

Report 130
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: August 4, 2010

By: Bakare Najimdeen

Period: From July 25-31, 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

- Obama: Rangel case troubling; some Dems say resign
- Next Big Battle in Washington: Bush's Tax Cuts
- Obama hails auto bailout as good news in Michigan
- FBI access to e-mail and Web records raises fears
- Arizona helped deport thousands without new law
- Judge Blocks Arizona's Immigration Law
- Debate Heating Up on Plans for Mosque Near Ground Zero
- Gulf of Mexico Has Long Been a Sink of Pollution
- On the Surface, Gulf Oil Spill Is Vanishing Fast; Concerns Stay
- Democrats Split as House Backs War Funds
- U.S. Military Scrutinizes Leaks for Risks to Afghans
- Leaks Add to Pressure on White House Over Strategy
- WikiLeaks: Group vows to put more documents online
- Economic growth ticks higher in May
- Canada think tank sees loophole in emissions plans

Western Europe

- Outspoken British PM embroiled in diplomatic rows
- Britain's Cameron vows to "fight" for Turkey's EU bid
- Italy in political turmoil as Berlusconi party implodes
- Anti-Islam lawmaker not part of Dutch government
- EADS Q2 net profit decline 61 percent
- France's Total Q2 profit up 43 percent
- BA losses widen on strike action, ash cloud
- EDF sells UK power network for \$9 billion
- German inflation remains tame in July
- EU, EsCB, IMF representatives arrive in Athens
- Greece closes consulates to cut costs
- Britain Plans to Decentralize Health Care
- Google cleared in Britain over collection of private data
- UK: Torture inquiry chief won't be replaced
- UK set to pay compensation over house arrest plan

- UN's Blix: UK, US relied on dubious intelligence
- MPs launch Afghan war inquiry
- Immigrants drive EU population beyond half-billion
- Sarkozy orders illegal Roma immigrants expelled
- Sarkozy threatens immigrants who target police
- France upgrades diplomatic ties with Palestinians
- France declares war against al-Qaida
- EU's Ashton wants Iran talks soon, nuclear focus
- NATO: military ties with Russia improving steadily

Southeast Europe

- OSCE concerned about media in Balkans
- UN's Ban, Serbia's Jeremic discuss Kosovo

Albania

- Albania to test electronic voting in selected zones
- Albania's Topi, ruling party trade accusations
- Albania sends first fighting mission to Afghanistan
- Albania, Belgium sign agreement on prisoners

Bosnia

- UK court blocks extradition of ex-Bosnian leader
- Wahhabi growth is worrisome in BiH

Bulgaria

- Bulgarian, Greek cabinets hold joint meeting
- Bulgaria, Romania take joint action on Roma repatriations

Croatia

- Croatia to close two EU negotiation chapters Tuesday

Kosovo

- EU foreign ministers to discuss Kosovo
- Kosovo's Thaci says supervised independence ending
- Thaci urges EU members to recognise Kosovo's independence
- EULEX searches home of former KLA commander
- EULEX vows to address organised crime, corruption in northern Kosovo

Macedonia

- EU urges Macedonia to continue reforms

Montenegro

- Montenegro finds no evidence of mass grave

Romania

- Romania's Basescu urges reconciliation with Hungary

Serbia

- Serbian parliament plans emergency session on ICJ ruling
- Serbian parliament passes Kosovo resolution
- Serbia seeks UN support for new talks on Kosovo
- Serbian media welcomes court decision

Slovenia

- Slovenian police arrest hacker in cyber crime probe

Oceania

- Polls turn against Australian PM Gillard
- Australian PM vows to fight after poll predicts defeat

Report Summary

US/Canada

Political Issues

The U.S midterm election is around the corner and parties are politicizing issues as much as they could as tool to woo voters during the election. Recent stake for the democrat party evolves around several ethics charges against democrat House members, which according to President Obama is troubling.

Economic Issues

The U.S economic landscape is punctuated by many issues and tax cut takes hold as one of the issues that will be placed before electorates in the midterm elections. The tussle between the republicans and democrats is whether to discontinue with the tax cuts for the wealthy and continue with the low incomer, tagged by the democrats as middle class. Meanwhile Obama administration is counting on the recovery of the automobile industry projecting the success of his bailout to the industry.

Growth in Canada's economy edged up in May after stalling unexpectedly in April, helped by strength in the goods-producing sectors led by oil and gas extraction, while the service sector faltered for a second straight month.

Social/Humanitarian Issue

It is true that many Americans will not condone the violation of their privacy whatever the security law attached to it. American intelligence agency (FBI) is accused of accessing Internet and phone data of American discriminatorily, causing offence to the public.

The battle is definitely not over even as Judge Susan Bolton of Federal District Court ruled against Arizona police officers to harass immigrants with the suspicion of being illegal. Although the court demands of state to cooperate with federal immigration agents, Arizona government is bent at appealing the ruling as debate rises over the issue of immigration across the country.

The debate over the construction of a mosque new Ground Zero, New York took a new dimension as the Anti-Defamation League rejected the plan. Opinion polls show the dissatisfaction of Americans for the mosques construction, even though New York officials have consented to the edifice. The point is that people are saying built the

mosque a distance away from Ground Zero, doing that will be respecting the emotions of relatives of victims.

Food, Environment and Energy Issue

The leak at the Gulf of Mexico is reported to have been stopped but the environmental hazard the leak has caused the gulf and eco-system remains a troubling issue, which BP would have to solve in order to regain the confidence of the people.

Geostrategic Issues

Finding possible ways of solving and shouldering the burden of the war on the Afghan government has been the preoccupation of the Obama administration but the new intelligence and war leak by Wikileaks is more likely to cause havoc than “harm minimization” process the leak is expected to achieve. US strategy and partnership with Pakistan and Afghan informants comes under jeopardy. The case for the nine year wars became tenuous as U.S House got divided on revamp the war fund or address the weak economy at home. The host of Wikileaks is bent at publishing more documents regardless of the havoc it will cause.

Western Europe

EU

The EU will be making lives tougher for Iran as the bloc rolled out stricter sanctions on Tehran’s oil industry. Russia’s reaction to the sanctions was not welcoming, arguing that such sanctions could further irritate Iran from negotiation. Meanwhile, India hopes to cement its ties with the EU through the Indo-EU FTA, a trade pact at its completion stage.

Owing to recent financial trauma, Eurozone is yet to confidently regain its stamina as unemployment and inflation remain in the zone.

Ethnic Roma are widely discriminated across Europe and recent expulsion order by the French president to get Roma out of France was highly criticized by Human Right groups. The unanswered question is where does the acceptance of this group lie, they are neither treated well at home nor in diaspora.

Political Issues

Immaturity, lack of political insightfulness, straight talker and a different prime minister having the will to act independent from external influence are all features attached to Prime Minister David Cameron, whose recent statements raised political and diplomatic eyebrows from U.S, Israel, and Pakistan, but remarked pleasantly to Turkey. It is highly imperative to understand and continuously watch if such independent assertion is a possibility for shift in British foreign policy.

Giving the political tension in Prime Minister Silvio Berlusconi's coalition government, ranging from infighting and resignation of top officials, the prospect of an early election will not be implausible. The socialist opposition party is closely watching the problems in the centre-right party and could be advantageous for the opposition in case of an early election.

In the Netherlands, VVD- Pro-Free market party, CDA-the right-leaning Christian Democrats and anti-Islam Geert Wilders' Freedom Party-PVV, are yet to agree on a minority coalition government, a situation attached to policy disagreement.

Economic Issues

EADS NV, Paris-based European Aeronautic Defence & Space Co that produces Airbus is geared at increasing its production with the aim of accruing more profits.

Celebrating an unforecasted profit behooves Total SA, the French oil company. The company records euro3.1 billion as compared to previous euro2.17 billion, the profit delineates that Total has recovered from global recession and untouched by the fallout of oil spill at the Gulf of Mexico.

If Total celebrates profits, British Airways would have no cause doing same as the company has been severely hit by industrial strikes and ash cloud that hampered aviation across Europe. BA is expected to merge with Spain's Iberia following financial problems.

It will be a business success if ownership of the French electricity giant EDF, the largest electricity supplier in Britain falls into the hand of a Hong Kong consortium. British energy firm and Canadian-Australian-Abu Dhabi consortium all tails behind the Hong Kong consortium in securing the ownership EDF, that is on sale due to debt.

German inflation rose to 1.1 percent this month, higher than the June figure of 0.9 percent but slightly below analyst forecasts. The expected forecast had been expected at 1.2 percent.

Greek economy remains under the watchful eye of the EU and IMF, both monitors how Athens is progressing with bailout package and its anti-crisis measures. Good performance will definitely aid Athens to receiving more funds for its wounded economy. Meanwhile, the Greek government is decided to close down many of its consulates abroad in bid to cut cost, an indication that the economy is still wanting.

Social/Humanitarian Issue

The coalition British government recently announced freeing public sector from tight government grip, a measure tailored at cutting spending. The government has added decentralisation to its policies in the pipeline. Decentralisation is aimed at reducing the huge bureaucracy of NHS, granting local health practitioner autonomy and expediting medical service.

Internet giant, Google has been under investigation for violation of privacy law during its Street View data collection but the new British Information Commissioner's Office's report says Google has not captured "significant" private details, hence that could evade Google from facing further litigation.

Correcting human right violation both at home and aboard has been one serious concern of the British government in recent times. Despite the support by Human Right groups, there is yet a complain that the head of an inquiry into allegations the U.K. colluded in the torture of terrorism suspects overseas will be partial because of his association with the British Intelligence Services.

British Court of Appeal has also ordered the government to compensate all those put under house arrest without trial as no evidence stands against them and their detention violate European human rights laws.

Hans Blix, former chief U.N. weapons inspector reiterates and share the view held of Eliza Manningham-Buller, ex-director of Britain's domestic spy agency MI5, that the British and American government under Blair and Bush were simple bent at going to war and unseating Saddam without concrete proof. Hans holds that UK and US simply clinched to flawed intelligence and showed dubious judgment in the buildup to war.

The Eurostat statistics reports that European Union's population has crossed the half-billion mark and the growth has come mostly from immigration. The report is a clear indication of the socio-economic implications of immigration on continental Europe.

The US will not be alone grappling with issue of immigration; French President Nicolas Sarkozy has ordered the expulsion of Roma Gypsy believed to be illegal immigrants for their contribution to proscribed public behaviours. Similarly, President Sarkozy said France could soon have a law to renounce the citizenship of immigrants involving in delinquency, following a brawl between French police and residents of a French neighbourhood,

Food, Environment and Energy Issue

Despite the tougher sanctions EU has initiated against Iran's economy, European Union foreign policy chief Catherine Ashton still believes talks with Tehran is important at the earliest. Could winning the heart of Iran come through carrot and strike, will be a question the EU has to answer.

Geostrategic Issues

Is Afghan war winnable, are things going the right direction and should British troops still remain in the war torn country are questions the new British government hopes to find answers to as it open an inquiry into the Afghan war. Public opinion has not been well with the war indicating why the British government is tailing a new foreign policy.

In bid to creating the way for a Palestinian state, France is setting the pace in Europe to upgrading the status of Palestinian diplomatic presence in Europe from delegation to mission headed, by an ambassador. The move is welcomed by the Palestinian authority and could have neighbourhood effect among EU members.

The French government said a war on al-Qaeda has started but fighting such war in far away Africa could only be feasible if Paris allied with her former colonies, wherein al-Qaeda is believed to be networking. The declaration of war follows the killing of an abducted old humanitarian French worker in Africa.

Fighting terrorism, maritime piracy and the Afghanistan crisis are common ground upon which NATO and Russia military are co-operating and relations is expected to further deepens.

Southeast Europe

Political Issues

If the proposal by the Albanian government to introduce electronic voting system in local election works out that could eventually ease the tension between the ruling and opposition party over election irregularities.

The rejection by a British court to extradite former Bosnian Vice President Ejup Ganic to Serbia for prosecution over war crime could be another political and diplomatic setback for Belgrade after losing a fight on the legality of Kosovo at the ICJ last week.

Meanwhile, Serbian parliament passed a resolution that rejects the sovereignty of Kosovo and further seeking UN support for renew talks with Kosovo.

EU though reiterates that Serbia's road to EU lies in the bloc's fundamental principles of good neighbourly relations, regional co-operation and dialogue. Serbia hopes to stop countries that have not recognized Kosovo from doing so, a task that is more likely uneasy.

Croatia continues to make headway towards completing its EU required chapters. 22 out of 33 chapters are completed, signaling the progress of Croatia-EU accession.

EU hopes to facilitate talks between Serbia and Kosovo following the ICJ ruling that exonerated Kosovo from violation of international law. Hence, Kosovo is urging the five EU member states yet to recognise Pristina to join the 69 countries that have recognised its sovereignty. With the ICJ's ruling, Prime Minister Hashim Thaci holds that Kosovo's supervised independence is about to end and urged the international community to now shift from move supervising to supporting his country.

Reform process in Macedonia has been lauded by the EU, but the bloc urges the country to address some shortcomings in order to accelerate the integration process. Macedonia like others in the neighbourhood faces political crisis polarizing the country.

Economic Issues

Social/Humanitarian Issue

Serbia Constitutional court has smacked down the parliamentary laws that violated freedom of speech and media freedom, that could be good news for media practitioners but the fear remains as general environment for media is not expected to turn good. Similarly, OSCE's report of the region (Balkan) shows that media is under the siege of government, upon which media freedom gets hindered.

Bosnian authorities are worried over the increasing strength of radical Muslim group in the country. The worry is attached to the country's EU integration, meanwhile economic problems, ethno-religious division in the country is believed to be aiding radicalization of the Bosniak youth.

Belgium is expected to extradite Albanian prisoners to Albania as part of the agreement reached between the two countries. Accepting the prisoners will further enhance Albania's visa liberalization prospect.

It was another sad story for Roma as Roma living in France were expelled by President Sarkozy on the ground that they are part of anti-social behaviours. Bulgarian and Romanian governments are geared at resettling them respectively.

As part of the process of cleansing Kosovo from ill-administration and creating viable institutions for the new country, EULEX has been investigating organised crimes and other related issues involving top Kosovo officials.

Accusation of mass grave was debunked by the Montenegrin government following a no evidence report by forensic experts at the identified sites.

A 23-year old Slovenian known by his hacker handle Iserdo was reported apprehended by the police, Iserdo is suspected of creating a virus that has infected more than 12 million computers around the world.

Food, Environment and Energy Issue

As energy concern heightens among countries, Bulgaria and Greece are on the verge of reaching agreement over Burgas-Alexandroupolis gas pipeline project, which will connect the Black Sea with the Aegean, avoiding expensive transit fees through the Bosphorus.

Geostrategic Issues

Albania has sent 44 troops to Kabul, its first fighting mission in Afghanistan. Albanian commandos will be deployed alongside US and British troops

Oceania

Political Issues

Should opinion polls be relied upon then the fate of Australian labour party under its new female prime minister in forthcoming general election is on the hang, and could once again pave way for another conservative government. Prime Minister Julia Gillard is losing her political honeymoon days after ousting ex-PM Kevin Rudd. Gillard policies are said to be responsible for the setback in opinion poll though she appears to be a fighter.

Economic Issues

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Report Detail

US/Canada

WASHINGTON – Rep. Charlie Rangel is getting sympathy from some fellow Democrats but scant support from others as he faces trial on several ethics charges. President Barack Obama says he hopes the 80-year-old lawmaker can end his career with dignity and some House Democrats want him to resign — now. Obama, speaking on the issue for the first time, praised Rangel for serving his New York constituents over the years, but said he found the ethics charges "very troubling." "He's somebody who's at the end of his career. I'm sure that what he wants is to be able to end his career with dignity. And my hope is that it happens," Obama said in an interview that aired Friday on "CBS Evening News with Katie Couric." As House members headed home for the August recess, they wrestled with how to handle the ethics brouhaha three months before the midterm elections. Republicans already were eager to use Rangel's problems as a way to tar other Democrats on the issue of corruption. A half-dozen Democrats either conditionally or outright called for Rangel's resignation Friday. Rep. John Yarmuth, D-Ky., said the allegations against Rangel brought by the House ethics committee show a consistent disregard for House rules and that he should step down. "It is our job as members of Congress to hold each other accountable to a higher standard regardless of party," said Rep. Ann Kirkpatrick, D-Ariz. "If the serious charges against (Rangel) are accurate, he needs to resign." There was talk of Rangel's resignation as well from Democratic Reps. Walter Minnick of Idaho, Betty Sutton of Ohio, Zack Space of Ohio, and Mary Jo Kilroy of Ohio. Rangel denies the charges announced Thursday by the ethics panel and says they contain factual errors. He met Friday with perhaps his staunchest supporters, members of the New York state delegation. "He indicated there was some sloppiness" in his official papers, Rep. Edolphus Towns, D-N.Y., told reporters, "but, you know, there's no criminality here." The New York delegation and the Congressional Black Caucus, which was co-founded by Rangel, urged their colleagues not to rush to judgment. House leaders were mum on what Rangel should do. Rangel

faces 13 charges of misusing his office as well as tax and disclosure violations. If Rangel and the ethics committee do not settle the case, it goes to a public trial this fall, at the height of an election season. Further complicating matters for Democrats, a House investigative panel decided Friday to charge Democratic Rep. Maxine Waters of California with ethics violations, raising the possibility of a second trial. The alleged violations by Rangel and Waters are not related.

WASHINGTON — An epic fight is brewing over what Congress and President Obama should do about the expiring Bush tax cuts, with such substantial economic and political consequences that it could shape the fall elections and fiscal policy for years to come. Democratic leaders, including Mr. Obama, say they are intent on letting the tax cuts for the wealthy expire as scheduled at the end of this year. But they have pledged to continue the lower tax rates for individuals earning less than \$200,000 and families earning less than \$250,000 — what Democrats call the middle class. Most Republicans want to extend the tax cuts for everyone, and some Democrats agree, saying it would be unwise to raise taxes on anyone while the economy remains weak. If no action is taken, taxes on income, dividends, capital gains and estates would all rise. The issue has generated little public attention this year as Congress grappled with health care, financial regulation, energy, a Supreme Court nomination and other divisive topics. But it will move to the top of the agenda when lawmakers return to Washington in September from their summer recess, just as the midterm campaign gets under way in earnest. In recent days, intense discussions have begun at the Capitol. Beyond the implications for family checkbooks, the tax fight will serve as a proxy for the bigger political clashes of the year, including the size of government and the best way of handling the tepid economic recovery. “It has enormous ramifications for the fall and clearly will be one of the dominant issues,” said Senator Ron Wyden, Democrat of Oregon. “This is code for the role of the federal government, the debate over the size of government and the priorities of the nation.” At a closed-door meeting of the Senate Finance Committee on Thursday, participants said Democrats were clearly divided while Republicans wanted assurances that any bill would be developed openly, allowing them to propose amendments. In a sign of how combustible the issue could be, Senator Max Baucus, a Montana Democrat and the committee’s chairman, has so far refused to make that commitment.

DETROIT — A year after the government's big auto-industry bailouts, President Barack Obama on Friday trumpeted increased car sales and progress on battery-powered vehicles as a beacon of success in his administration's battle to revive a hurting U.S. economy. But his upbeat assessment can't mask daunting challenges for U.S. automakers and painfully high unemployment. Touring Chrysler and General Motors assembly plants, Obama argued that his administration's unpopular \$60 billion bailout of the two companies — essentially government-funded forced bankruptcies — was paying off. Clear evidence that he sees an opening to appeal to recession-weary voters, Obama will continue to press the same case next week when he tours the Chicago plant where Ford Motor Co. builds the Taurus sedan and plans to assemble a new Explorer sport utility vehicle. Few disagree that the intervention helped keep the firms afloat. Obama and fellow Democrats are eager to seize on the auto industry story, framing it as a success before the fall congressional elections. At Chrysler's Jefferson North plant, which

recently added about 1,100 workers for a second shift, the president told employees, to loud cheers, "you are proving the naysayers wrong." After touring the GM's massive Hamtramck assembly plant not far away — where he drove a battery-powered Chevy Volt about 10 feet for the news cameras — Obama was even more animated. "There's a just-say-no-crowd in Washington" that would have let the domestic car industry die, he said. Obama said he understands why many in the country were skeptical — or outright opposed — to a massive infusion of taxpayer cash into the industry, and acknowledged that "the politics of it weren't good." The taxpayer-financed bailout prevented complete failure of the domestic industry and set it up for long-term success, said Jesse Toprak, an economist and vice president of industry trends at auto website TrueCar.com. The industry has hired 55,000 workers since the bailout, the strongest year of job growth since 1999. Unlike the other automakers, Ford didn't receive the government's financial help, but benefits from the strength of its counterparts and the rest of the supply chain. But many Americans still resent the tax-funded bailouts of the iconic companies, and the beleaguered industry's recovery is piecemeal. Because of economic fears, consumers remain reluctant to make big-ticket purchases like autos. So far this year, U.S. sales are running at a rate of about 11.5 million vehicles, up from last year's 10.4 million but still far short of 14 million, what Toprak calls the natural level of demand. The auto industry gains are but a dent in the country's dismal joblessness picture. The four economic indicators that Toprak monitors — unemployment, the Dow Jones industrial average, consumer confidence and new home construction — have all headed in the wrong direction of late.

WASHINGTON – Invasion of privacy in the Internet age. Expanding the reach of law enforcement to snoop on e-mail traffic or on Web surfing. Those are among the criticisms being aimed at the FBI as it tries to update a key surveillance law. With its proposed amendment, is the Obama administration merely clarifying a statute or expanding it? Only time and a suddenly on guard Congress will tell. Federal law requires communications providers to produce records in counterintelligence investigations to the FBI, which doesn't need a judge's approval and court order to get them. They can be obtained merely with the signature of a special agent in charge of any FBI field office and there is no need even for a suspicion of wrongdoing, merely that the records would be relevant in a counterintelligence or counterterrorism investigation. The person whose records the government wants doesn't even need to be a suspect. The bureau's use of these so-called national security letters to gather information has a checkered history. The bureau engaged in widespread and serious misuse of its authority to issue the letters, illegally collecting data from Americans and foreigners, the Justice Department's inspector general concluded in 2007. The bureau issued 192,499 national security letter requests from 2003 to 2006. Weathering that controversy, the FBI has continued its reliance on the letters to gather information from telephone companies, banks, credit bureaus and other businesses with personal records about their customers or subscribers — and Internet service providers. That last source is the focus of the Justice Department's push to get Congress to modify the law. The law already requires Internet service providers to produce the records, said Dean Boyd, a spokesman for the Justice Department's national security division. But he said as written it also causes confusion

and the potential for unnecessary litigation as some Internet companies have argued they are not always obligated to comply with the FBI requests.

WASHINGTON – Without the benefit of their state's strict new immigration law, officers from a single Arizona county helped deport more than 26,000 immigrants from the U.S. through a federal-local partnership program that has been roundly criticized as fraught with problems. Statistics obtained by The Associated Press show that the Maricopa County Sheriff's Office was responsible for deportations or forced departure of 26,146 immigrants since 2007. That's about a quarter of the national total of 115,841 sent out of the U.S. by officers in 64 law enforcement agencies deputized to help enforce immigration laws, some since 2006, under the so-called 287(g) program. The tens of thousands of immigrant arrests show local officials already have a significant amount of authority to enforce immigration laws and help remove illegal immigrants from the country. But with Maricopa County Sheriff Joe Arpaio the top law officer among all those deputized, questions remain about what's in store when Arizona gives more officers the power to enforce immigration laws. The federal government already is under fire for doing a poor job of keeping watch on local officers enforcing immigration laws and ensuring safeguards for protecting civil rights are in place. Arpaio is under federal investigation on allegations of civil rights allegations, which he denies.

If Arizona's new law takes effect Thursday, many more of the state's officers will be asking people to prove they are legally in the U.S. The state law requires officers to ask for a driver's license, passport or other identity document if they reasonably suspect a person is not allowed to be in the U.S. They must do so while enforcing other laws or ordinances. The federal government is trying to block the Arizona law, arguing it usurps its authority. The Justice Department said in its suit challenging the law that the 287(g) federal-local partnerships are one way Congress allowed states to assist in enforcing immigration laws. "At the pragmatic level, if local police are already allowed to do this and are allowed to do this with federal cooperation with the state, then why do they need the (new Arizona) law?" said Muzaffar Chishti, director of the New York office of the Migration Policy Institute, an immigration think tank. "I don't know what the big hype is going on with this law," Arpaio said Wednesday on ABC's "Good Morning America." "We've been doing it for three years." There are several other ways local officials can assist, including Secure Communities, a more widely used program that allows local officials to check the fingerprints of anyone they book into their jails against FBI and Homeland Security Department databases.

PHOENIX — A federal judge on Wednesday blocked the most controversial parts of Arizona's immigration enforcement law from going into effect, a ruling that at least temporarily squashed a state policy that had inflamed the national debate over immigration. Judge Susan Bolton of Federal District Court issued a preliminary injunction against sections of the law, scheduled to take effect on Thursday, that called for police officers to check a person's immigration status while enforcing other laws and required immigrants to prove that they were authorized to be in the country or risk state charges. She issued the injunction in response to a legal challenge brought against the law by the Obama administration. A spokesman for Gov. Jan Brewer, a Republican who signed the law and has campaigned on it for election to a full term, said Wednesday that

the governor would appeal the injunction on Thursday and ask for a speedy review. Legal experts predicted that the case could end up before the Supreme Court. The law, designed to seek and deport illegal immigrants in a state that is the principal gateway for illegal border crossers, had provoked intense debate from coast to coast, drawing support in several polls but generating boycotts of the state by major civil rights groups and several cities and towns. It renewed calls for an overhaul of federal immigration law and led to repeated rebukes of it from President Obama and Attorney General Eric H. Holder Jr., who maintained that immigration policy is under the purview of the federal government, not individual states. The Mexican government, joined by seven other Latin American nations, supported one of the lawsuits against the law; the attorneys general of several states backed Arizona. The ruling came four days before 1,200 National Guard members were scheduled to report to the Southwest border to assist federal and local law enforcement agencies there, part of the Obama administration's response to growing anxiety over the border and immigration that has fed support for the law. Judge Bolton, appointed to the bench by President Bill Clinton, did allow some, less debated provisions of the law to go into effect, including one that bans cities from refusing to cooperate with federal immigration agents.

An influential Jewish organization on Friday announced its opposition to a proposed Islamic center and mosque two blocks north of ground zero in Lower Manhattan, intensifying a fierce national debate about the limits of religious freedom and the meaning of the Sept. 11 terrorist attacks. The decision by the group, the Anti-Defamation League, touched off angry reactions from a range of religious groups, which argued that the country would show its tolerance and values by welcoming the center near the site where radical Muslims killed about 2,750 people. But the unexpected move by the ADL, a mainstream group that has denounced what it saw as bigoted attacks on plans for the Muslim center, could well be a turning point in the battle over the project. In New York, where ground zero has slowly blended back into the fabric of the city, government officials appear poised to approve plans for the sprawling complex, which would have as many as 15 stories and would house a prayer space, a performing arts center, a pool and a restaurant. But around the country opposition is mounting, fueled in part by Republican leaders and conservative pundits. Sarah Palin, the 2008 Republican vice-presidential nominee, has urged "peace-seeking Muslims" to reject the center, branding it an "unnecessary provocation." A Republican political action committee has produced a television commercial assailing the proposal. And former House Speaker Newt Gingrich has decried it in speeches. The complex's rapid evolution from a local zoning dispute into a national referendum highlights the intense and unsettled emotions that still surround the World Trade Center site nine years after the attacks.

To many New Yorkers, especially in Manhattan, it is a construction zone, passed during the daily commute or glimpsed through office windows. To some outside of the city, though, it stands as a hallowed battlefield that must be shielded and memorialized. Those who are fighting the project argue that building a house of Muslim worship so close to ground zero is at best an affront to the families of those who died there and at worst an act of aggression that would, they say, mark the place where radical Islam achieved a blow against the United States. "The World Trade Center is the largest loss of American life on our soil since the Civil War," Mr. Gingrich said. "And we have not

rebuilt it, which drives people crazy. And in that setting, we are told, why don't we have a 13-story mosque and community center?" He added: "The average American just thinks this is a political statement. It's not about religion, and is clearly an aggressive act that is offensive." Several family members of victims at the World Trade Center have weighed in against the plan, saying it would desecrate what amounts to a graveyard. "When I look over there and see a mosque, it's going to hurt," C. Lee Hanson, whose son, Peter, was killed in the attacks, said at a recent public hearing. "Build it someplace else."

Those who support it seem mystified and flustered by the heated opposition. They contend that the project, with an estimated cost of \$100 million, is intended to span the divide between Muslim and non-Muslim, not widen it. Oz Sultan, the programming director for the center, said the complex was based on Jewish community centers and Y.M.C.A.'s in Manhattan. It is to have a board composed of Muslim, Christian and Jewish leaders and is intended to create a national model of moderate Islam. "We are looking to build bridges between faiths," Mr. Sultan said in an interview. City officials, particularly Mayor Michael R. Bloomberg, have forcefully defended the project on the grounds of religious freedom, saying that government has no place dictating where a house of worship is located. The local community board has given overwhelming backing to the project, and the city's landmarks commission is expected to do the same on Tuesday. "What is great about America, and particularly New York, is we welcome everybody, and if we are so afraid of something like this, what does that say about us?" Mr. Bloomberg asked recently.

HOUMA, La. — Loulan Pitre Sr. was born on the Gulf Coast in 1921, the son of an oysterman. Nearly all his life, he worked on the water, abiding by the widely shared faith that the resources of the Gulf of Mexico were limitless. As a young Marine staff sergeant, back home after fighting in the South Pacific, he stood on barges in the gulf and watched as surplus mines, bombs and ammunition were pushed over the side. He helped build the gulf's very first offshore oil drilling platforms in the late 1940s, installing bolts on perilously high perches over the water. He worked on a shrimp boat, and later as the captain of a service boat for drilling platforms. The gulf has changed, Mr. Pitre said: "I think it's too far gone to salvage." The BP oil spill has sent millions of barrels gushing into the Gulf of Mexico, focusing international attention on America's third coast and prompting questions about whether it will ever fully recover from the spill. Now that the oil on the surface appears to be dissipating, the notion of a recovery from the spill, repeated by politicians, strikes some here as short-sighted. The gulf had been suffering for decades before the explosion of the Deepwater Horizon rig on April 20. "There's a tremendous amount of outrage with the oil spill, and rightfully so," said Felicia Coleman, director of Florida State University's Coastal and Marine Laboratory. "But where's the outrage at the thousands and millions of little cuts we've made on a daily basis?" The gulf is one of the most diverse ecosystems in the hemisphere, a stopping point for migratory birds from South America to the Arctic, home to abundant wildlife and natural resources. But like no other American body of water, the gulf bears the environmental consequences of the country's economic pursuits and appetites, including oil and corn.

The oil slick in the Gulf of Mexico appears to be dissolving far more rapidly than anyone expected, a piece of good news that raises tricky new questions about how fast

the government should scale back its response to the Deepwater Horizon disaster. The immense patches of surface oil that covered thousands of square miles of the gulf after the April 20 oil rig explosion are largely gone, though sightings of tar balls and emulsified oil continue here and there. Reporters flying over the area Sunday spotted only a few patches of sheen and an occasional streak of thicker oil, and radar images taken since then suggest that these few remaining patches are quickly breaking down in the warm surface waters of the gulf. John Amos, president of SkyTruth, an environmental advocacy group that sharply criticized the early, low estimates of the size of the BP leak, noted that no oil had gushed from the well for nearly two weeks. "Oil has a finite life span at the surface," Mr. Amos said Tuesday, after examining fresh radar images of the slick. "At this point, that oil slick is really starting to dissipate pretty rapidly." The dissolution of the slick should reduce the risk of oil killing more animals or hitting shorelines. But it does not end the many problems and scientific uncertainties associated with the spill, and federal leaders emphasized this week that they had no intention of walking away from those problems any time soon. The effect on sea life of the large amounts of oil that dissolved below the surface is still a mystery. Two preliminary government reports on that issue have found concentrations of toxic compounds in the deep sea to be low, but the reports left many questions, especially regarding an apparent decline in oxygen levels in the water. And understanding the effects of the spill on the shorelines that were hit, including Louisiana's coastal marshes, is expected to occupy scientists for years. Fishermen along the coast are deeply skeptical of any declarations of success, expressing concern about the long-term effects of the chemical dispersants used to combat the spill and of the submerged oil, particularly on shrimp and crab larvae that are the foundation of future fishing seasons.

WASHINGTON — The House of Representatives agreed on Tuesday to provide \$37 billion to continue financing America's two wars, but the vote showed deepening divisions and anxiety among Democrats over the course of the nearly nine-year-old conflict in Afghanistan. The 308-to-114 vote, with strong Republican support, came after the leak of an archive of classified battlefield reports from Afghanistan that fueled new debate over the course of the war and whether President Obama's counterinsurgency strategy could work. But Mr. Obama and top military officials said Tuesday that the disclosure of the documents should not force a rethinking of America's commitment to the war. As Mr. Obama told reporters in the Rose Garden, "While I'm concerned about the disclosure of sensitive information from the battlefield that could potentially jeopardize individuals or operations, the fact is these documents don't reveal any issues that haven't already informed our public debate on Afghanistan." On a day of continuing political and military fallout over the leaked reports, Pentagon officials said that Pfc. Bradley Manning, 22, an Army intelligence analyst arrested last month on charges of leaking a video of an American helicopter attack in Iraq and charged this month with downloading more than 150,000 classified diplomatic cables, was a "person of interest" in an Army criminal investigation to find who provided the battlefield reports to the group WikiLeaks. Administration officials said passage of the spending bill, which now goes to Mr. Obama for his signature, showed that the leak had not jeopardized Congressional support for the war and noted that the Senate passed the measure last week with no objection. Democratic leaders in the House said the Congress needed to act to

provide the money troops overseas. "The president is taking a wise and balanced approach in Afghanistan, and it deserves our support," said Representative Steny H. Hoyer, the Maryland Democrat and majority leader. In the House vote, 148 Democrats and 160 Republicans backed the war spending, but 102 Democrats joined 12 Republicans in opposing the measure. Last year, 32 Democrats opposed a similar midyear spending bill. Among those voting against the bill on Tuesday was Representative David R. Obey, a Wisconsin Democrat and the chairman of the Appropriations Committee, the panel responsible for the measure. Some of the Democratic opposition stemmed from the decision by party leaders to strip from the bill money that had been included in the original House version to help address the weak economy at home, including funds to help preserve teachers' jobs. But some of those voting against it said they were influenced by the leaked documents, which highlight the American military's struggles in Afghanistan and support claims that elements of Pakistan's intelligence service were helping the Taliban.

WASHINGTON — The Pentagon is reviewing tens of thousands of classified battlefield reports made public this week about the war in Afghanistan to determine whether Afghan informants were identified and could be at risk of reprisals, American officials said Wednesday. A Pentagon spokesman, Col. David Lapan, said that a Pentagon assessment team had not yet drawn any conclusions, but that "in general, the naming of individuals could cause potential problems, both to their physical safety or willingness to continue support to coalition forces or the Afghan government." Speaking in Kabul on Thursday, the Afghan president, Hamid Karzai, called the disclosure of the names of Afghans who had cooperated with NATO and American forces "extremely irresponsible and shocking." "Whether those individuals acted legitimately or illegitimately in providing information to the NATO forces, their lives will be in danger now," said Mr. Karzai, who spoke at a press conference just after he said he discussed the issue with his advisors. "Therefore we consider that extremely irresponsible and an act that one cannot overlook." A search by The New York Times through a sampling of the documents released by the organization WikiLeaks found reports that gave the names or other identifying features of dozens of Afghan informants, potential defectors and others who were cooperating with American and NATO troops. The Times and two other publications given access to the documents — the British newspaper The Guardian and the German magazine Der Spiegel — posted online only selected examples from documents that had been redacted to eliminate names and other information that could be used to identify people at risk. The news organizations did this to avoid jeopardizing the lives of informants. The founder of WikiLeaks, Julian Assange, has said that the organization withheld 15,000 of the approximately 92,000 documents in the archive that was released on Sunday to remove the names of informants in what he called a "harm minimization" process. But the 75,000 documents WikiLeaks put online provide information about possible informants, like their villages and in some cases their fathers' names.

WASHINGTON — The White House sought to reassert control over the public debate on the Afghanistan war on Monday as political reaction to the disclosure of a six-year archive of classified military documents increased pressure on President Obama to

defend his war strategy. On Capitol Hill, a leading Senate Democrat said the documents, with their detailed account of a war faring even more poorly than two administrations had portrayed, would intensify Congressional scrutiny of Mr. Obama's policy. "Those policies are at a critical stage, and these documents may very well underscore the stakes and make the calibrations needed to get the policy right more urgent," said Senator John Kerry, a Massachusetts Democrat who is the chairman of the Foreign Relations Committee and has been an influential supporter of the war. The disclosures landed at a crucial moment. Because of difficulties on the ground and mounting casualties in the war, the debate over the American presence in Afghanistan has begun earlier than expected. Inside the administration, more officials are privately questioning the policy. In Congress, House leaders were rushing to hold a vote on a critical war-financing bill as early as Tuesday, fearing that the disclosures could stoke Democratic opposition to the measure. A Senate panel is also set to hold a hearing on Tuesday on Mr. Obama's choice to head the military's Central Command, Gen. James N. Mattis, who would oversee operations in Afghanistan. Administration officials acknowledged that the documents, released on the Internet by an organization called WikiLeaks, will make it harder for Mr. Obama as he tries to hang on to public and Congressional support until the end of the year, when he has scheduled a review of the war effort. "We don't know how to react," one frustrated administration official said on Monday. "This obviously puts Congress and the public in a bad mood."

LONDON – It has no headquarters and its public face — a wiry, silver-haired Australian with a physics Ph.D. — carries his desktop computer in a backpack as he moves from place to place. WikiLeaks is a bare-bones organization on a mission to root out the secrets of the high and mighty, from Sarah Palin to the Church of Scientology. Its founder, Julian Assange, said his group's biggest coup so far — the publication of tens of thousands of classified U.S. military reports on Afghanistan — will likely unleash a new wave of leaks. "It is our experience that courage is contagious," Assange said Monday, telling reporters at London's Frontline Club that his greatest fear was "that we won't be able to do justice to the material that we're getting in." According to Assange, the torrent of leaked information being uploaded to his website is enormous, with a reserve of unexamined documents so unwieldy that the site has been more or less inactive since December. What's in the backlog? The 39-year-old former computer hacker refuses to say. "We have files that concern every country in the world with a population of over 1 million," he said. "Thousands of databases and files about all sorts of countries." WikiLeaks has been posting sensitive information to the Web since 2006, when Assange set up the website from a house outside the University of Melbourne. Since then it has published everything from Church of Scientology documents to U.S. Embassy cables, passing along transcripts, secret videos and more. Its enemies have included everyone from British bankers to Kenyan politicians.

OTTAWA (Reuters) – Growth in Canada's economy edged up in May after stalling unexpectedly in April, helped by strength in the goods-producing sectors led by oil and gas extraction, while the service sector faltered for a second straight month. Real gross domestic product ticked up 0.1 percent in May, Statistics Canada said on Friday, matching market views and in line with expectations that economic growth in the

second quarter slowed after the stunning expansion in the first quarter. Statistics Canada did not revise its flat April GDP report, which had come as a shock after seven consecutive months of expansion. "While May's modest GDP growth was a step up from the prior month, it's clear that Canada's economic momentum is ebbing," said Benjamin Reitzes, an economist at BMO Capital Markets. "Even so, the details of the report weren't entirely soft, with most sectors seeing modest gains outside of construction and wholesale." The Canadian dollar erased early gains and fell against the U.S. dollar after the figures were released, but analysts said it was more likely a reaction to slower-than-expected growth in U.S. second-quarter GDP. U.S. GDP figures were also released on Friday morning. Analysts said the Canadian figures should keep the Bank of Canada on track to raise interest rates on September 8. Markets are pricing in roughly a 64 percent chance of a quarter-point increase in benchmark rates then, according to Friday's yields on overnight index swaps, which reflect expectations for the policy rate.

Market views diverge for the rest of the year with some expecting the central bank to take a break from rate hikes. "With the slack built up through the recession being absorbed further, the Bank of Canada is expected to continue to tighten policy, though the absence of inflation pressures will help keep the pace of interest rate hikes gradual," said Paul Ferley, assistant chief economist at Royal Bank of Canada.

OTTAWA (Reuters) – Proposed Canadian regulations to cut emissions from cars and trucks may have little to no effect as early "action credits" banked by automakers may be able to carry them through the compliance period, an environmental think tank said on Thursday. The Pembina Institute said its analysis of the planned measures showed that automakers might be able to avoid improving fuel economy beyond "business-as-usual" levels until 2016, or even for the full life span of the regulations. The new standards are due to come into effect this fall for 2011 model year vehicles. Early action credits, awarded to automakers if certain measures are exceeded in a specific time frame, may be collected in the lead-up to the new standards. In turn, these credits may be used at a later date. However, that effectively creates a loophole for automakers, Pembina said. "It looks quite plausible ... (that) companies would manage to comply with regulations for the entire period, up to and including 2016, without having to make any changes to fuel economy beyond business as usual," said Matthew Bramley, director of the institute's Climate Change Program. He cautioned that Pembina's analysis used the best available information, and that there were some inadequacies in some of the government's numbers. "We didn't release our analysis immediately because, frankly, we were a little bit shocked by the conclusions," he added. That is why Bramley is calling on Environment Minister Jim Prentice to publish a fully transparent analysis of the proposed regulations before they are finalized in the fall. In May, Prentice said Ottawa expects to release draft regulations this autumn that will spell out the requirements for heavy-duty vehicles and engines, starting between the 2014 and 2018 model years. That followed an earlier agreement between Canada and the United States on common rules governing greenhouse gas (GHG) emissions from cars and light trucks. At the time, automakers praised the plans, which to Bramley, suggested "a bit of a hint that the industry got pretty much what it wanted in the regulations." Prentice's office dismissed the criticism on Thursday, and said other environmental groups had praised the proposals.

"The proposed regulations are realistic and ambitious and will contribute greatly to reducing vehicle GHGs in Canada and the U.S." the government said in an e-mailed statement.

Western Europe

LONDON – In just a few days, new Prime Minister David Cameron has openly declared Britain is no more than the "junior partner" of the U.S., irritated Israelis by calling Gaza a prison camp and enraged Pakistanis by suggesting their country exports terrorism. So what is the game plan of Britain's youngest prime minister in nearly 200 years? Is it youthful inexperience, or is the 43-year-old calculating a new chapter in British diplomacy — casting himself as a truth-teller distinct from his Labour predecessors, whom he has accused of relying on spin? "It's an immature reaction from an immature politician," Pakistan's High Commissioner Wajid Shamsul Hasan told The Associated Press on Thursday after Cameron criticized the country's counterterrorism efforts during a visit to India, Pakistan's nuclear rival. "He should choose his words more carefully." Cameron says he will continue the plain diplomatic talk — a contrast to the political waffling of former Prime Minister Gordon Brown and Tony Blair's accused sycophancy with his U.S. counterparts. But Cameron's attitude also bears a striking similarity to Iron Lady Margaret Thatcher, who made a virtue of upsetting her European counterparts and once famously told one of her lawmakers "your spine does not reach your brain" after a dispute over a key parliamentary vote. "I believe in speaking clearly and plainly about these matters," Cameron said Thursday, wrapping up his trip to India. Countered ex-Foreign Secretary David Miliband: "There's a difference between being a straight talker and a loudmouth." Cameron, who became a lawmaker just nine years ago, has been trying to shore up support at home since his Conservative Party failed to win enough parliamentary seats to lead a majority government. In the end, the party entered a coalition government with the Liberal Democrats, a partnership some predict may not last. If the coalition breaks up and forces another general election, Cameron will need to win over voters he failed to convince in April — many of them traditional Labour supporters. "It is a long-term strategy," said Steven Fielding, director of the Center for British Politics at the University of Nottingham. "He spent the election trying to convince people he was a different kind of Conservative, a liberal Conservative. And he didn't quite seal the deal." Despite a high approval rating in the latest opinion polls, Cameron faces a tough sell at home. His government recently unveiled one of the most dramatic austerity packages in decades, meant to tackle Britain's gargantuan deficit — measures that feature extreme cuts to public spending that will take a bite out of services from buses to health care, as well as tax hikes that will hit rich and poor alike. Few are likely to be happy with the cuts ahead.

Reaffirming London's strong support for Turkey's EU bid, British Prime Minister David Cameron criticised on Tuesday (July 27th) opponents of the predominantly Muslim country's aspirations to join the bloc as a full-fledged member. Visiting Ankara for the first time since assuming office in May, Cameron drew a parallel with France's attempts in the 1960s to block his country's entry into the European Economic Community, the forerunner of today's EU. "We know what it's like to be shut out of the

club," Cameron said. "But we also know that these things can change." He said there are three categories of opponents to Turkey's membership bid: protectionists, who fear its economic power; the polarised, who want it to choose between East and West; and the prejudiced, who wilfully misunderstand Islam. "I will always argue that the values of real Islam are not incompatible with the values of Europe, that Europe is defined not by religion, but by values," Cameron said. Turkey began membership negotiations with the EU in October 2005. But the process has been slow, as the country has managed to open talks on only 13 of the 35 chapters that candidate countries are required to complete. That is largely due to Turkey's sluggish reform progress and its refusal to open its ports and airports to traffic from EU-member Cyprus, as a result of which eight of the negotiation chapters remain frozen. Another factor contributing to the pace of the negotiations is France and Germany's insistence that Ankara should not be offered full-fledged membership in the bloc after it wraps up the talks, rather, some sort of a "privileged partnership". While urging Turkey to continue implementing "aggressively" EU required reforms, Cameron expressed "anger" at moves to obstruct its accession progress. "When I think about what Turkey has done to defend Europe as a NATO ally, and what Turkey is doing today in Afghanistan, alongside our European allies, it makes me angry that your progress towards EU membership can be frustrated in the way it has been," he said. "My view is clear: I believe it is just wrong to say that Turkey can guard the camp but not be allowed to sit in the tent."

ROME (Reuters) – Italy was in political turmoil on Friday after Prime Minister Silvio Berlusconi dramatically split with his one-time most powerful center-right ally, putting the country at risk of early elections. In a tense string of events that climaxed on Thursday night, Berlusconi accused Gianfranco Fini, the powerful speaker of the lower house of parliament, of being a traitor and conspirator and trying to administer a "slow death" to their party. After months of tension and even open hostility between the estranged conservatives, Berlusconi's party issued a tough document censuring Fini, saying his actions and comments no longer reflected the ideals of the party he helped found. Berlusconi said the move would have no effect on the stability of his two-year-old government, even though Fini is believed to control the votes of about 50 parliamentarians. "There is no risk," Berlusconi told a news conference on Thursday night. "We have a majority." But Berlusconi could risk either losing his majority in at least one house of parliament or seeing it slimmed down to a dangerous sliver of votes depending on the number of legislators loyal to Fini who form a new voting faction. Rome's left-leaning La Repubblica said the dramatic events had pushed the government "to the brink of crisis." But the situation caused by what commentators called a de facto implosion of the center-right was unprecedented, with no institutional guidelines on the sequence of steps over the next few days or weeks. Several commentators on Friday said Berlusconi told his aides that if there were enough defectors and "if they make our lives difficult," he would prefer to hold early elections because he is convinced his party will do well without Fini.

THE HAGUE, Netherlands – Anti-Islam lawmaker Geert Wilders' hopes of becoming a Dutch Cabinet minister evaporated Friday after exploratory talks to include him in a right-wing coalition ended without agreement. Wilders, who faces a hate speech

trial this year for his criticism of Islam, held a week of closed-door negotiations with the leaders of the pro-free market VVD and the right-leaning Christian Democrats, but could not agree to forge a three-party Cabinet in the aftermath of last month's inconclusive elections. VVD leader Mark Rutte said he will now begin further talks with his Christian Democrat counterpart Maxime Verhagen about creating a minority government with support from Wilders' Freedom Party on key votes. The VVD was the winner of June 9 elections with 31 seats while the Christian Democrats slumped from 41 to 21 seats in the 150-member lower house of Parliament. Wilders' Freedom Party, known by its Dutch acronym PVV, won 24 seats. The Christian Democrats, known as the CDA, have steadfastly refused to join Wilders in a ruling coalition because of his strident criticism of Islam. Wilders was upbeat about the decision, which could still give him a strong hand in shaping what government policy becomes law. And he added, "it will allow me to say what I want in Parliament." No timetable was immediately set for the next round of talks, which will aim at hammering out a policy document for a possible new minority Cabinet. Like Wilders, Rutte wants to limit immigration, especially of those who could be a drain on welfare funds. But he stops short of Wilders' radical platform, which would ban further immigration from Muslim countries. Muslims make up about 6 percent of the Dutch population.

PARIS – EADS NV, the parent company of plane-maker Airbus, on Friday raised its outlook for 2010 — despite a 61 percent drop in second quarter earnings — as its commercial aviation business takes off. Louis Gallois, the CEO of Paris-based European Aeronautic Defence & Space Co., in a statement that a recent flurry of orders "reflect an improvement in the commercial aviation market." Airbus has increased its target for gross orders to above 400 this year, from its previous goal of 300 and plans to increase production of its main money-earner, the single-aisle A320, to keep up. Revenue in 2010 should increase to more than euro44 billion, from euro42.82 billion last year. Previously, EADS had said it expected revenue to remain roughly stable this year. The company blamed a deterioration in its hedging position — contracts designed to lock in currency rates and protect the company from negative effects of foreign exchange fluctuations — for a 61 percent drop in net profit in the three months to June, a result that was in line with analyst expectations. EADS said net profit in the quarter fell to euro82 million (\$107 million) from euro208 million. Revenue fell 3 percent in the period to euro11.36 billion. While the future is looking up for commercial aviation, Gallois sounded less optimistic about defense contracts. "The institutional outlook is more challenging as public budgets in our domestic markets are under tight review," he said. Priorities for the year include improving efficiency of its superjumbo A380 program, which is weighing on profits, and finalizing the re-negotiated contract for the troubled A400M military transport program with customer nations, he said.

PARIS – French Oil Company Total SA said Friday its second-quarter profit jumped 43 percent thanks to rising production and improving refinery activity after a rough 2009, and said it is reviewing drilling and accident policies after the BP spill. Total reported euro3.1 billion (\$4.05 billion) in profits for the quarter, compared to euro2.17 billion in the same period last year, when earnings were hit by slumping energy demand and prices during the global recession. The profit increase was bigger than

anticipated — the consensus in the markets was for a more modest rise to around euro2.7 billion. Bar the exceptional circumstances surrounding BP PLC, most major oil companies worldwide are recovering strongly from the recession — Total's second quarter revenue rose 31 percent to euro41.3 billion, from euro31.4 billion a year ago.

Total's chief executive Christophe de Margerie said the company benefited from a favorable economic environment for the first half of this year, including higher oil prices and a rise in refinery margins, and that he was "confident" about the outlook for the rest of 2010. De Margerie said Europe's third-largest oil company had "one of the best" midyear performances in the sector, with profits up 28 percent to euro5.7 billion from euro4.4 billion a year ago. Analysts say Total has no exposure in the Gulf of Mexico and is therefore seen as little affected by BP's oil spill troubles. However, De Margerie said the spill "reminds us that security and the environment should rest absolute priorities" and said Total is reviewing its accident and drilling procedures as a result of the spill.

Total reported a 8 percent rise in petroleum production for the second quarter.

Total is France's largest company by market capitalization and a bellwether for the country's corporate earnings season. Oil demand has been rising amid signs that the worst of the economic crisis is over. On Thursday, Exxon Mobil Corp. said its net income nearly doubled to \$7.56 billion in the second quarter, and Royal Dutch Shell Group posted a 15 percent gain in net income.

LONDON (AFP) – British Airways on Friday said net losses widened to 122 million pounds during its first quarter as strike action and the Icelandic ash cloud grounded flights, but insisted it was set to break even. BA, which is looking to merge with Spain's Iberia, said losses after tax rose 15 percent in the three months to June 30 compared with the group's first quarter in 2009/10. "Despite both revenues and cost being hit by the closure of UK airspace following the Icelandic volcanic eruption and the impact of industrial action, our financial performance improved during the quarter from underlying revenue increases and further cost reductions," BA chief executive Willie Walsh said. BA added in a statement: "While some economic experts are flagging the risk of a 'double dip' recession, the steady recovery continues and, on that basis, we continue to target to break even at a profit before tax level for the full year."

The troubled airline on Friday added that group revenue fell 2.3 percent to 1.937 billion pounds in its first quarter, while pre-tax losses rose almost 11 percent to 164 million pounds. BA, which suffered record annual losses in 2009/10 on slumping sales amid the severe economic downturn, was hit at the start of its new trading year by the ash cloud chaos and a bitter row with cabin crew over pay and perks. Staff have meanwhile rejected the airline's latest offer to end their long-running dispute, raising the prospect of fresh strikes. Derek Simpson -- the co-leader of the Unite trade union -- said that while he was sorry to see BA lose money, the carrier was wrong to impose changes to cabin crew working conditions without agreement.

PARIS (AFP) – A consortium led by Hong Kong's richest man Li Ka-shing has made a \$9 billion "irrevocable" offer to take over the British power distribution network of French electricity giant EDF, the French company said on Friday. EDF Energy -- the largest electricity supplier in Britain -- said in October it had put its three distribution grids up for sale as it tries to reduce debt. EDF group is Europe's biggest electricity

producer. The Hong Kong consortium beat rival offers from a British energy firm and Canadian-Australian-Abu Dhabi consortium, a source close to the deal was quoted as saying by the Dow Jones news wire. An EDF statement said it had received "an irrevocable offer from a consortium consisting of Cheung Kong Infrastructure Holdings Ltd (CKI), Hongkong Electric Holdings Ltd (HEH) and the Li Ka-Shing Foundation (the Cheung Kong group) to acquire 100 percent of EDF Energy plc's ownership in its United Kingdom regulated and non-regulated network activities." It said the offer was made up of "equity consideration" of 3.2 billion pounds and amounted to 5.8 billion pounds when debt was assumed. EDF said it had granted the Cheung Kong group a period of exclusivity for the deal. "Starting immediately, EDF group expects to finalise with the Cheung Kong group its industrial project and to negotiate a partnership agreement for commercial cooperation in the UK market." EDF group will announce details of the partnership accord in early September, the statement said, and then submit the offer to its board for final acceptance. The deal also needs regulatory approval from the European Union, the government and the boards of the Hong Kong groups. The Hong Kong consortium beat rival bids from Scottish & Southern Energy and a consortium comprising the Abu Dhabi Investment Authority, Macquarie Capital and Canada Pension Plan, the source quoted by Dow Jones said.

FRANKFURT (AFP) – German inflation rose to 1.1 percent this month, higher than the June figure of 0.9 percent but slightly below analyst forecasts for Europe's biggest economy, provisional figures showed Wednesday. German consumer price inflation had been expected at 1.2 percent this time around, according to analysts polled by Dow Jones Newswires. On a monthly basis, inflation came in at 0.2 percent, slightly below expectations for a 0.3 percent gain. The Destatis statistics office pointed to higher energy prices, principally for heating and motor fuels, as the main factor in the July pick-up. But it also noted "strong increases in fruit and vegetable prices," as well as seasonal hikes in the cost of package tours and holiday lodging. Capital Economics senior European economist Jennifer McKeown nonetheless forecast the full-year figure would be much lower. "With core inflation still very subdued and likely to remain so, we see the headline rate ending the year near zero," she said. "If we are right in expecting the oil price to fall back to 60 dollars a barrel by year-end, this increase will soon be reversed," McKeown added. UniCredit chief German economist Andreas Rees agreed that "despite the currently strong economic upswing, we do not see any significant upward price pressure in the next few months." But he added that "for 2010 as a whole, we expect consumer prices to rise by roughly 1.0 percent." With inflation in Europe's top economy subdued, the European Central Bank is likely keep its main interest rate at a record low of 1.0 percent well into 2011, economists say.

ATHENS, Greece -- A team of experts from the European Commission (EC), the European Central Bank (ECB) and the IMF arrives in Athens on Monday (July 26th) to evaluate implementation of the country's anti-crisis measures. In May, Greece received the first 20 billion-euro tranche of a 110 billion-euro aid package from the eurozone member-states and the IMF, in exchange for severe cost-cutting measures, ramped up tax collection and social security reform. During their two-week mission, the experts are expected to focus on how the budget was implemented during the first half of this year,

as well as on the pension and labour reform that parliament approved earlier this month. Their conclusions will determine whether Greece is ready to receive another 9 billion euros in aid. In other news Monday, truck drivers launched a strike against government plans to introduce new licenses in the sector. The strike could potentially cause food and fuel shortages, depending on its length.

ATHENS, Greece -- Foreign Ministry spokesman Grigoris Delavekouras announced on Thursday (July 29th) that the government is closing almost a dozen consulates in Europe and South Africa in an effort to cut costs, amid the financial crisis. The consulates are in Hanover, Cologne, Leipzig, Naples, Nice and Durban. Consulates general in London, Paris and Brussels will also be shut down, with consular offices moving to the embassies in those cities.

LONDON — Perhaps the only consistent thing about Britain's socialized health care system is that it is in a perpetual state of flux, its structure constantly changing as governments search for the elusive formula that will deliver the best care for the cheapest price while costs and demand escalate. Even as the new coalition government said it would make enormous cuts in the public sector, it initially promised to leave health care alone. But in one of its most surprising moves so far, it has done the opposite, proposing what would be the most radical reorganization of the National Health Service, as the system is called, since its inception in 1948. Practical details of the plan are still sketchy. But its aim is clear: to shift control of England's \$160 billion annual health budget from a centralized bureaucracy to doctors at the local level. Under the plan, \$100 billion to \$125 billion a year would be meted out to general practitioners, who would use the money to buy services from hospitals and other health care providers. The plan would also shrink the bureaucratic apparatus, in keeping with the government's goal to effect \$30 billion in "efficiency savings" in the health budget by 2014 and to reduce administrative costs by 45 percent. Tens of thousands of jobs would be lost because layers of bureaucracy would be abolished. In a document, or white paper, outlining the plan, the government admitted that the changes would "cause significant disruption and loss of jobs." But it said: "The current architecture of the health system has developed piecemeal, involves duplication and is unwieldy. Liberating the N.H.S., and putting power in the hands of patients and clinicians, means we will be able to effect a radical simplification, and remove layers of management." The health secretary, Andrew Lansley, also promised to put more power in the hands of patients. Currently, how and where patients are treated, and by whom, is largely determined by decisions made by 150 entities known as primary care trusts — all of which would be abolished under the plan, with some of those choices going to patients. It would also abolish many current government-set targets, like limits on how long patients have to wait for treatment. The plan, with many elements that need legislative approval to be enacted, applies only to England; other parts of Britain have separate systems.

LONDON (AFP) – Britain's data protection watchdog said Thursday Google had probably not captured "significant" private details in the country when its Street View cars grabbed data sent over wireless networks. The Internet giant is being investigated in a number of countries after the cars, which drive around taking photos for Google's free

online mapping service, mistakenly picked up the private information. The British Information Commissioner's Office said it had visited Google's premises to review samples of the information, known as payload data, which were picked up after being sent over unsecured WiFi networks. "On the basis of the samples we saw, we are satisfied so far that it is unlikely that Google will have captured significant amounts of personal data," said a spokesman for the data protection authority in a statement. "There is also no evidence as yet that the data captured by Google has caused or could cause any individual detriment." It said the data did not contain any "meaningful personal details that could be linked to an identifiable person." But it did not let the Internet search engine off the hook entirely, saying it had been "wrong to collect the information." The commissioner's office warned however that it would keep an eye on probes in other countries.

"We remain vigilant and will be reviewing any relevant findings and evidence from our international counterparts' investigations," it said. Google welcomed the news and added: "As we said when we announced our mistake, we did not want, and have never used, any payload data in our products or services." The Mountain View, California-based Internet search and advertising titan grounded all Street View cars in May after disclosing that they had mistakenly gathered snippets of private data. They returned to the road this month in several countries but only after all wireless scanning equipment had been removed. According to Google, Street View cars taking photographs of cities in more than 30 countries inadvertently gathered fragments of personal information.

Street View, which was launched in 2006, lets users view panoramic street scenes on Google Maps and take a virtual "walk" through cities such as New York, Paris or Hong Kong.

LONDON – Britain's government said Thursday it has dismissed a call to replace the head of an inquiry into allegations the U.K. colluded in the torture of terrorism suspects overseas. Human rights group Reprieve has complained that the inquiry chairman, ex-appeals court judge Peter Gibson, won't be impartial in the investigation because he has served as Intelligence Services Commissioner, Britain's spy watchdog, since April 2006 — developing close links to the intelligence community. The government's legal wing said in a letter to Reprieve on Thursday that attacks on Gibson were "unwarranted and baseless." The Treasury solicitors department pointed to Gibson's 12-year record at the Court of Appeal as evidence of his ability to remain impartial.

"He will therefore bring to the inquiry all his undoubted judicial experience, expertise and integrity," the letter from government lawyers' office said.

The advocacy group also claimed Gibson had conducted a private, internal inquiry into the claims that Britain colluded in the mistreatment by the U.S. and other allies of suspects held overseas. Government lawyers said no secret review has been carried out, but acknowledged Gibson had overseen work by spy agencies to prepare files to answer a series of lawsuits. About 12 ex-detainees who allege they were mistreated are suing Britain's government. In the most notorious 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.

LONDON – Alleged terrorism suspects held under a house arrest-style program but never put on trial are likely to win compensation payments, Britain's government said

Wednesday after losing a legal case. The Court of Appeal rejected a government appeal to overturn an earlier High Court ruling that the program breached human rights law. Control orders have been used to curtail the movements of terror suspects who can't be brought to trial without revealing sensitive intelligence. Latest figures show 12 people — nine of them British — are being held under the system. Suspects can be electronically tagged, kept under curfew for up to 16 hours per day, denied the use of telephones or the Internet and barred from meeting with others. Three appeal judges said in a ruling that the original decision that the program can breach human rights was justified. It means that some suspects held under the system can sue Britain for loss of liberty and breaches of European human rights laws. "We will resist strongly paying damages to former subjects of control orders wherever possible, and minimize the level of compensation where we have no choice but to pay," the Home Office said in a statement. Britain's new coalition government has pledged to review the system under a wider overhaul of counterterrorism laws. But Alex Carlile, the country's independent reviewer of anti-terrorism laws, said in an annual report last week that few alternatives to the system have been put forward. "Control orders are an unwelcome but appropriate means of addressing a small number of cases. No viable alternative has been suggested for this very small group of terrorism suspects," he said.

LONDON – The United Nations inspector who led a doomed hunt for weapons of mass destruction in Iraq told Britain's inquiry into the 2003 invasion Tuesday that the U.S. and U.K. relied on flawed intelligence and showed dubious judgment in the buildup to war. Hans Blix, the 82-year-old former chief U.N. weapons inspector, said Washington was "high on military" action in the aftermath of the Sept. 11, 2001, attacks on the United States, and refused to heed concerns over the paltry threat posed by Saddam Hussein's regime. At a London hearing, Blix said those who were "100 percent certain there were weapons of mass destruction" in Iraq turned out to have "less than zero percent knowledge" of where the purported hidden caches would be found. Though Blix previously has made similar criticisms of the case for war, his testimony built on evidence already offered to the British panel of a U.S. administration inevitably marching to conflict. "When we reported that we did not find any weapons of mass destruction they should have realized, I think, both in London and in Washington, that their sources were poor," Blix said. "Their sources were looking for weapons, not necessarily weapons of mass destruction. They should have been more critical of that." Blix told the panel, set up by the British government to examine the case for the war and errors in planning for post-conflict reconstruction, that he had warned British Prime Minister Tony Blair in a February 2003 meeting — as well as U.S. Secretary of State Condoleezza Rice during separate talks — that Saddam Hussein might have no weapons of mass destruction. He said he told Rice and Blair his "belief, faith in intelligence had been weakened." An earlier British investigation criticized U.K. spy agency officials for relying on seriously flawed or unreliable sources in drafting prewar dossiers on Iraq's threat. Last week, Eliza Manningham-Buller, ex-director of Britain's domestic spy agency MI5, told the inquiry that the prewar intelligence picture was "fragmentary," raising similar concerns to Blix.

LONDON (AFP) – An inquiry is to be conducted into the Afghanistan war, MPs said on Wednesday, examining why British troops remain there nine years after the

invasion and whether they have been successful. The House of Commons defence select committee has called for written evidence on "the justification for the continued participation" of Britain's 10,000 troops in the international coalition in Afghanistan. Amid polls showing a lack of public support for the mission, the committee will also examine "the success of the government in communicating this to the UK public". Prime Minister David Cameron has called for British combat troops to be out of Afghanistan by 2015, and the MPs will scrutinise this timetable, as well as success in the training of Afghan forces which could allow this to happen. In addition, they will investigate the issue of Afghan civilian casualties in the war, and the success of stabilisation and reconstruction efforts. Hearings will start later this year, the committee said. Parliament started its summer break on Tuesday but returns on September 6. Most of Britain's troops are based in the volatile south of Afghanistan, and a total of 325 have died in operations since the US-led invasion in 2001. A second inquiry, due to be announced in September, will examine "the context for a political settlement" in Afghanistan, the committee added, without giving further details.

BRUSSELS – The European Union's population has crossed the half-billion mark and the growth has come mostly from immigration, the Eurostat statistics agency said Tuesday. As of Jan. 1, the 27-nation bloc had a population of 501.1 million — up 1.4 million from a year earlier, the report said. Eurostat said 900,000 came from immigration over 2009, while 500,000 came from birth-minus-deaths population growth. In 2008, Eurostat forecast that deaths would outpace births by 2015 in the EU, leaving immigration as the only source of population growth. The EU birth rate fell to 10.7 per 1,000 inhabitants last year, from 10.9 per 1,000 in 2008, while the death rate remained unchanged at 9.7 percent. Many EU governments are debating raising the retirement age to offset the impact of a graying population. But some also face a public often wary about immigration; a 2009 EU survey found immigration was an area of concern in Malta, Spain, Denmark, Italy, Portugal and Britain. Eurostat said the 2009 birth rates were highest in Ireland, Britain and France and lowest in Germany and Austria. The death rates in Bulgaria, Latvia and Hungary outpaced birth rates, triggering a decline in natural population growth. The 2009 report also found that:

- The largest population rises were in Luxembourg (17.2 per 1,000 inhabitants), Sweden (9.1), Slovenia (7.2), Belgium (7.1) and the United Kingdom (6.7).
- The largest population drops were recorded in Lithuania (6.2 per 1,000 inhabitants), Latvia (-5.7), Bulgaria (-5.6) and Germany (-2.5).
- There were 5.4 million births in the EU. The lowest birth rates were found in Germany (7.9 per 1,000 inhabitants), Austria (9.1), Portugal (9.4), Italy (9.5), Latvia and Hungary (9.6). The highest death rates were recorded in Bulgaria (14.2 per 1,000 inhabitants), Latvia (13.3), Hungary (13.0) and Lithuania (12.6).

SAINT OUEN, France – French President Nicolas Sarkozy on Wednesday ordered authorities to expel Gypsy illegal immigrants and dismantle their camps, amid accusations that his government is acting racist in its treatment of the group known as Roma. Sarkozy called a government meeting Wednesday after Gypsies clashed with police this month following the shooting death of a youth fleeing officers in the Loire Valley. Sarkozy said those responsible for the clashes would be "severely punished" and

ordered the government to expel all illegal Roma immigrants, almost all of whom have come from eastern Europe. He pushed for a change in France's immigration law to make such expulsion easier "for reasons of public order." He said illegal Gypsy camps "will be systematically evacuated," calling them sources of trafficking, exploitation of children and prostitution. The language has chilling undertones in a country where authorities rounded up Gypsies and sent them to concentration camps during the Nazi occupation in World War II. Former President Jacques Chirac, the first French leader to acknowledge the state's role in the Holocaust, condemned "the Nazi madness that wanted to eliminate the Gypsies." Around Europe, some 250,000 to 1.5 million Roma were killed during World War II. Accurate figures are difficult to find, because so many Roma were rounded up away from public view, executed and dumped into mass graves. French Roma representatives were not invited to Wednesday's presidential meeting, and said they are the only ethnic group that French authorities can openly target. Interior Minister Brice Hortefeux insisted that Wednesday's measures "are not meant to stigmatize any community, regardless of who they are, but at to punish illegal behavior."

PARIS – President Nicolas Sarkozy said Friday that he wants to revoke the French citizenship of immigrants who put the lives of police officers in danger as part of a "national war" on delinquency. In a speech in Grenoble, the site of recent urban unrest, Sarkozy said that the current list of causes for revoking French nationality would be reevaluated and "rights and benefits" accorded to illegal immigrants would be reviewed. Meanwhile, a video posted on the Internet showing riot police roughly rousting African immigrant squatters, including one visibly pregnant woman, from an encampment at a housing project prompted shocked reactions around the country. The video shot by a member of a housing-rights organization shows police wearing leg protection pulling women, some with babies on their backs, and in one case dragging a woman across the ground with her infant trailing behind in the dirt. No one was injured in the July 21 operation in La Courneuve, a suburb northeast of Paris, local officials said, but human rights advocates denounced the "brutal evacuation" of some 200 people. Family Planning, an international women's health group, issued a statement saying it was "scandalized, shocked, outraged and even sickened by the conditions" of the mass evacuation of women and children. MRAP, a leading human rights group, said people in the video had all been expelled from previous housing and provided with no long-term solutions. The squatters physically resisted, "attaching themselves to each other, lying down, sometimes kicking and hitting police," the government of the Seine-Saint-Denis region around La Courneuve said.

The evacuation was handled "according to legal procedures and rules in such circumstances," and no one was injured, it said in a statement. The French president, a former interior minister, has projected a law-and-order image, and named a former police official as prefect, the highest state authority, for the region around Grenoble after youths and police clashed this month at a housing project that is home to many immigrants. Two days ago, Sarkozy ordered the expulsion of Gypsies living in France illegally, saying their camps should be "systematically evacuated." That order came after police clashed this month with Gypsies, known as Roma, in the Loire Valley following the shooting death of a youth fleeing police. The pronouncement caused special outrage because

Sarkozy singled out a particular ethnic group in a country official that's official blind to ethnic origins.

PARIS – France is upgrading its diplomatic relations with the Palestinian Territories to try to spur international efforts toward creating a Palestinian state, the French foreign minister said Monday. Bernard Kouchner said the Palestinian diplomatic representation in France — which was called a "delegation" and headed by a "general delegate" — will henceforth be considered a "mission" headed by an "ambassador, chief of mission." The French government said the decision concerns the Palestinian Authority under President Mahmoud Abbas — and notably does not mention the Gaza Strip, ruled by the militant Hamas since 2007. Similar upgradings are under discussion in Spain and Greece, Deputy Palestinian Foreign Minister Ibrahim Khreisheh said in a telephone interview. He said the United States made a similar move last week, upgrading the Palestinian presence from a PLO media office in Washington to a Mission of Palestine in Washington. The change enables the Palestinians to raise their flag there for the first time, Khreisheh said. The move appeared to be largely symbolic, with a counselor at the Palestinian mission welcoming the change while acknowledging it will not alter the mission's functions. Kouchner said the change in status was aimed at supporting efforts to create a Palestinian state and "guarantee its credibility." "Only the extremists profit from the status quo. The moment has come to shake things up," Kouchner's statement said. "If we wait, we will make the chances for peace retreat."

PARIS – France has declared war on al-Qaida, and matched its fighting words with a first attack on a base camp of the terror network's North African branch, after the terror network killed a French aid worker it took hostage in April. The declaration and attack marked a shift in strategy for France, usually discrete about its behind-the-scenes battle against terrorism. "We are at war with al-Qaida," Prime Minister Francois Fillon said Tuesday, a day after President Nicolas Sarkozy announced the death of 78-year-old hostage Michel Germaneau. The humanitarian worker had been abducted April 20 or 22 in Niger by al-Qaida in the Islamic Maghreb, and was later taken to Mali, officials said. The killers will "not go unpunished," Sarkozy said in unusually strong language, given France's habit of employing quiet cooperation with its regional allies — Mauritania, Mali, Niger and Algeria — in which the al-Qaida franchise was spawned amid an Islamist insurgency. The Salafist Group for Call and Combat formally merged with al-Qaida in 2006 and spread through the Sahel region — parts of Mauritania, Mali and Niger. Officials suggest France will activate accords with these countries to stop the terrorists in their tracks. "It's a universal threat that concerns the entire world ... not just France or the West," Defense Minister Herve Morin said Tuesday on France-2 television. "We will support local authorities so these assassins and (their) commanders are tracked, judged and taken before justice and punished. And, yes, we will help them." Algeria, Mauritania, Mali and Niger in April opened a joint military headquarters deep in the desert to respond to threats from traffickers and the al-Qaida offshoot. U.S. Special Forces have helped the four nations train troops in recent years.

ROME (Reuters) – Stalled talks between Iran and world powers should begin again as quickly as possible but must focus on Tehran's nuclear program, European

Union foreign policy chief Catherine Ashton said Wednesday. "I've made it clear...that we would like those talks to resume quickly and that we would be very clear that the issue on the table is Iran's nuclear weapons capability and approach," Ashton told reporters at a conference in Rome. "That is the issue. All other issues can be discussed later." Iran, the world's fifth-largest oil producer, says its uranium enrichment program is aimed at peaceful energy generation. But, given Tehran's history of hiding sensitive nuclear activity from U.N. inspectors and continued restrictions on their access, many countries believe its enrichment activity is ultimately intended to yield nuclear weapons. Western analysts say Iran has stockpiled enough enriched uranium to fuel 1-2 atom bombs, but probably remains a few years away from the ability to build a deliverable nuclear weapon, allowing time for diplomacy to rein in its atomic program. Talks between Iran and the five permanent members of the U.N. Security Council -- the United States, Britain, France, Russia and China -- as well as Germany (P5+1), meant to address concerns about Tehran's uranium enrichment, stalled last October, leading to a toughening of international sanctions. Iran's chief nuclear negotiator Saeed Jalili wrote to Ashton on July 6 calling for a resumption of talks, which Tehran has since said could take place after the end in mid-September of the Muslim holy month of Ramadan. Ashton, representing the P5+1, welcomed Jalili's gesture.

BRUSSELS – NATO's top officer says military-to-military relations between Russia and the alliance are "definitely improving." Italian Adm. Giampaolo Di Paola, who heads the alliance's military committee, says cooperation with Moscow is expected to deepen further in 2011 because of shared concerns over Afghanistan, and the threats posed by terrorism and maritime piracy. Di Paola returned on Saturday from a visit to Moscow, where he met with Russian defense chief Gen. Nikolai Makarov. He said the Russian side had responded to NATO's request to supply transport and helicopter gunships to the nascent Afghan air force by submitting a proposal which is now being studied by the allies. He did not elaborate on the contents of the proposal.

Southeast Europe

VIENNA, Austria -- OSCE Representative on Freedom of the Media Dunja Mijatovic delivered her first report Thursday (July 29th), outlining areas of concern in 56 countries worldwide, including some in the Balkans. Mijatovic reminded authorities in Tirana that media is not their property and journalists should report on officials' wrongdoings. Specifically, she expressed concern about Top Channel TV being fined 400,000 euros for airing a tape showing former Minister of Culture Ylli Pango allegedly asking a young woman for sexual favours in exchange for a job. Mijatovic also cited an instruction issued by Republika Srpska Prime Minister Milorad Dodik in early March, calling on public institutions to stop co-operating with public broadcaster RTVFBiH after it criticised government actions. Another example cited was a proposal by Reis-ul-Ulema Mustafa effendi Cerić, the highest authority of the Islamic Community of Bosnia and Herzegovina, to establish a separate public TV channel in the Bosnian language, because a Croatian word was used in a news summary. Mijatovic also condemned the July 19th murder of Greek journalist Socratis Giolias and criticised the July 24th beating of Serbian

journalist Teofil Pancic. Mijatovic also cited the high number of criminal prosecutions against journalists in Turkey.

NEW YORK, United States -- UN Secretary-General Ban Ki-moon and Serbian Foreign Minister Vuk Jeremic met in New York on Thursday (July 29th) to discuss a resolution filed at the UN General Assembly by Serbia. It was in response to last week's opinion by the International Court of Justice (ICJ), which concluded Kosovo's independence declaration in February 2008 did not violate international law. Jeremic briefed Ban on Belgrade's position, which urges compromise, rather than secession through "unilateral moves". Belgrade wants UN help in organising talks with Kosovo. Ban promised UN support in co-ordinating future steps with the EU, which has offered to facilitate dialogue between Serbia and Kosovo. Meanwhile, media in Pristina reported on Friday that the EU is expected to file a resolution on Kosovo to the UN Security Council. The daily Express says a draft resolution has been circulated to all EU member states, as well as to the US government. While Serbia reportedly wants to discuss all remaining issues, the EU document reportedly encourages dialogue on economic matters, regional co-operation, and democratic development, without any reference to Kosovo's status.

TIRANA, Albania -- The government is working on a pilot project to test fingerprint technology in elections. Minister for Technology and Innovation Genc Pollo confirmed on Sunday (July 25th) that the project will be applied in some areas to see whether electronic voting could be used in local elections next year. Actually implementing it requires consensus from the opposition on amending the electoral code, a thorny issue ever since the June 2009 elections, which the opposition Socialist Party insists were manipulated.

TIRANA, Albania -- The ruling Democratic Party (DP) criticised President Bamir Topi on Wednesday (July 28th) for failing to sign a decree appointing the head of the Constitutional Court, as directed by the constitution. DP lawmaker Eduard Halimi, representing parliament's law commission, says Topi should have signed it in early June, so parliament could then nominate the head of the court. Topi's office insists the decree could not be signed as the Constitutional Court lacks four of nine members. Though Topi used to be a senior member of the DP, relations have grown rocky.

TIRANA, Albania -- Albania sent 44 troops to Kabul on Wednesday (July 28th), its first fighting mission in Afghanistan. Albanian commandos will be deployed alongside US and British troops. Prime Minister Sali Berisha and Defence Minister Arben Imami attended a ceremony at the airport. "You are going to a difficult front, but you will be part of an alliance which recognises only victories," Berisha said. Albanian troops are also deployed with peacekeeping missions in Bosnia and Herzegovina, Chad and Iraq.

TIRANA, Albania -- Belgium will send 93 Albanian prisoners back to their homeland after an agreement signed on Thursday (July 29th) in Brussels. Belgian Prime Minister Yves Leterme said his country has been having difficulties with Albanian criminals for two decades. He praised the deal, which followed four months of negotiations. Prisoners will be extradited "as soon as possible", he added. Albanian Prime

Minister Sali Berisha said these issues belong in the past, as crime rates in Albania are below the EU average.

SARAJEVO, Bosnia-Herzegovina – Former Bosnian Vice President Ejup Ganic returned to Sarajevo Wednesday and was greeted by hundreds of supporters a day after a British judge declared him a free man and rejected Serbia's request for his extradition to face war crimes charges. Ganic was arrested in March by British authorities following the Serbian extradition request. Serbia claimed Ganic ordered an attack on Yugoslav soldiers who were retreating from the Bosnian capital at the beginning of the 1992-95 war but failed to provide any evidence. The British judge blasted the extradition request as abusive and politically motivated. Ganic, 64, flew with his family from London. The Turkish foreign minister, Ahmet Davutoglu, briefly met with him during a short layover at the Istanbul airport. The crowd at the Sarajevo airport carried banners saying "We were all with you" and waved with Bosnian flags and even a British one. Serbian prosecutors claimed that Ganic personally ordered a series of attacks on illegal targets, including an officers' club, a military hospital and what the Serbs describe as a medical convoy making its way out of town. But the British judge said the officers' club was a valid target, the medical convoy was in fact packed with army vehicles and military equipment and the hospital was unlikely to have been hit on the day Ganic took charge. While he acknowledged that war crimes may have taken place against Serbian troops as they left Sarajevo, he said there was nothing to indicate Ganic had been involved. Ganic told the crowd he was glad the judge concluded that Serbia misused the British judicial system and that the process against him was politically motivated. Ganic's release left Bosnian Serbs disappointed. "This is another proof that Serbs are treated as secondary citizens" said the leader of the Serb Democratic Party, Mladen Bosic.

The terrorist attack on a police station in the central Bosnian town of Bugojno late last month -- in which Officer Tarik Ljubuskić was killed and six others were wounded -- is indicative of the tension caused by the country's small, but increasingly aggressive, Wahhabi community. The ongoing investigation reveals suspected bomber Haris Causevic and mastermind Naser Palislamovic have longstanding ties to the radical Islamic sect, as do the other three suspects who have been arrested. The terrorist cell allegedly conducted the attack because it objects to a popular annual Muslim gathering in Ajvatovica to revere a holy man of the past. "I think the basic goal of the Wahhabi movement is to create a religious state acceptable only for Muslims -- without Serbs and Croats," BiH Prime Minister Nikola Spirić told local media earlier this month. Republika Srpska (RS) officials cautioned of similar terrorist attacks by the radical Islamists, who receive funding from Saudi Arabia and Iran. Officials also warned that the group's actions could have negative implications for BiH's European integration, including visa liberalisation.

Meanwhile, BiH's media has been stirring the pot by openly criticising the country's Islamic community and its Grand Mufti Mustafa Efendi Cerić, for not sufficiently distancing themselves from the Wahhabis. The Islamic community rejects the accusations, calling on the government to introduce decisive measures throughout BiH. The Wahhabis' aim "is to cause mistrust, fear and concern, to distract us from ... [Euro-Atlantic] integrations", the community says.

Despite the assurances, a Bosniak who spoke to SETimes said that people are fearful. "Economic woes are compounded by the hatred and aggressive Wahhabi propaganda," he said, lamenting the success in attracting dissatisfied young Bosniaks.

"As a rule, they come from poor families with internal problems and conflicts, and are mentally unstable persons. Such is the case is with [suspected bomber Causevic]."

SOFIA, Bulgaria -- The cabinets of Bulgaria and Greece held a joint meeting in Sofia on Tuesday (July 27th), where Bulgarian Prime Minister Boyko Borisov and his Greek counterpart George Papandreou agreed to establish a joint High-Level Co-operation Council. They discussed the Burgas-Alexandroupolis gas pipeline project, which will connect the Black Sea with the Aegean, avoiding expensive transit fees through the Bosphorus. Borisov, who has questioned the environmental impact of the pipeline passing through protected territories, said Papandreou acknowledged those concerns and agreed that an environmental impact study should be completed before any work begins. In all, more than ten agreements were signed during the meeting between the two leaders and various cabinet ministers.

SOFIA, Bulgaria/BUCHAREST, Romania -- Bulgarian Interior Minister Tsvetan Tsvetanov said on Thursday (July 29th) that Sofia and Bucharest are taking joint measures to ensure that Roma facing expulsion from France are repatriated to their homelands. Authorities in Paris announced on Wednesday that they plan to dismantle all illegal gypsy camps within three months and will repatriate Roma who have committed crimes. The move came after a violent clash with police in early July. Romanian Prime Minister Emil Boc, whose country is home to the biggest Roma community in Europe, said all European countries have a "common obligation" for the millions of gypsies on the continent.

ZAGREB, Croatia -- Local media suggest that Croatia is expected to provisionally close two more EU negotiation chapters at an intergovernmental conference Tuesday (July 27th). One is on financial control, the other is food safety, veterinary and phyto-sanitary policy. This will bring the number of provisionally closed chapters to 22 out of 33. Several others reportedly are close to closing. Officials expect to close all chapters by early next year and sign the EU accession treaty soon afterwards. This will enable the country to join the EU in mid-2012, taking into account the time required for every member country to ratify the treaty.

PRISTINA, Kosovo -- The EU is expected to urge Pristina and Belgrade to start a dialogue, given the momentum from last week's decision by the International Court of Justice's (ICJ) opinion on the legality of Kosovo's independence declaration. According to local media, this message will be conveyed by the EU foreign ministers, who are meeting on Monday (July 26th) in Brussels. Kosovo Foreign Minister Skender Hyseni has said that the ruling, though non-binding, is a clear call to the UN Security Council to consider drafting a resolution on Kosovo's independence. "This would then lead to a point where [UNMIK] will withdraw or downsize its number, while the EU mission would remain in Kosovo and assist us," Hyseni said. He added that Kosovo expects 35

new recognitions, including from five EU member states that had declined to do so earlier.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci said on Sunday (July 25th) that Kosovo's supervised independence is coming to an end and urged the international presence to move to a supporting role. Returning from a visit to the United States, he added that the international civilian presence will remain in Kosovo, as well as an adequate number of KFOR troops. Concerning possible talks with Belgrade, Thaci reiterated that while there will be co-operation between the neighbours, there will be no dialogue on Kosovo's internal affairs. During his visit to Washington, Thaci met with Vice-President Joe Biden, state department officials, as well as World Bank and IMF representatives.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci is urging the five EU member states that have not recognised Kosovo -- Greece, Spain, Cyprus, Romania and Slovakia -- to revise their stance. Last week's opinion by the International Court of Justice (ICJ) is the best evidence that Kosovo's declaration of independence is legal, Thaci said on Wednesday (July 28th). "Justifiably, after the ICJ's ruling, the government ... expects that these countries will recognise Kosovo," he added.

Meanwhile on Thursday, Thaci told Pristina daily Kosova Sot that the ICJ ruling effectively ended any notion of special status, autonomy or partition in the Serb-dominated north. "It's a political madness to talk about these ideas after the ICJ's opinion," he said. He reiterated that his government is ready to talk with every legitimate leader but not with Serb parallel structures.

PRISTINA, Kosovo -- EULEX police officers raided the home of Azem Syla, a former commander of the Kosovo Liberation Army (KLA), on Wednesday (July 28th), as part of an investigation into the so-called Bllaca case. During a videotaped confession in November 2009, Nazim Bllaca said that he acted as an accomplice in murder, torture and threatening actions conducted by the Kosovo Intelligence Service, a faction believed to be close to the ruling Democratic Party. Bllaca then confessed that some of the orders came from Syla. He was not at home during Wednesday's search, but is to appear before the Special Prosecutor next week. EULEX investigators left the scene after confiscating some documents. Meanwhile, an IT administrator working with the Kosovo government was arrested on Thursday in connection with the ongoing investigation of the ministry of transport and telecommunications. The suspect is accused of obstructing evidence collection. EULEX raided the offices of the ministry in April, as well as the home of Transport Minister Fatmir Limaj, amid allegations of corruption.

PRISTINA, Kosovo -- EULEX Chief Prosecutor Johannes van Vreeswijk has announced a wave of actions against organised crime and corruption in northern Kosovo. "There are 25 serious cases in the north that need to be cleaned up," van Vreeswijk said on Thursday (July 29th), two days after officially taking his post. EULEX has shortlisted six cases that will be tackled next week, he added. Van Vreeswijk reiterated that there is solid evidence in the corruption case involving Transport and Telecommunications Minister Fatmir Limaj, and warned that the minister will be questioned. Implying other ministers might be under investigation, he said "there are other cases similar to Limaj's".

BRUSSELS, Belgium -- The EU said on Tuesday (July 27th) that the reform process in Macedonia has gained new momentum, but urged the country to address some shortcomings in order to accelerate the integration process. EU Enlargement Commissioner Stefan Fuele said after a meeting of the EU-Macedonia Stabilisation and Association Council that the European Commission (EC) still wants to open accession talks with Skopje. However, Brussels first wants to see more political dialogue between the ruling parties and the opposition, reforms in the public administration, guaranteed judicial independence, a bolder fight against corruption and improved human rights. Macedonian Foreign Minister Antonio Milososki vowed that his country will continue implementing the necessary reforms.

In other news Tuesday, Croatia moved a step closer to the EU by closing two more negotiation chapters -- on food safety, veterinary and phyto-sanitary policy, and financial control. With these two chapters, the country has closed 22 out of 33.

PODGORICA, Montenegro -- Judicial authorities and EULEX forensic experts have found no trace of a mass grave in the northeast town of Andrijevisa, a local court announced on Tuesday (July 27th). The investigation was launched about a week ago to determine whether the site contains human remains. Dozens of Kosovo Albanians were detained in military barracks in Andrijevisa during the Kosovo war.

BUCHAREST, Romania -- Though they have had difficult relations in the past, reconciliation between Romania and Hungary is a "pillar" for the progress of Central Europe, President Traian Basescu said on Saturday (July 24th) in a speech attended by Hungarian Prime Minister Victor Orban. Both were visiting a summer university in the central town of Tusnad, organised by representatives of the Hungarian minority. "The key to a positive development of the region can only be found in respecting mutual values, adopted by our two countries as part of their integration in NATO and the EU," Basescu added, urging Bucharest and Budapest to set aside "the unpleasant events of their history". Orban described bilateral ties as "better today" than in the past, but did not comment on the autonomy sought by the Hungarian minority in Romania.

BELGRADE, Serbia -- Parliament planned an emergency session Monday (July 26th), initiated by the government, to discuss last week's ruling by the International Court of Justice (ICJ) that upheld the legality of Kosovo's 2008 declaration of independence. Prime Minister Mirko Cvetkovic said the government will seek to pass a resolution that aims to establish unity among all political parties in Serbia, regarding the preservation of territorial integrity. Serbian officials reiterated that Belgrade will never recognise Kosovo and will seek new negotiations on its status at the UN General Assembly in September. Tomislav Nikolic, leader of the main opposition Serbian Progressive Party, blames the government for the ICJ ruling, insisting the cabinet failed to consult with opposition parties while preparing its case.

During an extraordinary session Monday (July 26th), parliament supported a government motion stressing that Serbia will never recognise Kosovo, and calling for new talks between Belgrade and Pristina. "The National Assembly finds it necessary to

come through peaceful negotiations to a permanent, sustainable and mutually acceptable solution for Kosovo, in accordance with Serbia's Constitution," the resolution said.

The document passed by a vote of 192-26, with two abstentions, after a 12-hour debate on the International Court of Justice's (ICJ) advisory opinion last week, which said that Kosovo's 2008 independence declaration did not violate international law. "Serbia will never, neither explicitly nor implicitly, recognise the unilaterally proclaimed independence of Kosovo," the resolution reads. Although non-binding, the Belgrade authorities view the ICJ's ruling as a "serious blow" for their country's ambitions to regain its former province and fear that it will make further efforts more difficult.

"We must be fully aware that the situation in which Serbia finds itself today is much worse than before the ICJ ruling," Foreign Minister Vuk Jeremic told parliament during the debate. Kosovo has been recognised by 69 countries, including the United States and 22 of the 27 EU member states. Noting that another 55 countries are close to recognising the newest Balkan state, Jeremic said the government is making every effort to prevent that from happening. Serbia's pro-European President Boris Tadic, who also attended Monday's session, said his country would never give up Kosovo and would employ all possible diplomatic and political means to preserve its territorial integrity.

But, Serbia would not give up its strategic goal of joining the EU, either, he stressed, noting that it "must have best possible relations with big powers, because any other politics leads Serbia directly into a disaster, and its citizens straight to poverty".

Serbia submitted a draft resolution to the UN General Assembly on Wednesday (July 28th), denouncing Kosovo's independence and calling for the launch of new talks on the former Serbian province. The move follows the International Court of Justice's (ICJ) advisory opinion of July 22nd, saying that Kosovo's 2008 declaration of independence did not constitute a breach of international law. The document, submitted by Serbia's UN mission on Wednesday, acknowledged the ICJ ruling, but noted that "unilateral secession cannot be an acceptable way of resolving territorial issues."

The draft resolution, which Serbia hopes the General Assembly will adopt this fall, calls on Belgrade and Pristina to seek "a mutually acceptable solution for all disputed issues through peaceful dialogue". While it does not specifically mention Kosovo's status as a subject the proposed talks should address, observers believe that this is the goal of Belgrade's push for more negotiations. Numerous senior Serbian officials, including President Boris Tadic, have said in recent days that the ICJ's opinion will not discourage them from continuing the battle to regain the former province. Arguing that the ICJ, which is the UN's primary judicial body, did not answer the question of whether Kosovo had the right to secede, Wednesday's draft asks the General Assembly to adopt conclusions on The Hague-based court's opinion. It calls for the inclusion of an item in the interim agenda of the Assembly's 66th session on "further activities following the passing of the advisory opinion of the ICJ on whether the unilaterally proclaimed independence of Kosovo is in line with international law". Citing a statement by the Serbian foreign ministry, media reports noted that the draft resolution was filed with the UN following consultations with all permanent members of the Security Council and a number of other international factors.

Parliament passed the Public Information Law 11 months ago, but on July 22nd, the Constitutional Court of Serbia struck down most of its provisions -- primarily those imposing sweeping penalties on media outlets that violate regulations. The court noted that the controversial provisions endangered the freedom of public speech. "The threat of enormous penalties can put the survival of the media in question and, what is even more dangerous, can cause auto-censorship, because neither the founder nor the employees of a medium will be free from the worry of whether they will be punished for what they have to say freely," Judge Vesna Ilic-Prelic said, reading from the court ruling. Beta news agency Editor-in-Chief Ivan Cvejic said the Constitutional Court's decision "was the right and only possible one, but the government probably will not learn anything from it, because its initial motives for adopting the Information Law were not to improve the environment for the work of the media". "Journalists can be satisfied with the court ruling, but the general environment for the media will, unfortunately, remain very bad. Foremost because of the extremely bad economic situation, but also because of political and economic pressure," Cvejic told SETimes. Independent Journalists' Association of Serbia Vice-President Jelka Jovanovic said the law "opened the way for editorial censorship and journalistic auto-censorship, especially given the atmosphere of fear created during the law's adoption".

LJUBLJANA, Slovenia -- Police have arrested a hacker suspected of creating a virus that has infected more than 12 million computers around the world, police spokesperson Leon Keder confirmed on Wednesday (July 28th). Media reports identify him only as a 23-year old Slovenian known by his hacker handle Iserdo. The man has been released but is expected to be charged with computer-related crimes, Keder said. Local media reported last week that Slovenian police -- in co-operation with the FBI -- had launched an investigation against three former Slovenian IT students who allegedly created the virus in order to get information from bank cards and internet banking details.

Oceania

SYDNEY (AFP) – Australia's conservative opposition has taken an election-winning lead over Prime Minister Julia Gillard's embattled party just weeks ahead of an election, a poll showed Saturday. According to a Nielsen survey, the Labor's party's popularity has sunk to levels that prompted Gillard's shock axing of her predecessor, Kevin Rudd, to become the country's first woman leader just five weeks ago. Gillard's plunging popularity came after she suffered a spectacular reversal of fortunes in the campaign's second week, with damaging leaks and the ghost of a hospitalised Rudd dogging her bid to return the ruling Labor party to office.

Labor's vote slumped to 48 percent against the conservative Liberal/National coalition's 52 percent, the latest Nielsen poll showed, a six percentage point shift away from Gillard's centre-left party. Labor's primary vote bled six percentage points in the week to 36 percent while the coalition, led by Tony Abbott, gained four points to a commanding 45 percent. The numbers are similar to those recorded in early June, which Labor considered so dangerous to its re-election chances it took the huge gamble of dumping first-term prime minister Rudd in favour of Gillard, his deputy. If replicated in the August 21 elections the polling would translate into an election-winning 4.7 percent

swing against Labor and put Abbott's conservatives in office. The survey also confirms public disenchantment with Gillard's policy of seeking guidance on climate change from a "citizens' assembly" of ordinary Australians, with 53 percent saying they opposed it. By contrast 60 percent said they were in favour of the emissions-trading scheme controversially shelved by Rudd after it was twice knocked back in the upper house, while just 27 percent said they opposed it. Australia's first female leader, Gillard enjoyed a brief honeymoon with the public, with an initial poll bounce of 14 points after she deposed Rudd in a lightning partyroom coup last month. But the gloss appears to have come off her leadership, with her preferred prime minister rating down 13 points Saturday to 49 percent, against Abbott's 41 percent. Her formerly stratospheric rating among women levelled to an even split with Abbott. The former monk and fitness fanatic was quick to play down his chances, saying he was "very much the underdog in this election campaign" and the polls were volatile, while Gillard called it the "fight of my life". "What I have always believed was that this was going to be a tough, close contest, the decision will be a photo finish," she said.

SYDNEY (Reuters) – Australian Prime Minister Julia Gillard is heading for a shock defeat at elections on August 21, a new opinion poll showed Saturday, as government infighting and damaging cabinet leaks threatened to derail her campaign. But Gillard, who is still expected to win by most other opinion polls and political experts, vowed to keep on battling to keep the top job. "Let's be very clear about this, we're in a fight," she told reporters while campaigning in Perth. "I am going to keep fighting every day of this election campaign." Defeat for Gillard would sink her plans to slap a 30 percent tax on iron ore and coal mines, to introduce carbon-trading and to build a \$33 billion-plus broadband network. The latest Nielsen poll reversed a solid lead Gillard's Labor party held in the same poll a week ago. Australia's first female prime minister took over barely five weeks ago from unpopular predecessor Kevin Rudd, who was dumped by his own MPs. Support for Labor had dived six percentage points to 48 percent, according to the poll, published on Saturday in The Sydney Morning Herald and The Age newspapers. It gave the conservative opposition an election-winning 52 percent, after minor parties are eliminated under Australia's system of transferable voting. Opinion polls have been erratic but, on balance, they have favored Gillard. The Reuters Poll Trend, a statistical analysis that aims to smooth out the volatility of differing poll results, shows Gillard winning a slightly increased majority.