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200 ...

Tehran has accepted the basics of the proposal but has also sought certain modifications to the offer, saying for instance that it would not send its enriched uranium overseas to be exchanged for the required fuel rods.

In a counter-proposal, Iran has suggested keeping the LEU in a room sealed by the IAEA inside the country until the higher-enriched uranium arrives.

Under this proposal, the exchange would be completed in two stages -- 400 kg of Iran's LEU would be exchanged with 58 kg of 20 percent-enriched uranium in each stage.

Soltanieh said the Western powers have yet to address Tehran's concerns and provide it with "enough guarantees" for the fuel supply.

"The way we have been treated over the past 30 years, we have every reason to be mistrustful," Soltanieh observed.

Nuclear fuel must be delivered on time

The main issue in the talks is the necessity for the nuclear fuel for the Tehran research reactor to be delivered on time, Soltanieh told ISNA on Sunday.

In light of the fact that the Western powers have a history of breaking their promises, Iran needs to receive guarantees it will receive the 20-percent enriched uranium on time, he added.

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Iraqi ...

A major delay might also affect U.S. plans to end combat operations by August 31 next year, as U.S. military commanders want to retain a sizeable force in Iraq until the next government is in place and the security situation is clear.

Votes abroad

Hashemi, a Sunni Arab who is one of three members of a presidential council with veto rights, rejected the election law because he said it did not give enough representation to Iraqis who fled abroad when the U.S. invasion triggered sectarian bloodshed. Many of the exiles are Sunnis.

Parliament is discussing whether it can reject Hashemi's veto and send the law back to the presidential council or whether it has to amend the law first.

If it decides to amend the law, there is a risk that other parties will seek additional changes.

Iraq's minority Kurds have said they might boycott the election unless their three semi-autonomous provinces in northern Iraq are given more seats.

The election law was approved on November 8 after weeks of wrangling between Kurds, Arabs and Turkmen over how to hold the vote in the city of Kirkuk, which they dispute. U.S. diplomats and UN officials lobbied energetically for passage of the law.

"We only have 48 hours to end this impasse, otherwise an election by the end of January will be impossible," said Abbas al-Bayati, a lawmaker of Prime Minister Nuri al-Maliki's ruling Shi'ite alliance.

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Leaked ...

"We got absolutely no advice whatsoever. The lack of involvement by the FCO (Britain's Foreign and Commonwealth Office), the Home Office and the Department for International Development was appalling," the newspaper quoted Brig. Bill Moore as saying in his statement.

It quoted Lt. Col. M. L. Dunn as reporting that his soldiers "only had five rounds of ammunition each" when the invasion began, and that troops lacked the correct armor and other equipment.

In another statement, Lt. Col.

John Power said long-distance radios failed in Iraq's heat and claimed planning was so haphazard that military officials mistakenly sent a container of skis along with desert equipment.

The newspaper said the internal review concludes that a swift military victory was won only because Iraq's forces were so poor. "A more capable enemy would probably have punished (our) shortcomings severely," it quotes a document as saying.

Britain's role in the Iraq conflict triggered massive public protests and left 179 British soldiers dead.

The defense ministry declined to comment Sunday on the leaked documents, but said it "recognizes the importance of identifying and learning lessons from operations."

Two previous British studies into the war have been carried out — one cleared the government of blame for the death of David Kelly, a government weapons scientist who killed himself in 2003 after he was exposed as the source of a British Broadcasting Corp. report that accused Blair's office of "sexing up" prewar intelligence.

A separate 2004 inquiry — in which Chilcot took part — into intelligence on Iraq also cleared Blair's government, but criticized spy agencies for relying on seriously flawed or unreliable sources.

Findings of the new inquiry will not be published before next summer, meaning conclusions won't be known before Britain's next national election, which must be held by June 2010.

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Historic ...

Landrieu and Lincoln, who faces a tough re-election next year, both stressed they were not committing in advance to vote for the legislation that ultimately emerges from next month's debate.

Of particular contentiousness to moderates is a provision for the government to sell insurance in competition with private companies, subject to state approval — a part of Reid's bill expected to come under significant pressure as the debate unfolds.

White House press secretary Robert Gibbs said the president was gratified by the vote, which he says "brings us one step closer to ending insurance company abuses, reining in spiraling health care costs, providing stability and security to those with health insurance, and extending quality health coverage to those who lack it."

The legislation would require most Americans to carry insurance and provide subsidies to those who couldn't afford it. Large companies could incur costs if they did not provide coverage to their workforce. The insurance industry would come under significant new regulation under the bill, which would first ease and then ban the practice of denying coverage on the basis of pre-existing medical conditions.

Congressional budget analysts put the legislation's cost at \$979 billion over a decade and said it would reduce deficits over the same period while extending coverage to 94 percent of the eligible population.

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Romanians ...

It is the first election of a head of state since Romania entered the European Union in January 2007 and comes after the collapse of prime minister Emil Boc's centre-right government in October.

Basescu, a 58-year-old former sea captain who has been in office since 2004, voted in Bucharest accompanied by his wife and two daughters.

"It is one of the most important polls" in the last 20 years, he told reporters.

He pointed out that Romanians were also voting on a referendum to decide if the number of lawmakers

should be reduced from the current 471 to 300, in a unicameral chamber.

Geoana, 51, was an ambassador to the United States in the late 1990s and foreign affairs minister between 2000 and 2004.

He also voted with his wife and children in the capital, and partially in reference to the economic crisis said "after five years of scandals, Romanians have the chance to decide the way to go."

Polls have shown both are likely to garner between 30 and 33 percent of the vote in the first round.

But despite the election's high stakes, observers were predicting low turnout, with many Romanians seen as disillusioned with politics.

Since the fall of communist dictator Nicolae Ceausescu 20 years ago, voter participation has continually declined, from 86 percent in 1990 to 58.93 percent in the last presidential election in 2004.

At 1:00 pm (1100 GMT), six hours after polls opened, participation was 20.96 percent, election officials said.

Geoana has proposed a "vigorous anti-crisis plan" while Basescu has positioned himself as a "fighter" against those "opposed to reforms," including the Social Democrats, whom he accuses of serving their business interests.

There is much work to be done to repair the economy, with Romanian GDP expected to shrink by eight percent in 2009. But the country's unsettled political situation has done it no favours.

A third installment of a 20-billion-euro (29.7-billion-dollar) aid package by the International Monetary Fund, the EU and the World Bank has been postponed until a new government is formed.

More than 18 million people out of the population of 21.5 million were eligible to vote in more than 21,400 polling stations around the country.

Some 300 have also been opened abroad, especially in Italy and Spain, where there are strong communities of Romanian immigrants.

"I am voting today in the hope that the health and education systems will be improved. I hope that the future president will be able to find ways to get us out of the economic crisis," Rodica Anca Popescu, a pensioner from Bucharest, told AFP.

Polls were due to close at 1900 GMT, with initial exit polls expected shortly afterward. Official results were expected on Monday morning.

Several parties on Sunday made allegations of irregularities in certain districts.

The vote was being observed by monitors from the Organization for Security and Cooperation in Europe (OSCE) and several NGOs.

"Despite measures to prevent multiple voting, including monitoring cameras at special polling stations, several interlocutors have raised their concerns that such irregularities may nonetheless occur," the OSCE said last week in its preliminary report.

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China ...

"Then the doctor told me it was my husband and I burst into tears."

Compared to other manual jobs, Chinese coal miners can earn relatively high wages, tempting workers and farmers into rickety and poorly ventilated shafts.

Safety staff knew gas in the mine had reached dangerous levels and were rushing to evacuate the miners when the blast erupted 500 meters (1,500 feet) below ground, the website report also said, citing workers at the mine.

Central government prosecutors went to Hegang to oversee investigations into any possible crimes or official misconduct behind the blast, the China News Service reported.

Zhang Jinguang, a mine company spokesman, told Reuters that "as

far as I know, there were no signs (of the accident beforehand)."

Police in Hegang kept a close eye on locals near the mine, and people organized by the government sought to prevent reporters speaking to residents.

"There's no hope," said one resident who said two friends were victims of the blast.

"One in hospital hasn't woken up yet, and the other, Wang Gang, still hasn't come out (out of the mine)," said the resident, who gave only her surname, Yu.

The Xinxing mine in Hegang lies near China's border with Russia and produced over a million tonnes of coal in the first 10 months of this year, local reports said. It is owned by the Heilongjiang Longmei Mining Holding Group, making it larger than most operations where colliery accidents occur.

In the first half of this year, 1,175 people died in officially recorded coal mine accidents across China, a fall of 18.4 percent compared to the same time last year, according to the State Administration of Coal Mine Safety.

An explosion in a mine in central Henan province in September left 79 workers dead or missing and likely dead. In 2005, an coal mine explosion in northeast Liaoning province killed 214.

Nor have Hegang's coal mines had a spotless record.

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Can ...

This kind of exuberant consumer behavior helps to explain why China has powered through the global recession with only limited damage. Local officials expect Xi'an's gross domestic product to surge 13.5% in 2009, far faster than the central government's 8% target for the national economy. Even more importantly, the thriving economy in this city of 8 million lends hope that China might be able to complete its next great economic transformation. China has come to depend too much upon exports and investment for growth. What's needed is economic rebalancing, so that domestic consumption contributes more to expansion. This transition would help not only China — it would also help to stabilize the global economy by easing China's massive trade and current-account surpluses. With American consumer spending on the wane, China needs to rely less on U.S. markets to absorb its manufactured goods. The country's growing armies of middle-class consumers are being called upon to fill the vacuum to ensure the country can remain on its blistering growth trajectory.

Surprisingly, it is provincial cities like Xi'an that are leading this transition. In China's heartland, you won't find many factories churning out cheap toys or clothing for overseas markets, the kind of industrial activity that underpinned China's economic miracle and made Shanghai and Shenzhen wealthy. Total international trade represents a mere 18% of Xi'an's GDP, compared with 160% in Shanghai. Xi'an is being built instead on the burgeoning spending power of its own consumers, and on the expansion of Chinese companies churning out products for Chinese. "The domestic market will be the leading reason for China's future development," says Chen Baogen, Xi'an's mayor. "Xi'an is different from the coastal cities."

For much of China's recent history, this difference was a liability. The country's vast, mostly agrarian West was isolated from the international economy and lagged badly behind the booming east coast in progress and prosperity. Nine years ago, Beijing sought to begin closing this development gap by investing heavily in highways, airports and other infrastructure across the western region. This has helped to kick-start growth. So has geography: Xi'an's lack of exposure to crashing global markets means it has barely been singed by the crisis. In fact, the city has benefited. It's received \$230 million of Beijing's \$585 billion stimulus package, which helped accelerate the construction of a new subway system, highways and other

projects. A similar scenario has been playing out in other western China cities like Chengdu and Chongqing. BofA Merrill Lynch Global Research calculates that the GDP of China's western provinces grew 9.3% in the first half of 2009, compared with 6.5% in the east. This trend is likely to continue. "Growth is shifting to the interior," says Ting Lu, a BofA Merrill Lynch economist.

That's not only because of government largesse. As wages and land prices rise precipitously in China's coastal cities, Chinese companies based there are investing in operations in less-developed Xi'an to capitalize on its lower costs and tap a cheaper labor market. About 70% of Xi'an's domestic investment comes from the southeast coast. For example, in late 2008 Shenzhen-based cell-phone maker ZTE announced it would invest \$880 million in manufacturing and research facilities in Xi'an that will ultimately employ 26,000 people. Hybrid-car maker BYD, also headquartered in Shenzhen, has turned Xi'an into one of its main manufacturing centers, with almost all of the cars sold to Chinese consumers. Earlier this year, the company launched a \$585 million plant expansion to produce another 300,000 cars in Xi'an. In all, domestic investment in the city surged 31% to \$8.1 billion in the first three quarters of 2009 from a year earlier.

Foreign investment is migrating to Xi'an for similar reasons. Unlike on the coast, where Hong Kong and Taiwan companies have set up countless export factories, the investments in Xi'an tend to be more domestically focused. In October, Applied Materials, a California-based maker of manufacturing equipment for the semiconductor industry, opened a solar-power research center in Xi'an, part of a \$250 million investment in the city. The facility, unique to Applied Materials' global operations, will house solar-cell production lines to devise new ways of bringing down the costs of manufacturing panels. Though the results can be utilized in factories anywhere, the center is directed to a great degree at expanding the company's business within China. "China is where all the customers are," says Charles Gay, president of the company's solar-power division. "The business is growing faster here than anywhere else on the planet."

New investment and development has translated into prosperity for Xi'an residents. The per capita GDP of the city has increased 150% between 2001 and 2008 to \$3,800 (though it remains far behind rich coastal cities like Shanghai, where GDP per capita exceeds \$10,500). Consumer spending is growing quickly as well. In the first nine months of 2009, retail sales in Xi'an jumped 19% compared to those in the same period a year earlier, well above the 14.8% posted in China's cities nationally. BofA Merrill Lynch estimates that retail sales in the western provinces rose 19.2% in the first half of 2009, 3 percentage points more than in the east. "Xi'an has reached a very important development stage," explains Chen, Xi'an's mayor. "Incomes are just at the first point when people can buy homes and cars."

That fact was obvious one recent Wednesday morning at a Wuling minivan dealership in Xi'an. Customers streamed into the showroom, briefly opened and closed the doors of the displayed minivans, and then marched over to the front desk to plop down their money, often within mere minutes of arriving. Xu Zhanrong, the dealership's deputy general manager, can barely keep the Wulings in stock. Sales of the minivans — manufactured by a joint venture between General Motors, Liuzhou Wuling Motors and Shanghai Automotive Industry — are up some 40% this year, Xu says, with about 50 purchased each day. One big reason, Xu explains, is that his customers, and especially those who come in from the nearby countryside, don't worry as much about saving for their old age as they had in the past. "Now they find they have more money, to spend and enjoy life more, however they want to use it," Xu says. "From what I see, people are changing very dramatically."

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Saudi ...

DME chief executive Thomas Leaver told Reuters this month the exchange wanted to woo more financial firms, after big banks and traders such as Goldman Sachs, Morgan Stanley, Vitol and Royal Dutch Shell became strategic investors last year.

Traders say to avoid price distortions, DME needs to allow alternative grades to deliver other than Oman. But Leaver has asserted that Oman will remain the linchpin crude.

The emergence of more major players in Oman crude trades in recent months could also help promote DME as a benchmark, easing worries over Shell's predominance of physical Oman supplies that have kept the Saudis and lifters away from the exchange.

Shell is the top private equity holder with a 34 percent stake in Petroleum Development Oman, which produces most of the grade.

"Shell's position looks too big in DME," said a trader. Shell declined to comment on the matter.

However, Unipet, the biggest buyer of Oman in total via term contracts, spot market and off the DME, is now also an important seller on the exchange.

And Norwegian oil giant Statoil-Hydro recently became the top lifter of Oman crude off the DME, adding to the list of influential players and can be viewed as a boost to promoting the DME as a benchmark, traders said.

In the end, it's the eternal chicken-and-egg debate: the Saudis want a more liquid exchange before changing their pricing, but only a change in pricing will increase liquidity.

(Source: Reuters)

Azerbaijan threatens Armenia over Nagorno Karabakh

Azeri President Ilham Aliyev has warned he is ready to use force to wrest control of a disputed enclave from Armenia if last-ditch peace talks fail.

He said talks starting on Sunday in Munich were the final hope of settling the Nagorno Karabakh issue peacefully.

A fragile ceasefire has been in place in the region since it was the scene of a brutal war between the two countries in the 1990s.

Both nations lay claim to the enclave, currently under Armenian control.

In comments broadcast on Azeri TV on Saturday, President Aliyev said that if the Munich talks failed to reach agreement he would be "left with no other option".

"We have the full right to liberate our land by military means," he said.

Western diplomats attended the talks, the latest in a round of internationally mediated meetings on the dispute, have said they hope the situation will not reach that point.

Some 30,000 people died in the Nagorno Karabakh conflict, which erupted after the mountainous region declared independence in 1991.

The region and seven surrounding Azeri district have been under Armenian control since the Russian-brokered ceasefire in 1994.

Azerbaijan has never ruled out military action to take back the land and has spent billions on dollars on building up its military.

The BBC's Tom Esslemont, in the South Caucasus region, said Aliyev is using stronger language than ever before because the talks come at a critical time.

The meeting will be the first since Armenia and Turkey — an ally of Azerbaijan — normalized diplomatic relations after a century of hostility.

That move has left Azerbaijan feeling isolated, said our correspondent.

(Source: BBC)