

**Report 134**  
**PROJECT ON BUSINESS AND POLITICS IN THE**  
**MUSLIM WORLD**

**Weekly Presentation: September 1, 2010**

**By: Bakare Najimdeen**

**Period: From August 22-28, 2010**

---

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

### Headlines

#### US/Canada

- Zandi on BoehnerMcCain's 2008 economic adviser dissents from the GOP knock on Obama
- How the Stimulus Is Changing America
- Housing Market Plunged in July, Fueling Anxiety
- Recession may have pushed US birth rate to new low
- AP ENTERPRISE: Oil cleanup both bonanza and bust
- Job Losses Over Drilling Ban Fail to Materialize
- For panel, details on BP's structure out of reach
- Ground Zero Muslim center may get public financing
- Mosque issue good for GOP, only if they don't bring it up
- Mayor seeks to calm cabbie, NYC after knife attack
- Looking at Islamic Center Debate, World Sees U.S.
- Migrants turn to the sea to enter US illegally
- RBC, National hit by weak trading income

#### Western Europe

- EU commissioner struck by plight of Pakistan war victims
- EU's aid for Pakistan passes €10m mark
- UN agency makes unusual Pakistan aid appeal
- EU popularity plunges right across the bloc
- 'Map of southeast Europe is finished,' Germany tells Serbia
- German judges strengthen EU court, clarify Lisbon ruling
- European stocks recover on strong data, earnings
- Greece discovers pensions paid to dead
- German government plans bank levy
- Italy wants to limit free movement of Roma people
- Reding to investigate France's treatment of Roma
- UN panel tells France to avoid mass Roma deportations
- Vatican: Church defends rights of Gypsies
- UN panel: minorities in Iran face discrimination

- Rise in net migration to the UK
- Israel rebukes Ashton for voicing 'concern' on military trial
- Swiss death penalty campaign terminated
- Cutting short jail sentences 'will not reduce crime'
- UK researchers: Prisons breeding new terrorists
- EU in search of sustainable fishing
- Spaniards rethink Afghanistan after fatal shooting

#### Southeast Europe

##### Albania

- Wildfires spread across Albania
- Ramadan symbolises religious co-existence in Albania
- Albania, Macedonia celebrate Mother Teresa

##### Bosnia

- Dutch prosecutors investigate Srebrenica killings
- US diplomat rejects parallels between RS, Kosovo

##### Croatia

- EC envoy assesses Croatia's EU accession talks

##### Kosovo

- Kosovo's Hyseni says no counter resolution to Serbia's document
- Kosovo Serb "declaration" condemned
- Kosovo government rejects ICG recommendations for north
- Kosovo allocates more funds to Serb-dominated municipalities
- More Serbs apply for Kosovo documents

##### Macedonia

- Bin Laden song shocks Macedonia

##### Montenegro

- Serbia, Montenegro prepare to discuss extradition agreement
- Montenegro extradites war crimes suspect to Croatia
- Montenegro's new anti-corruption plan stirs controversy

##### Romania

- Romanian police round up illegal immigrants
- EU spokesman says no link between Roma tensions, Schengen
- Romanian senate passes ANI bill
- Romania supports Moldova's territorial integrity

##### Serbia

- Serbia open to changing draft resolution on Kosovo
- UN reportedly to discuss Serbia's resolution on September 9th
- Germany urges Serbia to accept Kosovo
- IMF envoy praises Serbia's fiscal policy
- Hague accepts Mladic's diaries as evidence in Karadzic's trial
- Serbian Muslims enter Ramadan, divided

##### Oceania

- Concession clears way for Australia truce talks
- Australia PM Gillard woos 'kingmaker' MPs

- Australian markets fall on election uncertainty
- Aussie students assigned to plan terrorist attack

## **Report Summary**

US/Canada

Political Issues

Economic Issues

American public and political opponents are asking President Obama about the extent to which his stimulus package has brought a change to the economy. Obama claims the stimulus has saved the economy from further recession but the angry jobless Americans bearing low purchasing power and facing housing crisis are disputing that claim on one hand and the irked wealthy are equally complaining of tax hike. All of these are debates to be flared up by republicans as the midterm elections draw in.

American National Center for Health Statistics declares a striking figure pointing at the declining rate of birth rate in the country. According to the centre, birth rate dropped for the second year in a row since the recession began in 2007. Births fell 2.6 percent last year even as the population grew. Interestingly, the uncertainty economic is said to be accountable for the drop.

The uncertain global economy is not exempting Canada; Canadian banks recorded a profit fall more than expected due to weak trading income. This is a signal that recovery is still underway.

Social/Humanitarian Issue

The proposed mosque near Ground Zone is expected to be listed as part of a tax-free financing institution, if the mosque could demonstrate an ability to pay off borrowed bonds and comply with the laws concerning tax-exempt financing, which requires that such institution will benefit the general public and their religious activities are funded separately.

The American mosque debate has raised questions across the globe. For some the debate further reiterates America's hatred for Islam, while some in Europe believe America is now waking up to its own debate of Muslim visibility in public sphere. But Americans are still confident that their society gives room for debate in comparison to other societies.

Food, Environment and Energy Issue

The oil spill on the Gulf of Mexico has brought gain and lost simultaneously. For some the cleanup processes increased their sale tax revenue and boosted their businesses,

while other remained shattered by the growing fear that the areas around the Gulf is un-conducive for business as usual. But the greatest concern for both parties is the uncertain moratorium on oil drill, if becomes effective, it will further exacerbate the level of unemployment and hikes energy price for the areas and country at large.

The inquiry panel asked to investigate the spill on the Gulf of Mexico was not satisfied with BP's response. The company is not ready to single out anyone as responsible for the accident instead stood by a company-wide safety culture that ensured every employee is responsible.

## Geostrategic Issues

Despite its troubling economic problems, illegal immigrants have not ceased to see the United States as hope destination. Immigration took a wide headline recently after the Arizona anti-immigration law and has fences deprive these illegal immigrants from land entrance they are opting for the sea to reach the U.S.

## Western Europe

### Political Issues

According to the latest Euro barometer survey, almost half of EU citizens believe their countries membership of the EU has yield little as unemployment and a troubled economy grips the bloc. The survey showed that the dissatisfaction for EU is issue centred; disappointment was astonishingly less salient among countries relatively hit by the economic crisis. Nonetheless, the EU still sees its confidence level much higher than national governments and parliaments.

The extent to which EU should meddle in national affairs of its members is one of the troubling debates within the bloc. EU integration though success has not be immune from contentious issue of red line between the EU and member state. In a recent ruling by the German constitutional court, the court ruled that EU decisions may only be checked if European institutions seriously overstep their powers.

Roberto Maroni, Italy's interior minister projected the anti-immigration policy of his government as he wanted the EU to grant Italy permission to deprive Roma from free movement in Italy. His argument revolves around the economic burden pose by the illegal immigrant, yet it less unlikely if the EU will consent to such demand.

Meanwhile the EU is concerned over recent expulsion of Roma by the French government. Viviane Reding, the European commissioner for justice is set to investigate whether France has violated EU law. This same concern is shared by UN anti-racism panel asking Paris to avoid collective and mandatory repatriation, discriminatory statements and should rather address the Roma issue on individual circumstances. The Roma issue did not fail to capture the attention of the Vatican, asking France to be

modest in its action, Paris however reminds the Vatican of separation between religion and the state.

Iran is not just under the UN or western radars for its nuclear activity but it is once again criticised for ill treatment of minority ethnic groups. According to the U.N. Committee on the Elimination of Racial Discrimination, minorities in the Islamic republic are not on same page with ethnic Iranian in term of freedom of expression and access to social services.

The death of three Spaniard troops in Afghanistan has reawakened the public resentment towards the Afghan war. The public wants Spaniard troops out from Afghanistan, even though the Socialist government has no timetable for doing such public bidding.

### Economic Issues

Last week recorded a strong European market after months of market drops. The rebound could be linked to the soaring German economy and at the same time due to the recovering trend of equities in Asia and on Wall Street.

In an economy just rolling out of recession and still relying on foreign financial assistance, payment of pensions has been largely paid to ghost pensioners. Greece's Deputy Labour Minister George Koutroumanis disclosed that hundreds of wrongful pension are paid to dead names still on pension list..

The new levy about to be introduced by the German government is clear message to financial institutions that they can always help themselves in time of crisis if they had prepared for the unexpected. The German government wants to start levying banks and to use the proceeds of the levy in bailing out banks during crisis instead of leeching taxpayers.

### Social/Humanitarian Issue

Humanitarian efforts by the EU for the flooded people of Pakistan remains a ringing news, as EU fears that its huge effort is being undermined by threat of Taliban and inaccessibility of the most needed to its aid. EU's effort has once been challenged as meagre; an insinuation which the EU say does not portray its good image. The EU has donated more than half of the benchmark stated by the UNO.

There might be certain concern from Washington on the need for transparency in the funds for flood crisis in Pakistan, but exigent approach to the crisis in more a concern for U.N.'s International Telecommunication Union asking donors to wire money to the National Bank of Pakistan or Switzerland's UBS AG to "assist the flood-affected victims" and rebuild telephone networks.

The British government is pondering on how to resolve the increasing number of prison inmates in the country. Some policymakers hold the view of short time prison sentence while other believe community sentences will better reduce the tendency for re-offending. The bottom-line argument is which is cost effective and potential for reducing crime.

Meanwhile, Royal United Services Institute is also alerting the British government of how British jails are potential breeding ground of terrorist.

There should be no cry over Islam's approval of stoning as death penalty for adultery, if Swiss Committee for the Death Penalty also sees rationality in doing same and wants to reinstate capital punishment for murders involving sexual abuse. Such capital punishment can only be approved by the parliament after a referendum, although capital punishment has long been abolished in Switzerland almost 70 years ago.

Net migration to the UK rose by more than 20 percent last year to 196,000 from 163,000 in 2008. The figures from the Office for National Statistics showed the number of immigrants arriving in the UK in 2009 fell by four percent to 567,000, from 590,000 in 2008. However, the number of people leaving the country last year dropped further by 13 percent to 371,000, from 427,000 in 2008.

Food, Environment and Energy Issue

Geostrategic Issues

German foreign minister Guido Westerwelle visited Serbia and restated EU stance that Kosovo's independence is a dawn reality, asking Serbia to see that the map of southeast Europe is completed. EU wants Serbia to mellow down her rhetoric after the ICJ's ruling though Belgrade still wants UNO to debate on the contentious issue.

The imprisonment of a non violence Palestinian activist by the Israeli government has raised the eye brow of the EU foreign policy chief Catherine Ashton. Her critical assessment of the judgment was resented by Israel as unusual and unworthy of a foreign dignitary to interfere in domestic affair of a foreign country.

**Southeast Europe**

Political Issues

Although many a time, the Dutch government rejects any complicity in the Srebrenica massacre, that during the war, Dutch troops were only acting under the banner of the UN. But a new investigation sponsored by the relatives of Srebrenica massacre victims is about to begin in the Dutch city of Arnhem to investigate the role of UN-Dutch troops in the massacre.

The US officials in the region are not desisting from dissuading Bosnian Serb authority not to make a parallel between Kosovo and Republika Srpska (RS). Washington insists that as an entity of BiH, it has no right to secede.

Romanian government has thrown its support behind the territorial integrity and sovereignty of Moldova, against the secessionist Transdnestr. Transdnestr is a breakaway territory between the Dniester River and the eastern Moldovan border with Ukraine. Transdnestr is trying to use Kosovo as a case precedent to secede from Moldova.

The European Commission shows its appreciation at the pace of Croatia-EU accession. Zagreb has managed to close 22 out of 33 chapters and there is a forecast of Croatia being the next EU member.

Challenging the independence of Kosovo even after nodded as correct by ICJ is one diplomatic struggle Serbia has been into. With the ICJ ruling Kosovo wants the UN status to be changed but unwelcome by Serbia. The ball is now in UN's court to decide but it appears Serbia is not on the saver side of the court. Meanwhile, there has been huge condemnation for the independence rumour aired within Serb dominated north of Kosovo and around the region.

The Kosovar government has pledged to extend 13m euros to the municipalities run by Kosovo Serbs, an effort expected to bait the north from the unruly conduct.

The fight against corruption and organized crime has become a joint effort across the region; it has led to different extradition agreements. Serbia and Montenegro inked similar agreement and hope solving cross border crime through it. Meanwhile, Montenegrin NGOs are resenting the new drafted anti-corruption strategy and action plan by the government on the ground that they were not consulted in making it and the draft does not really address ground reality.

Similar action was seen in Romania, as the Romanian parliament passed the state anti-corruption bill, which was adopted in the 137-seat senate by a vote of 78-0, with one abstention.

## Economic Issues

IMF mission head Albert Jaeger praised Serbia's government prudent fiscal policy and stressed the importance of adopting a law on fiscal responsibility. However, Jaeger rejected Economy Minister Mladjan Dinkic's proposal to raise public wages and pensions as early as next month due to the lower than expected government deficit.

## Social/Humanitarian Issue

The season of Ramadan was warmly welcomed in the region and it has been the platform for sermonising religious freedom, peace, love for all and tolerance. Aside from the Ramadan joy that filled the air, people across the religion also found time to

commemorate the 100 years birthday of Mother Teresa, acknowledging her dedication to humanity. In Kosovo, authorities released a postage stamp in her honour.

An Albanian song praising Osama bin Laden in Macedonia resonate the view that there is soft corner for extremism in the region. Governments in the region are crying against the proliferation of extremist views and such song during Ramadan could shatter the calm Ramadan sensation in the country.

#### Food, Environment and Energy Issue

Albania is facing its share of the global climate change as wildfire grips the country. The fire is reported to have engulfed hectares of vineyards and olive groves.

#### Geostrategic Issues

Bulgarian and Romanian government do not find the forceful expulsion of ethnic Romas from France satisfactory. Both countries have shown their resentment and the European Commission is urging Bucharest and Sofia's not to allow the incident to influence their ambitions to join Schengen.

#### Oceania

#### Political Issues

It has been 70 years since Australia has had a hung parliament, as major political parties have failed to secure 76 majority votes needed to form a government. Both labour and liberal parties are now wooing minority parties to form a government. Nonetheless the inconclusive elections saw the election of the first Aboriginal and Muslim lawmakers in the lower house, as well as its youngest (20 years) with university student.

#### Economic Issues

Amid an uncertain elections outcome, Australian financial system was gripped with fear with a drop in Australian dollar and bond. Investors were reported to be cautious of how to invest as the country faces a hung parliament in 70 years.

#### Social/Humanitarian Issue

A part of Western Australia was irked by a terrorist assignment students are expected to do. The school board has withdrawal the assignment owing to the sensitivity of the matter, but the teacher argues that the task wants to help the student better understand the trend and manner terrorism affects the live of people.

#### Food, Environment and Energy Issue

#### Geostrategic Issues

## Report Details

US/Canada

Yesterday, I wrote about House Republican leader John Boehner's claim that the business community was so uncertain about President Obama's policies that it was terrified to hire any workers or make any of the investments necessary for a robust recovery. Today, I asked Moody's Economy.com founder Mark Zandi, an adviser to John McCain in 2008 who now advises Democrats in Congress, about that idea. He started by agreeing with Boehner's premise that business is confused by the policy atmosphere:

I have clients in the business community, and I hear it universally. My utility clients are nervous about energy policy. Almost everyone is concerned about health care policy. All of the financial institutions are worried about financial regulation. They think in general we need to make policy changes. What makes them nervous is that they don't understand the rules, because in many cases the rules haven't been set forth. ... [Financial regulatory reform] is an outline and regulators have to fill in the blanks. Folks in the financial industry don't understand what the rules are. If you don't understand what the rules are, how can you possibly make an investment or go out and hire a lot of people?

Unlike Boehner, however, Zandi doesn't think this uncertainty about policy contributes that much to the current economic climate. "The uncertainty is abating. We're past the worst of it," he said. "We've nailed down health care reform. We've nailed down financial regulatory reform. Tax policy is next, but we're pretty close." So what's causing the uncertainty that everyone feels? "The predominant reason for businesses not taking the plunge," says Zandi, is the bruise left over from the Great Recession. "That is not unusual in the business cycle. It's more significant in this go round because of the severity of what we went through." To explain, he imagines the mind-set of the cautious small business owner: *It was only a year ago that I was near death. I saw a lot of competitors go under and I can't forget that. ... I was put through the wringer. I don't have clarity with respect to what my sales are going to look like over 12 to 18 months, and therefore I'm going to be cautious in using my financial resources.*

The bad news for the president and Democrats is that there's not much that Congress can do in the next six months, Zandi says. He predicts an unemployment rate around 10 percent by Election Day. One solution he wouldn't embrace, particularly if the goal is to reduce uncertainty, is firing the White House economic team. "It's not like a light switch going on. Clearly changing leadership doesn't engender significant confidence. I don't think that would be prudent or helpful."

The American Recovery and Reinvestment Act of 2009 - President Obama's \$787 billion stimulus - has been marketed as a jobs bill, and that's how it's been judged. The White House says it has saved or created about 3 million jobs, helping avoid a depression and end a recession. Republicans mock it as a Big Government boondoggle that has failed to prevent rampant unemployment despite a massive expansion of the deficit. Liberals complain that it wasn't massive enough.

It's an interesting debate. Politically, it's awkward to argue that things would have been even worse without the stimulus, even though that's what most nonpartisan economists believe. But the battle over the Recovery Act's short-term rescue has obscured its more

enduring mission: a long-term push to change the country. It was about jobs, sure, but also about fighting oil addiction and global warming, transforming health care and education, and building a competitive 21st century economy. Some Republicans have called it an under-the-radar scramble to advance Obama's agenda - and they've got a point. Yes, the stimulus has cut taxes for 95% of working Americans, bailed out every state, hustled record amounts of unemployment benefits and other aid to struggling families and funded more than 100,000 projects to upgrade roads, subways, schools, airports, military bases and much more. But in the words of Vice President Joe Biden, Obama's effusive Recovery Act point man, "Now the fun stuff starts!" The "fun stuff," about one-sixth of the total cost, is an all-out effort to exploit the crisis to make green energy, green building and green transportation real; launch green manufacturing industries; computerize a pen-and-paper health system; promote data-driven school reforms; and ramp up the research of the future. "This is a chance to do something big, man!" Biden said during a 90-minute interview with TIME. For starters, the Recovery Act is the most ambitious energy legislation in history, converting the Energy Department into the world's largest venture-capital fund. It's pouring \$90 billion into clean energy, including unprecedented investments in a smart grid; energy efficiency; electric cars; renewable power from the sun, wind and earth; cleaner coal; advanced biofuels; and factories to manufacture green stuff in the U.S. The act will also triple the number of smart electric meters in our homes, quadruple the number of hybrids in the federal auto fleet and finance far-out energy research through a new government incubator modeled after the Pentagon agency that fathered the Internet.

The only stimulus energy program that's gotten much attention so far - chiefly because it got off to a slow start - is a \$5 billion effort to weatherize homes. But the Recovery Act's line items represent the first steps to a low-carbon economy. "It will leverage a very different energy future," says Kristin Mayes, the Republican chair of Arizona's utility commission. "It really moves us toward a tipping point."

Americans' long infatuation with owning a home, which even the economic collapse of 2008 could not kill, shuddered and stalled last month. Housing sales in July plunged 25.5 percent below the level of a year ago, the National Association of Realtors said on Tuesday, as buyers lost the spur of a government tax credit. The steep descent surprised nearly every analyst and put the volume of single-family home sales at the lowest level since 1995. The financial markets took the news badly, with the Dow Jones industrial average closing down 134 points to a six-month low. As investors sought security, the yield on the two-year Treasury note fell to a record low. Mortgage rates are the lowest in modern memory while affordability, because of price declines of 30 percent in many areas, is the highest in at least a decade. The government is allowing buyers to put only a token amount down, guarantees lenders against default and regularly issues proclamations that the worst is over. Apparently, all of that is not enough to put a floor under housing. With unemployment steady for month upon month at more than 9 percent, and with millions heavily in debt or simply skittish, many potential buyers are lost to the market. No region was immune in July, with sales in the Northeast dropping 30 percent, the Midwest falling by a third, the South down 20 percent and the West off 23 percent. The report "shows that there's a lot more work yet to do," the White House deputy press secretary, Bill Burton, said at a briefing on Martha's Vineyard, where President Obama is

vacationing. Real estate helped drive this recession, and no one expects it to be a help in getting out. Instead, the urgent question is how much it will drag down other parts of the fragile recovery. The turmoil in housing, which is likely to lead to further price declines this winter, could send growth in the second half of the year below 1 percent, said Joel L. Naroff, an economist. "It won't be a double-dip recession but it might feel like it," he said.

Forget the Dow and the GDP. Here's the latest economic indicator: The U.S. birth rate has fallen to its lowest level in at least a century as many people apparently decided they couldn't afford more mouths to feed. The birth rate dropped for the second year in a row since the recession began in 2007. Births fell 2.6 percent last year even as the population grew, numbers released Friday by the National Center for Health Statistics show. "It's a good-sized decline for one year. Every month is showing a decline from the year before," said Stephanie Ventura, the demographer who oversaw the report. The birth rate, which takes into account changes in the population, fell to 13.5 births for every 1,000 people last year. That's down from 14.3 in 2007 and way down from 30 in 1909, when it was common for people to have big families.

The situation is a striking turnabout from 2007, when more babies were born in the United States than any other year in the nation's history. The recession began that fall, dragging down stocks, jobs and births. "When the economy is bad and people are uncomfortable about their financial future, they tend to postpone having children. We saw that in the Great Depression the 1930s and we're seeing that in the Great Recession today," said Andrew Cherlin, a sociology professor at Johns Hopkins University. "It could take a few years to turn this around," he added. The birth rate dipped below 20 per 1,000 people in 1932 and did not rise above that level until the early 1940s. Recent recessions, in 1981-82, 1990-91 and 2001, all were followed by small dips in the birth rate, according to CDC figures. The Great Recession "is definitely a deterrent" to people having more children, said Dr. Michael Cabbad, chief of maternal health at the Brooklyn Hospital Center, where births declined from about 2,800 in 2008 to about 2,500 last year.

The worst offshore oil spill in U.S. history has spurred something of an economic boom in some communities where cleanup operations are based, an Associated Press analysis has shown. But BP's oil spill has delivered a double whammy to areas too far away from the cleanup to serve as a staging ground for masses of workers, but close enough to experience severe losses in tourism, fishing and drilling. Sales tax revenue in Gulf states showed a stark difference. In Louisiana's Plaquemines Parish alone, a fishing and oil-and-gas mecca that saw an influx of about 5,000 cleanup workers, state sales tax revenue shot up 80 percent in June over the same month of 2009. By contrast, Vermilion Parish in the Cajun country of western Louisiana, close enough to the spill to turn off tourists but too far to play a significant role in the cleanup, suffered a 45 percent decrease for the same period. The two areas share a common thread: Both have been affected by the closing of Gulf fishing grounds and the threat to oil field jobs posed by a federal moratorium on deepwater drilling. But if there is good news to be found in the oil spill, it is in front-line places like Plaquemines, where thousands of spill workers and companies that serve their needs, such as caterers, have snapped up lodges and rental housing and have spent their pay in local honky-tonks and restaurants. "The cleanup is a whole

industry," said Brooke Andry, whose 20 or so rental properties in Plaquemines are booked up with cleanup workers and BP officials instead of the customary recreational fishermen. The AP analysis showed that, taken together, the 39 Gulf Coast counties and parishes in Louisiana, Mississippi, Alabama and Florida actually saw a modest increase in year-over-year sales tax revenue following the spill. However, this is a tale of booms canceling out busts, of selective prosperity, and of temporary relief that has done little to assuage anxiety about the future. Using year-to-year changes in the amount of taxes collected by retailers or service providers whenever they do business is an imperfect method of calculating the impact of the oil spill since other factors also play a role. Yet the data offers a glimpse into some of the unexpected economic distortions caused by the BP disaster - and the lives and livelihoods it overturned.

WASHINGTON — When the Obama administration called a halt to virtually all deepwater drilling activity in the Gulf of Mexico after the Deepwater Horizon blowout and fire in April, oil executives, economists and local officials complained that the six-month moratorium would cost thousands of jobs and billions of dollars in lost revenue. Oil supply firms went to court to have the moratorium overturned, calling it illegal and warning that it would exacerbate the nation's economic woes, lead to oil shortages and cause an exodus of drilling rigs from the gulf to other fields around the world. Two federal courts agreed. Yet the worst of those forecasts has failed to materialize, as companies wait to see how long the moratorium will last before making critical decisions on spending cuts and layoffs. Unemployment claims related to the oil industry along the Gulf Coast have been in the hundreds, not the thousands, and while oil production from the gulf is down because of the drilling halt, supplies from the region are expected to rebound in future years. Only 2 of the 33 deepwater rigs operating in the gulf before the BP rig exploded have left for other fields. While it is too early to gauge the long-term environmental or economic effects of the release of 4.9 million barrels of oil into the gulf, it now appears that the direst predictions about the moratorium will not be borne out. Even the government's estimate of the impact of the drilling pause — 23,000 lost jobs and \$10.2 billion in economic damage — is proving to be too pessimistic. There are several reasons the suspension has not cut as deeply as anticipated.

Oil companies used the enforced suspension to service and upgrade their drilling equipment, keeping shipyards and service companies busy. Drilling firms have kept most of their workers, knowing that if they let them go it will be hard to field experienced teams when the moratorium is lifted. Oil companies have shifted operations to onshore wells, saving industry jobs. And the administration has dropped repeated hints that the offshore drilling ban will be eased or removed before it is set to expire on Nov. 30.

Michael R. Bromwich, the director of the Bureau of Ocean Energy Management, Regulation and Enforcement, the agency responsible for policing offshore drilling, said Monday in a letter to the presidential commission investigating the accident that it was possible that the moratorium would be lifted before Nov. 30 for certain types of rigs.

Mr. Bromwich's boss, Interior Secretary Ken Salazar, said the agency was "ahead of schedule" in drawing up new rules to allow drilling to resume and suggested that the moratorium could be eased as early as next month.

HOUSTON – Federal investigators became visibly annoyed Thursday as BP executives were unwilling or unable to provide a clear picture of the company's hierarchy or say who was in charge of the rig leased by the oil giant the day it blew up. "Everybody in charge, nobody in charge," U.S. Coast Guard Capt. Hung Nguyen, co-chairman of the investigative board, said in frustration after repeatedly questioning BP senior vice president Kent Wells about who oversaw safety on the Deepwater Horizon, and the company as a whole. "I disagree," Wells responded, explaining that BP aimed to instill a company-wide safety culture that ensured every employee felt responsible. Other high-level BP employees testified during a fourth day of hearings in Houston, revealing a major managerial restructuring — including the replacement of a top rig official just four days before the Deepwater Horizon exploded — led to confusion in the days before the rig exploded April 20, killing 11 people. The testimony also revealed that key work procedures on the rig may have been changed in the days and even hours before the blast, possibly without receiving the necessary federal approval. Furthermore, David Sims, BP's drilling and completions operations manager, testified that a move from a paper to electronic system for filing major decision changes caused further confusion and was a "painful" process. Attorneys and the joint panel of the U.S. Coast Guard and the Bureau of Ocean Energy Management, Regulation and Enforcement spent the bulk of the hearings seeking basic information about BP's personnel structure. Yet those details remained out of reach, with Nguyen and other board members repeatedly voicing their frustration. Lawyers from BP, rig owner Transocean, victims and others have also been quick to object to questions. Those testifying often gave vague answers or simply said: "I don't recall."

NEW YORK (Reuters) – The Muslim center planned near the site of the World Trade Center attack could qualify for tax-free financing, a spokesman for City Comptroller John Liu said on Friday, and Liu is willing to consider approving the public subsidy. The Democratic comptroller's spokesman, Scott Sieber, said Liu supported the project. The center has sparked an intense debate over U.S. religious freedoms and the sanctity of the Trade Center site, where nearly 3,000 perished in the September 11, 2001 attack. "If it turns out to be financially feasible and if they can demonstrate an ability to pay off the bonds and comply with the laws concerning tax-exempt financing, we'd certainly consider it," Sieber told Reuters. Spokesmen for Mayor Michael Bloomberg, Governor David Paterson and the Islamic center and were not immediately available. The proposed center, two blocks from the Trade Center site in lower Manhattan, has caused a split between people who lost relatives and friends in the attack, as well as conservative politicians, and those who support the project. Among those who support it are the mayor, civic and religious groups, and some families of victims. The mosque's backers hope to raise a total of \$70 million in tax-exempt debt to build the center, according to the New York Times. Tax laws allow such funding for religiously affiliated non-profits if they can prove the facility will benefit the general public and their religious activities are funded separately. The bonds could be issued through a local development corporation created for this purpose, experts said. The Islamic center would have to repay the bonds, which likely would be less expensive than taxable debt. New York City's Industrial Development Authority could not issue debt for the center because the state

civic facilities law, which governed this type of financing for non-profits, was allowed to expire about two years ago.

WASHINGTON — The New York Islamic cultural center debate has given a boost to Republicans, but most of them aren't eager to talk about it. They don't have to, because ever since President Barack Obama injected himself into the flap, Democrats and the media have kept the issue alive. While the issue is unlikely to resonate much by November's elections, it's forced Democrats off their economic message — the issue erupted on the same day as Social Security's 75th anniversary, a day that Democrats had hoped to boast about their sponsorship of the program. Republicans have another reason to keep quiet. If they appear too eager to use the issue for political gain by stridently opposing the Islamic center, they risk looking intolerant — and that could be a huge liability for them as their party woos the independent swing voters who likely will decide dozens of congressional and gubernatorial elections this fall.

"They only need to say, 'They have the right to build it, but let's find another place to do it. We respect Muslims and their religion, and there's no need for this to become a controversy,'" said Terry Madonna, the director of the Center for Politics and Public Affairs at Franklin & Marshall College in Lancaster, Pa.

Polls illustrate how delicately politicians must tread on this question. An August 19-22 Pew Research Center survey found that people agreed more with those who object to building the center by 51 percent to 34 percent, with a margin of error of plus or minus 4 percentage points. Independents agreed 50 percent to 37 percent.

However, people support tolerance too, as 62 percent said that Muslims should have the same right as other religious groups to build houses of worship, while 25 percent said that local communities have the right to bar mosques if they're not wanted.

Republican leaders reflect those views. "The fact that someone has the right to do something doesn't necessarily make it the right thing to do," said Rep. John Boehner of Ohio, the Republican leader in the House of Representatives. "That is the essence of tolerance, peace and understanding. This is not an issue of law, whether religious freedom or local zoning, this is a basic issue of respect for a tragic moment in our history." The usually loquacious Boehner is saying little else; he'd rather talk about the economy, said his spokesman Kevin Smith. "Republicans are focused on creating jobs and cutting spending, and that is exactly as it should be because those are the top priorities of the American people," Smith said. Democratic Congressional Campaign Committee Chairman Chris Van Hollen of Maryland defended Obama's stand, adding, "I'm going to leave it where the president left it. And you know, every member (of Congress) will have to look at the issue and make their own decisions."

For more than two decades, Abdelhamid Shaari has been lobbying a succession of governments in Milan for permission to build a mosque for his congregants — any mosque at all, in any location. For now, he leads Friday Prayer in a stadium normally used for rock concerts. When sites were proposed for mosques in Padua and Bologna, Italy, a few years ago, opponents from the anti-immigrant Northern League paraded pigs around them. The projects were canceled. In that light, the furor over the precise location of Park51, the proposed Islamic community center in Lower Manhattan, looks to Mr. Shaari like something to aspire to. "At least in America," Mr. Shaari said, "there's a

debate.” Across the world, the bruising struggle over an Islamic center near ground zero has elicited some unexpected reactions. For many in Europe, where much more bitter struggles have taken place over bans on facial veils in France and minarets in Switzerland, America’s fight over Park51 seems small fry, essentially a zoning spat in a culture war. But others, especially in countries with nothing similar to the constitutional separation of church and state, find it puzzling that there is any controversy at all. In most Muslim nations, the state not only determines where mosques are built, but what the clerics inside can say. The one constant expressed, regardless of geography, is that even though many in the United States have framed the future of the community center as a pivotal referendum on the core issues of religion, tolerance and free speech, those outside its borders see the debate as a confirmation of their pre-existing feelings about the country, whether good or bad. “America hates Islam,” said Mohaimen Jabar, the owner of a clothes shop in Baghdad, Iraq. “If America loved us, it would help the Palestinians and stop the wars in Afghanistan and Iraq,” he said. “It would stop Iran and Israel from distorting the image of Islam.” Interestingly, leaders in Iran, Afghanistan and even occasionally prickly rivals like China and Russia — both of which have their own tensions in some of their heavily Muslim regions — have refrained from making much of the Park51 debate. China’s state-run news media has used the story to elaborate on the need for a secular state strong enough to police extremism, a matter near and dear to its own ideology. American diplomats are selling the controversy as Exhibit A in the case for America as a bastion of free debate and religious tolerance.

SAN DIEGO – The speedboat is about three miles offshore when a U.S. Customs and Border Protection agent cuts the engine to drift on the current in quiet darkness, hoping for the telltale signs of immigrant smuggling — a motor's whirr or sulfur exhaust fumes. "It's like trying to find a needle in a haystack, and the haystack is the Pacific Ocean," agent Tim Feige says, minutes before sunrise. This is a new frontier for illegal immigrants entering the United States — a roughly 400-square-mile ocean expanse that stretches from a bullring on the shores of Tijuana, Mexico, to suburban Los Angeles. In growing numbers, migrants are gambling their lives at sea as land crossings become even more arduous and likely to end in arrest. Sea interdictions and arrests have spiked year-over-year for three years, as enforcement efforts ramp up to meet the challenge. While only a small fraction of border arrests are at sea, authorities say, heightened enforcement on land, and a bigger fence, is making the offshore route more attractive. The number of Border Patrol agents doubled to more than 20,000 since 2003, and President Barack Obama is dispatching the National Guard after clamor for a crackdown in the desert led to Arizona's tough new immigration law. "I think they found that going west through the ocean is probably their best bet," said Michael Carney, deputy special agent in charge of investigations for U.S. Immigration and Customs Enforcement in San Diego. U.S. agents arrested 753 suspected illegal immigrants on Southern California shores and seas between October and Aug. 24, up from 400 the previous 12 months and 230 the year before. They spotted 85 watercraft since October, up from 49 during the previous 12 months and 33 the year before.

TORONTO (Reuters) – Quarterly profit at Royal Bank of Canada fell more than expected due to weak trading income, while a similar drop in profit at smaller rival National Bank of Canada was not as severe as analysts had feared. Shares of Royal,

Canada's biggest bank, slumped 3.4 percent after markets opened, while National jumped 4.2 percent. Canada's banks as a group are suffering from year-on-year comparisons to the third quarter of 2009, when recovering markets led to strong trading activity.

This quarter, the combination of the European debt crisis and a retrenching of equity prices has sapped activity from the market, leading to a drop in trading revenue that has exceeded what had already been our predictions. Bank of Montreal prompted a sell-off among Canada's big six banks earlier this week when it reported a surprisingly drop in trading profits, but Royal's results still managed to startle investors and analysts.

"After BMO reported, there were built-in expectations that revenue could potentially fall off a cliff. That being said, we were disappointed and little bit surprised by the amount of decline that Royal reported this quarter," said Barclays Capital analyst John Aiken.

RBC's net income fell 18 percent to C\$1.28 billion (\$1.2 billion) from C\$1.56 billion, on a C\$361 million drop in capital markets income.

## Western Europe

Aid commissioner tours worst-hit parts of the country as aid agencies warn that more money will be needed. The European Union's promises of emergency aid to help the victims of the floods in Pakistan have passed €10 million, Kristalina Georgieva, the European commission for humanitarian aid and crisis response, announced today after touring the worst-hit areas. But a leading aid charity is warning that the EU will have to come up with more money to meet the still-growing needs. Georgieva announced that the EU's pledges of aid were already more than half the global target set by Ban Ki-moon, the United Nations secretary-general, of \$460m (€363m last week). The European Commission will provide €70m, with the rest coming from the EU's member states. The biggest contributions are from the UK (€67m), Germany (€25m) and Sweden (€14m). But the aid agency Oxfam said that increasing numbers of people in need of help meant that European donors will need to find more money for the country.

Georgieva spoke today to reporters in Islamabad, after touring the northern part of the country to see the devastation wrought by what she described as an "unprecedented disaster". The UN estimates that 17m people are affected by the floods and more than 1.2m homes have been damaged or destroyed.

Neve Khan, Oxfam's country director in Pakistan, said that the EU "has been generous to this point of the crisis", but there was "a patently obvious case for faster and significantly greater volumes of aid". She said: "The original emergency relief plan for Pakistan was based on the needs of 6 million people in direct need of assistance. There are now up to 10m people who urgently need our help. The UN is now planning to revise the emergency appeal – which will require the European donors to increase their share of the contributions to meet the emergency and the longer term needs of the Pakistani people."

The UN is also warning that the disaster could pose a major threat to food security, after three million hectares of crops were claimed by the flood waters and millions of animals killed. Georgieva, a former vice-president of the World Bank, said that "an immediate priority" was to get seeds and tools into agricultural areas in time for the September-October planting season. "If we miss it next year's crisis could be a food crisis," she said.

EUOBSERVER / BRUSSELS – The EU is trying to channel its humanitarian aid to the most disadvantaged of Pakistan's flood victims: women, children and isolated communities, such as the Afghan refugees stuck in the northern region, commissioner Kristalina Georgieva said upon return from the Asian country. Speaking about the "horrendous disaster" she witnessed in Pakistan, the top EU aid official said the toughest situation was for the 800,000 people isolated in the northern part of the country, who are hardly being reached by aid workers because of security concerns. Ms Georgieva's visit included a stop-over in a northern village, where Afghan refugees who fled the war in the neighbouring country have now been struck by the natural disaster. "It is overwhelming to see people hit twice - first by the conflict, pushed out of their houses, and then by the floods. It is really tough and because of security concerns, it is more difficult to reach the people," she said during a press briefing in Brussels on Friday (27 August). Humanitarian aid workers helping the refugees are getting EU support and Ms Georgieva went to the Afghan village precisely to underscore the need to "persevere to deal with these two disasters – floods and conflict." The EU has deployed 18 experts on the ground to help co-ordinate relief efforts, trying to channel the money to the most disadvantaged groups. Particular attention needed to be given to households led by women, she said. "In conservative societies, women don't have the same access to aid. The people I talked to were all men, the women were in tents," she explained. "If the money doesn't reach you, it doesn't really matter that the EU puts €230 million on the table."

GENEVA – As Washington demands more transparency from Pakistan on how it's spending its flood aid money, a U.N. agency has launched an unusual appeal for relief funds to be sent directly to a Pakistani or Swiss bank account — with none of the usual monitoring safeguards. It's a sharp departure from U.N. protocol that has raised concerns in the international aid community as questions mount over rampant corruption in Pakistan, and whether it may be preventing the money from going where it's needed most. The press release by the U.N.'s obscure International Telecommunication Union asks donors to wire money to the National Bank of Pakistan or Switzerland's UBS AG to "assist the flood-affected victims" and rebuild telephone networks — but offers no specifics on concrete projects. ITU's request affects only a tiny fraction of the total aid for Pakistan. But it touches on corruption fears raised in particular by the United States, which has provided the largest portion of the \$800 million pledged for Pakistan's flood relief. While urging more international donations, Washington's aid chief warned this week in a visit to the country that the purse strings may be cut for Pakistan's long rehabilitation effort ahead if the government cannot prove that it is spending money properly. "It will require a demonstration of real transparency and accountability and that resources spent in Pakistan get results," Rajiv Shah told the AP. The U.S. State Department declined to comment on ITU's aid campaign. ITU spokesman Sanjay Acharya defended the appeal, which was made at the request of the Pakistani government. "We cannot possibly say 'No, we don't trust you,'" Acharya said. For the Pakistani account, he said, "it's their responsibility. We can't monitor that." The request is sensitive because the global body is desperately trying to rally cash assistance for one of the worst humanitarian crises in recent history, while guaranteeing that each dollar will be accounted for.

EUOBSERVER / BRUSSELS – People's confidence in the the European Union has dropped to record lows in most countries amid a placid response to the rising unemployment and the troubles of the eurozone, a Eurobarometer published on Thursday (26 August) shows. Fewer than half of Europe's citizens (49 percent) think that their country's membership of the EU is a "good thing" – a seven-year low - while trust in the bloc's institutions has dropped to 42 percent, six points down compared to autumn 2009. The survey was carried out in May, at the peak of the sovereign debt crisis affecting Greece and the whole eurozone and amid hikes in unemployment all across the continent. The EU's image worsened dramatically in Greece, Cyprus, Portugal, Spain, Romania, Italy and Luxembourg – where confidence in EU institutions fell by 10 to 18 percent compared to the previous year. Only Hungarians and Danes had a slightly better impression of the Brussels apparatus, while Belgians remained unchanged in the level of their opinion. Unemployment remains the biggest concern of EU citizens (48 percent), along with the economic situation in general (40 percent). EU commission spokespeople on Thursday presented the results in a favourable light, stressing that the confidence levels in EU institutions are still higher than that of national governments and parliaments. "I'm not sure we can make a link between the negative perception of citizens about the benefit of accession and criticism of EU institutions. The disappointment about accession could be linked to EU institutions, but also the way national governments have participated in the EU debate, influenced decisions, or the lack of information about the EU," commission spokesman Olivier Bailly said during a press briefing. When asked what they associate the EU with – most of them responded free travel and the euro. Peace was the third most popular answer, closely followed by "waste of money" (23 percent). Austrians were the most upset about Brussels' way of spending funds – 52 percent – followed by Germans (45 percent) and Swedes (36 percent). Only 19 percent of respondents felt that the EU stands for democracy, a drop of seven points compared to 2009. Just ten percent of the Finns, Brits and Latvians ticked the "democracy" box. A more idealistic view on the democratic standards upheld by the EU can be observed in Romania (33 percent), Bulgaria (32 percent) and Cyprus (30 percent).

EUOBSERVER / BRUSSELS - Germany has made the strongest public link so far between Serbia's acceptance of Kosovo independence and its EU membership bid, amid speculation that a final deal will involve a new status for the Serb-dominated northern part of Kosovo. German foreign minister Guido Westerwelle on a visit to Serbia on Thursday (26 August) told students at a speech in Belgrade University that the country has to "face reality" on Kosovo secession. "A day will come for representatives of Belgrade and Pristina to sit at the same table and speak about the EU. It may now seem like a utopia for you, but it can be achieved. Reconciliation can succeed if you face reality. Independent Kosovo is a reality and the opinion of the International Court of Justice has uniquely confirmed it," he said. "The map of southeastern Europe has been laid down and completed." Later in the day following a meeting with Serb Prime Minister Mirko Cvetkovic, he told press that: "In our view, one can only be a member of the European Union if one aims for co-operation and is prepared to resolve neighbourly difficulties co-operatively." The Belgrade visit was part of a wide-ranging tour of the western Balkans that will also see the minister visit Pristina on Friday. The diplomatic peregrination comes amid developments in the International Court of Justice and the UN

that could move the Kosovo-Serb conflict into its end-game. The court last month said that Kosovo's unilateral declaration of independence in 2008 did not violate international law. The UN is expected to discuss in September a draft Serb resolution invalidating the ICJ statement, with Serb foreign minister Vuk Jeremic continuing to talk tough on Thursday, telling reporters after meeting Mr Westerwelle that: "We are ready for a constructive dialogue with everyone, especially our European partners ... but we won't accept any changes [of UN resolution 1244 on Kosovo] that would give Kosovo an independent status." Experts believe that Serbia is getting ready to make a deal that may involve swapping ethnic-Serb-dominated land in northern Kosovo for ethnic-Albanian-dominated land in southern Serbia and autonomous status for Serb Orthodox churches in Kosovo, however.

EUOBSERVER / BRUSSELS - Germany's constitutional court has laid down the ground rules for controlling decisions by the EU top's court, an area that had been left unclear after a controversial 2009 ruling by Germany's highest judges on the Lisbon Treaty, the EU's new rule book. In a ruling with far-reaching implications, the German court on Thursday (26 August), gave the green light to a 2005 judgement by the EU court that had called a German law "inapplicable." Thursday's pronouncement backed by seven of the eight judges not only avoids a direct conflict with the EU's Luxembourg court but also appears to strengthen it. Germany's court stated that EU decisions may only be checked if European institutions seriously overstep their powers. A headline in the Frankfurter Allgemeine Zeitung says: "Karlsruhe (the court) restricts its own powers." EU court decisions can only be re-examined "if the breach of EU competences by the EU authority is obvious and the act in question leads to a structurally significant shift in the arrangement of competences between the member states and the European Union to the detriment of member states," says the ruling. The origins of Thursday's ruling began several years ago. The plaintiff in the so-called Mangold case had a temporary work contract with an auto supplier. The arrangement was based on a government law allowing employers to give only temporary work to people over 52 years of age. The EU court ruled that the law, proposed as part of a general package to free up the country's labour market, was age discriminatory and should not be enforced. This in turn led the national court to say the plaintiff was within his rights to ask for a permanent contract. The employer then took the matter to the constitutional court saying that the EU court had overstepped its powers by ruling on short-term contracts as protection against anti-age discrimination was not part of EU primary law but had been handed down in a directive, which member states have some leeway in implementing.

LONDON (AFP) – Europe's main stock markets rebounded on Thursday following a run of losses as traders digested positive economic data and earnings, and after equities recovered in Asia and on Wall Street. London's FTSE 100 index of top shares rose 0.83 percent to 5,151.89 points approaching midday trade, Frankfurt's DAX 30 climbed 0.55 percent to 5,931.64 points and in Paris the CAC 40 index gained 0.90 percent to 3,481.37. The Stoxx 50 index of leading eurozone companies advanced by 0.87 percent in value to reach 2,609.85 points. Madrid's IBEX 35 rallied 1.13 percent to 10,005 points after Spain confirmed its timid recovery from recession with 0.2-percent growth in the second quarter. The official figure, which confirmed provisional data issued

by the National Statistics Institute on August 13, follows growth of 0.1 percent in the first quarter, when Spain emerged from recession. Spain entered its worst recession in decades at the end of 2008 as the global financial meltdown compounded a crisis in the country's once-booming property market. Data elsewhere showed record growth was lifting the spirits of Germany's traditionally cagey consumers. The GfK institute's latest household confidence index pointed to a sustained expansion of Europe's biggest economy. GfK's indicator of household sentiment posted a small increase to 4.1 points from 4.0 a month earlier, a figure that was itself revised higher, thanks to significant increases in expectations for the economy and personal incomes. Among company news on Thursday, French bank Credit Agricole posted an 88.6-percent jump in second-quarter profit -- sending its share price rising 3.74 percent to 10.27 euros in Paris.

ATHENS, Greece -- A labour ministry official announced on Thursday (August 26th) that the country has been spending millions to pay pensions to people long dead. Deputy Labour Minister George Koutroumanis says of the estimated 500 people aged over 110 who have been receiving pensions, more than 300 have died, and in some cases, many years ago. "We have discovered that a pension has been paid out to a person who died in 1999, and we also found cases where pensions were paid to people who died five to seven years ago," Koutroumanis said. He added authorities are currently looking into the situation. Separately Thursday, the opposition New Democracy party accused Prime Minister George Papandreou of approving spending for special advisers despite harsh measures to cut Greece's huge budget deficit. "It appears that money does exist," New Democracy spokesperson Panos Panagiotopoulos told Net TV. "Not, of course, for wage-earners and pensioners, but for the army of advisers Mr. Papandreou has hired for his personal office."

Germany's cabinet today (25 August) decided to impose a levy on the country's banks to pay for any future bail-outs of financial institutions. The levy, which requires parliamentary approval before it can be implemented, will be calculated against banks' liabilities, minus their capital and customer deposits. It is expected to raise around €1.2 billion a year. The cabinet wants the levy to be introduced at the start of 2011. The German government intends that the proceeds from the levy will be paid into a "restructuring fund" to support banks that get into financial difficulties, and so reduce the use of taxpayers' money for such bail-outs. Germany's finance ministry said in a statement that the levy would hit hardest banks engaged in high-risk activities, and so act as a deterrent against excessive risk. "The levy [will] have a steering effect and reduce systemic risks in the financial sector," it said. Should the step be approved by Germany's parliament, the country will become the third EU member state after the UK and Sweden to adopt a levy. Sweden introduced its levy, which is calculated against banks' liabilities, last year. The UK government announced in its emergency budget in June that its levy, also calculated against liabilities, will be introduced on 1 January 2011. France has committed itself to introducing a levy as part of its 2011 budget, which will be announced on 22 September.

The Italian government is pushing for permission from its European Union partners to restrict the free movement of Roma people. Roberto Maroni, Italy's interior

minister, said he wanted restrictions to be discussed at a ministerial meeting being organised by the French government on 6 September. Human-rights warning Italy's announcement follows the launch in France last week of a campaign to demolish Roma camps and repatriate inhabitants to Romania and Bulgaria, prompting human rights groups to warn of a growing climate of intolerance in the EU. Éric Besson, France's immigration minister, has issued invitations to six other countries to join France at the 6 September meeting, in what appears to be a continuation of its efforts to shape EU immigration policy through a vanguard. He has invited the EU's five most populous member states, Germany, France, the UK, Italy and Spain, the country that currently holds the rotating presidency of the EU's Council of Ministers, Belgium, plus Greece, a popular transit country for migrants seeking to enter the EU. Besson wants to discuss co-operation on immigration policy between the EU and Canada and has invited Jason Kenney, Canada's immigration minister, to attend. Mandatory deportation, Maroni is looking to add Roma to the agenda. He told the Italian newspaper Corriere della Sera that Italy should be allowed to proceed with mandatory deportation of Roma who "violate" basic requirements for living in a member state other than their state of nationality. He said that these requirements should include "a minimum level of income, adequate housing and not being a burden on the social welfare system of the country hosting them". He said that he would push at the meeting on 6 September for Italy to be granted the right to do this.

Viviane Reding, the European commissioner for justice, said today (25 August) that she would investigate France's drive to deport Roma people from its territory, warning that it may contravene the EU's fundamental values. She has put the issue of the treatment of Roma onto the agenda of the weekly meeting of the European commissioners on 1 September – the first after the summer break. Reding warned that France's actions, billed by Nicolas Sarkozy, France's president, as a crackdown against immigrant-related crime, had led to an escalation of rhetoric against Roma in other member states that could lead to persecution. "I have been following with great attention and some concern the developments over the past days in France as well as the debate sparked in several other member states," Reding said. "I regret that some of the rhetoric that has been used...has been openly discriminatory and partly inflammatory," she added. She said that she had asked her services to analyse whether the measures being taken in France "fully comply with EU law", and that she would inform the Commission's college of the outcome at the 1 September meeting. "It is clear that those who break the law need to face the consequences. It is equally clear that nobody should face expulsion just for being Roma," she said. "National decision-makers have an important role to play to ensure...the social integration of all Europeans who choose to live within their territory," she added.

GENEVA (AFP) – The UN anti-racism panel on Friday called on France to avoid the collective expulsion of Roma Gypsies, but Paris dismissed its concerns and insisted its policy of repatriation was legal. In a series of hard-hitting recommendations after a hearing on the issue, the Committee on the Elimination of Racial Discrimination also issued a rare alert to the EU warning of a problem across the bloc. "The issue of the day is the question of the Roma," said Pierre-Richard Prosper, the head of the 18-expert

panel's review of France's application of international standards. The panel urged France to "avoid in particular the collective repatriation" and instead to "strive for lasting solutions." It said it was also concerned about "discriminatory" political speeches. "Our concern is that the removal or return of the Roma has been done on a collective basis rather than examining their individual circumstances so it gives the appearance that a group has been identified rather than individuals." France rejected the committee's concerns, denying that President Nicolas Sarkozy has stigmatised the Roma minority. "We do not accept caricatures," Foreign Minister Bernard Kouchner said in his closing speech to an annual conference of French ambassadors, referring to the UN panel's report. "Never will we accept that a minority be penalised for being what it is." In the latest expulsions, France said it sent back 283 Roma on Thursday, bringing the total number of Romanian and Bulgarian Roma deported so far this year to 8,313, up from 7,875 expelled throughout last year.

VATICAN CITY – The Vatican's top official for migrants says the church's defense of Gypsies expelled by France isn't meddling in politics. Monsignor Agostino Marchetto told a French religious news agency the church is "neither on the right nor on the left nor on the center" but simply showing pastoral concern for people. I.MEDIA quoted Marchetto as saying the church wouldn't wade into politics while deploring the crackdown on Gypsies by French President Nicolas Sarkozy's government. Western Europe has struggled for decades over how to treat Gypsies living in squalid encampments. Rome Mayor Gianni Alemanno said the death of a Gypsy child in a fire early Friday in a camp on the outskirts compels the city to continue its policy of demolishing the ramshackle settlements.

GENEVA – A United Nations panel says Arabs, Kurds and other minorities in Iran face discrimination because of their ethnicity. The U.N. Committee on the Elimination of Racial Discrimination says minorities in the Islamic republic don't enjoy the same rights to free expression, health and housing as other ethnic groups. The panel published a report Friday urging Iran to end all forms of discrimination and provide clearer information for future reports. The Geneva-based panel also rejected Iran's claims that discrimination against women and religious minorities such as the Baha'i isn't covered by the U.N.'s 1969 anti-racism convention.

LONDON (AFP) – Net migration to the UK rose by more than 20 percent last year to 196,000 from 163,000 in 2008, official figures showed Thursday. Figures from the Office for National Statistics showed the number of immigrants arriving in the UK in 2009 fell by four percent to 567,000, from 590,000 in 2008. However, the number of people leaving the country last year dropped further -- by 13 percent -- to 371,000, from 427,000 in 2008. The number of visas issued to students rose 35 percent to 362,015 in the year to June. Other figures released by the Home Office Thursday showed the number of asylum seekers arriving in Britain fell sharply in the second quarter of 2010. Between April and June there were 4,365 applications for asylum -- a 29 percent fall on the 6,110 applications in same period last year. Two-thirds of this fall resulted from a drop in applications from Zimbabwe, down to 405 from 1,560. In the second quarter 14,130

people were removed from the UK or left voluntarily --14 percent fewer than in the same period last year, when the figure was 16,345.

EU foreign policy chief Catherine Ashton has sharply criticised the conviction of Palestinian activist Abdallah Abu Rahmah, earning herself a rebuke from the Israeli authorities. Ms Ashton on Wednesday (25 August) expressed "deep concern" at the move and reminded the Israeli authorities that Mr Abu Rahmah is committed to non-violent protest. Mr Abu Rahmah was convicted by a military court on Monday on charges of "incitement" and "organising and participating in an illegal demonstration." He was cleared of stone throwing and possession of arms. The 39-year old activist, in jail having been detained in December and now awaiting sentence, is a protest leader in the West Bank village of Bil'in. He faces a maximum sentence of 10 years. The protests are generally peaceful but often see stone-throwing by young protesters. "The EU considers Abdallah Abu Rahmah to be a human rights defender committed to non-violent protest against the route of the Israeli separation barrier ... The EU considers the route of the barrier where it is built on Palestinian land to be illegal," said Ms Ashton in a statement. The EU has attended all the court hearings over the past eight months. Her words came a week before the start of the first direct talks between Israel and the Palestinians for more than 18 months. "The high representative is deeply concerned that the possible imprisonment of Mr Abu Rahmah is intended to prevent him and other Palestinians from exercising their legitimate right to protest against the existence of the separation barriers in a non-violent manner," the statement continued.

UK daily The Guardian reports a spokesperson for the Israeli foreign ministry as saying that Ms Ashton had no right to make such comments. "It is very unusual for a foreign dignitary to express views on the justice system of another country. If [Ashton] has found a flaw in the system, she should say so. Otherwise it's unclear why she should interfere in the proceedings. The fact that she has expressed a view and has disregarded the evidence is highly improper," said spokesperson Yigal Palmor.

GENEVA – Swiss capital punishment advocates withdrew their campaign to reinstate the death penalty Wednesday, a day after receiving government permission to collect signatures for a referendum. The "Committee for the Death Penalty" had proposed reinstating capital punishment for murders involving sexual abuse, almost 70 years after it was abolished in Switzerland. Local media reported that some members of the group were relatives of a 28-year-old woman who was murdered last year. On its website, the committee said it launched the campaign because it believes Swiss law unfairly favors perpetrators over the victims and their families. "The campaign was the only legal way for us to make our voices heard," it wrote. "Our main aim was to make the population aware of the problem." It gave no reason for abruptly terminating the campaign. Efforts to reach the group by telephone and e-mail went unanswered. Under Switzerland's unique system of direct democracy, citizens can call for a referendum on almost any subject if they collect at least 100,000 signatures. Few, however, face the kind of broad criticism that the death penalty proposal received when it was announced earlier this month. Authorities said this week that capital punishment could breach the Swiss constitution or international treaties, and that parliament might have moved to block any referendum

from taking place. Had it gone ahead, the ballot would have been the most politically sensitive since Swiss voters decided last year to ban minaret construction.

UK...Government plans to lock up fewer criminals would not reduce offending or cut costs, a report says. Ex-Home Office criminologist Professor Ken Pease said community sentences have no evident effect on reconviction rates in their current form. His report, *Prison, Community Sentencing and Crime*, has been released by the think-tank Civitas. It follows Justice Secretary Ken Clarke's call for alternatives to jail to be developed. Prof Pease said it was important for any move away from the use of custody "to be based on something more than short-term political exigency". He said using community sentences to replace short prison sentences simply "freed the group most likely to reoffend to do so sooner, with no evidence of a current treatment benefit from community sanctions to offset that." Prof Pease said arguments for fewer short sentences failed to take into account that jailing persistent offenders gave the public a respite from crime. Using government data, he estimates that more than 13,000 offences would be prevented every year if short-term prisoners spent an extra month in custody. Professor Pease says the main reason why crime has fallen over the past decade is because of improved security measures. But he claims the debate about whether prison helps cut crime has been distorted by what he says are the "convenient fictions" that it is expensive and less effective than community sentences. **'Shut revolving door'** He pointed to estimates of offending rates per conviction, including one which stated there may be up to 136 burglaries for every burglary conviction. This suggested, "the distinct possibility that, far from a high price being paid for the crime reduction benefit being provided by custody, a price is being paid for the failure of community sentences to reduce criminality," he said.

LONDON – British researchers say the U.K. could face a new wave of threats from homegrown terrorists as extremists jailed in recent years are freed. The Royal United Services Institute said in a paper published Friday that criminals who've shared cells with jailed terrorists may also pose a risk if they've embraced radical ideologies. Michael Clarke, director of RUSI, claimed that one in 10 Muslim prisoners in high-security jails had been "successfully targeted" by jihadists. Britain's justice ministry said there were few Muslim prisoners being held in high-security prisons, and denied there is a major problem with the radicalization of inmates. It said an expert unit works to make sure offenders don't attempt to improperly influence other inmates.

Despite its recent success in research into bluefin tuna reproduction in captivity, the EU needs to focus on a global approach when dealing with fishing, a marine expert says. EU-funded research shows that Atlantic bluefin tuna breeders could soon be able to develop the fish naturally, outside labs and without the need to capture youngish fish first, meaning less pressure on the overfished European seas. "If the results of this research can ultimately be commercialised, it can improve food supplies and contribute to economic growth and employment while also helping to ensure a sustainable management of bluefin tuna," research commissioner Máire Geoghegan-Quinn said in a statement. "There is a huge appetite for this fish, particularly in Japan, and stocks have fallen by as much as 90 percent in some cases," her spokesperson told reporters

Wednesday. Although sustainable aquaculture could significantly reduce fishing pressure over a single wild fish stock, other concerns should also be taken into account, María José Cornax, a marine scientist from Oceana, an organization focused on ocean conservation, told this website. In the case of bluefin tuna, one of the top-predators in the sea, the problem is that 20 kilogrammes of baitfish such as mackerel, sardine, pilchard, or herring are needed for fattening 1 kilogramme of bluefin. "From a global approach, top predators aquaculture is not a solution for world fish stocks depletion, but an exchange of a cheap species such as sardines for an expensive one such as bluefin," she said. "So aquaculture of carnivorous species is, at the current level of development and research, very far away from being considered a win-win situation for the world dramatic decline of wild fish stocks. In particular, for the bluefin tuna case, it cannot be considered a solution itself."

MADRID – The shooting death of three Spaniards at a military base in Afghanistan has prompted renewed calls for the government to declare the war on the Taliban a failure and join other coalition countries in withdrawing. With the death Wednesday of two Civil Guards and their Iranian-born interpreter in northwestern Badghis province, Spain has lost 93 troops or police in a deployment that began in 2002 and now features a force of about 1,500. Most of the fatalities came in air crashes, but another nine were in insurgent attacks. However, the shooting at the base during a training course for Afghan police recruits — and mob violence outside the base after word spread that the shooter had in turn been killed by Spanish officers — seems to have hit a particularly raw nerve. Spain's Interior Minister Alfredo Perez Rubalcaba called the shooting a terrorist attack, although he stopped short of blaming the Taliban outright, and Spanish newspapers said flat-out that Spain's contingent had been caught up in a Taliban offensive against foreign troops and growing resentment among everyday Afghans. The shooter worked as a driver for the local Afghan police chief, not for the Spanish police as originally believed, and this helps explain how he was able to get onto the base with a rifle hidden in the trunk, the Interior Ministry said. While the Netherlands this month became the first NATO country to pull out of Afghanistan and other allied countries such as Canada have set timetables for withdrawing, Socialist Prime Minister Jose Luis Rodriguez Zapatero has established no such schedule. This year he sent an additional 500 troops in response to an appeal from President Barack Obama, who says US troops will start going home in July 2011.

## Southeast Europe

TIRANA, Albania -- Wildfires are spreading across Albania, mainly due to the dry season and strong winds. Local media reported on Tuesday (August 24th) that about 60 hectares of vineyards and olive groves have been destroyed by the flames. Difficult terrain is hampering fire fighting efforts. In the northern area of Shkodra, fires are threatening homes in two villages, prompting evacuations. The Environment Ministry's Directorate of Environmental Control says a number of fires were intentionally set to clear fields.

Muslim Albanians celebrate Ramadan and their religious freedom. Sanije Kembora, a 62-year-old woman from Lushine, near Tirana, rises every day at 4am during Ramadan. She prepares food for *syfyr* -- a meal eaten before dawn -- and wakes up the members of her family. Kembora told *SETimes* she has been following this routine for at least 40 years. "I fast, and this is a way to strengthen my dedication and loyalty to God," she said. To her, like to most Muslim Albanians, Ramadan is a month of festivities. It is also a celebration for all people regardless of their religious affiliation, a symbol of religious co-existence. The evidence of co-existence is particularly noticeable among the youth. With trays in their hands, Muslim children readily share cookies with their Orthodox Christian friends, from whom they get eggs during Easter. This is a welcome change in a country where, during the 35 years under communist dictator Enver Hoxha, a Ramadan fast could cost a person their life. In 1967, Hoxha banned religion and codified the ban in law. Hundreds of churches and mosques were destroyed and religious books were burned. The transformation to a democratic regime guaranteed freedom of religion in the country's constitution. "Thanks to peaceful co-existence, tolerance and understanding, the sacred month of Ramadan is becoming more popular not only among Muslim believers, but for all society," Islamic Community head Selim Muca told *SETimes*.

TIRANA, Albania/SKOPJE, Macedonia -- Macedonia and Albania celebrated Mother Teresa's 100th birthday on Thursday (August 26th). A mass was held in the beatified Mother Teresa cathedral at Vau Dejes, in the Shkodra region, with senior officials attending. Prime Minister Sali Berisha described her as a woman who gave more than anyone to the nation. In Tirana, President Bamir Topi presented the Millennium Road for Peace project that honours Mother Teresa. In Skopje, where Mother Teresa was born on August 26th 1910, parliament met to pay tribute. Speaker Trajko Veljanovski told lawmakers that she remains an example of dedication to humanity. In Kosovo, authorities released a postage stamp in her honour.

THE HAGUE, The Netherlands -- The prosecutor's office in the city of Arnhem plans to launch an investigation into the actions of Dutch peacekeeping forces in Srebrenica during the 1992-1995 Bosnian conflict, media reported on Friday (August 20th). The catalyst was a complaint filed by relatives of Srebrenica massacre victims. The relatives seek responsibility from former Commander Thom Karremans, his deputy Rob Franken and second-in-command Berend Oosterveen for failing to protect the civilians. Dutch soldiers serving within the UN peacekeeping mission failed to prevent the killings of an estimated 8,000 Bosniak men and boys by Bosnian Serb forces. The enclave was a UN-declared safe haven at the time.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Charge d'Affaires of the US Embassy in Sarajevo Jonathan Moore rejected on Monday (August 23rd) any parallels between Kosovo and the Republika Srpska (RS), insisting that as an entity of BiH, it has no right to secede. Moore spoke to reporters in Banja Luka where he met with RS Prime Minister Milorad Dodik and leaders of two opposition parties -- Mladen Botic of the Serbian Democratic Party and Mladen Ivanic of the Party of Democratic Progress. The

focus was the political and economic situation in the entity and the upcoming October 3rd general elections.

ZAGREB, Croatia -- The head of the EU delegation to Croatia, Paul Vandoren, said on Friday (August 20th) that the successful completion of judicial reforms and the privatisation of state-owned shipyards will be key to completing the country's EU accession negotiations. The judiciary and privatisation chapters are among the last three opened on June 30th. Croatia has managed to close 22 out of 33 chapters. After talks with Prime Minister Jadranka Kosor, Vandoren praised the government's efforts to fight corruption and said it can count on the full support of the European Commission in meeting conditions for concluding the negotiations. Kosor voiced optimism that Croatia's accession treaty will be signed during the first half of next year.

PRISTINA, Kosovo -- Foreign Minister Skender Hyseni said on Monday (August 23rd) that Kosovo will not offer a counter resolution to the document Serbia has submitted to the UN General Assembly for discussion next month. Kosovo institutions do not consider it necessary to present a counter resolution, Hyseni said during a lecture at the 29th International Seminar for Albanian language, literature and culture in Pristina. He added that the main goal of Kosovo and its international supporters is for Serbia's resolution to fail.

Officials in Pristina condemn a mysterious Kosovo Serb "declaration of independence". The unofficial document declaring the independence of Serbs in northern Kosovo has provoked reactions from both Albanians and Serbs in the country. The declaration states that the Kosovo municipalities with Serb-majority populations "cannot be part of the state of Kosovo", Belgrade-based B92 reported. Serb-owned Kosovo Radio, Radio KiM, published excerpts from the document, called the "Declaration of Independence from the Alliance of the Municipalities of the Autonomous Province of Kosovo and Metohija", on August 18th. The origin of the document is unclear, and it remains unsigned. "[The document] seems to be politically-motivated. Members of such criminal structures, who have been working for years against the rule of law in northern Kosovo, know that their days are numbered," Memli Krasniqi, spokesman for Kosovo Prime Minister Hashim Thaci, told *SETimes*. Belgrade seemed equally sceptical. "The Serbian government has a clearly defined policy on Kosovo and Metohija, well known to the Kosovo Serbs and it will not abandon that policy," Serbian Minister for Kosovo Goran Bogdanovic said. The ministry also warned Kosovo Serbs "not to fall for provocations by Pristina or the actions of irresponsible individuals from the Serb community, who represent their own interests". Serbia's Ministry for Kosovo condemned "the appearance of such a phantom declaration of independence", B92 reported.

PRISTINA, Kosovo -- Government authorities have turned down proposals by the International Crises Group (ICG) regarding autonomy for northern Kosovo. Prime Minister Hashim Thaci said on Thursday (August 26th) that Kosovo is an independent country, and that there will be no autonomy or territory exchange. He added that Pristina completed everything it has to do with Serbia in 1999, and the international community did the same more recently by ruling in favour of Kosovo's independence declaration. In

a report Thursday, the ICG called on Pristina and Belgrade to start negotiations on unsolved issues, warning that unless this happens, conflicts may arise. The document stated that in the wake of the July 22nd International Court of Justice's opinion, the EU and the US should facilitate dialogue between Kosovo and Serbia as soon as possible. The ICG proposed three different solutions for northern Kosovo -- the Ahtisaari Plan, extended autonomy and territorial exchange.

PRISTINA, Kosovo -- The government on Thursday (August 26th) pledged to extend 13m euros to municipalities run by Kosovo Serbs. Prime Minister Hashim Thaci promised to provide 5m euros for capital investment in Serb-dominated municipalities run by parallel structures in the north, and another 8m euros to newly created municipalities that resulted from elections. Thaci said the funding is a necessity to strengthen state functioning. A day earlier, the government pledged 5m euros in capital investments to the divided town of Mitrovica. Belgrade's representatives in Kosovo say the funding is an attempt to buy support from Serbs who refuse to recognise Kosovo's independence.

PRISTINA, Kosovo -- Institutions in Serb-dominated Mitrovica say that the number of Kosovo Serbs who are interested in obtaining Kosovo documents has increased lately, local media reported on Monday (August 23rd). Civil Registry Office official Arife Hoxha says Albanian, Serbian and Bosnian citizens applying for documents are from Leposavic, Zubin-Potok and the Bosniac neighbourhood in Mitrovica. "The number of applications has reached 30. Of them, eight are from Serbs, five Bosnians and we received two passport applications," Hoxha said. When the Civil Registry Office opened in Mitrovica two months ago, it prompted protests among local Serbs. The office remains under police surveillance.

A song in Albanian praising Osama bin Laden and calling Muslim believers to join a holy war appeared on YouTube during Ramadan, shocking the Macedonian public. The majority of ethnic Albanians in the country, who make up a quarter of the population, are followers of Islam. It is a new low for the Islamic Religious Community (IVZ), which is divided between the majority that follow IVZ's leader imam Sulejman Redzeqi and the Wahhabi wing led by suspended IVZ imam Ramadan Ramadani. Redzeqi condemned those who "muddy Islam" by cultivating such songs. IVZ imams publicly support Redzeqi's stand, and, suspecting Ramadani's hand in the song incident, warned that mosques serve to pray, not to practice politics and Wahhabism. "They are trying to ... conclude agreements and dishonestly provide votes so that when a party comes to power it becomes their service, promoting their Wahhaby ideology," said Redzeqi. Unfazed, Ramadani organised a campaign to replace Redzeqi as IVZ head, netting over 7,200 signatures from disgruntled believers. Ramadani disputes "the violent and militant manner in which the current leadership took control of IVZ in 2004", and then changed the group's constitution.

PODGORICA, Montenegro -- The justice ministry said on Wednesday (August 25th) that it has received Serbia's platform for negotiations on a future extradition agreement. Justice Minister Miras Radovic announced that Podgorica will discuss its

negotiation position next week. The deal would cover those suspected or convicted of organised crime and corruption.

PODGORICA, Montenegro -- Montenegro has extradited war crimes suspect Maris Krivosic to Croatia, where he is wanted for crimes committed in 1991, media reported on Thursday (August 26th). Krivosic, 45, was arrested in June based on a warrant issued by Zagreb. He is suspected of involvement in the killing of 56 Croatian civilians in the village of Bacin early in the 1991-1995 Croatian conflict. (

Montenegro adopted a new anti-corruption strategy and action plan in the fight against corruption and organised crime last month, but the government is now facing criticism from NGO representatives, who say they were not consulted.

Montenegro's Network for Affirmation of NGO Sector (MANS) called the new plan frivolous and unrealistic, too quickly drafted by Minister for European Integration Gordana Djurovic. "The reforms envisaged in the action plan will not be able to provide concrete results, because they are not based on real problems. The action plan was secretly written by Minister Djurovic without the input of the working group members who were mandated to work on the document, and without a public debate," said MANS Director Vanja Calovic. The plan was drafted after the European Commission (EC) criticised the government's strategy to fight corruption and organised crime on July 17th. The EC reportedly concluded that the plan lacked a main goal, deadlines and monitoring mechanisms.

BUCHAREST, Romania -- Border police announced on Sunday (August 22nd) that they have caught 36 illegal immigrants from Iraq and Afghanistan in a joint operation with Hungary. The immigrants were allegedly hidden in a special compartment of a truck carrying a load of animal food. They were found at the Varsand border check point with Hungary on Saturday.

BUCHAREST, Romania -- Matthew Newman, spokesman for EU Justice, Fundamental Rights and Citizenship Commissioner Viviane Reding, told EurActiv on Monday (August 23rd) that ongoing tension over the repatriation of hundreds of Roma from France to Romania should not affect Bucharest and Sofia's ambitions to join Schengen. He was asked to comment after the Romanian daily Romania Libera recently reported that Bucharest will be left out of Schengen because of the Roma. Romania and Bulgaria are hoping to join Schengen in March 2011. French Secretary Pierre Lellouche, however, was quoted as hinting that the decision may be postponed if Bucharest fails to better integrate the Roma community. "The integration of minorities is not part of the Schengen acquis," Newman said on Tuesday.

BUCHAREST, Romania -- The senate approved a bill Tuesday (August 24th) on the National Integrity Agency (ANI), the state anti-corruption organisation. The bill was adopted in the 137-seat senate by a vote of 78-0, with one abstention. Members of the Social Democratic Party and the Conservative Party coalition announced earlier that they would not vote. The legislation had to be reworked after the Constitutional Court ruled in July that some parts of it were unconstitutional. Lawmakers amended the bill, reducing the investigation period from three years to one and removed a stipulation that required

members of politicians' families to declare state contracts. The legislation moves next to the head of state for promulgation.

Romania's Traian Basescu said Bucharest supports Kishinev, amid renewed calls from the separatist Transdniestr to be recognised by the UN. Romania supports Moldova regaining its territorial integrity, President Traian Basescu said on Thursday (August 19th) after meeting with Moldovan Prime Minister Vlad Filat. "Our interest is connected to the things we believe in, that no state's territory can be occupied," Basescu said after the talks. Basescu's comments come a few weeks after authorities in Tiraspol asked the UN to recognise Transdniestr following the International Court of Justice's July 22nd opinion on Kosovo's declaration of independence. Transdniestr is a breakaway territory between the Dniester River and the eastern Moldovan border with Ukraine. It is generally recognised internationally as being de jure in Eastern Moldova as the autonomous Stinga Nistrului (Left Dneestr bank) region. Since its declaration of independence in 1990 it has been governed de facto by the unrecognised Pridnestrovian Moldavian Republic (PMR).

BELGRADE, Serbia -- Interior Minister Ivica Dacic said on Friday (August 20th) that Serbia is open to "changes" to the draft resolution on Kosovo it submitted to the UN General Assembly last month. Presently, it states that the International Court of Justice'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 also calls for reaching a "mutually acceptable solution to all open issues" through dialogue. Dacic says Foreign Minister Vuk Jeremic has informed the government that the draft was discussed with partners from the EU, the US, Russia and China prior to its submission, but no agreement had been struck on the text.

BELGRADE, Serbia -- The UN General Assembly is expected to discuss Serbia's draft resolution on Kosovo on September 9th, local media reported on Sunday (August 22nd). The document says 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. Meanwhile, Minister for Kosovo Goran Bogdanovic urged Serbian and Kosovo officials to start talks as soon as possible, with the international community acting as mediator. He is calling for discussions on both technical and Kosovo status issues. In other news, the United States is again urging Spain to recognise Kosovo's independence, local media reported on Sunday. US Secretary of State Hillary Clinton spoke by phone with Spanish counterpart Miguel Angel Moratinos, asking that Spain join the 22 EU member states that recognise independence. Spain is one of five EU hold outs. On Saturday, Albania announced it will officially represent non-member Kosovo's interests at the UN this autumn. "There is a close and intensive communication between Tirana and Pristina," Foreign Ministry General-Secretary Gazmend Turdiu said, adding this is the first such bilateral co-operation activity at this level.

"Kosovo's independence is reality," German Foreign Minister Guido Westerwelle said on Thursday, urging Belgrade to accept that fact. German Foreign Minister Guido Westerwelle urged Serbia on Thursday (August 26th) to stop challenging Kosovo's independence and focus its efforts instead on its goal of EU membership. "Those who want to join Europe must maintain balanced policies," Westerwelle warned in a speech at

the University of Belgrade, stressing that membership in the 27-nation bloc requires "dialogue about practical issues". After months of UN-led direct status talks between Belgrade and Pristina failed to produce a deal, Kosovo declared independence in February 2008. At Serbia's initiative, the UN General Assembly adopted a resolution later that year, asking the International Court of Justice (ICJ) to issue an advisory opinion on the legality of the move. Last month, the UN's primary judicial body ruled that Kosovo's declaration of independence did not violate international law. Kosovo has been recognised by 69 countries worldwide so far, including the United States and 22 EU nations, Germany among them. In September, the UN General Assembly is expected to discuss a new Serbian draft resolution that effectively invalidates the ICJ opinion and calls for new direct talks on "all open issues" between Belgrade and Pristina.

BELGRADE, Serbia -- IMF mission head Albert Jaeger praised the government's prudent fiscal policy on Monday (August 23rd), and stressed the importance of adopting a law on fiscal responsibility. However, Jaeger rejected Economy Minister Mladjan Dinkic's proposal to raise public wages and pensions as early as next month due to the lower than expected government deficit. He urged that instead, Serbia's agreement with the IMF regarding public wages should be respected until it expires in April 2011 -- a position shared by Finance Minister Diana Dragutinovic and National Bank of Serbia Governor Dejan Soskic. Talks between government officials and the IMF on the fifth review of the 2.9 billion-euro stand-by agreement started on Monday and will continue until the end of the month.

THE HAGUE, The Netherlands -- The UN war crimes tribunal accepted on Friday (August 20th) all 18 recently discovered diaries of former Bosnian Serb commander Ratko Mladic as evidence in the ongoing trial against Radovan Karadzic. Judges said the former Bosnian Serb leader did not challenge the authenticity of the notebooks. The diaries, along with audio and video recordings, were found in the Belgrade apartment of Mladic's wife in February. The trial against Karadzic is expected to resume on September 6th after a two-week break to allow him time to review the recordings

Muslims in Serbia are welcoming Ramadan, again divided into two opposing communities. As Serbia's almost 240,000 Muslims celebrate Ramadan this month, the divide between two groups remains. As the communities maintain the holiday traditions, many say they are hoping for peace and tolerance. Although all Muslims in Serbia belong to the Sunni branch of Islam, they are divided into two similarly named but deeply opposing groups -- the Islamic Community of Serbia and the Islamic Community in Serbia. The Islamic Community in Serbia, led by Sandzak Mufti Muamer Zukorlic, believes that Muslims in Serbia should come under the authority of the Islamic Community in Bosnia and Herzegovina. However, the Islamic Community of Serbia believes that Muslims in Serbia ought to have their own administration. They formed a *Riyasat* (supreme council) in 2007, and elected a *reis* (council president). In the past several years, there have been physical confrontations between members of the two groups, particularly in Novi Pazar, where Muslims are the majority of the population.

In the run up to Ramadan, representatives of both communities called for peace and tolerance. Islamic Community of Serbia and Serbian Mufti Muhamed Jusufspahic said "In the name of Allah the Merciful, contribute to peace and stability both where we live with others and wherever others live with us and without us."

## Oceania

SYDNEY (AFP) – Australia's conservatives Friday agreed to a key demand from minority lawmakers central to determining who will take power, after the closest elections in decades left the nation in political deadlock. Tony Abbott, head of the Liberal/National coalition, agreed to hand over his policies for scrutiny by the Treasury in a bid to woo the four independents and Greens member of parliament Adam Bandt who will decide whether he should take power. Abbott put the "kingmaking" MPs offside this week by rejecting their request that public officials do a feasibility study of his election promises, with one warning him he was "dicing with death". Both he and Prime Minister Julia Gillard failed to secure the 76 seats needed for an outright majority, and neither side can form government without winning over at least some of the minority lawmakers. Abbott achieved a remarkable weekend comeback at the polls to come within a whisker of claiming office, and he offered an olive branch Friday by agreeing to submit his plans. The agreement means that negotiations can continue into next week, as the last postal and provisional votes are counted. Abbott currently holds 73 seats to Gillard's 72, but Bandt is widely expected to side with the prime minister, bringing them to a 73-seat dead heat. A straight-talking, fitness fanatic better known for his brief swimsuits than diplomatic skills, Abbott declared his backdown a "win" because he had managed to secure a ban on his plans being released to Gillard or her deputy. "There can now be a full and fair briefing of the independent members of the policies and costings of the coalition and of the Labor party," Abbott said. "On that basis I hope the independent members will be able to come to a position as soon as possible as to which side of parliament is worthy of backing." Whether the independents chose to go public with the information was a "matter for them", but Gillard said she thought they should be able to "freely and publicly report" on the basis for their decisions. "I believe every Australian should have access to those costings. I think that is fundamental to the national interest," she said. "I'm asking Mr Abbott to be as transparent, open and honest with the Australian people as I am prepared to be," she added.

SYDNEY (AFP) – Australian Prime Minister Julia Gillard courted one of five minority lawmakers key to resolving the nation's political stalemate Saturday, as polling showed their voters favoured her rival. Gillard held private talks with independent MP Andrew Wilkie, a former soldier and spy who resigned over Australia's role in the Iraq war, hoping to win his support for her to form government. The prime minister and conservative rival Tony Abbott both failed to take a majority at last weekend's elections, resulting in the nation's first hung parliament in 70 years. Both leaders are desperate to curry favour with Wilkie, Greens MP Adam Bandt and three rural independents in order to secure the 76 seats needed to take power, with Abbott holding 73 seats outright to Gillard's 72. Wilkie said the talks had focused on the need for gambling law reform, an issue he is passionate about, while Gillard had stressed the strength of her ruling Labor

party's position. "She feels confident that she can form a government. She's very very keen to get the support of all the independents so she has a little bit of a buffer. She's very keen to get a resolution very quickly," Wilkie said. Gillard did not answer questions as she left the meeting, telling reporters only that it had been a "good discussion".

The outspoken Wilkie famously blew the whistle on the lack of evidence of weapons of mass destruction in Iraq, and his 2003 revelations sparked a political storm. He is widely regarded as the most unpredictable of the minority candidates, having warned that he may not side with either major party but he confirmed Saturday that he would not hold the country to ransom or force another election. "The most important issue for me is the public interest and that we get very very quickly a stable, competent, ethical government," he said.

SYDNEY (Reuters) – The Australian dollar fell one percent and bonds eased in early trade on Monday after an inconclusive election appeared to have delivered investors' worst fears -- a minority government with power thrust on a handful of independent MPs. With neither of the major parties winning an overall majority in Saturday's election to form a government, vote counting is set to continue for several days and leaves the prospect of the first hung parliament in 70 years. In early Pacific trade, the Aussie hit a low of \$0.8833 from Friday's close at \$0.8940, before recovering slightly to trade at \$0.8871 at 6:06 p.m. EDT. Markets were looking vulnerable even without the election uncertainty because of weak stock markets overseas on Friday and continuing concerns about the economic recovery. Australian stocks are also expected to lose ground, although moves may be limited to certain stocks including mining shares such as Rio Tinto and BHP Billiton on uncertainty over a planned mining tax and telecoms giant Telstra on government plans for a broadband network. "I think the markets will be a bit soft but I don't think the election uncertainty will be a great pull on the market," said Michael Heffernan, senior client adviser and strategist at Austock Securities. "There have been plenty of countries around the world with close elections and we are a democracy ... and investors realize this," Heffernan added. Initial support for the Australian dollar is seen around \$0.8820/40, below which the next stop could be \$0.8780, the 55-day moving average, and then \$0.8575, which has often been a pivot point for the currency this year. Australian share index futures are down 9 points to 4,387 a 43.9 point discount to the close of the underlying S&P/ASX 200 index on Friday.

Australian bonds are softer, with three-year futures down 0.03 to 95.49, while the ten-year contract dipped 0.04 points to 95.055.

ADELAIDE, Australia – A high school teacher who assigned her class to plan a terrorist attack that would kill as many innocent Australians as possible had no intent to promote terrorism, education officials said Wednesday. The Year 10 students at Kalgoorlie-Boulder Community High School in the state of Western Australia were given the assignment last week in a class on contemporary conflict and terrorism. Principal Terry Martino said he withdrew the assignment as soon as he heard of it. But after news of the assignment was published in Wednesday's West Australian newspaper, talk radio and online forums began a busy debate and some survivors of terror attacks across Australia — which has been a target of terror campaigns at home and abroad — came forward to express their outrage. "It's extremely offensive if you've ever been involved in

it," said Peter Hughes, who was burned over half of his body in the 2002 Bali bombings, which killed 202 people, including 88 Australians, on the Indonesian resort island. "It's something they would probably do in some radical school in Indonesia. For it to be done in the state education system is mind-blowing," he told the newspaper. The students were asked to pretend they were terrorists making a political statement by releasing a chemical or biological agent on "an unsuspecting Australian community," according to a copy of the assignment received by the West Australian newspaper. The task included choosing the best time to attack and explaining their choice of victims and what effects the attack would have on a human body. "Your goal is to kill the MOST innocent civilians in order to get your message across," the assignment read. Grades were to be allocated based on students' ability to analyze information they had learned on terrorism and chemical and biological warfare and apply it to a real-life scenario, the newspaper reported. Sharyn O'Neill, director-general of the state's Department of Education, said the class was meant to teach students about conflict and seeing other people's perspectives but that the teacher had made an insensitive, unprofessional mistake.