



**Business News 22 February 2012**

**EUROPE**

**[Eurozone PMIs slide, heightening recession fears](#)**

22.02.12 (The Economic Times, India) – The Eurozone’s service sector shrank unexpectedly this month.

Markit’s Eurozone services PMI fell to 49.4 from January’s 50.4, missing even the lowest forecast in a Reuters poll of 44 economists whose predictions centred on a rise to 50.6.

The 17 nation bloc’s manufacturing sector fared little better with the PMI barely rinsing to 49.0.

**[UK business confidence ‘growing’](#)**

22.02.12 (BBC) – A net proportion of 38.5% of businesses intend to raise their marketing budgets this year, according to a survey of over 2,000 firms.

The survey comes at a time when many fear the UK will slip into recession.

**[Budget 2012: Fox calls for business tax cuts](#)**

22.02.12 (BBC) – Liam Fox has called on the chancellor to ease the tax burden on business in next month’s budget. He also wants changes to the labour market to make it easier to hire and fire employees.

The Conservative MP argued for further public spending cuts to fund employment tax reductions.

The CBI director general said : “The chancellor must use this Budget to score the growth and investment policy goals he put forward in his autumn Statement.”

**[Portugal needs more money to stay afloat](#)**

21.02.12 (Spiegel) – Troika (European Commission, IMF and ECB) officials are in Lisbon to evaluate the country’s reform programme. In recent months, the government has implemented brutal tax hikes and cut pensions and unemployment benefits. But financial markets are assuming there is a 71% probability that the country will default within the next five years.

Currently, Portugal is in a deep recession, but unlike Greece it has competitive companies capable of succeeding in the global market.

**[China carmaker opens Europe plant](#)**

22.02.12 (BBC) – Great Wall Motor has become the first Chinese carmaker to open an assembly plant in Europe as it aims to lift sales in the region.

The factory in Bulgaria will eventually produce 50.000 vehicles a year.

**[Peugeot boosted by alliance talk](#)**

22.02.12 (BBC) – Peugeot shares have jumped 10% after the firm said it was in talks about possible “co-operations and alliances”.

Last year, Peugeot’s car making business reported a loss due to tough conditions in the European car market.

A deal would require the approval of the Peugeot family, which still holds 30% of the company’s shares.

### [Heathrow passengers reach record](#)

22.02.12 (BBC) – The number of passengers using BAA’s Heathrow airport rose 5% to reach a record 69.4m last year while losses for the company narrowed.

Heathrow operates at almost full capacity. BAA said this meant it was unable to keep up with demand for new routes to growing markets in Asia.

### [France Telecom reports weak 2011](#)

22.02.12 (BBC) – Sales fell 1.6% last year to 45.3bn euros. Operating income rose 5.1% to 7.9bn euros, but other measures of profit fell.

The firm said it could cut its dividend pay-out this year by as much as 14%.

## **USA & CANADA**

### [US stocks stumble at the close](#)

21.02.12 (CNN) – US stocks stumbled into the close on Tuesday, shaking off a modest morning rally ignited by news of the Eurozone deal.

The Dow Jones industrial average briefly topped 13,000, a level not seen since mid- May 2008.

The Dow is up more than 6% from the start of the year.

## **BRIC**

### [Russia’s largest private oil company may start production in Iraq in 2014](#)

22.02.12 (Ria Novosti) – The Russian company will invest about \$4.5bn in the project in the next three years.

### [China’s R&D spending surges 21.9%](#)

22.02.12 (China Daily) – The R&D spending represents 1.83% of China’s GDP in 2011, which grew 9.2% year-on-year to 47.16tn Yuan, the National Bureau of Statistics(BS) said in the country’s 2011 statistics report.

The country’s 12<sup>th</sup> Five Year Plan (2011-2015) states that China will strive to enhance its scientific innovation capability during the five year period.

### [Alibaba wants to take Web unit private](#)

21.02.12 (CNN) –Chinese internet giant Alibaba wants to take its publicly traded Web portal private. Alibaba Group owns about 73.5% of e-commerce leader Alibaba.com, which is the company’s only publicly traded subsidiary.

Yahoo owns about a 40% stake in Alibaba, which is considered one of its most valuable assets.

## **AFRICA**

### [New West African oil discoveries](#)

22.02.12 (BBC) – Oil has been found off the coasts of Liberia and Sierra Leone.

The two countries have been eager to develop their mining and energy industries after years of conflict hindered investment and left infrastructure in ruins.

## AUSTRALIA

### [W Australia seeks own wealth fund](#)

22.02.12 (BBC) – The government of Western Australia has said it is planning to launch its own sovereign wealth fund in a bid to invest earnings from its mining boom.

The state, which has large deposits of minerals such as iron ore, has seen mining revenues rise in recent years, driven by increased demand from China and other emerging economies in Asia.