

China seeks sustainable economic growth boost

China has said it will take measures to boost demand and investment amid fears of a slowdown in its economy

The government said it will encourage private investment in sectors such as energy, railways and telecommunications. The move comes as its export sector, one of the biggest drivers of growth, has been hurt by falling global demand. Policymakers have also found it tough to boost domestic consumption enough to offset a decline in foreign sales. "Downward pressure on the economy is increasing," the government said in a statement issued after a cabinet meeting led by Premier Wen Jiabao. It added, "We must proactively take policies and measures to expand demand and to create a favourable policy environment for stable and relatively fast economic growth."

China's growth has been slowing in recent times. Its economy expanded by an annual rate of 8.1 percent in the first quarter, the slow-

est pace in almost three years. The government has set a target of 7.5 percent growth in 2012, the lowest since 2004. However, there have been fears that China's economy may witness a bigger-than-expected slowdown in the near term. Those fears have been fanned further in recent days as the Eurozone debt crisis has taken centre stage again after voters in Greece backed politicians who have voiced their opposition to state spending cuts. There are concerns that as the debt crisis escalates, it may dent consumer sentiment in the region and further hurt demand for China's exports.

"China seems concerned enough about its own growth slowdown and downside risks coming from the European crisis that it will do more to stimulate its economy, even pre-emptively," said Dariusz Kowalczyk of Credit Agricole CIB.



Customers wait to pay for their shopping at a supermarket

Triggered by fears of a slowdown in the economy, China has been easing its policies in a bid to sustain growth. China's Central Bank has cut the reserve ratio requirement, the amount of money that banks

need to hold in reserves, three times in the past six months. The cuts give more money to banks to lend in the hope that increased lending will result in higher spending and boost domestic demand.

UK economy in worse state than feared

Britain fell deeper into recession than initially thought in the first quarter of this year due to a slump in construction output

Revised figures show the economy shrank by 0.3 percent between January and March, worse than an initial estimate of a 0.2 percent decline. That makes it more likely the UK central bank will pump additional stimulus money into the economy to protect it from the Eurozone debt crisis. Britain is in its second recession since the 2007-2008 financial crisis, and the prospects for a recovery are overshadowed by the Eurozone debt problems.

The Office for National Statistics said the downward revision to the Q1 data was the result of a sharp drop in construction output, which fell by 4.8 percent on the quarter, its steepest decline since the first quarter of 2009. Household spending, meanwhile, rose by only 0.1 percent, its smallest rise in six months, suggesting that a consumer-led recovery is not likely.

The figures showed that exports also suffered. The trade deficit increased to 4.4bn pounds (5.5bn Euros), with net trade shaving off 0.1 percentage point from GDP. But separate preliminary data showed business investment posted its biggest quarterly rise in almost a year, and its largest annual increase in almost seven years.

Fees setback for MasterCard

Europe's second-highest court has rejected MasterCard's challenge to a European Union ban on its cross-border credit and debit card fees

The court ruling could mean competition regulators pursuing other card companies, such as Visa, over its fees. The EU ban is

intended aims to break down barriers to e-commerce and cut costs for Europe's businesses. MasterCard said it would appeal against the ruling.

"It is our intention to appeal as soon as we've analysed the more than 60-page judgement," MasterCard President Javier Perez said in

a statement. "We will likely continue to discuss with the Commission what would be the best way forward." For the time being, MasterCard will continue to apply reduced cross-border fees imposed since 2009 in a bid to avoid penalty payments for not complying with the 2007 decision, Perez said.

Gunter Sachs' art sells

Art owned by Gunter Sachs has been sold at auction in London



Portrait of French actress Brigitte Bardot by US artist Andy Warhol

The top lot was one of Andy Warhol's last self-portraits, which went under the hammer at Sotheby's for £5.4m. Sachs, who took

his own life last year aged 78, was married to French actress Bardot for three years in the 1960s. A Warhol portrait of her, commis-

sioned by Sachs five years after the couple divorced, sold for just over £3m.

Following heated bidding, a complete set of furniture made by pop artist Allen Jones, including a table, chair and hatstand made from female mannequins in leather outfits, fetched £4.1m, some 20 times the pre-auction estimate. Warhol's portrait of Sachs himself fetched £1.3m, while the artist's 1964 work *The Kiss* (Bela Lugosi) was bought for £3.2m, a record for a Warhol work on paper.

Hours after meeting her, the billionaire famously arranged for a helicopter to fly over her house in southern France to drop hundreds of red roses. In 1972, Sachs put on Warhol's first major European exhibition at his Hamburg gallery. When there were few buyers, he spared the American's blushes by secretly purchasing half the works himself.

Greek exit would be ugly and costly

Europe's banks are scrambling to make sure they are prepared for a Greek exit from the Eurozone

They would take a big direct financial hit from that, but experts have said the real worry is that Greece would be the first of the dominos, to be followed by Portugal, Ireland, Spain and Italy. The return of the Drachma — which would immediately be massively devalued against the Euro — means Greeks would not be able to repay foreign loans. Philippe Waechter — Director of Economic Research at NATIXIS said, "Even though Greece is not a very big part of the Euro area economy (GDP), if it left there would be shock waves and it would change the balance of power within the EU; so the question is — would the cost of Greece leaving (the Eurozone) be greater or less than the cost of Greece staying in?" At the end of last year, European banks had total exposure to Greece of around 80bn Euros.

French banks stand to lose most. Credit Agricole heads the list as it owns Emporiki Bank whose customers have nearly 19bn Euros in outstanding loans. Some economists feel that the European Central Bank's role has to change to prevent contagion spreading from Greece to other weaker Eurozone countries. One suggestion is that the bank could become a lender of last resort, like the Federal Reserve in the United States.

Hewlett Packard to lay-off 27,000

Hewlett-Packard, the world's largest maker of personal computers, is to cut 27,000 jobs by end of 2014

The company said the cuts — about 8 percent of its workforce — will reduce costs by up to \$3.5bn (£2.2bn) a year. HP said in a statement that the money would be reinvested into the company. The move was part of a 'productivity initiative designed to simplify business processes' and comes as rival products such as the iPad tablet computer eat into HP's sales. As part of the changes, the head of HP's Autonomy division, Mike Lynch, is being replaced by Bill Veghte, HP's chief strategy officer. Mr. Lynch will leave after what HP called a 'transition period'.

Mr. Lynch founded software company Autonomy as a small start-up and turned into one of the UK's largest technology companies. It was bought by HP last year for more than \$10bn. HP employs about 350,000 people worldwide and about 20,000 in the UK. A spokesman said it was too early to say exactly where the job cuts would hit, but no part of the business would escape some losses. "We have not yet announced specific plans with regards to specific locations. We do expect the workforce reduction to impact just about every business and region," the spokesman said.