Lower Rates

The Federal Reserve was expected to cut interest rates by a modest quarter percentage point on Wednesday and may suggest the rate-cutting cycle it kicked off last fall has reached an end, Reuters said.

IMF Members Back Reform Plan

The International Monetary Fund's member-states overwhelmingly approved vote and quota reform measures that strengthen the role of developing and emerging market countries, the IMF said Tuesday. "I see this result as the beginning of the new legitimacy for the Fund," said IMF managing director Dominique Strauss-Kahn, AFP wrote.

Strauss-Kahn, who took office in November pledging to restore relevance and credibility to the heavily criticized multilateral institution, has made the reform package a priority.

The reform measures were approved Monday by 175 of the 185 IMF member nations, representing 92.98 percent of the total fund voting power, well ahead of the minimum 85 percent required for approval.

The reform calls for developed countries to give up a small fraction of their voting rights--equivalent to 1.6 percentage points--to the benefit of emerging and developing countries. The reallocation of voting power, which is supposed to occur every five years, extends more weight to countries experiencing strong economic growth, such as China, India, Brazil, South Korea and Mexico.

Russia, Greece Ink Gas Deal

Greece and Russia on Tuesday signed a deal to extend the proposed Russian-Italian South Stream gas pipeline into Greek territory, boosting Moscow's presence on Europe's energy supply routes. The deal to bring Russian gas to southern Europe was signed in the Kremlin by Greek Development Minister Christos Folias and Russian Industry and Energy Minister Viktor Khristenko, AFP reported.

After pumping Russian gas under the Black Sea to Bulgaria, South Stream will split into two branches, one of which will take gas northwest to Austria. Tuesday's deal clears the way for laying a southwestern branch to Italy by allowing the "creation and exploitation of a gas pipeline on the territory of the Greek Republic."

Russian President Vladimir Putin, who agreed the terms with Greek Prime Minister Costas Caramanlis before the ceremony, said both South Stream and a proposed Russian-backed oil pipeline through Greece could only benefit Europe.

India Needs Second Green Revolution

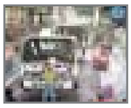
India needs to produce a second "Green Revolution" to boost food supplies or the nation's 1.1 billion people will face huge social turmoil, the country's top farm scientist warned. The government has identified agriculture as a key area for economic reform and called for changes to boost output of such staples as wheat, rice, lentils and vegetables and bring down soaring food prices.

But so far there has been "no sign of major steps to make that happen," said Monkombu Sambasivan Swaminathan, architect of the "Green Revolution" of the 1960s, which quadrupled food production and made India self-sufficient. "What we need is political action--we need politicians to 'walk the talk'," Swaminathan, 82, told AFP.

"If we don't succeed, we will face tremendous social problems," he said.

Swaminathan, a plant geneticist whose ideas helped transform India from a starving nation into a food exporter, runs the Chennai-based M.S. Swaminathan Research Foundation, which looks for ways to create new farm technologies.

Japan's Factory Output Falls



Japan said Wednesday its factory output fell at the fastest pace in five years in March amid falling US-bound exports, adding to worries about the health of Asia's largest economy. At the same time, however, the unemployment rate fell slightly as the retirement of baby boomers offset a drop in the number of jobs on offer, Bloomberg reported.

Factory output fell by a bigger than expected 3.1 percent in March from the previous month, more than reversing a rise of 1.6 percent in February, the Ministry of Economy, Trade and Industry said. It was the biggest fall since January 2003 and much worse than the 0.7 percent decline expected by markets, providing a clear indication that the world's second-largest economy is losing steam, analysts said.

"Industrial production may contract again in the second quarter but we're not expecting a sustained or sharp downturn," said Lehman Brothers economist Hiroshi Shiraishi, who anticipates a "soft patch" for the Japanese economy.

News in Brief

Germany to Privatize Railways

After years of discussion and wrangles, Germany's railways finally looked set on Tuesday for privatization after the ruling "grand coalition" reached an agreement on the main points of a sale.

The privatization will be far from total however, with the government aiming to sell just a 24.9 percent stake in Deutsche Bahn, below the 25 percent level that could enable another investor to block any decisions, AFP wrote.

The infrastructure--the actual rail track and stations – will be carved off into a separate company that will remain in state hands, top members of the two main parties said after a meeting late Monday.

Saudi Wealth Fund Near Approval

Saudi Arabia is about to approve the launch of its first sovereign wealth fund with initial capital of 20 billion riyals ($5.3 billion), ArabianBusiness wrote.

The fund, which will be set up by the state-controlled Public Investment Fund (PIF), will act as "a portfolio investor focusing on maximizing long-term rates of return", the UK's Financial Times reported on Tuesday, quoting the PIF's secretary general, Mansour Al-Maiman.

Al-Maiman said that Riyadh is in the final stages of approval, adding the new fund could raise its capital or increase the size of assets under management as needed.

BP, Shell Post Big Profits

BP PLC and Royal Dutch Shell PLC, Europe's two biggest oil producers, posted forecast-busting first-quarter earnings on Tuesday thanks to record crude oil prices that are expected to bolster profits across the industry.

The combined profits of $17 billion reignited calls for a windfall tax on oil profits as consumers struggle to pay for food and fuel.

According to AP, BP posted a 63 percent surge in first-quarter net profit to $7.6 billion (4.9 billion euros), while Shell reported a 25 percent rise, to a record $9.08 billion (5.81 billion euros). Revenue at BP jumped 44 percent to $89.2 billion (57.1 billion euros), while sales at Shell soared 55 percent to $114 billion (72.95 billion euros).

Last week ConocoPhillips reported a 16 percent rise in net income to $4.14 billion. Like BP and Shell, the third biggest US producer far outpaced industry expectations.

Jordan Job Market Critical

Jordan's Queen Rania said on Tuesday the kingdom needs to create a job every seven minutes to stop unemployment from increasing, urging educational reform to meet labor market requirements. "In order to prevent unemployment rates from rising in Jordan, we have to create 80,000 jobs annually, or, in other words, a job every seven minutes," Rania told the opening of a conference in Amman on unemployment, AFP reported.

In the country of nearly six million people, the official unemployment rate runs at 14.3 percent, while unofficial estimates place it at 25 percent.

Oil Majors Rapped Over Secrecy, Corruption

Residents of Okrika in the Niger delta watch the procession of Tom Ateke''s militia, Niger Delta Vigilante Service as they take part in a peace rally in Okrika. (File Photo)

Leading oil firms impede efforts to stamp out poverty and corruption by shrouding their financial dealings in secrecy, says a global watchdog.

As reported by Ipsnews.net, Transparency International, in a new report, says western firms are opaque when it comes to disclosing their payments to governments in countries where poverty prevails despite an abundance of natural resources.

Sixty percent of the world's poorest people live in such countries, the group says. Most constitutions grant citizens ultimate ownership of their country's natural resources, it adds, but much data on what European companies pay for the right to exploit these resources, and on how host governments spend this money, remains hidden from public scrutiny.

> Tragic Paradox

Development opportunities are being squandered in the process.

"The tragic paradox, that many resource-rich countries remain poor, stems from a lack of data on oil and gas revenues and how they are managed. Companies must do more to increase transparency," said Huguette Labelle, the group's chairperson.

Global oil revenues amounted to some $866 billion in 2006. For less than 10 percent of this sum, the world could have funded the UN Millennium Development Goals on reducing poverty, famine, disease, and illiteracy, says the report. The international community estimated in 2006 that meeting the goals would cost about $73 billion.

The survey also finds that the most transparent firms fared well financially, suggesting there is no trade-off between profits and openness.

"Revenue transparency is a win-win equation," said Cobus de Swardt, the group's managing director. "The benefits to all, especially the world's poorest, can be enormous."

> Tracking Revenues

When companies and governments are fully transparent, citizens, journalists, civil society, researchers, and investigators can track revenue flows, hold public officials to account, and discourage corruption, says Transparency International.

With oil prices at record highs and industry revenues among members of the Organization of Petroleum Exporting Countries (OPEC) alone expected to approach one trillion dollars in this year, the report says, "the question of transparency has never been more critical."

Governments have ultimate responsibility to ensure transparency and to make certain that their citizens enjoy the benefits of oil extraction, Transparency International says, adding that it is preparing reports devoted to assessing the performance of officials in the countries where European oil majors are based or operate.

In its latest report, the group urges the European firms to come clean without further delay. It recommends that they report all revenue payments to governments on a country-by-country basis. At present, it says, a few firms provide only global and regional figures. The group also wants companies to publish their reserves, production costs and anti-graft measures, including details of punishments meted out to staff involved in corruption.

Building on its years of advocacy and on broader efforts including those of the Extractive Industries Transparency Initiative (EITI), an umbrella for governments, firms, and lobbies, Transparency International also is urging governments, stock exchanges and regulatory agencies to mandate such reporting for companies operating at home and abroad.

Regulatory agencies and companies, it adds, should agree to publish information in a uniform and accessible format that facilitates comparison.

Unless these changes are made, the report says, a new generation of global players--firms from emerging Asia, Latin America, and the former Soviet Union--will perpetuate the so-called resource curse of poverty, repression, and environmental degradation thus far blamed on corruption and mismanagement by crooked Third World rulers and collusive western firms.