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***Top Story:***

***European Central Bank Steps in to Save the Eurozone***

The economic ‘domino effect’ in the Eurozone extends beyond the huge budget deficits of Greece, Ireland, Italy, Portugal and Spain. France, the newest circumstantial victim, sought an adjustment of about € 33 billion to improve its budget for 2013, but the plan entails a huge adjustment between € 15 billion and € 20 billion in tax increases. François Hollande, the president of France, already made clear his intentions to increase taxes on the wealthy. The French government pledged to Brussels to take the deficit to 3% in 2013, while analysts consider the forecast of 1% growth too optimistic. Also, the crises stretches beyond the Eurozone as public finances of Britain appear worse than those of Greece, according to the latest figures on government borrowing, released by the Office for National Statistics in January 2012. A collision course awaits the British Government as millions of workers warn of mass strikes protesting pay freezes, job losses and other cuts.

(GLOBO) ([HUFFINGTON POST](#)) ([UK National Statistics](#))



**Can the ECB rescue the Eurozone from its imminent fiscal calamity?**

**Implications**

As a remedy to the situation Mario Draghi, the president of the European Central Bank (ECB), pledged to step in with a new plan of potentially unlimited bond-buying to address bond market distortions and "unfounded" fears of investors about the survival of the euro. The ECB's program stays within the ECB's mandate by focusing on bonds maturing within three years. The ECB also announced that it will keep its main interest rate at a record low of 0.75 percent, making it a preferable alternative to IMF bailouts.

*“The crises stretches beyond the Eurozone as public finances of Britain appear worse than those of Greece”*



Is the age of oil riding off into the sunset?



Wal-Mart may finally make its long awaited arrival in India

## ***Commodities:***

### ***Oil Running Dry In Saudi Arabia***

Heidy Rehman of Citigroup unveiled a report which spells trouble for the Saudi Arabian economy. Rehman predicts the possibility of Saudi Arabia transforming into a net oil importer by 2030. Growth in domestic demand forces the Saudi monarchy to examine other possibilities of power generation. The subsidized cost of electricity generation, which mostly comes from oil, substantially drives up prices. The Monarchy pledged over \$100 billion dollars for two decades worth of capital expenditures for solar energy projects. One of the solar projects contains the potential to reduce energy consumption of the Saudi Ara-

bian oil business. Glasspoint Energy uses solar power to efficiently collect steam which when injected into oil reservoirs to extract heavier oil. ([Forbes](#))

#### **Implications**

Even the Saudi monarchy understands the dangers of increasing domestic demand for oil and the need to diversify. Saudi Arabia's expansive deserts and hot climate provides it great potential in the industry of solar power. As more countries seek to diversify their energy portfolio, companies providing the energy stand to extract a hefty profit.

*“Rehman predicts the possibility of Saudi Arabia transforming into a net oil importer by 2030”*

## ***Business:***

### ***India Opens its Doors to Foreign Supermarket Chains***

Last year, India's government discussed a law allowing for foreign investment in retail but it soon recoiled due to the political climate and strong opposition. This past week, however, the coalition government announced economic reforms in which foreign investors may own 51% of supermarket chains set up with local Indian partners. The opposition predicts the devastation of local stores because of the new supermarket chains. On the other hand, India's commerce minister believes that foreign investment will generate a large number of jobs for people in rural India—even though supermarkets with foreign investment can only set up in cities with a population of over 1 million. This foreign investment policy comes at the discretion of state governments. So far, nine state governments accepted the law while six rejected it. U.S. Ambassa-

dor Nancy J Powell, urges India to continue with economic reforms. She believes reforms will strengthen the country's economy as well as improve ties with the United States. ([washingtonpost](#))

#### **Implications**

Analysts expect India to receive in the following decade that more than \$10 billion of foreign direct investment into the retail sector. Amid speculation and protests, this new reform permits the government to invest back into manufacturing, logistics, and infrastructure. If all goes well, India will be seeing Wal-Mart supermarkets in major cities.

*“India's commerce minister believes that foreign investment will generate a large number of jobs for people in rural India”*



Huge profits can be gained from cars flooding the Indonesian streets.



Is there a common cause to financial crises seen across the globe?

## ***Manufacturing:***

### ***Indonesia's Expanding Auto Market***

July auto sales in Indonesia broke all previous records. Sellers sold over 102,000 cars despite a government ruling increasing the minimum down payment in June. Motorcycle sales also increased despite seeing a similar increase of the minimum down payment.

Some fear the increased sales resulted from the Ramadan spending surge, but car companies beg to differ. Toyota, Suzuki, Honda, and Nissan all plan on increasing lines of production and introducing new models and The previous four companies control over 90% of the car market in Indonesia. This fact does not deter BMW and Ford from reopening plants and expand-

ing production. Even India's Tata Motors oscillates about deciding to open up a plant in either Thailand or Indonesia. The Industry Ministry forecast Indonesia to overtake Thailand by the end of the decade as Southeast Asia's largest car market. ([Economist](#))

#### **Implications**

Indonesia's rising population and young demographic makes it favorable to an ever expanding car market. As car companies seek to expand its foothold in Indonesia, other parts of the auto supply chain may also attempt to establish a foothold in Indonesia.

*"Some fear the increased sales resulted from the Ramadan spending surge, but car companies beg to differ"*

## ***Finance:***

### ***Determining the Cause of Financial Crises***

Alan Taylor's (University of Virginia) new research involving the history of the accumulation of private debt since the 1870's generates great new insight into financial crises. Mr. Taylor distinguishes between normal fluctuations in the business cycles versus a financial crisis. He researched data on fourteen advanced economies dating back to 1870 to determine the factors which led to financial crises.

Results implicate the accumulation of private debt as the leading cause of a financial crisis, over worthy contenders like the accumulation of public debt, increases in the trade deficits, or an enlarged money supply. The researched also highlights the difficulty in recovering from a financial crisis while maintaining a high public debt during the pre-

crisis years. Mr. Taylor believes this situation ensnares the advanced economies in North America and Europe. The need for austerity decreases growth in countries that desperately need economic growth. ([Business Insider](#))

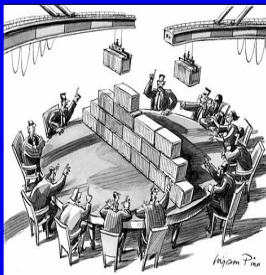
#### **Implications**

This new analysis explains the difficulties for the developed economies, while also indicating potential hardships for some developing economies. Financial companies with large exposure to the Brazilian economy should take heed by Mr. Taylor's research. As Bloomberg noted, the Brazilian economy recent successes used expansion of private credit as the fuel for the boom. ([Bloomberg](#))

*"Results implicate the accumulation of private debt as the leading cause of a financial crisis"*



Chinese citizens continue to love the sights and sounds of Taiwan



Policy makers may attempt once again to hammer out a global trade deal

## ***Tourism:***

### ***Chinese Tourist Boost Taiwan's Economy***

Given communist China and democratic Taiwan's political history, the Chinese government strictly limited travel to Taiwan in previous years. With assistance from the internet, Chinese citizens began to see Taiwan in a new light. An estimated 2.3 million Chinese citizens will visit Taiwan this year—a considerable increase from the 300,000 visitors in 2008. The influx of Chinese tourists demands an expansion of Taiwan's travel related services. The increased demand already created 77,600 jobs for hotels, shops, and restaurants. Britain's Burberry became one of the first luxury brands to exploit this new con-

sumer market by opening a store in Taiwan. The company strategically placed its largest Asian store inside Taipei 101, one of Taiwan's most visited tourist sites. ([washingtonpost](#))

#### **Implications**

The willingness of China to allow its citizens to travel to Taiwan, and Taiwan's enthusiasm to accommodate them implies an improvement in relations between the two countries. Not to mention that a thriving tourist industry provides opportunities for business. Taiwan's growing tourist industry also sets the stage for a new demographic of tourists to enjoy Taiwan's historical and cultural landmarks.

*"An estimated 2.3 million Chinese citizens will visit Taiwan this year"*

## ***Trade:***

### ***Goodbye Doha, Hello Bali***

On January 1, 2012 the Doha Round passed its absolute deadline of December 31, 2011. The potential gains of the Doha Round fell far from the estimated figure of \$280 billion a year. Doha did not meet its potential mainly because of the plethora of countries involved in the talks made it difficult to negotiate important agreements. In an attempt to compensate for Doha's shortcomings, many states decided to finalize regional deals with neighbors. Regional deals favor the countries involved at the expense of outsiders, meaning that overall global trade does not stand to benefit from them. Some suggest the World Trade Organization should consider a "Global Recov-

ery Round" where negotiations can be made between small groups that can work independently from one another. ([economist](#))

#### **Implications**

In November of this year the G20 finance ministers convene in Mexico City. Here, the ministers possess the opportunity to work out the details for the "Global Recovery Round," and produce a final, completed document ready by the next WTO meeting in Bali in December 2013. Essentially the Global Recovery Round aims to lower trade barriers for all countries and improve the world economy.

*"Doha did not meet its potential mainly because of the plethora of countries involved"*



## Law & Order:

### Chinese Firms Violate Labor Laws

Chinese businesses at home and abroad dodge labor laws to increase their profit margins. Hazardous working conditions have become a concern across all of China's labor-intensive industries. The majority of these violations fall under five general categories: overtime, wages, labor intensity, contracts, and discrimination. Workers, whose rights are ignored, manufacture most of what is sold in developed countries. The Chinese government claims that companies

violating the provisions of a country's Labor Act are privately owned, but their behavior still reflects poorly on the Chinese government.

ing a negative influence on business transactions.

([AllAfrica](#)) ([Bloomberg](#)) ([China Labor Watch](#))

#### Implications

Violations progress into overwhelming issues such as forcing workers to work overtime; arbitrarily fining workers; discriminating against workers on the basis of their gender, age, and status as institut-



**Will Chinese companies continue to violate worker's rights.**

## Construction:

### Positive News in Orlando Real Estate

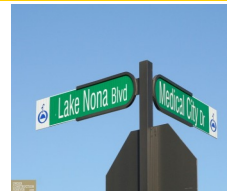
Real estate continues to expand in Lake Nona as home sales triple with respect to the amount of last year. With communities including Laureate Park, Lake Nona Golf & Country Club, Village Walk, and Water's Edge, the area contains 7,000 acres available for home construction. The community reported 300 home sales, the most witnessed by this area in the last seven years. The addition of both

Valencia College's new campus at Medical City as well as a 79,000 acre shopping center heavily contributed the recent positive numbers. ([BizJournals](#))

to executive positions. New development also means demand for more businesses which could lead to new branches for large companies or office space for small businesses.

#### Implications

The new construction assists the real estate economy as well as provides jobs. Over 600 construction jobs remain available areas ranging from basic construction



**The Central Florida real estate market begins to heal.**

## Education:

### College Financial Struggles

During the Republican and Democratic National Conventions, Ann Romney and Michelle Obama spoke of the financial struggles they endured in college. The Romney's resorted to an ironing board as a kitchen table while Obama declared "...our combined monthly student loan bills were actually higher than our mort-

gage." She went on to highlight the importance of government assistance, stating that President Obama "never could've attended college without financial aid."

#### Implications

The economy continues to slowly

recover from the near crash of 2009. During this time the cost of tuition dramatically increased, while financial aid receives significant cuts. the Obama and Romney families struggled to pay down student loans decades ago, which sheds light on how the issue of student debt can effect those who are well off. ([Washington Post](#))



**Both the Obama and Romney families struggled with student loans.**

## Technology:

### The Business of Piracy

Detica, a security company, which specializes in collecting, managing and exploiting information to reveal actionable intelligence, undertook a study on piracy sites on behalf of Google and PRS. Detica identified six different business models for online copyright infringement with advertising and subscription being professionally integrated into many of the sites. Live TV Gateway and P2P community represent two of the fastest growing business models. Live TV Gateway sites offers unauthorized access to live television streams, while P2P refers to file-sharing sites providing a well-organized range of content types offered free to the user. P2P remains heavily dependent on advertising and donations, with 86% of sites featuring advertisements. One site in Detica's study contained 15 times the ad revenue of a licensed advertising-supported service. (BBC)

**Patents are one of the most important issues with regard to innovation**



### Implications:

Advertisers who want to reach music fans work on a limited spectrum that has incorporated both legal and illegal platforms to reach their target audiences. BPI, the body which represents the music labels over the shape of government legislation on piracy, states many consumers find copyright-infringing material through a Google search. Google responds BPI's claim by saying that if you want to do something about piracy, go after the advertisers and the credit card firms rather than worrying too much about search. While both industries struggle to reach a consensus the total advertising revenues for licensed music services continue its stagnant trend amidst a clandestine competition. (BBC)

*“ Detica identified six different business models for online copyright infringement ”*



**WORLD TRADE CENTER  
ORLANDO**

### WTCO News Update

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The concept of the World Trade Center was formed in 1968 following World War II, as the premiere international organization for the facilitation of international business. Today, World Trade Center Orlando is networked with over 289 World Trade Centers located in 85 countries. Since World Trade Center services are reciprocal, World Trade Center Orlando members can access the services of these global World Trade Centers; the world's major trading Centers for trade information and assistance, business leads, and a wide variety of international opportunities. Join over 1,000,000 worldwide World Trade Center members in marketing your products/services and receiving quality services offered by World Trade Centers to World Trade Center members

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