

24 Attack of the Mutant Rice

American farmers did not want to grow genetically engineered rice. But the tainted grain is turning up all over the U.S. and Europe. BY MARC GUNTHER

31 Business Loves Hillary

The U.S. presidential candidates are scrambling for CEO endorsements. Our exclusive survey goes behind the scenes to find surprising alliances. BY NINA EASTON

40 Panamania

Once a sleepy Latin American capital, Panama City has become one of the world's hottest real estate markets. Photographer HARRY BENSON takes a look. An innovation revival has lifted profits at Xerox to \$1.2 billion. FORTUNE's GEOFF COLVIN asks CTO Sophie Vandebroek; Can Xerox keep it up?

58 The New Harvey Weinstein

Since Harvey and his brother, Bob, launched the Weinstein Co. 20 months ago, he has focused on deals, not movies. Now investors are demanding change.

BY TIM ARANGO

FIRST

8 Metal Madness

Scrap prices are motivating thieves. Nothing is safe: manhole covers, beer kegs—even nrns, BY TELIS DEMOS A failed private-equity takeover bid for the Australian flag carrier seems to have humbled the airline's CEO. BY ERIC ELLIS

15 Hong Kong Is Hardly Dead

A FORTUNE cover in advance of the 1997 handover to China announced "The Death of Hong Kong." Oops! Today, the city is thriving. BY SHERIDAN PRASSO

6

11

10

PLUS World at Risk . Picture This

DISPATCHES

18 Retail Revolution

Will India's mom-and-pop stores perish with the arrival of modern supermarkets? BY JOHN ELLIOTT





COLUMNS

22 How I'd Fix the World Bank

Advice for incoming president Robert Zoellick: Roll up your sleeves and plant some seeds. What starving sub-Saharan Africa needs is action, not ideology.

BY JEFFREY SACHS

INVESTING

64 A Sunny Second Half

After a glorious first half of 2007 for the stock markets, investors got skittish as bond yields rose in June. But top strategists say interest rates won't batter stocks for now, and there are still opportunities to be had this year.

BY KATIE BENNER

65 Update

In July 2006 we argued that rising rates wouldn't kill the bull market. How did we fare? BY JON BIRGER

BUSINESS LIFE

68 Betting on Macau

As a new wave of over-the-top resorts hits the gambling kingdom, CLAY CHANDLER explores the Vegas of Asia.

71 Joy Ride

The Mascrati Quattroporte Automatic is not just another ride to the office. Roomy enough for the kids, it still has Ferrari DNA. BY SUE ZESIGER CALLAWAY

6 Index 7 Letters 72 Bing!

FORTUNE Asia (ISSN 0738-5587) is published 23 issues a year by Time Asia (Hong Kong) Limited. FORTUNE Asia may also publish occasional extra issues. Customer Service and Subscriptions: For 24/7 service, please use our website: fortune.com/ customerserviceasia. You may also contact Customer Services Center at (852) 3128-5688, or e-mail to enquiries@timeasia.com or write to Time Asia (Hong Kong) Limited, 30/F Oxford House, Taikon Place, 979 King's Road, Quarry Bay, Hong Kong. Subscribers: If the costal authorities alert us that your magazine is undeliverable, we have no further obligation unless we receive a corrected address within two years. Mailing List: We make a portion of our mailing list available to reputable firms. If you would prefer that we not include: your name, please contact Customer Services Center, Member, Audit Bureau of Circulations. @ 2007 Time Asia (Hong Kong) Limited. All rights reserved. FORTUNE is protected through trademark registration in the U.S. and in the countries where FORTUNE. magazine circulates. FORTUNE Asia is printed in Singapore Singapore MilCA IP) No. 245/06/2006. Malaysia KKDN permit no. PPS 1162/5/2008. Worldwide publisher: Michael Federle.