

Report 131  
PROJECT ON BUSINESS AND POLITICS IN THE  
MUSLIM WORLD

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This week report dwells much on Yahoo/AP/Reuters News, New York Times and World Politics review. The report remains a compilation of strategic political, economic, socio-cultural and Geo-strategic issues around North America/Canada, Western Europe, Latin America/Southern Europe, Southeast Europe and Oceania. It obviously begins with a summary of the whole report, a breakdown of easily comprehensible short notes.

### Headlines

#### US/Canada

- U.S. Lost 131,000 Jobs as Governments Cut Back
- U.S. Tells WikiLeaks to Return Afghan War Logs
- Senate Confirms Kagan in Partisan Vote
- Mexican Guest Workers, Laid Off, Want BP's Help
- Turning a Crisis Into an Opportunity
- Mosque Plan Clears Hurdle in New York
- BP Begins 'Static Kill,' to Seal Well Permanently
- U.S. Finds Most Oil From Spill Poses Little Additional Risk
- In Speech on Iraq, Obama Reaffirms Drawdown
- Tariq Aziz: Obama is 'leaving Iraq to the wolves'
- Canada poll shows Conservative lead evaporating
- Canadian government says no to census compromise
- Harper gives cabinet minor shuffle
- Canada economy sees first jobs loss of 2010

#### Western Europe

- Berlusconi government weakened after vote
- Pirate Party tackles ultimate taboo of child pornography
- Commission regrets new US fee for visitors
- Europe plugs gaps in visa- free waiver deal with Brazil
- Energy bill, euro fall, hit French trade balance
- Amid mounting civil unrest, EU-IMF team gives Greece thumbs up
- Greece mobilises army to restore fuel supply
- Greek truck drivers end strike
- Greece to probe state agencies in anti-corruption drive
- Trichet cautious on growth
- Brussels unfazed by iPhone security scare
- Swedish Web hosting firm confirms WikiLeaks link
- Asylum seekers on rise, picked-up illegal entrants down: EU
- UK diplomat appointed EU envoy for Sudan

- EU ends security mission in Guinea-Bissau
- Cameron, Obama push for Middle East peace talks
- EU will only conduct internal monitoring of Rwanda poll
- AP Exclusive: Iran defiant in nuclear documents
- UN climate talks 'going backwards': EU
- Britain's Cameron criticized for Iran nuke gaffe
- Pakistan president to address political rally

#### Southeast Europe

##### Albania

- Albania's Berisha wants institutions to step up work on EC questionnaire
- Albanian port sees passenger influx
- Albanian businesses lose electricity over unpaid bills
- Albania sends more troops to Afghanistan

##### Bosnia

- EU mission urges adoption of census law

##### Croatia

- Croatian Supreme Court reduces Glavas sentence
- Glavas' party condemns Croatian court decision

##### Kosovo

- Kosovo foreign minister says independence is no precedent
- Kosovo's Hyseni: change UN Security Council Resolution 1244
- UN Security Council: ICJ opened road to talks
- Thaci: ideas of partition are "insane"

##### Montenegro

- Montenegro names new minister without portfolio
- Montenegro delivers strategy to fight corruption
- Montenegro sends military officers to Somalia

##### Romania

- EC to release 1 billion euros to Romania in September

##### Serbia

- Tadic irked by Ganic extradition refusal
- Serbia's war crimes prosecution to decide on Ganic's case
- Serbia gives up appealing Ganic ruling
- Serbian court upholds prison terms for Wahhabi members
- Refugee associations urge Serbia and Croatia to resolve problems
- Tadic meets Operation Storm victims' families
- Serbia marks 15 years of Operation Storm
- Italy ratifies SAA with Serbia

##### Oceania

- Ex-Aussie PM threatens legal action over leaks claim
- Australian PM meets ousted rival; poll predicts loss
- Dumped PM enters Australian election campaign
- Lagging Australia PM calls truce with knifed ex-leader
- Australian election a battle of the sexes

- Australian mining towns key election battleground
- Scientists find sea sponges share human genes

## **Report Summary**

### **US/Canada**

#### Political Issues

Challenging Multinational Corporations is always a tough and bold decision and unshouderable by republican administration, but Obama democrat administration mustered the courage to challenge BP and even forced a compensation for damaging the Gulf of Mexico. President Obama is hoping to take advantage of his achievement on the oil spill during the midterm elections, though his acclaimed achievement is being punctured by republican critiques.

The puzzling question is the extent to which Pentagon can influence Wikileaks to withdraw all classified published and unpublished information from its website. Implicitly the leak has done unlimited damaged to American war strategy in Afghanistan and offended many working covertly and otherwise with Washington to see that Afghan war reaches a conclusive end.

The US Senate confirmed Elena Kagan to a seat on the Supreme Court replacing Justice John Paul Stevens after a protracted evaluation. Elena, a liberal will have to wrestle with the conservatives in the apex court.

If the Canadian government would continue with infuriating policies across political and business broad, the possibility to maintaining lead over liberal opposition party will be less likely. In view of the recent crisis over census administration, Canadian Ekos survey puts the Conservatives at 29.7 percent in popular support, down from 32.2 percent in the previous reading. Whatever the poll is saying does not reckon with government position, bent not to compromise with the plan of changing the compulsory for voluntary census forms. The new plan is what many Canadians are uncomfortable about and believe it will skew the data and make it less reliable for planning purposes.

In spite of the declining support for the Conservative minority government, the political state of affairs suggest that neither the ruling nor the opposition wants an early election, rather amid political scrambling both will want to re-stabilised the economy.

#### Economic Issues

For many Americans unemployment remains worrisome and there is little or no indication that the joblessness gap will close sooner even as private businesses fill their vacant positions. The increasingly concern of joblessness makes it a potential political issue for the midterm elections.

Loss of jobs is also true for the Canadian economy, as permanent jobs saw a loss while part-time gained certain degree of progress. The fluctuation in the Canadian economy could implicitly suggest that most industrial economies are yet to fully regain their grip.

The leak at the Gulf of Mexico oil was not just detrimental to the environment but was equally damaging to jobs amid the problem of unemployment facing many Americans. Immigrant workers have joined the band of those seeking compensation from BP seen responsible for their layoff at workplaces along the Gulf.

#### Social/Humanitarian Issue

The battle over the construction of a 13-story complex by Muslim within the neighbourhood of Ground Zone is an unfinished brawl even after the New York authorities have given their green light. Objection to the mosque according to authority is a betrayal of U.S value of freedom for all, while antagonists see it as respecting lives of the victims.

#### Food, Environment and Energy Issue

As BP engages in static kill, an effort to permanently seal the leak at the Gulf of Mexico that nevertheless does not displace the environmental fallout of the leak which has become a menace for animals and human inhabitants of the Gulf.

#### Geostrategic Issues

It was a war tagged as illegal and as created dented image for Americans, but President Obama is about fulfilling one of his campaign promises by closing the chapter of Iraq war and hopes to accord him domestic praise. Ending the Iraq war is of course not the end of many miseries Iraqis are still undergoing, as former Saddam's lieutenant Tariq Aziz said departure of the United States from Iraq will be tantamount to leaving the country to wolves. The end of Iraq war meant the war in Afghanistan should be giving a thorough attention.

### **Western Europe**

#### Political Issues

The inability of the opposition to get through a vote of no-confidence against the ruling Italian government indicates that despite the recent infighting Silvio Berlusconi's government can still move on irrespective of the political storm.

The libertarian Pirate Party in Sweden wants the country to revert its child pornography laws back to their previous form, which existed before 1999. The party said it does not voice for discriminatory exhibition of child pornography but wants to change

the system that will disallow police to charge everyone even for things that does not amount to child pornography.

Cyber crimes cannot be downplayed more especially in a world of hi-tech where crime is possible visually without notice and causing an immense damage. UAE government has banned the Blackberry on security ground, but the European Commission is far from doing same with iPhone, believed to be security fortified, even after a German security office alerted on its vulnerability.

As the United States government battles with Wikileaks, a Swedish website says it is ready to champion the cause of freedom of speech by helping to launch Wikileaks accused by the American government of declassifying sensitive information to the public.

Recent report published by Eurostat on the EU graphically explains the expenditures of the bloc on technical issues. According to the publication, the EU expended more than €601m on "external advice" between 2005 and 2008, €84,000 used as payment for those drawing up questionnaire asking EU officials about their career plans, while the European Commission spent €150m a year on consultants.

#### Economic Issues

Eurozone financial crisis did not exempt the big European markets like France from its impact. The French economy was recorded to have suffered huge deficit, but that trend is beginning to change as the economy picked pace due to exportation of transportation equipment which was instrumental for deficit reduction.

EU and IMF are standing by the Greek government on its economic reforms aimed at bailing the recessed economy and as measure to getting more funds from the two institutions. The Greek government economic reforms have not been receptive to the people, protesting the reforms with national strike actions.

European Central Bank chief sent a strong note of caution to the members of Eurozone about being complacent with the economy rather should expect a slow growth in the second half of the year. The message is a pointer that Eurozone recession will take more time to be stabilised.

As Liberia leaves its past for a democratic reconstruction, western countries have not shunned their look from this West African country. The European Commission recently allocated an extra €10 million in humanitarian aid for Liberia.

#### Social/Humanitarian Issue

Despite its border tight policy the EU is recording an increase in asylum seekers and irregular and illegal border-crossers. The fact indicates that the United States will not be alone in the fight against illegal immigration, similarly the rise further prove the increasing population of Europe characterize by immigrants.

Google has announced that starting September 14th, it will allow European markets to bid on brand names as keywords, something it already allows North America, Ireland, and the UK to do. This will allow advertisers to have their ads show up when users search

#### Food, Environment and Energy Issue

Nuclear talk between the EU and Iran remains unsettled over the allegation that Tehran is not ready for a compromise with the western world. Despite the impasses which culminated to recent EU sanctions, the EU foreign office still want to dialogue with Tehran, but once again could stick and carrot policy works for Iran.

The British Prime Minister has once again got himself in soup for confrontational foreign policy statement which in diplomatic forum is believed to be sign of inexperience. David Cameron slipped by saying that Iran has nuclear bomb, a fact unacceptable to Labour opposition.

The EU is speaking out against countries that have not been able to live to expectation after the Copenhagen climate summit. The EU urges countries to do a "fair share" of gas cuts, as the menace of global warming and climate change intensifies.

The Family Farmers Association in Britain has called on the European Commission to provide ongoing financial support for working livestock producers and growers who are unable to make a living from agriculture.

#### Geostrategic Issues

The European Commission believes the newly imposed \$14 fee by the US government on travelers under the visa waivers system is unattainable as it hurt the agreement between EU and US. The Commission is reviewing the fee and could do the same for US travelers coming to EU.

EU-Brazil is bound to be strengthened by the approval of a visa-free waiver deal. It is obviously a recognition of the Latin America economic and diplomatic influence.

The appointment of Rosalind Marsden, a British career diplomat by Catherine Ashton, the EU's foreign policy chief, to help in preparations for a referendum on independence for South Sudan and in peace efforts in Darfur, shows the extent to which Sudan remains under EU's radar.

Yet the EU is exiting her security adviser from Guinea Bissau on the ground of political unrest. The EU accuses the West African country of lacking political instability and respect for rule of law.

The EU has offered Rwanda an informal support in its forthcoming elections. Unlike EU usual practice of sending monitoring group, the bloc only sent four experts to do an internal analysis, whose report will be internally used by the EU.

Despite what opposition called inexperience in foreign affairs matter, Prime Minister David Cameron appears to be committed along with other world leader to putting life back in the Middle East peace talk. While on a separate note, the British premier welcomed the Pakistani President Asif Zardari in London, after a huge debate that the visit is uncalled for upon Cameron's irritating talk about Pakistan while in India.

## **Southeast Europe**

### Political Issues

As part of its longing for the EU visa liberalization scheme, Albanian Prime Minister Sali Berisha has called on local institutions to complete the questionnaire sent by the European Commission. Albania hopes to join others that are now part of the scheme. Albania has also increase the number of its presence in Afghanistan, showing its commitment as a NATO member.

Political division in Bosnian parliament could further isolate the country from the EU. The parliament has not been able to resolve and adopt a law on holding a national population census.

Sentencing former parliament member Vladimir Glavas of Croatian Democratic Party of Slavonia and Baranja (HDSSB) to ten year prison terms for war crimes against Serbian civilians during the 1991-1995 war has caused uproar between the judiciary and the political party. HDSSB claims Glavas is punished for shifting political party.

Kosovo Foreign Minister Skender Hyseni has clearly said during his visit to the UN that Kosovo's independence is not precedent for any country, while at the same time urging the UN to change its Resolution 1244 upon the recent ICJ rulings. Hyseni nevertheless ruled out any dream of partitioning Kosovo as suggested by Serbia that northern Kosovo should be autonomous.

Extradition rejection of former Bosnia and Herzegovina presidency member Ejup Ganic by a British court wanted by Serbia in connection with a May 1992 attack in Sarajevo against a Yugoslav National Army convoy was another diplomatic setback for Belgrade. Despite the rattling, Belgrade has decided not to appeal the case.

Meanwhile, as Serbia commemorates 15 years anniversary of Operation Storm, when Croatian military launched offensive on Serbs living in Croatia, refugees of the war are asking Serbia and Croatia to resolve their difference so as to facilitate the return of the refugees.

### Economic Issues

Romanian economy will see a boost as the European Commission (EC) releases the third 1.15 billion-euro tranche of the 20 billion-euro loan. The fund became due after all criteria and conditions in the agreement were accomplished.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Unlike Albania's input to NATO, Montenegro is collaborating with EU ATALANTA naval operation, which combats piracy off the Somali coast. Sea piracy is increasingly becoming a global menace and nations are working jointly to put it out.

Italy has joined countries that ratified the Stabilisation and Association Agreement (SAA) with Serbia, becoming the fourth EU member state to do so.

## **Oceania**

Political Issues

Election is around the corner and Australian political parties have been sensitizing the public with political gimmick in an attempt to woo voters. The Labour party has no option than to settle its internal fracas if it must retain the premier's seat as there has been a political roar between ousted PM Kevin Rudd and PM Julia Gillard.

Economic Issues

Social/Humanitarian Issue

Food, Environment and Energy Issue

Australian scientists reported to have found in sea sponges sharing genes similar to human. The discovery is hoped to revolutionize medical outlook of human history and how diseases could be reduce through the exploitation of the sea sponges.

Geostrategic Issues

## **Report Detail**

US/Canada

With the departure of thousands of temporary Census workers and thousands more let go by state and local governments, businesses could not rescue the American labor market in July. Over all, the nation lost 131,000 jobs last month, according to the Department of Labor, which also said that June was far weaker than previously indicated. Private employers added 71,000 jobs last month, but those figures were overtaken by the 143,000 cut as the Census wound down. It is also about half the number that economists say is needed to simply accommodate population growth, so the tepid job increases cannot begin to plug the hole created by the loss of more than eight million jobs during

the recession. The unemployment rate, in fact, remained stuck at 9.5 percent in July. “The private sector is still hobbled,” said Robert A. Dye, senior economist at PNC Financial Services Group in Pittsburgh, “and certainly is not nearly strong enough to overcome the drain on the government side.” Government figures released last week confirmed that the American economy slowed in the spring, and the latest jobs numbers suggested that the weakness continued into the early summer. With economists and politicians fervently arguing over whether the economy is poised for liftoff or stalled on the runway, Friday’s jobs report did little to end the debate. Some economists are talking about the risk of a “double dip” recession, and the political stakes for the Obama administration are rising as the midterm elections tick closer.

In remarks made while visiting Gelberg Signs, a small business in Washington, President Obama acknowledged the uneven pace of the economic revival. “The road to recovery doesn’t follow a straight line,” he said. “Some sectors bounce back faster than others. So what we need to do is push forward. We can’t go backwards.” Investors greeted Friday’s lackluster report by buying Treasuries, a haven in uncertain times, and driving the yield on the two-year note to a record low. Investors appear to expect the Federal Reserve to keep interest rates low, perhaps for years, as unemployment remains stubbornly high. Stocks sold off in the morning, but rallied a bit in the afternoon, with the Standard & Poor’s 500-stock index down about 0.4 percent for the day.

WASHINGTON — The Pentagon demanded on Thursday that WikiLeaks “do the right thing” and remove from its Web site tens of thousands of classified documents about the war in Afghanistan, and return to the military thousands of others that it had not yet made public. Geoff Morrell, the Pentagon press secretary, said the Web site’s disclosure last week of a six-year archive of some 77,000 documents gave the Taliban and other militant groups insights into American military tactics and techniques, showed how the United States protects its troops in war zones and revealed the names of Afghan informants and how the military cultivates them. Most of Mr. Morrell’s briefing focused on the information WikiLeaks had already made public. But Pentagon officials are especially concerned about 15,000 additional documents that WikiLeaks has withheld so far to remove identifying information. “Public disclosure of additional Defense Department classified information can only make the damage worse,” Mr. Morrell told reporters at the Pentagon. “We are asking them to do the right thing. We hope they will honor our demands and comply with our demands.” Mr. Morrell’s appeal is the Obama administration’s latest response to the disclosure, which has set off a criminal inquiry by the Army and the Federal Bureau of Investigation, prompted a sweeping Pentagon review of the documents to hunt for any information damaging to troop safety and national security, and increased pressure on President Obama to defend his war strategy. Mr. Morrell said the Pentagon had formed a team of 80 analysts from the military and the F.B.I. who are working around the clock to vet the documents for damaging information. So far the team, which is expected to increase to about 125 people in the coming days, has conducted about 400 “key word” searches through the 77,000 disclosed documents. When those searches turn up information, Mr. Morrell said, it is set aside for further analysis. After this initial review is completed, the Pentagon will conduct a separate “page by page, word by word” review of each and every document, he said. When the teams find information “of concern,” the Pentagon notifies the foreign government

involved, he said. If the information identifies Afghans who provided information to allied troops or otherwise associate with the troops, the military notifies its headquarters in Kabul, which in turn is taking undisclosed steps to safeguard those people. "I can't say we've seen any direct impacts here yet," an American officer in eastern Afghanistan said this week of the disclosure. "On the other hand, this is pure gold if you know how to read them and what you're looking for. Without confirming or denying anything posted, it amounts to our playbook for the past several years. If we had similar insight into insurgent operations, we could use it to great effect." Mr. Morrell acknowledged that given WikiLeaks' past history of disclosing confidential information, he did not have high hopes that the organization would comply with the Defense Department's demand. Mr. Morrell said that if asking WikiLeaks respectfully did not work, the Pentagon would resort to other steps, which he did not describe. "We will figure out what other alternatives we have to compel them to do the right thing," he said.

WASHINGTON — The Senate confirmed Elena Kagan to a seat on the Supreme Court on Thursday, giving President Obama his second appointment to the court in a year and a victory over Republicans who sharply challenged her credentials and record. Ms. Kagan, who is set to be sworn in Saturday as the newest member of the court, was approved by a vote of 63 to 37 after hearings and floor debate that showcased the competing views of Democrats and Republicans about the court but exposed no significant stumbling blocks to her confirmation. In welcoming the Senate action, Mr. Obama said he expected that Ms. Kagan would be a strong addition to the court because she "understands that the law isn't just an abstraction or an intellectual exercise." "She knows that the Supreme Court's decisions shape not just the character of our democracy, but the circumstances of our daily lives," the president said. Ms. Kagan, the former dean of the Harvard Law School, a legal adviser in the Clinton administration and solicitor general in the Obama White House, becomes the fourth woman to serve on the court. She will join two other women currently serving, including Justice Sonia Sotomayor, who was confirmed almost exactly a year ago, and Justice Ruth Bader Ginsburg. She will be the only justice on the court not to have served previously as a judge. At age 50, the New York native could have a long tenure, but her confirmation is not seen as immediately altering the current closely divided ideological makeup of the court, which is often split 5 to 4 on major decisions. She succeeds Justice John Paul Stevens, the leader of the court's liberal bloc, who is retiring. "Her qualifications, intelligence, temperament and judgment will make her a worthy successor to Justice John Paul Stevens," said Senator Patrick J. Leahy, Democrat of Vermont and chairman of the Judiciary Committee.

The court she is joining has grown more assertive in placing a conservative stamp on decisions under Chief Justice John G. Roberts Jr., and is likely to confront an array of divisive issues in coming years, like same-sex marriage, immigration and the federal government's role in health care. Among the cases she is expected to sit in on when the new term starts in October are two major First Amendment clashes: one involving California's attempts to limit the sale of violent video games to minors, the other on the free speech rights of protesters at military funerals. Because of her role as solicitor general in the Obama administration, Ms. Kagan has already identified 11 cases on the docket for the next term in which she would disqualify herself because she had worked

on them for the White House. One concerns the privacy rights of scientists and engineers at the Jet Propulsion Laboratory who object to federal background checks.

NEW ORLEANS — Soon after the oil from the Deepwater Horizon began gushing into the Gulf of Mexico, business at the Ramada Plaza Beach Resort in Fort Walton Beach, Fla., dried up — and so did the jobs of five Mexican housekeepers who were guest workers at the hotel under contracts guaranteeing them work until Nov. 1. “On June 30, they told us our jobs were over, and that we had to leave our housing and go back to Mexico,” Salvador Luna Espinoza, one of the housekeepers, said in a telephone interview conducted with a translator. “I’m staying with friends now, but I don’t know how long they’ll put up with me.” While thousands have lost their jobs as a result of the oil spill, the layoffs present special hardships for guest workers, mostly hotel workers and those working in shellfish processing. Under their H-2B visas, they are allowed to work only for the employer who arranged their visa, and they must leave the United States within 10 days of losing their job. Most took on debt of \$1,000 or more to pay for the trip to the United States, planning to pay it back with their earnings. Mr. Luna Espinoza, who has a wife and five children at home in El Tizate, Mexico, said that without the \$7.75-an-hour hotel job, he had no hope of repaying his debt — and unless he could do so, no one would back him in arranging another visa or another job. So he is still in the United States, awaiting compensation. “What they face is basically a guillotine the moment they’re laid off,” said Saket Soni, executive director of the Alliance of Guestworkers for Dignity, a grass-roots New Orleans organization that is helping the laid-off housekeepers, and other guest workers laid off from a Baton Rouge seafood processor, file claims with BP. “We would like to see them treated not as disposable workers, but as people who deserve relief in a disaster.”

CHICAGO — At a political fund-raiser on Thursday for a close friend running for his old Senate seat, President Obama brought up the oil spill in the Gulf of Mexico to make his case to voters. When the other side was in power, he said, they told the oil industry to “write your own rules.” More recently, he said, they “voted against holding oil companies like BP accountable for every dime of the spills they cause.” One leading Republican, he recalled, even “apologized to them.” Now that the country’s worst oil spill in history has finally been stopped, expect a gusher of political debate over what it meant and whom to blame. For three months, Mr. Obama was tested in a way he had not been before, his seemingly detached initial response to the crisis evolving into a tougher approach to face down a multinational corporation. He will spend the next three months until midterm Congressional elections trying to deflect questions about his administration’s effectiveness by turning them into questions about his critics’ coziness with the oil industry. The end of the spill, and the government’s conclusion that it did less damage than feared, certainly provides a welcome burst of good news for a president beleaguered by an anemic economy at home and relentless war abroad. But the question is whether he can define the episode on his terms.

Rahm Emanuel, the White House chief of staff, argued that Americans would appreciate what he called Mr. Obama’s steady hand and tough decision-making through the ordeal that led to a \$20 billion fund paid by BP to compensate victims. “He’s steady under fire,” he said, “and given all the crises, you want somebody who’s clear-eyed and

determined to get their objective.” Republicans said the episode showed that Mr. Obama’s instincts were not as sharp at crisis management as at campaigning. “His leadership was a little uncertain,” said Frank J. Donatelli, a White House official under President Ronald Reagan and now chairman of Gopac, a Republican group. “It’s as if a lawyer approached the problem rather than a manager.”

As New York City removed the final hurdle for a controversial mosque near ground zero, Mayor Michael R. Bloomberg forcefully defended the project on Tuesday as a symbol of America’s religious tolerance and sought to reframe a fiery national debate over the project. With the Statue of Liberty as his backdrop, the mayor pleaded with New Yorkers to reject suspicions about the planned 13-story complex, to be located two blocks north of the World Trade Center site, saying that “we would betray our values if we were to treat Muslims differently than anyone else.” “To cave to popular sentiment would be to hand a victory to the terrorists — and we should not stand for that,” the mayor said. Grappling with one of the more delicate aspects of the debate, Mr. Bloomberg said that the families of Sept. 11 victims — some of whom have vocally opposed the project — should welcome it. “The attack was an act of war — and our first responders defended not only our city but also our country and our Constitution,” he said, becoming slightly choked up at one point in his speech, which he delivered on Governors Island. “We do not honor their lives by denying the very constitutional rights they died protecting. We honor their lives by defending those rights — and the freedoms the terrorists attacked.” But even as the mayor called for the mosque to be embraced, those opposed to the project pledged to aggressively fight it, using both litigation and public pressure. A prominent Republican and foreign policy analyst said he was working with business, civic and political leaders to organize a campaign to persuade architects, contractors and donors to steer clear of the project. He said they would also aggressively scrutinize any donors who supported it. The Republican, Daniel Senor, a former high-ranking official with the coalition government in Iraq, said that anybody who works with the center “needs to know there is going to be a real stigma associated with this project.” “Do they really want to be involved with something so detrimental, that might set New York back?” he asked. Lawyers representing a firefighter who survived 9/11 also said they would file a lawsuit on Wednesday to block the city’s approval. The plan for the complex, which began as a local zoning dispute, has quickly snowballed into an intense national debate about the nature of Islam and the meaning of the Sept. 11 attacks.

HOUSTON — Engineers began pumping heavy drilling mud into BP’s stricken well in the Gulf of Mexico on Tuesday with the hope of sealing the well permanently or at least revealing critical clues on how to kill it before the end of the month. The effort, known as static kill, comes just over 100 days after the Macondo well blew out, sinking the Deepwater Horizon platform, killing 11 drill workers, and spewing nearly 5 million barrels of crude into the Gulf of Mexico, according to government estimates. Engineers made repeated efforts to contain or muzzle the well with little success until a tight cap was fitted over it nearly three weeks ago. Through the afternoon, engineers pumped mud weighing about 13.2 pounds per gallon at slow speeds from a surface vessel through a choke line into the blowout preventer on top of the well. If all goes well, cement may be applied to fill the well over the next few days. Officials were guarded about declaring that

the operation would bring a final resolution to a spill that has caused significant economic and environmental damage to the Gulf region and seriously damaged the reputation of the London-based oil giant. They say they can only be confident the well will finally be plugged when one of two relief wells intercept the runaway well, allowing for a complete sealing of the well with cement.

Engineers are cautious because they are not certain pumping mud from the top will plug the entire well pipe. If it only fills the center well pipe, and not the area called the annulus between the inner piping and the outer casing, then a final cementing of the well may have to wait another few weeks. At the very least, though, engineers say the static kill will help pinpoint leaks that need to be filled once they complete drilling one of two relief wells. "The static kill will increase the probability that the relief well will work," retired Coast Guard Adm. Thad Allen, the leader of the federal spill response effort told reporters on Tuesday. "But the whole thing will not be done until the relief well is completed." It is possible that the static kill will succeed in plugging the entire well with cement, but engineers will only be able to confirm that success with certainty once the relief well is complete. Before BP began the static kill operation, they completed several hours of testing by shooting refined oil through the well to check well pressures and determine that they could inject liquids into the reservoir. After consulting with Energy Secretary Steven Chu and senior government scientists over the results, they decided to move forward with the mud pumping operation. The efforts were delayed by a day when technicians found leaks from two valves on the new capping stack, but officials said there was no sign of serious damage to the well.

WASHINGTON — The government is expected to announce on Wednesday that three-quarters of the oil from the Deepwater Horizon leak has already evaporated, dispersed, been captured or otherwise eliminated — and that much of the rest is so diluted that it does not seem to pose much additional risk of harm. A government report finds that about 26 percent of the oil released from BP's runaway well is still in the water or onshore in a form that could, in principle, cause new problems. But most is light sheen at the ocean surface or in a dispersed form below the surface, and federal scientists believe that it is breaking down rapidly in both places. On Tuesday, BP began pumping drilling mud into the well in an attempt to seal it for good. Since the flow of oil was stopped with a cap on July 15, people on the Gulf Coast have been wondering if another shoe was going to drop — a huge underwater glob of oil emerging to damage more shorelines, for instance. Assuming that the government's calculations stand scrutiny, that looks increasingly unlikely. "There's absolutely no evidence that there's any significant concentration of oil that's out there that we haven't accounted for," said Jane Lubchenco, head of the National Oceanic and Atmospheric Administration, the lead agency in producing the new report. She emphasized, however, that the government remained concerned about the ecological damage that has already occurred and the potential for more, and said it would continue monitoring the gulf. "I think we don't know yet the full impact of this spill on the ecosystem or the people of the gulf," Dr. Lubchenco said.

Among the biggest unanswered questions, she said, is how much damage the oil has done to the eggs and larvae of organisms like fish, crabs and shrimp. That may not become clear for a year or longer, as new generations of those creatures come to maturity. Thousands of birds and other animals are known to have been damaged or

killed by the spill, a relatively modest toll given the scale of some other oil disasters that killed millions of animals. Efforts are still under way in Louisiana, Mississippi, Alabama and Florida to clean up more than 600 miles of oiled shoreline. The government and BP collected 35,818 tons of oily debris from shorelines through Sunday. It remains to be seen whether subtle, long-lasting environmental damage from the spill will be found, as has been the case after other large oil spills. The report, which is to be unveiled on Wednesday morning, is a result of an extensive effort by federal scientists, with outside help, to add up the total volume of oil released and to figure out where it went.

ATLANTA — President Obama on Monday opened a monthlong drive to mark the end of the combat mission in Iraq and, by extension, to blunt growing public frustration with the war in Afghanistan by arguing that he can also bring that conflict to a conclusion. The series of events, starting with a speech here to a veterans' group, puts the president in the thick of a volatile national security debate at a critical moment for both wars as he draws down troops from one theater and sends more to the other. While seeking to shore up domestic support, he is also defining the limits of his ambitions in both Iraq and Afghanistan. Mr. Obama vowed to complete his plan to withdraw designated combat forces from Iraq by the end of August "as promised and on schedule," even though a political impasse has left Baghdad without the permanent government that his strategy originally envisioned. At the same time, he vowed to destroy Al Qaeda in Afghanistan while sticking to "clear and achievable" goals rather than aspiring to build a fully functioning democracy. The president's renewed public focus on the wars comes after many months in which his domestic agenda was at the center of the national conversation. But the White House calculated that the drawdown in Iraq and the change in mission there this month provided an opportunity to take credit for fulfilling one of Mr. Obama's central campaign promises even as war fatigue takes its toll. "As a candidate for president, I pledged to bring the war in Iraq to a responsible end," Mr. Obama told a convention of the Disabled American Veterans here. "Shortly after taking office, I announced our new strategy for Iraq and for a transition to full Iraqi responsibility. And I made clear that by Aug. 31, 2010, America's combat mission in Iraq would end. And that is exactly what we are doing, as promised and on schedule."

The drawdown will bring the American force in Iraq to 50,000 troops by Aug. 31, down from 144,000 when Mr. Obama took office. The remaining "advise and assist" brigades will officially focus on supporting and training Iraqi security forces, protecting American personnel and facilities, and mounting counterterrorism operations. The mission's name will change from Operation Iraqi Freedom to Operation New Dawn, and the 50,000 transitional troops will leave by the end of 2011, according to an agreement negotiated by President George W. Bush and reaffirmed by Mr. Obama. And addressing the concerns of veterans, Mr. Obama vowed that "your country is going to take care of you when you come home."

LONDON – The man who once served as Saddam Hussein's leading lieutenant has appealed to the United States to extend its presence in Iraq, saying that President Barack Obama is abandoning the country, according to a British newspaper interview published Friday. Tariq Aziz, whose long tenure as Saddam's foreign minister made him the international face of the Iraqi dictator's regime, was quoted by The Guardian

newspaper as saying his hopes about Obama had been dashed. "I thought he was going to correct some of the mistakes of Bush," the paper quoted Aziz as saying from his jail cell in north Baghdad. "But Obama is a hypocrite. He cannot leave us like this. He is leaving Iraq to the wolves." However, Aziz's Jordan-based Iraqi lawyer, Badee Aref, challenged the accuracy of The Guardian's report. He confirmed that Aziz gave the interview, but insisted that the 74-year-old was misquoted. "I know how Mr. Aziz speaks and I know that he's not very aware or informed of what goes on in the world outside the jailhouse where he is," Aref told The Associated Press. "So, how could he say what he said about the U.S. troop withdrawal and about President Obama? He was definitely misquoted."

The Guardian said that its reporter, Martin Chulov, was traveling and wouldn't be available for comment. But the paper did release a statement saying it stood behind the story. "We wholeheartedly reject any suggestion that Mr. Aziz has been misquoted," the statement said. In its story, The Guardian said that Aziz had been keeping up with events in Iraq via television. It wasn't immediately clear if the paper had made a recording of the interview. According to the Guardian, Aziz refused to condemn his former boss, who was executed in December 2006. "If I speak now about regrets, people will view me as an opportunist," he said, according to the paper.

TORONTO (Reuters) – Canada's Conservatives have virtually lost their lead over the opposition Liberals, according to a poll showing support for the ruling party below 30 percent for the first time since late 2006. The Ekos survey for the Canadian Broadcasting Corp, released on Thursday, put the Conservatives at 29.7 percent in popular support, down from 32.2 percent in the previous reading. That puts the party in a statistical draw with the Liberals, who rose to 28.5 percent from 26.4 percent. The main opposition party has been out of power since early 2006. The Ekos poll is considered accurate to within 1.8 percentage points, 19 times out of 20. Under Canada's electoral system, a party normally needs at least 40 percent support to capture a majority of the 308 seats in the House of Commons. A party would need around 36 percent -- or about a 10-point lead over its nearest rival -- to win a workable minority. The summer is normally a quiet time in Ottawa, with the House of Commons is on a three-month break, but an unlikely issues seems to have caught the attention of Canadians. There has been a political firestorm surrounding the government's plan to change next year's census.

The country's chief statistician resigned in protest over the move a couple weeks ago, prompting a national debate over how statistics are collected. That has pitted the Conservatives against groups ranging from the businesses community, to social services organizations and local governments. Even the Bank of Canada Governor Mark Carney was drawn into the debate, saying the central bank will monitor what impact the census changes might have on data that it uses from Statistics Canada. The Ekos automated telephone survey of 3,444 people was conducted between July 21 and July 3.

VANCOUVER (Reuters) – The Canadian government has rejected a compromise over next year's census that would keep it compulsory to answer some detailed questions, but eliminate the threat of a prison sentence for refusing, Treasury Board President Stockwell Day said on Tuesday. Opponents of the government's plan to drop the mandatory "long form" census -- which asks some Canadians more detailed questions on their income, jobs and housing -- say they might be willing to eliminate the jail threat.

The Conservative government says the form is an invasion of privacy and the jail threat is onerous, even if the penalty has never been imposed. The census law also carries the threat of a fine for refusing to participate. "We've been clear that we're opposed to the mandatory nature of this and forcing people by some criminal sanction ... whether that's jail or whether it's a fine," Day told a news conference in Ottawa. The government will replace the mandatory long form, which in the past was sent to about 20 percent of the population, with a form that will be sent to more people but answered on a voluntary basis. The census will be conducted next year.

Most Canadians answer only the "short form" census, which has fewer demographic questions. The government has no plans to make that form voluntary or drop the penalties for those who refuse, Day said. The change to the long form has drawn fire from business, social groups and some statisticians, who complain that using a voluntary system will skew the data and make it less reliable for planning purposes. The opposition New Democrats said last week they would support dropping the threat of jail but keeping the form compulsory -- a compromise suggested by the National Statistics Council.

OTTAWA/VANCOUVER (Reuters) – Canadian Prime Minister Stephen Harper gave his cabinet a minor shuffle on Friday, saying there was no need for an election now, but appointing a minister with a combative reputation as House leader. John Baird, who had been minister of transportation, takes over as government House leader, where he will play a key role in winning the support of opposition parties needed to pass legislation and keep the minority Conservative government in power. Baird has been seen by many observers as one of the Conservatives' more partisan cabinet ministers, making his choice for the new role a surprise. But Harper told reporters he is keen to make Parliament work, and the country needs stability given the uncertain global economic recovery. "Our economic action plan needs time to run its course. Canada cannot afford to interrupt this green shoot of a recovery with an unnecessary election," he said. Harper shuffled his cabinet after former Government House Leader Jay Hill announced he will not seek re-election. Chuck Strahl takes over Baird's former transport portfolio, with Strahl's Indian and Northern Affairs post handed to John Duncan. The main opposition Liberals took a wait-and-see approach to Baird's appointment, saying that while he can be combative he can also be a calmer negotiator. "We'll just have to see how he decides to play it," Liberal House Leader Ralph Goodale told Reuters. Goodale said Baird told him on Friday he wanted to tone down partisan debate. Friday marked the second time in two days that Harper has said he does not want an election, and the opposition parties have also said they are not trying to force one now.

OTTAWA (Reuters) – Canada's economy unexpectedly shed 9,300 jobs in July, the first month it failed to create any this year, suggesting the country's recovery from the recession is starting to cool. Statistics Canada said on Friday that a loss of 139,000 in full-time employment was not quite offset by a 129,700 jump in part-time jobs. Analysts in a Reuters poll had predicted an increase of 15,000 jobs after a strong gain of 93,200 in June. It was the first time the economy dropped jobs since losing 29,300 in December. The unemployment rate rose unexpectedly to 8.0 percent from 7.9 percent. The services sector, which generated strong jobs growth in June, shed more than 51,000 jobs.

Education and finance lost most jobs. The goods-producing sector added 42,000 jobs, boosted by 28,500 job gain in the manufacturing sector. The average hourly wage of permanent employees, watched by the Bank of Canada for inflation pressures, rose 2.6 percent in July from a year earlier.

## Western Europe

Silvio Berlusconi's government on Wednesday evening (4 August) survived an important test in parliament when the lower house rejected a no-confidence motion against junior justice minister Giacomo Caliendo. The vote was called because the minister is under investigation on corruption allegations. Mr Caliendo denies all wrongdoing. Following the at times ill-tempered debate, the government gained 299 votes, the opposition 229 while 75 deputies, including those from a government splinter group led by Gianfranco Fini, abstained. "This is a signal that we're staying on and that there is no election now," said Umberto Bossi, leader of the co-governing far-right Northern League party, according to AP. Widely seen as a test of the strength of the government which has been buffeted by a series of sex and corruption scandals, the voting result made clear that Mr Berlusconi's majority in the lower house has eroded. The prime minister needs 316 votes in the 630-seat lower house in order to be sure of passing legislation. "The majority that emerged from the last elections doesn't exist anymore," said opposition deputy Dario Franceschini before the vote, reports Bloomberg. Last week, Mr Berlusconi suffered a blow when Mr Fini, co-founder of his conservative People of Freedom (PDL) party, set up a breakaway group with rebel MPs claiming to be more honest than their erstwhile colleagues. After the vote, Mr Fini made it clear that he and his breakaway allies would continue to support the government so long as it sticks to its electoral programme. But he also said his group would oppose measures that they consider unjust.

EUOBSERVER / BRUSSELS - The libertarian Pirate Party in Sweden has set off a storm of controversy by arguing that the country's current laws on child pornography should be done away with. In an interview with Swedish Radio out on Thursday (5 August) Pirate Party leader Rick Falkvinge described a 1999 child pornography law as "a battering-ram against the open society." The radio spot and an accompanying article noted how a policy plank in the party's election manifesto, published last week, would "make it legal to hold the image, text and sound with child pornography" on a computer. Mr Falkvinge's remarks infuriated many of the party's own supporters just weeks ahead of Sweden's general election and drew a rebuke from Anders Ahlqvist, the deputy head of Sweden's cybercrime department. "The fact is that possession [of images] comes mainly in connection with suspicion of other crimes, especially the spread of child pornography ... There are a large number of judgments where people have been convicted of child pornography with the help of this law," he told the radio station. Speaking to EUobserver by phone from Stockholm, the party's communications manager and parliamentary candidate for southern Sweden, Jonatan Kindh, said the public radio broadcaster "ambushed" his camp. "The big story on Swedish Radio, that said we are positive to child pornography, that is really not the case," he said. "We want to make it clear that the Pirate Party does not have a positive stance on child pornography, but rather we are opposed to

Swedish laws that say that almost anything, pictures, sound, drawn images, anything at all depicting someone under the age of 18 can be called a sexual image." "What we want is not an end to all child pornography laws but a return to their previous form, which existed before 1999, in which it defined it as images of prepubescent children," he said. "Swedish child pornography laws since then are more like something like a yoke the police can apply to this or any case. It shows well how the child pornography law can be used on anyone." "The law could also cover a 17-year-old taking a nude picture of himself, keeping the picture until he's 19 and then he is suddenly in possession of child pornography. It's the 18 cut-off that is the main problem." Mr Kindh gave the example of how a Swedish comic books translator, who specialised in translating Japanese manga, was last week arrested under the law: "From a collection of around 1,000 comics, the police found 51 images that they misread as child pornography." The party does want all child pornography laws lifted in relation to any fictional content.

The European Commission said today (6 August) that it "very much" regretted a decision by the US to impose a \$14 (€10.52) fee on foreigners visiting the country without a visa. It said that it planned to analyse the fee to determine whether the new measure is equivalent to the US imposing a visa requirement on EU citizens. The fee was announced today by the US department of homeland security (DHS). It will be levied on people travelling to the US under its visa waiver programme from 8 September. The Commission has, in the past, threatened to impose visa requirements on US diplomats unless the US grants EU citizens the same visa-fee access to its territory that its nationals enjoy when they visit the EU. "I have repeatedly raised concerns about the introduction of this fee," Cecilia Malmström, the European commissioner for home affairs, said. "I remain convinced that these new requirements, applicable only to travellers under the visa waiver programme, are inconsistent with the commitment of the US to facilitate transatlantic mobility," she said. The visa waiver programme allows travellers to visit the US without a visa for a period of up to 90 days for tourism or business. Currently, 36 countries - 23 of them EU member states - are included in the programme. US citizens have equivalent visa-free access to the whole of the EU. The US Congress voted in March to levy a fee on users of the visa waiver scheme to fund a new US agency to promote tourism. Congress set the fee at \$10 (€7.51), but the final amount has risen to \$14 to cover administrative costs. The DHS was tasked by Congress with working out the details of how the fee would operate. Travellers will pay the fee when they fill out a compulsory online form to travel to the US. The completion of the form, known as the Electronic System for Travel Authorisation (ESTA), has been mandatory since January 2009 for people who want to use the visa waiver programme. Until now, however, travellers have not had to pay any fees linked to the ESTA form. The Commission was concerned, in 2008, that the US requirement that people fill out ESTA forms prior to travel could be tantamount to a visa requirement. It carried out an investigation but concluded, in December 2008, that this was not the case. The Commission's longstanding position has been that countries whose nationals can travel to the EU without a visa must grant EU citizens equivalent visa-free access. The Commission said today that it would carry out a further assessment of the ESTA system, in light of the introduction of the fee.

BRUSSELS - Europe announced on Friday a deal opening up reciprocal visa-free travel to and from Brazil, bringing Cyprus, Estonia, Latvia and Malta into line with other European Union partners. The agreement has to be ratified by ministers from all 27 EU governments but "will have a real positive impact on the everyday life of our citizens," said Cecilia Malmstroem, the bloc's home affairs commissioner. The accord, which comes after more than two years of negotiations, should be operational come the next carnival in Rio de Janeiro in February 2011 with a commission spokesman saying the deal had been "initialled."

(PARIS) - The French trade balance showed a reduced deficit in June but an increased gap for the first six months of the year, data from the economy ministry showed on Friday. In June the deficit fell to 3.796 billion euros (5.0 billion dollars) from 5.179 billion euros in May. The fall came after exports picked up to total 33.0 billion euros in the month from 30.0 billion euros in May, helped mainly by sales of equipment for transportation, notably airliners. But for the first six months, the deficit increased to 24.5 billion euros from 20.4 billion euros for the same period of last year. The trade balance is an important indicator of the competitiveness of an economy and the ability of a country to pay its way in the world in trade in goods and services. The trade data form part of an even more critical measure of long-term fundamental forces in the economy, the balance of payments.

France has been running a structural trade deficit for some time, and analysts say that this reflects a number of underlying weaknesses in the economy. The deficit over six months increased mainly because of an increase in the energy import bill, as denominated in the euro which has fallen against the dollar. The ministry noted that exports had risen by 10.0 percent in the first half on a 12-month comparison and that for the second quarter they had risen by 6.0 percent. Junior Trade Minister Anne-Marie Idrac said that this "shows the capacity of French exports to bounce back as the economy emerges from the crisis." She welcomed a particularly big increase in trade with emerging economies. Separate data from the budget ministry showed that the central state budget showed a sharply reduced deficit of 61.7 billion euros at the end of June from 82.4 billion euros in the first six months of last year. This reflected the ending of exceptional measures to stimulate the economy through the downturn and a rise of tax revenues, it said.

EUOBSERVER / BRUSSELS - The EU and IMF have endorsed Greece's economic programme, required in return for a €10 billion bail-out agreed in May. Amid a paralysis of the country by striking lorry drivers, violent clashes with riot police and small-scale bombings, a team of staff from the European Commission, the European Central Bank and the International Monetary Fund have been in Athens this past week for the first quarterly review of the government's austerity programme. "Our overall assessment is that the programme has made a strong start," the commission-ECB-IMF 'troika' said mid-Thursday in a statement. "The end-June quantitative performance criteria have all been met, led by a vigorous implementation of the fiscal programme, and important reforms are ahead of schedule," the troika statement continued. In May, the EU and IMF agreed to loan Greece €10 billion over three years in return for a programme of public sector cuts, privatisation and tax reforms - the fourth such austerity package announced since the beginning of the country's debt crisis - that if the government is able

to impose them despite widespread popular opposition will thoroughly transform the relationship of the state to its people. The troika reported that Greek authorities have "kept spending significantly below budget limits at the state level." The statement noted approvingly that these cuts at the national level had "offset slippages" in expenditure at the regional and municipal level, particularly regarding local government and funding of hospitals and social security. "Impressive progress is being made on structural reforms. The mission welcomes the parliament's landmark pension reform, which is far-reaching by international standards," the troika said.

As part of the austerity programme, the government has indexed retirement age to life expectancy changes, equalised men's and women's pension age limits and raised the retirement age of public sector employees from 61 to 65.

The changes to pensions led to pensioners in May throwing rocks at the parliament as other protesters attempted to storm the building. There have been a series of one-day general strikes since the beginning of the year in opposition to the multiple austerity programmes. In the spring, three bank workers were killed when a contingent of protesters set fire to a bank during one of the general strikes. Small-scale terrorist attacks blamed on previously unknown left-wing groups, have also returned, echoing the "urban guerilla" violence of the 1970s. Some 13 incidents, including bombings of political party offices, MP homes, a bank, the Athens Stock Exchange and government buildings, have taken place. On Saturday, a guerrilla group called the Sect of Revolutionaries, claimed credit for the murder of Sokratis Giolas, a blogger journalist close to anti-terrorist police units. "Our guns are full and they are ready to speak," the previously unknown group said in a communique. "We are at war with your democracy." The EU-IMF team also saluted the "substantive labour market reform underway" and the changes to the transport sector: "Important progress has already been made with liberalisation of road haulage and energy."

ATHENS, Greece. Efforts to restore fuel supplies continued in Greece over the weekend after striking truck drivers failed to reach an agreement with the government Friday (July 30th). The army was called into service to supply hospitals, airports and other critical facilities, while oil companies provided vehicles for delivering fuel to petrol stations. The truckers have been on strike for a week, protesting the government's plans to open their sector to competition by issuing new operating licenses. No new licenses have been issued in Greece since 1971, and those holding the existing licenses often profit from selling them at prices amounting to hundreds of euros. The EU and IMF have been demanding a change in the system. Long lines of cars at petrol stations dispersed by Saturday afternoon, and media reports said the situation was returning to normal in major cities such as Athens and Thessaloniki. But other parts of Greece -- including the islands, where the strike has delivered another blow to an already sagging tourism industry -- remain affected.

ATHENS, Greece -- Truck drivers decided on Sunday (August 1st) to terminate a six-day strike that left petrol stations in short supply across the country. The decision was taken with a narrow majority at a four-hour meeting of the Federation of Overland Commercial Transporters. The drivers were set to start returning to their jobs early Monday. The action began in protest against the government's plans to liberalise the

transport sector by opening it to new licenses, a process that has been frozen for decades. According to the plan, the liberalisation is to begin in September.

ATHENS, Greece -- Finance Minister George Papaconstantinou ordered dozens of audits and formal inquiries into the activities of tax and customs officials on Monday (August 2nd), after receiving complaints about bribery, illegally acquired wealth, irregular inspections of business, omissions and VAT fraud. Ten audits will be carried out at institutes of technology education, hospitals, municipal authorities and enterprises, while 25 formal inquiries will be made regarding officials employed by the state financial services.

The European Central Bank (ECB) today (5 August) sought to play down signs that the eurozone may be through the worst of the economic crisis, saying that it expects growth to slow in the second half of 2010. "We consider that we should not be complacent in any respect," Jean-Claude Trichet, the ECB's president, said. "We should not declare victory." Speaking after a meeting of the ECB's governing council, Trichet said that the bank expects economic activity in the third and fourth quarters of 2010 to be "significantly less dynamic" than that recorded in the second quarter of the year (April-June). "The second quarter seems to be really exceptional," he said. He urged governments to be rigorous in improving their public finances, saying this was an essential step to underpin recovery. Eurostat, the EU's statistical office, will release its first estimate of second-quarter growth in the EU and the eurozone on 13 August. The governing council, the bank's highest decision-making body, kept key ECB interest rates on hold for the 15th month running. The decision means that the bank's main refinancing rate remains at 1%, a historic low. Despite his cautious outlook, Trichet said that available data for the third quarter of 2010 indicates that growth will be "better" than previously expected. The European Commission's latest economic forecast, dating from 5 May, predicts that the eurozone economy will grow by 0.2% in the third-quarter, compared to the previous quarter, and by 0.7% compared to the same period in 2009. "Looking further ahead...we continue to expect the euro area economy to grow at a moderate and still uneven pace," Trichet said.

EUOBSERVER / BRUSSELS - The European Commission has said it has full confidence in its security set-up despite a scare about the vulnerability of iPhones, used by thousands of commission staff. "We choose our systems and hardware based on a number of criteria, including security. We have complete confidence in the security measures we take," commission spokesman Michael Mann told EUobserver on Thursday (5 August), in reaction to a German warning about the Apple phones. Berlin's Federal Office for Information Security in a statement on Wednesday said that iPhones using the 3.1.2 to 4.0.1 versions of Apple's iOS software are open to attacks by hackers. "Possible attack scenarios for cyber-criminals include the reading of confidential data (passwords, calendar, e-mail content, SMS, contacts), access to built-in cameras, tapping the phone and the GPS location of the user," it said. "It has to be expected that hackers will soon use the weak spots for attacks." Users opening PDF files or hyperlinks in emails or Twitter messages are especially open to intrusion, it added.

A hacker using the pseudonym Comex had a few days earlier in internet forums alerted iPhone users to the problem. Apple is currently working on a software "patch" to close the loophole, but it is unclear when the patch will come out. The commission's Mr Mann said that around 2,500 staff currently use iPhones following a 2008 evaluation of cost and security criteria, which saw the EU executive reject the Blackberry device popular among the business community. Some commission staff dealing with foreign relations have security clearance to read classified files, deemed to pose a "grave risk" to EU interests or to the interests of individual member states if they got into the wrong hands. The commission's competition department also handles commercially-sensitive information, which could harm the interests of major corporations if intercepted.

SOLNA, Sweden – A Swedish Internet company linked to file-sharing hub The Pirate Bay says it's helping online whistle-blower WikiLeaks release classified documents from servers located in a basement in the Stockholm suburb of Solna. Mikael Viborg, the owner of the Web hosting company PRQ, on Friday showed The Associated Press the site — the basement of a drab office building — on the condition that the exact location was not revealed. WikiLeaks has angered the White House by posting thousands of classified documents about U.S. operations in Afghanistan. The secretive site says it has servers in several countries but gives little detail. Viborg said Swedish authorities know about the servers in Solna but have not tried to shut them down.

(BRUSSELS) - The number of asylum seekers in Europe rose by eight percent in 2009 but the volume of people picked up after illegally crossing external borders almost halved, the European Union said on Tuesday. Statistics from the Eurodac agency, which runs a fingerprint database for identifying asylum seekers and irregular border-crossers, showed 236,939 asylum seekers last year. However just 31,071 were apprehended after making it inside the EU, down from 61,945 the previous year, the data said. The figures suggested that the tightening of border controls in Italy and to a lesser extent Spain contributed to the reduction. Greece is responsible for 60 percent of all those fingerprinted after irregular entry, the agency's 2009 annual report said. EU officials said so-called multiple asylum applications had been "constantly rising since 2007," and questioned the impact of different practices by member states for logging fingerprints and filing them to the bloc's central agencies. The vast majority of EU entrants, 85 percent, came in through airports on tourist visas, the European Commission pointed out. Member states dismissed 73 percent of asylum requests in 2009, the EU's Eurostat data agency said. Almost one in four rejected candidates tried again in another country, showing up as such on the fingerprint database.

Rosalind Marsden, a British career diplomat, has been appointed European Union Special Representative for Sudan. She is to replace Torben Brylle, who will become Denmark's ambassador to Austria, on 1 September. Marsden, who served as the United Kingdom's ambassador to Sudan until May, is the first woman to be appointed as an EU Special Representative. She was appointed by Catherine Ashton, the EU's foreign policy chief, to help in preparations for a referendum on independence for South Sudan and in peace efforts in Darfur, according to Ashton's office. The referendum in South Sudan is scheduled to take place in January and there is considerable concern that the result could

pose a threat to stability in Sudan. It is generally assumed that the South Sudanese will vote for independence. Low-level violence is continuing in Darfur, a troubled western province where the government has been waging a brutal counter-insurgency campaign. Brylle has served as EUSR since April 2007. The position of EUSR in Sudan is to be integrated into the European External Action Service once it starts working later this year. Of the 11 current EUSRs, at least four will see their position abolished at the end of February.

The European Union has decided to withdraw its eight security advisers from Guinea-Bissau on account of political unrest in the west African state. An EU statement said that the military and civilian advisers, who will end their mission by the end of September, had achieved “significant results” but that a planned follow-up mission was now “impossible” because of “political instability and the lack of respect for the rule of law in the country”. In April, military units led by General Antonio Indjai ousted the army's top commanders and tried to overthrow the government. Though the attempt to remove the government failed, Indjai was nominated on 25 June as head of the armed forces. The EU criticised Indjai's nomination as “another setback to the process of democratic consolidation” and that it had “repeatedly expressed its concern regarding the violation of constitutional order, illegal detention of civilian and military leaders and impunity of perpetrators” following the coup attempt in April.

The EU's security mission had been launched in June 2008 with double its current staff to help the troubled country reform its security sector. At the time, Guinea-Bissau appeared headed for democratic rule after two decades of instability following its independence from Portugal in 1974. The termination of the EU mission is another sign of a deteriorating situation. The mission's main achievement is a set of laws and rules governing Guinea-Bissau's security institutions, but it is highly doubtful that the military will feel constrained by the reform package. With a population of just 1.6 million, Guinea-Bissau is one of the world's poorest countries and a hub for drugs trafficking from Latin America to Europe. Malam Bacai Sanha, the current president, was elected in July last year after his predecessor, Joao Bernardo Vieira, had been killed by renegade soldiers.

LONDON – British Prime Minister David Cameron's office says he and President Barack Obama agreed on the need for urgency on Middle East peace talks in a telephone conversation. Cameron's office said he spoke by telephone with Obama Friday, following a meeting with Pakistan's President Asif Ali Zardari. They discussed Afghanistan, Pakistan and Cameron's recent visits to India and Turkey. In India, Cameron accused elements in Pakistan of exporting terrorism. Cameron's spokesman, speaking on condition of anonymity in line with policy, said that on the Middle East, the leaders “agreed on the need for the parties to move as soon as possible to direct peace talks.” Cameron discussed the Middle East peace process in talks Wednesday in Rome with Italian Prime Minister Silvio Berlusconi.

The European Union will monitor Rwanda's August 9 presidential election for internal purposes only and has deployed four experts rather than a team of monitors, a senior official said Thursday. Head of the EU delegation in Rwanda Michel Arrion told

AFP four experts -- two specialised in elections, one in legal matters and one in media coverage -- have been deployed. "They are doing electoral analysis and legal and media coverage analysis," Arrion said. The experts will not produce a public statement, only internal reports for use by the European Commission and its member states, he said. "It's informal support. They will support the process if requested," he said, adding that the four are "coordinating very closely with the observation teams... and the electoral commission." The decision not to send a full monitoring team was dictated "essentially by budgetary factors", he said, particularly in view of the number of African countries holding elections in 2010. "Rwanda was not among the top priority countries."

Rwanda's Electoral Commission said it has accredited 1,394 observers, 214 of them international. Among the bodies who have sent monitors are the African Union, the Commonwealth, which Rwanda joined recently. and various western and African embassies. Rwandan President Paul Kagame has been leading a high-octane and expensive campaign over the past two weeks and is almost assured of re-election, facing challenges from only three politicians with ties to his regime. Opponents and rights groups have criticised Kagame for tightening the noose on any dissident voices ahead of the election but the authorities have dismissed the accusations as unfounded and the result of a smear campaign.

VIENNA – As Iran and world powers prepare for new nuclear talks, letters from Tehran's envoys to top international officials suggest little prospect of major progress, with Tehran combative and unlikely to offer any concessions. Two letters, both written late last month and obtained by The Associated Press, reflect Iran's apparent determination to continue the nuclear activities that have led to new rounds of U.N., EU, and U.S. sanctions over fears that Tehran might be seeking to develop nuclear arms. At the same time, world powers preparing to talk to Tehran are unwilling to cede ground on key demands concerning Iran's uranium enrichment activities, dimming prospects that the new negotiations will ease tensions. Iran insists it want to enrich uranium only to make fuel for a planned reactor network and denies accusations that it will use the program to make fissile warhead material. But international suspicions are strong. Tehran hid its enrichment program until it was revealed from the outside. And it acknowledged constructing a secret nuclear facility to the International Atomic Energy Agency last year only days before its existence was publicly revealed by the U.S. and Britain. Since its enrichment program was unmasked eight years ago, Tehran has defied four U.N. Security Council sanctions meant to pressure it into freezing enrichment. Sporadic negotiations between Iran and all or some of the permanent U.N. Security Council members plus Germany also have failed to make headway. The International Atomic Energy Agency, in its latest tally in June, said Iran was now running nearly 4,000 uranium-enriching centrifuges and had amassed nearly 2.5 tons of low-enriched uranium that can be used for fuel.

(BRUSSELS) - United Nations climate talks in Bonn are "going backwards," with the United States and other major emitters sliding ever further from taking on their "fair share" of cuts, the EU said on Friday. "These negotiations have if anything gone backwards," said the EU's climate action commissioner Connie Hedegaard at the close of a week-long negotiating session in Bonn, Germany. "This imbalance is not helpful and

could seriously endanger the prospects of securing the successful outcome the world needs from the Cancun climate conference next December."At this pace the world will simply collectively miss the train," she warned. Chances for a compromise deal under the 194-nation UN Framework Convention on Climate Change (UNFCCC) slipped away amid furious finger pointing, diplomats said in Bonn. Several major pollution emitters still refuse to make legally binding cuts, and efforts to hammer out a draft negotiating text ahead of the next major climate summit at the end of the year in Cancun, Mexico, were set back with many countries throwing in last-minute additions.

Hedegaard reiterated the EU's willingness to consider second pollution reduction commitments under Kyoto, the last global climate pact, provided it is toughened and that other major emitters such as the United States make pledges. An accord reached in Copenhagen in December enshrined the goal of capping the increase of global temperatures at 2.0 degrees Celsius (3.6 degrees Fahrenheit), but did not muster the commitments needed to attain it.

LONDON – Opposition politicians are needling British leader David Cameron for telling a town hall audience that Iran has a nuclear weapon. The prime minister was speaking about Turkish accession to the European Union before a crowd of local residents in the English seaside town of Hove on Thursday when he made the slip. Cameron said Turkey would be "a very good political influence for us" because the country "can help us solve some of the world's problems like the Middle East peace process and the fact that Iran has got a nuclear weapon." While Britain, the United States and others accuse Iran of covertly seeking nuclear weapons, they haven't accused the country of actually having one. Cameron's Downing Street Office said it was "perfectly clear" that Cameron was referring of the pursuit of a nuclear weapon, but opponents say that Cameron — who was the youngest British prime minister to come to office in nearly 200 years — is showing signs of inexperience. Labour's former Europe minister, Chris Bryant, said Cameron's Iran gaffe wasn't just "downright embarrassing," it was dangerous. "He is increasingly getting a reputation for being a foreign policy klutz, with two right feet, both of them firmly planted in his mouth," Bryant said. Cameron has made a sting of eyebrow-raising statements over the past few weeks, drawing fire at home for his claim that Britain was no more than the "junior partner" of the U.S., irritating Israelis by calling Gaza a prison camp and outraging Pakistanis by suggesting their country exports terrorism.

LONDON – The son of the Pakistani president opened a London donation point Saturday for victims of his country's deadly floods amid criticism that his father is in Britain when he should be dealing with one of worst disasters in Pakistan in decades. Bilawal Bhutto Zardari — the 21-year-old son of President Asif Ali Zardari and slain former Prime Minister Benazir Bhutto — defended his father's trip to Britain, saying he had done more in Europe to raise money for flood victims than what he could have in Pakistan. "This is not a time to play politics. We need to do what is necessary to help our brothers and sisters in Pakistan," he told reporters at Pakistan's High Commission in London. Pakistani officials estimate that as many as 13 million people have been affected in the floods and some 1,500 have died. More rain is expected in the coming days as the bloated Kabul River surged into Pakistan's northwest. "My father's doing all that he can

to aid the people of Pakistan. His personal presence in Pakistan could not have done there what he did here," Bhutto Zardari said, adding that Zardari had raised tens of millions of euros for flood victims during his trip to Abu Dhabi, France and Britain.

Many had speculated that Bhutto Zardari would accompany his father at a political rally of his Pakistan People's Party in Birmingham later Saturday and announce his intentions to formally enter Pakistani politics there. His father said it was only a matter of time before his son carried on the family's political dynasty. But Bhutto Zardari, who was educated mostly abroad and shares his mother's striking good looks, became irritated at reporters' questions surrounding his political intentions and said he never intended to join the rally. He would not launch his political career "until I complete my education, as I promised my mother," he said. Bhutto was assassinated at a political rally in late 2007. Her father, the founder of PPP, was hanged in 1979. Bhutto Zardari said he would raise money for flood victims in Britain and had no plans to travel to Pakistan soon. He accepted donations Saturday at the High Commission. In an interview with The Associated Press on Friday, Zardari defended his five-day trip to Britain, saying Prime Minister Yousaf Raza Gillani had been dealing with the situation. Prior to his British visit, Zardari was in France where he visited a family chateau and met with French President Nicolas Sarkozy. Zardari, who did not join his son at the event in London, was expected to face both supporters and protesters at the Birmingham rally, after which he will travel to Syria.

#### Southeast Europe

TIRANA, Albania -- Prime Minister Sali Berisha has called on local institutions to complete the questionnaire sent by the European Commission (EC) experts on the visa liberalisation issue. The report needs to be prepared by the end of the month, Berisha told a government meeting on Wednesday (August 4th). In May, the EC proposed that Albania will be able to enjoy a visa-free regime with the EU if it focuses on three areas -- repatriation of immigrants, seizing the assets belonging to organised crime members and strengthening the capacities engaged in fighting this type of crime. The EC will report in September before the final proposal is sent to the European Parliament.

TIRANA, Albania -- The port city of Durres is facing a huge wave of passengers with thousands coming home from holidays in EU countries. Police said on Sunday (August 1st) that over 20,000 passengers and Kosovo citizens arrived at the port over the weekend. There are 23 passport control checkpoints working to serve the arrivals. The wave of holidaymakers returning home is expected to continue until August 10th.

VLORA, Albania -- The Distribution System Operator (OSSH) has started to cut off electricity to about 500 businesses along the coast of Vlora due to unpaid debts, media reported Monday (August 2nd). Hotels, restaurants and bars have accumulated more than 150,000 euros in debt. Tourists fear that this could be the end of the season for the businesses.

TIRANA, Albania -- Albania sent its third contingent of commando troops to Afghanistan on Tuesday (August 3rd). A total of 110 commandos will serve in Herat together with Italian military peacekeepers. At a ceremony in Tirana, Deputy Chief of the

General Staff Admiral Kristaq Gerverni said that this mission is evidence of the high-level preparation of military forces in a NATO country.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Leaders of the EU mission warned that parliament's failure to adopt a law on holding a national population census risks further isolation of the country. Their statement came on Friday (July 30th), one day after the main party in Republika Srpska, the Union of Independent Social Democrats (SNSD), walked out of a parliamentary session, leaving it without the quorum needed to approve the legislation. All other parties in the state-level parliament, including the other Serb parties, were ready to support the bill. The SNSD, however, opposed a clause stipulating that power sharing among the three main ethnic communities will continue to be based on a census held just months before the 1992-95 war and that the situation will remain so until the refugee return process is finalised. If BiH succeeds in holding a census next year, it will be the first since the war. The countries' political parties have been haggling over the issue for more than a year.

ZAGREB, Croatia -- The Supreme Court on Saturday (July 31st) reduced the sentence of former parliament member Vladimir Glavas from ten to eight years. In May 2009, he was sentenced to ten years in prison for war crimes against ethnic Serbs in the city of Osijek in 1991. Soon after his conviction, Glavas fled to neighbouring Bosnia and Herzegovina (BiH). Both the prosecution and the defence appealed the sentence: the former arguing ten years is too short, the latter arguing it is too long. On Saturday, the court also reduced the sentences of Glavas' co-defendants Ivica Krnjak and Gordana Getos-Magdic from eight to seven and from seven to five years respectively.

ZAGREB, Croatia -- The Croatian Democratic Party of Slavonia and Baranja (HDSSB) criticised the Supreme Court's decision to uphold Branimir Glavas' conviction for war crimes against Serbian civilians during the 1991-1995 war. The presidency of the party held a meeting in Drinovci, Bosnia and Herzegovina, on Monday (August 2nd) to discuss the ruling. HDSSB founder Glavas saw his sentence cut from ten to eight years in prison under the Supreme Court's decision last week. In May 2009, he was sentenced to ten years in prison for war crimes against ethnic Serbs in the city of Osijek in 1991. His party argues that Glavas has been prosecuted because of his party affiliation. Before founding the HDSSB, he was a member of the ruling Croatian Democratic Union.

NEW YORK, United States -- Kosovo Foreign Minister Skender Hyseni met officials from several countries at the UN headquarters in New York on Friday (July 30th), urging them to recognize his country's independence. "Kosovo's independence does not represent a precedent for any country in the world," Hyseni said, expressing hope that Greece and Spain will soon extend recognition. The two countries are among five EU members that have refused to do so. Meanwhile, Russia, which is taking over the presidency of the UN Security Council on Sunday, has said the council will hold a session on Kosovo on Tuesday.

NEW YORK, United States/PRISTINA, Kosovo -- Kosovo Foreign Minister Skender Hyseni called on the UN to change Security Council Resolution 1244 on Kosovo. "The request is based on the huge changes in the situation after the declaration

of independence and the International Court of Justice's (ICJ) opinion," Hyseni said after meeting Secretary-General Ban Ki-moon on Monday (August 2nd). Ban said that the resolution should be discussed by the UN Security Council, which will convene to discuss the regular quarterly report on Kosovo on Tuesday. The debate is expected to focus on the ICJ decision.

In other news, the Organisation of the Islamic Conference (OIC) called on all countries to recognize Kosovo, during a meeting on Monday in Mecca, Saudi Arabia. The OIC also called for support for the country's economic recovery. Kosovo's charge d'affaires in Saudi Arabia, Rexhep Boja, said the participants unanimously supported the Kosovo Foreign Ministry's request for recognitions.

NEW YORK, United States -- The UN Security Council called on Pristina and Belgrade on Tuesday (August 3rd) to use the momentum gained from the International Court of Justice (ICJ)'s advisory opinion on Kosovo to discuss important issues. During the council's meeting on Kosovo, members expressed continued support for UNMIK, as well as the need to reduce intercommunity tension. "The UN preliminary legal assessment is that the opinion does not affect the status of UNMIK, or our status-neutral policy," Zannier said after presenting the second quarterly report for this year on Kosovo. He added that Kosovo has been relatively stable, although the potential for instability remains, as seen by some incidents in the north.

Kosovo Foreign Minister Skender Hyseni and his Serbian counterpart Vuk Jeremic both said that they are willing to resolve disagreements. Jeremic said the ICJ had narrowly examined the language of the unilateral declaration and had left room for a "dangerous misinterpretation" of the court's view. Hyseni, however, said the court's advisory opinion was explicit and left no room for doubt that it was in favour of Kosovo. He again called on the Security Council to replace Resolution 1244 with one that reflects the reality of an independent Kosovo.

PRISTINA, Kosovo -- UN Secretary-General Ban Ki-moon said that the security situation in Kosovo is stable, but he warned about the situation in the country's north, according to local media. Instability in the north should not be underestimated the report says, according to the leaks quoted by Kosovo media on Sunday (August 1st). The document, which is due to be presented on Wednesday in New York, mentions the early July violent protests by Serbs after the opening of a Kosovo government office in north Mitrovica, and the attack on Kosovo Serb lawmaker Petar Miletic in the divided town. Local media are reporting that Ban will meet with Kosovo Foreign Minister Skender Hyseni in New York on Tuesday and the meeting will be an opportunity to clarify relations between UNMIK Chief Lamberto Zannier and the Kosovo government. The latter has ignored the UN representative since the declaration of independence in February 2008.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci said Tuesday (August 3rd) that Kosovo is 100% independent, and the partition ideas coming from Belgrade are "insane". Serbian President Boris Tadic's suggestion for negotiations on Kosovo's status and the plan for autonomy for north Kosovo are unrealisable, Thaci told BBC. He reiterated that there can be interstate co-operation between Kosovo and Serbia, but stressed there will be no talks on Kosovo's internal issues.

PODGORICA, Montenegro -- Parliament elected Dusko Markovic, head of the National Security Agency (ANB), as a minister without portfolio on Friday (July 30th). He will be working mainly in areas of national security and issues related to the EU and NATO. Markovic will be replaced at the ANB by Vladan Jokovic, who has been at the agency since the end of the 1990s. His nomination, however, is only advisory, as the actual decision rests with the prime minister.

PODGORICA, Montenegro -- The government formally submitted its strategy and action plan to fight corruption and organised crime to the European Commission (EC) on Thursday (August 5th). The EC will provide its evaluation of the documents in the autumn. The head of the EC delegation in Podgorica, Leopold Maurer, said that fight against these phenomena is of crucial importance when meeting the political criteria for EU membership. Several NGOs, however, criticised the government for not considering their suggestions on the strategy, and for drafting the action plan without their participation. EU experts said earlier that the draft version of the strategy lacks goals, deadlines and monitoring mechanisms.

PODGORICA, Montenegro -- Montenegro will send three military officers to join the EU ATALANTA naval operation, which combats piracy off the Somali coast, the defence ministry announced on Monday (August 2nd). The members of the Montenegrin Navy will leave this month on a four-month mission. Podgorica participates in the ATALANTA mission under an agreement signed with the EU in March.

BUCHAREST, Romania -- The European Commission (EC) will release the third 1.15 billion-euro tranche of the 20 billion-euro loan to Romania, as all criteria and conditions in the agreement have been accomplished, EC official Laurent Moulin said on Wednesday (August 4th). Moulin also said that GDP contraction this year will reach 1.9% due to weak demand and the recent floods, but next year he estimates a 1.5% growth or more. Meanwhile, IMF mission chief Jeffrey Franks said that the end-of-June economic performance was satisfactory and the measures taken were adequate for reaching the targets. However, Franks emphasised that the implemented measures have to be maintained.

BELGRADE, Serbia -- President Boris Tadic said on Saturday (July 31st) that he is offended by the explanation given by a British court for its decision not to extradite former Bosnia and Herzegovina (BiH) presidency member Ejup Ganic. The court in London said on July 27th that Ganic could not be extradited because there is a risk of a politically motivated trial against him in Belgrade.

"The comment of the judge in the case that it is possible for anyone in Serbia to be tried for political reasons is non-understandable to me and represents a personal offence," Tadic said. Ganic was arrested at London's Heathrow Airport on March 1st, based on a warrant issued by Belgrade. Serbia wants him in connection with a May 1992 attack in Sarajevo against a Yugoslav National Army convoy, in which more than 40 soldiers were killed.

BELGRADE, Serbia -- The war crimes prosecution office is expected to decide on Monday (August 2nd) whether to lodge an appeal against a London court's decision to

free former Bosnia and Herzegovina presidency member Ejup Ganic. Last week the court rejected Serbia's extradition request, ruling that charges against Ganic could have been politically motivated. War Crimes Prosecutor Vladimir Vukcevic said that his office will hold a video conference with the UK prosecution office on Monday and will decide on how to further proceed.

BELGRADE, Serbia -- The war crimes prosecutor's office will not appeal a London court's decision to free former Bosnia and Herzegovina presidency member Ejup Ganic. War Crimes Prosecutor Vladimir Vukcevic explained on Wednesday (August 4th) that Ganic had already been released and success of such a motion would not be certain. He added possible new proceedings would be expensive. The prosecutor's office will keep investigating the case, he said.

BELGRADE, Serbia -- The Appeals Court in Belgrade on Friday (July 30th) upheld the prison sentences of four Serb Muslim members of the Islamic Wahhabi movement. The men were arrested by the Serbian police in the Sandzac region bordering Kosovo in 2007, when a secret weapons and munitions hideout was discovered. A lower court convicted them of terrorism, illegal weapons possession and membership in foreign terror groups, handing down sentences ranging between four and eight years.

BELGRADE, Serbia -- The Coalition of Refugee Associations in Serbia on Monday (August 2nd) deplored the lack of progress in resolving problems facing Serbs who fled Croatia after the 1995's Operation Storm. In a statement released ahead of the 15th anniversary of the operation, the coalition called on the authorities in Serbia and Croatia to demonstrate real political will and start resolving refugees' problems. The Croatian military operation that began on August 4th 1995 ended with the elimination of the self-proclaimed Republic of Serbian Krajina and marked the end of the 1991-1995 conflict in Croatia. An estimated 200,000 Serb civilians living in Croatia fled to Serbia.

BELGRADE, Serbia -- President Boris Tadic on Tuesday (August 3rd) met with representatives of associations of the families of people killed or missing in Croatia. The meeting was held on the eve of the 15th anniversary of Operation Storm. Tadic said that this crime must not be forgotten but, he said, Serbia and Croatia should turn to the future and try to resolve problems of returnees. The Croatian military offensive, which began on August 4th 1995, ended with the elimination of the self-proclaimed Republic of Serbian Krajina and marked the end of the 1991-1995 conflict in Croatia. An estimated 200,000 Serb civilians living in Croatia fled to Serbia.

BELGRADE, Serbia -- A service in memory of the victims of Croatia's military Operation Storm was held at St Marko's Church in Belgrade on Wednesday (August 4th). President Boris Tadic and other politicians were in attendance. About 2,000 Serbs were killed or went missing during the operation launched on August 4th 1995, while another 200,000 Serb civilians living in Croatia fled to Serbia. Bosnian Serbs also commemorated the anniversary.

ROME, Italy -- Italy has ratified the Stabilisation and Association Agreement (SAA) with Serbia, becoming the fourth EU member state to do so media reported on Wednesday (August 4th). The senate approved the document on Tuesday. Foreign Minister Franco Frattini said Italy wants to encourage Serbia to look into the future and

demonstrate its support for the EU integration of all Western Balkan countries. The SAA has been ratified so far by Spain, Malta and Bulgaria.

## Oceania

SYDNEY (AFP) – Former Australian Prime Minister Kevin Rudd on Sunday threatened legal action over claims he was once used as a "double agent" by rival politicians to leak damaging information about his own party.

Prime Minister Julia Gillard, who deposed Rudd in a shock party coup five weeks ago before calling an August 21 election, lambasted the opposition over the "disgraceful" claims. "While Kevin is in hospital recovering from an operation, here is the Liberal Party, out there with a disgraceful political attack," the Labor Party leader told reporters in Sydney after Rudd had gallbladder surgery Friday. Gillard's furious reaction came after the Sunday Telegraph quoted ex-Liberal foreign minister Alexander Downer as saying his party "mercilessly" used then backbencher Rudd a decade ago to leak information to the media. The row is the latest controversy to overshadow Gillard's campaign to be elected as Australia's first woman prime minister in her own right and comes after a new opinion poll showed her headed for defeat. Rudd, who has denied being behind any leaks, immediately hit back at the claims by his former arch-political enemy Downer.

"These are serious allegations... they are completely and utterly false," a spokesman for the former leader said. "Mr Rudd is taking legal advice with a view to initiating legal proceedings on this matter." The newspaper quoted Downer as saying the erstwhile Liberal government manipulated Rudd into passing on information damaging to Labor's then foreign affairs spokesman Laurie Brereton, whom Rudd later replaced. "We used him mercilessly to embarrass Brereton," it quoted Downer as saying. Downer issued a statement saying his comments had been "misinterpreted". "Kevin Rudd was not used by me or other members of the Liberal Party as a so-called 'double agent' to leak material against other members of the Labor Party," he said.

SYDNEY (Reuters) – Australian Prime Minister Julia Gillard met ousted predecessor Kevin Rudd on Saturday to bolster a flagging campaign as a new poll predicted she would lose a general election in two weeks' time. The meeting between Gillard and her former boss, the first since she forced him from office in a leadership coup in June, took place under tight security at federal government offices in Brisbane, capital of Rudd's home state of Queensland. Gillard called the election after replacing Rudd in a coup within their Labor Party on June 24. Labor's poll-winning lead in opinion surveys has narrowed since the election call. The latest survey showed the party facing defeat in the Aug 21 contest to opposition leader Tony Abbot's conservative coalition.

Media access was restricted at Saturday's carefully choreographed meeting and no questions were permitted. Television pictures showed both politicians looking strained as they huddled around a map with advisers as if discussing election strategy. Gillard later told reporters the two would not appear together during the election run-up, but Rudd would campaign for the government's re-election.

CANBERRA, Australia – Kevin Rudd, the Australian prime minister dumped by his own party, said Thursday he will campaign for the woman who replaced him, in a rare

show of unity for a government that appears bitterly divided ahead of elections later this month. Lingering anger over Rudd's sudden ouster in June has overshadowed Prime Minister Julia Gillard's campaign to win a second three-year term for her center-left Labor Party at the Aug. 21 polls. Her campaign has had to deal with a string of government leaks to the media, suspected to be from Rudd or Rudd loyalists, including claims that she reneged on a secret deal when she challenged Rudd's leadership and that she had unsuccessfully argued in confidential Cabinet meetings against increasing pensions because old people didn't vote for Labor. Rudd, who has denied responsibility for the leaks, said Labor infighting was distracting voters, making them fail to take note of negative aspects of the policies of opposition leader Tony Abbott on health, education and climate change. "There is a real danger at present because of the rolling political controversy about myself, that Mr. Abbott is simply able to slide quietly into the office of prime minister," Rudd told reporters at a news conference in which he refused to take questions. He said he could not "stand idly by and watch Mr. Abbott try to slide into office by default without any real scrutiny being applied." Rudd said neither his nor Gillard's government had been perfect, but "the fundamentals of the economy and the policy directions of our country are absolutely right." He noted that Australia had avoided recession while the U.S. and European economies remained weak.

Rudd said Gillard had asked him to join her campaign. He would begin campaigning with her from next week in his home state of Queensland and in New South Wales, the two states where opinion polls show that swings against the government were strongest. Gillard, who described her government as the election underdog, welcomed Rudd's support.

SYDNEY (AFP) – Australian Prime Minister Julia Gillard buried the hatchet with former leader Kevin Rudd in a strained tactics meeting Saturday as claims of bitter disunity continued to dog her election campaign. Gillard met Rudd for the first time since the ruthless June coup which saw her snatch the leadership from him in a bid to stem the ruling Labor party's ebbing popularity ahead of polls. Grim-faced and unable to make eye contact, the pair reconciled over maps of Queensland, Rudd's home state, where Labor is suffering an angry backlash about the coup which could see them lose office after just one term. Gillard said they had a "positive" discussion about campaign strategy and Rudd's role, but the tension was palpable and she was unusually terse when pressed on why journalists were banned from the tightly-managed affair. "Reality exists whether you are there or not, and the reality of this is Kevin and I had a positive and constructive discussion," Gillard said of the meeting, which was conducted behind closed doors in the presence of just one photographer and cameraman. She dodged a question on whether she had apologised to Rudd and said Australians would ultimately vote on the issues and not the "political chatter" about divisions in the Labor party or a "picture on their TV screen". "When Australians come to exercise their vote what they will be thinking about is 'what matters to me and my family, what matters to my future'," Gillard said. But her admission that she and Rudd wanted to "maximise spread" in the critical fortnight before the August 21 poll and would not campaign together only fueled speculation that a rift remained and could fracture the party. Conservative rival Tony Abbott labelled the reunion a "soap opera" and said it reinforced Labor's bitterness and disunity, accusing Gillard of being more concerned with internal bickering than with addressing national issues.

SYDNEY (AFP) – Australia's election campaign has become a battle of the sexes -- with questions about the country's first female prime minister's marital status, lack of children and hairstyles key talking points. Newspapers have devoted columns to Labor leader Julia Gillard's fashion sense, while cartoonists have focused on her sharp nose and pendulous earlobes and journalists have questioned whether she will marry her live-in partner. "Julia Gillard has been subject to some quite nasty attacks by the opposition and in the media," Greens leader Senator Bob Brown told reporters in Canberra. "And I'm frankly disgusted by it. Gender is set to be a key issue in the August 21 national poll, which pits 48-year-old atheist Gillard against the conservative Liberal Party leader Tony Abbott -- a Roman Catholic, family man and father of three. "It is a gender issue -- the first female prime minister," Roy Morgan pollster Michele Levine told AFP. "But also we are seeing that there are more women's issues being debated." While Gillard's popularity has plunged in the last week, putting her at risk of losing the election after only eight weeks in office, gender remains a key campaign theme, even if her appeal to women in the polls is losing its edge. "We think that there has been a pronounced sex effect," Newpoll's Martin O'Shannessy said, adding that Gillard's "honeymoon" after wresting power from former Labor leader Kevin Rudd in a parliamentary party coup, had ended. A Nielsen poll published on Saturday showed that the early surge Gillard had enjoyed among female voters has disappeared, with only 49 percent of women now backing Labor against 51 for the Liberals.

KALGOORLIE, Australia (Reuters) – Small mining towns may decide the fate of Australia's knife-edge August 21 election, with a looming protest vote against Prime Minister Julia Gillard's government in key marginal resource seats. The ruling Labor party's plan for a 30 percent resource tax on coal and iron ore miners from 2012 has left many mining town residents worried about their livelihoods. Conservative opposition leader Tony Abbott, who has clawed back support from Labor to now be neck-and-neck in opinion polls, has promised to dump the controversial resource tax.

"When the mining tax was announced everything stopped in its tracks in Kalgoorlie. It was incredible, forget about the global crisis," said Ashok Parekh, owner the Palace Hotel in the Western Australia gold mining town of Kalgoorlie. "A lot of people in Western Australia would like to see the Labor party out of power," Parekh told Reuters in a packed "skimpy bar" where miners drink beer served by topless barmaids.

Abbott needs to win only nine seats to form government with four independents, or 13 seats to take office outright. Mining towns like Biloela and Moura, in the coal-rich Dawson Valley which sits in one of five key marginal seats in Queensland state, will be key to Labor's re-election hopes. Moura, experiencing an economic downturn on worries over the mining tax, hopes a A\$2 billion underground coal project at nearby Belvedere planned by Australia's Aquila Resources and Brazil's Vale) will not be killed. "Walk down town today and there is a nervous expectation with the Belvedere project knocking on the door," said Ian Robertson, president of the Moura Chamber of Commerce. "I think Labor is going to have a problem keeping the seat (of Flynn)," he said, adding there was a looming protest vote against the government over its mining tax.

SYDNEY (AFP) – Mankind may be descended from apes but Australian scientists have found proof of links much closer to the sea floor, with a study revealing

that sea sponges share almost 70 percent of human genes. Genetic sequencing of sea sponges from the World Heritage-listed Great Barrier Reef showed the ancient marine animal shared many of its genes with humans, including a large number typically associated with disease and cancer. Lead researcher Bernard Degnan, of the University of Queensland, said the findings "would shed light on a whole range of different things," and could lay the foundation for breakthroughs in cancer and stem cell research. "Sponges have what's (considered) the 'Holy Grail' of stem cells," Degnan told AFP. Exploring the genetic function of sponge stem cells could provide "deep and important connections" to the genes that influenced human stem cell biology, he said. "(It) might actually inform the way we think about our own stem cells and how we might be able to use them in future medical applications," he said. The study -- published in the journal "Nature" this week -- is the result of more than five years of research by an international team of scientists. It required the extraction of "really pure DNA" from sponge embryos and a complex sequencing exercise, Degnan said.