

Report 120
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 and Islamonline. 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

- Big lessons of primaries: What the heck were they?
- Obama endorsements don't seem to help Democrats
- A Generation Gap Over Immigration
- Obama clamors for federal fix to immigration woes
- New York mosque plan stirs up 9/11 memories
- The points of error that led to attempted bombing
- Senate fails to end debate on bank regulation bill
- Regulators, once deemed lax, get big say on rules
- Regulators to testify on market dive, new rules
- Bill Passed in Senate Broadly Expands Oversight of Wall St.
- Dollar pares gains as Europe discusses rules
- Major Powers Have Deal on Sanctions for Iran
- Proposed Iran sanctions face opposition
- US agrees to announce missile launches
- Support grows for Conservatives: poll
- Canada plans new emission rules for heavy trucks

Western Europe

- UK's Clegg plans civil liberties drive
- UK's Cameron, Clegg finalize coalition deal
- UK Parliament opens with ritual and change
- Greece braces as new anti-austerity strike begins
- Merkel: Europe faces historic test in euro crisis
- Germany's Merkel calls for tougher finance regulation
- Oil falls near \$68 to 8-month low on Europe fears
- France frees man who killed Iran's last premier
- Honduras drops World Court case against Brazil
- Greece, Turkey make historic move to improve ties
- British Library digitizing 40 million newspapers
- German prosecutors investigating Google

- Portugal's president ratifies gay marriage law
- Women protest as French Cabinet gets veil ban bill
- Church warns cell scientists not to play God
- UK Iraq inquiry to question officials in US
- EU says new ash rules will reduce disruption

Southeast Europe

Albania

- Albanian opposition rallies again against government
- Albanian opposition suggests crisis solution
- OSCE offers solution to Albanian political crisis
- Albanian opposition members end hunger strike
- Strasbourg meeting fails to end Albanian stalemate
- Albania's Topi urges end to political crisis
- EC requests clarifications from Albania
- Albania to launch ad campaign on visa liberalisation
- Albania to raise level of representation at OIC

Bulgaria

- EP approves more compensation for Bulgaria's Kozloduy plant

Croatia

- EBRD upgrades overall economic forecast for Eastern Europe
- Croatian panel reaches consensus on constitutional amendments

Kosovo

- Pristina says no talks with Belgrade until after ICJ ruling
- Serbian parties beef up campaigning in northern Kosovo
- Northern Kosovo: political agreement or game?
- Kosovo's Thaci happy with EULEX co-operation
- EU satisfied with EULEX investigations in Kosovo
- Kosovo receives invitation to Sarajevo conference
- Somalia recognises Kosovo's independence

Macedonia

- Gruevski says Macedonia working to resolve name dispute
- Leaders of Macedonia's DUI and SDSM meet

Montenegro

- Candidates wrap up campaigns in Montenegro

Romania

- Romania adopts lustration law
- Romanian public employees protest planned cuts
- Tens of thousands protest austerity measures in Bucharest

Serbia

- Dinkic re-elected as leader of Serbia's G17 Plus
- Is Serbia ready for talks with Kosovo?
- Kosovo, Serbia ready for talks
- Serbia confirms agreement on EU-Western Balkans summit
- Serbia hands over Mladic's diaries to UN tribunal

- IMF reportedly open to boosting wages, pensions in Serbia
- Serbia to launch investigation of possible mass grave

Slovenia

- Montenegro says ousted Thai leader cannot send political messages

Oceania

- Don't trust politicians: Aussie opposition leader
- Aborigines 'have worst rate of child pneumonia'
- Australia 'economically stupid' on Aborigines: Geldof
- Australia lawmakers vote down burqa ban

Report Summary

USA/Canada

Political Issue

Senatorial party primaries are on in the U.S but characterised by discontentment for the establishment. The primaries are showing the deep rooted feelings of Americans, how they would want change to be effected in Washington through new elected public officers. It was a test for both democrat and republican parties as their supports were shaken by the primaries. The primaries also accentuated the weakness of Obama's endorsement on fellow party members.

Support for political parties in Canada continues to fluctuate; recent poll by Ekos suggests that the minority conservative government is heading all opposition parties. The Liberal opposition party is 10% behind the conservative party.

Economic Issue

United States financial regulators are geared at stepping up rules that will further guide financial conduct as preventive measure to guide against the repetition of stock market's epic dive. The measure is termed as circuit breaker which will give investors a break during extreme market dips; they'll be less likely to set off a chain reaction of human and computerized selling. Similarly, the Senate passed a far-reaching financial regulatory bill that broadens government influence on the banking system and financial markets; with the measure any eventual reoccurrence of 2008 financial crisis could be abated.

Social/Humanitarian Issue

The scar of 9/11 will always trouble the minds of relatives of victims, sensitive about anything related to the religion of those accused of perpetrating the dastard event. The construction of a mosque close to Ground Zero is becoming an issue, while some believes such will further raise anxiety of 9/11 relatives, Muslim group and other American sympathizers believes it is their right and would be an opportunity and important for Muslims to be stakeholders in what Ground Zero symbolises.

Meanwhile, the congressional investigators into the alleged attempt by Umar Farouk Abdulmutallab to blow up a Detroit-bound airliner has come up with 14 points kicking at the intelligence agencies for failing to monitor him closely and linked such failure to the intelligence lapse leading to 9/11.

According to latest poll, Americans are divided over the Arizona immigration law which allows police to detain any person suspected of being illegal immigrant. The poll shows a generational gap as most adult white throw their support for the law, while young Americans who have been experiencing intercultural environment find it hard to digest. The division could be a hurdle to having a federal overhaul solution on same issue. The visit of Mexican President Felipe Calderon to the White House was focused on the Arizona immigration law along with imminent issues like drug and climate

Food, Environment and Energy Issue

Geostrategic Issues

Western Powers along with China and Russia agreed on new sanctions on Iran. The new sanctions were against Iranian financial institutions, including those that supported the Islamic Revolutionary Guards Corps. Members of the Guard Corps are responsible for overseeing the military aspects of the nuclear program and have assumed commanding roles in the broader Iranian economy. However, the Chinese blocked any measure that would stop the flow of oil from Iranian ports or gasoline into the country. The new sanctions come amid Iran's negotiation with Brazil and Turkey over nuclear swap. Brazil and Turkey, non-permanent UNSC members rejected the sanctions and rather called for acknowledging the diplomatic break through as Iran has agreed on nuclear swap.

The United States has notified HCOG, an organization overseeing efforts to curb the spread of such weapons that pre-notification regarding the launch of ballistic missile tests or satellites will always be issued. Although the document is said to have exempted certain weapons, yet it was reported as an attempt by the United States to consolidate the new START treaty reached with Russia.

Western Europe

Political Issue

Nick Clegg, British new deputy prime minister is geared at reforming the country's law that would better accord freedom to the citizens than limit it. Clegg vowed to deliver the most significant changes to British democracy since the Great Reform Act of 1832. That legislation changed the political system to grant more citizens the vote. Unlike the conservative Eurosceptic, the Liberal party would like more of British-EU interaction and ultimately Britain becoming part of the Eurozone.

Economic Issue

Most Greeks are bleeding financially and still unsettled with the austerity plan of their government and are ready to puncture the economy much further with industrial strikes in a bid to force the government to change its course which is unlikely to happen. Athens will have to maintain a strict financial policy in order to remain within the conditionality given by IMF and the EU, as Athens receives bailout funds.

The German government is out calling for a tough regulation of international market. Chancellor Angela Merkel hopes to create a European benchmark that will help monitor and regulate budget indiscipline. The move is said to be a coordinated approach to removing stimulus measures put in place to support economies and to ban naked short-selling. Naked short-selling involves traders selling shares or investments they don't hold in hopes of buying them cheaper later; it's a way of betting a financial asset will fall in price and profiting from the fall. It is yet unclear if other Europeans will consent with Germany on the regulation.

Social/Humanitarian Issue

The release of Ali Vakili Rad, an Iranian accused and charged for killing Shahpour Bakhtiar, who served as prime minister under Iran's shah before the 1979 Islamic Revolution. The air is replete with the news that Vakili Rad was released and swapped for Clotilde Reiss, 24, a French citizen arrested in Iran during the post-election unrest. Authorities of both countries have rejected the view of prisoner swap.

The International Court of Justice has accepted and approved the withdrawal of Honduras's petition against Brazil; the latter is accused of meddling in Honduras political matter by harbouring ex-President Manuel Zelaya at the Brazilian embassy in Honduras.

The British government is planning to make the largest digitalized newspaper archive that will preserve past events for research. The plan is to digitize up to 40 million pages of newspapers, including fragile dailies dating back three and a half centuries.

Google, the US internet giant is pitted in debate with European capitals over privacy rights. Europeans are alleging Google of storing fragments of their personal activities online which is a breach of privacy right. German authority is spearheading the prosecution with the support of UK asking for the data to be destroyed.

The Portuguese conservative government reluctantly approved the law that permits same-sex marriage in order for the government to focus on depressing economic problems. Portugal a predominantly Catholic country becomes the sixth European country allowing such practice. Days back, during Pope Benedict's visit to the country he condemned both homosexuality and abortion as dangerous to the world.

Debate over ban of veil in France is on-going and latest development suggests that the French Justice Minister Michele Alliot-Marie presented a draft law with a fine of \$185 for anyone violating the veil ban law. The president is in a hurry that the parliament

concludes on the law which the Council of State deemed unconstitutional. Muslim women are protesting against the ban and vow to take the case to the European Human Right Court.

The Vatican responded to the technological breakthrough in the United States by which synthetic cell from man's DNA was created. The church though acknowledges the scientific development but warns against the misuse of the invention if standing contradictory to the view that life only comes from God

The Britain's Iraq war inquiry panel headed by former civil servant John Chilcot are in the U.S continuing their inquiry though not publicize those whom to interview. The panel is tasked to investigate the run-up to the Iraq invasion, a war punctuated by mistakes. The essence of the panel is questioned as it has no power to apportion blame or establish criminal or civil liability.

Food, Environment and Energy Issue

Having experienced an unprecedented air travel derailment caused by natural phenomenon. The EU aviation safety body has drafted rule that will give more flexibility to national air traffic controllers and will involve the creation of a European crisis coordination center to ensure a smoother response to emergencies like the ash scare which grounded flights in April.

Geostrategic Issues

Greece-Turkey relation saw a new look with the visit of Turkish Prime Minister Recep Tayyip Erdogan to Athens. It was historic in all sense as both countries have been at loggerhead on Cyprus conflict. With the visit both countries signed numerous bilateral agreements and hope to further normalise ties.

Southeast Europe

Political Issue

Political impasses between ruling and opposition parties in Albania persist. The latter wants the ruling party to reopen the ballot boxes of the June election 2009 under a third party (EC) investigation. Meanwhile meeting held at Strasbourg between the two parties to finding a solution to the looming political rift was also fruitless.

Albanian government is planning orientation for the citizens about the positives and restrictions of the EU liberalisation scheme. The orientation will be managed through Albanian media houses. Meanwhile, Tirana hopes to raise its status in the OIC from deputy-minister level to foreign minister level. Critics argue that Albanian government is closer to the U.S and EU at the cost of Islamic countries.

Political consensus transpired at the Croatian parliament as parliamentary committee on the constitution agreed on almost all proposed amendments, the sole exception being the controversial issue of the expatriate voting from Bosnia.

Kosovo authority believes peaceful negotiation with Serbia can only surface after the ICJ ruling. The independence of Kosovo has not been peaceful due to the influence of Serbia in the Serb populated north of Kosovo. Similarly, the authority is reported to be satisfied with the EULEX criminal investigation ongoing in the country. As part of the process to purge the country from corruption, two government officials were investigated last week. The investigation has raised the profile of the institution in the EU.

The ethnic Albanian Democratic Union for Integration (DUI) Macedonia, leader Ali Ahmeti rejects the report that his party will quit the coalition government. Ahmeti holds that his party hopes to work for Macedonia-EU integration and finding solution to the name dispute between Skopje and Athens.

Romanian parliament has adopted a law on lustration that limits the involvement of former communist officials in politics. The bill was supported by 203 of the 343 members of the Chamber of Deputies.

Montenegrin Foreign Minister Milan Rocen visited Ljubljana on Friday and said that ousted Thai Prime Minister Thaksin Shinawatra, who has a Montenegrin passport, must not use the country as a base for sending political messages to his homeland. In April, Shinawatra said in Montenegro that he was in touch with supporters in Thailand.

Economic Issue

The European Bank for Reconstruction and Development in its annual report states that economies in the Balkan region will register growth of 3.7% this year, instead of the 3.3% forecast in January. At the same time, the Bank warned recovery remains fragile, "with increasing differences in the pace of growth across countries and new risks arising from fiscal pressures and financial volatility in Western Europe.

The IMF has reportedly agreed with Serbian government for a possible hike in public sector wages and pensions. Prime Minister Mirko Cvetkovic noted that Serbia has emerged from economic crisis, and returned to an annual GDP growth of 1% in the first quarter of this year.

Social/Humanitarian Issue

Romanians in hundreds staged a massive protest against government austerity plan by which salaries and pensions will be slashed. Joining the demonstration were public officers, police officers, teachers, health and public administration staff, who called on the government to resign, but the government believes the measure is simply to stabilise the economy.

The diaries found in Bosnian Serb commander Ratko Mladic's wife apartment has been turned over to the UN war crimes tribunal and the court will be using the document for prosecuting Serbs under prosecution at The Hague. Meanwhile, court still has an axe to grind with Serbia over mass grave found near Raska, in southern Serbia.

Food, Environment and Energy Issue

The European Parliament showed the sense of commitment by approving allocating an additional 300m-euros in compensation to Bulgaria by 2013, for dismantling the four oldest units at the Kozloduy nuclear power plant.

Geostrategic Issues

Kosovo will be sitting along with Serbia in the EU-Western Balkans conference in Sarajevo next month. It will be the first meeting featuring Belgrade and Pristina after the latter declared itself independent. Meanwhile, Somalia became the 69th countries recognising Kosovo's independence.

As both Kosovo and Serbia awaits the ICJ rulings on Kosovo's status, relations between the two remains fragile. Kosovo Serbs are becoming weary of unfruitful talks, rather asking Serbia to see to their economic wellbeing. They are wary as well about any sort of negotiation that could bring Kosovo and Serbia to the table; instead Belgrade is seen as lacking influence and should rather accept the reality of Kosovo.

Oceania

Political Issue

Australian opposition leader Tony Abbott dropped a comment that may likely hurt his party as the country prepares for election. Abbott was reported saying before a TV programme that politicians should not be trusted all the time, backing up his comment after huge uproar he said he was just be candid with the voters.

Economic Issue

Social/Humanitarian Issue

Anti-Muslim politicians in Australia's most populous state, New South Wales failed in their move to see the ban of veil in the state. The parliament rejected the proposal by 26 to 3 votes. Debate for the veil ban was triggered by national Senator Cory Bernardi arguing that veil could be used for robbery.

Aborigines in central Australia have recorded the highest pneumonia in the world after Gambia. The study to the disease was carried out in accordance with WHO strict definition. Children between age one and two are affected by the disease in the rich country like Australia

Similarly, Australia has huge reserve of talent and potentials; aborigine community is part of the untapped talent of the country. They live in impoverished situation and are mostly unemployed. Anti-poverty campaigner Bob Geldof cautious against this trend, asking the government to work harder in addressing the situation, if the situation remains it will be 'economically stupid'

Food, Environment and Energy Issue

Geostrategic Issues

Report Detail

US/Canada

WASHINGTON – Dazed and confused. The biggest primary night of the season left the two parties struggling Wednesday to figure out their next steps in an increasingly volatile election year. House Republicans tried to explain their costly defeat in a special election in Pennsylvania, a contest they had hoped would launch them toward big gains in November's midterm elections. President Barack Obama failed for a fifth time to push Democratic choices to victory, a troubling sign for the White House.

Despite the White House support, Sen. Blanche Lincoln was forced into a runoff with union-backed Lt. Gov. Bill Halter in Arkansas and is clinging to her political life. Arlen Specter saw his long Senate career end altogether with Joe Sestak's nomination in Pennsylvania. Tea party activists scored a big victory in Kentucky, rejecting Senate Minority Leader Mitch McConnell's hand-picked GOP nominee — Trey Grayson — for the state's other Senate seat in favor of political upstart Rand Paul.

In several states, voters flocked to self-described outsiders at a time when support for Congress is low, anger at Washington high and backing for Obama divided.

However, the themes that surfaced in Tuesday's disparate primaries may tell little about the likely outcomes of upcoming primaries in other states, much less how the general election in some five months will play out. More clear is that this is shaping up to be a raucous campaign season, with colliding variables and a host of unknowns.

While public attention focused on the Senate races, party leaders eyed the Pennsylvania House result. Rep. Eric Cantor, the No. 2 House Republican, predicted a GOP takeover of the House this fall, although he said the loss in Pennsylvania was "evidence of the fact that we have a lot of work to do and we can't get ahead of ourselves."

Countered Tim Kaine, the Democratic Party chairman: "The party's failure to take a seat also shows that while conventional wisdom holds that this cycle will be tough for Democrats, the final chapter on this year's elections is far from written."

A Republican victory for that Pennsylvania House seat would have advanced the party's claims that major gains are certain this fall, and a takeover of the House is possible — a narrative officials had hoped to reinforce this Saturday in a special election to fill out the term of former Rep. Neil Abercrombie of Hawaii.

In Hawaii, Republican Charles Djou runs ahead in the polls while two Democrats split a preponderance of their party's vote. Despite efforts at diplomacy, neither former Rep. Ed Case nor Colleen Hanabusa has agreed to withdraw, and the Democratic Congressional

Campaign Committee recently announced it was halting its activity in the race after spending more than \$300,000. But what does it all mean? It's an unpredictable political environment in which Republicans will seek to take control of Congress this fall and Democrats will try to curtail losses. Some GOP gains are expected because Obama's party is the one in power at a time when the economy continues to sputter and joblessness persists. Those economic issues are voters' top concerns.

WASHINGTON – The role of endorser in chief isn't working so well for President Barack Obama. Sen. Arlen Specter became the fourth Democrat in seven months to lose a high-profile race despite the president's active involvement, raising doubts about Obama's ability to help fellow Democrats in this November's elections. The first three candidates fell to Republicans. But Specter's loss Tuesday to Rep. Joe Sestak in Pennsylvania's Democratic senatorial primary cast doubts on Obama's influence and popularity even within his own party — and in a battleground state, no less. Of course, it's possible that Democrats will fare better than expected this fall. And there's only so much that any president can do to help other candidates, especially in a non-presidential election year.

Still, Obama's poor record thus far could hurt his legislative agenda if Democratic lawmakers decide they need some distance from him as they seek re-election in what is shaping up as a pro-Republican year. Conversely, it might embolden Republican lawmakers and candidates who oppose him. Already, there was evidence of that. "We're licking our chops at running against President Obama," said Rand Paul, tea party candidate and victor in Kentucky's Republican primary for retiring GOP Sen. Jim Bunning's seat. Paul told CNN on Wednesday he'd relish Obama's campaigning on behalf of Democrat Jack Conway. Obama's agenda, Paul said, is "so far to the left, he's not popular in Kentucky." Obama's track record also raises the question of whether he may be hurting candidates he supports by motivating his foes — such as tea party supporters — to vote. Though this month's AP-GfK Poll shows Americans split about evenly over how he's handling his job, those strongly disapproving outnumber people who strongly back him by 33 percent to 22 percent — not an enviable position for the president's party. Sestak's victory over Specter is especially embarrassing, because he won by portraying himself and his supporters as being more faithful to the Democratic Party than were Specter and his backers — who included the president, Pennsylvania Gov. Ed Rendell and other high-ranking party officials. Creating another bruise for Obama and the Democratic establishment Tuesday, Sen. Blanche Lincoln was forced into a runoff in Arkansas' Democratic senatorial primary. Obama supports her bid for a third term, but he is not as closely associated with her campaign as he was with Specter's. In previous months, Obama's endorsements and campaign appearances weren't enough to save then-Gov. Jon Corzine's re-election bid in New Jersey, Creigh Deeds' run for governor in Virginia or Martha Coakley's campaign in Massachusetts to keep the late Edward M. Kennedy's Senate seat in Democratic hands.

MIAMI — Meaghan Patrick, a junior at New College of Florida, a tiny liberal arts college in Sarasota, says discussing immigration with her older relatives is like "hitting your head against a brick wall." Cathleen McCarthy, a senior at the University of Arizona, says immigration is the rare, radioactive topic that sparks arguments with her

liberal mother and her grandmother. “Many older Americans feel threatened by the change that immigration presents,” Ms. McCarthy said. “Young people today have simply been exposed to a more accepting worldview.” Forget sex, drugs and rock ’n’ roll; immigration is a new generational fault line. In the wake of the new Arizona law allowing the police to detain people they suspect of entering the country illegally, young people are largely displaying vehement opposition — leading protests on Monday at Senator John McCain’s offices in Tucson, and at the game here between the Florida Marlins and the Arizona Diamondbacks. Meanwhile, baby boomers, despite a youth of “live and let live,” are siding with older Americans and supporting the Arizona law.

This emerging divide has appeared in a handful of surveys taken since the measure was signed into law, including a New York Times/CBS News poll this month that found that Americans 45 and older were more likely than the young to say the Arizona law was “about right” (as opposed to “going too far” or “not far enough”). Boomers were also more likely to say that “no newcomers” should be allowed to enter the country while more young people favored a “welcome all” approach.

The generational conflict could complicate chances of a federal immigration overhaul any time soon. “The hardening of this divide spells further stalemate,” said Roberto Suro, the former head of the nonpartisan Pew Hispanic Center.

And the causes are partly linked to experience. Demographically, younger and older Americans grew up in vastly different worlds. Those born after the civil rights era lived in a country of high rates of legal and illegal immigration. In their neighborhoods and schools, the presence of immigrants was as hard to miss as a Starbucks today.

In contrast, baby boomers and older Americans — even those who fought for integration — came of age in one of the most homogenous moments in the country’s history.

Immigration, which census figures show declined sharply from the Depression through the 1960s, reached a historic low point the year after Woodstock. From 1860 through 1920, 13 percent to 15 percent of the country was foreign born — a rate similar to today’s, when immigrants make up about 12.5 percent of the country.

But in 1970, only 4.7 percent of the country was foreign born, and most of those immigrants were older Europeans, often unnoticed by the boomer generation born from 1946 to 1964. Boomers and their parents also spent their formative years away from the cities, where newer immigrants tended to gather — unlike today’s young people who have become more involved with immigrants, through college, or by moving to urban areas. “It’s hard for them to share each others’ views on what’s going on,” said William H. Frey, a demographer with the Brookings Institution. “These older people grew up in largely white suburbs or largely segregated neighborhoods. Young people have grown up in an interracial culture.” The generation gap is especially pronounced in formerly fast-growing states like Arizona and Florida, where retirees and new immigrants have flocked — one group for sun, the other for work. In a new report based on census figures titled “The State of Metropolitan America,” Mr. Frey found that Arizona has the largest “cultural generation gap,” as he calls it, between older Americans who are largely white (83 percent in Arizona’s case) and children under 18 who are increasingly members of minorities (57 percent in Arizona’s case). Florida ranks sixth on Mr. Frey’s cultural generation gap list, with a 29 percentage point difference between the percentage of white people among its older residents and the percentage that whites make up of its children.

WASHINGTON – Confronting soaring frustration over illegal immigration, President Barack Obama on Wednesday condemned Arizona's crackdown and pushed instead for a federal fix the nation could embrace. He said that will never happen without Republican support, pleading: "I need some help." In asking anew for an immigration overhaul, Obama showed solidarity with his guest of honor, Mexican President Felipe Calderon, who called Arizona's law discriminatory and warned Mexico would reject any effort to "criminalize migration." The United States and Mexico share a significant economic and political relationship that stands to be damaged the more the nations are at odds over immigration, which affects millions of people on both sides of the border.

Obama sought to show that he, too, is fed up with his own government's failure to fix a system widely seen as broken. He said that would require solving border security, employment and citizenship issues all at once — the kind of effort that collapsed in Congress just three years ago. The president's stand underscored the forces working against him in this election year: the need for help from Republican critics, the impatience of states like Arizona after federal inaction, the pressure to show movement on a campaign promise, and the mood of the public disgusted by porous borders.

The Arizona law requires police to question people about their immigration status if there's reason to suspect they're in the country illegally, and it makes it a state crime to be in the U.S. illegally. People may be questioned about their status if they've been stopped by police who are in the process of enforcing another law.

The law will take effect July 29 unless legal challenges are successful. Almost twice as many people support it as those who oppose it, according to an Associated Press-GfK poll this month. It found that 42 percent favored it, 24 percent opposed it and another 29 percent said they were neutral. Yet in a Rose Garden appearance with Calderon, Obama called the Arizona law "a misdirected expression of frustration." He expects to announce soon what action his government may take about it, once the Justice Department finishes reviewing whether the law violates civil rights. "In the United States of America, no law-abiding person — be they an American citizen, a legal immigrant, or a visitor or tourist from Mexico — should ever be subject to suspicion simply because of what they look like," Obama said. Calderon was upbeat about the chance of finding a fair, dignified way of dealing with migrants. He added: "Many of them, despite their significant contribution to the economy and to the society of the United States, still live in the shadows, and occasionally, as in Arizona, they even face discrimination."

The immigration theme dominated a day of pageantry and showy support for Calderon, who enjoyed a state visit with his wife, Margarita Zavala. The Mexican president was treated to a grand welcome on the South Lawn in the morning. Wednesday night, 200 guests were invited for a state dinner in the East Room, followed by entertainment back on the lawn under cover of an enormous tent. Obama repeatedly offered U.S. support for Calderon's government, particularly in his aggressive fight against drug traffickers, a violent battle that has left roughly 23,000 people dead since the end of 2006.

It doesn't take long to walk from Ground Zero to the old, crumbling Burlington Coat Factory on Park Place. Two or three minutes at most. From the outside it doesn't look like much. Paint peels from the walls. An old, iron fire escape zig-zags up the outside of the building. At the front door a sharply dressed man, in a black suit, white

shirt, black tie, ushers in the worshippers. Men to the right, women to the left. For now, this former clothing shop is a makeshift mosque, a place of worship for lower Manhattan's rapidly growing Muslim population. If plans to develop the site go ahead however, within five years it will be a landmark Islamic cultural centre, a celebration - in the minds of its backers - of the religion. A place for Muslims and non-Muslims to gather, it will include a mosque. Powerful symbolism' This is a deliberate attempt, Imam Feisal Rauf tells me, to present what he sees as the real face of Islam to a city where some - since the terror attacks of 11 September, 2001 - have come to distrust the religion. What better place to show that we, as Muslims, condemn the acts of 9/11 than making this stand and making this statement here. Imam Feisal Rauf "This space [Ground Zero] has very powerful symbolism in the perception of the world," he says. "It is important for us to be stakeholders in what this symbolism means. "What better place to show that we, as Muslims, condemn the acts of 9/11 than making this stand and making this statement here. When we say it here, we will be heard." Had the centre been planned elsewhere in this multi-cultural city, it would possibly have gone largely unnoticed. But situated just two blocks from Ground Zero, it has raised concern among some of the relatives of those killed in the 9/11 attacks. 'Not Islamaphobia' Mike Burke's brother - a fireman - was one of the almost 3,000 who died as the World Trade Center's towers collapsed.

Mr Burke wears badges commemorating the event on the lapels of his denim jacket. It is not Islamaphobia, he insists - it's just that he and others do not want an Islamic institution nearby. "I think the first concern for the families is that the religious beliefs of the terrorists who struck is going to have such a prominent place right around the corner from Ground Zero," he says. "This is not an... anti-Muslim effort. It is understandably... emotional for them to be suddenly told that around the corner from where their loved ones were killed they're going to put a mosque." The project's leaders say they have gone out of their way to bring people living nearby on board with the plans. They own the building and under city law have the right to build what they want there. Nonetheless, they spoke to the local community board and asked for its approval - something they didn't have to do. They got its support. Sharif El-Gamal, the chairman of Soho Properties, which owns the building says he wants "a place where I could show off my hospitality, my culture, my background". What he and the others envisage is a world-class facility - an environmentally-friendly building constructed with cutting-edge technology. It would be a place to show off what they consider Islam has to offer.

The 14 intelligence points of error identified by congressional investigators that allowed Umar Farouk Abdulmutallab to travel on Christmas Day when authorities said he attempted to blow up a Detroit-bound airliner:

1. The State Department didn't revoke Abdulmutallab's American visa.
2. He wasn't placed on the "Terrorist Screening Database," the Selectee List, nor the No Fly List.
3. Relevant intelligence was not reported to all appropriate CIA individuals and offices.
4. A CIA regional division at CIA headquarters didn't search databases that contained reports related to Abdulmutallab.
5. The CIA didn't disseminate key intelligence reporting until after the attempted attack.
6. A CIA Counterterrorism Center office conducted a limited name search and failed to uncover key reports about Abdulmutallab.

7. CIA Counterterrorism Center analysts failed to connect the reporting on Abdulmutallab.
8. FBI counterterrorism analysts couldn't access all relevant reports.
9. National Counterterrorism Center's directorate of intelligence failed to connect the reporting on Abdulmutallab.
10. National Counterterrorism Center's Watchlisting Office didn't conduct additional research to find more derogatory information to put Abdulmutallab on a watchlist.
11. The National Security Agency didn't pursue opportunities that could have provided information on Abdulmutallab.
12. Analysts didn't connect key reports partly identifying Abdulmutallab, and they failed to ensure distribution of all relevant reporting.
13. The NSA didn't nominate Abdulmutallab for watchlisting or the Terrorist Identities Datamart Environment database based on information partly identifying him.
14. Intelligence analysts were primarily focused on threats to U.S. interests in Yemen from al-Qaida in the Arabian Peninsula (AQAP), rather than threats to the U.S. homeland from the al-Qaida affiliate.

WASHINGTON – Senate Republicans on Wednesday delayed final action on a sweeping financial regulation bill, raising a last-minute obstacle to the legislation as it approached the home stretch. Democrats appeared within reach of the 60-vote threshold needed to move the bill toward passage, however, and Senate Majority leader Harry Reid said he would seek a new vote Thursday. The vote and Wednesday's maneuvering over a handful of remaining amendments represented the final lumps and bruises of a bill that appeared headed for approval. The legislation, which seeks an overhaul of financial regulations unseen since the 1930s, would set up a mechanism to watch out for risks in the financial system, make it easier to liquidate large failing firms and write new rules for complex securities blamed for helping precipitate the 2008 economic crisis. It also would create a new consumer protection agency, a key point for President Barack Obama. As the end game on the bill nears, Republicans this week have escalated their attacks on the legislation, arguing the bill had grown worse during its time on the Senate floor and does not address root causes of the 2008 financial meltdown. The Democratic majority, said Senate Republican leader Mitch McConnell, "uses this crisis as yet another opportunity to expand the cost and size and reach of government."

The vote to end debate was 57-42, three votes shy of the 60 needed to pass. Three Democrats joined 39 Republicans in voting against the measure. Among them was Reid, the Democratic leader, who switched his vote from yes for procedural reasons. With Sen. Arlen Specter, D-Pa., absent, Democrats needed one more vote to demonstrate to Republicans that they would eventually prevail and set the stage to pass the biggest rewrite of financial regulations since the Great Depression. Still, several contentious amendments were still unresolved.

Democratic Sens. Jeff Merkley of Oregon and Carl Levin of Michigan were awaiting a vote on their proposal to ban commercial banks from trading in speculative investments with their own accounts. The measure, also opposed by financial institutions, would toughen an existing provision in the bill. Senators also were expecting a vote on a measure by Sen. Sam Brownback, R-Kan., that would let auto dealers avoid any regulations passed by a proposed consumer protection agency. The White House has

lobbied heavily against the measure and Pentagon officials have complained that auto dealers have preyed on service members. Late Wednesday, the Senate voted 60-35 against a measure that would have allowed states to impose their interest rate caps on financial institutions that issue credit cards. Currently, banks and credit card companies are only required to charge the interest rate permitted in the state where they are headquartered. Banks, which have flocked to states with the most permissible rates, have vigorously fought the proposal, offered by Sen. Sheldon Whitehouse, D-R.I.

On Wednesday's attempt to end debate, Democratic Sens. Russ Feingold of Wisconsin and Maria Cantwell of Oregon broke with their party. Feingold said the bill did not go far enough to rein in Wall Street. Cantwell's vote protested her inability to get a vote on an amendment to toughen controls on the complex securities known as derivatives.

"The test for this legislation is a simple one — whether it will prevent another financial crisis." Feingold said in a statement. "As the bill stands, it fails that test."

Specter, who lost the Democratic primary in Pennsylvania on Tuesday, was not in the Senate on Wednesday. He had been expected to support the Democrats.

Two Republicans — Maine Sens. Susan Collins and Olympia Snowe — voted with the Democrats. Republican Sen. Scott Brown of Massachusetts had indicated he would vote with the Democrats. But when the vote came, he sided with his party.

WASHINGTON – Banking regulators shared the blame for the financial crisis that buckled Wall Street. Now they're the ones lawmakers are counting on to give final shape to the new overhaul of financial rules. In section after section of the massive 1,560-page Senate bill, lawmakers leave much of the details for the regulators to figure out. These are the bank and market overseers — the Federal Reserve, the Office of the Comptroller of the Currency, the Securities and Exchange Commission — who took a beating for not overseeing Wall Street more strictly and for failing to see the danger before it struck in 2008. When it comes to key decisions about how to rein in complex, previously unregulated securities, how to liquidate large, interconnected failing financial firms, even how to protect consumers, the bureaucracies in charge of setting the rules get plenty of discretion. Lawmakers and Obama administration officials confronted the question time and again, about when to be specific and prescriptive and when to give the regulators latitude. "There is room for imposing more duties and responsibilities on the regulators, and the bill contains a number steps to do that," Assistant Treasury Secretary Michael Barr said in an interview. "But we also don't want to lock anything in stone."

It's a delicate balance. For the financial industry, the more leeway regulators have, the more they can influence the final rules. "It gives them wiggle room and pressure points," said Ed Mierzwinski, consumer program director for the U.S. Public Interest Research Group, a nonprofit organization in Washington. Of prime interest to the industry will be the final rules on derivatives, how much money and assets they must have on hand as capital, and to what degree they will have to give up their securities trading activities.

On each of those matters, the House legislation, which passed in December, and the Senate's, which passed Thursday, leave key decisions to regulators. For the next few weeks, all eyes will be on House and Senate negotiators who are blending both bills. In many respects the bills are similar and there should be no conflicts. Overall, the bills aim to prevent a recurrence of the crisis that deepened the recession and cost millions of Americans their jobs and their savings. The legislation would create an oversight council

of regulators to watch for risks in the financial system. It would create a consumer protection entity to police lending and enshrine a mechanism for liquidating large, interconnected firms. On Friday, Senate Banking Committee Chairman Chris Dodd and House Financial Services Committee Chairman Barney Frank both said they expect to have a bill ready for President Barack Obama to sign by July 4.

WASHINGTON – Two weeks after the stock market's epic dive, federal regulators and U.S. securities exchanges have a new plan to keep it from happening again, proposing that essentially markets call a "time out" when trading gets too chaotic. The question is whether it will work. The big stock exchanges say that new curbs on trading known as "circuit breakers" will help prevent runaway market drops. But not everyone is convinced. To some market watchers, the rules are too limited. To others, the rules go too far. The government's two top market regulators are appearing before a Senate panel Thursday in the aftermath of the wild trading day that stunned Wall Street, and Washington, on May 6. Mary Schapiro, chairman of the Securities and Exchange Commission, and Gary Gensler, head of the Commodity Futures Trading Commission, will testify at the hearing. Also coming before the Senate Banking subcommittee on securities are senior officials of the Financial Industry Regulatory Authority, which is the brokerage industry's self-policing body, and the parent companies of the New York Stock Exchange, the Nasdaq stock market and the Chicago Mercantile Exchange. The SEC on Tuesday unveiled the new plan for circuit breakers, which was agreed upon with the exchanges. Under the plan, trading of any Standard & Poor's 500 stock that rises or falls 10 percent or more within a five-minute period would be halted for five minutes. The rules would be applied if the price swing occurs between 9:45 a.m. and 3:35 p.m. Eastern time — nearly the entire trading day. The reality, however, is that it may not be known whether the new curbs are effective, too limited or too extreme until there is another day like May 6, when intense selling sent the Dow Jones industrials down to a loss of almost 1,000 points in less than a half-hour. The idea behind the circuit breakers is that by giving investors a break during extreme market dips, they'll be less likely to set off a chain reaction of human and computerized selling. That's one of several possible causes of the May 6 plunge. The drop, dubbed by some a "flash crash," briefly wiped out \$1 trillion in market value as some stocks traded as low as a penny. Meanwhile, the investigation by the SEC and the CFTC has brought out only a preliminary picture of what caused the cascade of market distress that day. Investigators are focusing on, among other things, a possible link between the steep decline in prices of stock indexes, and "simultaneous and subsequent" waves of selling in individual stocks.

WASHINGTON — The Senate on Thursday approved a far-reaching financial regulatory bill, putting Congress on the brink of approving a broad expansion of government oversight of the increasingly complex banking system and financial markets. The legislation is intended to prevent a repeat of the 2008 crisis, but also reshapes the role of numerous federal agencies and vastly empowers the Federal Reserve in an attempt to predict and contain future debacles. The vote was 59 to 39, with four Republicans joining the Democratic majority in favor of the bill. Two Democrats opposed the measure, saying it was still not tough enough. Democratic Congressional leaders and the Obama administration must now work to combine the Senate measure with a version

approved by the House in December, a process that is expected to take several weeks. While there are important differences — notably a Senate provision that would force big banks to spin off some of their most lucrative derivatives business into separate subsidiaries — the bills are broadly similar, and it is virtually certain that Congress will adopt the most sweeping regulatory overhaul since the aftermath of the Great Depression. “It’s a choice between learning from the mistakes of the past or letting it happen again,” the majority leader, Harry Reid of Nevada, said after the vote. “For those who wanted to protect Wall Street, it didn’t work.” The bill seeks to curb abusive lending, particularly in the mortgage industry, and to ensure that troubled companies, no matter how big or complex, can be liquidated at no cost to taxpayers. And it would create a “financial stability oversight council” to coordinate efforts to identify risks to the financial system. It would also establish new rules on the trading of derivatives and require hedge funds and most other private equity companies to register for regulation with the Securities and Exchange Commission. Passage of the bill would be a signature achievement for the White House, nearly on par with the recently enacted health care law. President Obama, speaking in the Rose Garden on Thursday afternoon, declared victory over the financial industry and “hordes of lobbyists” that he said had tried to kill the legislation. “The recession we’re emerging from was primarily caused by a lack of responsibility and accountability from Wall Street to Washington,” Mr. Obama said, adding, “That’s why I made passage of Wall Street reform one of my top priorities as president, so that a crisis like this does not happen again.” The president also signaled that he would take a strong hand in developing the final bill, which could mean changes to the restrictive derivatives provisions the Senate measure includes and Wall Street opposes. It is also likely that the administration will try to remove an exemption in the House bill that would shield auto dealers from oversight by a new consumer protection agency. Earlier, Mr. Obama had criticized the provision as a “special loophole” that would hurt car buyers.

NEW YORK – The dollar pared its gains against the euro on Friday as European Union financial officials backed tougher budget rules aimed at limiting future debt crises for member countries. Trading between the dollar and the currency for 16 European countries has been extremely volatile this week, ranging more than 5 cents from low to high. An unexpected move by Germany to restrict speculative trading of European government debt and financial shares caused great uncertainty about regulation and uncoordinated policymaking in the EU, propelling the safe-haven dollar. Speculation that the European Central Bank was planning to buy euros on the market, meanwhile, has boosted the shared currency. The euro edged up to \$1.2587 in late trading in New York from \$1.2575 late Thursday. The euro has jumped from a four-year low of \$1.2146 on Wednesday to \$1.2672 early Friday. European Union finance ministers said Friday they supported tougher sanctions to prevent countries from running up too much debt. Current limits on debt and deficits are backed up on paper by heavy fines that have never been imposed, effectively allowing Greece and others to ignore them and build up massive debt. While the EU gave no details of new sanctions, leaders are due to decide on long-term reforms at an October summit. Also Friday, the German parliament approved the country's share of the nearly \$1 trillion package meant to stem the debt crisis. But beyond the debt crisis in Greece that the huge aid deal was designed to alleviate, markets were still distressed about the prospect of slowing growth and

increasing regulation in Europe, Credit Suisse foreign exchange analysts said in a research note.

WASHINGTON — The Obama administration announced an agreement on Tuesday with other major powers, including Russia and China, to impose a fourth set of sanctions on Iran over its nuclear program, setting the stage for an intense tug of war with Tehran as it tries to avoid passage of the penalties by the full United Nations Security Council. The announcement came just a day after Iranian leaders announced their own tentative deal, with Turkey and Brazil, to turn over about half of Iran's stockpile of nuclear fuel for a year, part of a frantic effort to blunt the American-led campaign for harsher sanctions. "This announcement is as convincing an answer to the efforts undertaken in Tehran over the last few days as any we could provide," Secretary of State Hillary Rodham Clinton told the Senate Foreign Relations Committee, describing the agreement as a "strong draft." But even if the Security Council adopts the new sanctions, it is unclear whether the provisions — including a mandate to inspect Iranian ships suspected of entering international ports with nuclear-related technology or weapons — would inflict enough pain to force Iran to halt its uranium enrichment and cooperate with international inspectors. None of the previous three sets of sanctions passed by the Council during the Bush administration succeeded in their goal: forcing Iran to end its enrichment of uranium and to answer the many questions posed by international inspectors related to their suspicions about Iranian research into nuclear weapons.

Some of the toughest proposals were barely even discussed as the United States sought support from China, which is a major trading partner with Iran and has been the most resistant to new sanctions. Along with the Russians, the Chinese blocked any measure that would stop the flow of oil from Iranian ports or gasoline into the country. President Obama himself had raised the possibility of such sanctions during the 2008 campaign.

In the end, a deal was reached by the five permanent, veto-wielding members of the Council — the United States, Britain, France, Russia and China — plus Germany. They agreed on sanctions against Iranian financial institutions, including those that supported the Islamic Revolutionary Guards Corps. Members of the Guard Corps are responsible for overseeing the military aspects of the nuclear program and have assumed commanding roles in the broader Iranian economy.

The newest element of the sanctions would require countries to inspect ships or planes headed into or out of Iran if there were suspicions that banned materials were aboard. But as in the case of sanctions against North Korea, there is no authorization to board ships forcibly at sea, a step officials from many countries warned could touch off a larger confrontation.

UNITED NATIONS — The United States and its Western allies won crucial support from Russia and China for new sanctions against Iran over its suspect nuclear program, but they now face a tough campaign to get backing from the rest of the U.N. Security Council. The draft resolution, obtained Tuesday by The Associated Press, would ban Iran from pursuing "any activity related to ballistic missiles capable of delivering nuclear weapons," freeze assets of nuclear-related companies linked to the Revolutionary Guard, bar Iranian investment in activities such as uranium mining, and prohibit Iran from buying several categories of heavy weapons including attack helicopters and

missiles. It would also call on all countries to cooperate in cargo inspections — which must receive the consent of the ship's flag state — if there are "reasonable grounds" to believe these activities could contribute to Iranian nuclear activities.

On the financial side, the draft calls on — but does not require — countries to block financial transactions, including insurance and reinsurance, and ban the licensing of Iranian banks if they have information that provides "reasonable grounds" to believe these activities could contribute to Iranian nuclear activities.

The agreement appeared to be a significant victory for the Obama administration, which has doggedly pursued sanctions since Iran rebuffed U.S. overtures last year. Iran has insisted its nuclear program is for peaceful purposes. Russia and China, which have close ties to Iran and could veto any resolution, joined fellow permanent council members Britain, France and the United States as well as non-member Germany in supporting the sanctions proposal. Both Russia and China resisted sanctions before they were persuaded to support the stepped up pressure on Iran in recent weeks. Proposed sanctions relating to Iran's oil and gas industry were removed due to opposition from the two countries, which have vast investments and interests in Iran's energy sector. Russia's U.N. Ambassador Vitaly Churkin said the final draft is acceptable because it is "focused adequately on nonproliferation matters" and doesn't cause "humanitarian damage" or create problems for normal economic activities in Iran and the country's economic relations with other countries. U.S. Secretary of State Hillary Rodham Clinton told a Senate committee that she spent Tuesday on the phone with Russian Foreign Minister Sergey Lavrov "finalizing the resolution."

The Russian Foreign Ministry said Lavrov "expressed anxiety" in his talk with Clinton about reports that the United States and European Union might undertake unilateral sanctions against Iran beyond measures agreed to by the Security Council.

At least three of the 10 non-permanent Security Council members — Brazil, Turkey and Lebanon — have expressed opposition to new sanctions. The U.S. introduced the draft sanctions resolution at a closed council meeting Tuesday but Brazil announced afterwards that that it won't even discuss it "at this point" because it wants to focus on the nuclear swap agreement that Iran signed Monday with Brazil and Turkey. The deal would take 1,200 kilograms, about 2,600 pounds, of low-enriched uranium out of Iran for a year and return higher-enriched uranium for a medical research reactor in Tehran. That's the same amount as under a tentative October agreement negotiated by the U.S., Russia, France and Iran and endorsed by the International Atomic Energy Agency. "We feel there is a new situation," said Brazil's U.N. Ambassador Maria Luiza Ribeiro Viotti, noting that Iran's first signed commitment to the nuclear swap "creates a confidence building atmosphere for further dialogue and negotiations." Brazil's Foreign Minister Celso Amorim conceded that the agreement did not solve all the problems posed by Iran's nuclear program, which the West suspects could lead to the development of nuclear weapons, but he argued it lays the groundwork for a peaceful solution to the dispute. "I am optimistic about the results," he said in Brasilia. U.S. Ambassador Susan Rice insisted, however, that the pursuit of new sanctions has "nothing to do with" the proposed nuclear swap. The October proposal was presented as a "confidence-building measure" not as a solution to Iran's nuclear standoff, she said. Rice stressed that Iran has taken new actions since October and even after Monday's agreement the government announced that

it still planned to enrich uranium to 20 percent. That "not only eliminates any confidence-building potential" but intensifies Iran's violation of existing U.N. sanctions, she said. The draft resolution is targeting Iran's repeated refusal to suspend its uranium enrichment program and decision to build 10 new nuclear facilities, Rice said, and it would give "greater teeth" to existing sanctions and add "strong" new measures to intensify pressure on the Iranian government to resolve concerns that its nuclear program is peaceful and not aimed at producing nuclear weapons. While Rice acknowledged the efforts of Brazil and Turkey, China's U.N. envoy Li Baodong called their agreement with Iran "a very important diplomatic step" which should be welcomed and followed by stepped up diplomatic activity to address Tehran's nuclear program.

VIENNA – The United States has agreed to notify other nations before it launches most ballistic missile tests or satellites, in a measure that builds on a landmark arms agreement with Russia and is meant to encourage Moscow to reciprocate. The American decision was contained in a confidential note made available Thursday to The Associated Press and confirmed by three diplomats familiar with the issue. The move is less far-reaching — or binding — than the treaty signed last month by the U.S. and Russian presidents that outlines cuts in both nations' massive nuclear arsenals. But it is significant in reflecting Washington's determination to build on the success of that agreement. For years, Russia voluntarily provided such pre-notifications regarding the launch of ballistic missile tests or satellites. But it stopped doing that two years ago, complaining that the U.S. and other nations were not following suit. One senior diplomat familiar with the issue said that Moscow is now expected to resume its reporting. That would add to the confidence building that received a huge push with last month's signing of the nuclear arms agreement. "The United States ... will provide pre-launch notification of commercial and National Aeronautics and Space Administration (NASA) space launches as well as the majority of intercontinental ballistic and submarine-launched ballistic missile launches," said the note forwarded to HCOC, an organization overseeing efforts to curb the spread of such weapons.

The wording indicated that not all missile tests would be subject to pre-notification, but it was not clear from the note what would be exempt. The U.S. decision was conveyed to the other 129 HCOC member states on May 7, judging from the date on a cover letter accompanying the American note and signed by Austria's Foreign Ministry, which administers the Vienna-based Hague Code of Conduct against Ballistic Missile Proliferation. The U.S. initiative comes as Washington presses the U.S. Senate to ratify the arms reduction treaty signed April 9 in Prague with Russia, arguing the passage is vital to U.S. efforts to persuade other countries not to build atomic weapons.

TORONTO (Reuters) – Support for the Conservatives edged higher in an opinion poll released on Thursday, and the gap with their main rival widened to almost 10 percentage points. The Ekos survey put support for the minority Conservatives at 34.4 percent, up from 33.6 percent last week. Support for the Liberals, the main opposition party, fell to 25.1 percent from 27.1 percent. Under Canada's electoral system a party needs at least 40 percent public support to capture a majority of the 308 seats in the House of Commons, and around 36 percent to win a workable minority. The Conservatives now have a minority of seats and need the support of opposition parties to stay in power. The Ekos telephone survey of 2,794 people was conducted by phone

between May 12 and May 18 and is considered accurate to within 1.9 percentage points 19 times out of 20.

VANCOUVER (Reuters) – Canada is on schedule for developing new emissions standards for heavy trucks, although the draft regulations will not be ready until later this year, the environment minister said on Friday. Canada and the United States both unveiled plans on Friday to set efficiency targets for heavy-duty vehicles ranging from large-sized pickup trucks to tractor trailers used in long-distance hauling.

Ottawa expects to release draft regulations this fall that will spell out the requirements for heavy-duty vehicles and engines, starting between the 2014 and 2018 model years, Environment Minister Jim Prentice told reporters. Officials said in April that Ottawa expected to release details of the proposed rules in late spring, but Prentice said the government was still on schedule with its plans to reduce vehicle emissions.

"These are complicated regulations," Prentice told reporters, adding later that they dealt with "heavy-duty vehicles that are at the very heart of our economy."

Big trucks and other heavy-duty vehicles accounted for 6 percent of Canada's greenhouse gas emissions, Prentice said. He added that while the Canadian and U.S. rules would be harmonized they would not be identical, reflecting national differences, such the fact that Canadian transport trucks usually carry heavier loads.

Environmentalists have accused Prime Minister Stephen Harper's Conservative government of lagging other countries in developing programs to fight climate change.

"Again, it's just rubber-stamping what the Americans are doing.", said John Bennett, executive director of the Sierra Club of Canada, adding that the rules were something Ottawa could have pursued two or three years ago. The Canadian Trucking Alliance said any new rules must reflect the impact on fuel efficiency caused by the differences in terrain and cargo that truckers across North America face.

Western Europe

LONDON – Britain's new deputy leader says he'll scrap an unpopular national identity card program, limit the retention of DNA samples and tightly regulate the use of closed circuit TV cameras in a sweeping civil liberties drive. Nick Clegg, the country's new deputy prime minister, said Wednesday that he will oversee an overhaul of the criminal justice system aimed at abolishing unnecessary laws and better protecting individual freedoms. In a speech, Clegg vowed to deliver the most significant changes to British democracy since the Great Reform Act of 1832. That legislation changed the political system to grant more citizens the vote. Clegg says that "taking people's freedom away didn't make our streets safe," and promised to ask the public which laws should be ditched.

LONDON – Britain's coalition government outlined a joint program Thursday, promising support for the Afghanistan war, a new drive toward Middle East peace and a "close and frank" relationship with the United States. Prime Minister David Cameron and Deputy Prime Minister Nick Clegg published details of the agreement struck between their Conservative and Liberal Democrat parties after the country's inconclusive May 6 election, in which no party won a clear majority to govern. "Some policies have been lost

on both sides, some have been changed and yes — we have had to find ways to deal with the issues where we profoundly disagree," Cameron told reporters in London as he unveiled the plan. The deal promises to support enlargement of the U.N. Security Council, to review an extradition treaty between Britain and the U.S. seen by some as unfair, and to rule out joining — or even preparing for entry into — the European single currency. Clegg's party has long favored closer European ties and eventual British entry into the euro, a policy which is an anathema to Cameron's deeply euroskeptic Conservatives. Cameron will hold talks in Paris with French President Nicolas Sarkozy later Thursday, and travel to meet with German Chancellor Angela Merkel in Berlin on Friday to discuss European ties and the continent's fragile economy.

He said Britain would not support closer economic governance in Europe as a response to the debt crisis in Greece, which needed a euro110 billion (\$134.97 billion) three-year rescue loan package from other EU countries and the International Monetary Fund to stave off bankruptcy. "We don't believe there should be further transfer of powers in that way," Cameron said. The joint agreement says any new attempt by the European Union to expand its powers would need to be approved in Britain by a public referendum.

Clegg and Cameron's joint government promises to support "concerted international efforts" to prevent Iran from obtaining a nuclear weapon — but does not specify whether the Liberal Democrats will give up their policy of opposing any military action against Tehran.

LONDON – Britain's House of Commons opened a new legislative session on Tuesday with centuries-old rituals and a stark change: its first coalition government since World War II. In keeping with tradition, the legislators chose a speaker to represent them, then dragged him to his place of honor in Parliament. But the new partnership between the center-right Conservative and the leftist Liberal Democrat parties also went on display, and it seemed odd to see members of the two parties sitting together on the government benches of the House of Commons. Until last week's general election, those places were held by the Labour Party, which had to move across the aisle in the Commons to the opposition benches after 13 years in power. Prime Minister David Cameron of the Conservative Party sat next to his second-in-command, Liberal Democrat Deputy Prime Minister Nick Clegg. Together with the leaders of other parties in the House of Commons, they went to the nearby chamber of the House of Lords, and were instructed to "repair to the place where you are to sit, and there proceed to the choice of some proper person to be your speaker."

The election of the speaker is usually a formality. But John Bercow, who was first elected to the respected position last year, faced opposition from lawmakers of his own Conservative Party, who believed he is too lenient toward Labour. The speaker decides which lawmakers are called on to speak in the Commons, can suspend those who break rules, and represents the chamber in discussions with Queen Elizabeth II and the House of Lords. It is considered a position of honor, and the speaker is given use of a luxurious apartment inside Parliament. But Bercow was easily re-elected and was dragged to the speaker's chair in a show of mock-reluctance to take the post, as dictated by tradition.

Bercow was congratulated by Cameron, who also welcomed all the newly elected lawmakers. More than a third of the them are rookies — 226 of the 650 legislators.

"It really does look and feel different — many of us are sitting next to people we've never sat next to before," Cameron joked, then gestured to Clegg.

The lawmakers are to be sworn in over the coming days, and Parliament will be formally opened next week when the queen makes a speech to lawmakers, outlining the government's legislative program.

Much of Greece's transport network has been immobilised, as trade unions stage another 24-hour general strike against austerity measures. Ferries are tied up in port, railway stations shut, and the Labour Ministry occupied by communist protesters. Organisers are hoping that up to 100,000 people will join protests on the streets later.

There are fears of renewed violence after protests in Athens two weeks ago led to the deaths of three people. Many Greeks are angered by spending cuts and tax and pension-age rises planned, in return for a 110bn-euro (£95bn) bail-out from the EU and IMF.

The measures aim to achieve billions of euros in budget cuts over three years, with the goal of cutting Greece's public deficit to less than 3% of GDP by 2014. It currently stands at 13.6%. 'Mood barometer' The strike officially began at midnight on Wednesday local time. Train services, shipping and domestic flights were severely disrupted early on Thursday. The strike was also expected to force the closure of government buildings, schools and banks, and to reduce hospitals to emergency staff later in the day.

The country's main civil service and public sector unions say they represent some 2.5 million workers. "People are bleeding financially but they will participate in the strike," Ilias Vrettakos, a senior member of the ADEDY union, was quoted as saying by Reuters. However, Greek air traffic controllers are not taking part in the industrial action.

Protests two weeks ago were marred by violence They have decided to continue working because travellers have faced too much disruption recently from the Icelandic volcano and also because of concerns about the impact of the strike on tourism, the BBC's Malcolm Brabant in Athens reports. He says that journalists have also decided to postpone their industrial action, because one of the most essential components of this rolling campaign is publicity. The strike on 5 May in Athens generated some of the worst violence in decades. The death of three bank workers, who suffocated when their office was fire-bombed, has forced many people to question the way protests have been mounted, our correspondent says. He adds that the demonstrations during this latest strike will be a barometer of the mood of the nation.

BERLIN – German Chancellor Angela Merkel called for tougher regulation aimed at stock and bond traders along with a crackdown on government debt to contain the continent's financial crisis, warning the future of the euro itself was at stake.

As she urged lawmakers to pass Germany's share of a new euro750 billion (\$1 trillion) eurozone rescue package, Merkel said that defending the shared European currency is "about no more and no less than the preservation of the European idea."

"That is our historic task; if the euro fails, then Europe fails," she told the lower house of parliament on Wednesday. "The euro is in danger — if we do not avert this danger, then the consequences for Europe are incalculable, and then the consequences beyond Europe are incalculable." Merkel's warning follows Germany's decision Tuesday to ban so-called naked short-selling of eurozone government debt and shares of major financial companies in an attempt to ward off steep market drops.

Naked short-selling involves traders selling shares or investments they don't hold in hopes of buying them cheaper later; it's a way of betting a financial asset will fall in price and profiting from the fall.

Germany's roiled financial markets, in part because it suggested to traders that policymakers were grasping at straws to stem the crisis of confidence over the ability of European governments to pay off their heavy debt loads amid slow growth.

Fears that some governments may eventually fail to pay all they owe, or will have to cut back so severely that they sink their economies into prolonged recessions, have weighed on stocks and led to discussions that the 11-year-old eurozone will someday break up. The \$1 trillion backstop is an attempt to calm those fears by removing the possibility of imminent default, though it does little to address the underlying debt issue.

Politicians have also roundly condemned "speculators" for selling off government bonds, which drives up their borrowing costs and makes it even harder to keep their finances under control. But many analysts say the real problem is simply too much debt.

German Chancellor Angela Merkel has pushed for much stricter regulation of international markets, which she said must be the "benchmark" within Europe.

Hosting an international conference, she also said all governments must act together in showing greater budget discipline. Mrs Merkel called for a co-ordinated approach to removing stimulus measures put in place to support economies. The meeting comes ahead of next month's G20 summit in Canada. Germany wants tougher regulation of financial markets and strict penalties for EU nations running high debts.

In a strongly worded speech on Wednesday to try to persuade German MPs to back its contribution to the Greek bail-out, Mrs Merkel said Europe faced "the biggest test in decades", with the euro "in danger". However, on Thursday, France's economy minister said the euro was not at risk. Christine Lagarde told RTL Radio: "The euro is a solid and credible currency. I absolutely do not think that the euro is in danger." Tax call German taxpayers are angry that they are bearing the brunt for rescuing debt-laden Greece and no longer seem prepared to pay for the mistakes of their EU partners. In her speech to the German Parliament, Mrs Merkel defended Germany's contribution to a European bail-out fund aimed at preventing Greece's economic problems spreading elsewhere in Europe. She said the action was needed to support the euro, which has fallen to a four-year low against the dollar this week. The single currency was trading down 0.2% against the dollar on Thursday at \$1.241. It strengthened slightly against sterling, with one pound worth 1.1594 euros.

Oil prices fell to near \$68 a barrel Wednesday, extending losses to an eight-month low as mixed U.S. crude supply figures failed to stem a two week sell-off.

By early afternoon in Europe, benchmark crude for June delivery was down \$1.23 to \$68.18 a barrel in electronic trading on the New York Mercantile Exchange. The contract fell 54 cents to settle at \$69.41 on Tuesday. Oil has plunged more than 20 percent from \$87.15 a barrel on May 3 on investor concern that efforts to contain Europe's debt crisis could fail and deep government spending cuts will hurt economic growth and oil demand. Oil inventory data from the American Petroleum Institute late Tuesday was mixed. Crude and distillate supplies fell while gasoline stocks rose. Supplies at the key storage terminal in Cushing, Oklahoma, rose to a fresh record high. The Energy Department's Energy

Information Administration announces its weekly inventory data report — the market benchmark — later Wednesday. "The recent selling pressure that has gripped the oil market continues to hinge on factors external to oil-specific fundamental developments," Barclays Capital said in a report. "Market perceptions over possible developments of the sovereign debt crisis are set to remain an important pricing factor." Traders are closely watching the euro since oil becomes more expensive for investors holding the European currency as the U.S. dollar strengthens. The euro rose slightly to \$1.2201 on Wednesday after dropping to a fresh four-year low of \$1.2146 earlier in the session.

"As long as the euro continues to sink like a rock in water, the price of oil will remain on the defensive," Mike Sander of Sander Capital Advisors said.

Analysts also noted comments by Jose Botelho de Vasconcelos, oil minister of Angola, one of the members of the Organization of Petroleum Exporting Countries, who said OPEC would need to hold an extraordinary meeting if prices continued to fall.

"As crude oil prices breached the \$70 per barrel area, it is likely that OPEC will have to discuss the level of production quotas in order to support crude oil prices in the near term," said an energy report from Sueden Financial in London.

Others, however, suggested OPEC could struggle to influence the market.

PARIS – The killer of a former Iranian prime minister who opposed the country's clerical regime was released from a life sentence and sent home Tuesday in what critics called an apparent trade for a young French academic just freed by Iran. A French government spokesman said he had no knowledge that Ali Vakili Rad was being exchanged for Clotile Reiss, 24, who was arrested in Iran on July 1 during postelection unrest, accused of spying and sentenced to 10 years in prison. She returned to France on Sunday after her sentence was commuted. Minister for European Affairs Pierre Lellouche and Vakili Rad's lawyer both denied there had been a trade. Vakili Rad was convicted in the 1991 assassination of Shahpour Bakhtiar, who served as prime minister under Iran's shah before the U.S.-backed monarch was deposed in the 1979 Islamic Revolution. Bakhtiar moved to a home outside Paris, where he organized opposition to the revolutionary government. Vakili Rad is regarded as a hero by Iran's leaders for killing someone they considered a counterrevolutionary. Iranian Foreign Ministry spokesman Ramin Mehmanparast welcomed his expected return, telling reporters that, "To see him in Iran after years, we are pleased." In France, the prosecution maintained that Iran was behind the slaying of Bakhtiar. Vakili Rad was convicted by a special French terrorism court of assassinating Bakhtiar and his aide Souroush Katibeh and sentenced to life with the possibility of seeking conditional freedom starting in June 2009. When a prisoner is released before a full sentence is completed, freedom is often conditional, forcing him or her to report to authorities regularly. However, French law allows foreigners with no ties to France to be expelled. Vakili Rad was convicted three years after the killing of Bakhtiar, 76. Two other Iranians were found guilty of providing logistical support for the killing. Two other accused killers were never caught. Sorin Margulis, Vakili Rad's attorney, said his client intended to work in a travel agency in Iran.

LONDON – The British Library said Wednesday it was digitizing up to 40 million pages of newspapers, including fragile dailies dating back three and a half centuries. Once digitized, the British newspapers documenting local, regional and

national life spanning to the 1700s will be fully searchable and accessible online, the national library said. The vast majority of the British Library's 750 million pages of newspapers — the largest collections in the world — are currently available only on microfilm or bound in bulky volumes. Thousands of researchers have to make a trip to an archive building just outside London to look through them. The library said it would focus on digitizing newspapers documenting historical events in the 19th century, including the Crimean War, the Boer War and the suffragette movement. It also aimed to build material in the fields of family history and genealogy, as well as safeguard the future of the vast archive. "Newspapers are designed to be read once and thrown away, so they're very fragile," said library spokesman Ben Sanderson. "This will be the largest mass digitization of historic newspapers the U.K. has ever seen."

The cost of the 10-year digitization project wasn't immediately clear, but Sanderson said the process — from cleaning a single page to making a file of it — costs up to one pound (\$1.40). The library's chief executive, Lynne Brindley, said the project will help bring vital parts of history into the digital age. "It will help the newspaper collection to remain relevant for a new generation of researchers, more used to accessing research information via their laptop than traveling to a physical location," Brindley said.

AMSTERDAM – The U.N.'s highest court says Honduras has dropped a case accusing Brazil of meddling in its internal affairs by allowing ousted President Manuel Zelaya to stay at one of its embassies in 2009. The International Court of Justice, widely known as the World Court, said Wednesday that Honduras asked to withdraw the case on April 30 and the request was granted May 12. An interim administration that came to power in Honduras after a coup filed the case back October 2009 while Zelaya was holed up at the Brazilian Embassy in Tegucigalpa, Honduras. Brazil then viewed Zelaya as Honduras' lawfully elected president. Zelaya now lives in the Dominican Republic and is trying to negotiate a reconciliation that recognizes current Honduran President Porfirio Lobo.

ATHENS, Greece -- Turkish Prime Minister Recep Tayyip Erdogan made a landmark visit to Athens on Friday (May 14th) amid tight security, in a bid to resolve longstanding issues between the two neighbours. The two governments signed a total of 21 agreements, declarations and memorandums, covering such issues as illegal immigration, boosting tourism, energy and transport. Greek Prime Minister George Papandreou called the visit an historic event, adding that the countries must work together to normalise ties. Reunifying Cyprus, long a stumbling block in bilateral ties, would contribute significantly to that goal, he noted.

Commenting on Erdogan's visit to Athens, Cypriot President Demetris Christofias said he hoped it would "open the road to a real improvement in relations". He added, though, that resolving the Cyprus problem was a condition for any major boost in ties.

BERLIN – German prosecutors are investigating Google Inc. on suspicion of violating privacy laws by recording fragments of people's online activities through unsecured Wi-Fi networks. Hamburg prosecutor Wilhelm Moellers told the news agency DAPD that his office launched the investigation after a complaint was filed against undisclosed Google employees over the incident last Friday.

"The tapping of data is believed to have taken place over unsecured Wi-Fi networks in connection with 'Street View'" activity, Moellers said. Google acknowledged the privacy breach in an apology issued last Friday, saying it had been inadvertently storing fragments of people's online activities over the past four years while expanding its mapping feature, "Street View." The U.S. Internet giant has come under fire from authorities across Europe, where strict privacy laws regulate how much of citizens' personal details may be released or shared without consent. Suspicion that Google was showing too much in its attempts to provide detailed online maps has been aggravated by the breach, noticed by German authorities. In London, Britain's Information Commissioner's Office joined Germany in calling for Google to destroy the data, although it said it was unlikely that anything more than fragments of data had been collected. Google has been sending cars equipped with mounted cameras through European streets to take pictures that are then broadcast through the "Street View" map program. The Czech Office for Personal Data Protection also said it is investigating Google for failing to meet necessary requirements needed to collect data used for "Street View." Spokeswoman Hana Stepankova said Wednesday that her office had received a number of complaints from citizens about Google's activities.

LISBON, Portugal – Portugal's conservative president announced Monday he is reluctantly ratifying a law allowing gay marriage, making the predominantly Catholic country the sixth in Europe to let same-sex couples wed. President Anibal Cavaco Silva said he would not veto the bill because majority liberal lawmakers would only overturn his decision. The country must focus instead on battling a crippling economic crisis that has increased unemployment and deepened poverty, he said. "Given that fact, I feel I should not contribute to a pointless extension of this debate, which would only serve to deepen the divisions between the Portuguese and divert the attention of politicians away from the grave problems affecting us," Cavaco Silva said.

He said he was setting aside his "personal convictions," though he did not elaborate and did not take reporters' questions. The country's parliament passed the Socialist government-backed bill in January, with the support of all of Portugal's left-of-center parties, who together have a majority. Right-of-center parties opposed the measure and demanded a national referendum. Elsewhere in Europe, gay marriage is permitted in Belgium, the Netherlands, Spain, Sweden and Norway. As well, five U.S. states and Washington, D.C., have legalized same-sex marriage, as have Canada and South Africa. Cavaco Silva's announcement came three days after Pope Benedict XVI left Portugal. During his four-day visit, which attracted hundreds of thousands of people, the pontiff said same-sex marriage, and abortion, were some of the most "insidious and dangerous" threats facing the world. Socialist Party spokesman Vitalino Canas welcomed the president's decision.

PARIS – One runs her own company, another is a housewife and a third, a divorcee, raises her children by herself. Like nearly 2,000 other Muslim women who freely wear face-covering veils anywhere in France, their lives will soon change and they are worried. On Wednesday, French Justice Minister Michele Alliot-Marie presented a draft law to the Cabinet banning Muslim veils that cover the face, the first formal step in

a process to forbid such attire in all public places in France. It calls for euro150 (\$185) fines and, in some cases, citizenship classes for women who run afoul of the law.

"Citizenship should be experienced with an uncovered face," President Nicolas Sarkozy told the Cabinet meeting, in remarks released by his office. "There can be no other solution but a ban in all public places." Although the Interior Ministry estimates there are only 1,900 women who cover their faces with veils, the planned law would be another defining moment for Islam in France as the nation tries to bring its Muslim population — at least 5 million, the largest in western Europe — into the mainstream, even by force of law. The bill is to go before parliament in July, and despite the acrimonious debate that is sure to come, there is little doubt the measure will become law. Sarkozy, who says such veils oppress women, wants a law banning them on the books as soon as possible.

Sarkozy welcomed the bill, saying the government is embarking on "a just path" and urging parliament to take its "moral responsibility" and approve it.

The measure notably creates a new offense, "inciting to hide the face," and anyone convicted of forcing a woman to wear such a veil risks a year in prison and a euro15,000 (\$18,555) fine, according to a copy of the text. "If the law is voted, I won't take off my veil ... No one will dictate my way of life" but God, said Najat, a divorcee, who gave her age as "45 plus." She was one of a half-dozen women who, in a rare move, met with reporters on Tuesday to express their worries about changes they say will impact their lives to the core. Like others, she refused to give her full name. All said they fear for their safety in an increasingly tense climate. Najat was among those who said she has been increasingly harassed since debate over the planned law began nearly a year ago.

The text, which could be amended once it reaches parliament, foresees a six-month delay in its application to explain the law and mediate with recalcitrant women who cover their faces, which means it wouldn't take effect until early in 2011. A similar veil ban is in the works in neighboring Belgium. France has already walked this road, banning Muslim headscarves, and other "ostentatious" religious symbols, from classrooms in 2004. The bespectacled Najat, with a French mother and Moroccan father, said she has covered her face with a veil for 10 years. Najat said that because she is divorced and raising her children alone no one "can say this is imposed on me." "I won't leave" France if the veil is outlawed. "Why should I leave?" Najat said, waving her French passport. The women predicted that their "sisters," other women who veil themselves, would hide out in their homes so as not to get caught breaking the law. Several said they would take their case to the European Court of Human Rights if arrested. With the law, "They are giving people the right to attack us," said Kenza Drider, of Avignon in the south, who is married with four children. She was the only fully veiled woman to be interviewed by a parliamentary panel during a six-month inquiry. "To tell a sister you can't wear this veil is to say you can't practice your religion," said a woman identifying herself as Oum Al Khyr, of Montreuil, on the edge of eastern Paris. The bill turns on the "dignity of the person" rather than security issues, as had been widely speculated. It was unclear if that would make it more vulnerable to constitutional attacks. The French government decided to risk running up against the constitution despite a warning from the Council of State, France's highest administrative body, which said March 30 that a full ban would likely not pass constitutional muster. It confirmed its "unfavorable opinion" on a general ban in a final report last week, according to the daily *Le Figaro*. France's Muslim leaders have said the

face-covering veil is not required by Islam, but have also warned that a ban on the full veil risks stigmatizing all Muslims.

ROME – Catholic Church officials said Friday that the recently created first synthetic cell could be a positive development if correctly used, but warned scientists that only God can create life. Vatican and Italian church officials were mostly cautious in their first reaction to the announcement from the United States that researchers had produced a living cell containing manmade DNA. They warned scientists of the ethical responsibility of scientific progress and said that the manner in which the innovation is applied in the future will be crucial. "It's a great scientific discovery. Now we have to understand how it will be implemented in the future," Monsignor Rino Fisichella, the Vatican's top bioethics official, told Associated Press Television News.

"If we ascertain that it is for the good of all, of the environment and man in it, we'll keep the same judgment," he said. "If, on the other hand, the use of this discovery should turn against the dignity of and respect for human life, then our judgment would change."

Fisichella, who heads Vatican's Pontifical Academy for Life, stressed there is no necessary clash between science and faith. "We look at science with great interest. But we think above all about the meaning that must be given to life," Fisichella told state-run RAI television. "We can only reach the conclusion that we need God, the origin of life."

Catholic Church teaching holds that human life is God's gift, created through natural procreation between a man and woman. The Vatican newspaper, *L'Osservatore Romano*, called the synthetic cell "an interesting result" but stressed that it "must have rules, like all the things that touch on the heart of life."

LONDON – Britain's Iraq war inquiry panel arrived in the United States on Tuesday as it continues to investigate mistakes made in the 2003 U.S.-led invasion, but officials are not expected to hold talks with former President George W. Bush.

The five-member panel appointed by the British government is examining the case made for the war and errors in planning for post-conflict reconstruction — but it won't apportion blame or establish criminal or civil liability. It has taken live testimony from British politicians and military and intelligence officials — including a gripping evidence session with former Prime Minister Tony Blair. The inquiry's staff said the panel will hold five days of private meetings in Washington and Boston, but would not disclose in advance who was meeting with the team. Bush's office said it was not aware of any request to hold a meeting with the former U.S. president, or any plan for him to offer input into the British investigation. The office of former U.S. Secretary of State Colin Powell said it was unaware of any scheduled meeting with the British panel. Inquiry spokesman Rae Stewart said details of meetings held in the U.S. would be disclosed once the panel, led by former civil servant John Chilcot, returns to Britain. He said the panel visited France on May 4 to question ex-French Prime Minister Dominique de Villepin, former military chief Gen. Henri Bentégeat and others. Hearings in London began in November and have seen ex-prime ministers Blair and Gordon Brown testify, alongside current MI6 intelligence agency chief John Sawers, the head of Britain's military Jock Stirrup and a host of ministers and officials. Several sessions have focused on accusations that Blair offered Bush support for an invasion as early as April 2002 — a year before legislators approved Britain's involvement. Britain's former ambassador to the U.S.,

Christopher Meyer, told the inquiry that Bush and Blair used a meeting that April at Bush's ranch in Crawford, Texas, to "sign in blood" an agreement to take military action in Iraq. However, in his testimony, Blair's former chief of staff, Jonathan Powell, denied any agreement had been made and called Meyer's account unreliable. Details of private correspondence between Blair and Bush have been provided to the panel, but have not been released publicly. Brown set up the inquiry seeking to draw lessons from the frantic negotiations ahead of the invasion, and mistakes made in preparations for post-conflict reconstruction. Chilcot's panel will offer recommendations by the end of the year.

PARIS (Reuters) – The European Union has drawn up new guidelines for dealing with volcanic ash to curb disruption to travelers, the EU's aviation safety body said on Friday. The rules will give more flexibility to national air traffic controllers and will involve the creation of a European crisis coordination center to ensure a smoother response to emergencies like the ash scare which grounded flights in April. Fears that ash blown southwards from an erupting Icelandic volcano could clog up engines and cause planes to crash led to a six-day shutdown of Europe's busiest air corridors in mid-April, stranding millions and inflicting heavy losses on airlines. The European Aviation Safety Agency said it had agreed new rules with the European Commission and Eurocontrol air traffic management agency for assessing the risk of contamination. "The joint measures will offer member states greater flexibility in deciding how to manage their airspace, allowing for less flight disruption while still ensuring the highest level of safety," Cologne-based EASA said in a statement. Under the new rules airspace will be divided into four zones instead of three at present, using maps updated every six hours. The additional "grey" zone will allow flights under certain conditions, offering more discretion for local decision-makers. The creation of an additional category will provide more options for controllers and allow some airspace to remain open where it might have been closed, even when it is deemed safe to fly. Airlines have criticized Europe for overreacting to the ash scare by imposing blanket shutdowns across much of the region's airspace and some are pressing for financial compensation. Regulators such as Britain's Civil Aviation Authority have said they were forced to rely on restrictive earlier guidance from engine makers and acted to put public safety first.

Southeast Europe

TIRANA, Albania -- Thousands of members and supporters of the opposition Socialist Party (SP) rallied in Tirana on Friday (May 14th) on behalf of about 200 people who started hunger strikes two weeks ago, demanding transparency in the June 2009 general elections. The protestors gathered in the main square chanting "Open the ballot boxes or leave!" The hunger strikers, including 22 SP lawmakers, are in tents outside the government building, insisting on an investigation and a reopening of some of the ballot boxes used last year. The government rejects these demands as "illegal". Also Friday, OSCE Ambassador to Tirana Robert Bosch said that a "very good" compromise proposal -- backed by much of the international community -- was tabled on Thursday. He did not elaborate.

TIRANA, Albania -- Opposition Socialist Party (SP) leader Edi Rama said on Sunday (May 16th) that a formula to resolve the longstanding political crisis has been

sent to the government. It calls for opening ballot boxes used during the disputed June 2009 general elections to an investigation by a third party, the Venice Commission. Prime Minister Sali Berisha, however, says he is unaware of such a proposal. Meanwhile, the hunger strike being staged by dozens of SP lawmakers and supporters is now in its 17th day. The protestors are demanding transparency regarding last year's vote and have warned they will not eat until a solution is found.

TIRANA, Albania -- The OSCE office in Tirana announced on Monday (May 17th) that it has a compromise that would end the longstanding political crisis. Last week, OSCE Ambassador Robert Bosch said that a proposal had been presented to both the government and opposition Socialist Party (SP). While Prime Minister Sali Berisha has said he is unaware of any proposal, SP leader Edi Rama says it calls for opening ballot boxes used during the disputed June 2009 general elections to investigators from a third party, the Venice Commission. SP lawmaker Arta Dade insisted on Monday that Berisha acknowledge the proposal exists.

TIRANA, Albania -- Lawmakers and supporters of the main opposition Socialist Party (SP) ended their 19-day hunger strike on Wednesday (May 19th) after political leaders agreed to hold talks and end the crisis. SP leader Edi Rama said his party will meet with government representatives in Strasbourg on Thursday for talks mediated by European officials, including EU Enlargement Commissioner Stefan Fuele. Still, he warned that ending the strike does not mean an end to the SP's demand for transparency. The SP has for months insisted on an investigation into the June 2009 general elections, which they say were marred by numerous violations.

STRASBOURG, France -- A meeting in Strasbourg between representatives of the Albanian government and the opposition has ended without any progress. Facilitated by European Parliament officials and EU Enlargement Commissioner Stefan Fuele, leaders held a six-hour discussion that ran from dinner through late into the night Thursday (May 20th). Prime Minister Sali Berisha and opposition Socialist Party leader Edi Rama were given two more weeks to find a compromise, Fuele said afterwards. He and EU foreign policy chief Catherine Ashton expressed their concern in a joint statement, which read in part, "Albania stands at a crucial moment on its path towards EU integration."

TIRANA, Albania -- President Bamir Topi on Tuesday (May 18th) again urged both the government and the opposition to demonstrate the willingness to resolve the ongoing political stalemate. His comment follows a week of speculation that an agreement to end the stalemate had been suggested and then rejected by the sides. Topi stressed that the key to success is political dialogue. He reiterated that the legal framework is in place, starting with the Constitutional Court and ending with the Venice Commission. Members and supporters of the opposition Socialist Party have camped along Tirana's main boulevard since April 30th, staging a hunger strike. They are demanding transparency regarding the June 2009 elections, which they argue were marred by numerous violations. The government denies the claims.

TIRANA, Albania -- The European Commission (EC) has asked Tirana to answer 170 additional questions, to supplement the questionnaire submitted last month when Albania applied for candidate country status. Integrations Minister Majlinda Bregu said on Tuesday (May 18th) that Albania will send "clarifications" regarding issues raised by

the Commission. According to media reports, they pertain to parliamentary commissions, filling vacancies on the Constitutional Court, and to translation of the Criminal Code.

TIRANA, Albania -- The interior ministry has established a special fund to inform the public about the EU visa liberalisation process. About 350,000 euros will be spent to prepare TV spots and run them on national stations, the ministry announced on Thursday (May 20th). The government wants to make sure people are aware of both the benefits and restrictions involved with visa-free travel. The catalyst was citizens from Macedonia and Serbia seeking asylum in EU countries after receiving visa-free travel in December.

TIRANA, Albania -- Sources close to the government were quoted as saying on Sunday (May 16th) that Albania will raise its level of representation at the Organisation of Islamic Conference (OIC). Until now, it has been at the deputy-minister level, a move seen by the critics as a government attempt to ingratiate itself with Europe and the United States, rather than with Islamic countries. This week, however, Foreign Minister Ilir Meta himself is expected to attend the OIC session in Dushanbe.

SOFIA, Bulgaria -- The European Parliament (EP) on Thursday (May 20th) approved allocating an additional 300m-euros in compensation to Bulgaria by 2013, for dismantling the four oldest units at the Kozloduy nuclear power plant, local media reported. The decision was a formality, but it clears the way for the release of the first tranche, 75m euros, this year. The government plans to use 40% -- 120m euros -- of the compensation to invest in energy efficiency-promoting projects, and the rest to dismantle the four units.

ZAGREB, Croatia -- The European Bank for Reconstruction and Development (EBRD) on Saturday (May 15th) raised its overall forecast for the economic growth of countries in Eastern Europe this year, although projections for some countries were lowered. According to a document issued during the Bank's annual meeting in Zagreb, economies in the region will register growth of 3.7% this year, instead of the 3.3% forecast in January. At the same time, the Bank warned recovery remains fragile, "with increasing differences in the pace of growth across countries and new risks arising from fiscal pressures and financial volatility in Western Europe". Some of the biggest economies in the region, including Turkey, prompted the upgrade, while forecasts for EU members Bulgaria and Romania were revised downward.

ZAGREB, Croatia -- The parliamentary committee on the constitution has agreed on almost all proposed amendments, the sole exception being the controversial issue of the expatriate vote, committee chairman Vladimir Seks said on Tuesday (May 18th). That one amendment has been the subject of lengthy negotiations between the ruling Croatian Democratic Union and the main opposition Social Democratic Party, whose approval is needed for the amendments to attain the required majority in parliament. Seks is optimistic an agreement on it could be reached this week.

PRISTINA, Kosovo -- Representatives of Kosovo institutions have refused to hold technical talks with Belgrade until after the International Court of Justice (ICJ) rules on the legitimacy of Kosovo's declaration of independence. Deputy Prime Minister Hajredin Kuci said on Sunday (May 16th) everything is still in the idea stage. "There is nothing concrete about time, subjects, but it is an idea that is prepared at the international and regional level," Kuci said. He added that it is meaningless to talk about anything else before the issue of missing persons is resolved and Serbia returns stolen documentation. The ICJ's final ruling will be delayed now, due to the unexpected departure this month of a judge handling the case.

PRISTINA, Kosovo -- Political parties from Serbia reportedly have stepped up campaigning in northern Kosovo, ahead of the May 30th municipal elections. Belgrade is organising the vote, which Pristina institutions consider illegal. Kosovo public broadcaster RTK reported on Sunday (May 16th) that the priority of almost all Serbian parties is to oppose implementation of the government's strategy for the north, which aims to restore the rule of law in areas controlled by Serbian parallel structures

There are many opinions about what needs to happen in northern Kosovo regarding political stability and ethnic integration. But residents say they just want peace. The absence of reconciliation between the communities in Kosovo continues to pose a threat of unrest, UN Secretary-General Ban Ki-Moon's special representative for Kosovo, Lamberto Zannier, told the UN Security Council on Monday (May 17th).

The main source of instability stems from the country's north. The town of Mitrovica is divided along ethnic lines by the Ibar River, separating its northern, mostly Serb, and southern, ethnic Albanian parts. Earlier this month, EU envoy for northern Kosovo Michael Giffoni said the bloc should demonstrate a stronger presence in the north. "

A feeling of ... division is very evident in Mitrovica, and that is something that the EU does not like," Giffoni told the Belgrade daily *Politika*.

He said support for dialogue and mediation is needed in this part of the country, more than in others, and a pragmatic approach should be used to solve daily problems.

"Some questions, such as status, should not be dramatised," Giffoni said, adding that "reconciliation and joint progress are the only solution for all nations ... in the Western Balkans." However, residents say that much of the tension can be solved through political will. Miki Marinkovic, from the Serb NGO Aktiv in northern Kosovo, believes the most important thing for the unstable north and people living there is to have peace.

"The solution for the north needs to be agreed [upon at] a political level between all the parties in the region, including Belgrade, because that will be the permanent solution. As for the people, the most important thing is not to have any hostilities, riots, and actually to have peace in the future," Marinkovic told SETimes.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci said on Monday (May 17th) that he is "very happy" with the ongoing co-operation between the government and the EULEX mission. Thaci met with EULEX chief Yves de Kermabon and the outgoing head of the mission's justice component, Alberto Perduca, who praised the government's commitment to judicial reforms and strengthening the rule of law. Relations between the government and EULEX have been strained since recent raids on the home and office of

one of Thaci's close aides, Minister of Transport and Telecommunications Fatmir Limaj, for suspected abuse of office.

BRUSSELS, Belgium -- EU representatives on Wednesday (May 19th) praised the work of the EULEX mission in Kosovo and investigations led by the EU Rule of Law Mission's judicial component. Representatives of the 27 EU member states gathered for a Western Balkans working group meeting in Brussels, attended by EU Special Representative for Kosovo Pieter Feith. Sources say many EU member state representatives praised the fact that EULEX has recently begun to boost its profile in terms of prosecuting organised crime and high level corruption "through visible" actions

PRISTINA, Kosovo -- The government has received an official invitation to attend the EU-Western Balkans conference in Sarajevo next month, Deputy Prime Minister Hajredin Kuci said on Tuesday (May 18th). Kosovo will be on equal footing with other participating countries, with an equal right to express its opinion on regional developments and European integration, Kuci added. UNMIK chief Lamberto Zannier is also expected to attend the meeting, though will not speak for Pristina institutions. The conference, sponsored by Spain as president of the EU, is expected to be held without state symbols. If successful, it will host delegations from both Pristina and Belgrade for the first time since Kosovo declared independence in February 2008.

PRISTINA, Kosovo -- Somalia on Wednesday (May 19th) became the 69th country to recognise Kosovo's independence. In a diplomatic note to the foreign ministry, Somalia said its decision followed an official request from Kosovo President Fatmir Sejdiu.

SKOPJE, Macedonia -- Prime Minister Nikola Gruevski said on Sunday (May 16th) that the government is working to resolve the long-standing name dispute with Greece as soon as possible, while protecting state and national interests. He was reacting to EU envoy to Macedonia Erwan Fouere, who had warned that if the cabinet fails to focus on EU-required reforms and to resolve the name issue quickly, it could threaten EU membership. Ali Ahmeti, leader of ethnic Albanian junior coalition partner Democratic Union for Integration, and Branko Crvenkovski, leader of the opposition Social Democratic Alliance of Macedonia, have also warned of a potential delay in Euro-Atlantic integration over the row with Athens.

SKOPJE, Macedonia -- The ethnic Albanian Democratic Union for Integration (DUI) has no plans to quit the ruling coalition but believes some issues must be resolved to accelerate Macedonia's EU bid. That was DUI leader Ali Ahmeti's message in talks Monday (May 17th) with Branko Crvenkovski, leader of the main opposition SDSM. They agreed that political dialogue should be intensified and that resolving the name dispute with Greece is a top priority. The meeting, initiated by Crvenkovski, followed a recent comment by EU envoy to Macedonia, Erwan Fouere. He warned that if the cabinet fails to focus on EU-related reforms and resolve the name issue quickly, the country's EU future could be at risk.

PODGORICA, Montenegro -- Candidates held their final rallies Friday (May 21st) ahead of Sunday's local elections. Voters will choose representatives in local

parliaments in 21 municipalities. The opposition has joined forces and is running under a coalition named "A Better Montenegro". The ruling coalition members -- the Democratic Party of Socialists and the Social-Democratic Party -- are partnering up as well, except for in Podgorica's mayoral race, in which they have fielded separate candidates.

BUCHAREST, Romania -- The government adopted a law on lustration Wednesday (May 19th) that limits the involvement of former communist officials in politics. The bill was supported by 203 of the 343 members of the Chamber of Deputies; 40 voted against it and 12 abstained. The Senate adopted it in April 2006, which means it will take effect after the president signs it.

BUCHAREST, Romania -- Hundreds of public employees protested in Bucharest on Friday (May 14th) against the government's plans to slash salaries and pensions. Joining the demonstration were police officers, teachers, health and public administration staff, who called for the government to resign. Labour unions plan a general "Greek-style" protest Wednesday to force the government to drop plans to cut public workers' wages by 25% as of June 1st. Both President Traian Basescu and Prime Minister Emil Boc have said that only sharp cost-cutting can stabilise the economy.

BUCHAREST, Romania -- Labour unions on Monday (May 17th) rejected a government plan that envisions cutting salaries in the public sector by 25%, and pensions by 15%. During a meeting with government officials and business representatives, unions called for a compromise, warning that without one, about 40,000 workers will stage a general strike Wednesday. They insist that the government renegotiate the terms of its agreement with the IMF to avoid the sharp austerity measures in the public sector. Finance Minister Sebastian Vladescu countered by saying that cuts might affect various personnel differently, but all would proceed, due to legislation that has already been adopted. Meanwhile, around 200 mothers -- with their babies -- joined a demonstration in Bucharest on Monday against the expected 25% cut in benefits, which extends to paid maternity leave.

BUCHAREST, Romania -- Tens of thousands of public sector employees staged a rally in Bucharest on Wednesday (May 19th) to protest planned wage cuts of 25% and pension cuts of 15%. They are to take effect in less than two weeks, as part of the country's agreement with the IMF. Police say about 30,000 people protested on Wednesday, while unions said the actual figure was closer to 50,000. It was one of the biggest demonstrations since the Romanian Revolution that overthrew communism in 1989

BELGRADE, Serbia -- Mladjan Dinkic was re-elected on Sunday (May 16th) as leader of the ruling coalition member G17 Plus at the party's congress in Belgrade. Delegates also chose three deputy presidents -- Verica Kalanovic, Suzana Grubjesic and Snezana Samardzic Markovic. Before the congress, Dinkic was elected president of the newly established United Regions of Serbia (URS), comprised of several national, local and regional parties and groups of citizens. Dinkic says its goal will be a pro-European, democratic Serbia that will stress decentralisation, boosting local governments.

Though Belgrade still wants to revisit the question of status, many Kosovo Serbs say the focus should be on improved living conditions. More than two years after Kosovo

proclaimed its independence, Serbia's leaders have been suggesting a return to the negotiating table may be in the works. Foreign Minister Vuk Jeremic is confident that an anticipated International Court of Justice ruling will find the independence declaration contravened international law. If so, officials say, the door would be open for new status talks and a compromise that is acceptable to Belgrade. "One side will have to let go, and, of course, it will be Kosovo," insists Serbian State Secretary for Kosovo Oliver Ivanovic. Many Kosovo Serbs, however, are sceptical. According to representative Rada Trajkovic, Belgrade lacks the clout to achieve a solution to its liking. "Serbia is weak politically and in terms of security, is economically dependent on donors and has no clearly defined strategy for Kosovo and Metohija," Trajkovic told SETimes. "Even if with all these weaknesses it was able to start negotiations on the status, they would not result in success." Technical talks on issues affecting the lives of Kosovo Serbs are a more realistic possibility, she said. Such talks, "if well prepared, could strengthen the position of the Serbs and the Serbian Orthodox Church in Kosovo", she said.

Trajkovic also urged Serbia to exercise caution in any negotiations. Albanian extremist groups have begun regrouping in Macedonia, she said, and any ill-advised move by Belgrade could lead to new conflicts. From another angle, hardline nationalists oppose Belgrade-Pristina negotiations, even those limited to improving the conditions for Serbs in Kosovo, on the grounds that it implies recognition of independence. "The story of technical negotiations is a lure for Serbia," Vice President of the Council for Kosovo and Metohija Marko Jaksic told SETimes. "It would not improve our life here, because we live badly just because we are opposing the independence of Kosovo." Kosovo Serb refugees, meanwhile, wait to see concrete improvements in their situation. Many feel that, for all the talk of negotiations, Belgrade is doing little to help them.

NEW YORK, United States -- The foreign ministers of Kosovo and Serbia say they are committed to discussing unresolved issues. During talks regarding Kosovo at the UN Security Council on Monday (May 17th), Serbian top diplomat Vuk Jeremic said Belgrade is ready to start talks on important issues such as Kosovo's status. But his Kosovo counterpart Skender Hyseni said that issue is closed, adding that Pristina and Belgrade can talk only as neighbouring countries. Security Council members encouraged both sides to start negotiations on a solution that will boost stability and end conflicts between the ethnic Albanian and Serb communities. In his report, UNMIK chief Lamberto Zannier said the situation in Kosovo remains stable but fragile in the absence of reconciliation between the communities.

BELGRADE, Serbia -- Foreign Minister Vuk Jeremic said on Sunday (May 16th) that an agreement has been reached with Spain, the current head of the EU, that Pristina institutions will be represented at next month's EU-Western Balkans summit in Sarajevo in accordance with UN Security Council Resolution 1244. He told the Tanjug news agency that Serbia has insisted Kosovo cannot represent itself as an independent country and that Belgrade will do what it can to guarantee the success of the Sarajevo conference. In March, Serbian President Boris Tadic skipped a regional summit in Brdo, Slovenia because Kosovo sent an official.

THE HAGUE, The Netherlands -- Serbian authorities have handed over to the UN war crimes tribunal 18 diaries belonging to former Bosnian Serb commander Ratko

Mladic, the court announced on Wednesday (May 19th). The 3,500 pages of notes by Mladic -- written between 1991 and 1996 -- turned up during a search of his wife's Belgrade apartment in late February. Tribunal spokeswoman Olga Kavran said they are being translated for analysis. Prosecutors want to use them as evidence in the trials of war crimes indictees Jovica Stanisic, Franko Simatovic and former Bosnian Serb leader Radovan Karadzic.

BELGRADE, Serbia -- The IMF has reportedly agreed with the government to consider a possible hike in public sector wages and pensions. Prime Minister Mirko Cvetkovic noted on Monday (May 17th) that Serbia has emerged from economic crisis, and returned to an annual GDP growth of 1% in the first quarter of this year. He acknowledged however, the public has not felt this improvement in terms of the standard of living. Under its programme with the IMF, Serbia has committed to reduce its budget deficit, cut public administration by 10% and freeze public sector wages and pensions until April 2011.

BELGRADE, Serbia -- The war crimes prosecution office announced on Tuesday (May 18th) it wants to open an investigation into a possible mass grave near Raska, in southern Serbia. An investigative judge would visit the site and if preliminary information warrants it, authorise others to exhume remains, conduct autopsies and identify the victims. The investigation would be conducted in the presence of representatives from EULEX, the Serbian government's commission for missing people and Pristina's working group for missing persons. The mass grave near Raska may contain the remains of people killed in late May or early June 1999 during the Kosovo conflict. Authorities believe the bodies were initially buried near Drenica, Kosovo, and moved later to Serbia.

LJUBLJANA, Slovenia -- Montenegrin Foreign Minister Milan Rocen visited Ljubljana on Friday (May 14th) and said that ousted Thai Prime Minister Thaksin Shinawatra, who has a Montenegrin passport, must not use the country as a base for sending political messages to his homeland. In April, Shinawatra said in Montenegro that he was in touch with supporters in Thailand. Rocen explained that Shinawatra got Montenegrin citizenship before he was indicted in Thailand, and that he is not wanted by Interpol. Shinawatra was ousted in a 2006 military coup and then sentenced in absentia to two years in prison for corruption and abuse of office. His followers have been protesting for the past two months, in violent demonstrations that have killed more than 300 people and left about 1,400 injured.

Oceania

SYDNEY (AFP) – Australian opposition leader Tony Abbott had the country's political establishment in uproar on Tuesday after an astonishing admission that voters often cannot trust what he says. Abbott's slip, just months before expected elections, came during a TV interview when he was taken to task for first promising no new taxes, then proposing a new levy just a month later. "Sometimes in the heat of discussion you

go a little bit further than you would if it was an absolutely calm, considered, prepared, scripted remark," Abbott told 7:30 Report anchor Kerry O'Brien on ABC TV.

"The statements that need to be taken absolutely as gospel truth are those carefully prepared, scripted remarks." The government seized on the remarks as evidence that Abbott, who has made big gains in opinion polls, was not a credible leader.

"It's kind of like the fine print on the bottom of the packet saying, 'use this product, but by the way, it might kill you'," Finance Minister Lindsay Tanner told ABC radio.

Deputy Prime Minister Julia Gillard labelled Abbott "Phoney Tony", while her Labor party also rushed out a political attack ad aimed at undermining the opposition chief.

"Next time Mr. Abbott says anything, ask yourself, 'Is he telling the truth?' Because by his own admission, he's probably lying," the TV advert said. Abbott, a colourful, right-leaning fitness fanatic who prides himself on his straight-talking style, said he was simply trying to be "fair dinkum", or honest, with the Australian people.

"You know if you go in front of Kerry O'Brien you're going to be subject to a forensic examination," Abbott said. "That's his job, that's what he does. He's been doing it for years and he does it very well. "Kerry O'Brien has a pretty good line in indignation but I was trying to be fair dinkum with Kerry O'Brien last night, just as I'm trying to be fair dinkum with you (journalists) today."

SYDNEY (AFP) – Indigenous children living in central Australia suffer the highest rate of potentially fatal severe pneumonia in the world, according to research released Sunday. The study, which used the strict World Health Organisation (WHO) definition of the disease, found that each year there were on average 72.3 cases for every 1,000 indigenous babies under one year old, researcher Kerry-Ann O'Grady said.

"The incidence of WHO-defined radiologically confirmed pneumonia among children in the Central Australian region of Northern Territory is the highest incidence reported in published studies using the WHO protocol," she said.

For children aged one to two there were about 54 incidents of the disease per 1,000 and for those aged two to five it was 20.1 per 1,000 -- higher than Gambia, the west African country with the second-worst incidence. "It's a disease of poverty," O'Grady said. The figures were slightly lower for the rest of the Northern Territory, which includes the desert centre of Australia up to the tropical city of Darwin, but researchers had been unable to pinpoint why, she said. O'Grady, who completed the study while working at the Darwin-based Menzies School of Health Research, said the problem was much worse in the arid areas of the Outback than the tropical northern regions.

She said the high rate of respiratory disease in the first year of life was alarming because it was known to contribute to chronic lung disease in adulthood.

"This is unacceptable in a wealthy country like Australia, and reducing this disease burden should be a national health priority," she said. The research, which looked at hospital admissions for indigenous children between 1997 and 2005 and has been published in the Medical Journal of Australia, should prompt further work in the area, O'Grady said. "Research must continue and policies that change the living environment and facilitate hygiene, improve educational outcomes for parents of the future and enhance parenting skills must be a priority," she said. Aborigines make up about 2.5 percent of the population but are significantly more disadvantaged in terms of health and life expectancy than other Australians. About 1.8 million children under five die every

year around the world from pneumonia and O'Grady said it was the leading cause of preventable death for Australian indigenous infants after their first 28 days of life.

SYDNEY (AFP) – Australia was "economically stupid" for leaving thousands of Aboriginal people outside the workforce, anti-poverty campaigner Bob Geldof said Wednesday. The former Boomtown Rats lead singer urged business to stop ignoring the talents of the nation's indigenous, whom he said were treated as exiles in their own land. "You've removed from your society, from having a go, 500,000 of your own," Sir Bob said. "That is absurd. It's economically stupid." Geldof said Australia had taken steps to improve the lives of Aboriginal people, many of whom live in entrenched poverty in remote townships and who experience much higher rates of unemployment than other Australians. "You are beginning to deal with a problem that has been festering but can be resolved and needs to be resolved if the potential of this country is to be genuinely realised," he told a business breakfast in Brisbane. "And I don't mean that in any emotional sense or a cultural sense, I mean it in an economic sense." Geldof met on Tuesday with mining magnate Andrew Forrest and decided to speak at Forrest's "GenerationOne" event which is encouraging businesses to pledge to provide 50,000 jobs to Aborigines. On Australia's foreign aid, something Geldof described three years ago as "pathetically embarrassing", the Irishman said the situation was improving. "Australia is coming up... they're on track," he told news agency AAP. Prime Minister Kevin Rudd's government this month lifted Australia's foreign aid contribution by 500 million dollars (429 million US) to 4.3 billion dollars a year -- equivalent to 33 cents in every 100 dollars of national income

SYDNEY (AFP) – Lawmakers in Australia's most populous state voted against banning the burqa Thursday, with one accusing the Christian MP who moved the bill of stigmatising Muslims. Fred Nile, of the right-wing Christian Democrats Party, urged the New South Wales parliament to vote in favour of banning the full Islamic veil for security reasons and to "set women free from domination of males". But his bill was quashed in the state's upper house by 26 to three votes, with the centre-left Labor and more radical Greens parties condemning it as racist. "There is no urgency in spreading further fear and hatred in our community," said Islamic Labor MP Shaoquett Moselmane. Nile's real intent was "stigmatising an entire community", added Greens MP John Kaye. It follows heated public debate sparked earlier this month by calls from conservative national Senator Cory Bernardi for a ban on the burqa, which he claimed was "emerging as the preferred disguise of bandits and ne'er-do-wells". Bernardi's comments, prompted by the use of the Islamic veil in an armed robbery in Sydney, led both Prime Minister Kevin Rudd and his opposition counterpart Tony Abbott to declare that such a ban was not current policy. Muslims make up about 1.7 percent of Australia's heavily Christian population of 22 million, and religious tensions have run high in recent years.