

**Report 112**  
**PROJECT ON BUSINESS AND POLITICS IN THE**  
**MUSLIM WORLD**

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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

- Democrats send Obama final health measure
- After century-long fight US enacts health reforms
- 10 letters a day: humanizing talismans for Obama
- In Health Care Bill, Obama Attacks Wealth Inequality
- GOP gears up for Senate theatrics
- Obama's health insurance rule — it was a GOP idea
- Political recriminations linger over health care
- Obama, Netanyahu fail to resolve settlement row
- AP sources: US-Israeli talks end without accord
- US, Pakistan vow to improve ties
- Treaty to cut US-Russia nukes; signing in 2 weeks

##### Western Europe

- Spain raises terrorism alert level
- French left beats Sarkozy's party in regional vote
- French pres. shakes up Cabinet after vote losses
- French Ex-PM forms new party; may take on Sarkozy
- Brown puts economy at heart of election fight
- Civil servants to strike Tuesday in France
- Germany insists no aid for Greece as summit looms
- Europe seals Greek rescue, stabilises euro
- European markets ambivalent over Greek aid plan
- Cameron demands inquiry into new sleaze charges
- No giveaways seen in tight UK pre-election budget
- Pre-election budget takes aim at the rich
- Civil servants strike on budget day
- PM urges railway, union bosses to resolve dispute
- Purple power movement pressures Berlusconi
- Bullet mailed to Italian PM Berlusconi
- English not enough for top EU foreign policy chief
- Israel to replace 'Mossad officer' expelled by UK

- Britain Says Passports in Dubai Assassination Were Forged by Israel
- E.U. Weighs Its Own System to Track Cash for Terrorism
- Abortion foe protests Pelosi outside Vatican
- Clergy abuse threatens to tarnish pope's legacy
- German government to establish panel on abuse
- Religious groups pledge to end AIDS stigma
- UN rights body suggests Israel pay for Gaza damage
- NATO chief urges Europe to boost defence spending
- EU seeks better trans-Atlantic ties

#### Southeast Europe

##### Albania

- EP to hear report on Albania in April
- Albania's Topi urges EU to lift visa barriers

##### Bosnia and Herzegovina

- EP's Pack concerned by situation in BiH

##### Bulgaria

- Bulgaria could temporarily hike VAT
- Bulgarian police protest planned salary cuts

##### Croatia

##### Kosovo

- NATO's Fitzgerald praises improved security situation in Kosovo
- Kosovo authorities, EULEX vow to control border with Serbia
- UNDP sees growing dissatisfaction with Kosovo government
- Kosovo working on EU questionnaire

##### Macedonia

##### Montenegro

- Montenegrin opposition to propose local elections date
- Montenegrin opposition suggests elections on June 6th

##### Romania

##### Serbia

- EC supports initiative for regional war crimes commission
- EU disburses anti-crisis assistance to Serbia

##### Slovenia

- Western Balkan leaders embrace EU perspective

##### Oceania

- Rudd wins bruising health-care debate, analysts say
- Police in Australia investigated for racist e-mail

## **Report Summary**

### **USA/Canada**

#### Political Issue

Was it the letters President Obama received daily that prompted his will to fight harder for healthcare bill or the desire of an ambitious president to see his signature and

name attached to the law of United States? Obama's healthcare proposal became one of the most polarized politics witnessed in recent times among Americans. However, according to a Washington Post article the law is remarkable in all respects because it was an attack on inequality of wealth and for it to stay will remove a big starch of inequality from the American society.

It is yet all over, republicans might have failed to halt the passage of Obama's healthcare bill to law, but they are mounting other pressures to be used during the midterm election and more feasible to use to further polarize the healthcare issue.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Can Pakistan exploit this advantage before her, the recent cordial relations between Islamabad and Washington is an opportunity that must not be let to slip away. Both countries have outlined issues geared at forging new start in US-Pakistan relations. Of greater importance is the resolve of both countries to give extremism a broad fight.

The proposed arms treaty to be signed between the United States and Russia will be a landmark event since the end of the Cold War. Both countries had not found it that easy to come to term in weapon reduction, even though they are both crying for non-proliferation of WMD.

## **Western Europe**

Political Issue

The latest political rift caused by ETA has made the government to heighten its security and terrorist alert. The separatist movement has been source of decades of worry for the Madrid government and neighbouring states.

The British Labour party is actively showing Britons that indiscipline will never be condoned in the party anymore, after the scandal that rocked the British parliament. More recently three members of the Labour party, former defense secretary Geoff Hoon, former transport minister Stephen Byers, and ex-health secretary Patricia Hewitt were suspended from Britain's Parliamentary. They were accused of trying to trade access to government officials for cash, that is attempting to use their influence to cash out money from people. Conservative party leader David Cameron is taking advantage of the latest sleaze and asking for inquiry into the matter. Since polls show him head to head with the labour party, he continues to woo voters against the Gordon Brown's government.

UMP's heavy loss in the recent French election is an indication that economic problems matter most to the people, more than any other issues that the government might want to prioritize. The extent to which the people are worried about the economy is projected by the massive strike action by unions across France, another slap to the UMP government. Thus, the aftermath of the election has forced President Sarkozy to reshuffle his cabinet upon the failure of most of the cabinet members to win in the regional poll. Still, political waves continue to build against the French president. His longtime rival, former Prime Minister Dominique de Villepin, has launched a new political party that will challenge Sarkozy in the 2012 presidential elections. Can Sarkozy make it through the 2012 election, given the mountain of challenges before him, ranging from the economy to political storm?

It started last week with a slight fall in joblessness, and the government is trying to make a giveaway budget ahead of the forthcoming election. Can the Labour Party woo voters with the little time at its disposal? To what extent do most Britons still trust the government as having the ability to drive the economy out of recession and having a spectacle to perform better than other parties, more importantly the readiness of the rich to accommodate the government's socialist policy as the new budget intends to take from the rich to help the poor? The week was further complicated for the Labour Party due to the industrial actions of civil servants, which threatened the economy and forced Prime Minister Gordon Brown to intervene.

Do what we want otherwise we get you unseated is the message coming from Europeans to their governments. The Italian Purple Movement is ganging up against Prime Minister Berlusconi, asking him to disappear from the political theatre. Purple is chosen instead of black or the popular political colour... red and blue, because for many Italians purple is a colour of awakening. The extent to which the opposition parties will take advantage of the Purple Movement to dislodge Berlusconi will be decided in the forthcoming election. Berlusconi and his coalition rightist, anti-immigration parties are also facing a death threat. The culmination of this is a looming fear that the French scenario should not repeat itself in Italy, as might be the case in Britain.

The contest between English and French as the European Union language remains fresh. English is said to have outmatched French as the language of the bloc, although the bloc houses almost 23 languages, hence many within are still enthusiastic with their mother's tongue. Lady Catherine Ashton, the EU foreign minister, inability to communicate well in French is not going down well with French officials.

#### Economic Issue

The statement of the German finance minister further dampens the hope within the Eurozone that the Greek economy will not be supported financially. The Germans are avoiding not to be seen as charitable handouts and at the same time not to lay a bad precedent. After a serious deliberation, the zone urges its members to be more financially responsible and finally resort to bailing the Greek economy with support from the IMF. Such a resolve makes the IMF much happier because it will now have a say in the Eurozone. Markets within the Eurozone nurture fear over the involvement of the IMF.

## Social/Humanitarian Issue

Although in the Catholic belief system, abortion has no place; but U.S. House Speaker Nancy Pelosi a liberal Catholic was among democrats that passed the Obama-led healthcare bill carrying less conservative stance on abortion to law. Her position on abortion has pushed some Catholics asking the Vatican to deprive her of communion and excommunication.

Recent sex abuse of children in Catholic schools across Europe was not just embarrassing to the Vatican but was disgraceful for Germany for the fact that the sitting Pope is German. As the scandal news grows across Europe and worrisome for the Vatican, argument is raised about Pope John Paul, the predecessor of Benedict on how he handled such scandal. Pope Benedict is not a politician and hence the demand for his resignation over the scandal should be the least expected.

The scandal struck the European society deeply thus prompted German Chancellor Angela Merkel to initiate a committee tasked with responsibilities of looking into past abuses, propose way to limit sex crimes and as well possible compensation for abused victims.

HIV/AIDS is a social problem therefore the whole society must be seriously concerned about it. The move by 40 religious groups standing up against the stigmatization attached to the deadly disease is a proof that religious institutions have their role to play in placing the society in the right direction. In fact with religious interest, religious norms can well be proliferated in preventing the menace of this disease.

As the US and UK stiff their relations with Israel, the United Nations Human Rights Council suggested through a vote that Israel should pay Palestinians reparations for loss and damages suffered during last year's war in the Gaza Strip. The statement of course did not go down well with Israel and few Europeans. The hard question is, will Israel accept the UN resolution or another violation of international community declaration.

## Food, Environment and Energy Issue

### Geostrategic Issues

Britain has mustered the stamina to tell Israel that its sovereignty cannot be undermined and using British passports for criminal actions cannot be condoned. How deep will the expulsion of the Israeli diplomat from Britain cause damage between the two countries. It is evident that relations between the two countries has been strained since the ruling by a British court that former Israeli foreign minister should be tried for war crime. But the whole issue lies on Netanyahu's government; his government is facing serious foreign resentments from Europeans and American alike.

The European Union is committed to having a separate tracking system for monitoring terrorists and their operation. Such a system will be independent of the U.S

system and the latter would have to consult the EU before European data can be sampled. The EU hopes to create transparency in data management of its citizens through this system. .

The Lisbon treaty projected a militarily strong Europe, equipped with the modern sophisticated weaponry. Making such a reality demands active contribution from all NATO members. NATO secretary general Anders Fogh Rasmussen reiterates the need for active contribution but such call might fail to trigger interest due to the itching economies of most NATO members.

The Lisbon treaty intends to project a new Europe to the world, a Europe having an independent policy and having more clout in global politics. Would such position indicate a Europe different from the Cold War era, dogging behind the United States? The recent outspokenness of European leaders for the new partnership between US and the emerging economies of BRIC; is quite indicative that EU believes its ties with Washington is being challenged by these countries. On what track does the EU wants to trek, powerful and independent EU or EU queuing behind the U.S. The EU should however come to terms with the increasingly growing impact of globalization, changing the nature of friendship.

## **Southeast Europe**

### Political Issue

The EU-Slovenia jointly sponsored summit did not see the attendance of Serbia because of the presence of Kosovo. Organizers of the summit were prepared to go ahead with the summit irrespective of the country in attendance. Kosovo attended the summit and hope to work with Serbia as an independent state. It might be a bit diplomatic failure for Serbia because the summit did not kowtow to its demand of unequal status for Kosovo. Despite the diplomatic plus mark Kosovo got at the summit, back at home there was increasing discontentment for the government. According to the survey released by UNDP, Kosovars are not happy with the government over the state of the economy.

Meanwhile, Kosovo government is also making effort to complete the EU questionnaires as part of the prerequisites of EU integration.

Political tension in Bosnia is increasingly gaining momentum; Doris Pack a member of the European Parliament termed the situation in Bosnia as "nationalistic rhetoric" debarring the federation to smooth EU integration.

Albanian leaders remain resolute about the EU visa liberalisation scheme. Albanian president would like the EU to pave the way much faster so that Albanians can travel across Europe stress-free. But making that a reality will be determined by the resolution of the political infighting between the ruling and opposition party.

Cutting police salary has caused huge protest in Bulgaria. The latter is faced with economic crisis and has been trying to reduce government spending in all sectors.

Bulgaria like other countries in the region is trying to manage its purse prudently after the huge blow from the financial crisis.

Getting the Western Balkan integrated into the EU takes a long process, which of course requires the EU to help strengthens the institutions and structures of the aspirant countries. EU recently gave 70.5m euros in anti-crisis financing to Belgrade. Serbia received 100m euros in budget support in December 2009. The funds are part of the EU's Instrument for Pre-Accession assistance.

Economic Issue

Social/Humanitarian Issue

The NATO Commander of Allied Joint Force Command Naples Admiral Mark Fitzgerald said it is a sign of calm security and ability of the Kosovo government to take responsibility as KFOR now transfer responsibility for the protection of a Serbian monument of Gazimestan to the Kosovo police.

Fighting crimes in the region should not be the sole responsibility of the government, instead the helping hands of the regional NGOs is more than needed. The head of the European Commission (EC) delegation to Serbia, Vincent Deger said this as a complementary measure for the fight against crimes in the region.

Food, Environment and Energy Issue

Geostrategic Issues

## **Oceania**

Political Issue

As part of the run-up for Australian end of the year election, Prime Minister Rudd Kevin showed his wit during a debate with the opposition leader. According to analysts, Rudd outmatched the opposition conservative leader Tony Abbott on health issue. Rudd is said to have argued out his policy more clearly than Abbott. If Rudd should go to vote with the latest high rating, there is no cost to doubt his success.

Economic Issue

Social/Humanitarian Issue

Law enforcement agency is becoming law violating agency. The Victoria Police Chief Commissioner Simon Overland is unhappy about the spread of racist and pornographic email emanating within the police department. The issue is sensitive because of the content and the locale it has emanated. Australia is increasingly becoming xenophobic for Asian (Indian) and African in recent times.

Food, Environment and Energy Issue

Geostrategic Issues

## Report Details

US/Canada

WASHINGTON – Congressional Democrats sent the final piece of landmark health care legislation to President Barack Obama before heading home to face a skeptical — and sometimes even threatening — electorate. The last legislative chapter in the wrenching national debate over Obama's health overhaul plan came Thursday night in the House, as Democrats approved — for the second time — a package of fixes to the sweeping health bill Obama signed two days earlier. The measure includes better benefits for seniors and low-income and middle-class families.

In the hours ahead of the vote lawmakers reported isolated threats of violence from a volatile public. The vote was 220-207, as majority Democrats prevailed despite 32 defections and no Republican support. The same bill had passed the Senate earlier in the day 56-43, with all voting Republicans and three Democrats voting "no."

Obama was expected to sign the measure early next week.

The fix-it bill was slightly changed by the Senate from a version that passed the House last weekend, necessitating Thursday night's second vote by the House because both chambers must approve identical legislation before the president can sign it.

"This is the last step we must take to make health reform a reality for millions of Americans," said Rep. Frank Pallone, D-N.J. Republicans were bitterly opposed to the end. "We need to repeal Obamacare and replace it with policy that will create more access, create jobs, which will lower the cost of health care and not be a government takeover of the health care system," said Rep. Paul Broun, R-Ga.

In Iowa on Thursday to trumpet the benefits of the legislation, Obama said, "We made a promise. That promise has been kept." "From this day forward, all of the cynics, all the naysayers — they're going to have to confront the reality of what this reform is and what it isn't," the president said. "They'll have to finally acknowledge this isn't a government takeover of our health care system." Taken together, the two bills extend coverage to 32 million uninsured Americans and aim to crack down on unpopular insurance industry practices, such as denying coverage for people with pre-existing medical conditions, and to reduce federal deficits by an estimated \$143 billion over a decade.

Most Americans would be required to buy insurance for the first time or face penalties if they refuse. The second of the two bills also presented Obama with another victory, stripping banks and other private lenders of their ability to originate student loans in favor of a system of direct government lending.

WASHINGTON (AFP) – President Barack Obama signed into law historic, sweeping reforms Tuesday that lay out health care coverage for almost every American and realize the dreams of generations of past US leaders. "Today, after almost a century of trying, today after over a year of debate, today, after all the votes have been tallied, health insurance reform becomes law in the United States of America," Obama said.

"The bill I'm signing will set in motion reforms that generations of Americans have fought for and marched for and hungered to see," he told a jubilant, packed audience at a White House signing ceremony. Delighted lawmakers and guests cheered and whistled as Obama made good on his campaign vow to overhaul America's embattled health care

system, enacting a huge shift in US policy and the biggest social legislation in over four decades. The House of Representatives narrowly approved the Senate-passed legislation by 219-212 late Sunday, using the Democratic majority to muscle the measure through a united Republican opposition. With a package of fixes still to be voted on, the 940-billion-dollar overhaul will extend coverage to some 32 million Americans who currently have none, ensuring 95 percent of under-65 US citizens will have health insurance.

The historic signing came a century after president Theodore Roosevelt first called for a national approach to US health care, and after past leaders such as Bill Clinton tried and failed to reform the creaky, costly system. For the first time ever, almost all Americans will be required to buy insurance or face fines. Among other key reforms, the new law bans insurance companies from denying coverage to people with pre-existing conditions, from dropping clients who get sick or from setting lifetime caps. Americans back health care bill, by slim margin: poll "You've made history," Vice President Joe Biden told a beaming Obama. "Mr President, you've done what generations of not just ordinary, but great men and women have attempted to do. "You have turned, Mr President, the right of every American to have access to decent health care into reality for the first time in American history."

In the ceremonial East Room, where president Lyndon Johnson signed the civil rights bill into law in 1964, there was a party atmosphere as euphoric Democrats gathered to witness the act, sharing hugs and slapping palms. Among them were Vicki and Caroline Kennedy, the widow and niece of the late Ted Kennedy, who struggled for almost five decades to enact health care reform, the cause of his life.

Obama used some 20 different pens to sign the 2,000-plus page bill, intending to give most of them to guests as souvenirs of the momentous occasion. The Senate is expected this week to take up the changes needed to their initial legislation and approve them separately under rules that prevent Republicans from using a parliamentary tactic, the filibuster, to indefinitely delay and kill the measure. Abortion takes center stage in US health care debate But Obama still has a hard sell defending the reforms ahead of the key congressional mid-term November elections, with Republicans deeply angered by the legislation, which they say is too costly. "We've heard a lot today about how historic this bill is, and it's true," said Republican National Committee (RNC) chairman Michael Steele in a statement. "It is an historic betrayal of the clear will of the American people. It is an historic loss of liberty."

WASHINGTON – He kept coming back to the letters. Perhaps nothing crystallized President Barack Obama's determination to press forward on health-care legislation more than the 10 letters he reads each day from ordinary Americans. The letters became talismans for him: He carried them around. He recited their stories. He used them as rallying cries. (Or as props, as his critics saw it.) And when at last it came time to sign the landmark health care bill, Obama still had them very much in mind.

The guests invited to Tuesday's signing ceremony in the East Room included the family of an Ohio woman who wrote to Obama that soaring premiums had forced her to give up her insurance and a small business owner from California who e-mailed the president about his struggle to insure his five employees. Other letter-writers were invited to a midday celebration of the legislation, including a 17-year-old girl from Pennsylvania who got a letter back from Obama after she wrote that her family of five had lost their

insurance. In his first week as president, Obama asked his staff to select 10 letters a day for him to read from among the tens of thousands that were flooding into the White House. He wasn't looking for a folder full of pats on the back, aides say. "I don't want to tell you what to put in this folder," Obama told his correspondence director, Mike Kelleher, at one point early on. Obama joked recently that he's sure his staff is sending him a representative sample — "because about half of these letters call me an idiot."

Fourteen months later, Obama still takes 10 letters (including e-mails and faxes) with him when he heads upstairs at the end of each weekday. He personally writes back to three or four. The letters, the president has said, "do more to keep me in touch with what's happening around the country than just about anything else." Health care and the economy are the most frequent topics of those who write to Obama, according to Kelleher. And it was in those letters that Obama found a compelling counterpoint to abstract policy debates. "The toughest letters are in children's handwriting," Obama said this winter. "Kids write me, 'My dad just lost a job; my grandma is sick, she can't afford health insurance.'" This spring, it was Natoma Canfield who captured the president's attention. The 50-year-old self-employed cleaning woman from Medina, Ohio, wrote to Obama that she had to drop her health coverage after her premiums shot up 40 percent. She feared losing her home if health bills started piling up. Obama wrote back, "It's because of folks like you that we are still fighting to get health care done!" He read Canfield's letter aloud to insurance company CEOs. His spokesman read it at a White House briefing. The White House invited Canfield's sister to introduce the president at an Ohio rally, where Obama expanded on her story, adding the news that she'd recently collapsed and been hospitalized. "I'm here for Natoma," he declared.

For all the political and economic uncertainties about health reform, at least one thing seems clear: The bill that President Obama signed on Tuesday is the federal government's biggest attack on economic inequality since inequality began rising more than three decades ago. Over most of that period, government policy and market forces have been moving in the same direction, both increasing inequality. The pretax incomes of the wealthy have soared since the late 1970s, while their tax rates have fallen more than rates for the middle class and poor. Nearly every major aspect of the health bill pushes in the other direction. This fact helps explain why Mr. Obama was willing to spend so much political capital on the issue, even though it did not appear to be his top priority as a presidential candidate. Beyond the health reform's effect on the medical system, it is the centerpiece of his deliberate effort to end what historians have called the age of Reagan. Speaking to an ebullient audience of Democratic legislators and White House aides at the bill-signing ceremony on Tuesday, Mr. Obama claimed that health reform would "mark a new season in America." He added, "We have now just enshrined, as soon as I sign this bill, the core principle that everybody should have some basic security when it comes to their health care." The bill is the most sweeping piece of federal legislation since Medicare was passed in 1965. It aims to smooth out one of the roughest edges in American society — the inability of many people to afford medical care after they lose a job or get sick. And it would do so in large measure by taxing the rich. A big chunk of the money to pay for the bill comes from lifting payroll taxes on households making more than \$250,000. On average, the annual tax bill for households making more than \$1 million a year will rise by \$46,000 in 2013, according to the Tax

Policy Center, a Washington research group. Another major piece of financing would cut Medicare subsidies for private insurers, ultimately affecting their executives and shareholders. The benefits, meanwhile, flow mostly to households making less than four times the poverty level — \$88,200 for a family of four people. Those without insurance in this group will become eligible to receive subsidies or to join Medicaid. (Many of the poor are already covered by Medicaid.) Insurance costs are also likely to drop for higher-income workers at small companies. Finally, the bill will also reduce a different kind of inequality. In the broadest sense, insurance is meant to spread the costs of an individual's misfortune — illness, death, fire, flood — across society. Since the late 1970s, though, the share of Americans with health insurance has shrunk. As a result, the gap between the economic well-being of the sick and the healthy has been growing, at virtually every level of the income distribution. The health reform bill will reverse that trend. By 2019, 95 percent of people are projected to be covered, up from 85 percent today (and about 90 percent in the late 1970s). Even affluent families ineligible for subsidies will benefit if they lose their insurance, by being able to buy a plan that can no longer charge more for pre-existing conditions. In effect, healthy families will be picking up most of the bill — and their insurance will be somewhat more expensive than it otherwise would have been.

So much for the “nuclear” Senate showdown. After President Barack Obama's showy Tuesday signing ceremony, the Senate's cleanup work this week on health care is looking more like a political strategy session, as each party tries to cement public impressions of the bill. “It's going to pass here,” Sen. Tom Coburn (R-Okla.) said matter-of-factly. “It's a matter of what amendments [Democrats] want to be for and what they're not.” To be sure, Republicans have lined up a bundle of politically embarrassing amendments and plan to wreak all sorts of procedural havoc. “I think there's going to be long nights, and there's going to be anger and demagoguery from the Republicans,” said Sen. Sherrod Brown (D-Ohio). “But I think the outcome is pretty clear.” So at this point, Republicans are simply going to continue with their key themes: that the new law will drastically cut Medicare, increase taxes and expand the government's ballooning budget deficit. And as Democrats try to downplay the bill as mere “fixes” to the law and vow to kill all GOP amendments, Republicans are inflating the measure's importance by arguing it would make even more draconian changes to the newly enacted law. Republicans are challenging several provisions with the Senate's parliamentarian, Alan Frumin, on the grounds that they violate the so-called Byrd rule — named after Sen. Robert Byrd (D-W.Va.) — which prohibits the addition of extraneous items to budget legislation. Republicans are also pushing uncomfortable amendments, including one by Coburn that prohibits sex offenders from being prescribed drugs for erectile dysfunction. And Republicans are planning unusual procedural tricks to ensure their objections are heard; the GOP on Tuesday forced committee work in the Senate to essentially come to a halt. But even if the GOP is successful in delaying action in the Senate and forcing changes to the bill, House Democratic leaders may bring the chamber back to session during the upcoming spring recess to pass the reconciliation bill one last time.

And that fact is not lost on some. “Obviously, the damage has been done,” said New Hampshire Sen. Judd Gregg, ranking Republican on the Budget Committee, who is leading the fight over the reconciliation bill. “But we have not had an opportunity to address some of the substantive policy questions which are out there that should be

discussed in an amendment-type atmosphere.” Since they began the health care debate last year, Democrats had kept the reconciliation process — a filibuster-proof way to make changes in tax laws and entitlement programs — firmly on the table. Nearly every time the strategy came to the fore, Republicans likened the idea to the “nuclear option” that nearly shut down the Senate in 2005, when the GOP tried to end filibusters for George W. Bush’s judicial nominees.

WASHINGTON – Republicans were for President Barack Obama's requirement that Americans get health insurance before they were against it. The obligation in the new health care law is a Republican idea that's been around at least two decades. It was once trumpeted as an alternative to Bill and Hillary Clinton's failed health care overhaul in the 1990s. These days, Republicans call it government overreach.

Mitt Romney, weighing another run for the GOP presidential nomination, signed such a requirement into law at the state level as Massachusetts governor in 2006. At the time, Romney defended it as "a personal responsibility principle" and Massachusetts' newest GOP senator, Scott Brown, backed it. Romney now says Obama's plan is a federal takeover that bears little resemblance to what he did as governor and should be repealed. Republicans say Obama and the Democrats co-opted their original concept, minus a mechanism they proposed for controlling costs. More than a dozen GOP attorneys general are determined to challenge the requirement in federal court as unconstitutional. Starting in 2014, the new law will require nearly all Americans to have health insurance through an employer, a government program or by buying it directly. That year, new insurance markets will open for business, health plans will be required to accept all applicants and tax credits will start flowing to millions of people, helping them pay the premiums. Those who continue to go without coverage will have to pay a penalty to the IRS, except in cases of financial hardship. Fines vary by income and family size. For example, a single person making \$45,000 would pay an extra \$1,125 in taxes when the penalty is fully phased in, in 2016.

Conservatives today say that's unacceptable. Not long ago, many of them saw a national mandate as a free-market route to guarantee coverage for all Americans — the answer to liberal ambitions for a government-run entitlement like Medicare. Most experts agree some kind of requirement is needed in a reformed system because health insurance doesn't work if people can put off joining the risk pool until they get sick.

In the early 1970s, President Richard Nixon favored a mandate that employers provide insurance. In the 1990s, the Heritage Foundation, a conservative think tank, embraced an individual requirement. Not anymore. "The idea of an individual mandate as an alternative to single-payer was a Republican idea," said health economist Mark Pauly of the University of Pennsylvania's Wharton School. In 1991, he published a paper that explained how a mandate could be combined with tax credits — two ideas that are now part of Obama's law. Pauly's paper was well-received — by the George H.W. Bush administration. "It could have been the basis for a bipartisan compromise, but it wasn't," said Pauly. "Because the Democrats were in favor, the Republicans more or less had to be against it." Obama rejected a key part of Pauly's proposal: doing away with the tax-free status of employer-sponsored health care and replacing it with a standard tax credit for all Americans. Labor strongly opposes that approach because union members usually have better-than-average coverage and suddenly would have to pay taxes on it. But many

economists believe it's a rational solution to America's health care dilemma since it would raise enough money to cover the uninsured and nudge people with coverage into cost-conscious plans. Romney's success in Massachusetts with a bipartisan health plan that featured a mandate put the idea on the table for the 2008 presidential candidates.

Democrat Hillary Rodham Clinton, who failed in the 1990s to require employers to offer coverage, embraced the individual requirement, an idea advocated by her Republican opponents in the earlier health care debate. "Hillary Clinton believed strongly in universal coverage," said Neera Tanden, her top health care adviser in the 2008 Democratic campaign. "I said to her, 'You are not going to be able to say it's universal coverage unless you have a mandate.' She said, 'I don't want to run unless it's universal coverage.'" Obama was not prepared to go that far. His health care proposal in the campaign required coverage for children, not adults. Clinton hammered him because his plan didn't guarantee coverage for all. He shot back that health insurance is too expensive to force people to buy it.

WASHINGTON – Senate Democratic Whip Dick Durbin is accusing Republicans of engaging in a "political exercise" by slowing progress on a bill designed to complete congressional passage of the health system overhaul. The Illinois Democrat said the GOP should accept the sweeping medical system remake that President Barack Obama signed into law Tuesday. Sen. Jim DeMint said Republicans, who unanimously opposed the plan in the late-stage Hill votes, would not back down. The South Carolinian, appearing with his Illinois colleague Wednesday on NBC's "Today" show, said "Americans are very angry" and he accused Obama and majority Democrats of pushing big government. At one point, DeMint asked, "Do we really want the government running all areas of our lives?"

WASHINGTON (AFP) – Talks between US President Barack Obama and Israeli Prime Minister Benjamin Netanyahu failed to produce signs they had ended a dispute which Netanyahu said could block the Middle East peace process for a year. Sticking to a hardline position before the White House talks late Tuesday, Netanyahu said peace efforts would be held up by what he called "unreasonable" demands for a freeze on new settlers homes in east Jerusalem and the West Bank. While Netanyahu's office said the two rounds of talks between the key allies had unfolded in a "good atmosphere", the leaders did not make the customary appearance before the cameras. The White House stayed silent on the meetings. The US president initially hosted Netanyahu at the White House for 90 minutes. Netanyahu then huddled privately with his staff for more than an hour, after which he met a second time with the president in the Oval Office for a further 35 minutes, officials said. Chronology: US-Israeli relations since 1991  
Netanyahu's office said in a statement that advisors to both men were holding follow-up discussions that would continue on Wednesday. But it gave no details, and White House officials refused to describe the tone or the substance of the talks -- or to say if any agreements had been proposed or reached.

Earlier, Netanyahu maintained a firm line on US demands for a freeze in settlement construction, warning that a halt to new settlements in east Jerusalem could wind up putting Israel-Palestinian talks on ice. "If the Americans support the unreasonable demands made by the Palestinians regarding a freeze on settlements in east

Jerusalem and the West Bank, the peace process risks being blocked for a year," Netanyahu said. "Relations between Israel and the United States should not be hostage to differences between the two countries over the peace process with the Palestinians," he was quoted as saying by Israeli media. Netanyahu was in Washington as the United States is seeking more UN sanctions against Iran over its nuclear programme, with Israel concerned that efforts to that end are moving too slowly.

His trip also coincided with Britain ordering the expulsion of an Israeli diplomat over the "intolerable" use of fake British passports in the killing of a Hamas operative in Dubai two months ago. In his speech to the powerful US-Israel lobby AIPAC in Washington, Netanyahu stressed that "Jerusalem is not a settlement" -- spelling out an apparent message of no compromise towards Obama. The United States has warned more Jewish settler homes in east Jerusalem would directly undermine both US credibility as a mediator and efforts to get "proximity" talks started between Israel and the Palestinians. Washington reacted angrily when -- during a visit to Israel by Vice President Joe Biden -- Netanyahu's government announced the construction of 1,600 settler homes in the eastern part of the city.

WASHINGTON – The U.S. and Israel failed to heal their deepest dispute in decades as a two-day visit by Israeli Prime Minister Benjamin Netanyahu ended late Wednesday without resolving a rift over new Israeli housing planned in east Jerusalem. Before departing the U.S., Netanyahu said he thought some progress had been made in defusing what has become an unusually public spat between close allies.

"I think we have found the golden path between Israel's traditional policies and our desire to move forward toward peace," the Israeli leader said as he boarded his plane for the trip back home. American officials said last-minute talks between Netanyahu and U.S. Mideast peace envoy George Mitchell had not ended tensions over Israeli construction in the part of Jerusalem that Palestinians want to be a capital of a separate state. The officials spoke on condition of anonymity because the closed-door talks were confidential.

U.S. and Israeli officials told The Associated Press that the talks were aimed at getting Israeli-Palestinian peace talks back on track. Netanyahu had extended his stay by hours to work on a deal, but the talks ended at about 8 p.m. without any announcements, one official said. The two sides had hoped to come up with mutually acceptable ideas to improve an atmosphere poisoned by announcements of the new Jewish housing projects. An Israeli official said Israel wants to see talks with the Palestinians resume quickly. The evening talks were intended to promote that goal, the official said.

Netanyahu twice pushed back his departure from Washington after talks with President Barack Obama, Vice President Joe Biden and Secretary of State Hillary Rodham Clinton failed to reach consensus on what Israel could do to repair damage caused by the housing announcements. During Netanyahu's frosty visit, "the U.S. made clear it is looking for steps to increase confidence and show commitment to the process," said Mark Toner, the deputy State Department spokesman.

WASHINGTON – The United States and Pakistan are pledging to boost and broaden relations to overcome mutual mistrust and suspicion that have arisen in recent years over Afghanistan and the fight against terrorism. Launching high-level strategic

dialogue in Washington, Secretary of State Hillary Rodham Clinton and Pakistani Foreign Minister Shah Mahmood Qureshi (KOR-eshi) vowed Wednesday to improve ties. One way to do this, they said, would be to expand the security focus to include energy development, education and agriculture. They said all must be addressed to win the war on violent extremism. Neither Clinton nor Qureshi outlined specific programs, but Pakistan has put energy, including civilian nuclear power, at the top of its list of priorities.

WASHINGTON – The U.S. and Russia will drastically reduce their nuclear arsenals under a historic treaty to be signed next month. After long and trying negotiations, President Barack Obama and Russian President Dmitry Medvedev are to sign the treaty in two weeks in Prague, once final technical details are worked out, officials in Washington and Moscow said Wednesday. The accord is expected to cut the number of long-range nuclear weapons held by each side to about 1,500, and it raises hopes for further disarmament in the years ahead. The deal is seen as sealing an increased level of trust and cooperation between the U.S. and Russia, who possess the vast majority of the world's nuclear arms and have labored under strained relations in recent years. Obama and Medvedev are expected to seal the deal when they talk by telephone this week, setting the stage for a White House campaign to win Senate ratification. The treaty also must win approval by the Russian Duma, and the two legislative processes are likely to take months. Robert S. Norris, a longtime analyst of U.S. and Russian nuclear arsenals, said Senate ratification would not be easy. "Hard negotiations with the Russians will now be followed by hard negotiations with Republican senators to achieve ratification," Norris said. Though the State Department said the two countries were still working out unspecified final technical details, spokesman Mark Toner said there had been discussions with the Czech government about holding a signing ceremony in Prague — where Obama last April declared his vision of a nuclear-free world.

In fact, Czech officials announced that Prague would host the signing. They did not give a date, but Russian and U.S. officials said it was expected to be April 8. The new agreement to reduce long-range nuclear weapons would replace the 1991 Strategic Arms Reduction Treaty, which expired in December. An important feature of the new deal is that it includes a legal mechanism for verifying that each side complies — an element that was absent from a 2002 deal, known as the Moscow Treaty, that accelerated the weapons reductions laid out in the 1991 treaty. The Moscow Treaty set limits on both sides' strategic nuclear warheads at between 1,700 and 2,200. The new deal, whose provisions have not been made public, is expected to lower that to about 1,500. It also would reduce the permissible number of strategic launchers — the missiles and bombs that deliver warheads to their targets.

## Western Europe

MADRID – Spain has raised its terrorism alert level after Basque separatists were blamed for killing a policeman in France last week. The Interior Ministry says the level is being raised from a "low intensity" alert to "high intensity" within stage 2 of the four-stage alert scale. It cited "recent events and available information." The announcement came in a ministry statement issued Monday night. Spain had raised the alert level to

stage 2 in late December as the country prepared to take over the European Union's rotating presidency. The ministry said the new upgrade will remain in force until that stint finishes at the end of June. France and Spain have blamed ETA for the killing of a French police officer last Tuesday in a shootout in a Paris suburb.

PARIS – The long-flailing French left made a big-time comeback Sunday, crushing Nicolas Sarkozy's conservatives in regional elections colored by voters' economic worries — and informally kicking off the 2012 presidential race.

Cheers resounded from Socialist Party headquarters as leftists swept races from the French Riviera to Paris. With 97 percent of ballots counted, the Socialists and their allies won 54 percent of the vote nationwide, while Sarkozy's UMP party had 35.3 percent, according to the Interior Ministry. The results show what a rough road the dynamic but increasingly isolated Sarkozy has ahead of him between now and 2012. Nationwide strikes are planned Tuesday by some of those who punished his party Sunday: train drivers angry over pension reforms that are a pillar of his presidential policy, and teachers angry over job cuts. Meanwhile, he faces new challenges from a popular green movement and a reinvigorated extreme right.

Sunday's vote came close to the "grand slam" sweep of all 26 regions that the Socialists were hoping for. Official results showed the conservatives holding on to Alsace but losing control of Corsica. Those were the only two regions run by the right going into the vote, and two closely watched races. "These elections show that the French are worried," Prime Minister Francois Fillon said. "I take my share of the responsibility." Fillon was to meet with Sarkozy first thing Monday to discuss the election results, but no major fallout was expected. Sarkozy will follow up the elections with a "modest reshuffle" of the government, his chief of staff Claude Gueant said in an interview with the Catholic daily La Croix. Fillon blamed the recession for his party's bad showing, but warned that France can no longer finance its generous social benefits without cost-cutting and suggested reforms would continue. "We do not govern a great country like France according to the rhythm of local elections," he said. He lamented the record low turnout in both Sunday's runoff — at 51 percent — and last week's first round, at 46 percent.

The conservatives' discomfort was evident. UMP chief Xavier Bertrand and Finance Minister Christine Lagarde were visibly grimacing on post-election talk shows.

For the left, Sunday's election may help rescue the Socialists from a spiral of decline, after years divided and drifting.

While supporters chanted "We have won! We have won!" outside Socialist Party headquarters, their leader Martine Aubry remained prudent in her newfound conqueror role.

PARIS – President Nicolas Sarkozy dismissed his labor minister and reshuffled several other Cabinet posts Monday after leftists walloped his conservatives in France's regional elections — a defeat that exposed his inability to convince the public on his economic reforms. Labor Minister Xavier Darcos lost his job after being soundly defeated in his election bid in the western Aquitaine region. Twenty of Sarkozy's Cabinet members ran for regional posts, and all lost. Budget Minister Eric Woerth was to step in for Darcos on Tuesday. The election blowout Sunday could hand a new opening to Sarkozy's potential presidential rivals — from IMF chief Dominique Strauss-Kahn in the

Socialist camp to former prime minister Dominique de Villepin on the right. It also puts the onus on Sarkozy to lift public fortunes before the next presidential race in 2012.

"Overall, these elections are a serious warning for Nicolas Sarkozy ahead of the presidential elections," said Emmanuel Riviere, a pollster at TNS Sofres.

The election leaves Sarkozy weakened as he heads off on two important trips — to an EU summit in Brussels on Thursday and Friday and a U.S. visit to New York and Washington next week. France and Germany have been at odds over how to handle the Greek debt crisis, with France preferring a European Union solution. But German officials say they can't rule out financial aid from the International Monetary Fund — a move that could boost Strauss-Kahn's profile.

Meanwhile, de Villepin — Sarkozy's political archenemy — was poised to announce a new political party, according to conservative lawmaker Francois Goulard, a member of the political group ClubVillepin. A close Villepin ally was named in the Cabinet reshuffle, with lawmaker Georges Tron taking a new post in charge of the civil service — one of several changes to bridge differences within Sarkozy's conservatives. Tron said the party needed unity. "A gesture had to be made, and the president made it," he told i-Tele TV station. Francois Baroin — briefly interior minister in 2007 and considered close to Sarkozy predecessor's Jacques Chirac — is France's new budget minister. Lawmaker Marc-Philippe Daubresse was named minister for youths, while Martin Hirsch, head of the High Commission for Active Solidarity, was to become president of an agency for civic service. The Socialist Party complained that the shakeup didn't reflect voters' strong voice at the polls, calling it "skin deep."

Sarkozy, who has emerged from the political doldrums before, could bounce back after the setback: His party controls parliament with a big majority, and polls suggest French voters know the country needs reform on difficult issues like pensions. The long-flailing French left made a big comeback in Sunday's vote, dominated by worries about jobs, paychecks and pensions in the wake of France's worst recession since World War II. Nationwide strikes are planned Tuesday by train drivers angry over pension reforms — the pillar of Sarkozy's presidential policies — and by teachers angry over job cuts.

PARIS – Former Prime Minister Dominique de Villepin, an eloquent, silver-haired diplomat, launched a new political party Thursday that prepares the way for him to challenge longtime rival Nicolas Sarkozy in 2012 presidential elections. Villepin, who caught the world's eye with a forceful 2003 U.N. speech urging the United States not to invade Iraq, assailed Sarkozy's presidency and said he was worried the "French model" is disintegrating. "We need a change in politics," Villepin told a news conference in Paris. He said he wanted "a France that lives up to its difference and originality." Sarkozy's popularity is sinking and his conservative party, the UMP, was trounced by leftists in regional elections last weekend. Villepin, himself a former member of the UMP, did not say where the new party would fit on France's political spectrum. He seems to want to exploit growing fractures in Sarkozy's conservative camp. The former prime minister said the new party, which as yet has no name, would be formally inaugurated June 19. Villepin has never been elected to office. He said Thursday that he was "ill at ease" with government efforts to ban Islamic veils and cut public service jobs. France should not be afraid of raising taxes, especially on the rich, to get through the financial crisis and reduce the huge deficit, he said. The country needs to reduce the gap between rich and

poor, and keep social protections while remaining competitive, he said, without laying out how he would do that. Villepin was prime minister under President Jacques Chirac from 2005 to 2007. But he has been on the sidelines since Sarkozy took office.

Villepin's popularity plunged in 2006 amid nationwide student protests over a proposal to decrease youth unemployment by allowing employers to fire employees aged under 26 without cause. The proposal was ultimately withdrawn. He has also been mired for years in a legal battle with Sarkozy involving a high-profile slander trial. Villepin was acquitted in January on charges he took part in a smear campaign against Sarkozy, but the prosecutor has appealed. The so-called Clearstream case dated to 2004, when both Villepin and Sarkozy were considered contenders to replace Chirac.

LONDON (AFP) – Prime Minister Gordon Brown put economic recovery at the heart of his battle for re-election Saturday, as he unveiled his Labour party's key pledges for the vote expected within weeks. A confident Brown, buoyed by opinion polls showing the race between Labour and the opposition Conservatives has narrowed sharply, said he would fight to win as both sides ramped up campaigning ahead of the election expected on May 6. "When people ask what are my top three priorities for the country, let me tell them -- keeping on the road to recovery, keeping on the road to recovery, keeping on the road to recovery," Brown said in Nottingham.

In a thinly-veiled attack on the Conservatives, he warned of the dangers of taking the wrong decisions as Britain emerges from a deep recession. "Securing the economic recovery or wrecking it -- that is the choice the country will face in the weeks ahead," the prime minister said. Conservative leader David Cameron immediately hit back, saying the suggestion Labour had done well on the economy was an "insult to people's intelligence." In a speech in Milton Keynes, Cameron said: "On their economic record alone, which is what they're running on, they do not deserve to be re-elected."

Britain escaped recession in the final quarter of 2009 after six quarters of contraction, the longest on record here. It exited after the United States, France and Germany, and experts have warned of the risk of a relapse.

The Conservatives had been leading the Labour party by double digits in the opinion polls, but in recent months the gap has narrowed to just a few points, suggesting Britain could face a rare hung parliament.

The latest Sunday Times/You Gov poll put the Tories on 37 percent support and Labour on 32 percent. YouGov interviewed 1,533 voters online on March 25 and 26. Brown insisted Saturday that he was in the race to win, denying suggestions Labour had run out of steam after 13 years in power

PARIS – A strike Tuesday in France is expected to disrupt trains, transport, postal services and schools as unions aim a new blow at President Nicolas Sarkozy following his party's drubbing in regional elections. Train workers launched their action Monday evening. The strike was expected to cancel about a third of France's TGV fast trains, the SNCF rail network said. Eurostar trains to Britain and Thalys trains to Belgium and the Netherlands would not be affected, the rail network said. Unions say Sarkozy's conservative government hasn't offered satisfactory plans on jobs, salaries, purchasing power and working conditions — and they hope to hammer home that message in the wake of Sunday's runoff elections. The vote left Socialists in control of 23 of France's 26

regions. Twenty of Sarkozy's Cabinet ministers ran for posts — and all of them lost. Unions also hope to stymie government efforts to reform French pensions. Demonstrations are planned throughout France, with the main march to take place in Paris. In Paris, the public transport authority forecast that two out of three Metro trains would run. Fewer suburban trains than usual were expected to operate. Unions are also seizing the opportunity to push the demands of individual professions. Educators are angry about job cuts, and the union says half of all teachers are expected to strike. Day care employees are fighting a reorganization plan.

BERLIN – Germany's economy minister says his government remains opposed to paying financial aid to Greece, dampening EU officials' hopes that a summit Thursday will agree to a rescue package and suggesting the International Monetary Fund may have to be involved. Rainer Bruederle told daily Passauer Neue Presse Wednesday that "aid for Greece would be the wrong signal. We must not create a precedent that other eurozone countries can refer to in the future." Bruederle said "it cannot be possible that German taxpayers have to pick up the bill for mismanagement in Greece and elsewhere." The EU is split on the issue of Greek support, but a German government official said earlier this week that several EU countries now appeared to be unopposed to IMF funding a bailout.

BRUSSELS (AFP) – European leaders clinched a deal to rescue Greece from its debt crisis, with a standby package of loans backed by the International Monetary Fund halting the euro's slide on Friday. The historic pact -- which re-writes the eurozone rule-book for all -- was designed to "reassure all holders of Greek bonds" that European partners "will never abandon Greece," according to European Union president Herman Van Rompuy at a European Union summit in Brussels. The EU figurehead said all 16 eurozone nations, including Greece, had committed to "participate," which was also designed send a message to speculators not to simply switch their attentions from Greece to a new target in trouble, whether Portugal, Spain or Ireland.

More broadly, leaders further agreed on the need for stronger "economic governance" in Europe with strengthened penalties for countries that consistently breach the EU rules. Related article: ECB chief backs Greek rescue plan. In early London deals on Friday, the currency pulled away from 10-month lows against the dollar, up from 1.3277 dollars in New York late on Thursday. "I would have been surprised if the euro had not gone in that direction," said Luxembourg Prime Minister Jean-Claude Juncker as he arrived for the second day of the summit. However, Credit Agricole analyst Mitul Kotecha warned that criticism of the IMF's involvement by European Central Bank chief Jean-Claude Trichet -- although he later fell into line -- "has kept the euro under pressure." Trichet was on the back foot in Brussels, having cautioned beforehand against "all signs of a lack of responsibility" for the eurozone, which he considered would be "obviously very, very bad."

LONDON – The euro rebounded from a 10-month low on Friday but European stocks dropped, as markets gave a cautious welcome to the eurozone's bailout program for Greece, which would extend loans only as a last resort and involve the International Monetary Fund. Investors' reaction was mixed because while the program does provide a

backstop, it rules out any immediate loans to Greece and lays bare the structural problems in Europe's economic union. Furthermore, while the crisis may be averted, several EU countries face years of slow growth as they try to balance their budgets.

The euro was up at \$1.3377 in morning trade in Europe compared with \$1.3291 in New York late Thursday. Stocks, however, showed less enthusiasm. Britain's FTSE 100 benchmark stock index was down 0.3 percent at 5,709.90 while Germany's DAX was down 0.4 percent at 6,110.30. France's CAC-40 was 0.3 percent lower at 3,988.84.

"The agreement last night of a rescue package for Greece clearly improves the country's financial outlook and could also ease some of the near-term pressure on the euro," said Jonathan Loynes, chief European economist at Capital Economics in London. "But it would be wrong to think that the crisis is over."

He noted Greece will continue to have to pay a heavy price to borrow money. The spread between Greek 10-year bonds and equivalent German issues — a key indicator of market trust — narrowed to 305 basis points Friday, down from about 330 on Thursday morning. But the level remains high, translating to roughly twice Germany's borrowing rate. Loynes also pointed out that Greece faces an extremely serious economic crisis, and that it isn't alone — governments in Ireland and Portugal are also inflicting painful austerity programs that will keep growth subdued. "Against that background, we suspect that any relief for the euro will be short-lived," said Loynes.

The joint eurozone and IMF bailout program comes with strict conditions, making no money available to Greece right now. It could be tapped only if Greece — or other financially troubled eurozone members — cannot raise funds from financial markets and would require the unanimous agreement of the 16 eurozone countries to release the loan funds. Moody's credit ratings agency highlighted the uncertainty created by the political wrangling to come up with a deal. "The key credit question is whether, over the coming weeks and months, market confidence will be strengthened by the support package or whether it will be weakened by contentious conditions under which this package was agreed," said Pierre Cailleteau, managing director for sovereign risk at Moody's in London. In Asia, stocks were mixed in early trade before turning higher later in the day. Japan's benchmark Nikkei 225 stock average gained 167.52 points, or 1.6 percent, to 10,996.37. Hong Kong's Hang Seng index rose 252.02, or 1.2 percent, to 21,030.57 and South Korea's Kospi added 9.33 points, or 0.6 percent, to 1,697.72. Markets in Australia, India and Taiwan also gained.

LONDON – Get out your shin guards, British election season is here. Mud was flying in all directions Tuesday as opposition leader David Cameron, still leading in pre-election opinion polls, took aim at the Labour Party over allegations three former Cabinet ministers touted their services to lobbyists. He called Labour leaders "appalling people" who had to be removed — pronto — for the good of the nation, and said the political system is more broken than ever. "No wonder there is a deepening suspicion that politicians are out to serve themselves and not the country," Cameron said the morning after a Channel 4 program showed several Labour figures — and one Conservative — seeking highly paid work from a purported lobbyist who was actually an undercover TV reporter. Cameron demanded a formal inquiry, promised stiff new ethics rules if his party wins the election, and said the Conservative legislator who boasted on camera that he would soon be installed in the House of Lords would not, in fact, be elevated to that high

position. The attacks were personal, direct — and guaranteed to make the TV news as the general election nears. A vote must be called by June 3, with many expecting a May 6 poll date. The new allegations put Prime Minister Gordon Brown, once again, squarely on the defensive as he tried to rally Labour back from the brink.

He said an inquiry was not needed even as the offending parties were ostracized from the inner sanctum of the Labour Party, which has governed since a fresh-faced Tony Blair won a landslide in 1997. All three were suspended from the parliamentary Labour Party. They are: Geoff Hoon, the former defense chief; Stephen Byers, the former transport minister, and Patricia Hewitt, the ex-health secretary. They have denied trying to trade their influence for cash. Byers was filmed by an undercover television documentary crew apparently offering to use his contacts and access on behalf of private clients for 5,000 pounds (\$7,500) per day. In the secretly filmed footage — broadcast on the "Dispatches" program — he boasts that he had been able to alter new laws on behalf of major companies. Byers later retracted his claims.

LONDON – Prime Minister Gordon Brown's government is expected to offer few voter-friendly giveaways in a post-recession, pre-election budget on Wednesday, as the need to get record debt levels under control keeps strict limits on spending. Lagging behind the main opposition Conservative Party in the polls for an election that is expected on May 6, the Labour Party government is trying to spin its hands-tied position into an example of steady stewardship in times of austerity. Treasury Chief Alistair Darling has promised a "sensible, workmanlike budget." Monument Securities economist Marc Ostwald said that the focus would be on "how unrealistic the projected fall in the budget deficit looks relative to the GDP projections, as well as what form of punitive measures will be proposed for the banking/financial sector." "But as these are unlikely to pass into law ahead of the election, one can term the budget little more than another element of Labour's election manifesto," he added. The British government has forecast a record 178 billion pound budget deficit this year. Borrowings of 12.8 percent of gross domestic product would just pip the 12.7 percent forecast in crisis-hit Greece and would be far above the average 6 percent for Europe. Better than expected government borrowing figures are expected to shave around 12 billion off that figure, but officials have made clear any windfall would be used to reduce the deficit, rather than fund a spending spree. The huge deficit is partly due to big expenditure by the government to mitigate the impact of the global credit crisis and economic downturn. It has taken over two troubled mortgage lenders, and holds major stakes in two big banks, Royal Bank of Scotland and Lloyds Banking Group. The Bank of England has poured 200 billion pounds into inflating the money supply, and 400 million pounds has been spent on an incentive program for new-car buyers. The country's debt to GDP ratio is forecast to reach 82 percent this year, almost double the level two years ago.

The credit rating agencies have issued muted warnings over Britain's fiscal position and the status of the country's "triple-A" sovereign debt rating, which allows the country to borrow relatively cheaply. There has been speculation also that Darling will use what limited room for manoeuvre he has to provide further assistance to the young unemployed who have been particularly hard hit by the recession. He has also promised not to increase retail sales tax, which rose back up to 17.5 percent at the start of this year after a 2.5 percentage point yearlong reduction. Cuts in corporation tax are also possible

and Darling is tipped to announce the creation of a 2 billion pound (\$3 billion) "green bank" to fund environmentally friendly public sector projects and impose an 80 billion pound lending target to businesses on the two banks bailed out by the government at the height of the financial crisis. The two major political parties have taken opposing sides on what many see as a Catch-22 for the country's economic fortunes. Labour maintains that cutting the stimulus now, via less spending and higher taxes, would help cut the deficit, but could send the economy back into a dreaded double-dip recession.

LONDON (AFP) – Chancellor Alistair Darling has vowed to hike taxes on the rich to help the poor hit by the global downturn, and to cut borrowing targets in a budget unveiled weeks before a knife-edge election. Unveiling his last budget ahead of a general election expected on May 6, Darling warned growth would be weaker than expected in 2011 as Britain recovers from a record recession. Opinion polls suggest that the election will be a tight contest between the ruling Labour Party and the main opposition Conservatives. "Those who have benefited the most from the strong growth in incomes in past years should now pay their fair share of tax," Darling said.

"Looking across all the tax rises since the beginning of this global crisis, 60 percent of them will be paid for by the top five percent of earners." Darling revealed that £2 billion raised from a supertax on bankers' bonuses would be ploughed into a programme to help boost recovery. This £2.5 billion "growth package" would "help small business, promote innovation, invest in national infrastructure", Darling told parliament. But economists played down its importance. "As the headline £2.5 billion package is worth just 0.2 percent of GDP, it will not have a significant impact on the economic outlook," said Daiwa economist Colin Ellis. "Instead, it seems designed to put some clear water between the Labour government and Tory opposition ahead of the expected election in May, allowing the government to paint itself as investing in the recovery rather than cutting too sharply and risking a double dip."

There was more bad news for high earners, who already face a 50-percent income tax rate on earnings over £150,000 this year. Britons with annual incomes in excess of £100,000 would have their annual tax-free allowance gradually withdrawn, said Darling. But economists argue that further tax hikes and spending cuts will eventually be needed to fix the public purse, which has been hit by banking bailouts and recession-hit taxation revenues. In a measure aimed at helping first-time property buyers struggling to get on the housing ladder, Darling said people buying a property would not have to pay tax on properties costing less than £250,000.

LONDON (AFP) – Thousands of civil servants across the country staged a strike on Wednesday over plans to cut redundancy pay, forcing Chancellor of the Exchequer Alistair Darling to cross a picket line on his way to delivering the budget speech.

The 24-hour walkout by the Public and Commercial Services Union (PCS) follows a similar two-day stoppage earlier this month. The PCS -- the country's fifth largest union - - is arguing that the government plans to make it easier and cheaper to cut civil and public servant jobs. The Cabinet Office insists the new deal on the Civil Service compensation scheme is "fair for staff and taxpayers". The union expects "at least 200,000" civil servants will join the stoppage on Wednesday as strikers mounted picket lines outside the Treasury, Downing Street and the Houses of Parliament -- where

Darling was forced to drive past the strikers as he made his way to deliver his pre-election budget speech.

The industrial action is set to disrupt courts, jobcentres, prisons, benefit offices, driving test centres and ports. Civilian staff working for the Metropolitan Police will also walk out, as will security staff working in the Houses of Parliament.

PCS general secretary Mark Serwotka said: "It is no coincidence that PCS members are striking on budget day to defend jobs and services. "Loyal civil servants have already seen the damage that 100,000 job cuts have wrought and will not stand by and allow the jobs and services they are proud to deliver slashed," he added. "The government needs to start valuing its own workforce by standing up for public services and reaching an agreement on redundancy pay that protects people's entitlements."

LONDON (AFP) – Prime Minister Gordon Brown has urged railway and union bosses to keep negotiating to avoid a threatened four-day strike that could cause travel chaos over the Easter holidays. Network Rail and the Rail Maritime and Transport (RMT) union are locked in a row over job security and working practices.

The RMT union said its 5,000 members working as signallers would strike on four consecutive days starting on April 6 -- the first national rail strike in 16 years.

A total 12,000 maintenance workers belonging to the RMT and 800 staff signed up to the Transport Salaried Staffs' Association union will also strike during the same period.

A Downing Street spokesman said on Thursday: "Strikes are in nobody's interest, but the prime minister is of the view that he hopes that negotiations will continue and a resolution can be found." If the industrial action goes ahead from April 6, it would begin on the same day Brown is expected to announce the date of the general election, widely expected to take place on May 6.

Explaining the reasons behind the strike action, RMT general secretary Bob Crow said: "RMT negotiators have worked flat-out to try and reach an agreement that protects rail safety, job security and working agreements in the disputes involving signalling and maintenance staff on Britain's railways. "Despite long hours of talks, we have received nothing concrete from Network Rail that addresses the key issues," he added.

Network Rail's director of operations, Robin Gisby, said: "We want proper discussions with the unions' leadership about implementing changes. Negotiations, not strikes, are the way forward. "Our contingency plans are well advanced and aim to keep as many trains running as possible. But a national rail strike will have a severe impact on services and on Britain."

ROME – In Italian politics, purple is the new black. Purple People, a new movement born on the Internet, has emerged as a force ahead of important regional elections Sunday and Monday. Their stated aim: bring down Premier Silvio Berlusconi.

Tens of thousands of purple-clad protesters have rallied in the capital in recent months, attracting the attention of opposition parties eager to jump on the bandwagon. Berlusconi himself organized a rally Saturday — just a week after the latest purple demonstration.

Analysts are trying to gauge what impact, if any, the protests might have on the outcome of the regional ballot, seen as a test of Berlusconi's national support as he fights sex and corruption scandals. The Purple People, who are not affiliated with any party, say they chose purple because it is not traditionally associated with politics, like red or blue.

They contend Berlusconi is undermining Italian democracy through his concentration of power and alleged use of his position to quash corruption probes.

While they spread their message on Twitter and Facebook, where the group has more than 257,000 fans, they very much operate in the real world.

In December, tens of thousands of people took part in their "No-B Day" demonstration. This month, amid banners of "Enough!" they gathered similar numbers in a Rome piazza to demand the Italian leader's resignation. "Purple is the color of the awakening of our consciences," Fabio La Falce said during the March 13 demonstration.

"We want to be a movement outside of political parties, free of any political allegiance or symbol," said the purple-clad, flag-waving La Falce. Still, political parties are taking note. At the March rally, opposition leaders, including the secretary of the Democratic Party, were allowed to deliver speeches from the stage. Berlusconi has stepped up his campaign, organizing his own rally and making several media appearances. The premier has been urging his supporters to go to the polls, seeking to avert the low turnout that marked recent regional balloting in France and was seen as hurting President Nicolas Sarkozy.

ROME (AFP) – Italy's postal service intercepted a threatening letter containing a bullet addressed to Prime Minister Silvio Berlusconi, while letter bomb sent to a minister caught fire, police said Saturday. A large envelope containing a letter addressed to Berlusconi with the threat "you will end up like a rat" was discovered on Friday in a post office in the Libate suburb of the northern city of Milan, police said.

The package, which also referred to other leaders of Berlusconi's centre-right People of Freedom (PDL) party, was addressed to the prime minister's private residence in the Milan region, they said. Berlusconi was in Libya for an Arab League summit.

The ANSA news agency reported that the anonymous letter contained drawings of figures under which were written the names of four PDL leaders including Defence Minister Ingazio La Russa. In another Milan post office, a letter bomb caught fire on Saturday, slightly injuring the hands of a postman, police said.

The Milan prefecture said the package contained threats against Interior Minister Roberto Maroni and was claimed by the Informal Anarchist Federation. The letter accused Maroni, a member of Italy's far-right anti-immigrant Northern League, of failing to crack down on rapes in illegal immigrant centres, police said.

The threats come ahead of fiercely contested regional elections on Sunday and Monday, with Berlusconi seeking to stem a slide in his popularity.

The interior ministry condemned the incidents as "real terrorist acts" which it vowed to eliminate to prevent a return to the violent political unrest that plagued Italy around the 1970s. It said the threats amounted to "very serious intimidation" which it would address at an extraordinary meeting of the Public Order and Security Committee called for Wednesday, it said. Berlusconi was injured in an attack last December when a man hurled a heavy souvenir model of Milan's gothic cathedral at the controversial 73-year-old prime minister after a rally in the city, breaking his nose and two of his teeth.

BRUSSELS – Lady Catherine Ashton, under fire for being unqualified for her job as Europe's foreign minister, has upset the French with her flawed command of what was once the language of international diplomacy. Her diplomatic response: I will learn better

French. Over the past two decades English has replaced French as the language most used in the halls of European Union institutions. So when Ashton was made head of EU foreign policy in November and predominantly used her native English, it hurt French pride. When she spoke French, it hurt their ears. "She speaks French," said Foreign Minister Bernard Kouchner in response to a question about Ashton's language skills. Then he added: "It is not a marvel."

French Europe minister Pierre Lellouche invited Ashton during a friendly talk several weeks ago to the Millefeuille Provence language school close to the sun-splashed city of Avignon. He even followed it up with a more formal invitation. He also offered the opportunity to other top EU officials like European Parliament President Jerzy Buzek. "Pierre Lellouche has written a letter to say we are at her service, in Avignon. It is not an ugly town," Kouchner said, tongue somewhere in his cheek. He called the invitation "funny, but charming." Ashton got the message. "She is very, very willing to improve it," her spokesman Lutz Guellner said Tuesday. "When, how exactly, remains to be seen." Across the 27 nations, the EU has 23 languages, and for many citizens attachment to their mother tongues is an important counterweight to Europe's increasing globalization and use of English as the predominant way to communicate.

JERUSALEM (AFP) – The Israeli diplomat who is to be expelled from Britain over the alleged forgery of British passports connected to the killing of a top Hamas militant, is a Mossad officer who will be replaced by the Jewish state, Israeli media reports said on Wednesday. Downing Street on Tuesday declared the unnamed diplomat persona non grata after a police investigation found that Israel stole the identities of 12 British citizens to make the fake passports. Public radio and other Israeli media said the diplomat was an officer in the Mossad spy agency and would be replaced "soon" by another intelligence officer. Israeli Foreign Minister Avigdor Lieberman said he was "very disappointed" by the expulsion, but a senior official said the Jewish state would not retaliate. Foreign Secretary David Miliband said there were "compelling reasons" to believe that Israel was behind the forgeries used by the team which killed Mahmud al-Mabhuh in Dubai in January. "I've asked that a member of the embassy of Israel be withdrawn from the UK as a result of this affair and this is taking place," he told parliament. The Foreign Office declined to specify the position of the expelled diplomat, but reports in several British newspapers said the diplomat was believed to be Mossad's station chief in London, without citing sources.

The killing of Mabhuh has been widely blamed on Israel, which has declined to comment on the affair in line with a longstanding policy of ambiguity. The suspects used the identities of 12 Britons, as well as Australian, French, German and Irish nationals. Interpol has issued arrest notices for 27 suspects wanted by Dubai in connection with the killing. Many of the forged passports bore the names of Israelis of dual nationality who appear to have been the victims of identity theft.

A British government investigation has concluded that Israel was involved in the forgery of 12 British passports used by suspects in the killing of a Hamas official in Dubai in January, Britain's foreign secretary, David Miliband, said in a statement to the House of Commons on Tuesday. As my colleague John Burns reports, Mr. Miliband called the passport fraud "intolerable" and said that he had "asked that a member of the

Embassy of Israel be withdrawn from the U.K. as a result of this affair, and this is taking place.” Julian Borger, The Guardian’s diplomatic correspondent, reported: “The Guardian understands the official is a senior Mossad agent,” referring to Israel’s intelligence agency. Mr. Miliband said that he was presenting a summary of the findings of an investigation into the forged British passports carried out by Britain’s Serious and Organized Crime Agency, known as Soca. That agency’s report was presented to the British cabinet on Tuesday morning. Mr. Miliband said that the investigators “were drawn to the conclusion” that the fake passports used by the suspects in the assassination of Mahmoud al-Mabhouh had been made from copies of genuine passports after those documents had been “handed over for inspection to individuals linked to Israel.” He added: Given that this was a very sophisticated operation, in which high-quality forgeries were made, the government judges it is highly likely that the forgeries were made by a state intelligence service. Taking this together with other inquiries, and the link to Israel established by Soca, we have concluded that there are compelling reasons to believe that Israel was responsible for the misuse of the British passports.

According to the Israeli newspaper Haaretz, the British Foreign Office told Israel’s Ambassador in London “that the probe had determined for certain that the passports were forged when British citizens passed through airports on their way into Israel, with officials taking them away for ‘checks’ which lasted around 20 minutes.”

Mr. Miliband also said that the investigation found no evidence that any of the 12 holders of the genuine passports were involved in the plot or were anything other than victims of identity theft. Nor did they find, Mr. Miliband stressed, that the British government had any advance knowledge of the killing or any role in carrying it out. He expressed sympathy for the plight of the British citizens, and noted that one of the 12 had said, “To go to bed a citizen and wake up a wanted terrorist is shocking.”

According to Mr. Miliband, the British government offered all 12 citizens new biometric versions of British passports that are gradually being rolled out to all citizens. He added that the government was amending its travel advice for British passport holders traveling to Israel to advise them of the danger of identity theft.

Here is that revised travel advice, posted on the **Web site of the British Foreign Office**:

U.K. passport holders should be aware of a recent Serious Organised Crime Agency investigation into the misuse of U.K. passports in the murder of Mahmud al-Mabhuh in Dubai on 19 January 2010. The SOCA investigation found circumstantial evidence of Israeli involvement in the fraudulent use of British passports. This has raised the possibility that your passport details could be captured for improper uses while your passport is out of your control. The risk applies in particular to passports without biometric security features. We recommend that you only hand your passport over to third parties including Israeli officials when absolutely necessary.

Two members of Israel’s parliament responded by saying that the British action was based on anti-Semitism and suggesting that a British diplomat should be expelled from Israel in retaliation, an Israeli newspaper’s Web site, Ynet News reported. Arieh Eldad, a member of the National Union party, first recalled an incident from 1948 when his father had called Britons dogs, and then said, “I think the British are being hypocritical and I do

not wish to insult dogs here, since some dogs show true loyalty. Who gave the British the right to judge us on the war on terror?" Another member of his party, Michael Ben-Ari, took up the theme, saying, "Dogs are usually loyal, the British may be dogs, but they are not loyal to us. They seem to be loyal to the anti-Semitic establishment." He added, "This is anti-Semitism disguised as anti-Zionism." Mark Tran wrote in a Guardian blog post, that a former leader of the opposition Conservative party, William Hague — who will take Mr. Miliband's job soon if his party wins an upcoming general election — complained "that Israel has done something similar in the past and has not lived up to past assurances not to do anything like this again."

BRUSSELS — The European Commission said Wednesday that it wanted to develop its own system to track terrorist finances and that such a system would require the United States to contribute information on American citizens' transactions. The announcement is part of intensifying efforts by Brussels to resolve an acrimonious battle within the European Union over how to identify, track and pursue suspected terrorists and their financiers. Last month, the European Parliament blocked a provisional deal between the European Union and Washington to permit the continued exchange of such data. The move by Parliament was partly a bid to assert new powers to decide issues concerning European security jointly with E.U. governments. But the move also reflected deepening unease in Europe over the way personal data are increasingly used by companies and by governments. Seeking to ease those concerns, the E.U. justice commissioner, Viviane Reding, called on the United States to agree to equal treatment of information about Europeans and Americans under any new, formal system for sharing data. "The future agreement would explicitly provide U.S. reciprocity should the E.U. set up its own terrorist-finance tracking program," Ms. Reding said at a news conference in Brussels. A pledge from the Americans to support a European system would provide "confidence in a new round of negotiations with our U.S. partners," she added. The requirement proposed by Ms. Reding was part of a negotiation proposal that must be approved by E.U. member states before formal talks begin with Washington. The U.S. Mission to the European Union declined to comment on whether Ms. Reding's proposal would be acceptable to the United States. But it said in a statement that the European Union and the United States should "quickly move forward with constructive negotiations toward a long-term agreement." The statement also warned of "vulnerabilities caused by the current interruption" to the program. Whether the European Union could ever establish its own terror-finance squad is unclear. Such a system would be expensive. It also would require E.U. member states to delegate powers — possibly to a single member state — to oversee the effort in a policy area where European countries still zealously guard their sovereignty. In the meantime, the commission and E.U. governments are seeking to create a system that can be integrated with the U.S. program.

ROME — An abortion foe is demanding the excommunication of U.S. House Speaker Nancy Pelosi in a tiny protest in Rome outside St. Peter's Square. For exactly a minute Monday, Randall Terry and six other protesters held placards a few meters (yards) away from the edge of Vatican territory. Terry in the past urged people to burn effigies of Pelosi for her championing of health care legislation in Congress. Terry's placard read

"No communion for Pelosi." Other signs urged Washington's archbishop, Donald Wuerl, to excommunicate her. Democrats voted Sunday to extend coverage to millions of uninsured Americans. Key to passage was an executive order signed by President Barack Obama affirming laws that ban federal funding for abortions except for rape, incest or danger to the woman's life. Vatican teaching forbids abortion.

VATICAN CITY – The Vatican is facing one of its gravest crises of modern times as sex abuse scandals move ever closer to Pope Benedict XVI — threatening not only his own legacy but also that of his revered predecessor. Benedict took a much harder stance on sex abuse than John Paul II when he assumed the papacy five years ago, disciplining a senior cleric championed by the Polish pontiff and defrocking others under a new policy of zero tolerance. But the impression remains of a woefully slow-footed church and of a pope who bears responsibility for allowing pedophile priests to keep their parishes. In an editorial on Friday, the National Catholic Reporter in the United States called on Benedict to answer questions about his role "in the mismanagement" of sex abuse cases, not only in the current crisis but during his tenure in the 1980s as archbishop of Munich and then as head of the Vatican's doctrinal and disciplinary office.

It all comes down to the question of what the pope knew and when. The answer will almost certainly determine the fate of Benedict's papacy.

As he approaches Holy Week, the most solemn period on the Christian calendar, victims groups and other critics are demanding Benedict accept personal responsibility. A few say he should resign. Some fear the crisis will alienate Catholics from the church, with a survey in Benedict's native Germany already showing disaffection among Catholics while there is deep anger in once very Catholic Ireland. As the climate worsens, the Vatican is showing increasing impatience and even anger, denouncing what it says is a campaign to smear the pope. L'Osservatore Romano, the Vatican newspaper, said this week there was a "clear and despicable intention" to strike at Benedict "at any cost."

But as attention focuses on Benedict, a perhaps thornier question looms over how much John Paul II, beloved worldwide for his inspirational charisma and courageous stand against communism, knew about sex abuse cases and whether he was too tolerant of pedophile priests. John Paul presided over the church when the sex abuse scandal exploded in the United States in 2002 and the Vatican was swamped with complaints and lawsuits under his leadership. Yet during most of his 26-year papacy, individual dioceses and not the Vatican took sole responsibility for investigating misbehavior.

Professor Nick Cafardi, a canon and civil lawyer and former chairman of the U.S. bishops lay review board that monitored abuse, said Benedict was "very courageous" to reverse Vatican support for the Legionaries of Christ, a sex scandal-tainted organization staunchly defended by John Paul. John Paul was already ailing from Parkinson's disease when the U.S. scandal erupted, a factor supporters say may have kept him from initially realizing its scope.

While Cardinal Bernard Law became the most high-profile church figure to fall, resigning as archbishop of Boston over the scandal, John Paul gave him a soft landing, appointing him as head of a Rome basilica and keeping him on various Vatican committees. The world-traveling John Paul has been put on a fast track for sainthood by Benedict in response to popular demand. Cardinal Jose Saraiva Martins, the emeritus

head of the Vatican's saint-making office, said this week that historians who studied the pope's life didn't find anything problematic in John Paul's handling of abuse scandals.

"According to them there was nothing that was a true obstacle to his cause of beatification. They are very strict," Saraiva Martins said.

For Benedict, a quiet intellectual who will be 83 next month, the scandal must be trying.

BERLIN – German Chancellor Angela Merkel's Cabinet is meeting Wednesday to establish an expert panel in response to the recent spate of sexual abuse allegations in the Roman Catholic church and elsewhere. The panel will be headed by the ministries of Justice, Family and Education and first meet on April 23. It will include 40 experts from the government, the church, charities and educational institutions. Merkel has said before that the panel should examine past abuses and also reevaluate Germany's current statute of limitations on sex crimes as well as possible compensation for abuse victims. Germany has been rocked by a sexual abuse scandal at Roman Catholic and secular schools for several weeks with more than 250 victims having come forward.

THE HAGUE, Netherlands – Religious groups from around the globe pledged Tuesday to prevent the stigmatization of people living with HIV and AIDS, in a joint statement welcomed by a senior U.N. official as a sea change in attitudes. Representatives of some 40 religions and faith groups including Christianity, Judaism, Islam, Hinduism and Buddhism ended a two-day retreat in the Netherlands by signing a "personal commitment to action" in which they vowed to "be clear in my words and actions that stigma and discrimination towards people living with or affected by HIV is unacceptable." Canon Gideon Byamugisha, an Anglican priest from Uganda, said the way his church treated him after he discovered he had HIV should set an example. "They reacted with support and understanding," he said in a telephone interview. "There were sections who were annoyed and disappointed I was HIV positive, but a big number opted to give me the love, care and support I needed."

Byamugisha lost his first wife to AIDS and has since remarried to a woman with HIV. He told church officials in 1992 that he had HIV and was one of the first African clerics to reveal he had the disease. Thoraya Ahmed Obaid, the United Nations Population Fund's executive director, called Tuesday's statement "a sea change."

"There is no talk about sinning or repentance," she said. "It is more about acceptance of people living with HIV." The delegates acknowledged that some church and faith groups had played an active role in the stigmatization they now have committed to end.

"With remorse we regret that those living with HIV have at times been at the receiving end of judgment, rejection ... ," they wrote in a statement. "We need to make greater efforts to ensure that all people living with HIV find a welcome within faith communities." The statement came after two days of discussions in which Byamugisha said that delegates sometimes struggled "with how to balance between communicating the religious messages that talk about morality and spirituality (and) public health challenges on the ground." The use of condoms to fight the spread of HIV infections also was discussed, but only as a side issue, Byamugisha said. A year ago, Pope Benedict XVI drew unprecedented criticism when he said that distributing condoms was not the answer to Africa's AIDS problem and could make it worse.

He said a moral attitude toward sex — abstinence and marital fidelity — would help fight the disease. Rev. Richard Fee of the Ecumenical Advocacy Alliance, which helped organized the meeting, said that religious groups can now join the front line in battling AIDS and HIV. "If we are going to deal with this pandemic, the way we are going to get the message to every village in the world through education is through faith based groups which do touch every village in the world," he said.

GENEVA – Israel should pay Palestinians reparations for loss and damages suffered during last year's war in the Gaza Strip, the U.N. Human Rights Council suggested Thursday. The 47-nation body didn't call for similar payments by Palestinians to Israelis. The resolution was opposed by the United States and five European countries. Israeli Ambassador Aharon Leshno-Yaar said the resolution was biased and defamatory, and would do nothing to bring Palestinians and Israelis closer together. The proposal by Pakistan passed by a majority of 29 to 6, with 11 abstentions. One country, Gabon, didn't vote. The resolution also suggested that the International Committee of the Red Cross should investigate Israel's alleged use of white phosphorus, an incendiary munition, during the conflict that ended January 2009. The council, which has been criticized for excessively focusing on Israel in the past, approved four other resolutions condemning the Jewish state Wednesday. "The council is too often exploited as a platform from which to single out Israel, which undermines its credibility," said U.S. envoy Eileen Chamberlain Donahoe. EU countries were split, with Hungary, Italy, Netherlands and Slovakia opposing the resolution and Belgium, France and Britain abstaining. The resolution, backed by African and Asian states who hold a majority in the Geneva-based council, called on Israel and the Palestinians to comply with the recommendations of a U.N.-appointed expert panel to conduct independent investigations into the three-week war. The U.N. General Assembly last month voted to give both sides five more months to complete the probes after U.N. Secretary-General Ban Ki-moon reported that he could not determine whether the parties had conducted credible investigations.

BRUSSELS (AFP) – NATO secretary general Anders Fogh Rasmussen on Saturday urged "paper tiger" Europe to ramp up investment in a costly missile defence umbrella. The alliance chief's remarks at a security conference in Brussels were largely aimed at the likes of EU heavyweights Germany, Italy and Spain, who fall substantially short of NATO military spending targets. Britain and France, whose budgets are under ferocious pressure over the coming years having dug deep in a bid to insulate citizens from the worst economic slump since the 1930s, were also clearly in the Dane's sights. "The Lisbon treaty provides the EU with a stronger defence and security policy dimension," said Rasmussen. "But this will remain a paper tiger if it is not followed up by concrete military contributions when we need military contributions. "Missile defence might be one key area whereby the Europeans can demonstrate such commitment... and also demonstrate to the American public that the alliance is relevant," he underlined. Rasmussen's call, which echoes that of predecessors in the post down the years at key points in the development of all significant defence projects, is intended to keep defence spending among top priorities for nations often beset by large public deficits and debts. He said that a decision to "invest in a comprehensive missile defence system" would send a powerful "political signal."

Rasmussen told his audience that a NATO summit in November represents a deadline for allies to fix plans to construct an integrated missile defence shield ideally stretching from Vancouver to Vladivostok. Research has suggested that such a "security roof," as Rasmussen called it, could cost upwards of 20 billion dollars (15 billion euros) to build. The most recently-available NATO figures for member states' defence spending, covering 2008, show Berlin, Rome and Madrid's respective percentages coming in well below NATO's stated goal of two percent of national output or GDP. Germany, Italy and Spain are each on 1.3 percent. Britain and France are both above the line, on 2.2 percent and 2.3 percent respectively, but Britain has the highest public deficit in Europe, equal to Greece at 12.7 percent of output, and France's military spending is seen as inflated by a heavy pensions element. Greece was one of NATO's highest spenders proportionately in 2008, with 2.8 percent of output going on defence, but Athens has been forced by Brussels into radical spending cuts right across the board.

BRUSSELS – The EU called on the U.S. on Friday to upgrade trans-Atlantic relations, insisting that when it comes to crafting a new world order, Europe is a more significant ally than China and other emerging economies. In separate appearances at the Brussels Forum — an annual security conference — three senior EU officials said it was imperative for Washington and the EU to craft a "more dynamic partnership" European Commission President Jose Manuel Barroso said while the rise of China, India and Brazil may be headline material, it blurs the fact EU-US ties remain the bedrock of the global economy. Barroso said the U.S. and the 27-nation EU account for half of global economic output and 40 percent of world trade. He said U.S. investment in Spain alone exceed its investments in China and India, combined. "In a world of new threats and new challenges ... we need a more dynamic partnership between the two sides of the Atlantic," Barroso told the security conference of the German Marshall Fund of the United States. He said EU-US summits must be "agenda-setting, decision-making events" that focus on strategic priorities such as security matters, energy, development and climate change. Speaking separately, Catherine Ashton, the EU foreign affairs chief, and Herman van Rompuy, the EU president, also said emerging Asian nations are no substitute for the shared values and economic clout Europe brings to relations with Washington. "Thirty thousand (European) troops in Afghanistan is no small feat," Van Rompuy said. "And for all the talk of new global partners, I do not see any time soon comparable numbers of troops from these new global partners patrolling in Kandahar, Kabul or Kunduz." In recent years, globalization has caused trans-Atlantic ties to lose much sheen. As the EU struggled with reforms that would give it more clout on the world stage, Washington complained the Europeans have been slow in providing troops for Afghanistan. The relationship hit a low on Feb. 1 when the U.S. canceled a visit to the EU by President Barack Obama. The move was seen as a diplomatic slap in Europe. Van Rompuy, Barroso and Ashton said the EU and the US must broaden consultations. "Trans-Atlantic cooperation is ... required on new front lines," Van Rompuy said. He said that includes sending judges and policemen to conflict areas, as has happened in Kosovo, and joining forces to regulate financial markets and fighting cybercrime.

## Southeast Europe

TIRANA, Albania -- Rapporteur for Albania Tanja Fajon said the European Parliament (EP) will be briefed on Tirana's EU visa liberalisation process next month. As for the political stalemate that has slowed EU-related reforms, Fajon urged the ruling Democratic Party and the opposition Socialist Party on Sunday (March 21st) to stop damaging Albania's image. The stalemate stems from elections nine months ago that the Socialists say were manipulated.

TIRANA, Albania -- President Bamir Topi said on Monday (March 22nd) that by removing existing visa barriers, Albania will be brought closer to the EU. Albania is undertaking a series of reforms, especially in its justice system, Topi said after meeting in Tirana with Eduard Kukan, head of the European Parliament (EP) delegation for South Eastern Europe. The two main political parties will overcome their stalemate and ensure Albanians a European future, he added. Kukan said the EP welcomes Topi's role as mediator.

In other news Monday, the head of OSCE office in Tirana, Robert Bosch, said that a commission created in parliament to investigate elections is useless because it does not have consensus from all sides. Parliament approved the establishment of the panel in the absence of the opposition.

STRASBOURG, France -- Doris Pack, a member of the European Parliament (EP) delegation for Southeast Europe, has drawn up a report urging the EP to voice concern over the unstable political situation in Bosnia and Herzegovina (BiH) and its limited progress toward EU integration, media reported on Monday (March 22nd). The document condemns "nationalistic rhetoric" undermining the inter-ethnic reconciliation process and the functioning of state institutions. Pack urges Republika Srpska (RS) to continue participating in negotiations on state property and to refrain from obstructing decisions by the Office of the High Representative. In Banja Luka, RS Prime Minister Milorad Dodik fired back, saying Western diplomats should stop interfering in the country's affairs.

NATO Secretary-General Anders Fogh Rasmussen and the 28 NATO permanent representatives were set to visit BiH on Tuesday to meet domestic leaders and members of the international community.

SOFIA, Bulgaria -- The cabinet is considering a year-long 2% hike in the Value Added Tax (VAT), to 22%, as part of the new anti-crisis measures, according to local media reports on Monday (March 22nd). This represents a turn-around in fiscal policy, as Finance Minister Simeon Dyankov had previously promised a 2% cut in the standard VAT rate as of 2011, with more cuts expected later. Raising the VAT would boost revenues. To cut spending, the cabinet is considering a 10% across-the-board wage reduction among public workers.

SOFIA, Bulgaria -- About 3,000 police officers staged a peaceful protest in Sofia on Saturday (March 20th) against planned salary cuts. To curb spending, the government wants to force police and others to make their own contributions to social security,

effectively reducing wages by just over 12%. The protestors, who wore civilian clothes rather than their uniforms, also demanded better working conditions and judicial reforms.

PRISTINA, Kosovo -- The NATO Commander of Allied Joint Force Command Naples Admiral Mark Fitzgerald said on Friday (March 19th) that the transfer of the responsibility for the protection of a Serbian monument of Gazimestan from KFOR to the Kosovo police is a result of improved security situation in the country. Fitzgerald made the statement in Pristina where he held talks with KFOR Commander Lieutenant General Markus Bentler of Germany, Prime Minister Hashim Thaci and President Fatmir Sejdiu. He said that KFOR has no mandate to deal with the implementation of the political plan for northern Kosovo. The government's strategy for the north envisages integration of the Serb-majority with Pristina institutions.

PRISTINA, Kosovo -- A joint initiative by the Kosovo Police, customs officials and EULEX will strengthen control at two northern border gates in a bid to stop illegal activity there. On Monday (March 22nd), authorities began stopping and registering every vehicle coming in or out of Kosovo, while checking for proper customs documents. Previously, only EULEX personnel registered vehicles and drivers entering and leaving Kosovo at those two gates. Serb arsonists burned the gates after Kosovo declared its independence in 2008. Kosovo is believed to have lost around 400m euros in revenue due to the smuggling of goods through the crossings

PRISTINA, Kosovo -- The public is growing increasingly dissatisfied with the government, according to an Early Warning Report from the UN Development Programme (UNDP), published on Friday (March 19th). A survey conducted earlier this year among more than 1,200 respondents found the level of discontent up by 20%, compared to survey six months ago. Since May 2008, more and more people -- currently 92% -- have been blaming the government and political parties for the current economic situation. There is a similar trend developing regarding the EULEX mission. Only 30% of respondents say they are satisfied with its work, compared to 40% last year.

Macedonia

PRISTINA, Kosovo -- The government wants the questionnaire on trade with EU countries to be sent to the bloc no later than April 7th, Prime Minister Hashim Thaci told a cabinet meeting Monday (March 22nd). Thaci added that the questionnaire from the EC is significant, as it includes many elements of the Stabilisation and Association Agreement. Kosovo Trade Minister Lutfi Zharku is co-ordinating the working group in completing 33 chapters of the questionnaire. The EC has given Kosovo a deadline of April 15th.

PODGORICA, Montenegro -- Socialist People's Party (SNP) leader Srdjan Milic will propose to President Filip Vujanovic May 30th as a date for holding of local elections, media reported on Saturday (March 20th). The opposition will meet representatives of the parties that are not represented in the parliament on Monday to come up with the final suggestion. According to the media, the opposition wants to avoid May 23rd -- suggested by the ruling Democratic Party of Socialists (DPS)-led coalition --

fearing the fourth anniversary of the country's independence may be used by the ruling party to gain advantage ahead of the vote.

PODGORICA, Montenegro -- Opposition parties proposed on Monday (March 22nd) that President Filip Vujanovic schedule local elections on June 6th. Socialist People's Party leader Srdjan Milic suggested the date on behalf of several opposition parties. They reportedly want to avoid May 23rd -- suggested by the ruling Democratic Party of Socialists-led coalition -- fearing the fourth anniversary of the country's independence might give the ruling party the advantage

BELGRADE, Serbia -- The head of the European Commission (EC) delegation to Serbia, Vincent Degert, has voiced support for an initiative of a number of NGOs from the region to set up a fact-finding regional commission on war crimes committed during wars in the Balkans. Speaking at a conference in Novi Sad on Saturday (March 20th), Degert called for a regional approach when dealing with war crimes issues. The EC official estimated that countries from the region should conclude bilateral and multilateral agreements on war crimes investigations.

BELGRADE, Serbia -- The head of the EU delegation to Serbia, Vincent Degert, and Deputy Prime Minister Bozidar Djelic endorsed an agreement Monday (March 22nd) on another 70.5m euros in anti-crisis financing. Serbia received 100m euros in budget support in December 2009. The funds are part of the EU's Instrument for Pre-Accession assistance. In other news Monday, Parliament Speaker Slavica Djukic-Dejanovic said that within the next two weeks, parliament will receive the final version of a resolution condemning crimes committed in Srebrenica, Bosnia and Herzegovina during the 1992-1995 conflict with debate to start immediately. Political parties are divided on the resolution, as most opposition parties want a parallel resolution condemning war crimes committed against Serbs during the same conflict.

LJUBLJANA, Slovenia -- A summit of Western Balkan leaders near Ljubljana ended on Saturday (March 20th) by adopting a joint statement on their countries' commitment to the European perspective. The forum was marred by the absence of Serbian President Boris Tadic who boycotted because Kosovo was not represented according to the UN Security Council resolution 1244. EU President Herman van Rompuy was also absent. Participants voiced willingness to continue implementing reforms needed for EU integration as well as strengthening regional co-operation. They urged the EU to keep the enlargement process as its top priority and continue supporting mechanisms of regional co-operation. The forum was attended by the prime ministers of Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Slovenia, as well as by EU Enlargement Commissioner Stefan Fuele.

Kosovo Prime Minister Hashim Thaci said on the forum's sidelines that Pristina remains committed to good neighbourly relations and is ready to co-operate with Serbia. He stressed that Kosovo intends to continue taking part in all international and regional meetings as an independent state.

## Oceania

SYDNEY (AFP) – Australia's Prime Minister Kevin Rudd Tuesday won a bruising nationally televised debate against opposition leader Tony Abbott, during which his rival accused him of telling lies and being a bore. As Australia gears up for an election expected later this year, the centre-left Labor leader Rudd and conservative Liberal Party leader Abbott squared off in an unprecedented debate on health at the National Press Club. "The consensus seems to be that Kevin Rudd won this debate because he actually had a policy to argue," Sky News commentator Ashleigh Gillon said of the 90-minute debate in Canberra. "Also Tony Abbott did come across as a bit more negative than Kevin Rudd," she said, adding that while Abbott's "attack dog" attitude worked well in the rowdy parliamentary chamber it did not come across as well in the debate. Pundits said Rudd had taken a risk in calling the debate, given his admissions that he sometimes struggles to get his message through to the public and is known to speak in dense, bureaucratic language.

Despite some pithy slings, including a description of the prime minister as "an anaesthetist in the House of Representatives," Abbott failed to win the public audience, as monitored by commercial television stations. The 100 undecided voters who judged the debate for Channel 9 deemed the prime minister its winner with 71 votes to 29, while most commentators gave the debate to Rudd more narrowly. Online punters also thought Rudd won, using microblogging site Twitter to dismiss "smug git" Abbott's performance as a "failure to wow" and "suicide on a long slow ride." Health policy is a key issue in the upcoming election, with former diplomat and state bureaucrat Rudd threatening to take over public hospitals via a referendum unless state governments agree to his new funding plans. Abbott, health minister in the former government of prime minister John Howard, called for an end to increased bureaucracy in the system which is struggling to cope with an ageing population and doctor shortages. "This is bureaucracy gone mad, it's a system run by bean counters," he said. Recalling the persona adopted during his popular "Kevin07" campaign, which saw him end 11 years of conservative rule in November 2007, Rudd said the public wanted leaders to cooperate rather than attack one another, as he called on Abbott to help him build a hospital system for the future. "Mr Rudd asks for me to cooperate with him and then he tells blatant lies about my record," Abbott responded.

ADELAIDE, Australia – About 100 Australian police are being investigated for circulating racist and pornographic e-mails via an internal system, a scandal blamed for one officer's suicide, a top official said Thursday. Victoria Police Chief Commissioner Simon Overland said the officers had let down the community by forwarding the offensive e-mails. "It's a mix of racist and pornographic and otherwise offensive material," Overland told reporters. "There are varying degrees of involvement and varying degrees of seriousness." Overland refused to elaborate on the content of the e-mails, saying none of it was illegal but all of it was offensive and in breach of department policy. He also would not confirm whether the racist material concerned Indians or Africans, two minority groups that have been the target of violence in Victoria state and have criticized police conduct in recent months.

The months-long investigation led to two officers receiving what is called a Section 68 — notice that the commissioner has lost confidence in the officers and giving them a chance to explain why they should not be dismissed — for introducing the material into the police system. The other officers were being questioned for further circulating the e-mails, sometimes adding inappropriate comments of their own. Overland confirmed that a police officer who committed suicide earlier this week was one of two given the Section 68. Tony Vangorp, 47, tendered his resignation Friday and returned to the police station Monday night and shot himself. Overland said Vangorp had not been responsible for any racist e-mails. "A tragic event has happened," Overland said. "It's deeply, deeply regrettable and we need to learn the lessons but it doesn't mean that I can or should avoid my responsibilities around the good order and governance of Victoria Police." The state police department has 13,800 employees, including police officers, public servants and protective security officers. "How can a community have confidence in this organization if we allow racist, sexist, pornographic, inappropriate material to circulate freely around the organization?" Overland said. "We can't do it." Overland last week acknowledged a small minority of police officers were racist, in response to a report that said the department suffered from a "culture of racism." The independent report claimed that African teens have been racially targeted, taunted and bashed by police across Melbourne. The report came as the state's Indian population was also claiming a number of racially motivated attacks by Australians.