

Report 104
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: February 2, 2010

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Period: From January 24-30, 2010

This week report dwells much on Yahoo/AP/Reuters News, BBC, 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

US/Canada

- Senate likely to reject idea of deficit task force
- Democrats look to new budget rules to tame deficit
- PROMISES, PROMISES: Obama revives jobs tax credit
- Obama joins White House effort to boost Bernanke
- Fed chief Bernanke wins 2nd term in closest vote
- Obama to Party: Don't 'Run for the Hills'
- Obama pleads for civility, cooperation in politics
- White House defends Obama's court ruling criticism
- Obama picked odd time and place to jab high court
- Eric Cantor rejects President Obama's 'lecturing'
- Senate Dem: Health care bill 'on life support'
- China suspends military exchanges with US
- Clinton: China risks isolation over Iran
- Liberals take first poll lead since July
- Canada warns against excessive bank regulation
- Ottawa not obliged to aid Omar Khadr: court

Western Europe

- UK economy emerges from recession
- Eurozone unemployment rate hits 10%
- In Davos, regulators tell bankers new rules coming
- Davos 2010: Greece denies a bail-out is needed
- UK far-right party told to scrap whites-only rule
- Afghan president predicts long NATO stay
- Tony Blair braced for grilling over Iraq war
- Blair denies 'covert' deal with Bush to invade Iraq
- Blair offers justification for Iraq war
- Former attorney general testifies in Iraq inquiry
- France MPs report 'to back burka ban'
- French PM asks government body to study burqa law
- Denmark urges full use of rules limiting face veil

- Imam in Spain charged for menacing woman over veil
- Swiss court upholds basketball headscarf ban
- Pope decries 'aversion' to Christians
- UK Supreme Court strikes down govt terror measure
- US diplomat airs Internet freedom with Chinese
- Leftist and ultra-right protestors clash in Greece
- Greek farmers lift some blockades
- Epistle diplomacy: new era for Greece, Turkey
- Greece's Papandreou urges Turkey to strengthen ties
- Papandreou writes back, details Greece's positions
- Greece reiterates it will not quit eurozone
- IMF chief says Greece can overcome crisis with reforms
- EC's Barroso urges Greece to meet its EU obligations
- Trade with Greece slumps in the face of crisis

Southeast Europe

- Western Balkans to co-operate against organised crime

Serbia

- Serbia's new patriarch urges Christian dialogue
- DS-led coalition wins local elections in Vojvodina municipality

Kosovo

- UN Security Council discusses Kosovo
- Fierce debate over Kosovo plan
- ICO to consult Belgrade in implementing northern Kosovo plan
- Kosovo, IOC plan rejected in Belgrade
- Dell says US supports strategy for northern Kosovo
- EU to remain neutral on northern Kosovo strategy
- ICO Feith's mandate in Kosovo to be reviewed
- Vetevendosje says EULEX lacks will to deal with Serb criminals
- Kosovo government optimistic about visa liberalisation in 2011

Macedonia

- Macedonia invites Greece to bilateral meeting
- Macedonia, Greece intensify negotiations on name dispute
- Democracy: Macedonians weigh the good and bad
- Breaking News: Macedonia to get EU accession date in March

Bosnia

- EC's Kourkoulas says BiH not ready for visa liberalisation
- Inzko urges EU to take BiH's problems seriously
- Inzko urges BiH candidates to campaign on EU-related reforms
- PACE urges BiH parties to discuss constitutional amendments
- RS's Dodik expects referendum law to be passed next month
- RS parliament to debate draft referendum next month

Albania

- PACE suspends Albanian delegation's voting rights
- PACE urges Albania to resolve political stalemate

- Anti-mafia law takes effect in Albania
- Albanian court to overturn maritime border agreement with Greece
- Italy's Frattini predicts visa-free travel for Albanians by summer

Oceania

- Australians asked to rethink national holiday
- Australia sets up body to probe Indian attacks: FM
- Australia gives US documents in diving death case
- Climate change to triple Australia fire danger: report

Report Summary

USA/Canada

Political Issue

During his state of union speech, Obama called on Washington politicians both democrats and republican alike to take to civility, not to place conceit party politics first, instead Americans interest should be foremost. He urges his party not to be weighed down by the storm of opposition and should rather stand focus than running for the hill.

The state of union speech was not just a critique of politics in Washington but was also seen as affront to the judiciary. Obama jabbed the judiciary for its latest ruling allowing corporation to throw in money into US election. Republicans were quick at saying the criticism was too unkind third arms of government and what some might argue as infringement of the judicial independence.

Healthcare reform has been Obama's topmost priority but recently accosted by republican opposition, particularly the lost of democrat seat to a Massachusetts republican meaning democrats will lack the 60 votes to pass the bill. Whatever the situation, democrats remain obstinate about the healthcare and warned republicans to see their opposition as detrimental to the lives of many wanting Americans.

Canadian opposition Liberal party is now ahead of minority conservative ruling party. Rating of the two parties fluctuates in recent times; the current rating indicates that election favoured by the opposition but unwanted by the government will produce a deadlock result.

Economic Issue

The economy is slow but picking pace, unemployment is still taking headline news in the United States, yet President Obama rains lot of promises to alleviate the problems. The question many American middle class is asking is when will the messiah's promise come to pass and how will it be done. The administration hopes to create jobs but added with a new tax credit especially for small businesses that add employees, a move that faces criticisms.

In a similar vein, the US Senate is likely to reject a White House-backed plan to establish a bipartisan task force to recommend steps to curb the deficit, as Obama administration wants a three-year freeze in the domestic budgets they control.

Reappointment of Federal Reserve Chairman Ben Bernanke was seriously debated between those wanting the man dubbed as being part of the massive bailout and condoning the irresponsible actions by financial institutions leading to financial crisis and those who believe he has done well to recover the economy. Bernanke went through a storm that later settled on his advantage as he won another four years term through 70-30 votes.

Canadian Prime Minister Stephen Harper believes that financial sector regulation must have the right purposes and must not be excessive. He noted that higher regulatory standards in Canada meant its banks did not require bailouts. He said that if inadequate regulation in other countries was not addressed, "the consequences could actually be worse than before the crisis."

Social/Humanitarian Issue

Canada is infringing the rights of Omar Khadr, a young Canadian imprisoned in Guantanamo Bay, but is not obliged to ask the United States to repatriate him, the Supreme Court ruled on Friday. The judgment is a victory for the minority Conservative government, which had contested lower court rulings that ordered Ottawa to help Khadr because his rights under Canada's Charter of Rights and Freedoms had been breached. Khadr is accused of killing a U.S. medic in a firefight in Afghanistan in 2002 when he was aged 15. He is the only citizen of a western nation still imprisoned at Guantanamo.

Food, Environment and Energy Issue

Geostrategic Issues

A \$6.4 billion arms sale between the US and Taiwan has added to the confrontations and stained US-China relations. China was dismayed by the recent arms deal and called on US to retract its action. US in 1979 had a military agreement with Taiwan of assisting Taiwan with military hardware for its self protection. China in protest to the arms sales has suspended military exchange visits with the United States and also threatens what might not be good for both countries. Meanwhile, speaking from Paris, Hilary Clinton threatens China of isolation if the Asia power fails to collaborate in sanctioning Iran.

Western Europe

Political Issue

It is a civic issue yet having a lot of political reflections. The French parliament might have its way to pass a bill to law geared at banning burqa, the full veil wear by Muslim women. According to the interior ministry just 1,900 women in France wear the burqa.

The proposed ban will be enforceable in hospitals, schools and transport and any act of defy will be a denial of service wanted. According to poll, majority of French wants the ban, yet it is dividing the political landscape as socialist party said such law will stigmatize the Muslim community. Similarly, the Danish government hopes to further limit the use of the burqa, by statistic only 200 Muslim women use it. Accordingly, the burqa is seen as incompatible with the founding principles of the Danish society.

British National Party has been yet again asked by a court in Central London to amend its constitution that should comply with open-race policy of the British society. The BNP is renowned for its anti-immigration and white-centric politics and policies.

British Inquiry into the Iraq war called on ex-PM Tony Blair for hearing. Blair has usually maintained his unshaken and unrepentant stance that invasion of Iraq was right even though according to him things appeared quite different. Blair denied any covert conspiracy between him and Bush to remove Saddam for any reason and by any means. Blair's position appears to have been strengthened through the consent of Peter Goldsmith, Blair's top legal adviser.

The British Supreme Court ruled against the action of the government for freezing the bank accounts of few British on the premise that they have linkage with terrorist organization. The court said it was against their fundamental right, particularly the government overstepped because there was no parliamentary votes before the decision was take.

Facing a serious economic problem due to the global financial shock, Greece is fervently trying to mend political difference with her Turkish neighbour. The new Greek government believes a healthy neighbourhood would not only be wise for its weakened economy but also an opportunity towards creating geo-political and strategic fence mending. Since the earthquake that stroke both Greece and Turkey, both countries have taken the opportunity to commence earthquake diplomacy. With the recent letters correspondence between Greek and Turkish PM, the green light is there that a better relations is in the making between the two countries.

Economic Issue

Britons should be having smile on their faces as the economy is said to be recovering from recession. The British economy among other developed economies took slow pace than expected towards recovery.

Unemployment in the 16 countries that use the euro hit 10% in December for the first time since the single currency was introduced in 1999. It had been reported that the rate hit 10% in November, but this has subsequently been revised down to 9.9%. Some 15.8 million people are now out of work in the eurozone, according to Eurostat. Across all 27 countries that make up the EU, there are now 23 million people unemployed.

In Davos, Switzerland, government regulators from the United States and Europe laid out their financial reform plans before a skeptical banking industry, asking financiers

for input but adamant that change was coming with or without their support. At the Davos meeting, the Greek government shunned the view that Greece will exit the Eurozone and to blame Eurozone for the economic problem of Greece is unfounded. The Greek government reiterates that his country would not seek a bail out from the EU, but will strive to remedy the situation on it own.

Social/Humanitarian Issue

There has been a growing concern among the Muslim European community more recently that fellow Europeans are stepping on their nerves. The recent Swiss referendum on minaret and its ramification across Europe, couple with the new French parliament proposal to ban full veil in public are few of the concerns. This is an obvious external concern but internal concern has not ceased to exist. An Imam in Cunit, a town in Catalonia, Spain is charged for harassing and threatening a woman for not being veiled.

A Swiss court agrees that Sura al-Shawk 19, personal freedom is being limited by asking her to remove her headscarf, yet the court believes her headscarf constitutes danger to her while playing basketball. Sura al-Shawk hopes to overturn the ruling within ten days.

On the other edge, is the concern of the Vatican that Christian minority faces the heat of indifference from the Middle East religious atmosphere, therefore requesting Christian to intensify their evangelical mission.

Leftist demonstrators and ultra-right activists clashed in Athens during a rally against racism and discrimination of immigrants. At the rally, ultra-right agitators armed with metal rods attacked the protestors. Police arrested 44 of the attackers.

Food, Environment and Energy Issue

Geostrategic Issues

The recent international London summit on Afghanistan showed the intention of the world to find a compromising solution to the war torn country. President Hamid Karzai appealed for world help towards reconstruction of his country, but he was more particular on Pakistan and Saudi Arabia in view of their role in building the structure of Mujahedeen during the 1980s Afghan war. Karzai urges NATO to stay decades more in the country and signals that Talibans can be brought on board for a peaceful Afghanistan.

Southeast Europe

Political Issue

UNMIK chief Lamberto Zannier's report on Kosovo to the UNSC indicates there are plenty of reforms and developments unfolding in Kosovo. The report urges Serbs in the northern part of Kosovo to cooperate with the Kosovo government towards creating a

multi-ethnic peaceful society. Meanwhile, Serbia said Kosovo will never be recognised on any grounds and does not show any remorse for supporting a parallel structure in the north which is undermining the authority of the Pristina government. International Civilian Office (ICO) head Pieter Feith was quoted as saying that Belgrade will be consulted in implementing a strategy to establish law and order in northern Kosovo and to eventually merge north with the mainland Kosovo. The consultation was due not to further irk Serbia, even though the proposition has been totally rejected by Belgrade.

Meanwhile, EU under the presidency of Spain has decided to stay neutral from the northern Kosovo strategy, rather EU position will remain the same for Kosovo as a whole without exemption of the north.

The government expects a positive decision from the European Commission (EC) on visa liberalisation by next year 2011. But such positive anticipation is likely to be dampened by EU member states that have not recognised Kosovo, Romania, Slovakia, Greece, Cyprus and Spain.

Macedonians are mulling over the transition of their country from authoritarian rule to democracy, a process that was laborious. Democratic dispensation took effect back in the 80s with the hope of joining the world community on new platform distinctive of its communist era.

A new political horizon is in the making as Republika Srpska (RS) Prime Minister Milorad Dodik expected the parliament to approve his referendum plan that will expulse foreign prosecutors from Bosnia and later will ask voters if they support the 1995 Dayton Accord, which gave the high representative to BiH sweeping powers.

Political stalemate in Albania is ever catching the attention of The Parliamentary Assembly of the Council of Europe (PACE). The council urges the parties to respect the election law and political divide between the ruling and opposition should be settled at the earliest.

Economic Issue

Social/Humanitarian Issue

Patriarch Irinej who heads the Serbian Orthodox Church hopes that 2013 will be year of reconciliation among the Christian sects. The year 2013 marks 1700 years since Roman emperor Constantine the Great signed the Edict of Milan to establish religious tolerance for Christians. Thus, it will give a chance and the ever first visit of a pope to Serbia. Patriarch Irinej remains unconvincing about the independence status of Kosovo.

The chief prosecutors of Macedonia, Serbia, Montenegro, Croatia, Bosnia and Herzegovina and Albania signed a memorandum of regional co-operation in fighting organised crime and other serious crimes. The document, signed here during a meeting of chief prosecutors, is expected to boost co-operation through information exchanges and joint investigations.

Kosovo Vetevendosje (Self Determination) movement has accused EULEX of lacking the time and political will to deal with Serb criminals and corrupt politicians in Kosovo. Vetevendosje's reaction came a day after EULEX summoned Vetevendosje leader Albin Kurti to trial, which is scheduled to start on February 15th.

The head of the European Commission (EC) delegate on to BiH, Dimitris Kourkoulas has also shown concern for the political uncertainty in the country; hence he opined that BiH is not ready for the visa liberalization process. High Representative Valentin Inzko also concurs to Kourkoulas's view of the country. He urges the domestic politicians to shun nationalistic rhetoric and face the problems confronting the country.

Food, Environment and Energy Issue

Geostrategic Issues

Macedonia and Greece hope to intensify bilateral relations and ultimately solve the name dispute between the two countries. Officials of the two countries availed the Afghanistan conference held in London to discuss more of their difference. Meanwhile, The European Parliament's (EP) Foreign Policy Committee has approved the amendments to Macedonia's EU progress report. Under the document, the country is to receive a date for starting EU accession talks in March, when the EU's foreign ministers will hold their next summit.

Oceania

Political Issue

Australians are debating the essence of their national day. January 26 is said to be "double-edged sword." indicating the day when British fleet brought convicts to the land and a memorable day when the aborigines lost their lands to the Whiteman. While some wanted the date and the flag having Britain's Union Jack on top changed, the government said it should be retained yet one need to be frank about the injustice of that day.

Australia has set up a group to look into recent violence against Indian students that has threatened ties with India. Australian Foreign Minister Stephen Smith said he had discussed joint concerns over the attacks with his Indian counterpart S M Krishna in London. Indian newspapers are sending the signals that such attacks are racially inclined, but authorities in Australia downplayed such supposition.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Climate change could triple and could bring catastrophic wildfires in parts of Australia, a top environmental group warned, almost a year since savage firestorms that

killed 173 people. Greenpeace warned that without a new climate treaty to replace the Kyoto Protocol, the frequency of severe fire danger in drought-parched southeastern Australia would grow threefold by 2050.

Geostrategic Issues

Report Details

US/Canada

WASHINGTON – The Senate is likely to reject a White House-backed plan to establish a bipartisan task force to recommend steps to curb the deficit, even as lawmakers digest the news that President Barack Obama wants a three-year freeze in the domestic budgets they control. Fresh numbers arriving Tuesday morning from the Congressional Budget Office are expected to bring continued bad news on the deficit, keeping the pressure on Obama and congressional Democrats to demonstrate they're serious about taking on the flood of red ink. The spending freeze, expected to be proposed by Obama during the State of the Union address on Wednesday, would apply to a relatively small portion of the federal budget, affecting a \$477 billion pot of money available for domestic agencies whose budgets are approved by Congress each year. Some of those agencies could get increases, others would have to face cuts; such programs got an almost 10 percent increase this year. The federal budget total was \$3.5 trillion. The freeze on so-called discretionary programs would have only a modest impact on a deficit expected to match last year's \$1.4 trillion. The steps needed to really tackle the deficit include tax increases and curbs on benefit programs like Medicare, Medicaid and Social Security. That's the idea driving the Obama-backed plan to create a special task force to come up with a plan to curb the spiraling budget deficit. But the Senate sponsors of the plan say it's attracted too much opposition from the right and left to prevail. Republicans say the panel — it would try to develop a deficit reduction blueprint after the November elections for a vote before the new Congress convenes — would lead to big tax hikes. Democratic opponents say they don't want to vote on proposals to cut benefit programs like Social Security without being able to shape the plan. Obama's three-year spending freeze will be part of the budget Obama will submit Feb. 1, senior administration officials said, commenting on condition of anonymity to reveal unpublished details.

WASHINGTON – Democrats are trying to toughen budget rules to make it more difficult to run up the deficit with new tax cuts or federal benefit programs, a move Republicans say is a recipe for tax increases. The proposal by Senate Majority Leader Harry Reid, D-Nev., would make it harder to extend permanently some tax cuts that expire at the end of this year, renew health care subsidies for laid-off workers that expire next month, or offer more help to states for Medicaid for the poor. Some middle-class tax cuts would not be affected, and extended unemployment benefits for the long-term jobless may also be exempt. The move to stiffen budget rules is aimed at softening opposition among moderates to letting the government extend itself another \$1.9 trillion into debt. President Barack Obama is expected to crack down on domestic agency

budgets when submitting his budget next week, but tougher steps like raising taxes and cutting benefit programs are longshots in an election year.

Reid's "pay-as-you-go" plan would attempt to curb Congress' free-spending ways, which are turning voters away from Obama and lawmakers in both parties. The plan would require spending cuts or revenue increases to pay for new spending initiatives or tax cuts. Passing it would take 60 votes in the Senate, a tall order since all but a handful of Republicans are likely to oppose it. For example, the billions of dollars it takes to subsidize health insurance for the jobless under the so-call COBRA program would likely have to be "paid for" with a tax increase or cuts to other benefit programs. That could kill the effort, as well as plans to help states struggling with ballooning Medicaid costs because of the recession. Initiatives announced Monday by the White House, such as doubling of the child care tax credit for families earning less than \$85,000, would similarly have to live within the rules. Congress already has similar budget rules but routinely waives them. The new rules would carry the force of law and would be enforced by the threat of across-the-board spending cuts if they are violated. Lawmakers could still get around the rules through waivers and by making exceptions for emergencies, such as continuing jobless benefits for the long-term unemployed. Republicans, for example, waived the rules in 2001 to pass President George W. Bush's tax cuts.

WASHINGTON – President Barack Obama's push to create jobs includes a new tax credit for small businesses that add employees, an idea that has appeal as the nation struggles with an unemployment rate topping 10 percent. It is an idea, however, that fell flat in Congress when Obama first proposed it last year because lawmakers didn't know how to target the credit effectively. The Obama administration still hasn't provided details on how the tax credit would work, and some tax experts question whether it would. "It's very hard to know when a company is incrementally adding jobs because of a tax credit, and when they would have done it anyway," said Eugene Steuerle, a Treasury Department official in the Reagan administration who is now co-director of the Tax Policy Center, a Washington think tank. "I'm sympathetic to subsidizing low-wage jobs. It's just a question of how you design it." Congressional researchers say a tax credit for firms that increase payroll could be a good way to increase employment, if the credit is available to all companies, not just small businesses. They cautioned, however, that it would be difficult to administer. Among the issues raised by tax experts:

_How would the government prevent abuse by companies that artificially increase payroll? How would new companies be treated? _How would a firm be prevented from disbanding and reopening under another name just to claim the credit? How would the government ensure firms add long-term employees when the credit is only for a year or two? _Would firms be willing to add workers to get a tax credit when consumer demand for their products has not increased? Clint Stretch, a tax policy expert at Deloitte Tax, said the tax break would help companies that shed jobs last year and were ready to start rehiring this year.

WASHINGTON – Bolstered by a White House lobbying effort that included the president, Federal Reserve Chairman Ben Bernanke's chances at a second four-year term improved Monday, calming a stock market that had grown anxious over the uncertainty

of his support. President Barack Obama championed Bernanke in an interview on Monday as his aides worked the phones to ensure the Fed chairman is confirmed by the Senate. "He has my strongest support. I think he's done a good job," Obama told ABC News. "What we need is somebody at the Federal Reserve who can make sure that the progress that we've made in stabilizing the economy continues. I think Bernanke is the best person for that job," the president said. With Bernanke's term expiring Sunday, Senate Majority Leader Harry Reid, D-Nev., expects a confirmation vote by the end of the week, his spokesman said. David Axelrod, a top White House adviser, said Bernanke has the votes to keep his job. Bernanke's brightening prospects provided the White House with a rare bit of good news amid political upheaval caused by simmering public anger over the economy, joblessness and bank bailouts. The Federal Reserve, with its power to set interest rates that influence economic activity, employment and inflation, wields extraordinary influence over the lives of millions of Americans. It also plays a crucial role as the country's lender of last resort when banks can't get their money elsewhere. Bernanke still can count on several "no" votes when the Senate takes up his confirmation. But after a surge of opposition late last week, and with many senators still undecided, the tide appeared to be turning in his favor. Amid the news, the Dow Jones industrial average rose 24 points after losing 552 points over the previous trading days.

Sen. Dick Durbin of Illinois, the second-ranking Democratic leader in the Senate and the party's top vote counter, conceded many Democrats are apprehensive. But after meeting with Bernanke Monday in the Capitol, Durbin said the Fed chairman should win a second term with help from Republican senators. Complicating Bernanke's reappointment is his need for 60 votes to overcome a procedural hold on Bernanke's confirmation placed by Sen. Bernie Sanders, a Vermont independent who has been one of his leading critics. But Durbin said even senators who might oppose the Fed chairman have said they would not attempt to block his confirmation from reaching the Senate floor. Among them are Democrats Patrick Leahy of Vermont and Sheldon Whitehouse of Rhode Island.

WASHINGTON – Embattled Federal Reserve Chairman Ben Bernanke won confirmation for a second term Thursday, but only by the closest vote ever for the crucial post and after withering criticism from lawmakers for bailing out Wall Street while other Americans suffered in recession. The Senate confirmed Bernanke for a new four-year term by a 70-30 vote, a seemingly solid majority but 14 votes worse than the closest previous vote for a Fed chairman. President Barack Obama hailed the Senate's action and praised Bernanke's "wisdom and steady leadership." The battle over Bernanke's confirmation has been a test of central bank independence, a crucial element if the Fed is to carry out unpopular but economically essential policies. Its decisions on interest rates can have immense consequences, from the success or failure of the largest companies to the typical home-buyer's ability to get an affordable loan to the price of cereal at the grocery or gas at the corner station. Created by Congress in 1913 after a series of bank panics, the Federal Reserve is an independent agency, supposedly outside politics, but its chairman is typically assailed by lawmakers and others when the economy falls and jobless ranks lengthen. "Bernanke fiddled while our markets burned," huffed Richard Shelby, of Alabama, the top Republican on the Senate Banking Committee, during Thursday's debate. "Ben Bernanke's Federal Reserve played a key role in setting the stage

for the financial crisis." Shelby and other opponents blame Bernanke for failing to spot problems leading up to the crisis, for lax bank regulation and for not cracking down on dubious home mortgage practices. All those missteps contributed to the recession, they contend. Supporters see it far differently, crediting him with preventing the Great Recession from turning into the second Great Depression. "The chairmanship of Ben Bernanke has in no small measure made it possible for this nation to avoid a catastrophe," said Senate Banking Committee Sen. Christopher Dodd, D-Conn.

Supporter Chuck Schumer, D-N-Y., worried that the bitter fight over the nomination would send "the message that the Federal Reserve and its monetary policy decisions are under the thumb of Congress. Businesses will be faced with the prospect that the Fed might not be able to do what's necessary for the economy because of pressure from Congress." The vote on his confirmation came at nearly the last possible moment — Bernanke's current term expires Sunday.

WASHINGTON — President Obama vowed Wednesday night not to give up on his ambitious legislative agenda, using his first State of the Union address to chastise Republicans for working in lock-step against him and to warn Democrats to stiffen their political spines. Mr. Obama appealed for an end to the "tired old battles" that have divided the country and stalled his efforts on Capitol Hill. He promised to focus intently on the issue of most immediate concern to the nation, jobs. And with his top priority, a health care overhaul, delayed in the wake of the recent Republican Senate victory in Massachusetts, he offered a pointed message to both parties.

"To Democrats, I would remind you that we still have the largest majority in decades, and the people expect us to solve some problems, not run for the hills," Mr. Obama said in his nationally televised speech. "And if the Republican leadership is going to insist that 60 votes in the Senate are required to do any business at all in this town — a supermajority — then the responsibility to govern is now yours as well. Just saying no to everything may be good short-term politics, but it's not leadership."

Vice President Joseph R. Biden Jr. underscored that criticism, and the emotion behind it, on Thursday. He said that both he and the president were frustrated by "the obstructionist ways of the United States Senate on the part of the Republicans requiring 60 votes, a supermajority, for virtually every single solitary initiative we've had."

"You just can't continue to say no," he said on NBC's "Today" show. "What are you for?" The speech, Mr. Obama's third to a joint session of Congress, comes at a particularly rocky point in his presidency, with many Americans — including some fellow Democrats — complaining that the president has lost sight of the priorities of ordinary people. And Mr. Obama acknowledged their doubts, conceding that some of his political setbacks "were deserved," a striking admission for any president. His tone was colloquial, even relaxed; at one point he joked that the bank bailout was "about as popular as root canal." But at the same time Mr. Obama struck a defensive note, reminding the nation yet again that he inherited a mountain of problems and insisting that, one year after he took office, "the worst of the storm has passed." At a time when many Americans are concerned, even angry, about the economy and about the performance of government more generally, Mr. Obama sought to restore public confidence in his administration and to persuade Americans that he is directing his attention more fully to the economy. While he did not offer any sweeping new agenda or far-reaching legislative program, he put forth a

handful of new initiatives, including plans to provide small businesses with tax breaks and better access to bank loans. After refusing to set a timetable for the repeal "Don't Ask, Don't Tell," the military's policy barring openly gay men and lesbians from serving, he vowed to work with Congress this year to repeal it. He called for the reauthorization of No Child Left Behind, his predecessor's signature education law. In a nod to the growing political and economic pressure to begin reining in the budget deficit, he proposed a freeze on a portion of the domestic budget.

TAMPA, Fla. – Trying to bury a year of polarization, President Barack Obama on Thursday escalated his appeal for politicians and voters alike to settle differences without tearing each other apart. His plea: "Let's start thinking of each other as Americans first." Obama made sure to weave that message throughout his stop in Florida, one otherwise intended to promote his economic agenda by announcing \$8 billion in high-speed rail awards. Coming one day after his State of the Union address, and one day before meeting with House Republican leaders with whom he continues to battle, Obama's emphasis on civility was a nod to political reality. He needs Republicans more than ever to get his agenda passed, and he is getting saddled with more public blame for the partisanship he promised to change. "Nothing that human beings do will be perfect," Obama, accompanied by Vice President Joe Biden, said as he capped a town hall at the University of Tampa, where he was received with boisterous support. "But we shouldn't sort of assume that the other side is either heartless or doesn't care about sick people or is some socialist/communist who's trying to take over the health care system," the president said. "We start getting into these caricatures. They're so damaging."

Just how far to go in working with Republicans has been an evolving calculation for the White House. Obama ended up muscling through a giant economic stimulus plan with little help from the opposition party and was poised to do the same on major health care legislation until Democrats lost the super-majority they need — 60 votes — to overcome delays in the Senate. Obama takes responsibility, but not blame. He still casts Republicans as a party of "no" and calls that their political strategy. "I want the Republicans off the sidelines. I want them to work with us to solve problems," Obama said. And then he added: "I don't want an attitude 'If Obama loses, then we win.' I mean, that can't be a platform. ... All of us should be rooting for each other." Party divisions arise less over goals — the main one for both parties is jobs — than how to achieve them. Those policy discussions are even more difficult in this midterm election year, when leaders weigh what's better: working together or targeting the other for defeat. Obama's challenge is to pull together enough unity to get results this year on weighty items — economic growth, Wall Street regulation, energy and the embattled health care. A Gallup Poll has found him to be the most politically polarizing president in recent history.

WASHINGTON (Reuters) – The White House squared off on Thursday against conservative critics who questioned whether President Barack Obama had gone too far by condemning a Supreme Court decision in his State of the Union address to Congress. Obama's very public criticism of the ruling was highly unusual for a president, and it drew a visible reaction from Justice Samuel Alito, who was shown on television shaking his head and apparently mouthing the words "not true." The Supreme Court's 5-4 ruling last week said long-standing campaign finance limits violated the constitutional free-

speech rights of corporations. Critics said it opened the door to massive corporate spending on national elections. "With all due deference to separation of powers, last week the Supreme Court reversed a century of law that I believe will open the floodgates for special interests, including foreign corporations, to spend without limit in our elections," said Obama, a constitutional lawyer. "I don't think American elections should be bankrolled by America's most powerful interests or, worse, by foreign entities," he said, urging Congress to pass a new law to help correct the problem.

The Supreme Court is considered a co-equal power along with the presidency and the Congress under the U.S. Constitution, which demands a separation of the judicial, executive and legislative branches of government to prevent abuse of power.

Justices are appointed by the president and confirmed by the Senate. The court originally was far weaker than the other branches, and since that time presidents, while chafing at its rulings, have generally avoided action that could erode its authority. Alito had no comment on the controversy, a Supreme Court spokeswoman said.

The White House said the president disagreed with Alito's legal position on the issue. As a senator, Obama voted against Alito's confirmation as a Supreme Court justice. Alito, a member of the court's five-member conservative majority, was appointed by then-President George W. Bush.

WASHINGTON – An unusual piece of theater that unfolded in the blink of an eye at the State of the Union speech raises questions: Was President Barack Obama rude to criticize a Supreme Court decision in the company of the justices? Was his complaint about the decision, which removed corporate campaign spending limits, right? Was Justice Samuel Alito's read-my-lips critique — "not true" — not true?

Republicans huffed Thursday about Obama's jab at the court. But it was worth keeping in mind that presidents and lawmakers routinely criticize Supreme Court decisions and the justices who make them. Remember *Bush v. Gore* and the mutterings about a politically rigged court?

Democrats huffed about the huffing and declared that one of the great things about America is that powerful people can disagree in public. But it also was worth remembering that the justices were guests for Wednesday night's speech to Congress, placed as always in the best seats in the House. It was an odd time and place for Obama to deliver a Supreme Court smackdown.

The ceremony and courtesies that attend rare assemblies of all three branches of power call on everyone to act with respect for tradition and a certain fellowship, however forced. Exhibit A: The robed justices only clap at the beginning, the end and the safest moments in between. Their applause is invariably judicious, tipping no hand about their political leanings or whether they actually liked what they heard. No fist bumps here. Still, this is not a nation of powdered wigs and genuflection.

Authority is constantly, bluntly challenged, although not usually during wedding toasts, funeral rites or State of the Union addresses. Looking down at the six justices seated in front of him as well as to the wider masses, Obama departed from the scrolling text of his speech and added an unscripted preamble. "With all due deference to the separation of powers," he began delicately, then reverted to his prepared remarks, "the Supreme Court reversed a century of law to open the floodgates for special interests — including foreign corporations — to spend without limit in our elections." Alito, part of the 5-4 majority in

the landmark case, objected to the reference to a century of law upended, to the notion that floodgates have been opened, or both. In any event, after Obama's line on those subjects, he shook his head and quietly mouthed words that included the phrase "not true."

House Minority Whip Eric Cantor says he hopes President Barack Obama will avoid during a visit Friday to a House GOP retreat in Baltimore "the kind of rhetoric and lecturing that occurred in the State of the Union." Obama told Republicans in his address Wednesday night that "saying 'no' to everything may be good short-term politics, but it's not leadership" and that they share in "the responsibility to govern." Stepping up his own efforts at bipartisanship, he said he plans "monthly meetings with both Democratic and Republican leadership." Cantor, the No. 2 House GOP leader, said he "appreciated his offer" but said Obama has made calls for bipartisanship before. "There are words and promises, and there is delivery," Cantor, 46, said at his Capitol Hill office in an interview for a POLITICO video series, "Inside Obama's Washington." "There's not been much action put behind those words over the last year. I'm hoping when he comes to our retreat that we'll hear a different President Obama and, frankly, a willingness to say, 'OK, I understand my agenda may not be what the majority of this country wants. Let's work together.'" Republicans unanimously opposed last year's stimulus bill, which Cantor argues has "failed miserably" at job creation. Now, he says House Republicans will oppose the new jobs bill Obama endorsed in Wednesday night's speech. "We've already seen his method and the majority's method of trying to generate jobs — that's the stimulus bill that was passed last year," Cantor said. "Now we know the total is exceeding \$800 billion. Now the proposal is yet again another \$150 billion before we start to think about a freeze. But \$150 billion spent on more government programs? ... Come on. There is a government that can help, and the government can also hurt." Cantor claimed that the administration "has demonstrated an arrogance in ignoring public opinion." "I felt like he was admonishing Congress and certainly lecturing Republicans," Cantor said, "accusing us of being an obstructionist party, when what it is we're about is trying to focus on the issue, which is control the spending and let's go about creating an environment for jobs. ... [The] president says he's going to be open to discussion. We're all about going and participating with him." Cantor said congressional Democratic leaders are no better. "When they came back to Washington [after the Massachusetts Senate loss], there were a lot of cries publicly, 'Oh, we need to work together,'" he said. "Not one call from any Democratic leader. Not one visit by any Democratic leader in the House to any of the Republican leaders." Continuing his critique of the speech, Cantor said: "There was a lot of blame game last night, and I'm the first one to say there's a lot of blame to go around. We can all accept some of it. But, as we've seen over the last several months, the people in this country are very dissatisfied with the direction that this administration is taking this country. And what we heard last night ... was: 'We're going to continue with this agenda. In fact, we're going to double-down on health care.' "

Cantor said that while hosting Obama, Republicans will "remind him again: We're not voting 'no' for political expediency — we've got our principles, and we're going to stand up and defend those."

WASHINGTON – President Barack Obama's health care appeal failed to break the congressional gridlock Thursday, dimming hopes for millions of uninsured

Americans. Democrats stared down a political nightmare — getting clobbered for voting last year for ambitious, politically risky bills, yet having nothing to show for it in November. The grim reality opened a divide between the rank and file and congressional leaders, who insisted health care would get done, even though last week's special election in Massachusetts denied Democrats the 60-vote majority they need to deliver in the Senate. Many Democrats saw a problem with no clear solution. "It's very possible that health care is just a stalemate and you can't solve it this year," said Sen. Mark Pryor, D-Ark. If Obama and Democrats fail to pass any legislation this election year, Washington would still face the problem of millions of uninsured, rising medical costs and a dwindling Medicare trust fund forecast to run out of money in 2017. Obama's health care overhaul is "on life support," said Sen. Mary Landrieu, D-La., "but it still has a pulse." Obama urged lawmakers in Wednesday night's State of the Union address not to abandon the effort on what was once his top domestic priority. But his enthusiastic words provided no specific prescription for moving forward, leaving lawmakers little better off than before. Senate Democratic leaders huddled Thursday afternoon to try to determine how to proceed, emerging to report progress, and the White House remained engaged in the negotiations. A Senate aide said lawmakers were hoping to decide on a legislative strategy by the end of next week.

Republican senators said senior White House officials had reached out to several in their ranks, including some conservatives, despite the unanimous GOP opposition to the far-reaching bill. Sen. Jim DeMint, R-S.C., who last year said stopping Obama on health care could be his Waterloo, said Thursday, "What I was saying was if he continued to push this massive takeover that it could be his Waterloo, and now it very well could be." In a sign of how far health care had fallen since Obama campaigned on it, Senate Democrats devoted a weekly policy lunch Thursday to discussing jobs, not health care. In a letter to supporters outlining Democrats' 2010 agenda, House Majority Leader Steny Hoyer didn't even mention health care, although a spokeswoman said the e-mail was sent by Hoyer's campaign team and was not meant to be an exhaustive list of priorities. House and Senate leaders insisted success on health care was still in reach. "We're going to move forward on health reform. We're going to do health care reform this year," said Senate Majority Leader Harry Reid, D-Nev.

House Speaker Nancy Pelosi acknowledged in her weekly news conference that plenty of work remained if the House was to agree to changes to the Senate bill. "We will go through the gate. If the gate is closed, we will go over the fence. If the fence is too high, we will pole vault in. If that doesn't work, we will parachute in," Pelosi said. "But we are going to get health care reform passed for the American people."

BEIJING – China suspended military exchange visits with the United States on Saturday in protest over \$6.4 billion in planned U.S. arms sales to Taiwan and warned the U.S. ambassador that the sales would harm already strained ties. The state-run Xinhua News Agency cited the Defense Ministry as saying the suspension is due to the "severe harm" of the arms sales on the two countries' military relations. China took a similar step in 2008 after the former Bush administration announced a multibillion-dollar arms sale to Taiwan — the most sensitive issue in U.S.-China relations. The latest arms sales could complicate the cooperation the U.S. seeks on issues ranging from Iran's nuclear program to the loosening of Internet controls, including a Google-China standoff over censorship.

China claims the self-governing Taiwan as its own, while the United States is Taiwan's most important ally and largest arms supplier. The U.S. government is bound by law to ensure the island is able to respond to Chinese threats. Though Taiwan's ties with China have warmed considerably since Taiwanese President Ma Ying-jeou took office 20 months ago, Beijing has threatened to invade if the island ever formalizes its de facto independence. China has more than 1,000 ballistic missiles aimed at Taiwan. The arms sale, posted Friday on a Pentagon Web site, includes Black Hawk helicopters, Patriot Advanced Capability-3 missiles, mine hunter ships and information technology. Congress has 30 days to comment before the plan goes forward. Lawmakers traditionally have supported such sales.

Upcoming high-level visits are likely to be affected by the China's suspension of military exchanges. Gen. Chen Bingde, the Chinese military's chief of the general staff, was due to visit the U.S., while U.S. Secretary of Defense Robert Gates and Admiral Michael Mullen, Chairman of the U.S. Joint Chiefs of Staff, had planned to come to China. A phone call to China's defense ministry seeking comment was not answered Saturday. A spokeswoman for the U.S. Embassy, Susan Stevenson, said the embassy had no comment on the suspension of military visits. The two powers are increasingly linked in security and economic issues, and Washington has sought to raise the profile and frequency of military visits with China and build trust with Beijing to convince it to reveal more about the aims of its massive military buildup. But overall ties have been tense as President Barack Obama plans to meet with the Dalai Lama, the exiled spiritual leader of Tibet, later this year. Further complications from the Taiwan arms sale could affect President Hu Jintao's expected visit to the U.S. this year, as well as talks on human rights that Obama and Hu had agreed to continue.

PARIS – U.S. Secretary of State Hillary Rodham Clinton warned China on Friday it risks diplomatic isolation and disruption to its energy supplies unless it helps keep Iran from developing nuclear weapons. Speaking in Paris, Clinton said she and others who support additional sanctions on Iran over its disputed nuclear program are lobbying China to back new U.N. penalties on the Iranian government. She said she understood China's reluctance to impose new penalties on Iran, its third-largest supplier of oil. But she stressed that a nuclear-armed Iran would destabilize the Persian Gulf and imperil oil shipments China gets from other Arab states in the region. There is a new push for sanctions at the U.N. because of Iran's continued refusal to engage on the matter with the five permanent members of the Security Council — Britain, China, France, Russia and the United States — and Germany. Administration officials have invited new talks with Iran, but with no sign that Iran wants to do business, the focus has turned to penalties. "As we move away from the engagement track, which has not produced the result that some had hoped for, and move forward on the pressure and sanctions track, China will be under a lot of pressure to recognize the destabilizing impact that a nuclear-armed Iran would have in the Gulf, from which they receive a significant percentage of their oil supplies," Clinton said.

OTTAWA (Reuters) – Canada's opposition Liberal Party has pulled narrowly ahead of the governing Conservatives in public support for the first time since last July, according to an opinion poll released on Thursday. The Ekos survey put the Liberals at

31.6 percent support, up from the 30.9 percent in a poll done by the same firm last week. The Conservatives slipped to 31.1 percent from 31.5 percent while the left-leaning New Democrats slid to 14.6 percent from 14.9 percent. The results indicate the most likely result of an election now would be deadlock, since a party needs around 36 percent of the vote to win a workable minority in the House of Commons.

Prime Minister Stephen Harper, whose Conservatives won a strengthened minority in the October 2008 election, says Canadians do not want a national vote now. He came to power after the January 2006 election. The poll -- the latest in a string of recent surveys to show the two main parties almost tied -- also means it is very unlikely Harper will try to engineer the defeat of his government in Parliament over the next budget, due on March 4, in order to force an election. The poll marks a notable recovery for the Liberals, who dropped 15 points behind the Conservatives after threatening in September to bring down the government over its handling of the economic crisis. The Conservative lead quickly vanished after Harper moved to have Parliament suspended until March 3, a tactic which his opponents branded as anti-democratic. Parliament should have resumed business on Jan 25. "Despite considerable initial confusion over whether the government's problems were ephemeral or structural the evidence is that there has been a significant shift," said Frank Graves, president of Ekos. "We have seen public opinion reverse itself a couple of times in the last year, so it would be a mistake to say that any trend is irreversible," he said. Liberal leader Michael Ignatieff has been holding frequent news conferences in Parliament to outline his policies for reviving the economy while criticizing Harper. But the Liberals -- who have lost two federal elections in a row -- said they have no plan to topple the government.

OTTAWA (Reuters) – Canadian Prime Minister Stephen Harper, distancing himself from hard-liners in the bank reform debate, warned on Thursday against excessive regulation of the financial sector. "Canada ... believes that financial sector regulation must have the right purposes and must not be excessive ... Canada will not go down the path of excessive, arbitrary or punitive regulation of its financial sector," Harper said. Addressing the World Economic Forum in Davos, Switzerland, he noted that higher regulatory standards in Canada meant its banks did not require bailouts. He said that if inadequate regulation in other countries was not addressed, "the consequences could actually be worse than before the crisis." The prime minister repeated Canada's stance that rather than impose a set of global regulations, each country should fix its own system and then submit to international scrutiny. Harper said there was no public demand in Canada for "retaliatory measures" against domestic banks since they did not fail or require public assistance. "Our approach to financial sector regulation, while historically much more activist than in many other countries, has not been to micromanage the affairs of a complex industry," he said. He did not directly refer to U.S. plans to limit the size of banks or British and U.S. ideas of putting some kind of levy on banks to recoup public subsidies, but leaders are engaging in a lively discussion about just how to approach reform. Harper's speech was intended to lay out an agenda for the G20 and G8 summits Canada is hosting in June. He said the top priorities of the Group of 20 developed and emerging countries are:

- financial sector reform
- stimulus programs

- global trade and growth strategies.

The G20 has replaced the Group of Eight industrialized countries as the main forum for economic discussions, but Harper said the G8 still has a role to play in promoting democracy, development, and peace and security. He is pushing a G8 initiative to promote maternal and child health.

OTTAWA (Reuters) – Canada is infringing the rights of Omar Khadr, a young Canadian imprisoned in Guantanamo Bay, but is not obliged to ask the United States to repatriate him, the Supreme Court ruled on Friday. The judgment is a victory for the minority Conservative government, which had contested lower court rulings that ordered Ottawa to help Khadr because his rights under Canada's Charter of Rights and Freedoms had been breached. Khadr is accused of killing a U.S. medic in a firefight in Afghanistan in 2002 when he was aged 15. He is the only citizen of a western nation still imprisoned at Guantanamo. "We conclude that the order made by the lower courts that the government request Mr Khadr's return to Canada is not an appropriate remedy for that breach," the Supreme Court said in the unanimous 9-0 ruling. The court said Ottawa was better placed to make decisions under the power granted it by the Canadian constitution and suggested that Canada-U.S. relations could be damaged by a request for Khadr's return. The Conservative government has shrugged off pressure to intervene on Khadr's behalf, arguing that he faces serious charges. Khadr is due to be tried by a special U.S. military commission later this year. The judges said Canada breached Khadr's rights by sending intelligence agents to interrogate him in Guantanamo Bay in 2003 and 2004 and sharing the results with the United States. Khadr's continuing detention meant his rights were still being infringed, the judges ruled.

Western Europe

The UK economy has come out of recession, after figures showed the economy had grown by 0.1% in the last three months of 2009. The economy had previously contracted for six consecutive quarters - the longest period since quarterly figures were first recorded in 1955. There have been recent recovery signs - last week UK unemployment fell for the first time in 18 months. The UK's had been one of the last major economies still in recession. Europe's two biggest economies - Germany and France - came out of recession last summer. Japan and the US also exited recession last year. The UK recession began in the April-to-June quarter of 2008. During 18 months of recession, public borrowing increased to an estimated £178bn, while output slumped by 6%. First estimates of how the economy has performed are made with about 40% of the data available, and Investec economist David Page has warned there is "plenty of room for surprises" in the figures.

Unemployment in the 16 countries that use the euro hit 10% in December for the first time since the single currency was introduced in 1999. It had been reported that the rate hit 10% in November, but this has subsequently been revised down to 9.9%. Some 15.8 million people are now out of work in the eurozone, according to Eurostat.

Across all 27 countries that make up the EU, there are now 23 million people unemployed. **Youth unemployment** Latvia has the highest jobless rate in the EU at

22.8%. Spain continues to have the highest rate in the eurozone - rising to 19.5% in December, up from 19.4% in November. The Netherlands has the lowest jobless rate at 4%, followed by Austria at 5.4%. Some 21% of under-25s in the eurozone were unemployed in December 2009, with Spain suffering the highest rate of all, at 44.5%.

According to Eurostat, a total of 87,000 jobs were lost across the eurozone during December. That was the lowest increase since May 2008. Responding to the figures, Howard Archer from IHS Global Insight says eurozone unemployment will increase further in the coming year. "Although the rise in eurozone unemployment has slowed in recent months, it still seems poised to trend higher during much, if not all, of 2010," he said. Separate figures released by the country's National Statistics Institute show that in the final three months of 2009, 4.33 million people were unemployed in Spain.

DAVOS, Switzerland – Government regulators from the United States and Europe laid out their financial reform plans Saturday before a skeptical banking industry, asking financiers for input but adamant that change was coming with or without their support. Emerging from the two-hour meeting as its unofficial spokesman, U.S. Representative Barney Frank made it clear that governments were now calling the shots after spending billions to bail out the industry. Top bankers, by contrast, who came into this week's World Economic Forum buoyed by signs of economic recovery, left somewhat subdued even as they called the closed-door meeting constructive. "No one got up and said, 'Don't regulate us,'" said Frank, a Massachusetts Democrat who heads the U.S. House Financial Services Committee. "It would have been a waste of their time if they did." The meeting comes after days of tension at this Swiss Alpine resort over government plans for stricter controls on the financial industry to limit speculation and avoid a repeat of the 2008 meltdown that plunged the world into recession. Bankers have protested, saying the U.S. and other countries risk choking off a gradual economic recovery with regulation they see as heavy-handed. The event was not on the forum's official agenda, but quickly became the most significant development of the day.

"We are determined to do strong, sensible regulation," Frank said, rejecting any notion that President Barack Obama's administration could sink the economy again with too many new controls on the banking industry. "That's nonsense," Frank told reporters. "What we're trying globally to recover from is a total lack of regulation."

On the government side, those at the meeting included Lawrence H. Summers, Obama's top economic adviser, British treasury chief Alistair Darling, French Finance Minister Christine Lagarde and Jean-Claude Trichet, president of the European Central Bank, which oversees the 16-nation euro zone. Bankers attending the private talks included Josef Ackermann, chief executive of Deutsche Bank AG, Bank of America Corp. CEO Brian Moynihan and JPMorgan Chase & Co. Chairman Jacob Frenkel.

Greece's PM George Papandreou: "The European Union is not going to bail us out" Greece's Prime Minister George Papandreou has denied speculation that it will have to be bailed out by the European Union (EU). Reports have suggested that the EU will pump money to help Greece - whose public finances are in ruins. At the World Economic Forum in Davos, he also said countries like his "are being used as the weak link, if you like, of the eurozone." European leaders also denied that Greece would be kicked out of the euro. "Nobody's going to be leaving the euro," Spain's Prime Minister Jose Luis

Rodriguez Zapatero said. "On the contrary, countries will be joining the euro in the future. The same is true for the EU. That is the best proof on how the EU has helped to guarantee stability." A report in Le Monde suggested that the EU was considering bailing out Greece because the Hellenic nation's woes had shaken the euro. **'Speculation'** European Central Bank President Jean-Claude Trichet said the pact had helped keep the 16 members of the eurozone from experiencing even more strain. Mr Papandreou said that there had been a lot of "speculation" during the financial crisis and that people were against the euro had targeted countries like his in the bloc. Greece's public debt stands at about 300bn euros (\$419bn, £259bn). He also denied a Financial Times report that said Greece had been asking China to buy up to 25bn euros of its debt to help secure its finances. "Greece has clearly lost the markets' confidence and may now have to work much harder than other countries to regain it," Capital Economics said in a research note on Thursday. **Test for euro** But Mr Papandreou refused to blame the EU for the country's troubles. "We Greeks see it as our problem to put our house in order," he said. "Greece blames itself, not the EU." Mr Papandreou also floated the idea of having EU government bonds for all the members in the bloc. The crisis is seen as the first test since the euro was created in 1999. Greece, Spain, Portugal, Ireland and especially Italy together account for 40% of the eurozone's debt.

LONDON – Britain's far-right British National Party has been warned by a court that it had one last chance to scrap its whites-only membership policy or face a possible court injunction. The Central London County Court says Thursday that party leader Nick Griffin must introduce a new party constitution that complies with race relations laws at an extraordinary general meeting due to be held in two weeks' time. The BNP opposes immigration and claims to fight for "indigenous" Britons. Griffin is notorious in Britain for denying the Holocaust in the past. The party has proposed amendments to its constitution, but human rights lawyers have complained that it was too vague. Party officials must rush out letters to thousands of members to alert them to the proposed changes.

LONDON – Afghan President Hamid Karzai warned Thursday that foreign troops must stay in his country for another decade, as world powers agreed on an exit map including a plan to persuade Taliban fighters to disarm in exchange for jobs and homes. Divisions emerged between the U.S. and its partners over Kabul's willingness to offer peace to Taliban leaders who once harbored al-Qaida, instead of the more limited deal for lower-ranking fighters emphasized by the Americans. All agree that reconciliation means bringing on board what Mark Sedwill, NATO's newly appointed civilian chief in Afghanistan, called "some pretty unsavory characters." The conference was called to help the U.S. and its allies find a way out of the grinding Afghan war amid rising U.S. and NATO casualties and falling public support. NATO has agreed to accelerate the training of Afghan security forces and gradually transfer more combat responsibility to them. "With regard to training and equipping the Afghan security forces, five to 10 years will be enough," Karzai told the BBC. "With regard to sustaining them until Afghanistan is financially able to provide for our forces, the time will be extended to 10 to 15 years." The 70 nations and international organizations backed Karzai's plan to reintegrate Taliban willing to "cut ties with al-Qaida and other terrorist groups and pursue their political

goals peacefully." Karzai said neighboring Pakistan and Saudi Arabia — which worked together to facilitate the rise of the radical Islamic movement in the 1990s — would play a key role in the reintegration process. The Afghan leader will convene a peace jirga — or conference — within weeks to involve Afghan leaders, members of civil society groups and clerics, Afghanistan's outgoing foreign minister Rangin Dadfar Spanta said. "The starting premise is you don't make peace with your friends," U.S. Secretary of State Hillary Clinton said. "You have to be willing to engage with your enemies if you expect to create a situation that ends an insurgency." But U.S. officials balk at talk of a future Afghan government that includes allies of Mullah Mohammed Omar — the Afghan Taliban leader who refused to hand over Osama bin Laden after the Sept. 11, 2001 attacks in the United States. His refusal led to the Afghan war. U.S. Special Representative Richard Holbrooke said the peace plan should focus on low-ranking Taliban fighters motivated by money, not ideology — rather than on the leadership. "That is not on the agenda here. There is nothing happening on it involving the United States," Holbrooke told reporters. Holbrooke said the Taliban's renunciation of al-Qaida was a "red line" for the United States

LONDON (AFP) – Former British Prime Minister Tony Blair faces a public grilling Friday over his decision to wage war on Iraq, seven years after a bloody conflict that still divides his country. Blair is the star witness in a long-awaited inquiry that commentators hope will finally resolve questions about the intelligence that justified the March 2003 invasion, and whether the US-led war was legal. Anti-war campaigners, who held a million-strong march against the invasion at the time, have promised protests for the hearing in London, while the public interest is such that organisers had to hold a ballot for spectators. Relatives of some of the 179 British soldiers who died in the war will also be there, many of them keen to confront the man they hold responsible. Britain and the United States justified the invasion of Iraq with the threat posed by its possession of weapons of mass destruction (WMD) in defiance of United Nations resolutions, but they did not have explicit UN approval.

Concerns this meant the war was illegal were compounded by the failure to find the WMD, raising questions about the reasons for the conflict. The inquiry panel, led by former top civil servant John Chilcot, has the remit of learning lessons but not apportioning blame, and the focus has inevitably narrowed onto Blair. Although he is Labour's most successful prime minister, leading the party to three successive electoral victories, Blair's strong support for such an unpopular war contributed to his decision to step down early in June 2007.

Blair has always insisted the war was legal -- supported by his then attorney general, Peter Goldsmith, who gave evidence here Wednesday -- and said he was convinced Iraq had chemical and biological weapons. However, the ex-prime minister has never shaken off accusations that he and then US president George W. Bush were determined to remove Saddam Hussein by any means possible -- and that the intelligence was doctored to support their case. Successive government officials and ministers from the time have told the inquiry that the intelligence pointing to the WMD was patchy at best, and several made no secret of their desire to see Saddam removed from power. Blair himself told the BBC last month that he would "still have thought it right to remove" Saddam because of the threat he posed to the region, although he acknowledged

they would have had to deploy "different arguments". One of the key documents in the intelligence case against Saddam was a September 2002 dossier in which Blair wrote, in a foreword, that Saddam's possession of WMD was "beyond doubt" and he could deploy them within 45 minutes. The government argued that its legal basis for invading Iraq came from UN resolution 1441, passed in November 2002, which demanded Saddam disarm. However, the Foreign Office's own lawyers at the time told the inquiry that a second UN resolution explicitly condemning Saddam for not cooperating with weapons inspectors would have been needed to make military action legal.

Tony Blair has denied striking a "covert" deal with George Bush to invade Iraq at a private meeting in 2002 at the US president's ranch. He told the Iraq inquiry there was no secret about what was said - that Saddam Hussein had to be dealt with and "the method of doing that is open". The former prime minister was also quizzed about the claim Saddam could launch weapons at 45 minutes' notice. He said "it would have been better" if headlines about it had been corrected. The inquiry has now broken for lunch. Mr Blair used the morning session to mount an impassioned defence of the decision to go to war, telling the inquiry: "This isn't about a lie or a conspiracy or a deceit or a deception. It's a decision. And the decision I had to take was, given Saddam's history, given his use of chemical weapons, given the over one million people whose deaths he had caused, given 10 years of breaking UN resolutions, could we take the risk of this man reconstituting his weapons programmes or is that a risk that it would be irresponsible to take?" **'Not dissembling'** Sometimes it is important not to ask the "March 2003 question" but the "2010 question", said Mr Blair, arguing that if Saddam had been left in power the UK and its allies would have "lost our nerve" to act. Quoting frequently from his own speeches and statements, Mr Blair answered questions about his working relationship with George Bush, the intelligence used to justify to the public and the unsuccessful diplomatic efforts at the UN aimed at averting it. Earlier witnesses to the inquiry have suggested he told Mr Bush at their April 2002 meeting at the ranch in Crawford, Texas, that the UK would join the Americans in a war with Iraq. But Mr Blair said: "What I was saying - I was not saying this privately incidentally, I was saying it in public - was 'we are going to be with you in confronting and dealing with this threat'. "The one thing I was not doing was dissembling in that position. How we proceed in this is a matter that was open. The position was not a covert position, it was an open position." Pressed on what he thought Mr Bush took from the meeting, he went further, saying: "I think what he took from that was exactly what he should have taken, which was if it came to military action because there was no way of dealing with this diplomatically, we would be with him."

45 minute claim Asked about the controversial claim in a September 2002 dossier that Iraq could deploy weapons of mass destruction (WMD) at 45 minutes notice, he said it "assumed a vastly greater significance" afterwards than it did at the time. He said it "would have been better if (newspaper) headlines about the '45-minute claim' had been corrected" in light of the significance it later took on. He said he would have made it clear the claim referred to battlefield munitions, not missiles, and would have preferred to publish the intelligence assessments by themselves as they were "absolutely strong enough".

LONDON – An unrepentant Tony Blair defended his decision to join the United States in attacking Iraq, arguing Friday before a panel investigating the war that the Sept. 11, 2001 attacks made the threat of weapons of mass destruction impossible to ignore. The former British Prime Minister said that before Sept. 11 he thought "Saddam was a menace, that he was a threat, he was a monster, but we would have to try and make best." The attacks on New York and Washington changed everything, he said. "After that time, my view was you could not take risks with this issue at all," he said. This is Britain's third and widest-ranging investigation of the conflict, which triggered huge protests and left 179 British troops dead. The British military withdrew from Iraq last year. It is not intended to apportion blame or hold anyone liable for the conflict. But it could embarrass American and British officials who argued — wrongly — the war was justified because Iraqi leader Saddam Hussein was developing weapons of mass destruction and building ties with al-Qaida. Blair appeared somber as he began his scheduled six hours of testimony. He grew feistier as the day went on, gesturing, smiling and, at times, correcting what he saw as the flawed questions of panel members. The audience in the hearing room included family members of soldiers and civilians killed or missing in Iraq — all of whom sat quietly as he testified. Emotions ran higher outside, where demonstrators chanted and read the names of civilians and military personnel killed. Some 150 protesters shouted "Jail Tony" and "Blair lied — thousands died," as police officers looked on. The five-member panel pressed Blair on when exactly he offered U.S. President George W. Bush support for an invasion. Earlier witnesses claimed he promised it in 2002, more than a year before Britain's Parliament approved military action. Former British ambassador to Washington Christopher Meyer told an earlier hearing that an agreement had been "signed in blood" by Bush and Blair during a meeting at the president's ranch in Crawford, Texas, in April 2002. "The only commitment I gave — and I gave this very openly at the time — was a commitment to deal with Saddam," Blair said. He said military options were discussed, but said he told Bush that Britain wanted to exhaust diplomatic routes before an invasion was considered.

LONDON – Former Prime Minister Tony Blair's top legal adviser believed at first that it would be illegal for Britain to join the U.S.-led invasion of Iraq but ultimately changed his mind, he told the inquiry probing the conflict Wednesday. Peter Goldsmith, who was attorney general and the government's chief legal adviser from 2001 until 2007, told the inquiry that he first thought a second U.N. Security Council resolution was necessary to ensure any invasion's legality. "The balance came down in favor of saying, 'No, a second resolution is needed,'" Goldsmith said. "I then ultimately reached, when I had to reach a definitive view on this, a different view." The inquiry, led by former civil servant John Chilcot, is investigating the decisions and mistakes regarding the war, which was deeply unpopular in Britain. It left 179 British soldiers dead, triggered large public protests, and shadowed the final years of Blair's premiership. Blair is scheduled to testify Friday. The five-person panel is expected to report late next year, but will not apportion blame or hold anyone liable for the conflict. Goldsmith's ultimate decision that the invasion was legal paved the way for Britain's House of Commons vote which led to British participation in the invasion. And in his parting words to the inquiry panel after a six-hour appearance, Goldsmith defended his decision. "I have kept my own counsel on most of these matters, despite the criticism of my integrity and professional judgment,"

Goldsmith said. "Whether or not the military intervention was, as a matter of policy, right or wrong, I don't think is a matter for me to judge. But as far as the legality is concerned I did reach the opinion that it was lawful. I stand by that advice." In earlier testimony Wednesday, Goldsmith said his advice at first was that a second resolution would be needed, and he told the government that. Then in February 2003 — after a visit to Washington, where he met with U.S. lawyers — Goldsmith met with the prime minister's advisers in Downing Street, the leader's official residence.

A French parliamentary committee is expected to recommend a partial ban on women wearing the full Islamic veil. The committee is thought to see the burka as an affront to French values and will propose a ban in hospitals, schools and transport, AFP reports. France has been debating whether to ban the full body veil - known as the burka - with President Nicolas Sarkozy recently speaking out against them. The interior ministry says just 1,900 women in France wear the burka. Speaking earlier this month, Mr Sarkozy said the burka was "not welcome in France". However, he did not explicitly call for a ban, saying "no one should feel stigmatised" by any eventual law. **Benefits under threat...**Opinion polls suggest a majority of French people support a full ban. However, the parliamentary deputies are expected to recommend that - for now - restrictions should be limited, the BBC's Hugh Schofield reports from Paris. The committee will suggest a ban inside public buildings, with those who defy the ban denied whatever services are on offer there - for example state benefits, our correspondent says. The issue has divided France's political parties. The Socialist opposition has come out officially against a ban, saying it would be difficult to enforce. It says it is opposed to the burka in principle, but some members have expressed fears about any ruling that could stigmatise Muslim women. Meanwhile, the head of Mr Sarkozy's right-wing UMP party has already presented a bill in parliament supporting a full ban on grounds of security. The committee's report is expected to be followed by the drafting of a bill and a parliamentary debate on the issue

PARIS – France's prime minister asked a government body Friday to study the legal possibilities that would allow banning face-covering veils in France. Francois Fillon's letter to the Council of State came the same week that a parliamentary committee recommended forbidding burqa-like garments in public services, but stopped short of recommending a ban of such dress on the street. The prime minister's letter requests the council, which rules on the validity of French laws, to help the government determine how to put in place laws that would make the wearing of all-encompassing veils illegal. President Nicolas Sarkozy favors an all out ban, saying such garments have no place in France and that the dress debases women. The letter was released Friday. Conservative lawmaker Eric Raoult, the panel's No. 2, told The Associated Press earlier this week that a ban could be in place by the end of 2010. In his letter, Fillon said he wanted the council to advise on legislation that would lead to the "widest and most effective" application possible of a ban. Fillon wants the council to provide its guidance by the end of March. Imposing a ban of some nature on all-encompassing veils could be done through a parliamentary resolution. However, Fillon said that his government wanted a law in order to demonstrate that such veils "are not acceptable in our republic."

However, Fillon's letter stressed the need for a consensus and that it was important not to hurt the feelings of Muslims.

COPENHAGEN – Denmark's government said Thursday that face-covering Muslim veils don't belong in Danish society but no ban is needed because their use can be limited under existing rules. The center-right government said the burqa — an all-covering dress — and the niqab face veil are "diametrically opposed" to the values on which Danish society is built. It called for the full use of existing rules that allow schools, as well as both public and private employers, to demand that students, teachers and workers show their faces. "The use of the burqa or niqab ... deprives women of the right to interact in the Danish society on equal footing with men and women who do not wear the burqa or niqab," the government said. The statement followed months of discussion about whether Denmark should ban burqas and niqabs — a debate also taking place elsewhere in Europe. In France, a parliamentary panel recommended Tuesday that all public services should be off-limits to Muslim women wearing them.

And Wednesday in Sweden, Prime Minister Fredrik Reinfeldt said face-covering veils represent the oppression of women. But he said he didn't support a ban, because that would make some women more isolated. While the debate in Europe is widespread, use of the veils is not. A report commissioned by the Danish government found that only two or three women in the country wear burqas, and perhaps 200 wear niqabs. The government said it didn't base its position on the number of wearers but on the "extensive and humiliating limitations and difficulties" associated with the coverings. The nationalist Danish People's Party — a key ally of the minority government — criticized the government's stance and said stronger action was needed to curb the use of face-covering veils. "It is a pity that the government won't do anything about it," deputy party leader Peter Skaarup said.

MADRID – Charges have been filed against an imam in northeastern Spain accusing him of threatening a woman who refused to wear an Islamic headscarf or abide by certain Islamic customs, prosecutors said Thursday. The prosecutors are seeking a five-year jail sentence for Mohamed Benbrahim, a Moroccan, on charges of calumny, coercion and menacing behavior against fellow Moroccan Muslim Fatima Ghailan. The two live in Cunit, a town in Catalonia, a region with a sizable Muslim population. The court filed similar charges against the president of the Islamic Association in Cunit and lesser ones against Benbrahim's wife and his daughter. In a statement to the court in the nearby town of Vendrells, Ghailan, 31, said Benbrahim had harassed her and campaigned to have her removed from her job in the town hall's cultural department purely because she had a job, dressed in a Western style, drove a car and associated with non-Muslims. She said the imam and his supporters also pressured her husband and children. Ghailan filed a complaint in December, 2008, after she said she and her husband were accosted in the street by the imam, who told them they would be run out of the town. Benbrahim was quoted by the Spanish daily El Pais as denying the charges and claiming Ghailan concocted the story. He said he simply felt the woman was not suitable for the job. But the prosecutors office said the judge investigating the case had found the woman's account credible and decided to press charges. Ghailan and the imam could not

be reached for comment Thursday. The prosecutors office said it could be a year before a trial is held.

A Muslim woman has failed to overturn a ban stopping her from wearing a headscarf during league basketball matches in Switzerland. Sura al-Shawk, 19, was told she could not wear a headscarf by the basketball association (ProBasket) in August 2009. A local court in Lucerne has upheld the ruling on safety grounds. ProBasket also argued the sport needed to stay religiously neutral. Ms al-Shawk can appeal again within 10 days. Ms al-Shawk is a Swiss citizen with an Iraqi background and plays for STV Luzern. The court ruled that the overall safety regulations set by the association took precedence over her desire to wear a headscarf for religious reasons, says the BBC's Imogen Foulkes in Switzerland. But the court did admit that, in upholding the ban, it was placing limits on the young woman's personal freedom, our correspondent says. The headscarf is not especially common in Switzerland, whose Muslim community comes primarily from former Yugoslavia. However, wearing it in public is largely accepted, she adds. ProBasket said it followed the rules of FIBA, basketball's world governing body, in enforcing its ban.

ROME – Pope Benedict XVI decried Monday what he called "growing aversion" to the Christian faith in the world. The pontiff in his homily in a Rome basilica didn't single out any geographic area, but his worry about the plight of the Christian minority in the Middle East will shape discussions Mideast bishops will hold later this year at a special meeting at the Vatican. The Vatican has repeatedly expressed concern about the flight of Christians from the overwhelmingly Muslim region as well as about the religious discrimination that many of those who remain are suffering. Benedict urged Christians to invigorate efforts to spread their faith's message despite what he described as the unfriendly climate to Christianity in parts of the world. "In a world marked by religious indifference and even by a growing aversion toward the Christian faith, a new, intense activity of evangelization is necessary," the pope said.

He urged Christians to overcome their differences through dialogue so that they can unite their efforts to influence debates in society on ethical issues like abortion, euthanasia and the limits of science and technology. Benedict was leading a Vespers service in the Basilica of St. Paul Outside the Walls to mark the end of a week that the Vatican each year dedicates to prayers for Christian unity. The pontiff has made better relations among Christians an important aim of his papacy. Despite that goal, relations with Anglicans were strained last year when Benedict made it easier for the conversion to Roman Catholicism by traditionalist Anglicans who are disillusioned by their own church's embrace of gay priests, blessing of same-sex marriages and women clergy.

LONDON – Britain's Supreme Court ruled Wednesday that the government overstepped its power when it froze the bank accounts of five terrorist suspects without a vote in Parliament. It said the special Treasury orders were unlawful. The government said it had a duty to disrupt terrorist financing, and would seek Parliamentary approval for "fast-track legislation to ensure there is no disruption to our terrorist asset-freezing powers." The court gave the government a month to comply with the judgment. The court also ruled that the suspects' names should be made public, after a challenge by media

groups including The Associated Press. They had initially been granted anonymity and identified only by initials. The five men had their assets frozen by the Treasury between 2005 and 2007 and have had to apply for permission even to buy groceries and other essentials. They are accused by the government of offenses including meeting al-Qaida leaders and giving support to terrorist organizations in Pakistan, but they have not been convicted by any court. The men's assets were seized based on two U.N. Security Council resolutions that imposed sanctions on people alleged to be funding terrorism.

The judges said the effect on the men's lives had been "very burdensome ... The impact on normal family life is remorseless and it can be devastating." Seven Supreme Court judges ruled that the Treasury did not have the power to make orders that "interfere so profoundly with individuals' fundamental rights without parliamentary scrutiny."

The lead justice, Lord Phillips, said the ruling "upholds the supremacy of Parliament in deciding whether or not measures should be imposed that affect the fundamental rights of those in this country." The decision is the latest in a series of court rulings undermining tough anti-terrorism measures introduced by the British government after the Sept. 11, 2001 attacks.

The ruling could have far-reaching implications for the government's ability to freeze assets in the future. More than 50 people living in Britain are believed to be on the Treasury sanctions list. Four of the suspects were named by the court as Mohammed Jabar Ahmed, Mohammed Azmir Khan, Michael Marteen and Hani El Sayed Sabaei Youssef. At an earlier hearing the justices lifted the anonymity order against the fifth, Mohammed al-Ghabra, whose name had already been in the public domain. Al-Ghabra is a British citizen who was born in Syria, and the others are originally from Egypt. Three of them — Ahmed, Khan and Marteen — are brothers. The U.S. Treasury alleged in 2006 that al-Ghabra had provided "material and logistical support" to al-Qaida and other terrorist organizations in Pakistan. Youssef is an Egyptian Islamist who has lived in Britain since 1994. The court disclosed that Youssef was placed on the terror asset list at the behest of "an undisclosed U.N. member state," and the British government was attempting to have him removed. The allegations against the three others are unclear, although none has ever been charged with a terrorist offense. The court said Ahmed and Khan had left their families in London, had not been in touch with their lawyers and might have left Britain.

LONDON – U.S. Secretary of State Hillary Rodham Clinton says she has told China the United States is concerned about Chinese action that could infringe on Internet freedoms. Clinton told reporters she brought up tensions about alleged restrictions on the U.S.-based search engine Google when she met with her Chinese counterpart in London Thursday. Clinton said the exchange was positive and candid, and that China feels strongly that it does not get credit for what it considers a policy of openness. Google threatened this month that it might pull out of China in a dispute over Web censorship and cyber attacks.

ATHENS, Greece -- Leftist demonstrators and ultra-right activists clashed in Athens on Saturday (January 23rd) during a rally against racism and discrimination of immigrants. The event took place after a recent arson at a club where members of leftist

organisations gathered. At the rally, ultra-right agitators armed with metal rods attacked the protestors. Police arrested 44 of the attackers.

ATHENS, Greece -- Greek farmers eased protests on Saturday (January 23rd) as the blockades of some 20 roads across the country were lifted but another 14 remained, including the one at the Kulata-Promahon border with Bulgaria. On Friday, Prime Minister George Papandreou urged an end to the action. The protesters are demanding secure subsidies, guaranteed buy-out prices of their produce, lower production costs and freeze of their bank credits. Papandreou, whose government is in severe financial crisis, told the farmers he will stay with current austerity measures. The blockades only eased after Bulgarian Prime Minister Boyko Borissov met the protesters at the border and told them he will inform the EU of their demands. Bulgaria wants a 10m-euro compensation for losses suffered because of the protest.

Turkey and Greece are signaling a new era of improved relations following last October's election of Greek Prime Minister George Papandreou. After that victory, Turkish Prime Minister Recep Tayyip Erdogan wrote his new peer a four-page letter with suggestions on how the countries might better get along. On Monday (January 25th), Papandreou replied that he welcomed the opportunity. Erdogan wrote that mutual respect and understanding between Greece and Turkey would improve stability throughout the region. "We sincerely seek to develop our relations." Turkey and Greece came to the brink of war in 1996 over the divided island of Cyprus, to which both countries lay claim. However, successive earthquakes that hit both nations in 1999 gave rise to "earthquake diplomacy" and led to the removal of a Greek veto over Turkey's bid for full EU membership. Erdogan proposed a bi-lateral working group at the ministerial level to better tackle key issues. First, Erdogan suggests that Papandreou push Greek and Turkish Cypriots for a breakthrough in the ongoing talks to unite the island, split since 1974. "Although this problem does not directly refer to our peoples, we should give a hand to them," he said. Erdogan is also steadfast on improving the treatment of Turkish and Greek minorities in both countries. "Our minorities have needs to be responded to. In this new era, we should fulfill their expectations," he said. Nearly 130,000 Turks live in Greece, while Turkey is home to thousands of Greeks. Third, regarding borders along the Aegean Sea -- a problem caused by disagreements over the definition of territorial waters -- Erdogan suggests "new confidence-building measures and accelerating the ongoing technical talks on this issue". Lastly, Erdogan said the countries must deal with human trafficking. Turkey and Greece have been used as corridors for migrants often smuggled from the Middle East to the Balkans. From there, they move towards EU member nations.

ATHENS, Greece -- Prime Minister George Papandreou is urging his Turkish counterpart Recep Tayyip Erdogan to re-launch efforts to improve bilateral ties, Papandreou announced Monday (January 25th). In response to a letter sent in November, the Greek prime minister invited Erdogan on an official visit, saying he desires to "establish more vital and more productive ties" between Ankara and Athens. He also urged Turkey to stop disputing Greek sovereignty in the Aegean Sea, particularly by violating Greece's air space.

ATHENS, Greece -- Finance Minister George Papaconstantinou rejected on Monday (January 25th) any notion of his country leaving the eurozone. "Speculation of exit from the currency union are flights of fancy," he told the German daily Die Welt. Voicing optimism that his country will be able to strengthen its public finance, Papaconstantinou reiterated that Athens intends to deal with its problems itself. "We will conquer our budget problems on our own. We have asked no one for financial aid and also expect no help from outside," he said. Greece has presented a plan to the European Commission that aims to slash the budget deficit from 12.7% of GDP last year to 2.8% in 2012, through a series of austerity measures

ATHENS, Greece -- IMF Managing Director Dominique Strauss-Kahn said on Tuesday (January 26th) that Greece can survive its grave financial crisis through "deep reform at all levels". In an interview with the Athens-based daily Naftemporiki, Strauss-Kahn said the Greek economy is "in a crucial phase and should manage to restore its reliability". At the same time, he stressed that the country should keep its commitments as a member of the eurozone.

BRUSSELS, Belgium -- European Commission (EC) President Jose Manuel Barroso on Thursday (January 28th) urged Greece to meet obligations to its EU partners and bring its double-digit budget deficit within the bloc's 3% of GDP ceiling. While saying that Greece must meet its obligations to the rest of the bloc, Barroso added that the EU should support the country as it tries to solve the problem. At the World Economic Forum in Davos, Greek Prime Minister George Papandreou denied media speculation that the country has asked for EU support. He stressed that Athens is determined solve its debt problem on its own.

Experts say the financial crisis in Greece has affected other countries in the region, but to varying degrees. The ongoing economic crisis is primarily responsible for the drop in bilateral trade and investments between eurozone member Greece and its biggest regional commercial partners, experts agree. However, they say, the spectre of a deficit crisis in the country won't spill over into neighbouring countries' finances.

"The biggest repercussions [on local economies] are from the overall economic crisis and not from the [Greek] crisis," Grigor Porozhanov, the commercial attaché at the Bulgarian Embassy in Athens, said recently. FDI from Greece to Bulgaria totaled 392m euros in 2008, yet in the first half of 2009, the amount reached only 88m euros. "Both countries have some difficulties in fiscal areas, but this is not the primary reason for the decrease in trade and investments. The reason is due to reduced liquidity, which affects the economy and affects the intensity of Greek investments in Bulgaria," he said, adding: "The fiscal problem is one side of the problem, however, but not the substance." Only a few blocks away in Athens' leafy diplomatic row, the commercial and economic counselor at the Romanian Embassy, George Baesu, said Greece-Romania imports and exports are a primary casualty of the international recession, and indirectly, of the current deficit predicament in Greece. "We don't think that what happened and is happening in Greece will affect Romania more than say, affecting [Romanian] exports here ... the Romanian economy, of course, is based greatly on exports," he said, adding that Romania is expected to exit the crisis early this year. The figures for the first nine months of 2009 show exports from Romania to Greece down 14% compared to the corresponding period of 2008. Imports from Greece to Romania decreased by 28.6% during the same period.

"We hope the economic situation here recovers quickly, because Romanian people like doing business with Greeks," Baesu said, noting that an improvement in Greece's eurozone image will positively affect the entire region. The Turkish commercial attaché in Athens, Bulent Tuncer, reiterated that "Turkey is a major trade partner for Greece, and while exporters and importers may have concerns about the crisis, Turkish companies are accustomed to dealing with crises; this won't affect them more than other countries."

Southeast Europe

ROME, Italy -- The chief prosecutors of Macedonia, Serbia, Montenegro, Croatia, Bosnia and Herzegovina and Albania signed a memorandum of regional co-operation in fighting organised crime and other serious crimes late Monday (January 25th). The document, signed here during a meeting of chief prosecutors, is expected to boost co-operation through information exchanges and joint investigations.

BELGRADE, Serbia – The new head of the Serbian Orthodox Church on Thursday urged dialogue to overcome long-standing divisions with Roman Catholics. Patriarch Irinej said that a 2013 anniversary important to Christians would be a "good opportunity ... to meet and talk." He added that "with God's help this (dialogue) would continue to overcome what had happened in history and take a new, Christian road." The year 2013 marks 1700 years since Roman emperor Constantine the Great signed the Edict of Milan to establish religious tolerance for Christians. Serbia's patriarch has suggested that the ceremony to mark the anniversary could be held in the Serbian city of Nis, emperor Constantine's birthplace, and include Pope Benedict XVI as well as key Orthodox Christian leaders. That would be the first ever visit by a pope to Serbia, a rare European country not visited by the Roman Catholic Pope.

The Serbian Orthodox Church had opposed the visit in the past because of the schism between the two churches, but also over the Balkan wars of the 1990s, which pitted Serbs against Croats, who are mostly Roman Catholics. Irinej acknowledged that the war period "was not the right moment (for the papal visit) and we decided to postpone it for more peaceful times." He added, however, that no concrete arrangements for the visit have been made so far. The 80-year-old Irinej was elected last week to become the 45th Serbian patriarch. He is considered to be a moderate in the influential church which is viewed as hardline conservative. Irinej has retained firm opposition to the Western-backed opposition in Kosovo, the historic heartland of the Serbian church which split in 2008. He said Thursday that "Kosovo is soaked with Serbian blood" and "belongs to us."

BELGRADE, Serbia -- In a record voter turn-out, the Democratic Party (DS) led coalition won Sunday's (January 24th) local elections in Odzaci, Vojvodina, traditionally a stronghold of the Serbian Radical Party (SRS). Results from the early elections showed that the "For a European Odzaci -Boris Tadic" coalition took 35% of the vote, trouncing the Serbian Progressive Party that got 22%. Trailing was the small government ally, the Serbian Socialist Party-United Serbia-Party of United Pensioners of Serbia coalition, with 11%, followed by the SRS with 10%. The Democratic Party of Serbia and G17 plus will also be represented on the municipal council. The turn was 72%. Early elections were

called after none of the parties represented in the local parliament managed the necessary majority to rule in the May 2008 election.

NEW YORK, United States -- UNMIK chief Lamberto Zannier on Friday (January 22nd) briefed the UN Security Council on Kosovo, urging local authorities, Kosovo Albanians and Kosovo Serbs to work together in the creation of a multi-ethnic society to protect cultural heritage and promote regional prosperity. Zannier presented UN Secretary-General Ban Ki-moon's latest report, stating that Kosovo has been largely peaceful and stable despite the risk of flare-ups in the north. Zannier noted sufficient progress in the return of displaced persons, identification of missing persons, the establishment of multi-ethnic courts and police service. Kosovo Foreign Minister Skender Hyseni spoke at the session, noting that 65 countries have recognised his country's independence. He expressed hope that Pristina will become a member of the UN and vowed that Kosovo would continue to find ways to strengthen relations with its neighbours, including Serbia. Serbian President Boris Tadic said that Belgrade's position on Kosovo's status is unchanged, saying: "Serbia will never, under any circumstances, implicitly or explicitly, recognize the unilateral declaration of independence."

Serbia's president and Kosovo's foreign minister clashed before the UN Security Council over Belgrade-run parallel structures and a strategy that would limit their influence. The UN Security Council met on Friday (January 22nd) to discuss the current situation in Kosovo. It heard from the chief of the UN mission in Kosovo, Lamberto Zannier, who said the situation is largely peaceful, but pointed to a risk of destabilisation. He said ethnic tensions and problems with the electricity supply are complicating life north of the Ibar River, where ethnic Serbs have set up parallel government structures with Belgrade's blessing. A lack of agreement between Kosovo and Serbian electricity companies has led to blackouts, fuelling anger among local residents. UNMIK "must continue to shepherd the reconstruction process and monitor the situation closely to ensure stability", Zannier said. The Security Council also heard from Serbian President Boris Tadic and Kosovo Foreign Minister Skynder Hyseni, who sparred over the parallel structures. Hyseni attacked Serbia's decision to nominate its own prosecutors and judges for Kosovo courts, saying Belgrade had demonstrated its clear aim of "undermining the ongoing decentralisation process". "This is also an attempt to obstruct and undermine joint efforts of EULEX and Kosovo authorities to restore law and order across Kosovo through the establishment of multiethnic institutions," Hyseni said, adding that the parallel structures are "unacceptable" and "must end". Tadic, however, said that the institutions are legitimate and that the only "parallel institutions" were the ones set up as a result of Kosovo's 2008 unilateral declaration of independence, which Serbia refuses to recognise. He blasted a plan, drawn up by the International Civilian Office in Kosovo with input from the Kosovo government, to create a Northern Mitrovica municipality by mid-year. Kosovo's leaders have expressed hope that it will isolate the Belgrade-sanctioned institutions and help Pristina extend its authority.

PRISTINA, Kosovo -- Belgrade will be consulted in implementing a strategy to establish law and order in northern Kosovo, International Civilian Office (ICO) head Pieter Feith was quoted as saying on Sunday (January 24th). The ICO has already

established nine international working groups to help with the strategy, which aims to make Kosovo institutions functional in an area dominated by Serb parallel structures. "We believe that citizens deserve better services. We would like to strengthen the rule of law. We want to improve social and economic conditions for the citizens in the north. We believe that the establishment of a municipality in the north would offer more autonomy and rights for communities," Feith said. Kosovo Prime Minister Hashim Thaci, however, said recently that Belgrade plays no part in implementation. At a cabinet meeting Saturday, he instead urged ministers to work harder at making the strategy a reality.

Serbian authorities dismiss plans by Pristina and the international community to eliminate so-called parallel structures in northern Kosovo. The weekend announcement that the Kosovo government -- backed by the International Civil Office (ICO) -- will work to integrate the Serb-majority north with Pristina institutions is being resisted fiercely by Belgrade. Kosovo's north borders central Serbia and is home to a third of the 130,000 Serbs still remaining in Kosovo. The Pristina government holds no authority over northern Kosovo, rather it is run by the institutions of UNMIK and the Serbian government, which Pristina calls "parallel structures". In an address to the UN Security Council on Friday (January 22nd), Serbian President Boris Tadic called the plan "an unnecessary and dangerous provocation" that jeopardises the fragile stability of Kosovo. Tadic called Pristina's plan a "final solution" for northern Kosovo, adding that it "will not bring anything good to those living there. It will only satisfy the extremists, who want everything that happens in Kosovo to be viewed through the distorted prism of the illegal declaration of independence [of Kosovo]." News of the plan was reported several weeks ago in the Serbian media and later confirmed by Kosovo Prime Minister Hashim Thaci and ICO chief Pieter Feith. The ICO has established nine international groups to help implement the strategy, which aims to make Kosovo institutions functional in an area dominated by those Serb parallel structures.

PRISTINA, Kosovo -- US Ambassador to Kosovo Christopher Dell says Washington supports the strategy formulated by the International Civilian Office (ICO) and the Kosovo government. The plan hopes to extend the authority of local state institutions to the northern part of the country. Belgrade-backed "parallel structures" in the north are tied to criminal structures, Dell said on Tuesday (January 26th) in Pristina, after meeting with Justice Minister Nekibe Kelmendi, who thanked the US government for its continuous support. Belgrade is angry over the new strategy and Spain, current holder of the rotating EU presidency, says UNMIK was not consulted about it.

PRISTINA, Kosovo -- The EU plans to remain neutral toward the government's new strategy for northern Kosovo and refrain from making public comments on it, said an international source close to the EU presidency, held now by Spain. Friday's (January 29th) edition of the Pristina-based daily Koha Ditore quotes the source saying the EU does not want to damage efforts by the government and the International Civilian Office to implement the strategy. "The EU's position on the North of Kosovo is the same as the one on the whole of Kosovo ... to promote social and economic reforms, to strengthen the rule of law and to contribute to a stable and multi-ethnic environment," the source said.

Serb dominated areas in the north are now controlled by Belgrade-backed "parallel structures".

PRISTINA, Kosovo -- The most powerful international official in Kosovo -- International Civilian Office (ICO) chief Pieter Feith -- will have his mandate reviewed by representatives of the 25 states in the International Steering Group (ISG) next month. The February 8th review will be conducted in accordance with former special envoy Marti Ahtisaari's comprehensive proposal for resolving Kosovo's status. The ISG must review the responsibilities of the ICO chief to gradually reduce them, within two years of implementing the Ahtisaari Plan in February 2008. Feith also serves as EU special representative to Kosovo.

PRISTINA, Kosovo -- The Vetevendosje (Self Determination) movement on Sunday (January 24th) accused EULEX of lacking the time and political will to deal with Serb criminals and corrupt politicians in Kosovo. Vetevendosje's reaction came a day after EULEX summoned Vetevendosje leader Albin Kurti to trial, which is scheduled to start on February 15th. The charges stem from a February 2007 demonstration called by Vetevendosje that turned violent. To prevent the rioting crowd from breaking into Kosovo government and parliament buildings, Romanian UNMIK police opened fire with rubber bullets, killing two protestors. Kurti insists that EULEX justice in Kosovo is selective. "By not dealing with war crimes committed by Serbia, with the crimes committed by Serb parallel structures, with the local corrupted politicians, but dealing with ordinary soldiers of the KLA and activists of Vetevendosje, they are doing the same thing as UNMIK," he said.

PRISTINA, Kosovo -- The government expects a positive decision from the European Commission (EC) on visa liberalisation by next year, Deputy Prime Minister Hajredin Kuci said Monday (January 25th). After meeting with parliament's EU Integrations Committee, Kuci acknowledged that the five EU member states that have not recognised Kosovo -- Romania, Slovakia, Greece, Cyprus and Spain -- could hinder the process. A delegation of EC experts is to arrive in Kosovo Wednesday to push dialogue between Pristina and Brussels on the issue.

SKOPJE, Macedonia -- Foreign Minister Antonio Milososki has invited Greek Alternate Foreign Minister Dimitris Droutsas to a bilateral meeting later this week, local media reported on Sunday (January 24th). The talks could take place Thursday in London, on the sidelines of an international conference on Afghanistan that the two officials are expected attend. Macedonian Prime Minister Nikola Gruevski voiced hope on Sunday that bilateral talks with his Greek counterpart, George Papandreou, on the long-standing name dispute between their countries would continue.

LONDON, United Kingdom -- Macedonian Foreign Minister Antonio Milososki and Greek Alternate Foreign Minister Dimitris Droutsas agreed Thursday (January 28th) to ask UN mediator Matthew Nimetz to intensify talks on their countries' long-standing name dispute. Milososki and Droutsas met in London on the sidelines of an international conference on Afghanistan. Nimetz is expected to visit Macedonia and Greece in about a

month. Milososki said Athens has reservations about Macedonia's initiative to raise existing liaison offices in Skopje and Athens to the level of embassy. He added that the Greek Finance Ministry is looking into Skopje's initiative to sign an agreement on double taxation avoidance.

Two decades of working towards a multi-party democracy in Macedonia show signs of both success and failure. In the 20 years since the fall of the Berlin Wall, Macedonia has been building a multi-party democracy with all the facets of individual and minority rights. There are some aspects of communism during the days of the former Yugoslavia, however, for which citizens can be nostalgic: job security, health and education systems and the freedom to travel throughout the world. "We experienced a national revival in the past 20 years, but the price we paid for our national freedom in economic and social terms is certainly high, yet worth it," Tatjana Hristova of Skopje told Southeast European Times. "Particularly hurtful was the visa regime which limited free travel that we enjoyed in the past, and also almost completely hampered the private sector," she added, noting satisfaction with the EU's decision to abolish the visa regime late last year. The path to democracy began in the late 1980s when the government of Gligorie Gogovski -- the last single-party ruling body in the country -- opened widespread debate about moving in a new direction.

Before long, legislation allowed different political parties to register. The Albanian minority's Party for Democratic Prosperity and the Social Democrat Party were soon followed by many others. Then, a reformist wing of the Gogovski government -- including current National Bank Governor Petar Goshev -- adopted a social democratic ideology in 1990. Goshev is often viewed as the earliest opponent of Slobodan Milosevic's attempts to dominate Yugoslavia. In an interview with Utrinski vesnik, Goshev said that Milosevic personally forced policies for the dissolution of Yugoslavia. Macedonia's first pluralist parliament adopted a Declaration of Independence in January 1991. In a referendum on September 8th that year, more than 95% of voters favoured independent statehood. Macedonia's leadership quickly resolved to join the world's community of democracies, a decision reflected in its acceptance of the first UN prevention deployment mission (UNPREDEP) during the Yugoslav wars. To date, Macedonia has met the conditions for NATO membership and has implemented the necessary steps to secure negotiations for EU membership. Yet the effects of the turbulent 1990s are still felt today, as country recovers from an economic embargo imposed by Greece over a longstanding "name dispute", along with the loss of Yugoslav markets due to war and various sanctions. The progress of political and economic reforms was also slowed by the 1999 Kosovo war, during which Macedonia took in hundreds of thousands of Kosovo Albanian refugees.

BRUSSELS, Belgium -- The European Parliament's (EP) Foreign Policy Committee approved on Wednesday (January 27th) amendments to Macedonia's EU progress reported submitted by EP lawmaker and rapporteur Zoran Thaler. Under the document, the country is to receive a date for starting EU accession talks in March, when the EU's foreign ministers will hold their next summit. Speaking to journalists after the vote, Thaler said the approval was a very positive development for Macedonia and a strong political signal from the EP to the European Commission and the EU Council.

At the same session, the EP also approved the 2009 progress reports on Croatia and Turkey. According to the resolution, EU accession talks with Zagreb should be concluded this year, if all criteria are met. The document stressed that Croatia's accession would be a strong impetus for other Western Balkan countries willing to join the bloc. At the same time, it advised the country to work harder to improve its public administration, reform its judiciary and fight corruption and organised crime. Turkey, on the other hand, registered only limited progress in some key reforms, the EP said in its resolution. Ankara was criticised for failing to implement the Additional Protocol to the EC-Turkey Association Agreement, closing the Democratic Society Party, and a court decision that annulled legislation limiting the jurisdiction of military courts.

However, EP members welcomed the broad public debate launched on the so-called democratic opening process, as well as adoption of legislation that removed restrictions on broadcasts in Kurdish. The resolution also praised Turkey's role in regional security. The resolution moves next to discussions and a vote by the EP next month in Strasbourg.

SARAJEVO, Bosnia and Herzegovina (BiH) -- The head of the European Commission (EC) delegate on to BiH, Dimitris Kourkoulas, said in an interview with Sarajevo-based daily Dnevni Avaz on Sunday (January 24th) that the country has not yet met all conditions for EU visa liberalisation. Kourkoulas noted that while the recently passed law on amendments to the criminal code was an important step, some technical tasks remain. He added that EC experts who plan to visit the country next month will conduct a final evaluation as to whether BiH meets all criteria to allow its citizens to enjoy visa-free travel to EU countries.

BRUSSELS, Belgium -- High Representative to Bosnia and Herzegovina (BiH) Valentin Inzko on Tuesday (January 26th) urged the EU to take seriously ongoing challenges in the country. The EU, including the European Parliament (EP), needs to be proactive to reverse recent political trends toward fragmentation, Inzko told the EP's Western Balkans Working Group. He reiterated that BiH is at a stalemate with no major reforms implemented recently. Inzko also criticised attempts to challenge state institutions and his powers, as is happening in Republika Srpska (RS).

The entity's parliament approved a draft law Tuesday on holding referendums and other initiatives. The law spells out procedures and responsibilities of the various institutions. RS Prime Minister Milorad Dodik called for a referendum next month. He wants to see if citizens support the 1995 Dayton Peace Accord, which gives the high representative sweeping powers. Dodik has also threatened to eventually hold a referendum on seceding from BiH.

SARAJEVO, Bosnia and Herzegovina (BiH) -- High Representative Valentin Inzko said on Thursday (January 28th) that BiH should take advantage of this year's general elections to accelerate the EU integration process. After meeting with a European Parliament delegation in Sarajevo, Inzko said local political parties should concentrate on programmes related to EU topics instead of nationalistic rhetoric. He also criticised challenges to the 1995 Dayton Peace Agreement while insisting that the main priority should be visa liberalisation.

STRASBOURG, France -- The Parliamentary Assembly of the Council of Europe (PACE) adopted a resolution Tuesday (January 26th) on the functioning of democratic institutions in Bosnia and Herzegovina (BiH). The document expresses concern for the lack of progress in the country. Presented by Kimmo Sasi of Finland, the draft notes that the so-called Butmir process involving leaders of the main Bosniak, Serb and Croat parties has produced no results in constitutional changes. PACE urges all parties in BiH to engage fully in a constructive dialogue over amendments to the constitution before this year's parliamentary elections

BELGRADE, Serbia -- Republika Srpska (RS) Prime Minister Milorad Dodik says he expects a law on referendums to be passed by the entity's parliament in February. Dodik was in Belgrade on Saturday (January 23rd) attending the ceremony to enthrone Bishop Irinej of Nis as the new patriarch of the Serbian Orthodox Church. Dodik said that once the measure on referendums is passed, RS citizens are expected to vote on whether they support the 1995 Dayton Agreement that ended the Bosnian conflict. He did not specify the exact timing of the referendum.

BANJA LUKA, Bosnia and Herzegovina (BiH) -- Republika Srpska's (RS) parliament will debate the government's draft law on referendums and civic initiatives during an extraordinary session on February 9th, Parliament Speaker Igor Radojicic announced Thursday (January 28th). The bill only stipulates the possibility of calling a referendum on a wide range of topics. It does not specify which questions will be asked. Prime Minister Milorad Dodik wants the measure while some opposition parties have imposed conditions on their support. Dodik said he will ask voters if they support the 1995 Dayton Accord, which gave the high representative to BiH sweeping powers.

TIRANA, Albania -- The Parliamentary Assembly of the Council of Europe (PACE) on Monday (January 25th) suspended the voting rights of the Albanian delegation because its members were selected without parliamentary procedure. Tirana insists the official regulations were respected in selecting members. They include Kastriot Islami, a lawmaker from the opposition Socialist Party, which has been boycotting Albanian parliamentary sessions since September.

STRASBOURG, France -- The Parliamentary Assembly of the Council of Europe (PACE) is urging the Albanian government and the opposition to end their stalemate and begin necessary reforms. In a resolution adopted on Thursday (January 28th), PACE advised the government to form a parliamentary commission to investigate the June 2009 general election, as the opposition has demanded, and urged the opposition to end its boycott of parliament. It suggested that President Bamir Topi serve as mediator.

TIRANA, Albania -- The so-called "anti-mafia" law that allows the seizing of assets whose legal origin cannot be proved took effect on Sunday (January 24th). The new legislation enables authorities to seize suspicious assets and put the owners on trial to determine the source. It was adopted last month without the support of the opposition Socialist Party (SP), whose lawmakers are concerned its application could be selective. The opposition argues that the money brought home by immigrants is not registered, which represents an opportunity for authorities to abuse such cases.

TIRANA, Albania -- The Constitutional Court will strike down an agreement on maritime borders between Albania and Greece, according to local media reports Tuesday (January 26th). The court is expected to rule that the document violates the Albanian Constitution and must be renegotiated. The agreement, delineating maritime borders in the Ionian Sea, was signed in April 2009 during a high-profile meeting between Prime Minister Sali Berisha and his then Greek counterpart, Costas Karamanlis. Adoption by parliament was blocked in November, after the opposition Socialist Party moved to have it reviewed by the Constitutional Court.

WASHINGTON, United States -- Italian Foreign Minister Franco Frattini believes that Albania will see its EU visa barriers fall by summer. In a speech on Tuesday (January 26th), Frattini expressed hope that political parties in Tirana will understand the country's broader interest and help it join the EU as soon as possible. The opposition Socialist Party has been boycotting parliament for months, demanding an investigation into June 2009 general elections. A reported 89% of Albanian citizens support EU integration, according to a survey by the Institute for International Studies in Tirana.

Oceania

SYDNEY (AFP) – Australians were Monday urged to consider changing their national holiday because it commemorates the arrival of British settlers -- a day of "pain and bewilderment" for Aboriginal people. Celebrated author Thomas Keneally, who penned the book "Schindler's Ark" which was later made into the blockbuster movie "Schindler's List," said marking Australia Day on January 26 was a "double-edged sword." "On Australia Day, I believe, most reasonable Australians now admit that the descent of European people upon Australia brought bewilderment and pain for the (Aboriginal) Eora people of the Sydney basin," he said. Keneally said it was "worth debating" moving Australia Day from January 26 -- the date the first fleet of British convicts arrived in Sydney Cove in 1788 and termed "Invasion Day" by many indigenous Australians. Prominent Aboriginal lawyer and activist Mick Dodson backed Keneally's calls for a national discussion on Australia Day but said the date was not as important as the meaning of the celebration. "What to me is important is, 'What does the day mean?' And if we get the meaning right and the date doesn't become as relevant, then perhaps we can live with January 26," he told ABC radio. The Australian flag, which features Britain's Union Jack in its top left corner, also came under scrutiny ahead of the national day along with the country's old-fashioned anthem "Advance Australia Fair." But Deputy Prime Minister Julia Gillard defended the flag, saying it was an important national symbol and said she supported keeping Australia Day on January 26, despite injustices committed against Aborigines. "When we talk about this nation's history, we've got to be frank about the good things and also frank about the things that are to be regretted," she said.

SYDNEY (AFP) – Australia has set up a group to look into recent violence against Indian students that has threatened ties with the South Asian giant, Foreign Minister Stephen Smith said. Smith said he had discussed joint concerns over the attacks with his Indian counterpart S M Krishna in London on Wednesday, including the January

2 stabbing murder of Nitin Garg in Victoria state. "I appraised him of the formation of the high-level working group between the Commonwealth and Victoria to deal with these matters and I undertook to keep him regularly provided with information on investigations and prosecutions as they come to hand," Smith told reporters Thursday.

Diplomatic tensions between Canberra and New Delhi have mounted following the unsolved murder of 21-year-old Punjab man Garg in Melbourne, with New Delhi expressing "absolute displeasure and concern" over the violence. Smith said Australia did not want the issue to hurt ties. "We resolved this was a difficult issue which we did not want to get in the way of the good and strong bilateral relationship between Australia and India which we've taken to new levels in the last couple of years," Smith said.

Australian police have acknowledged a jump in the number of attacks against Indians in Victoria but say they are not all racially motivated. The latest violence, which follows a string of attacks against Indians that spilled over into street protests in Sydney and Melbourne in 2009, threatens to damage Australia's 15.4 billion US dollar education export industry. Indian students account for 19 percent of total international enrolments in Australia, taking 117,000 places in the 12 months to October 2009. Meanwhile, police in New South Wales arrested three people over the murder of 25-year-old Indian national Ranjodh Singh, a fruit picker whose partially burned body was found beside a country road on December 29. "The motive for this horrific crime is not race-related," Assistant Police Commissioner Mark Murdoch said.

SYDNEY – A state government in Australia agreed Thursday to turn over documents to U.S. authorities seeking a capital murder charge against an Alabama man jailed in Australia for the drowning death of his wife during a honeymoon scuba dive.

Gabe Watson, 32, is serving an 18-month jail term in Queensland state after pleading guilty to a manslaughter charge in the death of 26-year-old Tina Watson during a 2003 scuba diving trip on the Great Barrier Reef. He was an experienced diver while she was a novice. They had only been married 11 days when she died. Prosecutors initially charged Watson with murdering his wife by turning off her air supply and holding her underwater. Watson pleaded guilty to the lesser charge in June and received a one-year term — a sentence that angered Tina Watson's loved ones, who felt it was too lenient.

An appeals court later increased the sentence to 18 months, but Tina Watson's family and Alabama authorities still felt Gabe Watson deserved a stiffer penalty. In September, Alabama Attorney General Troy King announced he would pursue the capital charge, which carries a possible death sentence. Since then, Tina Watson's father, Tommy Thomas, has accused Australian authorities of stonewalling the Alabama investigation and ignoring repeated requests for information to bolster the case.

On Thursday, Queensland Attorney General Cameron Dick acknowledged King had contacted both state police and his office seeking documents from the trial to help build a case against Watson. Dick said the request had raised complicated legal issues and after careful consideration, his office agreed to turn over publicly available information, including extracts of court proceedings and transcripts from the coroner's inquest. "I want to reassure Mr. King, Tina Watson's family and the Queensland community that the government has every intention of being as helpful as it can. However, we have a duty to be lawful too," Dick said in a statement. "The legal issues are quite complex and I want to ensure everything is done by the book."

SYDNEY (AFP) – Climate change could more than triple the risk of catastrophic wildfires in parts of Australia, a top environmental group warned Thursday, almost a year since savage firestorms that killed 173 people. Greenpeace warned that, without a new climate treaty to replace the Kyoto Protocol, the frequency of severe fire danger in drought-parched southeastern Australia would grow threefold by 2050. "Catastrophic" conditions similar to those ahead of February's so-called "Black Saturday" wildfires which killed 173 people in towns around Melbourne would occur once every three years, instead of once in every 33. "The frequency of catastrophic fire danger could increase more than tenfold in Melbourne, and the number of total fire ban days could triple in Sydney, Adelaide and Canberra by 2050," according to a Greenpeace report entitled "Future Risk." If targets for emission cuts proposed by world leaders at December's Copenhagen summit were adopted in a new global treaty, southeastern Australia would still face at least a doubling of severe fire risk, Greenpeace said. "If we do nothing to address climate change we are knowingly placing more lives and property at risk," said Greenpeace CEO Linda Selvey. According to the report temperatures in Australia had warmed an average 0.9 degrees Celsius (33.6 F) since 1950, with the greatest intensification of heat in the country's east, which was accompanied by markedly declining rainfall. "Hotter, drier weather is a recipe for bushfire disaster in regions of Australia home to the majority of the population," it said, adding that the changing climate had "noticeably" prolonged the annual fire season. The February 7 Black Saturday fires were the worst natural disaster in Australia's modern history, with one expert likening their intensity to the energy produced by 1,500 Hiroshima atomic bombs. More than 2,000 homes were destroyed, killing 173 people and injuring more than 400. Australia this week reiterated its Copenhagen goal for emissions cuts of between five and 25 percent of 2000 levels by 2020, depending on commitments by other nations, and said they would be formally submitted to the UN.