

ZHU: 'TOO SOON' TO DISCUSS CHINA BUYING MORE EFSF

In Cannes, France, on the eve of a summit of world leaders, Vice Finance Minister Zhu Guangyao told reporters that it's much "too soon" for China to discuss further bond purchases from Europe's revamped rescue fund. Today, Zhu said that while there are proposals to bolster the European Financial Stability Facility, "there are no concrete plans yet so it's too early to talk about further investments in these tools." Zhu said the rescue fund, which is already a part of China's portfolio, is an "important tool" to address the seriousness of this debt crisis. Last week, as a part a broader crisis-fighting package that aimed to shore up banks and provide new aid to Greece, European Union leaders agreed to boost the 440 billion-euro (which is around \$605 billion) fund's firepower to 1 trillion euros. On Oct. 27, when the plan was announced, French President Nicolas Sarkozy said he planned on calling his Chinese counterpart, Hu Jintao, to discuss China contributing to Europe's efforts to resolve the debt crisis. Klaus Regling, EFSF Chief Executive Officer, visited beautiful Beijing sometime last week to gather up all of the Chinese authorities and talk to them about the debt crisis that is going on, and what they're going to do about it. The EU have come up with two different ways of backing up the fund, by insuring bond sales and by creating an investment vehicle that would court outside money from public and private financial institutions and investors. The implementation details on both of these options may emerge sometime this month. Zhang Tao, who is the director general of the international department of the People's Bank of China, has recently said that further details need to be worked out for each of the possible options. "At present there's no specific plan that people have clear understanding of," Tao said. At the Greek Prime Minister George Papandreou's request for a referendum on the rescue pact for his country, roiled markets, Europe's bailout fund is delaying a 3 billion-euro (which is around \$4.1 billion) bond sale. According to Luxembourg-based spokesman Christof Roche, the EFSF is putting off the 10-year issue "due to market conditions". According to a person with some sort knowledge of the matter, the fund may have to wait for the outcome of the Nov. 3-4 Group of 20 summit in Cannes, France before selling the bonds. Also according to data compiled by Bloomberg, the EFSF, which was established in June of 2010, has raised 13 billion euros from three bond issues this year. It's 5 billion Euros of 3.375 percent notes sold in the month of June and maturing July 2021 fell 0.5 cent to 99.85 cents, after



rising for each of the past three days, according to Bloomberg Bond Trader prices.