

Report 103
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

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This week report dwells much on Yahoo/AP/Reuters News, New York Times. The report remains a compilation of strategic political, economic, socio-cultural and Geo-strategic issues around North America/Canada, Western Europe, Latin America/Southern Europe, Southeast Europe and Oceania. It obviously begins with a summary of the whole report, a breakdown of easily comprehensible short notes.

Headlines

USA/Canada

- Banks may shed private equity assets in Obama plan
- Businesses, unions freed to spend big on elections
- Stock futures falling; market set to resume slide
- Ruling could magnify special interests' role in U.S. politics
- Justices, 5-4, Reject Corporate Spending Limit
- Much at stake for Obama as Mass. fills Senate seat
- Did tea party stir Brown's victory?
- Obama's Top Errors and Resetting Priorities
- Populist Obama vows never to quit the fight
- Bernanke fate in doubt as US Senate opposition swells
- Government posting wealth of data to Internet
- China: Clinton Internet speech harms ties with US
- Bank of Canada chief more confident in recovery
- Ruling Conservatives slightly ahead in poll
- Canada court won't hear wheat board lobbying appeal

Western Europe

- Italian anti-crucifix judge loses office
- Rights body criticizes US Supreme Court ruling
- Britain hikes terror threat to 'severe'
- EU, US discuss airport security with body scanners
- Bank stocks down after Obama proposal
- WTO chief sees US-China trade friction rising
- Greece to slash deficit
- Greece could boost anti-crisis plan
- Eurozone finance ministers green-light Greek plan
- Greece, Luxembourg express optimism about economic strategy
- Greek farmers block border with Bulgaria, Macedonia

Southeast Europe

Romania

- Romania's Ciolos gets unanimous "yes"
- Romanian trade unions threaten large-scale protests

- Eurostat data suggests Romania, Bulgaria face poverty risk
- Romania to send 600 more troops to Afghanistan

Serbia

- Serbia recalls ambassador from Podgorica

Croatia

- Croatian president-elect seeks out-of-court settlement with Serbia
- Josipovic dismisses Mesic's threats against RS
- Croatian government, opposition fail to agree on constitutional amendments

Macedonia

- Rasmussen: NATO door still open for Macedonia
- EP rapporteur urges EU to set date for Macedonia
- Greece files arguments countering Macedonia's complaint at ICJ

Bulgaria

- Bulgarian economy suffers due to Greek farmers blockade
- Barroso backs Bulgarian commissioner-designate
- Bulgaria's EU commissioner-designate withdraws

Kosovo

- Kosovo vote faces another delay
- Kosovo's Thaci visits Strpce to support new Serb mayor
- EC urges Kosovo to reform election system
- Kosovo government, ICO boost efforts to create new municipality
- Kosovo to appoint ambassadors new way
- Kosovo Albanians apply for biometric Serbian passports
- Kosovo Montenegrins seek national minority status
- OSCE to start downsizing Kosovo staff by end of month

Albania

- Albanian opposition to boycott emergency session
- CoE urges end to Albania's political stalemate
- EU pledges support for Albania's flooded areas
- Albania wants answers about plane diverted to Slovakia

Bosnia

- Austria to help spur EU integration
- Serbia won't support BiH breakup
- RS's Dodik again criticises Inzko's decision on foreign magistrates
- Gregorian says Mladic hiding in Serbia
- BiH charges three with genocide over Srebrenica
- Hague prosecutors seek harsher sentence for Delic

Montenegro

- Montenegro's opposition parties fumble boycott
- US backs Montenegro's NATO, EU bids

Report Summary

USA/Canada

Political Issue

Filling the gap left behind by the late Edward Kennedy in the Senate has been a big issue for the Democrat party and Obama administration. Democrat will need 60 votes to make most of their proposals passed. The Massachusetts seat left behind by the late Edward Kennedy was hotly contested between the two parties and independent, but Scott Brown a republican outpaced other contestants. His victory owes to the anger of the electorates, fed up with Big Government and a hard-charging underdog candidate with a keen populist touch.

The political wind is turning against the democrat as most of their propositions have failed to meet the demand of most America, instead of ameliorating the situation; Americans felt things are getting worst. Thus, analysts believe democrat victories in 2008 did not mean that the electorate had shifted left and wanted European-style social democracy, the governing model (conscious or unconscious) of the liberals who dominate Congress. Rather, 2008 was a rejection of Republican mismanagement. And it was a call for the economic crisis to be dealt with -- not taken advantage of to push through a broad, expensive liberal wish list. And as Fareed Zakaria said on CNN, President Obama would have to start acting as president not as a prime minister.

A second term for Federal Reserve chairman Ben Bernanke is facing serious criticism from both democrats and republicans alike wanting him to be changed so that a new history for U.S financial institution can be written. Opposition against him centres on the allegations and his role in the financial trauma, as he permitted irresponsible financial doings, yet President Obama believes he is the right man for the job.

US-China ties sour upon the claim by Washington that the Chinese government is censoring internet information. US Secretary of States asked the Chinese to liberate the public by making the internet freer. The accusation has been clearly challenged by the Chinese government that the US should rather respect facts and desist from using the so-called freedom of the Internet to make unjustified accusations against China.

The World Trade Organization's director general Pascal Lamy also noted that friction between the world's biggest importer and exporter will exacerbate in coming years as they will buy and sell more of each other's goods. Pascal says US-China friction obviously has historical precedent as in US-Japan and US-Europe economic tussle.

The intention to suspend the parliament by the Canadian ruling conservative government provoked Canadian's ire, and also pushed above the rating of main opposition Liberal party. However, the tide is changing according to Ekos survey for the Canadian Broadcasting Corp, conservative and Liberal now stands 31.5 and 30.9 respectively, thus making forthcoming election worrisome.

Economic Issue

President Barack Obama's plan to limit financial risk-taking could force banks, such as Goldman Sachs (GS.N) or JPMorgan (JPM.N), to shed parts of their private equity operations. Among the proposals, which require congressional approval, is that banks or financial institutions that own banks would not be able to own, invest in or sponsor private equity funds unrelated to serving customers.

The US stocks fell better than expected as Giant Corporations failed to inspire traders. The downturn came amid President Barack Obama cautious note on financial institutions and asking Congress to set a limits on how large big banks can be and to end some of the risky trading large financial companies have used in recent quarters to boost profits.

The United States Supreme Court has accorded wealthy corporations to contribute their wealth in politics substantially, seen by many critics as opportunity to sway the direction of election and will obviously make politicians dance to the tune of corporations if at all they want support.

Recovery of the economy after a huge shock from the financial crisis has been the aim of governments the world over. Canadian Bank Governor Mark Carney, said his economy is prepare for an eventual return to "normal" interest rates from the key rate's historically low 0.25 percent level, but kept markets guessing about the timing of his exit strategy.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Western Europe

Political Issue

The Italian judiciary watchdog ejected Judge Luigi Tosti from his professional duty because Tosti has been consistent that religion has no place in court. Tosti was known for not allowing the crucifixes in the courtroom. This is an indication that whatever the circumstance, religion will always be a determinant factor in public sphere.

Organization for Security and Cooperation in Europe (OSCE) has criticised the ruling of the US Supreme Court as an attempt to further marginalize politicians lacking strong financial standing. The U.S SC ruled that corporations can now invest in politics as it is part of their public right, thus a candidate without such corporate support will have limited political chances.

Economic Issue

The proposal by the Obama administration to roll back the power of financial institutions so as to avoid the repetition of the 2008 financial crisis is not only making waves in US, but its reflection is affecting banks in Europe and across the globe.

Viewed as the most affected of the Southern European countries and member of Eurozone, the Greek government has submitted its economic stabilisation plan to the European Commission designed to eliminate Greece's budget deficits and salvage the country's position on world markets. Other Eurozone members have not written-off the Greek economy, rather hoping that it will get back to its feet sooner.

Social/Humanitarian Issue

The extent to which the threat alarm raised by the British intelligence office is true will demand time to explicate. The threat hike came after the thwarted December attempted bomb blast and ahead of two major international conferences on Yemen and Afghanistan in London

The failed attempt bombing of a US airline has further strengthened security ties between the EU and the US. The latter wants Europeans to tighten up their airport security apparatus as in full scanner, something still debatable among the Europeans. Spain and Germany are among countries which have expressed reservations about scanners, while Britain, the Netherlands, Italy and France have said they will either start installing them, add more or use them on a trial basis.

Food, Environment and Energy Issue

Geostrategic Issues

Southeast Europe

Political Issue

The scuffle between Croatia and Serbia over war crime petition placed before the ICJ might be solved outside the court. Croatian president-elect said it would be in the best interest of both countries if the issue is resolved outside the court premises.

Kosovar new ambassadors will now be nominated by the foreign ministry, than by holding a competition for each post, as in the past. The government and the presidency will assist in the nominating process.

The November municipal elections held in Kosovo was fairly free and fair as it has produced three Serb dominated municipal authorities in Gracanica, Klllokot-Verbovc and Ranilug, yet the results of certain municipalities are still unsettled owing to the Serb parallel structures in the areas.

Albanian political problem is exacerbating amid the humanitarian crisis the nation is facing. The Socialist party has been boycotting the parliament on the premise that election held last June was replete with irregularities. The ruling party is accusing the opposition of taking advantage of the massive flood in the country for political gain. Meanwhile Council of Europe is urging all political stakeholders in the country to settle their differences as it impairs Albania-EU talks.

Solving the ethnic politics in Bosnia is far from being settled, Republika Srpska (RS) Prime Minister Milorad Dodik has been threatening to make a referendum geared at expulsing foreign prosecutors from Bosnia. Such desire has been criticised by Serbian President Boris Tadic that his country will respect the two entities, RS and the Federation of Bosnia and Herzegovina, and Serbia will not be a party to fragmentation of country as Serbia international credibility is at stake. The question is why Dodik wants a referendum, the answer is that if the referendum is positive then it would limit the power of the foreign prosecutors and might end the prosecution of war criminals.

Economic Issue

Bulgaria and Romania are tough EU members but their unemployment rate is set as the highest risk of poverty in the bloc. In line with such situation, Cartel Alfa, the largest trade union in Romania has planned a massive protest geared at making the government finds solution to the looming problem of unemployment.

Bulgaria is losing 3m euros a day as a result of a blockade by Greek farmers at the countries' common border. Protesting the thousands of euros in unpaid EU subsidies and demanding a boost in income, the Greek farmers began blocking major national highways and border crossings last Friday with tractors and other heavy machinery. Struggling to deal with a major economic crisis and under strong EU pressure to reduce its budget deficit, Greece's socialist government has rejected the farmers' demands for new subsidies worth about 1 billion euros. Meanwhile, Bulgaria is threatening of seeking compensation, if the situation is not discontinued.

Social/Humanitarian Issue

The inclusion of Serbia in the Schengen Visa Liberalization Scheme makes Kosovo Albanians to start applying for biometric Serbian passports in order to benefit from visa free travel to EU member countries. This of course will irk the Kosovar authority, seen by some as only offering empty promises.

The ball is now in the court of Kosovar authority to decide on the desire of Montenegrins in Kosovo, asking to be recognised as a national minority and want to see better diplomatic ties between Montenegro. The latter has recently acknowledged Kosovo independence and opened diplomatic office with Kosovo. Serbia severs relations with Montenegro for recognising Kosovo, thus withdrew her ambassador from Montenegro.

Food, Environment and Energy Issue

Geostrategic Issues

Serbia has called his ambassador to Montenegro because the latter insisted on recognising and opening diplomatic relations with Kosovo. Serbia objection is that Podgorica's move infringes regional stability and makes more difficult the establishment of the best possible relations among neighbouring countries.

Outgoing President Stipe Mesic was reported to have said that he would intervene militarily if Republika Srpska (RS) tried to secede from Bosnia and Herzegovina. The statement was immediately dismissed by President-elect Ivo Josipovic, who said "sending Croatian Army to a neighbouring country for me is not an option".

NATO Secretary General Anders Fogh Rasmussen reiterates that Macedonia desire to join the military organization is a dream that can see reality if Skopje does not discontinue its reforms and ability to settle the name dispute with Greece. Meanwhile, brawl continues between Macedonia and Greece, as the former accuses the latter of breaching the bilateral agreement that Greece will not roadblock Skopje's NATO accession.

Oceania

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Report Details

US/Canada

NEW YORK (Reuters) – President Barack Obama's plan to limit financial risk-taking could force banks, such as Goldman Sachs (GS.N) or JPMorgan (JPM.N), to shed parts of their private equity operations. Among the proposals, which require congressional approval, is that banks or financial institutions that own banks would not be able to own, invest in or sponsor private equity funds unrelated to serving customers. A number of banks have sizeable private equity interests, for example, JPMorgan's One Equity Partners, manages \$8 billion of investments and commitments for the bank, while Goldman Sachs has a vast private equity business, and invests its own capital in its funds. JPM and Goldman declined comment.

Still, banks would likely argue that those businesses are in customers' interests, observers say. For example, the bulk of Goldman's private equity is invested for clients.

"It is a moderate impact on private equity," said Steven Kaplan, a professor of finance at the University of Chicago. "Most of the money going in comes from clients rather than from the capital of the bank, or the employees." The proposal could also impact fundraising by private equity firms, although banks only account for a small percentage of invested capital in funds. Banks and investment banks account for around 9 percent of invested capital in private equity funds in the US, London-based research firm Preqin estimates. Preqin counts 102 US banks and investment banks in its database investing in private equity, although says it is doubtful that the proposals would apply to all of those. "Banks in both North America and Europe have been exiting private equity for several years, and it will be much faster paced over the next 2-3 years," said David de Weese, partner at specialist secondary firm Paul Capital, although he said that it wouldn't be because of Obama's proposals.

NEW YORK – Stocks are set to extend their slide Friday, following the worst two-day stretch the market has seen since June. Stock futures fell as better than expected earnings from General Electric and Google failed to inspire traders. President Barack Obama spooked the market Thursday, after asking Congress for limits on how large big banks can be and to end some of the risky trading large financial companies have used in recent quarters to boost profits. The market could be re-entering a period of uncertainty that defined the financial crisis and sent it cratering nearly a year ago before its 10-month rally. Overseas, Asian markets overnight followed the U.S. sharply lower. European markets are also falling. Not even the latest batch of upbeat earnings reports from major companies was able to provide some support for investors looking to limit the recent damage. General Electric Co. reported fourth-quarter profit that beat analyst expectations.

The conglomerate also said it is seeing an increase in orders and a growing backlog for products and services, sure signs that the economy is starting to improve. Internet giant Google Inc. also provided an upbeat sign for the economy, posting robust fourth-quarter earnings that easily topped analyst estimates. The results were driven by a pickup in Internet advertising, which could be a sign companies are feeling more confident the economy will recover and opting to spend more to draw in customers. Credit card lender American Express Co. also beat expectations after it set aside less money for defaulting loans. Default and delinquency rates both fell from the previous quarter, another encouraging sign for the economy.

High loan losses have plagued the financial sector and any declines in defaults would be a welcome sign that the consumer is starting to recover. Ahead of the opening bell, Dow Jones industrial average futures fell 39, or 0.4 percent, to 10,299. Standard & Poor's 500 index futures declined 3.20, or 0.3 percent, to 1,107.90, while Nasdaq 100 index futures dropped 1.75, or 0.1 percent, to 1,839.25. The Dow is trying to bounce back after losing 213 points Thursday and 336 points, or 3.1 percent, during the past two trading sessions. The losses have erased all the early gains seen in 2010. Large financial firms, including JPMorgan Chase & Co., Citigroup Inc. and Bank of America Corp. all plummeted Thursday. The three big banks, which have prominent consumer and investment banking operations, would likely be the hardest hit by Obama's new regulations. Shares of each all declined more than 5 percent.

WASHINGTON – A bitterly divided Supreme Court vastly increased the power of big business and unions to influence government decisions Thursday by freeing them to spend their millions directly to sway elections for president and Congress. The ruling reversed a century-long trend to limit the political muscle of corporations, organized labor and their massive war chests. It also recast the political landscape just as crucial midterm election campaigns are getting under way. In its sweeping 5-4 ruling, the court set the stage for a wave of likely repercussions — from new pressures on lawmakers to heed special interest demands to increasingly boisterous campaigns featuring highly charged ads that drown out candidate voices. The election-season blizzard of ads on Americans TV screens is bound to increase. While the full consequences of the decision were hard to measure, politicians made clear whom they believed benefited. Democrats, led by President Barack Obama, condemned the decision while Republicans cheered it. Still, more labor and corporate money in the political system could dilute the role of both political parties. And the decision seeded the ground for further challenges to an already weakened system of campaign finance regulations. The justices weighed two fundamental political forces — the power of the central government and the concentration of corporate wealth — and tilted decidedly in favor of the latter. The opinion by Justice Anthony Kennedy made a vigorous argument based on the Constitution for the right of the public to be exposed to a multitude of ideas and against the ability of government to limit political speech, even in the interest of fighting corruption.

WASHINGTON — The Supreme Court's ruling Thursday lifting longtime limits on corporate and union campaign spending could ratchet up special-interest pressure on lawmakers dramatically and change the way campaigns are conducted. The 5-4 decision means that corporations and unions are now freer to run attack ads — or, for that matter, ads touting their positions — and to praise or criticize specific candidates, right up until Election Day. The ruling in *Citizens United v. Federal Election Commission* doesn't affect direct corporate or union contributions to candidates; those will still be banned. Nor does it cover spending from any of the thousands of political action committees run by special interests. The ruling does free corporations and unions to spend from their own treasuries on independent ads and other advocacy efforts, however. The court struck down part of a 2002 campaign finance law that banned direct corporate spending on "electioneering communications" within 60 days of general elections and 30 days of primaries. These are ads that, explicitly or implicitly, urge support or opposition for candidates. The ruling will mean "there's going to be a lot more advertisers out there, and it's going to be harder for candidates to define themselves and define their opponents," said Tim Kay, the director of political strategy for cable advertising firm National Cable Communications. The decision also reversed a 1990 Supreme Court ruling that had upheld a broader ban on corporate campaign spending. The sweeping new ruling reignited a debate over how and whether government should limit campaign money that's been raging for decades. "With its ruling today, the Supreme Court has given a green light to a new stampede of special interest money in our politics. It is a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans," President Barack Obama said.

WASHINGTON — Overruling two important precedents about the First Amendment rights of corporations, a bitterly divided [Supreme Court](#) on Thursday [ruled](#) that the government may not ban political spending by corporations in candidate elections. The 5-to-4 decision was a vindication, the majority said, of the First Amendment's most basic free speech principle — that the government has no business regulating political speech. The dissenters said that allowing corporate money to flood the political marketplace would corrupt democracy. The ruling represented a sharp doctrinal shift, and it will have major political and practical consequences. Specialists in campaign finance law said they expected the decision to reshape the way elections were conducted. Though the decision does not directly address them, its logic also applies to the labor unions that are often at political odds with big business. The decision will be felt most immediately in the coming midterm elections, given that it comes just two days after Democrats lost a [filibuster-proof](#) majority in the Senate and as popular discontent over government bailouts and corporate bonuses continues to boil. President Obama called it “a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans.”

The justices in the majority brushed aside warnings about what might follow from their ruling in favor of a formal but fervent embrace of a broad interpretation of free speech rights. “If the First Amendment has any force,” Justice Anthony M. Kennedy wrote for the majority, which included the four members of the court's conservative wing, “it prohibits Congress from fining or jailing citizens, or associations of citizens, for simply engaging in political speech.” The ruling, *Citizens United v. Federal Election Commission*, No. 08-205, overruled two precedents: *Austin v. Michigan Chamber of Commerce*, a 1990 decision that upheld restrictions on corporate spending to support or oppose political candidates, and *McConnell v. Federal Election Commission*, a 2003 decision that upheld the part of the Bipartisan Campaign Reform Act of 2002 that restricted campaign spending by corporations and unions.

The 2002 law, usually called McCain-Feingold, banned the broadcast, cable or satellite transmission of “electioneering communications” paid for by corporations or labor unions from their general funds in the 30 days before a presidential primary and in the 60 days before the general elections. The law, as narrowed by a 2007 Supreme Court decision, applied to communications “susceptible to no reasonable interpretation other than as an appeal to vote for or against a specific candidate.”

BOSTON – This isn't what Democrats had in mind. The race to fill the late Edward Kennedy's Senate seat in liberal Massachusetts neared its conclusion with not only its outcome but also the fate of President Obama's agenda in question. A win by Republican Scott Brown on Tuesday would eliminate Democrats' 60-seat supermajority in the Senate and imperil some of Obama's key legislative objectives, including an overhaul of health care — a longtime cause of Kennedy's. The swift rise of Brown, a relatively low-profile Republican state senator, in his race against Democratic state Attorney General Martha Coakley has spooked Democrats who had considered the seat one of their most reliable. Kennedy, who died in August, held the post for 47 years. The last time Massachusetts elected a Republican to the U.S. Senate was 1972. Brown has tried to turn Democrats' expectation of an easy win to his advantage, proclaiming, “It's

not the Kennedy seat, it's the people's seat." On Monday, Brown made another bus tour of the state, shaking hands with Boston Bruins fans at lunchtime and ending his day in his hometown of Wrentham, Mass., before an enthusiastic crowd of supporters, again touting the endorsement of former Red Sox pitcher Curt Schilling. "It's us against the machine," he told the group, urging them to vote. "Make sure that we send a message to Washington that business as usual is not how we like to do business."

Coakley also toured the state, enlisting the aid of top Democrats and making a final pitch to female voters. If she wins, Coakley would be the first woman elected to the Senate from Massachusetts. With the stakes so high, Obama rolled out a last-minute television ad and the campaign launched automated phone calls from Vice President Joe Biden and Kennedy's widow, Vicki Kennedy, targeting voters who supported Obama in 2008. Members of the state's all-Democratic congressional delegation, including Sen. John Kerry and Rep. Barney Frank, also campaigned for Coakley. "Every vote matters, every voice matters," Obama said in the ad. "We need you on Tuesday." Both campaigns enlisted small armies of volunteers to staff phone banks and trudge through a mix of heavy snow and slush to remind their voters to get to the polls.

To hear some leading Democrats talk, Scott Brown's campaign was fueled by the burgeoning tea party movement. "This is not how democracy works in Massachusetts," Sen. John Kerry (D-Mass.) thundered days before Tuesday's special election. "Scott Brown needs to speak up and get his out-of-state tea party supporters under control." In a fundraising e-mail, New York Sen. Chuck Schumer, the former head of the Democratic Senatorial Campaign Committee, blasted Brown as "a far-right tea-bagger." But while the national tea party crusade is wearing Brown's smashing victory as a badge of honor, even some of its top leaders acknowledge their loosely organized efforts were not the decisive factor in his Senate victory. It's true that countless members of tea party groups from across the Northeast infused Brown's campaign with energy, cash and boots on the ground in the final weeks. But leaders told POLITICO that taking credit for the win would ignore the two most central factors that determined the outcome of the race: an angry electorate fed up with Big Government and a hard-charging underdog candidate with a keen populist touch. "I think what we were seeing is huge dissatisfaction, and I think it transcended the movement," said Greater Boston Tea Party President Christen Varley. Like most of the tea party groups throughout Massachusetts, the Greater Boston Tea Party did not endorse a candidate. But Varley's group coordinated a breakfast fundraiser with Brown on Jan. 2 at which he wooed a crowd of 300 with his stump speech and netted about \$12,000 in donations. "I think he would've won anyway. I just think he would've done it on a smaller budget," Varley said, when asked about the impact of tea party groups on Brown's 5-point margin of victory.

The state director for Americans for Prosperity's New Hampshire chapter said it was individuals, more than coordinated tea party segments, that fueled the late-breaking momentum for Brown.

President Barack Obama's collapsed poll ratings, the unpopularity of Democratic health plans, Republican polling gains and now the GOP's stunning victory in Massachusetts all send the same message -- Democrats have misread the country and pushed for too many of the wrong things. Democratic victories in 2008 did not mean that

the electorate had shifted left and wanted European-style social democracy -- the governing model (conscious or unconscious) of the liberals who dominate Congress. Rather, 2008 was a rejection of Republican mismanagement. And it was a call for the economic crisis to be dealt with -- not taken advantage of to push through a broad, expensive liberal wish list. As Job One last year, Obama should have tried to find a bipartisan solution to the recession crisis -- incorporating GOP tax cuts -- instead of pushing through a pork-laden stimulus package that relied almost entirely on government spending. And as Job Two, instead of pushing for climate change legislation -- the top agenda item of Speaker Nancy Pelosi, D-Calif. -- or a government-heavy health plan -- Obama's top priority -- Democrats should have worked with Republicans to overhaul the financial services industry, whose excesses triggered the crisis.

Here it is, a year into the administration, and while the House passed a financial regulatory bill, it is nowhere near passage in the Senate and the administration is just now pushing for it. In the meantime, big banks are making huge profits -- some didn't last year because they were paying back their government bailouts -- and paying out obscene bonuses while failing to lend money to businesses that could create jobs and restore growth. And they are back to their old tricks, inventing risky, impossible-to-understand financial instruments and lobbying hard and lavishly against congressional attempts to regulate them. Instead of demanding that Congress get on with regulatory overhaul, Obama is trying to tap into populist anger by proposing a tax on banks that University of Maryland economist Peter Morici has correctly labeled "demagoguery" and a mere "paper cut" -- a \$9 billion charge in 2010 against planned bonuses of \$150 billion.

ELYRIA, Ohio (AFP) – President Barack Obama has vowed to "never stop fighting" for struggling Americans in a fiery counter-attack aimed at mending Democratic morale and his frayed bond with voters. Obama sought to recapture the passion of his 2008 campaign, after a wake-up call from voters in liberal Massachusetts who sent a Republican to the Senate, and with his health care plan and wider agenda under assault in Congress. "I'll never stop fighting to give every American a fair shake," Obama said at a town-hall style meeting in the rust-belt state of Ohio, a vital bellwether in mid-term elections in November shaping up as another hit for Democrats. Striking populist notes, Obama said he would fight Wall Street to restore home values, for his embattled health plan, to stop credit card companies cheating customers and to cut "exploding" deficits. Five days before his showpiece State of the Union address, Obama also gave no sign of backing down on reforming health care, even as the historic bill looks to be becalmed in Congress. "I got to admit, we hit a bit of a buzz saw," Obama said of the year-long effort to pass the reform, which now looks doubtful after Democrats lost their 60-seat Senate supermajority needed to thwart Republican blocking tactics. "I had no illusions when I took on health care. It was always going to be hard," Obama said. "And I'm going to keep up the fight for real, meaningful health insurance reforms." Posing as the champion of regular people, Obama added: "I can promise you, there will be more fights in the days ahead." Obama critics, some of them Democrats, have faulted him for not being sufficiently passionate in fighting economic blight, for siding too much with Wall Street and appearing aloof while everyday Americans struggle. But with his soaring approval ratings of just a year ago wilting, the president told a crowd in Ohio: "You know what, I win when you win."

WASHINGTON (AFP) – President Barack Obama's administration scrambled to save the nomination of Federal Reserve chairman Ben Bernanke as more opposition emerged from members of the president's own party. Two Senate Democrats announced they would vote against Bernanke's bid for a second term, underscoring a shift in the political landscape after the loss of a seat in Massachusetts that ended the Senate supermajority for the party. Obama believes the Senate will confirm Bernanke, a White House spokesman told reporters traveling with the president en route to Ohio. "The president has a great deal of confidence in what chairman Bernanke did to bring our economy back from the brink," deputy White House spokesman Bill Burton said.

The comments came as two more Democratic senators joined the ranks of those saying they will vote against Bernanke, whose term is up January 31, over sharp criticism of his role in the global financial meltdown. "Under the watch of Ben Bernanke, the Federal Reserve permitted grossly irresponsible financial activities that led to the worst financial crisis since the Great Depression," Democratic Senator Russ Feingold said in a statement. Senator Barbara Boxer, a California Democrat, also came out against Bernanke, saying he supported policies of former president George W. Bush that "led to the current economic crisis" and "our next Federal Reserve chairman must represent a clean break from the failed policies of the past." As many as 10 Democrats are thought to be against Bernanke, along with several Republicans.

Independent Senator Bernie Sanders, one of Bernanke's chief critics, said that getting rid of Bernanke would be an opportunity to rewrite rules for the financial system. "A new Obama appointee could transform the Fed into an instrument for the middle class of this country rather than high-rolling Wall Street executives," Sanders said. Senate Majority Leader Harry Reid announced late Friday that after some hesitation he had decided to back the chairman. "No one pretends for a minute that our economy is back at full capacity," Reid said in a statement. Reid said his support "is not unconditional" and that he would hold Bernanke to his pledge of "transparency and accountability."

WASHINGTON – The Obama administration on Friday is posting to the Internet a wealth of government data from all Cabinet-level departments, on topics ranging from child car seats to Medicare services. The mountain of newly available information comes a year and a day after President Barack Obama promised on his first full day on the job an open, transparent government. Under a Dec. 8 White House directive, each department must post online at least three collections of "high-value" government data that never have been previously disclosed. The Transportation Department will post ratings for 2,400 lines of tires for consumer safety based on tire tread wear, traction performance and temperature resistance. The Labor Department will release the names of 80,000 workplaces where injuries and illness have occurred over the past 10 years.

The Medicare database has previously been available for a fee of \$100 on CD ROM. Under the Obama initiative, it can be downloaded free, providing detailed breakdowns of payments for Medicare services. The Medicare data will be sortable by the type of medical service provided. A National Highway Traffic Safety Administration database rates car seats for ease of use, evaluating the simplicity of instruction sheets, labels, vehicle installation features and securing the child. "We're democratizing data," White House Chief Information Officer Vivek Kundra said Thursday in an interview. Open government groups are supportive. "There's recognition that public equals online,"

said Ellen Miller, executive director at Sunlight Foundation, a nonprofit group focusing on the use of technology for greater government transparency. Miller said the effort represents "a sea change in government's attitude," with newfound support for the idea that government data belongs in the hands of citizens instead of locked away in the basement of a federal agency. All the new data collections will be added to the government's Web site, data.gov.

BEIJING – China rejected Friday a call by U.S. Secretary of State Hillary Rodham Clinton for the lifting of restrictions on the Internet in the communist country, denouncing her criticism as false and damaging to bilateral ties. A state-run newspaper labeled the appeal from Washington as "information imperialism." Clinton's speech Thursday elevated the issue of Internet freedom in the U.S. human rights agenda as never before. She urged China to investigate cyber intrusions that recently prompted search engine Google to threaten to pull out of the country. "Regarding comments that contradict facts and harm China-U.S. relations, we are firmly opposed," Foreign Ministry spokesman Ma Zhaoxu said in a statement posted Friday on the ministry's Web site. "We urge the U.S. side to respect facts and stop using the so-called freedom of the Internet to make unjustified accusations against China," the statement said.

In her speech in Washington, Clinton cited China as among a number of countries where there has been "a spike in threats to the free flow of information" over the past year. She also named Tunisia, Uzbekistan, Egypt, Iran, Saudi Arabia and Vietnam. Ma defended China's policies promoting the Web, saying the nation boasted more than 380 million users, 3.6 million Web sites, and 180 million blogs. "The Chinese Internet is open and China is the country witnessing the most active development of the Internet," Ma said, adding that China regulated the Web according to law and in keeping with its "national conditions and cultural traditions." Internet control is considered a crucial matter of state security in China, and Beijing is not expected to offer any concessions to the U.S. Beijing promotes Internet use for commerce, but heavily censors content it deems pornographic, anti-social or politically subversive. Chinese cyber police troll the Web for sensitive content, and many foreign news and social media sites, including Twitter, Facebook and YouTube, are permanently blocked. Following ethnic rioting in Xinjiang last summer, authorities cut off public Web access entirely to the western region, portions of which they have only recently begun restoring. Clinton's speech came on the heels of a Jan. 12 threat from Google to pull out of China unless the government relented on rules requiring the censorship of content the Communist Party considers subversive. The ultimatum came after Google said it had uncovered a computer attack that tried to plunder its software coding and the e-mail accounts of human rights activists protesting Chinese policies.

OTTAWA (Reuters) – Canada's economy is on track to recover this year and the outlook has improved since October, the Bank of Canada said on Thursday, while giving few hints on how soon it will start raising record-low interest rates. Bank Governor Mark Carney told Canadians to prepare for an eventual return to "normal" interest rates from the key rate's historically low 0.25 percent level, but kept markets guessing about the timing of his exit strategy. The bank held rates steady on Tuesday and repeated its promise to keep them unchanged until the end of June, conditional on inflation staying on

track. "To be honest, (we) don't feel compelled to provide any further guidance at this stage beyond that," Carney told reporters at a news conference. When asked about criticism that the bank had been "trigger-happy" after past recessions by hiking rates too soon and whether it would wait longer before doing so this time, Carney defended the bank as having "one of the best track records in the world" in meeting its 2 percent inflation target. "It may not be a convenient path for somebody's trading position but if they set their trading position on the basis of achieving the 2 percent CPI inflation target it would be the appropriate path and I'm confident we will continue." Carney said he expected private businesses to start doing most of the heavy lifting to boost economic growth in the second half of this year. That would take some of the load off the central bank and the government, whose fiscal stimulus and rock-bottom lending rates have largely been responsible for the growth so far. "2010 should mark the hand off from growth that is heavily influenced by public policy, notably fiscal policy, in the first half of this year to growth that is largely determined by the private sector," Carney told reporters. "And then by 2011 ... the private sector would be the sole contributor to domestic demand growth in Canada," he said.

OTTAWA (Reuters) – Canada's ruling Conservatives are slightly ahead of the main opposition party, and an election now would most likely result in deadlock, according to a poll released on Thursday. The regular Ekos survey for the Canadian Broadcasting Corp. put the Conservatives at 31.5 percent, with the opposition Liberals trailing at 30.9 percent. It was the latest in a number of recent polls to show that the Conservatives -- who two months ago were up to 15 percentage points ahead of the Liberals -- were now virtually tied with their biggest rivals. The left-leaning New Democrats were at 14.9 percentage points. Last week Ekos put the Conservatives at 30.9 percent and the Liberals at 29.3 percent. Support for the ruling party began to slide sharply last month after Prime Minister Stephen Harper moved to have Parliament suspended for two months so he could "recalibrate" his agenda. Under Canada's first-past-the-post electoral system, a party needs around 36 percent of the vote to win a minority of the 308 seats in the House of Commons. Harper, who won a strengthened minority in October 2008, says neither he nor Canadians want an election now. The automated Ekos telephone survey of 2,892 adults was carried out between Jan 13 and 19 and is considered accurate to within 1.8 percentage points, 19 times out of 20.

WINNIPEG, Manitoba (Reuters) – The Supreme Court of Canada said on Thursday it will not hear an appeal by the Canadian Wheat Board of a lower court ruling that it cannot spend money to advocate keeping its grain monopoly. The decision is a victory of sorts for Canada's Conservative government, which has long wanted to end the wheat board's legislated monopoly to buy and sell Western Canada's wheat and malt barley, but it does not move Ottawa any closer to changing the grain marketing system. The government issued an order in 2006, shortly before a farmer vote on whether to keep the CWB's barley monopoly, blocking the CWB from lobbying to keep its monopoly. A court ruling struck down the government order, but Canada's Federal Court of Appeal overturned that court's decision in June 2009 and sided with the government. The earlier court decision found that Ottawa's order violated the board's right to freedom of expression, but the appeal court said the CWB's authority and rights were restricted by

the Canadian Wheat Board Act. The CWB, most of whose directors are elected by farmers, has said blocking its lobby efforts undermines its authority to spend its funds as it sees fit. The Supreme Court, as is normal, did not give reasons for not hearing the wheat board's appeal. The Conservatives have only a minority of seats in the House of Commons, leaving the government without the necessary votes to pass legislation needed to change the Wheat Board Act and give farmers a choice in who they sell their grain to. The wheat board wants to keep the monopoly, arguing that it can return higher prices to farmers that way. It is one of the world's largest grain marketers, with revenue of C\$8.4 billion (\$8.2 billion) in the 2007-08 crop year. Canada is the world's largest producer and exporter of spring wheat, which is used in baking, and the top shipper of durum wheat, used in pasta. The Wheat Board has held its grain monopoly since World War Two.

Western Europe

ROME – An official of the watchdog body for Italy's judiciary says a judge who refused to hear cases because there are crucifixes in the nation's courtrooms has been effectively barred from continuing in his job. For years, Judge Luigi Tosti has insisted religious symbols have no place in courtrooms. Nicola Mancino, vice president of the self-governing The Superior Council of Magistrates, told state TV Friday that Tosti has been taken off the professional rolls of Italian magistrates, essentially removing him from office. Mancino says it's not up to the watchdog body to decide on the merits of Tosti's opposition to courtroom crucifixes. But Mancino said magistrates removed Tosti from office because he even refused to hear cases in a courtroom where the crucifix had been expressly removed to meet his objections.

VIENNA – An international human rights organization has criticized a U.S. Supreme Court ruling about election spending in America. The criticism comes from a senior official of the 56-nation Organization for Security and Cooperation in Europe. The head of its office that monitors democratic practices says the ruling effectively lifting limits on election spending by corporations and unions "threatens to further marginalize candidates without strong financial backing or extensive personal resources." Janez Lenarcic spoke Friday, a day after the 5-to-4 U.S. Supreme Court ruling.

LONDON (AFP) – The government raised its terror threat assessment from "substantial" to "severe", the second-highest level, suggesting an attack on the country is "highly likely", Home Secretary Alan Johnson said. The change was announced Friday just weeks after a failed plane bombing in the United States, and days ahead of two major international conferences on Yemen and Afghanistan in London. "The Joint Terrorism Analysis Centre has today raised the threat to the UK from international terrorism from substantial to severe," Johnson said, referring to the assessment unit within the MI5 intelligence agency. "This means that a terrorist attack is highly likely, but I should stress that there is no intelligence to suggest that an attack is imminent."

In a television statement shortly afterwards, Johnson refused to say whether the amended threat assessment -- to four in a five-level scale -- was linked to the failed Detroit plane bombing on December 25. "We never say what the intelligence is," he said, adding: "It shouldn't be thought to be linked to Detroit or anywhere else for that matter."

But a US official, who requested anonymity, said "that's the implication". The US Department of Homeland Security said the announcement brought Britain in line with US security measures introduced "over the last few weeks". Johnson said the JTAC "looks at all factors and no one should draw any assumptions from this", adding that the higher threat level meant Britain put "more resources in, we heighten the state of vigilance". In a statement issued by his office, he added that the threat level, which has been made public on MI5's website since August 2006, was kept "under constant review". The analysis centre "makes its judgments based on a broad range of factors, including the intent and capabilities of international terrorist groups in the UK and overseas", he said. Johnson stressed that Britain continues to face a "real and serious threat" from international terrorism and urged the public to remain vigilant.

TOLEDO, Spain – EU interior ministers met Thursday with the U.S. homeland security chief to discuss boosting airport security with full-body scanners after the failed plot to bomb a U.S. airliner on Christmas Day. Janet Napolitano was expected to press European countries to follow the Obama administration's lead in ramping up aviation security. The EU is divided on the scanner issue amid concerns over whether the devices invade travelers' privacy and pose health risks. The ministers gathered in Toledo, just south of Madrid, for the informal session to gauge European sentiment. Spain, which holds the rotating EU presidency, said no decision was expected at the meeting. Spain and Germany are among countries which have expressed reservations about scanners, while Britain, the Netherlands, Italy and France have said they will either start installing them, add more or use them on a trial basis. In the failed bombing attempt on Dec. 25, U.S. authorities say a young Nigerian named Umar Farouk Abdulmutallab tried to detonate a bomb hidden in his underwear during a flight from Amsterdam to Detroit. Some officials have said a full-body scanner, which can 'see' through people's clothing to detect bombs or weapons, might have headed off the attack before it was attempted. Thursday's meeting came just a day after another airport scare, this time in Germany. Part of Munich airport was closed Wednesday as officials searched in vain for a man who left a security checkpoint with a bag containing a laptop after it had triggered an alert for possible explosives. The incident appeared to have been a false alarm, with the passenger unaware of the alert and having left the security area in a hurry to catch a plane.

LONDON – World markets slipped lower Friday, led by bank stocks after President Barack Obama proposed a sweeping overhaul of Wall Street to avert future financial crises. Obama said he would seek to limit the size and complexity of large financial institutions so that their collapse wouldn't imperil the broader financial system and world economy or cost taxpayer money in bailouts. The announcement spooked investors, causing a sharp sell-off in the U.S. and Asia. Markets recovered some of their poise by the European open, with the British stock index FTSE 100 down 0.1 percent at 5,331.05 and Germany's DAX shedding 0.4 percent to 5,721.50. France's CAC-40 lost 0.3 percent to 3,850.31. U.S. futures pointed to a meager recovery on Wall Street on Friday. Standard & Poor's 500 futures were up 2.8 points at 1,113.90 and Dow industrials futures were up 25 points at 10,363.00. Obama's announcement and Wall Street's reaction unnerved markets already on edge over China's recent moves to prevent its economy from overheating amid worries of inflation and asset bubbles. Bank stocks were hit

hardest, with Barclays Plc down 4.5 percent, Royal Bank of Scotland Plc 3.0 percent and Deutsche Bank 4.3 percent lower. Adding to the uncertainty are questions about whether this year's economic prospects justify more gains after the run-up in stock prices that began in early 2009, said Mark Matthews, strategist at Macquarie Capital Securities in Hong Kong. Last year "was such an amazing ride and people are starting to wonder if the recovery that we're seeing in 2010 was already priced in," Matthews said. With little in terms of scheduled economic news, markets will be looking to more earnings reports, particularly from McDonald's, General Electric and Kimberly-Clark. In Europe, attention remained focused on the debt problems of Greece, with officials stressing the country will not need a bailout but will manage its funding on the market. The possibility that other countries, such as Portugal, could also have trouble handling their debt has kept markets on edge, pushing the euro to 5-month lows against the dollar.

GENEVA – Trade friction between the United States and China over everything from cars to chemicals will increase in the coming years as the world's biggest importer and exporter buy and sell more of each other's goods, the World Trade Organization's director general said Thursday. Pascal Lamy said his institution was up to the task of ensuring that Washington and Beijing never get into an all-out trade war that could have devastating consequences for the global economy. The WTO will be challenged over the next two years as unemployment figures remain high and test the free trade credentials of world leaders, he predicted. "There is no risk of slipping into a trade war," Lamy said in an interview with The Associated Press. Placing the U.S.-China relationship in a historical context, Lamy compared it with the tensions that existed between Washington and Tokyo in the 1980s and between the U.S. and Europe over different periods in recent decades.

In these cases, disagreements increased as the value of their trade expanded, he said. But the international trade body with its negotiations and rules for settling legal disputes defused the tensions. The United States and China are engaged now in a series of trade spats over issues such as steel, poultry, patents and Hollywood films. Google's threat to pull out of China over concerns about censorship and security also could sour relations between the two countries. "The question is not whether there is friction, the question is whether it is handled the right way," Lamy said. The 62-year-old Frenchman, a former European Union trade commissioner, is now in his second term as director general of an organization that resolves international commercial disputes and negotiates new rules for export of farm produce, manufactured goods and services. In the 4 1/2 years since Lamy entered office, healthy economic growth has been replaced by a crippling global slowdown. Annual trade crashed by 10 percent after 16 years of uninterrupted growth. And the vision of a 150-nation deal to tear down trade barriers around the world has been partly replaced by the immediate challenge of preventing countries from erecting new obstacles to each other's goods. Lamy credited the WTO's close monitoring of countries last year for preventing a slide into global protectionism where countries break the rules to shield domestic jobs from foreign competition — pressure that was only natural, he said, as financial markets collapsed and whole economies teetered on the edge. "We are certainly not out of the woods on protectionism," Lamy said. "The fundamental reason there is a protectionist impulse has to do with the job market. We know that unemployment will remain high this year,

maybe even next year." He didn't elaborate, but some trade observers believe the danger could be even greater in 2010 as governments shift their focus to job creation plans from last year's stimulus packages and financial bailouts. As governments try to make it easier on national companies to hire people, free-trade principles may be sacrificed along the way, with the ultimate risk being a worldwide descent into a trade war as happened during the Great Depression, the argument runs.

BRUSSELS, Belgium -- The Greek government submitted its economic stabilisation plan to the European Commission (EC) on Friday (January 15th). The programme, designed to eliminate Greece's budget deficits and salvage the country's position on world markets, includes spending cuts, pay freezes and salary caps in the public sector. Greece's deficit ballooned to 12.7% of GDP last year, well above the 2.8% limit permitted for countries in the eurozone.

ATHENS, Greece -- The government will not hesitate to take further steps if necessary to put its economy in order, Finance Minister George Papaconstantinou said in an interview with the Athens-based daily *To Vima* on Sunday (January 17th). "If there are omissions, we will take additional measures," he said, two days after Athens submitted a plan to the European Commission aimed at helping the country emerge from its grave economic crisis. The programmes, which market experts describe as ambitious, are being discussed in Brussels on Monday by finance ministers of the 16 eurozone members. "Markets are cautious and the climate is not positive," Papaconstantinou said, noting that while many countries are experiencing similar problems in their public finances, none has such a serious crisis in confidence

ATHENS, Greece -- The finance ministers of eurozone nations backed Greece's anti-crisis plan Tuesday (January 19th), but warned that the country must take urgent measures to reduce its public debt and budget deficit. The ministers added that unless Athens acts quickly, it may face the first ever EU penalty over budget policies. Also Tuesday, the rating agencies Standard & Poor's and Moody's echoed that sentiment, saying it is crucial that Greece implement its plan quickly. A Standard & Poor's executive told Reuters that the agency might lower the country's debt rating if the government scales back its plan amid fierce public and political pressure. Moody's announced it is maintaining its negative outlook of the country's credit rating due to uncertainty about authorities' ability to implement spending cuts. The GSEE, one of the two biggest trade unions in Greece, announced on Tuesday it will call for a 24-hour strike next month against planned austerity measures, as has the other big trade union, the ADEDY.

Greece has been in the EU spotlight for more than a month over the country's severe budget crisis, with intense scrutiny from Europe's top institutional bodies -- the European Commission (EC), the European Central Bank and the Ecofin Council. Late Monday (January 18th), however, Luxembourg's finance minister said there is optimism that Greece would repair its damaged economy in a reasonable amount of time. Jean-Claude Juncker, who is also Luxembourg's prime minister, said the Greek public would have to endure deep cuts in social programmes and other indicators of quality-of-life, if the problem is to be solved. "I'm convinced that the Greek government will be able

to restore balance in their public finances in reasonable time," said Juncker after Monday's meeting in Brussels of the finance ministers of the 16 eurozone nations.

Greece's credit rating has been downgraded by international financial firms and has suffered a widening spread in bond market lending rates -- all on the heels of an officially announced 12.7% budget deficit for 2009. Lumped together, the economic news has led observers to view Greece as the "weak link" in the eurozone. The crisis has increased pressure on Prime Minister George Papandreou's new government -- which took office in early October -- to take specific and permanent measures to raise taxes, along with core cuts in spending. A key challenge will be collecting income tax from those previously shielded from that: various artisans, crafts people and self-employed professionals.

On Thursday (January 14th), Finance Minister Giorgos Papaconstantinou -- the government's "point man" in dealing with the crisis -- detailed measures Athens will take to whittle the deficit below the Maastricht Treaty-mandated 3% mark, within three years.

The measures are part of an updated Stability and Growth Programme that the government officially presented to the European Commission (EC) on Friday. Higher taxes, levies on major property holders, a spiking of tobacco and alcohol taxes and pledges to fight tax evasion were cited as main revenue-generating tools. Also envisioned are savings targeted from a 10% cut in benefits allocated by the government, a hiring freeze and reduced public sector contract employment and reductions in ministries' operating costs and defence spending. In addition, lower subsidy payments to pension funds and tighter controls on public hospital procurements are on the table.

ATHENS, Greece -- Farmers blocked highway checkpoints Monday (January 18th) at Greece's northern border with Macedonia and Bulgaria, demanding secure subsidies, guaranteed prices for their produce, lower production costs and secure bank credits. Using tractors, the farmers blocked key highways in Greece, along with the Promahon-Kulata and Exohi-Ilinden border checkpoints with Bulgaria. The move prompted authorities to ask the European Commission to take "immediate" action to lift the blockades. Bulgarian Prime Minister Boyko Borisov said that unless the situation is resolved by Wednesday, his country will seek compensation for each day the blockades continue. In other news, a moderate earthquake measuring 5.2 on the Richter scale rattled the central part of the country on Monday. The epicentre was in western Evpalia, about 160km west of Athens. No injuries or damage was reported, though the quake cut power in the village of Trikorfo.

Southeast Europe

BRUSSELS, Belgium -- Romania's EU Agriculture and Rural Development Commissioner-designate Dacian Ciolos was approved unanimously for the post on Friday (January 15th) after his hearing at the European Parliament (EP) in Brussels. "I can say that Dacian Ciolos is one of the few commissioner-designates to receive such support by the EP's specialised commission," said EP Agricultural Chairman Paolo de Castro. "He was applauded twice during his hearing, he gave totally correct replies and he did his job amazingly well." "I am very happy that Romanians have a commissioner who is so well prepared in such an important field," de Castro added. Ciolos was Romania's agriculture minister between October 2007 and December 2008.

BUCHAREST, Romania -- The largest trade union in the country, Cartel Alfa, announced plans on Monday (January 18th) to launch protests against the government's employment policies. Union President Bogdan Hossu said the unemployment rate is soaring, and would be as high as 200,000 people by early February. Hossu urged the government to adopt additional measures to maintain jobs, such as the "technical unemployment" option, which allows workers to take unpaid leave for an indefinite period of time. Hossu vowed a general strike unless the government co-operates

BRUSSELS, Belgium -- Romania and Bulgaria are among the EU members whose citizens face the highest risk of poverty in the bloc, data supplied by the EU's statistical office, Eurostat, said on Monday (January 18th). Latvia tops the list, followed by Romania and Bulgaria. According to the data, 23% of Romanians are exposed to the risk of poverty, compared to 21% in Bulgaria. However, in terms of material deprivation, Bulgarians are first, with 51% of the population forced to deprive themselves of some material benefits. Romania is next with 50%. The lowest risk was reported in Luxembourg, with 4%.

BUCHAREST, Romania -- The Supreme Defence Council announced plans Thursday (January 21st) to send 600 additional troops to Afghanistan this year, increasing their presence to more than 1,600. There are 982 Romanian soldiers within the NATO-led international security force and 38 more troops involved in the Enduring Freedom coalition's operations

BELGRADE, Serbia -- Foreign Minister Vuk Jeremic on Friday (January 15th) recalled Serbian Ambassador to Podgorica Zoran Lutovac, for consultations in Belgrade after Montenegro decided to establish diplomatic relations with Kosovo. According to a government statement, Podgorica's move "infringes regional stability and makes more difficult the establishment of the best possible relations among neighbouring countries". Montenegro and Kosovo's diplomatic ties were formalized earlier the same day in letters by their respective foreign ministers, Milan Rocen and Skender Hyseni. Meanwhile, the defence ministry in Belgrade announced on Friday that a planned visit of Montenegro's Defence Minister Boro Vucic to Serbia has been cancelled.

Croatia's President-elect Ivo Josipovic said in an interview published on Monday (January 18th) that he will seek an out-of-court settlement with Serbia over the two countries' mutual genocide claims before the UN's International Court of Justice (ICJ). Josipovic added that Serbia would be among the first countries he will visit after taking office next month. He also pledged that Croatia -- expected to join the EU as its 28th member in 2012 -- will help its neighbours enter the bloc. Speaking to the Belgrade-based daily Blic, Josipovic said he will present a proposal outlining ways to avoid the ICJ case to Serbian President Boris Tadic on the first day of his five-year term. A law professor and composer, Josipovic won the Croatian presidential run-off on January 10th and is due to be sworn in during a ceremony on February 18th. "I will propose to President Tadic ... to resolve our problems in a way that will make the [genocide] claims unnecessary," Josipovic told Blic. He cited a good relationship with Serbia as a key goal of his administration. "The claims definitely do not contribute to an improvement of our relations," he said. "That's why it is preferable to resolve the problem without having to

resort to a legal procedure." Croatia submitted an application with the ICJ in July 1999 accusing Serbia of repeated violations of the 1948 Genocide Convention during the 1991-1995 war between the two countries. Nearly 14 months after The Hague-based UN court decided to examine the case, Serbia filed a countersuit claiming that Croatia committed genocide against its ethnic Serb population during the same conflict.

Josipovic said on Monday that he invited Tadic to his inauguration "and would like him to come". Tadic has said he would not attend if Kosovo President Fatmir Sejdiu is present. "I understand the problems that Serbia has with Kosovo's declaration of independence, but I do not wish for relations with third countries to define relations between Serbia and Croatia," Josipovic told Blic. "Invitations to the inaugurations have been sent to all the countries we have diplomatic relations with, including Kosovo." Asked if Croatia will reverse its decision to recognise Kosovo if the ICJ rules that its declaration of independence was in violation of international law, Josipovic replied "Kosovo is a reality."

ZAGREB, Croatia -- Outgoing President Stipe Mesic said on Tuesday (January 19th) that he would intervene militarily if Republika Srpska (RS) tried to secede from Bosnia and Herzegovina (BiH). The statement was immediately dismissed by President-elect Ivo Josipovic, who said "sending Croatian Army to a neighbouring country for me is not an option". Josipovic takes office next month.

ZAGREB, Croatia -- Prime Minister Jadranka Kosor met on Thursday (January 21st) with opposition leaders but failed to resolve differences over constitutional changes. The two sides continue to disagree about a referendum on EU accession, voting rights of minorities and voting by the Diaspora. They agreed to talk again in February. The amendments, required by the EU accession process, need support of two-thirds of all lawmakers. Kosor also met with Zoran Milanovic, leader of the main opposition Social Democratic Party (SDP), to discuss developments. Afterwards, Milanovic called for more fiscal restraint and said the SDP would support government steps in that direction

BRUSSELS, Belgium -- NATO Secretary General Anders Fogh Rasmussen said on Friday (January 15th) that Macedonia should continue with reforms aimed at NATO entry, expressing confidence that these efforts will end in success. At a meeting with Macedonian Prime Minister Nikola Gruevski at NATO's headquarters in Brussels, Rasmussen said Skopje's accession to NATO also depends on the settlement of its name dispute with Greece. He added that the faster this issue is resolved, the faster Macedonia will become part of the Alliance. Rasmussen called for intensified talks on the issue and welcomed efforts by UN envoy Matthew Nimetz to broker an agreement. In response, Gruevski said his country is "trying to find a solution which would be acceptable to both sides".

STRASBOURG, France -- Slovenian Rapporteur for Macedonia Zoran Thaler is urging the EU to set a date for starting accession talks with Skopje when the EU foreign ministers meet in March, Macedonian media reported on Monday (January 18th). Thaler has submitted a draft resolution to the EP foreign affairs committee warning that further delay could aggravate inter-ethnic relations in the country. According to the media, the document does not mention Macedonia's name dispute with Greece. Thaler welcomed

Greece's initiative for the EU integration of the Western Balkans by 2014. The European Parliament's foreign affairs committee is expected to vote on the resolution next week. Last month, the EU foreign ministers delayed any decision on a date for launching Macedonia's accession talks and agreed to revisit the matter during the first half of this year.

SKOPJE, Macedonia -- Authorities have received Greece's counter-arguments to the complaint Skopje filed with The Hague-based International Court of Justice (ICJ) over an alleged Greek violation of a bilateral agreement. Macedonian Ambassador to the Netherlands and co-representative before the ICJ, Nikola Dimitrov, said on Wednesday (January 20th) that the substance of the arguments will remain confidential until the hearings begin. Macedonia filed its complaint in November 2008, accusing Greece of breaching a 1995 interim agreement by blocking Skopje's NATO entry bid during the Alliance's Bucharest summit. Under the agreement, Athens "agrees not to object" to Macedonia's application for membership in international organisations and institutions that refer to it as the Former Yugoslavia Republic of Macedonia.

Bulgaria is losing 3m euros a day as a result of a blockade by Greek farmers at the countries' common border, officials in Sofia said on Wednesday (January 20th). Protesting the thousands of euros in unpaid EU subsidies and demanding a boost in income, the Greek farmers began blocking major national highways and border crossings last Friday with tractors and other heavy machinery. Struggling to deal with a major economic crisis and under strong EU pressure to reduce its budget deficit, Greece's socialist government has rejected the farmers' demands for new subsidies worth about 1 billion euros. On the sixth day of the protest, traffic along about 20 important highway junctions in northern and western Greece -- including the main highway linking Athens with the port city of Thessaloniki -- was disrupted Wednesday. Hundreds of trucks remained stranded at Promahonas-Kulata and Exohi-Ilinden, the two key crossing points between Bulgaria and Greece. On Tuesday, the Bulgarian government set up a "crisis task force" including three ministers -- Traicho Traikov of economy, Alexander Tsvetkov of transportation and Miroslav Naidenov of agriculture. Reporting to parliament Wednesday, Traikov said losses incurred by Bulgaria from failed exports stood at an estimated 2.5m euros per day. The tourism sector was losing about 500,000 euros daily and transport companies about 150,000 euros per day. Traikov, who met on Wednesday with Greek Ambassador to Sofia Danae-Magdalini Koumanakou, said authorities would wait to see what steps Athens takes before filing a complaint with the EC and requesting compensation. Bulgarian Prime Minister Boyko Borisov reportedly called European Commission (EC) President Jose Manuel Barroso on Tuesday to complain, suggesting Sofia might request compensation. "Many EU directives are being violated," Sofia-based daily Dnevnik quoted Borisov as saying. "This is not Bulgaria's problem and there is no reason why this country should bear the brunt of the problem."

BRUSSELS, Belgium -- European Commission (EC) President Jose Manuel Barroso sent a letter to the European Parliament (EP) on Friday (January 15th) stating that Bulgaria's Rumiana Jeleva has the necessary level of general competence in the field of humanitarian aid to become a member of the new commission. Jeleva, tapped to become commissioner of international co-operation, humanitarian aid and crisis response,

has become a magnet of criticism for allegedly failing to declare a possible conflict of interest and giving unconvincing answers during hearings on her nomination.

In a letter to Barroso, Jeleva reiterated that the declaration of interests she filed after her nomination was totally correct. Bulgarian Prime Minister Boyko Borisov also reiterated his support for the Bulgarian candidate and stated that he will not withdraw her nomination.

BRUSSELS, Belgium -- EU Commissioner-designate Rumiana Jeleva has withdrawn her candidacy, according to a letter sent to Prime Minister Boyko Borisov and quoted by news agencies Tuesday (January 19th). In her letter, Jeleva -- tapped to become the next commissioner for International Co-operation, Humanitarian Aid and Crisis Response -- asked Borisov to "accept my resignation from all positions I occupy so that you could take the necessary steps to withdraw my candidacy for Bulgarian EU Commissioner". Borisov accepted the resignation, but asked Jeleva to remain in her post as foreign minister. The prime minister also accepted Kristalina Georgieva, currently vice-president of the World Bank, as the new candidate.

Jeleva's performance during her confirmation hearing last week came under heavy criticism and raised doubts about her business background. Some suggested that she failed to declare a possible conflict of interest related to a company she once owned. On Monday, European Parliament member Jozsef Szajer cleared Jeleva's name, announcing that EU lawyers found no discrepancies with documents she filed.

PRISTINA, Kosovo -- Municipal elections in two Serb-dominated areas in northern Kosovo risk another postponement, Local Government and Administration Minister Sadri Ferati said on Sunday (January 17th). He explained that a change of dates may result from challenges posed by Serb parallel structures. Ferati said the plan is to hold elections in the two municipalities - Partesh/Partes and North Mitrovica - six months after the local elections in Kosovo, but he is not sure if that will happen. The first elections held in November established three new Serb-dominated municipalities -- Gracanica, Kllokot-Verbovc and Ranilug.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci visited the Serb-dominated municipality of Strpce on Sunday (January 17th) to support its new mayor, Branislav Nikolic, who assumed the post two days ago. The building housing his office was earlier used by Serb parallel structures active in the region. Accompanied by Minister of Economy and Finances Ahmet Shala and Minister of Local Government and Administration Sadri Ferati, Thaci met with Nikolic in a restaurant. Of special interest to Pristina is privatisation of the Brezovica ski centre, which Nikolic says is a priority. "We hope that we will continue co-operation and of course we need the government's support. We have a lot of projects and Pristina's support is very important," he added.

PRISTINA, Kosovo -- The European Commission Liaison Office in Pristina recommended on Thursday (January 21st) that Kosovo change its election system, after the Central Elections Commission failed to finish work on municipal elections. The problem was a lack of consensus among political appointees. Among other things, the EU recommended the transformation of the Election Complaints and Appeals Sub-Commission into an administrative institution. They also called for the urgent adoption of

legislation regulating political party registration and operations, including the funding of parties and campaigns. They also suggested that administrative decisions on complaints and appeals should be subject to court procedures. Government officials say they plan to reform the elections system this year.

PRISTINA, Kosovo -- The government and the International Civilian Office (ICO) are intensifying efforts to create a new municipality in northern Kosovo, the Pristina-based daily Koha Ditore reported on Friday (January 22nd). Establishing a municipality in Serb-dominated northern Mitrovica is viewed as bringing that part of Kosovo under the country's constitution, rather than Belgrade's control. Senior international officials told the newspaper that the ICO -- on both sides of the Ibar River -- is in contact with communities about the long planned new municipality. But Oliver Ivanovic, State Secretary of the Serbian Ministry for Kosovo, said those efforts will fail. "Mitrovica is not Gracanica. We have our own institutions and we will continue to have them," Ivanovic was quoted as saying, confirming Belgrade's support for Serb parallel institutions in Kosovo

PRISTINA, Kosovo -- The government decided on Saturday (January 16th) that new ambassadors will be nominated by the foreign ministry, rather than by holding a competition for each post, as in the past. The government and the presidency will assist in the nominating process.

PRISTINA, Kosovo -- Many Kosovo Albanians have applied for biometric Serbian passports in order to benefit from visa free travel to EU member countries, local media reported on Tuesday (January 19th). Serbia, Macedonia and Montenegro were offered the privilege in mid-December, and a building run by Serb parallel structures in Gracanica, outside Pristina, is frequently visited by Albanians seeking Serb citizenship. Pristina residents tell Klan Kosova TV that Serbian passports offer more opportunity for travel and that they are frustrated with empty promises of free movement.

PRISTINA, Kosovo -- Montenegrins in Kosovo demand to be recognised as a national minority and want to see better diplomatic ties between Montenegro and Kosovo, representatives of two Montenegrin political entities in Kosovo said on Tuesday (January 19th). The Montenegrin Democratic Party and the Montenegrin People's Party are calling for dialogue and understanding. Kosovo and Montenegro established diplomatic relations last week. Montenegrin Deputy Foreign Minister Irena Radovic is visiting Kosovo on Wednesday.

PRISTINA, Kosovo -- The OSCE plans to downsize its local staff in Kosovo by the end of January, local media reported on Wednesday (January 20th). Of the current 586 local staff members, 499 will have their contracts renewed. At the same time, the number of international staff will be increased from 155 to 200. The OSCE's budget will drop from 30,600,000 euros in 2009 to 23,546,600 euros this year.

TIRANA, Albania -- Lawmakers from the opposition Socialist Party (SP) plan to boycott Monday's (January 18th) extraordinary session of parliament, devoted to the

aftermath of devastating floods in northern Albania. Parliament Speaker Jozefina Topalli sent an invitation to each individual lawmaker, explaining the importance of the discussions. She accused the opposition of manipulating the emergency situation for political reasons. The SP said they would continue street protests against missteps by the government, including actions they say only exacerbated flooding in the Shkodra region. Opposition lawmakers have been boycotting the work of parliament since September, after their request for an investigation into the June general elections was ignored. However, at least three SP members now say they will end their boycott in early March, saying it was the wrong move.

STRASBOURG, France -- The Council of Europe (CoE) issued a report Tuesday (January 19th) that in part urged an end to the political crisis in Albania. The CoE said the contested June 2009 general elections should be investigated, as the opposition, including the Socialist Party (SP), has demanded. The council also urged the SP to end its months-long boycott of parliament and return to work. It added that the lack of dialogue has contributed to the deterioration of the political environment. The report will be discussed by the Parliamentary Assembly of the CoE next week.

TIRANA, Albania -- The head of the European Commission (EC) office in Tirana, Helmuth Lohan, said on Monday (January 18th) that the EU will provide support to rebuild the Shkodra region, devastated this month by floods. At a session on Monday, Albania's parliament adopted a resolution to assist regions affected by flooding and compensate families that suffered losses.

TIRANA, Albania -- The government plans to file a complaint with the European Civil Aviation over an incident involving 110 passengers whose flight to Italy was unexpectedly diverted to Slovakia on Sunday (January 17th). The Civil Aviation office confirmed on Monday that the passengers were eventually flown to their original destination, Bologna, after spending 16 hours in a hotel near the Bratislava airport. "It is a very difficult case in the history of Albania's and international civil aviation," said Ervin Mazniku, of the aviation office. The same office in Slovakia will ask Air Slovakia for an explanation. The airline, meanwhile, said it will seek the maximum punishment for the pilot involved. Though the reason for the diversion remains unclear, local media reported that the Slovak crew was most likely protesting unpaid wages.

VIENNA, Austria -- Foreign Minister Michael Spindelegger announced on Sunday (January 17th) that he will launch an initiative with Greek officials this week to bring the Western Balkans closer to the EU. In an interview with Austrian TV ORF, Spindelegger voiced hope that all countries from the region will become part of the bloc by 2020. Specifically, he expects that Croatia will wrap up its accession talks this year, and said Austria would like to help mediate the name dispute between Macedonia and Greece, in a bid to resolve it by spring. As for Kosovo, Spindelegger concedes there is still much work to be done.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Serbia would oppose any referendum that could lead to the fragmentation of BiH, Serbian President Boris Tadic

said in an interview with Bosnian TV OBN on Sunday (January 17th), adding that Belgrade's international credibility was at stake. Prime Minister Milorad Dodik has been threatening to hold just such a referendum for months. But Tadic said his country respects the 1995 Dayton Peace Agreement, which states that BiH is composed of two entities, RS and the Federation of Bosnia and Herzegovina. He also said that war crimes cannot be forgotten and voiced hope that the Serbian parliament will soon adopt a resolution condemning crimes committed in Srebrenica.

SARAJEVO, Bosnia and Herzegovina (BiH) -- High Representative Valentin Inzko's recent decision to extend the mandates of foreign judges and prosecutors working in BiH courts violates the rule of law, Republika Srpska (RS) Prime Minister Milorad Dodik said in a letter to the Office of the High Representative on Thursday (January 21st). Dodik also reiterated that his government intends to ask the RS parliament to call a referendum on the decision. In October, BiH lawmakers voted against extending the mandates of foreign magistrates. But on December 14th, Inzko overruled that by extending the mandate of foreign judges and prosecutors working on war crime cases in BiH until December 31st 2012. Inzko also decided that international judges and prosecutors dealing with organised crime and corruption will remain in BiH as advisers. Also Thursday, the House of Peoples passed a law on amendments to the criminal code, its last precondition for eventual visa-free travel to EU countries. Speakers of the two chambers of parliament urged other institutions to meet obligations for visa liberalisation.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Deputy High Representative Raffi Gregorian said on Monday (January 18th) that he thinks war crimes fugitive Ratko Mladic has been hiding in Serbia. Gregorian told Banja Luka-based ATV, that Mladic has a support network in BiH as well. Gregorian said that only when Mladic is captured will it be possible for the Office of the High Representative to revise earlier decisions banning from political activities certain Republika Srpska officials believed to have helped Mladic.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Prosecutors pressed charges Monday (January 18th) against three former Bosnian Serb police officers, in connection with genocide committed in Srebrenica in 1995. Along with subordinates, Dusko Jevic, Mendeljev Djuric and Goran Markovic allegedly planned, ordered and took part in "a systematic joint criminal enterprise" aimed at deporting women and children and killing Bosniak men.

THE HAGUE, The Netherlands -- UN war crimes tribunal prosecutors on Tuesday (January 19th) insisted that the sentence of former Bosnia and Herzegovina (BiH) Army General Rasim Delic be more than doubled, from three to seven years in prison. During the appeals hearing, Delic's lawyers argued that the current sentence conforms to his level of responsibility in the atrocities. In September 2008, the tribunal sentenced him for failing to prevent war crimes against Serb prisoners committed by a mujahedeen unit under his command during the 1992-1995 Bosnian conflict.

Opposition politicians in Montenegro have long cried foul over the country's elections, calling them illegal, undemocratic and influenced by organised crime. In protest, three of the largest opposition parties announced they would not field candidates in a December 6th municipal vote in Mojkovac. Taking advantage of this, the Socialist People's Party decided to run after indicating they would join the boycott. It took 13 out of 31 seats, with the rest going to the ruling Democratic Party of Socialists (DPS). Turnout was 70%. The move further highlights the woes plaguing opposition parties. According to University of Montenegro political science professor Milo Becic, the parties are both under-funded and frustrated at their inability to effectively challenge the DPS. The opposition decided to boycott municipal polls -- after threatening to stay away from parliament -- when general elections on March 29th proved fruitless, Becic said. . "They tried [boycotting parliament] three times before and nobody cared. And they have no legitimacy with the people to try it again, so they came up with [the municipal election boycott]," Becic said. "And then they changed their minds and squabbled amongst themselves." He says the real reason is that opposition parties are so frustrated with their inability to challenge the DPS they have given up. "They have no desire to run in the game," he said. "They have no money; they have no interest in participating." SNP leader Srdjan Milic has said his party will participate in a municipal vote in Cetinje, which, now scheduled for February 7th because of administrative errors. Other opposition parties say they will continue their boycott, despite criticism and even ridicule in the local media. Efforts to create a united front to take on the DPS have gone nowhere. One of the boycotting parties, the Movement for Change (PFP), tried to spearhead an alliance in November, hoping to galvanise political parties, activists, intellectuals and NGO leaders under a common banner.

WASHINGTON -- Montenegrin Prime Minister Milo Djukanovic met with Secretary of State Hillary Rodham Clinton and Vice President Joe Biden in Washington on Wednesday (January 20th). Both officials voiced support for Podgorica's bids to join NATO and the EU. Djukanovic gave assurances that Montenegro will meet all obligations in order to achieve these goals. Clinton congratulated Djukanovic on Montenegro's progress with its NATO Membership Action Plan and thanked his government for sending troops to the NATO-led force in Afghanistan

Oceania