Indonesia turns Asean focus to food, energy security

AFP, *Jakarta*

Indonesia on Saturday warned fellow Southeast Asian states that rising food and energy prices could drive more people into poverty and urged coordinated action to fight inflation.

Indonesian President Susilo Bambang Yudhoyono said at the start of the annual Association of Southeast Asian Nations (Asean) summit that the regional bloc must take steps to ease the surge in consumer prices.

"We must give serious attention and take concrete measures to address the soaring of food prices and world energy, which in turn will negatively affect the prosperity of our people," he said in his opening speech.

"History shows that the rise of food and energy prices... has always caused the increase in the number of people living in poverty, yet we know very well that decreasing the poverty level is not an easy task."

Oil prices soared to their highest peaks in more than two years last month, driven largely by political turmoil in the crude-producing Middle East and North Africa region.

The increase has sparked fears that inflation could slow down the recovery from the global recession in 2008/2009.

Asean groups 10 disparate nations from oil-rich Brunei and high-tech Singapore to impoverished Cambodia, Laos and Myanmar, as well as major rice producers Thailand and Vietnam and rice-importers like the Philippines.

Indonesia and Malaysia round up Asean's 10 members.

Commodities prices including oil and gold took a hammering on US markets Thursday due to a higher US dollar and the re-weighing of risk by institutional investors, but analysts expect the upward price trend to resume.

On the same day, the United Nations said high food and oil prices could keep an additional 42 million people in poverty in the Asia-Pacific region and threaten economic growth.

The International Monetary Fund warned in a report last month that rising food and energy prices could start an inflationary spiral.

The impact would be especially bad in the developing world where households spend larger shares of their incomes on food and energy compared to those in advanced economies.

Several Asean members have already raised interest rates as part of efforts to fight inflation, at the risk of slowing down economic growth in a region that led the world out of the global financial crisis.

In his speech, Yudhoyono called for the establishment of an integrated food security framework in Asean.

"More specifically, we must attend to the formulation of a food reserves system in Asean and also one that assists farmers to escape poverty," he said.

To enhance energy security, members must work towards developing renewable sources that are abundant in Asean such as hydro-power and geothermal, he said.

"One way to achieve that is the development of research centres and renewable energy in our region," he added.

The Indonesian leader also called for further cooperation in disaster management, citing the giant earthquake and tsunami that struck Japan in March which also damaged a nuclear power plant and triggered an atomic crisis.

AFP

Myanmar Prime Minister Thein Sein (L) and other leaders of the Association of Southeast Asian Nations (Asean) attend an informal meeting with civil society organisation representatives in Jakarta yesterday on the sidelines of the 18th Asean Summit.

US private sector gives big jobs boost in April

AFP, *Washington*

The US private sector cranked out over a quarter-million jobs in April, boosting recovery from a recession-era pit even as the unemployment rate rose to 9.0 percent, official data showed Friday.

Businesses added a solid 268,000 jobs in April, the Labor Department reported, encouraging hopes the economic recovery was on track even as strapped federal and local governments cut spending and payrolls.

Overall the economy created a net 244,000 nonfarm jobs last month, the department said, topping predictions of 185,000, with the biggest growth in the service sector.

It was the economy's strongest show of jobs creation since May 2009, a month before the worst recession in decades ended but left recovery in the labor market lagging behind.

And the department sharply revised higher job creation figures for February and March, putting net gains above the key 200,000 threshold for three consecutive months.

Some experts say a pace of at least 200,000 net new jobs a month is needed for a sustained period to reduce unemployment.

President Barack Obama welcomed the jobs data, coming in the face of "serious headwinds" from high gasoline prices and the impact of Japan's earthquake-tsunami disaster on US manufacturing inputs.

India tops sales focus for global companies

REUTERS, *London*

India tops the sales focus for major global corporations, followed closely by China, and a third of companies also see these two countries as the top markets for production, according to a study.

A survey by accountants Ernst & Young, released on Friday, found that 47 percent of high-performing global firms saw India as the most important market for sales while 44 percent named China. The importance of India and China remained the same regardless of where the firms were headquartered, the study found.

On a broader level, which included top-performing as well as less successful companies, India was seen as the top focus of 34 percent of firms and China was only just behind with 33 percent.

The other members of the BRIC group of the world's biggest emerging economies were some way down, with Brazil the main focus for 19 percent of companies and Russia for 14 percent,

"It appears that the combination of high volume and rapid growth in the India and China markets lifts them outside the normal more regional focus," Ernst & Young said.

"Brazil can be seen to continue to emerge, while Russia's relative importance has declined," said the study, noting Russia had fallen out of the top 10 for North American firms though it is in fifth place for Western European firms.

The study, conducted for Ernst & Young by the Economist Intelligence Unit (EIU), interviewed 400 top-level executives at leading international corporations in January and February 2011. It distinguished between top-performing and less successful companies on the basis of revenue and EBITDA growth.

Almost half the high-performance companies named economic growth forecasts as the main factor for sales and investment strategies while 40 percent identified demographic profiles.

India and China are the world's fastest growing big economies and have over a billion people each.

Eurozone faces up to boomerang Greek debt chaos

AFP, *Brussels*

Stressed eurozone states from Portugal to Finland faced up Saturday to the need to renegotiate Greece's bailout repayments as "catastrophic" Athens finances returned to haunt the EU.

"We think that Greece does need a further adjustment programme," Luxembourg Prime Minister Jean-Claude Juncker, who chairs the Eurogroup of finance ministers, said after closely guarded talks in Luxembourg late Friday.

"This has to be discussed in detail," he said, indicating it would top the agenda at a two-day meeting of eurozone and European Union finance leaders in Brussels on May 16 and 17.

The resurrection of the Greek debt conundrum will reverberate around political Europe.

To begin with, it is sure to complicate coalition negotiations in Finland with an ultra-nationalist, anti-EU party that scored a significant breakthrough in elections on a platform of refusing to participate in Portugal's upcoming bailout.

Dow Jones Newswires reported that Germany and France did not see eye to eye during the unscheduled Luxembourg meeting.

Greek newspapers also spoke of postponements on the maturity of 65 billion euros worth of bonds this year and next, a postponement of national deficit reduction targets as agreed with the EU and even a possible "grace" period of no interest payments.

The Greek public deficit for 2010 was revised upwards, from 9.4 percent of gross domestic product to 10.5 percent.

That was blamed on a deeper-than-anticipated national recession that combined with brutal cuts in public spending to hack away at tax revenue, and while the country's top crimebuster has been moved to fight fraud and corruption in a bid to squeeze out every last euro due, the prospects for this year and next are slipping.

Greece was given a 110-billion-euro ($160-billion) bailout last year, the terms were eased by EU leaders in the spring and a new rejig would leave the issue weighing on EU partners' finances well into the next decade at least.

Athens already owes more than a year-and-a-half of its entire economic output, some 340 billion euros, which markets consider unsustainable, leading to growing fears of ultimate default -- the nightmare scenario for the eurozone as a whole.

"We did not discuss an exit for Greece from the eurozone, we think that would be a stupid option," Juncker underlined after the meeting at a Luxembourg castle with Germany's Wolfgang Schaeuble, France's Christine Lagarde, Italy's Giulio Tremonti and Spain's Elena Salgado.

European Central Bank chief Jean-Claude Trichet, the EU's economic affairs commissioner Olli Rehn and Greece's George Papaconstantinou also took part in talks triggered by concerns in the United States and at the International Monetary Fund, that "ruled out any restructuring of Greek debt," Juncker added.

The result will leave ongoing EU efforts to close off a sorry chapter at a late-June summit looking ever more complicated.

Greece was due to return to commercial borrowing markets next year, but with current yields on benchmark 10-year bonds hitting 15 percent -- junk level compared to Germany -- "it is in a pretty catastrophic situation," according to a source close to the talks.

Propping Athens up beyond 2012 "is a hypothesis on which we have to work, it's blindingly obvious," the source underlined.

The Greek government said the idea it could withdraw or be kicked out was "completely untrue... provocative... (and) highly irresponsible."

The extension of bonds is designed to "give the country a breather as it is unclear when it will be able to tap markets," said Greek financial daily Naftemboriki.

Greek Finance Minister George Papaconstantinou

Downturn hands Glencore investors pricing power

REUTERS, *London*

European mutual fund managers sense an opportunity to drive down the price of Glencore International's bumper $11 billion listing, as fears of slowing global economic growth rattles commodity markets.

The Reuters-Jefferies CRB index, a benchmark for commodities prices, is on course for its biggest weekly plunge since July 2008 as Glencore's top brass begin a roadshow aimed at charming investors, some of whom remain skeptical about the Swiss trader's corporate governance and its motivations for listing.

Glencore, the world's largest diversified commodities trader, has already lined up buyers for all of the shares in its planned float. Part of that success is due to the relatively small stake in the company being placed with funds, and also due to Glencore's size, which makes is a must-buy for many.

"My feeling is that if ... the rout we saw yesterday carries on in the next weeks before they are actually trading, these guys might be forced to come out again and revise this thing lower," a portfolio manager at a UK investment house said.

"I'm not saying the demand is not there. It's just the intensity of that demand has moderated," he said.

The Reuters-Jefferies CRB index shed two-thirds of its 2011 gains on May 5, the day after Glencore set a 480-580 pence price range, a call it feels is modest enough to secure a positive start for its shares when they begin

Russian-born billionaire buys Warner Music

AFP, *New York*

Russian-American billionaire Len Blavatnik's Access Industries won a bidding war on Friday for Warner Music Group, buying the storied music company for $3.3 billion in an all-cash transaction.

The sale of Warner Music, whose artists range from current stars such as Eric Clapton and Kid Rock to legends such as Frank Sinatra and Ray Charles, comes at a challenging time for the music industry with digital piracy rampant and CD sales slumping.

It also comes amid reports that EMI Group, a Warner Music rival which is owned by Citigroup, is on the block.

Warner Music is being sold by chief executive Edgar Bronfman Jr. and the private-equity firms, Thomas H. Lee Partners and Bain Capital Partners, who bought the company from Time Warner in 2004 for $2.6 billion. Together they hold approximately 56 percent of Warner Music's outstanding shares.

Access said the acquisition includes all of Warner Music's record labels, which include Asylum, Atlantic, Elektra and Warner Bros., and the prized Warner/Chappell music-publishing division.

The purchase price of $8.25 per share is a 34.4 percent premium over Warner Music's average share price over the previous six months.

As part of the agreement, Access, whose diverse holdings include natural resources and chemicals, media and telecommunications and real estate, will assume $1.9 billion of Warner Music's debt.

"We are delighted that Access will be the new steward of this outstanding business," said Bronfman, who will stay on as chief executive.

"They are supportive of the company's vision, growth strategy and artists, while bringing a fresh entrepreneurial perspective and expertise in technology and media," he said.

Blavatnik, Access's chairman and founder, served on Warner Music's board of directors between March 2004 and January 2008 and already owns two percent of the company.

He described Warner Music on Friday as a "great company with a strong heritage and home to many exceptional artists.

"I look forward to working closely with the many talented people within the company," the Russian-born industrialist said.

AFP

A woman walks in front of a grocery store in Caracas on Thursday. Buying food has become a daily ordeal for many Venezuelan consumers, who have to deal with the highest inflation rate of Latin America.