

US-China economic dialogue faces bumpy road

AFP, Washington

The United States and China approach high-level talks in Washington this week on a more even footing reflecting the Asian giant's rising economic power, but a bumpy road lies ahead.

At the annual US-China Strategic and Economic Dialogue meeting, senior officials are expected to discuss the way forward as well as stumbling blocks, like human rights, trade imbalances and China's undervalued currency.

The two-day talks that open Monday come amid a round of sparring between the world's largest economies that augurs little chance of a sudden snap into much closer ties.

The United States made no tangible progress during an annual human rights dialogue with China in late April in Beijing, in which the US envoy, Assistant Secretary of State Michael Posner, accused China of "serious backsliding" on human rights.

China rebuffed the criticisms, reiterating that its handling of dissent was its own business.

Kurt Campbell, the assistant secretary of state for East Asia, said last week that the United States would raise human rights concerns at this week's talks "directly, honestly and openly" with visiting Chinese officials.

But China set down a red line. Vice Foreign Minister Cui Tiankai saying Beijing was "willing to have an exchange of views with the US and have dialogue with them on the basis of equality and mutual respect".

He cautioned: "I think it is ad-



The file photo shows US Commerce Secretary Gary Locke shaking hands with China's Vice Premier Wang Qishan in Hangzhou, China.

visible for the United States to pay more attention to the development of China in terms of human rights, rather than being preoccupied with individual cases."

Human rights groups will be keeping a close eye on how loudly the United States raises its concerns.

"The Chinese government takes careful note of which US officials and agencies do and don't talk about human rights, so showing commitment requires across-the-board coordination," warned Sophie Richardson, Asia advocacy director

at Human Rights Watch.

The third annual dialogue will be led on the US side by Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner. Their Chinese counterparts are Vice Premier Wang Qishan and State Councilor Dai Bingguo.

In a sign of warming defense relations, military representatives will take part in the talks for the first time.

The United States said it would press China again to allow its undervalued currency, the yuan, to appreciate, a politically sensitive issue that has long

haunted talks.

"Next week, we are going to press China to let its exchange rate adjust at a faster pace to correct its still substantial undervaluation," said David Loevinger, a senior Treasury Department official.

Treasury chief Geithner acknowledged the yuan had appreciated by more than five percent since Beijing decided in June 2010 to allow it to trade more freely against the dollar.

Geithner spoke of "promising shifts in the economic policy in China" but stressed the need to

"see durable changes in actual policies on the ground."

But on Friday in Beijing, Chinese officials made clear that while they were willing to talk about currency policy, they would not be pushed on the pace of appreciation.

"On these issues, to be frank with you, we have different views that make discussions necessary," Vice Finance Minister Zhu Guangyao told reporters, adding that exchange rate policy was China's sovereign right.

The talks come as the two economic superpowers grow increasingly interdependent.

China is the biggest foreign financier of the yawning US public debt, with bond holdings of \$1.154 trillion in February.

Douglas Paal, vice president for studies at the Carnegie Endowment for International Peace, said that the United States was achieving its currency goals not due to talks but because of China's inflation.

The talks "won't produce breakthrough announcements but the results are moving in that direction, largely because China is afraid of inflation," said Paal, formerly the top US diplomat in Taiwan.

Consumer prices in the booming Chinese economy surged 5.4 percent in March from a year ago -- the fastest pace since July 2008 and well above the government's 2011 target of four percent.

"We're getting through inflation the revaluation of the renminbi (yuan) and devaluation of the dollar that is improving our export performance into the Chinese market," he said.

Fortunes of Britain's super rich climb

AFP, London

Britain's richest people got collectively wealthier by 18 percent as the rest of the country weathered harsh government cuts, according to an annual list published Sunday.

Indian-born steel tycoon Lakshmi Mittal retained the top spot in The Sunday Times Rich List for a seventh straight year, despite seeing about £5 billion (\$8 billion, 5.7 billion euros) wiped off his fortune.

The 1,000 richest people in Britain saw their wealth continue to bounce back from the recession and increase to a collective fortune of £395.8 billion.

The number of billionaires in Britain now stands at 73 -- up from 53 last year and almost matching the record of 75 set in the list of 2008 before the financial crisis. Forty are British-born.

Russian businessman Alisher Usmanov moved from sixth position to second spot in the list after adding £7.7 billion to his fortune, which is now worth £12.4 billion.

Usmanov owns a large stake in Russian iron and steel firm Metalloinvest and recently courted controversy in Britain by trying to build up a controlling stake in English football giants Arsenal.

His bid was thwarted last month when US sports tycoon Stan Kroenke took control of the Premier League side.

Meanwhile the fortune of Mittal, the London-based head of ArcelorMittal, the world's largest steel maker, fell by around 22 percent to £17.5 billion in the past 12 months, the biggest drop on this year's list.

The huge fall in the 60-year-old's wealth was driven by a plunge in the share price of ArcelorMittal as the global steel industry struggled to cope with costly raw materials and slow demand.

The highest new female entry is Chinese businesswoman Xiuli Hawken, 48, who made her fortune converting underground military shelters in China into underground shopping malls. She was ranked 61st, with a fortune of £1.06 billion. She lives in London.

UN summit on least developed countries to open in Turkey

AFP, Istanbul

Leaders of 48 least developed countries, donor countries and institutions gather here Monday for a UN conference to discuss a new 10-year-long development plan for the world's poorest nations.

The Fourth United Nations Conference on Least Developed Countries (LDC) will last for five days, with the attendance of Iran's President Mahmoud Ahmadiyeh, Afghan President Hamid Karzai, and European Commission head Jose Manuel Barroso.

UN Secretary General Ban Ki-moon will chair the conference.

The Brussels Plan that had been implemented in the previous 10 years to support the LDCs, countries with a per capita income of less than 745 dollars, will be assessed comprehensively during the conference, according to a UN statement released Thursday.

Negotiators for the LDCs (33 in Africa, 14 in Asia plus Haiti) "are looking to put in place measures for building infrastructure to attain economic self-

sufficiency, push back poverty and create decent jobs", the UN said.

"The most economically vulnerable countries in the world are looking for the world's larger economies to open up market access for LDC exports, to continue to increase development aid and better target it toward infrastructure and leveraging new investment, and to provide incentives for companies thinking of investing in LDCs", it added.

The European Commission underlined its commitment to help the LDCs out of poverty, in a press statement Friday.

"As the largest donor to the least developed countries, with 15 billion euros of aid in 2010, the EU will urge other partners to match its pledge to provide from 0.15 to 0.20 percent of its gross national income to LDCs," it said.

The LDCs are home to a total of 645 million people living below the poverty line, and their total populations are expected to double by 2050.

Economically vulnerable and socially weak, they account together for only one percent of world trade.

BOJ plans capital boost to provision against losses

REUTERS, Tokyo

The Bank of Japan plans to bolster its capital to provision against potential losses from an asset-buying scheme, a source familiar with the central bank's thinking said, in a move that would give it room to further ease monetary policy if needed to support the economy.

The central bank now buys a range of assets including government bonds, corporate bonds and real estate investment trusts via a pool of funds that was doubled to 10 trillion yen (\$124 billion) after the March 11 earthquake and tsunami.

The BOJ plans to ask for government approval to set aside more of its profits as reserves as a pre-emptive measure given that the asset purchases put it at greater risk of losses on its asset holdings, the source said.

But any increase in capital will be relatively small in size because the central bank is thought to have barely eked out a profit in the financial year that ended in March, according to the source, who declined to be identified due to the sensitivity of the matter.

That means the move would not likely be a sign that the BOJ is gearing up to ease monetary policy immediately.

BOJ Governor Masaaki Shirakawa has said that for the time being he hopes to examine the effect of the central bank's monetary easing in March, but that the BOJ was ready to take

Greek PM denies euro exit; says leave Greece alone

REUTERS, Athens

Greek Prime Minister George Papandreou on Saturday denied there was even unofficial discussion over Greece quitting the euro zone and asked that his troubled country be "left alone to finish its task."

Ministers from the euro zone's biggest economies met in Luxembourg to discuss Greece's debt crisis on Friday but Athens and senior EU officials denied a report by Germany's Spiegel Online that the Greek government had raised the prospect of leaving the 17-member euro zone.

"These scenarios are borderline criminal," Papandreou told a conference on the Ionian island of Meganisi. "No such scenario has been discussed even in our unofficial contacts...I call upon everyone in Greece and abroad, and especially in the EU, to leave Greece alone to do its job in peace."

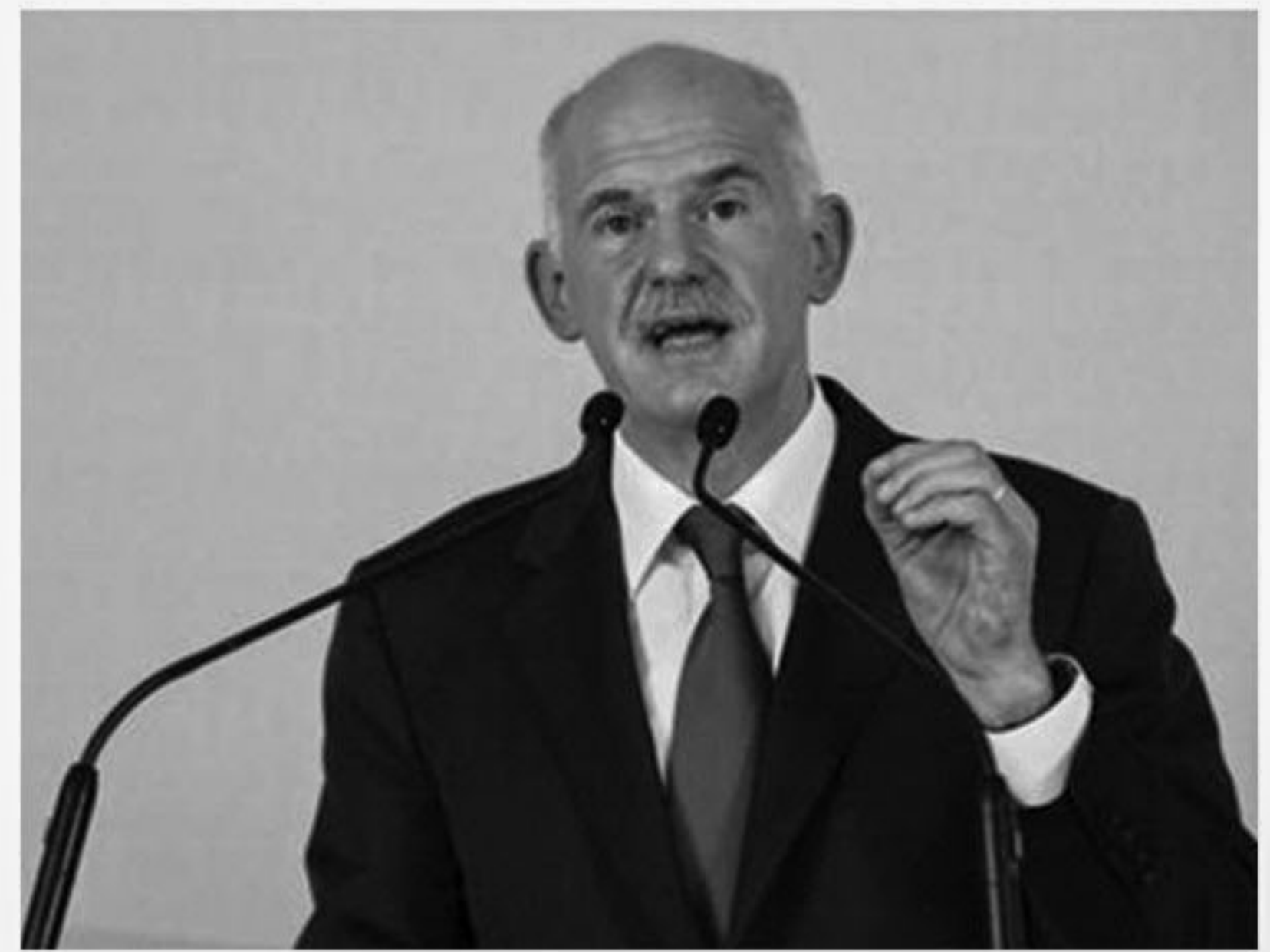
European Central bank Governing Council member Erkki Liikanen on Saturday shot down reports of Greece exiting the euro and said restructuring its 327 billion euro (\$470 billion) debt would offer no permanent solution to its problems. "No euro zone country wants to leave the euro," Liikanen, who also heads the Bank of Finland, said in an interview at Finnish national broadcaster Yle.

Greek Finance Minister George Papaconstantinou attended the Luxembourg talks, his finance ministry said, adding Greece remained committed to repairing its finances and returning to economic growth.

"Markets continue to have doubts and we have scheduled our next steps for 2012," Papaconstantinou told reporters on Saturday when asked about what was discussed at the meeting.

"We (Greece) will either go out to markets or use the recent decision by the EU Council that allows the European fund (EFSE) to buy Greek bonds. That was what the discussion was about."

Sources close to the talks said on



Greek Prime Minister George Papandreou

Saturday the meeting did not look at extending the repayment of Greece's bailout loans, or any new bailout deal terms for the country.

"There was an extensive debate on Greece's economic adjustment programme. The progress made was recognised but it was also recognised that the programme has not changed the situation (markets' confidence in Greece) as fast as expected," one source said.

Jean-Claude Juncker, head of the group of euro zone finance ministers who called the late Friday meeting, said there was a broad discussion of Greece and other international economic issues but said the idea of exiting the euro was stupid.

"We have not been discussing the exit of Greece from the euro area. This is a stupid idea. It is in no way -- it is an avenue we would never take," he told reporters after the meeting attended by ministers from Germany, France, Italy and Spain.

"We don't want to have the euro area exploding without reason. We were excluding the restructuring option, which is discussed heavily in certain quarters of the financial markets," he added.

But he said a meeting of all euro zone finance ministers on May 16

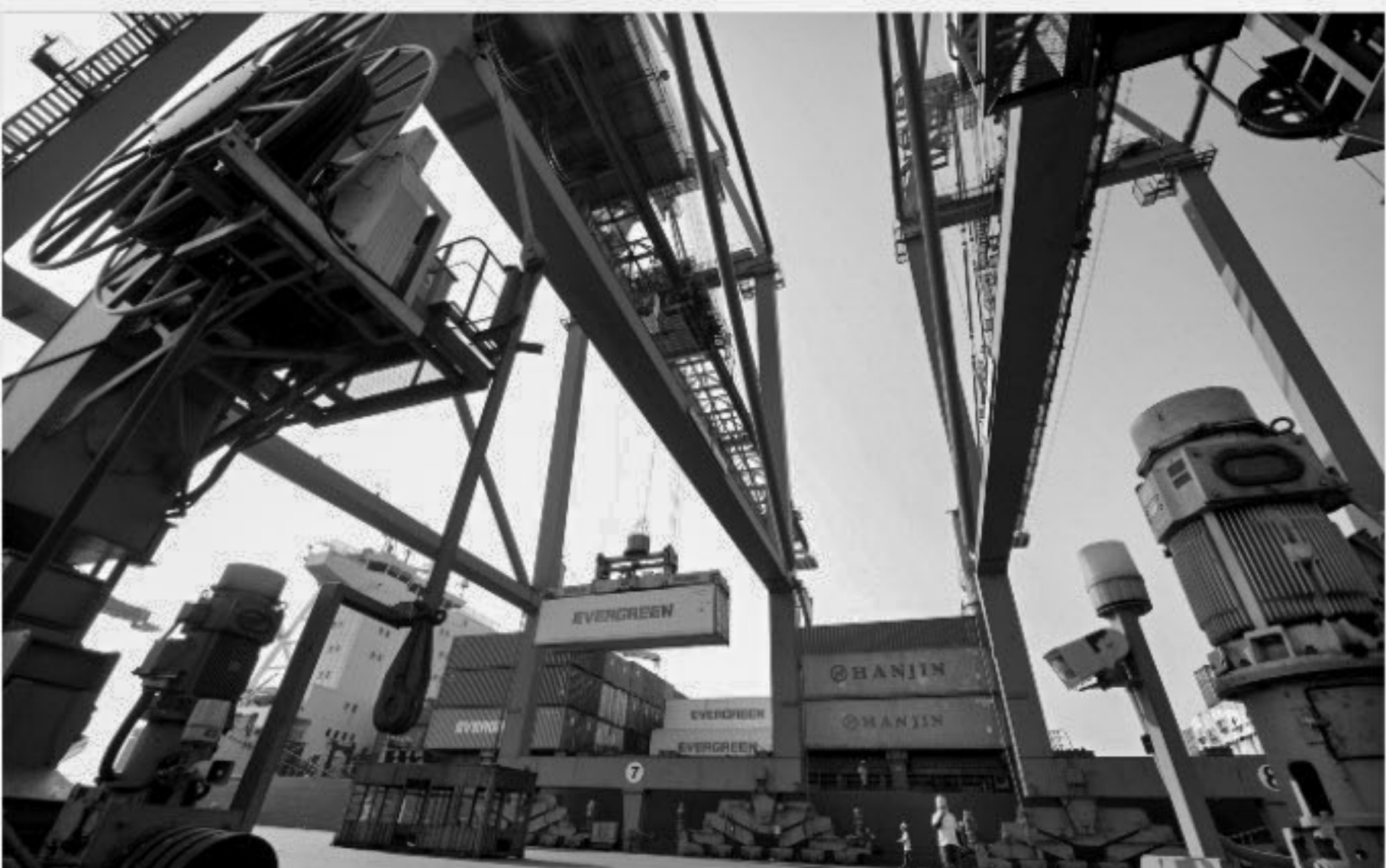
would discuss whether Greece needed a further economic plan. The EU is currently negotiating a bailout with Portugal, the third state it is rescuing after Greece and Ireland.

Despite a 110 billion euro international bailout, Greece, a euro zone member since 2001, has not cut its budget deficit as fast as it promised its lenders amid a deep recession. Gains from spending cuts and tax hikes have been partly erased by low revenues due to tax evasion and a deep recession.

Financial markets have been sceptical for months that Athens could manage its huge debt without eventually restructuring. As austerity bites, even some ruling socialist party politicians have been suggesting a "soft" restructuring which might involve lengthening maturities on the country's bonds.

On Friday, the euro fell nearly 1 percent against the dollar and the cost of insuring Greek debt against default was quoted at a record high in response to the Spiegel report.

The Luxembourg talks were also attended by European Central Bank President Jean-Claude Trichet and Olli Rehn, the European commissioner for economic and monetary affairs.



Cranes are seen at the International Container Terminal Services Incorporated (ICTSI) at a port in Manila. Violent protests in the Middle East may have shaken the world economy but Philippine port handling giant, ICTSI, thinks the unrest could eventually lead to profitable opportunities. The company already manages ports in 17 countries including Syria, Georgia, Mexico, Colombia, Brazil, Indonesia, Croatia and Madagascar and just signed its latest contract to operate a port in Tamil Nadu, India in early April.