

WFP Warns of Hunger Tsunami

A "silent tsunami" of hunger is sweeping the world's most desperate nations, said Josette Sheeran, the WFP's executive director, speaking Tuesday at a London summit on the crisis, AP reported.

The price of rice has more than doubled in the last five weeks, she said. The World Bank estimates food prices have risen by 83 percent in three years.

Hosting talks with Sheeran, lawmakers and experts, British Prime Gordon Brown said the spiraling prices threaten to plunge millions back into poverty and reverse progress on alleviating misery in the developing world.

Malaysia's embattled prime minister is already under pressure over the price increases and has launched a major rice-growing project. Indonesia's government needed to revise its annual budget to respond.

Venezuelan President Hugo Chavez said on Tuesday that soaring food prices are a "massacre" of the world's poor and are creating a global nutritional crisis, calling it a sign that capitalism is in decline.



EU More Serene About China

Compared to Washington, the European Union has been serene about piracy in China of its trademarks, copyright and patents. Violations of intellectual property rights, trademarks and patents held by EU companies and researchers will be high on the agenda when European Commission President Manuel Barroso leads a large delegation into two days of economic and trade talks in Beijing starting Thursday, AP said.

The EU estimates pirated goods cost EU businesses \$33.3 billion in lost trade annually --about a third of current EU exports to China. But unlike the United States, it has to date not pursued any Chinese piracy cases in the World Trade Organization.

Still, the EU has put China in the category of worst violators of intellectual property. It is the only country in that category because its anti-piracy efforts are so weak that 80 percent of counterfeit goods imported into the 27-nation bloc are Chinese-made.

Other issues include EU complaints that China's currency is undervalued and has pushed the EU's trade deficit to \$270 billion in 2007. The EU also feels investing in China too often means having to launch joint ventures and transfer technology developed by Europeans.

Canada Cuts Interest Rates

The Bank of Canada slashed interest rates by half a percentage point Tuesday amid worrying signs that the economic slowdown could be steeper and longer than previously thought. It was second time in as many months that new bank governor Mark Carney has moved aggressively on interest rates, bringing down the key overnight rate to three percent, one-and-a-half points below where it was at the start of December, Bloomberg wrote.

But with the cost of borrowing higher and conditions tighter, Canada's major commercial banks signaled reluctance to follow suit with a corresponding cut in their prime rates, which stand at 5.25 percent and had not moved by mid-afternoon.

Not since the mid-1990s have the chartered banks declined to follow the central bank's signal to make borrowing easier for businesses and consumers.



Strike Paralyzes Brazil Ports

A strike by customs officers demanding higher wages has practically paralyzed Brazil's ports and is starving some companies of needed imports, according to the industry association for the state of Sao Paulo, AFP reported.

The stoppage, which began more than a month ago, has notably blocked the gigantic port of Santos, costing the country an estimated \$4.9 billion, the association told Tuesday's edition of the Folha de Sao Paulo newspaper. That facility, the biggest of its type in Latin America, is the main entry for goods into Brazil, notably the industries that thrive in the relatively rich southeastern state of Sao Paulo.

On Monday, there were 120,000 containers piled up in the port, more than double the usual number. The ports of Rio de Janeiro and Paranaguá were also affected. "The biggest damage done by the strike is the delay for export contracts and the lack of supplies for industry, which is going to hurt Brazil's image abroad," the head of the Sao Paulo state industry association, Ronaldo Forte, told Folha de Sao Paulo.

The booming automobile sector in particular was feeling the pinch, with stocks of imported spare parts dwindling.

News in Brief

Airbus, Boeing Ink Accord

Rival aircraft manufacturers Airbus and Boeing put aside their differences and signed an agreement on Tuesday to work together to cut the impact of air traffic on the environment, AFP reported.

The rare cooperation between the European and American giants was announced on the sidelines of the third aviation and environment summit in Geneva, where leading industry groups made a commitment to work against pollution.

The agreement between the two manufacturers will see them working together to push for global inter-operability in air traffic management to optimize efficiencies.

Chile Copper Mine Still Crippled

Chilean state-run mining group Codelco, the biggest copper producer in the world, was struggling Tuesday with a strike that has halved its output and is costing it \$10 million a day. The company said three operations in Chile--the Salvador, Andina and El Teniente mines--were off-line because of the stoppage, AFP wrote.

The strike, by contract workers demanding that an agreement for better pay and conditions be respected, has sent copper prices soaring on international markets. On the London Metals Exchange, copper was trading for \$8,655 per ton, three percent above the average for the month and more than 20 percent over the 2007 average.

Thieves Trigger Malaysian Blackout

Thieves apparently looking for scrap metal triggered a blackout across most of Sabah state in eastern Malaysia when they removed iron beams from an electricity pylon, causing it to collapse, an official said Wednesday, AP reported.

The 20 beams are likely to fetch only about 40 ringgit (\$13) on the black market, but Sabah Electricity spokeswoman Chendra Mata said the vandalism would cost the utility nearly a million ringgit (\$320,000) in repairs. "It's a big economic loss and inconvenience caused by this irresponsible person," she said. The thieves removed the beams from the 132-kilovolt tower in the state on Borneo Island Monday.

Emergency Loan for Alitalia

The Italian government is to give Alitalia an emergency loan of 300 million euros (\$475 million) in a desperate attempt to stave off the airline's collapse. The outgoing administration of Romano Prodi agreed the lifeline with new Prime Minister Silvio Berlusconi, who takes office soon, BBC reported.

The funds will keep Alitalia going for a couple of months while Berlusconi examines options for its future.

Alitalia is hemorrhaging cash and it was feared that Air France's withdrawal would force the firm to seek bankruptcy protection.

Prodi announced the financial support following a cabinet meeting.

The loan is likely to be investigated by the European Commission, which has been cracking down on state subsidies for the aviation industry.

Oil Near \$120



New York's main oil futures contract, light sweet crude for delivery in June, rose nine cents to \$118.16 per barrel.

International concern mounted as world oil prices edged closer to \$120 a barrel on Wednesday and the world's top producer called for calm. Analysts said a weakening US dollar, supply worries in Nigeria and the OPEC's reluctance to increase output have all contributed to the price surge, AFP wrote.

In afternoon trade, New York's main oil futures contract, light sweet crude for delivery in June, rose nine cents to \$118.16 per barrel. The May contract expired on Tuesday after closing at a record \$119.37 per barrel at the New York Mercantile Exchange, where it earlier hit an all-time intraday peak of \$119.90.

Global supply jitters have seen oil contracts traded in New York spike by more than \$57 in the past year. Price records in New York and London have been broken almost daily over the past week. Brent North Sea crude for June delivery rose 15 cents to \$116.10 a barrel, after settling at an all-time high of \$115.95 on Tuesday in London. The contract earlier touched a record \$116.75 in intraday activity.

"Market sentiment is bullish in the immediate term," said Victor Shum, senior principal of Purvin and Gertz energy consultancy in Singapore. "The weak US dollar, real supply disruption in Nigeria... are pushing prices higher." But Shum said there is increasing concern that the rally in oil pricing "has been too much and too fast".

Ministers from 74 countries attending the International Energy Forum in Rome on Tuesday said oil prices should be at levels acceptable to producers and consumers, "to ensure global economic growth, particularly in developing countries."

US President George W. Bush expressed concern at the impact of high price levels on consumers.

Saudi Arabia's petroleum minister, Ali Al-Naimi, on Tuesday called for calm in the face of runaway oil prices. He said the world is not running out of oil.

The root of the problem was primarily due to "limited capacity along the entire supply chain... at its heart, this is not an energy resource issue; it is primarily an investment issue," he said at the Rome forum.

Saudi Arabia is the biggest producer in the Organization of the Petroleum Exporting Countries (OPEC), which on Tuesday said that it plans to increase its production capacity by five million barrels per day (bpd) by 2012.

The organization's secretary general Abdalla Salem El-Badri said OPEC aimed to boost production capacity by nine million bpd by 2020. Current OPEC output stands at about 32 million bpd.

Shum said OPEC's move would have little impact in the near term. "Even though OPEC has promised to increase production capacity, the long-term supply increase does not resolve the main factors that are underpinning prices now," he said.

A weakening US dollar has spurred oil demand because dollar-priced oil becomes cheaper for buyers holding stronger foreign currencies.

The euro surged to a record \$1.6002 Tuesday on renewed jitters about the US economy. "The weak dollar is a key thing that people are looking at," said Jason Feer, vice-president and general manager of energy market analysts Argus Media Ltd in Singapore.

Global supply worries were stoked after Anglo-Dutch oil group Royal Dutch Shell reported an output loss of 169,000 bpd from sabotage of its key pipelines in southern Nigeria. Shell said on Monday that it might not be able to honor oil contracts for April and May after the attacks.