New Fiat Czar

The Agnelli dynasty will crown the new czar of the Fiat automotive empire on Tuesday when John Elkann, scion of the family known as "Italy's Kennedys," takes over at the tender age of 32, Reuters reported.

China Inflation Intensifies

China's inflation accelerated to close to the fastest pace since 1996 as food prices soared and the government slowed gains by the yuan. Consumer prices rose 8.5 percent in April from a year earlier, the National Bureau of Statistics said on Monday, after gaining 8.3 percent in March. That topped the 8.2 percent median estimate of 22 economists surveyed by Bloomberg News.

Food prices jumped 22 percent, a threat to social stability as the world's most populous nation prepares to host the Olympic Games this summer.

"The yuan needs to appreciate at a much faster pace to reduce import costs," said Li Wei, an economist at Standard Chartered Bank Plc in Shanghai. The yuan traded at 6.9830 versus the dollar as of 11.57 a.m. in Shanghai from 6.9833 before the data was released. The currency has climbed about 0.4 percent versus the dollar since March 31 after a 4.2 increase in the first quarter that was the biggest jump since the end of a fixed exchange rate in 2005.

UK Outlook Worsening

The outlook for the UK economy has got worse and the Bank of England must act to stop a major downturn, the British Chambers of Commerce (BCC) has warned. The current economic slowdown will be more prolonged than previously thought, it argued, with consumer spending remaining weak until the end of 2009, BBC reported.

The Bank of England must be more "pro-active" in countering the threat to growth and business prospects. The Bank left interest rates on hold at five percent last week. The widely-expected decision was criticized by some business groups which have called on the bank to be more aggressive in cutting the cost of borrowing to assist consumer confidence.

The Bank has trimmed rates three times since December but the 0.4 percent economic growth in the first quarter was the lowest quarterly figure since the start of 2005. But the BCC warned against undue caution due to the worsening economic prospects.

"The longer the Monetary Policy Committee waits now, the bigger the danger that the situation would deteriorate and the policy choices would become more difficult and more unpleasant later in the year," said David Kern, the BCC's economic adviser.

Africa Warned About Food Prices

The African Development Bank warned on Sunday that the near doubling of prices of some staple food crops in recent months had serious implications for Africa, particularly the poorest nations.

In a report titled Africa Economic Outlook, launched Sunday ahead of a two-day African Development Bank annual summit this week, the institution noted the urgent need for action, AFP wrote.

"Besides the rising price of crude oil, in the last three months since January 2008, prices of some major food crops have nearly doubled," said the report.

It noted that prices of major staple crops had doubled in the three months after January 2008.

The price of rice increased from $373 (242 euros) per ton to $760 while that of maize increased from $171 per ton to $220. "These large and sudden price increases have now started to have severe implications in many African countries," said the report.

The African Development Bank holds its summit in Maputo, Mozambique from May 14 to 15.

S. Korean, Japanese Firms Win Kuwaiti Contract

Four South Korean and Japanese firms were on Sunday declared winners of four major contracts worth billions of dollars to build a new refinery in Kuwait, an oil official said.

The total value of the bids made by the companies was around $8.3 billion, Mohammad Al-Ajmi, spokesman for national refiner Kuwait National Petroleum Company (KNPC), told AFP.

One contract for the main manufacturing units was awarded to a consortium of Japanese JGC Corp and South Korea's GS Engineering and Construction Corp for $4 billion, he said.

SK Engineering and Construction Co. of Korea was awarded the subsidiary units for $2.06 billion, while Daelem Industries, another South Korean firm, won a contract of tanks for $1.184 billion.

Korea's Hyundai Engineering and Construction Co was awarded a contract for offshore facilities at $1.12 billion, Ajmi said.

A separate contract for consultancy, which was not part of the tender, had been earlier awarded to US Fluor Engineering firm and it was reported to be for two billion dollars.

News in Brief

BOJ Focusing on Downside Risks

The Bank of Japan is focusing on the risk that the global slowdown and financial-market turbulence will hurt the economy's longest postwar expansion, Governor Masaaki Shirakawa said. "Right now we must focus our attention on the downside risks" to the economy, Shirakawa said on Monday in a speech at the Japan National Press Club in Tokyo. It's not appropriate to predetermine the future policy direction" because "uncertainty about the economic outlook is high," he was quoted by Bloomberg as saying.

The central bank last month cut its growth forecast and raised its inflation estimate in a report that omitted a call for increasing interest rates for the first time in two years. Shirakawa said the economy will probably pick up after slowing for some time and keeping interest rates extremely low could prompt companies and consumers to make excessive investments and misallocate resources.

Ecuador Wary of WB Arbitration

President Rafael Correa said on Saturday he has "no confidence" in the World Bank arbitration branch that is hearing US oil company Occidental's lawsuit against Ecuador. Ecuador "handed over its sovereignty" when it signed international accords binding it to the bank's International Center for Settlement of Investment Disputes, Correa said during his weekly radio address. The ICSID is an autonomous court established to resolve investment disputes, AP wrote.

Los Angeles-based Occidental Petroleum Corp. is seeking $1 billion in damages from Ecuador, alleging its property was confiscated illegally when the Andean nation canceled its operating contract in May 2006.

Occidental, whose production represented about 20 percent of Ecuador's total output, also is seeking to recover the oil fields. Ecuador accuses the company of illegally selling 40 percent of its concession to EnCana Corp. of Canada without Energy Ministry authorization. In a separate case before the court, Ecuador recently reached a settlement with Occidental to return $100 million in taxes. The company had originally said it was due a $171 million refund, and Ecuador's energy minister called the agreement a victory.

France to Open Czech Exhaust Plant

French auto components multinational Faurecia will open a 20 million euro ($30.9 million) plant producing exhausts in the eastern Czech town of Karvina as part of a wider shake-up of its Czech business, the domestic CTK news agency reported Sunday.

The new plant should open in the first quarter of 2009 with 300 employees. Faurecia also plans to recruit an extra 700 workers at its 50 million euro Pisek plant in the center of the Czech Republic by the end of 2009, where 1,000 workers have been making doors, seats and exhausts since its opening last year.

Jobs at both sites will be offered to workers at two other Faurecia plants in the Czech Republic which will close. The seat cover factories--at Tabor and Pocatky--together employ 564 workers, but cannot compete against cheaper competition from Asia and Africa, the company said.

Faurecia is Europe's second-biggest car components manufacturer. It has expanded its activities in the Czech Republic, which now is its sixth most significant production site worldwide.

Emission Reduction On G8 Agenda

Many countries, including Japan, are struggling to meet targets set by the 1997 Kyoto Protocol, which requires that greenhouse gas emissions be reduced by an average of 5 percent below 1990 levels by 2012.

Labor ministers from the Group of Eight industrialized nations met with international trade union and business groups on Sunday to discuss the reduction of workplace emissions of "greenhouse" gases blamed for global warming, officials were quoted by AP as saying.

The talks, in Niigata on Japan's north coast, are aimed at boosting support for global environmental initiatives before Japan hosts the G-8 summit in July.

The labor ministers, whose formal talks start Monday, are also expected to address concerns about growing income disparity, aging and uncertainty over financial markets, Japan's Health and Welfare Ministry said.

Participants at Sunday's session--including representatives from the International Labor Organization and the Organization for Economic Cooperation and Development--issued a statement urging G8 nations to promote sustainable labor markets and environmental protection at workplaces. "The G8 countries should foster a societal approach moving all industry sectors in more environmentally friendly and energy efficient directions," it said.

Japan hopes to lead the discussions with its experience from "Cool-Biz"--a no-tie, no-jacket summer campaign it launched in 2005 to curb greenhouse gas emissions by limiting the use of office air conditioning.

Many countries, including Japan, are struggling to meet targets set by the 1997 Kyoto Protocol, which requires that greenhouse gas emissions be reduced by an average of 5 percent below 1990 levels by 2012.

Japan is now considering setting a more aggressive emissions reduction target for 2050--raising the current goal of a 50 percent emissions cut to between 60 percent and 80 percent--to be announced in mid-June, public broadcaster NHK reported Sunday.

Japanese officials also plan to discuss how industries that are likely to be hurt by climate change can seek alternative income sources, such as ski resorts facing snow shortages pursuing other forms of tourism, Kyodo said.

The G8 comprises Britain, Italy, Canada, the United States, France, Russia, Germany and Japan. Thailand and Indonesia were invited to join some discussions.

The leaders of Russia and Britain will meet face-to-face on the sidelines of the G8 summit in July as they aim to put severely strained bilateral ties back on track, the two countries said Sunday.

The meeting between new Russian President Dmitry Medvedev and British Prime Minister Gordon Brown was confirmed after the two held telephone talks described by Downing Street as "constructive and warm".

"An agreement has been concluded on the preparation of a bilateral meeting at the highest level during the summit of the Group of Eight (industrialized nations) in Japan," a Kremlin official said.

"The British prime minister congratulated Medvedev on taking over as president," the official said. "Enhanced economic ties as well as measures aimed at developing relations between the two countries in other areas were discussed during their conversation," she said.

A spokesman from the British prime minister's office confirmed the meeting and said Brown had written to Medvedev recently expressing the hope the two could meet. "We will work up some kind of agenda closer to the time," he said, when asked what the two men would discuss, adding the length of the meeting would be "whatever can fit into both leaders' programs at the time." After Medvedev's investiture on Wednesday, Britain said his election as Russian president was a chance for Moscow to make a "fresh start" in relations with the West.