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Business World News Asian stocks fall on Europe crisis pessimism by [Ahtasham U Haq](#)

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Asian stocks fell as hopes faded that a bold solution might be found to a crippling debt crisis.

Asian stocks fell Thursday as hopes faded that a bold solution might be found to a crippling debt crisis that is threatening to drag Europe into a deep recession.

Benchmark oil rose above \$100 per barrel while the dollar fell against the euro and the yen.

Japan s Nikkei 225 fell 0.6 percent to 8,670.82, dragged down by weaker-than-expected machinery orders. South Korea s Kospi lost 0.3 percent to 1,913.69 and Hong Kong s Hang Seng shed 0.7 percent to 19,111.64.

Australia s S&P/ASX 200 dropped 0.2 percent to 4,286. Benchmarks in Singapore, Taiwan and India also fell. Mainland China and Malaysia rose.

One point of friction has surfaced over a proposal by French President Nicolas Sarkozy and German chancellor Angela Merkel, leaders of the two economic powerhouses among the 17 nations that use the euro. They are demanding far-reaching changes to the treaty governing the European Union to enforce fiscal discipline among its members.

That proposal is being met with resistance by the European Council, an institution that defines the priorities of the entire 27-nation EU. Its president, Herman Van Rompuy, favors going a simpler route amending existing rules that apply to the 17 euro countries to avoid the trickier step of requiring every country to approve the new treaty.

The disagreement has soured hopes for an immediate solution to the crisis.

"Normally this kind of talk would take place behind closed doors. The fact that it s in the open suggests it already has and normal channels have, at least temporarily, broken down," analysts at DBS Bank Ltd. said in a research note.

Additionally, certain provisions in the Franco-German proposal, such as setting automatic penalties for countries that overspend, are controversial and have the potential to delay an agreement.

Urgency was added to the situation Wednesday when ratings agency Standard & Poor s threatened to downgrade the bonds of all EU countries because their economies were intricately linked with the 17 nations that use the euro.

The intensifying debt crisis and lack of radical solution such as the issuance of eurobonds have roiled global stocks for months. Germany has resisted eurobonds due to fears that pooling debt would drive up its own borrowing costs, expose its taxpayers to the bad debt of weaker countries, and remove incentives for struggling nations to get their finances in order.

"Germany and the rest of Europe are going into two directions. The rest of Europe wants Germany

to stand behind the euro but Germany does not want to be the lender of last resort," said Francis Lun, managing director of Lyncean Holdings in Hong Kong. "Because it ... will be the German taxpayer to foot the bill and I don't think that's what Germany wants."

Asian shares faced multiple headwinds. Australia unexpectedly eliminated 6,300 jobs in November. Most economists had predicted total employment would rise by 10,000.

Meanwhile, Japan's core private-sector machinery orders fell a seasonally adjusted 6.9 percent in October, the second consecutive month of decline. Financial markets had expected a 0.5 percent increase, Kyodo News Agency reported. That hurt industrial shares such as Nippon Steel, which lost 1 percent, and industrial supplier Mitsui & Co., down 1.5 percent.

Tokyo Electric Power, operator of the crippled Fukushima nuclear power plant, plunged 7.6 percent after a news report said the government is set to effectively nationalize the utility.

Samsung Electronics rose 2 percent, as Citigroup Global Markets rated its stock "a buy," saying it was expected to be the only profitable major display panel maker in the fourth quarter of 2011.

On Wall Street, the Dow rose 0.4 percent to close at 12,196.37. The Standard & Poor's 500 index rose 0.2 percent at 1,261.01. The Nasdaq composite index fell marginally to 2,649.21.

Benchmark oil for January delivery was up 13 cents to \$100.62 a barrel in electronic trading on the New York Mercantile Exchange. The contract fell 79 cents to end at \$100.49 per barrel on the Nymex on Wednesday.

In currencies, the euro rose to \$1.3404 from \$1.3394 late Wednesday in New York. The dollar fell slightly to 77.64 yen from 77.66 yen.

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