

# **The Arab Spring & World Energy In A Shift To A Multi-Polar System –**

**Emphasis On The Roles Of Iran & Israel**

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Good day to you all, and once again I thank IEEJ for having me address its seminar which has been an annual event at this highly prestigious institute for several years.

Firstly, as my written presentation is rather long and I have limited time as I must allow this distinguished interpreter to better convey my message to you all, may I propose that you kindly read my paper after this meeting. I also have limited the use of names of regional VIPs to spare the interpreter the agony... Now let me briefly explain the reasons I gave this charged title to my presentation. I did explain in the previous year what the Arab Spring of revolutions was to mean to the most important part of today's energy world – the Greater Middle East (GME).

The GME is a vast part of the world stretching all the way from **Russia** to the AfPak front, from China's **Central Asian** borders to the Atlantic (including **North Africa**) and from **Egypt** down to the Horn of Africa (HoA).

The GME includes **Iran** and **Israel**, both being major players in this region. Iran is ruled by a Shi'ite theocracy which wants to revive the Safawid movement. The latter was a Turkoman/Persian empire which in the 16<sup>th</sup> century AD used to rule much of the GME (see rim6IranSafawidsHistoryJun28-04 in one of our newsletters, the APS Diplomat), which I shall explain during the Q&A part of this seminar. But for easy-to-find details you can search for Safawids in google. In google the title is Safavid, which you can find immediately with a click. The Safawid empire used to begin as a Shi'ite theocracy but ended in failure, which I shall explain during the Q&P period.

**Iran leads an axis of anti-US/anti-Israel forces in the GME.** This axis includes Syria's 'Alawite/Ba'thist regime of Bashar al-Assad, Iraq's Shi'ite-led central government of Nuri al-**Maleki**, and **Hizbullah** which now controls the government of Lebanon and is a branch of Iran's Shi'ite theocracy.

Israel is a very special ally of the Western powers, mainly of the US. Iran is suspected of plans to produce **nuclear weapons** and Israel has repeatedly vowed to prevent such a development, which is **a red line drawn by the US and other Western powers**. But Israel's repeated threats to attack Iran still do not mean that the Jewish state can do that without the US being in the lead of such a confrontation. Iran repeatedly denies that it wants to have nuclear bombs.

A factional power-struggle in Iran is becoming more apparent in Tehran. This can block any agreement to break the impasse as the international meeting over Iran's disputed nuclear and regional ambitions was due to begin in Baghdad on May 23. Over-confidence within the Barack Obama administration - caused by repeated demands from high-ranking Iranian officials for the West to remove crippling sanctions - could also derail the May 23 talks in Baghdad.

Indications of heightened tensions and rivalry within the theocracy, represented by Supreme Leader 'Ali Khamenei and nationalists led by President Mahmoud Ahmadi-Nejad, over the nuclear talks began with publication of a front-page article in the newspaper called "Iran" on May 2, titled "Deceptive Operations".

"Iran" is an official publication which reflects the views of Ahmadi-Nejad, who does not recognise that Khamenei represents God on Earth. The article says that, "while the Islamic Republic has constantly maintained that Western sanctions have no impact on the Iranians' living standards, some officials involved in the foreign policy and some members of the Majlis [parliament] have adopted an un-explainable position by constantly talking about Iran's expectation that the sanctions be removed".

"Iran" then singles out Foreign Minister 'Ali-Akbar Salehi and Ala'edin Boroujerdi, chairman of the Majlis Foreign Policy and National Security Committee. The article criticised the two officials for repeatedly asking the West to remove the sanctions. The article argues that the approach has already weakened Iran's position in the Baghdad negotiations. It states that by insistently asking for the removal of Western sanctions, they have indeed revealed that pressures have worked on the government and that the country has become vulnerable to the sanctions.

While the article names only two officials, by extension it criticises others for similar tactical mistakes. They include prominent MP Haddad 'Adel, whose daughter is married to Khamenei's favoured son Mujtaba, and 'Ali Bagheri, deputy to Iran's chief nuclear negotiator Sa'id Jalili, who is the secretary of the Supreme National Security Council (SNSC).

According to some reports, which have drawn no denial by Tehran, "Jalili, during his bilateral talks with [EU foreign policy chief Catherine] Ashton, asked 100 times for a delay in oil sanctions". The article itself sparked a harsh response from Ahmadi-Nejad's enemies.

Baztab, a website close to Mohsen Reza'ie, secretary of the Expediency Council and former chief of Iran's co-ruling Islamic Revolutionary Guard Corps (IRGC), wrote: "Just before the [April 2012] Istanbul talks [between Iran and the six big powers - 5+1], Ahmadi-Nejad unexpectedly visited Abu Musa Island, intensifying tension with the Arab countries. Yet, in the past years he travelled to the Persian Gulf countries several times, including the UAE (United Arab Emirates), and granted them many diplomatic concessions". (The UAE is disputing Iran's ownership of this island and two other strategic isles near the Strait of Hormouz).

Baztab added: "Many experts believe that these administration's actions are designed to make the negotiations with P5+1 fail because they are being led by the Revolution's [Supreme] Leader [Khamenei] while the administration is sidelined. Being aware of the nezam's (theocracy's) determination to resolve tension-creating issues, the Western and Arab governments did not take the administration's move seriously; thus, the Istanbul talks ended successfully and set out grounds for Baghdad talks".

This un-precedented assertion by Baztab that Ahmadi-Nejad is plotting to derail the nuclear negotiations is complemented by a revelation of a hitherto secret nuclear agreement that Ahmadi-Nejad has supposedly blocked. Specifically, Baztab claimed: [C]oncern exists that the experience of the Brussels' Agreement, which could have prevented sanctions against Iran, would be repeated.

That agreement consisted of 11 articles and was signed between 'Ali Larijani, then secretary of the SNSC, and Javier Solana, former EU foreign policy chief. The signed draft of the agreement, which was co-ordinated with the Supreme Leader, faced fierce opposition from Ahmadi-Nejad, who in an unexpected speech in Qods Friday Prayer, announced that the agreement has been signed without his knowledge; subsequently Larijani was forced to resign as the secretary of the SNSC and as Iran's top nuclear negotiator.

Competition between Ahmadi-Nejad and the Supreme Leader first came into public domain in April 2011 when Ahmadi-Nejad forced Heydar Moslehi, the minister of intelligence, to resign. To prevent the president from taking control of the important ministry, Khamenei intervened and re-instated Moslehi to the post. In protest, Ahmadi-Nejad retreated from the public eye for 11 days and relations between the two were damaged beyond repair.

Now, amid historical negotiations over Iran's nuclear impasse, Khamenei faces a tough call. Ahmadi-Nejad's record over the past seven years indicates that he is not controllable even by Khamenei. Ahmadi-Nejad is expected to again find a way to torpedo a possible agreement that may result from the Baghdad talks. Under the circumstance, the only instrument at Khamenei's disposal, as Baztab also notes, is to give Ahmadi-Nejad a "serious warning" and hope for the best.

Besides the fierce rivalry in Iran over gaining control of the talks, another major factor which potentially can jeopardise negotiations is the US' mis-reading of Tehran. Specifically, signals sent by Obama's administration with regard to its position in the Baghdad talks point in two contrasting directions. According to an April 27 story published by the Los Angeles Times, a source in the Obama team revealed that the US had concluded that, "Iran is unlikely to agree to a complete halt in [uranium] enrichment".

That story adds: "A senior administration official said that if Iran fulfills US and other world powers' demands for strict enforcement of UN monitoring and safeguards, 'there can be a discussion' of allowing low-level domestic enrichment". Though this

approach will face practical difficulties, it is realistic and offers a solid base for the continuation of negotiations for mutual compromise.

However, if the demands from P5+1 were to include un-restricted access to Iran's secret military sites or the ability to interview the country's key nuclear scientists, Iran would walk away again, and an opportunity for reconciliation will be lost.

Some other signals point in the opposite direction. For instance, Victoria Nuland, the US State Department spokeswoman, in response to the Los Angeles Times story, affirmed that the US position "remains as it has been" and that the Obama administration wants "to see Iran live up to its international obligations including the suspension of uranium enrichment" as demanded by several UNSC resolutions.

Nuland's statements might just reflect the US tactic to keep pressure on Iran and maintain a strong position ahead of the Baghdad talks. If so, there might be hope for the Baghdad negotiations.

However, it is also possible that the statements are indicative of Obama's over-confidence, caused by high-ranking Iranian leaders repeatedly demanding the removal of the sanctions. If the latter explanation holds true, then the US is mis-reading Tehran and eventually the negotiations would fail, leaving war the only remaining option.

The danger of a US mis-calculation becomes apparent if it is noted that, for the first time, Jalili is representing not just Iran but Khamenei as well. Indeed his new appointment letter as Iran's negotiator also identifies him as the "personal representative of the Supreme Leader". In this context, **any demand that would be considered humiliating and dis-respectful of Iran's national pride would have no chance of success.**

Khamenei has relentlessly linked the nuclear issue to **'ezzate melli** (national dignity). For example, in a speech to nuclear scientists he said: "They [the Western powers] tried to discourage our nation on many occasions. They tried to convince our people that they were incompetent ... You cannot make progress... [Yet] every scientific advance is a testimony to the competence of our nation... **Your work...instilled a sense of national dignity into this nation and this country**".

The Associated Press on May 13 published a computer-generated drawing of what it said was **an Iranian explosives containment chamber of the type needed for nuclear-arms-related tests.** The UN nuclear watchdog, the International Atomic Energy Agency (IAEA), has long alleged that Iran used such a chamber to test detonators for potential use in a nuclear weapon. Iran has denied ever seeking to acquire atomic bombs. Meeting in Vienna on May 14-15, **the IAEA asked Iran's representative 'Ali-Asghar Sultaniyeh for Tehran to allow UN inspectors to search and bring samples from this chamber at the Parchin military facilities near Tehran.**

The AP report said the image was based on information supplied by an un-named individual who had seen the chamber at Parchin – which is about 30 km from Tehran.

The AP did not provide additional details, saying that doing so could endanger the informant's life.

Apart from this issue, however, **dis-regarding the theocracy's sense of dignity and pride in Iran is a huge offense in itself. Coupled with the demand to inspect Parchin, which the Western powers are pressing, this becomes a bigger offense as it implies that the theocracy is lying.**

Western policy-makers and analysts alike believe that Khamenei is now in a tough position and will accept the full suspension of uranium enrichment. They do not realise that **accepting such a defeat would be the beginning of the end of his authority as God's representative and stature among his followers**, not to speak of the general public, as a symbol of resistance against the "global [Western] arrogance".

Now that Jalili is also negotiating for the Supreme Leader, his **failure in the negotiations will make Khamenei adopt a more radical position**. First, because failure would bring about an intensification of sanctions, making Khamenei seem defeated in his struggle against the "arrogant [Western] powers", and second because the failure would present Ahmadi-Nejad with an opportunity to challenge the Supreme Leader's soft approach.

Ahmadi-Nejad has constantly boasted that on the nuclear issue Iran must deal with the West from a position of strength. **Coupled with the new Parchin element, Khamenei cannot afford to lose these battles with the West as well as with the elected president of the "Islamic Republic"**.

For all these reasons combined, following the failure of the negotiations, inaction is not an option for Iran's Supreme Leader. He has to demonstrate his resolve and bravery to over-come the challenges he will come to face. That means **Khamenei will have to confront the West in a way Israel wants him to do – strongly enough to cause the US to take tougher actions against the theocracy.**

**"Resolve and bravery" are frequently used terms defining required characteristics for the Supreme Leader.** As things stand, the only real option left for Iran is to threaten to **exit the nuclear Non-Proliferation Treaty (NPT)**. Again, **this is exactly what Israel wants Khamenei to do.**

**Khamenei is expected to set a deadline for the removal of sanctions and then pull Iran out of the NPT if this demand is not met. Such a move would significantly increase the chance of a military confrontation.** Obama says that the window for diplomacy is shrinking. However, this dictum must not merely apply to the Iranians.

The US government should also give careful consideration to the implications of its over-confidence, which will be a factor should the Baghdad negotiations fail. The same **Jalili who has repeatedly demanded for sanctions to be lifted has also repeatedly said that, "suspending Iran's nuclear activities in return for the removal of sanctions is a literature which belongs to the past"**.

There is no doubt that Iranian leaders are under pressure from the US-led international sanctions. There is also no doubt that they are interested in settling the dispute at this point. However, they are not prepared to settle at any cost, particularly if that were to involve suspending uranium enrichment altogether.

The outcome of US mis-calculation in this respect and the factional struggle in Iran over the nuclear negotiations could be calamitous. It might lead to a conflict which in US Defence Secretary Leon Panetta's words, "we would regret".

**Obama cannot afford to appear weak during this year of US presidential elections.** Before the November elections, he will have to show resolve, at least to a US public watching **how far the Republicans will go to defeat the Democratic president who is particularly dis-liked by Israeli PM Benjamin Netanyahu. Netanyahu is especially popular among the American neo-conservatives (neo-cons) who are expected to be far louder in their public utterances against Iran in the period up to the November US presidentials.**

**What Israel under Netanyahu's premiership wants of Obama as a minimum before November is a set of more crippling sanctions against Iran.** From Netanyahu's perspective, they should be as tough and as humiliating to the theocracy that Khamenei will have no choice other than keeping the Americans provoked until they are compelled to launch a war to finish off the theocracy.

That will lead to a major change to both the geo-political and geo-economic maps of the GME. **It will have to be a change that should affect both China and Russia, with the Obama having committed the US strategy to the future of Asia – the future of China included.**

It is important to note that **Ahmadi-Nejad belongs to a nationalist faction opposed to the very concept of theocracy in Iran.** This group and Khamenei's ruling faction are blaming each other for having caused Iran's economic and political problems. And Khamenei's group has caused Ahmadi-Nejad's nationalists to be defeated in March and May 2012 parliamentary elections which will affect the latter in presidential polls generally due to take place in June 2013. **Ahmadi-Nejad has been preparing his controversial chief of staff Esfandiar Rahim Masha'ie (whose daughter is married to Ahmadi-Nejad's son) to run for president in 2013.** Ahmadi-Nejad's second and final term ends in 2013. So the conflict between the two rival factions is quite serious.

**The Main Elements Of An Israeli Unity Govt:** Netanyahu's ruling right-wing Likud party on May 8 agreed to form a national unity government with the centre-right Kadima which until then had been in opposition. Here is a list of the main points of the agreement:

1) Kadima were to join Netanyahu's ruling coalition, and its leader, Sha'ul Mofaz, was to become vice PM – which he did. He also became a minister in the PM's office and joined Netanyahu's inner circle, which until then was known as the Forum of

Eight; he thus became a member of the security cabinet, which until then had 15 members.

2) The parties agreed to replace a contentious law that allowed ultra-Orthodox Jews to defer their military service. The new legislation, which will be in place by July 31, will ensure a "fair and egalitarian" sharing of the burden of army service.

3) Kadima MPs were to chair several parliamentary committees, covering foreign and defence affairs, as well as the economics affairs, and one other permanent committee, which the sides were to agree upon.

4) The national unity government was to act to re-new the diplomatic process and promote negotiations with the Palestinian Authority (PA). An initial phase of the negotiation did begin subsequently; but it was clear by May 16 that there were not to be serious negotiations because the PA rejected pre-conditions put forward by the government.

5) The government was to push through "essential change" within the governing system in order to increase stability in a move to be completed by end-2012.

6) **The parties were to increase the personal security of Israel's citizens – notably including security from Iran-generated threats such as Hizbullah's missiles - and enlarge the national police force.**

7) The government, thus enlarged, was to promote a more egalitarian division of state funds and to consolidate a national emergency budget.

**The Arab Spring Of Revolutions:** The Arab region and most of the Muslim world are part of the GME. The Arab Spring of revolutions began in Tunisia in late 2010 and now has spread to most other parts of the GME, including China and Russia (which I shall explain during the Q&A period if so desired by any of the participants). The Arab Spring got long-ruling Tunisian President Zine el-'Abdedine Ben'Ali to flee Tunis for Jeddah (Saudi Arabia) on Jan. 14, 2011. It hit Egypt in late 2010 and got long-ruling President Husni Mubarak to step down on Feb. 11, 2011. It hit Bahrain on Feb. 14, 2011 and got Saudi Arabia and other GCC members to intervene with forces against an alleged Iran-guided Shi'ite revolution against the island's Sunni monarchy in March 2011.

The Arab Spring hit Libya on Feb. 17, 2011 and the 42-year dictatorship of Col Mu'ammar Qadhafi ended in late August 2011 – with Qadhafi killed in November. Since March 2011, the civil war in Libya has continued despite the fact that **Libya's petroleum sector has been insulated from the spread of private militias in all parts of the country.**

It hit Yemen before end-February 2011 and long-ruling President 'Ali 'Abdullah Saleh was forced to step down even before his deputy, then VP 'Abd-Rabbu Mansour Hadi, was elected president on Feb. 21, 2012. It hit Syria on March 15, 2011 and now that country's 'Alawite/Ba'thist President Assad (part of the Iran-led axis) is facing civil war – with over 13,000 people mostly civilians killed since then.

The Arab Spring hit several other Arab countries, as well as Iran, by not to the extent that their regimes were replaced by other systems. Algeria was spared such a revolution, but the Arab Spring did reach it, with a coalition of Islamist parties now leading a campaign against the regime's victory in recent general elections.

Islamist currents now are trying to control Egypt, where presidential elections were due on May 23. Viewers in Egypt and around the Arab world on May 10 were riveted by the region's first ever televised debate as the country's two leading presidential candidates faced off in front of the cameras. Ex-Arab League secretary-general and former foreign minister 'Amr Moussa (representing the liberals) and moderate Islamist and former member of the Muslim Brotherhood (MB) 'Abdul-Mun'em Abul-Futuh fought a war of words for more than four hours in a Cairo studio, trading slights and focusing on each other's weaknesses in a bid to gain the support of millions of Egyptian voters, many of whom remaining un-decided.

The un-precedented event, complete with portentous music, was preceded by a 90-minute studio discussion explaining the rules and history of presidential debates. Interrupted by long stretches of advertising, the programme began at 7pm and ran into the early hours of May 11. In a format borrowed from US presidential debates, the candidates had two minutes to answer questions put by a moderator and were periodically allowed to comment on each other's responses.

**The Global Implications:** This presentation now will cover the G7, the G20, and the BRICS. It will examine the current shift in global monetary policies from the emphasis on the US dollar to the positions of the euro and the yen and then to the emerging emphasis on the yuan. Also to be examined will be the effects of related changes on the global energy situation. It will review the preparations for meetings scheduled in May 2012 between the leaders of the US and Russia - as well as the petroleum-related measures expected to be taken before July 2012 by the IEA, the OPEC members, and other organisations.

To begin with the Obama-Vladimir Putin meeting is not expected to bring a big change to the status quo. Obama is most likely to win a second term, however, and then there could be some major changes.

Geo-political factors play an important role in escalating oil prices, especially after the imposition of tough sanctions on Iran's oil exports. According to some forecasts, including those of the IEA, oil prices will fall by the end of this year. This is due to many factors, the first of which is supply and demand, especially after the Chinese economy showed slower growth than expected. The second reason is that OPEC is seeking to reduce oil prices by increasing oil output. Despite these facts, oil prices continue to fluctuate.

## **Saudi Arabia & The G20 & BRICS:**

Saudi Arabia is a key member of the Group of 20 (G20) powers, in which Riyadh represents the energy world as it seeks a world crude oil price which is not too high as to threaten the global economy but firm enough to keep stimulating investment in capacity expansions for both conventional petroleum and some key alternatives to it like shale oil, shale gas, and main renewables including solar and nuclear energy. G20 includes the US-controlled Group of Seven (G7) powers and the BRICS (Brazil, Russia, India, China and South Africa).

Addressing a conference in Adelaide, Australia, recently, Saudi Minister 'Ali Na'imi said the price of Dated Brent was still too high and dangerous for the global economy. He stressed that Dated Brent must come down to \$100/barrel. Addressing the same conference, IEA's Executive Director Maria van der Hoeven warned that, at its current level still way above \$100/b, Dated Brent was too expensive and the high price threatened the world's economy. She noted that prices had eased a little and market fundamentals had improved in previous weeks, but concerns remained due to un-planned supply outages, international political tension over Iran and limited spare production capacity. Van der Hoeven added: "Prices remain very high. High prices pose a real threat to the economic recovery".

Na'imi said Saudi Arabia wanted to see global oil inventories rise before demand was to pick up in the second half of the year. Later he told reporters: "We want a price [of Dated Brent] around \$100, that's what we want. A \$100 price is great". He said Saudi Arabia was working at bringing Brent prices to that level. He confirmed that the Wahhabi kingdom, OPEC's biggest producer and the world's largest crude oil exporter was producing 10.1 million b/d - its highest output rate for more than 30 years. Na'imi re-iterated that OPEC was producing 1.3 million to 1.5m b/d above demand, which was helping to build inventory. "That should give comfort to consumers". Crude oil inventories then were at the equivalent of around 58 days of demand, but Saudi Arabia would like to see stock-piles build more ready for the seasonal increase in fuel consumption in the second half of the year. Na'imi said: "...you are going into the third and fourth quarters, and [world oil] demand will be higher as usual".

The most important development on the global scale is a beginning shift from the emphasis on the role of the US dollar to **the future importance of the yuan**, with China leading the emerging markets – being dominant on the BRICS front. This features a shift from a uni-polar world to a multi-polar monetary system, which will have many global implications.

Rulers of the emerging market nations – Brazil, Russia, India, China and South Africa (BRICS) - on March 29 pressed OECD powers to cede more voting rights at the IMF in 2012 and flayed the rich world's reflationary monetary policies for putting global economic stability in jeopardy. In a joint declaration after their one-day summit in New Delhi, they said: "This dynamic process of reform is necessary to ensure the legitimacy and effectiveness of the Fund. We stress that the ongoing effort

to increase the lending capacity of the IMF will only be successful if there is confidence that the entire membership of the institution is truly committed to implement the 2010 Reform faithfully".

The real leader of the BRICS, **China** is the world's worst sufferer of a dollarised global economy – i.e., dollarised by the US - in view of the fact that this most populous nation on earth has **put almost all its monetary eggs in the American basket**. Being Japanese, you can easily understand what this means – a dollarised China means China's economy being at the mercy of the US. It can no longer stand this; but it cannot afford to wreck the global boat – the same is the feeling in Brazil, Russia, India and South Africa, as well as in the rest of the part of the world which is poorer than the OECD. The OECD is controlled by the G7 which is controlled by the US – notably through such global engines as the IMF, the World Bank, etc.

Promised changes to voting rights at the IMF have yet to be ratified by the US, adding to frustration over reform of the G7 and the UNSC (UN Security Council), where for years Brazil and India have been angling for permanent seats. The BRICS rulers accused the G7 powers of de-stabilising the world economy five years into the global financial crisis, saying: "It is critical for advanced economies to adopt responsible macro-economic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that create jobs".

Brazilian President Dilma Rousseff said: The rich world's monetary policy "brings enormous trade advantages to developed countries, and results in unfair obstacles for other countries".

Security was tight in New Delhi, days after **an activist set himself on fire in protest at Chinese rule in Tibet**, dying from his injuries just hours before China's President Hu Jintao arrived for the BRIC summit. The incident may have been part of what US Republican Senator John McCain said at Munich's annual world security conference in early February 2012, that **the Arab Spring had reached China and was hitting Russia**, among other countries in the world. Police in New Delhi grappled with small groups of pro-Tibet protesters.

The BRICS declaration said the crises over Iran's nuclear programme should be resolved diplomatically and should not be allowed to escalate. It recognised the right of Iran to pursue peaceful nuclear energy.

Indian PM Manmohan Singh said: "We agreed that lasting solution to the problems in Syria and Iran can only be found through dialogue".

**A fall of Assad's regime in Syria will badly affect the Iran-led axis of forces in the GME.** Iran's Shi'ite theocracy and Syria's 'Alawite regime are isolated by the Western powers and their Saudi-led GCC states, with Riyadh heading the Sunni front in the Muslim world. Riyadh and four other GCC states are fully dollarised as they peg their currency to the US dollar. Kuwait has a basket of currencies which, however, is part of the G7 sphere of monetary influence.

The five BRICS nations, which collectively account for nearly half the world's population and a fifth of its economic output, signed an agreement to extend credit facilities in their local currencies, a step aimed at reducing the role of the US dollar in trade between them.

They also agreed to examine in greater detail an Indian proposal to set up a **BRICS-led South-South Development Bank**, funded and managed by the BRICS and other developing countries of the G20.

PM Singh said: "We have directed the [BRICS] finance ministers to examine the proposal and report back at the next summit". Other moves to bring their economies closer together included **the March 30 launch of benchmark equity index derivatives**, allowing investors in one BRICS country to bet on the performance of stock markets in the other four members without currency risk.

More recently, China, Japan and South Korea tried by apparently failed to create a bloc of their own. The apparent failure was mainly due to China's continuing support for North Korea. But in my opinion, this Chinese support for North Korea is too expensive for Beijing to maintain indefinitely.

I hope that by now you have drawn some conclusions for any of you, dear participants to ask questions. And I shall be happy to answer them, hoping that I will be able to give answers satisfactory to all the questioners.

Thank you.

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