

Gulf leaders call for unity, closer economy

AFP, Manama

The annual summit of Arab monarchs in the Gulf opened in Manama on Monday with a call for closer economic integration and unity in the face of the turmoil which has swept much of the Middle East.

King Hamad of host country Bahrain called for the Gulf Cooperation Council to provide "a security umbrella for its peoples" and urged "economic complementarity" between its six member states.

In his address to GCC counterparts, Saudi Crown Prince Salman bin Abdul Aziz, standing in for King Abdullah who stayed away for health reasons, delivered an appeal for unity.

"We aspire to a strong union with integrated economies, a joint foreign policy and a common defence system," he said.

Sheikh Sabah al-Ahmad al-Sabah, Kuwait's emir, called for humanitarian aid for Syrian civilians and urged Iran to reach a peaceful settlement with neighbours, including over three Gulf islands in dispute with the United Arab Emirates (UAE).

He announced a donor conference for civilians caught up in the Syrian conflict to be held at the end of January at the request of the United Nations.

The two-day summit is to focus on strengthening "Gulf unity... especially politically, economically, in defence, security and culturally," Bahrain's Foreign Minister Sheikh Khaled bin Ahmed Al-Khalifa said on Sunday.

The meeting is also expected to discuss the conflict roiling Syria and the situation in Yemen.

However, four of the six heads of state will not attend the annual gathering, which takes place in the wake of last year's Arab Spring uprisings which swept several Arab states but not the Gulf monarchies.

The overall gross domestic product in 2011 of the GCC states -- Bahrain, Kuwait, Oman, Qatar, the UAE and Saudi Arabia -- amounted to 1.37 trillion dollars, a diplomatic source said.

In 2003, they launched a symbolic customs union which has been beset with problems, failing to meet its target date of 2005, with the transition period systematically extended to 2015.

And a monetary union announced in 2009 with the aim of creating a common currency has also failed to materialise, with just four nations -- Bahrain, Kuwait, Qatar and Saudi Arabia -- signing up to it.



Gulf Cooperation Council leaders pose for a photograph in Sakhir Palace on Monday, as they arrive to attend the annual GCC summit.

The six will also discuss plans to expand a security treaty they signed in 1994 with the aim of increasing security cooperation in the face of the Arab uprisings, sources said.

"The summit is taking place under extremely sensitive and delicate circumstances, whose impact must (on Gulf states) must be studied," said the GCC secretary general, Abdellatif Zayani, ahead of the meeting.

Rights activists called on the GCC leaders to introduce democratic reforms, in an open letter to the summit on Monday.

"It appears the events in the past two years," especially "aspirations for an effective popular participation... and creating constitutional monarchies," are not on the summit agenda, said the Gulf Forum of Civil Societies said.

Bahrain is still trying to cope with a Shiite-led uprising it crushed last year with the backing of Gulf troops, while a

Kuwaiti political crisis has seen the opposition stage protests against an amendment to the electoral law.

The Shiite opposition in Sunni-ruled Bahrain has called on the summit "to exert pressure on Bahraini leaders to find a solution to the crisis," according to one of its leaders.

Witnesses said police on Monday dispersed Shiite demonstrators near Manama, not far from where the summit is being held in the south of the country.

Saudi Arabia's Shiite-populated oil-rich Eastern Province, meanwhile, has been the site of sporadic protests, while the United Arab Emirates has arrested some 60 Islamist dissidents it claims were plotting against state security.

In the normally sleepy Oman, demonstrators took to the streets last year to demand improved living conditions and reforms, in a move that quickly subsided.

Yen ticks up in Asia after easing-sparked tumble

AFP, Tokyo

The yen edged higher in Asian trade on Tuesday after tumbling on speculation that the Bank of Japan would launch more easing measures in the face of political demands for policy action.

The dollar bought 84.78 yen in Tokyo afternoon trade, a shade lower than 84.82 yen in New York Monday afternoon, after climbing to just shy of 85 yen, a level last breached in April 2011.

The euro fetched 111.77 yen and \$1.3180 from 111.87 yen and \$1.3183 in US trade.

The Japanese currency had dipped against the dollar and the euro on Monday after incoming prime minister Shinzo Abe, whose Liberal Democratic Party (LDP) won a landslide national election last week, renewed calls on the Bank of Japan to take further steps to ease monetary policy.

Abe at the weekend threatened to change a law guaranteeing the central bank's independence if it did not agree to set a two-percent inflation target, in a bid to drag the country out of the deflation that has haunted its economy for years.

Tokyo markets were closed Monday for a national holiday.

Despite pessimism over divided US lawmakers reaching a deal on the fiscal cliff, dealers said the dollar could see more upward momentum after reaching a 20-month high on the yen earlier.

On Thursday, Japan's central bank expanded an asset-buying programme -- its main policy tool -- by 10 trillion yen (\$119 billion) to 101 trillion yen, days after the conservative LDP won the weekend election promising to boost spending and pressure the central bank for aggressive action.

With most regional markets closed for a holiday, forex trade was expected to remain quiet on Tuesday.

The dollar was mixed against other Asia-Pacific currencies, easing to 1,074.15 South Korean won from 1,075.15 won on Monday, to 54.96 Indian rupees from 55.11 rupees, and to 41.13 Philippine pesos from 41.16 pesos.

The greenback strengthened to 30.63 Thai baht from 30.61 baht, to 9,794 Indonesian rupiah from 9,650 rupiah, and to Sg\$1.2215 from Sg\$1.2214 while it was unchanged at Tw\$29.05.

King urges Spain to unite against crisis

AFP, Madrid

King Juan Carlos called on Spaniards to unite against an economic crisis of previously unimagined intensity in a Christmas Eve message Monday that took clear aim at Catalonia's bid for nationhood.

The 74-year-old monarch, who weathered a tough year himself after shattering his hip on a luxury elephant-hunting holiday, said Spain was suffering one of the deepest crises of its modern history.

"The serious economic crisis we have been going through for some years has reached an intensity, breadth and persistence that no-one had imagined," he said in his annual address to the nation.

Spaniards, especially the young, were insecure and despondent over their finances, lack of work and uncertain futures, he said.

"We cannot ignore that there is pessimism, and that its effects are felt in the social climate we are living in," the king said, after a year of mass street demonstrations and two general strikes.

Austerity and economic growth should be compatible, the head of state said, with today's sacrifices guaranteeing tomorrow's welfare.

But of all the measures to combat the crisis, "the main stimulus that will get us out of this crisis is called confidence," he said.

Juan Carlos urged a return to politics that "instead of provoking confrontation, out of a respect for diversity brings together our common parts to combine our strengths, not to divide them".

He spoke hours after Catalan president Artur Mas was sworn in for a new four-year term, promising to seek a referendum in 2014 on "self-determination" for the north-eastern region despite fierce opposition from Madrid, which says that the step would flout the Spanish constitution.

Juan Carlos called on Spanish politicians to forego short-term ambitions for the greater good and to "open new doors to hope", alluding to the creation of democracy after the death in 1975 of General Francisco Franco.

Urging mutual respect, he called for the promotion of values such as "the recognition of our plurality and the protection of the different languages, cultures and institutions of Spain."

"It is time for us to look ahead and do what we can to close the open wounds. It will be a new success of us all, citizens and institutions, based on respect for the law and democratic means."

The king, who remains widely respected for his role in steering the country to democracy after Franco, emerged from hospital three weeks ago after having his left hip replaced.

He had undergone two operations in April on his other hip which he broke during an elephant hunting trip to Botswana, which provoked a public uproar and forced him into an unprecedented apology.

The royal family's reputation also took a hit this year because of corruption charges against the king's son-in-law Inaki Urdangarin who is suspected of embezzling public money paid to a non-profit institution under his control.

Red racer Ferrari joins green revolution



An employee checks a Ferrari tourism car at the end of the assembly line in the Ferrari factory in Maranello, Italy.

AFP, Maranello, Italy

Italy's red racing giant Ferrari wants to go green, cutting emissions without sacrificing horsepower and working on a new hybrid model set to thrill pro-environment speed junkies.

"We're working on reducing energy consumption without forgetting that the symbol of Ferrari is performance," Matteo Lanzavecchia, head of development, told AFP at the luxury car-maker's historic factory in Maranello, a small town in the Emilia Romagna region.

"We've also managed to up horsepower to 100 while still reducing CO2 emissions by 30 percent," he said.

The sleek "California 30", one of the brand's most sought-after models with a price tag of 180,000 euros (\$239,000), has been vamped up with the new technology -- extra horsepower but weighing 30 kilograms (66 pounds) less than the previous version.

"We're going all out, not just using the lightest materials but making adjustments across the board. We have improved the brake system to reduce

friction and the fan to reduce energy consumption," Lanzavecchia said.

And the green drive does not stop there: among the towering steel machines on the Maranello factory floor trees have been planted to control the air's humidity levels.

The most recent buildings have also been built with vast glass bays to allow more light in and slash electricity consumption.

The hybrid car -- set to hit salesrooms in the next few months -- aims to lure customers not only with its green credentials but also the promise of an off-piste taste of a Formula One experience.

It will have the Kinetic energy recovery system (KERS) used in the famous racer -- which recovers energy during braking and stores it for future use -- "to reduce consumption but also capture the thrill of driving a Ferrari," Lanzavecchia said.

The luxury brand has managed to avoid fallout from the economic crisis which hit the standard automobile industry.

Last year 7,200 Ferraris were sold around the world, up 10 percent from 2010, and the company's turnover this year has shot up over the two billion euro level for the first time in its history.

As well as focusing on emerging markets, the brand has been tempting clients with "personal stylist" services and gadgets to gussy up the inside of gleaming new Ferraris.

"There are opportunities all over the world. Of course, we are more prudent about some markets such as Europe, but there are others where the economy is growing -- China, Indonesia, Malaysia or the United States," commercial director Enrico Galliera said.

For a small fee -- up to half the cost of the vehicle -- customers can personalise the car's interior with cashmere, peccary or teak and choose their favourite model of seats, seat-belt, hi-fi system and touch-screen.

"We have personal designers who help the client choose and give him advice," Nicola Boari, head of the personal shopper system, said in the factory's workshop.



Protesters hold a banner reading "No to the layoffs of FROB (Fund for Orderly Bank Restructuring)" as they take part in a demonstration outside Bankia's headquarters in Madrid on Monday.

AFP