

China for tighter controls on yuan

Shanghai

China said yesterday it is considering a change to its mechanism for managing its currency to buffer it against market forces. The potential new system would introduce a “counter-cyclical factor” to China’s current system of allowing the yuan to trade within a government-set band, according to a statement on the website of the Foreign Exchange Trade System.



IMF sets tough new Ukraine loan demands

Kiev

The International Monetary Fund said yesterday it will only release a new tranche payment to Ukraine once parliament approves a long-stalled pension system overhaul and land privatisation legislation. Ukraine is using a \$17.5-billion IMF lifeline to recover from crises sparked by the war that began in April 2014 and has claimed more than 10,000 lives.



Since our last G7 summit in Japan, we haven’t seen anything that would justify a change in our sanctions policy towards Russia. I will appeal to the other G7 leaders to reconfirm this policy.”

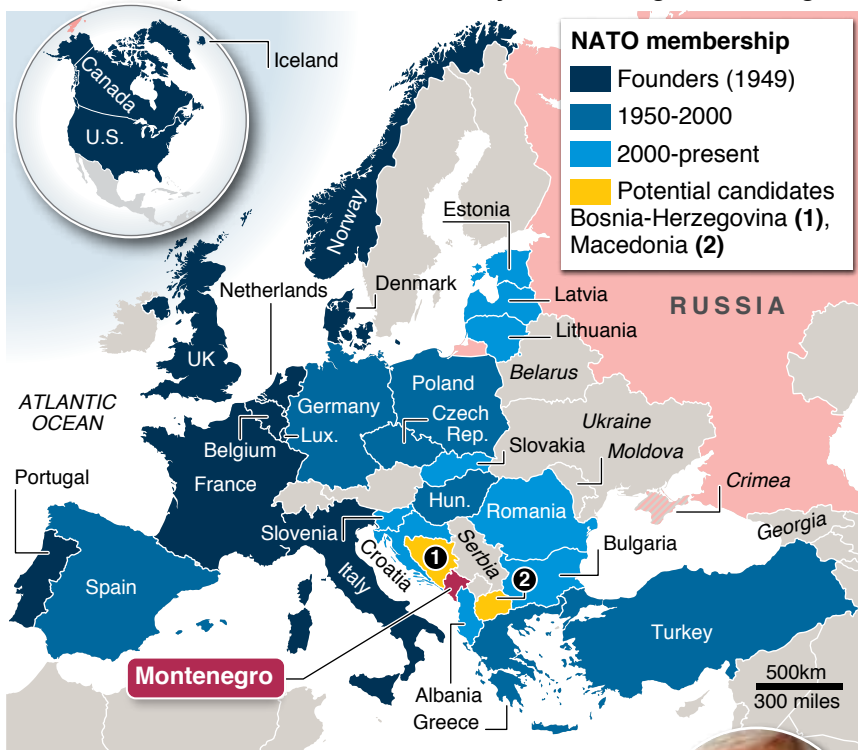
Donald Tusk

European Union President



Montenegro defies Russia to join NATO

NATO is set to expand for the first time in eight years by welcoming Montenegro into the alliance. Russia says NATO’s steady expansion into eastern Europe threatens its own security and cannot go unchallenged



Prime minister **Dusko Markovic** says membership will bring regional stability. But public opinion remains divided, with pro-Russian opposition saying NATO entry is betrayal of traditional allies Serbia and Russia



Montenegro: Part of communist Yugoslavia until 1992. Joined with Serbia, first as **Federal Republic of Yugoslavia**, then as **Serbia and Montenegro** after 2003. Independent in 2006 after 55 percent of population voted for severing ties with Serbia

Montenegro has population of 632,000 and military of only 2,000 troops, but it is strategically positioned to give NATO full control of Adriatic coastline and of entire northern coast of Mediterranean

Moscow considers Montenegro, whose population is mostly Slavic Orthodox, to be within its historic sphere of influence

Montenegro has accused Russia of being behind foiled coup in October allegedly designed to throw country off its path towards NATO

Source: North Atlantic Treaty Organization

Picture: Associated Press

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US Q1 growth revised up to 1.2pc

Washington

The US economy grew much faster than originally reported in the first quarter due to sharp increases in business and consumer spending, the Commerce Department reported yesterday.

The revised data mean GDP growth in President Donald Trump’s first quarter was 1.2 per cent, half a percentage point higher than the first report, which had US economic expansion at its slowest pace in three years.

Businesses fixed investment rose at the fastest pace in five years, which helped put a far rosier on the January-March period.

Analysts had been expecting a revision of only a tenth of a point.

The result was still far slower than the final three months of 2016, when GDP grew 2.1pc but analysts say first quarters have trended low in recent years.

Having risen to office with an agenda of economic revival, Trump has pledged to return the world’s largest economy to annual expansion of three percent or more.

The administration is counting on that robust growth -- which economists say may not be realistic -- to help pay for a proposed military buildup and multi-trillion-dollar tax cuts.

The revised GDP estimate, based on a more complete set of a data than was available in April, also reflected a smaller decrease in spending by state and local governments than originally reported. The Commerce Department will revise the data again in June.

Economists have been expecting a rebound in the April-June period, but a key indicator for the first month of the second quarter was only fair.

In a separate report, Commerce

Department figures showed a dip in civilian aircraft sales helped depress orders for big-ticket US-manufactured goods in April, marking the first decline in five months.

The slowdown was smaller than analysts were expecting but appeared larger due to the steep upward revision in March’s numbers.

Total orders for durable goods fell by 0.7pc in April to \$231.2 billion, down from March’s robust 2.3pc gain, and the slowest expansion since November.

An analyst consensus forecast had called for a far greater decrease of 1.8pc last month.

The decline was largely driven by 9.2pc drop in orders for civilian aircraft, but there were other signs of weakness.

Excluding the volatile transportation category, durables orders fell 0.4pc, their biggest monthly decline in 10 months.

Representative picture



UPS fined \$247 million for illegal cigarette shipments



Representative picture

New York

A US judge ordered the American shipping giant UPS to pay \$247 million to New York state and city governments, for shipments of cigarettes that illegally evaded taxes.

Federal district court judge Katherine Forrest found UPS “liable in each claim” and therefore the city and state “are entitled to compensatory damages and penalties,” according to court

documents.

Noting that UPS repeatedly denied any wrongdoing, the judge ordered the company to pay \$166 million to New York state and \$81 million to the city of New York. The two plaintiffs claimed approximately \$872 million in damages.

UPS said it was “extremely disappointed in the court’s ruling and imposed penalties and we will vigorously appeal the decision.”

The company said the penalties were “excessive and far out of the bounds of constitutional limits, particularly given that the shipments at issue generated around \$1 million in revenue,” UPS said in a statement.

New York State Attorney General Eric Schneiderman filed the lawsuit against UPS in February 2015, accusing the company of delivering 683,000 cases of undeclared cigarettes to private individuals and

resellers without a license between 2010 and 2014.

That represented a total loss of \$34.4 million in taxes not paid to the city and the state of New York.

But the company said the authorities “sought to force UPS to serve in a quasi-law enforcement role which involved monitoring, inspecting and reporting package contents, which is not appropriate for a common carrier.” (AFP)