

Global News for a World Economy!

MAY - 2009

ASIA

China aggressively investing globally

Although it is well known China has aggressively invested in Africa to assure future supplies of metals and oil, it is not as widely known they are also investing heavily in Latin America. China is doubling a development fund in Venezuela to \$12 billion in return for oil shipments expanding from 380,000 to 1,000,000 barrels per day. They also loaned \$10 billion to Brazil's National Oil Company for offshore exploration in return for an agreement to ship 1,000 barrels a day to China.

China loans money to developing nations

Even more revealing are recent swap arrangements with South Korea, Malaysia, Indonesia, and Belarus. China made loans of 650 billion renminbi (\$95 billion) to these nations in their own currency rather than dollars. Therefore, they will use the loans to import Chinese products rather than those of nations accepting only dollars.

China wants alternative reserve currency

China is working on a swap of \$10 billion in renminbi with Argentina. This will allow Argentina to avoid using scarce US dollars for imports and shift some import demand to China. *It is apparent China is making these swaps as a way for the renminbi to eventually be used as an alternative reserve currency.* China, flexing some of its might as a growing economic power, has suggested overhauling the global monetary system by boosting the use of an alternative to the U.S. dollar.

China invests in natural resources

China is using some of their reserves to buy metals that can be stored for long periods of time and utilized in future years. They are also building a stockpile of soybeans, creating temporary demand and near term supply tightness. The *Wall Street Journal* reported this week that China also invested \$52 billion last year in foreign acquisitions, two thirds of which were in natural resources. They have reportedly already invested \$23 billion this year, nearly all in natural resources.

China continues to buy gold

China revealed on Friday that it had secretly raised its gold reserves by three-quarters since 2003, increasing its holdings to 1,054 tonnes - or a pot worth about US\$30.9-billion.



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[World Bank Says China's Recovery Could Start this Year](#)

China is likely to emerge from its economic slump this year, helping the rest of Asia stabilize and possibly rebound, the World Bank said today.

[Singapore is No. 1 in Innovation](#)

Singapore's emphasis on science education and a highly talented workforce puts it well ahead of the U.S. in a new global ranking of innovation leaders.

[India Leads World in ICT Exports](#)

India leads all other countries in exports of information communication technology (ICT) services, according to a report from the World Bank, followed by China in second place.

USA

[UPS Launches Mexico Door-to-Door Service](#)

UPS Freight, the heavy freight arm of UPS, has launched a door-to-door service to and from Mexico, complete with UPS customs brokerage capabilities and single invoicing for all services between the U.S., Canada and Mexico.

[UPS Deal with DHL Called Off](#)

Express giants DHL and UPS have failed to reach an agreement over plans for UPS to carry DHL's U.S. domestic airfreight—a deal estimated to have been worth \$1 billion.

[Air Carriers Could Struggle with 2010 Screening Rules](#)

Passenger airlines such as American Airlines and Delta Air Lines Inc., along with freight shippers, will be hard-pressed to meet a deadline requiring all air cargo to be screened for security by mid-2010, industry officials say.

[U.S. Beats Out India as Top Pick for Outsourcing](#)

A new survey of technology companies shows more businesses are considering the U.S. as an outsourcing destination for services and manufacturing in 2009—a big surprise over long-dominant India.

[Health Care Costs Put U.S. Firms at Disadvantage](#)

Health care costs in the U.S. are putting companies and workers at a significant competitive disadvantage in the global marketplace, finds a new study released by the Business Roundtable.



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Global News for a World Economy!

MAY - 2009

USA manufacturing capacity continues to fall

We are watching capacity utilization fall off the table. It is down to 67%, fully 15% below normal. What happens when you see that? You start closing factories. It's just what you have to do. We are going to have fewer restaurants, fewer clothing stores. The survivors will get bigger market shares; that's just what happens. Schumpeter called it creative destruction. By John Mauldin

U.S. Trade Gap Narrows for Record Sixth Month

The U.S. trade deficit narrowed 9.7 percent in January to its smallest since October 2002, as both imports and exports tumbled for the sixth consecutive month in the face of shrinking global demand.

EUROPE

Exchange Rates

The dollar has weakened recently. The euro now stands at \$1.37, up ten cents from last month, and the pound is at \$1.46, up four cents. The Canadian dollar was up a penny, at 81 cents.

European Air Traffic Plummeting

European airport operators say air passenger and cargo traffic is falling across the region. Cargo traffic alone dropped 23.6 percent in January.

EU Job Losses to Hit Logistics Sector

Up to 3.5 million European Union citizens face losing their jobs in 2009 owing to the current economic crisis, with most of the losses occurring in the logistics sector, finance sector, and several others.

Nordic Countries the Most Technically Advanced

History shows that countries-and companies-with the fortitude to maintain or increase investment during downturns emerge stronger than less visionary rivals when growth resumes. And, Nordic countries are now in the top spot, reports *BusinessWeek*.

STEEL

Global Steel Output Still in Decline

Prices for steel soared to historic highs last year. Now, as the global economy still struggles desperately to find footing, output of the metal continues to mirror the disheartening economic downturn. By Susannah Nevison



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