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briefly

UNITED STATES Writer Gore Vidal dies at 86

US novelist Gore Vidal, the iconoclastic commentator on American life and history in works such as Lincoln and Myra Breckinridge, died Tuesday at age 86, his family said.

The writer's nephew Burr Steers told the Los Angeles Times that Vidal had died at his home in the Hollywood Hills of complications from pneumonia.

He was one the giants of a generation of American writers that included Norman Mailer and Truman Capote, as well known for his flamboyant social and sex life and provocative political views as for his novels.

Power restored after blackout

Factories and workshops across India were up and running on Wednesday after major electrical grid collapses caused the world's two worst power blackouts.

An estimated 620 million people lost state-provided electricity when India's northern, eastern and northeastern grids failed on Tuesday afternoon. It followed Monday's failure of the northern grid, which left 370 million people powerless.

Electricity workers struggled throughout the day on Tuesday to return power to the 20 affected states, restoring most of the system within hours of the failure. India's new Power Minister Veerappa Moily told reporters that by Wednesday morning power had been fully restored.

THE PHILIPPINES Floods worsen as

death toll hits 14

Waves swept over seawalls and flooded shanty towns in Manila on Wednesday as the death toll from four days of storms that have battered large swathes of the country rose

More than 150,000 people across the Philippines have been forced to flee their homes this week as Typhoon Saolo, hovering to the north of the country, followed monsoon weather, the national disaster management council said.

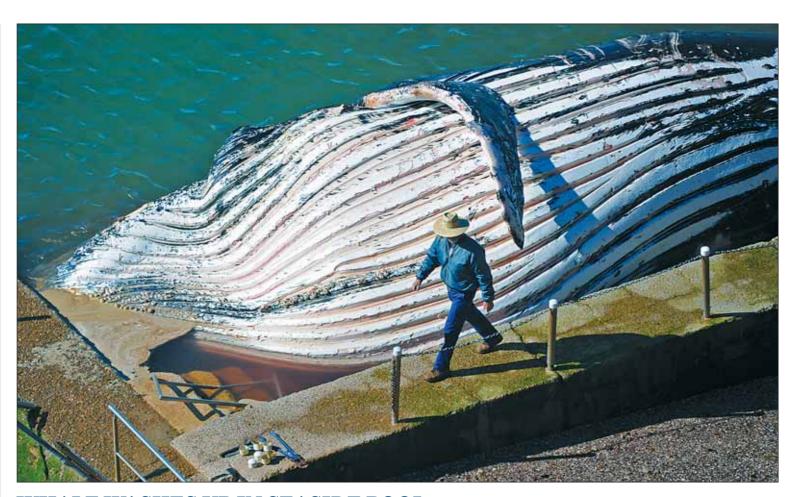
MONTENEGRO Divers find 400 WWII grenades

Police said divers have found hundreds of grenades from World War II in a river outside the capital of Monte-

Police chief Danilo Mijajlovic said a citizen spotted one grenade in the Zeta River, northwest of Podgorica, on Tuesday. He said on Wednesday that a two-hour search by policemen found more than 400 grenades of different sizes, most of them unexploded.

The area around the river is popular in summer.

AFP-AP



WHALE WASHES UP IN SEASIDE POOL

PHOTO BY TORSTEN BLACKWOOD / AGENCE FRANCE-PRESSE

A national parks ranger inspects the carcass of a 30-ton humpback whale that washed up in an ocean pool north of Sydney on Wednesday. The 11.6-meter adult humpback, which appears to have been dead for several days, appeared overnight in Newport beach's public baths as seas lashed Australia's east coast.

Jobless rates hit highest levels since euro created

By PHILIP PULLELLA and EVA **KUEHNEN**

in Rome and Frankfurt

Joblessness in the eurozone hit on Tuesday its highest level since the single currency was born, a further sign of economic desperation as hopes erode that the bloc will be saved by its central bank this week.

An additional 123,000 people were out of work in the eurozone in June, figures from Eurostat showed, bringing the unemployment rate to a record high of 11.2 percent across the 17 countries that use the single currency.

The rate hides wide divergences, with unemployment as low as 4.5 percent in Austria and as high as 24.8 percent in Spain, where a shrinking economy makes it ever more difficult to pay off debt.

New data showed capital fleeing Spanish banks at a growing rate. Spain has come dangerously close to losing affordable access to financial markets, raising the prospect of a bailout that would swamp the eurozone's hastily erected defenses. If Spain goes, Italy, with an economy twice the size, could follow.

Eurozone leaders have spent the

past week issuing statements promising to take whatever steps are necessary to rescue the currency, but none have raised expectations as much as Mario Draghi, head of the European Central Bank.

His announcement on July 27 that the ECB would do whatever within its mandate to rescue the currency raised expectations that he will deliver forceful new steps this week to lower Spanish and Italian borrowing costs.

But market sentiment has since soured, showing that investors doubt whether he can deliver.

Germany, which says it is illegal for the ECB to bankroll government borrowing, squelched talk of any easing of its opposition to letting the eurozone's rescue fund borrow from the ECB so it could buy almost unlimited quantities of government bonds.

Italian Prime Minister Mario Monti, who has campaigned for concerted action by the eurozone's rescue funds and the ECB to bring down ruinous borrowing costs for Spain and Italy, struck an optimistic tone.

"It is a tunnel but ... some light is appearing at the end of the tunnel. We and the rest of Europe are approaching the end of the tunnel," he said before talks in Paris with French President Francois Hollande.

Monti said decisions taken at an EU summit last month were starting to bear fruit. "We are now seeing the results both in the willingness of European institutions as well as from the governments of individual countries, including Germany," he said.

After lunching with Hollande, he said there was no time to lose and they had discussed deadlines, adding: "We cannot afford even a minute of distraction."

Draghi's promise last week to act to preserve the euro raised investors' expectations of a resumption of a long-suspended government bondbuying program. Investors are waiting to see what the ECB announces at a meeting of its policy-setting Governing Council on Thursday.

"Today will probably be a quiet last day of the month. Everybody is waiting for Thursday to see if Draghi can deliver," said Lex van Dam, hedge fund manager at Hampstead Capital, which manages \$500 million of

"He'd better pull a big rabbit out of his hat."

Monti, who will also visit Finland and Spain, said he was confident that Spanish Prime Minister Mariano Rajoy would be able to tackle the country's problems.

The scale of Rajoy's challenge was highlighted on Tuesday when figures showed that capital flight from Spain accelerated in May, the month when Madrid was forced to nationalize the fourth biggest lender, Bankia, and before eurozone countries agreed to help bail out Spanish banks.

Capital outflows in the first five months of this year totaled 163.2 billion euros (\$200.7 billion) — equivalent to about 16 percent of economic output. The same period last year saw a net inflow of 14.6 billion euros. Spanish retail sales fell by 5.2 percent year-on-year on a calendar-adjusted basis in June, separate data showed, marking a 24th straight month of declines.

Near-bankrupt Greece reported that it is fast running out of cash as it awaits the next installment of aid from international lenders.

Deputy Finance Minister Christos Staikouras said that in the absence of 3.2 billion euros needed to repay an ECB bond on Aug 20, Athens would lack the money to pay everyday public expenses, ranging from police and other public service wages to pensions and welfare benefits.

"Cash reserves are almost zero,"

US increases pressure on eurozone to tackle crisis

By PAUL CARREL and TERHI KINNUNEN in Frankfurt and Helsinki

The United States raised pressure on eurozone leaders to take decisive action to solve the region's debt crisis, notably by lowering troubled members' borrowing costs, on the eve of a crucial European Central Bank meeting.

US Treasury Secretary Timothy Geithner said the eurozone must take steps, including "bringing down interest rates in the countries that are reforming and making sure those banking systems can provide the credit those economies need".

He made the comments in an interview with Bloomberg Television recorded in Los Angeles on Tuesday, a day after he flew to Germany to meet Finance Minister Wolfgang Schaeuble and ECB President Mario Draghi.

Italy and Spain, the eurozone's fourth- and third-largest economies, risk losing access to credit markets because the cost of many other government bonds, except German ones, has spiraled to levels considered unsustainable in the long term.

Draghi last week said that the central bank would do whatever it takes to preserve the euro, stirring speculation it might take more radical steps when the ECB's policy-setting Governing Council holds its monthly meeting on Thursday. Geithner said Schaeuble and Draghi had

walked him through plans they were putting in place to try to solve the crisis, but he cautioned against expecting immediate action. "From what Europe has said ... they are committed to doing what's necessary to hold the

European Union together," said Geithner. "I absolutely believe they have the means to do it." Geithner said past financial crises showed that the longer it took to address the issues, the

more they cost. "I believe they understand that. That's why they've signaled they are prepared to move further. Now again, this is going to take time,"

Market expectations of a major ECB move this week have faded after a spike following Draghi's comments, with European shares

slipping and a rally in Spanish and Italian bonds petering out.

Monti seeks assistance

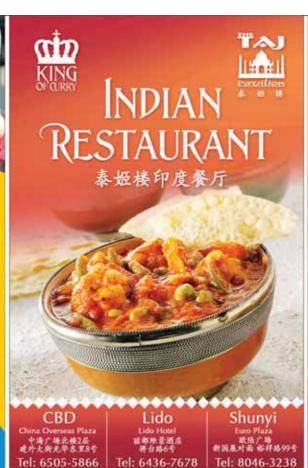
Italian Prime Minister Mario Monti, touring Europe to press for action to bring down Rome's borrowing costs, made his pitch to eurozone hardliner Finland on Wednesday, saying Italy did not need an assistance program but it might in future need "a breathing break" from high interest rates. "The basic idea is that Italy does not seem

to need special aid right now, especially not to save its economy," Monti said on the day he was due to meet Prime Minister Jyrki Katainen. He added that it was frustrating that reforms

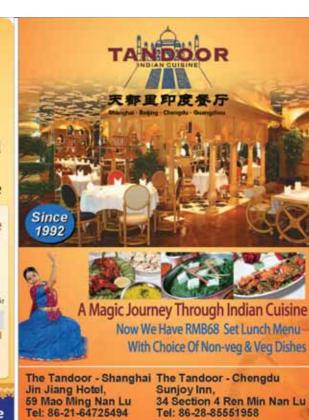
his government has carried out are not reflected in interest rates. The euro area financial crisis has sent the country's borrowing costs spiraling.

Eurozone leaders would have to agree to the rescue funds buying up government bonds, and the German Constitutional Court would have to uphold the legality of the bloc's permanent rescue fund in a ruling due on









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