

Report 128
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: July 21, 2010

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Period: From July 11-17, 2010

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

- Wounded Dodd guided Wall St reform to victory
- Obama's done a lot, but gets little credit for it; why?
- TIME Poll: Voters Like Obama More Than His Domestic Policies
- Wall St. Hiring in Anticipation of an Economic Recovery
- Buffett warns Obama U.S. economy only halfway back
- Financial Overhaul Signals Shift on Deregulation
- Congress acts on bank overhaul, but work ahead
- Bank Bailout Is Potent Issue for Fall Elections
- Obama seeks gain from financial reform victory
- BP says capped Gulf of Mexico oil well not leaking
- Canada-U.S. Seaway section may reopen Thursday
- U.S. May Label Pakistan Militants as Terrorists
- Canada under fire for changes at statistics agency
- Row over Canada F-35 fighter jet order

Western Europe

- Merkel faces loss of another CDU state leader
- Berlusconi suffers 3rd gov't resignation in
- UK peer charged with false accounting of expenses
- Greece's Bakoyannis announces new political movement
- Germany, China sign billions of dollars in deals
- Eurozone's Juncker, EU's Rehn satisfied with Greece's results
- Greek parliament approves pension, social security reform bill
- Protest strands hundreds of tourists outside Acropolis
- Greece paralysed by strike
- Germany bans Turkish group involved in Gaza flotilla
- Court rules torture lawsuits against UK continue

Southeast Europe

- EU to monitor Serbia's reaction to ICJ opinion

Albania

- Belgian ambassador to Tirana urges end to political stalemate
- Albania's opposition, ruling parties back at bargaining table
- Albanian government, opposition agree on parliamentary commission
- EU experts to visit Tirana, evaluate progress
- EU presidency to decide on visa regimes in November

Bosnia

- BiH to postpone EU membership application
- BiH's Alkalaj says EC wants to ensure visa-free travel
- BiH marks 15th anniversary of Srebrenica massacre
- Bosnian Serbs commemorate war dead
- NATO's Rasmussen urges BiH to resolve defence property issue

Croatia

- Summit stresses Western Balkans' EU, NATO futures
- Opposition parties in Croatia want early elections
- UN rapporteur urges Croatia, Serbia to co-operate on refugee housing
- Croatia, Europol sign memo of understanding

Kosovo

- Kosovo's Thaci sacks new deputy minister
- Kosovo's Sejdiu calls again for talks with Serbia
- EULEX takes over north Kosovo investigation
- Norway extradites war crimes suspect to Kosovo
- ICJ to deliver opinion on Kosovo next week

Macedonia

- Macedonian parliament speaker survives no confidence vote
- Macedonia's DPA to continue parliamentary boycott

Montenegro

- Montenegro drafts first MAP Annual National Programme
- Montenegro to hold census next April

Romania

- Romania reiterates opposition to Kosovo's independence
- Romania's Basescu: roll back VAT, tax pensions
- Romania's Boc imposes speech restrictions on cabinet ministers

Serbia

- Serbia's Tadic criticises plan to send police to northern Kosovo
- EC envoy Degert says Kosovo partition not an option
- Serbia charges Mladic's wife with illegal weapons possession
- Serbia, Croatia post lists of war crimes suspects
- Serbia lifts visa requirements for Turkish citizens
- EC's Mirel praises Serbia's progress

Slovenia

- Slovenia adopts declaration on Western Balkans

Oceania

- Australia set for poll focused on economy: report
- Australian PM calls election, battle lines drawn

- Australia slashes growth forecast
- Indonesia lukewarm on Australia asylum centre plan
- E.Timor deputy PM rejects Australian asylum fix

Report Summary

US/Canada

Political Issue

Having being a co-writer of the biggest bank regulation overhaul and tough vanguard for healthcare reform, Senator Christopher Dodd would have perfected the end of his 30 years of public politics. Dodd faces weak public support even in his own state of Connecticut, thus sees its imperative to leave a landmark before exiting the Senate in months to come.

Rhetoric and reforms are not enough to do the magic and getting praises; instead the demand of appreciable number of Americans from their president is making things work as in cutting deficit, reducing unemployment and boost jobs, an overall rebounding of the economy. Failure to address the economic plight of the people would not only be detrimental for the Democrat in midterm election but could hinder Obama's second term.

Obama administration scored political goal as the Congress approved a sweeping expansion of federal financial regulation on financial institutions after the Wall Street inspired financial crisis. The bill subjects more financial companies to federal oversight, regulates many derivatives contracts, and creates a panel to detect risks to the financial system along with a consumer protection regulator.

It was seen as the best option for the collapsing economy stemming from the financial irresponsibility of financial institutions. For those who supported the stimulus package particularly republicans would have to face the rhythm for promoting big government and fiscal irresponsibility. The bailout issue is expected to be politicized during the midterm election and the president also hopes to take advantage of the new financial legislation.

Equipping its arsenal with latest weaponry worth of \$9bn Canadian dollars has caused Canadian Conservative government another criticism from the Liberal opposition party. Liberal opposition claim the bidding for the 65 new F-35 Joint Strike Fighter jets from the U.S was done without a competitive bidding process.

The minority government has also been criticized for cutting the work being done by the country's central statistics agency. Statistics Canada would scrap its mandatory detailed long-form census, making this happen will affect the overall data analysis of all citizens needed for a comprehensive public policy. The development has irked virtually all sectors of the society.

Economic Issue

For some Americans the federal stimulus package lacks fecundity as certain sectors are still punctuated with unemployment. But that will not be true for the Wall Street where hiring is picking pace, the Wall Street is labelled as being responsible for the 2008 financial recession.

Despite the sign of hiring taking place in the Wall Street, Warren Buffett's caution note to the president emphasizes the need for more effort to rejuvenate the economy in view of the profound effect of the recession.

Social/Humanitarian Issue

Food, Environment and Energy Issue

BP oil company wrestling with oil spill in the Gulf of Mexico said it has been able to cap the leak, though a sign of relief, but the Obama administration is demanding caution as to ascertain its surety.

Geostrategic Issues

Pakistan Taliban is a significant non-state actor in the region and is on the verge of being blacklisted by the United States as a terrorist organization. Gen. David H. Petraeus added force to the sleeping debate that Taliban and similar groups should be included on the U.S blacklist. Doing that is likely to destabilise the process of making peace with the Taliban.

Western Europe

European Union

Recent history of the EU shows a bloc traumatized by financial problem, nonetheless the financial shock did not make EU close its eye on world affairs. EU foreign policy Chief Catherine Ashton along with other top western officials hopes to return Israel and Palestine to the negotiation table. Similarly, the bloc has extended handsome aid package to Africa to combat social problems of the continent. Meanwhile, EU was resentful of the expulsion of two top aid officials in Darfur and urged Sudan to protect humanitarian groups in the strife-torn region.

The EU is once again sending message to Iran that door of negotiation remains open and EU foreign policy Chief Catherine Ashton, whose country Britain supports Turkey-EU membership, asks Ankara not to surrender its bid..

Despite its economic problem, the Euro saw a rise above the British Pound, while within the Eurozone and EU, Malta is taking a lead in export, followed by Romania and Estonia (non-Eurozone members) Luxembourg and Finland headed other EU members the previous year.

EU plans to tighten its grip on accident prevention and liability for offshore oil drilling in response to BP's Gulf of Mexico spill and at the same ready to punish states that does not stop illegal importation of timber into the bloc. EU commercial ties in Latin America saw a drop as a result of the brawl between economic giants (Brazil and Argentina) of the region and the EU

Political Issue

Ole von Beust, the popular mayor of Hamburg is tipped as the next top official to resign from the coalition government of Chancellor Angela Merkel. The government is politically falling apart and could be exploited by the opposition.

The resignation of Italian economy ministry Nicola Cosentino marked the third resignation that has rocked Premier Silvio Berlusconi's government in months. Cosentino is being implicated in an alleged influence-peddling investigation.

Misuse of office and dishonest financial doing is yet again featuring in the British parliament but this time around coming from the House of Lord. Lord John Taylor is accused of dishonestly claiming more than 11,000 pounds (\$17,000) for accommodation and mileage in 2006 and 2007.

Economic Issue

Eurogroup Chairman Jean-Claude Juncker and EU Monetary and Economic Affairs Commissioner Olli Rehn expressed satisfaction with Greece's budget stabilisation process, amid national wide austerity protests.

Sino-German economic relations attained a new height as both countries signed deal worth billions of dollars in making trucks and power equipment. It was an achievement for German Chancellor Angela Merkel's turbulent government and was success for China reaching such a deal with Europe largest market.

Social/Humanitarian Issue

The German government has banned the Turkish humanitarian organisation Foundation for Human Rights and Freedoms and Humanitarian Relief (IHH) from activities in Germany on the ground that it is financing the Palestinian Islamist organisation Hamas, which the EU regards as a terrorist organisation. IHH lead the Gaza flotilla attacked by Israeli commandos

A British High Court judge has given a go ahead to former British Guantanamo detainees to proceed with lawsuits against Britain. The detainees claim British agents were complicit in their oversea torture.

Food, Environment and Energy Issue Geostrategic Issues

Southeast Europe

As the whole world and Western Balkan in particular expects ICJ's ruling on Kosovo, Belgium's Prime Minister Yves Leterme remarks that the EU will carefully monitor Serbia's reaction to the International Court of Justice's (ICJ) opinion on the legality of Kosovo's independence, which is expected on July 22nd.

Political Issue

Albanian long political impasses could reach its end if the plan by the opposition party to return to negotiation table works out. The opposition resolved to negotiate based on implementing proposals of European Parliament (EP) resolution on Albania's EU progress, adopted earlier this month.

Croatian opposition parties are calling for snap elections believe to be the solution to the problems facing the country claiming to be equipped with alternatives, which the ruling government lacks. The ruling party has ruled out any sort of early elections.

Kosovo President Fatmir Sejdiu reiterated that Pristina and Belgrade could hold talks with Serbia on any issue except Kosovo's status. He further dissuades Belgrade not to be part of the problems in the northern region of Kosovo.

Macedonia will have to manage its political landscape well if it must get the approval of the EU. Opposition Democratic Party of Albanians (DPA) has been boycotting the parliament and is not ready to return not until the ruling party redresses what the DPA calls self-centred policies of the ruling party and failure to recognize Albanian as second official language in Macedonia.

Meanwhile, a vote of no confidence filed by the Macedonian main opposition party SDSM against the Parliament Speaker Trajko Veljanoski did not yield. The vote was initiated by SDSM accusing the police of spying on their activities after a police agent tried to record their conversation with a group of disgruntled worker.

Montenegrin lawmakers have approved a bill to hold a population census from April 1st-15th 2011.

A mouth drop incident by Romanian Finance Minister Sebastian Vladescu has forced the Prime Minister Emil Boc to ban all ministers from speaking publicly about issues that have not been discussed and approved by the government

As Serbia enhances good relations with its neighbours and co-operating with the ICJ tribunal on war crime, it has started receiving praises from the EU. Most recently, European Commission (EC) director for the Western Balkans Pierre Mirel praised Serbia's progress in implementing reforms, fighting organised crime and boosting regional co-operation. He also urged Belgrade to take a constructive approach to the customs issue in Kosovo.

Slovenian parliament approved a declaration on Western Balkans, describing the region as a key priority and establishing guidelines for future actions aimed at strengthening co-operation.

Economic Issue

In a bid to reduce the tension associated with recent government economic policies, Romanian President Traian Basescu said that the VAT rate should be reduced to its previous level and pensions should be taxed instead. In response, Prime Minister Emil Boc said the VAT rate would only be reduced if the government finds alternative revenue-makers.

Social/Humanitarian Issue

For many Bosniaks it was opening old wounds as many families celebrated the 15th anniversary of Srebrenica massacre. The families of the victims are prone to be more sensitized as massive graves are being exhumed.

Such empathetic celebration was also seen among the Bosnian Serbs at the Bratunac Military Cemetery honouring Serbs killed during the 1992-1995 conflict in BiH.

UN Special Rapporteur on the Right to Adequate Housing Rachel Rolnik urged Croatia and Serbia to co-operate in resolving housing problems of refugees.

The plan by Kosovo authority to send special police to the Serb dominated northern part of the country has irked Serbia President Tadic, instead wants EULEX to oversee the investigation. It remains clear that Serbia wants the northern region as a parallel structure and out of the authority of Pristina. Such partition option according to Vincent Degert, the head of the European Commission (EC) delegation to Serbia, will be consequential and could have domino effect in the region.

The wife of fugitive former Bosnian Serb commander Ratko Mladic has repeatedly requested the government to declare his husband dead so as to be relieved from the stress of being perturbed. But she will have to plead for herself as illegal arms were reported uncovered in her possession.

Food, Environment and Energy Issue

Geostrategic Issues

Albania's longing for the EU visa liberalisation regime will be assess by EU experts, as to the extent to which local authorities are exerting enough effort in the areas of law enforcement, fighting crime and corruption and confiscating criminal assets. Nevertheless, the Belgian presidency of the EU has set November as the month to discuss whether to lift the bloc's visa regime for Albania and Bosnia and Herzegovina (BiH)

The right to recognize Kosovo as a sovereign state will be due only after the ICJ's ruling on the legality of Kosovo's independence. This remains the position of Romanian

government, rejecting the plea of other EU members that have recognised Pristina as a sovereign state. Meanwhile the region awaits the ICJ's ruling on Kosovo unilateral independence declaration for next week.

The series of summits conducted in the region are all characterised by the intention of the Western Balkan countries to expedite their EU integration process. The last of such summits held in Croatia was no exemption.

Ethnic politics has been the stumbling stone for Bosnia-EU integration, yet Bosnian Foreign Minister Sven Alkalaj said that Bosnia and Herzegovina (BiH) will delay its EU membership application until it receives more positive signals from Brussels.

Political uncertainty characterised by ethnic politics has contribute to the delay of Bosnia-EU talk, which is also responsible for the delay in Bosnia-NATO integration. NATO expects Bosnian leaders to resolve the defence property issue before further talks could begin.

Serbia-Turkey relations will be further strengthened by the new visa regime initiated by Serbia which will allow Turks' entrance into Serbia without visa.

Oceania

Political Issue

Enjoying a robust relation with the public, Australian Prime Minister Julia Gillard of Labor party has called election, opening an electioneering process for August 21 general. She has been retracting from policy of ex-PM Kevin Rudd which she felt were not forthcoming.

Economic Issue

The increasingly uncertainty and volatility of global economic has forced Australia to slash its annual growth from 3.25 to 3.0. Despite the growing tension, the government still sees a positive outlook for domestic economy.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Neighbouring countries are still unsettled for the new Australian immigration policy that intends to settle asylum seekers in East Timor instead on an Australian territory. The plan is believe to be a measure to safe Australia from the troubles of

immigration. Both Indonesia and East Timor have shown great resentment for the proposed regional processing immigration unit.

Report Detail

US/Canada

WASHINGTON (Reuters) – For Senator Christopher Dodd, approval of the Wall Street reform bill that he co-wrote closes out two turbulent years of remarkable legislative success -- an accomplishment often eclipsed by a career-ending political crisis. The senior Connecticut Democrat will retire in several months after 30 years in national politics. Facing weak poll numbers and a wave of voter disenchantment with incumbents, Dodd decided months ago not to seek reelection. Despite steering to passage both healthcare reform and the biggest bank regulation overhaul in decades, Dodd has faced some of the lowest approval ratings of his career in his home state.

Hurt by a failed run for the presidency and a string of personal controversies, he told Reuters that, at one point last year, he felt like he had fallen off a runaway horse with one foot stuck in the stirrup. "You can't get up and you can't get off; you just hope the horse has enough sense to stop. You're getting dragged through the desert. I couldn't believe it," he said in an interview. "Every time I turned around, it was just, What fate has befallen me here? I'm getting whacked around the head. ... It's all just circumstance."

Dodd, 66, said he has not decided what he will do next.

Asked if there might be a role for him in the Obama administration, which he has assisted immensely, Dodd suggested it wouldn't be his top choice. "I wouldn't say no absolutely to the president, obviously. But I think it's time to move on. ... I'm not going to lobby. ... There are plenty of things to do without having to do that." Colleagues said Dodd will be missed, in part because the jovial centrist is a consensus builder -- a rare quality in today's deeply fractured Senate.

WASHINGTON — Step by step, President Barack Obama is building a record of major legislation that's sure to make a mark on history. The most sweeping financial regulation since the Great Depression. A vast expansion of health care, which Democrats had wanted for more than six decades. An \$862 billion stimulus package that locked in long-sought Democratic priorities. Yet his job-approval rating remains low. Why doesn't he get any credit? First, the economy remains shaky. Second, he went farther with a big-government, big-deficit approach than some voters wanted, notably independents, who've turned against him. Third, he broke some of his own vows in the process, such as by becoming a backroom deal-making politician to get health care, alienating young idealists. There's still plenty of time for Obama to recover and be re-elected in 2012, particularly if the economy rebounds, the unemployed start going back to work and people start feeling the benefits of his achievements in their lives. For now, however, he's still trying to convince Americans beyond the beltway that his success in Congress will pay off for them. His fellow Democrats are worried that any eventual payoff won't come in time for their congressional elections this fall. "I don't think he gets any credit on the economy. I don't think he gets any credit for passing the bailouts or his budgets or health care," said Brad Coker, a pollster with Mason-Dixon Polling & Research. "I don't think

he gets credit until things start to work. If they work, he'll get credit. They have to start working by summer or early fall of 2012 for him. But I don't know that there's time for any of it to work by this fall." So far, Americans give the president middling grades. Just 44 percent approve of his performance in office, according to the latest Gallup Poll on Friday, while 48 percent disapprove.

As he juggles the demands of a moribund recovery, multiple foreign conflicts and the reverberations of a catastrophic oil spill, President Obama still has more supporters than opponents. In a new TIME poll, 49% of respondents say they approve of the President's performance, compared to 45% who disapprove. And yet the President's popularity is at odds with the stinging appraisals of many of his signature policies, which lead 56% of voters to say the U.S. is on the wrong track.

Just 44% of poll respondents backed Obama's stewardship of the economy, which 90% rate as fair or poor. Forty-three percent of poll respondents say the \$862 billion Recovery Act, which a July 14 White House analysis credits with creating or saving some 3 million jobs, has helped, while 53% think the country would be better off if the money hadn't been spent. Despite economists' assertion that an additional injection of capital would help catalyze a recovery and head off a double-dip recession, such a step would be politically perilous, with two thirds of respondents - 83% of conservatives, 38% of liberals and 67% of self-identified "middle" voters - opposing a second stimulus. (See TIME's special: After One Year, a Stimulus Report Card.)

While Obama's approval rating on foreign affairs remain high - he earned a 52%-41% split overall, with respondents favoring his handling of the Afghan war by a 47%-44% margin - his domestic marks are considerably worse. Fifty-four percent of voters disapprove of Obama's leadership during the oil-spill crisis, and 53% are unhappy with his performance on immigration policy. The survey contained a batch of good news for both the President and Congressional Democrats, however. Asked to assign blame for the balky economy, 61% point to the Bush Administration, while 27% fault Obama. The President notched a favorable 31%-26% split between voters who believe his economic policies have helped and those who think they hurt, while nearly 80% believe the economy is stable or heading in the right direction. And despite the economic upheaval and political acrimony that have marked his term thus far, voters aren't pining for Obama's predecessor; they tapped Obama over George W. Bush by a 53%-33% margin. Nor are they convinced that Sarah Palin is up to the challenges of the Oval Office. Obama clobbered Palin, 55%-34%, in a hypothetical 2012 matchup that should have Democrats salivating. (See ten races that have Democrats worried for 2010.)

While much of the country remains fixated on the bleak employment picture, hiring is beginning to pick up in the place that led the economy into recession — Wall Street. The shift underscores the remarkable recovery of the biggest banks and brokerage firms since Washington rescued them in the fall of 2008, and follows the huge rebound in profits for members of the New York Stock Exchange, which totaled \$61.4 billion in 2009, the most ever. Since employment bottomed out in February, New York securities firms have added nearly 2,000 jobs, a trend that is also playing out nationwide at financial companies, commodity contract traders and investment firms.

Though the figures are small in comparison to overall Wall Street employment, executives, economists and headhunters say they expect the growth to pick up steam in the coming months. "I think we're seeing some hiring in anticipation of better times," said Rae Rosen, a regional economist at the Federal Reserve Bank of New York. "Wall Street typically hires in anticipation of the recovery, and there is a sense that the economy has bottomed out and is slowly improving." The increase in hiring and cautious optimism stand in sharp contrast to the mood among workers in other fields, where jobs have been slow to return or are disappearing altogether. Since June 2008 the number of jobs has shrunk by nearly 14 percent in manufacturing and by 22 percent in construction, but only by 8.5 percent in the financial industry nationwide. It is also the opposite of what is going in other highly paid, white-collar professions like law, where employment nationwide in June was the lowest since late 2001, according to data from the Bureau of Labor Statistics. The financial work force in New York has shrunk by more than 28,000 since its peak in January 2008, but is still slightly above its level in 2003 after the tech bubble burst, meaning it actually weathered this recession — the worst since the Depression — better than the previous one. Nationally, staffing is back to where it was in late 2005, while employment in the overall economy is near 2004 levels.

As hiring has picked up on Wall Street, salary packages recalling the boom years are reappearing at the most senior levels. Richard Stein, president of Global Sage, an executive search firm, said corporate clients had offered compensation packages worth more than \$1 million annually to 12 candidates in recent weeks.

The bill, heavily promoted by President Obama and Congressional Democrats as a response to the 2008 financial crisis, cleared the Senate by a vote of 60 to 39, largely along party lines, after weeks of wrangling that allowed Democrats to pick up the three Republican votes to ensure passage. The vote was the culmination of nearly two years of fierce lobbying and intense debate over the appropriate response to the financial excesses that dragged the nation into the worst recession since the Great Depression.

The result is a catalog of repairs and additions to the rusted infrastructure of a regulatory system that has failed to keep up with the expanding scope and complexity of modern finance.

WASHINGTON (Reuters) – President Barack Obama heard a sobering message from Warren Buffett when he asked for the investment guru's views about the economic recovery, according to an interview Obama gave NBC News on Thursday.

"I'll tell you exactly what Warren Buffett said. He said, 'We went through a wrenching recession. And so we have not fully recovered. We're about 40, 50 percent back. But we've still got a long way to go,'" Obama told NBC during a visit to Holland, Michigan, to promote his job creation policies. Obama chatted with Buffett in the Oval office on Wednesday as he sought ideas on how to translate higher U.S. growth into stronger hiring. This would help him deliver on an election year promise to tackle unemployment currently at 9.5 percent. Buffett, who built an estimated \$47 billion fortune running his insurance and investment company Berkshire Hathaway Inc, warned Obama the recession created a huge overhang of excess capacity in the economy that would simply take time to mop up. Obama said Buffett specifically used the example of the U.S. housing market, noting 1.2 million new homes were built on average per year in the United States, according to historic trends. That number soared above 2 million during

the property bubble, but construction activity has since collapsed. "What Warren pointed out was, look, we're gonna get back to 1.2 (million). But right now we're soaking up a whole bunch of inventory. So a lot of -- the challenge is to work our way through this recession," Obama said. High unemployment is another type of excess economic capacity. Obama's Democrats risk severe punishment by voters in midterm congressional elections on November 2 if he fails to convince them stronger U.S. growth means better times ahead.

WASHINGTON — Congress approved a sweeping expansion of federal financial regulation on Thursday, reflecting a renewed mistrust of financial markets after decades in which Washington stood back from Wall Street with wide-eyed admiration.

The bill, heavily promoted by President Obama and Congressional Democrats as a response to the 2008 financial crisis, cleared the Senate by a vote of 60 to 39, largely along party lines, after weeks of wrangling that allowed Democrats to pick up the three Republican votes to ensure passage. The vote was the culmination of nearly two years of fierce lobbying and intense debate over the appropriate response to the financial excesses that dragged the nation into the worst recession since the Great Depression.

The result is a catalog of repairs and additions to the rusted infrastructure of a regulatory system that has failed to keep up with the expanding scope and complexity of modern finance. The bill subjects more financial companies to federal oversight, regulates many derivatives contracts, and creates a panel to detect risks to the financial system along with a consumer protection regulator. It leaves a vast number of details for regulators to work out, inevitably setting off another round of battles that could last for years.

Over the last half-century, as traders and lenders increasingly drove the nation's economic growth, politicians of both parties scrambled to get out of the way, passing a series of landmark bills that allowed financial companies to become larger, less transparent and more profitable. Usury laws were set aside. Banks were allowed to expand across state lines, sell insurance, trade securities. The government watched and did nothing as the bulk of financial activity moved into a parallel universe of private investment funds, unregulated lenders and black markets like derivatives trading.

That era of hands-off optimism was gaveled to an end on Thursday as the Senate gave final approval to a bill that reasserts the importance of federal supervision of financial transactions. "The financial industry is central to our nation's ability to grow, to prosper, to compete and to innovate. This reform will foster that innovation, not hamper it," Mr. Obama said Thursday. "Unless your business model depends on cutting corners or bilking your customers, you have nothing to fear." The White House said Mr. Obama would sign the legislation next week.

WASHINGTON – In the end, it's only a beginning. The far-reaching new banking and consumer protection bill that President Barack Obama intends to sign on Wednesday now shifts from the politicians to the technocrats. The legislation gives regulators latitude and time to come up with new rules, requires scores of studies and, in some instances, depends on international agreements falling into place. For Wall Street, the next phase represents continuing uncertainty. It also offers banks and other financial institutions yet another opportunity to influence and shape the rules that govern their businesses. In hailing the bill's passage in the Senate on Thursday, Treasury Secretary Timothy Geithner

acknowledged that implementing the new law will take time. "But we are determined to move as quickly as we can to provide clarity and certainty," he said. Among the first impacts of the bill, which Obama is expected to sign as early as Wednesday, will be the immediate creation of a 10-member Financial Stability Oversight Council, a powerful assembly of regulators chaired by the treasury secretary to keep watch over the entire financial system.

The Obama administration has one year to create a new Bureau of Consumer Financial Protection. Congress will keep its eye on that agency, eager to see whom Obama chooses as its director. The agency will have vast powers to enforce regulations covering mortgages, credit cards and other financial products. One of the first post-passage issues to come back to the Senate will be the appointment of a director for the consumer agency. On Friday, David Axelrod, senior adviser to President Barack Obama, said Elizabeth Warren is "obviously a candidate" for the presidential nomination to head the agency. Axelrod told reporters that Warren is a champion for consumers and middle-class families. He said she helped inform the consumer-protection efforts that are part of the giant financial reform bill that Congress sent to Obama on Thursday. Warren, a Harvard law professor, now heads the Congressional Oversight Panel, which has been a watchdog over the Treasury Department's bank bailout fund.

WASHINGTON — The vote in 2008 to bail out Wall Street was framed as the only way to avert an economic meltdown and relieve financial institutions of their most poisonous holdings. For many members of Congress, it turns out that the vote itself was toxic. Nearly two years after Congress approved the Troubled Asset Relief Program, the Bush administration's \$700 billion program to rescue the banking system at a moment when it appeared close to collapse, lawmakers from both parties who backed it remain haunted by the vote. Republicans for months predicted that a backlash against the Democrats' big health care law would be the defining issue in this year's Congressional campaigns. But the bipartisan TARP vote has become a more resonant issue in a year when anti-incumbent, anti-Washington sentiment is running strong. Democrats who voted for the bailout — which was championed by their own leaders along with President George W. Bush and Senator John McCain of Arizona, then the Republican presidential nominee — are now facing attacks from Republican challengers on the campaign trail. Republicans who voted for it are being accused of promoting big government and fiscal irresponsibility by Tea Party candidates and other conservatives.

Emotions can run high over the subject. Lawmakers report being buttonholed over bailouts by confrontational constituents, and Senator Robert F. Bennett, Republican of Utah, was jeered at a party convention by people chanting "TARP, TARP, TARP." "It became a litmus test of fidelity to free enterprise principles," said Representative Bob Inglis, a South Carolina Republican who was crushed in a primary last month partly because of his vote in favor of the plan. While banks have paid back most of the money, and the bailout is widely credited with having helped to prevent a financial calamity, support for it has become among the biggest issues in the 2010 midterm elections, a powerful if simplistic way to attack what some see as government excess, misplaced priorities and a loss of trust between voters and elected officials.

WASHINGTON (Reuters) – The White House on Friday sought political gain from its victory on financial regulation legislation and put election-year pressure on Republicans for opposing the overhaul. President Barack Obama closed out the week with two positive accomplishments: He got long-sought new Wall Street rules approved and the Gulf of Mexico oil spill plugged, at least temporarily. But he also faced criticism from the business community over whether Democratic legislation will put a stranglehold on job creation. He also heard complaints from Democratic allies over his spokesman's comment that they could lose control of the U.S. House of Representatives in November 2 elections. White House senior adviser David Axelrod and economic adviser Diana Farrell told a conference call with reporters that consumers will gain from a broad overhaul of Wall Street regulations that passed the U.S. Congress on Thursday.

Obama is to sign the reform bill next week, less than two years after a Wall Street meltdown that propelled the country into the worst financial crisis since the Great Depression. "Wall Street reform was essential to prevent the kind of disaster that we've seen," Axelrod said. "This is a huge leap forward for consumers who will not be at the mercy of unscrupulous purveyors of credit cards." Axelrod ridiculed House Republican leader John Boehner for saying the legislation should be repealed. "To misread what's going on out there so dramatically is kind of stunning," Axelrod said. "Well, we're not going to go backward. We're going to go forward." Boehner could become speaker if Republicans win a majority of seats in the House of Representatives in the November elections. All 435 House seats and 36 Senate seats are up for grabs and Americans upset about a 9.5 percent unemployment rate are in a mood for change.

The sales effort on the financial overhaul may be needed because many Americans are unsure what is in it. An Ipsos Public Affairs Poll said this week 38 percent of Americans had never heard of the overhaul and 33 percent had heard of it but knew almost nothing about the legislation. Republicans drew their own portrait of the legislation, saying it would put expensive new regulatory burdens not just on Wall Street, but on hundreds of thousands of non-financial services businesses. "The White House may call this a victory," said Senate Republican leader Mitch McConnell. "But as credit tightens, regulations multiply, and job creation slows even further as a result of this bill, they'll have a hard time convincing the American people that this is a victory for them."

BP says there are no signs of leakage from its ruptured oil well in the Gulf of Mexico, a day after the flow was stopped for the first time since April. No oil has escaped from the new cap sealing the well and there was no sign of any breach under the sea floor, BP executive Kent Wells said. However, more pressure testing is being done to check there are no ruptures. Earlier, the US official overseeing the spill response, Adm Thad Allen, said the latest tests were inconclusive. Adm Allen said the pressure test of the well would continue for several more hours. Speaking in Washington on Friday, US President Barack Obama cautioned against over-optimism and said much work remained to be done. "It is important we don't get ahead of ourselves," he said. "One of the problems with having this camera down there is, is that when the oil stops gushing, everybody feels like we're done - and we're not." A new cap was used on Thursday to stop the flow for the first time since 20 April, as part of a 48-hour test of the well's integrity. Eleven workers were killed in the Deepwater Horizon explosion, and the oil spill has caused an environmental catastrophe, killing wildlife and coating fragile coastal

marshlands with thick, brown crude. Spilled oil has affected hundreds of miles of Gulf coastline since April, with serious economic damage to the region as tourists have avoided Gulf Coast beaches and fishing grounds have remained closed. BP has already paid out more than \$200m (£130m) to 32,000 claimants. The company is evaluating a further 17,000 for payment and is seeking more information on 61,000 other claims.

High pressure, On the sea floor, robotic cameras and monitoring instruments currently show no evidence of the well rupturing. The flow of oil was shut off at 1425 local time (1925 GMT) on Thursday, as part of a test of well's integrity.

WINNIPEG, Manitoba (Reuters) – A section of the important St. Lawrence Seaway shipping route will remain closed until at least Thursday morning as crews clean up spilled fuel oil after a cargo vessel ran aground on Monday. A fuel tank on the Canada Steamship Lines vessel M/V Richelieu was punctured after the ship experienced propulsion problems during a sudden squall near the Cote Sainte-Catherine canal lock south of Montreal, leaking between 50 and 200 tonnes of oil into surrounding waters.

The South Shore Canal and the lock remained closed to support clean-up efforts around the ship. "Progress is steady (and) we are looking at opening that canal (Thursday) morning sometime," Andrew Bogora, spokesman for the St. Lawrence Seaway Management Corp, said on Wednesday. Nine vessels have been delayed by the closure, he said. CSL Group said that clean-up of the waters and the shore will take another six days, with additional booms installed along the shorelines to prevent the oil from spreading further. Divers are installing steel plates to seal the breach in the vessel's hull to allow it to sail to Quebec City by Friday to unload its cargo of 24,700 tonnes of wheat owned by the Canadian Wheat Board. The Seaway, owned by the Canadian and U.S. governments, connects central North America via the Great Lakes to the Atlantic Ocean and is a major shipping route for commodities such as iron ore, steel, coal and grain.

WASHINGTON — The new American military commander in Afghanistan, Gen. David H. Petraeus, is pushing to have top leaders of a feared insurgent group designated as terrorists, a move that could complicate an eventual Afghan political settlement with the Taliban and aggravate political tensions in the region. General Petraeus introduced the idea of blacklisting the group, known as the Haqqani network, late last week in discussions with President Obama's senior advisers on Pakistan and Afghanistan, according to several administration officials, who said it was being seriously considered. Such a move could risk antagonizing Pakistan, a critical partner in the war effort, but one that is closely tied to the Haqqani network. It could also frustrate the Afghan president, Hamid Karzai, who is pressing to reconcile with all the insurgent groups as a way to end the nine-year-old war and consolidate his own grip on power. The case of the Haqqani network, run by an old warlord family, underscores the thorny decisions that will have to be made over which Taliban-linked insurgents should win some sort of amnesty and play a role in the future of Afghanistan. Mr. Karzai has already petitioned the United Nations to lift sanctions against dozens of members of the Taliban, and has won conditional support from the Obama administration, so long as these people sever ties to Al Qaeda, forswear violence and accept the Afghan Constitution. "If they are willing to accept the red lines and come in from the cold, there has to be a place for them," Richard C. Holbrooke, the administration's special representative to Afghanistan and Pakistan, said

to reporters at a briefing on Tuesday. From its base in the frontier area near the border of Pakistan and Afghanistan, the network of Sirajuddin Haqqani is suspected of running much of the insurgency around Kabul, the Afghan capital, and across eastern Afghanistan, carrying out car bombings and kidnappings, including spectacular attacks on American military installations. It is allied with Al Qaeda and with leaders of the Afghan Taliban branch under Mullah Muhammad Omar, now based near Quetta, Pakistan. But the group's real power may lie in its deep connections to Pakistan's spy agency, the Inter-Services Intelligence Directorate, which analysts say sees the Haqqani network as a way to exercise its own leverage in Afghanistan. Pakistani leaders have recently offered to broker talks between Mr. Karzai and the network, officials said, arguing that it could be a viable future partner.

OTTAWA (Reuters) – Canada's minority Conservative government is under fire from business groups, economists, opposition parties, the media and others for cutting the work being done by the country's central statistics agency. The criticism -- much of it from groups that usually enjoy good ties with government -- is almost universal and is likely to be used as a weapon against the Conservatives in the next election campaign, expected within the next year. Ottawa set off a firestorm late last month by quietly announcing that Statistics Canada would scrap its mandatory detailed long-form census, which is sent out to 20 percent of all households. The next census will be carried out in 2011. Industry Minister Tony Clement, citing privacy concerns, said the form would be sent out instead on a voluntary basis to 30 percent of households. All Canadians will still be required to fill out a short census form. Experts said the move would make long-term planning much harder, since underrepresented and disadvantaged groups were unlikely to complete a form if not obliged to do so. "Data quality is a prime requirement of all analysis ... Policy analysis and implementation at the regional and local level will be seriously impinged by the lack of accurate socioeconomic data," the Canadian Association for Business Economics said in an open letter to Clement. The main opposition Liberal Party denounced the move as dangerous. The Canadian Association of University Teachers said it was "deeply concerned about the disastrous consequences" it would have for the scientific understanding of Canada.

Canada's purchase of 65 new F-35 Joint Strike Fighter jets for 9bn Canadian dollars (\$8.5bn; £5.6bn) is proving controversial. The contract with US company Lockheed Martin was signed without a competitive bidding process, drawing fire from Canada's opposition party. Liberal leader Michael Ignatieff said, if elected, his government would put a hold on the contract. The jets will replace Canada's ageing fleet of CF-18s. "At a time when the Conservatives are also signalling significant cuts to Veterans Affairs, a \$16bn [Canadian dollars] sole-sourced contract, agreed to without transparency, can't be allowed to proceed," Mr Ignatieff said in a statement.

But Prime Minister Stephen Harper's government defended the purchase at a press conference, where a prototype of the plane was unveiled. "We need to ensure our fighter aircraft fleet remains the best in the world to meet the threats of the 21st Century," defence minister Peter MacKay said. Maintenance of the planes for 20 years is also included in the contract, but that cost has not yet been disclosed. Media reports estimate that maintenance could bring the total cost to Canadian \$16bn. The planes will be the fifth

generation of Joint Strike Fighters. Canada has worked with the US on the development of these fighter planes for over a decade.

Western Europe

BERLIN (Reuters) – Chancellor Angela Merkel will probably lose yet another powerful regional leader of her party on Sunday when Ole von Beust, the popular mayor of Hamburg, is expected to resign, German media reported on Saturday.

Von Beust, a charismatic 55-year-old who led the conservative Christian Democrats into power in the left-leaning port city in 2001 after 44 years of opposition, would be the sixth CDU state leader to leave office in the last 10 months.

The loss of von Beust, who local media say is fatigued in the job running Germany's second largest city, would be another severe setback for Merkel, whose popularity has slumped to the lowest level since she was elected in 2005.

Von Beust, a close ally of Merkel, engineered the first CDU-Greens coalition ever in 2008 -- establishing a precedent with Merkel's blessing for the right-left coalition and possible model for such a government at the federal level at some point.

Hamburg is one of Germany's 16 federal states. Von Beust was long viewed as one of the CDU's most influential leaders. Openly gay, von Beust has been a leading moderate voice in the CDU and helped make important inroads into new voter groups, especially in urban areas, that conservatives had long ignored. A remarkably popular leader who even governed Hamburg with an absolute majority from 2004 to 2008, von Beust teamed up with the pro-environment Greens after the 2008 election.

ROME – Italy's economy undersecretary has quit after being implicated in an alleged influence-peddling investigation in the third such resignation to rock Premier Silvio Berlusconi's government in as many months. The economy ministry says Nicola Cosentino submitted his resignation to Berlusconi Wednesday. The premier said he accepted it but was certain Cosentino was innocent. Italy's center-left opposition had scheduled a no-confidence motion against Cosentino after he was placed under investigation for alleged involvement in what Italian news reports say was a secret association that sought to curry favor with judges to sway rulings in its favor.

Cosentino has denied the accusations. Recently, two Cabinet ministers quit amid other investigations or scandals.

LONDON – A Conservative member of the House of Lords has been charged with false accounting over his expenses claims, Britain's chief prosecutor said Friday.

John Taylor — also known as Lord Taylor of Warwick — is accused of dishonestly claiming more than 11,000 pounds (\$17,000) for accommodation and mileage in 2006 and 2007, said Director of Public Prosecutions Keir Starmer. Taylor, a former barrister who became the Conservative Party's first black member in the House of Lords in 1996, is due to appear at a London court on Aug. 13. The party said the 57-year-old has resigned from his position as the party whip. Whips are party enforcers who ensure members attend important debates and vote according to party policy. Taylor was the sixth person to face criminal charges of false accounting following a scandal over lawmakers' inflated expenses. Leaked documents revealed that hundreds of lawmakers in

the previous Parliament had used taxpayers' money to fund everything from swanky second homes to horse manure and a mole catcher. Scores of them were either forced to resign or decided not to run for office again.

ATHENS, Greece -- Former Foreign Minister Dora Bakoyannis announced on her webpage Monday (July 12th) that she is establishing a new political movement, Forum for Greece. In a video address, Bakoyannis urged all citizens, regardless of their political affiliations, to join the forum. She explained that it is not a political party, but would give all politicians, institutions, social partners, parties and NGOs a forum to express their positions. At the same time, Bakoyannis criticised both the government and the opposition for some of their failures and criticised herself, admitting "it was my mistake, I did not speak on time about things I believed were wrong." She is currently an independent in parliament.

BEIJING – Chinese and German companies signed deals worth billions of dollars to make trucks and power equipment Friday as the prime ministers declared their countries' economies had recovered from last year's global recession.

German Chancellor Angela Merkel brought the heads of major German corporations with her on a four-day visit to China, underscoring the robust business ties between the two export powerhouses. Merkel and Chinese Premier Wen Jiabao have met frequently in recent years and agreed to work together to guide a recovery from the global economic crisis. "China and Germany have passed a testing period of crisis and turbulence," Wen announced after he and Merkel reviewed an honor guard at a welcome ceremony at the Great Hall of the People. Among the contracts signed after their talks was a \$3.5 billion deal between Siemens AG and the Shanghai Electric Power Generation Equipment Co. to develop steam and gas turbines, and a new 6.35 billion yuan (\$936 million) venture between Daimler AG and Beiqi Foton Motor Co. to make heavy and light trucks, reported state-run Xinhua News Agency. The good business news continues a turnaround for Merkel, who three years ago angered China's authoritarian leadership when she welcomed a nemesis, the Tibetan spiritual leader the Dalai Lama. German business leaders complained for months afterward that they were meeting with obstacles in completing deals with Chinese companies.

BRUSSELS, Belgium -- Eurogroup Chairman Jean-Claude Juncker and EU Monetary and Economic Affairs Commissioner Olli Rehn expressed satisfaction Monday (July 12th) with Greece's budget stabilisation process. After a meeting of eurozone finance ministers in Brussels, Juncker said that the stabilisation of the Greek economy in the first half of the year has exceeded all expectations "achieving a 46% cut in public expenditure, beyond the target of 40%". Rehn said the austerity measures undertaken by the government and implementation of the memorandum with the EU and IMF are at a satisfactory level. A group of EU, IMF and European Central Bank experts is expected to make a second visit to Athens by the end of this month to evaluate the country's performance in implementing the reform package. Their conclusions will help officials determine in September whether to grant Greece the second tranche of the EU/IMF 110 billion-euro aid mechanism. The first 20 billion-euro tranche was extended in mid-May.

ATHENS, Greece -- Lawmakers approved legislation Thursday (July 15th) envisioning reforms in the pension and social security system amid a national strike and peaceful protests outside parliament in Athens, and in other cities. The bill aims to bring public sector pensions further in line with those in the private sector, raise the retirement age and transfer separate pension funds for the public sector into the main pension fund. It was passed by a vote of 156-128, with one abstention.

Meanwhile, the GSEE labour union and major employers' groups signed an agreement Thursday to freeze salaries this year, and then raise them -- depending on inflation in the eurozone -- in 2011 and 2012. The deal affects all workers in the private sector, roughly 2 million people. The first planned salary raise, a year from now, is expected to be around 1.5%. The second one, about 1.7%, is due in July 2012.

ATHENS, Greece -- Hundreds of tourists were left stranded outside the Acropolis museum in Athens on Tuesday (July 13th) as workers staged a four-hour protest against overdue pay and austerity reforms. Similar work stoppages were staged by state employees working in the Culture and Tourism Ministry and at archaeological sites across the country. Judges and prosecutors also held a two-hour protest over a planned pension system reform that would boost the retirement age. On Thursday, flights to and from Greece will be halted for four hours due to a strike by air traffic controllers, which is part of public sector walkout organised by the ADEDY labour union. It has urged all 500,000 members to march to parliament, where lawmakers will be voting on the pension reform bill.

ATHENS, Greece -- Workers are staging another paralysing nationwide strike Thursday (July 14th) against reforms that will boost the retirement age and cut wages in the public sector. The action, organised by the ADEDY labour union, halted flights to and from Greece for several hours, as air traffic controllers joined the action, demanding back pay. Workers in ministries, local administration, state hospitals and emergency departments also walked off their jobs. Protestors will demonstrate outside the parliament building in Athens, as lawmakers vote on the reform package. A demonstration is also planned in Thessaloniki

BERLIN, Germany -- The government on Monday (July 12th) banned the Turkish humanitarian organisation Foundation for Human Rights and Freedoms and Humanitarian Relief (IHH) from activities in Germany. The group headed the flotilla bound for Gaza in late-May that Israeli commandoes ended up boarding and firing on, killing nine people. Interior Minister Thomas de Maiziere said the organisation is illegal, based on evidence it is financing the Palestinian Islamist organisation Hamas, which the EU regards as a terrorist organisation. German authorities say the group raised funds from its headquarters in Frankfurt, saying they would be sent to Gaza as humanitarian aid, but were actually diverted to finance Hamas.

LONDON – Former Guantanamo detainees can proceed with lawsuits accusing Britain of complicity in torture overseas, a High Court judge ruled Wednesday, rejecting a government request to suspend the action. Britain had asked a judge to direct the six men, and six others who plan to launch similar cases, to halt their lawsuits and focus on reaching out of court settlements, allowing an independent inquiry into the accusations to

begin. But High Court judge Stephen Silber ruled that the men can press ahead with their cases, even if their lawyers decide to take part in mediation talks aimed at reaching a deal outside the courts. Some documents giving a taste of what might be released in the inquiry also were released, showing an often-confused government position under former Prime Minister Tony Blair. Prime Minister David Cameron said last week that a retired judge will lead an independent inquiry into how much the government knew about claims that some detainees were badly treated or tortured by allies, including the United States. Cameron's government says the judge-led inquiry can't begin until the lawsuits are settled, and that mediation would dramatically speed up the process.

Officials claim the court cases could last five years and cost tens of millions of pounds (dollars), they also insist that intelligence agency staff have been taken off anti-terrorism duties to review up to 500,000 documents to be disclosed in the cases.

Britain's Cabinet Office said the government believes the inquiry is the most effective way to "review all the issues before the courts," and said it would have access to uncensored material.

Cameron said that two police inquiries into alleged criminal wrongdoing by British spies must also be completed before the inquiry can begin. In the most prominent case, ex-Guantanamo Bay detainee Binyam Mohamed alleges Britain was aware he was beaten, subjected to sleep deprivation and had his genitals sliced with a scalpel while he was held in Pakistan in 2002. So far about 50,000 documents have been prepared for hearings and around 900 documents have been released to lawyers representing the men, though many are heavily censored. Lawyers for the ex-detainees say they need to see more documents before they can decide whether to enter into mediation — but claim those disclosed so far show government policy was in disarray over detainees. The documents hint at the type of revelations expected when the judge-led inquiry examines how Britain handled security threats in the wake of the Sept. 11, 2001 attacks.

Southeast Europe

BRUSSELS, Belgium -- Prime Minister Yves Leterme said on Thursday (July 15th) that the EU will carefully monitor Serbia's reaction to the International Court of Justice's (ICJ) opinion on the legality of Kosovo's independence, which is expected on July 22nd. "The reaction of authorities in Serbia will be much more important than the opinion itself," Leterme, whose country holds the EU's rotating presidency, told journalists in Brussels after meeting with Serbian President Boris Tadic. In response, Tadic reiterated that Serbia will never recognise Kosovo's independence. "Serbia is in favour of a sustainable solution, which cannot be one where one side gains everything, and the other loses," he said.

TIRANA, Albania -- Sofia-based Belgian Ambassador to Albania, Marc Michielsen, whose country assumed the EU's rotating presidency on July 1st, told journalists in Tirana on Monday (July 12th) that politicians should work to overcome the longstanding stalemate before November, when the EU is expected to publish its progress report on Albania. "We have expressed our concern about the political situation in Albania, as well as the failure to resolve issues left from last year's elections ... I call on politicians to look into these issues in a transparent and constitutional way. The majority

and the opposition should work together to get out of this situation," Michielsen said during a press conference, where he presented the priorities of Belgium's EU presidency. He reiterated his country would continue to make the EU integration of the Western Balkans a top priority.

TIRANA, Albania -- The ruling Democratic Party (DP) and the opposition Socialist Party (SP) have returned to the negotiating table to try to resolve their longstanding political stalemate. Both parties said on Tuesday (July 13th) that negotiations will be based on implementing proposals in a European Parliament (EP) resolution on Albania's EU progress, adopted earlier this month. As for the June 2009 general elections, the DP said the SP should address the Constitutional Court and the Strasbourg-based European Court for Human Rights regarding their request to open the ballot boxes. The SP wants a parliamentary panel to investigate the elections as soon as possible, insisting SP members should have the majority of seats on the committee, as well as its chairmanship.

TIRANA, Albania -- After months of wrangling, the government and the opposition have agreed to establish a parliamentary commission to investigate the disputed 2009 general elections. The ruling Democratic Party's Astrit Patozi and the opposition Socialist Party's (SP) Gramoz Ruci met on Wednesday (July 14th) and agreed that the SP will lead the panel and comprise the majority of members. The biggest stumbling block however, is agreeing on the object of the exercise. The SP wants a thorough investigation and transparency, while the government wants the electoral code to be respected

TIRANA, Albania -- A delegation of EU experts will be arriving in Tirana soon to evaluate efforts to join the bloc's visa-free travel regime, the European Commission office in Albania confirmed on Monday (July 12th). No official schedule for the visit has been set. The delegation will be determining whether local authorities are exerting enough effort in the areas of law enforcement, fighting crime and corruption and confiscating criminal assets. The findings will be considered in the drafting of the final decision on Albania's and Bosnia and Herzegovina's readiness to join the visa-free regime, expected by October.

TIRANA, Albania -- The Belgian presidency of the EU has set November as the month to discuss whether to lift the bloc's visa regime for Albania and Bosnia and Herzegovina (BiH). EU interior ministers will discuss it on November 8th and 9th, media in Tirana reported on Thursday (July 15th). A positive decision would allow Albanians to travel without visas to EU countries for the country's national holiday at the end of the month. A team of EU experts wrapped up their visit Thursday to Tirana where they'd been assessing progress in meeting visa liberalisation criteria.

ZAGREB, Croatia -- Bosnian Foreign Minister Sven Alkalaj said on Saturday (July 10th) that Bosnia and Herzegovina (BiH) will delay its EU membership application until it receives more positive signals from Brussels. Speaking on the sidelines of the Croatia Summit, he told Reuters that EU membership remains BiH's strategic goal, but noted that "the European Commission is very reluctant to accept the application ... as

long as the OHR [Office of the High Representative] is present." Alkalaj added that the general elections in October amount to another delaying factor.

BRUSSELS, Belgium -- After meeting with EU Enlargement Commissioner Stefan Fuele in Brussels on Thursday (July 15th), Bosnia and Herzegovina (BiH) Foreign Minister Sven Alkalaj said he is convinced that the European Commission (EC) will do everything possible to avoid unnecessary delays in finalising BiH's visa-free regime process. By September, EC experts are to present a report to the European Parliament on BiH's readiness to for visa-free travel. Fuele and Alkalaj also discussed the current political situation in BiH. Alkalaj said both Brussels and Sarajevo agree that a strong European presence is necessary.

SARAJEVO, Bosnia and Herzegovina (BiH) -- The country is observing the 15th anniversary of the Srebrenica massacre Sunday (July 11th). The main ceremony takes place at the Potocari Memorial Centre, where the remains of 775 recently identified victims will be buried. Several thousand people paid their last respects Saturday to victims whose coffins were displayed outside the BiH presidency. Regional leaders and international representatives will be among tens of thousands of people who will attend the ceremony in Potocari. Among them will be Serbian President Boris Tadic, who has been calling for reconciliation. Others include Croatian President Ivo Josipovic, Macedonian President Gjorge Ivanov and Turkish Prime Minister Recep Tayyip Erdogan.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Bosnian Serbs gathered on Monday (July 12th) at the Bratunac Military Cemetery to honour Serbs killed during the 1992-1995 conflict in BiH. Republika Srpska Prime Minister Milorad Dodik laid a wreath in memory of those killed by Muslim forces. On July 12th 1992, Bosnian Muslims led by Naser Oric attacked the Serb villages of Zalazje, Biljaca, Sase and Zagone, killing 69 civilians and wounding more than 70 others. Estimates of Serb casualties during the conflict vary, ranging from the hundreds to the thousands. The ceremony in Bratunac took place a day after a ceremony in Potocari marking the 15th anniversary of the Srebrenica massacre.

BRUSSELS, Belgium -- NATO Secretary-General Anders Fogh Rasmussen urged Bosnian political leaders on Wednesday (July 14th) to agree on the issue of defence property allocation as soon as possible, since it is key to Bosnia and Herzegovina's (BiH) NATO membership bid. Rasmussen, who met with Bosnian Foreign Minister Sven Alkalaj and Defence Minister Selmo Cikotic in Brussels, praised BiH's decision to join the peacekeeping force in Afghanistan and other activities related to implementing NATO reforms. Alkalaj stressed that public support for NATO integration is very solid. In April, NATO foreign ministers gave conditional approval to BiH's Membership Action Plan (MAP) but said BiH must first resolve the issue of allocating various defence properties between the two entities.

ZAGREB, Croatia -- Participants in the fifth Croatia Summit voiced support Saturday (July 10th) for efforts by countries in the Western Balkans to join the EU and NATO. On day two of the conference, held in Dubrovnik, they asked Brussels to confirm the region's progress towards EU membership. Participants also discussed global

challenges confronting Southeast Europe during this time of economic crisis. Attending the summit were the prime ministers of Croatia, Kosovo, France, Poland, Slovenia, Bulgaria, and Albania as well as foreign ministers of countries in the region. Serbia boycotted the meeting because Kosovo sent representatives.

ZAGREB, Croatia -- The opposition coalition led by the Social Democratic Party (SDP) voiced its readiness Sunday (July 11th) for early elections. SDP leader Zoran Milanovic, the Croatian People's Party's Radimir Cacic, the Istrian Democratic Assembly's Ivan Jakovic and the Croatian Pensioners' Party's Silvano Hrelja said that their coalition has a clear alternative and strategy for Croatia. They say the country is facing a difficult situation that the current government is unable to handle. Prime Minister Jadranka Kosor ruled out any possibility of snap elections after the Croatian Social Liberal Party (HSL) left the ruling coalition on Saturday. Its main motive, the HSL said, was its dissatisfaction with the government's handling of public finances and its energy policy.

ZAGREB, Croatia -- UN Special Rapporteur on the Right to Adequate Housing Rachel Rolnik urged Croatia and Serbia on Tuesday (July 13th) to co-operate in resolving the housing problems of refugees. Rolnik briefed reporters on a report she will submit to the UN on housing issues confronting refugees and displaced people in Croatia. She noted that 60,000 Croatian refugees have been living in Serbia, and said Zagreb and Belgrade should seek a solution, along with international agencies and financial institutions. Rolnik had been in Croatia for a week.

ZAGREB, Croatia -- Interior Minister Tomislav Karamarko and Europol Director Rob Wainwright signed a memorandum of understanding Tuesday (July 13th) in Opatija regarding the establishment of a secure communication line. They agreed that co-operation between the Croatian interior ministry and the European Law Enforcement Organisation in the fight against organised crime and terrorism is efficient. The two institutions started co-operating in 2006.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci announced the dismissal of Gjergj Dedaj from the post of deputy minister at the ministry of transport and telecommunications on Thursday (July 15th). Dedaj was appointed earlier this week. His dismissal stems from the latest findings about suspected misuse and bad management when he was the acting deputy minister at the ministry of labour and social welfare. Thaci's decision comes "as part of the continuing uncompromised fight against corruption", his office said in a statement.

PRISTINA, Kosovo -- President Fatmir Sejdiu reiterated on Monday (July 12th) that Pristina and Belgrade could hold talks on any issue except Kosovo's status. In his annual address to parliament, he urged Serbia to distance itself from groups inciting violence in northern Kosovo and called on the EU to condition Belgrade's integration with changing its policy towards the former province. Sejdiu also described any notion of changing borders in the Balkans as dangerous. He urged Pristina institutions to step up the fight against crime and corruption and to engage more actively in fulfilling the criteria

for EU and NATO integration, and for Kosovo's inclusion in the EU's visa liberalisation regime.

PRISTINA, Kosovo -- A prosecutor with EULEX, with the help of Kosovo police, has taken over the investigation of an attack against Kosovo Serb lawmaker Petar Miletic earlier this month, EULEX spokeswoman Karin Limdal said on Tuesday (July 13th). Miletic was shot and wounded outside his house in Mitrovica on July 5th. EULEX is also investigating the explosion that killed one man and injured 11 other people during a Serb protest in the divided town, prior the attack against Miletic.

Meanwhile, EULEX chief Yves de Kermabon said on Tuesday that no deadline has been set for the return of Serbian and Albanian judges and prosecutors to the Mitrovica District Court. The court was originally expected to resume work in mid-July. It closed more than two years ago, after Serbs clashed with international security forces and looted court files, following Kosovo's February 2008 declaration of independence from Serbia

PRISTINA, Kosovo -- Norway has extradited a Kosovo Serb suspected of committing war crimes against civilians in Peja/Pec in 1999, EULEX announced on Tuesday (July 13th). The man was arrested on March 10th 2009, based on an international arrest warrant. He will appear before a EULEX investigative judge.

THE HAGUE, The Netherlands -- The International Court of Justice (ICJ) will deliver its advisory opinion July 22nd on whether Kosovo's declaration of independence was in accordance with international law. The court announced on Wednesday (July 14th) that the opinion will be broadcast live. Kosovo Foreign Minister Skender Hyseni said there is no chance the ICJ will rule in favour of Serbia. "I don't see how the ICJ can declare against the freedom of one nation. And a declaration in favour of Serbia would be essentially against the will of a nation," he said. He added that 35 countries are expected to recognise Kosovo as a state after the court's decision. Serbian Foreign Minister Vuk Jeremic voiced confidence that the ICJ's opinion will serve as a warning to Pristina that it cannot change international law. Nor, he said, will it put an end to the struggle for Kosovo. "Serbia will continue its diplomatic and peaceful struggle to safeguard its territorial integrity, as well as its efforts to reach a solution, based on compromise, on the future status of Kosovo."

SKOPJE, Macedonia -- Parliament Speaker Trajko Veljanoski survived a no confidence vote Saturday (July 10th) with 68 lawmakers backing him and 14 opposed, after marathon debates. The motion was filed by the main opposition party SDSM over a July 1st incident at the parliament building. The SDSM accuses the police of spying on their activities after a police agent tried to record their conversation with a group of disgruntled workers. That led to verbal exchanges, pushing and shoving. The SDSM accused Veljanoski of failing to defend the institution and of preventing the establishment of an inquiry committee to investigate the incident.

SKOPJE, Macedonia -- The opposition Democratic Party of Albanians (DPA) agreed on Sunday (July 11th) to continue its parliamentary boycott launched last August. DPA leader Menduh Thaci told a central committee meeting that the ruling parties

continue to pass laws that are in their own interest and acknowledged that international organisations have been urging the DPA to return for months. The party started its boycott to protest what it describes as neglecting the rights of ethnic Albanians. One of the party's demands is to make Albanian a second official language in Macedonia

ZAGREB, Croatia -- Attending a meeting in Croatia on Friday (July 9th), Montenegrin Foreign Minister Milan Rocen announced that his country has completed a draft of its first annual national programme under NATO's Membership Action Plan (MAP). It has been forwarded to NATO experts in Brussels for suggestions. NATO decided in December to offer Montenegro a MAP. Rocen was in Dubrovnik on Friday attending a ministerial meeting of the Adriatic Charter group, focusing on contributions to the ISAF mission in Afghanistan

PODGORICA, Montenegro -- Lawmakers approved on Friday (July 9th) a bill to hold a population census from April 1st-15th 2011. Representatives of the ruling parties and the opposition agreed to strengthen control of the process. The census is expected to cost about 3.5m euros and will be Montenegro's first since 2003

CHISINAU, Moldova -- Romania will not change its stance against Kosovo's independence, despite the call from the European Parliament (EP), Romanian Foreign Minister Teodor Baconschi said on Friday (July 9th), during a visit to Moldova. The EP adopted a resolution Thursday calling on all EU members to recognise Kosovo. Romania is among the five that have refused to do so. Baconschi said that Romania is awaiting the opinion of the International Court of Justice on the legality of Kosovo's February 2008 independence declaration.

BUCHAREST, Romania -- President Traian Basescu said on Saturday (July 10th) that the VAT rate should be reduced to its previous level and pensions should be taxed instead. In response, Prime Minister Emil Boc said the VAT rate would only be reduced if the government finds alternative revenue-makers. The government recently hiked the rate from 19% to 24%. Boc said that taxing pensions could not produce that kind of revenue.

BUCHAREST, Romania -- Prime Minister Emil Boc on Tuesday (July 13th) banned all ministers from speaking publicly about issues that have not been discussed and approved by the government. His move was in response to earlier statements by Finance Minister Sebastian Vladescu, who said in an interview with Ziarul Financiar that the government should introduce a progressive income tax in 2011, since the flat tax was not generating enough revenue, especially in light of the GDP decline this year and uncertain prospects for 2011. Boc says Vladescu was not authorised to publicly discuss the flat tax or the introduction of a progressive tax, adding this important political issue should not be decided in a newspaper

BELGRADE, Serbia -- President Boris Tadic condemned on Friday (July 9th) a recent statement by Kosovo Interior Minister Bajram Rexhepi, suggesting that Pristina may deploy special police forces to northern Kosovo to guarantee order there. Tadic said that such statements threaten the fragile peace in the Serb-dominated region. Rexhepi has

said that special units could be sent under an agreement with EULEX, in light of two recent incidents. On July 2nd, an explosion killed one man and injured 11 other people during a Serb protest in the divided town of Mitrovica. Tensions rose further a couple of days later when a Kosovo Serb lawmaker was shot and wounded outside his home.

BELGRADE, Serbia -- The head of the European Commission (EC) delegation to Serbia, Vincent Degert, said on Sunday (July 11th) that any partition of Kosovo is not an option. He stressed that none of the EU members supports such an idea, fearing a domino effect in the region. In an interview with Fonet news agency, Degert said the EU believes that all involved sides should gather at a table and talk, to find a solution. He added that EULEX plays a very positive role in Kosovo and that all provocations in the north should stop.

BELGRADE, Serbia -- Prosecutors have charged the wife of fugitive former Bosnian Serb commander Ratko Mladic with illegal arms possession, the Belgrade-based daily Vecernje Novosti reported on Saturday (July 10th). The weapons -- an automatic gun, a hunting rifle and several pistols -- were allegedly seized during a December 2008 raid of the family home in Belgrade. Bosiljka Mladic was detained last month for questioning about the weapons.

BELGRADE, Serbia -- Lists of people convicted, indicted or investigated in Serbia and Croatia for war crimes will be on display at the justice ministries of the two countries, as of Thursday (July 15th), Justice Minister Snezana Malovic announced. Until now, the files were accessible only at consular and diplomatic missions. Former fighters were reluctant to go and check their status, fearing arrest. Malovic said Belgrade and Zagreb have established a joint commission to deal with the issue, following an agreement between the two justice ministries on enhancing co-operation.

BELGRADE, Serbia -- The government has decided to abolish entrance visa requirements for Turkish citizens, effective Monday (July 12th), the day Turkish Prime Minister Recep Tayyip Erdogan kicks off a visit. He will meet with President Boris Tadic and Prime Minister Mirko Cvetkovic. The programme also includes a visit to the Muslim-dominated town of Novi Pazar. Erdogan arrives in Belgrade from Bosnia and Herzegovina, where he attended Sunday's commemoration of the 15th anniversary of the Srebrenica massacre

BELGRADE, Serbia -- European Commission (EC) Director for the Western Balkans Pierre Mirel praised Serbia's progress in implementing reforms, fighting organised crime and boosting regional co-operation on Wednesday (July 14th). He urged Belgrade to take a constructive approach to the customs issue in Kosovo. Mirel was in Belgrade attending a plenary session of the Enhanced Permanent Dialogue between Serbia and the EU. He also praised improved relations between Bosnia and Herzegovina and Serbia, following parliament's adoption of the Srebrenica declaration, and Serbian President Boris Tadic's attendance at ceremonies marking the 15th anniversary of the massacre.

LJUBLJANA, Slovenia -- Parliament approved a declaration Thursday (July 15th) on the Western Balkans, describing the region as a key priority and establishing guidelines for future actions aimed at strengthening co-operation. State Secretary at the

Foreign Ministry Dragoljuba Bencina explained that the document, which reiterates Slovenia's support for the Euro-Atlantic integration of all countries in the region, provides a framework of sorts. Based on a government decision last week, a special commission on the Western Balkans will be established, tasked with working out an action plan for activities in the region. A national co-ordinator for the Western Balkans, who will monitor Slovenia's activities in Macedonia, Bosnia and Herzegovina, Serbia, Montenegro, Albania and Kosovo, will also be named

CANBERRA (Reuters) – Australian Prime Minister Julia Gillard is expected to call an election on Saturday taking advantage of a rebound in support for her Labor party, narrowly ahead in opinion polls, and a robust economy. Australia's first woman prime minister is expected to call an August 28 poll, the Australian Broadcasting Corporation said, giving voters stark choices over a new mine tax and climate policy, but little difference in economic management. "I'm not engaging in election speculation," she told reporters earlier on Friday, but media speculation grew that she would call a late August poll on Saturday or next weekend. "But whenever the election is called, there will be a very clear choice about whether Australia moves forward or back." Her office declined comment on the ABC report, which cited Labor party sources. Financial markets showed no reaction to the report with the Australian dollar steady at \$0.87/85.

Economists said the impact on markets would be minimal during the election campaign as both the Labor government and Liberal-National opposition are economically conservative. The main focus is the government's new 30 percent mining tax. Gillard has pledged to introduce a new resource rent tax if elected, raising A\$10.5 billion from 2012, but the conservative opposition has vowed to dump the tax, even though it has been agreed by global miners BHP Billiton, Rio Tinto and Xstrata. "The coalition is less interventionist," said Shane Oliver, head of investment strategy at AMP Capital Investors. "They will can the mining tax. While that benefits the material sector, it has implications on superannuation and other spending the tax would have bank-rolled," said Oliver. Australia's robust economy, which dodged recession in 2009 and emerged strong from the global financial crisis, will be key to the 2010 election. And Gillard has said she will seek re-election on a platform of creating jobs. "The election is largely going to be fought on whether or not you believe it's important for the government to support jobs," Gillard said on Friday. The government claims much of the credit for this performance, citing a fiscal stimulus and quick action on guaranteeing bank wholesale funding. But analysts give just as much credit to a sound banking system, steep cuts in interest rates by the Reserve Bank of Australia and population growth.

CANBERRA (Reuters) – Australian Prime Minister Julia Gillard called an election on Saturday for August 21, with the tightly-fought poll to be decided over policies on economic management, climate and border protection. Australia's first female prime minister was appointed three weeks ago by the ruling Labor party as the government faced electoral defeat. Since then Gillard has resurrected support, putting Labor narrowly ahead in opinion polls. But conservative opposition leader Tony Abbott needs to win only nine seats to form a government with four independents, or 13 seats to take office outright.

"Today I seek a mandate from the Australian people to move Australia forward," Gillard told a news conference. "Moving forward means moving forward with budget surpluses and a stronger economy," said Gillard, who toppled leader Kevin Rudd in a party coup on June 24. Financial markets are not expected to react much to the election given there is little to choose on core economic policy. "The main concern for financial markets is an inconclusive election result like a hung parliament," said Craig James, chief economist at CommSec. Online betting sites made Labor a clear favorite, although some analysts tipped it to be a tight race. Gillard said her re-election platform would focus on creating jobs, boosting education, improving health care, fighting climate change and strengthening border protection. Australia's robust economy will be key to the 2010 election. Despite Labor steering the economy through the global financial crisis and avoiding recession last year, opinion polls show voters view the opposition as better economic managers. Both the government and opposition have vowed to return to a budget surplus. Yet, voters will be given stark choices:

SYDNEY (AFP) – Australia Wednesday slashed its annual growth forecast to 3.0 percent due to global economic volatility, but said the economy was well placed to ride out further shocks. New estimates reduced 2010-2011 growth from the 3.25 percent predicted in the May budget, but said the economy would increase by 3.75 percent in 2011-2012, with unemployment dropping to 4.75 percent. "Since the 2010-2011 budget, uncertainty around the global economic recovery has increased," said a government statement. "Despite this increased uncertainty and renewed volatility in global financial markets, the outlook for the domestic economy remains positive." The announcement was made with Prime Minister Julia Gillard poised to call national elections, in which her Labor Party will campaign strongly on its economic credentials. Sydney's stockmarket shrugged off the downward growth revision, closing up 1.87 percent on greater optimism around the region after gains on Wall Street. Resource-rich Australia was dubbed the "wonder from Down Under" for its performance during the financial crisis, when it was the only advanced country to avoid recession. Last October, Australia became the first major Western economy to ease monetary stimulus by raising interest rates. It hiked them a further five times before June.

Treasurer Wayne Swan, whose massive 70 billion dollar (60 billion US) stimulus package helped keep the economy afloat, said Australia remained the envy of the developed world. Unemployment is now expected to drop from 5.1 percent at present to 4.75 percent in 2011-2012, while the budget remains on track to return to surplus within three years. "Our economy continues to be stronger and our unemployment lower than in most other advanced economies," Swan told reporters in Canberra. "This is a remarkable achievement when you consider that economies in Europe and the United States are grappling with double-digit unemployment." However, he admitted that Australia was facing an uneven recovery with many sectors struggling to keep pace with the runaway mining industry, which is riding a boom in Asian demand. "We understand that particularly in parts of retail at the moment, that a lot of them are doing it tough," Swan said. "The stimulus has basically faded... and that is felt out there. That is why we need to move forward." Australia is tackling wide-ranging tax reform to spread the benefits of economic growth, but ran into trouble over a big new levy targeting the mining industry.

The row fatally damaged ex-leader Kevin Rudd before he was ousted last month by Gillard, his former deputy, who quickly announced a compromise deal. Consumer confidence has slumped in recent months in line with the stock market and the Australian dollar, although a new survey released on Wednesday showed a bounce-back of more than 11 percent. The study was conducted after the central bank kept rates on hold at 4.50 percent, easing pressure on mortgage-holders, and new employment figures showed a record 11.1 million people in work.

JAKARTA (AFP) – Indonesia gave a lukewarm response Thursday to Australia's plans for a processing centre for asylum-seekers in East Timor, saying it was only a part of a regional solution to people-smuggling. The comments by Indonesian Foreign Minister Marty Natalegawa came after he agreed to meet his Australian counterpart Stephen Smith, who was trying to garner regional support for the controversial centre. Natalegawa was non-committal on the proposal, saying merely that a processing centre could be a "potential component" of a regional approach to the problem. "We are not simply focusing on what we call the regional processing centre but we are having a broader thought process there in terms of a regional framework," he said. "We are actually precisely trying to develop a regional framework, a regional approach in dealing with the whole issue of people smuggling and trafficking," Natalegawa said, adding that further talks were needed. New Australian Prime Minister Julia Gillard has announced a return to harsh offshore detention policies, with immigration a key issue ahead of elections expected to be called in the coming days. Stemming the almost daily arrival of rickety boats from Indonesia and other Southeast Asian nations is chief among Gillard's concerns as she seeks to woo conservative voters in Australia. Smith said Australia and Indonesia would convene a ministerial-level meeting this year to discuss the matter

DILI (AFP) – East Timorese Deputy Prime Minister Mario Viegas Carrascalao on Wednesday rejected an Australian proposal to process asylum-seekers in East Timor, saying Dili was nobody's "puppet". Carrascalao said tiny East Timor, a country of just over a million people which is dependent on aid eight years after gaining independence from Indonesia, had too many problems of its own to deal with Australia's as well. "Timor Leste is not a colony of another country. We have sovereignty and our people have rights to decide for themselves what they want," he told AFP. "We don't want another country to dictate to us. We're already independent and won't be a puppet of any other country." Australian Prime Minister Julia Gillard has said she is negotiating with the government in Dili about her plan to establish a "regional" refugee processing centre in East Timor to handle asylum seekers who try to reach Australia by boat. The migrants generally pay Indonesian people smugglers to arrange the dangerous trip to Australian waters in unseaworthy boats, and many die or need to be rescued each year as they try to make the crossing. East Timorese lawmakers voted on Monday to reject Gillard's proposal, and several government and opposition leaders have expressed strong objections. But President Jose Ramos-Horta and Prime Minister Xanana Gusmao have not ruled out the idea, and Gillard says she is determined to win their approval for a plan that could be key to her fortunes in upcoming elections.

Opposition within Gusmao's government appears to be growing, however, with Carrascalao echoing fellow Deputy Prime Minister Jose Luis Guterres's earlier rejection last week. "My personal opinion is that I am against the proposal as our people have many problems to be solved and that's enough for us. Don't find more problems from another country which will trouble our development," Carrascalao said. "Australia is a big and vast country. There should be a place for the refugees there. "As a government member, I'll vote against the plan. I'm completely against the refugee centre in Timor Leste," he said, using the country's formal name. He said the majority of ministers in Gusmao's cabinet were also opposed. Meanwhile Australia on Wednesday rebuffed tiny Pacific nation Nauru's offer to host the centre, with Foreign Minister Stephen Smith saying Australia was "squarely focused" on East Timor despite opposition there.