

Chinese Companies Suffer \$9.5b Loss

Companies suffered \$9.5 billion in damage in last week's quake in central China, the government said Monday.

Some 14,207 companies in Sichuan province and surrounding areas were damaged by the May 12 quake and 1,387 of their employees killed, a deputy industry minister, Xi Guohua, said at a news conference, AFP wrote.

Independent estimates have put total losses at up to \$20 billion after lost future output is taken into account.

The power grid suffered 6.7 billion yuan (\$950 million) in damage, Xi said. He gave no other details, but earlier reports said factories, coal mines, toll roads, office buildings, chemical plants and other facilities were damaged or destroyed.

The magnitude 7.9 quake killed at least 34,000 people and officials say they expect the death toll to surpass 50,000.

Analysts say the long-term effect on China's fast-growing economy should be limited. Sichuan, in the mountainous central part of the country, is a major source of coal and natural gas, but has limited manufacturing, finance and other industries.

EU to Cut Farming Subsidies

The EU is renewing efforts to reform its Common Agricultural Policy, the rural payments system that costs more than 40 billion euros a year.

It is due to announce proposals aimed at making farming more efficient and environmentally friendly.

According to BBC, the European Commission will suggest going further down a road it embarked on five years ago. It aims to scrap milk quotas and pay farmers for looking after the countryside rather than producing food.

The idea is to make farmers more responsive to the demands of the market—and more at its mercy. The draft policy requires approval by all 27 EU member states and the European Parliament.

It calls for milk quotas to be raised then scrapped by 2015. The commission wants to progressively cut subsidies to farms, and shift the money saved to protect and promote traditional family farms.

UK Chancellor Alastair Darling has urged the EU to go much further and get rid of direct payments to farmers altogether.



Turkey Hurt By Rising Prices

Turkey has entered a period of importing inflation from abroad as a consequence of rising energy, food and commodity prices, the foreign trade minister says.

Rates of inflation in virtually all countries from China to the US are on the rise, and this situation is creating problems for Turkey, Foreign Trade Minister Kursad Tuzmen stated in an interview with the Anatolia news agency.

"Turkish exporters and industrialists had decreased their costs by importing cheap intermediary goods, but now we have entered a new phase in which prices are increasing in all countries, leaving us without the advantage of procuring cheap products abroad. Thus, costs are heading up, which may be interpreted as the importation of inflation."

China, the main market among Turkish importers, for example, is suffering from the highest inflation rates of the last decade. Manufacturers and exporters are largely dependent on these imported items in their production of final goods, so any change in the prices of these intermediary goods directly affects their costs.

ECB Concerned Over Inflation

European Central Bank president Jean-Claude Trichet voiced concern Monday about the danger of inflation in the eurozone as a "very significant" market correction continued.

"Price stability, and credibility in price stability, in the medium term, is the best way to have a high level of sustainable growth and sustainable job creation," Trichet told the BBC in an interview.

Eurozone inflation eased to 3.3 percent in April after a record spike to 3.6 percent in March but is still way above the ECB's target of close to but just below 2.0 percent.

Trichet declined to be drawn when asked if he felt that the worst of the credit crisis had now passed—as many analysts and commentators believe—saying that the markets continue to correct.

"The best description (of the situation that) I can give is that it is an ongoing very significant market correction," he said.

"These are demanding times, challenging times. We have this accumulation of the oil shock and the food and agro-products shock," he warned.



News in Brief

France's Rich Evade Wealth Tax

The exodus of the well-heeled seeking to escape France's wealth tax picked up in 2006, with 843 taxpayers holding an estimated 2.8 billion euros in assets leaving the country, 'Le Figaro' reported Tuesday.

The figure was around 200 higher than in 2005, the daily reported citing the French Senate's budget pointman, Philippe Marini.

The tax is a levy on assets above 770,000 euros (\$1.2 million) rather than on income and has forced numerous well-off to take up residency in other countries, such as French rock icon Johnny Hallyday.

Marini suggested raising the minimum threshold to one million euros.

"We have a need for well-off people in our country to invest, create jobs, wealth and finally to pay taxes," said the lawmaker.

Bank of Japan Keeping Rates Steady

Japan's central bank kept interest rates steady on Tuesday as widely expected amid lingering worries about a global economic slowdown.

The policy board was unanimous in keeping the benchmark overnight call rate unchanged at 0.5 percent at the end of a two-day meeting, according to the Bank of Japan, AP wrote.

Soaring gas prices, rising material costs and signs of slower global growth are weighing on the world's second-largest economy, which depends heavily on exports.

Economists predict that the Bank of Japan is likely to do nothing for about a year unless economic signs change dramatically.

Microsoft to Buy Yahoo Search

Microsoft Corp (MSFT.O) has proposed to buy Yahoo Inc's (YHOO.O) search business and take a minority stake in the Web pioneer, stopping short of a full-out merger, a person familiar with the discussions said.

According to Reuters, as part of the deal, Yahoo would sell its Asian assets including significant minority stakes in Yahoo Japan and China's Alibaba Group, while Microsoft would buy a chunk of what remains of the company, the source said.

The talks were revealed by the two companies on Sunday, but they declined to reveal the terms of the discussions.

Total Launches 2nd Nigerian Project

The French oil company Total has launched its second Nigerian deep water drilling project, scheduled to come on stream in 2012 and expected eventually to yield 180,000 barrels a day.

The head of Total Nigeria Jacques Marraud des Grottes signed the multi-billion dollar investment at an official signing ceremony, AFP reported.

The new USAN project follows Total's first Nigerian deep water investment, the Akpo field. Deep water fields are further out to sea than offshore fields in shallower waters nearer the coastline.

US Recession Hits Mexico



The US slowdown is compounding poverty in rural Mexico as jobless migrants struggle to pay for rent and groceries, let alone send money home.



In better times, the money Martimiano Pineda wired back to Purechucho from roofing jobs in Florida coated his dirt floor with cement and paid for a home computer.

Now, as the subprime mortgage crisis slows housing construction in the US, Pineda, 40, struggles to find work and can barely send enough money to his family in Mexico to buy the yogurt meant to help his five-year-old son grow up strong, Business Week reported.

The US slowdown is compounding poverty in rural Mexico as jobless migrants struggle to pay for rent and groceries, let alone send money home.

The money Mexican migrants in the US send home, known as remittances, nearly tripled over four years to \$23.7 billion in 2006, but rose only 1 percent last year and fell slightly in the first three months of 2008, according to Mexico's central bank. Experts say tougher anti-immigration measures in some states have also made it harder for migrants to send back money.

In a 2012 poll of 5,000 Latin Americans living in the US by the Inter-American Development Bank, or IADB, 81 percent said it was harder to get a well-paying job than a year ago. Only half were regularly sending money home, compared with 73 percent in a 2006 survey.

Mexico accounts for more than half of all remittances from the US, and they represent Mexico's biggest source of foreign earnings abroad. The country's rural poor, who rely on the wire transfers for basic consumption, are reeling from the drop.

"For the families who are receiving this money, it can [be] around a third of household income," says Robert Meins, an IADB remittance expert. "It's that

Mexico's rural poor, who rely on the wire transfers for basic consumption, are reeling from the drop

third that helps many stay above the poverty line."

All around the western Mexican state of Michoacan, small towns and villages seem empty except for women, small children, and old people. The men are working mostly in the Southwest US and Great Lakes.

In Purechucho, an isolated village of 1,500 inhabitants 320 kilometers southwest of Mexico City ringed by rugged desert mountains, heading north is a rite

of passage.

For decades money sent back has boosted living standards in this barren dust bowl of parched farmland dominated by cattle-raising. Multiple trips Pineda has taken illegally to the US since his twenties to fit roofs in Delray Beach, Fla., have gradually turned a Spartan shack into a modest cinder-block house for his wife and four children, ages five to 20.

According to Pineda's 20-year-old daughter, student Alma Yazmin Pineda, his latest trip in April was meant to raise cash to install a flush toilet—on previous trips he sent back as much as \$600 a month.

But he has struggled to find work and wired only \$300. As the family scrambles to buy the basics, there is no demolition date in sight for their hated outdoor latrine.

Migrants often dream of raising cash for a small business back home. But those left behind are pinching pennies, dooming many such enterprises to fail. Aquilia Ortega opened a café in the nearby town of Huatamo in February with \$6,000 her husband Carlos earned as a soldier in North Carolina.

But on a recent weekday, all the tables in the purple-walled café were deserted and she worried she would soon have to close.