

Thousands in India protest high food prices

REUTERS, New Delhi

Tens of thousands of trade unionists, including those from a group linked to India's ruling party, marched through the streets of the capital on Wednesday to protest food prices, piling pressure on a government already under fire over graft.

The demonstration in New Delhi was the latest in a wave of protests sweeping across the world, including the Middle East and Africa, ignited by a worldwide spike in food prices.

India, Asia's third-largest economy and home to more than a billion people, has been grappling with double-digit food inflation. Hundreds of millions of poor have been hit the hardest.

In one of the largest anti-government protests in New Delhi in recent years, at least 50,000 people representing trade unions from the country's political parties, marched through the centre of the capital towards the parliament building.

In a sea of red flags and hats bearing their union name, protesters chanted slogans and carried banners calling on the government to provide food security.

"Prices will now kill the common man", read one banner.

"We get paid 100-125 Rupees (\$2-3) a day. How are we going to survive on this if prices are so high?" said Kailash Sain, who had travelled to the capital from the western state of Rajasthan.

"We have come here so that



REUTERS, Athens

Flights will be cancelled, public services closed and shops will pull down shutters across Greece on Wednesday as workers walk off the job in the first nationwide strike this year against austerity measures.

Hospitals will operate on skeleton staff for 24 hours, schools will be closed and public transport will be disrupted. Only emergency flights will be allowed between 1000 and 1400 GMT and ships will remain docked at ports throughout the day.

"Unions, workers, pensioners and the unemployed are united. We are determined to continue," Greece's largest umbrella union GSEE said in a statement. "The people and their needs should be above profits and numbers."

The Socialist government cut salaries and pensions and increased taxes last year despite repeated strikes, in return for a 110 billion euro (\$150.7 billion) bailout by the European Union and the International Monetary Fund that saved Greece from bankruptcy.

The country's international lenders approved this month a fresh, 15-billion-euro tranche of the aid, but set a tougher target for privatisation proceeds and called for more reforms.

Thousands of private and public sector workers, students and pensioners are expected to rally in Athens and march to parliament to protest against the belt-tightening, which is aimed at helping the country exit a huge debt crisis.

"Why don't they go after the rich? My son's salary is so small that I have to support my grandchildren," said 72-year old pensioner Archodoula Valakou. "Doesn't the government know how much we suffer? What do we have to do to make them understand?"

Greece, whose rescue last year was followed by a 85 billion euro bailout for Ireland, is a test case for whether the euro zone's weakest economies can endure the years of austerity required to get public finances back into shape and avoid defaulting on their debt.

German Chancellor Angela Merkel said on Tuesday that rescheduling Greek debt could be considered in the context of a comprehensive rescue package for the euro. But Greek Prime Minister George Papandreou, on a visit to Berlin, said all his country's reforms were aimed at avoiding a debt restructuring.

Indian women wave Communist flags during a rally organised by the Centre of Indian Trade Unions near the parliament house in New Delhi yesterday. Tens of thousands of people gathered in the Indian capital to protest against inflation.

our voices reverberate inside the house (parliament) and they can see what pain the common man is going through," said another demonstrator, Akhil Samamtray from western Orissa state.

Protesters arrived by bus and train from all over the country and the numbers were expected to rise.

PJ Raju, secretary of the Congress' trade union, told Reuters around 100,000 people from his party alone would

be joining the protest.

The presence of trade union members from Prime Minister Manmohan Singh's ruling Congress party -- a rare instance of a protest against their own government -- is a telling sign of the concerns within the party about government policies that have been unable to tame inflation.

The government has looked increasingly helpless as it tries to introduce policies to rein in food prices, which analysts say have

come far too late.

India's central bank, the Reserve Bank of India, has raised interest rates seven times in a year to try and tame rising prices but has warned fiscal policies would be largely ineffective against rising food prices which stem largely from bad weather and problems on the supply side.

The protests also come only a day after Singh relented to months of opposition demands

for a parliamentary probe into a multi-billion dollar scandal over sales of telecoms licences for kickbacks.

The scandals have piled enormous pressure on the reformist 78-year-old prime minister, seen as a lame duck who plays second fiddle to Congress party head Sonia Gandhi. Some believe further revelations could force him from power early and lead to an interim leader before a 2014 general election.

Libyan revolt likely to leave deep scars on oil sector

REUTERS, New York

Regardless of what comes next in Libya's lethal political standoff, the OPEC country's oil sector is nearly certain to suffer, bringing long-lasting supply disruptions or even permanent damage.

None of several potential outcomes is benign for Libya's oil industry -- the lifeblood of its economy -- or for oil prices. The scenarios run the gamut from all-out civil war and attacks on energy infrastructure to low-level neglect and reservoir damage, as foreign expertise flees the country.

Over decades, from Iran, to Iraq and Venezuela, periods of political chaos in OPEC countries have usually carved lasting scars on the oil sector, and few expect Libya to be any different.

"A period of chaos will probably interrupt Libya's refining and oil operations," said Amy Jaffe, an energy studies fellow and Middle East expert at Rice University in Houston.

"The military is abandoning Gaddafi, so it's unclear who is left to protect oil installations. Lots of foreigners are being evacuated, so who will remain in place capable of operating Libya's oil industry? Will workers even show up?"

As Africa's No. 3 producer and the site of the continent's largest proved reserves, estimated at 44 billion barrels, Libyan oil usually accounts for 2 percent of world output.

The country, whose oil accounts for a fourth of Italy's demand, is the first major oil exporter to be thrust into acute turmoil since protests began sweeping through the Middle East in January, unseating presidents in Tunisia and Egypt so far.

An estimated 300,000 barrels per day (bpd) of Libya's 1.6 million bpd of production has been halted, as companies evacuate staff and suspend operations. Much of the country's oil industry is run by foreign firms including Eni and Repsol, while Libya's National Oil Corpora-



REUTERS
Libyan protesters stand on top of a building during a demonstration in the seaport city of Tobruk on February 20.

tion (NOC) has traditionally been tightly controlled by Gaddafi.

Libyan strongman Muammar Gaddafi defiantly pledged on Tuesday to stay in power at any cost, threatening to have protesters hunted down and killed "house by house." With rival factions already laying claim to an oil-rich swath of eastern Libya, separated by hundreds of miles of desert from capital Tripoli in the west, the country could even face civil war, analysts warned.

In OPEC countries where oil infrastructure is the ultimate key to power and pursestrings, war and other major political crises have typically resulted in supply disruptions that take years or decades to bounce back from.

Iran's 1979 revolution cut the country's output by more than half, and production never recovered fully. Iraq's 1990 invasion of Kuwait ultimately slashed output in both countries for years, and ravaged Kuwaiti oil wells. Venezuela's massive oil industry strike of 2002 crippled production, which has never

returned to pre-strike levels.

To be sure, OPEC's top producer Saudi Arabia has stepped in to boost production in previous disruptions in other member producers, and the Saudi oil minister said on Tuesday the cartel, led by the kingdom, stands ready to pump more oil, but only when needed. U.S. officials say Saudi Arabia could replace Libyan supplies within a month, although it would leave less available spare capacity.

Libya's unrest helped push U.S. oil futures up 8.5 percent on Tuesday to a 2-1/2-year high, although the surge also reflects the chance that chaos will affect other oil-exporting countries.

"The output of (Libya's) oil will probably not be completely halted, but it is difficult to see this level of chaos failing to result in significant operational disruptions," Eurasia Group analysts said in a note on Tuesday.

"It is likely that the country will experience a prolonged period of violent instability, with a potential for full-blown civil war."

Commerzbank swings back to profit

REUTERS, Frankfurt

Germany's second biggest bank, Commerzbank, marked Tuesday a rebound from losses suffered during the global economic crisis as it posted a strong 2010 profit and pledged to start paying back state aid.

Commerzbank reported a net profit of 1.43 billion euros (\$1.96 billion), compared with a loss of 4.5 billion euros in 2009.

In the fourth quarter of 2010, the partially state-owned bank made a net profit of 257 million euros, turning around a loss of 1.9 billion in the same period a year earlier, a statement said.

2010 was "a successful year for Commerzbank in many respects," chairman Martin Blessing said.

"We have achieved key targets and the Commerzbank group has returned to profitability one year earlier than forecast."

Shares in the bank surged by more than 2.4 percent in early trading on the Frankfurt stock exchange.

For 2011, Commerzbank forecast a better operating profit and Blessing vowed to reduce the state's stake "significantly" this year by repaying some of the public aid it has received.

The German government took a stake of 25 percent in the bank two years ago as it provided aid of more than 18 billion euros after Commerzbank purchased another troubled lender, Dresdner Bank.

Last year, the beefed-up banking group finally began to gain ground, as profits were reported at most units, in particular the division that lends to small- and medium-sized

Sarkozy urges Europe to suspend Libyan economic ties

REUTERS, Paris

French President Nicolas Sarkozy called on Wednesday for Europe to suspend all economic ties with Libya following the suppression of opposition protests there and to adopt sanctions against the country.

"I ask the foreign minister to propose to our European partners the adoption of quick, concrete sanctions so that all those implicated in the violence know that they will have to assume the consequences of their actions," Sarkozy said in a statement

after a weekly meeting with ministers.

"I would like the suspension of economic, commercial and financial relations with Libya until further notice," he said.

His top diplomatic adviser had said earlier that European nations should consider imposing sanctions, including travel bans and asset freezes.

Sarkozy said that the possible measures included bringing those responsible to justice, banning them from travel to the European Union, and surveillance of their transfers of funds.

A customer counts bricks of dong bank notes lying on the floor as he prepares to deposit them to a local commercial bank in Hanoi yesterday. Vietnam's central bank raised its reverse repurchase rate, according to official media. The State Bank of Vietnam raised the rate it charges commercial banks in daily open-market operations to 12 percent from 11 percent on February 22.



AFP