



Terrorism in a nameless land

THE INSPIRATION FOR NEIL BISSOONDATH'S NEW NOVEL, R1

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Alberta may get \$7-billion surplus

Private sector foresees a booming budget as oil hovers above \$65 (U.S.) a barrel

BY PATRICK BRETHOUR, CALGARY AND KATHERINE HARDING, EDMONTON

Alberta's energy riches are propelling its surplus toward \$7-billion, raising questions about how the province will use its windfall while not creating jealousy among the country's cash-strapped provinces.

Alberta's snowballing surplus will be four times bigger than the province's official number, based on calculations that use private-sector commodity price forecasts.

The province will deliver its quarterly fiscal update next Monday. Alberta is typically quick to warn that commodity prices can fall as quickly as they have risen, but Energy Minister Greg Melchin acknowledged that royalties will be higher than projected in the spring. "Clearly, there's upside off our budget," he said.

And as the money from crude and natural-gas royalties flood provincial coffers, there are concerns about how the Ralph Klein Conservatives will use the riches.

"For the last 13 years, their whole mindset has been around the politics of constraint ... well that doesn't prepare you well for the situation we are in now," said Roger Gibbins, president of the Canada West Foundation, a western think-tank.

"It takes a real leap in imagination to get into this space. I think it's very difficult for this particular government to do this."

In the spring, Alberta Finance Minister Shirley McClellan tabled a budget with a \$1.52-billion surplus for fiscal 2005-06; along with the cash diverted into the province's long-term capital account, the expected surplus tops \$3-billion.

But that surplus depended upon commodity-price projections that are now out of step with the marketplace. The current oil price, \$65.35 (U.S.) a barrel, is 50 per cent higher than Alberta's official estimate of \$42 (U.S.) a barrel. Alberta's official number is also substantially below analysts' projections for commodity prices through to the end of the province's fiscal year.

Using data from First Energy Capital Corp. and Peters & Co. Ltd., The Globe and Mail estimated Alberta may reap an extra \$3.9-billion to \$4.1-billion in oil and gas royalties, on top of its budgeted \$6.7-billion.

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Clijsters wins Canada's Battle of the Belgians



J.P. MOCZULSKI/REUTERS

Kim Clijsters celebrates winning the Rogers Cup tennis competition final in Toronto yesterday, after beating her Belgian compatriot Justine Henin-Hardenne. This was Clijsters' sixth tournament win of the season — more than any other woman on the tour. See story, S1.

Palestinian soldiers watch and wait in Gaza



BY MARK MacKINNON
AL-MIGHRAQA, GAZA STRIP

When Israeli soldiers and police move in today to close the last of the 21 Jewish settlements in the Gaza Strip — ending one of the most difficult missions yet undertaken by the Israeli military — Major Adnan Baroud will be watching from a nearby bunker and wondering whether his Palestinian troops are up to the test of their own mettle that is sure to follow.

Major Baroud commands the Az-zam Jarrada Brigade, one of the units deployed by the Palestinian Authority to prevent militant attacks on the withdrawing Israelis. During the surprisingly smooth first week of Israel's pullout from Gaza, the Palestinian forces earned praise from such unlikely sources as the U.S. and Israeli governments for the role they played in keeping the calm.

Palestinian president Mahmoud Abbas deployed some 7,500 Palestinian troops around the settlements to deter would-be attackers, adding to the thick security already provided by 55,000 Israeli soldiers involved in the groundbreaking operation.

In a recent first, the Palestinians and Israelis even set up a low-level joint operations centre to co-ordinate security issues.

Major Baroud's unit is right on the shared front line, 750 metres from the settlement of Netzarim, which is to be shut down today.

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THE FUTURE OF HEALTH CARE

Cancer clinic opens the door for private care

BY CAROLYN ABRAHAM
MEDICAL REPORTER

A new private clinic in Toronto has begun booking appointments for patients who can afford to buy the costly cancer drugs Ontario's public system does not provide, foreshadowing what could become a standard feature of medicare.

"We're receiving faxes from doctors, who have had discussions with their patients, pretty much every day now," said Graham Vincent, chief operating officer of Provis Infusion Clinic Inc., which provides intravenous cancer drugs at a downtown centre.

He said the clinic will treat its first patient on Thursday, less than a month after opening. "We're very pleased with the response we're getting from customers, who are the patients and the oncologists."

The enterprise is a concrete example of the private sector's possible role in Canadian health care — and one the country's medical establishment cautiously endorsed for the first time last week.

At its annual meeting in Edmonton, the Canadian Medical Association, which represents 62,000 doctors, said all Canadians should be able to buy private insurance for medically necessary services.

Delegates also refused to rule out the creation of a parallel, private system to bolster the public health-care system.

"It's interesting how the tides have changed. I don't know how government can ignore it," Mr. Vincent said.

He said that when government "delists" funded services (as Ontario recently did with eye examinations) or chooses not to fund others, it invites private care "slowly but surely."

Six of the drugs available at Provis have been approved for sale by Health Canada, but either are not funded under the provincial formulary or receive funding for a specific purpose.

Among them are chemotherapy agents to treat leukemia, cancers that have spread to the bone, and rare cancers of the abdomen or chest cavity. None of the drugs come cheaply.

So far, two of the clinic's most-requested drugs are Velcade, a last-resort medication for multiple-myeloma blood cancer, and the breast-cancer drug Herceptin. They cost about \$55,000 and \$70,000, respectively, for a full course of treatment.

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CP Ships gets hitched

CP Ships Ltd. has been courted by French, Chinese and German suitors in the past few weeks, but now the speculation is over. CP Ships has been sold to German transport company TUI AG for \$2-billion (U.S.), creating the world's fifth-largest container shipping line and opening opportunities for a boost in Canadian trade with China and Europe. B1

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\$1 including tax in metro areas. Price may be higher outside.

Iraqis on brink of deal on constitution

BY DEXTER FILKINS, BAGHDAD

Iraqi leaders moved to the brink of agreement on a new constitution yesterday, solving several contentious issues but still struggling with the potentially explosive questions of Shiite autonomy and the role of Islam in family disputes and the judiciary.

The Iraqis said they were hoping to finish the constitution by the end of today, a deadline that they have already extended once. They scheduled a meeting of the National Assembly for this evening, when they hoped to present a finished constitution for approval.

Negotiators said they had agreed on a formula to share Iraq's oil wealth, which had been one of the most difficult issues.

The agreement was being shepherded with the help of U.S. officials and especially the ambassador, Zalmay Khalilzad. After more than 12 hours of talks yesterday, a senior American official said a deal was almost in hand.

"It looks like all the major issues are resolved, and we hope tomorrow we will work out the remaining details," said the U.S. official, who spoke on condition of anonymity.

But a number of important obstacles remained, and Iraqi leaders, including Laith Kubba, an aide to Prime Minister Ibrahim al-Jaafari, still raised the possibility they would have to extend the deadline once again.

The most sensitive of unresolved issues revolved around the role of Islam, which will be "a main source

of legislation" in the new constitution. Two critical questions have not yet been resolved: whether to allow clerics to sit on the Iraqi Supreme Court, and how much authority clerics will have in resolving family disputes such as divorce and inheritance. Maintaining secular authority over family matters is especially important to secular Iraqi women, who fear Islamic judges will strip them of the rights they now enjoy under Iraqi law.

A potentially more intractable problem was the disaffection of Sunni leaders, who have been largely excluded from deliberations the past week. The constitution has been written almost entirely by Shiite and Kurdish leaders.

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Road rash of the Mongolian hinterland

BY GEOFFREY YORK
BAYAN OVOO, MONGOLIA

Every morning, the convoys of Chinese coal trucks crawl slowly through the Gobi Desert, kicking up clouds of dust and gouging ruts up to a half-metre deep in the fragile desert sands.

The 18-wheel trucks, weighing up to 100 tonnes, plow through the soft desert sand on their way to the Chinese border. The only problem: There is no road to the border, so they simply create their own crude tracks, wider every day, destroying the land of Mongolia's nomadic herdsmen.

The nomads watch and worry.

"We are losing our pasture land," said Naran TUYA, a 31-year-old herder who, like many Mongolians, uses only one name. "They're making the road deeper and wider, and that causes a lot of damage to our pastures."

The nomads are just the latest of China's neighbours to feel the heat of its surging economy. China needs the coal from Mongolia to feed the insatiable demands of its steel mills and coal-fired power generation plants. With many Chinese cities facing an electricity shortage this summer, the demand for coal is escalating dramatically.

Last October, China began buying coal from the massive new Tavan Tolgoi coal mine in Mongolia,

about 200 kilometres north of the Chinese border. But there was no railway or highway to the mine — just a rough track through the Gobi desert for jeeps.

Instead of waiting for construction of a proper paved road, China did some rough repairs to the track, then sent its coal trucks through the desert. Today there are 40 or 50 Chinese trucks travelling through the desert every day, and the route has expanded up to 500 metres wide at some places.

While a small number of Mongolian entrepreneurs are becoming wealthy selling coal to China, many others are suffering.

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GREG GIRARD

Ganbold, a 40-year-old herder, keeps watch over one of the Chinese coal trucks that are tearing up the Gobi Desert.