

Americas summit opens late after clashes with protesters

REUTERS, Quebec City

Demonstrators opposed to creating the world's largest trading bloc clashed with police and stormed a security fence in the streets of Quebec on Friday, dramatically disrupting the start of a summit of leaders of 34 countries of the Americas.

The opening ceremony began 90 minutes late after a tense afternoon in which police fired tear gas and baton-charged a squad of masked militants who hauled down sections of the fence surrounding the downtown area where the summit takes place.

In other parts of this historic French Canadian city, lines of riot police carrying shields faced off against crowds of demonstrators.

Fresh clashes broke out in the evening, with police firing tear gas to keep about 1,000 demonstrators away from the fence a few blocks from the summit.

The violence, less than half a mile (800 metres) from the confer-

ence centre, followed street battles at international meetings in Seattle in 1999 and Prague last year.

The demonstrators oppose a key aim of the Summit of the Americas - the creation by the end of 2005 of a trading bloc embracing 800 million people from Canada to Chile.

They say it will favour the rich and exploit the poor, whereas proponents of the Free Trade Area of the Americas say it will spread prosperity underpinned by democratic rule.

Summit host, Canadian Prime Minister Jean Chretien, said in his opening speech that a small group of extremists was to blame for the violence.

"I welcome those who have come to Quebec City to make known their views on how best to advance the social and economic interest of our fellow citizens. But violence and provocation is unacceptable in a democracy," he said.

US President George W. Bush,

whose timetable for meetings with regional leaders was upset by the clashes, said the protesters were wrong.

"Trade not only helps spread prosperity, but trade helps spread freedom...," he told reporters. "We need trade."

Support for the protesters came from Cuba's President Fidel Castro, the only regional leader not invited to the summit and a vehement opponent of the FTAA and capitalism in general.

In a message read on Cuban television, the veteran communist leader expressed his admiration for the protesters and denounced what he called the "brutal" actions of Canadian police.

Canadian security forces had mounted a huge security operation to block any violence from the diverse international army of protesters which links environmentalists, anti-capitalists, human rights groups, anarchists and others.

Just before trouble broke out, a carnival-like mood prevailed. Protesters had festooned the chain-link fence - which they have dubbed "The Wall of Shame" - with balloons, posters, and even a collection of brassieres in recent days.

In the afternoon, some 2,000 protesters converged on different points in the fence. About 100 of them, many masked and clad in black, tore down about 15 segments of the 10-foot (3-metre) high fence.

Pouring into the security zone, they hurled rocks, bottles, cans and other missiles, including hockey pucks, at the police, who responded with tear gas and a baton charge. Militants threw back tear gas canisters before retreating.

For several hours, lines of helmeted police with shields faced off against milling crowds of demonstrators, sporadically firing tear gas.



A demonstrator throws back a tear gas canister fired by police during a march in which the demonstrators broke through a security chain-link fence barrier in Quebec City Friday and clashed with police in riot gear. Thousands of anti-globalisation protesters came to Quebec where 34 heads of state of the Americas are meeting to discuss implementation of a hemispheric-wide free trade zone by the year 2005 at the III Summit of the Americas.

Bush supports environmental review of trade pacts

AFP, Washington

President George W. Bush on Friday gave his official backing to a policy institutionalised by his predecessor Bill Clinton under which the United States conducts an environmental review of major trade agreements.

Environmental reviews are an important policy tool for involving the public in the development of trade agreements and informing negotiators of the possible environmental implications of trade agreements - both positive and negative - as they are being negotiated," a statement from the office of the US Trade Representative said.

"The results of the reviews are circulated to negotiators and policymakers throughout the US government to help them consider appropriate responses where effects are identified."

The environmental review policy began under Bush's father, former President George Bush, in 1992 with the North American Free Trade Agreement and was conducted periodically until November 1999, when it was institutionalized in a presidential directive from Clinton.

Reviews are already underway of the proposed Free Trade Area of the Americas, which is being debated this week end in a summit of the Americas in Quebec City, Canada, and of free trade agreements under consideration with Singapore and Chile.

The USTR statement said that such assessments would be continued by the Bush administration.

EBRD urged to refocus on Balkans, former Soviet republics

AFP, Warsaw

As the EBRD celebrates its 10th anniversary this weekend, analysts in eastern Europe are giving it good grades for its work in the region but urging it to refocus its efforts on the Balkans and former Soviet republics.

Ten years after it was founded to promote private-sector initiatives and transition towards a market economy in the region, the European Bank for Reconstruction and Development (EBRD) has largely fulfilled that task in the eastern European countries nearest membership in the European Union, according to analysts.

"I don't see the need anymore for the EBRD to continue operating in the most advanced countries, argues James Owen, chief economist at Societe Generale's Warsaw office.

"The EBRD's strategy now should be to go further east. Its role is as a pioneer, opening the way for the private sector. It is time for it to move to countries where it is more needed," he told AFP.

The bank has helped shepherd private investment into the 27 countries in which it operates, galvanizing more than 50 billion dollars of financing for investment in infrastructure, banks and increasingly private small-and medium-sized enterprises.

"At the beginning of the 1990s the EBRD was the only source of financing for certain projects that, without it, would not have been realized," said Toomas Reinken, chief economist of the Baltics-based Trigon Capital investment bank.

"The EBRD has made mistakes in investing in doubtful projects, but it played a very useful role," added Reinken, a former EBRD employee.

"Overall the record is mixed, but in the end, it is good that the bank was created and continues to operate," he said.

But Reinken also believes it is time for the bank to shift its lending to countries where economic reforms have not proceeded as far, particularly former Soviet republics and the Balkans.

It is a message the bank's management has heard, but refocusing the EBRD's lending efforts won't come without risks, as some eastern European and CIS countries have resisted the economic reforms which the bank was established to promote.

The EBRD posted a loss of 260 million dollars in 1998 as the bank was heavily exposed to the Russian financial crisis.

But as bankers and business movers and shakers from eastern Europe descend on London this weekend for a three-day, 10th anniversary forum starting Sunday, there are also critics who believe the bank has moved too slowly and clumsily.

"The EBRD is not useful, or almost not useful" because "it hasn't acted where it was most needed," said a regional economist based in Hungary, who asked not to be named.

Delhi, Oslo vow to consolidate trade ties

AFP, New Delhi

India and Norway on Friday agreed to consolidate ties in the fields of information technology, water management, shipping and fisheries, officials here said.

The two sides agreed to boost trade ties during a meeting between Norwegian Prime Minister Jens Stoltenberg, who is on a five-day state visit, and his Indian counterpart Atal Behari Vajpayee.

Stoltenberg and Vajpayee also held talks on a wide range of international, regional and bilateral issues and on subjects of mutual concern during their closed-door talks in New Delhi.

The Norwegian leader expressed confidence that his April 19-23 trip to India would offer a new impetus to economic ties between the two countries, an Indian foreign ministry official said after the talks between the two premiers.

The two countries have also signed a one-billion-dollar agreement to set up a 600-megawatt power plant in the Himalayan state of Kashmir.

The planned power project will be set up by two Norwegian companies and the state government of Kashmir.

Stoltenberg will also have official talks with Indian President K.R. Narayanan and attend a meeting on the power industry, a workshop on UN peacekeeping and a Norwegian film festival in New Delhi.

Russia to give priority to balanced budget

REUTERS, Moscow

Russia will give priority to balancing its budget and eliminating the need for foreign loans in spending plans for 2002 and beyond, a top financial advisor to President Vladimir Putin said Friday.

Speaking to reporters after Putin delivered his budget message to parliament, Andrei Ilarionov said other key targets for 2002 were debt servicing, a new tax code and the creation of a fund to protect Russia against potential financial shocks.

Russia achieved a 7.7 per cent rise in growth in 2000, its best since 1991, but this is predicted to slow this year to around four per cent. The country also remains highly dependent on world prices for oil and other raw material exports.

"I would emphasise that two main items of the budget message are the need to maintain a non-deficit budget in 2002 and... creating a stabilisation fund to smooth shocks related to any major fall in prices of main Russian exports," Ilarionov said on ORF state television.

"We have entered a new phase of cooperation with the IMF, central to which is the independent creation of an economic plan and its realisation without using IMF credits. That policy will continue in 2002," Interfax quoted Ilarionov as saying.

Russia goes to a meeting of the European Bank for Reconstruction and Development in London next week to meet a West encouraged by Putin's pledges to cut bureaucracy, introduce land reform, simplify the tax code and ease the tax burden.

"It is of principal importance to pass in 2001 parts of the tax code relating to profit tax and abolishing turnover tax," Ilarionov was quoted as saying. He added that a flat 13 per cent income tax rate would remain in effect.



M A Kaheer, Managing Director of Omnicom Ltd, receives the licence for introducing "Pre-paid phone card service" from S A M S Kibria, Minister of Finance, in presence of Mohd. Nasim, Minister for Post and Telecommunications and Home Affairs, M A Rouf Chowdhury, State Minister for Post and Telecommunications, and other high officials. Omnicom Ltd will render the services in collaboration with Boston Telecommunication Groups Inc, USA.

Internet proves a goldmine for investors in Gulf

AFP, Dubai

From paying alms to going on pilgrimage, from investing in global funds to online business transactions compliant with Islamic law, the Internet is proving to be a goldmine for Muslims investors in the Gulf.

A barrage of companies offering Islamic financial services on line have been launched over the past year, and banks have had to refine and update their own Islamic services to compete.

"We give access to a range of the highest quality Islamic products and services from the leading institutions operating in the Islamic financial space," said Ramzi Abu Khadra, chief executive officer of iHilal, based in Dubai.

"We set up as an on-line retailer of Islamic financial products because the web is a great aggregator of demand and a cheap means of distribution," Khadra told AFP.

Apart from Gulf Muslims, Khadra said iHilal was targeting the millions of Muslims living in

Europe and North America who previously had no access to a "one-stop shop" where they could compare Islamic financial products.

Hato Hasnita Dato' Hashim, chief executive officer of IslamiQ, an on-line Islamic brokerage facility launched in March 2000, said "we exist because of demand and not through trying to create a demand."

"We have chosen the Internet as our mode of distribution as it is an effective means of reaching the Muslim community spread over the world," she said, predicting 15,000 clients by the year end.

"Technology manufacturing, construction industries are Shariah compliant in most cases and in fact, if you look at the Islamic indices last year and the previous years, they have actually outperformed conventional indices," she said.

Banks that previously relied on Muslim account holders to invest in the bank's own Islamic-oriented mutual funds have been hit with the stark realisation that

customers now have the option of investing their money elsewhere.

"E-banking will allow the speedy delivery of personalised financial services to customers and give a chance to retain wealth within our countries," said Abdullah Mohammad Saleh, managing director of the National Bank of Dubai.

One Western banker said "banks that are not offering electronic facilities to their customers and are not willing to expand beyond the confines of the Middle East and North Africa will simply lose business."

But doubts remain among some IT experts and businessmen as to the real impact and understanding of the Internet as a tool for business in the Gulf.

"Forget Islamic banking for a moment, there is no real huge demand for e-banking full stop in this region. It is still a cash and contact society where Internet usage is limited," another banker said.

Metal: Weekly Roundup

Gold gains from weak dollar, silver surges

AFP, London

Gold prices benefited from the dollar's weakness, gaining more than four dollars an ounce as the US currency suffered following a surprise half-point cut in US interest rates.

Gold was fixed at 263.85 dollars an ounce on Friday afternoon, from 259.25 dollars at the end of the previous week.

Silver: Lining. Silver found some support this week amid reports of greater industrial applications for the metal in Japan.

An ounce of silver was fixed at 4.43 dollars on Friday from 4.33 dollars the previous week.

Palladium and platinum: Uncoupled. The price of platinum continued to rise this week while the palladium market remained volatile, with technical and speculative factors prompting most trades.

Palladium rose to 692 dollars an ounce on the London Platinum and Palladium Market (LPPM), from 650 the previous week.

Europe weathering storm of US slowdown

AFP, Malmoe, Sweden

Europe is not immune to the economic slump in the US but is confident it is "weathering the storm" and that its economy will continue to grow, although at a slower than expected rate, EU officials said here Saturday.

"We are not immune to developments in the United States and the world at large," European Central Bank president Wim Duisenberg said after a meeting between EU finance ministers and central bank heads.

"But we are such a large autonomous economic area, comprising a market of some 300 million people, that the impact of developments outside the euro area on the euro area are not negligible, but very limited indeed," he said.

"We are confident that we are weathering this storm, to the extent that gives Europe a rate of

growth both this year and next year at or slightly above the potential trend rate of growth which we have observed for the Euro area over the past 25-30 years," he said.

He said that trend rate of growth was two to two-and-a-half per cent.

EU Economic and Monetary Affairs Commissioner Pedro Solbes acknowledged "we have to face the negative impact on the European economy from the slowdown in the world economy" and that the commission would lower its growth forecast of last summer.

"We now consider the rate of growth forecast last August of 3 per cent is excessive and the new figure will be placed between 2.5 and 3 per cent," said Solbes.

But he echoed Duisenberg's assessment that fallout from Europe from the US slowdown would be small.

Commodity: Weekly Roundup

Oil dips on sharp rise in US crude stocks

AFP, London

Oil prices fell this week in response to a sharp rise in US crude stocks, after an early start to nine-week high points above 28 dollars in London following an explosion at a British refinery.

In London, benchmark Brent North Sea crude for June delivery fell back through 27 dollars a barrel, to 26.74 dollars on Friday from 27.65 dollars the previous week.

In New York, the light sweet crude May contract stood at 28 dollars a barrel early Thursday from 28.65 dollars a week earlier.

Initial fears of a supply squeeze following the blast at the Conoco-operated refinery in northeast England gave way to a more sanguine view of the market, as figures showed US crude stocks burgeoning.

The US Department of Energy said crude stocks last week swelled by 6.2 million barrels to 313.3 million barrels.

"It is quite clear that the crude

market is oversupplied at the moment," said GNI brokerage analyst Lawrence Eagles.

Rubber: Soft. Rubber prices fell further in line with the continued troubles of the Indonesian rupiah.

Fresh falls of the currency meant that "the price of the Indonesian rubber is coming down further," said a dealer with the Symington brokerage.

Some bargain hunters sought to make the most of the low prices, but this failed to galvanise the market, the dealer said.

In Kuala Lumpur, the RSS index fell back to 2.295 ringgit per kilo from 2.333 ringgit the previous week.

In London, the May rubber index slipped to 48.75 pence from 49.00 pence.

Cocoa: Beans. Cocoa prices languished for much of the week, before a mild turn-up towards the weekend, as the market hit a lull, waiting for harvest figures.

On London's LIFFE financial futures exchange, the price of a

tonne of cocoa for July delivery had fallen to 776 pounds by Thursday evening from 820 pounds the previous week.

On New York's CSECE market, the July contract was 985 dollars from 1,006 dollars.

Coffee: Ground. Coffee prices remained weak with analysts predicting little respite for the beleaguered market in the weeks to come.

On LIFFE, Robusta quality for July delivery was selling for 567 dollars a tonne from 570 dollars a week earlier.

On the CSECE, the New York futures market, Arabica prices for July delivery were flat at 60.65 cents a pound.

"The approach of the Brazil harvest period with Robusta being harvested now and Arabica later in the May/June period will stifle any upturn," said the Refco brokerage in a research note.

Sugar: Honey. Sugar prices pushed higher this week in Lon-

don and New York amid concern over a late sowing season in Europe.

In New York, a pound of white sugar for May delivery advanced to 8.80 cents from 8.31 cents a week earlier.

On the London market, May contracts perked up to 228.50 dollars a tonne against 224 dollars the previous week.

Czarnikow brokerage analyst Chris Pack said the poor winter in Europe had delayed the sugar beet sowing season, with a possible impact on the harvest.

"There could be a reduction in the crop," Pack said.

Soya: Cropper. Soya prices remained in the doldrums this week, with falling US exports highlighting the depressed state of the market.

US soya exports topped 72,400 tonnes last week, barely a fifth of the result expected by the market, according to the US Department of Agriculture.

One of the Chicago Board of

Trade (CBOT), a bushel of soya for May delivery fell to 4.2925 dollars from 4.2525 dollars the previous week.

A bushel of soyabean meal - used in animal feed - for May delivery fell to 153.80 dollars a tonne from 154.40 dollars.

The slump of the Brazilian real against the dollar could also hurt US exports further, analysts noted.

Grains: Willing. Maize prices fell in Chicago in response to disappointing US export figures, but wheat prices were broadly stable.

On the Chicago Board of Trade, a bushel of 25.4 kilos of maize for May delivery fell to 204.50 cents from 211.75 cents.

Traders said that figures from the US Department of Agriculture which estimated US maize exports at 550,800 tonnes the previous week had disappointed the market and pushed prices lower.

But wheat exports of 420,000 tonnes were in line with expectations, traders said, and a bushel of 27.2 kilos of wheat for May deliv-

ery edged up to 267.50 cents from 266.75 cents.

On London's LIFFE market, a tonne of wheat for May delivery

"The market derived minor support from the strong weekly export numbers and talk that China had bought 50,000 tonnes of cotton," the analysts at the Refco brokerage said.

Wool: Waiting. Wool prices were unchanged with no Australian or British auctions.

The British Wooltops index stood at 366 pence.

There was no Eastern index because of suspension of auctions in Australia for the Easter break. It stood at 854 cents when last available on April 5.

Cotton: Climber. US cotton prices ticked higher on strong US export figures and rumours of a large purchase from China.

On the NYCE in New York the July contract nudged up to 47.80 cents a pound from 47.24 cents the previous week.