GLOBAL POLITICAL ECONOMY - 185

BUSINESS AND POLITICS IN THE MUSLIM WORLD

Weekly Report on Global Economic and Business Developments
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Report Outline

GENERAL ECONOMIC AND BUSINESS DEVELOPMENTS IN THE WORLD

A turbulent week in West reflects eroding confidence

BEIJING -- Economic and social unrest in Western countries last week -- the impact of U.S. credit downgrade, London riots and the dive of jittery European stock markets -- reflected an underlying confidence crisis.

U.S. treasury bond prices soared and bond yields declined to its lowest level this year, while global stock markets experienced a "Black Monday" in the wake of the first-ever U.S. credit rating downgrade. Ironically, it indicated that U.S. debts remained "the only choice" for investors seeking a safe haven.

Economists attribute the ostensibly contradictory phenomenon to a lack of confidence, saying the downgrade reflected the nation's teetery credit foundation undermined by unhealthy consumption patterns, unrestrained government spending and bipartisan conflicts.

The devastating and exaggerated impact of the U.S. downgrade on global stock markets is a proof of shattered investor confidence at the slightest sign of market turbulence.

The question now for the United States is not the lack of liquidity, but the lack of confidence, commented the Wall Street Journal newspaper.

It seems that a widespread panic in European markets caused by rumors of a possible delay of the Greek bailout package and subsequent bankruptcy of major European banks is also the result of confidence crisis.

Later, speculation of a possible downgrade of France's top-notch credit rating gave European stock markets another fatal blow. Although the rumor was immediately refuted by French President Nicolas Sarkozy, major European indexes, having lost their rationality, tumbled on the same day.

In addition to economic unrest, the abrupt outburst of London riots is also traceable to a dented confidence in society.

British Prime Minister David Cameron called the rioting "needless opportunistic theft and violence." But analysts laid the blame on the government's austerity measures which harmed the social welfare system and left tremendous negative impact on all walks of life.

Statistics show that some 1 million people between the ages of 16 and 24 are officially unemployed in Britain. The rioters, propelled by anxiety and disillusionment, took to the streets to vent their anger.

Europe's image as a peaceful, wealthy and harmonious continent was shattered by repeated violence, most visibly London's rioting and Oslo's shooting spree.

Crisis is usually caused by lack of confidence, but the restoration of confidence takes a long time and requires hard work.

http://news.xinhuanet.com/english2010/business/2011-08/14/c_131048764.htm

The world appreciates a steady yuan: World Bank

SYDNEY -- In a ranging speech, World Bank Chief Robert Zoellick on Sunday warned of a continuing dangerous world economic climate and said in such fragile times the RMB may prove a surprise winner.

Zoellick said the steady Chinese yuan may help global markets pull through "a time of danger."

Speaking at the Asia Society's annual dinner in Sydney, Zoellick said RMB and other currencies may form a basket in the future to play the role as the international reserve currency and better serve the world economy.

Zoellick said that while China may not be able to repeat its past stimulatory policy due to high inflationary pressures, he was encouraged by both the Chinese leadership's attentiveness and its track-record of working with organizations like the IMF and the World Bank.

"Yes, inflation rates and even leadership transition (are a major influence on global markets) ... One thing that could disrupt any transition going into 2012 is an inflation rate that gets to 8 or 9 percent ... So one of the things the Chinese leadership are well aware of is that the growth model of the last 30 years is simply not sustainable," He told an audience that included former Australian Prime Minister Paul Keating.

He also said that China's track record of sharing knowledge with the World Bank was creating a "catalyst for consensus" and that placed the institutions in good stead to benefit from China's economic consistence.

"The Chinese policy mix includes a tool box of administrative measures ... In general, one of the lessons that the United States and others can learn (from China) is that to have supervisory policies for bank regulatory systems can be a useful part of the tool set."

Aside from hinting that over-heating global real estate markets could benefit from China's regulatory tightening, Zoellick suggested if China moved to more market-exposed decision making, he hoped China's bank regulators would not step too far back.

"Over time China will be better served to move to more precise and market signals than more administration-based decisions. Over time China will want to move to more market based decisions ... but I don't want this to be interpreted that supervisors don't have to supervise," he said.

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131048772.htm

Poor confidence leads to danger zone: World Bank Chief

SYDNEY -- The head of the World Bank warned here on Sunday that the global economy is entering a new and dangerous phase.

On a cold Sunday night in Sydney, World Bank Chief Robert Zoellick said he would back emerging economies to help global markets pull through what he calls a time of danger.

Speaking at the Asia Society's annual dinner in Sydney, Zoellick said the world was enduring a whacky, multi-speed recovery which the world could thank emerging markets for countering the effects of Europe's sovereign debt.

He said: "I've been observing the nature of downturn and recovery is that it's been unusual in recoveries over the post World War II period in that it's a multi-speed recovery which you see as in emerging markets the recovery has been quite strong... while the major developed markets have obviously been struggling and have problems with the sovereign debt, unemployment, job creation..."

The chief of the World Bank warned the world's already troubled economic recovery is in even greater trouble, but that hope would come from the new economies.
Emerging markets, he said, are sources of growth and opportunity.
"And so part of the challenge for organizations like the G20... is how do you deal with an international economy that's changing in that nature, it's a very different world."
Zoellick said a perfect storm of events had created a leadership vacuum in the United States and Europe and the ensuing drop in confidence was a genuine economic threat.
"I think there has been a convergence of some events in Europe and the U.S. that have led many market participants to lose confidence in the economic leadership of some of the key countries. "
Zoellick warned the lack of confidence meant that the danger was not over, he said, "Confidence is a fragile element of how any market economy works and I think those events combined with some of the other fragilities in the nature of the recovery push us into another danger zone and I don't say those words lightly."
Zoellick has again urged European leaders to tackle the debt crisis with more urgency, saying the Euro was a bit of an albatross around the neck of leaders looking to reboot their crippled currency.
"When you can't devalue your currency, it's a challenge how to return to competition. What you'll see in the near term what central banks can do is to provide liquidity but it doesn't deal with the fundamentals."
Zoellick is in Australia for an official visit and is scheduled to meet with Australian Prime Minister Julia Gillard.

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131048776.htm

Almost half Australians believe world heading for 2nd financial crisis: survey
CANBERRA -- Almost half of Australia's voters believe the world is heading for another widespread financial crisis, a new survey showed on Monday.
The latest weekly Essential Research online survey of 1,029 Australians conducted last week, was released on its website on Monday.
Forty-seven percent of respondents think there will soon be another global financial crisis similar to the one that occurred in 2009, and a further 39 percent think it is a 50/50 possibility.
The survey found that only eight percent of the respondents thought another global financial crisis was not very likely, with seven percent said they are not sure.
Should there be another global financial crisis, 40 percent said they would trust the Opposition Liberal Party more to handle the economy, compared with 31 percent backing the Labor government.
Compared with the rest of the world, 70 percent said Australia has performed better, with only 10 percent saying the economy has behaved worse than anywhere else.
Early last week, International Monetary Fund said in a report that Australia is one of the few global economies in good health, after the historic downgrade of America's credit rating to AA-plus from AAA by Standard & Poor's.
In responses, Australian federal Treasurer Wayne Swan said that while Australia was not immune from events overseas, "Australia's fundamental economy remains strong despite renewed fragility in the global economy."

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131050168.htm

Buffett calls for higher tax rates on U.S. super-rich

WASHINGTON -- The wealthiest Americans should pay more income tax and make sacrifice to bring the nation's fiscal house in order, Warren Buffett, chairman of Berkshire Hathaway, said on Monday.

"While the poor and middle class fight for us in Afghanistan, and while most Americans struggle to make ends meet, we mega-rich continue to get our extraordinary tax breaks," Buffett said in an article carried on Monday's The New York Times.

The renowned investor noted that he paid 17.4 percent of his taxable income for the federal income and payroll taxes last year, and the rate is even lower than the other 20 staff members working in his office.

With the nation's debt surging to an unsustainable level, experts charged that the super-rich Americans did not make enough sacrifice for the nation's austerity efforts, as many of them are allowed to classify the major chunk of their income as "carried interest" and get a bargain 15 percent tax rate.

Back in the 1980s and 1990s, tax rates for the rich Americans were far higher, he mentioned in the article entitled "Stop Coddling the Super-Rich".

In 1992, the top 400 wealthiest Americans had aggregate taxable income of 16.9 billion U.S. dollars and paid federal taxes of 29.2 percent on that sum. However, in 2008, the aggregate income of the highest 400 soared to 90.9 billion dollars, but the rate paid had fallen to 21.5 percent, he said.

"My friends and I have been coddled long enough by a billionaire-friendly Congress. It's time for our government to get serious about shared sacrifice," Buffett said.

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131050931.htm

How could Google-Motorola Mobility marriage work out

SAN FRANCISCO -- Google Inc. on Monday announced that it has agreed to acquire hardware maker Motorola Mobility Holdings Inc. for about 12.5 billion U.S. dollars. For this software-hardware couple, industry watchers and investors are wondering whether the marriage could work out in the future.

RATIONALE

On a conference call with analysts, Google CEO Larry Page outlined the rationale that could lay the two on a bed of roses.

There is no question that Google is betting on mobility as the future of computing. The purchasing price, 63 percent premium over Motorola's closing price on Friday, somehow shows that Android is a strategic priority to Google with respect to its core business.

"I think they have an exciting product roadmap, a strong vision for the future and are poised for growth," said Page on the conference call.

Motorola's patent portfolio is also seen as a big reason for the acquisition. "Our acquisition of Motorola will increase competition by strengthening Google's patent portfolio, which will enable us to better protect Android from anti-competitive threats from Microsoft, Apple and other companies," Page wrote in Google's official blog.

"We believe we'll be in a very good position to protect the Android ecosystem for all of our partners," said Google's chief legal officer David Drummond during the conference call. But he declined to provide specifics on the company's future legal strategy.

In a recent post on Google's official blog, Drummond accused Microsoft, Apple and other companies of waging hostile patent wars over smartphone technologies.
Integrating a hardware company could help Google to unify Android as Apple's integrated software-hardware model has been proved to be a success. Analysts said fragmentation has so far been Android's biggest drawback with too many different versions by different hardware providers.
Meanwhile, the deal could give support to Google TV, which has been struggling to gain customers and has faced resistance from major networks. Motorola Mobility is the leading player in the cable box business. Through the acquisition, Google will instantly get significant relationships with cable providers and could integrate Android into its set-top boxes.
"I think there's an opportunity to accelerate innovation in the home business by working together with the cable and telecom industry as we go through a transition to Internet protocol," Page said on the conference call.

CHALLENGES
However, more questions have already been raised than answers toward the acquisition.
The deal leaves Google in a very awkward position of being half- pregnant and trying to be a provider of an open source "environment" while at the same time competing with its "customers, " said John McCarthy, an analyst from market research firm Forrester.
As Google has been emphasizing on the patent protection it will gain from the deal, reactions from its hardware partners have been unified on Monday.
"The partnership between HTC and Google remains strong and will not be affected by this acquisition," HTC said in a statement.
But McCarthy said Microsoft could pitch Asian manufacturers, including HTC, Samsung and LG Electronic, saying they should increase their support for Windows Mobile as protection against Google favoring its own hardware play.
On Monday's conference call, Page said Google will still build Android as an open-source platform and look forward to continuing its work with all of hardware partners on an equal basis. But he declined to give details about how Motorola will compete with other Android phone makers, such as Samsung or HTC.
There are also concerns that the software-hardware bundle may not work for Google as it did for Apple. Analysts said Google has little experience with hardware manufacturing and sales, such as supply chain, parts and distribution, and Motorola does not do the best job in these areas among competitors.
Motorola currently has 19,000 employees, which means Google will increase its size by 60 percent from 29,000 of its own.
The deal also means there are four integrated hardware-software offerings: Apple/iOS, HP/WebOS, RIM/QNX and now Google/Motorola and could force Microsoft take the final step on the long-rumored takeover of Nokia,noted McCarthy from Forrester.
"The deal extends the overall market fragmentation at a platform level well into 2013 to the frustration of developers," he wrote in a blog post.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131050960.htm

Near record high food prices keep poorest on edge: World Bank

WASHINGTON -- Global food prices at near record high levels in tandem with continued volatility put the poorest people in the developing world on the edge, the World Bank said on Monday.

Over the last three months, reportedly 29,000 children under five have died in Somalia and 600,000 children in the region remain at risk in the ongoing crisis that is threatening the lives of more than 12 million people, according to the World Bank's Food Price Watch released on Monday.

"Nowhere are high food prices, poverty and instability combining to produce tragic suffering more than in the Horn of Africa," said World Bank President Robert Zoellick.

"The World Bank is stepping up with short term help through safety nets to the poor and the vulnerable in places like Kenya and Ethiopia, along with medium term support for economic recovery. Long term support is also critical to build drought resilience and implement climate-smart farming," Zoellick added.

The Washington-based World Bank said it is providing 686 million U.S. dollars to save lives, improve social protection and facilitate economic recovery and drought resilience for people in the Horn of Africa.

Global food prices in July remained significantly higher than a year ago. Prices overall remained 33 percent higher than a year ago with commodities such as maize, sugar, wheat and soybean oil contributing in a major way to the price spike, revealed the Food Price Watch.

Crude oil prices were 45 percent higher from July 2010 levels, affecting production costs and the price of fertilizers, which increased by 67 percent over the same period, according to the report.

"Persistently high food prices and low food stocks indicate that we're still in the danger zone, with the most vulnerable people the least able to cope," Zoellick said.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131050992.htm

Brazil to grow responsibly in economic crisis: president

RIO DE JANEIRO -- Brazilian President Dilma Rousseff said Tuesday her country would grow in a responsible manner depite being affected by the economic crisis.

"Though we are not immune to the crisis, we can shield ourselves and make the growth process elevate our economic capacity and the number of jobs and opportunities," she said at a promotion ceremony of Armed Forces general officers at the Planalto Palace in Brasilia.

The president assured Brazil would maintain its investment scale. Both local and federal governments are working hard to carry out "firm and concrete" actions against the crisis.

In the past few weeks, Rousseff and other government officials said on several occassions that Brazil is more prepared to face the crisis now than it was in 2008.

The president also said the government's greatest challenge is to promote development and wealth distribution, not fight corruption.

"The challenges in this country are to develop and distribute wealth. All the rest ... is occupational hazard," she said when asked about the challenges of fighting government corruption.

The president reaffirmed her support of her cabinet ministers, some of whom are facing corruption and embezzlement accusations.

Rousseff has changed three of her cabinet ministers since January. The most recent shift was Transportation Minister Alfredo Nascimento, who resigned amid corruption accusations. The agriculture minister is also facing investigations.
Regarding education, Rousseff said four new federal universities and 120 technical schools would be established. "In the next four years, my government will deliver 208 new federal technical education institutes. By 2014, the country will have 562 institutes," she said.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131055186.htm

Franco-German consensus not enough to fix euro zone defects
PARIS -- Franco-German proposals reached by the two countries' leaders wanted stronger euro zone governance, in particular to rein national budget, a move to quell market fears, but investors seem to react indifferently and few European leading officials welcome their agreement as capable salvage. More disappointment than market confidence followed the bilateral meeting between French President Nicolas Sarkozy and German Chancellor Angela Merkel, accompanying with comments such as "not new," "not strong" and "not reassuring."
The Tuesday meeting between Sarkozy and Merkel agreed to establish a common economic government in the euro zone under the presidency of EU President Herman Van Rompuy, to incorporate the "golden rule" -- a fiscal guideline limiting budget ratio to national output -- into constitution or national law, and to impose tax on financial transaction.
In eyes of former European Commission President Jacques Delors, the Franco-German meeting has not brought any real solutions leading euro zone away from the dangerous "abyss" of crisis.
"Let's open our eyes - the euro and Europe are on the edge of the abyss. In order to avoid a collapse, there is a simple way out - the EU member states should either agree on closer economic cooperation or endow more power to the EU. The second variant has been already rejected by the majority of the 27 member states and thus only the first variant is possible," Delors was quoted both by Swiss daily Le Tamps and Belgium paper Le Soir as saying.
Actually, economic cooperation was the key element Sarkozy and Merkel stressed at the Tuesday press conference, to which the common economic government led by a reputed leader presently guarding the 27-member European Union and meet twice a year can apparently be a proof.
In a statement issued Thursday, President of French National Assembly Bernard Accoyer praised the Franco-German proposals, saying "the creation of a real economic government of euro zone" was "considerable advance in political governance awaited for a long time."
Some domestic centrist parties also supported calls for a tax on financial transactions and for the adoption of the "golden rule" on balanced budgets. In addition, Sarkozy and Merkel in a joint letter addressed Wednesday to Van Rompuy urged the EU to block countries that do not reduce their deficits from access to the bloc's Structural Funds and the Cohesion Fund, a pool donated by all 27 European members to reduce regional disparities in terms of income, wealth and opportunities among different members.
The punishing measure was expected to refrain EU members from indulging themselves in loose spending, but like the Stability and Growth Pact that didn't succeed in restrain any member -- including France and Germany from owning a deficit above the 3 percent of GDP threshold, the call has little deterrent power unless being adopted by the EU governance body.
The Franco-German efforts moved "in the right direction" but fundamentally there was "nothing new," Luxembourg's Finance Minister Luc Frieden commented on German radio

Deutschlandfunk. He additionally refused a real economic government on euro zone level and said what national finance ministers need to do "is to apply what has already been decided."
Analyst Jean-Louis Mourier at BGC Aurel told Xinhua "To investors, Franco-German meeting is inefficient. They proposed measures but markets did not accept them as the proposals were not so strong to convince investors in addition they did not bring any thing new."
"After each crisis, European leaders spoke about a European government but nothing happened. The golden rule is heavily discussed but it's not clear that it will be adopted and that is not reassuring," Mourier added.
Excluding "euro bonds" on the table also means a refusal of shortcut. However important the "euro bonds" can share risks of sovereign debt and then quell market concerns that bigger European economies like Italy might default, Merkel won't allow that unwanted responsibility to German voters. Merkel advocated for a longer-term effort to harmonize economies and boost growth and Sarkozy also said that idea should wait until the euro zone integration to a certain extend.
"Sarkozy and Merkel both dismissed the idea of introducing euro bonds while markets estimate that such move is necessary to appease fears," Mourier said, echoing many disappointments within and beyond French borders.
Thursday afternoon, European stock markets experienced another mass plunge after a Wall Street Journal report revealed the U.S. Federal Reserve's concerns on European banks liquidity, and French banks due to its bigger exposure to U.S. short-term funding attracted more attention.
Similar to last weeks' jittery trading on world market sparked by rumors France was to follow the suit of the United States in loosing its triple A rating, the origin of the new panic is still euro zone debt problems as the U.S. Fed fear the crisis would cross the Atlantic through European banks' holding of U.S. fund.
Despite a bunch of official statements stressing governments' confidence in euro zone perspective and the solidity of European banking sector, France becomes, on the contrary of a savior that Sarkozy wanted to present, more like the target that market makers and investors casted concerns upon.
So far so real that the market is thirsty for quick fix while a broader consensus on the solution of euro zone problem remained tricky to reach as some promote faster growth in need of more stimulus but others emphasize lower debt and deficit.
Critics should remember when outsiders place heavy expectancy on the Franco-German core, the two driving force have their own problems to overhaul and a real intergraded euro zone in economic terms calls much more compromises from all 17 euro members.
In October, Van Rompuy is supposed to bring a set of proposals on the new structure for the euro zone, which will be broadly based on Franco-German agreement. But before the EU president applies his persuasive skill to coordinate different economic policy within the bloc, European market, even the world market is likely to remain in uncertainties pending on euro zone debt crisis, high deficit in advanced economies and gloomy growth in particular.
"We should remember that markets can be of two minds: while they dislike high public debt - and may applaud sharp fiscal consolidation - as we saw last week they dislike low or negative growth even more," Christine Lagarde, head of the International Monetary Fund and former French finance minister, was quoted Monday by the Financial Times as saying.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131059090.htm

Morgan Stanley, Goldman Sachs slash global growth forecasts

NEW YORK -- Morgan Stanley and Goldman Sachs slashed their forecasts for global economic growth, citing weaker- than-expected growth in the second quarter of this year, along with slower global trade growth and additional austerity measures announced in several countries.

Morgan Stanley cut its forecast for global growth this year to 3.9 percent, down from 4.2 percent. The bank said that the debt burdens of developed nations from the U.S. to Europe has roiled world markets this month and wiped trillions of dollars off the value of equities. At the same time, slowing expansions in countries including Germany, the key driver of European growth, are hurting confidence.

Morgan Stanley analysts said the U.S. and Europe are "dangerously close to recession", adding that recent policy errors, especially Europe's slow and insufficient response to the sovereign crisis and the drama around lifting the U.S. debt ceiling, have weighed down on financial markets and eroded business and consumer confidence.

Goldman has took a similar move on Thursday, lowering its forecasts for world GDP growth to 4.0 percent in 2011 and 4.4 percent in 2012, down from 4.1 percent and 4.6 percent respectively.

Goldman predicted that U.S. GDP growth in 2011 and 2012 will reach 1.7 percent and 2.0 percent, down from 1.8 percent and 3.0 percent of its previous forecasts. The euro zone expansion is estimated at 1.9 percent this year and 1.4 next year, also sharply down from 2.1 percent and 1.7 percent respectively.

The pessimistic reports further pressured on the financial market together with a latest string of dismal economic data. Money flooded into safe havens like U.S. Treasurys and gold, while U.S. stocks and commodities suffered heavy sell-off.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131059098.htm

Credit Suisse sees 30%-40% risk of recession for Asia

SINGAPORE -- Credit Suisse economist Robert Prior-Wanderforde said leading economic indicators point to a chance of 30-40 percent for Asian economies to fall into recession, local daily Business Times reported on Friday. The U.S. ISM New Orders Index, which closely correlates with Asian exports, now shows that there could be zero exports growth, which will, in turn, weigh heavily on economic growth in the region, he said. Economists are increasingly cautious and it is likely that forecasts would be lowered as risks of a double-dip recession in the United States or a financial crisis in the euro zone are now " high and rising," he said.

Credit Suisse cut its growth forecast for Singapore to 5.5 percent just before the Singapore government narrowed its official forecast range to 5-6 percent amid the uncertainties unleashed by Standard & Poor's downgrading of U.S. sovereign credit rating.

The open economies would be worse hit by a crisis in the United States and Europe, like South Korea, China's Hong Kong and Taiwan, as well as Singapore. Nevertheless, forecasters at Credit Suisse are still expecting a pick-up in the United States and Europe in the second half.

Credit Suisse has not built a technical recession into its forecast for Singapore because it believed a spurt of growth in the biomedical sector in the third quarter will tide the economy over with positive year on year growth.

Talks of a technical recession in Singapore have been gathering momentum lately, with some economists saying that they are almost certain.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131060654.htm

Global economy fragile: ANZ chief

CANBERRA -- The world economy is on the brink of another economic crisis, Australia and New Zealand Banking (ANZ) chief executive Mike Smith said on Friday. Smith said policy makers in Europe and the U.S. have failed to show leadership in dealing with massive debt problems, and risk causing serious financial and social pain around the world if the trend continues.

"Europe is frankly a mess," he said while delivering a trading update for ANZ on Friday, quoted by The Australian newspaper.

"And the United States, which I'm normally much more optimistic about, we've seen a crisis which was created by the partisan nature of its current politics.

"That's created further concern to what was already a pretty fragile recovery."

On Friday morning, shares in ANZ fell as much as 5.6 percent, following sharp falls in European and U.S. stock markets due to fears that global economic growth could slow sharply.

Smith said that the significant falls on world equity markets, which continued on Thursday night and locally on Friday morning, showed investors were concerned about weaker economic growth being a reality for most advanced economies.

"Further miss-steps from European and US policymakers risk converting the cracks in their economies into a much deeper global system crisis which would have worrying economic and social consequences," he warned. But Smith, whose bank is focusing on Asia to drive profit growth, remains optimistic for the outlook in the Asia-Pacific region. He said that the fact is that Australia is incredibly well positioned because of the nation's linkage to Asia, which remains the best performing part of the global economy.

His comments came after ANZ reported 1.45 billion U.S. dollars underlying profit for the June quarter, up 1.3 percent compared to the March quarter.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131060791.htm

Oil edges down, posting fourth straight weekly loss

NEW YORK -- U.S. crude oil price edged down on Friday, ending the week with a 3.65-percent loss, the fourth straight drop in the week.

With absence of major macro-economic news, crude prices on Friday mainly followed the dollar's steps. As the dollar dipped to its historic low against the Japanese yen while dropping also against the euro, oil rallied for most of the trading session.

But in the last trading hour, crude turned negative because the dollar bounced back from low and the U.S. stocks turned to red. The dollar index, tracking the greenback's performance against a basket of currencies, fell 0.4 percent.

Crude prices fell sharply on Thursday as fears of a double-dip recession triggered sell-off of riskier assets. WTI dropped nearly 6 percent. On Friday, the markets seemed to start calming down. But for the week, it still posted a fall of 3.65 percent.

Light, sweet crude for September delivery fell moderately 12 cents, or 0.15 percent to settle at 82.26 dollars a barrel on the New York Mercantile Exchange after trading from 79.17 to 83.55 dollars.

But in London, Brent crude for October delivery gained 1.63 dollars, or 1.52 percent to close at 108.62 dollars a barrel. For this week, it gained 59 cents, or 0.55 percent.

http://news.xinhuanet.com/english2010/business/2011-08/20/c_131062160.htm

Gold notches fourth straight record day

CHICAGO -- Gold futures on the COMEX Division of the New York Mercantile Exchange ended sharply higher on Friday, notching a new record-settlement high for the fourth time this week, as investors remained cautious about stocks and held more of the precious metal in search of safety.

The most active gold contract for December delivery hiked 30.2 dollars, or 1.7 percent, to 1,852.2 dollars per ounce. It traded as high as 1,881.40 dollars an ounce, an intraday record for the metal.

The precious metal registered a weekly gain of 6.3 percent. It also climbed 14 percent this month, having ended July at 1,631.2 dollars an ounce.

Market analysts mentioned that gold and silver were among the very few markets that managed to post gains this week, as spiking concerns that the global economy will fall back into recession gripped investors, with exporter stocks in many markets tumbling on concerns about weakening demand.

"It has become apparent that the fragility in the European Union's debt crisis have the New York Federal reserve questioning the stability of the Euro Region Banks," said Mike Daly, a gold specialist with PFBbest here in Chicago, "This along with the U.S. dollar notching a new record low versus the yen has investors questioning the stability of the world's economy," Daly added.

Meanwhile, gold also gained strength as the a slew of macroeconomic data, including Thursday's downbeat reading on factory activity in the Philadelphia region, showed the U.S. economy is showing new signs of fatigue, unsettling consumers and discouraging business

And many traders agreed that this week's rally has been supported by a huge underlying demand to buy physical bullion.

But Daly also warned that gold market remains technically overbought and very top heavy, investors should be cautious that any U.S. dollar friendly news could start a profit taking sell-off in the gold market.

Silver for Sept. delivery soared 1.744 dollars, or 4.3 percent, to 42.432 dollars per ounce. Platinum for Oct. delivery rose 27.2 dollars, or 1.5 percent, to 1,874.9 dollars per ounce.

http://news.xinhuanet.com/english2010/business/2011-08/20/c_131062163.htm

GLOBAL BANKING & FINANCE

Foreign holdings of U.S. long-term securities decrease in June

WASHINGTON -- Total foreign holdings of U.S. long-term securities in June stood at 4.4992 trillion U.S. dollars, down from the revised 4.516 trillion dollars in May, the U.S. Treasury Department reported on Monday.

The figures reflected demand for U.S. Treasury obligations and other assets including stocks and government agency debt, a key to funding the massive U.S. balance of payments deficit with the rest of the world.

According to the Treasury International Capital report, China, the largest holder of U.S. Treasury securities, increased its holdings by 5.7 billion dollars to 1.1655 trillion dollars in June from the previous month.

Japan, the second largest foreign holder of U.S. government debt, trimmed its holdings to 911 billion dollars from 912.4 billion dollars in May.

Britain, the third largest holder, increased its holdings to 349.5 billion dollars in June from 346.8 billion dollars in May.

The debt figures are closely watched at a time when more and more investors believe that the U.S. fiscal trajectory is unsustainable.

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131050924.htm

China's banking regulator seeks public opinion on new capital rules

BEIJING -- China's banking regulator said Monday it has begun to seek public opinion on the drafted tougher capital rules for the nation's banks.

The new rules will keep minimum capital adequacy ratio (CAR) for banks of systematic importance at 11.5 percent, while raising the ratio for banks of non-systematic importance to 10.5 percent, the China Banking Regulatory Commission (CBRC) said on its website.

The regulation is designed to keep China's banking industry in compliance with the Basel III framework, a set of new global banking requirements agreed to by G20 leaders at the end of last year.

The opinion inquiry will conclude on Sept. 20.

The CBRC has repeatedly raised the minimum CAR to slow loan growth and rein in credit risk after nearly 20 trillion yuan in new loans were extended over the past two years as part of the government's crisis-combating stimulus package.

Before the global financial crisis occurred, the minimum CAR for Chinese banks was 8 percent.

According to the CBRC, major banks will have to meet the new standards by the end of 2013, while others will have to meet them by the end of 2016.

http://news.xinhuanet.com/english2010/china/2011-08/15/c_131050817.htm

Stabilizing prices remains top priority for China: central bank

BEIJING -- The People's Bank of China (PBOC), or the central bank, said Friday that it will continue to make stabilizing prices a top priority of its macro controls in the remaining months of the year.

It will stick to its regulation stance and continue a prudent monetary policy, while focusing on supporting the transformation of the country's economic growth pattern, the PBOC said in a report summarizing the implementation of its monetary policy in the second quarter.

It will closely monitor and study domestic and international economic situations and work to make the monetary policy more targeted, flexible and foresighted, said the report posted on the PBOC's website.

Efforts will also be made to cement regulation results that have been achieved and evaluate the policies' current and desired effects through scientific manners, while properly handling relations among maintaining relatively fast economic growth, restructuring the economy and managing inflationary expectations, said the report.

The PBOC will also employ multiple monetary tools, including the interest rate, exchange rate, and open market operation, to check liquidity and keep the social financing at a reasonable level, it noted.

To manage inflationary expectations, the PBOC will properly use the monetary policies such as the interest rate to control the capital demand and investment savings, the report said.

It will continue to use dynamic regulation measures such as the reserve requirement ratio (RRR) to guide and encourage financial institutions to stay prudent and adjust their credit supplies.

Meanwhile, it will increase efforts to promote the country's credit structure, including strengthening supports to the agricultural sector and middle and small-sized enterprises and the implementation of the differentiated housing credit policy, it added.

Further, the PBOC will steadily promote the market-oriented reform of its exchange rate and improve the formation mechanism of the yuan's exchange rate to add flexibility while keeping it basically stable at a proper and balanced level, it added.

The country's consumer price index, a main gauge of inflation, accelerated to a 37-month high of 6.5 percent in July, well above the government's target ceiling of 4 percent.

This year, China has made curbing inflation a top priority and implemented a prudent monetary policy.

The PBOC has hiked benchmark interest rates three times and the RRR six times this year.

http://news.xinhuanet.com/english2010/china/2011-08/12/c_131046361.htm

Can euro bonds avert an economic disaster in Europe?

THE HAGUE/BERLIN -- While the United States is still recovering from the shock of losing its triple-A credit rating, the European single currency -- the euro -- seems to be fighting for survival.

Lingering uncertainty about the U.S. economy and worsening fears over the European debt crisis resulted in turmoil at European stock exchanges last week.

Many experts believe that a newly-prosed financial instrument, named euro bonds, may be able to reverse dwindling investor confidence and save the euro.

Euro bonds are loans or bonds backed by the euro zone as a collective, instead of by individual countries which is the case currently. The interest rates on euro bonds would be determined by the credit worthiness of all 17 countries that currently use the euro.

This means that interest rates would be lower for weak economies such as Greece, Portugal and Ireland, but far higher for countries that currently enjoy a triple-A credit rating such as Germany, France and the Netherlands.

While Italy has called euro bonds "a masterstroke", France and Germany are less enthusiastic about closer fiscal union in Europe. German Chancellor Angela Merkel and French President Nicolas Sarkozy ruled out discussing euro bonds in their meeting Tuesday to discuss the sovereign debt crisis in Europe.

There would also be several technical barriers to issuing euro bonds. Nations would need to agree to strict monetary conditions and abdicate control of state budgets to a new Europe-wide financial authority presumably based in Brussels. Giving up more power to central European authorities is something which is sure to be opposed by some political parties and people that are already euro skeptic.

Meanwhile, German Vice-Chancellor and Economics Minister Philipp Roesler has called euro bonds the "wrong way" forward. "In a Europe in which each member state bears responsibility for its own finances, I believe a common bond for the euro zone is the wrong way forward," he told German newspaper Handelsblatt on Monday.

Roesler added that such a step would drive up German borrowing costs and reduce incentive for weaker members such as Greece to reform its economy.

However, some experts argue that euro bonds may help create a healthier economic climate in Europe, albeit with strict pre-conditions.

"Euro bonds can be successfully introduced if they count as the final piece in the process of strengthening budgetary discipline within the euro zone," said Sylvester Eijffinger, professor of financial economics at the Netherlands' Tilburg University.

"But if euro bonds are issued by member states not maintaining budgetary discipline, it can result in moral hazard for less creditworthy countries," he added.

To put the economy back on track, Prof Eijffinger said, the EU would need to double its bailout fund from 750 billion euros (about 1,073 billion U.S. dollars) to 1,500 billion euros (about 2,146 billion U.S. dollars). This would entail strong economies placing monetary guarantees on the table in order to regain the trust of the markets.

"If such a fund is created, the chances it would actually be used becomes very small," Prof Eijffinger remarked.

At the moment, investor and market confidence remains low, with some even predicting the collapse of the euro. According to a survey by the German weekly Bild am Sonntag, 31 percent of Germans believe the euro will cease to exist by 2021.

Strong political will is the key to tackling the crisis, something that has been missing so far, say experts. "If governments recklessly deal with markets, they cannot be surprised if markets ultimately lose trust in them," said Thomas Mayer, the chief economist of Deutsche Bank.

However, even a crisis is not necessarily all bad since it can force EU governments to act before it is too late, some say.

"But if we don't manage to make tough decisions on time, this crisis will become so big that a number of countries will need to step out of the euro zone to restructure their debts and compete with a weaker currency," said Harald Benink, professor of banking and finance at the Netherlands' Tilburg University.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053567.htm

Fitch affirms U.S. AAA rating

NEW YORK -- Fitch Ratings Tuesday affirmed its AAA debt rating on the United States, citing the key pillars of the country's creditworthiness remains intact.

Fitch said in an online statement that the pillars are: the country's "pivotal role in the global financial system"; "the flexible, diversified and wealthy economy that provides its revenue base"; "monetary and exchange rate flexibility further enhances the capacity of the economy to absorb and adjust to 'shocks'."

The rating agency also put the outlook of U.S. debt rating at stable, saying it will review its fiscal projections in light of the outcome of the deliberations of the Joint Select committee, due by end November, as well as its near and medium-term economic outlook for the country by the end of the year.

Fitch's affirmation came after a similar decision by its peer Moody' s Investors Service, making Standard & Poor's the only one in the three major international rating agencies to downgrade U.S. debt rating.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053550.htm

Colombia interested in entering Asian market: FM

BOGOTA -- Colombian Foreign Minister Maria Angela Holguin said Tuesday that her country is interested in entering the Asian market.

"Our first goal is to get into the Asian market. If we don't take the first step, it will be difficult to reach other trade agreements. This year we have been working on it," said Holguin.

Holguin said her country has opened an embassy in Indonesia, a trade office in Singapore and trade consulate offices in Shanghai of China, Turkey and the United Arab Emirates.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131054447.htm

South Korean banking groups urged to strengthen forex liquidity conditions

SEOUL -- South Korea's top financial regulator said Tuesday domestic banking groups should strengthen their foreign exchange liquidity conditions to minimize the possible negative impacts from global financial turmoil.

"Local banks should not repeat the vicious cycle of depending on the government and the central bank when they face difficulties in funding foreign liquidity amid the deepening global crisis in the past," Financial Services Commission (FSC) Chairman Kim Seok-dong said in a meeting with heads of the country's top banking groups.

Kim urged local lenders to diversify their sources of foreign funding in a bid to reduce risks when certain region falls into financial trouble, saying that banks are overly relying on the United States and Europe for foreign financing.

His remarks came as the global financial markets were caught in turmoil after Standard & Poor's downgraded the U.S. credit rating by one notch to AA-plus. The global stock markets plunged by 10-20 percent for the first ten days of this month, with the United States, German and French shares decreasing by 11.7 percent, 21.6 percent and 18.2 percent respectively over the cited period.

Kim noted jitters over the overall global economy are rapidly spreading due to growing worries about the spread of the European fiscal crisis and the possible slowdown of the U.S. economic

recovery, saying concerns are deepening that Japan and China may not contribute to the global economic recovery owing to fiscal burden and high inflation.
The top regulator, however, said he has confidence that the nation will weather the current difficulties as the Asia's fourth- largest economy strengthened their fiscal and short-term foreign exchange conditions, adding the foreign reserves and banks' financial soundness have improved.
The nation's debt-to-GDP ratio stood at 33.5 percent as of the end of last year, the lowest level among the OECD member nations, according to the finance ministry. Foreign reserves reached a fresh high of 311.03 billion dollars as of the end of July, and the capital adequacy ratio under Basel II for local lenders rose to 14.34 percent as of the end of June, compared with 11.36 percent tallied before the 2008 global financial crisis.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053234.htm

Belarus raises refinancing rate to avert crisis
MINSK -- Belarus Wednesday raised its refinancing rate, one of the highest in the world, by 2 percent to 22 percent, as part of the countermeasures against the country's most serious economic crisis since its independence in 1991.
The rate hike is "aimed at raising the cost of borrowed capital, which is an important condition of the gradual tightening of the monetary and credit policies of the National Bank," according to a statement from the Belarusian National Bank, the country's central bank.
Belarusian authorities are trying to curb inflation and strengthen the national currency to the detriment of economic growth.
By the end of May, the central bank cut almost by half the value of the Belarusian ruble against the U.S. dollar.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056393.htm

Zambia in talks with Malawi, Mozambique on tripartite currency agreement: media
LUSAKA -- The central bank of Zambia is in talks with the central banks of Malawi and Mozambique for a tripartite repatriation currency agreement, the Zambia Daily Mail reported on Wednesday.
Kanguya Mayondi, head of public relations at the Bank of Zambia (BoZ), said the central bank is waiting for the two countries to put in place logistics for the agreement to be signed.
"Most people along the borders of Malawi, if you have observed, continue trading in both currencies, the mechanism has to go through (respective commercial) bank which have to accept the currency," Mayondi was quoted as saying by the paper.
The official, however, said that the three countries were still trading in the local currencies along the border areas, adding that the use of common currency will ease trade, communication and reduce the cost of doing business.
In 2009, Zambia and Mozambique signed a currency repatriation agreement. The agreement is meant to enable the repatriation of bank notes. Under the agreement between the BoZ and the Banco de Mozambique, citizens of the countries are able to pay for goods originating from the respective country with the two currencies, Daily Mail said.
Mayondi said although the agreement is not 100 percent in place, the currencies can be used along borders by traders.

The currency repatriation, he said, is important as it allows the two countries to adjust the currency circulation which is a key component of reserve money, an intermediate target in monetary policy implementation.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056374.htm

China banking chief warns of shadow banking risks, local debt "under control"

BEIJING -- China's top banking regulator has said that local government debt risks are "under control" and efforts to ease them are "going smoothly."

Liu Mingkang, chairman of the China Banking Regulatory Commission (CBRC), was quoted as saying in an interview published in the Wednesday edition of the People's Daily that the CBRC has been closely monitoring China's local financing vehicles and working with local governments to help them manage their debts.

Local government debt totaled 10.72 trillion yuan (1.66 trillion U.S. dollars) at the end of 2010, the National Audit Office announced in June.

Efforts to overhaul existing local financing vehicle loans and reduce debt risks have been "progressing in an orderly fashion," Liu said.

Banks have been ordered to refrain from providing loans to local governments for unapproved projects and vehicles and to tighten credit management in order to prevent debt increases, he said.

Liu said property loan risk is also controllable, as banks have enhanced their credit risk control, especially for speculative developers.

Liu also called for banks to step up their prevention of risk associated with shadow banking, which has expanded amid tightening liquidity this year.

Shadow banks are non-banking financial institutions that function like commercial banks. These institutions include insurers, mutual funds and private equity funds.

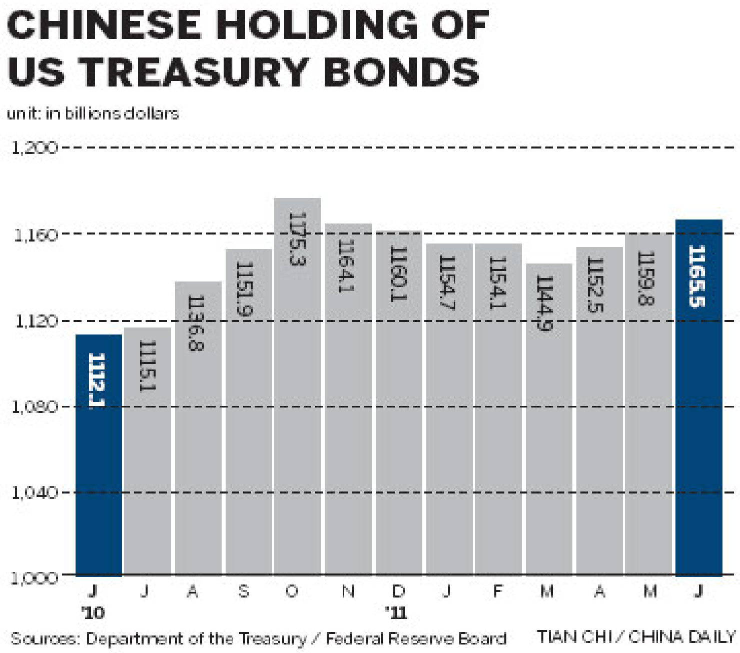
The CBRC will strictly examine all financing products promoted by commercial banks to ensure that risk from these products will not extend into the banking system, Liu said.

The CBRC is ordering banks to establish "firewalls" to avoid risk from online loans, private lending and small-loan companies while working with other government departments to improve their supervision of high-risk sectors, Liu said.

Liu also said that the weakening of global financial system has brought "challenges and uncertainties" to China's economy, as pressures from external demand and rising inflation are still hindering the country's economic development.

http://news.xinhuanet.com/english2010/china/2011-08/17/c_131056000.htm

China increases U.S. Treasury holdings in June



BEIJING -- China purchased another $5.7 billion of US Treasuries in June, an investment described by one expert as "the best of a bad bunch", amid growing calls for the country to diversify its foreign reserves.

June was the third consecutive month that China increased its holdings in US Treasury bonds, despite concerns over the safety of dollar assets.

The new purchase boosted China's holdings to $1.17 trillion as of the end of June, a period when global investors were worried about the outcome of the US debt ceiling debate.

China added to its holdings by $7.6 billion in April and $7.3 billion in May, according to data from the US Department of the Treasury.

As the largest creditor of the US, China has been closely watched for its investments in dollar assets, especially after Standard & Poor's downgraded the credit rating of the US.

Japan, the second-largest holder of US Treasuries, reduced its holdings by $1.4 billion in June, leaving them at $911 billion. Britain boosted its holdings from May's $346.8 billion to $349.5 billion in June.

Yuan Gangming, a researcher at the Center for China in the World Economy at Tsinghua University, said the purchasing of US Treasuries reflects China's limited choice regarding its $3.2 trillion foreign exchange reserve.

"Increasing the holdings despite the slow economic recovery in the US and signs of looming debt problems is 'choosing the best of a bad bunch', meaning there are no better places for China to put such a large amount of money," Yuan said.

Yuan believes that activity in US Treasuries by Japan and Britain has more to do with their own domestic situation rather than the actual value of the bonds.

Although the US economy has been overshadowed by the rating downgrade, the country's fundamentals in the long term remain strong, Yuan said.

Ken Peng, senior China economist with BNP Paribas, said increasing the holdings in US bonds is not too significant.

"What really matters is the proportion of China's newly increased US dollar assets (including Treasury bonds) to the newly increased foreign exchange reserves," he said. "Though there is no way to get the figure, we estimate that the proportion is gradually dropping."

He said that the key method to address China's foreign reserves dilemma is to achieve a trade balance.

"If the country's foreign exchange reserves continue to grow at a fast pace, there is little chance of getting out of the cycle," Peng said. "You have to do something with the accumulated dollars."

China's trade surplus surged to $31.5 billion in July, the highest level in more than two years, as exports rose to a record level, the General Administration of Customs said last week.

Analysts said that while there is not much that China can do in the short term with its foreign reserves, it should nonetheless try to diversify.

"Gold probably tops the list, besides euro-denominated assets and debt of the emerging markets," said Yao Wei, China economist with Societe Generale in Hong Kong.

"The share of gold in China's foreign exchange reserves is significantly lower than other countries. The pace of diversification will be subject to the situation in global financial markets and China's own currency reform."

Zhu Zhiqun, a professor of political science and international relations at Bucknell University in Pennsylvania, said China should be "more creative" and diversify investments.

"Chinese companies can help failing US businesses through acquisitions and purchases. The US Congress is likely to block Chinese investment in key sectors related to US national security, such as the oil industry, but it is not opposed to Chinese investment in less sensitive businesses," Zhu said.

http://news.xinhuanet.com/english2010/china/2011-08/17/c_131054558.htm

Turkey's Istanbul to host global finance summit in September

ISTANBUL -- Global financial experts will meet in Turkey in late September for the second Istanbul Finance Summit on the revitalization of the global economy, the state-run Anatolia news agency reported Thursday.

This year's summit, titled "Towards a Global Recovery: Experience and Challenges," will be held on Sept. 28-29 in Turkey's largest city Istanbul and will feature a panel discussion at the ministerial level.

Omer Faruk Unal, president of the executive board of the summit, was quoted as saying that Turkish Prime Minister Recep Tayyip Erdogan would deliver the opening remarks at the summit.

A total of 560 delegates from nearly 50 countries attended the inaugural summit last year.

The Istanbul Finance Summit aims to provide an annual platform for state-of-the-art discussions on the current state and future direction of global finance.

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131059058.htm

Russian international reserves reaches 540 billion dollars

MOSCOW -- Russia's foreign currency and gold reserves have amounted to 540.2 billion U.S. dollars, said Russian Central Bank on Thursday.

According to the bank's statistics, the reserves last week grew by 2.5 billion dollars or 0.5 percent.

From Jan. to July, Russia's international reserves have increased some 60.8 billion dollars. In July alone, the reserves went up by 1.8 percent.

Russia's highest level of international reserves was reached in Aug., 2008 with 598.1 billion dollars, while historically lowest level was marked on April 2, 1999 when Central Bank was in possession of only 10.7 billion dollars.

Last week, Russian ruble was exposed to strong downward pressure, once falling to the 8-month minimum against U.S. dollar and euro. The central bank had to intervene to smooth the exchange rate's volatility.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131059074.htm

U.S. Treasury receives 2 billion USD TARP repayment from AIG

WASHINGTON -- The U.S. Treasury Department announced Thursday that it has received an additional repayment from American International Group (AIG) in the amount of 2.15 billion U.S. dollars, a further exit step from the government's massive financial rescue move.

The Treasury said the repayment came from the sale of one AIG's life insurance subsidiary, and this has trimmed the financial bailout balance for the financial firm to 51 billion dollars.

"This is another important milestone in AIG's remarkable turnaround. We continue to make progress in recovering the taxpayers' investments in AIG," said Assistant Secretary for Financial Stability Tim Massad.

During the financial crisis, the U.S. government's support for AIG totaled around 180 billion dollars.

The Treasury said it has received 313 billion dollars in repayments and other income from its Troubled Asset Relief Program (TARP) investments, which amounted to around 76 percent of the 412 billion dollars disbursed under the program to date.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131059097.htm

German stock market nose-dives amid global growth concerns

BERLIN -- German stocks took a deep dive on Thursday, as renewed worries of the spiraling European debt crisis and concerns about the U.S. economy over its worse-than-expected jobless rate shadowed global economic prospects.

Germany's blue-chip DAX, index of 30 big companies, dipped by 5.82 percent to close at 5,602.80 points on fears that a short-selling ban in France, Italy, Spain and Belgium announced last week had pushed investors towards futures and options on the DAX.

"We believe this was a new short position. 15,000 contracts traded over a 2-minute span this morning taking the futures down 2.9 percent." one trader said.

A Morgan Stanley note saying the global economy was dangerously close to recession further exacerbated the gloomy outlook for stock market.

Added to this was the release of figures showing new U.S. jobless claims rose last week and a pickup in inflation during July.

Also driving markets down were fresh worries that Europe's political leaders were failing to put a lid on the financial crisis gripping parts of the 17-member euro zone.

"I think the high level of political uncertainty is indeed affecting the real economy, as the leading indicator for the U.S. economy has lost momentum," Robert Halver, chief analyst on the capital market with Baader Bank AG, told Xinhua.

Europe's benchmark EuroStoxx 600 was down 4.82 percent at 226.58 as the trading day in Europe came to an end.

Leading the falls on Thursday was a sharp decline in Frankfurt, with the market's main DAX index tumbling by almost 7 percent at one point.

"The negative chain reactions across the equities market is attributed to the U.S. Federal Reserve officials who cast open doubts over the current economic stimulus policies, and the hear-say that the current investigation of banks operation by U.S. capital in Europe, combined to trigger off a contagion of market panic," according to Wang Jile, chief trader of Frankfurter Branch of China's Bank of the Communications.

"But the fundamental factor is due to the lack of a satisfactory solution on unified Eurobond after Merkel-Sarkorzy meeting in Paris Tuesday, that left the sovereign debt crisis not effectively solved," he said.

He also stressed that data from ACPI show the United States is facing more severe anticipation on inflation, putting the stagnation risk even higher.

"The capital market reacted with strong dissatisfaction to all these factors, against the backdrop of the lack of a satisfactory political solution to the debt crisis." Wang continued.

The turmoil in equities spilled over into the currency market with euro slumping by about 1 percent in late trading to below 1.44 dollars.

This followed a U.S. manufacturing report for August plummeted to its lowest level since March 2009, but was partly offset by a better-than-forecast rise in the U.S. conference board of leading indicators.

The vexation gripping share markets pushed the gold rice higher, as investors shifted to the safe-haven investments. The price of gold jumped 2 percent to hit a record 1,822 dollars an ounce in late trading.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131059115.htm

China's Dagong maintains sovereign credit rating of Norway as AAA

BEIJING -- China's domestic credit rating agency, Dagong Global Credit Rating Co. Ltd. Friday decided to maintain the local and foreign currency sovereign credit rating of the Kingdom of Norway as AAA with a stable outlook.

"In our analysis, Norway is facing a good recovery situation -- namely the improved soundness of the domestic financial system, large fiscal surplus, low government debt level, the continuous expansion of net assets under international investment positions and the government's extremely strong local and foreign currency debt payment capacity," Dagong said in a press release on Friday.

According to Dagong, Norway's financial system has become more sound and liquidity pressure has eased; the stable net creditor status of the government means that the country has an extremely strong debt payment ability; and Norway's external assets are in a healthy state with a strong guarantee of external debt payment.

Also, Dagong said it expected Norway to retain generally stable moderate growth, with an actual economic growth ratio of 1.5 percent and 2.5 percent in 2011 and 2012 respectively.
China-based Dagong Global Credit Rating is one of the few notable non-U.S. based credit rating agencies in the world.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131062036.htm

China's Dagong maintains sovereign credit rating of Canada at AA+ with a stable outlook

BEIJING -- China's Dagong Global Credit Rating Co. Ltd. on Friday decided to maintain the local and foreign currency sovereign credit rating of Canada at AA+, with a stable outlook.
"Although the debt level of Canada's government increased significantly during the global financial crisis, the large scale financial assets accumulated during the previous long-term fiscal surplus has led to a low level of net debt. With the gradual cut of the government deficit, the government can generally keep stable their debt payment ability," said the company in a press release.
According to Dagong, Canada's economy will experience a long period of moderate growth with an unstable economic growth base; the country's sound financial system and adequate market liquidity would continue to provide strong support for economic development; and the fiscal deficit is expected to reverse gradually and the government debt burden ratio will enter the downstream channel.
Also, Dagong predicts that Canada's economy will maintain a moderate growth rate of 2.5 percent and 2.4 percent in 2011 and 2012 respectively.
Based in China, Dagong Global Credit Rating is one of the few notable non-US based credit rating agencies.

http://news.xinhuanet.com/english2010/china/2011-08/19/c_131062024.htm

Chinese rating agency Dagong maintains Philippines credit rating

BEIJING -- Chinese rating agency Dagong said Wednesday that it has maintained its credit rating for the Philippines at "B+ with a stable outlook." The Philippine government's ability to repay its debts will improve slightly, as the possibility of political turbulence in the short-term is small and the country's economy will continue to grow, Dagong said in a statement.
According to Dagong's projections, the Philippine government's budget deficit will stand at 3.3 percent of the country's gross domestic product (GDP) for 2011 and will be reduced to 2.6 percent for 2012, lower than the 3.7 percent registered last year.
Domestic restraints, coupled with a slowdown in economic growth, will limit the country's economic expansion, Dagong said, predicting a 5.0-percent increase in 2011 and a 4.9-percent rise in 2012, lower than the 7.3-percent growth recorded in 2010.
In June, Dagong's rival Fitch Ratings upgraded the Philippines' credit rating to BB+ from its previous BB rating, while Moody's raised its rating by one notch to Ba2.
Dagong said that the domestic factors that have hampered the Phillippines' economic development have not changed much since 2010.
The current government's fiscal consolidation measures will help reduce its deficit and maintain its ability to repay debt, Dagong said.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056456.htm

Chinese credit rating agency rebuts criticisms of rating practices

BEIJING -- Chinese rating agency Dagong Global Credit Rating Co. on Friday rebutted accusations that Dagong has abused its "AAA" ratings, saying that such criticisms are "inappropriate."

Dagong made the statement in response to media reports claiming that the agency has doled out 156 AAA ratings since Aug. 19, 2010, to entities including the Ministry of Railways (MOR) and local government financing vehicles. Many financial analysts consider the local financing vehicles to be a threat because of debt default risks.

"Of all the bond issuers that Dagong has rated, only 39 of them were given AAA ratings, accounting for 11.47 percent of the total," Dagong said.

The company further defended its ratings by stating that bond issuers may have several credit rating reports because they launch several bond products every year. Each product may have as many as three separate credit rating reports with the same rating, the company said.

Dagong said it has set up an independent and professional credit assessment organization and developed a comprehensive assessment management system. "Credit ratings, including the AAA ratings, all go through very strict assessments," it said.

According to the agency, giving AAA ratings to 39 bond issuers should not be considered unreasonable in comparison to the large number of bond issuers in the country.

As of Thursday, there were a total of 1,680 bond issuers in China, of which 220 have been given AAA ratings, Dagong said, citing statistics from Wind Information, a Shanghai-based financial data provider.

Dagong recently made headlines for giving a AAA rating to the MOR, which came under public fire after last month's fatal train collision. The ministry's rating is even higher than that of China's local currency debt rating of AA+, casting further doubts on the company's rating methods.

Dagong defended itself by saying that the rating was given because of the MOR's status as a government agency backed by central government revenues, as well as the ministry's sufficient capital influx and strong financing ability.

http://news.xinhuanet.com/english2010/china/2011-08/19/c_131061726.htm

China Development Bank loans West African bank 60 million euros

LOME -- The China Development Bank (CDB) availed a loan of 60 million euros to the West Africa Development Bank (BOAD), according to an agreement signed on Thursday at BOAD's headquarters in the Togolese capital Lome.

The document was signed by Christian Adovelande who is the BOAD president and Yu Feng, the deputy director general of the CDB.

The signing ceremony was conducted in the presence of Soumaila Cisse, who is the head of the Economic and Monetary Union of West Africa (UEMOA) and the Chinese ambassador to Togo, Wang Zuofeng.

This loan will be used for funding private enterprises, especially in the agricultural sector within UEMOA zone.

The loan will also reinforce BOAD's resources to support regional projects of energy, transport and infrastructure.

"China is a big partner of BOAD. Her first capital contribution to this financial institution was in 2004 when she gave us 8 billion FCFA, becoming the second biggest financial partner after France," Adovelande said.

Yu termed the signing of this agreement as a memorable event, affirming that it marked the beginning of a deeper and more broad cooperation between the two institutions.
Cisse on his part said over the years, he had witnessed the strengthening of ties between China and the eight-member UEMOA union.

http://news.xinhuanet.com/english2010/china/2011-08/19/c_131061753.htm

Wall Street down for fourth week on economic fears

NEW YORK -- The sell-off in Wall Street continued on Friday, with major indexes suffering losses for the fourth straight week, as concerns over European debt problems and U.S. economic strength haunted the market. Investors were depressed after the Dow Jones industrial average plunged more than 400 points in a single day, a reminder of the big turmoil in the market last week. Traders chose to leave the market before the weekend, in case that the debt situation in Europe turned sour. A meeting between German Chancellor Angela Merkel and French President Nicolas Sarkozy earlier this week failed to calm the market as they failed to come up with any plan to increase the size of euro zone's rescue fund or begin sales of euro bonds, further disappointing markets.
Big European banks led the way down while U.S. banks followed suit. The Financial Select Sector SPDR ETF, which tracks financial stocks on the S&P 500 Index, dropped 4.8 percent on Thursday and 2.0 percent on Friday, while the KBW Bank Index ETF fell 5.5 percent and 3 percent respectively. Technology sector was also hit hard, dragged by Hewlett-Packard, whose shares plunged more than 20 percent after several Wall Street analysts downgraded its stock. The tech-heavy Nasdaq suffered its first four-day losing streak since June.
Worries about an economic downturn in the United States haunted equities. After Morgan Stanley and Goldman Sachs slashed their forecasts for global economic growth on Thursday, Citigroup and JPMorgan Chase cut their U.S. growth forecasts as the global economy slows and officials struggle to stem Europe's sovereign- debt crisis.
Meanwhile, the latest batch of economic data added to the evidence that the U.S. economy was losing steam.
Not only jobs market and housing sector still struggle, manufacturing activities also slowed significantly in some regions. The Philadelphia Federal Reserve Bank reported that its business activity index dropped to minus 30.7 from positive 3.2 the month before, far below expectation, pushing investors over the edge.
As of Friday's close, the Dow Jones industrial average lost 172.93 points, or 1.57 percent, to 10,817.65. The Standard & Poor's 500 dropped 17.12 points, or 1.50 percent, to 1,123.53. The Nasdaq Composite Index declined 38.59 points, or 1.62 percent, to 2,341. 84.
For the week, both the blue-chip Dow and the broader S&P 500 plunged more than 4 percent, while the tech-heavy Nasdaq tumbled 6.6 percent.
Amid the wild swing in equities, gold futures continued its bull run on safe-haven buying. Gold for December delivery, the most actively traded contract, settled up 30.20 dollars, or 1.6 percent, at a new record of 1,852.20 dollars an ounce. The metal soared more than 6 percent in the past week, the biggest weekly gain since February 2009.
U.S. crude oil price ended the week with a 3.65-percent loss, also the fourth straight weekly drop.

http://news.xinhuanet.com/english2010/business/2011-08/20/c_131062173.htm

Recession fear still clouds European stocks

PARIS -- Indexes of major European exchanges closed in red on Friday as rising fear over global economic recession still keep investors on edge.

After a dark session on Thursday, Paris shares ended down by 1.92 percent to 3,016 points. France's CAC 40 plunged by 6.13 percent in a choppy week. Bank sector, which dominates Paris exchange, fell by 3.52 percent, pulled down by mounting worries about the health of European banks.

Panic atmosphere clouded also transactions in London which registered 1.01-percent loss. Franckfurt's stocks fell by 2.19 percent while those of Milan declined by 2.46 percent.

On Friday, the European index, the EuroStoxx fell down by 2.15 percent and by 6.25 percent in a week.

Volatility of European markets jumped this weak where the region's markets reported heavy losses reminding 2008 global downturn.

Analysts said combined concerns on weak growth in the world's major economies and on euro zone debt crisis fuelled investors' fear and provoked a major selloff.

http://news.xinhuanet.com/english2010/business/2011-08/20/c_131062144.htm

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INTERNATIONAL TRADE

Myanmar's marine products export earnings fall 16% in four months

YANGON -- Myanmar's marine products export earnings amounted to 150.78 million U.S dollars in the first four months (April to July) of the fiscal year 2011-12, decreasing by 16 percent from 180.18 million dollars in the same period of 2010- 11, the local Biweekly Eleven News reported Sunday.

Earnings from crab exports ranked first, followed by labeo rohita, hilsa ilisha and prawn.

Myanmar's border trading activities are mostly done through border points of Tachilek, Kawthoung, Myawaddy, Myeik, Muse, Lwejie, Chin Shwe Haw, Kanbaitee, Sittway and Maunghtaw.

According to the report, Myanmar's marine products exports amounted to 555.5 million U.S dollars in 2010-11, up 12 percent from 496.39 million dollars in 2009-10. However, it was short of the target of 700 million dollars.

Of the export during the year, that to European countries amounted to 11 million U.S. dollars.

Since private entrepreneurs were granted to engage in onshore and offshore fishing, there have now been 81,000 hectares of fish ponds, up from 2,550 hectares in 1988.

With a long coastline of over 2,800 km and a total area of 500,000 hectares of swamps along the coast, the country has an estimated sustainable yield of marine products at over 1 million tons a year.

http://news.xinhuanet.com/english2010/business/2011-08/14/c_131047983.htm

Myanmar provisional tax exemption measure to help boost export

YANGON -- Myanmar's union government announced on Monday exemption of commercial tax for exporters for a period of six months in a bid to boost export in face of depreciation of US dollar.

The exemption measure , which is effective from Aug. 15, 2011 to Feb. 14, 2012, covers seven export items of rice, beans and pulses, corn, sesame, rubber, freshwater and saltwater products and animal products (except prohibited ones).

"The program will bring great benefit to national entrepreneurs including rubber plant farm owners, fishery entrepreneurs and livestock breeders and help strengthen the nation's economy," commented official media the New Light of Myanmar a day after the government's announcement.

The media added that "the government keeps its eye on the objective condition of the nation in the interest of the nation and the people. The tax exemption for the seven types of goods is a welcoming news for the public".

The government's latest measure dealing with tax is a follow-up of its tax cut from 8 percent to 5 percent since July 1 at a time when depreciation of the value of U.S. dollar occurred, causing loss with exporters.

The media pointed out that foreign exchange rate is not stable in Myanmar at present and the export is declining, resulting in that local demand is on the decrease bringing about negative impact on productivity and the nation's economy to a certain degree as well as on the business of national entrepreneurs.

Despite the rise of Myanmar's foreign trade to 15 billion U.S. dollars in the fiscal year 2010-11 from 11.8 billion dollars in 2009-10, the country's agricultural export dropped year on year to 900,000 tons in 2010-11 from 1.3 million tons in 2009-10 and from 1.5 million tons in 2008-09.

Likewise, Myanmar's rice export also fell sharply to 500,000 tons in 2010-11 from 900,000 tons in 2009-10.

The decline was partly attributed to the depreciation of the U. S. dollar since the middle of 2010, which has also slashed exporters' earnings.

Meanwhile, Myanmar is deliberating to readjust its official foreign exchange rate of Myanmar Kyat against US dollar and withdraw foreign exchange certificate (FEC) circulated in place of USD domestically in a bid to stabilize domestic foreign exchange trading market.

Coordination with the International Monetary Fund (IMF) for the move is underway.

Myanmar's foreign exchange rate against US dollar was traditionally designated as around 6 Kyats per US dollar since 1975, while the market exchange rate fluctuated between 780 and 1, 000 Kyats per dollar for the past several years.

In face of the great gap between the official and market exchange rate, experts view that if suitable rate is officially readjusted, it will facilitate the work flow of economic entrepreneurs.

FEC, which is circulated in place of U.S. dollar, were introduced about two decades ago.

US dollar started to fall from 900 kyats per dollar in early December 2010 to 750 Kyats per dollar in August 2011.

Moreover, Myanmar's another provisional measure of reducing levying of tax in terms of value on real estate deal, which was introduced in August 2007, has been extended for another one year to encourage the development of real estate business sector

Taxation on the real estate trade in the country will remain unchanged until 2012 as done in the previous years

Tax will be continued to be levied in such a way that buyer, who fails to declare his source of income for the purchase of real estate, has to pay only 15 percent tax over the purchase instead of a heavy 50 percent prescribed in 1976.
Specifically, 15 percent tax were designated to be paid for the purchase of a value of up to 500 million Kyats (about 640,000 U.S. dollars) and 12 percent for above the value, according to the 2007 amendment.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131052501.htm

China extends anti-subsidy probe on EU potato starch imports
BEIJING -- China will prolong its anti-subsidy probe by one month on potato starch imported from the European Union, said the Ministry of Commerce (MOC) on Monday.
The investigation will be completed before Sept. 30, 2011, one month after the previous deadline, since the case was "special" and "complicated," according to a statement posted on the ministry's website.
China launched an anti-subsidy investigation on the imports of EU-made potato starch on Aug. 30, 2010 at the request of the China Starch Industry Association.
It is China's first-ever anti-subsidy probe into imports from the EU.
The probe focused on whether the EU members subsidized exports of potato starch to China, and if so to what extent the subsidies had harmed domestic industries.

http://news.xinhuanet.com/english2010/china/2011-08/15/c_131050116.htm

South Korea's exports to grow at slower pace in H2
SEOUL -- South Korea's exports will likely grow at a slower pace in the second half than in the first half due to lingering external uncertainties, the commerce ministry said Tuesday.
"The ongoing global fiscal and financial crisis have not had a direct impact on South Korean trade until now, but exports growth in most industrial sectors is likely to slow down in the second half," the Ministry of Knowledge Economy said in a statement released after holding an emergency meeting with chiefs of trade- related agencies.
The ministry said external uncertainties and risks to international trade conditions were heightened due to the U.S. credit rating downgrade by the Standard & Poor's and the spread of the European fiscal crisis.
The meeting participants, however, shared the view that the crisis could be an opportunity for expanding its exports. "The participants shared the view that the ongoing crisis could act as a chance to expand the nation's exports if the country utilizes positive factors, including the continued economic growth in newly emerging economies such as the Association of Southeast Asian Nations (ASEAN) and the fee trade agreement (FTA) with the European Union (EU)," the ministry said.
Exports, which account for around half of the nation's economy, reached a new high of 51.4 billion U.S. dollars in July, sending the trade surplus to a record high of 7.2 billion dollars. Exports to emerging countries now account for about 70 percent of the total exports, up from 65.9 percent in 2007, according to the finance ministry.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131052403.htm

China-Russia wood expo kicks off in NE China

HARBIN -- Representatives from at least 400 wood companies gathered in the city of Mudanjiang in northeast Heilongjiang Province as the 5th China-Russia International Wood Expo opened Tuesday. The expo will not only speed up local economic growth, but also promote over-all cooperation in foreign trade, said Zhang Jingchuan, the Communist Party chief of Mudanjiang.

As one of the country's big four wood expos, it attracts exhibitors from Russia, Germany, Finland, Sweden, Canada, Japan and the Republic of Korea.

The expo has 1,100 standard booths covering an area of 20,000 square meters to showcase finished products, home furnishing products, wood machinery, and forest food.

First launched in 2005, the expo has transformed itself from a local event to a China-Russia co-organized one. Over the past four sessions, an estimated 400,000 people have visited and 14 billion yuan (2.2 billion U.S. dollars) worth of deals have been inked.

http://news.xinhuanet.com/english2010/china/2011-08/16/c_131052989.htm

International fair to showcase west China's development, business opportunity

CHENGDU -- The Western China International Fair (WCIF) will continue its commitment to serve as a platform for the outside world to discover China's western region as it prepares for its 12th event, fair organizers said Tuesday. A total of 4,564 companies from 52 countries and regions have confirmed participation in the annual fair that is scheduled on Oct.18-22 in Chengdu, capital of southwestern Sichuan Province, according to the organizers.

Among the companies, nearly 2,000 are from abroad while 149 of them are Fortune 500 companies, the organizer said.

The fair has completed the work of soliciting exhibitors on an area of 120,000 square meters, which are divided into six halls covering electronic information, hi-technology, international cooperation, agriculture and equipment manufacturing.

The WCIF was first launched in 2000 to echo the central government's western development strategy. It aims to bring together enterprises from home and abroad to attract investment to the west and promote cooperation and trade.

http://news.xinhuanet.com/english2010/china/2011-08/16/c_131053422.htm

Euro zone trade surplus at 0.9 billion euros in June

BRUSSELS -- The euro zone achieved an external trade surplus of 0.9 billion euros (1.3 billion U.S. dollars) in June, the European Union (EU)'s statistics bureau Eurostat said on Tuesday.

Seasonally adjusted exports and imports fell by 4.7 percent and by 4.1 percent respectively in June as against May.

Data shows that trade surplus in May this year was 0.2 billion euros and was 0.7 billion in June last year.

For the 27-nation EU, trade balance for June recorded a deficit of 12.2 billion euros, about 1.1 billion higher than a year ago but down by 3.8 billion euros from May.

Seasonally adjusted export and import fell by 4.8 percent and 3.8 percent respectively in June as against May.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053437.htm

Border row hampers Cambodian, Thai trade growth in first half

PHNOM PENH -- The bilateral trade volume between Cambodia and Thailand has seen a 1.4 percent rise in the first half of this year; it's the first-ever lowest growth between the two neighboring countries' trade due to armed clashes over the border dispute in February and in April.

However, officials hope that the two neighbors' trade ties will be restored under the new Thai government led by Pheu Thai Party.

From January to June this year, the bilateral trade was 1.43 billion U.S. dollars, 1.4 percent increase from 1.41 billion U.S. dollars at the same period last year, according to the statistics provided by Thai Embassy in Phnom Penh on Tuesday.

Cambodia's export to Thailand was 98 million U.S. dollars, 18 percent drop from 119 million U.S. dollars at the same period last year, while Thailand's export to Cambodia mounted to 1.33 billion U.S. dollars, 3 percent rise from 1.29 billion U.S. dollars.

Jiranan Wongmongkol, director of the Thai embassy's Foreign Trade Promotion Office in Phnom Penh, attributed the slight growth to the border clashes in February and April. "However, I believe that the two countries' bilateral trade will be much improved from the second half of this year due to the newly formed Thai government has vowed to restore good cooperation with its neighboring countries," she said Tuesday.

Last year, bilateral trades between Cambodia and Thailand increased up to 54 percent to 2.54 billion U.S. dollars.

Cambodia and Thailand have had sporadic border conflict over territorial dispute near the Preah Vihear temple since the UNESCO listed Cambodia's Preah Vihear temple as a World Heritage Site on July 7, 2008.

Since then, both sides have built up military forces along the border and periodic clashes have happened, resulting in the deaths of troops and civilians on both sides.

However, the military tension has been eased since the former Thai Prime Minister Thaksin Shinawatra's Pheu Thai Party won a landslide victory in the general elections on July 3.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053495.htm

Australian agribusiness on the China menu

SYDNEY -- Australia's sudden 100 billion U.S. dollars two-way trade with China has been headlined by a decade-long boom in energy and mining, but the growth sector of the future is one that began half a century ago.

In a deal reported to be worth over half a billion U.S. dollars, China's Bright Food Group has agreed to buy the Australian branded food business Manassen Foods marking Bright's biggest ever overseas acquisition and the latest in a flurry of Chinese investment in Australian agriculture.

Today China is Australia's second most valuable destination for agricultural products, with exports worth more than 3.4 billion Australian dollars last year.

Chinese investment in Australian farms and infrastructure has been the subject of further national handwringing as Australians come to terms with China's meteoric rise as the country's key trading partner.

Concern over Chinese investment has manifested itself most prominently in the key resource sectors, despite the Foreign Investment Review Board (FIRB) insisting that investment is considered on a case-by-case basis.

The FIRB scrutinizes deals limited to businesses worth more than 231 million Australian dollars, which has allowed an influx of interest from Chinese buyers across the entire spectrum of agribusiness worth between 10 million Australian dollars and 200 million Australian dollars.
Agriculture is the new 'old' frontier according to Senator Joe Ludwig, Australia's Minister for Agriculture, Fisheries and Forestry.
He told Xinhua, "Our trade relationship started over 50 years ago with agriculture. Australia delivered much-needed grain to China during a shortage in the 1960s. "Today, the relationship is not just about grain, it's about building partnerships based on understanding and cooperation and leveraging the distinct advantages to the Australia-China relationship. Both countries can provide counter-seasonal produce to fill supply gaps while close proximity, improved transport systems allow products to reach markets quickly, in quality condition."
Returning from one of Australia's largest ever trading missions to China, Trade Minister Craig Emerson said Chinese interest in Australian agriculture should be welcomed as "a wonderful opportunity" for Australia's rural communities.
Despite the perception that China is leading a massive investment tide moving across the country, Emerson warned against any embrace of economic exclusivism.
"We can envisage a future where there is extra production of beef and sheep meat in this country, which is good for our farmers, good for regional development and good for helping to meet China's food security needs," Emerson recently told journalists.
The federal government has commissioned investigations into the level of foreign ownership of rural land and agribusinesses, while at a state level the New South Wales government is reviewing the scale of offshore investment in arable land holdings.
Emerson said despite the perception, Chinese buying of Australian farms was conspicuously small.
That investment, however, is an opportunity to lift productivity, fulfill innovation and build global brands across new export markets.
"What's beckoning here is the opening of a brilliant new chapter in Australia-China commercial relations to the benefit of our farmers and to the benefit of regional Australia," Emerson said.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053527.htm

Trading condition in Australia small businesses continue to decline: survey

CANBERRA -- Trading conditions for Australian small businesses continue to fell in June quarter, a new survey showed on Wednesday.
The Australian Chamber of Commerce and Industry's (ACCI) latest small business survey, released on Wednesday, showed trading conditions in the June quarter fell to 42.3 from 43.2, remaining below the crucial 50 point level that separates expansion from contraction.
It is at its lowest level since March 2009 and is 5.5 points below its five-year average.
Profit growth remained at a contractionary 37.5 points in the quarter, the lowest since September 2009, and businesses expect this pace to decline further over the September quarter 2011.
According to the Chamber chief executive Peter Anderson, small business conditions continued in a declining trend due to an appreciation in the Australian dollar, the prospect of rising interest rates and taxes, and weakness in consumer confidence and spending.
"Escalating fears on European debt crisis and the possibility of economic slowdown in the U.S. over the recent weeks will exacerbate the already lack-lustre small business confidence," he said releasing the survey.

Together with last week's labour force data that showed an unexpected rise in the jobless rate, Anderson called on Reserve Bank of Australia to resist lifting interest rates, despite inflationary pressures.
He said any further impost in current trading conditions, such as the prospect of labour cost rises or higher energy prices, is likely to further dent small business confidence and consumer sentiment.
ACCI is the largest and most representative business association in Australia, having over 350,000 business members.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131054654.htm

South Korea's trade dependence on China posts near high in H1
SEOUL -- South Korea's trade dependence on China deepened to a near record high in the first half of this year as fast growth of the world's second largest economy boosted demand for the nation's products, a local media reported Wednesday.
The value of South Korea's exports and imports with China accounted for 20.2 percent of the country's total customs-cleared trade in the first half, according to data compiled by the Korea Customs Service (KCS) cited by the Yonhap News Agency.
The first-half weight was lower than a record high of 21 percent tallied for the first half of 2010, but it continued to stay above the 20 percent level since 2008. The nation's trade weight with China merely stood at 2.6 percent in 1991, but the weight rose to 10.2 percent in 2001, before breaking above the 20 percent level for the first time in 2008.
Meanwhile, South Korea's trade weight with the United States posted a mere 9.4 percent in the first half of 2011, the smallest portion since the statistical agency started compiling the related statistics in 1990. The trade portion with the U.S. reached 29.1 percent in 1990, but it started falling below the 20 percent level from 2000. The weight has steadily continued to fall below the 10 percent level this year.

http://news.xinhuanet.com/english2010/china/2011-08/17/c_131054937.htm

Australia allows importation of New Zealand apples
CANBERRA -- Biosecurity Australia on Wednesday gave approval for the importation of New Zealand apples into Australia.
Biosecurity Australia said in a statement that the import conditions require that New Zealand growers be registered to export to Australia.
Under guidelines proposed by the director of Animal and Plant Quarantine, only commercially mature fruit will be allowed to be imported, in a move to prevent the spread of diseases such as fire blight and European canker.
New Zealand growers also need to apply in-orchard controls for fire blight, European canker and apple leaf curling midge, including ongoing targeted monitoring, spraying and pruning.
Imported fruit will need to be washed by high-pressure water spraying and brushed in the packing house to remove surface contamination of pests and trash such as leaf litter.
Earlier, Australian apple growers said they would label locally grown apples with special stickers as part of a campaign against the introduction of New Zealand imports.
"Our market research shows 70 percent of the consumers would prefer to buy Australian produce over someone else's," apple grower Brad Frankhauser told ABC News.

"We're giving them that opportunity by labelling as many pieces of fruit as possible with an 'Aussie apples' sticker. We're estimating there'll be 1.5 billion apples hopefully labelled with the sticker in the next few months."
New Zealand apples have been banned from Australia since 1919, due to an outbreak of fireblight, a disease affecting fruit trees.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131055655.htm

China launches midterm review of anti-dumping measures on Indian antibiotic imports
BEIJING -- China's Ministry of Commerce announced Wednesday that it will begin its midterm review of anti-dumping measures on sulfamethoxazole (SMZ), an antibiotic imported from India.
The decision was made after the China-based Shouguang Fukang Pharmaceutical Co. filed an application to the ministry in June for a midterm examination, the ministry said in a statement posted on its website.
The company asked for an adjustment of tariff rates for antibiotic imports from India, as Indian SMZ producers and importers expanded their dumping efforts in China after the imposition of anti-dumping duties, the statement said.
China imposed five-year anti-dumping duties, ranging from 10.1 percent to 37.7 percent, on SMZ imported from India on June 16, 2007.
The ministry said that it will examine the dumping margins based on current market conditions and evidence provided by Shouguang Fukang.

http://news.xinhuanet.com/english2010/china/2011-08/17/c_131055934.htm

Majority of U.S. districts see exports to China outmatch other markets
WASHINGTON -- More than 76 percent of U.S. congressional districts witnessed their exports growth to China outperform other markets, fresh evidence of the close trade ties between the world's top two economies, a report released Wednesday showed.
"Exports to China from U.S. congressional districts outpaced their exports to the rest of the world. Out of 435 districts, 333 districts had higher growth in exports to China in 2010 than they did to the rest of the world," said the U.S.-China Business Council (USCBC) in its annual "U.S. Congressional District Exports to China" report.
Exports to China are a vital part of the U.S. economy. China is the third largest export market for the United States and is growing faster than many of other major destinations for American manufactured goods and agriculture products, said USCBC Vice President Erin Ennis.
The nearly 76 billion U.S. dollars combined growth in exports to China during 2000 to 2010 exceeded growth in every other market for U.S. goods and farm products. U.S. exports to Canada and Mexico rose 69.3 dollars billion and 52 billion dollars, respectively. Brazil was a distant fourth with just a 20 billion dollars increase, according to the USCBC report.
"What is most satisfying about this report is that in 2010, 404 congressional districts increased exports to China," added Ennis.
The USCBC is a private, nonpartisan and nonprofit organization of roughly 240 leading American companies doing business with China.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056692.htm

Japan's exports fall 3.3% on year in July

TOKYO -- Japan's exports declined 3.3 percent in July from a year earlier as a strong yen and flagging overseas demand adversely affected trade, the Ministry of Finance said in a preliminary report Thursday.

The drop in exports compared to a median market forecast for a 2.6 percent decline and comes on the back of a 1.6 percent retreat booked in June.

The ministry's data showed that the value of exports totaled 5, 781.9 billion yen (75.6 billion U.S. dollars) in the recording period, marking the fifth successive month of decline.

Imports increased 9.9 percent on a customs-cleared basis to 5, 709.4 billion yen, less than the consensus forecast for a 10.9 percent expansion, while the trade balance for the recording period stood at a surplus of 72.5 billion yen (947 million U.S. dollars), the finance ministry said.

Due to power shortages in Japan after a number of nuclear power stations were taken offline for safety checks following the ongoing nuclear crisis sparked by a massive earthquake and tsunami crippling a nuclear power plant in the northeast of Japan in March, imports have surged on growing demand for liquified natural gas and crude oil from overseas.

Meanwhile, exports, although on a recovery path, were severely affected in the wake of the double March disasters, as key infrastructure were damaged and domestic and international supply chains disrupted due to parts shortages and an overall slowdown in factory output.

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131057473.htm

China market growing for US companies

BEIJING – US trade ties with the world's second-largest economy have made vital contributions to the US economy, a new report states.

According to the US-China Business Council's (USCBC) annual US Congressional District Exports to China report released on Wednesday, out of 435 congressional districts, 333 districts had higher growth in exports to China in 2010 than to any other part of the world.

The USCBC is a private, nonpartisan, nonprofit organization of 240 US-based companies that do business with China.

Between 2000 and 2010, 408 congressional districts, or 94 percent, witnessed triple-digit growth in exports to China, the report says.

"Exports to China are a vital part of the US economy," said USCBC Vice-President Erin Ennis in a statement.

"China is our third-largest export market and is growing faster than many of our other major destinations for American manufactured goods and agricultural products."

As a buyer of US goods, China ranks behind Canada and Mexico, which have a free trade agreement with the US.

The top US exports to China are electronics, agricultural products, chemicals, transportation equipment and machinery.

Total US exports to China from 2000 to 2010 rose from $16.2 billion to $91.9 billion, up 468 percent, while US exports to the rest of the world increased only 55 percent.

To spur the US economic recovery after the 2008 financial crisis, the Obama administration announced a National Export Initiative in January 2010. It aims to double total US exports by 2014 and targets a 15 percent annual growth rate over five years.

In 2010, exports to China rose 32 percent, faster than any of the US' top five export destinations.

"Exports to China contributed to growth and jobs in almost all congressional districts," Ennis said. "Even in states that have had a mixed export story over the previous eight years - such as Maine, Wisconsin and Tennessee - exports from congressional districts to China generally rose faster than those to the rest of the world."
But the organization also found that despite the substantial increase in US exports to China, the US share of imports into China has fallen to 7 percent from 10 percent in 2000.
The US is now the fifth-largest source of shipments into the Chinese mainland, behind Japan, the European Union, South Korea and Taiwan.
"A worthy sub-goal of President (Barack) Obama's National Export Initiative should be to reclaim a 10 percent share of China's imports by 2014," the report says.
It suggests that the US Foreign Commercial Service should help small and medium-sized companies find more export opportunities, the US Export-Import Bank should make support of US exports to China its top priority and the Office of the US Trade Representative should "understand and remove" market access barriers that restrict US exports to China.
It also calls for US local governments to further engage with their counterparts in China.
Hundreds of Chinese businessmen and officials traveled to Utah last month, when more than 22 deals worth $3.2 billion were signed.

http://news.xinhuanet.com/english2010/china/2011-08/18/c_131057508.htm

Indonesia upbeat about 20% export growth in 2012 despite global economic slump
JAKARTA -- Indonesian government is upbeat exports would grow by up to 20 percent in 2012 from this year's level despite fears that the global economic slowdown will extend into next year, local media reported on Friday.
Trade Minister Mari Elka Pangestu said on Thursday that the optimism was backed by the significant export growth booked in the first half of this year.
During the period, total exports rose 36.02 percent to 98.64 billion U.S. dollars from 72.52 billion U.S. dollars in the same period a year earlier. Based on first half results, the government recently said it expected the value of exports to exceed 200 billion U.S. dollars this year, a 26.8 percent increase from 157.73 billion U.S. dollars in 2010.
"We are still optimistic despite slower (economic) growth in the U.S. and Europe, where 12 percent and 10 percent of our exports go. But about 70 percent of our exports go to the Asia-Pacific region, including China, India, South Korea, Japan, ASEAN countries, Australia and New Zealand," she was quoted by the Jakarta Post as saying.
"As long as economic growth (in the Asia-Pacific region) is stable, we can be optimistic our exports will expand by 20 percent, " she added.
Mari said that to counter impacts from the crises in the U.S. and Europe, the government would also diversify the country's export destinations, which would likely enjoy solid economic growth, by targeting African countries such as South Africa and Nigeria.
She said the bulk of exports would still be commodities, including coal, palm oil, cacao, coffee and fishery products. "We will look to increase exports of manufactured products as more plants relocate from China," Mari said, adding that the government would also encourage exports from downstream industries, including processed palm oil and minerals.
It would also promote exports of palm oil, manufactured products, food products and pharmaceutical products to Africa.

Last year, Indonesia's exports jumped 35.4 percent to a record high of 157.73 billion U.S. dollars on the back of surging prices of natural resource-based commodities, such as crude palm oil, coal, rubber and copper.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131060792.htm

Border towns witness China-Mongolia trade boom

HOHHOT -- The booming China-Mongolia border trade has given Erenhot, a Gobi town in north China's Inner Mongolia Autonomous Region, a more important regional status, as it's poised to host the China-Mongolia-Russia Economic and Trade Cooperation Fair at the end of the month.

The organizing committee said on Friday that over 200 firms from the three countries have registered to take part in the fair slated from Aug. 26 to 30, which will feature exhibits ranging from home appliances, construction and decoration materials to heavy machinery.

The city, with a population of 100,000, sits on the China-Mongolia-Russia railway and serves as China's largest land customs station with the Republic of Mongolia.

Bayaermen, a Mongolian businessman, has been doing business in Erenhot for six years and has thrived in the lucrative trade market.

"Three years ago, I was driving my jeep to Ulan Bator to trade small, China-made commodities, but eventually I shifted the business focus to construction materials, thanks to the regional development of the railway infrastructure," he said.

He said as the economic growth gathers speed, Mongolia's demand for China's construction materials increases.

Since 1998, China has been Ulan Bator's top trade partner and its largest source of foreign investment. Bilateral trade between the two countries jumped by 64 percent year-on-year to 3.9 billion U.S. dollars last year.

Erenhot isn't the only border town that has benefitted. Among a dozen other land ports on China's border with Mongolia, Ganqimaodu in Bayan Nur City has also witnessed fast urbanization, as it shifted from a small town to a bustling logistics distribution center in the past four years, mainly thanks to coal imports from Mongolia.

Trade via Ganqimaodu soared by 85.6 percent year-on-year in the first half year to 600 million U.S. dollars.

http://news.xinhuanet.com/english2010/china/2011-08/20/c_131062439.htm

WORLD ECONOMIES

Japan's GDP contracts 1.3% in April-June

TOKYO -- Japan's economy shrank 1.3 percent in the April-June quarter, marking the third consecutive quarter of contraction, the government said Monday.

The contraction, as measured by gross domestic product, corresponds to a 0.3 percent fall from the January-March period on an annualized real basis, the Cabinet Office said in a preliminary report.

The data is lower than the average market projection of a 2.8 percent fall.

Domestic consumption contributed 0.4 percent to GDP, while overseas consumption contributed a minus 0.8 percent, as the March earthquake and tsunami interrupted Japan's export.

Consumer spending -- which makes up about 60 percent of Japanese GDP -- decreased 0.1 percent from the January-March period.

Corporate capital spending rose 0.2 percent, while public investment increased 3.0 percent on government-sponsored reconstruction efforts.

On a nominal basis, GDP fell an annualized 5.7 percent in the April-June period, which corresponds to a 1.4 percent contraction from the previous quarter.

http://news.xinhuanet.com/english2010/business/2011-08/15/c_131049034.htm

U.S. builder confidence unchanged in August

WASHINGTON -- The U.S. builder confidence in the market for newly built, single-family homes in Aug. remained unchanged at a low level of 15 after rising two points in a month earlier, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released on Monday.

Two out of three component indexes of the HMI posted marginal gains. The index gauging current sales conditions rose one point to 16, the highest level since March, while the index gauging traffic of prospective buyers increased one point to 13.

However, the component index gauging sales expectations in the next six months declined two points to 19, partially offsetting a six-point gain from the last month's revised figure.

"Builders continue to confront the same major challenges they have seen over the past year, including competition from the large inventory of distressed homes on the market, inaccurate appraisal values, and issues with their buyers not Beijing able to sell an existing home or qualify for favorable mortgage rates because of overly tight underwriting requirements," said NAHB Chairman Bob Nielsen.

Any reading below 50 indicates negative sentiment about the market. The index hasn't rebounded above that level since April 2006.

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Vietnam's sovereign debt rises to 32.5 billion USD in 2010
HANOI -- Vietnam sovereign debt rose to 32.5 billion U.S. dollars in 2010, an increase of 16.7 percent from the end of 2009, reported the Vietnam Ministry of Finance (MOF) on Tuesday.
The total amount was equivalent to about 42.2 percent of the country's gross domestic product (GDP) of 104 billion U.S. dollars.
Of the total, the government debt accounted for about 27.9 billion U.S. dollars, while the remaining 4.6 billion U.S. dollars by local governments and state-owned companies, the report said.
Vietnam's leading creditors in 2010 were the governments of Japan, France, Russia and Germany, and the International Development Association, the Asian Development Bank and the International Monetary Fund. Bondholders held 2 billion U.S. dollars in 2010, over 1 billion U.S. dollars in the previous year.
According to MOF, the country repaid 1.67 billion U.S. dollars to its creditors in 2010, up 30 percent year-on-year, and expects to repay 1.3 billion U.S. dollars this year.
During 2012-2016, Vietnam's debt payments will total nearly 8.4 billion U.S. dollars in principal, fees and interest, even if the country takes out no further foreign loans, which will be a potential challenge to the government, MOF said.

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Australian central bank warns fallout from instability overseas on domestic economy
SYDNEY -- The effects of instability overseas could pose a downside risk to the domestic economy, the Reserve Bank of Australia (RBA) said in its minutes released on Tuesday.
In the minutes of the Aug. 2 Monetary Policy Meeting of the Reserve Bank Board, the RBA said downside risks to local economic growth and inflation brought on by lingering uncertainty about global conditions had become more pronounced.
There was considerable uncertainty about how long the current slowdown would turn out to be, when the sovereign debt problems in Europe and the United States would be resolved and what effect the ongoing market volatility would have on the global economy, the RBA said in the minutes.
As a result, the RBA decided to leave the cash rate unchanged at 4.75 percent, where it has been since November 2010.
The RBA was also concerned about the medium term outlook for inflation, given the relatively limited spare capacity in the economy, the widespread increase in cost pressures, including in imported goods, and the relatively low rate of productivity improvement.
"If the financial market turmoil continued, it could further weaken household and business confidence," the RBA said in the minutes.
"This in turn could weaken the outlook for demand relative to the central forecast and, over the medium term, dampen the inflation outlook."
Employment growth had slowed from the rapid pace over much of 2010 and the unemployment rate was no longer falling, the RBA said.
"The forward looking indicators continued to point to moderate employment growth over the period ahead, although the staff's liaison with businesses indicated some caution in hiring plans," it said.
The RBA said it had revised its growth forecast for 2011 down to 3.25 percent, one percentage point lower than the May forecast.

"This revision mostly reflected the delayed recovery in coal production, with the remainder largely accounted for by weaker growth in consumption," the RBA said.
With some of the recovery in coal production pushed out to 2012 and investment picking up strongly, growth was expected to be around 3 percent in both 2012 and 2013.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131052429.htm

Indian inflation eases to 9.22% in July
MUMBAI -- Indian headline inflation declined to 9.22 percent from 9.44 percent in June, said a statement by Indian Ministry of Commerce and Industry.
The provisional inflation number in July is obviously lower than market expectation of near ten percent but could be significantly revised upward later.
Inflation with primary articles decreased to 11.3 percent in July lower food prices like fruits and milk and non-food articles like fibres and minerals.
The fuel and power sector recorded inflation of 12.04 percent in July from 12.85 percent due to higher basis in last year.
The manufactured products sector had 7.49 percent of price growth from 7.43 percent in previous month, showing continuous pressure of price increase in the heavyweight sector.
Additionally, the inflation number in May was adjusted to 9.56 percent from 9.06 percent on provisional basis.
Indian Prime Minister Manmohan Singh Monday said, "I wish to assure you today that we are continuously monitoring the situation to find out what new steps can be taken to arrest rising prices. Finding a solution to this problem will be our top-most priority in the coming months."
After raising interest rates for 11 times since last March, Indian central bank now in supposed to be at the junction of halting monetary tightening moves to protect growth.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131052819.htm

German GDP growth slows to 0.1 pct in second quarter
BERLIN -- The Gross Domestic Product (GDP) of Germany grew 0.1 percent in second quarter compared to a year earlier, signalling a considerable slowdown of the economy, figures released by the Federal Statistical Office (Destatis) showed on Tuesday.
First quarter growth rates have also been corrected from 1.5 percent to 1.3 percent.
Economic growth in Germany has been largely driven by exports and investments. However, dwindling household expenditures and the construction sector slowed down the German economy in the second quarter of this year.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053304.htm

France to revise down 2012 growth target: paper
PARIS -- France was expected to revise down its growth forecast in 2012 following a stagnated growth rate in second quarter this year and euro zone financial crisis, according to local report on Tuesday.
"It is likely that it's needed to revise down the growth", the local business newspaper Les Echos quoted one source close to the Elysee as saying.

The European second largest economy France reported a stagnated growth over the second quarter in 2011 due to poor household consumption, fuelling fears that the country's economy is slowing more than expected.
French President Nicolas Sarkozy is due to meet the Prime Minister Francois Fillon "to outline the amount of savings," crucial to stick to budget deficit target set at 5.7 percent of the gross domestic product this year and at 4.6 percent in 2012, according to the report.
A Franco-German meeting is scheduled later on Tuesday with the focus on the euro zone debt crisis. Sarkozy and German Chancellor Angela Merkel are expected to come up with measures to restore confidence in the markets.
French shares CAC 40 fell in the morning session at the release of the unfavorable quarterly gross domestic product (GDP) figures of Germany. At 12:35 (1035 GMT), the index lost 1.39 percent to 3,193 points.
Early Tuesday, German Federal Statistical Office (Destatis) reported 0.1 percent GDP growth in the second quarter and revised down the first quarter growth rate to 1.3 percent from 1.5 percent.
German slowdown pulled down stock indexes in London and Frankfurt where shares fell by 0.77 percent and 2.24 percent respectively. The EuroStoxx erased last session's gains and was down by 1.43 percent.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053446.htm

Euro zone GDP grows by 0.2 pct in 2nd quarter
BRUSSELS - Both euro zone and EU GDP grew by 0.2 percent in second quarter (Q2) as from first quarter (Q1), according to a report released by Eurostat, the statistical office of the European Union.
This may hint some slowdown in economic growth in both zones, the rates for Q1 in both zones was 0.8 percent.
Compared with the same period in 2010, seasonally adjusted GDP increased by 1.7 percent in both zones in the Q2 of 2011, after 2.5 percent in both zones in the previous quarter.
Among member states of both EU, Estonia saw highest growth rate in GDP, up 1.8 percent on a quarterly base and 8.4 percent on an annual base. But the two major engines for EU, Germany and France, both underwent some slowdown in economic growth.
Germany recorded a GDP growth of 0.1 percent in Q2, while quarterly growth rate for Q1 was as high as 1.3 percent. France saw GDP growth in Q2 at zero, while the rate for Q1 was 0.9 percent.
But there is still some good news, Italy, which stays at focal points of attention regarding euro debt crisis recently, reported higher growth rate in Q2. GDP grew at 0.3 percent in Q2 on a quarterly base, while the rate for Q1 was only 0.1 percent.

http://news.xinhuanet.com/english2010/business/2011-08/16/c_131053532.htm

Euro zone inflation down to 2.5 pct in July
BRUSSELS -- Annual inflation in the euro zone dropped to 2.5 percent in July from 2.7 percent in the previous month, the European Union's (EU) statistical office Eurostat reported on Wednesday.
But the key index was still well above the two percent ceiling preferred by the European Central Bank (ECB) to maintain price stability.
Monthly inflation was -0.6 percent in July.

As for 27-nation EU, annual inflation rate was 2.9 percent in July 2011, down from 3.1 percent in June, July's monthly inflation rate was -0.5 percent.
The lowest annual rates in July were observed in Ireland (1.0 percent), Slovenia (1.1 percent) and Sweden (1.6 percent), and the highest in Estonia (5.3 percent), Romania (4.9 percent) and Lithuania (4.6 percent).
As for euro zone, main components with the highest annual rates in July 2011 were transport (5.5 percent), housing (5.0 percent) and alcohol & tobacco (2.9 percent), while the lowest annual rates were observed for clothing (-2.9 percent), communications (-1.6 percent) and recreation & culture (0.4 percent).

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056449.htm

British unemployment rises unexpectedly in Apr.-June

LONDON -- Britain's unemployment figure rose by 38,000 to 2.49 million in the three months to June, the Office for National Statistics (ONS) said on Wednesday.
The increase came as quite surprising and disappointing because the figure had been generally expected to fall further after dropping for four consecutive months.
The ONS also said number of people claiming Jobseekers' Allowance increased by 37,100 in July to 1.56 million, the largest jump since May 2009. This number has been rising for three months in a row.
The number of unemployed people between 16 and 24 years old rose by 15,000 to 949,000 in April-June, leaving a youth unemployment rate of 20.2 percent.
In the meantime, people with part-time work for not being able to find full-time jobs increased by 83,000 to 1.26 million.

http://news.xinhuanet.com/english2010/business/2011-08/17/c_131056584.htm

Russia's GDP up 3.7 pct in first half of 2011

MOSCOW -- Russia's gross domestic product (GDP) in the first half of 2011 rose by 3.7 percent, Russian Statistics Agency Rosstat said on Wednesday.
In the second quarter this year, the GDP grew up by 3.4 percent compared to the same period of 2010, according to Rosstat's preliminary calculations.
This is below the forecasts of 3.7 percent made by the Economic Development Ministry.
The ministry also forecast the GDP growth in the first half of 2011 to be 3.9 percent.
The ministry now expects the GDP growth for the whole year to reach 4.2 to 4.5 percent against 2010, when the Russian economy grew by 4.0 percent.
"The recovering economic growth continues, and situation in general is quite positive," Minister Elvira Nabiullina was quoted by the RBC news agency as saying.

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131056748.htm

Brazil's economic activity down, first time in 30 months

RIO DE JANEIRO -- Brazil's economic activity fell in June for the first time in 30 months, the country's central bank said Wednesday.

The central bank's IBC-Br economic activity index fell 0.26 percent in June to 142.9 points, the first drop since December 2008.

But compared with the same period of last year, the IBC-Br registered a 3.07 percent rise in June.

The indicator rose 0.69 percent in the second quarter, showing a considerable slowdown compared with the 1.37 percent expansion in the first quarter.

From January to June, the IBC-Br accumulated a 3.74 percent rise, and the figure reached 4.89 percent for the year to June.

The IBC-Br measures the activity level in the industry, agriculture and tertiary sectors. It is considered as a preview of the GDP figures and is also taken into consideration by the Monetary Policy Committee (Copom) to adjust Brazil's annual basic interest rate Selic.

The official GDP figure for the second quarter is expected to be released by early September.

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131058238.htm

S&P remains "confident" in France to stay in "AAA" club

PARIS -- Standard & Poor's (S&P's) rating agency said it was "confident" that France can hold its triple A rating for its "stable" perspective, according to remarks of the agency's European president to local radio RTL on Thursday.

"Since 1975, the rating of France is stable at AAA," said Carole Sirou, the agency's president in charge of European Francophone regions, adding "we are confident in the rating."

Shortly after Standard & Poor's downgraded the United States credit worthiness from triple A to "AA+", markets doubted whether France would be the next one kicked out of the "AAA" club due to its soaring public debt and comparatively high deficit.

Rumors based on such fear sparked considerable plunge last week in European shares, especially Paris' CAC 40, led by a tumble of bank shares.

Sirou dismissed to comment on the previous rumors on the downgrade of French rating, but AFP quoted another S&P's senior official as saying that France has a "well conceived budget policy" which justifies its "AAA" rating with "stable" perspective.

According to the International Monetary Fund, France expects a net deficit accounting 5.8 percent of its gross domestic product in 2011, much lower than that 9.9 percent in the United States.

Vowing to reduce public spending and diminish tax loopholes, French government targets to dwindle its public deficit to 4.6 percent in 2012 and 3 percent in 2013.

Rating agency's opinion is just one element among a series to appreciate a country's financial situation, French Finance Minister Francois Baroin underlined when in response to the US downgrade.

France expects to see its public debt rising to 85.4 percent of GDP this year, the highest among the "AAA" club in European, according to IMF estimate.

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131058719.htm

U.S. jobless claims up 9,000 last week

WASHINGTON -- The number of U.S. people initially applying for unemployment aid last week rose back after falling below 400,000 a week earlier, the U.S. Labor Department reported on Thursday.

The Department said that the advance figure for seasonally adjusted initial claims for jobless benefits was 408,000 in the week ending Aug. 13, an increase of 9,000 from the previous week's revised figure.

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.

However, the four-week moving average, which more closely watched claims figure, was down to 402,500, a decrease of 3,500 from the previous week.

The advance figure for seasonally adjusted insured unemployment during the week ending Aug. 6 was 3.702 million, an increase of 7,000 from one week earlier.

The U.S. unemployment rate edged down to 9.1 percent in July from 9.2 percent in June. However, the nonfarm sector only added 117,000 new jobs in the month, far short of the 200,000 monthly level that economists believe was robust enough to slash the unemployment rate over the long run.

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

http://news.xinhuanet.com/english2010/business/2011-08/18/c_131059048.htm

Majority of U.S. states witness bleaker job market in July

WASHINGTON -- A latest local job market report showed that more than half of U.S. states are confronted with a slackening job market, as unemployment edged up last month in those localities.

The U.S. Labor Department said Friday that 28 states and the District of Columbia registered unemployment rate increase, while nine states recorded rate decreases, and 13 saw no change in July.

The country's West reported the highest regional unemployment rate at 10.5 percent, while the Northeast registered the lowest level at 8.2 percent, said Labor Department.

Nationwide, the U.S. unemployment rate hovered at a stubbornly high level of 9.1 percent last month.

With a faltering economic recovery and the government's approval rate at a record low level, the Obama administration is rolling out a string of measures recently to accelerate economic growth and job creation.

http://news.xinhuanet.com/english2010/business/2011-08/20/c_131062164.htm

Singapore private home sales in Q2 rise 21.6%

SINGAPORE -- Sales of private homes in Singapore in the second quarter rose 21.6 percent quarter on quarter, real estate advisory DTZ said in a latest report.

The number of units bought by Chinese buyers also hit a new high in the second quarter, and the Chinese mainland buyers continued to lead the list of foreign buyers after topping the chart for the first time in the first quarter, local daily Business Times reported on Friday.

DTZ said the number of transactions, including new and secondary sales, rose to 8,458 in the second quarter, from 6,958 deals in the first quarter.

The total proportion of private homes bought by all foreigners stayed at a record high of 16 percent.

"The bulk of private residential purchases by foreigners continued to be in the high-end market segment," said Chua Chor Hoon, head of Southeast Asia research at DTZ.

Of the private residential purchases by foreign buyers, 43.3 percent cost 1.5 million Singapore dollars (1.25 million U.S. dollars) or more.

DTZ also found that the ratio of buyers with addresses pointing to government-built public housing units has been inching up over the past three quarters.

In a reversal from past trends, more buyers with public housing addresses bought units with sizes below 1,000 square feet (909 square meters).

Looking ahead, analysts said that concerns over the United States economic prospects and the European debt crisis have led to more cautious sentiments in private residential market in Singapore.

"We expect developers and buyers alike to remain cautious for the remainder of H2 2011 and sales volume to soften going forward, " said OCBC Investment Research analyst Eli Lee.

Nevertheless, the demand for private homes will still be supported by economic growth and low interest rates, Chua said.

http://news.xinhuanet.com/english2010/business/2011-08/19/c_131060605.htm

Canadian economy can weather US, euro zone storm, says finance minister

OTTAWA -- The Canadian economy will continue to grow because Canada has a realistic plan to balance its national budget, Finance Minister Jim Flaherty told parliamentarians here Friday.

Flaherty told an emergency meeting of the House of Commons finance committee that the sovereign debt crises in the United States and the European Union will cause some damage to the country's trade, but he still expects Canada to stay out of recession.

"We're on track to balance the budget," Flaherty told MPs on the finance committee. "Global turmoil will inevitably impact our trading relationships and our economy."

He said the current financial troubles stem from concerns that the world's biggest debtor countries do not have realistic plans to rein in spending.

"The current problem is largely a lack of confidence in governments to move forward with concrete plans to deal with their deficits," the minister added.

Flaherty explained that the present financial troubles are not an extension of the 2008 bank panic, when several large financial institutions collapsed and surviving banks would not lend because they were unsure of the solvency of their clients. The present problem, however, has been caused by government over-spending in some countries.

"The situation has been compounded recently by questions surrounding the political determination in certain countries to address the structural problems underpinning weak growth and unsustainable fiscal situations," Flaherty said.

When asked by an MP of the leftist New Democratic Party why the government does not spend money to stimulate the economy, Flaherty made it clear that the government would not begin a new round of infrastructure spending to create jobs, as what happened in Europe.

"It is exactly what we should not do if we want to maintain the fundamental fiscal health that we have in Canada," he noted.

Flaherty also turned down any idea of a tax on bank transactions similar to the ones being considered by European countries and advocated by some Democratic politicians in the U.S.

"Canada will continue to oppose any sort of financial transactions tax," he said. Bank of Canada governor Mark Carney echoed his views at the meeting, saying the Canadian central bank can deal with any new crisis that develops.

"The considerable headwinds are now blowing hard," Carney said. "[But] the bank has a wide range of tools and policy options it will continue to employ."

One problem facing the Canadian economy is the lack of capital investment in Canadian industries. The Bank of Canada has been warning for months that Canadian productivity is declining in comparison with the U.S. Even though the U.S. suffered much more of a slowdown in the last recession, its corporations still managed to invest more to modernize and improve productivity.

"Their actual investment in machinery and equipment is well above what's happened in Canada," he said.

Carney warned that the spending cuts already announced by the Obama administration and Congress could have a negative impact on Canada, but Canadians still don't know whether the cuts will affect purchases from Canadian firms.

"The devil is in the details," he said.

Also at the meeting, deputy governor of Bank of Canada Tiff Macklem, said the central bank predicts "roughly flat" or “possible slightly negative" economic growth for Canada in the second quarter.

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