EUROPE'S DEBT CRISIS TO SHAKE CORPORATE AMERICA

The shock wave of Europe's debts crisis will take a big toll on corporate America, particularly sellers of car, basic materials and consumer products that will generate significant revenue on the continent. This week, the crisis claimed the heads of the Greek and Italian governments is threatening to throw Europe into recession, and has U.S. companies from General Motors Co. to Emerson Electric Co. scrambling to find ways to reduce their risk. On Wednesday, GM, the No. 1 U.S. automaker, which gets about 17 percent of sales in Europe warned that it no longer expects to break even in the region this year, with Chief Executive Dan Akerson blaming ''Europe's economic morass.'' Industrial conglomerate Emerson, which generates at least 20 percent of its sales in Europe, plans to focus all of its energy on its 2012 restructuring efforts on the continent. ''Europe is definitely going to be a problem,'' said Emerson CEO David Farr in a conference on Wednesday. ''I expect Europe next year to be very challenging for us. But I expect them to resolve this and start dealing with their issues long term.'' The U.S. stocks took a big tumble on Wednesday and Italy's borrowing costs rose to a level viewed as unsustainable, which prompted the German Chancellor Angela Merkel to warn that deep structural reforms were needed for the euro zone. Unlike Greece, Italy's economy is seen as too big for the European Union or International Monetary Fund to bail them out. Peter Sorrentino has said that the crisis could push Europe into a mild recession and hit demand for everything from Big Macs to corporate computer services. Sorrentino is the senior vice president and portfolio manager at Huntington Asset Advisors in Cincinnati. ''It will impact a lot of the major U.S. exporters, split out between technology and the consumer side. The Mcdonald's of the world are going to feel this.'' Sorrentino said. ''You might see some order-book erosion, literally across the board, from GE to Hewlett-Packard and IBM as well. This is big enough that it could affect everyone.'' GE and Mcdonald's are among the many 30 companies in the Standard & Poor's 500 index that Citigroup called out for having both large sales in Europe, the Middle East and Africa and high debt-to-capital ratios. GE shares are down 13.6 percent from earlier this year, Mcdonald's has gained nearly 21 percent, and the S&P is down 1.9 percent on the year. ''The outlook there is certainly slowing,'' CEO Keith Nosbuch said. ''We know that European OEM machine makers will have slower growth than they did in 2011...They feel good about the next quarter, but I think as we roll into calender 2012, they have less visibility.'' ''That's probably the biggest risk, because on a relative basis our products have been cheaper.'' said Peter Klein, who is the senior portfolio manager at Fifth Third Asset Management in Cleveland Ohio. ''If the euro goes down to $1.30 its probably not a big deal, but if the euro goes to a buck, or even $1.05, that could have a real big impact on domestic U.S. companies selling into Europe.''