

International Business News

KL says US to abandon trade pact talks

AFP, Kuala Lumpur

Malaysia said Wednesday that Washington had indicated it will abandon a bilateral free-trade deal under negotiation since 2006, and will instead work towards a regional trade pact.

"It was made very clear to us that bilateral FTAs are not a priority for the US," Trade Minister Mustapa Mohamed told reporters. "Their focus is now on a regional approach."

US-Malaysia trade talks which began in March 2006 have dragged on for eight rounds, bogged down in sensitive areas including Malaysia's system of affirmative action for Muslim Malays who dominate the multi-racial population.

In particular, the US had sought access to lucrative Malaysian state contracts that favour Malays and indigenous groups, or "bumiputras" as they are known.

Mustapa said US Trade Representative Ron Kirk informed him of the US thinking on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum in Singapore last week.

Philippines breaches 2009 budget deficit ceiling

AFP, Manila

Weak revenues caused the Philippines to exceed its full-year budget deficit target after just 10 months, the government said Wednesday.

Spending outstripped revenues by 28.5 billion pesos (610 million dollars) in October, bringing the 10-month budget gap to 266.1 billion pesos, according to data released by the finance department.

"We realise that we have already breached our full-year deficit ceiling of 250 billion pesos as of end-October," Finance Secretary Margarito Teves said in a statement.

"(This was) due largely to weak revenue collection, which was adversely affected by the (global) economic slowdown."

Manila had set a full-year deficit ceiling of 250 billion pesos, or 3.2 percent of gross domestic product, and had counted on heavy spending in the first half to help revive the economy after a collapse in its exports sector.

However storms in late September and early October that devastated Manila and other parts of the main island of Luzon, killing more than 1,100 people, also took a heavy economic toll.



Sydney residents pass by a giant Christmas tree in the historic Queen Victoria Building (QVB) in Sydney yesterday. The QVB building which first opened in 1898, has over 180 boutique shops spread over four floors, but in the current economic climate most consumers are expected to either hold steady or reduce their spending on Christmas gifts this year compared to last.

Sri Lanka cuts interest rates to five-year low

AFP, Colombo

Sri Lanka's central bank on Wednesday cut its key interest rates to a five-year low in a bid to boost economic growth as the island recovers from decades of ethnic violence.

The Central Bank of Sri Lanka lowered its benchmark repurchase rate by 50 basis points to 7.50 percent, while the reverse repurchase rate was cut by 75 basis points to 9.75 percent.

"Benign inflation has enabled the Central Bank to gradually relax its monetary policy stance on several occasions (in 2009) in order to support economic activity," the bank said.

Annual inflation as measured by the Colombo Consumer Price Index fell to 1.4 percent in October compared to 20.2 percent a year earlier as the government reduced prices of essential food.

The bank forecasts year-end inflation to be around five percent and between five to six percent in 2010.

Last month, Sri Lankan President Mahinda Rajapakse ordered state-run banks to slash their lending rates to between eight to 12 percent from an earlier spread of between 15 and 22 percent.

Mitsubishi UFJ announces massive share sale

AFP, Tokyo

Japan's biggest bank Mitsubishi UFJ Financial announced plans Wednesday to raise billion of dollars from investors, joining a scramble by firms to boost finances ravaged the global financial crisis.

The news came as MUFG reported net profit soared 53.2 percent in the six months to September from a year earlier to 140.95 billion yen (1.6 billion dollars).

"We have come through the financial crisis, compared with the situation a year ago," said MUFG president Nobuo Kuroyanagi, noting that the bank had made progress in cutting costs.

But he said MUFG had decided against upgrading its earlier forecast for a net profit of 300 billion yen for the full financial year to March 2010 as it remained cautious about the business environment.

US-CHINA ECONOMIES

Gains on Obama's China debut

AFP, Beijing

US President Barack Obama made few breakthroughs but left Beijing on Wednesday hoping he had nurtured a bond with China vital to tackling the gravest global threats.

Any aspirations of a complementary compact with the Chinese people though were muffled by state censorship, on a trip which failed to move Beijing on several key issues such as the value of the yuan, trade imbalances or Iran.

Critics will also argue that China forced Obama to tiptoe around human rights and Tibet, while the spectacle of a communist leader lecturing a US president on capitalism remains a sight to behold.

The massive US debt to China -- 800 billion dollars worth -- was also reflected in the changed power dynamics of the relationship.

But Obama's aides say he made progress by adding a new layer of complex international issues such as global warming and economic recovery to the familiar agenda of Taiwan, trade and North Korea.

China's growing global reach means Washington and Beijing are building what may be the world's dominant diplomatic relationship.

"In our view, (the trip) has been highly successful in setting out and accomplishing the objectives that we had set for ourselves," said Jeffrey Bader, Obama's top White House East Asia aide.

"It's an important first step in building a partnership between our two countries to work together on global issues."

At a lavish state dinner on Tuesday, a Chinese military band belted out "We are the World", the 1980s Michael Jackson charity hit -- perhaps offering pointers to the potential of new US-China ties.

Analysts have speculated about a "G2" link-up between China and Washington in which the powers would provide global leadership, but it is unclear whether China is ready for expanded responsibilities.

"My sense is that for the most part, the Chinese do things that are in their immediate interest and not much beyond," said Elizabeth Economy, of the Council on Foreign Relations.



US President Barack Obama tours the Great Wall at Badaling, northwest of Beijing, yesterday. The US president wrapped up his maiden trip to the world's most populous nation with a bit of tourism -- a visit to the Great Wall, one of China's most treasured landmarks -- before heading to South Korea.

"They are not at a stage where they want to step up to the plate and assume global leadership."

Victor Cha, who served as former president George W. Bush's top East Asia hand, also warned against inflating expectations of Chinese global action.

"Just because we recognise them as a major global power does not mean they are

ready to step up and lead," said Cha, now with the Center for Strategic and International Studies.

Despite upbeat White House readouts on Obama's meetings, few key issues on his agenda appear to have been nudged significantly forward during the visit.

President Hu Jintao and Obama on Tuesday pointed to divisions on economics,

human rights, international diplomacy, and trade -- and their diplo-speak hinted at the crushing formality of their private discussions.

And on Iran, there was no public sign that Hu had shed Chinese reluctance to embrace tougher sanctions over Tehran's nuclear programme.

Washington appears to be trying less to bring China along on Iran, than to ensure it does not obstruct a new sanctions drive at the United Nations.

While taking media hits at home for supposedly showing too much deference to China, Obama's priority seems to be winning long-term trust in Beijing.

"He adopted a conciliatory and respectful tone to speak about divisive issues," said Liu Qing of the Institute for International Studies in Beijing.

One advantage for Obama: unlike the last two US presidents, he took power at a time of stability in US-China relations.

Bill Clinton came to office in 1993 vowing not to coddle "dictators" in Beijing -- but over eight years revolutionised the US-China trading relationship.

Bush talked of China as a "competitor" and not a "strategic partner", and within months was pitched into crisis when a US spy plane was downed in China.

But he left office trusted in Beijing and bequeathed stable ties to Obama.

So will Obama be able to build upon that start?

"There are still several issues that can undermine the relationship," said Professor Yan Xuetong, executive director of the Institute of International Studies at Tsinghua University.

"(Obama) possibly will receive the Dalai Lama, he will possibly continue to set more sanctions on China's exports to the United States and he still will possibly sell weapons to Taiwan."

US ambassador Jon Huntsman was gushing about the state of relations, but warned China was changing too fast to lay sure bets on the future.

"I've come to the conclusion that 'China expert' is kind of an oxymoron," he said.

"And those who consider themselves to be China experts are kind of morons."

LIFESTYLE

Going green isn't easy, sometimes

AP, Washington

A solid majority of Americans recognise the need to help the environment, although there are some things -- like buying a hybrid car or taking mass transit -- that people often talk about, but don't necessarily act on.

That's shown in a survey of more than 1,000 adults that sought to gauge attitudes about the environment.

The telephone poll, conducted for The Associated Press and NBC Universal, found that 60 percent of those surveyed felt either a "great deal" or "a lot" of personal responsibility to protect the environment, while 37 percent rarely, if ever, even thought about the impact of their actions on the Earth's health.

Nearly 8 of 10 people who were concerned about environmental protection said they believe their actions are helping to protect the environment, according to the poll released Tuesday. It found that people have largely accepted recycling bottles and cans -- about 7 in 10 people said they're likely to do it -- and are inclined to find ways to cut electricity or heating costs, also to benefit the environment.

A little more than 6 of 10 said buying energy-efficient appliances, using recycled paper products and carpooling also help a lot. A little more than half said it would make a lot of difference to turn down the thermostat, reuse water bottles and take your own reusable bag when grocery shopping.

While many of the respondents said these actions would help the environment "a great deal," or at least "a lot," when asked about some specific actions, the gap widened between what they believe to be important and what they have any intention of doing.

In some cases, the inability to turn their green priorities into action reflected geography or economics.

Take the matter of car pooling or using mass transit. More than 6 in 10 people said they thought it would help the environment. Yet only 3 in 10 said they were very likely to do it, and 4 in 10 said they were not at all likely to car pool or take mass transit.

A third of those surveyed lived in rural areas where mass transit was generally not readily available and where carpooling would be less likely.

Yet, only 44 percent of urbanites and 32 percent of people living in the suburbs also said they were very likely to use mass transit



A hybrid car charges up at a street outlet. Gas-electric hybrids can carry a \$4,000 to \$7,000 or more price premium over similar gasoline-powered vehicles.

or car pool.

Janice Meehl, 54, a fourth-grade teacher in the town of North East, Pa., and one of the participants in the survey, said she fervently recycles bottles and cans, keeps the thermostat down and years ago added insulation to her all-electric home, cutting her energy bill in half. It saves money but also "it's doing the right thing for the environment. They go hand in hand," she said.

While she commutes 70 miles round-trip to work each day, she says mass transit or carpooling "is not an option. If it were, would I use it? Probably."

Like Meehl, 7 in 10 people surveyed said they thought adding energy-saving insulation in their homes would be a good idea for the environment. But only half said they were very likely to do it and 1 in 5 respondents would be highly unlikely to add insulation. In some cases, respondents said the structure of their house prevents more

insulation from being added easily.

About 45 percent of those surveyed embraced the idea of gas-electric hybrid cars, but only 1 in 5 would be very likely to buy such a vehicle, and half said they were "not at all likely" to buy one.

"They're too expensive right now," said Vaughan Oliver, 65, of Mount Vernon, Ky. "You would have to have one for years and years and years to make it feasible to pay for itself." Oliver, interviewed as he drove his Jeep Cherokee down Interstate 65 south of Lexington, said he might consider a hybrid "in another 10 years," when he says he'll be more secure that one would not cause him a problem.

Today, gas-electric hybrids can carry a \$4,000 to \$7,000 or more price premium over similar gasoline-powered vehicles.

The poll also found:

-72 percent were very likely to recycle cans and bottles.

-63 percent were very likely to turn down

thermostats.

-62 percent were very likely to buy energy-efficient appliances.

-59 percent were very likely to use cold water for clothes washing.

-59 percent were very likely to buy recycled paper products.

More than half said it would help the environment if people brought their own shopping bags to stores, and 46 percent said they were very likely to do so, while 25 percent ruled it out.

NBC Universal's sponsorship of the poll was related to their "Green Is Universal" week of programming about environmental issues.

The poll was conducted Nov. 5-9 by GfK Roper Public Affairs and Media. It involved landline and cell phone interviews with 1,006 adults nationwide and has a margin of sampling error of plus or minus 3.1 percentage points.