

## US Firms Pile Up Losses

About 20 large US firms lost \$106 billion combined in 2007, with General Motors Corporation topping loss earning list. Based on the report by Fortune Magazine, General Motors was the largest loss earning company in the world in 2007, losing \$38 billion. The year of 2007 was the worst year for the company.

Higher gasoline prices as well as higher prices of raw materials, coupled with more intense competition by rivals, especially Japan's Toyota Motor Company, are mentioned as the main reasons for the huge GM loss.

Sprint Nextel Corporation with a loss of \$29 billion is the second largest loss earning company of 2007. Sprint Nextel is one of the largest telecommunication companies with 53.8 million subscribers. The company is said to have lost 2.8 million of its customers in 2007. As of 2008, Sprint Nextel Corporation's mobile phone commercials show simply "Sprint" as the company name.

Merrill Lynch, one of the world's leading financial management and advisory companies, won the third place in the infamous list of loss earning companies with a loss amounting to \$7.7 billion. Subprime mortgage loan problem is mentioned as the main culprit in the huge loss of the company.

## Chavez May Expropriate Steelmaker

Chavez on Sunday threatened to expropriate Venezuela's largest steelmaker unless the soon-to-be-nationalized company revises what he called excessive compensation demands, AP reported.

Chavez dismissed a request made by Sidor's parent company, Luxembourg-based Ternium SA, for \$4 billion (2.6 billion euros) in exchange for its 60 percent stake in the steel maker.

"I'm not going to pay \$4 billion for that company," Chavez said during his weekly radio and television program.

"If they don't want to reach an agreement with us, I'll sign an expropriation decree. I'll take immediate control."

Earlier this month, along with Sidor, he announced plans to nationalize cement companies including Mexico's Cemex SAB, France's Lafarge SA and Switzerland's Holcim Ltd. The government is now negotiating sale terms with the companies, which will be allowed to stay on as minority partners.



## Cuba Raises State Pensions

Cuban President Raul Castro has said he will raise state pensions by up to 20 percent and increase wages for court employees. Raul Castro said the increases, which will come into effect next month, were "fair recognition" of workers' effort, BBC wrote.

But the government said it did not have the resources to increase salaries for all workers.

Since taking over the presidency from his brother Fidel in February, Raul Castro has introduced a series of liberalizing economic measures. They include an easing of restrictions on the ownership of mobile phones, lifting a ban on Cubans staying at major hotels, and allowing private farmers more involvement in how they use their land.

The Communist youth newspaper Juventud Rebelde quoted Castro as saying that the pension rises were recompense for those who have "dedicated a great part of their lives to working... and who remain firm in defense of socialism".

Under the scheme, according to the newspaper, more than 2.1 million pensioners will receive increases of about \$2 (£1) a month, raising minimum monthly pensions to \$9.50 (£4.70).

## Japan's Situation Improving

Japan has followed the US into every recession in the past three decades. This time may be different. Since 1970, when the US accounted for 30 percent of Japanese exports, each of its five recessions triggered a decline in Japan's shipments abroad. Now, that figure is only 20 percent, reflecting the success of companies including Toyota Motor Corp. and Hitachi Construction Machinery Co. to take advantage of the opening of Chinese and Russian markets, Bloomberg wrote.

Japanese companies have also streamlined production and reduced debt since the bursting of the late-1980s stock and property-price bubbles that ushered in more than 10 years of stagnation.

"The US is no longer the absolutely dominant market it used to be," said Julian Jessop, chief international economist at Capital Economics Ltd. in London. "Japan itself is in much better health. It's transformed itself after the lost decade." This month the two most bearish brokers on Japan—Goldman Sachs Group Inc. and Morgan Stanley—backed off from predictions that Japan would slide into a recession this year.



## News in Brief

### Wheat Prices Plunge

The price of wheat has fallen 40 percent from a record peak set in February on expectations of a bumper harvest.

According to BBC, the slide could ease sky-high global food prices but analysts said it did not mean that the price of other grains like rice would fall.

Soft red winter wheat on the Chicago Board of Trade (CBOT) fell to its lowest level since November at \$8.01 a bushel on Friday. It hit a record peak of \$13.50 a bushel in February. Prices reached record levels as poor weather hit production and big exporters like Kazakhstan, Russia and Argentina put restrictions on wheat shipments to control domestic inflation. Demand from Asia's fast growing economies for wheat, which is used to make bread, pasta and noodles, has also pushed up prices.

### Asian Stocks Rise

Asian stock markets rose on Monday as investors' confidence in the battered financial sector seeped back and the dollar held on to recent gains, despite the oil price hitting a fresh all-time high close to \$120 a barrel, Reuters said.

Japan's Nikkei average broke through the 14,000 mark for the first time in two months as financials such as Sumitomo Mitsui Financial Group, which soared nine percent, surged on a growing sense that the worst may be over.

"There's no doubt now that confidence is growing that the worst of the credit crunch may be behind us, with a lot of the worries about risk and the financial system clearing up," said Noritsugu Hirawaka, a strategist at Okasan Securities.

### Continental Airlines Not Merging

Continental Airlines said Sunday it has chosen not to merge with another carrier at this time, shunning the route taken by its US rivals Delta and Northwest which announced plans to join and become the world's biggest airline. "Our board of directors met on Sunday and has unanimously supported management's recommendation that, in the current industry environment, the best course for Continental is not to merge with another airline at this time," Continental chief executive Larry Kellner said in a statement, AFP wrote.

### EU Ratchets Up Inflation Forecast to 3.2%

The European Commission on April 28 hiked its 2008 eurozone inflation forecast to 3.2 percent from 2.6 percent in the face of record oil and food prices but predicted that growth would suffer only slightly.

"We are facing a very challenging time regarding inflation," EU Economic and Monetary Affairs Commissioner Joaquin Almunia told reporters in Brussels, describing soaring consumer prices as a major problem, AFP reported.

Despite the sharp upward revision to inflation, the European Union's executive arm only trimmed its eurozone growth estimate in its spring Economic Forecast to 1.7 percent from its last forecast of 1.8 percent in February.

# Battle Plan to Solve Food Crisis



Rising populations, strong demand from developing countries, increased cultivation of crops for biofuels and increasing floods and droughts have sent food prices soaring across the globe.

United Nations Secretary General Ban Ki-moon was set Monday to lead a concerted effort by 27 key UN agencies to tackle the growing crisis caused by a worldwide sharp rise in basic food-stuff prices.

The UN was scheduled at a two-day conference in the Swiss capital, Bern to reveal a battle plan of emergency measures, while exploring other longer-term measures to solve the world's food crisis, AFP wrote.

This will involve adjudicating between advocates of protectionism and those who favor opening up markets, as well as between supporters of biofuels and opponents thereof.

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"The world food crisis and the solutions that the United Nations can provide will be at the center of discussions," said the UN. The talks hosted by Ban will take place behind closed doors at the Universal Postal Union headquarters in Bern, lasting all day Monday and Tuesday morning. Results of the deliberations are expected Tuesday when Ban Ki-moon gives a press conference flanked by Josette Sheeran, Executive Director of the UN's World Food Program, World Bank President Robert Zoellick, Jacques Diouf, head of the Food and Agriculture Organization (FAO), and Lennart Bage, President of the International Fund for Agriculture Development.

The FAO has warned that sharp rises in cereal prices have left 37 poor countries in an emergency situation sparking food riots.

Ban Ki-moon called in Vienna on Friday for immediate concerted action to resolve the global food crisis. "In the short term, we must address all the humanitarian crises which have been impacting poorest of poor people in the world," he said.

The World Food Program had made an urgent appeal for additional \$755 million (485 million euros) to fill the gap.

But in the medium to longer term, "the international community and its leaders in particular should sit down together on an urgent basis and



address how we can first of all improve the economic system, the distribution systems, as well as how we can promote new production of agricultural products".

"The steeply rising price of food has developed into a real global crisis," Ban told journalists in Vienna.

"The United Nations is very much concerned, as all other members of the international community are. We must take immediate action in a concerted way throughout the world."

Ban estimated that around 100 million of the world's poorest who previously did not require help now can not afford to buy food.

The World Trade Organization, whose Director-General Pascal Lamy will also attend the Bern talks, says the food crisis reinforces the need to open up world markets. "Agricultural subsidies by rich countries have destroyed the agriculture of poor countries," a spokesman told AFP. "A more open system will be less subject to distortion."

The UN Conference on Trade and Development (UNCTAD) is also seeking a rapid conclusion to current world negotiations in the framework of the Doha Round.

The head of the International Labour Organization (ILO), Juan Somavia, has warned against the danger of seeking only temporary solutions to the latest crisis, saying this would only mean a return to the original problem in a world in which globalization would not benefit the world at large.

Dominique Strauss-Kahn, head of the International Monetary Fund (IMF), has criticized protectionism and the use of foodstuffs to make bio-fuels, and called for a reform of world coordination of agricultural policy.