

Report 133
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

- Democrats reject gloomy election forecast
- Democrats Hope to Put Dent in Congressman's Career
- GOP Majority Equals Return to Past, Obama Warns
- New senators want to change way Senate works
- 'Pork barrel' spending: A big liability for lawmakers in 2010 election?
- Race An Undeniable Aspect of Democrats' Ethics Troubles
- Obama makes four appointments, bypassing Senate
- AP Poll: Obama at new low for handling economy
- Drilling Permits for Deep Waters Face New Review
- In Weather Chaos, a Case for Global Warming
- AP poll: BP image recovering from spill, still low
- BP Settlements Likely to Shield Top Defendants
- Obama Strongly Backs Islam Center Near 9/11 Site
- Obama: 'No regrets' over comments on NYC mosque
- Poll: Growing number incorrectly call Obama Muslim
- Mosque debate divides Democrats, especially in NY
- FACT CHECK: Islam already lives near ground zero
- Modest premium increase for Medicare drug plans
- U.S. Offers Aid to Rescue Pakistanis and Reclaim Image
- Civilians to Take U.S. Lead as Military Leaves Iraq
- Pentagon warning over China military build-up
- Conservatives claw back lead in new poll
- Economy shows new signs of slowing
- Canada escalates WTO action against EU seal ban
- Opposition report critical of oil sands

Western Europe

- Brussels defends its performance on Pakistan aid
- EU pledges €90,000 for Russia fire aid
- Politics and religion problematising aid work

- 'Mushrooming' EU institutions cause unease amid era of national austerity
- Brussels tells Athens to take the pain as unrest rumbles
- EU court suspends seal ban, surprising Brussels
- European Commission calls for saving time and money in cross-border legal disputes through mediation
- EU foreign policy chief misses UN meeting over speaking rights
- EU commission monitoring French Roma expulsions
- EU, US put hope in relaunch of Middle East talks
- Belgian coalition talks drag on
- Berlusconi urges allies to get back in line
- Bundesbank: German economy to grow 3 pct in 2010
- Defying Others, Germany Finds Economic Success
- EC: Greece can receive next instalment of aid
- Greece moves to reassure Arab partners after Netanyahu visit
- Ditch the queen: UK public's wild ideas for cuts
- Denmark Starts to Trim Its Admired Safety Net
- Google defends its 'Street View' in Germany
- Germany charges ex-Rwandan mayor with genocide
- France to repatriate 93 Gypsies to Romania
- Expulsion of Roma Raises Questions in France
- UK warns Libya over Lockerbie bomber anniversary
- Study shows women still earn less than men in UK

Southeast Europe

Albania

- Albania's Topi returns property law to parliament
- SMI calls for electoral reform in Albania
- Albanian opposition urges reforms in local elections
- Albania's EU path in trouble?
- Albania boosts benefits for unemployed

Bosnia

- BiH meets key condition for visa liberalisation
- International community urges BiH to adopt rules on police co-ordination
- Banja Luka unhappy with US State Department report
- BiH's Spiric says new political process beginning in RS
- OHR urges BiH to comply with Strasbourg court's ruling

Bulgaria

- Borisov says Bulgaria to absorb at least 50% of EU funds

Croatia

- Croatian president strips Glavas of medals

Kosovo

- Thaci rules out autonomy for northern Kosovo
- Dacic says Serbia open to tweaking UN resolution on Kosovo
- Kosovo's Muslims rejoice in Ramadan

Macedonia

Macedonian Muslims call for unity

Romania

- Romanian NGOs insist on reintegration of Romas from France
- Romania expels Russian diplomat
- Moscow warns Romania over diplomat expulsion

Serbia

- Ire over Serbia's UN draft resolution
- Serbs worried about slow EU accession
- Serbian minister urges EULEX to react to Kosovo's ban on visits
- Serbia, IMF to start technical talks on stand-by arrangement

Oceania

- Australia in cliff-hanger general election
- Australia votes on whether first woman PM survives
- Crocodile tips Australian PM to win elections
- Aussie PM: Nation should drop British monarchy
- BHP, Rio Tinto joint venture 'dead in water'

Report Summary

US/Canada

Political Issues

Obama's rating could be plummeting and Congress not on public good book, yet the democrat party believes there are chances for them to perform better than expected in the midterm election contrary to the projected rightist views of the republican tea party conservatives. Democrat claims Americans are moderate and not necessarily ready for fringe politics.

Before going for his personal recess, Obama lashed out at republican for baiting voters with untrue promises, which according to him will further ditch the economy.

The political jiggles being played by republicans along side the tea party suggests that race is not an oblivious issue on American political landscape. The recent Ethics troubles facing Democrats Congressmen is believed to have been accentuated because of the race of the culprits and more deeply to demonise democrat party and Obama's government as a failed administration.

President Obama continues a presidential tradition where the president can appoint federal officers, postponing Senate confirmation process required for senior federal posts. The tradition was invoked as lawmakers are on vacation.

Young Senators or new elected members of the Senate are demanding for change against the establishment. They project the view that the establishment is out of touch from the reality and their retrogressive ideas should be buried for new initiatives. Another issue of concern is earmark for Senators believe to be a waste and should be banned.

Obama administration wants a thorough review of offshore water drilling, as a measure to caution against the repetition of Gulf of Mexico oil spill. Even though sizeable number of Americans will want drilling to continue despite huge criticism of BP, yet the industry experts fear a moratorium would be worrisome for the economy.

It is increasingly becoming evident that the construction of a mosque at Ground Zero is taking a political posture, drawing American president into a local issue. Despite the huge criticism by the right and republican, President Obama stood his ground that construction of the mosque is legal and he holds no apology to his critics. The mosque debate has however divided democrats, and muddy particularly for Senators seeking re-election.

The fluctuation in Canadian party rating has become a persistence phenomenon guarded by issue and circumstance. The latest poll by EKO shows that conservatives have clawed back lead after drop in approval over census issue.

Economic Issues

Economic uncertainty is brewing Americans' ire against the government, characterised by lower approval for Obama's handling of the economy. Americans are disillusioned that Obama could not fulfill his promise of revitalising the economy. The disenchantment could be hideous during the midterm election.

Canadian economy like other giant economies is facing daunting situation as wholesale and housing sector gets affected, generally the economy is experiencing a slow motion growth.

Amid a final stage of inking over 8 billion euros free trade agreement between Canada and EU, Ottawa has petitioned EU before WTO for its new law banning seal. Canada says it is defending Atlantic communities that rely on the seal trade for survival, while the European Parliament has sided with radical animal rights lobbyists.

Social/Humanitarian Issue

The fact that Obama approved the construction of mosque at Ground Zero has further awakened the erroneous view that the president is a Muslim and hiding his identity as a Christian. According to PEW survey, the view is largely due to media misinformation.

Food, Environment and Energy Issue

President Obama might be having a bad rating for his handling of the economy, but not for the oil spill at the Gulf of Mexico. Sizeable number of Americans believe the spill was a national problem and approved of the president handling. Meanwhile, confidence in BP is recovering slowing after the seal, though scepticism over safety of seafood remains. Meanwhile the number of people petitioning BP and other major

defendants involved with the spill, for compensation has increased for contributing to joblessness and environmental degradation.

For many it is no more sensational that global warming and climate change are responsible for the world unfolding natural disasters. This however does not bury sceptics from arguing that massive emission of carbon dioxide is in no way accountable for the woes the world now faces.

Canadian opposition party accuses the ruling minority government of defying environmental warning about the oil sand exploration. The opposition reports that the exploration is sensitive to fresh water and could be hazardous to health.

Geostrategic Issues

The flood in Pakistan is giving a new direction to US-Pakistan relations. Washington is forced by the natural disaster to be more focused on humanitarian assistance than being concern on security issue. It is true that circumstance can also change strategic alliance and policy at any given time. American top civilian officer in the region hopes that the humanitarian assistance will help re-brand U.S image among disenchanted Pakistanis

The exit of US from Iraq is expected to create a void, which the Obama administration would rather fill with private civilian officers instead of military. The administration believes Iraqi government can now shoulder security responsibility though with helping hand from the United States which will be done by the private civilian officers.

Pentagon is raising caution flag over the increasingly military expansion of China in the pacific, increase military budget and development of advance military hardware. The concern is not just an issue for Washington but equally worrisome for Washington's allies in the region.

Western Europe

Political Issues

Elections are over but mutual understanding of creating a government is yet to happen in Belgium. The struggle evolves around the lack of compromises between the two ends of the country. For the Flemish parties, who are keen to see more powers devolved to the regions, are pushing for more conditions to be included such as a reward and punishment system for entities depending on whether they manage to achieve certain pre-defined objectives. French-speaking parties, for their part, are demanding that the state reform, which would be the sixth in the country's history, does not touch the subsidies that flow into their poorer region from richer Flanders and that no part of the population is left less well off by the reforms.

Throw in your support or face the judgement of voters was the strong signal sent by Prime Minister Silvio Berlusconi to the members of his coalition that recently slipped away. Italian ruling coalition government has been at chaos as coalition partner failed to support certain legislation.

Arabs are friend and should nurture no offence for the visit of the Israeli PM to Athens. Greek government reassured Arabs friends that Prime Minister Benjamin Netanyahu visit only aimed at improving Greek-Israeli relations for the good of Greece and all countries in the Middle East and does not exclude our close co-operation with the Arab world.

Whether or not President Sarkozy wants to use his new campaign on Roma as political stunt should be judged by the people. The campaign though geared at sanitising the street of France from delinquency will fall short of target because expelled Roma can with ease and legally return to France. EU said the expulsion case is under its radar and watching closely if France is violating EU law of free movement of citizens.

Economic Issues

Europe is facing a general austerity syndrome, characterised by budget and deficit cut, the syndrome was triggered by the Greek financial crisis. If EU countries must reduce budget, Brussels should be no exemption. There has been call for reducing EU mushrooming institutions because that in itself increases spending.

According to the German central bank, Germany's economy is on course to grow by about 3 percent this year after a spectacular second-quarter growth spurt. The growth has been spurred by strong export, prudent financial policies and better way of handling economic crisis as compared to other giant economies.

It is in the best interest of the zone that Greece gets out of the financial mess quicker; therefore the assessment of the European Commission that Athens is due for another round of aid package is more likely a boosting power. This will further make Athens to intensify its deficit cut and austerity measures, which many Greeks say it is hurting. The EU said it understood the consequence of the measures but it is the best for Athens future.

According to the new British government, saving the economy from a wrong direction should be the responsibility of all Britons. Thus, according to suggesting posted on the Treasury ministry website, abolishing the monarchy, opening Parliament for just four days a month, adjusting legislators' pay accordingly and to have prisoners generate cheap electricity by hooking up gym equipment to the power grid are ways of solving the problem.

Called the generous state where the unemployed can still survive, Denmark is taking a new turn by slashing unemployment benefits from four to two years. The new rule requires people to stick to job at their disposal than being laid off with the hope of

getting government's benefit. It is true that Denmark is itched by the European financial crisis.

Social/Humanitarian Issue

The humanitarian crisis in Pakistan is brewing accusation of negligence among developed nations expected to be more benevolent amid the critical situations. The EU is rejecting the misinformation about its humanitarian aid, rather defended itself as the first on spot and has expended than any on ground. An unnamed Taliban group is reported to have donated more than what Germany the EU largest economy donated.

The concern of EU over the wildfire accidents across Russia is an indication that in a globalised world, calamities are mutually attended to. The European Commission has granted €9,589 to help Russia as part of its humanitarian aid. Russia however is not dependent on EU mechanism but relied on bilateral help from EU friendly states.

As the demand for humanitarian aid increases so does the security of aid workers becomes pertinent. Helping other sometimes might be problematic because of societal, religious and cultural factors. The need to exercise transparency and modesty in aid effort is necessary as people to be helped attached politics and economic sentiment to aid work, thereby increasing the security risk of aid workers as seen more recently.

German court has charged a former Rwandan mayor living in Germany for massacre and inciting killings the country's 1994 genocide. It more likely the first of it kind for Germany to exercise universal jurisdiction on crime committed elsewhere.

The British government warns Libyan authority to respect the feeling of relative of victims of 1988 bombing of Pan Am Flight 103 above Lockerbie, Scotland. It is believe that Libya is set to celebrate one year to the release of Abdel Baset Al-Megrahi. His release continues to fan diplomatic rattle within London, Dublin and Washington.

A study says female managers in Britain earn 10,000 pounds (\$15,600) a year less than their male counterparts, and at current rates will wait 57 years to achieve parity.

Food, Environment and Energy Issue

The European General Court has ordered a suspension of the EU's seal product ban just as the regulation was due to enter into force. Canadian Inuit sent a petition to the court against the EU ban, arguing that the ban will affect their economy. For the EU the ban is more to protect wildlife and preservation of animals affected.

Geostrategic Issues

The EU has again reminded its member of Alternative dispute resolution (ADR) less expensive and more timely than allowing cross border dispute to always end in the court, which is not only costly and time-consuming, but potentially equipped to destroy profitable business relationships.

The EU an integral of Quartet is geared up to bring Palestinians and Israelis back to the negotiation table. Although there are scepticism for the new talks as conditions from both sides are still unsettled.

The office of the EU foreign policy headed by Chief Catherine Ashton is yet to gained full status as EU representation in international organization like the UN. Chief Catherine Ashton could not speak at the UN on EU-Pakistan humanitarian effort because her office is yet to have full speaking rights at the international forum.

Southeast Europe

Political Issues

If Albania must overcome its political stalemate then there is no option than electoral reforms. This is the suggestion from the opposition parties to the ruling party. Albania parliament has long been unsettled due to the political doubt between opposition and ruling parties. The political standoff is not just affecting the domestic politics but also endangering Albania-EU integration.

Meanwhile, Albanian President Topi has returned property law to parliament for review, a development welcomed by the opposition. While on a separate development, the government decided to increase incomes for the unemployed by 3.5%, to about 60 euros a month.

The international community is demanding Bosnia to create a common and concerted police force that will be forceful enough to combat corruption and crime. This demand came amid the report of the US State Department's annual report jettisoning the current structure in the country as not worthwhile to meet the challenges, especially of a global threat, such as terrorism and drug trafficking. Such a common police force is rejected by Republika Srpska Prime Minister Milorad Dodik.

ICJ's ruling over Kosovo is becoming a precedent for other seeking independence. Bosnia and Herzegovina's (BiH) Prime Minister Nikola Spiric said now that the International Court of Justice (ICJ) has ruled in favour of Kosovo's independence, this would open the path for RS's independence.

It is open truth that countries in the region will be ready to dance to the tune of EU and do all that is manly possible to satisfy the bloc. This will be true for Croatia hoping to be the next EU member. Croatian President Josipovic announced he would strip Glavas's rank of major-general. The move came after the Supreme Court upheld his conviction for war crimes committed against Serbian civilians during the 1991-1995 conflict.

Kosovo Prime Minister Hashim Thaci has made a strong statement that for no reason will Serb-dominated northern Kosovo becomes autonomous and claim of independence is simply a hoax. The region has been problematic and backed by Serbia, a situation often irritating Pristina. Nevertheless, tussle continues between Serbia and

Kosovo even after the ICJ's rulings that cleared Kosovo from violation of international law.

Economic Issues

In Bulgaria, Prime Minister Boyko Borisov announced that the country will absorb at least 50% of the EU funds set aside in the 2007-2013 budget frameworks.

Social/Humanitarian Issue

The region joins the rest of the Muslim world for the fast of Ramadan. The month is celebrated with sermon from political and religious leaders sermonising brotherhood, unity and sense of humanity as virtue that should be wear during Ramadan. .

They are one of the most vulnerable ethnic group across Europe and now been sent out of France. Romas returning home (Romania) needed to be reintegrated into the society is the message clamoured by Romanian NGOs.

Food, Environment and Energy Issue

Geostrategic Issues

Becoming an integral of the EU visa liberalisation scheme is not far fetch, but only attainable if Bosnia must institute a viable structure to prevent corruption and co-ordinate to fight against corruption.

Russia is gotten itself another spy roll with Romania, at first Russia expelled Romanian first secretary in Russia before Bucharest did same to Russia first secretary in Romania. Time will tell if the diplomatic clash will not exacerbate.

Hastily written resolution by Serbia sent to UN could be diplomatically catastrophic for Belgrade as the resolution has fell short to garner support of UN members and even offended the EU. On this backdrop comes the debate in Serbia over the slow pace of the country's EU accession. The fact is that Serbia has been jumping from one trouble to another and Kosovo has been a major determinant issue associated with Serbia-EU accession.

Oceania

Political Issues

The battle for the seat of premier in on-going in Australia and elections outcome will determine if Aussies are ready to continue with a female prime minister or a male politician from a conservative Liberal party. Dirty-Harry, a crocodile from Darwin has predicted the victory of Gillard, as it foresaw the victory of Spain in the last FIFA world cup. The election run-up has been a tight contest and issue oriented.

Whether to retain or drop monarchical heritage for a republic has been a long discourse for the Australian government and public. As elections roll to a close, the Labour party that has long wanted Australia to cease being under the British monarch, wants monarchy retained till the death of the current Queen of England. This view is not shared by monarchist conservative Liberal party having no qualms with the monarch.

Economic Issues

A merger between Australian major iron ore company BHP Billiton and mining giant Rio Tinto has been reported abortive. The merger will have been a great financial success for Australia though a big concern for EU and China.

Report Detail

US/Canada

ST. LOUIS (Reuters) – Democratic Party leaders on Thursday rejected predictions of doom in November's elections and said a strong voter turnout operation and weak Republican candidates would propel them to a better-than-expected result. At a meeting of the Democratic National Committee, members said they faced a tough fight in November but a Republican shift to the right had given them an opening to galvanize support and attract moderates. "There is a lot of doom and gloom out there, but I think we're going to do a lot better than people think," said DNC Chairman Tim Kaine. "I think a number of factors are moving in the right way for us." Democrats said they were encouraged by the success of the conservative "Tea Party" movement in Republican primaries, which has forced the party to the right and resulted in the nomination of more conservative outsider candidates in several key Senate races. They said the nomination of anti-establishment Tea Party-favorites Sharron Angle in Nevada, Rand Paul in Kentucky and Ken Buck in Colorado has bolstered Democratic chances in Senate races in those states. Public opinion polls in those states show all three races are close, and Paul has led most polls in Kentucky. Other Republican candidates were moving out of the mainstream to appease the conservative wing of the party, Democrats said. "Americans are basically moderates and don't like the fringe and right now the Republicans are moving toward the fringe," said Kathleen Sullivan, a DNC member and former chairwoman of the New Hampshire party. With the economy struggling, President Barack Obama's approval ratings slipping and voters in a foul mood, Democrats have been beset by predictions they could lose control of the House of Representatives and suffer big losses in the Senate.

BETHLEHEM, Pa. -- It is an unwelcome distinction, but one he cannot hide from. In what will be a resurgent year for the Grand Old Party from coast to coast, Rep. Charlie Dent is among just nine Republican incumbents who may be in trouble. That's according to the National Republican Congressional Committee, which has ranked Pennsylvania's 15th district as one of the few in play this fall. "I realize that I'm one of their top targets," Dent said late last week in a makeshift campaign office in the heart of the Christmas City. "But if I'm one of their top targets, they're in trouble. Seriously. They

have problems." Dent may have cause for optimism. He enjoys the traditional advantages of incumbency -- a national fundraising network and high name recognition, among others. But the three-term Congressman is facing someone the Democratic establishment believes is a budding star -- Bethlehem Mayor John Callahan, a fresh-faced and well-funded 40-year-old former businessman. He is a self-proclaimed "practical, centrist, pro-business Democrat." And while that may be a mouthful, moderation plays well in this Lehigh Valley district. This is a working-class region that has come back to life since the closure of Bethlehem Steel, once the nation's second-largest steel producer, just 15 years ago. It is a place President Barack Obama carried by 13 points in 2008, and where both John Kerry and Al Gore eked out 1-point victories. And it is a place where Dent, an acknowledged centrist, declines to list his party affiliation on much of his campaign literature. "Charlie Dent: an independent leader" is the slogan that graces bumper stickers and buttons. "Around here, people don't pay as much attention to party labels," he said. "They care more about where you stand on the issues than party affiliations, believe it or not. I'm their representative to Washington. I'm not Washington's representative to them." Such is the challenge for Dent, an incumbent who must fight to redefine his Congressional service in an election cycle where incumbency has become a liability.

President Barack Obama seems to have settled on a way to rally his party as he campaigns around the country: Remind voters of the political foibles made by leading House Republicans this year. During a Wednesday speech in Columbus, Ohio, Obama ridiculed National Republican Congressional Committee Chairman Pete Sessions (Texas) for saying last month on "Meet the Press" that the GOP plan for cutting the deficit is a return to "the exact same agenda" of the Bush administration. "The exact same agenda. Now, think about that. Basically ... between now and November, they're betting on you coming down with a case of amnesia. That's their strategy. They figure you're going to forget what their agenda did to this country over the last eight years," Obama said, drawing laughter from the crowd. The president also took aim at Energy and Commerce ranking member Joe Barton (R-Texas), who got himself into hot water in June for publicly apologizing to BP CEO Tony Hayward after the White House pressured BP into creating a \$20 billion compensation fund for oil spill victims.

"He apologized because I had said to BP, 'You need to set aside \$20 billion to make sure that we're making fishermen and small-business owners whole as a consequence of your mistakes.' This guy, he apologized to BP. He said, oh, the president shook you down; a Chicago-style shakedown. That's what he called it," Obama told the crowd, drawing laughter again. "He had to throw in the Chicago thing in there. Imagine that," he added. The president used both incidents to reinforce his favorite analogy of what voters will be choosing between when they head to the polls in November: a car driving forward on the path to economic progress, or in reverse back into an economic ditch. "That's what's at stake in this election," Obama said. "If we give them the keys back, they will drive right back into the ditch. And riding shotgun with them will be every other special interest under the sun."

WASHINGTON – Those who hold the Senate in low esteem can get a sympathetic ear from some of the chamber's newer members. These lawmakers also are fed up with the Senate's ways and would like to change them. "A graveyard of good

ideas" is how freshman Democrat Tom Udall of New Mexico sees the Senate. "Out of whack with the way the rest of the world is," says another freshman, Michael Bennet, D-Colo. "Just defies common sense" is the impression of Claire McCaskill, a first-term Democrat from Missouri, in describing the filibuster-plagued institution. New members, especially those from the majority party eager to fulfill their election promises, typically complain about the slow pace of the Senate. But with partisanship pushing the Senate toward petrification, some newcomers are seeking fundamental changes in the way the Senate operates. Getting their more senior colleagues to go along will not be easy. Bennet, the Denver school superintendent appointed to his post after former Sen. Ken Salazar became interior secretary, has put forth an elaborate plan to make the Senate more workable. It includes eliminating the practice known as a "hold" in which a single senator can secretly prevent action on legislation or nominees; ending the ability to filibuster motions to bring a bill up for debate; banning earmarks for private, for-profit companies; imposing a lifetime ban on members becoming lobbyists; and restricting congressional pay raises. "It was immediately apparent to me that the system was broken," said Bennet, who won a hotly contested primary and faces a tough election this fall. McCaskill said that while she had great respect for some Senate traditions, secret holds were "kind of where I decided to plant the flag." She and other newer Democrats frequently have spoken on the Senate floor to condemn holds. She authored a letter, signed by 68 senators, including 11 Republicans, in which members pledged not to place such holds. McCaskill also has worked with a Republican, Tom Coburn of Oklahoma, to bring more transparency to bills passed by "unanimous consent," meaning they are approved without debate or roll call votes.

Udall has what might be the simplest but most radical proposal. He says that when the new session opens next January, he will offer a motion that the Senate adopt rules by a simple majority. That would make it vastly easier for the majority to modify filibuster rules with proposals. Bennet, for example, would modify the filibuster rules by raising the threshold level for blocking a bill to 45 votes in the 100-member Senate. Bill supporters now have to get 60 votes to break a filibuster, meaning the minority party can block it with just 41 votes if everyone votes.

Washington – Once a selling point for lawmakers, congressionally directed spending – otherwise known as earmarks or “pork barrel” projects – is becoming a liability for many incumbents in Campaign 2010. With the federal deficit at \$1.5 trillion, some voters are balking at politicians touting their record of bringing home the bacon. Earmark fatigue figured in the recent primary defeats of three-term Sen. Robert Bennett (R) of Utah and five-term Sen. Arlen Specter (D) of Pennsylvania. Both Senate majority leader Harry Reid (D) of Nevada and Sen. Patty Murray (D) of Washington face close races that are shaping up as a referendum on earmarking. In Nevada, Republican Sharron Angle, backed by “tea party” activists, has charged that Senator Reid’s earmarks wasted federal dollars. Reid maintains they helped create jobs in a state especially hard hit by a housing and economic downturn. In Washington, former state Sen. Dino Rossi, who advanced after a primary Tuesday, is making Senator Murray’s “18-year record on spending” a centerpiece of his campaign. Both Ms. Angle and Mr. Rossi have called for an outright ban on earmarks. 5 famous pork projects: Beer museum and more “Earmarks used to be a pure bonus for lawmakers,” says Steve Ellis, vice president of Taxpayers for

Common Sense, a watchdog group. “But because of more voter concern about corruption, deficits, and government spending, it’s shifted from being benign and positive to a negative in a number of cases.” In March, after a spike of ethics concerns involving corporate gifts and earmarks, the House Democrats heading the Appropriations Committee banned earmarks to for-profit companies – a move expected to lower considerably the number and scope of earmarks in the spending bills for fiscal year 2011, which have yet to pass the Congress. “It was getting to the point where earmarks were beginning to crowd out the oversight process,” says Ellis Brachman, a spokesman for Rep. David Obey (D) of Wisconsin, who chairs the House Appropriations Committee. “That’s why we instituted the reforms to get firm control of the process.”

These reforms, launched after Democrats took control of the House in 2007, include requirements that every bill include a list of earmarks and that members make their requests public. “The only reason these [earmarking] stories are even possible is that the Democratic Congress has completely revised the earmarking process,” Mr. Brachman adds, noting that since 2007 Democrats have cut the number of earmarks roughly in half. [Editor’s note: The original version did not include this paragraph, which was added to better explain what has happened since 2007. Also, the beginning of the next paragraph was amended to provide a clear transition between the new paragraph and the original material.]

There is no way to put this delicately: the ethics scandals swirling around Reps. Charles B. Rangel (D-N.Y.) and Maxine Waters (D-Calif.) aren't just a political boon to Republicans because they spotlight corruption in the Democratic Congress. They're also a political gift to the GOP because Rangel and Waters are African-American.

Let's face it: there's a racist, yahoo element in the tea party movement, and by extension, the Republican Party. It has been catalogued in various news reports in recent months, and even some tea party leaders have acknowledged the problem. Republicans have certainly profited by running racially-charged political ads against their opponents -- some subtle, others less so -- for decades. The struggling economy and voter anger are enough to sink Democrats at the polls this November; political corruption by the majority party is just icing on the cake for Republicans. With corruption in the headlines, it becomes that much easier for the minority party to portray the majority party as arrogant and out of touch. In fact, many parallels to 2006, when control of Congress last flipped, from the Republicans to the Democrats, are now evident. Incessant reports about Congressional corruption, just a few months before Election Day, can only make voters madder at Democrats and help produce significant Republican gains. The race card is trickier for Republicans to play, but can be an undeniable and effective part of their strategy, at least when it comes to motivating their base. Heck, they don't even have to mention race. All they need to do is air an ad with pictures of Rangel and Waters and a list of their alleged transgressions -- along with a picture of William Jefferson, the convicted former Louisiana Congressman of \$90,000 cash in the freezer frame. The pictures will speak for themselves. Voters will see, if they didn't already know, that Walters and Rangel are black.

Why is this important? Why is Rangel's and Waters' race exploitable for Republicans? Because part of the GOP's strategy all along has been to discredit President Barack Obama -- at many different levels. Sure, one element of the strategy is a simple

denunciation of Obama's policies and political beliefs. But a more nefarious tactic -- not universally practiced by all Republicans, to be fair -- has been to cast doubt in the voters' minds about the very legitimacy of Obama's presidency. The birthers, the whispers that Obama is a Muslim and/or a socialist, the conspiracy theories about how he is secretly in cahoots with people who are trying to tear down America (why else would he be giving tacit approval to the mosque near Ground Zero?) -- none of that would gain any traction if Obama himself wasn't black. The easiest thing in the world in politics is to paint your opponent as something sinister, as "the other," as someone unlike you and me and the folks next door.

VINEYARD HAVEN, Massachusetts (Reuters) – President Barack Obama on Thursday made four recess job appointments to his administration, including a new U.S. ambassador to El Salvador, postponing the need for Senate approval. Recess appointments, which have been made by presidents of both parties, allow a president to temporarily bypass the Senate confirmation process required for senior federal posts by filling vacant positions while lawmakers are on vacation. Obama appointed Maria del Carmen Aponte, who has faced Republican opposition in the Senate, as ambassador to El Salvador. During her March Senate confirmation hearing, Aponte was questioned about a former romantic relationship with a Cuban national she lived with in the 1980s who was linked to Cuban intelligence officials, according to the Washington Post.

Aponte denied having contact with Cuban intelligence officials, the Post reported.

"At a time when our nation faces so many pressing challenges, I urge members of the Senate to stop playing politics with our highly qualified nominees, and fulfill their responsibilities of advice and consent," Obama said. "Until they do, I reserve the right to act within my authority to do what is best for the American people," he said in a statement issued shortly after the president and first family began their summer vacation on Martha's Vineyard, a small island off the coast of Massachusetts. Obama's other three recess appointments were: Elisabeth Hagen as undersecretary for food safety at the Department of Agriculture; Winslow Sargeant as chief counsel of advocacy at the Small Business Administration; and Richard Soriano as assistant secretary for public affairs at the Department of Health and Human Services.

WASHINGTON – President Barack Obama earned his lowest marks ever on his handling of the economy in a new Associated Press-GfK poll, which also found that an overwhelming majority of Americans now describe the nation's financial outlook as poor. A frustrated electorate could take it out on the party in power — Obama's Democrats — in the November elections. Eleven weeks before the Nov. 2 balloting, just 41 percent of those surveyed approve of the president's performance on the economy, down from 44 percent in April, while 56 percent disapprove. And 61 percent say the economy has gotten worse or stayed the same on Obama's watch. Still, three-quarters also say it's unrealistic to expect noticeable economic improvements in the first 18 months of the president's term. And Obama's overall approval rating was unaffected; it remained at 49 percent, in part because most Americans still like him personally. Americans' dim view of the economy grew even more pessimistic this summer as the nation's unemployment rate stubbornly hovered near 10 percent. That's been a drag on both Obama and Democrats, who control Congress. "The economy is on life support," says Scott Bradley,

38, general manager of a carpet store in Columbia, Mo. Bradley says he voted for Obama in 2008 but he wouldn't again. He blames Congress for the unemployment woes but says, "Obama's policies are making the economy worse." Even staunch Obama backers like college student Julius Taylor of Flint, Mich., struggle to stay optimistic about the economy, particularly when they see the recession's toll in their backyard. "I'd like to say it's improving, but there are a lot of indicators it's not," says Taylor, 25.

Viewpoints like those have Democrats on edge as they try to hang onto comfortable majorities in the House and Senate in a political environment made ever more challenging by economic woes. Republicans are trying to convince Americans that the GOP can create the jobs that Obama hasn't delivered. Obama and his Democrats are pleading for the frustrated public to give them more time to prove that their economic fixes will work.

WASHINGTON — The Obama administration said Monday that it would require significantly more environmental review before approving new offshore drilling permits, ending a practice in which government regulators essentially rubber-stamped potentially hazardous deepwater projects like BP's out-of-control well. The administration has come under sharp criticism for granting BP an exemption from environmental oversight for the Macondo well, which blew out on April 20, killing 11 workers and spewing nearly five million barrels of oil into the Gulf of Mexico. The more stringent environmental reviews are part of a wave of new regulation and legislation that promises to fundamentally remake an industry that has operated hand-in-glove with its government overseers for decades. Many oil industry officials worry that the new environmental, safety, technical and financial requirements will drive some companies out of business, discourage future exploration and worsen the nation's dependence on imported oil. The highly competitive oil industry has always operated under tremendous cost and time pressures; the new rules will most likely slow the development of new wells while raising costs. Bruce H. Vincent, chairman of the Independent Petroleum Association of America, said the industry feared that the BP accident would be a turning point for oil exploration the way the Three Mile Island nuclear plant accident in 1979 contributed to a virtual 30-year moratorium on nuclear plant construction.

The floods battered New England, then Nashville, then Arkansas, then Oklahoma and were followed by a deluge in Pakistan that has upended the lives of 20 million people. The summer's heat waves baked the eastern United States, parts of Africa and eastern Asia, and above all Russia, which lost millions of acres of wheat and thousands of lives in a drought worse than any other in the historical record. Seemingly disconnected, these far-flung disasters are reviving the question of whether global warming is causing more weather extremes. The collective answer of the scientific community can be boiled down to a single word: probably. "The climate is changing," said Jay Lawrimore, chief of climate analysis at the National Climatic Data Center in Asheville, N.C. "Extreme events are occurring with greater frequency, and in many cases with greater intensity."

He described excessive heat, in particular, as "consistent with our understanding of how the climate responds to increasing greenhouse gases."

Theory suggests that a world warming up because of those gases will feature heavier rainstorms in summer, bigger snowstorms in winter, more intense droughts in at least

some places and more record-breaking heat waves. Scientists and government reports say the statistical evidence shows that much of this is starting to happen. But the averages do not necessarily make it easier to link specific weather events, like a given flood or hurricane or heat wave, to climate change. Most climate scientists are reluctant to go that far, noting that weather was characterized by remarkable variability long before humans began burning fossil fuels and releasing greenhouse gases into the atmosphere. "If you ask me as a person, do I think the Russian heat wave has to do with climate change, the answer is yes," said Gavin Schmidt, a climate researcher with NASA in New York. "If you ask me as a scientist whether I have proved it, the answer is no — at least not yet."

WASHINGTON – BP's image, which took an ugly beating after the Gulf oil spill, is recovering since the company capped the well, though the oil giant's approval level is still anything but robust. A majority of Americans still aren't convinced it is safe to eat seafood from parts of the Gulf or swim in its waters, a new AP poll shows. Politically, President Barack Obama's rating on handling the nation's worst oil spill has nudged up to about 50 percent, the poll indicated. Fewer people now think the spill is a major national issue, and more support increased drilling in U.S. coastal waters than oppose it. Safety remains a worry. "Normally, I would go to the casinos and eat seafood, but now I'm going to be kind of skeptical of eating," said Samuel Washington, 44, who lives in Norfolk, Va., but also owns a home in Ocean Springs, Miss. "My biggest concern is whether or not they are really testing all the affected areas." Approval for Obama's handling of the mess has risen from 45 percent in June, while BP's marks have more than doubled — from 15 percent to a still lackluster 33 percent. Some 66 percent of those surveyed continue to disapprove of BP's performance, down from a whopping 83 percent in June. More than half, 54 percent, said they weren't confident that it is safe yet to eat seafood from the spill areas, and 55 percent said they weren't confident that the beaches in the affected areas were safe for swimming. Still, just 60 percent of those surveyed called the spill an important issue now, down from 87 percent in June. Only 21 percent said it would affect them and their families a great deal or a lot in the next year, down from 40 percent in June

WASHINGTON — People and businesses seeking a lump-sum settlement from BP's \$20 billion oil spill compensation fund will most likely have to waive their right to sue not only BP, but also all the other major defendants involved with the spill, according to internal documents from the lawyers handling the fund. The documents — which include e-mails, draft and final versions of the protocols, claims forms and legal notes about the administration of the fund — provide the first definitive picture of who will be paid by the \$20 billion fund, and how and when. They also shed new light on the components of the payment plan that are likely to stir controversy, including the fund's emphasis on geographic proximity as a determining factor for eligibility. The fund is being administered by a prominent Washington lawyer, Kenneth R. Feinberg, who declined to be interviewed about the documents but verified their authenticity. The eligibility requirements for compensation from the fund are similar to those of the 9/11 victims compensation fund, which Mr. Feinberg also handled. People affected by the spill seeking final settlements face a choice similar to that faced by the 9/11 victims: If they decide to sue instead of accepting a settlement, they could face years of litigation; and if

they decide to accept the settlement, it could come before the full damage from the spill is known

WASHINGTON — President Obama delivered a strong defense on Friday night of a proposed Muslim community center and mosque near ground zero in Manhattan, using a White House dinner celebrating Ramadan to proclaim that “as a citizen, and as president, I believe that Muslims have the same right to practice their religion as anyone else in this country.” After weeks of avoiding the high-profile battle over the center — his press secretary, Robert Gibbs, said last week that the president did not want to “get involved in local decision-making” — Mr. Obama stepped squarely into the thorny debate. “I understand the emotions that this issue engenders. Ground zero is, indeed, hallowed ground,” the president said in remarks prepared for the annual White House iftar, the sunset meal breaking the day’s fast. But, he continued: “This is America, and our commitment to religious freedom must be unshakable. The principle that people of all faiths are welcome in this country, and will not be treated differently by their government, is essential to who we are.” In hosting the iftar, Mr. Obama was following a White House tradition that, while sporadic, dates to Thomas Jefferson, who held a sunset dinner for the first Muslim ambassador to the United States. President George W. Bush hosted iftars annually.

COLUMBUS, Ohio – Despite criticism from Republicans and others, President Barack Obama said Wednesday he has "no regrets" over the comments he made about the right of Muslims to build an Islamic center near the former site of the World Trade Center in New York. Obama's latest comment was in response to a question shouted by a reporter as he was leaving a townhall-style meeting on the economy in Ohio. The president inserted himself into the debate over the proposed Islamic center, which includes a mosque, when he said last week Muslims "have the same right to practice their religion as everyone else in this country" and that included building the Islamic center in lower Manhattan. A day later, Obama told reporters that he wasn't endorsing the specifics of the plan. His position has drawn criticism from those who say that the \$100 million Islamic center should not be built two blocks away from the site of the Sept. 11 terrorist attacks. Republicans have seized on the issue, with many trying to force Democrats to either stand with the president or buck him. Senate Majority Leader Harry Reid, D-Nev., who is locked in a tight midterm election race, was the highest profile Democrat to move away from Obama, saying through a spokesman that he thinks the mosque should be built someplace else. House Speaker Nancy Pelosi, D-Calif., hedged on the controversy Wednesday, saying in a statement that while the freedom of religion is a constitutional right, "where a place of worship is located is a local decision."

WASHINGTON – Americans increasingly are convinced — incorrectly — that President Barack Obama is a Muslim, and a growing number are thoroughly confused about his religion. Nearly one in five people, or 18 percent, said they think Obama is Muslim, up from the 11 percent who said so in March 2009, according to a poll released Thursday. The proportion who correctly say he is a Christian is down to just 34 percent. The largest share of people, 43 percent, said they don't know his religion, an increase from the 34 percent who said that in early 2009. The survey, conducted by the

nonpartisan Pew Research Center and its affiliated Pew Forum on Religion & Public Life, is based on interviews conducted before the controversy over whether Muslims should be permitted to construct a mosque near the World Trade Center site. Obama has said he believes Muslims have the right to build an Islamic center there, though he's also said he won't take a position on whether they should actually build it. In a separate poll by Time magazine/ABT SRBI conducted Monday and Tuesday — after Obama's comments about the mosque — 24 percent said they think he is Muslim, 47 percent said they think he is Christian and 24 percent didn't know or didn't respond. In addition, 61 percent opposed building the Muslim center near the Trade Center site and 26 percent said they favor it. The Pew poll found that about three in 10 of Obama's fiercest political rivals, Republicans and conservatives, say he is a Muslim. That is up significantly from last year and far higher than the share of Democrats and liberals who say so. But even among his supporters, the number saying he is a Christian has fallen since 2009, with just 43 percent of blacks and 46 percent of Democrats saying he is Christian.

Among independents, 18 percent say Obama is Muslim — up from 10 percent last year. Pew analysts attribute the findings to attacks by his opponents and Obama's limited attendance at religious services, particularly in contrast with Presidents George W. Bush and Bill Clinton, whose worship was more public. Andrew Kohut, the Pew Research Center's director, said the confusion partly reflects "the intensification of negative views about Obama among his critics." Alan Cooperman, the Pew Forum's associate director for research, said that with the public hearing little about Obama's religion, "maybe there's more possibility for other people to make suggestions that the president is this or he's really that or he's really a Muslim."

NEW YORK – As vulnerable congressional Democrats weigh how to respond to President Barack Obama's statements on Muslims' right to build a mosque near ground zero, those in New York and closest to the controversy are staying silent or scrambling away. Democrats control both Senate seats and 27 of the state's 29 Congressional districts, but analysts believe as many as eight House Democrats in the state may be headed to defeat this year. Republicans, hoping to ease Democrats' grip on the state, insist the economy remains the major campaign issue but say the mosque flap could also help move voters their way. From eastern Long Island to more rural upstate areas, House Democrats have been opposing the construction of a \$100 million Islamic center two blocks from the World Trade Center site. More than 2,700 people died there on Sept. 11, 2001, at the hands of Islamic terrorists, and the wound remains fresh for many New Yorkers who are still traumatized by the attacks or who lost loved ones that day. Developers of the planned Islamic center known as Park51 have plans for a 13-story structure featuring a pool, gym and 500-seat auditorium, as well as a mosque and Sept. 11 memorial. It's a project of the Cordoba Initiative, a New York-based nonprofit group that promotes greater understanding between Islam and the West. Obama told a largely Islamic crowd over Ramadan dinner last week that he believed Muslims have a right to build the mosque and practice their religion there. A day later, he said he wasn't passing judgment on the wisdom of building an Islamic center at that location. The latest Democrat to break with Obama is Rep. John Hall, a two-term incumbent expected to face a strong challenge from Republican Nan Hayworth in the 19th district north of New York City. In a statement released Wednesday, Hall said freedom of religion was essential to

democracy but that he hoped the project would be constructed elsewhere. "I think honoring those killed on Sept. 11 and showing sensitivity to their families, it would be best if the center were built at a different location," Hall said. Hall joins three other House Democrats believed to be vulnerable in November who have announced their opposition to the project.

WASHINGTON – A New York imam and his proposed mosque near ground zero are being demonized by political candidates — mostly Republicans — despite the fact that Islam is already very much a part of the World Trade Center neighborhood. And that Muslims pray inside the Pentagon, too, less than 80 feet from where terrorists attacked. And that the imam who's being branded an extremist has been valued by both Republican and Democratic administrations as a moderate face of the faith. Even so, the project stirs complicated emotions, and Imam Feisal Abdul Rauf is a complex figure who defies easy categorization in the American Muslim world. He's devoted much of his career to working closely with Christians, Jews and secular leaders to advance interfaith understanding. He's scolded his own religion for being in some ways in the "Dark Ages." Yet he's also accused the U.S. of spilling more innocent blood than al-Qaida, the terrorist network that turned the World Trade Center, part of the Pentagon and four hijacked airplanes to apocalyptic rubble. Many Republicans and some Democrats say the proposed \$100 million Islamic cultural center and mosque should be built elsewhere, where there is no possible association with New York's ground zero. Far more than a local zoning issue, the matter has seized congressional campaigns, put President Barack Obama and his party on the spot — he says Muslims have the right to build the mosque — divided families of the Sept. 11, 2001, victims, caught the attention of Muslims abroad and threatened to blur distinctions between mainstream Islam in the U.S. and its radical elements.

WASHINGTON – Seniors will see a modest increase in their Medicare prescription premiums next year but benefits will also improve, federal health officials said Wednesday. The average monthly premium charged by Medicare drug plans for standard coverage will rise to an estimated \$30 in 2011, an increase of \$1 over 2010, or about 3 percent, said Medicare administrator Don Berwick. But since Medicare drug plans vary widely in coverage and costs, consumer advocates cautioned that seniors need to check their particular plan to avoid unpleasant surprises that may not be revealed in a such a broad estimate of average premiums. Nonetheless, seniors with high drug costs can look forward to a noticeable improvement next year. That's because the new health care law will begin to close the coverage gap known as the doughnut hole. Medicare recipients in the gap will get a 50 percent discount on brand name drugs, and 7 percent off on generics. The discounts will gradually increase until the gap finally closes in 2020. "These very modest increases in premiums, along with the new discounts...are going to make medications more affordable to Medicare beneficiaries," said Berwick. About 27 million beneficiaries are signed up for the prescription benefit, delivered through private insurance companies. The premium estimate released by Medicare on Wednesday represents only the broadest measure of pocketbook impact. In practice, Medicare prescription plans vary widely in costs and benefits. Standard coverage that Medicare's premium estimates are based on remains the exception. Consumer advocates

recommend that seniors and family members use Medicare's online plan finder to see which insurer provides the best deal for an individual's medications.

WASHINGTON — The floods in Pakistan have upended the Obama administration's carefully honed strategy there, confronting the United States with a vast humanitarian crisis and militant groups determined to exploit the misery, in a country that was already one of its thorniest problems. While the administration has kept its public emphasis on the relief effort, senior officials are busy assessing the longer-term strategic impact. One official said the disaster would affect virtually every aspect of the relationship between the United States and Pakistan, and could have ripple effects on the war in Afghanistan and the broader American battle against Al Qaeda. With Pakistan's economy suffering a grievous blow, the administration could be forced to redirect parts of its \$7.5 billion economic aid package for Pakistan to urgent needs like rebuilding bridges, rather than more ambitious goals like upgrading the rickety electricity grid. Beyond that, the United States will be dealing with a crippled Pakistani government and a military that, for now, has switched its focus from rooting out insurgents to plucking people from the floodwaters. The Pakistani authorities, a senior American official said, have been "stretched to the breaking point" by the crisis. Their ragged response has fueled fears that the Taliban will make gains by stepping in to provide emergency meals and shelter. "It certainly has security implications," said another official who, like others interviewed for this article, spoke on the condition of anonymity because he was not authorized to discuss internal policy deliberations. "An army that is consumed by flood relief is not conducting counterinsurgency operations."

On Thursday, the United Nations will convene a special meeting devoted to the floods, hoping to galvanize what has been a lackluster global response. Secretary of State Hillary Rodham Clinton is expected to announce that American public aid has surpassed \$100 million, an official said. "We're obviously not oblivious to the political and strategic implications of this catastrophe, but right now, we are fully focused on the emergency relief effort and trying to get a good assessment of the needs," said the administration's special representative to the region, Richard C. Holbrooke. Noting that several weeks remain in the monsoon season, Mr. Holbrooke said, "Worse may be yet to come."

WASHINGTON — As the Obama administration continues to add to the aid package for flood-stricken Pakistan — already the largest humanitarian response from any single country — officials acknowledge that they are seeking to use the efforts to burnish the United States' dismal image there. Administration officials say their top priority is providing much-needed help to a pivotal regional ally in the fight against Al Qaeda. But when senior officials from the White House, State Department, Pentagon and Agency for International Development hold their daily conference calls to coordinate American assistance, they are also strategizing about how that aid could help improve long-term relations with Pakistan. According to a survey conducted last month by the Pew Global Attitudes Project, 68 percent of Pakistanis have an unfavorable view of the United States. American officials hope that images of Navy and Marine Corps helicopters ferrying supplies and plucking people from rain-swollen rivers will at least begin to counteract the bad will generated by American drone strikes against militants in Pakistan.

Many Pakistanis blame the strikes for a devastating series of insurgent attacks in Pakistan. "If we do the right thing, it will be good not only for the people whose lives we save but for the U.S. image in Pakistan," Richard C. Holbrooke, the administration's special representative for Afghanistan and Pakistan, said Thursday on the PBS program "The Charlie Rose Show." "The people of Pakistan will see that when the crisis hits," Mr. Holbrooke continued, "it's not the Chinese. It's not the Iranians. It's not other countries. It's not the E.U. It's the U.S. that always leads." American officials say they also hope to build greater trust with the Pakistani military, which has become increasingly wary that President Obama plans to withdraw American troops quickly from neighboring Afghanistan, leaving the Pakistanis to deal with the consequences.

The flooding, which has swamped a fifth of the country and killed at least 1,384 people, according to Pakistani government figures, has led to a sizable and high-level American response, including \$76 million in donations. Defense Secretary Robert M. Gates sent 19 more helicopters last week to replace six aircraft on loan from the military campaign in Afghanistan, and he invoked Mr. Obama's personal directive to "lean forward" in providing assistance. American aircraft have rescued more than 4,000 people since Aug. 5. The Pentagon announced Friday that ships carrying more relief supplies and helicopters had left the East Coast and would arrive in the waters off Pakistan in late September. How much credit the United States will receive in the eyes of the Pakistanis is not clear. Some of the aid has been channeled through Pakistani and international groups because the government did not want to be associated with the unpopular Americans.

WASHINGTON — As the United States military prepares to leave Iraq by the end of 2011, the Obama administration is planning a remarkable civilian effort, buttressed by a small army of contractors, to fill the void. A U.S. Army Stryker armored vehicle crossed the border from Iraq into Kuwait on Wednesday. By October 2011, the State Department will assume responsibility for training the Iraqi police, a task that will largely be carried out by contractors. With no American soldiers to defuse sectarian tensions in northern Iraq, it will be up to American diplomats in two new \$100 million outposts to head off potential confrontations between the Iraqi Army and Kurdish pesh merga forces. To protect the civilians in a country that is still home to insurgents with Al Qaeda and Iranian-backed militias, the State Department is planning to more than double its private security guards, up to as many as 7,000, according to administration officials who disclosed new details of the plan. Defending five fortified compounds across the country, the security contractors would operate radars to warn of enemy rocket attacks, search for roadside bombs, fly reconnaissance drones and even staff quick reaction forces to aid civilians in distress, the officials said. "I don't think State has ever operated on its own, independent of the U.S. military, in an environment that is quite as threatening on such a large scale," said James Dobbins, a former ambassador who has seen his share of trouble spots as a special envoy for Afghanistan, Bosnia, Haiti, Kosovo and Somalia. "It is unprecedented in scale." White House officials expressed confidence that the transfer to civilians — about 2,400 people who would work at the Baghdad embassy and other diplomatic sites — would be carried out on schedule, and that they could fulfill their mission of helping bring stability to Iraq. "The really big picture that we have seen in Iraq over the last year and a half to two years is this: the number of violent incidents is

significantly down, the competence of Iraqi security forces is significantly up, and politics has emerged as the basic way of doing business in Iraq," said Antony J. Blinken, the national security adviser to Vice President Joseph R. Biden Jr. "If that trend continues, and I acknowledge it is an 'if,' that creates a much better context for dealing with the very significant and serious problems that remain in Iraq."

WASHINGTON (AFP) – China is extending its military advantage over Taiwan and increasingly looking beyond, building up a force with power to strike in Asia as far afield as the US territory of Guam, the Pentagon said. In an annual report to Congress, the US Defense Department said Monday that China was ramping up investment in an array of areas including nuclear weapons, long-range missiles, submarines, aircraft carriers and cyber warfare. "The balance of cross-Strait military forces continues to shift in the mainland's favor," the report said. The Pentagon said China's military build-up on the Taiwan Strait has "continued unabated" despite improving political and commercial relations since the island elected Beijing-friendly President Ma Ying-jeou in 2008. Taiwan said Tuesday it was "closely monitoring" China's arms build-up and renewed calls for the United States to sell it upgraded F16 jets and diesel submarines in the wake of the report. "China has not given up the use of force against Taiwan, and we are closely monitoring China's military developments. We ask the public to rest assured," defense ministry spokesman Yu Sy-tue told AFP. The report -- which US officials delayed for five months amid strains with China -- covered 2009, before the United States approved a 6.4 billion-dollar arms package for the island in January. China considers Taiwan, where the mainland's defeated nationalists fled in 1949, to be a province awaiting reunification, by force if necessary. The military report said China was "already looking at contingencies beyond Taiwan," including through a longstanding project to build a far-reaching missile that could potentially strike US carriers deep in the Pacific. "Current trends in China's military capabilities are a major factor in changing East Asian military balances and could provide China with a force capable of conducting a range of military operations in Asia well beyond Taiwan," it said. China's military doctrine has traditionally emphasized the ability to strike within an area extending to Japan's Okinawa island chain and throughout the South China Sea east of Vietnam, the report said. But Chinese strategists are now looking to expand their reach further to be able to hit targets as far away as Guam, including much of mainland Japan and the Philippines, it said. China is working on the longer-range precision missile, but probably needs more work on the technical infrastructure to put the weapon into use, an official who helped draft the report said on condition of anonymity.

TORONTO (Reuters) – The Conservative Party has won back some ground lost to the opposition Liberals in a public opinion poll released on Thursday as controversy eased around changes the government is making to next year's census. The Ekos tracking survey showed the Conservatives at 32.5 percent popular support, up from 29.7 percent in the previous survey, when support for the party fell below 30 percent for the first time in four years. Support for the centrist Liberal Party was at 27.9 percent, down from 28.5 percent in the previous poll. Before the census issue erupted earlier in the summer, the Conservatives had held a notable lead over the Liberals.

"While this change is only marginally significant, it pulls the Conservatives out of a statistical tie into a small but significant lead," Ekos said of the poll it conducted August 11 to August 17. It said the results also showed that the census debate was still affecting voter preferences among highly educated Canadians. The government plans to eliminate a mandatory long-form census, saying the questions are an invasion of privacy, but the change has been criticized as endangering the census's integrity. "When we look at what happened to the voting intentions of the highly educated, it appears almost certain that the narrowing race can be traced to the controversy over the government's decision to end the compulsory long form (census)," Ekos said of its poll findings. "Changes in the demographic anatomy of support lead to the conclusion that this controversy has triggered a fairly significant shift in the electorate during a fairly quiet summer period when little else is at play."

TORONTO (Reuters) – Worse than foreseen wholesale trade and leading indicator figures on Thursday added to worries that Canada's economy is slowing, pressured by weakness in the housing sector. While the data is usually considered secondary, especially ahead of major inflation figures on Friday, it provides further evidence that Canada's economic recovery has lost some of its shine in the second quarter. Wholesale trade unexpectedly fell 0.3 percent in June from May, while the composite leading indicator posted the slowest increase in a year at 0.4 percent in July from 0.7 percent in June. The figures signal that Canada is not immune to the softness seen in other major economies. The United States, Canada's top trading partner, for instance, released weak regional factory activity and tepid weekly labor figures on Thursday. The Canadian dollar lost nearly a penny after the weak slate of data, unwinding much of the gain it made this week on expectations that BHP-Billiton's \$39 billion takeover offer for Potash Corp would create demand for the Canadian currency. Bond prices edged higher in a flight to safety as stocks were weighed down by the new evidence of a lackluster recovery. The wholesale trade data may be a mild drag on second quarter growth, but Scotia Capital analysts said the economy would still be able to show healthy expansion in June after data this week that showed factory sales had eked out a gain.

OTTAWA (Reuters) – Canada has escalated a dispute with the European Union over a European ban of seal products, even as it pursues wide-ranging free trade talks with the bloc. Officials said on Thursday that Ottawa has asked the World Trade Organization to establish a dispute settlement panel in hopes of overturning a EU ban on imports of seal products on concerns of animal brutality in the seal hunt. The ban goes into effect Friday. "The European Parliament has sided with radical animal rights lobbyists and opted to ignore our arguments, leaving us with no choice but to initiate a formal application for the establishment of a World Trade Organization dispute settlement panel to address the matter," Fisheries Minister Gail Shea said in St. John's, Newfoundland. Canada first took its grievance to the WTO last November, arguing that the EU ban is misinformed and violates European WTO trade commitments. Canada says it is defending Atlantic communities that rely on the seal trade for survival. The EU promised to defend its decision. "The legislation that enters into force tomorrow applies to all seals, whether they are in the EU, Canada or in Norway. Thus any claims that we

are discriminating against Canadian sealers are unfounded," said a spokeswoman at the European Commission, the EU's executive branch. The spat comes as Ottawa is pushing for closer economic ties with the EU, promising to finalize a free trade pact by next year that it says could rake in an extra 8 billion euros (\$7.4 billion) for Canada within seven years. The next round of talks is in October.

CALGARY, Alberta (Reuters) – Opposition members of a Canadian parliamentary committee released a sharply critical report on oil sands development on Wednesday, saying governments and industry were in denial about the impact on fresh water. The report by Liberal Party members of the House of Commons Standing Committee on Environment and Sustainable Development said there was ample evidence that oil sands projects in northern Alberta were polluting a regional watershed and that Ottawa was not doing its duty to manage the impact. The Liberals released their own report after the all-party committee could not agree on conclusions after 18 months of testimony by industry members, politicians, environmentalists and scientists on the impact of oil sands development on fresh water. The document, which largely addresses issues involving the Athabasca River system, fueled the latest controversy in a protracted battle over developing Canada's oil sands, the largest crude oil source outside the Middle East. "Governments have reacted defensively to warnings from environmental groups and scientists alike about how the oil sands industry might be impacting on water supplies," the report said. "Instead they have sought refuge in the science of public relations."

Western Europe

EUOBSERVER / BRUSSELS - The European Commission has defended its handling of the Pakistan floods after being accused of lack of generosity and having inadequate resources. Ferran Tarradellas Espuny, a spokesman for the EU executive, on Monday (16 August) said the commission has been "the most generous donor" and the "first donor to help" after giving €40 million in the past two weeks for food, tents, blankets and hygiene kits. He hinted that more money is in the pipeline: "The commission is studying the possibility of further increasing our allocation. The tragedy of Pakistan is so big that we will have to continue giving aid and being present there." He also noted that aid commissioner Kristalina Georgieva has "interrupted her holiday to come back to Brussels" due to the disaster, as well as the wildfires in Russia. Figures out the same day from the US and the UK, the former colonial power in Pakistan, indicate that the commission's spending is being outpaced.

The US has so far put €9 million into the pot, State Department spokesman Philip J. Crowley said on Monday. The UK's acting Prime Minister, Nick Clegg, said the government has put forward €38 million, while British aid agencies have raised a further €18 million. Leading development charity Oxfam at the weekend said the EU "can afford to be much more generous." Mr Clegg on Monday called the international effort as a whole "lamentable ... pitiful." He did not name names, but the militant outfit, the Pakistani Taliban, has so far promised €6 million compared to a €10 million pledge from Germany, the EU's largest economy. The commission's Mr Tarradellas Espuny also reacted to a letter on Monday from French President Nicolas Sarkozy to commission

chief Jose Manuel Barroso saying the EU should create a new rapid reaction force if it is deal with Pakistan-type crises adequately.

EUOBSERVER / BRUSSELS - The European Commission has granted the modest sum of €9,589 to help Russia cope with fallout from wildfires, which are estimated to have done €2 billion of damage. The commission's delegation in Moscow said in a press release on Wednesday (18 August) the money will be used by the Red Cross to buy blankets, detergents, disposable dishes, hygiene kits and food parcels for 1,700 families in rural areas in the Voronezh, Belgorod, Ivanovo, Kirov, Nizhniy Novgorod and Moscow regions. A Moscow-based EU official told this website that the EU grant will feed into a wider international fund for the Red Cross effort and that the sum was specifically requested by the charity. A commission spokesman in Brussels said the money will also be used to fund rest trips for children and firefighters to countries outside Russia. "I can assure you that the help is very welcome," he said, when asked by EUobserver why the amount is so small next to conventional EU aid grants, which are counted in the millions of euros. Aid commissioner Kristalina Georgieva on Wednesday said Russia has relied on bilateral help from EU states rather than triggering EU mechanisms, naming Italy, France, Bulgaria and Poland as countries which sent planes and firemen to the combat the fires. "[Russian emergencies minister Sergei Shoigu] encouraged the EU to help on the soft side, to provide places for kids and for firefighters, which I did following his request," she said.

A hundred and two humanitarian workers were killed in 2009 and 92 kidnapped, according to the UN Office for the Coordination of Humanitarian Affairs, which, together with the European Union commemorated their loss during the second World Humanitarian Day on Thursday (19 August). The work of international humanitarian aid workers relies on acceptance of their neutrality, but the UN says there is an increasing misconception about aid that it is delivered exclusively by Western organisations or is somehow politically or ideologically influenced. Although this perception is entirely wrong, the UN writes on the website dedicated to the World Humanitarian Day, it leads to the escalation of targeted attacks on humanitarian personnel. Two hundred and seventy eight aid workers were involved in 139 serious security incidents in 2009, compared with 65 in 34 incidents in 1999, Aid Worker Security Database reported. According to the study of the Humanitarian Policy Group from April 2009, for many attacks it is difficult to ascertain a motive, but for the incidents where it is possible, political motivation has increased relative to incidents which are purely economically motivated. Politically motivated incidents rose from 29 percent of the known total in 2003 to 49 percent in 2008, the study said. The "political targeting" has two main reasons: The organisations may be attacked because they are perceived as being "collaborators with the enemy," or the organisation itself may be the primary target for its actions or statements. The crucial part in providing humanitarian aid is the respect towards local people, says Bijay Kumar, head of Human Security in Emergencies and Conflict at Action Aid, an international anti-poverty agency. "People are reluctant about foreigners coming from another context," he told this website. When aid workers do not understand local habits, conflicts with people they want to help may emerge. "We need to design programmes on the peoples' needs", Mr Kumar said. If the aid programme is to work, the community has to have a say in how

the resources are used, he added. Also important when working abroad is transparency of the organisation about its financing and modesty of its employees. People do not like aid workers using big cars or living in mansions, Mr Kumar said.

EUOBSERVER / BRUSSELS - There is a growing nervousness at the top of the European Commission at a threat to the very legitimacy of the European Union if the bloc's institutions continue their "mushrooming" while beyond Brussels, public spending is being slashed to the bone. Speaking to a group of reporters, one very senior commission official let rip about his frustration at the forward march of institutional expansion and how so many European actors appear to be blithely oblivious to the incongruence of their situation amid austerity everywhere else in Europe. "Austerity measures at the moment have yet to really set in, but in the autumn, this is going to be tangible, with salary and social benefit reductions, pension cuts. People will begin to feel it," the official said on condition he would not be named. "And people will look at us and say: 'How is it that they are immune, they keep growing when we are having to cut back?'" "The number one issue should be to stop the mushrooming of the institutions. We don't need new institutions." "There is a tendency to think every time there is a new problem, the EU can solve it with a new institution." "We have to launch the new external action service, which involves additional costs; and the parliament wants more money. I was worried that the Van Rompuy taskforce would create a new institution," he continued, referring to the EU Council president's investigation into possibilities for greater "economic governance" of the bloc in the wake of the sovereign debt crisis. "What was stopped, fortunately, was the creation of a eurozone secretariat, pushed by the French. The idea is still flying about though. Economic governance should be about finance ministers working more closely together, not creating yet another institution." As it is, the administrative costs of setting up the new European Systemic Risk Board and three new economic supervisory bodies overseeing the banking, insurance and securities sectors amount to €15 million, which was less than some had feared. The EU's new foreign office and diplomatic corps, the External Action Service, was originally envisaged as being budget neutral.

BRUSSELS / EUOBSERVER - Brussels has acknowledged for the first time that austerity measures imposed on Greece are provoking civil unrest, but said that despite the growing social turbulence, the structural adjustment is a necessary "investment in the future" and that coming generations will benefit from the bitter pill that citizens are swallowing today. "We are aware of the social tensions that exist. This impact from these important reforms is certain, we will not play with words with that," commission spokesman Amadeu Altafaj told reporters after the EU executive endorsed a review of the country's programme of cuts on Thursday (19 August). "However, this is an investment for the future, for future generations, for jobs and growth on a more sustainable path," he added. "Greece was a country that was living beyond its means for too long and there were too many imbalances in the economy that represented a mortgage for future generations ... Yes, there is an impact in terms of growth, jobs, social unrest, pensions that have been cut, but we are in a recovery path in all these areas." Greece has seen a series of one-day general strikes since the beginning of the year in opposition to the multiple austerity programmes.

EUOBSERVER / BRUSSELS - The European General Court has ordered a suspension of the EU's seal product ban just as the regulation was due to enter into force. According to an order of the court obtained by the Inuit Tapiriit Kanatami, a Canadian Inuit organisation, and published on their website late on Thursday (19 August), the EU's lower court said it is to "suspend application of [the regulation] until the General Court has rendered judgement." The injunction was requested by the Inuit while a group of Canadian and Greenlandic Inuit organisations pursued a case against Brussels over last year's passage of a ban on seal products that was set to enter into force on Friday. The lawsuit was launched alongside efforts by the Canadian government to have the law struck down by the World Trade Organisation in Geneva. "In our view, the seal ban is both illegal and immoral. Although we are not sure what future action the EU Court will take in this case, I welcome the current decision by the Court to stop the implementation of the ban as scheduled," said Mary Simon, the ITK national leader. "I can only hope that the EU Court will determine that the ban and its so-called Inuit exemption are illegal. That would be a fitting conclusion to this totally unjustified action." However, confusing the issue, the court has yet to issue notification of the suspension, while the document posted on the ITK site is dated 19 August.

EUOBSERVER / BRUSSELS - Although the EU is the biggest donor to flood-stricken Pakistan, EU foreign policy chief Catherine Ashton chose not to address Thursday's (19 August) special UN gathering on the devastated country because she does not yet have full speaking rights at the international forum. Instead she phoned UN chief Ban Ki-moon on Wednesday to give details on the €105 million that the EU and its member states are providing to Pakistan. "I would have represented the European Union myself in this meeting but for the fact that the appropriate speaking rights are not yet in place and expressed my wish that this hurdle can be overcome as soon as possible," said Ms Ashton in a statement. Belgian foreign minister Steven Vanackere, whose country currently holds the EU presidency, was sent to represent the union instead. "We too very much regret this fact," said a European Commission spokesperson. "Cathy Ashton very much wanted to go, but we can't do that under the current rules." According to a source, Ms Ashton was reportedly ready to go New York for Thursday's gathering having already spoken at other UN fora such as the nuclear non-proliferation and Haiti donor meetings earlier this year, but was told the rules on speaking could not be bent at the more formal UN General Assembly.

EUOBSERVER / BRUSSELS - The European Commission is keeping a close eye on the French government's round-up and expulsion of Roma to ensure that EU rules are not breached, the EU executive said on Wednesday (18 August) on the eve of the deportations. "We are watching the situation very closely to make sure rules are respected," said Matthew Newman, spokesman for EU fundamental rights commissioner Viviane Reding. "If a state is deporting anyone, we must be sure it is proportionate. It must be on a case-by-case basis and not an entire population," he continued. Referencing a 2004 EU law on the free movement of citizens, he said: "The rules are pretty clear. They apply to France and they apply to any other EU country." However, Mr Newman said the commission did not feel that Paris is engaged in a "mass expulsion". Two commissioners are understood to be monitoring the situation, Ms Reding and Laszlo Andor, the

employment and social affairs commissioner. In a move that has given President Nicolas Sarkozy a bump in opinion polls, the government has ordered the destruction of some 300 Roma settlements which were constructed without permission, and the expulsion from the country of a number of gypsies and their repatriation to Romania. Paris for its part maintains that it is indeed in compliance with European rules. Foreign ministry spokesman Bernard Valero told AFP news agency European law "expressly allows for restrictions on the right to move freely for reasons of public order, public security and public health".

EUOBSERVER / BRUSSELS - The Quartet is gearing up to formally invite Israeli and Palestinian leaders for face-to-face peace talks for the first time in one and a half years. The meeting is to be hosted by US President Barack Obama in Washington on 2 September and to aim for an outcome within one year, EUobserver has learned. Israeli and Palestinian diplomats have agreed in principle to accept the invitation. But the final Quartet communique - expected late on Friday (20 August) - could still cause upset by, for example, laying down pro-Palestinian pre-conditions, such as a moratorium on Israeli settlement building. "There are divergences among the Quartet powers on this issue [the EU, Russia, the UN and the US]," one contact close to the process said.

The official aim of the Quartet is to help create a viable Palestinian state alongside Israel, with a negotiated solution on the status of Jerusalem. One major problem is the building of Israeli settlements on occupied Palestinian land, with an Israeli peace activist and Jerusalem city councillor, Meir Margalit, telling this website in a previous interview that it would cause "civil war" inside Israel if it tried to pull the settlers out.

Another problem is the Palestinian Authority's split with Hamas, a militant Palestinian resistance group listed as terrorists by the EU and US, which controls the Gaza strip.

A Hamas spokesman, Ghazi Hamad, told EUobserver by phone from Gaza that German, Greek, Italian, Russian and Spanish MPs and officials have in recent meetings explored ways to involve the group in the peace process. Hamas refuses to recognise the right of Israel to exist or to renounce violent resistance, however.

Belgian politicians are still struggling to form a government after 40 days of negotiations with seven different political parties following elections on 13 June.

"For 40 days, I've tried to reconcile the irreconcilable," said French-speaking Socialist party head Elio Di Rupo on Wednesday (18 August). Due to become Belgium's first native French-speaking prime minister since 1974 and the EU's only openly gay leader, Mr Di Rupo added that it was the "the most difficult situation in Belgian history."

Talks are due to resume on Saturday (21 August) after the King, speaking of the "important progress" that has been made so far, urged the parties to keep negotiating and has been personally meeting with the leaders of the various parties.

French-speaking parties have offered to transfer €15.8 billion of federal spending, representing 49 percent of the funds collected by the federal government, to the regions.

But Flemish parties, who are keen to see more powers devolved to the regions, are pushing for more conditions to be included such as a reward and punishment system for entities depending on whether they manage to achieve certain pre-defined objectives.

French-speaking parties, for their part, are demanding that the state reform, which would be the sixth in the country's history, does not touch the subsidies that flow into their

poorer region from richer Flanders and that no part of the population is left less well off by the reforms. Belgium is divided into French-speaking, subsidy-dependent Wallonia in the south and richer Dutch-speaking Flanders in the north. The language divide is compounded by the fact that there are no national parties, meaning the regional parties campaign and make promises on local issues making it harder to find a compromise when it comes to forming a coalition government.

ROME – Italian Premier Silvio Berlusconi on Friday warned coalition allies who recently split with him to back him in Parliament or prepare for elections as soon as December. While it is up to Italy's president, as head of state, and not the premier to call early elections, Berlusconi indicated after a daylong huddle with his allies at his Rome residence that he would quit if the allies won't back him on key legislation. Elections aren't due until spring 2013. But earlier this month, some loyalists to Berlusconi's longtime center-right ally, Gianfranco Fini, refused to back Berlusconi on an opposition censure motion in the Chamber of Deputies. Berlusconi told reporters that unless lawmakers who were part of his victory coalition in 2008 elections commit their support to him, a quick return to the polls will be the consequence. "I believe there would be no other solution for the good of the country but to turn to the voters" in early elections, he said. He said that any election date later than December "would be negative for the country," Berlusconi said, professing confidence in the voters' judgment. "If there were elections soon, we'd get great results," with his coalition garnering "absolutely more than 50 percent," Berlusconi predicted. There was no immediate reaction from Fini, the president of the Chamber of Deputies who has been bickering with Berlusconi for months as he seeks to raise his own political profile.

BERLIN – Germany's economy is on course to grow by about 3 percent this year after a spectacular second-quarter growth spurt, the country's central bank said as it sharply raised its growth estimate. The Bundesbank had previously predicted that the economy, Europe's biggest, would expand by 1.9 percent this year. In its monthly report, the bank said Thursday that Germany's economic situation remains favorable and "the economic upward movement should continue in the second half — although risks from developments on international financial markets still exist." Strong export growth fueled Germany's quarter-on-quarter growth of 2.2 percent in the April-June period. That powered the 16-nation eurozone to better-than-expected growth of 1 percent. However, sentiment that the pace will be slower in the second half has been reinforced by recent signs of slowing growth in the United States and China. "The pace of growth will normalize after the exceptionally dynamic spring," but while export growth will slow, investment by companies should strengthen and consumer spending should benefit from the recovery of the labor market, the Bundesbank said.

BERLIN — Germany has sparred with its European partners over how to respond to the financial crisis, argued with the United States over the benefits of stimulus versus austerity, and defiantly pursued its own vision of how to keep its economy strong. Statistics released Friday buttress Germany's view that it had the formula right all along. The government on Friday announced quarter-on-quarter economic growth of 2.2 percent, Germany's best performance since reunification 20 years ago — and equivalent

to a nearly 9 percent annual rate if growth were that robust all year. The strong growth figures will also bolster the conviction here that German workers and companies in recent years made the short-term sacrifices necessary for long-term success that Germany's European partners did not. And it will reinforce the widespread conviction among policy makers that they handled the financial crisis and the painful recession that followed it far better than the United States, which, they never hesitate to remind, brought the world into this crisis. A vast expansion of a program paying to keep workers employed, rather than dealing with them once they lost their jobs, was the most direct step taken in the heat of the crisis. But the roots of Germany's export-driven success reach back to the painful restructuring under the previous government of Chancellor Gerhard Schröder.

By paring unemployment benefits, easing rules for hiring and firing, and management and labor's working together to keep a lid on wages, Germany ensured that it could again export its way to growth with competitive, nimble companies producing the cars and machine tools the world's economies — emerging and developed alike — demanded.

Germans steered clear of the debt-fueled consumption boom that many believe contributed to the financial crisis. During the recession, Chancellor Angela Merkel resisted the palliative of government spending that the United States and some European partners felt was crucial to restoring growth.

The battle over how to navigate the financial crisis helps display Germany's emerging post-cold-war identity as a country less tolerant of foreign demands and lecturing, one with a tenser relationship with European partners. Though Germany has plenty of problems to grapple with at home, it has also become less obsessed with its historical crimes and more enthusiastic about its economic model, its culture and its improved standing in the world.

BRUSSELS, Belgium -- The European Commission (EC) announced on Thursday (August 19th) that Greece has met the conditions required to receive the next 9 billion-euro tranche of its 110 billion-euro aid package. The EC said it expects eurozone members to approve allocation of the funds. The issue is to be discussed by eurozone finance ministers at their September 7th meeting in Brussels. EU and IMF experts concluded earlier this month that Greece has made considerable progress in implementing much-needed austerity measures. On Thursday, EU Economic and Monetary Affairs Commissioner Olli Rehn praised Greece's progress in implementing the reforms but warned "challenges and risks remain".

ATHENS, Greece -- Alternate Foreign Minister Dimitris Droutsas reassured Greece's Arab partners Wednesday (August 18th) that friendship with them remains strong following a visit by Israeli Prime Minister Benjamin Netanyahu. "Improving Greek-Israeli relations is for the good of Greece and all countries in the Middle East ... and does not exclude our close co-operation with the Arab world and most of all with our Palestinian friends," Droutsas said in an interview with radio Flash. He added that meetings with Netanyahu on Monday and Tuesday were "very useful and completely successful, because we reached certain goals -- deepening relations and co-operation with Israel".

LONDON – Britain's Treasury says it will consider wild ideas submitted by the public after calling on taxpayers to help draft the toughest spending cuts in decades. Treasury chief George Osborne set up a website in July for the public to suggest areas for savings, promising the best proposals would be seriously studied by his staff. Among ideas listed Thursday are plans to abolish the monarchy, to open Parliament for just four days a month — and adjust legislators' pay accordingly — and to have prisoners generate cheap electricity by hooking up gym equipment to the power grid. Osborne will announce spending plans to 2015 in a major speech in October. He wants to make savings of 30 billion pounds (\$44 billion) a year to reduce Britain's huge national debts.

COPENHAGEN — How long is too long to be paid to go without a job? As extended unemployment swells almost everywhere across the advanced industrial world, that question is turning into a lightning rod for governments. For years, Denmark was held out as a model to countries with high unemployment and as a progressive touchstone to liberals in the United States. The Danes, despite their lavish social welfare state, managed to keep joblessness remarkably low. But now Denmark, which allows employers to hire and fire at will while relying on an elaborate system of training, subsidies for those between jobs and aggressive measures to press the unemployed into available openings, is facing its own strains. As a result, it is beginning to tighten up. Struggling to keep its budget under control after the financial crisis, the government in June cut into its benefits system, the world's most generous, by limiting unemployment payments to two years instead of four. Having found that recipients either get work right away or take any job as their checks run out, officials are also redoubling longstanding efforts to move Danes more quickly out of the safety net. "The cold fact is that the longer you are out of a job, the more difficult it is to get a job," Claus Hjort Frederiksen, the Danish finance minister, said during an interview. "Four years of unemployment is a luxury we can no longer allow ourselves."

BERLIN – Google Inc. is defending its "Street View" feature against sharp criticism in Germany saying it has gone a long way to address people's privacy concerns. Google's vice president for Northern and Central Europe, Philipp Schindler, told Thursday's mass circulation daily Bild the company had found a unique data security agreement with German agencies as early as last year. Schindler says that only in Germany are consumers given the right to opt out of having their homes shown on "Street View" before the feature has even started. He says while Google is respecting people's privacy, "there is nothing more public than the outside of buildings." Schindler says hundreds of thousands of Germans are using the feature to check out cities abroad.

BERLIN – A former Rwandan mayor living in Germany has been charged for allegedly organizing massacres and inciting killings during the African country's 1994 genocide, prosecutors said Wednesday. The 53-year-old, identified only as Onesphore R., was charged with genocide and murder as well as inciting those crimes, federal prosecutors said in a statement. The man was the mayor of a district in northern Rwanda at the time of the killings, the prosecutors said, without identifying the district.

At least 500,000 members of the Tutsi ethnic minority and moderates from the Hutu majority were slaughtered during the Rwandan genocide. The prosecutors allege that the former mayor, a Hutu, called for pogroms against the Tutsi minority on three occasions in early April 1994. They said he forced a local official to throw out Tutsis who had taken refuge in his house, threatening that the official's family would be killed otherwise. Prosecutors asserted that the man ordered and coordinated three massacres between April 11 and 15, 1994, in which at least 3,730 Tutsis were killed — some of whom had sought shelter in church buildings against marauding soldiers, police, militia members and civilians.

PARIS – A French Immigration Ministry official says 93 Roma are to be repatriated to their native Romania. The official, who declined to be identified in accordance with ministry policy, said 79 people are to leave on a charter flight from the central city of Lyon later Thursday. Another 14 left on a commercial flight to Romania from the Paris region earlier in the day, the official said. Another flight is slated for Friday. The flights are part of a crackdown by France's conservative President Nicolas Sarkozy. He has linked Gypsies, or Roma, to crime and spearheaded a campaign to dismantle their illegal camps and send some home to Eastern Europe. Critics contend the policy discriminates against one of the Europe's most vulnerable communities.

LA COURNEUVE, France — About 100 French riot police officers swooped down on an encampment of Roma here at 7 a.m. Thursday, taking names and filling out expulsion orders. Fully padded, but without helmets, the officers were aggressive but polite, accompanied by a Romanian policeman and three interpreters. Mihai Lingurar, 37, and his wife, Rada-Soma Rostach, were ordered to leave France within a month for overstaying their three-month allowance as Romanian citizens and being unable to prove that they had full-time work. Their fourth child, however, Marc, 5 months old, is in intensive care at a hospital here, on the northeastern edge of Paris. Marc weighs about eight pounds and has been in and out of a coma. The police were not interested in hearing about Marc this morning, Mr. Lingurar said, through an interpreter. But he will get help to challenge the family's expulsion, citing medical grounds, from Doctors of the World, said Livia Otal, 29, a Romanian who works with the Roma for the nonprofit organization. The Lingurar family, along with many of the Roma — who are sometimes referred to as Gypsies, though they dislike the name — have been caught up in a major push by the government of President Nicolas Sarkozy to crack down on crime and illegal immigration. At the end of last month, after two attacks on the police, Mr. Sarkozy vowed to take away French citizenship from anyone who threatened the life of a public official and to dismantle illegal camps of Roma, most of them from Romania and Bulgaria. Mr. Sarkozy also vowed to break up the illegal camps of “gens du voyage,” known as travelers in Britain, who are French citizens moving about the country in caravans. On Thursday, France flew some 100 Roma home to Romania — people who France insists agreed to leave voluntarily for a flight and a resettlement sum of about \$385 instead of facing the chance of forcible expulsion in a month. Robert A. Kushen, executive director of the Budapest-based European Roma Rights Centre, said that by providing this essentially false choice, “the French are trying to insulate themselves from legal challenge, arguing that those who leave are doing so voluntarily and are not being

expelled as a group.” Mass expulsions based on ethnicity violate European Union law, Mr. Kushen said, and the failure of France to do individual assessments of each case — as opposed to cursory examinations of papers by the police — also violates European Union rules.

EDINBURGH, Scotland – Britain's government says it has warned Libya that any celebration of Friday's anniversary of the release from jail of the Lockerbie bomber would be deeply offensive to the families of the mainly U.S. victims of the attack.

Abdel Baset Al-Megrahi, the only person convicted in connection with the 1988 bombing of Pan Am Flight 103 above Lockerbie, Scotland, was ordered in 2001 to serve 27 years in jail, but freed on Aug. 20 of last year on compassionate grounds, as he is suffering from prostate cancer. In a statement urging Libya to show restraint, Britain's Foreign Office in Friday described the bombing, which killed 259 people onboard — mostly Americans — and 11 on the ground, as the "worst act of terrorism in British history."

Before al-Megrahi's release from a Scottish jail, doctors said he would likely live only for three months. Friday marks the first full year of al-Megrahi's freedom. Many families are outraged at the hero's welcome he received as he returned to Libya, and his continued longevity. "Particularly on this anniversary, we understand the continuing anguish that al-Megrahi's release has caused his victims both in the U.K. and the U.S. He was convicted for the worst act of terrorism in British history," the Foreign Office said.

"Any celebration of al-Megrahi's release would be tasteless, offensive and deeply insensitive to the victims' families. We have made our concerns clear to the Libyan government, including through representations by the U.K. ambassador to Libya."

The decision to release al-Megrahi was taken by Scotland's government, rather than the British government in London. Prime Minister David Cameron, who at the time was opposition leader, condemned the move. "The government is clear that al-Megrahi's release was a mistake, both the current prime minister and foreign secretary made this clear at the time," the Foreign Office statement said. First Minister Alex Salmond, the head of Scotland's government, told The Associated Press in an interview this week that he stood by the decision. "I think I'd rather be first minister of a society with too much compassion than be first minister of a country with too little compassion," he said.

LONDON – A study says female managers in Britain earn 10,000 pounds (\$15,600) a year less than their male counterparts, and at current rates will wait 57 years to achieve parity. The research released Thursday by the Chartered Management Institute is the latest to highlight the continuing gender gap, despite 40-year-old legislation making it illegal to pay men and women differently for the same work. The gap is partly attributable to men having seniority or getting bigger bonuses. But even at junior management level, the study found women earn at least 1,000 pounds a year less than men. Women's salaries, however, are growing faster — up 2.8 percent last year, compared to 2.3 percent for men. The government says that on average women earn about 15 percent less than men.

Southeast Europe

TIRANA, Albania -- President Bamir Topi has sent the law on property return and compensation back to parliament, insisting it requires work. In more than two pages of explanation, Topi urged lawmakers Monday (August 16th) to bring the law closer to the constitution and the standards of human rights. His main objection is the so-called "right to property". Under the current bill, the National Agency for Property Return is entitled to deal with cases involving property disputes. Topi instead maintains such cases should be handled by the courts. The opposition Socialist Party welcomed Topi's reaction, while the ruling Democratic Party, which secured a majority for the law in July, expressed confidence that it will be eventually passed after only minor changes. Experts believe that The European Court of Human Rights in Strasbourg will be flooded with complaints by Albanians if the measure is enforced.

TIRANA, Albania -- The Socialist Movement for Integration (SMI) on Tuesday (August 17th) urged all political parties to work for electoral reforms. Deputy leader Petrit Vasili said that any effort to improve electoral standards would be useless unless the elections code is improved. He reminded politicians that they are constantly speaking about high electoral standards, but improving them requires political will. The SMI says reforms should start in September.

TIRANA, Albania -- The Socialist Party (SP) has suggested that electoral reform should only focus on local elections, rather than the whole system. SP lawmaker Damian Gjikhuri said on Wednesday (August 18th) that he believes reforms should be drafted by a commission over the course of a few months. Gjikhuri recommended that any potential reforms associated with the general elections should follow next year's local elections. According to the SP, a commission is the best way to work on reforms that were suggested by the OSCE immediately after the disputed June 2009 general elections. The OSCE recommended de-politicising members of electoral commissions, giving voters an opportunity to better know candidates, eliminating the involvement of political parties in selecting judges who handle election-related complaints, and giving each voter the right to complain individually when their right to vote has been violated. The ruling Democratic Party has pledged support to any initiative to improve the Electoral Code.

Legislation remains held up in parliament as the ruling party and opposition continue their standoff. More than a year after the country's last general elections, Albania remains paralyzed by a political deadlock between the ruling coalition and the Socialist-led opposition. The latter, charging election irregularities, has held up the passage of legislation by boycotting parliament. The ruling coalition, meanwhile, has rejected Socialist demands for a recount. The crisis has raised questions about the functionality of Albania's political system, two decades after the fall of communism.

"There is a problem with democracy in Albania," European Commission (EC) Ambassador in Tirana Helmut Lohan has said. "I wish Albanian politicians would understand how this crisis endangers the country's integration process and find a solution." About 89% of Albanians favor EU integration and 82% say that the country's EU path is important for the country, according to an Albanian Institute of International Studies survey. But swift progress towards that goal is improbable unless the country can

convince Brussels that its political system is maturing. "If the parliament is not functioning well, the EC positive recommendation for Albania's EU path may be endangered," Lohan warned. Both sides in the stalemate are refusing to back down. "The opposition will not vote in any draft legislation in parliament until we see electoral transparency," said Gramoz Ruci of the SP parliamentary group. "All we want is opening of ballot boxes. There are irregularities. We keep saying that to the democrats. Ballot boxes should be opened, at least in one electoral zone. If our claims are wrong, I am ready to quit my mandate as a lawmaker," Ruci told *SETimes*. The opposition wants a parliamentary commission to be established in order to investigate alleged election manipulations, but the ruling Democratic Party (DP) claims such a move is illegal.

TIRANA, Albania -- The government decided on Thursday (August 19th) to increase incomes for the unemployed by 3.5%, to about 60 euros a month. Opposition parties criticise the decision, saying it is insufficient. Officially, the jobless rate in Albania is 14%, but independent organisations estimate it is actually far higher.

SARAJEVO, Bosnia and Herzegovina (BiH) -- The Council of Ministers adopted a rule book Thursday (August 19th) on the organisation of the directorate for the co-ordination of police bodies of Bosnia and Herzegovina, one of the remaining conditions for visa liberalisation. High Representative Valentin Inzko, head of the EU Police Mission to BiH, Stefan Feller, and Chargé d'Affaires of the EU delegation to BiH, Boris Iarochevitch, welcomed the move. One remaining issue is the appointment of the director of the Agency for the Prevention of Corruption and the Co-ordination of the Fight against Corruption. The clock is ticking, as the European Commission will finalise its report on BiH's progress in these areas on August 31st.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Members of the international community sent a joint letter to Prime Minister Nikola Spiric on Friday (August 13th), warning that the failure to enforce police co-ordination could endanger the prospect of eventual visa-free travel to EU countries. High Representative Valentin Inzko, the head of the EU police mission in BiH, Stefan Feller, and Boris Iarochevitch, head of operations within the European Commission (EC) delegation to BiH, reminded Spiric in the letter that the country has yet to adopt regulations on the co-ordination of police authorities, a condition for visa-free travel. They urged the Council of Ministers to adopt the rules before August 31st, so the European Commission has time to consider the development. Meanwhile, Inzko, whose mandate was extended Thursday for another year until August 31st 2011, said in an interview Saturday with *Dnevni Avaz* that there is no risk of collapse or the centralisation of BiH. He added that the constituent peoples do not represent a threat to each other. Rather, he says, the biggest threat is authorities who have failed to implement reforms and continue to serve their own interests. "In October [when BiH holds general and presidential elections] the citizens have only one choice -- to continue to act as they have done so far, or to move forward," Inzko said.

The latest findings on security in Bosnia and Herzegovina have triggered political debate. The US State Department's annual report on security in Bosnia and Herzegovina (BiH), published on August 8th, has caused a stir. BiH officials say the findings point to

the need for reform, while leaders in the entity Republika Srpska say they amount to a political ploy. "Bosnia and Herzegovina has a fragmented security system that cannot meet the challenges, especially of a global threat, such as terrorism and drug trafficking," BiH Security Minister Sadik Ahmetovic told SETimes. "It is, therefore, necessary to establish a single police structure in BiH." Republika Srpska Prime Minister Milorad Dodik, however, claims the report is a thinly disguised effort to force changes the Bosnian Serb entity opposes. It demonstrates "a stereotyped and uncritical approach to the problems in Bosnia," he said, adding that it unfairly blames RS for dangerous terrorist elements within the country. "There are no terrorists in RS," he said. "All radical movements in Bosnia and Herzegovina -- Wahhabi, 'White al-Qaeda' and others who represent the basis for potential terrorists -- have expressed anti-Serb sentiment," Dodik said. The State Department report said the fight against terrorism and terrorist financing in BiH is hampered by "efforts of RS officials to undermine state institutions".

PODGORICA, Montenegro -- Bosnia and Herzegovina's (BiH) Prime Minister Nikola Spiric said Monday (August 16th) that a new political process is beginning in Republika Srpska (RS) now that the International Court of Justice (ICJ) has ruled in favour of Kosovo's independence. In an interview with the Podgorica-based daily Dan, Spiric said that if the UN General Assembly also confirms Kosovo's independence, this would open the path for RS's independence. He added that developments in BiH's smaller entity will have impact on the overall situation in the Balkans. Spiric stressed RS wants to exist within the frameworks of the Dayton Peace Agreement, but would oppose to the establishment of a unitary state.

SARAJEVO, Bosnia and Herzegovina (BiH) -- The Office of the High Representative (OHR) on Tuesday (August 17th) urged authorities to comply with the European Court of Human Rights' ruling on the so-called Djokic case. Former Yugoslav Army official Branimir Djokic sued BiH because he was banned from getting his pre-war apartment in Sarajevo back after the conflict, in breach of the European Convention on Human Rights. The court in Strasbourg ruled in May that the Federation of Bosnia and Herzegovina (FBiH) should pay 60,000 euros in pecuniary and 5,000 euros in non-pecuniary damage to Djokic. FBiH Prime Minister Mustafa Mujezinovic said last week the ruling could mean financial collapse for the entity, as FBiH could face thousands of similar claims.

SOFIA, Bulgaria -- Prime Minister Boyko Borisov announced on Sunday (August 15th) that the country will absorb at least 50% of the EU funds set aside in the 2007-2013 budget framework. In addition, EU Funds Minister Tomislav Donchev said the government's goal is for payments from the seven operational programmes of the EU structural and cohesion funds to reach 1 billion euros by the end of the year. Borisov noted that the government received a very positive assessment during World Bank Group President Robert Zoellick's recent visit to Sofia.

ZAGREB, Croatia -- President Ivo Josipovic signed a decision on Thursday (August 19th) stripping convicted war criminal Branimir Glavas of his wartime medals. Josipovic also announced he would strip Glavas's rank of major-general. The move came

after the Supreme Court upheld his conviction for war crimes committed against Serbian civilians during the 1991-1995 conflict. In late July, his prison sentence was reduced from ten to eight years for 1991 war crimes committed against ethnic Serbs in the city of Osijek. Glavas left Croatia for neighbouring Bosnia and Herzegovina to avoid serving the sentence. Earlier this week, he lost his seat in Croatia's parliament.

PRISTINA, Kosovo -- Prime Minister Hashim Thaci on Saturday (August 14th) ruled out any possibility of autonomy as a solution for Serb-dominated northern Kosovo. "The only document for northern Kosovo is the Ahtisaari Proposal," Thaci said during a visit to northern Mitrovica. "[Autonomy] was never discussed or asked for. I can tell you that it is just media speculation, because there will be no autonomy for northern Kosovo under any circumstances," he added. Thaci also said there are no discussions about a special status or the model of South Tyrol being applied to Mitrovica. "We will continue working based on the integration strategy that was presented some time ago by the government of Kosovo and international [organisations]," he said. Thaci added that with the help of these organisations, about 90% of the Ahtisaari Plan on supervised independence has been implemented.

But the International Civilian Office (ICO) and EULEX quickly noted there is still work to be done. The ICO's last evaluation on June 14th indicated that about 52% of the Package has been fully implemented, most of it related to drafting legislation. Based on an 18-page matrix on monitoring the Ahtisaari Package, seven provisions have not been fulfilled at all, 46 have been partially implemented, while 58 others have been fully implemented.

PRISTINA, Kosovo -- Visiting Gracanica on Sunday (August 15th), Serbian Interior Minister Ivica Dacic said that Belgrade is interested in talks on Kosovo even if that means changing UN Security Council Resolution 1244. "Serbia is interested in passing its resolution [at next month's UN General Assembly meeting], but on the other [hand], is interested in having talks even if it has to intervene in the text of the resolution. But if Serbia accepts that the text of the resolution corresponds to [Kosovo's] independence of Kosovo ... then the question arises if Serbia can have talks at all," Dacic said. When asked about northern Kosovo, Dacic said that "no one benefits from a frozen conflict and it would be good if there is a joint solution as soon as possible." Local media noted that Dacic was allowed to make a religious visit to the monastery just outside Pristina on the condition that he make no political statements, a condition he violated. Dacic also said that Serbia is ready to send personnel to help guard Serb medieval monasteries and historic monuments in Kosovo, an idea that was immediately rejected by Kosovo Interior Minister Bajram Rexhepi. Dacic was commenting on KFOR's decision to hand over the security of medieval monasteries to local police.

Religious and political leaders emphasise tolerance and charity during Ramadan "The Qur'an says if you help one person you help humanity, and if you hurt one person you have hurt humanity. Muslims should be a good example for all of humanity, and that is why I am proud to be a Muslim and an Albanian," Ismaili told *SETimes*. Islam "helps us be more mature, quieter, more loyal, and more devoted," he said. "This is the mission of Ramadan." The holy month requires appropriate thoughts and behavior, he explained.

People should act with sincerity and take care of their children, spouse, parents and friends. Even if provoked, one should avoid conflict and simply reply that he or she is observing Ramadan. Although his children are only 4 and 6 years old, Ismaili said they already recognise its significance. "They know they should be more understanding and listen to their parents. They are very careful before Iftar, when the whole family sits down and waits to be allowed to eat," he says. He stressed that Islam teaches moral values -- such as responsibility, respect for family, work and dedication -- and promotes happiness. Political and religious leaders in Kosovo have been sounding similar themes. Kosovo's Mufti, Naim Ternava, stresses that a moral and loving life is the basis for happiness. "All of us are asked to create through our work the best possible conditions for a life with greater dignity for all those who live and love this country," he said in this year's Ramadan message.

Despite tensions within the Muslim community, many believers say they want to spend the month of Ramadan in peace and tranquility. Muslims in Macedonia observe Ramadan, the ninth and holiest month of the lunar calendar, by engaging in fasting and prayer and showing solidarity and mercy. The celebratory spirit is palpable on sidewalks and in marketplaces, while candy stores and butcher shops are busy with holiday shoppers. According to Muslims here, Ramadan is a period when the door to heaven opens and the door to hell closes. All are encouraged to be spiritual and shun impure thoughts, trivial and obscene conversations, as well as violence. Respect shown to the elderly, symbolically expressed by kissing their hand, is especially encouraged. Nearly 30% of Macedonia's population of 2.1 million are Muslim; the majority are Albanians and Turks, though sizeable numbers of Macedonians and Roma also practice the faith.

Prime Minister Nikola Gruevski and President Gjorge Ivanov addressed the Muslim community on August 11th, the first day of the holiday month, and reaffirmed Macedonia's policy of interethnic and interreligious co-existence. "From dawn to dusk ... let these days of fast increase mercy, love and good deeds in your families, towards your neighbours, friends and compatriots, but also towards the poor, sick and destitute," Gruevski said. "Those are the human and civilisational values for which Macedonia and our society are recognised ... values that we should protect, cherish and promote," he added.

BUCHAREST, Romania -- NGOs protecting Roma rights urged Bucharest on Monday (August 16th) to secure integration for those soon returning from France, but at the same time warned against their illegal extradition by French authorities. "The Romanian authorities must concentrate on social integration, not only at the central level through strategies and programmes, but also at a local level," Magda Matache, head of the NGO Romani Criss, told AFP. According to her, children who lived in France will need help matriculating into Romania's education system, while adults should be offered assistance to receive professional qualification and start work. Mihai Neacsu, of the NGO Amare Rromentza, says most Romas who leave home to work abroad come from very poor communities with little education or infrastructure. France recently announced plans to close illegal Roma camps on its territory and extradite those with criminal pasts.

BUCHAREST, Romania -- The foreign ministry announced on Tuesday (August 17th) it has declared a Russian diplomat a persona non grata and has told him to leave Romania within 48 hours. According to the statement, the official is a first secretary-level diplomat at the Russian Embassy in Bucharest. The move came a day after the Federal Security Service in Moscow announced the arrest of a Romanian diplomat suspected of spying. Gabriel Grecu, first secretary in the political department of Romania's Embassy in Russia, was arrested as he allegedly tried to obtain secret military information from a Russian citizen. Romania's Foreign Ministry on Tuesday condemned what it called the "grave violation" by Russian authorities of the provisions of the Vienna Convention during Grecu's arrest. The ministry also expressed firm disagreement with the way Russia made the issue public.

MOSCOW, Russia -- The foreign ministry in Moscow issued a statement Wednesday (August 18th) criticising Romania's tit-for-tat move to expel a Russian diplomat. "We express a determined protest to the Romanian side, which has taken on itself full responsibility for the possible consequences. We reserve the right to take measures in response," the statement said, adding that Moscow sees the move as "an unfriendly and unprovoked step". Romania announced on Tuesday that it had declared a Russian diplomat a persona non grata and has told him to leave the country within 48 hours. The official is a first secretary-level diplomat at the Russian Embassy in Bucharest. The move came a day after the Federal Security Service in Moscow announced the arrest of Romanian diplomat Gabriel Grecu for suspected of spying.

Belgrade's latest move in its strategy regarding Kosovo has triggered heated debate. Political parties, analysts, and even foreign ambassadors have for days been debating whether Serbia should withdraw or change its draft resolution on Kosovo. The foreign ministry submitted the document to the UN General Assembly on July 28th. Upon review, Serbian officials acknowledged that the document was written hastily in order to pre-empt a resolution that could have favoured Kosovo's independence -- something Belgrade strongly opposes. Serbia's resolution states that the International Court of Justice (ICJ)'s July 22nd advisory opinion, which found that Kosovo's independence declaration did not violate international law, does not give Kosovo Albanians the right to secession. It adds that "unilateral secession is not an acceptable way to solve territorial issues" and calls for reaching a "mutually acceptable solution to all open issues" through dialogue. British Ambassador to Belgrade Stephen Wordsworth said his country had been "surprised" by Belgrade's move and that the unilateral submission of Serbia's resolution could lead to a conflict with the EU during the debate at the UN. "It doesn't make much sense for Serbia and the EU to confront one another in New York while at the same time Serbia claims it wants to become a member of the EU," Wordsworth said. Controversy has now erupted in Serbia over whether the draft resolution should be changed or withdrawn. Foreign Minister Vuk Jeremic added fuel to the fire by saying that Serbia's chances of garnering support for its resolution in the UN borders "on the impossible". He added, however, that Serbia had no option but to do everything it could to convince the world that its stance is the right one.

Amid fears that bailing out Greece has put the EU in a cautious mood when it comes to enlargement, Serbian leaders say the best thing is for Belgrade to press ahead

with reforms. As Greece slowly moves back from the brink of bankruptcy, a debate is unfolding in Serbia on the extent to which the financial crisis inside the EU could affect Belgrade's Union membership. European Movement in Serbia Deputy President Tanja Miscevic warned that the Greek crisis could have a political and economic effect on further enlargement of the EU. A former head of the Serbian EU Integration Office, Miscevic said that Serbia must face the fact that the evaluation of EU candidate countries' progress has become "more serious, more specific and more direct", especially since Bulgaria and Romania joined the union in 2007. Belgrade Faculty of Political Sciences Professor Pedrag Simic told the Belgrade media that because of the financial crisis, Germany in particular sees "Greece in each new candidate". However, current Serbian Government EU Integration Office Director Milica Delevic told *SETimes* that the EU has "a history of overcoming crisis".

BELGRADE, Serbia -- Minister for Kosovo Goran Bogdanovic on Wednesday (August 18th) asked EULEX to react after Pristina authorities banned his scheduled visit to Kosovo. Bogdanovic was supposed to visit on Thursday. He described the cancellation as a political provocation and urged the EU Rule of Law Mission to make it clear to Pristina that such actions cause tension. Kosovo's government decided to ban Serbian authorities from making official visits in order to prevent provocative political statements that have occurred during previous visits.

BELGRADE, Serbia -- IMF representatives and Serbian officials start technical talks Thursday (August 19th) within the fifth review under Serbia's 2.9 billion-euro stand-by agreement with the Fund. Ahead of the talks, Finance Minister Diana Dragutinovic confirmed that public wages and pensions will remain at their current level until April 2011. But in an interview Wednesday with TV station B92, she conceded that Economy Minister Mladjan Dinkic's proposal to raise public salaries and pensions as early as this autumn will be discussed, as economists have different theories on overcoming the crisis.

Oceania

SYDNEY (AFP) – Australia's opposition leader Tony Abbott campaigned for 36 hours solid as a poll Friday put him neck-and-neck with Prime Minister Julia Gillard, indicating the closest general election in decades. Abbott and Gillard, the country's first female leader, launched a last-day flurry of interviews and visits as the latest Newspoll showed a 50-50 percent split between the two major parties, erasing the government's slender lead. Abbott, a conservative climate-change sceptic known as the "Mad Monk" for his training as a priest, toured Sydney through the night, visiting a police station and a flower market, as Gillard hit the airwaves and marginal seats. "I have been on a blitz over the last 30 hours or so. I've done six TV interviews, 14 radio interviews and I've visited 10 electorates," Abbott told journalists. "I am running for the biggest job in the country, and if you're running for a big job, you've got to make a big effort." A separate Galaxy survey said Labor had maintained its slim 52-48 percent advantage heading into Saturday's election, a compulsory vote for 14 million electors across one of the world's largest countries. Consistently tight polls have raised the prospect of the first hung

parliament in 70 years while Gillard, who ousted elected leader Kevin Rudd in June, could be thrown out of office after just eight weeks. "There is a very, very real risk that (voters) will wake up on Sunday and Mr Abbott will be prime minister," Gillard said. "So, tomorrow is the day for choosing." Rupert Murdoch's populist newspaper titles in Sydney, Brisbane and Melbourne all came out in favour of Abbott on Friday, boosting a late charge which has put him in sight of an unlikely election win.

CANBERRA, Australia – Australians chose between making a conservative male their fourth prime minister in three years or sticking with their first female leader in tight elections Saturday just two months after she took power. In early counting, the Australian Electoral Commission said the governing center-left Labor Party was trailing the conservative opposition coalition in the popular vote. It was not yet clear whether Labor would lose its majority in the House of Representatives, where parties form governments. Foreign Minister Stephen Smith told Australian Broadcasting Corp. television that Labor would lose seats but not necessarily enough to lose the government. Prime Minister Julia Gillard, a 48-year-old former lawyer with a common-law hairdresser spouse, came to power in a June 24 internal coup in her center-left Labor Party during the first term of her predecessor, and almost immediately called elections to confirm her mandate.

She was vying against Tony Abbott, a married 52-year-old former Roman Catholic seminarian with three daughters who barely gained the endorsement eight months ago of his own conservative Liberal Party, which has led Australia for most of the last 60 years. Australians have not dumped a first-term government since 1931 when a Labor administration paid the ultimate price for the Great Depression. However, this year's elections are colored by Gillard's surprise seizure of the helm of her party from former Prime Minister Kevin Rudd after a series of poor opinion polls.

Gillard, a Welsh-born immigrant who grew up in the southern Australian city of Adelaide, acknowledged before polls closed that Labor could lose its entire eight-seat majority in the 150-seat House of Representatives. Labor won 83 seats at the last election in 2007. Issues vary across the large and diverse country, but asylum seekers, health care and climate change are hot topics nationwide. Another issue brought to the forefront Saturday was the presence of the Australian military in Afghanistan, where two soldiers were killed the day before. The government and opposition both support Australia's military commitment to Afghanistan, where 20 Australian troops have now died.

DARWIN, Australia – A crocodile that picked the winner of the soccer World Cup has predicted Australian Prime Minister Julia Gillard will be re-elected. The saltwater croc named Dirty Harry made his choice Thursday in his enclosure in the northern city of Darwin when he snatched a chicken carcass dangling beneath a caricature of Gillard. Opposition leader Tony Abbott's chicken was left hanging.

Analysts say Australia's elections Saturday could be the closest contest since 1961 when a single seat decided who governed. The crocodile used a similar technique to correctly predict that Spain would defeat the Netherlands in the World Cup last month. He joined an octopus named Paul in Germany, said to have correctly picked the winner for the final plus seven other games.

CANBERRA, Australia – Australia should drop its ties to the British monarchy after Queen Elizabeth II's reign, the prime minister said Tuesday, raising the contentious issue of a republic just days before tightly contested national elections. Prime Minister Julia Gillard, whose center-left Labor Party has long held that the country should dump the British monarch as its head of state and become a republic, said Australians have "deep affection" for Queen Elizabeth II but that she should be Australia's final monarch. "What I would like to see as prime minister is that we work our way through to an agreement on a model for the republic," Gillard told reporters. "I think the appropriate time for this nation to move to be a republic is when we see the monarch change. Obviously I'm hoping for Queen Elizabeth that she lives a long and happy life, and having watched her mother I think there's every chance that she will."

The queen is 84, and her mother lived to age 101. Many Australians are British immigrants or descendants who feel strong loyalty to Britain and the queen, but younger Australians especially view the idea of a foreign royal being the country's highest power as anachronistic. The British monarch is formally Australia's head of state, and its representative, the governor general, swears in the government and signs legislation into law. Australian coins bear the queen's profile. Governing power, however, resides with the elected government. Many members of the opposition Liberal Party are monarchists, and its leader, Tony Abbot, said he sees no need to change the status quo.

"I think that our existing constitutional arrangements have worked well in the past and I see no reason whatsoever why they can't continue to work well in the future," Abbott told the National Press Club. "So while there may very well be future episodes of republicanism in this country, I am far from certain — at least in our lifetimes — that there is likely to be any significant change." Opinion polls indicate Saturday's election may be Australia's closest in decades, and both sides are focussing their campaigns on a handful of districts held by small margins. The comments by Gillard and Abbott are likely to influence some voters. Gillard's party wants to replace the governor general with a president. Parliament would retain its power to rule, with the president a largely symbolic figure.

SYDNEY (AFP) – A major iron ore joint venture between mining giants BHP Billiton and Rio Tinto is "dead in the water", a report said Friday, citing an unnamed executive. The Sydney Morning Herald report came as regulators in various countries study plans to merge the companies' Australian iron ore operations, which have raised competition concerns. "It died months ago," the senior mining executive was quoted as saying. "It's dead and the coffin's being lowered into the ground. It's a matter of finding a face-saving way out in the coming few months." The Anglo-Australian companies declined to comment when contacted by AFP. But the Herald said public relations executives at both firms insisted talks were continuing. "I think 'dead' is a little strong," one was quoted as saying. The venture, which is expected to deliver more than 10 billion US dollars in savings, is due to take effect in the second half of 2010. European steel-makers have expressed concerns that the merger would be anti-competitive, while the proposal is also being examined in Australia and China.