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DOLLAR DECLINES AS NATIONS MULL RESERVE CURRENCY ALTERNATIVES

June 3, 2009 Bloomberg.com reported: "The dollar weakened beyond \$1.43 against the euro for the first time in 2009 on bets record U.S. borrowing will undermine the greenback, prompting nations to consider alternatives to the world's main reserve currency.

The euro gained for a fourth day versus the dollar as the Russian government said emerging-market leaders may discuss the idea of a supranational currency. The pound rose to the highest level since October and the Canadian dollar traded near an eight-month high on speculation signs of a recovery in U.S. and U.K. housing will spur higher-yield demand.

"There's been a lot of talk out of Russia about a new global currency, and that's contributing toward this latest bout of dollar weakness," said Henrik Gullberg, a currency strategist in London at Deutsche Bank AG, the world's largest currency trader. "These latest comments are just adding to the general dollar weakness we've seen recently."



The dollar slid 1.1 percent to \$1.4317 per euro at 4:21 p.m. in New York, from \$1.4159 yesterday. It touched \$1.4331, the weakest level since Dec. 29. The dollar depreciated 1.1 percent to 95.54 yen, from 96.59. The euro traded at 136.77 yen, compared with 136.78. Sterling rose as much as 0.9 percent to \$1.6596, the highest level since Oct. 30, while the Canadian dollar advanced 1.2 percent to C\$1.0806, near the strongest level since Oct. 3."...

Russian President Dmitry Medvedev may discuss his proposal to create a new world currency when he meets counterparts from Brazil, India and China this month, Natalya Timakova, a spokeswoman for the president, told reporters by phone today. Russia's proposals for the Group of 20 meeting in London in April included studying a supranational currency."..."

US DUCKS BUSH SUPPORT FOR JEWISH CITIES IN YESHA

June 3, 2009 Arutz Sheva reported: "The U.S. State Department Tuesday refused to state whether the Obama administration will honor a promise by the previous government that Israel will retain sovereignty over large Jewish areas in Judea and Samaria, in the event that a new Palestinian Authority state is created.

Then-President George W. Bush wrote former Prime Minister Ariel Sharon in 2004, "In light of new realities on the ground, including already existing major Israeli populations centers, it is unrealistic to expect that the outcome of final status negotiations will be a full and complete return to the armistice lines of 1949, and all previous efforts to negotiate a two-state solution have reached the same conclusion."

Sylvie Lucas, President of the Economic and Social Council, charged that the refusal of the United States to state whether it is backing the commitment is problematic because "we are continually calling, for example, on the Palestinians – all factions of the Palestinians – to abide by the commitments that previous Palestinian governments have made. And yet you stand at that podium unwilling to declare whether or not the United States feels obligated to abide by the commitment that a previous United States government made."...

Spokesman Robert Wood dodged the issue Monday but was cornered on Tuesday by Lucas, who verbally sparred with him. Wood repeatedly answered Lucas, "What I tried to say yesterday, and I'll try and say it again today, is that we are working with the two parties to implement their Roadmap obligations.... We've been extremely clear about that.

Pressed by Lucas, who asked, "So it means you are not bound by this letter?" Wood replied, "What I said, Sylvie, was we are working with the two sides to help them implement their Roadmap obligations."...

Wood insisted he could not be any clearer on the issue, to which Lucas answered, "What? Well, we must be stupid because we don't understand. It's a yes-or-no question, Robert."..."

DEMOCRACY SEEN THREATENED BY NEW AUTHORITARIANISM

June 4, 2009 Reuters reported: "China, Iran, Russia and Venezuela form a clique of authoritarian states that use their wealth and influence to undermine global democracy and rule of law, a study by U.S.-funded agencies said on Thursday.

The report, released on the 20th anniversary of China's suppression of the Tiananmen democracy movement, says these states' challenge to Western democratic institutions represents a far "murkier picture" than the Cold War because they are integrated into the global economy and world bodies."...

"Just as they rule without law within their borders, authoritarian regimes are eroding the international rules and standards built up by the democratic world over the past several decades, threatening to export the instability and abuses that their systems engender," it said.

The study said manufacturing and trading power China and petro-states Iran, Russia and Venezuela shared strong similarities despite their distinct political systems and backgrounds. Authoritarian capitalist China and Russia have built systems that twin "impressive economic development with an equally impressive apparatus of political control," it said."...

Ruling powers in the four states buttressed their control with tight restrictions on the Internet and media, promotion of nationalist versions of history in school textbooks and use of state wealth to serve their own interests, said the report.

Internationally, China has built a strong following in Africa and Latin America with generous no-strings-attached aid packages. Russia, Iran and Venezuela have used oil wealth to support regional clients, said the report.

"At the regional and international level, these authoritarian regimes are undercutting or crippling the democracy-promotion and human rights efforts of rules-based organizations," it said."

Democracies needed to stand against the authoritarian tide and do more to safeguard and promote democratic institutions, said the report, without spelling out suggested responses.

"As the world's democracies have struggled to find a common approach to the problem, or even to agree that there is a problem, modern authoritarian states have worked diligently to spread their influence," it said."

ANALYSTS SEE GROWING US-ISRAELI RIFT OVER SETTLEMENTS ISSUE

June 4, 2009 VOANews.com reported: "U.S. President Barack Obama is calling on Israel to stop construction of Jewish settlements in the West Bank.

In a speech at Cairo University, Mr. Obama says the building of settlements is undermining efforts to achieve peace between Israel and the Palestinians. Mr. Obama's latest remarks highlight a growing rift between Israel and the United States."

"The United States does not accept the legitimacy of continued Israeli settlements," said President Obama. "This construction violates previous agreements and undermines efforts to achieve peace. It is time for these settlements to stop."

Mr. Obama discussed the settlement issue during a meeting at the White House last month with Israeli Prime Minister Benjamin Netanyahu. Since then top administration officials, such as Secretary of State Hillary Clinton, have used increasingly strong language to describe the president's policy.

"With respect to settlements, the president was very clear when Prime Minister Netanyahu was here," said Secretary Clinton. "He wants to see a stop to settlements - not some settlements, not outposts, not natural growth exceptions."

Nearly 300,000 Israelis live in about 120 Jewish settlements in the West Bank, among a Palestinian population of about 2.5 million. Many countries consider the settlements a violation of international law.

Despite the unusual U.S. pressure, Mr. Netanyahu says construction will continue in existing settlements to accommodate what the Israeli government calls "natural growth." The Israeli prime minister calls U.S. demands "unreasonable."

President Obama is also at odds with Mr. Netanyahu over the ultimate solution to the Israeli-Palestinian conflict.

"The only resolution is for the aspirations of both sides to be met through two states, where Israelis and Palestinians each live in peace and security," said Mr. Obama. Although Mr. Netanyahu says he is prepared to resume peace talks with the Palestinians, he pointedly stops short of endorsing Palestinian statehood."

AS SWINE FLU WANES, U.S. PREPARING FOR SECOND WAVE

June 4, 2009 Reuters reported: "The outbreak of the new H1N1 flu virus has begun to wane with the start of summer in North America, and U.S. health officials said on Thursday they are looking to lessons learned as they prepare for its return in the autumn.

There are now 11,468 probable and confirmed cases of the new H1N1 swine flu in the United States, Dr Anne Schuchat of the U.S. Centers and Disease Control and Prevention told reporters in a telephone briefing. So far, 770 people, or 2.5 percent of cases, have required hospitalization. California reported another death on Thursday, for a total of 21 U.S. deaths.

"Activity seems to be declining in the nation as a whole, but there are some areas where illness is ongoing," she said.

Schuchat said the CDC will use the current lull to take stock of the nation's response to the new H1N1 flu and attempt to patch any gaps in the public health safety net before flu season starts this fall. "This is not over. The novel H1N1 virus is in many parts of the country and of course now increasing in many parts of the Southern Hemisphere," she said."

NKOREA VIOLATES SKOREAN WATERS AMID HIGH TENSION

June 4, 2009 The Associated Press reported: "South Korea said a North Korean patrol boat entered its waters around their disputed maritime border Thursday but backed off after nearly an hour following repeated warnings. A senior American diplomat meanwhile cautioned Pyongyang that its bad behavior would no longer be rewarded."

The regime has also conducted amphibious assault exercises near the sea boundary and appeared to be preparing for more missile tests. The intrusion occurred as U.S. Deputy Secretary of State James Steinberg was in Seoul to coordinate a united response to Pyongyang's belligerence."

Some experts believe the North is using the trial and its nuclear and missile tests for leverage in possible talks with the United States, and that it hopes to win concessions or much-needed economic aid."



*North
Korea*