

## Quake Hurts China's Bourse

Chinese shares fell Tuesday and the country's two stock exchanges suspended trading in 66 companies based in the region hit by a major earthquake in an effort to minimize potential disruptions to financial markets. The benchmark Shanghai Composite Index was down 2.6 percent at 3,533.55 by midday, after dropping as much as 3.3 percent in early trade. The Shenzhen Composite Index, of China's second, smaller bourse, fell 1.3 percent by midday to 1,097.26, AFP reported.

Meanwhile, a Japanese minister on Tuesday expected an economic blow from China's major earthquake, which shut operations of Toyota Motor Corp. and other Japanese companies.

"It is unavoidable for the earthquake to have an impact on the Chinese economy," said Hiroko Ota, minister for state for economic and fiscal policy. "It is fully possible that this will affect local operations by Japanese firms," she said. Japan counts on China as its largest commercial partner and a key driver of the economic giant's steady recovery from recession in the 1990s.

## Venezuelan Biggest Steelmaker Nationalized

Venezuelan President Hugo Chavez on Monday nationalized the country's biggest steelmaker Ternium-Sidor, which is majority owned by Argentina's Techint.

Chavez signed the decree after announcing last month he would nationalize the company, which employs around 12,000 workers, following a breakdown in union contract talks, BBC reported.

"Today marks the beginning of a historic new era," Chavez told workers at the Ternium-Sidor steel mill in Ciudad Guayana, 500 kilometers (310 miles) southeast of Caracas. "Here, beside these furnaces in the middle of Siderurgica del Orinoco (Sidor steel company), I have enacted the law by which we reclaim steel making," he told hundreds of company employees.

Chavez set a June 30 deadline for transfer of all Ternium-Sidor assets to the government.

At present, Argentina's Techint owns 60 percent of Sidor, which produced 4.3 million tons of liquid steel in 2006.



## Tropical Products Top Doha Talks

The hot potato these days in the Doha Round of World Trade Organisation (WTO) negotiations is tropical products, a burning issue for the world's poorest countries.

According to Ipsnews.net, developing countries' demands for more ambitious liberalization for tropical foods than for other agricultural products is justified, argued a Latin American negotiator who asked to remain anonymous.

The WTO committee on agriculture is also discussing the erosion of trade preferences, an issue closely linked to tropical products. Lowering or eliminating tariff barriers has the effect of diminishing the relative benefits enjoyed by countries which formerly had special trading privileges.

Bananas are a case in point, a tropical product symbolizing the trade liberalization demands of many Latin American countries.

But the probable opening up of export markets for Latin American bananas threatens to erode the preferences awarded to the former colonies in Africa, the Caribbean and the Pacific (ACP), which also produce bananas and currently enjoy favorable tariff treatment in the European market.

## Nigeria to Probe Foreigners Quota Abuse

The Nigerian government will investigate allegations that international oil companies operating in the upstream sector employ more foreigners than allowed by the law, an official statement said.

Junior petroleum minister Odein Ajumogobia told leaders of the blue-collar oil union NUPENG that his ministry would collaborate with the labor ministry to investigate the alleged abuse of "expatriate quota," the statement was quoted by AFP as saying. Ajumogobia said the government "will not tolerate a situation where Nigerian workers in the oil and gas sector are being subjected to practices that do not conform to the regulations stipulated in the labor laws," the statement said.

The government would also investigate the "perceived wrongdoings and injustice meted out to Nigerian workers by the (international oil companies) under the pretext of redundancy and contract staffing".

Leaders of the National Union of Petroleum and Natural Gas Workers have complained to the minister that the policy of contract/casual staffing by international oil companies is at variance with international practice.



## News in Brief

### HP Targeting Major Deal



In what could turn into its biggest deal in six years, Hewlett-Packard Co. hopes to buy Electronic Data Systems Corp., which pioneered the concept of running data centers and providing other high-tech help for large companies and government agencies, Reuters reported.

Palo Alto-based HP and Plano, Texas-based EDS confirmed Monday that they are in "advanced discussions" about a possible combination without providing additional details.

The Wall Street Journal reported Monday that HP is willing to pay \$12 billion to \$13 billion—a price that translates to \$24 to \$26 per share. EDS shares soared \$5.27, or nearly 28 percent, to finish Monday at \$24.13. HP shares dropped \$2.49, more than 5 percent, to close at \$46.64 as investors fretted over the deal's logistics.

### Japanese Firms to Earn Less

Japanese companies' profits are expected to fall for the first time in seven years in the current year through March, hit by a US slowdown, a stronger yen and a spike in raw material costs, a survey said Tuesday.

Japan's Nikkei business daily, in a poll of 629 publicly traded firms outside of the financial industry, said that average consolidated pretax profits are expected to go down 6.5 percent from last year, AFP wrote.

Automakers are among those expected to be hit hardest by a slump in US demand and a stronger yen, which makes their products more expensive overseas.

The auto industry, including parts manufacturers, expects a 26 percent drop in pretax profit, the Nikkei said. Toyota Motor Corp., Japan's largest automaker, earlier said it expects sales and profit declines for the first time in nine years. A resilient yen is also forecast to push down Honda Motor Co.'s operating profit by around 300 billion yen (\$2.89 billion).

### Fuel Protest in Indonesia



Students angry over impending fuel price increases protested across Indonesia on Tuesday, showing the risks for the government as it tries to cut subsidies amid soaring world oil prices. The protests were small and peaceful, but the government was watching them anxiously: earlier price hikes sparked riots and contributed to the downfall of ex-dictator Suharto in 1998.

Students took to the streets in at least 10 cities, witnesses and media reports said. Officials have said gasoline, diesel and kerosene prices will rise by up to 30 percent, likely by the end of the month. "Reject any fuel rises," around 50 students shouted in the Javanese town of Bandung, state news agency Antara reported. "They will only add to the people's suffering."

Subsidies have long kept fuel products affordable for Indonesia's millions of poor, but surging world oil prices in recent years have meant the government can no longer afford them. Oil is currently above US\$120 a barrel.

Any rise in fuel costs will lead to knock-on hikes in prices of food, electricity and public transportation. The government has promised to cushion the blow to the poor by giving them cash handouts over the coming months.

The government says it has no choice but to cut subsidies and has pointed out that they are disproportionately enjoyed by the rich, who currently spend just under half a dollar (€0.32) for a liter (0.26 gallon) of gasoline for their cars.

# UN Taskforce Combating Food Crisis

## Rice Output to Increase



Global food prices have nearly doubled in three years, with experts blaming the soaring prices on trade restrictions, poor growing weather, rising use of biofuels that rely on staples like corn and the hike in fuel prices that make transporting food more expensive.

A UN special taskforce on the world food crisis sweeping the globe met for the first time on Monday with the aim of designing an action plan to combat high prices and food shortages. Under the authority of UN Secretary-General Ban Ki-moon, the group's mission is to "promote a coherent and coordinated response to the current food security crisis," a preparatory statement said, AFP reported.

Among the key goals are to develop a "comprehensive framework for action," including a series of short and long term plans for combating the food crisis which has sparked riots, protests and export restrictions worldwide.

Global food prices have nearly doubled in three years according to the World Bank, with experts blaming the soaring prices on trade restrictions, poor growing weather, rising use of biofuels that rely on staples like corn and the hike in fuel prices that make transporting food more expensive.

The UN taskforce is also to prepare the ground for a high level meeting of the UN food and Agriculture Organization (FAO) on food security, to be held in Rome June 3-5, and follow up on the implementation of the action plan.

Ban has urged world leaders to attend the meeting, called the High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy.

The food crisis taskforce, whose creation was announced by Ban in Bern, Germany on April 29, brings together the leaders of 15 groups and agencies from the United Nations, International Monetary Fund (IMF) and World Bank. It is under the direct authority of Ban and is being coordinated by UN humanitarian chief John Holmes.

In Bern, the IMF, World Bank and United Nations urged world leaders to take steps to ensure more equitable global trade, with Ban urging a repeal of export restrictions in countries such as Brazil and Egypt.

Argentina, Brazil, Vietnam, India and Egypt have all imposed limitations on the export of certain produce in order to ensure food security for their populations, but Ban says the move has reduced supplies and raised prices.

World Bank President Robert Zoellick has said two billion people across the world are struggling with high food prices, and 100 million people in poor countries may be pushed deeper into poverty by the crisis.

Rice production in Asia, Africa and Latin America is forecast to reach a new record level in 2008, but world rice prices could remain high in the short term, FAO said Monday. "World paddy production 2008 could grow by about 2.3 percent, reaching a new record level of 666 million tons, according to our preliminary forecasts," said FAO rice expert Concepcion Calpe.

Production growth could even be higher if recent appeals and incentives to grow more rice lead to expansion, according to the Rice Market Monitor. But the May 3 cyclone disaster in Myanmar could well worsen the forecast, say FAO officials. For the first time, paddy production in Asia could surpass the 600 million ton benchmark this year, amounting to 605 million tons, Calpe was quoted as saying.

"Major gains are expected all across the region," she said. "Bangladesh, China, the Philippines, Thailand and Vietnam could register the largest gains. Prospects are also buoyant for Indonesia and Sri Lanka, despite some recent flood-incurred losses."