

## **Dagong puts U.S. credit rating on negative watch list**

BEIJING, Dec. 25 (Xinhua) -- Chinese rating agency Dagong Global Credit Rating Co. on Tuesday announced that it has put the local and foreign currency sovereign credit ratings of the U.S. on a negative watch list.

"In regards to the U.S. debt crisis, each political party is insisting on a proposition that is favorable for its own interests," Dagong said in a statement on its website.

Therefore, it will be difficult to form a long-term consensus on solving the debt problem, it said.

The debt burden of the U.S. federal government increased 9.1 percent year on year in 2011 and 11.7 percent in 2012, far exceeding the country's nominal GDP growth rate of 3.9 percent in 2011 and 3.4 percent in 2012, Dagong said.

Dagong said it expects the outstanding debt of the U.S. to rise to 104.8 percent of its GDP and 608.7 percent of its fiscal revenues by the end of 2012, indicating that its solvency is experiencing a descending trend.

"Due to the pending fiscal cliff, the U.S. economy is likely to fall into recession in 2013 and stay weak in the long-term, which will further weaken the material basis for the government to repay debt," the statement said.

On Aug. 2, 2011, Dagong downgraded both the local and foreign currency sovereign credit ratings of the U.S. from A+ to A, each with a negative outlook.