

# G20 to tackle food prices

REUTERS, Seoul

The world's biggest economies are working to find ways to bring down soaring food prices, a G20 official said on Friday, as top exporter Thailand vowed to keep rice supply steady and avert a repeat of the 2008 food crisis.

Global food prices hit a record high last month, outstripping the levels that sparked riots in several countries in 2008, and key grains could rise further, the United Nations' food agency said this week.

Policymakers are concerned that, if unchecked, rising food prices could stoke inflation, protectionism and unrest.

High food prices and unemployment were blamed for a second day of rioting in Algeria Friday with police deployed around mosques and authorities suspending football matches.

Rhee Chang-yong, who represents South Korea at the G20, said working-group talks were under way aimed at improving global cooperation to resolve food security problems.

"France is emphasising food security. As a former host country of G20, we would like to deal with the price volatility problem thoroughly," Rhee said.

French President Nicolas Sarkozy has asked the World Bank to conduct urgent research on the impact of food prices, a source familiar with the matter said.

French Prime Minister Francois Fillon said this week that one of France's priorities at the G20, where it holds the rotating presidency, was to find a collective response to "excessive volatility" in prices of food and energy.

One concern is that high food prices could hit consumer spending in fast-growing emerging countries that are leading the revival of the global economy.

Last year, wheat futures prices rose 47 percent, buoyed by bad weather including drought in Russia and its Black Sea neighbours. US corn rose more than 50 percent and US soybeans jumped 34 percent.

The UN Food and Agriculture Organisation said in a report Wednesday that sugar and meat prices were at their highest since its records began in 1990.



A woman holds her baby as she walks past sacks of onions at the main vegetable market in Lahore on Friday. Pakistan banned overland onion exports to India in a bid to control rising prices at home for the South Asian food staple, the commerce ministry said.

AFP

For wheat, rice, corn and other cereals, prices were at their highest since the 2008 crisis.

During that crisis, riots broke out in countries from Egypt to Haiti. Import prices jumped, forcing many countries' trade balances into a deep and costly deficit, and several governments in Asia imposed export restrictions on rice.

The UN's World Food Program (WFP), which was feeding some 100 million people last year, noted that cereals including rice had not hit 2008 price peaks, but that sugar and cooking oil were pushing up the food index.

"We're ready to step up assistance specifically to countries that are vulnerable to these high prices, especially focusing also on risks to children," WFP spokeswoman Emilia Casella told a news briefing in Geneva.

She said a fairly good harvest in a number of African countries in the past year had helped, and that reserves were higher than in the 2008 crisis while fuel prices,

which affect fertilizer and the transport of food, were lower.

Robert Prior-Wandesforde, an economist at Credit Suisse in Singapore, said food commodity prices were unlikely to rise much further, barring weather catastrophes.

"The estimated global and exporting countries' stock-to-use ratios of both wheat and rice are considerably higher today than in 2007-08, making shortages and drastic export bans unlikely," he said in a report.

But the London-based venture capital firm Emergent Asset Management, which holds swathes of land across southern Africa, still sees much more mileage in food prices.

"The world is still in denial about food prices," said its chief investment officer, David Murrain.

"If you look at demographics, if you look at production, if you look at the impact of climate change, then we are only at the beginning of this."

Many countries, including Brazil, India and China, have seen food inflation jump to double digit levels. Inflation rates accelerated across Latin America in December as costs spiked for food, increasing pressure on policymakers to raise interest rates. Prices rose sharply for Mexican tortillas and Chilean beef last month, while Brazilian bean costs surged over 2010.

China has imposed price controls to try to ensure stable prices for consumers. On Friday, Ethiopia announced similar measures.

Thailand, the world's biggest rice exporter, sought to reassure the market, with Commerce Minister Porntiva Nakasai telling reporters it would maintain 2011 exports at 9 to 9.5 million tonnes after shipping 9 million in 2010.

The Philippines, the world's biggest buyer of rice, said it would cut its 2011 imports by at least half, compared with record purchases in 2010, further easing concerns of a tight rice market this year.

## How Ford became last man standing

REUTERS, Detroit

Bill Ford Jr. just can't let the good times roll. In late December, Ford, 53, was on a family ski vacation in Colorado but found himself unable to put aside dark visions of how too much success could lead to the next crisis for the auto industry.

As Ford Motor Co prepared to close the books on its biggest comeback year for sales and earnings since the 1980s, Ford was talking to friends about the risk of gridlock choking booming urban centers from Sao Paulo to Shanghai -- and potentially choking auto sales, too.

"I want us to start thinking now about how we're going to solve it," he said. "Nobody is thinking about it yet in our industry, but it's going to be upon us fast."

The risk of cars literally stacking up in the world's emerging megacities presents a threat to automakers like Ford, which are banking on the fast-growth markets of China, Brazil, India and Russia to make up almost a third of global auto sales this year. That would be up from just 6 percent when Ford took over as Ford chairman in 1999.

On the slopes, Ford's friends got an earful. "I think he's thought quite a bit about this," former Ebay Chief Executive Meg Whitman told Reuters of her conversation with Ford, a long-time friend, at Telluride, Colorado, where both families have vacation homes.

"Cars are going to be with us forever, but in cities like Shanghai, Beijing and Mumbai what is the ultimate answer here? Because it cannot be that everyone in Shanghai has two cars in the garage," she said.

Of course, any such impediment to surging car sales in emerging markets could be years away. But Bill Ford is determined not to be blindsided or to allow his company to coast back to complacency after a near-death experience and an against-all-odds recovery that has taken its stock up by over 80 percent since end 2009.

"One of the things people say is, 'OK, Ford, you made it this time, but how are you not going to slide back?'" Ford said in an interview with Reuters.

### INSIDE LOOKING OUT

In the three decades he has worked at the company his great-grandfather founded, Ford has been known as much as an iconoclast as an industrialist. The ultimate Detroit insider, he still carries an outsider's deep-seated skepticism about the auto industry's accepted wisdom.

## Toyota, BP among most hated US firms

AFP, Washington

Toyota and BP have joined a familiar cast of airlines, banks and telecoms providers as the most loathed companies in the United States, according to a survey published Thursday.

The list of 15 "most hated American companies of 2010," compiled by website 24/7WallSt is dominated by technology firms, which rank poorly in the survey's index of consumer and employee polls, stock market performance and press coverage.

AT&T is on the list for having patchy service, Dell for its shabby online store and fragile laptops, while satellite provider Dish Network features on the list after a third of customers described its service as poor.

Dish Network's competitor DirecTV

was also listed for perceived gouging through automatic contract extensions, and a 480-dollar cancellation fee.

Finland's Nokia, the world's biggest mobile phone company, saw its star fade thanks to customer complaints and a poor ranking for design.

According to David VanAmburg of the American Customer Satisfaction Index, the frustration with these firms comes from a mix of technology teething problems and consumer dependency on gadgets.

"Reliability still isn't perfect, or nearly perfect. A lot of people set the bar very high, 'you are giving me this really neat newfangled high-tech thing and now I expect it to work all the time,'" he said.

But VanAmburg said customers should understand that wireless networks or digital television feeds are more akin to glitch-ridden early telephone networks.

## Shanghai overtakes Singapore as world's busiest port

AFP, Shanghai

Shanghai said it overtook Singapore for the first time in 2010 to become the world's busiest container port, as the global economic recovery boosted cargo traffic through China's business centre.

Shanghai's port handled 29.05 million 20-foot equivalent units, or TEUs, in 2010 -- 500,000 TEUs more than Singapore, the Shanghai government said in a statement.

Officials credited the economic recovery and Shanghai's six-month long World Expo with boosting the container and cargo traffic travelling through the port.

Shanghai's cargo throughput rose to about 650 million tonnes in 2010, remaining the world's largest, up from 590 million tonnes in 2009, the statement said.

Shanghai will continue, and possibly expand, an export-tax refund pilot project and press on with expanding infrastructure, the statement said.

The city has charged ahead through the financial crisis with work to more than double its port capacity.

China's cabinet has declared it wants Shanghai to move up the value chain and become a full-service world-class

## High time for social website IPOs

REUTERS, New York

LinkedIn may not be the only social networking website that plans to go public this year -- other companies are likely to tap the market before Facebook sucks up a significant amount of investor cash.

Microblogging site Twitter, online coupon site Groupon and similar privately held websites may try to sell shares to public investors this year, analysts said. Zynga, which develops social online games, is another candidate for an IPO.

A company that goes public now will be able to take advantage of intense investor interest in the sector, without competing against Facebook for dollars and attention.

"You don't have other companies in the market to benchmark against. You can trade at multiples that are far off from the reality," said Josef Schuster, founder of IPOX Schuster, a Chicago-based IPO investment firm.

"Someone is going to take this opportunity," he said. "If it's not Facebook, it's going to be LinkedIn, Twitter or someone else," Schuster said.

LinkedIn plans to go public in 2011, sources have told Reuters, in part because it wants to beat out Facebook.

"If Facebook went public before LinkedIn, do you think anyone would pay that much attention to LinkedIn? You might want to surpass the beast," one source told Reuters on Wednesday.

Facebook this week raised \$450 million from Goldman Sachs and \$50 million from Russian investment firm Digital Sky Technologies in its latest private funding round. The deal is seen as delaying Facebook's IPO for some time, possibly until 2012.

Valuations for these websites are soaring, because the latest crop of Internet companies have not only woven themselves into the fabric of popular culture, they also aim to transform the way business is conducted on the Internet.

### APUSHTO GO PUBLIC

The latest private financing deals valued Twitter, which began its first serious efforts to make money less than a year ago, at \$3.7 billion. Three-year-old Groupon is valued at \$6.4 billion to \$7.8 billion, while Facebook's valuation reached \$50 billion based on this week's funding deal.

Facebook's market value puts it on par with such heavyweights as aircraft maker Boeing and retailer Target Corp, and far past Yahoo with a market cap of \$22 billion. Just three years ago, after an investment by Microsoft Corp investment, the social network was valued at \$15 billion.

"It certainly appears that social networking firms could be well-rewarded for going public," said Morningstar IPO analyst Michael Gaiden, who called current valuations "meaty."



The Facebook logo is seen on the television screen display at the Samsung booth at the 2011 International Consumer Electronics Show in Las Vegas on Thursday.

Part of the pressure on these companies to go public will likely come from private investors eager to cash out, analysts said.

Groupon has raised \$500 million in private financing and Twitter received \$200 million in venture financing. Digital Sky Technologies also bought a sizeable stake in Zynga.

"When people make those investments, they don't expect the companies to remain private forever," said Francis Gaskins, president of IPOdesktop.com. "There is a push to go public."

Waiting too long carries other risk for these companies, because they will not necessarily be able to grow at a frenzied pace forever, given the finite number of potential users, said Jack Ablin, who helps oversee \$455 billion as chief investment officer at Chicago-based Harris Private Bank.

"They won't grow to the sky," he said. "They're fully valued and optimism is peaking, and they'd be better served going public now."



A woman walks past a Samsung smart phone advertisement at a showroom in Seoul on Friday. South Korea's Samsung Electronics said operating profit for last year's October-December period is estimated to be around three trillion won (\$2.67 billion), down 12.8 percent from a year earlier.

AFP