

Greece pays more after Moody's blow

AFP, Athens

Greece raised 1.625 billion euros (\$2.3 billion) in a sale of six-month Treasury bills on Tuesday with the yield rising to 4.75 percent in the wake of a credit downgrade from ratings agency Moody's.

The issue, which had an original target of 1.25 billion euros, was subscribed more than 3.5 times over, the debt management agency said.

A month previously the debt agency had raised 390 million euros at a 4.64 percent rate of return for investors.

"The total bids reached 4,485 million euros and the amount finally accepted was 1,625 million euros," the PDMA agency said.

Moody's on Monday slashed Greece's credit rating by three notches from Baa1 to Baa2 and warned it could be downgraded further given the risks to the country's stabilisation efforts.

Moody's said the downgrade reflected its concerns over Greek efforts to balance its strained public finances, despite efforts made following a bailout it received last year from the European Union and International Monetary Fund to avoid default.

The Greek government said the decision was "completely unjustified" as it came only days before a crucial summit of eurozone leaders to discuss plans for a permanent European debt rescue

No 'double-dip' for China economy

AP, Shanghai

China's economy is safe from a "double-dip" slowdown in growth, a top economic planner said Tuesday, though he acknowledged challenges in keeping inflation under control and cutting back on excessive and wasteful investments.

"First of all, you can say for sure that the Chinese economy will not double dip," Li Pumin, a spokesman for the National Development and Reform Commission, said in an online conference posted on the main government website.

Li pointed to the gradual world economic recovery and China's own strong potential as factors supporting stable expansion after the 10.3 percent growth last year that displaced Japan as the world's second largest economy.

China's economy slowed only briefly during the global financial crisis, as massive government stimulus spending helped counter the impact of plunging exports. But that same spending, along with surging food prices, is now seen as a factor behind inflation that hit a 28-month high in November and remains above the government's target of 4 percent.

After growth, Beijing's top priority is stable prices, Li said.

Apart from ensuring adequate and efficiently distributed food supplies, the government needs to "resolutely control high and excess capacity and redundant, wasteful construction and to improve the quality and effi-



A vendor waits for customers at a market in Hefei in east China's Anhui province. Reining in prices is China's "top priority" in 2011, as it strives for more balanced 8 percent economic growth the Chinese premier said in a speech on March 5 to open the annual session of parliament.

ciency of investments," he said.

China's share markets have surged in recent days following reports that inflation may have eased from the near-5 percent level it has hovered at in recent months, easing worries the government may further tighten credit or hike interest rates.

But a top central bank official, cited in the newspaper China Securities Journal on Tuesday, said the issue of whether to raise interest rates would depend on various factors, including prices, consumer demand and investment and the international situation.

China will handle the issue in a "forward-looking, scientific and effective manner," the report

cited Du Jinfu, a vice governor of the People's Bank of China as saying.

Beijing has boosted the amount of capital banks are required hold as reserves eight times since early 2010 and hiked interest rates three times since October, seeking to pull money out of circulation and cool prices.

Li, in his online remarks, said inflation figures for February, due for release Friday, would show that the government's anti-inflation measures were working.

He reiterated the government's determination to ensure "market stability" and keep prices in line - an urgent concern for the leadership given China's history of unrest linked to dissat-

isfaction over inflation.

There are signs some of the government's policies aimed at chilling the overheated housing market are having the desired effect. In Shanghai, sales of existing homes fell 60 percent last month from the month before, the newspaper Shanghai Daily reported, citing data from Century 21 China Real Estate. Sales of new homes have been falling at double-digit rates for several weeks following fresh limits on home purchases and the imposition of a new tax on some housing transactions.

Average prices for the city fell to 17,737 yuan (\$2,700) per square meter, the lowest level since July, the report said.

India set for world-beating pay hikes

AFP, New Delhi

Indian corporate salaries are set to grow by nearly 13 percent this year, the fastest pace in the world, and will keep rising at this level for up to five years, a consultancy forecast Tuesday.

The country's salaries will grow by 12.9 percent in 2011, ahead of China's which will see nine percent growth, global human resource consultancy Aon Hewitt said.

"Indian companies have been doing pretty well with growth picking up, and there is an extra pool of cash," Nitin Sethi, India compensation specialist for Aon Hewitt, said.

"These findings mirror the optimism of the country with GDP poised to grow (at about nine percent) and a 'war for talent,'" Sethi said.

The projected Indian salary increases compared with expected annual average wage rises of two to four percent in the developed world, where economic recovery is still fragile, Hewitt said.

"India tops the global league," said Sethi, whose firm surveyed 531 companies to compile the Indian leg of the survey.

Indian wage growth slipped to an average 6.6 percent in 2009 when the country was in the grips of the global financial crisis, but quickly moved up the following year to 11.7 percent as India shed the effects of the downturn.

"We expect Indian salaries to grow by 12 to 15 percent over the next four to five years for sure," Sethi said.

He said that, traditionally, Indian wage increases are directly linked with the pace of economic activity and demand for talent, but this year rising inflation has also played a role in determining salary increases.

Even after seven interest rate hikes in less than a year, general inflation remains stubbornly above eight percent, while food inflation is running at 11.49 percent.

Sethi added that even with this level of wage increases, Indian corporate employees would remain competitive globally, as their remuneration is still far less than in the West.

Malaysia says palm oil exports to EU down

AFP, Kuala Lumpur

Activists who blame the palm oil industry for damaging Malaysia's environment have contributed to a drop in exports to the major European Union market, a minister said Tuesday.

Environmentalists say palm oil, which is widely used as biofuel and in processed food and toiletries, is grown on vast plantations leading to deforestation which threatens rare species such as orangutans and rhinos.

Malaysia's plantation industries and commodities minister Bernard Dompok said lobbyists had pressured EU companies who use palm oil in their products.

"As a result we have witnessed a drop in the quantity of palm oil consumed within the EU," he said at the opening of a three-day meeting attended by palm oil industry leaders in Kuala Lumpur.

China, Pakistan, the EU, India, United States, Egypt and Japan, accounted for 68 percent of Malaysian palm oil exports last year.

Dompok defended the industry, which is a major foreign exchange earner for the southeast Asian country.

"The NGOs (non-governmental organisations) do not fully understand what they are talking about. One of their rallying calls is that oil palms destroy orangutan habitats but orangutans are found in small areas on Borneo island."

"We are committed to preserve people, planet and profit. That is the order," said Dompok, adding that palm cultivation has not caused the "annihilation of orangutans" on Borneo.

Malaysia is one of the world's top two palm oil exporters and alongside Indonesia, accounts for 85 percent of global production.

The minister added that Malaysia's palm oil output in 2011 will grow modestly due to improved yields.

Early this year the La Nina climate phenomenon caused floods in Malaysia, affecting the harvest and quality of palm fruit produced from which the oil is extracted.

German industrial orders bounce back in January

AFP, Frankfurt

German industrial orders bounced back in January, data released Tuesday by the economy ministry showed as the central bank said 2011 would see further growth of Europe's biggest economy.

Industrial orders gained 2.9 percent from the previous month according to provisional ministry data, after a revised slump in December of 3.6 percent.

The December decline had initially been given as 3.4 percent and economists polled by Dow Jones Newswires had forecast a smaller gain of 2.5 percent this time.

A breakdown of the figures showed the strongest rise was in domestic demand, which gained 4.5 percent on the month, followed by eurozone orders that were 2.3 percent higher.

Demand from countries outside the 17-nation area edged up by 1.3 percent following a plunge of 8.1 percent in December.

The economy ministry also publishes a two-month calculation designed to smooth out exceptional events, and said it showed a gain of 0.4 percent in December and January compared with October-November.

The German government currently expects 2011 growth of 2.3 percent, down from 3.6 percent last year that represents the strongest rate since Germany was reunified in late 1990.

Central bank president Axel Weber said Tuesday that the economy would expand further this year with support from an increase in

Boeing wins hefty plane deals in China

AFP, Hong Kong

US aviation giant Boeing scored multi-billion-dollar deals with China-based airlines on Tuesday in a boost to both its next-generation jumbo jet and to its troubled Dreamliner programme.

Boeing said that Hong Kong Airlines, which currently has just 18 aircraft servicing routes to Asia and to Russia, had placed a preliminary order for 38 planes worth up to \$8.5 billion at list prices.

Air China, the state-owned flag carrier, said it had agreed to buy five of Boeing's new 747-8 Intercontinental jets, becoming the third airline to order the stretched passenger jumbo after Lufthansa and Korean Air.

"We time it pretty much in line with the natural replacement cycle for the 747-400," Marlin Dailey, Boeing's executive vice president for sales and marketing of commercial airplanes, said at a signing ceremony with Air China at the Asian Aerospace 2011 trade show in Hong Kong.

Both the 747-8 and the long-haul 787 Dreamliner are powered by the same energy-efficient General Electric engine, and Boeing is banking on plenty of orders from airlines keen to lower their sky-high fuel bills as it does battle with Airbus's giant A380.

The US company said that 10-year-old Hong Kong Airlines planned to expand its small fleet with the purchase of 30 787-9s, six 777 Freighters and two 787-8VIP planes.

"Boeing's family of technologically advanced, long-haul airplanes will enhance Hong Kong Airlines' ability to match the demands of the different markets it serves, and connect its long-haul network to local sources of demand," a Boeing statement said.

Privately owned Hong Kong Airlines is a unit of Chinese tourism and aviation conglomerate HNA Group, which also owns Hainan Airlines. Boeing said it would make a follow-up announcement once the deal is finalised.



Boeing's vice president of South and East Asia sales, Robert Laird, poses next to a model of a Boeing 747-8 at the aerospace exhibition in Hong Kong yesterday. The Asian aerospace congress is being held in the territory from March 8-11.

The Dreamliner was heralded as a new generation of fuel-sipping mid-sized plane, but has been plagued by delays owing to Boeing's use of composite materials and to its problems in integrating production at various sites.

Boeing first promised to begin deliveries to the 787's launch customer -- Japan's All Nippon Airways -- in 2008 but that has now been put back to the third quarter of this year.

Aircraft producers usually offer price concessions to large customers, making the final sale price lower than the list price.

The combined list price for Air China's new order was \$1.54 billion, but the carrier said that Boeing had granted "significant price concessions", without disclosing what it is actually paying.

The 747-8 is nearly six metres (20 feet) longer than the 747-400, the current incarnation of a model that has been in service since 1970 and was the largest passenger plane until the double-decker A380 began operations in 2007.

Boeing unveiled the Intercontinental, the passenger version of the 747-8 family, only last month. First

delivery of the jumbo jet is scheduled for the fourth quarter of this year.

It will seat 467 passengers in a typical three-class configuration, up from 416 in an older version but less than the 550 for a typical Airbus A380. It also offers 26 percent more cargo volume than the 747-400.

Air China said it would operate the 747-8s on high-capacity routes to North America, and said it was not ruling out further orders for the new jumbo.

"Our fleet isn't sufficient to cope with our expansion plans so we will continue to expand our fleet size," said Zhang Yang, Air China's general manager for strategy and development.

China plans to invest more than 1.5 trillion yuan (\$230 billion) in its aviation industry over the next five years to meet surging demand, Li Jiaxiang, head of the Civil Aviation Administration of China, said last month.

The country aims to expand its aircraft fleet to more than 4,500 planes by 2015 from over 2,600 at present and increase its number of commercial airports to 220 from the current 175.



An employee of Sony displays a new "Vaio VPCF219" notebook computer, equipped with an Intel Core i7 processor and a 16-inch high-definition display, at the company's showroom in Tokyo yesterday. Sony will put it on the market on March 19.