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IMF RAISES GLOBAL GROWTH FORECAST

July 8, 2010 AFP reported: "The IMF raised Thursday its global growth forecast for this year despite renewed financial turbulence stemming from an European debt crisis that has sharply raised potential risks.

The fund projected the world will grow by 4.6 percent, revising the 4.2 percent forecast in April, reflecting "stronger activity" during the first half of 2010 and expectations of fiscal action, especially in Europe.

The higher growth was on "expectations of a modest but steady recovery in most advanced economies and strong growth in many emerging and developing economies," the Washington-based International Monetary Fund said.

It maintained its 2011 growth forecast at 4.3 percent in an update of its World Economic Outlook projections.

The fund however warned that "downside risks have risen sharply amid renewed financial turbulence" sparked by a severe Greek budget crisis that threatened to spread across the eurozone.

In the near term, it said, the main risk was an escalation of financial stress and contagion, prompted by rising concern over sovereign risk -- the prospect of governments reneging on borrowing terms.

This could lead to additional increases in funding costs and weaker bank balance sheets that induce tighter lending conditions, declining business and consumer confidence, and abrupt changes in exchange rates, the IMF said.

"At this juncture, the potential dampening effect on growth of recent financial stress is highly uncertain," it said, adding that so far, there was "little evidence of negative spillovers to real activity at a global level."

The new economic forecasts hinged on implementation of policies to rebuild confidence and stability, particularly in the eurozone, the report said."..."

TOP U.A.E. DIPLOMAT ENDORSES STRIKING IRAN NUCLEAR SITES

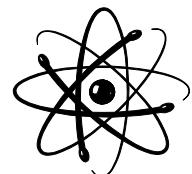
July 7, 2010 Haaretz.com reported: "The United Arab Emirates ambassador to the United States, Yousef Al-Otaiba, said Tuesday that the benefits of bombing Iran's nuclear sites eclipse the short-term costs such an attack would entail, the Washington Times reported.

"It's a cost-benefit analysis," Al-Otaiba said during an interview with The Atlantic correspondent Jeffrey Goldberg at the Aspen Ideas Festival. "There will be consequences, there will be a backlash and there will be problems with people protesting and rioting and very unhappy that there is an outside force attacking a Muslim country; that is going to happen no matter what."

"We cannot live with a nuclear Iran," he concluded.

Iranian President Mahmoud Ahmadinejad said in June that Iran would not hold talks with the West over its nuclear program until late August to punish world powers for imposing tougher sanctions against the country. He added that those countries interested in resuming talks must first make clear whether they oppose Israel's purported atomic arsenal.

Ahmadinejad vowed that Iran will retaliate should its ships be searched over suspicions that the cargo may violate the new sanctions approved by the UN Security Council earlier this month."



MEXICO THWARTS HEZBOLLAH BID TO SET UP SOUTH AMERICAN NETWORK

July 6, 2010 Haaretz.com reports: "Mexico foiled an attempt by Hezbollah to establish a network in South America, a Kuwaiti newspaper reported on Tuesday. Hezbollah operatives employed Mexicans nationals with family ties to Lebanon to set up the network, designed to target Israel and the West, the Al-Seyassah daily said.

According to the report, Mexican police mounted a surveillance operation on the group's leader, Jameel Nasr, who traveled frequently to Lebanon to receive information and instructions from Hezbollah commanders there.

Police say Nasr also made frequent trips to other countries in Latin America, including a two-month stay in Venezuela in the summer of 2008. Nasr was living in Tijuana, Mexico at the time of his arrest, the report said. The report follows warnings from the United states that Hezbollah and its backer Iran are stepping up operations in the region..."

ASSAD: US ADMINISTRATION IS WEAK

July 5, 2010 The Jerusalem Post reports: "The Obama administration's failure to facilitate change in the Middle East shows that it is weak, Syrian President Bashar Assad said Sunday during a visit to Latin America amid rising regional tensions over last month's Gaza flotilla incident and increasing efforts to defuse the Iranian threat.

Assad was quoted Monday in the Argentine daily Clarín as saying that Washington did not 'seem to be able to manage a peace process from beginning to end.' He added that while the US was capable of pulling 'all its weight' to support a peace process, the current administration has so far proved to be impractical and unable to gain the backing of Congress.

'Afghanistan is worse than before,' said Assad, stressing that the situation in Iraq had not changed and ties with Syria remained stagnant despite US President Barack Obama's announcement that he would dispatch a new ambassador to Damascus.

While criticizing the Obama administration, Assad had only words of praise for rising players in global and regional diplomacy – namely Turkey and Brazil, who recently brokered a deal to enrich Iran's uranium on Turkish soil."..."

5.4 EARTHQUAKE HITS BORREGO SPRINGS

July 7, 2010 The San Diego-Union Tribune reported: Scientists say a magnitude 5.4 earthquake erupted 13 miles north-northwest of Borrego Springs at 4:53 p.m., shaking all of San Diego County hard and rattling windows as far away as northern Los Angeles County. The quake began 7.3 miles deep and follows a series of smaller quakes in that area in recent weeks, including a 4.9 near Coyote Creek on June 13. Seismologists initially listed today's quake at 5.9 but quickly downgraded it to 5.4."..."

IMF PRESSES US TO CUT DEBT

July 8, 2010 Agence France-Presse reported: "The International Monetary Fund on Thursday urged the United States to rein in its ballooning budget deficit without putting the "modest" economic recovery at risk. Amid jitters that high levels of unemployment may force a double dip recession, the IMF warned the slow US recovery would continue and that debt problems loomed.

"The central challenge is to develop a credible fiscal strategy to ensure that public debt is put -- and is seen to be put -- on a sustainable path without putting the recovery in jeopardy," an IMF report said.

The balance between spending to stimulate the economy and putting budgets in order has vexed countries around the world as the recovery has looked more and more precarious.

President Barack Obama has plowed nearly a trillion dollars into the economy to spur economic growth, exploding the US deficit to a level that many believe is unsustainable.



The IMF praised US efforts to cut the long-term deficit through health system reform, but said more needed to be done now."..."At a recent summit of the Group of 20 leading economies in Toronto, Obama vowed to halve the deficit within three years."..."

CHINA WARNS AGAINST US-S.KOREA WAR GAMES

July 8, 2010 SpaceWar.com reported: China warned the United States and South Korea Thursday against holding joint war games near its waters and urged the two nations to guard against exacerbating festering tensions with North Korea.

The joint military exercises were scheduled after the March sinking of a South Korean warship that Seoul has blamed on a North Korean torpedo attack and which killed 46 sailors and sent regional tensions soaring.

"China has expressed its serious concerns with relevant parties," foreign ministry spokesman Qin Gang told reporters when asked about the war games. "We are firmly opposed to foreign military vessels engaging in activities that undermine China's security interests in the Yellow Sea or waters close to China."

Beijing has refused to condemn its neighbour and close ally North Korea for the alleged attack despite an international probe that blamed the isolated communist state. China has said it was studying the investigation's findings."..."

CHINA FLEXES ITS NAVAL MUSCLE

July 9, 2010 Asia Times Online reported: "China this week again used the East China Sea as a setting for military maneuvers and exercises that it knew would rattle the United States and its allies. After recently calming Japanese concerns about rising tensions in this area, China shut down all vessel traffic in a large zone off the coast of Zhejiang as the People's Liberation Army Navy (PLAN) conducted a series of live fire drills.

The PLAN engages in such drills each year, and does so in waters considered part of China's exclusive economic zone (EEZ). All ships, including US military surveillance ships, are given fair warning to stay clear.

At the same time, because US Navy carriers do not frequent the Yellow Sea for a variety of reasons, China was sending messages in advance that "national interests could be damaged" if the US proceeds to deploy a US carrier during a joint exercise with the South Korean navy later this summer.

"Under current situations, relevant parties should exercise restraint and refrain from doing things that may escalate tensions and harm the interests of the countries in the region," said Chinese Foreign Ministry spokesman Qin Gang.

Having this floating symbol of US military might deployed so close to China is perceived by Beijing as more than a very unfriendly gesture on the part of the US."..."

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