

## Citigroup ups GDP growth to 6.8% in India

The Citigroup has revised upwards its GDP growth forecast for FY 10 from 5.5 per cent to 6.8 per cent. It has also upped its GDP forecast for FY 11 from 6.6 per cent to 7.8 per cent.

"The upward revision is primarily due to higher investment growth where we believe the worst is over and the stage is now set for some recovery," Citigroup said in a report on India's economy.

Investment is likely to be a key driver of growth, the report said, revising its investment growth figure from 4 per cent to 9 per cent in FY 10 and from 5.4 per cent to 11.3 per cent in FY 11.

"A stable political environment, an improvement in investment climate, both domestic and global, and thawing credit markets bode well for investments," the report said.

However, any further delay in monsoons would have implications for GDP, inflation and the proposed food security act, it said.

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## United States rules out duty-free access for Pakistani exports

The US ambassador to Pakistan has ruled out the possibility of giving Pakistani exporters duty-free access to the American market.

Speaking at the inauguration ceremony of new secretariat of American Business Council in Karachi, Anne W Patterson said it was not possible under the current economic conditions.

The Ambassador said that she was encouraging US investors to grab investment opportunities in Pakistan. "I know the security situation is precarious in much of Pakistan. Many countries, including my own, are suffering through a recession. Still, I encourage Americans to look at Pakistan as a good long-term investment opportunity."

She said that US was working to develop reconstruction opportunity zones (ROZs) in areas of Pakistan bordering Afghanistan to provide employment to people. "Ambassador Holbrooke speaks regularly with U.S. legislators to explain the benefits these zones will bring to Pakistani people in the border areas," she said.

"The Reconstruction Opportunity Zones will also offer opportunities for new investment by American firms - not just in the manufacturing, but in building infrastructure," she said. "We are also assisting the Government of Pakistan to develop and implement the legal, trade

and labor regulatory framework for successful ROZ operations." She said they also wanted to encourage Pakistanis living in United States to invest in Pakistan. In the United States, the Pakistani-American community is prosperous and should naturally be attracted to local investment opportunities.

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## Bajaj unveils world's 'most fuel efficient' engine

The second-largest motorcycle manufacturer in the country, Bajaj Auto, has unveiled the second generation or version 2.0 of the DTS - Si engine.

The Digital Twin Spark Swirl Induction technology engine series, says the company, is the world's most fuel efficient engine and will feature in a new motorcycle the company hopes to unveil next month. Company executives hinted it may be featured in a vehicle that falls in the 125-135cc category.

"If you compare available mileage data from motorcycle manufacturers from Japan, China or in Taiwan, the engine we've developed is the most fuel efficient and will be incorporated in the new motorcycle that we'll launch next month," said Rajiv Bajaj, managing director.

Mileage details of the new engine have not been disclosed. The top mileage notched by a 125cc motorcycle is by Hero Honda's Super Splendor, which is about 83 km/litre.

In addition, Bajaj Auto unveiled the new Pulsar 220, kitted with the hallmark DTS engine. This 220cc motorcycle is the second variant in addition to the existing Pulsar DTS-FI (fuel injection). The new Pulsar 220 has been billed by the company as India's fastest motorcycle to be commercially produced.

The new 220 can achieve speeds of 144 km per hour and deliver 56 km/litre (ARAI certified). Equipped with the biggest carburettor, the new Pulsar can accelerate 0-60 km in four seconds. The Pulsar 220 costs Rs 70,000 (ex-showroom Delhi), about Rs 11,000 more than the older FI model. The company hopes to sell about 1,000 units a month.

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## 'Sri Lanka Small Miracle' unveiled

Sri Lanka Tourism has officially launched its new logo and tagline "Sri Lanka Small Miracle" with the ushering of peace in a new era.

Addressing the guests and media via a live feed from Temple Trees at the launch of Small Miracle, President Mahinda Rajapaksa declared 2011 as "Visit Sri Lanka Year".

In keeping with this theme, a series of activities and events have been planned in 2011 to lure in more tourists to the island.

The President said: "Having regained peace, my vision for development of tourism has become a reality. The rebranding is an integral part of the repositioning strategy of Sri Lanka Tourism, and comes at an opportune time with the dawning of a new era of peace in Sri Lanka, where there are much expectations and opportunities in the tourism industry.

Managing Director of the Sri Lanka Tourism Promotion Bureau Dileep Mudadeniya, said "The objective of the Sri Lanka Tourism re-branding exercise was to create a single core idea that can change people's perception of the country.

The challenge faced by Sri Lanka Tourism during the brand strategy planning session in 2006 was to find an idea that embraces the truth of the country, which is relevant to the potential visitor; then communicate that idea through every material item produced, thus establishing an integrated marketing communication approach," he said.

Sri Lankan tourism industry has a great potential in the future. In 2008 Sri Lanka Tourism was able to earn economic events worth around US\$ nine trillion and we hope that in the future Tourism will be one of the major foreign exchange earning industry", Chairman of the Sri Lanka Tourism Promotion Bureau, Bernard Goonetilleke said.

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### **Tata finalises first one lakh Nano allotments**

Tata Motors has completed the process of selecting the first one lakh Nano allottees from among the 2.07-lakh who booked the car. The selection was done through a computerised random process.

Deliveries will begin in July. The first one lakh deliveries are expected to be completed by the last quarter of 2010.

A company release said that all efforts would be made to deliver earlier by ramping up production at the Pantnagar plant and new unit at Sanand scheduled to be operational from January.

Pantnagar has the capacity to produce 50,000 Nanos, while this is twice as much in Sanand which could be ramped to 250,000 cars annually. Sources say that between the two plants, this fiscal could see nearly 60,000 Nanos roll out.

This means that the balance 40,000 allottees will get their cars during 2010-11. According to the press release, deliveries to the 55,021-retainees will begin after the first 100,000 deliveries.

Tata Motors will return the booking amount to those "unsuccessful applicants" (numbering 52,000 based on the total bookings less the allottees and retainees) who do not want to retain it with the company.

The company has already reiterated that the first 100,000 owners are price-protected and will get their Nano at ex-showroom prices.

The company will individually inform applicants about their status of either being an allottee, retainee or unsuccessful applicant. The details have been uploaded on [www.tatanano.com](http://www.tatanano.com). The retainees will get an interest of 8.5 per cent on their booking amount, if the car is delivered within two years from the date of allotment, and 8.75 per cent if delivery is made after two years (from the allotment date).

Tata Motors has said that customers who had availed themselves of booking finance can approach its preferred financiers to convert their booking amounts into auto retail loans.

A few financiers including Bank of Baroda, Canara Bank, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank and various associate banks of SBI offer loan tenure up to seven years.

Banks finance 80-90 per cent of the value of the car and the interest rate ranges from nine per cent to 14.5 per cent.

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### **Duty-free import regime ushered for 2,202 items from Singapore**

India has knocked off import duties on 2,202 items as part of its tariff elimination commitments under the Comprehensive Economic Cooperation Agreement (CECA) with Singapore.

The 2,202 items on which tariffs have now been eliminated include sail boats, ships, trawlers and fishing vessels, dredgers, golf clubs, wrist watch, wall clocks, percussion instruments, musical keyboards, flutes, ultrasound scanners, aircraft parts, optical fibre, helicopters, railway coaches, instant print film, photographic paper, new tyres for aircraft, used tyres, ice-cream, pasta, and fish.

Ever since the CECA came into effect in August 2005, the rupee has depreciated about 30 per cent against the Singapore dollar, making imports into India costlier. This may to an extent nullify the advantages of tariff removal on these products.

The CECA with Singapore was India's first comprehensive agreement with a trade partner. The bilateral merchandise trade has seen a near five-fold increase in the three years post-CECA from about \$3.6 billion in 2005 to \$19.11 billion in 2008.

Meeting its other commitment under the CECA, the Centre has reduced tariffs on 2,413 items. These can now be imported into India at tariff equivalent to 50 per cent of the most favoured nation (MFN) applied rate, according to Finance Ministry sources.

## China defends raw material export curbs

China has defended its restrictions on the export of some raw materials, which have sparked a US and EU trade action, saying they are in line with World Trade Organization (WTO) rules.

The United States and the European Union a day earlier filed a complaint with the WTO after Beijing put curbs on shipments of a number of materials including bauxite, coke and silicon metal.

They said the mix of quotas, export duties and minimum export prices were "in clear breach of international trade rules" and "troubling" as some of the materials cannot be found elsewhere. But China said the policy was aimed at protecting the environment and broke no WTO regulations.

"The relevant export policies of the Chinese side are mainly intended to protect the environment and natural resources," the commerce ministry said in a statement.

"The Chinese side deems the relevant policies are consistent with WTO rules." It gave no further information. The two Western powers called for WTO dispute settlement consultations with China regarding the restraints.

The launch of consultations is only the first step in the litigation process at the WTO, and is intended to explore whether an amicable solution is possible.

This can last up to 60 days and if no solution appears the plaintiffs can move to establish a WTO panel for a formal ruling.

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## Toyota to roll out fuel-cell car by 2015

The world's top automaker, plans to roll out a fuel-cell car by 2015 in its push to stay ahead in the global race for green autos, vice president Masatami Takimoto said.

His comments came at a shareholders' meeting at Toyota headquarters in Aichi prefecture in response to an investor's question about the company's outlook on zero-emissions technology, but he declined to elaborate.

Fuel-cell technology is considered a cutting-edge solution to reducing carbon dioxide emissions as it generates electricity by combining a fuel usually hydrogen - with oxygen, and therefore only emits water.

Toyota began limited sales of a fuel-cell hybrid vehicle in 2002 in the United States and Japan, using technology from its best-selling Prius hybrids.

But carmakers have generally concentrated on implementing the more affordable technology used for

hybrids or battery-powered vehicles. Fuel-cell systems remain costly due to the technology involved and the fact that it is difficult to store enough hydrogen in a vehicle to allow it to travel as far as a conventional car.

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## Japanese refiner to study solar power business in Saudi Arabia

A Japanese oil refiner has said that it was considering operating solar-power plants in Saudi Arabia, the world's top oil exporter, in cooperation with state-owned energy giant Saudi Aramco.

Showa Shell Sekiyu said it had agreed with Saudi Aramco, the world's biggest state-owned oil company, to "explore the possibility of engaging in a small-scale electricity generation business using solar power". After initial studies, small pilot plants will be built by 2010 to test technologies, the Tokyo-based company said.

The firms will set up a joint venture to expand the business, possibly beyond the Middle East, if the plants prove commercially viable, it said. Saudi Arabia has the world's largest proved reserves of crude oil but has also been looking to invest in solar power.

Japan, which has virtually no natural energy resources of its own, aims to take the lead in environmentally friendly energy.

Showa Shell said in May that solar power was one of the main pillars of its business strategy as domestic oil demand is falling due to the ageing population and efforts to reduce energy consumption.

Saudi Aramco has a 15 percent stake in Showa Shell Sekiyu, Japan's fifth largest refiner which is 35 percent owned by the Royal Dutch Shell group.

## Biggest trade surplus in year

Japan has announced its biggest monthly trade surplus in a year, supporting hopes that the world's second largest economy is slowly recovering from its worst recession on record.

Exports exceeded imports for a fourth straight month, giving a vital boost to an economy that is heavily dependent on overseas demand, government data showed.

Japan logged a trade surplus of 299.8 billion yen (3.2 billion dollars) for May, beating expectations for a figure of 214 billion yen, according to data from the finance ministry.

While the surplus was 12.1 percent smaller than a year earlier it was the biggest since an excess of 341.1 billion yen logged in May 2008.

Japan's industrial production is recovering as orders from overseas increase, said Hiromichi Shirakawa, chief Japan economist at Credit Suisse.

"Japan's economy is now entering a recovery phase but is likely to slow after this," Shirakawa said. "It's hard to believe the world economy will stage a sustainable V-shape recovery."

Japan's domestic demand remains weak and companies are likely to continue to curb spending on plants and equipment, he said. Global demand for Japan's cars, electronics and other exports the main engine of its economic growth plunged during the global economic downturn, but there are hopes that the worst of the slump is over.

### **Weak exports show global recovery elusive**

Japan's exports continued to tumble in May, further evidence that the recovery in the global economy that some investors have been anticipating is still some distance off.

Cautious words from U.S. President Barack Obama, combined with data showing the U.S. housing and manufacturing sectors remained weak, kept a lid on equity markets and sentiment downbeat.

Singapore prices fall in second month of deflation  
Singapore's consumer prices fell in May for a second month as a steep drop in crude oil reduced transportation costs.

The consumer price index fell 0.3 percent in the 12 months through May after a 0.7 percent drop in the 12 months to April, the statistics department said. Compared to April, May's CPI rose 0.6 percent. Prices fell 1.1 percent in April, the largest drop since 1977.

Singapore expects deflation this year with prices falling as much as 1 percent. A severe recession, the worst since the city-state split from Malaysia in 1965, has undermined consumer demand.

Transport and communication prices in May dropped 5.8 percent from a year earlier, housing rose 0.7 percent and recreation slid 0.2 percent. Inflation has slowed from a 26-year high in June of 7.5 percent. Crude oil prices fell to below \$35 a barrel in March from a record \$147 last July before rising above \$70 this month.

### **ADB to double clean energy investments in Asia**

The Asian Development Bank (ADB) would increase its clean energy investments to \$2 billion a year from a previous target of \$1 billion, in a bid to accelerate low carbon growth and reduce greenhouse gas emissions in the region.

The new investment target is part of ADB's Energy Efficiency Initiative (EEI), said ADB press release received here on Wednesday adding that the announcement to this effect was made by ADB

President Haruhiko Kuroda during the High-Level Dialogue on Climate Change in Asia and the Pacific at ADB Headquarters.

The new target will take effect from 2013 and adds to ADB's already significant clean energy investments.

In 2008, ADB achieved the \$1 billion a year target set at the outset of the EEI four years ago.

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### **Cambodia adopts new law to promote tourism amid economic downturn**

The Cambodian government and the Ministry of Tourism have developed a series of measures to help the tourism industry fight the economic downturn.

The Law of Tourism was launched, calling for heightened supervision and responsibility toward those working in the tourism industry and a renewed marketing effort was also made recently, to increase transport efficiency, target neglected markets, reduce package-tour prices and improve the Cambodia tourism "product". The law, which has been 10 years in the making and was ratified by King Norodom Sihamoni on June 10, delivers a set of clearly defined demands for the government and the private sector to help develop the tourism industry and ensure higher quality services.

The law was organized into 12 chapters and explains very clearly which areas of the sector the ministry will help supervise. Fines for businesses that fail to renew their licenses will range from 500 U.S. dollars to 5,000 U.S. dollars. Enterprises that adhere to rules on sustainable tourism practices will receive an Eco label, which they can present to the public showing they have met the required standards.

## UAE sees increasing reports of suspicious financial transactions

The UAE has seen a marked increase in suspected cases of money laundering, as the economic crisis hits home and more people in the financial services industry are prepared to report crimes, officials said.

The UAE Central Bank reported 6,198 suspicious transactions during the first five months of this year, up 14 per cent from 5,459 cases in the same period of 2008, according to the Dubai Financial Services Authority or DFSA.

Part of this increase can be explained by greater vigilance on the part of banks, auditors and related firms, but some of it is a sign of current economic hardship, said Paul Koster, chief executive officer of the DFSA, a regulatory body.

"In downturns, people try to find alternative ways of making money. This happens to be one of them," Koster said.

The central bank, the DFSA and the Securities & Commodities Authority are working together to train company employees to help prevent money laundering.

The DFSA recently completed spot checks on a large number of international banks and other companies operating at the Dubai International Financial Centre. It was the second of five such reviews that the DFSA plans for this year, compared to the three reviews it made in 2008 - a sign of its intensifying effort to squelch money-laundering, accidental or deliberate, Koster said.

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### Recession to hit some Gulf states

Saudi Arabia and Kuwait are likely to fall into recession this year and economic expansion in the Middle East and North Africa (MENA) region will slow to 1.6 per cent this year from 5.6 per cent last year, the World Bank said.

The MENA region accounts for more than a third of global oil production. Oil prices have fallen from a high of around \$147 a barrel in July and are now at around \$71 a barrel.

"Those elements which supported growth over the last five years are anticipated to unwind: oil prices are projected to rise only modestly, averaging \$66 in 2011; the European export market will remain flaccid; and slowing of services receipts and remittances will exact a toll," the bank said.

Oil and gas revenue in the GCC dropped from \$670 billion in 2008 to an estimated \$280 billion this year, a drop equivalent to around 38 per cent of the GCC's

GDP. The World Bank predicts that Saudi Arabia and Kuwait will fall into recession this year, due to lower oil revenue and reduced investment, remittances and tourism.

The bank also said that Jordan and Lebanon, which have large current-account deficits "face the largest risk of a balance of payments crisis".

Globally, the World Bank said the recession this year will be deeper than it predicted in March and warned that the poor and unemployed in developing nations will be hit hardest by a decline in capital from developed nations.

"Unemployment is on the rise, and poverty is set to increase in developing economies, bringing with it a substantial deterioration in conditions," the bank said.

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### Kuwait looks to cut reliance on expat workers

Kuwait plans to reduce its reliance on expatriate workers by stopping the recruitment of foreigners in the public sector.

In a bid to raise living standards in the country the Kuwaiti government launched its five-year development plan that covers employment, education and housing needs.

More job opportunities for nationals in the private sector will be introduced and the number of expat public sector workers will be cut from 15,000 to 8,000, according to a report.

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### Dubai developer bucks trend to create 1,600 jobs

Giant Dubai developer Emaar Properties has said it plans to hire 1,600 new employees despite being hard hit by the financial crisis and as thousands are losing their jobs in the emirate.

Emaar, which suffered a net loss of more than 481 million dollars in the last quarter of 2008, said it was looking to complete the recruiting process within three months, state news agency reported. It said that the new staffers are needed for its retail, hospitality and entertainment divisions.

Chairman Mohammed Alabbar said that the company's strategy aims to boost the performance of its subsidiaries in waiting for the recovery in the real estate sector, which was heavily hit by the global financial crisis, WAM reported.

Emaar's decision bucks a trend of layoffs which saw thousands of workers, mainly in the emirate's once-thriving construction sector, reportedly lose their jobs as finance dried up and investor confidence evaporated.

## Iran, Sri Lanka sign \$106 million power-transfer agreement

An Iranian private company inked a 106-million-dollar agreement with the Sri Lankan government on the transfer of electricity to 1000 villages in the South Asian country. Fars News Agency reported.

The agreement on the project dubbed as "R&E" to bring electricity to 180,000 families in rural areas, was signed between the managing director of Iranian Sanir company and the deputy energy minister of Sri Lanka in Colombo.

The project is due to cover all the 10 provinces of Sri Lanka and is viewed important to the welfare of the country's people and while it is a means for Iran's long time presence in the South Asian country.

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## Religious tourism boosts Saudi hotel sector

Religious tourism in Saudi Arabia generates around \$7 billion annually, recent reports said, while the government has allocated a total of \$38 billion in tourism infrastructure and transport systems, including a high-speed railway system that will link Jeddah, Makkah and Madina - three key travel destinations in the country.

Accordingly, the Elaf Group of Companies, a business organization serving the Saudi Arabian travel, tourism and hotel industries, has announced that it has recently launched a major expansion initiative in the Saudi hotel sector, driven by a significant surge in religious tourism, which according to recent reports has achieved a remarkable 30 percent growth in the first quarter of 2009.

Elaf has particularly prepared for the new Umrah season that started in February 2009, noting a considerable growth trend as around 3.5 million pilgrims are expected to visit the Kingdom in the current Umrah season.

To complement the religious tourism sector's robust growth, Elaf has strengthened its presence in the three cities by launching a string of five new hotels as part of a SR1.25 billion investment by Saudi Economic and Development Company (SEDCO) - of which Elaf Group is a subsidiary - to develop various hospitality and tourism projects in the Kingdom.

Tarek Nabulsi, deputy CEO, Elaf Group of Companies said: "Global travel has become more affordable now with several special discounts, promotional activities and highly competitive airline prices, which have all contributed to the significant increase in the number of Umrah pilgrims and the strong growth of the Saudi tourist market. Accordingly, Elaf intends to cater to the new requirements of the burgeoning religious tourism sector by expanding our portfolio of hotel facilities in

the key cities of Jeddah, Makkah and Madina."

"More importantly, in line with our growth initiatives, we are also fully committed to maintain the highest level of quality and excellence in all our services. It is of paramount importance to us to help further enhance the spiritual and personal experience of the pilgrims during their stay in the Kingdom," Nabulsi added.

Saudi Arabia is expected to generate a total of SR13 billion during the current Umrah season. Elaf has earlier announced that it will launch two hotels each in Makkah and Jeddah and one in Madina with a combined capacity of 5,000 rooms within the next three years.

Makkah and Jeddah have been recognized as among the top three biggest hotel markets in the Middle East, registering a growth in revenue per available room of 32.7 percent and 30.3 percent respectively during the first quarter of 2009, according to a recent quarterly report by Deloitte, the business advisory firm.

Elaf Group of Companies is a fully integrated organization providing a complete line of hotel, travel, tourism, cargo, Haj and Umrah services. The Group, which has been consistently named as one of the top 100 corporations in Saudi Arabia, intends to significantly increase the number of Haj and Umrah pilgrims within the next three years.

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## Iran will be a major LNG exporter by 2015

Iran has plans underway to produce 70 million tons of liquefied natural gas by 2015, becoming a major supplier to the world markets, the National Iranian Gas Export Company's marketing manager said.

SHANA quoted Alireza Qasemi-Javid as saying that seven LNG production projects are being developed in the country to hit the target.

"The Persian LNG project with an annual output of 16.2 million tons, the Pars LNG project with an annual capacity of 10 million tons, the Iran LNG project with an annual capacity of 10.8 million tons, the North Pars with an annual capacity of 20 million tons, the Golshan LNG project with an annual capacity of 10 million tons, and two other projects with a total production capacity of 3 million tons per year are the abovementioned projects," he added.

Noting that Iran LNG project will come on stream in 2011, Qasemi-Javid went on to note that, "The Persian LNG and Pars LNG projects will become operational in 2014 while North Pars and Golshan projects will come on stream in 2015."

"Asian and European markets will be the destination markets for the produced LNG. We have started our negotiations with countries such as Austria, Germany, Italy, China, Japan, Taiwan and Korea," he concluded.

## UN's pivotal role in combating global financial crisis

The United Nations is playing a pivotal role in global efforts to combat the ongoing world financial and economic crisis, especially with regards to building international consensus on its root causes and remedies, a top UN official said in New York.

On the eve of the June 24-26 UN Conference on the World Financial and Economic Crisis and its Impact on Development, UN Under Secretary-general for Economic and Social Affairs Sha Zukang made the comment in an exclusive written interview with Xinhua.

With the economy bogged down in the worst recession since the 1930s, the world is now faced with a financial tsunami that is bound to have negative impacts on the Millennium Development Goals (MDGs), a set of antipoverty targets that world leaders have agreed to achieve by 2015, Sha said.

The crisis will annul part of what have already been achieved and make future efforts even more difficult, he noted. The least developed countries, which contributed least to the crisis yet are most severely affected, do not have the adequate resources to map out stimulus plans and will require special assistance by the international community, he said.

He expressed hope that the UN meeting will urge rich countries to help improve the external development environment for poor countries by reaffirming aid and debt relief commitments.

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## Obama warns of economic pain, vows reforms

President Barack Obama has painted a bleak picture of the economy, warning unemployment will get worse, and vowed to act on climate change and health care as long-term solutions.

In a wide-ranging White House news conference, Obama also said he had no plans for a fresh stimulus package, hoping to give time to see the impact of the 787-billion-dollar economic plan approved shortly after he took office.

"We're still not at actual recovery yet. So I anticipate that this is going to be a difficult, difficult year," Obama said. "I think it's pretty clear now that unemployment will end up going over 10 percent," he said, explaining it would take time for an economic recovery to translate into job growth.

The jobless rate in the world's largest economy surged to 9.4 percent in May, with the figure shooting to a

record high 11.5 percent in the most populous state of California.

"What's incredible to me is how resilient the American people have been and how they are still more optimistic than the facts alone would justify," said Obama, who has largely held onto his high popularity ratings.

Obama appealed to Americans to back plans to reform the health care system and tackle climate change, calling them critical to perking up the economy in the long term.

Obama said a bill before the House of Representatives, which would force reductions of carbon emissions blamed for global warming, would spur a new green economy vital to the country's future.

"That will lead to the development of new technologies that lead to new industries that could create millions of new jobs in America -jobs that cannot be shipped overseas," said Obama, who has sharply reversed predecessor George W. Bush's skeptical approach on global warming.

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## US home sales higher for second month in a row

US existing home sales rose 2.4 percent in May, marking the first back-to-back monthly increase since 2005, an industry group said in Washington in a sign the troubled sector was steady.

The National Association of Realtors attributed the increase to "favorable affordability conditions and a first-time buyer tax credit" offered by the US government.

Sales rose to a seasonally adjusted annual pace of 4.77 million homes and apartments, NAR said. The sales pace was below market expectations of an annualized 4.82 million but nonetheless was seen as a hopeful sign for the recession-ravaged economy.

"Housing continues to stabilize and it really does appear that the worst is finally behind us," said Joel Naroff at Naroff Economic Advisors.

"Housing led the downturn and we've been looking for some stability in this sector as a sign the recession is ending. Well, it appears those signals are getting stronger."

Others cautioned about reading too much into the report. "Sales are stable but exceedingly low," said Celia Chen at Moody's Economy.com. "The NAR's inventory numbers likely understate the magnitude of the inventory overhang since many foreclosed units are not listed."

## 18 nations vow to punish uncooperative tax havens

A group of ministers from 18 nations has vowed to punish countries that do not comply with standards drawn up by the Organisation for Economic Cooperation and Development to combat tax havens.

The ministers, meeting in Berlin as part of a Franco-German drive to improve transparency and the exchange of information on tax matters, said that "important progress" had been made since a similar meeting last October.

According to a joint statement issued by the officials, "defensive measures should be used to prevent unreasonable delays in implementing the OECD standards."

Such measures would be taken on a country-by-country basis but could include breaking off tax agreements with countries that have not signed up to the OECD accord, the statement added.

German Finance Minister Peer Steinbrueck noted that 40 countries had signed up to the standards since April, bringing the total number up to 84. "Now it is important that these countries also implement what they have announced," Steinbrueck said.

The finance minister from Switzerland which is still smarting after being placed on a so-called "grey list" of uncooperative tax havens earlier this year said he was less keen to see sanctions being implemented. "There is a risk that we are threatening sanctions too soon," said Hans Rudolf Merz.

## OPEC ready to supply all oil necessary

OPEC is "always ready at any time" to provide the oil the world economy needs, the cartel's secretary general Abdalla Salem El-Badri has said.

The Organization of Petroleum Exporting Countries "is always ready at any time to supply the world with whatever quantity is wanted from us," El-Badri told a news conference here at the end of a ministerial-level "EU-

OPEC Energy Dialogue".

"We have excess capacity at this time," El-Badri said, insisting there was no problem in security of supply. "The problems we had last year were not because of supply but because of speculation."

The compliance rate among OPEC members for the production quotas agreed at a meeting in Oran, Algeria, last year was currently around 75 percent, the OPEC chief said.

The cartel, which pumps 40 percent of world oil, cut its production target three times late last year to stabilise prices that tumbled from record highs above 147 dollars in July to 32.40 dollars in December.

Since then, however, OPEC has held output steady, urging member countries instead to comply fully with production cutbacks.

## Oil prices could surge if Iran crisis worsens: analysts

World oil prices have so far not been pushed up much by post-election violence in key crude producer Iran but they could spike higher if the situation deteriorates, analysts warn.

Iran has ruled out cancelling the disputed presidential June 12 vote as the international community voices increasing alarm at a violent crackdown on opposition demonstrators.

The Islamic republic produces about 3.8 million barrels of crude oil per day and is the third biggest global oil exporter after Russia and Saudi Arabia.

Analysts fear the biggest crisis since the 1979 revolution could force the Iranian government to cut off oil supplies or block the Strait of Hormuz -- a crucial passageway for oil tankers.

"There could be a rude awakening (for the oil market) if tensions in Iran escalate further," said VTB Capital analyst Andrey Kryuchenkov.

"Not only does the country pump a significant amount of OPEC crude, it also controls the Strait of Hormuz through which around 40 percent of global seaborne oil flows daily."

### Number of millionaires shrank in 2008

The world's population of millionaires shrank dramatically last year, as the global economic crisis took its toll on the wealthy, according to a report by Merrill Lynch Global Wealth Management and consulting firm Capgemini.

The number of people with assets of between \$1 million and \$30 million fell 14.9 percent to 8.6 million, according to the World Wealth Report. The former parent of the wealth management unit, Merrill Lynch & Co. which reported more than \$35 billion in losses in 2007 and 2008 was acquired by Bank of America Corp this year.

The steep reduction in millionaires represented the largest decline in the report's 13-year history, said Ileana van der Linde, a principal with Capgemini. It also brought the number of millionaires and their wealth below 2005 levels.

"We've never seen such a decline in all the years we've been doing the report," she said in an interview with The Associated Press. "This market was really unprecedented."

## Industrialised countries face 10 pct jobless rate: OECD

The OECD has warned that unemployment in the industrialised world could approach 10 percent next year, a level not seen since the 1970s, and would remain high "for a long time to come."

The jobless rate in the 30 economies surveyed by the Organisation for Economic Cooperation and Development came to 7.8 percent in April.

The organisation said more than 57 million people will likely be out of work in OECD countries by the end of 2010, up from 37.2 million at the end of 2008.

"Unemployment will continue to weigh on national economies for a long time to come," OECD Secretary General Angel Gurría said in a statement.

"Previous downturns have taught us that the jobs recovery will lag a long way behind the pickup in economic growth."

The organisation urged OECD governments to ensure that "financial safety nets" exist for those who lose jobs and for low-income families.

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## Britain's StanChart reports record profits, income

Standard Chartered, a British bank focused on emerging markets, said that it enjoyed record revenues and profits during the first five months of 2009.

"Standard Chartered has continued to deliver another strong performance in the first five months of the year, with record levels of income and profit," chief executive Peter Sands said in a trading update.

"Although there are tentative signs of improving economic conditions in some of our markets, equally there are signs of continuing stress," he said without giving specific figures.

"It is still too early to forecast a sustained recovery and we therefore remain cautious on the outlook," he added.

After the update, Standard Chartered's share price was unchanged at 1,195 pence in late morning trade on London's FTSE 100 index, which was down 0.27 percent.

In March, the bank announced a 20-percent jump in 2008 net profit to 3.41 billion dollars (2.69 billion euros), leaving it well-placed to face the global economic slowdown.

The vast majority of Standard Chartered's business is in Asia, Africa and the Middle East.

## EU, US launch trade case against China

The European Union and the United States have launched WTO action against China, accusing it of restricting raw materials exports to feed its domestic market. "The European Union has requested WTO consultations with China regarding China's export restrictions on a number of key raw materials, which it considers are in clear breach of international trade rules," the EU commission said in a statement.

In Washington, US Trade Representative Ron Kirk accused China of pursuing a "troubling" industrial policy. The two Western powers requested World Trade Organization (WTO) dispute settlement consultations with China regarding Beijing's export restraints.

"China's measures appear to be part of a troubling industrial policy aimed at providing substantial competitive advantages for the Chinese industries using these inputs," Kirk told reporters in Washington.

European industries have raised concerns for a number of years on such export restrictions quotas, export duties and minimum export prices which China applies on key raw materials, including yellow phosphorous, bauxite, coke, magnesium, silicon metal and zinc.

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## Russian economy contracts 11 percent in May

The Russian economy contracted by 11 percent in the month of May compared with the same month last year, the government said yesterday, in the latest blow to hopes of a swift recovery in the country.

Deputy economic development minister Andrei Klepach also said the Russian economy had shrunk by 10.2 percent in the first five months of the year and offered a bleak prediction for the year as a whole.

In light of the latest figures, "a contraction of only six percent in GDP (gross domestic product) in 2009 would mark a heroic achievement for the economy," Russian news agencies quoted him as saying.

The figures were the latest bleak data to emerge from Russia, where industrial production tumbled 17.1 percent in May from a year earlier, a far sharper fall than had been expected by analysts.

The Russian economy already contracted by an alarming 9.8 percent in the first quarter of 2009 relative to same quarter in 2008, and the government has warned the economy will shrink between six to eight percent this year.