Soaring food prices a threat across Asia

AFP, *Manila*

Soaring global food prices threaten to push tens of millions of Asians into extreme poverty and cut the region's economic growth this year, the Asian Development Bank warned in a report Tuesday.

Coupled with skyrocketing oil prices, the spike poses a serious setback for developing Asia after having rebounded rapidly and strongly from the 2008 global economic crisis, said chief ADB economist Rhee Changyong.

"Left unchecked, the food crisis will badly undermine recent gains in poverty reduction made in Asia," Rhee said in a statement.

Domestic food inflation in developing Asian nations hit 10 percent at the start of this year, with double-digit rises in the price of wheat, corn, sugar, edible oils, dairy products and meat, the Manila-based institution said.

If this rate continues, as is likely, 64 million people in developing Asia could be pushed into extreme poverty and economic growth could be reduced by up to 1.5 percentage points this year, the bank warned.

Vietnam has been one of the hardest hit nations in terms of rice inflation, despite being a major exporter, according to the ADB.

It has seen domestic rice retail prices shoot up 36.7 percent since June last year, while Indonesia and Sri Lanka have endured increases of least 21 percent.

AFP

Fruit is displayed at a wet market in Quezon City, east of Manila yesterday. Soaring global food prices threaten to push tens of millions of Asians into extreme poverty and cut the region's economic growth this year, the Asian Development Bank warned in a report.

China recorded rice price rises of 12.6 percent, near the average for developing Asia.

Wheat price increases were most severe in Kyrgyzstan, with a jump of 67 percent since June last year, and Bangladesh, 50 percent, according to the ADB. Wheat prices spiked by about a third in Sri Lanka, Mongolia and Tajikistan.

The surge in food prices is due to lost farm production globally that began in the second half of last year with extreme weather and natural disasters in Asian farming belts, as well as in the United States and Europe, it said.

The report warned factors at play during the 2007-2008 food crisis were also present now.

These include rising demand for food from big, wealthier developing countries, competing uses for food grains, shrinking available agricultural land and flat or declining crop yields.

The report warned rice prices would likely keep rising after floods, typhoons and other disasters in Asia late last year cut yields, prompting consumers to seek cheaper but less nutritious substitutes.

The ADB said governments across the region had already moved to soften the impacts of food inflation, such as by cutting taxes on food, setting price controls and introducing subsidies.

But Rhee said more needed to be done, and urged governments to avoid the temptation of curbing their own food exports -- as China and some countries already have done -- as this would only exacerbate the problem.

"To avert this looming crisis it is important for countries to refrain from imposing export bans on food items, while strengthening social safety nets," Rhee said.

"Efforts to stabilise food production should take centre stage, with greater investments in agricultural infrastructure to increase crop production and expand storage facilities, to better ensure grain produce is not wasted."

On a positive note, the bank said there was ample room to improve rice and wheat yields, with the world's top 10 rice producers averaging just 4.074 tonnes per hectare (2.47 acres) compared with top performing Egypt's 9.883 tonnes.

However, it would take time for yields to rise even with large investments in research and development, it added.

Cereal inventories globally will shrink further unless production rises at least 2.0 percent this year, the report said.

EU adds billions to Britain's deficit numbers

AFP, *Brussels*

The EU added Tuesday some four billion euros to Britain's reported deficits over the past four years, expressing "reservations" over unaccounted-for military spending and domestic bank bailouts.

"Eurostat is expressing a reservation on the quality of the data reported by the United Kingdom," the European Union data agency said in releasing deficit and debt figures for the 27-state bloc.

This was due to "uncertainties" relating to when military expenditure is reported as well as funds pumped into failed lenders Bradford and Bingley and Northern Rock by the previous Labour administration under Gordon Brown.

Britain, already locked into one lengthy war in Afghanistan, is along with France the major contributor to military action against forces loyal to Libyan leader Moamer Kadhafi.

Britain "does not record military expenditure on a delivery basis, as required," Eurostat said.

The figures come days from a lavish royal wedding, also paid for by British taxpayers.

The military impact on the government deficits between 2007 and 2010 amounted to more than two billion euros. Eurostat said this takes into account Britain's spring-to-spring financial years through to the beginning of this month.

The bank bailouts account for a sum almost as large, on the same basis.

Britain's deficit for the 2010-2011 financial year fell from almost 162 billion euros the previous year to just below 147 billion, after a swathe of cuts ordered by new conservative premier David Cameron.

That meant it was logged at 10.0 percent of national output, down from 11.5 percent 12 months earlier.

It is the third-highest in the EU after Ireland and Greece, higher than either Spain or Portugal, next in line at just above nine percent each.

Its cumulative national debt, however, rose by almost 20 percent year-on-year to more than 1.2 trillion -- and now accounts for 82.5 percent of GDP.

China's Minmetals bows out to Barrick Gold's $7.7b

REUTERS, *Sydney/Hong Kong*

China's Minmetals Resources bowed out of the battle for copper miner Equinox Minerals on Tuesday, saying Barrick Gold Corp's C$7.3 billion ($7.7 billion) bid was too rich to justify a counter-offer.

Canada's Barrick, the world's largest gold miner, announced its agreed deal for Equinox on Monday, seeking to tap surging demand from China and other developing economies that has pushed copper prices up more than sevenfold in the past eight years.

Minmetals, a government-backed unit of China's largest metals trader, said in a statement it would not top Barrick's offer and would seek other opportunities.

While China's outbound acquisition machine has gained in strength, Beijing follows a strict and price sensitive policy when it comes to doing deals.

"Competing with Barrick at these prices would, in our view, be value destructive for (our) shareholders," Andrew Michelmore, Minmetals' chief executive, said in a statement.

Investors punished Minmetals' cautious approach. It shares plunged as much as 13 percent in Hong Kong on concerns it had missed out on rare, sizeable copper deal -- albeit at a high price.

Barrick's offer values Equinox at a hefty 14 times its 2010 earnings before interest, tax, depreciation and amortization of $523 million.

Equinox, a global miner listed in Canada and Australia, owns the Lumwana mine in Africa's rich Zambian copper belt and most of the Jabal Sayid project in Saudi Arabia.

An unrelated, weaker-than-expected capital raising by Minmetals in Hong Kong last week was hardly encouraging to the Chinese company, which would need hefting funding in place for the unsolicited C$6.3 billion Equinox offer it announced earlier this month.

The market capitalization of Minmetals, which has a 4.2 percent stake in Equinox, is only around $2.7 billion after the latest fund raising. But because the company is majority controlled by state-owned China Minmetals Non-Ferrous Metals Co Ltd, it could have afforded a counter-bid.

AFP

US dollars are counted at a forex exchange inside a shopping mall in Kuala Lumpur on April 16. Malaysia's central bank is unexpected to raise interest rate as a hike may dampen economic growth amid global challenges, economists said, after the ringgit hit a 13-year high.

Greece 2010 deficit raised to 10.5 percent: EU

AFP, *Brussels*

Greece's public deficit shot up to 10.5 percent in 2010, the EU said Tuesday as experts increasingly anticipate a need for Athens to restructure giant debts estimated at almost 330 billion euros.

Athens had originally aimed to squeeze the deficit down to 8.1 percent of gross domestic product in 2010, from 15.4 percent in 2009, as part of a deal last year to overhaul its economy and slash public spending in return for the 110-billion-euro EU-IMF loan that saved the country from default.

Finance Minister George Papaconstantinou acknowledged earlier this month that the deficit would be "higher than 9.5 percent", without giving any figure. The last official estimate in Athens said it would be 9.4 percent.

Greek conservative newspaper Eleftheros Typos estimated that the Greek government must make additional savings of some eight billion euros ($11.3 billion) "to save this year's budget from a complete derailment."

Experts from the European Commission, European Central Bank and International Monetary Fund have been in Athens this month, discussing future steps to be taken with Athens locked out of commercial money markets since accepting the international bailout almost one year ago.

Papaconstantinou has said Greece could buy back some of its debt -- in 2010 estimated at 142.8 percent of gross domestic product -- provided enough money was raised from state asset sales in the programme to be detailed mid-April.

The EU's data agency, Eurostat, said Tuesday that Greece's debt totals 328.5 billion euros. With money markets believing Greece will have to restructure its long term debt, its creditors -- notably the IMF -- have encouraged the socialist government to try to build a national consensus around the needed reforms.

Across the 17-state eurozone, which has also seen Ireland agree a 67.5-billion-euro international bailout and Portugal request its own aid expected to amount to some 80 billion, the average deficit in 2010 fell to six percent, from 6.3 percent in 2009, Eurostat said.

That is still double the notional permitted limit under an EU agreement, the Stability and Growth Pact, that is currently being rewritten to introduce financial sanctions for

Sony challenges iPad in tablet war

AFP, *Tokyo*

Japanese electronics and entertainment giant Sony on Tuesday unveiled its first tablet computers, codenamed S1 and S2, in a direct but belated challenge to Apple's iPad.

The "Sony Tablet" S1 has a single screen and the portable S2 has twin screens, company officials told a news conference, with both devices using Google's Android operating system and equipped with Wi-Fi for Internet access.

Competitors have rushed to cash in on soaring demand for tablets since the iPad was released in April last year, but Sony's devices are not due to go on sale around the world until the northern hemisphere autumn, well behind its rivals.

Research in Motion is the latest to join the fray, with the release last week of its BlackBerry PlayBook.

Sony said earlier this year it planned to be the number-two tablet maker by 2012 but until now had given little indication of how it intended to compete in a market already dominated by the iPad.

Samsung's Galaxy Tab is the best-selling rival to the Apple gadget but technology research company Gartner says iPad will keep its crown for the next few years despite competition in an expanding market that has eaten into PC sales.

The iPad accounted for 83.9 percent of the total 17.6 million tablets sold in 2010, according to Gartner, which predicts worldwide tablet sales will soar to 294.3 million in 2015.

Unveiling its first tablets, Sony said they would have access to online content to buy and download videos, music, digital books and other entertainment and be compatible with existing PlayStation games

REUTERS

Kunimasa Suzuki, deputy president of Sony's consumer products and services group, holds Sony's first tablet PC S2 at its unveiling ceremony in Tokyo yesterday.

The S1 has a 9.4 inch (24 centimetre) screen, and front and rear cameras while the folding clamshell S2 has dual 5.5 inch colour touchscreens and fits into a pocket.

"This design is particularly relevant for reading digital books whose content is displayed on screen as two pages side-by side," Sony official Kunimasa Suzuki said.

Both screens can be used together as a single large screen or for playing games on one and displaying control buttons on the other.

The S1 can also work as a universal remote to control audio-visual equipment or send content to television screens or music to wireless speakers, Sony said.

The two devices use the Google Android 3.0 operating system, known as Honeycomb, which is optimised for devices with larger screen sizes.

"I'm excited about 'Sony Tablet' as it will further spur the development of applications and network offerings, which users are looking for," said Andy Rubin, senior vice president of Google's mobile division.

The announcement comes as Sony looks to focus more on pushing its content such as games and music through hardware platforms including game consoles, smartphones and tablet computers.

The company did not give any indication of pricing.

Sony also announced a new line of "hybrid" notebook computers that feature a slide screen covering a keyboard.