetings. Some 30,000 delegates are expected to visit Poland during the six-month presidency.
The Polish presidency budget amounts to 430 million zloty (about 156 million U.S. dollars), of which over 37 million zloty (about 13.4 million U.S. dollars) have been reserved for security matters.

http://news.xinhuanet.com/english2010/world/2011-07/02/c_13961454.htm

Poland presidency targets economic revival, EU solidarity
BRUSSELS -- Poland has vowed to flex its muscles as it takes over the six-month rotating presidency of the European Union (EU) from Hungary on Friday.
An EU member since 2004, Poland aims at reviving economy and strengthening solidarity in the 27-member bloc being battered by a multiple crisis, with the bloc's enlargement and further integration on eastern frontiers also high on its agenda.
The top priority was to restart economic growth across EU member states, Polish foreign minister Radoslaw Sikorski said, adding that Warsaw, though not a member of eurozone, wanted to be part of the solution.
"From this much else will follow -- greater solidarity, greater generosity in the neighborhood, greater openness to enlargement," Sikorski said.
The 17-member single currency bloc's unity has been tested by the worsening Greek debt crisis, whose lawmakers passed an austerity plan earlier this week that would secure access to the next 12 billion euros (around 17 billion U.S. dollars) tranche of Athens' bailout package granted by the EU and the International Monetary Fund.
As the only EU member state that maintained growth during the global financial crisis, Poland has kept strong trade ties with eurozone countries, notably Germany. Polish Prime Minister Donald Tusk recently also expressed the resolution to help the deeply-indebted Greece during its presidency.
Poland is the fourth rotating presidency following Spain, Belgium and Hungary under the Lisbon Treaty that entered into force in December 2009. The position has been of less significance since the treaty created a permanent president of the European Council.
However, as the EU has been struggling to uphold its unity against lingering debt crisis as well as tensions over migrant influx from North Africa since spring this year, countries of rotating presidency also intend to play a vital role and boost its international profile.
"Europe's foundations are threatened.. Poland's presidency will revive a belief in the sense of EU institutions," Polish Prime Minister Donald Tusk was quoted as saying earlier.
Most Polish people currently hold positive attitudes towards the EU and are convinced that joining the bloc has brought benefits to the country, according to recent public polls.

"Europe is expecting a new and powerful impulse from Poland's presidency," said Jerzy Buzek, the president of the European Parliament who is also a former Polish prime minster.
In favor of the EU enlargement, Warsaw is hoping to finalize Croatia's EU accession, which has wrapped up its preparations and is expected to join the bloc in 2013, as well as start membership talks with Serbia.
As one of the driving forces behind the EU's Eastern Partnership program, Poland is also expected to push ahead the agenda of integrating countries on the EU's eastern frontiers including Ukraine and Georgia.
While Hungarian presidency had been overshadowed by its disputed media law and new constitution, Poland's opposing an acknowledged commitment to carbon emissions reduction within the EU ahead of its take-over also stirred up complaints.
Poland, which relies on coal to produce 90 percent of its electricity, was the only member against the European Commission's 2050 low carbon roadmap in the latest meeting of EU environment ministers, which calls for 80-percent carbon emissions cut by 2050 from 1990 levels.
Environmentalist groups then started urging Warsaw to put more emphasis on environmental protection and carbon emissions reduction during its presidency.
Critics also believe that Poland's general election in October could also distract its prime minister from the mission of steering the EU at a crunch time.

http://news.xinhuanet.com/english2010/world/2011-07/01/c_13961235.htm

Sustainable development, poverty eradication to be Brazil's top concerns for Rio+20 conference
BRASILIA -- Sustainable development and poverty eradication may be the main topics Brazil will propose to discuss during the United Nations Conference on Sustainable Development (Rio+20), official said Friday.
Rio+20, also known as the 2012 Rio Earth Summit, is slated to open in June next year. Brazil's National Commission for Rio+20 is co-chaired by Environment Minister Izabella Teixeira and Foreign Minister Antonio Patriota.
Teixeira and Patriota held a group meeting for the first time on Friday.
After the meeting, Teixeira told local press that they will "work on issues that Brazil wants to develop in the context of poverty eradication, green economy and arrangement of additional governance and sustainable development."
Agencia Brasil, Brazil's official news agency, said the group will further discuss with government agencies and civil society issues to be addressed at Rio+20 and will present their proposals to the United Nations in November.
The 2012 Rio Earth Summit will mark the 20th anniversary of the founding of the United Nations Conference on Environment and Development (UNCED).

http://news.xinhuanet.com/english2010/world/2011-07/02/c_13961998.htm

Eurogroup decides to release vital loans to Greece
BRUSSELS -- Eurogroup finance ministers decided on Saturday to release the fifth tranche of loans to Greece to avoid an immediate default of the country.
As part of the first bailout package for Greece last year, the fifth tranche of loans, which amount to 12 billion euros (17 billion U.S. dollars) in total, was originally planned to be handed to

Greece in June so that Athens could meet its urgent financing needs in July. But the fund was held off due to the country's failure to meet austerity targets.
"Ministers noted with satisfaction the adoption of key laws on the fiscal strategy and privatisation by the Greek Parliament," the ministers said in a statement released after a conference call.
"Against this background and on the basis of the debt sustainabliity analysis by the Commission and the IMF, ministers approve the disbursement of the fifth trance of the current Greek Loan Facility by 15 July follow approval by the IMF board, as originally envisaged, " the statement said.
The IMF is expected to approve its share of 3.3 billion euros (4.75 billion dollars) of the fifth tranche of loans next week.
The ministers said that consultations are underway with Greece creditors in order to define how private investors should involve in the second bailout package to Greece.
"The precise modalities and scale of private sector involvement and additional funding from official sources will be determined in the coming weeks so as to ensure that inter alia, required program financing is in place," the ministers said.
The ministers' decision came after the Greek parliament endorsed the austerity measures put forward by the government on Wednesday and Thursday, clearing all hurdles for the disbursement of the loans which Athens needs badly.
The loans will save the debt-laden country from an immediate default but the country needs a second rescue package which analysts estimated could reach 85 billion euros (122 billion dollars).
The finance ministers of the bloc are scheduled to discuss parameters of the plan at their monthly meeting on July 11. But analysts said that details of the plan could take weeks or even months.
The fifth trance of loans will keep Athens afloat until September and the eurogroup has to make the new rescue package ready before that deadline.
But some economists insist that even a second bailout plan would not be enough to put Athens back on track since its debt load, equivalent to 150 percent of the country's gross domestic product, is just too heavy.

http://news.xinhuanet.com/english2010/world/2011-07/03/c_13962514.htm

Investors turn backs to South Korean Samsung

SEOUL -- Investors began turning their backs to Samsung Electronics, the world's largest technology company by assets.
The share price of Samsung has been in downward trend since it peaked at over 1 million won (940 U.S. dollars) in late January. The tech firm closed at 855,000 won on Friday on the Seoul bourse.
Right after the first-quarter earnings results were announced, local securities firms unveiled rosy outlooks for the second- quarter earnings of the world's largest maker of memory chips, televisions and flat screens.
The first-quarter operating profit came in at 2.95 trillion won in the first three months of this year, down 33 percent from a year earlier. Samsung's semiconductor sales fared well during the first quarter, but sluggish demand in flat screens and TVs damped profit at Samsung's flat panel business and digital media division, market watchers said after the earnings announcement.

Local brokerages said the tech firm's earnings are expected to improve in the second quarter despite the weak results during the first quarter. IBK Investment & Securities predicted the tech firm to post an operating profit of 4.02 trillion won in the second quarter, and Shinyoung Securities forecast a 4.11 trillion won over the cited period.

All the 22 local brokerages, which cover Samsung Electronics, are retaining their "buy" rating at the company, and putting their target prices at a still higher level of over 1.1 million won. Despite the positive views, investors keep reducing their holdings of the firm amid growing worries about the lower-than-expected second-quarter earnings.

Earnings growth at Samsung Electronics are projected to be slower in the second quarter due to a delay in display market rebound amid weaker TV demand, and a sharp downturn in the semiconductor sector amid sluggish PC demand.

"We find a downgrade in the semiconductor and display divisions ' earnings inevitable as the decline in demand is projected to be larger than expected," Kim Young-chan, an analyst at Shinhan Investment Corp., said in a report released on June 27. The brokerage firm predicted Samsung Electronics to post an operating profit of 3.47 trillion won in the second quarter, down from its earlier estimates of 3.92 trillion won.

Other local securities firms joined the downward revision. IBK Investment & Securities revised down its outlook for Samsung Electronics' second-quarter operating profit to 3.76 trillion won from its former 4.02 trillion won, with Shinyoung Securities lowering its forecast to 3.61 trillion won from 4.11 trillion won. HMC Investment & Securities and Daewoo Securities cut its outlook to 3.51 trillion won and 3.62 trillion won respectively.

Shinyoung Securities even lowered its target price for Samsung Electronics to 1,180,000 won from the former 1,220,000 won. Shinhan Investment Corp. also cut the target price from 1,300,000 won to 1,190,000 won, citing laggard performance in semiconductor and display divisions.

Samsung seemed to feel scared by the spreading outlook for weaker performances in the two divisions. The firm said last Friday it appointed Kwon Oh-hyun, president of the firm's semiconductor business, as the chief who oversees Samsung's memory chip, system LSI and LCD panel businesses.

Chang Won-kie, president of the firm's LCD division, will leave his position and support the new chief and vice chairman Choi Gee- sung on chip and panel facilities, according to the statement by Samsung.

"Samsung carried out personnel changes to censure Chang for poor performance in LCD business, which is expected to post an operating loss during the second quarter," Kim Jang-yeol, an analyst at Mirae Asset Securities in Seoul, told Xinhua.

Kim noted that Samsung's LCD unit losses, excluding earnings growth at its subsidiary Samsung Mobile Display, would have been larger than projected.

The analyst said Samsung's semiconductor business will likely show earnings growth in the second half, but chip performance will be poorer than initially expected. (one U.S. dollar equals 1066.44 won)

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964397.htm

EU to provide emergency food aid to DPRK

BRUSSELS -- The European Commission announced on Monday it would provide emergency food aid to the Democratic People's Republic of Korea (DPRK), amid growing fears of a worsening hunger crisis in the country.

According to an EC statement, the objective of the 10-million-euro (about 14.5 million U.S. dollars) aid package is to lift around 650,000 people, mainly in the northern and eastern parts of the country, out of hunger.

The country is faced up with a deteriorating food production in recent years. The next main cereal harvest is due in October.

Food assistance will reach children under five who have already been hospitalized with acute malnutrition, said the statement.

Children in residential care, as well as pregnant and breastfeeding women, hospital patients and the elderly will also be fed by the program, it said.

"The purpose of this aid package is to save the lives of at least 650,000 people who could otherwise die from lack of food," it added.

"Our experts saw severely malnourished children in hospitals and nurseries where no treatment was available," said Kristalina Georgieva, European Union Commissioner for International Cooperation, Humanitarian Aid and Crisis Response.

The European Commission sent a humanitarian assessment team to the DPRK in June, and the team visited hospitals and clinics, kindergartens and nurseries, markets and cooperative farms and state food distribution centers to gather evidence of food situation in the Asian country.

The experts confirmed that the nutrition situation is worse than in previous years, and that emergency assistance is needed.

"The nutrition problem is turning into an acute crisis in some parts of the country," Georgieva said.

The official also requested a monitoring operation be set up to ensure the aid going to the neediest recipients, stressing that the EC would suspend the assistance if it was proved that the aid be diverted from its intended recipients.

The statement also noted that the program will be overseen by the World Food Program (WFP).

Humanitarian aid experts from the European Commission and WFP monitors have been promised unrestricted access for random checks to verify that aid reaches those in need, according to the EC.

http://news.xinhuanet.com/english2010/world/2011-07/04/c_13964846.htm

World Bank grants 1 billion US dollar credit to support India's rural economy

WASHINGTON -- The World Bank approved Tuesday 1 billion U.S. dollars in credit to support India's rural economy through a newly launched poverty reduction initiative.

Through the National Rural Livelihoods Project (NRLP), the World Bank plans to strengthen the implementation of the Government of India's newly launched National Rural Livelihoods Mission (NRLM), which is one of the world's largest poverty reduction initiatives at a cost of approximately 7.7 billion dollars, aiming to reach 350 million people or almost a quarter of India's population.

"The Project will help NRLM create an institutional platform by mobilizing rural poor, particularly women, into robust grassroots institutions of their own where, with the strength of the group behind them, they will be able to exert voice and accountability over providers of

educational, health, nutritional and financial services," the Washington based international financial institution said in a statement.
It also noted that this project, based on past experience in several Indian states, is expected to have a transformational social impact, supporting India's efforts to achieve the Millennium Development Goals (MDG) on Nutrition, Gender, and Poverty.
"Rural India will continue to play a significant role in the coming decades and programs such as these will help shape the country's future human capital which resides in its villages," said Roberto Zagha, World Bank Country Director for India. "World Bank-financed state livelihood projects, which reached over 35 million people, have given the rural poor a greater sense of identity, and better services and livelihood opportunities. Through NRLP, the World Bank is supporting the Government of India ' s initiative to provide similar opportunities to over 350 million people residing in rural areas."
The Project will specifically support the formation of institutions of the poor in the poorest states of India. Key investments include investing in building people's institutions, expanding access to finance and private sector investments in rural India and helping build job skills for the rural poor.
The credit is from the International Development Association (IDA) -- the World Bank's concessionary lending arm -- the credit is on IDA terms with a maturity of 25 years, including a five year grace period, the World Bank added.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13967549.htm

Global foreign exchange reserves record 9.7 trillion dollars in Q1, 2011: IMF
WASHINGTON -- World total official foreign exchange holdings reached 9.69 trillion U.S. dollars in the first quarter of 2011, according to data released by the International Monetary Fund (IMF) on Tuesday.
The number, which is 4.7 percent increase compared with the previous quarter, rose 17 percent than a year ago. In the first quarter of 2010, world foreign exchange reserves recorded at 8.29 trillion dollars.
In the first quarter of 2011, total foreign exchange holdings by advanced economies reached 3.16 trillion dollars. Meanwhile, emerging and developing economies hold 6.53 trillion dollars.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13967569.htm

World Cup, Olympics, oil to boost Brazil economy: Central Bank Governor
RIO DE JANEIRO -- Brazil will enjoy robust economic growth for the next few years as it prepares for the 2014 FIFA World Cup and the 2016 Olympic Games, the country's Central Bank Governor Alexandre Tombini said on Tuesday.
Brazil's economy will be further bolstered as the country is starting to exploit its pre-salt layer oil reserves, Tombini said in a speech to the senate. Brazil has more than 50 billion barrels of oil equivalent in pre-salt layer oil reserves, according to ANP, the country's national petroleum agency.
The bright prospect of Brazil's economy is also recognized by the world as two of the three main credit rating agencies, Fitch and Moody's, upgraded the country's government bonds this year, Tombini said.

Brazil's economy is growing at a moderate pace with falling inflation, Tombini added. Brazil's CPI for the first five months of 2011 stood at 3.71 percent, below the government target of 4.5 percent.
Economic stability is further ensured by adequate foreign exchange reserves and the country's central bank reserve requirements, he added.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968589.htm

IDB grants credit to small farmers in Latin America

MEXICO CITY -- The Inter-American Development Bank (IDB) Tuesday announced a new 3.6-million-dollar credit to finance 10,000 small farmers over nine Latin American countries.
The money will be channeled through the "Fund for Latin America's Small Rural Producers" (Fopepro) to agricultural producers in Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru and Paraguay, IDB said in a statement.
A total of 2 million dollars will be distributed through the "Opportunities Initiative," and 1.6 million dollars will be disbursed through other creditors such as the Deutsche Bank Trust Company Americas, the Calvert Foundation and the Monarch Community Funds.
Fopepro is the first privately-funded investment granted to small rural farmers in Latin America, the bank said.
"This model of fund management facilitates the process of financing small farmers," said Susan Olsen, IDB's project director, adding that IDB hoped this model could be introduced to other Latin American countries through individual loans ranging from 100,000 dollars to 300,000 dollars at a later stage.
The fund, which seeks to collect 20.5 million dollars to finance cooperatives and producer associations, will also provide smaller loans through micro-credit institutions which are better accessible to small farmers in rural areas.
The new 3.6-million-dollar credit line is sponsored by cooperative societies Alterfin from Belgium and SIDI from France, both having extensive experience in agricultural investment and crediting for small producers in Latin America, Asia and Africa.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968770.htm

Asian tourist market for Australia growing

BRISBANE, Australia -- The Asian tourist market for Australia is still growing; new figures on overseas arrivals, released by the Australian Bureau of Statistics (ABS) on Wednesday, showed.
More than 39,000 Chinese tourists came to Australia in May, ranking third behind the United Kingdom (UK) and Japan.
"Other Asian countries like Singapore, Malaysia and India are also showing signs of significant growth and these markets are proving our savior amidst a decline from more traditional markets such as Japan and the UK," The new managing director of the Australian Tourism Export Council (ATEC), Felicia Mariani said.
She said the UK market in particular remained slow after the economic declined 10 percent over the past 12 months.
"It is no surprise to see the impact of the Japanese earthquake and tsunami taking its toll, with their numbers down by more than 25 percent over the previous 12 months, but fortunately the New Zealand market remains steady," Mariani added.

The ABS figures also show visitors from Malaysia are up by 12 percent annually, while more Australian holiday-makers went overseas with numbers up from 635,400 in April to 645,900 in May.
"The challenge for our industry is to embrace and grow these emerging markets and to find new ways to attract our domestic market back on-shore," Mariani said.

http://news.xinhuanet.com/english2010/travel/2011-07/06/c_13969111.htm

Sovereign debt challenge broader than in euro area: IMF chief

WASHINGTON -- The sovereign debt challenge, now the top priority for many advanced economies to tackle, is broader than in the euro area, said Christine Lagarde, the newly-appointed managing director of the International Monetary Fund (IMF) on Wednesday.
"The issue is broader than in euro zone," Lagarde said at her first press conference as the new head of the 187-member international financial institution, citing that the debt crisis in Europe, particular in Greece is "immediate" and "pressing".
Her comment came at a critical moment when Europe is on the verge of another round of sovereign debt crisis. Rating agency Moody's on Tuesday downgraded Portugal's debt to "junk" level.
Moody's warned that Lisbon could not meet the reform requirements of its first 78-billion-euro (112 billion U.S. dollars) IMF-European Union bailout and would need a second rescue package.
Meanwhile, Greek fiscal condition remains in danger. The European Union and the IMF are in intensive talks about the rescue plan.
Lagarde, the former French finance minister, had played a key role in the 110-billion-euro IMF-EU rescue of Greece, which includes, tentatively, a restructuring of its debt held by banks.
Ireland, the other euro zone country to have received a bailout, said on Tuesday it may have to make additional spending cuts next year to meet deficit reduction targets in its 85 billion euro bailout plan due to economic slowdown.
These European countries' fiscal deterioration could come to test the IMF's commitment to eurozone stability.
"Those issues can not wait," said Largarde. "A lot should be done by economy players."
She noted that debt issue is a wide challenge for many other advanced economies, including the United States, which is also at the risk of default if the country could not lift its borrowing limit in time.
On June 28, the IMF Executive Board declared to pick Lagarde, 55, as the IMF's 11th managing director for a five-year term starting July 5, making her the first woman to lead the global lender.
Lagarde was until recently France's finance minister, a post she held since June 2007. Previously, she served as trade minister for two years. She started her political career as an anti-trust and labor lawyer.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13969745.htm

Australia's Sydney, Melbourne, Perth, Brisbane becoming world's most expensive cities

SYDNEY -- The strong Australian dollar is making Sydney, Melbourne, Perth and Brisbane to be some of the world's most expensive cities, according to a global survey by the UK-based Economist Intelligence Unit released on Thursday.

It is now cheaper to live in London, Vienna, Rome, Berlin, Hong Kong and Beijing than most of Australian capital cities, the Economist Intelligence Unit's Worldwide Cost of Living survey found.
It found Sydney is now the 6th priciest city in the world, up from 32nd place two years ago, while Melbourne has jumped from 38th to 7th.
Perth and Brisbane, meanwhile, are ranked 13th and 14th most expensive - almost 25 percent pricier than New York.
Survey author Jon Copestake said the strong local currency was partly to blame for the soaring cost of living in Australia.
"Rising domestic prices, partly due to rising oil and commodity prices, have been compounded by the strength of the Australian dollar, which achieved parity with the U.S. dollar earlier this year, compared to being worth around half that much 10 years ago," Copestake said in a statement on Thursday.
The Australian cities were among the most expensive for business trip, the survey found.
In Melbourne, accommodation, meals, taxis, drinks and a newspaper now cost the average business traveler 760 U.S. dollars a day, with Sydney close behind at 627 U.S. dollars.
Copestake warned that the rising cost of living in Australia could be a disadvantage for international visitors.
The survey ranked Japan's Tokyo and Osaka as well as Norway's Oslo as the three most expensive cities in the world, while Mumbai in India, Tunis in Tunisia and Karachi in Pakistan were the cheapest among the 140 cities used in the survey.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971675.htm

ECB makes expected but tough decision in rate hike

BRUSSELS -- The European Central Bank (ECB), just as many have anticipated, raised its interest rate by 25 basic points to 1.5 percent Thursday.
Jean-Claude Trichet, President of the ECB, on explaining the decision, said that further adjustment of the accommodative monetary policy stance is warranted in the light of upside risks to price stability.
"Our decision will contribute to keeping inflation expectations in the euro area firmly anchored in line with our aim of maintaining inflation rates below, but close to, 2 percent over the medium term." Trichet said.
He further explained that since economic situation in euro zone area is quite robust. "the first quarter of 2011 euro area real GDP posted a strong quarter-on-quarter increase of 0.8 percent, following the 0.3 percent increase in the last quarter of 2010," he said.
What's more, surveys and data released point toward expansion of economic activities in second quarter, he added.
Quite robust performance enables ECB to pay more attention to inflation concerns. According to data released by Eurostat, statistical office of EU, annual harmonized indices of consumer price (HICP) was 2.7 percent in June 2011, way above ECB's target of 2 percent.
ECB also expects inflation rates likely above 2 percent over the coming months, though acknowledges that hike in rate was mainly caused by rising energy and commodities prices.
ECB's decision falls within many analysts' expectation. "The inflation is above its reference value (2 percent), and the ECB attaches great importance to anchoring inflationary expectations," said Ian Begg, professor of London School of Economics.

Cinzia Alcidi, research fellow with Center for European Policy Studies, a major think tank based in Brussels, explained ECB's decision. "In my view it is a decision that aims at restating that price stability is the policy objective of the EBC. In a sense it is a move for reestablishing credibility."

"It is true that actual inflation is above the target, but this high level is largely driven by commodity and food prices and not really by an overheated euro zone economy," said Alcidi.

"For this reason I would expect the effect of the interest rate increase to have little, if any, effect on CPI inflation, but the move will affect expectation about the future policy of the bank and I think this is the ultimate objective of the EBC," Alcidi further explained.

Along with falling energy and commodities prices, especially grains in recent months, inflationary pressure seems is easing down. What's more, it is obviously not realistic to expect a 25-basis points rise in interest rate to turn into cool-down in inflation very soon.

"Also, we should keep in mind that in order to reduce financial instability, the ECB had to engage in policy actions which have increased significantly the liquidity in the system and even included government bond purchase. These measures can be source of inflation expectations in the long run. I really think the ECB wanted to restate that price stability is the mandate of the bank and it will not let inflation go high," said Alcidi.

In addition, any drastic actions taken by ECB to curb inflation, especially monetary policies, may trigger concerns in financial markets and raise cost of borrowing for some debt-laden countries.

The decision came just after two U.S. rating agencies, Moody and Standard & Poor downgraded Portugal and Greece's credit rates, when market sentiment is very weak.

"The immediate effect will be negligible but if the ECB continues to raise the rate, these will eventually feed into borrowing cost of these economies." Ian Begg said.

"I would expect interest rates on mortgages and consumption credit to be the main and fastest transmission channel. This implies that countries in which mortgages rates and in general rates on private debt are tied to short term rates will suffer the most. In the Euro zone this is particularly the case of Spain (mortgages), Ireland and Portugal." said Alcidi.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13972220.htm

Oil retreats on European debt woes, China's interest hike

NEW YORK -- U.S. crude oil price retreated on Wednesday as European debt problems weighed on the markets and China's third interest rate hike this year caused demand concerns.

Crude investors worried about the debt contagion in Europe. As Greece was struggling to avoid a debt default, Portugal's government long-term bond ratings were slashed to junk by Moody's Investors Service.

And European worsening debt problems dragged the euro down about 0.8 percent against the dollar. The dollar index, instead, gained 0.5 percent, pressuring oil prices.

Oil was also pressured by the news that China raised interest rate for the third time this year. The People's Bank of China announced on Wednesday it will raise bank's benchmark one-year borrowing and lending rates by 25 basis points beginning Thursday, showing its determination to tackle inflation. Crude markets were concerned that further tightening monetary policy could lead to a slowing economy, which could hurt oil demand.

In the Middle East, violence continued in Libya and Syria, which also caught investor's attention.

The strategic reserve release by the International Energy Agency proved to be inefficient and had little effect to lower oil prices.

Light, sweet crude for August delivery fell 24 cents, or 0.25 percent to settle at 96.65 dollars a barrel on the New York Mercantile Exchange. In London, Brent crude for August delivery edged up 1 cent to close flat at 113.62 dollars a barrel.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13969794.htm

Gold surges on increasing safe-harbor demand

CHICAGO -- Gold futures on the COMEX Division of the New York Mercantile Exchange surged 2 percent on Tuesday, as mounting worries over Greece's debt crisis continued to underpin demand for the precious metal as a safe-haven. Silver and platinum both rallied.

The most active gold contract for August delivery jumped 30.1 dollars, or 2 percent, to 1,512.7 dollars per ounce.

Standard & Poor's Corp. said Monday a proposal to allow Greece more time to work out its fiscal problems would likely place the country in "selective default."

A report in the Financial Times on Tuesday noted the European Central Bank would continue to accept Greek government bonds as collateral for loans to banks as long as at least one ratings firm doesn't deem Greece to be in default.

Gold closed at lowest level since Mid-May last Friday, after Greece approved a package of austerity measures. A trader mentioned that the rating agency's warning reminded investors that the euro zone debt crisis is far from over and lingering concerns over the fiscal stability of debt-plagued Eurozone nations offered a strong boost to the demand for gold as a refuge.

Silver for September delivery jumped 1.705 dollars, or 5.1 percent, to 35.410 dollars per ounce.

Platinum for October delivery climbed 25.3 dollars, or 1.5 percent, to 1,742.1 dollars per ounce.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13967544.htm

Stiglitz: Global financial system in critical need of reform

BEIJING -- Joseph Stiglitz, the 2001 recipient of the Nobel Prize in Economics, said on Friday that the global financial system is in critical need of reform, as its instability bodes problems for both "rich" and "poor".

The recent global financial crisis is related to the global financial system in general, as the system does not self-correct or self-stabilize, according to Stiglitz. A new system that can serve the whole world is needed, Stiglitz said.

Stiglitz made the remarks during a forum held at the 16th World Congress of the International Economic Association (IEA), which concluded Friday.

Over a hundred of persistent economic crises have emerged since a period of economic liberalization began in the 1980s, Stiglitz said. These crises are also linked to the failures of the global financial system, according to Stiglitz.

Before the current crisis, the United States was unable to manage its inflow of capital, Stiglitz said. This led to financial problems in the United States that quickly spread around the world, leading to the global financial crisis, Stiglitz said.

Inflation that is caused by excessive capital inflow can quickly become worse if a country's self-correcting mechanisms fail to work, he said.

"If you just focus on nationalities, you cannot be self-regulated. This kind of valuation focuses on individual units, but not the whole system," he said.

It is Stiglitz's belief that the current global financial system tips the balance in favor of richer countries, with hundreds of billions of dollars going from underdeveloped countries to developed ones.
"Rich countries borrow money from poor countries at very low rates," Stiglitz said.
Despite the fact that the global market is so heavily integrated, the United States tends to worry about its own economy exclusively, he said.
"In fact, where the money should go is the economy in the growth, not the United States, but China, India and other emerging markets such as Brazil," he said.
"The current system does not work well and we need reforms," he said.
He called for a reformed global reserve system that will enhance global stability, strengthen global growth and be more equitable.
"The current system, where a single currency dominates as a reserve, is an anachronism in the twenty-first century," Stiglitz said.
He said that China's RMB should be a part of any global composite reserve currency, such as the special drawing rights (SDR).
"China has been both more pragmatic and balanced. Given China's increasing role in the global economy, it's time for China's voice to be more strongly heard," he said. "China brings a different view to the table of global debate."

http://news.xinhuanet.com/english2010/business/2011-07/09/c_13974360.htm

IMF approves 3.2 billion euro aid to Greece
WASHINGTON -- The International Monetary Fund (IMF) on Friday approved a 3.2-billion-euro aid package to Greece to help the debt-hit country from an impending default.
The Executive Board of the IMF completed the fourth review of Greece's economic performance under a program supported by a three-year Stand-By Arrangement (SBA) for Greece.
The new disbursement has brought total support from the Fund to about 17.4 billion euros to Greece. The SBA, which was approved on May 9, 2010, is part of a joint financing package amounting to 110 billion euros over three years.
IMF Managing Director Christine Lagarde noted that Greece has made progress in its fiscal consolidation plan.
"The program is delivering important results: the fiscal deficit is being reduced, the economy is rebalancing, and competitiveness is gradually improving," Lagarde said in a statement.
"However, with many important structural reforms still to be implemented, significant policy challenges remain. A durable fiscal adjustment is needed, lest the deficit get entrenched at an unsustainably high level, and productivity-enhancing reforms should be accelerated, lest growth fail to recover," said Lagarde who took office on July 5.
She called for continued liquidity support from the European Central Bank and other stakeholders.
"Greece's debt sustainability hinges critically on timely and vigorous implementation of the adjustment program, with no margin for slippage, and continued support from European partners and private sector involvement," Lagarde added.
http://news.xinhuanet.com/english2010/business/2011-07/09/c_13974411.htm

American rating agencies threaten European stability: Portuguese president

LISBON -- Portuguese President Anibal Cavaco Silva said Friday that "the decisions of the American rating agencies are a menace to European stability," referring to Moody's downgrading of its sovereign credit rating.

The president's statement came two days after a four-notch downgrade of the Portuguese sovereign debt rating from Baa1 to Ba2, and one day after Moody's downgrading the ratings of Portugal's four banks, four public companies and two municipalities to the junk level.

Silva told reporters that Moody's downgrading of Portuguese government debt was "completely unjustified" and lacked "transparency and objectivity."

Moody's downgrade followed similar moves by its peers Fitch Ratings and Standard & Poor's Ratings Services, which currently rate Portugal at BBB-, the lowest investment-grade level and two notches above Moody's new rating.

Silva also said the downgrading "awakened the European leaders to face what the rating agencies have been doing."

In Portugal, the downgrading triggered a responsive online movement. Someone was calling for a protest against the rating agencies on Saturday through Facebook, a social networking website, and more than 27,000 people have registered to participate.

http://news.xinhuanet.com/english2010/business/2011-07/09/c_13974992.htm

ADB to provide 200 million USD loans to improve water supply in China's smaller cities

MANILA -- The Asian Development Bank (ADB) said Friday it will provide 200 million U.S. dollars in dual- currency loans to the China Water Affairs Group Limited (CWA), in a bid to improve the delivery of treated water to households and businesses in fast-growing small- and medium-sized cities in China.

ADB's support will comprise a direct A-loan of 100 million U.S. dollars, denominated in U.S. dollars and renminbi, ADB said in a statement. The renminbi portion will use funds raised via ADB's renminbi bond issued in Hong Kong in late 2010. In addition, ADB will arrange a 100 million U.S. dollar B-loan, under which ADB acts as the lender of record for commercial banks.

"By providing a multi-project financing facility to CWA, we aim to support private sector participation in water distribution in smaller cities to increase access and also improve water efficiency," Hisaka Kimura, Senior Investment Specialist in ADB's Private Sector Operations Department, said in the statement.

China's urban population has more than tripled in the past three decades and while 90 percent of urban households have access to piped water, many smaller cities are struggling to expand their water networks in step with rapid urbanization. The country's increasing demand for water is also highlighting widespread waste and the inefficiency, which are reflected in poor metering and leaky pipes.

The Chinese government has prioritized improvement of municipal water supply, including a focus on private sector participation, but around 90 percent of municipal distribution networks are still owned by local governments, the statement said, adding private developers can play a critical role in improving service quality and the financial viability of water supply but are often held back by financing constraints.

CWA will set up subproject companies and use ADB's funds to acquire, upgrade, expand, and operate municipal water networks, said the statement, noting the goal is to provide up to two

million cubic meters of treated water per day by 2015 to second- and third-tier urban centers where services currently fall short of needs.
"This cooperation with ADB will accelerate our efforts to expand and improve water treatment and distribution services for the benefit of society and our shareholders," the statement quoted CWA Chairman Duan Chuan Liang as saying, "The project also reinforces our support for the country's 12th Five Year Plan, which emphasizes water efficiency improvements."

http://news.xinhuanet.com/english2010/china/2011-07/08/c_13973334.htm

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GLOBAL BANKING & FINANCE

China's central bank vows to enhance reform of financial system
BEIJING -- The People's Bank of China (PBOC), the country's central bank, vowed on Sunday to improve financial regulation and boost the reformation of the country's financial system.
The central bank will "seize an important strategic growth opportunity for the Chinese economy to push forward the reform of key financial sectors, reform the country's financial system and improve the management of foreign exchanges," the PBOC said in a statement posted on its website.
The statement was issued after a meeting of the PBOC's Party committee, which was convened to study a speech delivered by President Hu Jintao on Friday at a grand gathering marking the 90th anniversary of the Communist Party of China (CPC).
The PBOC statement said the central bank will work to ensure that its policies are "targeted, flexible and efficient."
It also said the central bank will enhance financial support for China's agricultural industry, as well as the country's medium- and small-sized enterprises. These sectors typically have limited access to bank financing.

http://news.xinhuanet.com/english2010/business/2011-07/03/c_13963163.htm

Japan's monetary base increases 17% in June
TOKYO -- Japan's monetary base rose 17.0 percent in June from a year earlier, rising for the 34th consecutive month from a 16.2 percent annual increase logged in the previous month, the Bank of Japan (BOJ) said in a report on Monday.
The average daily balance of the monetary base stood at 113. 4780 trillion yen (1,404 billion U.S. dollars), compared to an average balance of 114.4208 trillion yen logged in the previous month, the central bank said.
The BOJ has ensured that since the March 11 twin disasters that devastated regions in the east and northeast of Japan there is enough liquidity in money markets so that regional banks and other financial institutions can continue lending not just to the public, but also to each other.
The endeavor has gone some way towards calming money markets in the wake of the March cataclysms.
The central bank said Monday that banknotes in circulation in the recording period increased 2.7 percent on year, but the amount of coins in circulation remained flat, following a 0.1 percent increase booked the previous month.

The current account balances rose 89.2 percent on year in June, from 82.5 in May, but were well down on the 123.4 percent on year leap booked a month after the March disasters in April, the central bank's data showed.
The pace of increase in reserve balances slowed to 78.1 percent in June from 82.2 percent in May, the BOJ data showed.
On a seasonally adjusted basis, the monetary base increased 14. 1 percent to an annualized 114.352 trillion yen compared to May's reading of 113.180 trillion yen the BOJ said.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964113.htm

Bank of China plans global expansion: report
BEIJING -- Bank of China Ltd (BOC), one of the big four state-owned Chinese banks, will continue to expand its overseas network, despite becoming much more reliant on the domestic market in recent years, China Daily reported Tuesday.
"By 2020, we expect to become a truly world-class bank," the report quoted BOC president Li Lihui as saying.
Board members have made overseas business a strategic priority, and the lender will further expand its branch network worldwide while considering acquisition opportunities prudently, the report said.
The priority of setting up new overseas branches will be Asia in the next half year, Li told the newspaper, without mentioning any specific country or region the bank is eyeing. In the first half of 2011, the bank had set up more than 20 institutions abroad, the report said.
As the most internationalized Chinese bank, by the end of 2010, BOC had overseas assets totaling 351.6 billion U.S. dollars. That's four times more than Industrial and Commercial Bank of China Ltd (ICBC), the world's biggest bank by market value, and eight times more than China Construction Bank Corp (CCB), the world second-largest, the report said.
The bank has also formed a "prominent" competitive advantage in international clearing and settlements, cross-border RMB business, and services facilitating Chinese enterprises to explore overseas opportunities, the report said.
By the end of 2010, BOC's total assets amounted to 10.5 trillion yuan, up 19.51 percent from a year earlier.

http://news.xinhuanet.com/english2010/china/2011-07/05/c_13966260.htm

Macao to sign agreements with 4 Asian countries against money laundering
MACAO --The government of the Macao Special Administrative Region (SAR) expects to ink new agreements with four Asian countries for the prevention and fight against money laundering and financing of terrorism activities this month, the Macao Daily Times reported on Tuesday.
The newspaper quoted Deborah Ng, head of the Financial Intelligence Office (GIF) as saying that the SAR government will sign deals with Singapore's Suspicious Transaction Reporting Office, the Japan Financial Intelligence Center, Thailand's Anti- Money Laundering Office and the Central Bank of Malaysia.
"We expect the signing of the Memorandum of Understanding could be completed in July, which is also subject to the internal procedures of the counterparty," Deborah Ng told Macao Daily Times.

The agreements entail the exchange of information in relation to money laundering and terrorist financing on a reciprocal basis, and the information exchanged "will be kept confidential by both parties," according to the official.
"Due to the cross-border nature of money laundering and terrorist financing crimes, analysis of criminal fund flows and assessment of the scope and risk of cross border crime will not be complete without intelligence from overseas," explained the director.
Fears over money laundering between the gaming industries of Macao and Singapore have been raised, especially after Las Vegas Sands chairman Sheldon Adelson revealed last April that he had blocked a money transfer of five million U.S. dollars via Marina Bay Sands because he believed the source was "obviously a junket representative."

http://news.xinhuanet.com/english2010/china/2011-07/05/c_13967003.htm

Pakistan's KSE achieves fresh 5-month peak
KARACHI -- Pakistan's Karachi Stock Exchange (KSE) ended on a fresh five-month high here Tuesday after its main index inched up slightly as investors associated high hopes on the coming result season.
The benchmark KSE 100-Index moved up by 0.13 percent or 16.20 points to close at 12,576.48 levels, KSE All Share Index swelled by 0.14 percent or 11.84 points to end at 8,715.15, KSE 30-Index surged by 0.88 percent or 102.85 points to conclude at 11,830.24, whereas KMI 30-Index jumped by 0.95 percent or 201.08 points to finish the day at 21,341.24 levels here.
Market started the day on a positive note with the main index surging above the 12,600 levels within the first couple of hours where it hit the highest level of the day of 12,624.74.
However, profit-booking hit the main index which was trading well over 12,600 levels which evaporated all the gains and the key index fell into the bears' lap where it hit the intraday lowest level of 12,527.49. A late buying spree then helped the key index to close in the green zone.
Market analysts informed Xinhua that the investors have welcomed meeting of revenue collection target by the Federal Board of Revenue (FBR) which would pave the way for the release of the next loan tranche.
They said that the upcoming results season is also making investors to head back towards the market as banking sector is under-valued and they are looking to take positions in the banking scrips. Moreover, oil sector is also offering higher returns to their stakeholders so investors are also keeping a close look at these companies, they added. They went on to say that the oil sector is likely to post increased payouts and earnings per share in coming days.
Oil refineries are also expected to record higher margins while banking sector has seen reduced Non-Performing Loans (NPLs) as against previous year and things look positive with regards to release of the sixth tranches of the IMF loan so investors have a number of reasons to buy fresh positions, they added.
Market volumes increased by 14.284 million shares to 71.547 million shares on Tuesday as against Monday's trading of 57.263 million shares, thus showing a renewed interest by the local individual investors in the KSE trading activities.
Market capitalization improved by 4.986 billion rupees (57.985 million U.S. dollars) to 3.308 trillion rupees (38.47 billion U.S. dollars) on Tuesday when compared with a market capitalization of 3.303 trillion rupees (38.41 billion U.S. dollars) recorded in the previous trading session.

As per the figures released by the National Clearing Company of Pakistan Limited (NCCPL) for Monday, the foreign investors came up with a net buying of 248.898 million rupees (2.894 million U.S. dollars).
In an important development, the CPI inflation eased by 11bps to 13.1 percent Year-on-Year (YoY) basis in June 2011, closing the year at an average inflation of 13.9 percent as against 11.7 percent last year, the Federal Bureau of Statistics said.
The KASB Securities and Economics Research said "Our view on FY12E inflation (12 percent YoY) remains intact where we expect inflation to exceed 14 percent in July-Aug. and later moderate to below 12 percent as high base effect of last year's floods kicks in. The ease off in inflation in 2QFY12 keeps us optimistic about a potential easing in monetary policy in 2HFY12. However government's borrowing patterns could be vital, as it continues to dominate private sector borrowing."
In broader market, a total of 347 companies changed hands during the course of the day where prices of 145 issues advanced, 96 declined, while values of 106 other scrips stayed unchanged.
Bank of Punjab remained in the limelight for the second consecutive day as it topped the best traded companies of the day with trading of 10.524 million shares, followed by Fatima Fertilizer Company, National Bank of Pakistan, Dera Ghazi Khan Cement, and Hub Power Company with turnovers of 10.029 million, 4. 363 million, 4.317 million, and 2.802 million shares respectively.
UniLever Pakistan was the top price gainer of the day with an increment by 11.31 rupees (13.15 U.S. cents) before ending at 5,299.69 rupees (61.62 U.S. dollars) while on the flip side Nestle Pakistan led the major decliners with 263.47 rupees (3.06 U.S. dollars) fall to close at 5,097.82 rupees (59.27 U.S. dollars).

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13967498.htm

SAFE meets in Nepal to promote regional financial integration
KATHMANDU -- The executive committee of South Asian Federation of Exchanges (SAFE) is holding a meeting in Nepali capital Kathmandu on July 6-8 to move forward on the agenda of regional financial integration within the South Asian region.
According to Wednesday's The Himalayan Times daily, the SAFE meeting will hold detailed deliberations with the South Asian Association for Regional Cooperation (SAARC) Secretariat about the steps needed to be taken for economically integrating the region via a progressive program of harmonization of national regulatory standards within the region.
"The meeting will be significant as it will discuss the ways and means of liberalizing the cross border frameworks related to investment advice, broking, dealing and management of portfolio investment functions," SAFE secretary general Aftab Ahmad Chaudhry was quoted by the daily as saying.
He said that one of the most significant initiatives to be discussed at the meeting would be to liberalize the access to regional exchange memberships for all South Asian brokerage firms regardless of their domicile.
He also said that in future the investors may have the ability to send their trading orders and get the execution according to the rules to be framed by the SAFE in consultation with the Kathmandu based SAARC Secretariat.
The fundamental principles for integrating the regional markets would be transparency, equal treatment and equal access to all the members of the Exchanges of the region, he said, adding

that in order to achieve regional integration of the region's capital markets, it was also a must that all countries in the region should have similar market regulatory standards and frameworks.
The SAFE is a cooperative platform launched by the bourses in South Asia with a purpose to promote the development and harmonization of the securities markets in the region.
The SAFE comprises 32 member entities of South Asia, Bahrain, Mauritius and the United Arab Emirates.
It is the recognized body of the SAARC and is a network exchange association of the World Federation of Exchanges.
SAFE's permanent secretariat is located in Islamabad, Pakistan and serves as the central coordinating office.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968680.htm

Brazil may take new measures to halt real appreciation: finance minister
RIO DE JANEIRO -- Brazil's Finance Minister Guido Mantega said Tuesday the government may take new measures to halt the depreciation of the U.S. dollar compared to the Brazilian real.
Last week, the real-U.S. dollar exchange rate reached its lowest point in 12 years. The U.S. currency's value has fallen 6.06 percent compared with January.
The Brazilian government has taken a series of measures in the past months, including raising taxes over short-term investments, to halt the appreciation process of the real and the excessive capital inflow to Brazil.
However, the capital inflow already surpassed the amount registered in the entire year of 2010, and the value of the dollar continued falling.
Brazil's finance minister attributed the excessive depreciation of the dollar to the U.S. monetary policies, which seek to keep the currency down in order to boost the country's economic recovery.
Some developed countries are currently carrying out atypical monetary policies in order to boost their growth, which is putting pressure on countries such as Brazil, he said.
Mantega also denied the Brazilian economy is overheating, and believed the country's inflation rate will fall.
"All indicators point to a deceleration of the inflation rate," he said.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968574.htm

Turkey eyes 10 billion USD in foreign direct investment for 2011
ISTANBUL --Turkey is eyeing 10 billion U.S. dollars in foreign direct investment by year's end following record economic growth of 11 percent in the first quarter of this year.
"We expect to reach nearly 10 billion dollars by the end of this year," Turkish newspaper Hurriyet Daily News quoted the chairman of Turkey's International Investors Association, Izzet Karaca, as saying.
The trend of foreign direct investment is similar to the global trend, said Karaca, adding that political and economic stability in the country would boost foreign investment in the long run.
Turkey attracted a record of foreign direct investment in 2007 with 22 billion dollars, however, the figure slumped due to the global economic crisis in 2008, according to Karaca. 2010 witnessed a recovery with a total volume of 8.89 billion dollars foreign direct investment.

"Our primary aim is to place Turkey among the top 10 economies of the world through taking right steps and long-term innovative thinking and planning," said Karaca.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969723.htm

Russian Sberbank to sell China its shares in fall

MOSCOW -- The largest Russian state-owned bank, Sberbank, would offer its shares in China during a global roadshow this fall, CEO German Gref told local media Wednesday.

"We will meet investors around the world in August and September, including those in China," Interfax news agency quoted Gref as saying.

Sberbank plans to sell 7.6 percent of the Russian government's 57.6 percent stake to raise money for the federal budget.

The government stake is currently held by the Russian Central Bank. None of the minority shareholders possess more than 1 percent of the bank.

Earlier, China Investment Corp announced it was considering buying 5 percent of the Sberbank shares for 4 billion U.S. dollars.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13969744.htm

Brazil's half-year capital inflow up 11 times in 2011

RIO DE JANEIRO -- Brazil registered a net capital inflow of 39.8 billion U.S. dollars in the first six months of 2011, an almost 11-fold increase year-on-year, the central bank said Wednesday.

The bank said it is even 63.5 percent more than the entire year of 2010.

Data show that in the first half of this year, Brazil's financial account accumulated a net inflow of 23.63 billion dollars, while the trade account had a surplus of 16.19 billion dollars.

In order to halt the excessive capital inflow, the Brazilian government took a series of measures over the past few months, which included raising taxes over short-term investments and lifting banks' reserve requirements.

As a result, the financial account saw a net outflow from April to June but the overall figure remained large.

Finance Minister Guido Mantega said Tuesday that the government was considering additional measures, which might target futures and derivatives.

Also the new IMF Managing Director Christine Lagarde said earlier on Wednesday the crisis in Europe was contributing to the excessive capital inflow in emerging countries, such as Brazil.

"When we look at the emerging countries, we see overheating and inflation," she said.

But Mantega and Central Bank President Alexandre Tombini recently said the Brazilian economy was not overheating, and the inflation rate might have risen in the first months of the year, but was already stabilizing.

In the first five months of 2011, Brazil accumulated a 3.71-percent inflation rate. The country set a 4.5-percent target for 2011 with a 2-percentage-point tolerance.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13970511.htm

Temasek portfolio grows to record high, bullish on China

SINGAPORE -- The portfolio of Singapore sovereign investment fund Temasek Holdings grew by 3.76 percent in the financial year ended March 31 to a record 193 billion Singapore dollars (156.9 billion U.S. dollars), the company said on Thursday.

The total shareholder return for the financial year was 4.7 percent. It had a total shareholder return of close to 17 percent since its inception in 1974.

"We ended the year in net cash (position) with a strong balance sheet, and with full financial flexibility," the company's head of portfolio management Dilhan Pillay Sandrasegara said, adding that it is well-positioned for future opportunities.

NET PROFIT MORE THAN DOUBLED

The net profit of the group more than doubled to 13 billion Singapore dollars (10.6 billion U.S. dollars) from 5 billion Singapore dollars a year earlier, thanks to higher contribution from both Temasek investment activities and improved profits from its portfolio companies.

The company said now 45 percent of the company's investment portfolio is in Asia excluding Singapore, followed by 32 percent in Singapore, 20 percent in Australia, New Zealand, North America and Europe, and 3 percent for Latin America, Africa, Central Asia and the Middle East.

The four investment themes of the company, such as transforming economies, growing middle income populations, deepening comparative advantages and emerging champions, "remain relevant as economies continue to globalize and rebalance despite medium term challenges in the mature economies and transformation risks in the growth regions," it said.

INVESTMENT IN ENERGY, RESOURCES

Temasek made 13 billion Singapore dollars of investments and 9 billion Singapore dollars of divestments. The company said it supported the recapitalizations of its portfolio companies, and stepped up its investments in the energy and resources sector, as well as in non-Asia growth economies such as Latin America.

In a breakdown by sectors, 36 percent of Temasek's portfolio is in the financial services, followed by 23 percent in transportation and industries and 22 percent in telecommunications, media and technology, respectively.

The life sciences, consumer and real estate investments account for 11 percent of the portfolio.

The energy and resources sector accounted for 3 percent of its portfolio as at the end of March, compared with 2 percent a year earlier.

The company invested in the energy and resources sector in the financial year, with an initial 500 million Singapore dollars in Odebrecht Oil and Gas, a leading Brazilian upstream services provider for the oil industry, and 700 million Singapore dollars in Chesapeake Energy Corporation, the second-largest producer of natural gas in the United States.

REMAINING BULLISH ON CHINA

Nagi Hamiyeh, the company's managing director for investment, said China remained its largest investment destination, accounting for roughly 20 percent of its investment portfolio -- meaning close to 40 billion Singapore dollars.

Its additional investments in China in the last financial year included over 3 billion Singapore dollars in the rights issues of China Construction Bank (CCB) and the Bank of China (BOC).

He said Temasek did sell "small" stakes in the Chinese banks recently but it remained "heavily invested."

Temasek reportedly raised 3.62 billion U.S. dollars from share placements in the two banks recently, with its stake in CCB reduced from 6.76 percent at the end of 2010 to 6.2 percent and its stake in BOC to 2.2 percent from 4 percent, respectively.
"Please remember that China is our leading investment destination and we are still looking for opportunities there," he said. "We are very comfortable with our positions there" and "We remain bullish on China in the long term." (1 U.S. dollar = 1.23 Singapore dollars).

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971924.htm

NYSE Euronext shareholders approve Deutsche Boerse takeover
NEW YORK -- NYSE Euronext shareholders on Thursday approved the company's about 9.53 billion U.S. dollars takeover by Deutsche Boerse AG.
With 96 percent of the shares voted favoring the combination, the takeover may make the two exchange the world's biggest exchange group.
The deal now is still pending as it needs approval from 75 percent of Frankfurt-based Deutsche Boerse shareholders by July 13.
NYSE Euronext Chief Executive Duncan Niederauer said on Thursday that the approval gave NYSE Euronext a lot of confidence in the next few years. He also expressed his confidence of approval from Deutsch Boerse shareholders.
In February, Deutsche Boerse announced that it will purchase NYSE Euronext in an all-stock deal. According to the statement, each NYSE Euronext share will be converted into 0.47 of a share of the new company.
The group will have dual headquarters in both New York and Frankfurt, with its main businesses and infrastructure located in Paris, London, Luxembourg and other important financial cities.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13972214.htm

Shanghai moves up in global financial center ranking: Xinhua-Dow Jones index
SHANGHAI -- China's economic hub Shanghai ranks as the sixth most competitive financial center worldwide, up from the eighth last year, according to the Xinhua-Dow Jones International Financial Centers Development Index (IFCD Index) issued Friday.
A total of 45 international financial centers have been evaluated on the overall performance of their financial industries and related development environment, with top 10 cities this year being New York, London, Tokyo, Hong Kong, Singapore, Shanghai, Paris, Frankfurt, Sydney, and Amsterdam.
The IFCD Index was jointly launched by CFC Holding Company, a subsidiary of Xinhua News Agency, and CME Group Index Services LLC (Dow Jones Indexes).
The index is a ranking of the competitiveness of financial centers around the world on the basis of a comprehensive valuation system combining objective indicators and surveys.
China's capital city of Beijing and its southern economic powerhouse Shenzhen ranked 14 and 21 in the list, respectively.
In terms of growth and development potential, Shanghai, Hong Kong and Tokyo were the top three financial hubs.
The rising ranking of Shanghai shows "strong growth momentum while displaying stability," which is a necessary condition for a mature financial center, said a report released with the index.

There were more financial factors flowing to the city in the past year, giving it greater confidence to compete with the financial centers of Europe and the United States in the future, it said.
"The ranking (of Shanghai) is even more impressive when you consider it by-passed the historic finance capitals of Paris and Frankfurt," said Michael Petronella, president designate of Dow Jones Indexes.
He also noted that financial services had grown in cities of emerging economies, which have found their way into the top echelons of the financial services industry and the world economy.
The index was based on a questionnaire survey of 2,073 respondents, based on the Global Information Survey System of Xinhua and the AC Nielsen Global Survey.
The survey respondents were financial workers worldwide, including ordinary clerks, medium-ranking managers as well as corporate executives and presidents.
Shanghai has topped the confidence comparison of financial centers in the BRICS countries -- Brazil, Russia, India, China and South Africa. It was seen most likely to become one of global leading international financial centers, ahead of Moscow, Sao Paulo, Johannesburg and Mumbai.
Meanwhile, the yuan ranked the first in the currency familiarity index for the BRICS nations.
China aims to make Shanghai an international financial center in accordance with the country's economic strength and the international status of its currency by 2020.
The scheme includes developing a multi-functional and multi-layer financial market in Shanghai, and trial program for cross-border yuan trade settlement.
China's yuan settlement in cross-border trade topped 530 billion yuan (81.54 billion U.S. dollars) in the first four months of 2011, accounting for about 5 percent of China's total foreign trade in the same period.
The government also plans to introduce an international board on the Shanghai Stock Exchange, which will allow foreign companies to list their shares in China and be yuan-denominated.
Investment guru Jim Rogers told Xinhua that the largest potential of Shanghai as an international financial center lies in challenges and opportunities provided by the vast Chinese market, with abundant currency reserves, a large population and huge market potential.
Zheng Xueqin, managing director of the Chicago Board Options Exchange, said that with international institutions continuing to expand into China, it was only a matter of time before Shanghai would become the largest financial center in Asia.

http://news.xinhuanet.com/english2010/china/2011-07/08/c_13973092.htm

China's largest state-owned investment company to invest more abroad: vice president
MOSCOW -- China's State Development and Investment Corporation (SDIC) will fully institute the strategy of "going global" to invest and trade more abroad.
That's the word from SDIC Vice President Shi Hongxiang.
Shi told Xinhua during a recent interview in Moscow that the SDIC has fixed plans on further promoting its international growth by expanding international trade and projects and outbound investment.
The SDIC has established wholly owned subsidiaries of China SDIC International Trade Co. Ltd. and China National Complete Plant Import and Export Corporation (Group) to facilitate its international development.
He said the strategy of "going global" was a necessary choice for the SDIC.

After the 2008 global financial crisis, many countries have realized the flaws in their modes of economic development and have begun to transform their modes, Shi said.
He said that China has also proposed in its 12th Five Year Plan (2011-2015) the significance of the transformation.
The strategy, Shi said, plays an important role in this transformation.
Against the backdrop of globalization, "going global" is also a necessary step for a corporation in its climb to the top, Shi said.
Following that strategy, the SDIC has gradually expanded its markets in such countries as Russia, Australia, Indonesia, Burma and Jamaica.
Established on May 5, 1995, the SDIC is one of the key state-owned enterprises under the direct guidance of China's central authorities. As the largest state-owned investment holding company in China, its assets totaled 241.2 billion yuan (about 37.31 billion U.S. dollars).

http://news.xinhuanet.com/english2010/china/2011-07/09/c_13975319.htm

Lehman notes repurchase deal reached with Citibank HK
HONG KONG -- Hong Kong's Securities & Futures Commission and the Monetary Authority announced on Friday that an agreement has been reached with Citibank (Hong Kong) Limited on market-linked and equity-linked notes issued by Lehman Brothers between March 2007 and June 2008.
Citibank HK agreed to make a repurchase offer to eligible customers holding outstanding notes distributed by Citibank HK at a price equal to 80 percent of the total value of each eligible customer's investment in the notes.
The total value of the repurchase offer is estimated to be about 1.06 billion HK dollars (about 136.07 million U.S. dollars), covering about 92 percent of Citibank HK customers holding outstanding notes.
The bank will also pay top-up payments to those customers of outstanding notes with whom the bank has already entered into settlement agreements but would otherwise have been eligible to receive a repurchase offer.
The Monetary Authority also announced on Friday that investigation of over 99 percent of a total of 21,814 Lehman- Brothers-related complaint cases received has been completed. Investigation work is underway for the remaining 130 cases.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13974328.htm

Strong global markets bolster New Zealand's Crown investments
WELLINGTON -- New Zealand's Crown Financial Institutions (CFIs) reported strong returns on their investments in the nine months to the end of March, thanks to the strong performance of global equity markets, the country's Treasury announced Wednesday.
The first quarterly monitoring report published by the Treasury's Crown Ownership Monitoring Unit showed most of the CFIs performed broadly in line with their benchmark or reference portfolios over the past five years.
CFIs are state-run entities that have specific responsibilities for the management and investment of significant state financial assets.
The Accident Compensation Corporation (ACC) investment funds of 16.01 billion NZ dollars (13.26 billion U.S. dollars) exceeded their benchmark by 1.5 percent a year over the five-year

period, making it the best performing of the four monitored CFIs on the state balance sheet in the longer term.
The New Zealand Superannuation Fund was the best performing of the CFIs in the nine months up to the end of March, earning returns of 23 percent on investments of 18.82 billion NZ dollars.
The four CFIs -- which also include the Earthquake Commission and the Government Superannuation Fund -- had total investments of more than 43.58 billion NZ dollars.
The National Provident Fund saw returns of 5.6 percent on investments of 1.94 billion NZ dollars, but its investments are not included on the Crown (state) balance sheets.
The Treasury report said the CFIs were all managed independently and their investment strategies and objectives differed.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968901.htm

ECB expected to raise key interest rate to 1.5%

BERLIN -- The European Central Bank (ECB) is widely expected to raise its key interest rate by 25 basis points to 1.5 percent on Thursday.
A survey of 55 economists by Bloomberg expected the ECB would increase its key rate for the second time this year to 1.5 percent to counter upgrading inflation pressure.
ECB's president Jean-Claude Trichet has signalled to lift the rate at the last press conference in June, saying the central bank will keep "strong vigilance" against inflation pressure.
The inflation rate of euro area in June stays at 2.7 percent as in May, after reaching 2.8 percent in April, which is still much higher than the 2 percent goal of the ECB.
Beyond the hike, Trichet's words of the ECB's next move will be another focus of the market, as he is facing a dilemma, containing price pressure and blocking the spread of Greek crisis to other eurozone member states.
On Tuesday, Moody's downgrading Portugal's credit rating to junk status after Standard & Poor's said it would probably declare a "selective default" for Greece, if French and German banks continue to roll over Greek debt on Monday.
The ECB will published the key rate at 1: 45 p.m. (1145 GMT) in Frankfurt after its 22-member governing council meeting, and the press conference to explain the decision will be held 45 minutes later at 2: 30 p.m. (1230 GMT).

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971801.htm

INTERNATIONAL TRADE

Chinese ZTE to start producing tablets in Brazil

RIO DE JANEIRO -- Chinese technology company ZTE will start producing tablets in Brazil in August, the company's Chairman, Hou Weigui, announced on Monday.
"We have made partnerships with local factories for the local production of tablets in August," he said during a meeting with Brazilian President Dilma Rousseff.
The chairman added that the production of tablets is currently in test phase in Brazil.
ZTE, which has operated in Brazil since 2001, first announced its intention to produce tablets in the country in April, when Rousseff made her an official visit to China.

The company is building a large industrial park in the small town of Hortolandia in Sao Paulo state. The complex is expected to start operating in 2012, and will produce not only tablets but also cell phones.
ZTE plans to invest a total of 250 million U.S. dollars in its operations in Brazil. The company expects to employ some 2,500 people in the country by 2014.

http://news.xinhuanet.com/english2010/sci/2011-06/28/c_13953471.htm

China-Finland bilateral trade surges 29.5 percent in first four months of 2011
BEIJING -- Bilateral trade between China and Finland rose 29.5 percent year-on-year to reach 2.2 billion euros during the first four months of this year, the Ministry of Commerce said on Saturday.
Finland's exports to China totaled 810 million euros, an increase of 35 percent from one year earlier, while China's exports to Finland jumped 26 percent to hit 1.38 billion euros during the first four months, the ministry said in a statement posted on its website.
China is Finland's fifth-largest trading partner, its main source of imports and its seventh-largest export market, the statement said.

http://news.xinhuanet.com/english2010/china/2011-07/02/c_13962314.htm

PetroChina, INEOS complete transaction to form oil trading, refining joint ventures
BEIJING -- PetroChina Company Ltd. announced Sunday that it has finished forming two joint ventures with INEOS Group Holdings PLC to conduct crude oil refining and trading.
The two joint ventures, INEOS Refining Ltd. and INEOS Refiniung II Ltd., will use assets at Scotland's Grangemouth refinery and France's Lavera refinery to conduct refining and trading businesses, PetroChina said in a statement to the Shanghai Stock Exchange.
The transaction was completed between PetroChina International (London) Co. and INEOS Investment (Jersey) Ltd. on July 1, the statement said.
PetroChina International (London) Co. paid 1.015 billion U.S. dollars in cash to purchase 50.1 percent of the outstanding shares of the first joint venture and 49.9 percent of the shares in the second, according to the statement.

http://news.xinhuanet.com/english2010/business/2011-07/03/c_13963399.htm

Inter-Korean trade sees 14% on-year decline
SEOUL -- Trade between South Korea and the Democratic People's Republic of Korea (DPRK) has seen a significant decline of more than 14 percent since Seoul imposed a ban on trade with Pyongyang for the deadly sinking of its warship Cheonan, according to Seoul's Ministry of Unification on Sunday.
The volume of inter-Korean trade amounted to 1.73 billion U.S. dollars in the period from June last year to May this year, down 14.41 percent from 2.02 billion dollars compared with the same June-May period a year earlier, the ministry said.
Seoul has severed all trade and investment with the DPRK after S.Korean warship "Cheonan" exploded and sank near the maritime border with the DPRK on 26 March 2010.
However, it decided not to shut down the Kaesong joint industrial complex, which accounts for near 70 percent of total trade between the two countries.

General trade and processing trade, both have been banned since last May, shrank 76.45 percent to 165.9 million dollars during the cited period. But the volume of trade via the Kaesong joint industrial complex reached 1.55 billion dollars, up 24.2 percent over the period year on year, the ministry said.
The Kaesong industrial complex, which has been widely viewed as one of the key symbols of economic cooperation between the two countries, is currently a base to 123 South Korean companies, employing about 46,000 DPRK workers.

http://news.xinhuanet.com/english2010/business/2011-07/03/c_13963401.htm

Ukraine eyes closer trade ties with Cyprus

KIEV -- Ukrainian President Viktor Yanukovych told his visiting Cypriot counterpart Demetris Christofias Monday that his country is interested in tapping the "great potential" in the bilateral trade and economic ties.
Inter-governmental deals on economic and technological cooperation were inked during the meeting of the two presidents.
Christofias, for his part, said he is very happy for becoming the first-ever Cypriot head of state to pay an official visit to Ukraine. And Yanukovych thanked him for that.

http://news.xinhuanet.com/english2010/world/2011-07/04/c_13965166.htm

New Zealand exporters see rise in sales, but uncertain future: survey

WELLINGTON -- New Zealand manufacturers saw exports rise by 22 percent year on year in May, but they still voiced concerns over the sustainability of their global markets, the New Zealand Manufacturers and Exporters Association (NZMEA) announced Tuesday.
The NZMEA Survey of Business Conditions showed domestic sales in May were up by 10 percent from May last year, bringing the monthly rise in total sales to 15 percent, said a statement from the NZMEA.
The survey sample this month covered 382 million NZ dollars (316.49 million U.S. dollars) in annualized sales, with an export content of 45 percent.
The performance index, which measures profitability and cash flow, was at 102, up from 99.5 in April, indicating a move from contraction to expansion with 100 being the turning point.
The change index, measuring capacity utilization, staff levels, orders and inventories, was down to 102 from 103 in the last survey, and the forecast index (investment, sales, profitability and staff) was at 101.75, down on April's result of 102.25.
Staff numbers for May were up 1.8 percent year on year, said the statement.
"We are starting to see a recovery in sales after the large drop in sales seen during the economic crisis and a period of bouncing along the bottom since," said NZMEA chief executive John Walley.
"The recovery shows some pick-up in markets offshore from depressed levels in the past couple of years and we have started to see some growth in the number of firms reporting capacity and capital as constraints. The Christchurch earthquakes are a contributing factor to production capacity problems."
However, the country's high currency was continuing to suppress investment and hinder stronger recovery in export returns even with increased sales, he said.

"We have seen the impact of this with KiwiRail sourcing rolling stock from China National Rail rather than local manufacturers. A competitive exchange rate would have seen this work remain in New Zealand. Effectively the government is choosing short-term spending power over long-term jobs and capacity development," said Walley.
"Lower confidence and index ratings indicate that respondents are very concerned about the fragile recovery in the United States and Europe and there are also concerns about the persistence of strong growth rates in China and Australia."
He said "a supportive policy framework" was necessary to encourage investment if demand continued to rise.
"Global markets remain uncertain, a more competitive exchange rate and other fiscal incentives are needed to encourage investment in the tradable sector."

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966456.htm

Vietnam expects to earn 85.5 billion USD from exports in 2011

HANOI -- Vietnam expects to reach an export turnover of 85.5 billion U.S. dollars in 2011, 6.1 billion U.S. dollars higher than the target set by the Vietnamese National Assembly, reported the Ministry of Industry and Trade (MIT) on Tuesday. The expected figure is based on results obtained in the first half of the year, with total export value during the period reached 42.3 billion U.S. dollars, an increase of 30.3 percent year-on-year, MIT said.
MIT forecast in 2011 the export value of agriculture and seafood products would reach 19 billion U.S. dollars, fuel and minerals with 10.6 billion U.S. dollars and industrial products with 45 billion U.S. dollars, and textile and garment with 13 billion U.S dollars.
MIT also predicted total imports would cost from 98.5 billion to 99.5 billion U.S. dollars for the whole year, making a trade deficit of about 14 billion to 15 billion U.S. dollars.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966555.htm

Vietnam's leather, footwear export up 31% in first 6 months

HANOI -- Vietnam's leather and footwear exports in the first six months of the year reached nearly 3 billion U.S. dollars, up 31 percent year-on-year, according to the General Statistics Office (GSO) on Tuesday. The Vietnam Leather and Footwear Association (LFA) said that many domestic producers already received export orders for the second half of the year, making the volume of export orders in 2011 increase by roughly 20 percent compared to last year, and the orders' prices surge by roughly 7-10 percent.
Despite obstacles like high interest rates, inflation and rising cost of raw materials, the Vietnamese leather and footwear industry targeted an export turnover of 5.5 billion U.S. dollars this year, compared to nearly 5.1 billion U.S. dollars last year.
Vietnam exports leather and footwear products to 50 countries and territories worldwide including the United States, the European Union, Japan, Belgium, Holland, France and Denmark, making it one of the world's top ten footwear exporters.
With its growth strategy for 2020 that focuses on the development of supporting industries as well as materials supply, the industry expects to earn 9.1 billion U.S. dollars from the exports by 2015, and 14.5 billion U.S. dollars by 2020, LFA said.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966925.htm

Australian trade surplus soars on strong exports

SYDNEY -- Australia recorded a strong trade surplus of 2.33 billion AU dollars (2.49 billion U.S. dollars) in May, the Australian Bureau of Statistics (ABS) said on Tuesday.

It is the fifth biggest trade surplus since the ABS figures began in 1971.

Exports increased 3 percent to 26.26 billion AU dollars (28.10 billion U.S. dollars) in May, while imports remained roughly the same at 23.93 billion AU dollars (25.61 billion U.S. dollars), the ABS said.

Economists' forecasts had centered on a surplus of 1.9 billion AU dollars (2.03 billion U.S. dollars) in the month.

Senior economist Katie Dean at ANZ bank, one of the big four banks, said it was a good result, driven by a strong growth in exports.

She said the strength in the rural and resources sector has driven the trade surplus.

"The fact that we've got a strong trade surplus confirms that the external sector is going to take over as one of the drivers of growth," she said.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966604.htm

Struggling Australian farmer to shoot 3,000 cattle due to export suspension

CANBERRA -- Owners of a Western Australian cattle station on Tuesday said they are being forced to shoot about 3,000 cattle in the wake of the ban on live exports to Indonesia.

Last month, Australian federal Agriculture Minister Joe Ludwig announced to suspend all live exports to Indonesia until the welfare of cattle can be guaranteed. This came following the release of a footage showing Australian cattle being tortured in Indonesian slaughterhouses.

As a result of the suspension, at least 150,000 ready-to-export cattle have been stranded across Australia, with animal exporters saying that the suspension has hurt the industry badly.

According to Nico Botha, of Moola Bulla station in Western Australia, he will start killing the animals as soon as Wednesday because he cannot afford to keep them alive.

"Rather than let them starve to death over two or three months, I'm going to shoot them quickly," he told News Limited on Tuesday, adding that there are currently 25,000 head of cattle on his property.

"My property is over-grazed and I have got too many cattle, I have to look forward to the next year or two."

He accused the federal government's suspension decision has created the biggest animal welfare issue in the history of Australia.

The Western Australian Pastoralists and Graziers Association (PGA) president Rob Gillam agrees, saying that station owners who are struggling are trying to send a message to the federal government.

"I just hope it doesn't take place but I think this is really a signal of the frustration that people are now beginning to feel," Gillam said.

"In this particular case, Nico is thinking 'well, I've got nowhere else to go'."

Meanwhile, Nationals deputy leader Nigel Scullion, who has just returned from a three-day visit to Indonesia to talk to industry figures about the suspension, said the growing number of cattle stranded in Australia is creating an animal welfare crisis at home.

He warned of the federal government may have to spend much more on mental health assistance for Australian farmers before the issue is resolved.

"(It's) 128,136 U.S. dollars a day worth of cattle he'll be shooting," he told reporters in Canberra on Tuesday.
"This particular crisis is going to be a crisis in human terms."
"I don't know how (farmers) are going to recover from it now, let alone how they're going to recover as the weeks roll out."
Indonesia and Australia are yet to agree on mutual slaughter standards, and Australian Agriculture Minister Joe Ludwig cannot predict when live exports to Indonesia will resume, with the suspension set to last anywhere up to November.
Last week, Australian federal government announced a 31 million U.S. dollars assistance package in a move to help business affected by the suspension of live cattle exports to Indonesia. However, farmers said the assistance is not enough, unless Prime Minister can resume the trade as soon as possible.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966704.htm

Australian govt. lifts ban on live cattle exports to Indonesia

CANBERRA -- The Australian federal government on Wednesday announced to lift the ban on live cattle exports to Indonesia, but there will be strict conditions on new export permits.
The ban was put in place a month ago following the release of a footage showing Australian cattle being tortured in Indonesian slaughterhouses.
Following weeks of negotiation with Indonesian officials, Federal Agriculture Minister Joe Ludwig said the government is now comfortable that animal welfare standards can be assured.
"The Australian community made it clear it would not support a trade in which these things occurred. The decision to suspend the trade was not an easy decision to make, but it was the right decision to make," Ludwig told a media conference in Canberra on Wednesday.
"Since making the decision to suspend, the government has been hard at work to put the necessary supply chain assurance in place so that this important trade can resume.
"Tonight I can announce the government has lifted the suspension on live cattle exports to Indonesia ... because a number of key conditions for resumption have been met."
However, there will be strict conditions on new export permits, and Ludwig said a "supply chain assurance regulatory model" has been put in place to allow trading to resume.
"It enables those specific companies (and) individuals seeking to export live animals to Indonesia to apply for the permit, meet the regulatory framework that's in place and then they will receive the permit and the trade can resume at that point," Ludwig said.
He said the supply chain will mean that each abattoir in Indonesia will be independently audited and will have to meet certain standards.
The lift of the ban comes following Australia's cattle export industry warned that the ban is hurting the industry, as Indonesia is the biggest buyer of Australian live cattle. The trade made up 60 percent of live cattle exports last year and generated 332 million U.S. dollars.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969391.htm

Mixed reactions to Australian govt. decision to resume cattle export

CANBERRA -- There have been mixed reactions on Thursday over Australian government's decision to resume live cattle exports to Indonesia. Agriculture Minister Joe Ludwig announced to lift the live cattle export ban to Indonesia on Wednesday night. But it may take a while for the trade to begin in earnest, with exporters now having to apply for new permits, which require them to monitor animals and ensure their welfare.

While the cattle industry has welcomed the lifting of the ban, it said there is a lot of work to do to get the trade back on track. According to Luke Bowen, from the Northern Territory Cattleman's Association, the ban has caused a massive backlog of cattle to build up.

"The trade hasn't resumed. It's simply the suspension has been lifted," he was quoted by the ABC News on Thursday.

"It's a signal of intent and that's a good start, but clearly we are still facing, financially, economically, environmentally and socially across northern Australia, major challenges."

National leader Warren Truss welcomed the move, but said the new requirements there would mean lower returns for producers, and it would be a challenge for the industry to assemble all the necessary networks to muster cattle and resume exporting.

Truss also said large companies would be able to meet the tracking and supply chain requirements more quickly than small companies, and it would mean it would be a long time before the trade returned to the thousands of heads of cattle volumes traditionally seen.

Meanwhile, Queensland State Agriculture Minister Tim Mulherin said Queensland farmers were relieved trade could recommence, adding that live exports are important for Queensland's beef industry, and the federal government had struck the right balance between reopening trade and ensuring Australian cattle were humanely slaughtered in Indonesian abattoirs.

However, the Australian Greens, who want the live animal trade shut down completely, condemned the government's decision to resume live cattle exports.

"The minister has given no guarantee that animals must be stunned prior to slaughter," Greens Senator Rachel Siewert told reporters in Canberra.

"Stunning must be a non-negotiable aspect of live trade."

Senator Siewert said the welfare standards which are acceptable to the Australian public and farmers cannot be guaranteed in overseas markets.

The Greens have vowed to persist with legislation to permanently ban live exports, despite a failed bid by Greens MP Adam Bandt in the lower house.

The decision has also been savaged by animal rights advocates, the RSPCA and Animals Australia, who claimed that cattle would be returned to Indonesia with no guarantee they would be stunned before slaughter.

"They could still suffer the pain and distress of throat cutting while fully conscious and that's not only unacceptable to the RSPCA, it's going to be unacceptable to the Australian community," RSPCA Australia chief executive Heather Neil said in a statement released Thursday.

"Cattle will be allowed to go back to facilities where these agreed new conditions still don't require upright restraint, pre- slaughter stunning nor do they prohibit traditional roping slaughter where animals are forcibly tripped onto their side for the throat cut."

The ban was put in place a month ago following the release of a footage showing Australian cattle being tortured in Indonesian slaughterhouses.

http://news.xinhuanet.com/english2010/world/2011-07/07/c_13970388.htm

Second Sino-CPLP business, trade seminar to be held in Angola
LUANDA -- The second entrepreneurs meeting for economic and trade cooperation between China and the community of Portuguese-speaking countries (CPLP) will be held in the Angolan capital Luanda on July 20-21, the government announced here on Tuesday.
The decision was voiced by General Secretary of the Chamber of Commerce and Industry of Angola Antonio Gomes Kiala at a press conference.
Some 400 companies, which are taking part in the International Trade Fair in Luanda, are expected to attend the forum to promote investment and trade opportunities between China and the CPLP member countries, organizers said.
The forum stemmed from a cooperation protocol signed in 2003 in China's Macau during a forum of economic and trade cooperation between China and the Portuguese-speaking countries.

http://news.xinhuanet.com/english2010/china/2011-07/05/c_13967374.htm

Mongolia allows Chinese, U.S. firms to develop key coal deposit
ULAN BATOR -- Chinese and U.S. firms are among the several foreign partners selected by Mongolia to jointly develop its lucrative Tavan Tolgoi coal deposit, the government announced Monday.
According to a draft agreement sealed on the day, China Shenhua Group, U.S. mining giant Peabody and a Russia-led consortium have gained permission to develop the western Tsankhi block of the Tavan Tolgoi coal deposit in Mongolia's southwestern Omnogovi province.
Shenhua and Peabody will respectively own 40 percent and 24 percent of shares of the project. But a final decision will be made during a parliamentary meeting scheduled next Monday.
The Tsankhi block of the Tavan Tolgoi coal deposit contains an estimated reserve of 1.2 billion tons -- mostly coking coal used for steelmaking. The deposit could produce 15 million tons of coal annually for more than 30 years.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13967412.htm

South Korea's IT exports exceed 13 billion USD in June on smart phones demand
SEOUL -- South Korea's exports of information technology (IT) products exceeded the 13 billion U.S. dollar mark in June as strong demand for locally-made smart phones outweighed sluggish shipments of memory chips and display panels, a government report showed Wednesday.
Outbound shipments of IT products reached 13.25 billion dollars last month, up 1.7 percent from the previous year, the Ministry of Knowledge Economy said in a statement.
The June reading represents the fourth consecutive month when the country's IT exports surpassed the 13 billion dollar mark. The trade surplus in the IT sector stood at 6.33 billion dollars in June, exceeding the surplus of 3.25 billion dollars for all industrial sectors, according to the statement.
It was mainly attributable to robust demand for smart phones despite reducing exports of memory chips and flat screens, the ministry said.
Exports of locally-manufactured mobile phones grew 17.9 percent on-year to 2.22 billion dollars in June, with overseas sales of smart phones soaring 62.3 percent last month.
Overseas sales of home appliances, including refrigerators, washing machines and air conditioners, came in at 0.41 billion dollars, up 14 percent from a year earlier.

Shipments of semiconductors, however, contracted 3.9 percent on- year to 4.21 billion dollars in June as weaker demand for memory chips outweighed growing exports of system semiconductors, according to the ministry.
Exports of flat panels decreased 8.2 percent on-year last month to 2.64 billion dollars, sending its on-year decline to the fifth straight month.
By country, exports to China, including Hong Kong, reached 6.21 billion dollars in June, up 6.3 percent from a year earlier, with shipments to Japan jumping 20.1 percent on-year last month.
Shipments to the European Union (EU) members dropped 34.7 percent on-year in June amid uncertainties over the Greek fiscal crisis, with exports to the U.S. edging down 0.04 percent.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968807.htm

Trinidad and Tobago opens trade office in Cuban city

HAVANA -- Caribbean island country Trinidad and Tobago opened a Trade Facilitation Office in Cuba's eastern city of Santiago Tuesday to boost bilateral trade.
Office Director Marisa Nicholas said the office would promote products and services from both countries to ramp up bilateral trade and investment.
Trinidad and Tobago had a relatively prosperous economy due to large exports of methanol, ammonia and liquefied natural gas and its over-100-year experience in oil production, Nicholas said.
The office is the country second in Cuba. The first opened in Havana in 2007.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969636.htm

Russia bans import of seeds, beans from Egypt

MOSCOW -- Russia's food safety watchdog Rospotrebnadzor has imposed a ban following the European Union (EU) on import of certain types of produce from Egypt over food safety concerns, a Russian official said on Wednesday.
Chief sanitary inspector Gennady Onishchenko said that Russia banned import of rucola, radish and beetroot sprouts and various sorts of beans, both raw and processed.
He said these produces were suspected to be the cause of the outbreak of an "acute stomach infection" in Europe.
EU on Tuesday agreed to ban the import of certain types of seeds from Egypt as Egyptian fenugreek seeds were reported to be linked with the outbreak of E. coli in Europe.
Onishchenko said Rospotrebnadzor made the decision after it received a letter from EU Health and Consumer Commissioner John Dalli who warned about the danger of certain types of Egypt produces.
The E. coli outbreak has killed over 50 people in Europe since it was first reported in late May.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969656.htm

South Korea's auto exports hit new high in first half of this year

SEOUL -- South Korea's automobile exports hit a new high in the first half of this year due to strong demand from emerging economies and improved brand image, a government report said on Thursday.

The country's five automakers shipped a record 1,540,772 units of locally manufactured vehicles in the first six months of 2011, up 15.1 percent from the previous year, according to preliminary estimates by the Ministry of Knowledge Economy.

The solid car export was attributable to growing demand from emerging markets, enhanced consumer confidence in South Korean cars and benefit from production disruption in Japanese automakers caused by the deadly earthquake, according to the ministry.

The ministry expected the country's car exports to grow 1.8 percent on-year to reach 1,459,000 units in the second half of the year, predicting the car shipments for the entire year to amount to a fresh record of 3 million units.

The second-half car shipments will be boosted by rising demand in emerging nations, improved price competitiveness in Europe due to the implementation of the South Korea-European Union (EU) free trade agreement (FTA) and growing demand for small and fuel- efficient cars caused by higher oil prices, according to the ministry.

Meanwhile, domestic car sales stood at 790,861 units in the first half, up 5.1 percent from a year earlier due to robust demand for new models and imported vehicles, said the ministry.

Local sales of automobiles will increase 1.3 percent on-year to reach 1,576,300 units amid rising demand for imported vehicles, the ministry added.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13970954.htm

Mexico, U.S. sign cross-border trucking deal

MEXICO CITY -- Mexican and U.S. officials on Wednesday signed a memorandum of understanding (MOU) here to guarantee "free transit" of trucks on highways in both countries.

The deal will help implement a key provision of the North American Free Trade Agreement (NAFTA) after some two decades of repeated negotiations, said a source from the Economy Ministry of Mexico.

In March, Mexican President Felipe Calderon and U.S. President Barack Obama agreed on a preliminary framework for compromise, making Wednesday's MOU deal possible.

Based on Wednesday's MOU, signed by top transportation officials representing both countries, Mexico agreed to reduce duties on 99 products for export to the U.S. by 50 percent with immediate effect, while the remainder 50 percent of duties will be lifted once the first Mexican cargo trucker crosses the border into the U.S.

The Mexican ministry source said that Mexico reserves the right to restore the retaliatory duties against the U.S. in case the U.S. does not comply with the bilateral agreement.

NAFTA, signed by the United States, Mexico and Canada in 1994, had called on Mexican truckers to have unrestricted access to highways in border states by 1995 and full access to all U.S. highways by January 2000. Canadian truckers have no limits on where they can go.

The U.S. had, however, refused to allow Mexican trucks to carry shipments across the border to a final destination, citing security concerns over the Mexican trucks and drivers. Regulations instead required those trucks to unload shortly after crossing the border.

The U.S. lost a court ruling of 2009 which found that the U.S. had violated trade rules and authorized Mexico to slap retaliatory duties on 99 American export goods worth 2.4 billion U.S. dollars.
In accordance with Wednesday's MOU, to dispel safety concerns, electronic monitoring systems in U.S. will be used to track how many hours the truckers are in service, while drivers will also be required to pass safety reviews, drug tests and assessments of their English-language and traffic sign-reading skills. Mexico has the authority to demand the same of U.S. truck drivers entering their territory.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971157.htm

France reports record trade gap in May
PARIS -- Sluggish exports and soaring costs of imported petroleum products drove higher France's trade deficit to a record of 7.42 billion euros (10.61 billion U.S. dollars) in May, customs figures showed on Thursday.
For the past 12 months, the cumulated trade deficit widened to 63.41 billion euros in total compared to 51.55 billion euros in 2010.
"As in April, the trade deficit exceeded seven billion euros. It worsened due to double effects of surging imports, notably energy, and of sluggish exports ..." French customs said in a statement.
The country's total imports stood at 41.6 billion, up from 41.47 billion euros reported in April as purchases of refined products remained high and imports of natural hydrocarbons grew.
At the end of May, France reported a slight drop in its sales abroad to 34.17 billion Euros on the back of lower sales of Airbus.
The giant aero group garnered 1.33 billion euros after selling 21 aircrafts versus 26 worth 1.7 billion euros in April, but during the week-long Paris Airshow in June, Airbus reported record orders for a total of 730 aircraft worth 72.2 billion U.S. dollars.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971860.htm

Russian oil exports fall but revenues soar
MOSCOW -- Russian oil export revenues in January-May 2011 grew by nearly 31 percent year-on-year to 67.858 billion U.S. dollars while oil exports declined, Russia's Federal Customs Service said Thursday.
It said revenues from oil exports to "far abroad" countries rose by 34 percent, while revenues from exports to the "near abroad", or former Soviet republics, fell by 40 percent.
In volume terms, oil exports in the first five months of 2011 dropped by 11.3 percent, to 90.24 million tons, compared to 101.69 million tons in the same period of 2010. Fuel exports made up 72.9 percent of Russia's total exports to the far abroad in the first five months.
In 2010, oil exports from Russia dropped by 0.6 percent compared to 2009, while oil export revenues rose by 38 percent compared to 2009 and oil and gas condensates production rose 2.2. percent for the same period.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13972058.htm

Cambodia's rice exports see sharp rise in last 6 months

PHNOM PENH -- Cambodia has seen 369 percent rise in processed rice exports in the first six months of this year, compared to the same period last year, showed the statistics from the Ministry of Commerce's Camcontrol Department on Thursday.

From January to June 2011, the country had exported 80,442 tonnes of milled rice to European markets and other countries, up 369 percent from 17,144 tonnes at the same period last year, while the export value jumped to 45.7 million U.S. dollars, 241 percent up from 13.4 million U.S. dollars.

Khuon Savuth, chief of the Camcontrol Department's statistics division, said the sharp rise was due to the tax exception for Cambodian rice by the European countries and Cambodia's improvement of processed rice quality.

"In addition, drought and flood in some European countries also leads to increasing demand of rice from Cambodia," he added.

Cambodia has 3.9 million tonnes of rice paddies, in equivalent to 2.5 million tonnes of milled rice, left over for exports this year, according to the government report.

However, this country can export only the small amount of its milled rice due to the lack of sophisticated post-harvesting technology.

The country needs roughly 350 million U.S. dollars to invest in hi-tech post harvest technology and to purchase rice paddies from farmers for processing in order to achieve its self-imposed target of one-million-ton rice exports by 2015.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13972125.htm

Japan's current account surplus drops 51.7 pct in May

TOKYO -- Japan's current account surplus declined 51.7 percent in May from a year earlier to 590.7 billion yen (7.27 billion U.S. dollars), marking the third straight month of retraction, the Ministry of Finance (MOF) said Friday.

The drop however was less than median economists' expectations for a 70.8 percent drop and came on the back of an annual 69.5 percent fall logged in April, the government data showed, although the figure still points to a weakness in exports and rising energy costs in the wake of the March 11 disasters.

The balance of trade in goods and services came in at 772.7 billion yen in deficit in the recording period, according to the data, marking the second month of negative figures as imports were on the rise.

Economists had initially predicted a downward trend for Japan's current account surplus as exports continue to be pressured by manufacturing output levels and imports of construction materials, but see a turnaround later in the year as manufacturing normalization boosts the nation's export sector.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13972497.htm

Indonesia to import 180,000 live cattle from Australia in Q3 as trade resumes

JAKARTA -- Indonesian Coordinating Minister for Economy Hatta Rajasa said on Friday that Indonesia is to import 180,000 live cattle from Australia in the third quarter this year, as the cattle trade of the two countries has resumed.

The minister made the statement after meeting with Australian Foreign Minister Kevin Rudd at the Coordinating Ministry For Economy.

The imports would be the first live cattle shipment from Australia since Australia lifted its exports suspension this week.

Minister Hatta said that Indonesia would improve the standard of guidelines in abattoirs.

"We are going to raise the standard at the abattoirs to the international standard and to monitor the implementation of guidelines," he said.

Both countries plan to discuss further on efforts to increase animal welfare standard, said Hatta..

The Australian government this week lifted suspension on live cattle exports to Indonesia amid pressure from domestic ranchers, which had been implemented since early June after cattle cruelty accusation in abattoirs in Indonesia.

Indonesia is the biggest Australian cattle export market, with export of live cattle reaching over 650,000 annually.

The Indonesian Agriculture Minister Suswono Arsyaf told Xinhua on Thursday evening that imports from Australia could restart.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13973816.htm

China to strengthen quality supervision of six types of exports

BEIJING -- China's quality supervision agency said on Friday that the country will step up monitoring of six types of exports to crack down on infringements of intellectual property rights and counterfeiting.

The six types of exports include toys, clothes, footwear, small household appliances, furniture and bags, Wang Xin, director of the department of supervision and inspection of the General Administration of Quality, Supervision, Inspection and Quarantine, said at a meeting.

The country has launched a special campaign to crack down on infringements of intellectual property rights as well as fake and shoddy goods, Wang said.

The crackdown has resulted in the reporting of 33,924 cases of irregularities, the shutdown of 1,200 fake-manufacturing dens and the confiscation of 1.14 billion yuan (175.38 million U.S. dollars) worth of products, he said.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13974056.htm

Exports of 4 products in NW China's Shaanxi rank first in China

XI'AN -- Among China's provincial-level regions, Shaanxi in northwest China has become the biggest exporter of heavy-duty trucks, power transmission and transformer equipment, aircraft and apple juice.

The foreign trade volume of Shaanxi Province exceeded 40 billion U.S. dollars during the 11th Five-Year Plan period (2006-2010), according to a statement released during a provincial economic development conference on Thursday.

The export volume of heavy-duty trucks grew from 1,300 units in 2006 to 12,287 units in 2009, with the sales revenue for the trucks climbing from 50 million to 450 million U.S. dollars.

Exports of apple juice, another of the province's big earners, accounted for 60 percent of the country's total apple juice exports for the period, and 36 percent of the world's.
The province's exports have gradually expanded from traditional agricultural products to high-end ones. Planes made by AVIC Xi'an Aircraft Industry (Group) Co. located in its capital city of Xi'an, were exported to more than ten countries and regions.
With an annual growth rate of more than 30 percent, Shaanxi's total volume of foreign trade surpassed 10 billion U.S. dollars in 2010, a rise of 43.7 percent from the previous year, and 9.6 percentage points higher than the country's average level.
Shaanxi's exports grew partly due to the emergence of the photovoltaic and IT industries, as well as the manufacturing of clean energy vehicles, biomedicine and high-end equipment, according to the statement.

http://news.xinhuanet.com/english2010/business/2011-07/09/c_13974683.htm

China tops world's renewable energy investment: study

BERLIN -- China is now the world leader in renewable energy investment, as developing countries overtook developed ones for the first time in the value of major "green" projects in 2010, according to a report released Tuesday in Frankfurt.
Renewable energy industry saw a great boom last year, with a record 211 billion U.S. dollars worldwide flowing into the sector, surging about 30 percent year-on-year, said the report named "Global Trends in Renewable Energy Investment 2011."
The report was based on a study jointly conducted by the Frankfurt School of Finance and Management, the United Nations Environment Program (UNEP) and the news service Bloomberg New Energy Finance.
China, an emerging nation determined to change its growth pattern in recent years, leads the list of world's major renewal energy investors.
In 2010, a total of 48.9 billion U.S. dollars were directed into green energy and technology research, particularly for wind farms, in China.
The report said wind energy projects are attracting the largest investment worldwide, with the volume jumping 30 percent to 94.7 billion U.S. dollars last year.
Solar energy bagged 86 billion U.S. dollars, while energy production from biomass and waste took the third place with 11-billion-dollar investments.
The study also noted that for the first time in history, developing countries as a whole has exceeded industrialized nations in major renewable energy projects.
Some 72 billion U.S. dollars were used for green energy in developing countries' private sectors, compared with 70 billion in the developed bloc.
In 2010, Europe's investments in large-scale projects even fell 22 percent to 35.2 billion dollars.
Germany, Europe's biggest economy and another pioneer in renewable energy, leads the world in new investments in solar panels on roofs, which hiked 132 percent to 34 billion dollars in 2010.

http://news.xinhuanet.com/english2010/china/2011-07/06/c_13967565.htm

WORLD ECONOMIES

China's electronic information sector outpaces other industries in attracting investment

BEIJING -- Investment continued to pour into China's electronic information sector in the first five months despite a slower pace of growth in May, according to the Ministry of Industry and Information Technology (MIIT).

The electronic information industry attracted a total investment of 84.7 billion yuan (13.1 billion U.S. dollars) of investment in May, up 68.9 percent year-on-year.

The sector's investment growth rate was already 20.6 percentage points lower than April and 23 percentage points lower than March, according to MIIT.

Taking the first five months together, investments in the electronic information industry surged 80 percent from a year earlier to 310.5 billion yuan, or an equivalent to the amount of the first seven months of last year.

The Jan-May growth of investment in the electronic information sector was 38.1 percentage points faster than one year earlier, or 54 percentage points higher than the average industrial investment in the first five months of this year, the MIIT said.

http://news.xinhuanet.com/english2010/china/2011-07/01/c_13961370.htm

Nepal to prioritize peace, development in upcoming fiscal year

KATHMANDU -- Nepali President Ram Baran Yadav has presented the programs and policies of the upcoming fiscal year in Legislature-Parliament on Sunday.

He urged the political parties for abiding by the past agreements and moving ahead for the welfare of the whole nation. " The government has given priority to implementation of the agreements made in the past with the political parties, including the Comprehensive Peace Accord."

President Yadav said the government has given priority to implementation of the pacts, including the Comprehensive Peace Accord, signed with various groups in the past.

The government policies and programs also states that programs will be introduced focusing on development of women, dalits and marginalized communities and a powerful commission on development of the Karnali region will be constituted.

He also said the government will adopt an economic policy for the development of economic sector of the nation.

"The focus will be led on the marginalized group of communities, women, dalits," Yadav said.

He said, "government also has the policies for addressing the problem of the energy crisis by simplifying the procedure for ownership by private sector of hydroelectricity production."

Furthermore the government has also policies regarding the information, women and special programs for ending the gender violence.

Also the budget will prioritize the youth of the nation for the development by empowering them.

Stressing development of infrastructure in the nation, he said priority will be given to build roads and bridges to improve connectivity to the remote parts of the country.

The programs and policies of the government has also given much priority to developing agriculture and hydropower sector and has assured to come up with programs to rehabilitate the families of martyrs and people missing during the conflict period.

Also the government's policies have given the importance to the issues of education and health.

The government will present budget for the fiscal year based on the programs and policies on July 14.
This is the first time after the beginning of peace process in 2006 that the government presenting its programs and policies and the budget on time.

http://news.xinhuanet.com/english2010/world/2011-07/03/c_13963240.htm

Flat inflation eases rate-hike pressure of Australia

SYDNEY -- Australia's consumer prices were flat in June and inflation remains within the central bank's target range, a widely-watched private measure of inflation showed on Monday.
The TD Securities-Melbourne Institute monthly inflation gauge was flat in June, after slowing to 0.2 percent in May from 0.3 percent in April.
Over the year to June, the indicator rose 2.9 percent, in line with the Reserve Bank of Australia (RBA)'s two to three percent medium-term target range.
The RBA board will again keep interest rates unchanged at its next monthly meeting on Tuesday, says TD Securities, the investment dealer arm of Toronto-Dominion Bank.
"Along with ongoing ructions in international financial markets, today's soft June month report provides fodder for the RBA board to sit tight tomorrow," TD Securities head of Asia-Pacific research Annette Beacher said.
The June gauge showed rents continued to move higher, rising 2.8 percent over the 12 months to June, the highest annual inflation rate in two years.
Other contributors were fruit and vegetables, which rose 6.8 percent in June, holiday travel, audio visual and computing.
That was offset by a 5.3 percent fall in the price of petrol.
Beacher expected the headline consumer price index (CPI) to be 3.4 percent higher than a year ago.
She forecast underlying CPI to rise 0.6 percent, to be 2.4 percent higher than a year ago.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964163.htm

BOJ raises assessments on majority of regional economies in post-quake Japan

TOKYO -- The Bank of Japan (BOJ) raised its assessments for the majority of the nation's regional economies on Monday, in its July quarterly economic report signaling Japan's economy is recovering from the economic fallout caused by the March 11 earthquake and tsunami that devastated east and northeast regions of Japan.
According to the central bank's Sakura Report, seven out of nine regions had their economic assessments upgraded from the previous quarter, as an easing of supply-side constraints and an improvement in household and business sentiment supported an upturn, according to Japan's central bank's report.
Two other regions held their views unchanged from the central bank's previous report in April.
"Most regions reported that production was increasing or was picking up as supply-side constraints had been easing, despite a significant decline after the earthquake," the report said.
The majority of "regions pointed to the easing of supply-side constraints, and therefore, they reported that many industries, including motor vehicles and parts, electrical machinery, and general machinery, had shown signs of raising their production levels," said the report.

The report did highlight however the differences in the pace of the economic pick-up, most notably in the quake-affected Tohoku and Kanto-Koshinetsu regions in which the bank described the situation as "severe."
Public investment in the Tohoku region was above the previous year's level, and the Kanto-Koshinetsu region reported that the pace of decline in investments had been slowing.
But Hokkaido, Hokuriku, Tokai, Kinki, Chugoku, Shikoku, and Kyushu-Okinawa, according to the Sakura Report, have seen public investment on a continued downswing.
Seven regions reported that business fixed investment was picking up, on increased demand for investment in new products for restoration and all regions reported that private consumption had shown "some signs of picking up against the backdrop of improving consumer sentiment in addition to the easing of supply-side constraints."
In addition, while the report showed that many regions reported that the employment and income situation had remained severe, all regions reported signs of a pick-up or bottoming out at large retail stores due to an improvement in consumer sentiment.
The four regions of Hokkaido, Tokai, Shikoku, and Kyushu- Okinawa saw housing investment picking up and the Hokuriku and Chugoku regions also reported that housing investment had stopped declining.
But the Tohoku region, particularly devastated by the quake and tsunami, saw limited investments in housing, as was the case in Kanto-Koshinetsu. Similarly, the Kinki region reported that housing investment had been relatively weak, due mainly to the effects of the disaster, the central banks's report said.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964887.htm

Turkish inflation drops 1.43% for June
Istanbul -- The Turkish consumer price index dropped by 1.43 percent for June, which was a steeper drop than market expectations, statistics released Monday showed.
The consumer price index for June dropped by 1.43 percent while the producer price index rose by 0.1 percent, according to data released by the Turkish statistics Institute.
Analysts were expecting a 0.77 percent drop for the CPI and 0. 35 for the PPI.
Based on the data for June, annual CPI stands at 6.24 percent and PPI at 10.19 percent.
The drop in the price of fruit was considered as the major factor for the drop.
The Turkish economy grew at a record 11 percent during the first quarter of 2011, data released last week showed.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964957.htm

Australian consumers losing confidence in economy: survey
SYDNEY -- Consumers in Australia are losing confidence in the nation's economy and the job market, a MasterCard survey showed on Monday.
The latest edition of the regular survey by MasterCard showed local consumer confidence fell in the six months to the end of April.
The credit card provider said people were spending less and saving more.
According to the survey, the consumer confidence index fell to 63.1 points from 74.1 points six months earlier.

A score of zero represents absolute pessimism, while 100 indicates absolute optimism, 50 is neutral.
The index measures confidence level and expectations for the coming six months in the key areas of economy, employment, the stock market, regular income and quality of life.
The fall in Australian consumer confidence index was mainly due to more pessimism on two factors -- the economy (down from 66.7 points to 61.8) and employment (down from 70.7 points to 65.9), the survey showed.
MasterCard Australia country manager Andrew Cartwright said the findings support weaker retail sector data from the Australian Bureau of Statistics.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13964993.htm

EU producer price index falls by 0.2% in May
BRUSSELS -- The industrial producer prices index fell by 0.3 percent in the 27 nations of European Union in May as compared with April, said the Eurostat, the EU statistical office.
The index for euro zone 17 nations fell by 0.2 percent in the mean time, said the Eurstat in a report. But the index for the 27-member EU and the euro zone 17 nations rose 7.1 percent and 6.2 percent respectively on an annual base in May.
The report shows that prices in total industry excluding energy sector increased by 0.2 percent in euro zone area and the EU on a monthly base, and fell by 1.1 percent and 1.3 percent respectively in the energy sector.
In both zones, non-durable consumer goods gained 0.3 percent monthly, while capital goods remained stable. Durable consumer goods rose by 0.1 percent in the euro zone and remained stable in EU.
As for annual changes, prices in total industry excluding the energy sector increased by 4.2 percent in euro zone and by 4.3 percent in the EU, while prices in energy sector gained 11.9 percent and 13.7 percent respectively.
Prices for non-durable goods increased by 3.7 percent in the euro zone and 4.1 percent in the EU. Capital goods gained 1.2 percent in the euro zone and 1.3 percent in the EU, and durable goods gained by 1.9 percent in euro zone and by 1.8 percent in the EU.

http://news.xinhuanet.com/english2010/business/2011-07/04/c_13965281.htm

Canadian SMEs say exporters should seek opportunities beyond the U.S.
MISSISSAUGA, Canada -- Owners and decision makers of Canadian small and medium-sized enterprises (SMEs) believe the country's exporters should be concerned about the impact of the United States' rising national debt and begin looking for markets beyond the U.S, according to a recent survey.
The quarterly survey of SMEs conducted by Angus Reid and commissioned by UPS Canada found that 85 percent of SMEs say the rising debt level in the U.S. is a cause for concern and 60 percent say exporters should seek other options immediately.
The numbers come on the heels of recently released projections from Export Development Canada (EDC) that indicate Canada's exports will be back to pre-recession levels by 2012 and that emerging markets will account for 50 percent of Canadian exports by 2025.

"Many businesses are beginning to see that there are advantages to diversifying exports so that there's a healthy balance between their reliance on the U.S. market and other strategic global markets," said Mike Tierney, president, UPS Canada.

"Canadian economists and the Bank of Canada have long called for the diversification of Canadian exports and it seems many of the country's SMEs are beginning to take heed." Outside of the oft- touted BRIC nations, SMEs point to Korea and Mexico as attractive emerging markets, but remain leery of other markets identified by economists as having great potential, including Turkey, Indonesia and the Philippines.

Many SMEs believe shifts in the federal government's export focus could help encourage businesses to engage in export, including 59 percent that say the government is not investing in the right places to drive Canada's exports and 57 percent that believe the government's export-oriented decisions are focused on benefiting large corporations.

"Global trade can often seem daunting to some SMEs, so many are looking to government officials to make the process easier and less risky," said Tierney, noting that 69 percent of SMEs say they have no intention of ever going global.

Most SMEs were closely split about the industries into which they believe the government should be investing to drive exports, which include clean/green tech (35 percent), new/computer technology (39 percent), natural resources (31 percent) and post- secondary education and training (30 percent).

However, only 21 percent felt more investment should be funneled into traditional manufacturing. Most of the SMEs surveyed appear to be shielded from some of the more dramatic economic changes in recent years, including the influx of foreign competitors, the rising cost of fuel and the rising value of the Canadian dollar.

In fact, 63 percent of SMEs say foreign competition has had no impact at all on their business while 54 percent say they have been equally unaffected by the rising loonie and 69 percent say they have not had to alter their business strategy to account for the rising cost of fuel.

However, 25 percent say the recent strength of the loonie has made it more economical for them to buy supplies and materials from outside the country, while 11 percent say the high loonie has made their products too expensive to sell in international markets.

"Due to their reluctance to go global, many Canadians SMEs have been generally insulated from some of the harsher effects of the recent recession," said Tierney. "While that may seem like a benefit at this moment, many of these businesses are limiting their growth potential and setting themselves up for competitive disadvantage in the long term."

Tierney notes that while many SMEs associate less risk with less loss, their overseas counterparts are playing by the motto of "little risk-little reward" and are making leaps and bounds to secure a foothold in international markets.

As the country head of one of the world's largest supply chain management and logistics companies, Tierney notes the EDC's projections for 2012 and beyond are a telling sign that things are changing and says Canadian SMEs should jump on the global bandwagon.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13965387.htm

New Zealand economy reviving, but fragile: survey
WELLINGTON -- New Zealand's economic activity in the second quarter rebounded after the disruptions caused the Feb. 22 earthquake in Christchurch, but the growth was modest and the economy fragile, according to the latest survey by the New Zealand Institute of Economic Research (NZIER). The institute's Quarterly Survey of Business Opinion showed steady economic activity in the June quarter, with companies' experienced trading activity rebounding from a net negative 5 percent in the previous quarter to a net positive 4 percent on a seasonally adjusted basis.

"Economic conditions reflect modest growth. Business confidence bounced back after the Canterbury earthquake, but there continue to be signs of economic weakness. Hiring and overtime worked fell in June," said NZIER chief executive Jean-Pierre de Raad.

"Business expectations and intentions for September have improved, but we are yet to see the catalyst that transforms this confidence into hiring and investment. Local demand has strengthened while exports have stabilized, but demand is still the biggest constraint on businesses and margins are tight."

Continued deleveraging, slowing activity in Australia and the high New Zealand dollar were providing "headwinds for economic growth," said de Raad.

Nationally, volumes for financial services firms in the June quarter were the lowest on record, according the survey.

Building investment intentions across New Zealand remained flat at a net negative 9 percent, while profitability stabilized at a net negative 22 percent, compared with negative 26 percent in the previous quarter. Margins remained tight and lack of demand was the key constraint on passing on costs by raising prices, although cost pressures eased last month, the survey found.

The soft inflation and low growth would allow the Reserve Bank of New Zealand to hold the official cash rate at 2.5 percent until early 2012 before reassessing the need to raise interest rates, the NZIER forecast.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13966566.htm

OECD annual inflation accelerates to 3.2% in May
PARIS -- Consumer prices in the OECD area rose by 3.2 percent in the year to May, the highest since October 2008, the Paris-based Organization for Economic Cooperation and Development said on Tuesday. OECD attributed this increase mainly to a sharp acceleration of inflation in Canada and the United States.

Canada witnessed an inflation of 3.7 percent in May, up from 3.3 percent in April while the United States recorded an inflation of 3.6 percent, up from 3.2 percent, both driven by high food and energy prices.

For the OECD as a whole, the rise in food and energy prices shot to 3.9 percent and 14.2 percent respectively in May, compared with 3.1 percent and 13.8 percent in April.

Excluding food and energy, the consumer prices rose by 1.7 percent in May, slightly up from 1.6 percent in April, setting the highest rate since July 2009.

For the euro area, the annual inflation (HICP) slowed to 2.7 percent in May, down from 2.8 percent a month earlier. Other major OECD members except for Canada and the United States recorded stable or slowed inflation in May.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13967284.htm

Cyprus inflation rises to 4.2% in June

NICOSIA -- Cyprus's inflation increased to 4.2 percent in June comparing to 3.9 percent in May and 1.9 percent in June 2010, according to data released Tuesday by its Statistical Service.

Cyprus Consumer Price Index (CPI) for June 2011 increased by 0.58 units or 0.5 percent to 117.62 units comparing to 117.04 in May 2011.

The rise is attributed mainly to increases in the prices of fresh vegetables, textile, electricity and air fares. Decreases have been recorded in the prices of petroleum products and potatoes, the Statistical Service notes.

For the period January-June 2011, the CPI recorded an increase of 3.3 percent compared to the corresponding period of 2010, it said.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13967438.htm

Moody's cuts Portugal rating to junk

NEW YORK -- Moody's Investors Service cut Portugal's long-term government bond ratings by four notches to junk territory on Tuesday, citing the risk is growing that Portugal will require a second round of official financing before it can return to the private market.

The nation's long-term government bond rating now was cut to Ba2, which is two levels into junk, and assigned a negative outlook, meaning further downgrades were possible.

Moody's said in its statement that the first driver informing Tuesday's downgrade of Portugal's sovereign rating is the increasing probability that Portugal will not be able to borrow at sustainable rates in the capital markets in the second half of 2013 and for some time thereafter.

Moody's also expressed its concerns that Portugal will not achieve the deficit reduction target due to the formidable challenges the country is facing in reducing spending, increasing tax compliance, achieving economic growth and supporting the banking system.

Moody's downgrade followed similar moves by its peers Fitch Ratings and Standard & Poor's Ratings Services, who currently rate Portugal at BBB-, the lowest investment-grade level and two notches above Moody's new rating.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13967534.htm

Positive economic signs show Italian economy may be on mend

ROME -- Two key economic figures of Italy released Tuesday showed that the economic situation in the country may be on the mend, even if slightly.

The jobless claims dropped in June as compared with the same period in 2010, and the average spending per family inched upward over the first half of 2011, the first rise in last two years.

INPS, the government's main unemployment insurance agency, reported that jobless claims fell significantly in June, compared with the same period of the previous year and the previous month.

In June 2011, there were 82.4 million authorized hours of unemployment insurance, 19.9 percent lower than in June, 2010, as the figure stood at 103.1 million then. It was also 20.1 percent lower than in May, when authorized hours of insurance totaled 103.2 million.

INPS figures also showed that temporary layoffs trended downward in June for the second consecutive month.

At the same time, ISTAT, the national statistics institute, reported that family expenditures over the first half of this year averaged 2,453 euros, a slight 0.5 percent rise compared with the same period in 2010 when adjusted for inflation.
It was for the first time that the figure showed a rise in the last two years.
An increase in average family spending is considered an indicator of a rise in family discretionary income and of consumer confidence.
Though the two figures are not considered primary indicators of the country's economic health, both are welcome signs of recovery for an economy that has been struggling for years and has seen mixed economic signals in recent weeks.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13967559.htm

South Korea's national debt to soar amid aging population: finance ministry
SEOUL -- South Korea's national debts are expected to soar over the next 40 years due to growing expenditures for pension and health insurance amid aging population, the finance ministry said Tuesday.
The ratio of national debts against gross domestic products (GDP) will reach 137.7 percent by 2050, up from 33.5 percent in 2010, according to the report released by the Ministry of Strategy and Finance.
The estimate was calculated on the assumptions that tax burdens and expenses for public pension funds and health insurance systems will have no change until 2050.
The debt ratio will surge to 168.6 percent by 2050 if expenses for health insurance are to grow gradually amid aging population, according to the report.
The ministry said the country's fiscal conditions remain healthy compared with other member nations of the Organization for Economic Cooperation and Development (OECD), but the lower birthrate and aging population are feared to damp sustainable fiscal soundness.
The country's debt ratio stood at 33.5 percent as of the end of 2010, sharply lower than an average rate of 96.9 percent for the OECD members, according to the report.
South Korea is rapidly moving toward an aged society where senior citizens aged 65 or older reach more than 14 percent of the total population. The nation has already become an aging society since 2000, when the rate of seniors among the total surpassed 7 percent.

http://news.xinhuanet.com/english2010/business/2011-07/05/c_13967161.htm

Brazil has enviable domestic market: president
RIO DE JANEIRO -- President Dilma Rousseff said Tuesday Brazil's domestic market has helped the country overcome the international financial crisis.
"Do you know why Brazil doesn't undergo now the crisis it did when other countries had problems? Because we have an enviable domestic market," she said.
Rousseff said Brazil's current growth is different from that of other nations because it's accompanied with social inclusion. Up to 39.5 million Brazilians have been lifted into the middle class in the past eight years, she said.
Also on Tuesday, Rousseff attended the inauguration ceremony of a detour project of the Madeira River, which will be redirected to the newly-built Santo Antonio Hydroelectric Power Plant in Rondonia state in the Amazon rainforest region.

She stressed the importance of constructing hydroelectric plants in Brazil, as alternative energy sources such as solar and wind power are still insufficient in Brazil.
"Solar and wind power are still complementary power sources, which do not guarantee the country's development," she said.
Rousseff also defended the construction of hydroelectric power plants instead of thermoelectric power plants, as they have smaller environmental impact. They also generate a large number of jobs, she said.
"Such a large project will guarantee energy for our country to keep growing," she said, referring to the Santo Antonio plant. "That is a project which gave jobs to 20,000 people here."

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13968910.htm

Indonesian central bank upbeat on 2011 domestic economy
JAKARTA -- Indonesian central bank is optimistic that local economic situation in 2011 would be still in positive track due to various supporting factors, a senior official said here on Wednesday.
"By the end of the year, our economy would be relatively good while in the same times, we don't see the same thing in developed countries," Darmin Nasution, governor of Bank Indonesia told a parliamentary hearing.
He said that condition in the United States, Japan and Europe is still the factor of capital inflow to Indonesia. "However, the number would not be as strong as last year as quantitative easing policy in the U.S. has competed," said Nasution.
He also said that the optimism was based on good figures in the first semester 2011 and not-too-extreme weather.
According to him, Indonesia's economic growth would reach 6.6 percent, higher than 6.5 percent stated by the Finance Ministry.
He also said that the central bank has forecasted rupiah foreign exchange rate against U.S. dollar at 8,650 from 8,744 as of June.
He added that by the end of this year, inflation rate would stand at 5.9 percent.
"However, if there is any fuel price hike, we assume that inflation rate would be at 6-6.1 percent," he said, adding that inflation stands at 0.2 percent per month during the last six months.
Nasution said that food price rise during the second half certainly would impact on inflation rate.
"However, as long as we could respond the rise, there would not be an exaggerated inflation rate," he added.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969244.htm

OECD records 0.5% GDP growth for Q1
PARIS -- Members of the Organization for Economic Cooperation and Development (OECD) as a whole recorded 0.5 percent growth in real gross domestic product for the first quarter of 2011, stable from the previous quarter, according to a report issued by the agency on Wednesday.
Private consumption remained the main driver of growth in the OECD as a whole, but its contribution to growth fell in nearly all major economies, the advanced countries' advisory agency said.

Its contribution to OECD growth was 0.2 percentage point, falling to its lowest level since the second quarter of 2009, while a boost in inventories' contribution largely offset that decline in private consumption.
All major six industrial countries except Japan, hit by unprecedented earthquake and tsunami in March, saw growth in output with contribution from different sectors, according to OECD report.
Germany's robust growth of 1.5 percent was mainly driven by investment while investment and stockbuilding buoyed the growth of Canada to 1.0 percent. France ranked the third by growing 0.9 percent with stockbuilding as the main contributor.
The output of the United States and Britain both recorded 0.5 percent increase while Italy managed 0.1 percent positive growth while Japan's output contracted 0.9 percent.
Following the natural disaster of March 2011, Japan's GDP continued to contract, with only government consumption making a positive contribution to its national output, the OECD report noted.

http://news.xinhuanet.com/english2010/business/2011-07/06/c_13969429.htm

South Korea deep in sorrow with foreign money inflow
SEOUL -- South Korea seems to deepen into sorrow with steady foreign money inflow, which would bring risk of liquidity squeeze in case of economic downturn or financial instability.
Finance Minister Bahk Jae-wan mentioned it in an indirect way at a press conference with foreign correspondents in Seoul. He said growing foreign investment could be burdensome for the country, which has a small-open economic structure.
More worrisome is the fact that persistent foreign inflow may hamper the impact of the central bank's monetary tightening. Some market watchers warned that South Korea may face Greenspan's conundrum under which long-term rates remain low even as the central bank forces short-term rates higher.
Minister Bahk also mentioned the risk, saying that persistent foreign inflow may put downward pressure on interest rates.
The Bank of Korea (BOK) has raised its benchmark seven-day repo rate by a total of 125 basis points in five steps since July last year, but the spread between short- and long-term rates has stayed at a lower level.
The difference of yields between the three-year treasury notes and the ten-year government bonds closed at 52 basis points on Wednesday. The spread stood at the 115 basis point level at the beginning of this year.
"Asian central banks, which focus on diversifying their foreign reserves, chose South Korea as one of the alternative investment targets due to the country's fiscal soundness, current account surpluses and expectations for the local currency's appreciation," Yoon Yeo-sam, a fixed-income analyst at Daewoo Securities in Seoul, told Xinhua.
Yoon, however, said foreigners' local bond buying will act as one of factors to counter the effects of the BOK's monetary tightening, stressing that their buying helped boost demand for bonds, which drove the market rates lower.
The analyst noted the steady inflow of foreign funds is expected to unsettle the South Korean government as the abrupt outflow will happen when the nation's economic fundamentals are in trouble.

In contrast, other market watchers said the government may welcome Asian central banks' bond buying as they can be regarded as long-term investors unlike speculative investors who want to pocket short-term returns.
"The government will be delighted to see Asian central banks expanded their position in local bonds as they are stable and long- term investors unlike hot money," Peter Park, a fixed-income analyst at Woori Investment & Securities in Seoul, said by phone.
Among foreign investors who invested in local bonds, China ranked fourth behind the U.S., Luxembourg and Thailand in holding South Korea's bonds. Chinese investors have bought an average 3.6 trillion won worth of local bonds per month since August 2009.

http://news.xinhuanet.com/english2010/indepth/2011-07/06/c_13969635.htm

Forbes ranks Armenia as world's 2nd worst economy

TBILISI -- The Forbes magazine has ranked the South Caucasus country of Armenia as the second worst economy in the world this year, after having analyzed the macro-economic indicators of 177 countries and regions over the past three years.
Other data used by Forbes for its analysis included the per capita gross domestic product growths as released by the International Monetary Fund (IMF), the IMF-forecast inflation rates in the coming 2012 and the current account balances.
The 2011 Forbes-ranked world's worst five economies are Madagascar, Armenia, Guinea, Ukraine and Jamaica.
Armenia's economy in 2010 witnessed a 2.6-percent year-on-year GDP growth.
In 2010, the Forbes magazine ranked Zimbabwe, the Democratic Republic of the Congo and Guinea as the world's three worst economies.
The Armenian national statistical service reported that the country's per capita GDP at the end of last year was 2,885 U.S. dollars and 3,509.6 dollars in current prices over the reporting period.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13969804.htm

National ocean strategy needed to grow New Zealand's economy: research institute

WELLINGTON -- New Zealand urgently needs a national ocean strategy to sustainably manage and use its extensive marine resources to boost the economy, the head of the country's National Institute of Water and Atmospheric Research (NIWA) said Thursday.
NIWA chairman Chris Mace said New Zealand had "huge untapped potential" in its ocean and coastal waters, and the government had clearly indicated its intention to increase use of those resources.
"Under the current global economic environment, I think that is prudent. But without an integrated ocean's strategy, our ability to sustainably manage those resources will clearly be compromised," Mace said in a speech to the New Zealand Marine Sciences Society Conference.
Without a strategy, New Zealand marine management would remain fragmented, with agencies managing marine activities in a reactive way, under different laws and management regimes, he said.
"New Zealand needs an ocean's strategy that balances competing needs, focuses our science on understanding the interlinked processes of ocean's ecosystems, and sets a clear direction for how we use and manage our extensive marine resources," said Mace.

"We need evidence-based policy that coordinates the way we use marine resources to enhance our economic prosperity, while at the same time ensuring the environmental impacts are minimized."

Without a strategy, the cumulative environmental effects could be "catastrophic," he said, "and could eventually constrain any further economic growth from our marine resources."

More than 150 marine scientists, local and central government representatives, industry members, university staff, and students are attending the New Zealand Marine Sciences Society Conference on Stewart Island.

In 1978, the United Nations Conference on the Law of the Sea extended New Zealand's territorial waters extensively, giving it the fourth largest maritime jurisdiction in the world with a 200- nautical-mile (370 km) exclusive economic zone covering 4.83 million square km.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13970815.htm

Australia's jobless rate stays at 4.9 percent

CANBERRA -- Australia's jobless rate remains at 4.9 percent in June for a second month in a row, new government data showed on Thursday.

Revisions to the Australian Bureau of Statistics data released on Thursday showed that the jobless rate did fall to 4.8 percent in April, its lowest level in around two-and-a-half years, before rising again to 4.9 percent in the following two months.

In June, the number of people employed rose by a seasonally adjusted 23,400. This was largely the result of a 59,000 jump in full-time employment being offset by a fall in part-time workers.

The average forecast from the 25 economists surveyed by Bloomberg was for a 15,000-strong increase in employment, leaving unemployment at 4.9 percent.

According to JP Morgan's chief economist Stephen Walters, the jump in full-time employment was a highlight.

"All of the gain was in full-time employment, which was up 60, 000 on the month, so it pretty much reverses the declines we've seen in the last two months," he was quoted by the ABC News on Thursday.

"Unemployment is still below that crucial five percent mark."

The data showed the jobless rate in Victoria fell to 4.6 percent in June from 5.1 percent previously, while in South Australia it declined to 5.1 percent from 5.4 percent.

It also fell in Tasmania to 5.5 percent from 5.8 percent, while in Western Australia it also eased to 4.2 percent from 4.3 percent.

But in the most populous state, New South Wales, it rose to 5.2 percent from 4.9 percent, and in Queensland it was up at 5.3 percent from 5.2 percent.

In the Northern Territory it jumped to 3.7 percent from 3.4 percent and in the Australia Capital Territory it rose to 4.0 percent from 3.8 percent.

The Australian dollar jumped from 107 U.S. cents to 107.4 U.S. cents shortly after the release.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13970949.htm

Economy of Central African region expected to grow at 5.2% in 2011

DOUALA, Cameroon -- The GDP of the Central African region is expected to grow at the rate of 5.2 percent in 2011 as compared to 4.3 percent in 2010 and 2 percent in 2009.

These revelations were made on Wednesday by Governor of the Bank of the Central African States (BEAC) Lucas Abaga Nchama after a meeting of the bank's monetary policy committee in Cameroon's economic capital, Douala.

"The growth will slightly be above the earlier predictions," the head of the central bank of the Central Africa Economic and Monetary Community (CEMAC) said.

CEMAC is a sub-regional economic block that brings together Cameroon, the Central Africa Republic, Gabon, Chad, the Republic of Congo and Equatorial Guinea.

"This growth will be supported by the increase in the production of petroleum and gas, the development of the non- petroleum sectors as well as the launch of large scale mining projects and the intensification of construction of public infrastructures in the member countries," Nchama added.

He also added that the region's public revenues have improved due to the increase in the price of raw materials and the strengthening of the euro against the U.S. dollar.

The regional Central Bank governor indicated that the rise in food prices had pushed inflation levels to 2.1 percent this year against 1.5 percent in 2010.

"This is not alarming. We must remain optimistic because we have not surpassed the maximum regional inflation levels of 3 percent.

"It's because of this analysis that the monetary policy committee decided to maintain BEAC's intervention conditions unchanged," the governor concluded.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971645.htm

EU fights back on Moody's downgrading Portugal

BRUSSELS -- Portugal-born EU commission Chief Jose Manuel Barroso along with other officials accused U.S. rating agency Moody's of downgrading Portugal government debt credit rate, saying the agency's judgment was "biased" and "speculative."

"I deeply regret the decision of one rating agency to downgrade the Portuguese sovereign debt. I regret it both in terms of its timing and its magnitude," said Barroso in Strasbourg on Wednesday.

This came after Moody's announced to downgrade Portugal's government debt by four levels to Ba2, warning the country may need second round of rescue fund.

"Rating agencies are market players and as such they are not immune from market cycles, mistakes and exaggerations that come with them," said Barroso.

Other major EU officials also expressed intentions to curb U.S. rating agencies' behaviors.

"I have said before that we have to curb the influence of the rating agencies," said German Finance Minister Wolfgang Schaeuble.

Just one day ago, another U.S. rating agency Standard & Poor's warned that it would rate Greece in partial default at least temporarily.

The European Central Bank (ECB) is discussing whether to raise interest rate to curb inflation.

Now it seems ECB will face a tougher challenge to balance between curing price inflation and maintaining financial stability within euro zone.

http://news.xinhuanet.com/english2010/world/2011-07/07/c_13971798.htm

Bank of England holds interest rate at 0.5%

LONDON -- Britain's central bank, the Bank of England (BOE), announced Thursday it had held the short-term interest rate at its record low and maintained the size of the Asset Purchase Programme.

The Bank of England said in a brief statement that its Monetary Policy Committee voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5 percent and maintain the stock of asset purchases financed by the issuance of central bank reserves at 200 billion pounds (320 billion U.S. dollars).

The Bank Rate has been at 0.5 percent since March 2009, when the recession was at its worst.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13971926.htm

U.S. jobless claims down 14,000 last week

WASHINGTON -- The number of U.S. people initially applying for unemployment aid last week hit a seven-week low but still remained elevated, the U.S. Labor Department reported Thursday.

The Labor Department said the advance figure for seasonally adjusted initial claims for jobless benefits was 418,000 in the week ending July 2, a decrease of 14,000 from the prior week's revised figure.

The fresh figure was also better than the median forecast. However, applications remained above 400,000 for 13th consecutive week, signaling the labor market will take time to heal.

Fewer than 425,000 people applying for aid is consistent with modest job growth, but the number of jobless claims will have to fall to 375,000 or below to signal a sustained drop in the unemployment rate.

About 2,500 of last week's applications were from Minnesota state employees temporarily laid off due to a state government shutdown, the department said.

The four-week moving average, the more closely watched claims figure, also inched down to 424,750 from the previous week.

The advance figure for seasonally adjusted insured unemployment during the week ending June 25 was 3.681 million, a sharp decrease of 43,000 from one week earlier.

The U.S. economy growth has slowed in recent months, dragging down the labor market's recovery. Economists project the unemployment rate in June will remain stuck at 9.1 percent.

The weekly figures of jobless benefits applications reflect the level of layoffs and indicate the real-time condition of the American job market.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13972150.htm

U.S. private sector adds more jobs in June

WASHINGTON -- U.S. private-sector employment jumped in June after a soft increase a month earlier, according to the National Employment Report released Thursday by Automatic Data Processing Inc. (ADP).

ADP said private sector jobs increased 157,000 from May to June on a seasonally adjusted basis, much better than economists' forecast.

Meanwhile, the estimated change of employment from April to May was revised down slightly to 36,000 from the initially reported 38,000, the smallest increase since last September.

The job improvement in June was reflected in all size companies. Small and medium businesses accounted for the majority of the gain, adding 147,000 jobs in total, while large businesses increased by 10,000 jobs.
The employment in the service-providing sector rose by 130,000 in June, marking 18 consecutive months of employment gains. Jobs in the goods-producing sector added 27,000, more than reversing the decline of 10,000 in May, according to the report.
Employment growth at this pace usually implied a steady unemployment rate, perhaps even a modest decline, ADP said, adding the latest figures suggested the economic recovery, which slipped in the spring, might have found new traction in early summer.
The report, created by ADP in partnership with Macroeconomic Advisers, LLC, is derived from actual payroll data and measures the change in total non-farm private employment each month.

http://news.xinhuanet.com/english2010/business/2011-07/07/c_13972165.htm

Brazil's inflation under control, currency appreciation worrisome: minister
RIO DE JANEIRO -- Brazil's Finance Minister Guido Mantega said Thursday the country's inflation rate was under control but appreciation of the country's currency remained a concern.
Earlier in the day, the government's statistics agency IBGE announced a 0.15-percent drop in inflation in June, which was the fifth consecutive monthly decline.
However, the accumulated rate is already close to this year's inflation target of 4.5 percent. Although the target has a tolerance of 2 percentage points, the accumulated figure over the past 12 months has already reached 6.71 percent.
In addition, the accumulated inflation reached 3.86 percent in the first half of 2011, while the figure was 3.09 percent during the same period last year.
Despite the easing inflation, the minister was still concerned about the excessive appreciation of the real against U.S. dollar.
Last week, the real-dollar exchange rate reached its lowest in 12 years. The U.S. dollar has fallen 6 percent since January.
The minister said the government was taking measures to halt the appreciation, but didn't specify.
In recent months, the government had been working to halt the excessive capital inflow and the dollar's depreciation. The inflow dropped considerably in the second quarter, but still 11 times the amount in the first half of 2010.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13973363.htm

Sri Lanka's economy grows in Q1 this year
COLOMBO -- Sri Lanka's economy which was affected by more than 30 years of war has expanded by 7.9 percent in the first quarter of 2011, the country's Central Bank said on Friday.
The bank said that Sri Lanka's inflation moved downwards significantly to 7.1 percent in June from 8.2 percent in May 2011 and annual average inflation was 6.7 percent by June 2011.
The bank said expanded productive capacity of the economy will help enhance supplies of food as well as other commodities, thereby helping to bring down consumer prices, which results in headline inflation reducing.
"Inflation is expected to decline further in the months approaching," the bank said.

The bank also said that Sri Lanka's exports have continued to perform well in 2011, and earnings from tourism as well as foreign exchange inflows on account of workers' remittances are expected to increase further this year.
Having taken into consideration the continued decline in inflation as well as other macroeconomic developments, the bank said it has decided to maintain its policy interest rates at 7.00 percent while its reverse repurchase rate will remain at 8.50 percent.
Sri Lanka became one of the world's fastest growing economies after its civil war against the Tamil Tigers ended in 2009. In 2010, Sri Lanka's GDP grew by 8 percent while its stock market has nearly quadrupled in value.
Improvements in security and infrastructure projects like ports, highways and airports have led to a gradual return of foreign investment to the island.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13973818.htm

France's May budget deficit widens to 97.5 billion USD

PARIS, July 8 (Xinhua) -- France registered high budget gap to 68.4 billion euros (97.52 billion U.S. dollars) at the end of May from 67.9 billion euros (96.85 billion dollars) a year earlier, the Budget Ministry said Friday.
The ministry said the widening deficit stemmed mainly from a deterioration of the balance of special accounts, which perched at 11.6 billion euros (16.54 billion dollars) following loans awarded to Greece.
French revenues reached 108.8 billion euros (155.19 billion dollars), up 6.25 percent from the same month in 2010 as the country collected 7.1 billion euros (10.12 billion dollars) more from tax receipts.
The public expenditure in May valued 152.7 billion euros (217.871 billion dollars) in total, down from 157.4 billion euros (224.55 billion dollars) reported in May last year, which is in line with the government forecast, according to the statement.
France, the euro zone leading power, is working hard to trim the budget deficit from an expected 6 percent of the gross domestic product in 2011 to 3 percent in 2013 by cutting public spending and of tax loopholes.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13974188.htm

U.S. unemployment situation worsening

WASHINGTON -- Two years after the recession officially ended, the stubbornly high unemployment rate remains the top challenge of the U.S. economy.
According to the Labor Department's job report on Friday, U.S. unemployment rate edged up to 9.2 percent in June from 9.1 percent in the previous month and nonfarm sector added only 18,000 new jobs last month, far short of the 200,000 monthly level that economists believe robust enough to slash the unemployment rate over the long run.
The 9.2 percent unemployment rate is the third consecutive monthly increase. Total number of unemployed Americans increased to 14.1 million, almost double the level prior to the recession.
A White House statement said that the unemployment rate remains "unacceptably high" and it reflected the recent slowdown of economic growth due to headwinds faced in the first half of this year.

To improve U.S. job market still has "a long way to go", said U. S. President Barack Obama on Friday after the Labor Department released the report.
Obama said the poor jobs report "confirms what most Americans already know," that the recovery from what he described as the " worst downturn in our lifetimes" is slow and painful.
He said that "our economy as a whole just isn't producing nearly enough jobs for everybody who is looking."
White House data showed that the world largest economy has created 2.2 million jobs over the last 16 months, but the recession cost 8 million.
There will be "ups and downs" on the way of recovery, Obama said.
"The economic challenges weren't created overnight and they won 't be solved overnight," he said, adding that it was vital to get the economy on a sounder footing.
The job report released at a time when Democrats and Republicans near an urgent deadline to increase the nation's borrowing power and prevent the country from defaulting on its financial obligations.
Obama said the uncertainty over whether lawmakers will raise the nation's debt limit is keeping businesses from hiring.
He also noted that the worsening sovereign debt crisis, particularly in Greece, has cast shadow over the prospect of growth of advanced economies.
"The problems in Greece and in Europe along with uncertainty over whether the debt limit here in the United States will be raised have also made businesses hesitant to invest more aggressively," he said.
He urged Congress to act quickly to lift the government's legal borrowing ceiling and approve other measures to help the economy grow.
"I urge Congress not to wait," Obama said, "The American people need us to do everything we can to help strengthen this economy and make sure that we are producing more jobs."
However, Republicans criticized that the Obama administration's job creation efforts have failed.
Moreover, time to solve those problems is rapidly running out. The nation faces default on Aug. 2 unless Congress acts to raise the legal limit on Government borrowing, and Republicans and Democrats alike are demanding that any increase in the 14.29 trillion dollars debt limit be accompanies by a significant debt- reduction plan.
Currently, the two parties are still fighting hardly on the plan. Obama said the two sides will continue their debt talks on Sunday.
The U.S. economy grew at an annual pace of 1.9 percent in the first three months of the year. Analysts are expecting similar growth pace in April-June quarter.
Growth in the next half year in 2011 is projected to be slightly above 3 percent. But it is still not fast enough to create jobs that is desperately needed.

http://news.xinhuanet.com/english2010/business/2011-07/08/c_13974281.htm

ARTICLE/COMMENTARY

What IMF wants China to do

BEIJING -- To many people in the street, the International Monetary Fund (IMF) is perhaps known as a bank that lends money to countries in some sort of crisis. This is not entirely correct. The IMF is more like a rural cooperative or a credit union on a global scale where members have established rules on how much each would contribute to the fund (that is, the quota system) and when and how to use the fund (that is, lending facilities). Indeed, the fund is not meant for "investment" or "development" but for temporary relief of shorter-term external funding pressures.

Moreover, each member has a say proportional to what it contributes to the fund, which in turn is a reflection of its relative economic size, on how these rules should be changed (that is, representation).

Perhaps most importantly, members want to watch over each other's shoulders (or more accurately hire technocrats, the IMF staff, to do this job) to make sure that no one needs to borrow in the first place (that is, the surveillance function) for the sake of each member, as well as to contain spillover on other members. It is also a "monetary" fund because the stability of an economy hinges on how financial flows are managed, including the relative value of currencies. The end objective, as enshrined in its mandate, is to promote free trade and full employment in each of its member countries.

Such a mandate requires the IMF to evolve with the global economy. Christine Lagarde committed to continue the ongoing reform effort of the IMF to reflect the changing global landscape when she was selected to serve as IMF managing director by its 24-member executive board. She emphasized evenhanded service to its entire membership, under a motto summarized as relevance, responsiveness, effectiveness and legitimacy of the IMF.

Now that Lagarde has assumed duty as IMF's new head, attention is returning to the challenges that it is expected to address. These challenges are, by region, weaknesses in the US and Japanese economies, problems in the euro zone and potential risks of overheating in some emerging economies, and by issues, unbalanced global growth, rising risks from the financial sector and the need to rein in public debt. This list attests to the fact that the global economy has still not fully recovered from the financial crisis.

According to the latest update to the World Economic Outlook, global growth has been temporarily weighed down by Japan and the United States, but it is expected to re-accelerate in the second half to reach 4.3 percent this year, and rise to 4.5 percent in 2012.

While the eurozone was buoyed by upbeat investment in Germany and France, uncertainties related to sovereign debt still cloud the outlook, with the most acute problem being Greece. Besides, world growth will remain uneven, with emerging and developing economies expected to continue to be strong, and rebalancing remains elusive.

The updates to the Global Financial Stability Report, which assesses trends in capital markets and the global financial system, and the IMF Fiscal Monitor, which tracks changes in public finance and debt, highlight the depth of fiscal challenges in some European Union member states, which have triggered renewed financial volatility. These were recently described by Olivier Blanchard, the IMF economic counselor, as "a bump in the road rather than something more worrisome".

Increased financial risks in recent months reflect doubts about the strength of the global economic recovery, lack of political support for adjustment in the EU's periphery and fiscal adjustment in some advanced economies, and search for yield by a growing number of investors that may build up future financial imbalances, especially in emerging market countries, spurred by a sustained period of low interest rates in advanced economies.

The last point has been particularly noted as a concern by Chinese authorities. While progress has been made in repairing bank balance sheets, it has been slow and asset quality and funding challenges still remain. Jose Vinals, the IMF financial counselor, has noted that the "results from the new round of European stress tests will mark an important watershed" summing up well the urgency for banks to pick up the pace to rebuild their capital.

On public debt, the US and Japan both have yet to institute specific reduction plans. Carlo Cottarelli, head of the IMF's fiscal affairs department, draws attention to the lack of a political consensus in the US on a "comprehensive and balanced set of specific measures to underpin a credible medium-term adjustment plan with objectives endorsed by Congress". This, he warned, will start to be reflected in the yield of US government bonds.

In a few European countries, financial markets are already charging high rates. On the positive side, government debt and deficit reduction is proceeding in many advanced economies - notably in most of Europe and in Canada - helped by bright spots of economic activity and growing government revenues.

China is a member of this global credit union - actually, one of the most important ones. During the 14th quota review last December, the IMF's board of governors agreed to make China the third largest member. In addition, China has committed resources beyond the quota contributions to the IMF in case there is liquidity shortage. Reflective of these changes, China is becoming an important voice in the IMF decision-making process, as well as on surveillance discussions of its member countries' economies. Now since China is the third-largest member, IMF challenges are China's challenges.

China has contributed directly to the global economy, too, through its stimulus package in 2009. The positive spillover from strong domestic demand was not only essential for the Chinese economy to maintain robust growth, but also helped dampen the global economic slowdown.

Similarly, looking ahead, China can continue to contribute to the prosperity of the global economy precisely by doing what benefits its own economy most, and as eloquently captured in its 12th Five-Year Plan (2011-2015), that is, rebalancing its growth model away from investment and exports toward Chinese consumers and households. At the core of the rebalancing effort, according to the 2011 IMF surveillance mission is the financial sector's reform.

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