

**Report 124**  
**PROJECT ON BUSINESS AND POLITICS IN THE**  
**MUSLIM WORLD**

**Weekly Presentation: June 23, 2010**

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Period: From June 13-19, 2010

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This week report dwells much on Yahoo/AP/Reuters News, New York Times and World Politics review. 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

- Obama, Visiting Gulf, Tries to Lift Economy and Mood
- White House: Obama ready to seize claims process
- BP to Suspend Dividend and Set Up Claim Fund
- In Oval Office Speech, Obama Calls for New Focus on Energy Policy
- U.S. Identifies Vast Mineral Riches in Afghanistan
- Setbacks Cloud U.S. Plans to Get Out of Afghanistan

#### Western Europe

- EU works on economic policy coordination in crisis
- Greece's Papandreou urges EU to make
- IMF, EC, ECB to assess Greece's progress
- EC, ECB, IMF satisfied with progress in Greece
- German Coalition Threatens to Collapse
- Poll: 86 pct dissatisfied with German government
- Ireland expels Israeli over forged passports
- Does Belgium's Election Spell the End of the Country?
- Spanish moves toward restricting burqa
- Paris police ban pork street party in Muslim area
- EU set to approve new sanctions on Iran
- Western nations slam Iran over human rights record

#### Southeast Europe

##### Albania

- PACE president urges Albanian opposition to take case to court
- EP mediation fails to resolve Albania's stalemate
- Albania to establish repatriation structure
- Albanian government declares Islamic Jihad, al-Qaeda illegal

##### Bosnia

- BiH takes big step forward in human trafficking report
- EP criticises BiH for making limited progress
- Inzko urges Bosnian lawmakers to adopt census

- BiH parliament gives preliminary approval to census law

#### Bulgaria

- Bulgaria's Borisov clarifies Burgas-Alexandroupolis statement

#### Croatia

- Croatian unions collect signatures for referendum
- Croatian parliament approves constitutional amendments

#### Kosovo

- Serbia's Tadic won't be invited to mini summit
- ISG says Kosovo's independence is irreversible
- EULEX urges Belgrade to accelerate mass grave exhumations
- OSCE says war crimes in Kosovo not handled as priority

#### Macedonia

- Macedonia to cut salaries of senior government officials
- EP members urge Brussels to start accession talks with Macedonia
- Macedonia, Greece reiterate commitment to name talks
- Skopje confirms Pristina's request to investigate mass graves

#### Montenegro

- EU-Montenegro Stabilisation and Association Council holds first meeting

#### Romania

- Romanian cabinet faces no-confidence vote
- Romanian government survives no-confidence vote
- Romanian opposition challenges austerity plan in court
- US, Romania start missile shield talks

#### Serbia

- Serbia offers passport-free travel
- EU ministers unblock Serbia's SAA
- Serbian union leader warns of critical situation
- Mladic's family to proceed with effort to declare him dead
- Serbia to keep searching for Mladic despite family's request

#### Slovenia

- Slovenia lands historic victory at World Cup

#### Oceania

## Report Summary

### US/Canada

#### Political Issue

President Obama repeated visit to the Gulf of Mexico has more to do with a president wanting to show the people that he cares and doing all at his disposal to seal the oil spill problem with a solution. His latest visit was stepped up to reassure American consumers that seafood from the Gulf of Mexico is safe and promoting tourism in the region and his administration is accelerating effort for cleanup.

## Economic Issue

In a show of being in-charge, President Obama was able to broker an understanding with BP executive. An understanding upon which BP compensates all those affected by the oil spill. The oil giant is expected to create a \$20 billion fund to pay damage claims to thousands of fishermen and others along the Gulf Coast. The fund will be administered by Kenneth R. Feinberg, the lawyer and mediator who ran the fund for victims of the Sept. 11 attacks.

## Social/Humanitarian Issue

### Food, Environment and Energy Issue

The oil spill at the Gulf of Mexico has forced President Obama to reiterate his plea for alternative energy and less dependence on oil. He directed his message to the American nations urging them to see the exigency of his, and also asked the Congress to act quickly to overcome a lack of political courage and candor.

## Geostrategic Issues

American strategic policy makers will have to intensify their thinking process over the Afghan war. Obama's administration has set a date for 2011, but reports coming from the war torn country indicate much difference hasnot been made even after troop surge. While some will want the U.S to remain in Afghanistan other fear the war will continue to siphon American tax payers and whether or not the set date of 2011 is feasible. The report that Afghanistan harbors trillion worth of mineral wealth is tentatively seen as another dilemma which for some Afghan critics might lure the Americans to rethink of staying than planned.

## **Western Europe**

### Political Issue

Political storm is all over the German coalition government as coalition partners are divided, resignation of top officers, the lose of a crucial regional election and the lack of foresight on how to react to recent financial crisis that gripped Europe. These issues are snowballing and the wind is replete with view that Germans are likely to go for another election less than a year after Merkel won re-election. German ARD television poll affirms the level of discontentment against Merkel's government. According to the poll, 86 percent of Germans are dissatisfied, which was a record low for her administration.

What lesson is expected from the divisionist and separatist politics portrayed in recent Belgian election. Dividing the country between the French and Dutch speakers will not only be detrimental for the country but will also give a bad impression of Belgium to the rest of Europe. If the country eventually get separated it will be a new

dawn in European modern history and time will tell how implicative it will be for the country and rest of Europe.

#### Economic Issue

Europe was taken unknown by the recent financial crisis and that informed why there was slow pace before the problem was fixed. Fixing the problem forced Europe to adopt austerity measures. The EU leaders have further agreed to lay down regulation that will help strengthen budget discipline and economic policy coordination among the 27 member states to avoid the repetition of financial crisis.

The Greek economy was at the heart of the financial crisis, putting the Eurozone into an uncertain mood for months before IMF/EU bailout. In order to avoid similar problem, Greek Prime Minister George Papandreou said that a 440 billion-euro EU stabilisation fund should be made permanent in order to strengthen the regional economy.

During the last week, a group of experts from the IMF, the European Commission (EC) and the European Central Bank (ECB) responsible for the bailout were in Athens to assess the bailout package. The review went well with satisfactory remark on Greece's economic progress.

#### Social/Humanitarian Issue

Banning the burqa, veil worn by minute number of European Muslim women has been one of the major headlines. Belgium, Spain, France, The Netherlands, and Denmark are all working towards enacting what they call the religious freedom bill which will ban the veil and hinder Muslim women from expressing their religious freedom even in a democratic society.

Meanwhile in France, police banned a party organised by a group who intended to serve pork and alcohol on the street where Muslims offer their Friday prayer. The police said it was tailored to offend and cause trouble, though a counterparty organised by Muslim groups was also banned.

Western criticism of Iran is not limited to its nuclear programme but also included its human right record. According to the U.N. Human Rights Council's report Iran has a sluggish progress of human rights protection and that has become more accentuated after the troubled June 12, 2009 election.

#### Food, Environment and Energy Issue

#### Geostrategic Issues

The Israeli government has started facing the heat and repercussion for allegedly forging foreign passports. Ireland has followed the track of Britain and Australia, it expelled Israeli diplomat accused of complicity in the passport forge used in the assassination of Hamas leader in Dubai. Expelling the diplomats linked to the Israeli secret agent and capturing a member of the assassins in Poland is an indication that nations

regardless of their relation with Israel will not condone misused of their symbol of sovereignty for criminal action.

The EU has added more heat to the recent sanctions placed on Iran by the UNSC. The unilateral sanction includes the prohibition of new investment, trade insurance, financial transactions, technical assistance and transfers of technologies. The sanction also affects Iran's shipping and air cargo companies, new visa bans and asset freezes imposed on Iran's Revolutionary Guard.

## **Southeast Europe**

### Political Issue

Instead of boycotting the parliament and derailing the country's political process, the Council of Europe has urged the Albanian opposition to take its case of election irregularities to court. The opposition party refused accepting the legitimacy of last June election on the premise of wrongdoing which the ruling government is not ready to accept. Meanwhile, the European Parliament (EP) has expressed disappointment over the long stalemate, which the EP could not resolve.

Albania is among those western Balkan countries struggling to be inducted in the Schengen visa liberalization scheme. As part of the prerequisites for induction, Albania has to ensure the repatriation of its citizens from Europe. This condition has forced Tirana to establish a special structure to deal with repatriated citizens.

The EU vision of western Balkan has always been to intensify reforms and accelerate integration of the region with the bloc. Hence any country found wanting comes under the radar of the EU criticism. Bosnia is criticized by the European Parliament for limited progress. The western Balkan country has been endangered by ethnic and divisive politics

Since independence in 1990, Croatia has fourth times successfully amended its constitution. The new amendments in the constitution were more to do with EU accession and necessary reforms for Croatia-EU integration, although non-EU amendments were also made.

Regardless of the awaited ICJ ruling on the legality of Kosovo independence, the International Steering Group (ISG) under the International Civilian Office head Pieter Feith believes Kosovo independence is irrevocable.

European parliament members are urging the EU to start accession talks with Skopje, due to the improvement in its reforms, though Macedonia is still entangled in name dispute with Greece, an issue that has been troublesome for both countries.

Effort by the Romanian government to regulate the economy by reducing deficit, slashing salaries, pensions and hiking taxes has thrown the government into hot water.

Many Romanians are against the austerity measures and the cabinet now faces vote of no confidence from the opposition Social Democratic Party (PSD which it survived, yet the opposition is ready to further pursue the case in the court.

#### Economic Issue

The recent European financial crisis is forcing economies of the region to adopt prudent economic management. Governments are reducing federal deficit and certain degree of tax hike. The Macedonian government has taken similar direction geared at cutting salaries of some government officials, including Prime Minister Nikola Gruevski.

Croatian labour unions are gathering signatures for a referendum for amending labour law. Laborers are wrestling with government over whether or not the union should continue with collective bargaining or individual agreement with employers.

Similarly in Serbia, Alliance of Independent Unions of Serbia President Ljubisav Orbovic warned that the workforce situation has become critical. He said that at least 1 million citizens are subsisting below the poverty line

#### Social/Humanitarian Issue

Albanian government has declared two groups, Islamic Jihad and al-Qaeda, illegal in Albania. During a meeting, the cabinet also announced a list of 62 businessmen and nine commercial companies believed to be connected with al-Qaeda and the Taleban, groups that the UN considers sponsors of terrorism.

High Representative Valentin Inzko urged Bosnian lawmakers to adopt a law on population census. He called for a compromise so that the headcount could be conducted next year.

The FIFA World Cup is one of the avenues where countries display the other side of their diplomatic skill. Every football team will need a tactical skill to survive and that exactly was what Slovenia has done winning against Algeria in the on-going FIFA World Cup.

EULEX officials want Belgrade to take the next step in collecting information regarding the Raska mass grave, believed to contain the bodies of 250 Albanians.

The family of the fugitive Serb commander Ratko Mladic wants the government to declare Mladic dead through the help of a lawyer representing the family. The family believes they have been inundated enough for years and since Mladic's whereabouts is unknown it is better to declare him dead. Despite the request from Mladic's family, Serbian government insist to continue with the search of the at large commander.

#### Food, Environment and Energy Issue

Regional and foreign observers have been closely monitoring the stance of the Bulgarian government, whether the latter will maintain an undivided ties with U.S or take

an economic and energy friendship with Russia. The proposed Burgas-Alexandroupolis pipeline has been the cause of the unclear stance. For clarity Prime Minister Boyko Borisov holds that the government will wait for an environmental impact assessment before making a final decision on its participation in the Burgas-Alexandroupolis pipeline

### Geostrategic Issues

Serbia strengthens her ties with rich European countries by opening its border to citizens of EU countries and Switzerland, Norway and Iceland. Citizens of the latter countries can travel to Serbia with ID cards, rather than international passports. Aside from that, Serbia is getting a positive signal from the EU, the bloc's foreign ministers kick off ratifying the bloc's Stabilisation and Association Agreement (SAA) with Serbia, two years after it was signed. The bloc also had a meeting with Montenegrin authority on its SAA.

Political enmity between Serbia and Kosovo is far from being resolved as Kosovar government has planned not to invite Serbian president to a regional mini-summit to be held in Kosovo. It is more likely that Serbia would reject the invitation even if invited as Belgrade does not recognize Pristina as an independent state.

Report has it that Romanian deputy Foreign Minister Bogdan Aurescu announced that Bucharest and Washington have begun talks on deploying elements of the proposed US missile shield in Romania. The announcement is likely to raise many similar questions and objections, seen when the U.S wanted to install missile system in Poland and Czech Republic.

### **Oceania**

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

### **Report Detail**

THEODORE, Ala. — President Obama on Monday stepped up his efforts to limit the economic fallout from the oil spill, announcing steps to assure consumers that seafood from the Gulf of Mexico is safe and promoting tourism in the region as BP, under pressure from the White House, agreed to accelerate the cleanup. On his fourth trip to the region since the rig explosion that set off the leak, Mr. Obama visited Mississippi and Alabama, a day before he was to deliver an address from the Oval Office in his most visible step yet to show that his administration is in command of what he has called the nation's worst environmental disaster.

Responding to a request by the administration over the weekend, BP announced a plan to siphon 40,000 to 53,000 barrels of oil a day from its leaking well by the end of June, up from the current 15,000 barrels a day.

Under the plan, which essentially pushes BP's containment schedule forward by two weeks, the company will also bring in more vessels and other backup equipment to cope with bad weather or unforeseen problems. BP's optimism about its previous efforts to deal with the situation has frequently proven unfounded.

BP's board met on Monday to consider a White House demand that it establish an account to pay spill claims, as investors and officials raised questions about the company's long-term financial strength. The board did not make a final decision about the account, pending a meeting between its chairman and Mr. Obama in Washington on Wednesday. The company's \$10.5 billion annual dividend has become a point of contention, with a host of critics in the United States saying that it should not be paying out profits to stockholders when huge cleanup costs still loom and when fishermen, oil workers and small-business owners say they are having trouble getting compensation from the company. While BP has billions of dollars in cash flow that presumably can cover the costs, there is concern about its future.

Internal BP documents, including an e-mail message calling the well drilled by the Deepwater Horizon a "nightmare," show a pattern of risky choices made to save time and money in the weeks before the disastrous April 20 blowout, according to a letter sent to the oil company by the leaders of a House committee on Monday.

The committee leaders cited five areas in which the company had made decisions that "increased the danger of a catastrophic well," including choosing the design of the well, preparing for and testing the cement job and assuring that the well was properly sealed on the top. Taken together, the documents offer the strongest case yet that BP bears much of the responsibility for the explosion that killed 11 workers and the still-unchecked leaking of millions of gallons of oil into the gulf.

Some of the decisions appeared to violate industry guidelines and were made despite warnings from BP's own employees and outside contractors, said Representative Henry A. Waxman, Democrat of California, and Representative Bart Stupak, Democrat of Michigan, the leaders of the House Committee on Energy and Commerce. They sent their letter to BP's chief executive, Tony Hayward, in advance of his testimony on Thursday before the committee. An investigation suggested that delays in completing the well "created pressure to take shortcuts," the letter said. After a meeting with Gov. Haley Barbour of Mississippi and Gov. Bobby Jindal of Louisiana in Gulfport, Miss., Mr. Obama urged Americans to come down to visit the area's beaches, many of which were virtually deserted on Monday. "There's still a lot of opportunity for visitors to come down here," Mr. Obama said after the meeting at the Coast Guard station in Gulfport.

The president made a point of eating local seafood for a lunch in Gulfport, where he chatted with a hotel owner who told him that her business was down 40 percent, and then again for dinner in Orange Beach, Ala., where he ordered crab claws, crawfish tails, ribs and nachos. "Seafood from the gulf today is safe to eat," he said earlier in Theodore, where he said government agencies were increasing their monitoring of seafood processors and of fish caught outside of areas where fishing has already been banned because of the spill. "But we need to make sure it stays that way."

PENSACOLA, Fla. – President Barack Obama is poised to seize the handling of oil spill damage claims from BP, his chief spokesman said Tuesday, as Obama sought to reassure people he's up to the enormous challenge of helping them recover from the

environmental disaster. He will outline his specific plans and expectations in a prime-time Oval Office speech. The aim of wresting the claims-handling from the British petroleum giant, press secretary Robert Gibbs said, would be to make economically distressed individuals and businesses "whole." The claims processing problem is among several difficult issues that Obama planned to address directly in the talk to the nation.

From the White House, Gibbs was interviewed on several network morning news shows as Obama prepared for a second day of briefings — this time in Florida — and got ready for a speech at the Pensacola Naval Air Station. He was to fly back to Washington for the 8 p.m. address from the Oval Office. Voicing increasing confidence in his ability to confront the nation's worst environmental crisis, Obama was set to outline a comprehensive response and recovery program, while assuring not only the people from the afflicted region, but all across America, that his administration will guide the country to a recovery. On the matter of the disputed damage payments, Gibbs said, "We have to get an independent claims process. I think everyone agrees that we have to get BP out of the claims processes and, as I said, make sure that fishermen, hotel owners have a fast, efficient and transparent claims process so that they're getting their livelihoods replaced." "This disaster has taken their ability to make a living away from them," he said. "We need to do this quickly, and we have to make sure that whatever money goes into that — that in no way caps what BP is responsible for. Whatever money they owe to anybody in the Gulf, they're going to have to pay regardless of the amount."

He noted in one interview that Obama "has the legal authority" to make the claims process independent. And Gibbs said "the best way to prevail upon BP is to take the claims process away from BP." "The president will either legally compel them," he said, "or come to an agreement with BP to get out of the claims process, give that to an independent entity." Obama's address to the nation sets the stage for his showdown White House meeting Wednesday with top BP executives. BP leased the rig that exploded April 20 and led to the leak of millions of gallons of coast-devastating crude. It's part of an effort by Obama, who's been accused of appearing somewhat detached as the oil spill disaster has unfolded, to convince a frightened Gulf Coast and a skeptical nation that he is in command. Obama was to deliver the speech upon his return from a two-day swing through Mississippi, Alabama and Florida, his fourth trip to the Gulf since the Deepwater Horizon drilling rig explosion that set off the disaster, but his first outside the hardest-hit state of Louisiana. The trip gave him ammunition for the speech and for his meeting with BP executives where he intends to finalize the details of a victims compensation fund. He visited vacant beaches in Mississippi where the threat of oil had scared off tourists, heard the stories of local employers losing business, watched hazmat-suited workers scrub down boom in a staging facility in Theodore, Ala., and took a ferry ride through Mobile Bay and then to Orange Beach, Ala., where oil has lapped on the shore.

WASHINGTON — Four days of intense negotiations between the White House and BP lawyers allowed President Obama to announce Wednesday that the oil giant would create a \$20 billion fund to pay damage claims to thousands of fishermen and others along the Gulf Coast. The fund will be administered by Kenneth R. Feinberg, the lawyer and mediator who ran the fund for victims of the Sept. 11 attacks and has emerged as a troubleshooter on issues like executive compensation and resolving claims for asbestos and Agent Orange victims. While acknowledging that oil is likely to continue

spewing from the well for perhaps months to come, Mr. Obama was able to throw something of a lifeline to desperate coastal residents worried about meeting payrolls, mortgages and shrimp boat payments. Under the famous portrait of a charging Theodore Roosevelt on horseback, administration and company officials haggled over last details in an extraordinary White House meeting that went more than four hours, double the time scheduled, and was punctuated by breaks as each side huddled separately. Finally, participants said, Mr. Obama sealed the deal in a private, 25-minute session with BP's chairman, Carl-Henric Svanberg. "This is not just a matter of dollars and cents" for a region upended by the spill, Mr. Obama, who returned Tuesday from a fourth tour of the coast, said he had told Mr. Svanberg. "I emphasized to the chairman," he said, "that when he's talking to shareholders, when he is in meetings in his boardroom, to keep in mind those individuals — that they are desperate, that some of them, if they don't get relief quickly, may lose businesses that have been in their families for two or three generations. And the chairman assured me that he would keep them in mind." Mr. Svanberg, looking somber as he left the White House, confirmed to waiting reporters that the president seemed "frustrated because he cares about the small people." But he added: "People say that large oil companies don't care about the small people. But we care. We care about the small people." The "small people" comment set off an immediate uproar in the blogosphere and elsewhere from people who said it showed BP's indifference to those harmed by the spill. A BP spokesman called the remark a "slip in translation" by Mr. Svanberg, who is Swedish. Later Wednesday Mr. Svanberg apologized, saying he was "very sorry" he had spoken "clumsily." "What I was trying to say — that BP understands how deeply this affects the lives of people who live along the gulf and depend on it for their livelihood — will best be conveyed not by any words but by the work we do to put things right for the families and businesses who've been hurt," he said in a statement.

WASHINGTON — President Obama summoned Americans on Tuesday to a "national mission" to move away from reliance on oil and develop alternative sources of energy, casting the massive oil spill in the Gulf of Mexico as an imperative for Congress to act quickly to overcome "a lack of political courage and candor." Speaking to a national television audience for the first time from the Oval Office, Mr. Obama also promised a long-term plan to make sure that the gulf states suffering from the oil spill are made whole again. He said he was appointing Ray Mabus, the secretary of the Navy and the former governor of Mississippi, to develop a Gulf Coast restoration plan in cooperation with states, local communities, tribes, fishermen, conservationists and gulf residents. Even as Mr. Obama was preparing his speech, the government on Tuesday released a new estimate of the amount of oil flowing from the well. It said as much as 60,000 barrels could be spewing into the Gulf of Mexico each day, a sharp increase over the estimate last week of 25,000 to 30,000 barrels a day. The new estimate, reflecting the increased oil flow that began after a pipe was deliberately cut to help capture some of the oil coming from the well, continues a pattern in which every new estimate has been sharply higher than the one before. With the broken well's owner, BP, capturing roughly 15,000 barrels a day, the new estimate suggests that as much as 45,000 barrels a day is escaping into the gulf, punctuating the scale of the substantive and political problems facing Mr. Obama. "Today, as we look to the gulf, we see an entire way of life being threatened by a menacing cloud of black crude," Mr. Obama said. "We cannot consign

our children to this future. The tragedy unfolding on our coast is the most painful and powerful reminder yet that the time to embrace a clean energy future is now.”

Mr. Obama’s 18-minute address, delivered at his desk, took place in an atmosphere far different from the crowded campaign rallies and international university halls where he has produced some of his most soaring speeches. This time, Mr. Obama, wearing a dark blue suit and light blue tie, struck a solemn but hopeful tone, invoked military terminology to create a sense of urgency around his response to the crisis, and spoke of the American ingenuity he said was needed to help the country rein in its reliance on oil. He said he had authorized the use of 17,000 National Guard members to help with the cleanup effort, but only a small number have actually been dispatched by the governors in the region even though Mr. Obama has said that BP will pick up the cost. He also continued to strike an adversarial tone toward BP.

WASHINGTON — The United States has discovered nearly \$1 trillion in untapped mineral deposits in Afghanistan, far beyond any previously known reserves and enough to fundamentally alter the Afghan economy and perhaps the Afghan war itself, according to senior American government officials. The previously unknown deposits — including huge veins of iron, copper, cobalt, gold and critical industrial metals like lithium — are so big and include so many minerals that are essential to modern industry that Afghanistan could eventually be transformed into one of the most important mining centers in the world, the United States officials believe. An internal Pentagon memo, for example, states that Afghanistan could become the “Saudi Arabia of lithium,” a key raw material in the manufacture of batteries for laptops and BlackBerrys. The vast scale of Afghanistan’s mineral wealth was discovered by a small team of Pentagon officials and American geologists. The Afghan government and President Hamid Karzai were recently briefed, American officials said. While it could take many years to develop a mining industry, the potential is so great that officials and executives in the industry believe it could attract heavy investment even before mines are profitable, providing the possibility of jobs that could distract from generations of war. “There is stunning potential here,” Gen. David H. Petraeus, commander of the United States Central Command, said in an interview on Saturday. “There are a lot of ifs, of course, but I think potentially it is hugely significant.” The value of the newly discovered mineral deposits dwarfs the size of Afghanistan’s existing war-bedraggled economy, which is based largely on opium production and narcotics trafficking as well as aid from the United States and other industrialized countries. Afghanistan’s gross domestic product is only about \$12 billion. “This will become the backbone of the Afghan economy,” said Jalil Jumriany, an adviser to the Afghan minister of mines. American and Afghan officials agreed to discuss the mineral discoveries at a difficult moment in the war in Afghanistan. The American-led offensive in Marja in southern Afghanistan has achieved only limited gains. Meanwhile, charges of corruption and favoritism continue to plague the Karzai government, and Mr. Karzai seems increasingly embittered toward the White House. So the Obama administration is hungry for some positive news to come out of Afghanistan. Yet the American officials also recognize that the mineral discoveries will almost certainly have a double-edged impact. Instead of bringing peace, the newfound mineral wealth could lead the Taliban to battle even more fiercely to regain control of the country. The corruption that is already rampant in the Karzai government could also be amplified by

the new wealth, particularly if a handful of well-connected oligarchs, some with personal ties to the president, gain control of the resources. Just last year, Afghanistan's minister of mines was accused by American officials of accepting a \$30 million bribe to award China the rights to develop its copper mine. The minister has since been replaced. Endless fights could erupt between the central government in Kabul and provincial and tribal leaders in mineral-rich districts. Afghanistan has a national mining law, written with the help of advisers from the World Bank, but it has never faced a serious challenge.

WASHINGTON — Six months after President Obama decided to send more forces to Afghanistan, the halting progress in the war has crystallized longstanding tensions within the government over the viability of his plan to turn around the country and begin pulling out by July 2011. Within the administration, the troubles in clearing out the Taliban from a second-tier region and the elusive loyalties of the Afghan president have prompted anxious discussions about whether the policy can work on the timetable the president has set. Even before the recent setbacks, the military was highly skeptical of setting a date to start withdrawing, but Mr. Obama insisted on it as a way to bring to conclusion a war now in its ninth year. For now, the White House has decided to wait until a review, already scheduled for December, to assess whether the target date can still work. But officials are emphasizing that the July 2011 withdrawal start will be based on conditions in the country, and that the president has yet to decide how quickly troops will be pulled out. Even if some troops do begin coming home then, the officials said that it may be a small number at first. Given that he has tripled the overall force since taking office, Mr. Obama could still end his term with more forces in Afghanistan than when he began it. "Things are not looking good," said Bruce O. Riedel, a regional specialist at the Brookings Institution who helped formulate the administration's first Afghan strategy in early 2009. "There's not much sign of the turnaround that people were hoping for." Persistent violence in the southern area around Marja, which was supposed to be an early showcase of the new counterinsurgency operation, has reinforced doubts in Washington about the current approach — doubts only fueled by President Hamid Karzai's abrupt dismissal of two security officials widely trusted by the Americans. As he manages that situation, Gen. Stanley A. McChrystal, the commander in Afghanistan, said last week that operations in the Taliban heartland of Kandahar "will happen more slowly than we originally anticipated." Other military officers, were more pessimistic. "If anybody thinks Kandahar will be solved this year," a senior military officer said, "they are kidding themselves." As a result, some inside the administration are already looking ahead to next year. "There are people who always want to rethink the strategy," said a senior administration official. He, like others interviewed for this article, spoke on the condition of anonymity to discuss internal conversations. The official said that skeptics like Vice President Joseph R. Biden Jr., who opposed a new commitment of troops during last fall's strategy review, favor rethinking the approach, while others who supported more troops, like Gen. David H. Petraeus, want to stay the course.

Western Europe

BRUSSELS (Reuters) – European Union leaders moved toward agreement on Thursday on ways to strengthen budget discipline and economic policy coordination

among the 27 member states to contain a euro zone debt crisis. EU diplomats said the leaders were broadly in agreement at a one-day summit on proposals to present budget plans to the executive European Commission for assessment and to penalize countries that do not aim for budget balance. They faced pressure from some states to agree a levy to raise money from banks blamed for the economic crisis and calls for the results of stress tests that check banks' financial health to be published. Divisions remained on both issues. The EU, which represents more than 500 million people, has agreed on a 500 billion euro (\$617 billion) safety net to help struggling countries that use the euro and a 110 billion euro aid mechanism for heavily indebted Greece. But despite repeated denials, national leaders and the Commission have failed to allay concern that Spain will follow Greece by seeking financial help. "I think Europe is still in a fragile situation when it comes to public finances," Swedish Prime Minister Fredrik Reinfeldt said on arrival for the one-day summit in Brussels. "We need to show leadership and determination on Europe ... and coordinate the measures needed." Such concerns prompted Commission President Jose Manuel Barroso to propose accelerating the presentation of proposals for changes to EU budget rules. The proposals, to be outlined on June 30, will focus on early budget coordination, reducing debt and more sanctions for rule breakers, and will offer details on ways to ensure EU budget rules are reflected in national law, EU sources said. "The Commission will further fast-track its work on economic governance," one EU envoy said. **SHOW OF UNITY**

A show of unity was likely at the summit, which was reviewing the findings of a task force set up to look at reforms designed to prevent debt building up, increase cooperation and set up a permanent aid mechanism for countries in debt trouble. The leaders were not seeking a formal agreement on how to deepen policy coordination, but any sign of divisions could increase the market nervousness that has helped drive down the euro and shares globally this year. Luxembourg Prime Minister Jean-Claude Juncker, who heads the Eurogroup of finance ministers from the 16 EU countries that use the euro, acknowledged in a newspaper interview that Spain faced problems. But he said Madrid would not be a specific item on the leaders' agenda, and financial markets were boosted by a successful bond auction in Spain.

VIENNA, Austria -- Greek Prime Minister George Papandreou said on Friday (June 11th) that a 440 billion-euro EU stabilisation fund should be made permanent in order to strengthen the regional economy. Speaking at a banking conference in Vienna, Papandreou supported the idea of "a new European monetary fund financed by contributions of eurozone members, proportionate to the size of their wealth". The idea of the fund came from eurozone members in May, who proposed the huge aid package should remain in place for three years.

ATHENS, Greece -- A group of experts from the IMF, the European Commission (EC) and the European Central Bank (ECB) arrive in Athens on Monday (June 14th) to assess progress in implementing austerity measures aimed at slashing the huge public deficit. Finance Minister George Papaconstantinou expressed optimism Sunday that Greece is on the right track. Prime Minister George Papandreou echoed that sentiment, saying the country will need no additional measures as long as the goals are being met. In an interview with the Realnews newspaper Sunday, Papandreou said that "the budget shows a deficit that is about 40% lower than last year's, within targets."

ATHENS, Greece -- Auditors from the European Commission (EC), the European Central Bank (ECB) and the IMF on Thursday (June 17th) said they are satisfied with the implementation of the agreement with Greece required to activate a 110 billion-euro rescue package. The auditors, who spent a week in Greece inspecting key ministries and institutions, concluded that public spending is under control and the budget deficit is less than expected, while bank liquidity is sufficient. "The programme is on a good road and policies are being implemented as agreed," they said.

BERLIN — Chancellor Angela Merkel of Germany faced calls from opposition leaders on Monday for new elections, as bickering and fighting within her governing coalition has led to growing speculation in the German news media that a collapse of her government could be imminent. Rocked by the resignations of a pair of high-ranking officials from her party and a significant setback in elections last month, Mrs. Merkel finds herself embroiled in possibly the worst political crisis since she became chancellor in 2005. The decision to push through Germany's share of a multibillion-dollar bailout for Greece and an even larger rescue package to defend the euro cost her dearly among parsimonious German voters, who are bitter at bailing out what they see as spendthrift neighbors. Then last week the government proposed nearly \$100 billion in belt-tightening measures by 2014, intended to slow the growth of the country's debts. Coming on the heels of the bailout votes, the budget cuts led thousands of Germans to take to the streets in protest over the weekend, leaving more than a dozen police officers injured here in the capital. The leading German newsweekly, *Der Spiegel*, called Mrs. Merkel's teaming of conservative Christian Democrats and pro-business Free Democrats "a government in ruins," adding that "no one would bet on a long duration for this government, not even Merkel's faithful." At a news conference on Monday with President Nicolas Sarkozy of France, in Berlin to discuss European economic policy, Mrs. Merkel was asked directly by a reporter whether the coalition had reached its end, less than a year after she won re-election. Mrs. Merkel smiled grimly and gave a curt shake of her head before responding that the government "knows its duty."

But following the resignation of President Horst Köhler last month, the vote for a new president on June 30 is shaping up as a critical test for Mrs. Merkel, one that could decide whether she will hang on to power even through the summer. The presidency may be a largely ceremonial position, chosen by members of Parliament and state representatives, but the secret ballot is also an important test of party solidarity. "Either we get our act together or it will be the end of the coalition soon," Jörg-Uwe Hahn, the Free Democrats leader in the state of Hessen, told the daily *Frankfurter Allgemeine Zeitung* on Sunday. If Mrs. Merkel cannot keep her coalition's majority together to secure victory for her candidate, Christian Wulff, the state premier in Lower Saxony, it will effectively serve as a no-confidence vote for the chancellor. "New elections are now in the heads and hearts of everyone who thinks about political responsibility," said Renate Künast, a chairwoman of the opposition Greens in Parliament, Monday in the daily *Süddeutsche Zeitung*. The chairman of the rival left-wing Social Democrats, Sigmar Gabriel, told the daily *Stuttgarter Zeitung* on Monday that the party could "immediately take over the government." But Mr. Gabriel added that he did not believe the government would fall apart, expecting officials ultimately to cling to their posts when forced to decide. So far that has not been the case. In addition to Mr.

Köhler last month, Roland Koch, the state premier in Hessen, announced that he would resign. And there have been reports recently in the German news media that Mrs. Merkel's defense minister, Karl-Theodor zu Guttenberg, was also considering stepping down after coming under strong criticism for proposing an end to military conscription. Conservative party leaders urged calm and decorum, after sniping took a ridiculous turn in recent weeks with leaders calling each other "wild sows" and a "troop of cucumbers." "It cannot continue as it has in the last weeks," Hermann Gröhe, general secretary of the Christian Democrats, told reporters in Berlin after a meeting of party leader. A pair of recent polls showed that most German voters agreed, but perhaps not in the way Mr. Gröhe intended. A majority of those surveyed said they did not believe that the alliance of Mrs. Merkel's conservative Christian Democrats and the pro-business Free Democrats would survive to the end of their term in the fall of 2013. "It's probably the worst of the conflagrations she's been involved in," said Jackson Janes, executive director of the American Institute for Contemporary German Studies at Johns Hopkins University. Mr. Janes said he expected Mr. Wulff, Mrs. Merkel's candidate for president, to win, even if it took several ballots, and that he believed the government would continue in power. "There's no alternative at this point that I see, and I would say that Germans on the whole do not take lightly political divorces," Mr. Janes said.

BERLIN – A new survey finds that 86 percent of Germans are dissatisfied with Angela Merkel's government and the chancellor's own popularity has hit a new low. The ARD television poll Wednesday found only 12 percent satisfied with Merkel's center-right government — the worst showing for an administration since 2004. It found 40 percent satisfied with Merkel, down eight points from the end of May and the lowest since she became chancellor in 2005. Merkel started her second term in October with a new coalition that has looked increasingly shambolic — squabbling over proposed tax cuts that were then scrapped, among other issues. ARD's poll of 1,000 people was conducted Monday and Tuesday. It gave a margin of error of plus or minus up to 3.1 points.

DUBLIN – Ireland announced Tuesday it's expelling an Israeli diplomat in punishment for the alleged Mossad use of forged Irish passports to assassinate a top Hamas official in Dubai. Israel has refused to confirm or deny its agents' involvement in the January slaying of Hamas official Mahmoud al-Mabhouh, who Dubai officials have said was killed in his hotel room by people posing as holidaymakers in the oil-rich Arab emirate. They said assassins using 32 fake passports — including eight depicting fictional Irish citizens — participated in the hit squad. The Irish Department of Foreign Affairs and Ireland's national police force, the Garda Síochána, launched parallel investigations, but said their appeals for information from Israel fell on deaf ears. "The misuse of Irish passports by a state with which Ireland enjoys friendly, if sometimes frank, bilateral relations is clearly unacceptable and requires a firm response," Irish Foreign Minister Micheal Martin said as he announced the expulsion. Ireland's two investigations have reached "the inescapable conclusion that an Israeli government agency was responsible," he said. Martin said the expelled Israeli official, who was not identified by name or position, was not found guilty himself of forging or stealing Irish passports, but was "a victim of the actions of the state they represent." Martin also condemned Israel's alleged

assassination of Mabhouh. "Many allegations have been made against Mr. Mabhouh which, if true, would categorize him as a committed terrorist," Martin said. "The Irish government does not believe that states should fight terror with terror. As a matter of principle, Ireland opposes extra-judicial killings. We believe that states have a duty to operate according to the law and to respect that way of life that terrorists seek to destroy." Martin's aides said this was the first time Ireland has expelled an Israeli official. It last took such action in the mid-1980s against Russian officials suspected of spying activity on behalf of the former Soviet Union. Israel's ambassador to Ireland, Zion Evrony, and other embassy staff declined to comment. But in Jerusalem, Foreign Ministry spokesman Yigal Palmor said Israel "regrets the decision of the Irish government, which is not in line with the importance of our relationship with the Irish government." The assassins also used fake passports from Britain, Germany, France and Australia. British officials determined that Israeli officials stole the identities of real British citizens, but Martin said all eight Irish passports involved fake identities. He said six of the forged Irish passports used real numbers assigned to real Irish people with different names, while two others were total fabrications. Australia expelled an Israeli diplomat May 24 after concluding that Mossad was involved in forging four Australian passports. Britain expelled an Israeli diplomat in March after reaching the same conclusion about 12 fraudulent British passports used by the alleged assassins. The governments of France and Germany have yet to announce conclusions of their own investigations.

Is this the beginning of the end for Belgium? The country - composed of perennially squabbling French and Dutch speakers - has been a precarious construct since its creation in 1830, perpetually on the verge of splitting. But over the years, the state, with its population of 10.8 million, has remained intact by adapting its political institutions to changing moods and accepting hodgepodge coalitions of parties with wildly different agendas. The results of the latest general election, however, suggest it might finally be time to draw the curtain on a uniquely European model of federalism. On Sunday, June 13, the New Flemish Alliance (Nieuw-Vlaamse Alliantie, or N-VA), a party that calls for independence for Dutch-speaking Flanders, became the biggest political force in the country, securing 27 seats in the 150-seat Parliament, or 17.4% of the total Belgian vote. In Flanders, a region of 6.5 million people that accounts for almost 60% of the Belgian population, 45% voted for the N-VA or other separatist parties. That might be too powerful a mandate for Brussels to ignore. "The people of Flanders have voted for change," said N-VA's burly, charismatic leader, 39-year-old Bart De Wever. "We have been living in a gridlocked country. Everything is complicated in this country, and the Flemish don't want that anymore." Results among French speakers provide further indication of the country's deep division. The Francophone Socialist Party (PS) also saw a surge in support, claiming 26 seats on 13.8% of the national vote. The head of the PS, Elio Di Rupo, 58, is the son of Italian immigrants who is also mayor of the city of Mons. He campaigned on plans to strengthen the federal state, which many Flemish interpret as transferring more subsidies from the rich, French-speaking north to the struggling, Dutch-speaking south. The question now is whether De Wever and Di Rupo can reconcile their contrasting agendas. "It's a historic result. It's unprecedented. It's an earthquake," says Marc De Vos, the head of the Itinera Institute, a Brussels-based policy

think tank. "The divide between the north and the south has never been deeper. And we don't know if it will be possible to reach a compromise between them."

Over the past few years, resentment has only grown between Belgium's Dutch and French speakers. Each side has racked up lists of the other's offenses. In some Flemish communes, for example, children are banned from speaking French on the playground, prospective house buyers cannot purchase property if they don't speak Dutch, and locals are encouraged to report businesses that do not employ Dutch speakers.

The Flemish, on the other hand, see the French speakers as feckless, inefficient and even corrupt. They say that while their own motorways are lined with speed traps, Wallonia has only a handful of cameras on its potholed roads; since revenue from traffic violations goes into a federal pot, the Flemish feel they are effectively being fined by laissez-faire French speakers. "You could say Belgium is one state composed of two countries," says Carl Devos, a political scientist at Ghent University. "But what the Flemish voters really want, more than separation, is for a big reform of the state. The message was quite clear: sort out the problems." Under Belgium's fragmented political system, a coalition government usually includes five or six parties. Hammering out ministerial portfolios and joint programs can take time: after the June 2007 election, it took nine months to form a coalition government. But financial difficulties mean Belgium may not be able to wait so long for new leadership. Its overall debt is set to rise to above 100% of GDP this year, lower only than Greece's and Italy's. Although the country runs a trade surplus and household savings are high, it has been slow to recover from the downturn, with GDP rising only 0.1% in the first quarter of 2010. In the wake of the Greek debt crisis, financial markets are especially jittery, and Belgium will need to demonstrate that it has a solid plan to return to fiscal health. In May, Belgian central-bank governor Guy Quaden warned of "dramatic" consequences if Belgium were left with a caretaker administration of limited power for three months or more. At the same time, London-based economic-research house Independent Strategy warned that Belgium could be next in line for the debt contagion that has swept across the euro zone.

The European Union is another pressing matter: Belgium takes over the six-month presidency of the E.U. in July, and a caretaker government might struggle to impose itself on the other 26 member states. "If we don't have a government, it will be a major problem for Belgian authority," says Vincent Dujardin, a historian at the Catholic University of Louvain. "But perhaps more important, it will hurt the image of Belgium abroad." As the election results came in Sunday night, De Wever sent reassuring messages to his opponents, playing down the outright separatism of his earlier rhetoric. He even said he was prepared to "sacrifice" the post of Prime Minister - the most powerful political position in Belgium - to Di Rupo if it would help secure an agreement that would give Flanders more autonomy. "You don't have to like each other to work together," De Wever said. Di Rupo, for his part, conceded that Flanders had "manifestly" voted in large numbers for "institutional change." That, at least, shows there is a will to overcome the divisions between the two sides. And if the country's 180-year history is any guide, they should be able to muddle through with some sort of political fix. But as long as they keep sniping at each other, Belgians will be asking how long they can keep the country together.

MADRID – Spain's justice minister says the government favors barring women from wearing burqas in government buildings. Francisco Caamano said Tuesday that face-covering Islamic garments are degrading to women and the restriction will be included in an upcoming bill governing religious issues. The so-called religious freedom bill would also prohibit religious symbols like crucifixes in state-owned buildings like schools and hospitals. Spain would join other European countries in restricting burqas. Spain has about 1 million Muslims but burqas are rarely seen. Barcelona, the country's second-largest city, said Monday it will ban use of burqas and face-covering niqab veils in municipal buildings, joining a handful of Catalan towns that have taken the step.

PARIS – French police have banned a street party whose organizers planned to serve alcoholic cocktails and pork sausages in a heavily Muslim neighborhood of Paris, authorities said in a statement Tuesday. Police said the party, called "Sausage and Booze," could have been viewed as a provocation in the Goutte-d'Or neighborhood of northern Paris, where many Muslims pray on the streets because there are not enough mosques. Alcohol and pork are forbidden by Islam and the party had been slated for just after Friday's main Muslim weekly prayers. Organizers said they were holding the party to protest Islam's encroachment on traditional French values in the neighborhood. Muslim groups had announced a counterparty serving halal, or religiously approved, food. Police banned both events. "Because of the organization, location, day and timing chosen, as well as the counterparty plans, this event ... creates grave risks of public trouble," the police statement said. Police also said they met at length with organizers on Tuesday before announcing the ban. French rights group SOS Racisme praised the ban on the party, which they called it a "flagrant call for hatred." The woman who organized the party on Facebook and gives her name as Sylvie Francois denies any ties to the extreme right. She told the free daily Metro newspaper on Tuesday that she had launched the party as a way to "express exasperation." She complained that the "Islamization" of her working-class neighborhood was "more and more ostentatious," and complained that Muslims now block several streets during Friday prayers. "It offends my concept of the republic's secularism, I feel increasingly excluded in the neighborhood," Francois said. The Paris mayor said the party had been taken over by extreme-right groups seeking confrontation with Muslims.

BRUSSELS – European Union leaders are set to adopt a new set of sanctions against Iran on Thursday in a further effort to stall its disputed nuclear program. The restrictions, which come on top of sanctions already imposed by the U.N. Security Council, are slated to be approved during a summit focused primarily on economic issues. A draft statement said the sanctions would target dual-use items that could be used as part of a nuclear program, and Iran's oil and gas industry — including the "prohibition of new investment, technical assistance and transfers of technologies." Iran's shipping and air cargo companies would be banned from opening in EU territory, and new visa bans and asset freezes would be imposed on Iran's Revolutionary Guard. The sanctions would also encompass trade insurance and financial transactions. The measures would strengthen other embargoes imposed by the EU in response to past U.N. Security Council resolutions. They would be in line with similar measures adopted by the Obama administration, which imposed penalties Wednesday against additional

individuals and institutions it says are helping Iran develop its nuclear and missile programs and evade international sanctions. British Prime Minister David Cameron said Thursday that Europe needed to play a full role in the international effort to deal with Iran's nuclear program. This means "making sure that we have a strong package of sanctions against Iran, something that is going to be discussed today," he said. "We believe it is incredibly important." The new EU measures would follow those adopted last week by the U.N. Security Council after Iran rebuffed a plan to suspend uranium enrichment and swap its stockpiles of low-enriched uranium for fuel rods. If the sanctions are adopted by EU heads of government, they will be passed on to government technical experts to work out the specifics of which companies and products would be targeted, and how. This could be a tricky procedure, given the different economic interests of EU countries involved. Officials predicted the procedure would last a month before the final list is endorsed by EU foreign ministers at their next meeting at the end of July. The U.N. is seeking to disrupt the money flow to Iran's Revolutionary Guard. Its new sanctions call for an asset freeze on 40 additional companies and organizations involved in nuclear or ballistic missile activities.

GENEVA – Western nations rebuked Iran for its human rights record Tuesday after overcoming an attempt by Iran and its Muslim allies to block the statement from being read aloud in the U.N. Human Rights Council. The United States and Norway pressured Iran to make good on its pledge to improve human rights, crafting a statement that won the backing of all 27 European Union nations and more than two dozen other countries. The statement, delivered by Norwegian Ambassador Bente Angell-Hansen, expressed concern over a "lack of progress in the protection of human rights in Iran," especially since the widespread arrests and bloody crackdowns against dissidents that followed President Mahmoud Ahmadinejad's re-election on June 12, 2009. Iran's shortcomings include "the violent suppression of dissent, detention and executions without due process of law, severe discrimination against women and minorities including people of Baha'i faith, and restrictions of expression and religion," said the statement. It was agreed to by 56 nations, less than a third of all U.N. member nations. "We cannot let this Human Rights Council session go by without marking the one-year anniversary of these events this month," they said. Iranian Ambassador Hamid Baeidi Nejad had interrupted Angell-Hansen and used a procedural maneuver to quash the statement during a morning session. Also protesting on behalf of Iran was the Organization of the Islamic Conference. Pakistani Ambassador Zamir Akram, speaking for the 56-nation organization, said it was unfair to single out one country in a discussion that was supposed to be about a landmark human rights conference in Vienna in 1993. Iran's official news agency said Tuesday that Tehran objects strongly to a statement over the weekend by EU foreign policy chief Catherine Ashton about Iran's human rights record and a "climate of fear" since the election.

Ashton said the EU believes Iran's human rights situation "has gravely deteriorated," with many Iranians suffering "violence, imprisonment and repression at the hands of the Iranian authorities over the last year." Iran's foreign ministry told Spain, whose country holds the rotating EU presidency, that Ashton's remarks were "politically motivated, biased, unreal and unconstructive," according to the Islamic Republic News Agency. Rights groups also have complained that Iran hasn't allowed U.N. investigators

to visit in recent years and isn't fulfilling its obligations under international treaties. Washington's envoy to the Geneva-based rights council said the statement was initiated by her government and its backing by other nations was helped by its release after last week's adoption of new U.N. Security Council sanctions over Iran's nuclear program.

Southeast Europe

NICOSIA, Cyprus -- The Council of Europe wants the Albanian opposition to take its case for election transparency to court, rather than stage "immature" boycotts or hunger strikes that paralyze reforms. Council of Europe Parliamentary Assembly (PACE) President Mevlut Cavusoglu on Saturday (June 12th) reminded the opposition Socialist Party (SP) that it was advised by PACE to do so in February. "We asked the opposition to address the Constitutional Court and ask for an opinion from the Venice Commission," said Cavusoglu, adding that the SP did neither. His comments followed a meeting with Albanian Parliament Speaker Jozafina Topalli in Cyprus. She reiterated the government's stance that the contested general elections, held almost a year ago, were approved by international institutions as meeting OSCE standards. Reacting to Cavusoglu's statement, SP lawmaker Besnik Baraj said the opposition is doing "all it can to solve the crisis".

TIRANA, Albania -- European Parliament (EP) officials are acknowledging that mediation aimed at resolving the political stalemate in Albania has failed. After a month of efforts, leaders of left and right wing parties in the EP, Joseph Daul and Marting Schultz, expressed disappointment Wednesday (June 16th) with the lack of dialogue between the ruling and opposition parties in Tirana that has stalled EU-related reforms. "We sincerely regret that the Albanian government and the opposition could not overcome their differences, and have therefore not yet been able to take further necessary steps towards meeting the country's European ambition," the two leaders said in a letter. The EP did manage to bring both sides to the negotiating table in Strasbourg, and to persuade the opposition to end both a hunger strike and a parliamentary boycott over alleged manipulations of the June 2009 general elections.

TIRANA, Albania -- The government will establish a special structure to deal with repatriated citizens from Europe, a key condition set before the EU offers Albania visa-free travel. During a cabinet meeting Tuesday (June 15th), Prime Minister Sali Berisha said that there is an Albanian-specific issue related to repatriation, a reference to Albanians from Macedonia and Serbia who applied for asylum in some EU countries after Serbia, Macedonia and Montenegro were included in the Schengen white list. Before Brussels makes a decision, Albania has to boost efforts in the fight against corruption and implement a law that would allow officials to seize the assets of criminals.

TIRANA, Albania -- The government has declared two groups, Islamic Jihad and al-Qaeda, illegal in Albania. During a meeting Wednesday (June 16th), the cabinet also announced a list of 62 businessmen and nine commercial companies believed to be connected with al-Qaeda and the Taleban, groups that the UN considers sponsors of terrorism. Entities and individuals related to these organisations will now be subject to asset confiscation if found in Albania.

WASHINGTON, United States -- Bosnia and Herzegovina (BiH) fully complies with the minimum standards for the elimination of human trafficking, according to the 2010 Trafficking in Persons Report published by the US State Department on Monday (June 14th). The document assesses efforts by 177 countries to combat the crime. It ranks countries in three categories according to their anti-trafficking performance, with those lowest rated put in Tier 3. For the first time ever, BiH, a long-time Tier 3 country, has climbed to Tier 1. Croatia is also in the top tier but is advised to boost efforts to identify trafficking victims among vulnerable communities and boost partnerships with NGOs. Albania, Bulgaria, Cyprus, Greece, Kosovo, Macedonia, Montenegro, Serbia, Romania, and Turkey are all in Tier 2 as source, transit and destination countries for human trafficking and forced labour.

STRASBOURG, France -- The European Parliament (EP) criticised Bosnia and Herzegovina (BiH) on Thursday (June 17th) for its weak central government and continuing nationalistic rhetoric between Bosnian Serbs on one hand and Croats and Bosniaks on the other. "The nationalistic and secessionist rhetoric polarising society is detrimental to the country's bid for EU integration," EP members said in a resolution adopted during a session in Strasbourg. But the resolution also welcomed the "significant progress" made in meeting the roadmap criteria for visa-free regime with the EU and urged lawmakers to adopt remaining legislation necessary to make such travel a reality.

SARAJEVO, Bosnia and Herzegovina (BiH) -- High Representative Valentin Inzko on Tuesday (June 15th) urged Bosnian lawmakers to adopt a law on population census. He called for a compromise so that the headcount could be conducted next year. The House of Representatives is to start discussing the census draft on Wednesday. According to the bill, Bosnian citizens would be able to declare their ethnic and religious background, or their language, if they want.

SARAJEVO, Bosnia and Herzegovina (BiH) -- The House of Representatives on Wednesday (June 16th) gave a first reading approval to the draft law on conducting a population census next year. According to the bill, Bosnian citizens may -- but are not obliged to -- declare their ethnic and religious background, or their language. It also stipulates that the Diaspora will be covered by a separate census. Various political parties agreed to hold the census in 2011, but have been arguing over the content of the questionnaire. Bosniaks and Croats have opposed certain questions on ethnicity, given the number of people who fled the country during the 1992-1995 conflict.

Separately Wednesday, members of the European Parliament (EP) voiced support for offering visa-free travel to Bosnians. They debated the issue ahead of Thursday's vote on a report by EP member Doris Pack. The report is largely critical of the situation in BiH, 15 years after the signing of the Dayton Peace Agreement.

SOFIA, Bulgaria -- Prime Minister Boyko Borisov clarified on Saturday (June 12th) that the government will wait for an environmental impact assessment before making a final decision on its participation in the Burgas-Alexandroupolis pipeline. A day earlier he'd said the cabinet has decided to halt construction of the facility because of environmental risks, as well as the fact the pipeline would pass through protected territories, included in the EU's Natura 2000 network. He also mentioned the

questionable economic benefits of the project. The environmental impact study was initiated late last year and is expected to last up to 18 months.

ZAGREB, Croatia -- In just four days, unions collected 57% of the necessary 450,000 signatures required to call a referendum on proposed amendments to the labour law. Ozren Matijasevic, chairman of the trade unions association, discussed the progress on Sunday (June 13th) and urged more people to back the drive. Zoran Milanovic, leader of the main opposition Social Democratic Party, is among those who signed it. The proposed labour law would set a six-month deadline for hammering out a new collective agreement after the existing one expires. After that, workers' rights would be subject to separate agreements with individual employers. By law, any group has 14 days to collect the signatures required to hold a referendum, but none has been successful since Croatia declared independence in 1991.

ZAGREB, Croatia -- Parliament approved a series of constitutional amendments Wednesday (June 16th) that enable the completion of EU accession negotiations. The vote was 133-4, with one abstention. This marks the fourth time the constitution is being amended since 1990. The amendments facilitate holding a referendum on joining the EU, strengthen judicial independence and give local courts the power to directly apply EU laws. There are also non-EU-related amendments, including one on voting by expatriates, which will only be allowed in diplomatic and consular buildings, and three parliamentary seats will be earmarked for Croatians living abroad. In addition, the election of Constitutional Court judges will require a two-thirds majority of votes in parliament, instead of a simple majority. The changes will also allow Croatia to extradite its citizens to other countries, to stand trial for crimes.

PRISTINA, Kosovo -- Spokesman Xhavit Beqiri said on Saturday (June 12th) that President Fatmir Sejdiu will not invite Serbian counterpart Boris Tadic to a mini-summit of regional leaders planned in Prizren later this month. Macedonia's Gjorge Ivanov, Albania's Bamir Topi and Montenegro's Filip Vujanovic are being invited to discuss co-operation among the four countries.

PRISTINA, Kosovo -- The International Steering Group (ISG) fully supports Kosovo's territorial integrity and independence and says it is irrevocable. Following a business lunch of the 25 ISG representatives and Kosovo political leaders in Pristina on Monday (June 14th), International Civilian Office head Pieter Feith, on behalf of the Group, said that partition is not a desirable outcome. He called for new efforts to implement the strategy for the Serb-dominated north, and stressed the prospects for EU membership. "We are very encouraged by the statements of Prime Minister [Hashim Thaci] to fight organised crime and corruption. We all agree that it is a difficult but a necessary process ... because [these] are requirements for Kosovo to join the EU," Feith said.

PRISTINA, Kosovo -- EULEX officials want Belgrade to take the next step in collecting information regarding the Raska mass grave, believed to contain the bodies of 250 Albanians. "This case is important, and we encourage Belgrade authorities to move forward as soon as possible in order to shed light on the truth," EULEX spokeswoman Irina Gudeljevic told Serbian news agencies Sunday (June 13th). Serbian authorities

announced the existence of the Raska mass grave in May. Working groups from Belgrade and Pristina met earlier this month to discuss the technicalities involved in exhumations.

PRISTINA, Kosovo -- For the past decade, war crimes in Kosovo have not been considered a priority, the OSCE concludes in a report presented on Tuesday (June 15th). The document calls for involvement by local judges and prosecutors in the trials, and for more active engagement by competent international authorities. EULEX judge Gianfranco Gallo notes that at times, not everyone working for UNMIK or EULEX meets the necessary standards. "Another issue is that many professionals don't stay here for very long. You have to stay longer in a place in order to be efficient," Gallo, a former UNMIK prosecutor, said. In the report, titled "Kosovo's War Crimes Trials - An Assessment Ten Years On (1999-2009)", the OSCE said the timely delivery of justice in such cases is particularly important because it challenges the perception of impunity. "This failure runs counter to the expectations of the public and to the interests of justice and reconciliation. War crimes, due to their nature, gravity, and importance to the reconciliation process, were not regarded with due consideration by the judicial institutions."

SKOPJE, Macedonia -- Finance Minister Zoran Stavreski says the salaries of some government officials, including Prime Minister Nikola Gruevski, will be cut to lower the deficit and avoid Europe's debt crisis. According to an announcement late Thursday (June 10th), Gruevski's salary and the wages of ministers and deputy ministers will be reduced by 10% this year or next. Furthermore, plans to build 100 sports venues and buildings across the country have been put on ice, the money being redirected to health care and pensions. According to Stavreski, the cuts amount to 3.2% of the 2010 budget. Macedonia's public debt stands at 2.5% of its GDP.

BRUSSELS, Belgium -- European Parliament (EP) Rapporteur for Macedonia Zoran Thaler and nine other members of the EP are urging the EU to start accession talks with Macedonia without delay, Macedonian media reported on Sunday (June 13th). In a letter to the European Council, EU foreign ministers and EU foreign policy chief Catherine Ashton, they warned that postponing a decision on Skopje's EU bid could threaten stability in the Balkans and could undermine the bloc's credibility. They voiced confidence that starting talks with Macedonia will boost investor confidence both there and in the region.

BRUSSELS, Belgium -- Macedonia and Greece remain dedicated to continuing their name talks under the mediation of UN envoy Matthew Nimetz, Macedonian Prime Minister Nikola Gruevski and his Greek counterpart George Papandreou said on Thursday (June 17th), after meeting in Brussels on the sidelines of an EU summit. They reiterated they are ready to find a mutually acceptable solution to the dispute that would not harm the interests of either country. They also discussed problems related to the global economic crisis and the European and Euro-Atlantic integration efforts of countries in the region. Earlier in the day, Gruevski met with EU Enlargement Commissioner Stefan Fuele

SKOPJE, Macedonia -- The foreign ministry confirmed on Wednesday (June 16th) that authorities in Skopje and Pristina are discussing a future investigation into

possible mass graves in Macedonia. Kosovo Ambassador to Macedonia Skender Durmishi says consultations are under way. Investigators would work to determine if civilians killed by Serbian forces during the 1998-1999 war were buried in Macedonia.

LUXEMBOURG, Luxembourg -- The first meeting of the EU-Montenegro Stabilisation and Association Council took place on Monday (June 14th) in Luxembourg, six weeks after the SAA with Montenegro took effect. Attending the meeting were Spanish State Secretary for the EU Diego Lopez Garrido, EU Enlargement Commissioner Stefan Fuele and Montenegrin Foreign Minister Milan Rocen. The Council will be a framework for strengthening relations between Brussels and Podgorica. EU representatives urged Montenegro to step up efforts to fight crime and corruption and to guarantee the independence of the judiciary and prosecutors. The Council also stressed the importance of regional co-operation as a key element of the Stabilisation and Association process.

BUCHAREST, Romania -- The cabinet's future is on the line Tuesday (June 15th), as it faces a vote of no confidence required by the fast-track option it chose for pushing through a series of unpopular austerity measures. The spending cuts, totalling about 2.3% of GDP, include a 25% reduction in salaries of public sector employees, a 15% cut in pensions and unemployment benefits. The measures, hammered out with the IMF, are a condition for Bucharest to receive the next tranche of its 13 billion-euro stand-by arrangement with the Fund. The ruling coalition needs the support of at least 236 parliament members to survive. Thousands of labour union members from across the country gathered outside the parliament building ahead of Tuesday's vote to demonstrate against the austerity measures.

BUCHAREST, Romania -- The government survived a vote of no confidence on Tuesday (June 15th), with 139 votes cast in favour of the cabinet and 228 against it. In order for the vote to have been successful, the opposition needed 236 votes, or 50% + 1 vote of all lawmakers. As expected, some members of the ruling Liberal Democratic Party (PDL) decided to defect, voting against the cabinet's controversial austerity measures, which include cutting salaries in the public sector by 25% and pensions by 15%. The plans are now to be drafted into legislation. During the vote, an estimated 5,000 people protested outside the parliament building. Around 1,000 police officers were deployed to keep them from entering parliament.

BUCHAREST, Romania -- The opposition Social Democratic Party (PSD) on Wednesday (June 16th) filed an official appeal of the government's fiscal austerity plan with the Constitutional Court, which will review it next week. The biggest bone of contention is a plan to cut pensions by 15%, via provisions that opposition lawmakers describe as completely unconstitutional. On Monday, after a stormy parliamentary session, the ruling Liberal Democratic Party (PDL) managed to get its candidate named to a vacant seat on the court, thus securing a majority of PDL-friendly justices. Also Wednesday, Prime Minister Emil Boc dismissed rumours of personnel changes in his cabinet, but acknowledged there may be some structural changes. Rumours swirled ahead of Tuesday's no confidence vote, which the cabinet survived.

BUCHAREST, Romania -- Deputy Foreign Minister Bogdan Aurescu announced on Thursday (June 17th) that Bucharest and Washington have begun talks on deploying elements of the proposed US missile shield in Romania. US Undersecretary of State for Arms Control and International Security Affairs Ellen Tauscher confirmed in Bucharest that she and her delegation would hold "consultations ... on security issues of mutual interest", including the missile defence shield. Romania was officially invited to join project in February. It would host medium-range ballistic missile interceptors that would become operational by 2015

BELGRADE, Serbia -- Citizens of EU countries and Switzerland, Norway and Iceland are now able to travel to Serbia with ID cards, rather than international passports. The new rules, which took effect on Saturday (June 12th), allow citizens of these countries to spend up to 90 days in Serbia.

LUXEMBOURG, Luxembourg -- EU foreign ministers decided on Monday (June 14th) to invite EU member parliaments to start ratifying the bloc's Stabilisation and Association Agreement (SAA) with Serbia, two years after it was signed. The difference was the positive assessment UN war crimes tribunal Chief Prosecutor Serge Brammertz gave of Serbia's recent co-operation. That prompted Britain and The Netherlands to drop their longstanding opposition to proceeding with SAA ratification.

Brammertz, however, insists that the EU keep pressing Serbia to arrest former Bosnian Serb commander Ratko Mladic. Meeting in Luxembourg, the EU ministers noted that full co-operation with The Hague tribunal is essential to Serbia's further EU integration process. Separately Monday, Croatian media reported that Brammertz's report on Croatia was favourable enough to convince the EU ministers to allow the start of accession negotiations on the judiciary chapter at the next intergovernmental conference on June 30th. Brammertz noted that while Zagreb has achieved only limited success in locating the missing "artillery diaries", connected to 1995's Operation Storm, he believes the search will continue. The ministers also discussed Albania, reiterating concerns about the failure to resolve the ongoing political stalemate. The council concluded that despite the return of opposition Socialist Party lawmakers to parliament, the crisis over electoral transparency still jeopardises EU integration. In general, the Council welcomed efforts by Balkan countries to implement reforms in key areas, stressing the importance of overcoming challenges in the areas of rule of law, corruption and organised crime.

BELGRADE, Serbia -- Alliance of Independent Unions of Serbia President Ljubisav Orbovic warned on Sunday (June 13th) that the workforce situation has become critical. He said that at least 1 million citizens are subsisting below the poverty line. According to him, about 160,000 workers do not regularly receive wages and 110,000 people receive only minimum wage. He added that nearly 500 jobs have been slashed each day since the beginning of the crisis. Orbovic also expressed concern about the situation in the south, where no large enterprises are opening and job opportunities are scarce. No big strikes are being planned however, as workers are worried they may lose their jobs

BELGRADE, Serbia -- A lawyer representing Ratko Mladic's family plans to file a motion Wednesday (June 16th) to declare the former Bosnian Serb military commander

dead. On Monday, attorney Milos Saljic said he expects the court to respect the request, as relatives attempt to access Mladic's frozen assets and pensions. They also say they want to put an end to all "pressure" exerted on them by authorities trying to locate the war crimes fugitive. By law, the procedure can be initiated if the subject is at least 70 and there has been no reliable data on him for more than five years. Mladic, however, is 68 and lawyers would need to prove that circumstances indicate he is dead.

BELGRADE, Serbia -- As expected, a lawyer representing Ratko Mladic's family filed a motion Wednesday (June 16th) to have the former Bosnian Serb military commander declared dead. But Rasim Ljajic, head of Serbia's national council for co-operation with The Hague war crimes tribunal, says that won't affect the search for him. Mladic's relatives argue he had been in poor health and there has been no sighting of him for seven years, attorney Milos Saljic said. If he is declared dead, the family can proceed with pension and inheritance issues.

CAPE TOWN, South Africa -- Slovenia scored its first victory in a world football championship Sunday (June 13th), defeating Algeria by 1-0. The goal came from the captain of the Slovenians, Robert Koren, in the 79th minute. The other Group C match between England and the United States ended in a draw, 1-1, giving Slovenia a lead in the group. Slovenia plays the US on Friday.