

Report 126
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

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This week report dwells much on Yahoo/AP/Reuters News, New York Times 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

- War funding splits House, Senate Democrats
- Concerns rising that economic recovery is slowing
- Factory Jobs Return, but Employers Find Skills Shortage
- World Leaders Agree on Timetable for Cutting Deficits
- Spying Suspects Seemed Short on Secrets
- Prosecutors: NY suspect spilled Russia spy details
- Obama says politics to blame for immigration delay
- Kagan Follows Precedent by Offering Few Opinions
- First ask what to tell: Gates tightens media rules
- Volunteers ready but left out of spill cleanup
- How Obama lost Muslim hearts and minds
- Muslims and Americans in an age of hypocrisy
- Canadians upbeat on economy but edgy on finances: RBC
- Canada's economic recovery stalls in April

Western Europe

- UK public to vote on changing voting system
- German government struggles for unity after poll
- UK's vows to extend hand to neglected allies
- Top French Schools Are Pushed to Open Meritocracy
- Newspapers look for ways to profit in Internet age
- European unity tested over crucifixes in classroom
- Total CEO calls Iran oil embargo 'an error'
- Greek government approves pension system reform
- Papandreou reiterates Greece will not leave eurozone
- Greece paralysed by national strike
- Portugal govt to cut deficit to 3 percent of GDP by 2012
- Sweden scraps military conscription
- Petraeus briefs NATO on progress in Afghan war

Southeast Europe

- Enlargement among priorities of Belgium's EU presidency
- EU urges Kosovo, Serbia to launch talks
- NGO report assesses democracy levels in Balkans

Albania

- Albanian opposition leaves parliament again
- Albania's Meta calls for electoral reform
- OSCE concerned by fine imposed on Albania's Top Channel

Croatia

- EU committee OKs opening Croatia's remaining chapters
- Croatia's Kosor announces budget revision this summer
- Support grows for referendum in Croatia

Kosovo

- Kosovo hosts mini regional summit
- US ambassador criticises Kosovo government
- EULEX chief: long list of corruption suspects
- Serbs mark Battle of Kosovo anniversary

Macedonia

- Thousands join anti-government rally in Skopje
- Macedonia's Gruevski rejects opposition call for early elections

Montenegro

- Montenegro prosecutes seven for crimes against humanity
- Croatia, Montenegro to sign extradition agreement

Romania

- Romanian government approves VAT hike

Serbia

- Serbian opposition parties rally for snap elections
- Serbia investigates possible plot against opposition leader
- Serbia, UN sign new partnership strategy
- Serbia, Croatia sign extradition agreement
- Serbia convicts man of war crimes committed in Croatia

Oceania

- Australia PM seeks to end mining row, may call poll
- Australia strikes compromise tax deal with miners
- New Australia PM rejects population growth plan

Report Summary

US/Canada

Political Issue

The unstable American economy appears responsible for the divide between the House and Senate over war spending. Both Houses are divided on the amount to be added to the existing fund, which further tipped the question of why domestic spending should

not be accorded serious attention as war fund. The result of the matter is expected to unravel soon after the independence holiday.

The Russian allegedly captured spies in the U.S continue to make headline and remains a stain in Moscow-Washington relations. U.S Justice Department is closely involved in the case, digging profoundly to know the extent to which the spy network has gone, even though officials acknowledged that they have no secrets with them to be replayed to Moscow. The Justice Department is blocking bail of the alleged spies to prevent them from fleeing the U.S, yet Obama's administration do not believe that recent event should affect the overall relationship between Moscow and Washington.

Elena Kagan, the new Supreme Court nominee faces the Senate Judiciary Committee for her confirmation. The committee examined her based on her past statements and rulings on critical social issues in the U.S.

Kagan was reported been ethically humorous on the committee questions. She was though criticized for doing exactly what she had criticized other nominees for, as she parried questions.

It requires little logic to deduce that the recent media fallout involving deposed Gen. Stanley McChrystal from Afghanistan was responsible for the new rules coming out from Pentagon. The rules require top military officials to get Pentagon clearance before taking interviews or having contact with reporters. The new arrangement will be an added criticism of the Obama's administration, as to how the administration permits freedom of expression.

Economic Issue

At first it was the American inspired global crisis, then comes the European financial problem. The two economic traumas might have sent a sense of responsibility to many economies, hence the resolution to cut deficits and halt the growth of debt, and not to allow the reductions in spending to set back the fragile global economy became the upshot from the just concluded G8/G20 summits in Toronto, Canada.

For how long would Americans expect the dividends of the financial stimulus when joblessness and housing problem remains a haunting issue. Surging the economy with enough funds for the unemployed has been a debate in the Congress and according to Ryan Sweet, senior economist at Moody's Economy.com, American economy is losing some momentum and private hiring is not really accelerating. Even as job chances appear in certain areas the available people do not match the types of jobs available. The increasing emphasis on more advanced skills raises policy questions about how to help low-skilled job seekers who are being turned away at the factory door and increasingly becoming the long-term unemployed.

Low confidence in economic recovery was depicted by the report of the Conference Board of Canada and a poll done by Angus Reid, but that sentiment was challenged by survey released by Royal Bank of Canada (RBC) showing that Canadians

hold positive view about the economy. Although the RBC's report delineated certain degree of worries about personal savings and rising interest rates among the public

Social/Humanitarian Issue

President Obama takes a brave position against republicans' stance on immigration. The president cautions that immigration should not be politicised rather measures to expedite and legalise 11 million illegal immigrants should be the point of focus. Republicans believe American border should not be porous to illegal immigrants.

Fawaz A. Gerges, a professor of Middle Eastern Politics and International Relations at the London School of Economics, London University, is a household name among those who have taken time to study scholarly works written on America's relations with the Arab world. In an article published on Islamonline, Gerges delineates how President Obama could not match rhetoric and action together and how his inability to transform words to action has made him and the American nation as a whole to further miss the Muslim mind. Gerges's argument is an added proof to the recent Pew survey of seven Muslim countries wherein Obama's approval falls. The bottom-line among the Muslim public is that nothing has really changed, and the hope which Obama supposedly projected carries no substance.

M. A. Muqtedar Khan is Associate Professor and Director of Islamic Studies, University of Delaware sent a note of caution to Muslims and Americans on their level of hypocrisy. Muqtedar believes that Muslims and Americans chant the slogan of equality, justice, freedom of speech only when it suits them, and give a lenient stance to an issue that has little or no bearing to them. His argument implicitly shows how trust deficit will continue between the two if Muslims and Americans remain united as victims of pandemic hypocrisy.

Food, Environment and Energy Issue

The Gulf of Mexico oil spill is becoming a mess and embarrassment for both BP and Obama administration. Complaints continue to mount on BP and Obama of not doing much to accelerate the cleanup. Willingness to help from at least 44 nations with technical advice to skimmer boats and booms are all reported to be taken with leniency, thus irking concerned Americans. Meanwhile, the administration insists that cleanup work is unabated on the coast and the view that they rejected help is a myth.

Geostrategic Issues

Western Europe

Political Issue

Britons are expected later next year to vote through referendum to change the present British voting system. The reform could further point out the differences in the

conservative-liberal coalition government. The reform is expected to touch on current British system of first-past-the-post system, under which a candidate needs the highest number of votes, not an absolute majority, to win a House of Commons seats. That system has favoured the biggest parties, the Conservatives and Labour. It will also consider whether or not to continue with current voting age of 21 for 18. The question is whether Britons are ready for the grand reforms.

The conservative-led British government is on the verge of a broader foreign policy which will be inclusive, distinctive from the pursued labour party's foreign policy that neglected many countries. British Foreign Secretary William Hague believes it is high time Britain recognizes countries particularly the emerging economies, with the view that Britain only consults these countries when their assistance is needed.

Political miscalculation has caused the coalition-led German government unexpected loss. Polls continue to show the falling approval of German Chancellor Angela Merkel's coalition government and if Germans are to go for elections, it is more likely to be a problematic election for the CDU-led government. The elections will be disastrous upon the fall-apart trend in the coalition.

Economic Issue

The EU Commission warns that if the Eurozone must be saved from the kind of Greek financial crisis, then country at the verge of such financial troubles should cut their spending. Caution was particularly sent to Club Med (Italy, Spain, Greece and Portugal), thus explains the reason why the Portuguese government plans to bring down its public deficit to three percent of GDP by 2012, bringing it into line with EU rules on budgetary discipline

Social/Humanitarian Issue

Becoming part of the French elites requires attending and graduating from the top grandes écoles, elite universities characterised with meritocracy. Critics say the school is mainly privileged for the children of the wealthy and white French, therefore undermining equality and opportunity of many other clever students but of low background. If France claims equality then equality in quality education should not be limited.

Religious symbol is increasingly becoming a matter of public debate in Europe. The ban on niqab (burqa) the full veil worn by Muslim women is one of those issues. Confrontation between traditional Catholic and Orthodox European is brewing over the legality of crucifixes in the public space. The European Highest Court ruled that the crucifixes should not be in classrooms as it can cause disturbance for non-Christians. The ruling was as a result of an Italian girl opposition to the present of crucifixes in her class. The debate over the crucifixes shows a Europe believing in the freedom of the crucifixes as symbol and part of European heritage while religious symbol of other faith is condemned.

Hi-tech and advance communication system have changed the nature of communication of which today's newspaper houses are not an exemption. With the accessibility to the Internet, print newspaper readership has somewhat been affected, a situation not favourable to the old school media houses. Suffering a long-term fall in sales and a collapse in advertising revenue as the world goes online, some newspapers in London and elsewhere want to start charging readers for online access to their journalism.

Sweden has abolished a 100-year tradition of compulsory military service for men during peacetime, replacing it with a voluntary system with rigorous requirements to join. The new policy means that required military service will be applied only if the neutral Nordic nation of 9 million feels threatened. Lawmakers approved the change in a 2009 vote.

Food, Environment and Energy Issue

Sanction on the delivery of petrol products from Iran is not a wise thing to do was the opinion shared by the CEO of French energy giant Total. Speaking at an economic forum in Aix-en-Provence in southern France, Christophe de Margerie holds that sanction on Iran's oil was an error which will definitely affect the ordinary people.

Geostrategic Issues

Southeast Europe

Political Issue

Brussels is urging Serbia and Kosovo to start practical talk, regardless of whether Pristina's legality is confirmed or not. For Serbia it will be a further step on its EU accession and for Kosovo it will be a measurement of its sense of neighbourhoodness.

Meanwhile, the latest Freedom House's report shows an improvement in democratic practices in the Balkan, though all of the countries are still facing certain domestic problems.

Albania political landscape remains traumatic in view of the political impasses between ruling and opposition parties over the transparency of last June election. On a separate note, the Socialist Movement for Integration (SMI) leader Ilir Meta is urging the political leaders to facilitate electoral legislation that will give reasonable representation to smaller parties.

Croatia-EU accession got a boost from the EU Permanent Representatives Committee (COREPER) as the committee agreed to the three remaining chapters (judiciary, competition and foreign, security and defence policy) upon which its EU membership will be finally decided.

A mini summit hosted by Kosovo President Fatmir Sejdiu stressed the importance of regional co-operation, free movement of people, the rule of law and the fight against

organised crime. The summit conveyed Kosovo, Macedonia, Albania and Montenegro, while Serbia was uninvited.

Economic Issue

Despite the strong support for Kosovo government by his country, US Ambassador to Kosovo Christopher Dell criticised Pristina for failing to allow serious privatization. Dell believes Kosovo's economy is heavily and needlessly dominated by the government such trend was inherited from UNMIK and certainly from ex-Yugoslavia times

Social/Humanitarian Issue

Croatian law requires 450,000 signatures for Labour unions to call referendum, but the union said they have gotten (813,016) more than enough. With this union can seek public view on whether collective or individual bargaining should ensue between employee and employer.

Serbs from Kosovo and Serbia celebrated Vidovdan (St Vitus Day) at the Gracanica monastery on Monday (June 28th), commemorating the anniversary of the 1389 Battle of Kosovo when the Ottoman Empire defeated the Serbian kingdom.

Macedonian government is getting the heat from the opposition, asking the ruling government to call an early election which Prime Minister Nikola Gruevski has rejected. Meanwhile thousand Macedonians are protesting against government domestic and foreign policy. The protest is reported directed by the main opposition party SDSM.

In the same fashion, the Serbian Progressive Party, the Democratic Party of Serbia and New Serbia have launched general demonstrations throughout Serbia demanding early election from the government.

Montenegro and Croatia will sign an agreement on the extradition of people suspected of organised crime and corruption, Croatia had earlier signed a similar document with Serbia.

Although the austerity measures are resented by the opposition and general public and after scaling through a vote of no confidence, Romanian Prime Minister Emil Boc announced his government has decided to raise the VAT from 19% to 24% as of July 1st, in order to narrow the budget deficit, which will be in accordance with IMF requirement.

Food, Environment and Energy Issue

Geostrategic Issues

In order to get on well with its EU accession, the UN has signed a new five-year partnership strategy worth of \$250m with Serbia. The agreement was a political plus mark for Serbia.

Oceania

Political Issue

The new Australian Prime Minister Julia Gillard is determined to retract the tax policy on mining industry. The tax policy among others damaged the reputation of ex-PM Kevin Rudd, whose two years government ended dozen years of conservative rule. Election is expected and Gillard hopes to take advantage of respect she now commands for an election victory.

Economic Issue

Social/Humanitarian Issue

Prime Minister Julia Gillard believes Australia does not need big but a sustainable society. The previous government predicts Australia's growth around 40million by 2050, an assertion Gillard believes in not sustainable due to low social amenities, nonetheless Australia will still have a soft policy for immigration

Food, Environment and Energy Issue

Australian miners succeeded in turning table against ex-PM Kevin Rudd, whose super tax on mining industry contributed to his waterloo. Meanwhile, the new government has brokered a deal with the industry limiting the heavy tax the previous Rudd's government demanded. Both the government and the industry want a solution to the issue although elements in the industry are sceptical of the whole plan.

Report Detail

US/Canada

WASHINGTON – A House measure blending money for President Barack Obama's Afghanistan troop surge with last-ditch moves by Democrats to salvage their faltering jobs agenda faces an uphill climb in the Senate. After long delays, House Democrats muscled the approximately \$80 billion measure to passage Thursday night as their final act before leaving for a weeklong Fourth of July break. But the Senate passed a significantly slimmer measure in May and it'll take additional weeks to reconcile the differences between the rival chambers of Congress.

It's just the latest disconnect between the battling House and Senate, which also have been unable to approve an extension of unemployment benefits and other economic stimulus steps. Repeated Senate filibusters are chiefly to blame, but Democratic leaders in the House and Senate also have disagreed on strategy and tactics, and long-simmering tensions have reached the boiling point. House leaders went ahead with Thursday's measure despite ample evidence that they have limited leverage in forcing the Senate to accept the more than \$20 billion in domestic spending add-ons, such as \$10 billion in

grants to school districts to avoid teacher layoffs, \$5 billion for Pell Grants to low-income college students and \$700 million to improve security along the U.S.-Mexico border. The White House weighed in with a veto threat over \$800 million in cuts to education programs that would be used to help pay for the additional domestic spending under a "pay-as-you-go" culture that the administration itself advocates. The measure is anchored by a nearly \$60 billion Senate-passed measure that blends \$30 billion for the influx of 30,000 troops into Afghanistan with money for disaster aid accounts, foreign aid and disability benefits for Vietnam veterans exposed to Agent Orange. The House measure will receive a cold shoulder from Senate Republicans, who would have the votes to filibuster it, according to Sen. Thad Cochran of Mississippi, a senior Republican whose support was central to Senate passage. House Republicans supportive of the Afghanistan effort voted against the measure, angered that Democrats were using the must-pass legislation to try to advance unrelated spending.

WASHINGTON – Concerns are rising that the economic rebound is stalling, but a strong jobs report on Friday would go a long way towards assuaging those fears. Conversely, a report showing private employers failed to create many jobs in June will amplify worries that the recovery is weakening and won't be strong enough to put many of the 15 million unemployed back to work anytime soon. "The economy is losing some momentum," said Ryan Sweet, senior economist at Moody's Economy.com. "We need to see private hiring really accelerate." Analysts forecast that employers cut a net total of 110,000 jobs in June, which would be the nation's first loss of jobs in six months. But that figure includes the expected end of about 240,000 temporary census jobs. Economists will focus more on private employers, who are forecast to have added 112,000 positions. That would be the sixth-straight month of gains and an improvement from a weak showing of 41,000 in May. But the unemployment rate is forecast to tick up to 9.8 percent from 9.7 percent. The report will be released Friday at 8:30 a.m. A gain of 112,000 in private payrolls would signal the recovery is on track, economists said. With added jobs boosting incomes and giving consumers more money to spend, the economy would be able to keep growing even as the impact of government stimulus programs wanes. Still, a gain of about 100,000 jobs is barely enough to keep up with population growth. The economy needs to create jobs at least at twice that pace to quickly bring down the jobless rate. The jobs figures will come after a raft of weak reports Thursday provided the strongest evidence yet that the recovery is slowing. The negative news added to concerns that the nation could be on its way back into recession. Most notable was a rise in the number of people filing for unemployment benefits for the first time. The four-week average for jobless claims now stands at its highest point since March. The bleak indicators come just after Congress adjourned for the holiday weekend without extending jobless benefits.

On top of that, the housing market appears to be slumping again, and the Dow Jones industrials closed down for the sixth trading day in a row. Add in slower growth in China and the European debt crisis, and economists are scaling back their forecasts for the U.S.

BEDFORD, Ohio — Factory owners have been adding jobs slowly but steadily since the beginning of the year, giving a lift to the fragile economic recovery. And

because they laid off so many workers — more than two million since the end of 2007 — manufacturers now have a vast pool of people to choose from. Yet some of these employers complain that they cannot fill their openings. Plenty of people are applying for the jobs. The problem, the companies say, is a mismatch between the kind of skilled workers needed and the ranks of the unemployed. Economists expect that Friday's government employment report will show that manufacturers continued adding jobs last month, although the overall picture is likely to be bleak. With the government dismissing Census workers, more jobs might have been cut than added in June. And concerns are growing that the recovery could be teetering, with some fresh signs of softer demand this week. A central index of consumer confidence dropped sharply in June, while auto sales declined from the previous month. Pending home sales plunged by 30 percent in May from April as tax credits for home buyers expired. Fretting that global growth is slowing, investors have driven stock indexes in the United States down to their levels of last October, for losses as great as 8 percent for 2010. As unlikely as it would seem against this backdrop, manufacturers who want to expand find that hiring is not always easy. During the recession, domestic manufacturers appear to have accelerated the long-term move toward greater automation, laying off more of their lowest-skilled workers and replacing them with cheaper labor abroad. Now they are looking to hire people who can operate sophisticated computerized machinery, follow complex blueprints and demonstrate higher math proficiency than was previously required of the typical assembly line worker. Makers of innovative products like advanced medical devices and wind turbines are among those growing quickly and looking to hire, and they too need higher skills. "That's where you're seeing the pain point," said Baiju R. Shah, chief executive of BioEnterprise, a nonprofit group in Cleveland trying to turn the region into a center for medical innovation. "The people that are out of work just don't match the types of jobs that are here, open and growing." The increasing emphasis on more advanced skills raises policy questions about how to help low-skilled job seekers who are being turned away at the factory door and increasingly becoming the long-term unemployed. This week, the Senate reconsidered but declined to extend unemployment benefits, after earlier extensions raised the maximum to 99 weeks. The Obama administration has advocated further stimulus measures, which the Senate rejected, and has allocated more money for training. Still, officials say more robust job creation is the real solution. But a number of manufacturers say that even if demand surges, they will never bring back many of the lower-skilled jobs, and that training is not yet delivering the skilled employees they need.

TORONTO — Leaders of the world's biggest economies agreed Sunday on a timetable for cutting deficits and halting the growth of their debt, but also acknowledged the need to move carefully so that reductions in spending did not set back the fragile global recovery. The action at the Group of 20 summit meeting here signaled the determination of many of the wealthiest countries, after enacting spending programs to counter the worldwide financial crisis, to now emphasize debt reduction. And it underscored the conviction of European nations in particular that deficits represented the biggest threat to their economic stability. President Obama and Treasury Secretary Timothy F. Geithner had consistently advocated a measured approach to debt reduction that would not stymie growth and lead to a double-dip recession. The United States,

however, joined other countries at the summit meeting, which was met by protests and several hundred arrests, by endorsing a goal of cutting government deficits in half by 2013 and stabilizing the ratio of public debt to gross domestic product by 2016. Canada's prime minister, Stephen Harper, had proposed the targets, backed by Germany and Britain. To assuage objections from the United States, Japan, India and some other countries, the timetable was couched as an expectation, rather than a firm deadline. The G-20 joint statement explicitly stated that Japan, which is heavily dependent on domestic borrowing, was not expected to meet the targets. The divisions were in contrast to the unity that characterized the previous three G-20 leaders' summits, when the urgency of a potential global collapse produced solidarity and a unified economic approach. Although Mr. Obama insisted emphatically that there was "violent agreement" on the need to reduce debt over time, the final communiqué included a delicately worded call for deficit reduction "tailored to national circumstances." In essence, the leaders were blessing their decision to go their own ways. The joint statement acknowledged both sides of the debate. "There is a risk that synchronized fiscal adjustment across several major economies could adversely impact the recovery," the statement said. "There is also a risk that the failure to implement consolidation where necessary would undermine confidence and hamper growth." In a news conference at the conclusion of the summit meeting, Mr. Obama referred only indirectly to the disagreement with Europe, saying, "We must recognize that our fiscal health tomorrow will rest in no small measure on our ability to create jobs today." His concern about stimulus was echoed by some economists who viewed the pledge on deficits as imperiling the prospects for growth. "China's growth, specifically, is not seen as sustainable at current rates," Ronald A. Kurtz, professor of global economics and management at the Massachusetts Institute of Technology, said in an e-mail message. "The G-20 declaration therefore amounts to saying 'assume a miracle' for global growth." He said Europe's fiscal austerity plans would also slow growth.

WASHINGTON — The suspected Russian spy ring rolled up by the F.B.I. this week had everything it needed for world-class espionage: excellent training, cutting-edge gadgetry, deep knowledge of American culture and meticulously constructed cover stories. The only things missing in more than a decade of operation were actual secrets to send home to Moscow. The assignments, described in secret instructions intercepted by the F.B.I., were to collect routine political gossip and policy talk that might have been more efficiently gathered by surfing the Web. And none of the 11 people accused in the case face charges of espionage, because in all those years they were never caught sending classified information back to Moscow, American officials said. "What in the world do they think they were going to get out of this, in this day and age?" said Richard F. Stolz, a former head of C.I.A. spy operations and onetime Moscow station chief. "The effort is out of proportion to the alleged benefits. I just don't understand what they expected." As cold war veterans puzzled over the rationale for Russia's extraordinary effort to place agents in American society, both Russian and American officials signaled that the arrests would not affect the warming of relations between the countries.

At a meeting with former President Bill Clinton on Tuesday, Vladimir V. Putin, the prime minister and a former spy himself, said, "Your police have gotten carried away, putting people in jail." But he played down the episode: "I really expect that the positive

achievements that have been made in our intergovernmental relations lately will not be damaged by the latest events.” The White House press secretary, Robert Gibbs, struck a similar note. “I do not believe that this will affect the reset of our relationship with Russia,” he said. “We have made great progress in the past year and a half working on issues of mutual concern.” Asked if the White House found it offensive for its partner to be spying on the United States, he said the case was “important,” but a law enforcement matter. Meanwhile on Tuesday, the police in Cyprus arrested the man known as Christopher R. Metsos, the last of the spying suspects to be detained, and American officials disclosed that they had moved to make arrests over the weekend because one of the people suspected of being Russian agents, who called himself Richard Murphy, was planning to fly out of the United States on Sunday night, possibly for good. After years of painstaking surveillance, the F.B.I. did not want any of its targets to escape, and “you can’t take down one without taking down all of them,” one law enforcement official said.

NEW YORK – Within hours of his capture, U.S. prosecutors say, Russian spy suspect Juan Lazaro admitted his name was an alias. So who is he? Lazaro wasn't saying — not “even for his son,” court papers say. Lazaro's admission — and defiance — was revealed Thursday by federal prosecutors arguing against bail for him, his wife and another couple with children. The U.S. government claims those defendants and seven others were part of a spy ring on assignment to infiltrate America's cities and suburbs for the Russian intelligence service. Their cover was so deep, “there is no inkling at all that their children who they live with have any idea their parents are Russian agents,” Assistant U.S. Attorney Michael Farbiarz told U.S. Magistrate Judge Ronald L. Ellis. Farbiarz warned that a powerful and sophisticated network of U.S.-based Russian agents was eager to help defendants in the spy ring flee the country if they were released on bail. “There are a lot of Russian government officials in the United States who are actively assisting this conspiracy,” he said. The judge ruled that two defendants, Cynthia and Richard Murphy, should remain in custody because there was no other way to guarantee they would not flee since it's unclear who they really are. But he set bail of \$250,000 for Lazaro's wife, prominent Spanish-language journalist Vicky Pelaez, a U.S. citizen born in Peru, saying she did not appear to be trained as a spy. The judge required electronic monitoring and home detention and said she would not be freed before Tuesday, giving prosecutors time to appeal. The judge ruled after Farbiarz said the evidence against the defendants continued to mount and the case was solid. “Judge, this is a case where the evidence is extraordinarily strong,” Farbiarz said. “Prosecutors don't get cases like this very often.” The decision to set bail for one defendant came as police on the island nation of Cyprus searched airports, ports and yacht marinas to find a man who had been going by the name Christopher Metsos, who disappeared after a judge there freed him on \$32,500 bail. Metsos failed to show up Wednesday for a required meeting with police. He was charged by U.S. authorities with supplying funds to the other members of the spy ring.

WASHINGTON – Hoping to breathe new life into the stalled immigration effort, President Barack Obama on Thursday blamed the delay on recalcitrant Republicans whom he said had given in to the “pressures of partisanship and election-year politics.”

Republicans responded that Obama's first step going forward must be to secure the border. In his first immigration speech, Obama took Republicans to task, in particular 11 GOP senators who had backed attempts during the previous Republican administration to tighten the immigration system. He did not call out anyone by name.

Obama dismissed the focus on a "border security first" approach, saying the system is too big to be fixed "only with fences and border patrols." He advocated a comprehensive approach that would call on the government, businesses and illegal immigrants themselves to live up to their responsibilities within the law. Obama also wants to create a pathway to citizenship for the estimated 11 million illegal immigrants in the U.S; critics call it amnesty. But Obama said the immigrants must first acknowledge that they broke the law, pay fines and back taxes, perform community service and learn English. Without setting a timeline, Obama questioned whether the political will exists to get a bill through Congress. "Reform that brings accountability to our immigration system cannot pass without Republican votes," he said. "That is the political and mathematical reality." In the Senate, Democrats fall short of the 60 votes needed to overcome GOP delaying tactics. Senate Minority Leader Mitch McConnell, R-Ky., said Obama would get the bipartisan support he wants "if he would take amnesty off the table and make a real commitment to border and interior security." Senate Majority Leader Harry Reid, D-Nev., who is in a tight re-election race and could benefit politically from enacting a broad overhaul, said he was committed to passing a bill this year.

Many immigrant advocates praised the president's comments. They had been pressing him for some time to give such as a speech — although it broke no new ground — as a demonstration of his commitment to an issue he promised would be a priority his first year in office. But an organization of Hispanic conservatives criticized the speech as a "sheer political move" to keep them on board for the November elections. Obama was elected with strong backing from Hispanics and they could tip the balance in several tight races this year. "President Obama is operating under the false assumption that Latinos are natural-born Democrats who will rally behind his policies in lockstep," said Alfonso Aguilar, executive director of the Latino Partnership for Conservative Principles. "Latinos must not let themselves be deceived by the soaring rhetoric that has replaced meaningful action on immigration."

WASHINGTON — Elena Kagan deflected questions about her own views on gun rights and abortion during her Supreme Court confirmation hearings on Tuesday, instead describing Supreme Court precedents. She declined to say whether terrorism suspects must be warned of the right to remain silent, saying the issue was "quite likely to get to the courts." And Ms. Kagan, the solicitor general and former dean of Harvard Law School, refused to say whether the Supreme Court was correct to take on the 2000 case of *Bush v. Gore*, telling senators that the issue of when the court should intervene in disputed elections is "an important and difficult question" but one that could come before her should she be confirmed. Ms. Kagan's responses, during a long and sometimes tense day of parrying with members of the Senate Judiciary Committee, were similar to those of Supreme Court nominees past. But unlike her predecessors, Ms. Kagan wrote a 1995 article calling for judicial nominees to be more forthcoming. On Tuesday, minutes into her testimony, she backpedaled, saying she now believed it would be inappropriate even to answer questions that might "provide some kind of hints" about her views on matters

of legal controversy. "I think that that was wrong," she said. "I think that — in particular, that it wouldn't be appropriate for me to talk about what I think about past cases — you know, to grade cases — because those cases themselves might again come before the court." The remark set the stage for a day of hearings in which Ms. Kagan struck a delicate balancing act that proved frustrating to some senators even as the White House declared her "open and forthcoming." Senator Arlen Specter, Democrat of Pennsylvania, repeatedly cut off Ms. Kagan, complaining at one point, "I don't think I'm making too much progress." And Senator Tom Coburn, Republican of Oklahoma, complained in an interview: "She's doing exactly what she criticized other nominees for doing. She's dancing."

WASHINGTON – The Pentagon's small press office is about to get a lot busier. Even top military officials now have to get Pentagon clearance for interviews and other contact with reporters. Defense Secretary Robert Gates issued the order Friday in a brief memo sent to military and civilian personnel worldwide; it was effective immediately. The order tells officials to make sure they are not going out of bounds or unintentionally releasing information that the Pentagon wants to hold back. It comes after President Barack Obama fired the top general in Afghanistan for embarrassing comments in a magazine article. The memo does not spell out exactly how the new directive will work but appears to require hundreds of thousands of officers to funnel interview requests through a small central office at the Pentagon. "I am concerned that the department has grown lax in how we engage with the media," Gates wrote. "We have far too many people talking to the media outside of channels, sometimes providing information which is simply incorrect, out of proper context, unauthorized, or uninformed by the perspective of those who are most knowledgeable," about how the information may fit into larger government operations or goals. The order, first reported by The New York Times on its website Friday night, has been in the works since long before Gen. Stanley McChrystal stunned his bosses with criticism and complaints in a Rolling Stone article that his superiors did not know was coming. "We were not happy with the content, and we were not happy that we didn't know about it," Assistant Defense Secretary Douglas Wilson said this week. Nonetheless, Wilson promised that no "Iron Curtain" would fall between the Pentagon and the news media. McChrystal this week told the Army he will retire. In the Rolling Stone article, the four-star general and some of his aides were quoted criticizing Obama's war effort; McChrystal complained that he was backed into "an unsellable position" during last fall's long White House deliberations on whether to add more troops. Leaks during that process infuriated Gates. Gates' memo requires top Defense Department officials to tell Wilson's office before interviews "or any other means of media and public engagement with possible national or international implications." Gates warned in the memo that the leaking of classified information "is against the law, cannot be tolerated and will, when proven, lead to the prosecution of those found to be engaged in such activity." Pentagon press secretary Geoff Morrell said that Gates remains committed to open dealings with the media and that he has tried to impress on colleagues that "the press is not the enemy." Indeed, Gates answers questions frequently and can be more revealing and plainspoken than many Cabinet officials or his own subordinates at the Pentagon. "It's not designed in any way to limit our interaction or

restrict it, or dampen it," Morrell said of Gates' order. "It is designed to get our department much more disciplined."

NEW ORLEANS – BP and the Obama administration face mounting complaints that they are ignoring foreign offers of equipment and making little use of the fishing boats and volunteers available to help clean up what may now be the biggest spill ever in the Gulf of Mexico. The Coast Guard said there have been 107 offers of help from 44 nations, ranging from technical advice to skimmer boats and booms. But many of those offers are weeks old, and only a small number have been accepted, with the vast majority still under review, according to a list kept by the State Department. And in recent days and weeks, for reasons BP has never explained, many fishing boats hired for the cleanup have done a lot of waiting around. A report prepared by investigators with the House Committee on Oversight and Government Reform for Rep. Darrell Issa, R-Calif., detailed one case in which the Dutch government offered April 30 to provide four oil skimmers that collectively could process more than 6 million gallons of oily water a day. It took seven weeks for the U.S. to approve the offer. White House spokesman Robert Gibbs on Thursday scorned the idea that "somehow it took the command 70 days to accept international help." "That is a myth," he declared, "that has been debunked literally hundreds of times." He said 24 foreign vessels were operating in the Gulf before this week. He did not specifically address the Dutch vessels. The help is needed. Based on some government estimates, more than 140 million gallons of crude have now spewed from the bottom of the sea since the April 20 explosion that killed 11 workers on the Deepwater Horizon oil platform, eclipsing the 1979-80 disaster off Mexico that had long stood as the worst in the Gulf. Still, more than 2,000 boats have signed up for oil-spill duty under BP's Vessel of Opportunity program. The company pays boat captains and their crews a flat fee based on the size of the vessel, ranging from \$1,200 to \$3,000 a day, plus a \$200 fee for each crew member who works an eight-hour day. Rocky Ditcharo, a shrimp dock owner in Buras, La., said many fishermen hired by BP have told him that they often park their boats on the shore while they wait for word on where to go. "They just wait because there's no direction," Ditcharo said. He said he believes BP has hired many boat captains "to show numbers." "But they're really not doing anything," he added. He also said he suspects the company is hiring out-of-work fishermen to placate them with paychecks.

Exactly a year ago, in June 2009, the then-recently installed American president, Barack Obama, made a landmark speech in Cairo symbolically to "reset" U.S. relations with the Muslim world. He eloquently addressed critical challenges facing the U.S. in the Muslim world and rhetorically offered a new paradigm, a new beginning, for managing relations between "America and Islam." The speech sent a clear message: "I've come here to Cairo to seek a new beginning between the United States and Muslims around the world, one based on mutual interest and mutual respect, and one based upon the truth that America and Islam are not exclusive, and need not be in competition. Instead, they overlap, and share common principles — principles of justice and progress; tolerance and the dignity of all human beings...." A year after President Obama's historic speech, the reality of his Middle East policy is in sharp contrast to the promising rhetoric and high expectations he raised. Obama's address, coupled with a concerted outreach

strategy, made a deep impression among many Arabs and Muslims. They hoped that the young African-American president would seriously confront the challenges facing the region and establish a new relationship with the world of Islam. Although it is not too late for Obama to close the gap between rhetoric and action, he has, sadly, not taken bold steps to achieve a breakthrough in America's relations with the Muslim world. His foreign policy is more status quo and damage control than transformational. Like their American counterparts, however, Muslims desperately long for real change that they believe in. Unless Obama takes risks in the Middle East, he might end up leaving a legacy of broken promises and shattered expectations in the region. If these are not addressed effectively, Obama runs the risk of rupturing America's relationship with the Muslim Middle East further. A significant part of the Arab and Muslim response to last year's Cairo speech revealed a sense of optimism, of real change, tempered with instinctual skepticism. There also was a widespread feeling among many Arabs and Muslims that a man with the name Barack Hussein Obama ("Blessed Hussein is with us") would understand their universe better than his predecessors, would treat them as partners instead of subordinates, and would rectify previous mistakes and misuses of American power. Obama raised expectations that concrete action would follow. Even movements of defiance and resistance, such as Hezbollah, Hamas and the Muslim Brotherhood, conceded that what Obama had said represented a breath of fresh air in US foreign policy. But people across the political spectrum stressed that they would assess the policies and actions of the American president, not only his words.

A year later, there is an increasing belief among Arabs and Muslims that Obama has failed to live up to his sweet words. The terminology of the "War on Terror" is no longer in use, but Guantanamo Bay is still open, and Obama has escalated the war in Afghanistan, Pakistan, Somalia, Yemen, and elsewhere. His Palestinian-Israeli peace drive has reached a deadlock, and Obama lost the first round against Israeli Prime Minister Benjamin Netanyahu. His promise to free the Palestinians from Israeli military occupation and to help bring about an independent Palestinian state is unlikely to materialize in his first term in the White House. The US, unlike many of its long-term European allies, particularly Britain and Germany, offered a weak response to Israel's deadly attack on the Turkish-led Freedom Flotilla which resulted in the killing of nine human rights activists. While the international community expressed legitimate moral outrage at Israel's deadly raid and called for the lifting of the punishing blockade of the Gaza Strip and for a multinational investigation, the US government has attempted to rationalize Israel's indefensible actions, thus undermining Obama's outreach to Muslims in his landmark speech in Cairo a year ago. At stake is not only Obama's credibility, but also US and Western national security. The new president has also put the brakes on democracy promotion, and, instead, has embraced America's traditional Middle Eastern and Muslim allies — Saudi Arabia, Egypt, Jordan, Pakistan, and Israel — without any regard to their domestic politics and conduct toward their citizens.

Yes, we Muslims are hypocritical. We demand equality under the law wherever we live as minorities and practice systematic inequality wherever we are in power. In most Muslim societies men and women, Muslims and non-Muslims, are treated unequally by law. Sometimes culture and sometimes religion is used as cover to privilege the rights of Muslim men over all others. Even in societies where there is no democracy

and absence of rights is a chronic condition, Muslim men still suffer less than others. We thought we could get away with it. But unfortunately the age of globalization and its pervasive media has exposed us. In the West we say Islam is a religion of equality, but in the Muslim lands, we say equality is not justice. Justice is to give (or withhold) rights to others as determined by God. So in Egypt, Bahai's are denied their religious identity. In Malaysia men can divorce but women cannot. In Pakistan Muslims can preach but others cannot. In Saudi Arabia - the Mecca of Islam -- No one except Muslims can publicly worship. Today we are engaged in a battle to define Islam. Islamophobes are trying to paint it as a creed of intolerance and hatred and as an ideology of terror. Muslim extremists are defining it as an exclusivist and narrow ethos that has no tolerance for difference and no appetite for self-criticism. But even in this battle we are hypocritical. We talk of rights when we speak for Palestinians, we indeed scream in agony for justice for Gaza; but we are relatively silent, as if our consciences are dead, when the houses of worship of Ahmediyas (a Muslim sect) are blown up. We hear of Muslim youth going from New Jersey to Israel to struggle for Gaza, from Virginia to Pakistan to fight against the Americans, from Minnesota to Somalia to fight against God knows who, but no one ever goes to fight against al-Qaeda. When we talk of Islam, we are quick to assert that God made Muslims the best of communities for the rest of the World (See Qur'an 3:110). But we live our lives as if we are a community against the rest of the world.

So, that is that. We Muslims are hypocrites, but what about Americans? What about the city on the hill? Buses in New York City today are carrying hateful advertisements promising to help Muslims who leave Islam. Six hundred residents of Rutherford County in Tennessee came out to object to the proposed construction of a Mosque. A woman in Oklahoma places a yard sign opposing a Muslim neighbor she never met. GOP Congressional candidate Lou Ann Zelenik sees Muslim places of worship as a threat to Tennessee's moral and political fiber. Sen. Jeff Sessions (R-Ala.) displayed his latent Islamophobia on the Senate floor while criticizing candidate for the Supreme Court, Elena Kagan, as a Sharia sympathizer. And the state of Oklahoma, where Muslims are less than 1 percent of the population, wants to pass a law forbidding the implementation of Sharia. This is just a sample of the Islamophobia manifest in the past two weeks in America as Muslims increasingly become targets of rising prejudice in American society. When Muslims object to mockery of Islamic symbols, we scream freedom of speech. We call it an important institution of our culture and of democracy itself. But when Helen Thomas expresses her opinion, we destroy her career and her legacy. We preach to Muslims the virtue of democracy and peaceful opposition. But when the Muslim students of the University of California try it by demonstrating at a speech of the Israeli Ambassador, they are promptly punished. We take pride in our democracy. We are especially proud of our protection of freedom of religion. But when it comes to living up to our values with regards to Muslims, we are falling woefully short. If we cannot practice our values when Muslims are involved, then we also do not have the moral ground to lecture them. We wage wars abroad to defend 'American values' and wage campaigns at home to eviscerate them. Today, Muslims and Americans stand united as victims of this pandemic of hypocrisy.

TORONTO (Reuters) – Canadians became slightly more positive about the economy in June, but were worried about personal savings and rising interest rates, a consumer confidence survey released by Royal Bank of Canada on Friday showed. The confidence report is one of several reports this week that have shown some cracks in popular sentiment toward economic recovery. A report from the Conference Board of Canada and a poll done by Angus Reid both showed consumer confidence falling in June. "There's some indications of growing optimism on the overall state of the economy," said Paul Ferley, assistant chief economist at Royal Bank of Canada. "But there are some growing concerns with respect to questions on personal wealth with the recent weakening in financial markets." In the RBC survey, sentiment about the Canadian economy swung higher, with 67 percent of respondents describing it as good, up from 54 percent in the last quarter. But respondents were less optimistic about the future with 55 percent saying they believe the national economy will improve over the next 12 months, down two points from March. Those offsetting factors left the overall RBC Canadian Consumer Outlook Index unchanged at 108 points in June, compared with a survey the bank did in March. Worries about personal finances increased. The number of respondents who said their financial situation will improve in the next three months fell to 27 percent from 33 percent in March. Almost four in 10, or 37 percent, said they have less money left over after all their bills are paid, down 4 points from March. Twenty percent were concerned that this situation will worsen and felt their ability to save money for things like retirement or education was less than three months earlier. Two in three respondents, or 67 percent, said they were concerned about climbing interest rates, with 84 percent expecting increases over the next six months. The survey was taken just as the Bank of Canada raised interest rates for the first time since the onset of the recession. Economic data has been mixed in recent weeks, highlighting the fragility of the recovery.

The latest disappointment was on Wednesday when Statistics Canada reported real gross domestic product was flat in April after seven straight months of expansion. The RBC index is based on an online survey of 3,229 Canadians, aged 18 and over, conducted between June 1 and June 8.

OTTAWA (Reuters) – Canada's economy stalled unexpectedly in April on a slide in retail sales, suggesting the pace of growth is slowing and that the central bank may think twice about raising interest rates again this month. Statistics Canada said on Wednesday real gross domestic product was flat in the month after seven straight months of expansion and the fastest growth in a decade in the first quarter. The Canadian dollar sagged after the report, which disappointed market expectations for 0.2 percent growth. Consumers bought fewer new cars and less clothing in April, sending sales in the retail sector down by 1.7 percent, eroding most of the previous month's gains. Smaller declines in manufacturing and utilities were offset by gains in mining, wholesale trade and nonresidential construction, Statscan said. The abrupt slowdown in the recovery made official growth forecasts for the second quarter look unattainable, said Credit Suisse economist Jonathan Basile. "The weaker-than-expected profile for GDP growth raises the chances that the Bank of Canada pauses its removal of monetary accommodation at the July meeting. This was not our expectation going into today's report," Basile said. The bank raised its key rate to 0.5 percent from 0.25 percent on June 1 but has given no hints of what its next move, due on July 20, will be.

Market surprise at the data was reflected in the Canadian dollar's drop on Wednesday morning to C\$1.0561 to the U.S. dollar, or 94.69 U.S. cents, down from Tuesday's finish at C\$1.0553, or 94.76 U.S. cents. Markets have been pricing in a strong chance of another rate hike in July. But yields on overnight index swaps, which trade based on expectations for the Bank of Canada's key policy rate, edged lower after the data on Wednesday. They showed the market saw only a 45.48 pct chance of a July rate hike, versus 49.63 pct just before the data and 60 percent as late as Tuesday.

Western Europe

LONDON – Britain will hold a public referendum next year on overhauling its voting system — a potentially radical change that could see the country frequently led by European-style coalition governments rather than by one strong party. Prime Minister David Cameron's office said Friday that details will be announced next week on what could be the most sweeping reforms since British women won the vote in 1918, or the voting age dropped from 21 to 18 in the mid-1960s. Cameron himself strongly opposes any change, and has vowed to campaign against the reform. He assented to the referendum only to woo the third place Liberal Democrats after his Conservatives failed to take a majority in the May election. The Lib Dems are the junior partner in the Conservative-led coalition government, the first formal partnership between two British parties since World War II. Nick Clegg, the deputy prime minister, whose Liberal Democrats have long called for a change, and stands to benefit most from any reform, said Britain would have a "once in a generation" opportunity to overhaul a currently unfair system. A new system would be a step toward better translating support into the number of House of Commons seats, likely leading to more coalition governments and possibly the consensus building style and compromise policies of its European neighbors. Britain currently uses a first-past-the-post system, under which a candidate needs the highest number of votes, not an absolute majority, to win a House of Commons seats. That system has favored the biggest parties, the Conservatives and Labour. Some analysts wonder whether the issue might break the coalition, which is scheduled to govern Britain until a planned 2015 election. Chris Nicholson, director of Liberal Democrat-aligned think tank Center Forum, said that if the public doesn't back voting reform, Clegg's party may no longer have an incentive to take part in the coalition government. Cameron's spokesman Steve Field told reporters Friday that the British leader would encourage the public to retain its current system. "He will be campaigning against," a move to an alternative vote system, he said. Under the proposed alternative vote system, voters order candidates in preference, and second choice votes are allocated if no candidate wins 50 percent of the first preference votes. "This isn't a party issue, this is an issue about whether Britain moves into the 21st Century and has a modern voting system," Liberal Democrat deputy leader Simon Hughes told BBC television. Clegg said he'll announce the date of the referendum next week. It is expected to take place alongside a local government election slated for May, in a bid to ensure the largest possible turnout.

BERLIN – German Chancellor Angela Merkel's coalition tried to downplay divisions on Thursday, a day after her candidate was narrowly elected as Germany's new president, but political commentators persisted in describing the poll as a public rebuke. Her coalition has been plagued by political bickering since it came into office eight months ago. Despite having a comfortable majority on paper, her presidential candidate Christian Wulff failed to garner an absolute majority to become president in two consecutive rounds of voting yesterday. Eventually he squeaked through in the third round after a grueling nine-hour procedure. "Angela Merkel was not a candidate in this election, but she is the loser of the day," commentator Heribert Prantl wrote in the *Sueddeutsche Zeitung*. The daily newspaper *Frankfurter Allgemeine Zeitung* wrote that many in her center-right coalition used the election for the largely ceremonial role of president to show anger with Merkel and Vice Chancellor Guido Westerwelle of the Free Democrats. On top of the public political backbiting, the euro crisis has also forced Merkel's government to push through two unpopular aid packages and announce painful budget cuts. Germany is the biggest economy in the Eurozone. No agreement has been reached on overhauling the health care and tax systems. But both of her coalition partners, the Bavarian Christian Social Union and the Free Democrats, insisted the extent of the rebellion should not be overplayed. "Starting today, we will join forces to push forward our political goals," the Free Democrats' general secretary Christian Lindner told the daily *Bild*. Merkel's coalition, which had officially accepted the a 51-year-old Wulff as presidential candidate, should have given her enough votes to elect her president in the first round. The coalition controlled 644 seats in the special assembly of 1,244 federal and state representatives electing the president. But Wulff, a deputy chief in Merkel's conservative Christian Democratic Union, missed 44 coalition votes in a first ballot and 29 in a second. Only in a third round did Wulff reach an absolute majority of 625 votes and even then not all coalition lawmakers voted for him. Merkel has not yet commented on the large number of dissenters.

LONDON – British Foreign Secretary William Hague vowed Thursday to woo allies left neglected in London's rush to cozy up to the White House, promising a sweeping overhaul of the country's "patchy" foreign policy. In a first major speech since the country's Conservative-led coalition government took office in May, Hague said he'd reach out to nations who felt snubbed under the Labour government led by Tony Blair and Gordon Brown. Brown and Blair's courting of successive U.S. presidents over 13 years in office had led some links with historic partners "to wither or stagnate" and seen a dramatic fall in Britain's clout in the European Union, Hague said. "I think sometimes British politicians and British leaders have been so preoccupied by those ties, that they have neglected to build the wider relationships in the world," Hague said. "From now on we will not neglect the wider world." Countries including India, Brazil and the Gulf states have claimed that Britain only came calling in times of global crisis — or when they needed to secure a key U.N. vote, he said. "In recent years Britain's approach to building relationships with new and emerging powers has been ad-hoc and patchy, giving rise to the frequent complaint," Hague said, speaking at London's Foreign Office. "This weakens our ability to forge agreement on difficult issues affecting the lives of millions around the world." Prime Minister David Cameron's government has vowed to build a so-

called "new special relationship" with India, suggesting it sees future trading opportunities with emerging markets as likely to be as important as ties to Washington. Britain will send government ministers and the heads of leading U.K. businesses on trade delegations across the world in a bid to increase exports, Treasury chief George Osborne said this week. Hague said new government task forces are seeking to improve bilateral links — with work already under way on upgrading relations with the UAE.

Though Hague said bonds between London and Washington were "unbreakable" and represented Britain's most important bilateral relationship, he added that both he and Cameron believed the partnership should be "solid but not slavish." Cameron and President Barack Obama held friendly talks at the G-8 and G-20 summits in Canada last month, but the British leader defended BP and asked the U.S. to give a better indication of the likely final cost of the Gulf of Mexico oil spill. Michael Cox, a foreign policy analyst at London's Chatham House think tank, said Hague was positioning Britain for a world where the U.S. is no longer the lone dominant force, and Washington looks beyond Europe for allies. He said Hague's plan may in part be a response to a belief in the U.S. that "there is a real shift in power going on, that Europe is in crisis and Asia is the future." Hague pledged to continue pressing Iran to abandon its nuclear ambitions, and said Britain expects its troops to remain in Afghanistan until about 2014 or 2015.

PARIS — France is embarking on a grand experiment — how to diversify the overwhelmingly white “grandes écoles,” the elite universities that have produced French leaders in every walk of life — and Rizane el-Yazidi is one of the pioneers. The daughter of protective North African parents in the tough northeastern suburb of Bondy, Ms. Yazidi is enrolled in a trial program aimed at helping smart children of the poor overcome the huge cultural disadvantages that have often spelled failure in the crucial school entrance exams. “For now we’re still a small group, but when there will be more of us, it’ll become real progress,” said Ms. Yazidi, 20. But she is nervous, too. “We’re lucky, but it’s a great risk for us,” she said. “We might never make it” to a top school. Because entrance to the best grandes écoles effectively guarantees top jobs for life, the government is prodding the schools to set a goal of increasing the percentage of scholarship students to 30 percent — more than three times the current ratio at the most selective schools. But the effort is being met with concerns from the grandes écoles, who fear it could dilute standards, and is stirring anger among the French at large, who fear it runs counter to a French ideal of a meritocracy blind to race, religion and ethnicity. France imagines itself a country of “republican virtue,” a meritocracy run by a well-trained elite that emerges from a fiercely competitive educational system. At its apex are the grandes écoles, about 220 schools of varying specialties. And at the very top of this pyramid are a handful of famous institutions that accept a few thousand students a year among them, all of whom pass extremely competitive examinations to enter. “In France, families celebrate acceptance at a grande école more than graduation itself,” said Richard Descoings, who runs the most liberal of them, the Institut d’Études Politiques de Paris, known as Sciences Po. “Once you pass the exam at 18 or 19, for the rest of your life, you belong.” The result, critics say, is a self-perpetuating elite of the wealthy and white, who provide their own children the social skills, financial support and cultural knowledge to pass the entrance exams, known as the concours, which are normally taken after an extra two years of intensive study in expensive preparatory schools after high school.

The problem is not simply the narrow base of the elite, but its self-satisfaction. "France has so many problems with innovation," Mr. Descoings said. Those who pass the tests "are extremely smart and clever, but the question is: Are you creative? Are you willing to put yourself at risk? Lead a battle?" These are qualities rarely tested in exams.

But the schools fear that the government will undermine excellence in the name of social engineering and say the process has to begin further down the educational ladder. The state, they say, should seek out poor students with potential and help them to enter preparatory schools. Of the 2.3 million students in French higher education, about 15 percent attend grandes écoles or preparatory schools. But half of those in preparatory schools will fall short and go to standard universities.

LONDON (AFP) – Newspapers worldwide are being forced to reinvent themselves for the Internet age -- and will be watching closely the success of two experiments launched in London, analyst say. Suffering a long-term fall in sales and a collapse in advertising revenue as the world goes online for its news, the press has for years been scrambling to decide how to respond. In Britain, Rupert Murdoch's Times and Sunday Times finally went ahead from Friday with their long-promised plan to start charging readers for online access to their journalism, the first non-specialist papers to do so here. The move comes after the less expected news last week that London's city-wide daily, the Evening Standard, hopes to break even after turning itself into a freesheet for commuters, ditching its 50 pence cover price. That decision cut the paper's distribution costs from 30 to four pence per copy, and sent readership soaring from just over half a million to 1.3 million, its new Russian owners said last week. "The industry is still at a very early stage of this rapid evolution forced on it by digital technology," Karin von Abrams, a senior analyst at eMarketer, told AFP. "The game clearly has changed for most old business models, but we don't yet know what the successful new ones are going to be." For newspapers, one model to study is that of the freesheets. The Metro, a free morning paper available at train stations and on public transport in 16 British cities, is read by more than 3.5 million people every weekday, according to the National Readership Survey (NRS). Owned by the Daily Mail and General Trust, it relies entirely on advertising revenue. Over the past seven years it has consistently performed well, even making an operating profit through the worst of the economic crisis, to the envy of the traditional dailies. More recently, the Evening Standard was a well-established but loss-making London evening paper until its new owner, Russian tycoon Alexander Lebedev, bought the paper in 2009 and turned it into a freesheet. Access to commuters seems to be a key to the success of the free model. The Metro, the Standard and the City AM, another successful but smaller London freesheet aimed at business people, are all handed out near tube and train stations. This saves on costs. And with the demise of two free evening rivals last year, the morning and evening papers have something of a captive market. This, of course, appeals to advertisers. "Giving away print works if the free circulation is relatively high and there is a good advertising base for the printed version. "It is easier to gain advertising in print than online and the prices are higher," Professor Robert G. Picard, a media economics expert from Sweden's Jonkoping International Business School, told AFP. "The Evening Standard model has shown that the freesheet model is well worth exploring," adds George Brock, professor and head of journalism at City University London.

ROME – An emotional debate over crucifixes in classrooms is opening a new crack in European unity. It all started in a small town in northern Italy, where Finnish-born Soile Lautsi was so shocked by the sight of crosses above the blackboard in her children's public school classroom that she called a lawyer to see if she could get them removed. Her case went all the way to Europe's highest court — and her victory has set up a major confrontation between traditional Catholic and Orthodox countries and nations in the north that observe a strict separation between church and state. Italy and more than a dozen other countries are fighting the European Court of Human Rights ruling, contending the crucifix is a symbol of the continent's historic and cultural roots. "This is a great battle for the freedom and identity of our Christian values," said Italian Foreign Minister Franco Frattini. The court case underlines how religious symbols are becoming a contentious issue in an increasingly multiethnic Europe. French legislators begin debate next week on a draft law, vigorously championed by President Nicolas Sarkozy, that would forbid women from wearing face-covering Islamic veils anywhere in public. Belgium and Spain are considering similar laws. In its Nov. 3 ruling, the European Court of Human Rights accepted Lautsi's contention that a crucifix could be disturbing to non-Christian pupils and said state-run schools must observe "confessional neutrality." Rulings of the court are binding on the 47 members of the Council of Europe, Europe's chief human rights watchdog. Crucifixes are on display in many public buildings in Italy, where the Vatican is located, and the Roman Catholic Church has encouraged support for keeping them. They will be taken down in schools, however, if the court ruling stands. Despite the rhetoric, Italy has given no hint that the issue would be enough to compel it to quit the council, something no country has ever done. Arguing the appeal Wednesday, New York University legal scholar Joseph Weiler stressed the importance of national symbols "around which society can coalesce." "It would be strange (if Italy) had to abandon national symbols, and strip from its cultural identikit any symbol which also had a religious significance," said Weiler, an Orthodox Jew who wore a yarmulke while addressing the 19-judge panel. Taken to the extreme, Weiler elaborated in an interview with Italy's La Stampa newspaper, the case for secularism could endanger Britain's national anthem "God Save the Queen." Lined up with Italy are such traditional Catholic bastions as Malta, San Marino and Lithuania. The Foreign Ministry of the late Pope John Paul II's Poland — where crucifixes are displayed in public schools and even in the hall of parliament — says the country "supports all actions that the government of Italy has taken before the Council of Europe."

AFP - The CEO of French energy giant Total on Friday criticised sanctions against Iran, saying an embargo on petrol products was an "error" that would harm ordinary people. Speaking at an economic forum in Aix-en-Provence in southern France, Christophe de Margerie confirmed Total had suspended its deliveries to Iran in line with sanctions adopted by the UN, US and European Union in response to Tehran's refusal to halt its uranium enrichment programme. "I maintain this is a mistake. The embargo affects the population, too many things are politicised these days," he told media. "We do not think an embargo on the delivery of petrol products is a good way to settle differences of a political nature," he said. De Margerie said Total would resume deliveries at the first opportunity, saying it was a "serious mistake to mix things that are civil and political".

On June 9, the UN Security Council adopted a resolution imposing sanctions on Tehran over its nuclear programme. Additional US sanctions aimed at interrupting petrol imports were approved Thursday by President Barack Obama. The EU is set to finalise further measures at a meeting of foreign ministers July 26. The US sanctions would prevent foreign companies from doing business with the US government if they had commercial ties to Iran. Iran is the world's fourth largest crude oil producer but lacks refinery capacity and is heavily dependent on imports of petrol and refined products.

ATHENS, Greece -- The government on Friday (June 25th) approved a radical reform of the pension system and submitted it to parliament for discussion. The bill would raise the retirement age to 65 for everyone. Until now, women had been able to retire at 60. The reform would also require Greeks to work 40 years to get a full pension, rather than the current 35-37 years. Labour Minister Andreas Loverdos stressed that the reforms are necessary, given the economic crisis. "Our system had collapsed, and we have to rebuild it," he said. Trade unions oppose the reform and are calling for a general strike Tuesday.

ATHENS, Greece -- Prime Minister George Papandreou reiterated on Sunday (June 27th) that nobody has put the issue of Greece leaving the eurozone on the table. In an interview with the BBC, Papandreou said that Athens has taken all necessary measures to avoid this option, and the fact that an EU/IMF mechanism has been established to support its efforts shows that Europe wants it to remain part of the common currency area. On Saturday, an IMF official expressed confidence that Greece will be able to overcome its debt crisis by implementing the government's austerity plan. In an interview with the *To Vima* daily, Poul Thomsen, head of the IMF mission dealing with Greece, said the country is making progress. As for public protests against the measures, Thomsen said "such an adjustment is not easy and often causes discontent," adding that "people see things getting worse before they improve". A new general strike is scheduled for Tuesday.

ATHENS, Greece -- The country was paralysed on Tuesday (June 29th) by another general strike against planned changes in the pension and social security system. The 24-hour action, organised by the two main labour unions -- the GSEE and the ADEDY -- affected both the private and the public sector. A rally and march to parliament is expected to cause traffic headaches in Athens. Public transportation is working only to take participants to the various rallies around the country. Port workers at Piraeus are on strike, despite a court ruling that declared the action illegal. Workers in hospitals, post offices, the national electricity company and schools have walked off their jobs, along with tax and municipal staff and journalists. Airports are reporting long delays and flight cancellations, disrupting the travel plans of thousands of tourists. That key industry is already reeling from the economic crisis.

LISBON (AFP) -- The Portuguese government plans to bring down its public deficit to three percent of GDP by 2012, bringing it into line with EU rules on budgetary discipline a year early, according to projections issued by the finance ministry late Friday. In a budgetary policy report sent to parliament, the socialist government said it now expected a three percent deficit in 2012 and two percent in 2013, compared to projections of 3.8 and 2.3 percent in a March stability and growth programme. The report

maintained downward revisions already announced in May with a series of austerity measures bringing a deficit of 7.3 percent of gross domestic product for 2010 and 4.6 percent for next year. Last year, Portugal registered a deficit of 9.3 percent of GDP, according to the figures that took into account a "new methodological basis" recently adopted by the national statistics institute. Concerning the country's public debt, the government expected a stabilization at 85.9 percent of GDP in 2012, and a reduction to 84.3 percent in 2013. The debt ratio forecast in March was 90.7 percent in 2012 and 89.8 percent in 2013.

STOCKHOLM – Sweden on Thursday abolished a 100-year tradition of compulsory military service for men during peacetime, replacing it with a voluntary system with rigorous requirements to join. The new policy means that required military service will be applied only if the neutral Nordic nation of 9 million feels threatened. Lawmakers approved the change in a 2009 vote. The government has said the new system, which extends to both men and women, will improve the quality of the country's defense and allow it more flexibility and mobility. "Sweden's defense capacity is strengthened by the increased professionalism," Defense Minister Sten Tolgfors said. To qualify for the Swedish armed forces, volunteers will now have to undergo rigorous training before being accepted. In recent decades, the number of conscripts has dwindled because the government has granted dispensation to many, mainly as a result of more lenient policies. The military said there are currently some 1,700 active conscripts but that the new rules will allow them to choose whether to continue or not. The compulsory service, ranging from 80 to 450 days for all 18-year-old Swedish men, was adopted in 1901. Since the early 1980s, women have been accepted as professionals into the air force and as voluntary conscripts into the armed forces since 1989.

BRUSSELS – Gen. David Petraeus, NATO's newly appointed commander of Afghanistan, sought to reassure allies Thursday that the war against the Taliban was going well despite rising military casualties and problems regaining control over key parts of the country. Petraeus said there would be no change in the counterinsurgency strategy implemented by his predecessor, Gen. Stanley McChrystal, who was ousted last week by President Barack Obama. But he said the rules of engagement, designed to limit civilian casualties and improve support for U.S. and NATO forces fighting the Taliban-led insurgency, would be examined to improve their efficiency. "There has been tough fighting and tough casualties ... but we are determined to achieve progress in coming months," Petraeus said. Petraeus, whose appointment was unanimously confirmed by the U.S. Senate on Wednesday, said the emphasis on reducing civilian casualties would remain a priority. "In counterinsurgency, the human terrain is the decisive terrain, and you must do everything possible to reduce civilian casualties ... in the course of military operations," he said. He added there was no intention of changing the rules of engagement but the alliance would look "very hard at how the rules are implemented and ensure that there is even implementation across all units." Analysts say existing battlefield tactics have been implemented differently in various parts of the country, sometimes in response to different tactical situations and occasionally due to misinterpretation of their intent by commanders on the ground. Some regional commands have, for example, totally banned night raids, while others still allow them. U.S. troops

account for two-thirds of the 122,000-strong international force in Afghanistan, while the allies make up the rest. McChrystal's sacking came amid growing disillusionment with the war in Europe, and a spate of bad news from the battlefields. Allied deaths have doubled in the first six months of this year, with June the deadliest month on record with at least 102 deaths among international service members. Meanwhile, a widely touted offensive aimed at retaking control of Kandahar, the biggest city in southern Afghanistan, has been repeatedly delayed. An earlier campaign to reassert government control in the market town of Marjah in the southwestern Helmand province, proved inconclusive. NATO's plans to train and gradually hand over responsibility to the growing Afghan army and police forces have also run into trouble, hobbled by a lack of trainers. A report by the U.S. special inspector general for Afghanistan has found that the ability of Afghan security forces to fight on their own has been overestimated.

Southeast Europe

BRUSSELS, Belgium -- EU enlargement will be among the priorities of Belgium's presidency of the 27-nation bloc, which starts Thursday (July 1st). Prime Minister Yves Leterme and Foreign Minister Steven Vanackere presented the programme of the six-month presidency last week. Leterme noted that his country is a fervent supporter of the EU integration process, while Vanackere stressed that each country must meet necessary criteria and implement required reforms before being invited to join the Union. While acknowledging that Croatia is close to achieving its EU membership goal, they did not commit to an actual time frame. As for visa liberalisation for Bosnia and Herzegovina and Albania, Vanackere said the issue could be discussed in September. He predicted that the EU will probably review Serbia's EU membership application around that same time

BRUSSELS, Belgium -- Media in Pristina report that the EU continues to urge Kosovo and Serbia to start dialogue on practical issues. From Brussels, Spanish Foreign Minister Miguel Angel Moratinos said on Wednesday (June 30th) that Spain, as the outgoing EU presidency holder, has encouraged such talks. "Apart from Kosovo's recognition or non-recognition, Spain encouraged Serbs and Kosovars to work on practical issues in order to improve people's lives and this will be our constant engagement, despite legal and recognition issues," Moratinos said. The status issue, he added, is up to the parties to decide.

WASHINGTON, United States -- At least three Balkan countries have become more democratic over the past decade, according to the 14th edition of the US-based NGO Freedom House's "Nations in Transit" report, published on Wednesday (June 30th). "Modest improvements" have been observed in Serbia, Macedonia and Kosovo. The situations in Croatia and Montenegro are described as "steady overall". Freedom House says EU members Bulgaria and Romania continue to face challenges in efforts to combat corruption. The report cites a slight decline in Albania's media independence, while in Bosnia and Herzegovina there has been a downturn in terms of electoral processes.

TIRANA, Albania -- Opposition Socialist Party (SP) lawmakers walked out of a parliamentary session Thursday (July 1st), resuming to their months-long boycott of legislative work. The SP group left the session just before votes on several bills were about to begin. They say they will return only after the government decides to demonstrate that the June 2009 elections were transparent. Thursday's decision brings the situation back to prior to March, when the SP ended a complete boycott of parliament staged for months over the government's refusal to open ballot boxes and investigate the elections.

TIRANA, Albania -- Socialist Movement for Integration (SMI) leader Ilir Meta on Tuesday (June 29th) urged political leaders to start strengthening electoral legislation, to ensure small parties get more representation. "Discussions need to be wide and all inclusive," he said. Meta's SMI only managed to win a handful of seats in parliament in the June 2009 elections. They joined a coalition with the Democratic Party-led government of Prime Minister Sali Berisha.

TIRANA, Albania -- OSCE media freedoms chief Dunja Mijatovic criticised on Tuesday (June 29th) a decision by a Tirana court that found local Top Channel TV guilty of "illegal filming" and "breaching privacy". The station was ordered to pay 400,000 euros after broadcasting a video of former Culture Minister Ylli Pango, in which he demands sex in exchange for employment at his ministry in March 2009. The fine is high and disproportional, Mijatovic said. The court's decision also spurred sharp reaction among local media, which questioned the judges' professionalism.

BRUSSELS, Belgium -- The EU Permanent Representatives Committee (COREPER) green lighted the opening of the three remaining negotiation chapters in Croatia's accession talks on Friday (June 25th). The chapters -- judiciary, competition and foreign, security and defence policy -- will be on the table at an intergovernmental accession conference this week. By the end of June, Croatia will have opened all 33 negotiation chapters. The EU agreed to open the judiciary chapter after Hague war crimes tribunal Chief Prosecutor Serge Brammertz's latest report on Croatia's co-operation with the court. Earlier this month, he concluded that while Zagreb has achieved only limited success in locating the missing "artillery diaries" from 1995's Operation Storm, he believes the search will continue. Closing the judiciary chapter will depend on Zagreb's full co-operation with the tribunal.

ZAGREB, Croatia -- Prime Minister Jadranka Kosor announced on Monday (June 28th) plans for a budget revision in the near term that would require an unusual summer parliamentary session. The announcement was made following a meeting of the senior ruling Croatian Democratic Union, at which the party debated planned changes in the 2010 budget. Kosor said the revision is needed to raise funds for a referendum requested by trade unions on proposed labour legislation amendments and to compensate farmers hard hit by recent flooding.

ZAGREB, Croatia -- Labour unions announced on Thursday (July 1st) they have gathered 813,016 signatures to call a referendum on proposed amendments to the labour

law. Calling a referendum requires 450,000 signatures. The proposed amendments would set a six-month deadline for hammering out a new collective agreement after the existing one expires. After that, the workers' rights would be subject to separate agreements with individual employers. The unions started collecting signatures on June 9th. On Thursday, they pointed out that the signatures account for roughly 20% of the entire electorate.

PRISTINA, Kosovo -- The presidents of Kosovo, Macedonia, Albania and Montenegro met on Saturday (June 26th) near Prizren to discuss co-operation and the free movement of people. Kosovo President Fatmir Sejdiu stressed the importance of regional co-operation, the rule of law and the fight against organised crime. His Albanian counterpart Bamir Topi voiced hope that citizens of Albania and Kosovo will soon enjoy visa-free travel to EU countries, while Montenegrin President Filip Vujanovic pointed out that the free movement of people is essential to European integration. Macedonian President Gjorge Ivanov reaffirmed his country's willingness to find a solution to the name dispute with Greece. The four officials agreed to strengthen relations and to boost regional and economic co-operation.

PRISTINA, Kosovo -- US Ambassador to Kosovo Christopher Dell continues criticising the government, which, he says is controlling the country's economy. At a public forum Monday (June 28th) on privatising the Kosovo Energy Company (KEK), Dell said that low collection rates, political interference and insufficient resources KEK has at its disposal have created a vicious circle. "Kosovo's economy is heavily and needlessly dominated by the government. This was inherited from UNMIK and certainly from ex-Yugoslavia times," Dell said, adding that this thwarts entrepreneurship.

PRISTINA, Kosovo -- EULEX Chief Prosecutor Johannes van Vreeswijk said on Tuesday (June 29th) that ongoing investigations will result in the arrest of those involved in corruption and organised crime. "The list is very long," van Vreeswijk said at a press conference in the outskirts of Pristina. He admitted that there has been political interference since late April, when EULEX police raided the offices of the transport and telecommunications ministry and Minister Fatmir Limaj's home, in connection with a two-year corruption probe. Kosovo's chief prosecutor, Ismet Kabashi, said that cases involving corruption and organised crime will be handled with priority, noting that corruption and money laundering cases are the hardest to prosecute

PRISTINA, Kosovo -- Serbs from Kosovo and Serbia celebrated Vidovdan (St Vitus Day) at the Gracanica monastery on Monday (June 28th), commemorating the anniversary of the 1389 Battle of Kosovo when the Ottoman Empire defeated the Serbian kingdom. Almost a dozen of delegations from Serbia were permitted to enter Kosovo for the celebrations. Serbia's Minister for Kosovo Goran Bogdanovic, Russian Ambassador to Belgrade Alexander Konuzin and Serbian Orthodox Church leaders attended the ceremony. Media in Pristina reported that around 1,500 Serbs chanted anti-Albanian, anti-EU and anti-US songs. The event was held amid a heavy police presence.

SKOPJE, Macedonia -- Several thousand people gathered in downtown Skopje on Sunday (June 27th) to protest government policies. Participants in the demonstration,

organised by the main opposition party SDSM, blamed the VMRO-DPMNE-led cabinet for the economic situation, and criticised Prime Minister Nikola Gruevski for failing to advance Macedonia's EU and NATO bids. The SDSM wants early elections, but only after NATO's November summit, so as to not affect aspirations to join the Alliance.

SKOPJE, Macedonia -- Prime Minister Nikola Gruevski rejected on Monday (June 28th) opposition calls for early elections, while acknowledging that each party has the legitimate right to seek a snap vote. As for the name row with Greece, Gruevski said there are no indications that UN mediator Matthew Nimetz will offer a new proposal any time soon. Asked whether a solution is possible before NATO's November summit, Gruevski said "It is probably possible, only if there is will, understanding and respect by the other side for what is considered state and national interest." Main opposition party SDSM is calling for early elections, but only after the summit, so as to not affect NATO aspirations.

PODGORICA, Montenegro -- Seven former army and police officers went on trial in Bijelo Polje on Monday (June 28th) for crimes against humanity. They are charged with the inhumane treatment of Muslims in the northwest region of Bukovica -- near the border with Bosnia and Herzegovina -- in 1992 and 1993. The area includes 37 villages populated mainly by Muslims. All seven have denied the charges.

PODGORICA, Montenegro -- Croatia and Montenegro will sign an agreement on the extradition of people suspected of organised crime and corruption, President Filip Vujanovic and Croatian counterpart Ivo Josipovic announced after a meeting in Cetinje on Thursday (July 1st). Croatia signed a similar document with Serbia earlier this week. Josipovic stressed that all countries in the region now share the idea of fighting organised crime together.

BUCHAREST, Romania -- Prime Minister Emil Boc announced on Saturday (June 26th) that the government has decided to raise the VAT from 19% to 24% as of July 1st, in order to narrow the budget deficit. The decision is in response to Friday's ruling by the Constitutional Court, rejecting parts of the government's fiscal austerity package. In particular, the Court ruled that the 15% cut in pensions, as well as the reduction of higher pensions in certain professions, are unconstitutional. All this has prompted the IMF to delay disbursement of the next tranche under Romania's agreement with the institution. "The fund is assessing the impact of the constitutional court's ruling on fiscal measures proposed by the government," the IMF's mission head to Bucharest, Jeffrey Franks, said in a statement Friday. A planned meeting by the IMF board on Monday has been postponed.

BELGRADE, Serbia -- Three opposition parties held a big rally in the town of Krusevac on Monday (June 28th), demanding early elections. The Serbian Progressive Party, the Democratic Party of Serbia and New Serbia say this was only the first in a series of demonstrations they plan throughout Serbia. Earlier this year, the three parties collected one million signatures in support of their initiative and forwarded them to the government in a symbolic show of dissatisfaction. The three lack enough votes in parliament to topple the cabinet.

BELGRADE, Serbia -- The Security and Information Agency (BIA) has received information that Serbian Progressive Party leader Tomislav Nikolic has been targeted for assassination. BIA Director Sasa Vukadinovic said on Tuesday (June 29th) that an investigation is under way. According to some media reports, Serbian Radical Party leader Vojislav Seselj, who is on trial at The Hague, ordered Nikolic's assassination and sought the services of criminal Luka Bojovic. The tip allegedly came from Zemun Clan member Milos Simovic, who was arrested on June 11th after allegedly trying to kill another member of the crime gang, Sretko Kalinic.

BELGRADE, Serbia -- Foreign Minister Vuk Jeremic and UN Resident Co-ordinator to Serbia William Infante signed a new, five-year partnership strategy Friday (June 25th) in Belgrade. Worth \$250m, it will support Serbia's EU accession efforts. After the ceremony, Jeremic described the strategy as marking a new era in co-operation between Serbia and the UN. "The UN is proud that Serbia sees it as a reliable partner," Infante said in response. The strategy focuses on three main areas -- responsible governance, sustainable development and social inclusion, and regional stability and co-operation.

BELGRADE, Serbia -- Justice Minister Snezana Malovic and his Croatian counterpart Ivan Simonovic signed an agreement Tuesday (June 29th) in Belgrade on the extradition of those suspected of organised crime and corruption. "Although the agreement will require ratification by the two parliaments, it will come into force now as the two countries are closely co-operating in combating organised crime," Malovic said. The deal will enable Zagreb to extradite Sretko Kalinic, a member of the Zemun Clan crime gang who is wanted in connection with the 2003 murder of Serbian Prime Minister Zoran Djindjic. Justice Ministry senior official Slobodan Homen says Belgrade is negotiating similar agreements with Italy and the United States.

BELGRADE, Serbia -- A local court sentenced on Friday (June 25th) a former member of a paramilitary group to five years in prison for war crimes against civilians committed in Croatia in 1991 and 1992. Milan Spanovic was convicted of inhuman treatment of Croatian civilians held in the Stara Gradiska prison camp. The trial began in September.

Oceania

CANBERRA (Reuters) – Australian Prime Minister Julia Gillard expressed confidence on Tuesday she would end a damaging mining tax row, as speculation grew she may call a quick election to capitalize on her honeymoon period as new leader. Mining industry groups suspended a hostile advertising campaign against the tax after Gillard ousted Kevin Rudd last week and promised to negotiate with the industry over the 40 percent tax, designed to raise A\$12 billion (\$10.5 billion). But the Association of Mining and Exploration Companies, one of the most vocal critics of the tax, doubted Gillard's commitment to the talks and said it wanted a quick compromise. "I have really serious doubts about the government's commitment to finding a workable solution. They have had four days to get something to us," association chief executive Simon Bennison was quoted as saying in The Age newspaper. The Minerals Council said the tax row

needed to be resolved before an election, expected between August and year-end. Small iron ore miner Atlas Iron Ltd said it wanted clarity. "Whilst the uncertainty is sitting out there, it makes everyone's lives uncomfortable, whether it's the industry generally, Atlas or government," Atlas chief operating officer Ken Brinsden told Reuters. "It's in everyone's interests to get this resolved as quickly as possible." The proposed mining tax threatens more than \$20 billion in investment, according to angry miners, but no major project has yet been scrapped and several have actually been advanced since the tax was unveiled on May 2. The Australian mining index has underperformed the global mining sector by about 4 percent since the tax was first announced by Rudd on May 2, despite a weakening in the Australian dollar over that time.

Gillard, who has revived the ruling Labor Party's election hopes in barely a week, said negotiations with mining companies were proceeding and had her personal attention. "I believe that, in a spirit of goodwill and showing some respect to each other, we can get this sorted out, we can see a meeting of minds," Gillard told Australian radio. Media speculation suggests she could call an election as soon as possible once a tax compromise is reached. On Tuesday she simply restated an election was due in the second half of 2010. An election had been expected by October but late August is now a strong possibility after the popular Gillard took over from technocrat Rudd last week. A Nielsen opinion poll at the weekend, the first since Gillard took over, gave Labor a 55-45 lead over the conservative opposition, indicating an eight-point swing to the government.

CANBERRA (Reuters) – Australia ended a damaging dispute with global miners on Friday by dumping its planned "super profits" tax for a lower resources rent tax backed by big miners, clearing a major hurdle to calling an early election. The deal looks positive for miners and the government. Although miners will pay more tax, the total will be less than under the proposed "super profits" tax -- A\$1.5 billion by government estimates -- and the government still gets extra revenue to fulfill pre-election promises. "We were determined to get a fairer share of the mineral wealth in our ground for all Australians," Prime Minister Julia Gillard said in announcing the new profit-based tax.

The Australian dollar jumped nearly half a U.S. cent on the news, while shares rose 1 percent early with BHP Billiton and Rio Tinto up around 2 percent, before turning flat on global economic worries. But the tax deal must still be passed by the next parliament, following an election expected within months, with opposition parties vowing to oppose the tax and scrap it if they win office. Gillard has resurrected the Labor government's flagging popularity with voters since her appointment last week. She is now on track for a narrow victory in an election, which may be called for August, according to the latest Reuters Poll Trend. "The government wants a new tax, the coalition doesn't, it's as simple as that, said Tony Abbott, leader of the Liberal-National conservative coalition "You are going to have to change the government to dump the tax, if Australia's prosperity is to be preserved."

SYDNEY (AFP) – New Prime Minister Julia Gillard signalled a change in the government's approach to population growth on Sunday, saying she did not believe in a "big Australia". Gillard, a former lawyer who wrested leadership of the Labor Party and the government from Kevin Rudd on Thursday, said population policy needed to strike

the right balance between growth and sustainability. "I don't believe in a big Australia," Welsh-born Gillard said "Kevin Rudd indicated that he had a view about a big Australia, I'm indicating a different approach. I think we want an Australia that is sustainable," she told the Nine Network. With 22 million residents, Rudd had expressed optimism about a "big Australia" with a population of more than 36 million people by 2050, achieved through rising birth rates and immigration. But Gillard said such population growth could be problematic given Australia's water shortages, the difficulty in providing services across the vast landscape and transport infrastructure. "I don't believe in simply hurtling down a track to a 36 million or 40 million population, and I think if you talk to the people of western Sydney or western Melbourne, or the Gold Coast growth corridor in Queensland, people would look at you and say, 'Where will all these people go?'," she said. "I think we want an Australia that is sustainable. This place is our sanctuary, our home." Gillard, who came to Australia with her parents as a four-year-old, said immigration for skilled labour was still needed, adding that Canberra would continue to accept refugees. "I don't want business to be held back because they couldn't find the right workers," she said. "That's why skilled migration is so important. But also I don't want areas of Australia with 25 percent youth unemployment because there are no jobs."