

Report 135
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

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

Headlines

US/Canada

- AP-GfK Poll: Most attuned voters tilt toward GOP
- Democrats unlikely to repeal tax cuts for the rich
- Is the tea party becoming the new Grand Old Party?
- Obama Says Iraq Combat Mission Is Over
- A cautious Obama urges Americans to 'turn the page' on Iraq
- Obama considering new ways to boost economy
- New York Rebounds From Slump, Unevenly
- BP Says Limits on Drilling Imperil Oil Spill Payouts
- BP oil spill costs surge to \$8bln
- Incidents at Mosque in Tennessee Spread Fear
- New Yorkers Want Islamic Center Moved, Poll Finds
- Obama says not worried by Muslim "rumors"
- Number of illegal immigrants in US now declining
- Obama cautiously hopeful as Mideast talks begin
- Canada's opposition avoids election talk for now
- Tories in deadlock with Liberals in poll
- Canadian economy slows sharply in second quarter
- China approached Canadian fund on rival Potash bid
- Canadian parents more lenient than Italians and French

Western Europe

- Barroso blames capitals for plunge in EU popularity
- Deal reached on pan-European financial supervisors
- EU parliament to arm-twist Ashton on appointments
- Russia optimistic on EU visa-free travel
- Data sharing plan with Israel dropped after Irish objections
- Dutch: 2 Yemenis from US suspected of terror plot
- Current EU rules bad for asylum seekers, says Council of Europe
- EU questions legality of France's Roma expulsions
- French Roma policy finds support among the far right

- French ministers lash out at 'grotesque' criticisms of Roma policy
- France firm on raising retirement despite protests
- Paris mosque slams burger chain's Muslim outreach
- Blair 'sorry' for Iraq victims but no regrets
- Dublin protesters pelt Blair
- Miliband brothers fighting for top Labour post
- British FM Hague pressures Serbia over Kosovo
- EU trade chief apologizes for Jewish comments
- EU to discuss Gaddafi's €5 billion demand at Africa summit, Italy says
- Asian factory growth outstrips two-speed Europe
- Eurozone retail sales near stagnant in July: data
- China breaking promises to EU firms, report says
- BP oil spill costs surge to \$8bln
- Govt quashes talk of France aircraft carrier share
- Polish leader: War costs slow army's modernization
- UN nuclear chief asks Israel to join treaty

Southeast Europe

Albania

- Majko criticises Albanian government over elections debate
- Albanian government, opposition accuse each other of corruption
- Albania updates EC on visa liberalisation progress
- Albania's Berisha calls for laws to improve tourism infrastructure
- Albania, Kosovo clash over hydro plants

Bosnia

- Election campaign kicks off in BiH
- BiH meets last condition for EU visa liberalisation
- Youth find no prospects in BiH

Bulgaria

- World Bank's Zoellick praises Bulgarian government
- Bulgaria says no additional troops to Afghanistan

Croatia

- Prosecutors say Croatia ethnically cleansed Serbs
- Croatia to await EC assessment before deciding on shipyards

Kosovo

- No investigation into alleged independence declaration for northern Kosovo
- Kosovo awaits recognitions from CARICOM states
- Kosovo calls for more pressure on Belgrade over missing people

Romania

- Romanian prime minister reshuffles cabinet
- Romania's Blaga: repatriated Roma have no criminal records
- Romanian Roma urge boycott of French products
- Romania responds to EU criticism

Serbia

- Serbia vows to assist Austria in bank probe

- Serbia finalises talks with IMF, plans to raise public wages
- UK's Hague urges Serbia to reconsider resolution on Kosovo
- Spain denies drafting new resolution on Kosovo
- Report: Serbia set to open NATO mission

Oceania

- Australian support for republic flags: poll
- Australian political limbo to continue: MPs
- Key Australian lawmaker backs Labor to govern
- Greens party backs Australian Labor Party gov't
- Australia PM rejects new election
- Australia clocks fastest growth in three years
- Mass breakout from Australia immigration centre

Report Summary

US/Canada

Political Issues

Once again poll conducted by Associated Press-GfK shows the strong disapproval for the way President Obama is handling issues that matter most to Americans. The state of the economy is the heart of the issues, even though nine of 15 issues examined showed that November election will be difficult for Democrats suggesting good omen for the republicans.

Among potential issues for the November midterm elections is income tax, the president intends not to extend tax cut but to increase it for wealthy Americans, while at the same time reducing tax for the middle class. Some democrats are backing away from increasing tax on the wealthy because of the implication in the midterm elections.

The commanding tune of the tea party amid midterm election is driving the view that the tea party is the new Grand Old Party. They are simply against the establishment, wanting a change, unhappy with huge federal spending and above all against tax on the rich. The rhythm of the tea party is forcing the republican establishment to change their policy in order to suit the mantra of the moment. .

Withdrawal of troops from Iraq is a fulfillment of one of his campaign promises but how much does it mean to Americans. President Obama urges American to turn the page away from Iraq war and to become focused on economic recovery and winning the war in Afghanistan.

Despite the usual fluctuation in rating, none of the Canadian political party leaders are ready for parliamentary elections. The minority conservative government has frequently seen agitations from the liberal opposition and had a popularity drop over vital issues.

Economic Issues

One thing is for sure, turning around the economy for the best will not only be beneficial to the American public, but will also save President Obama White House and the Democrat party. Obama recently announced that his administration will bolster the economy with new initiatives.

The general economic statistic could be troubling but New York is proving to be different with substantive sign of recovery. Joblessness, housing and business as usual is picking up, though the scar of the recession is not total out of the picture.

Full Canadian economy recovery is still underway if the latest report of the country's GDP is true. Canada recorded a gross domestic product grew 2.0 percent at annual rates, sharply down from 5.8 percent, coupled by weaker consumer spending and trade performance and a fear of interest rate hikes by the Bank of Canada.

The take over of a Canadian company by a Chinese company is foaming a great concern in Canada even though the deal is favourable. The concern evolves around customers' jobs and government revenue.

Social/Humanitarian Issue

Tolerance, independence and leniency are the traits that strike the difference among Canadian, Italian and French parents. The assertiveness of the two latter makes them distinctive from the tolerant and individualistic oriented Canadian parents as suggested by a receive study. .

As 9/11 celebration draws in, anti Muslim and Islam sentiments rises across the U.S. It is creating a serious concern for the Muslim community, fearing for their lives and properties. Even as the Ground Zero mosque project gets support among New Yorkers, the underlining sentiments is that the project should be moved elsewhere. Is Islamophobia an acceptable way of life in the U.S or a disturbance tactic by few Americans.

President Obama turned away his face from the calumny about his faith. According to him it is nonsensical to give such rumour preference when there are many serious issues his administration needed to tackle.

According to an analysis of 2009 census data by the Pew Hispanic Center, illegal immigration into the United States has dropped in two decades. The report indicated that illegal immigration from Caribbean, Central America and South America declined due to the souring American economy, violence across the border and tougher enforcement of immigration rules.

Food, Environment and Energy Issue

BP is warning Congress that if lawmakers pass legislation that bars the company from getting new offshore drilling permits, it may not have the money to pay for all the damages caused by its oil spill in the Gulf of Mexico.

Geostrategic Issues

As the White House restarts peace talks between Israeli and Palestinian, President Obama believes the atmosphere should be filled with cautious hope, owing to the sensitivity of the protracted conflict. But more importantly Washington will be a participant than just a facilitator in the talks so as to ensure constructive talks.

Western Europe

Political Issues

European Commission chief Jose Manuel Barroso has thrown the blame of low confidence in EU on member states, he alleged that member states are yet to personalize EU projects as theirs and are simply trailing for the benefit of their own state. He further holds that Euro is a success story and member state would not be able to manage global financial crisis independently.

The consensus by EU members to have a pan-European financial supervisor was referred to as a crucial political landmark. The European Commission, the European Parliament and the EU member states reached a political deal to set up a European Systemic Risk Board and three separate agencies to monitor securities, banks and insurance companies as measure to guard against the repetition of another financial crisis.

The European External Action Service (EEAS) is expected to nominate competent diplomats for its missions abroad, but Catherine Ashton is still vetting diplomats to be chosen and also waiting for parliament approval.

EU-Russia visa regime is now shouldered on the proposal of Poland, although Warsaw agreed to Russia being incorporated into the visa-free travel scheme but only if the EU at the same time promises in future to lift visas for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine as well.

The European Union has dropped plans to offer Israel data sharing access after pressure from the Irish government. The reservation by the latter owes to the complicity of the Israeli government in eight forged Irish passports alongside a number of falsified passports of other EU states.

His new book shows his obstinacy to his controversial policy of attacking Iraq. Blair refuses to regret the policy but was remorseful for the death count the Iraq war produced. The book shows Blair is not tired of war as he insinuated military action on

Iran over its nuclear issue. Blair accuses ex-PM Brown of terminating Labour rule because of zero emotional intelligence. Meanwhile in Dublin thousands staged protest against Blair, accusing him of war crime.

The new leadership of the British Labour party is yet to be determined, but the Miliband brothers along with other candidates are struggling to hold the seat left by former PM Gordon Brown. There has been much speculation that David Miliband is more likely to be chosen.

Economic Issues

Production level in Eurozone during the month of August went down in comparison to the industries in China, India and Russia. This though is not enough but part of the growing indications that emerging economies are growing bigger than the rich economies. Although there was little push in retail sales in the Eurozone, nonetheless, retail sales fell by 3.0 percent in Spain and 0.3 percent in Germany.

Having a multilateral and open economy is believed to be healthy for global trade, but always there is concern for trade tolerance. The EU is venting its concern over China's protectionist policy and the inability of China to keep to open market promises as EU companies are denied access to the airline reservation, automotive, construction, insurance, oil refinery, research and innovation and telecommunications sectors in China.

British oil giant BP revealed that the devastating Gulf of Mexico oil spill disaster has cost it eight billion dollars so far. Meanwhile, BP is complaining against the intended suspension on offshore drilling, a move that will further affect BP's finance.

The French government is either recruiting enemies or shutting door on friends, the streets of France is expected to see another wave of protest against government plan to increase the retirement age from 60 to 62. This will add to already frenzy over Roma expulsion.

Social/Humanitarian Issue

Immigration remains a debatable issue in Europe, the Council of Europe recently slammed Greece for its immigration practices. Asylum seekers in Greece face enormous difficulties trying to gain access to the asylum procedure and not being granted basic safeguards.

The European Commission is investigating the legality of forceful expulsion of Roma by the French government. The EU is concern about the implication of such development which could add to the increasing trend of xenophobia and racist in Europe.

Amid the huge criticism surrounding the Roma expulsion, French far-right politicians as well as their counterpart across Europe believed the expulsion was right in order to create social order.

Food, Environment and Energy Issue

For French Muslims the observance of halal is essential if any company must tap into the untapped and profitable Muslim market. But for the food chains it is matter of deciding whether to reject the far right objection or come down to Muslim whims of halal food and meat.

Geostrategic Issues

Powerful global political players are not hiding their support for Kosovo's independence and are worried about the fruitless effort of Serbia to further challenge Pristina's independence at the UNGA. Serbia wants to overturn through the United Nations the ICJ's ruling that legalized Kosovo's independence.

EU's trade chief has apology for his pragmatic comment about the Jewish lobby, who he believed are very powerful and roadblocking the Middle East peace process. The comment irked Jewish organizations in Europe believing it is another form of anti-Semitism.

The European Union is expected to examine the proposal of Libya and the whole of North African seeking for handsome EU fund in order to help reduce the tendency of the using North Africa as transit route into Europe.

The arrest of two Yemen accused of conspiring to commit terrorist act has further raised security concern between Washington and Amsterdam. Last year the security lapse was from Amsterdam to Washington but the reverse was the case in the latest lapses.

The British government has debunk the press rumour that London and Paris are about to end their centuries rivalry and pool together resources in area of military vessels. The authenticity of the rumour remains unclear till both parties meet in an October summit.

It is high time the NATO set an exit time from Afghanistan as public across Europe are increasingly becoming wary of the war. More troubling is the comment of the Polish leader who said Afghan war is hampering the modernization of its military.

International Atomic Energy Agency has repeated request to Israel to join the nuclear regime (NPT) but Israel believes the new plea is tailing the desire of Arab states and particularly Iran and Syria to distract attention from their nuclear issue.

Southeast Europe

Political Issues

Albania will have to prove to the rest of the region and to EU in particular that it is politically mature. The ruling and opposition parties have been in a year old

deadlocked over election irregularities and the move to reform electoral rules is yet accomplished. Despite its political problem, Albania is still struggling to fulfill certain EU requirements before it could be incorporated into EU visa liberalization scheme.

If the political and economic uncertainty in Bosnia and Herzegovina (BiH) remains same, the ethnic divided country might continue to lose its human resources as in youth that are on exodus from the country. BiH like Albania is on same page, still waiting for EU approval on its request to join the visa liberalization scheme.

Romanian government has received the appreciation of the EU for its judicial reform geared at combating organized crime and structural corruption in the country. Meanwhile, ethnic Roma in Romania are prepared to boycotting French products in response to the expulsion of Roma from France.

Economic Issues

Robert Zoellick, president of the World Bank, has praised the Bulgarian government's efforts to fight corruption and organized crime, and to fully integrate the country into the EU. Such praise will also be true for Serbia from IMF that has appreciated the pace of Serbia economic reform.

Social/Humanitarian Issue

The Balkan will still take longer time to cleanse its memory from the ill of the past. Cases of ethnic cleansing continue to be revisited and last week prosecutors at The Hague Yugoslav war crimes tribunal concluded that Croatian forces intentionally killed and expelled Serb civilians during 1995 campaign.

The Serbia government is assuring Austria for an investigation over the activities of Austrian Hypo Alpe Adria Bank which is suspected of laundering money for an alleged drug boss.

Food, Environment and Energy Issue

Geostrategic Issues

Already 69 countries have recognized Kosovo's independence but that is not enough for Pristina waiting for the CARICOM, an organization of 15 Caribbean nations. Kosovo's independence remains a matter of contest with Serbia.

Serbia is expected to open NATO's mission in Brussels, Serbia's membership of NATO is still in the pipeline

Oceania

Political Issues

Latest Australian survey suggests that most Australians want the country to be a republic but that number has slumped to a record low in 16 years. The survey suggests that Australians will want their country free from the British monarch after the reign of Queen Elizabeth II

Australian political deadlock moved into another week, without the two bigger parties forming the government. But the labour party was rescued by the two smaller parties whose support to the labour party now gives Australia a coalition government.

Economic Issues

Despite the cloudy political weather, Australian economy clocked a remarkable growth as consumer spending and mining exports soars. The latest economic status gives room for a better forecast in months to come.

Social/Humanitarian Issue

The Australian government will have to take cautious and quick decision in resolving its present immigration processes for asylum seekers due to the frequent outbreak of disturbance at Australian's refugee camp on Christmas Island.

Report Detail

US/Canada

WASHINGTON – Americans with the strongest opinions about the country's most divisive issues are largely unhappy with how President Barack Obama is handling them, an ominous sign for Democrats hoping to retain control of Congress in the fall elections. In nine of 15 issues examined in an Associated Press-GfK Poll this month, more Americans who expressed intense interest in a problem voiced strong opposition to Obama's work on it, including the economy, unemployment, federal deficits and terrorism. They were about evenly split over the president's efforts on five issues and strongly approved of his direction on just one: U.S. relationships with other countries.

In another danger sign for Democrats, most Americans extremely concerned about 10 of the issues say they will vote for the Republican candidate in their local House race. Only those highly interested in the environment lean toward the Democrats.

The findings are troubling for Democrats struggling to protect their House and Senate majorities on Election Day. They suggest that many of the most involved voters — those with the deepest feelings about issues high on the nation's agenda — are furious with the party in power and will take out their wrath at the polls.

"I'm going to vote Republican, and hope there's some kind of message sent to the administration that the public is unhappy with what's happened the first two years of the

Obama administration," said Mark Milanese, 49, a building remodeler from Coatesville, Pa., who expressed strong disapproval for the president's approach to many major issues.

WASHINGTON — Democrats in Congress are poised to play a leading role this month in thwarting their party's effort to raise income tax rates on the wealthy. Tax cuts enacted in 2001 and 2003 expire at the end of this year. President Barack Obama and Democratic congressional leaders have been eager to extend the breaks for individuals who earn less than \$200,000 annually and joint filers who make less than \$250,000. Those who earn more would pay higher, pre-2001 rates starting next year. However, a small but growing number of moderate Democrats are balking at boosting taxes on the rich. Many face electorates that recoil at the mention of any tax increase. Some represent areas that are loaded with wealthier taxpayers. Further, some incumbent senators who don't face voters this fall are reluctant to increase taxes on anyone while the economy remains sluggish. Without their support, the push to raise rates on the rich probably will fail. "The economy is very weak right now. Raising taxes will lower consumer demand at a time when we want people putting more money into the economy," said Sen. Evan Bayh, D-Ind., who isn't seeking re-election. Democratic leaders still vow a big effort this month to boost the top tax brackets, now 33 and 35 percent, back to 36 and 39.6 percent, the rates that were in effect in the 1990s. Both House of Representatives Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev., who faces a tough re-election fight, want a vote before the election Nov. 2. "We still expect to have a bill on the (Senate) floor at some point in September," Reid spokesman Jim Manley said. "Whether Republicans will allow us to pass anything is a whole other story." "The speaker and the president have been clear they want to extend the middle-class tax cuts because they have the greatest economic benefit," Pelosi spokesman Brendan Daly said. Many Democrats and Republicans are eager for a tax cut battle, seeing it as emblematic of each party's economic principles.

WASHINGTON – Is the tea party the new Republican Party? The grass-roots network of fed-up conservative-libertarian voters displayed its power in its biggest triumph of the election year: the toppling of Sen. Lisa Murkowski in Alaska's GOP primary. Political novice Joe Miller is the fifth tea party insurgent to win a GOP Senate nominating contest, an upset that few, if any, saw coming. With the stunning outcome, the fledgling tea party coalition and voters who identify with its anti-tax, anti-spending sentiments proved that democracy is alive and well — within the Republican Party. Don't like who is representing you? Rise up, fire them and choose someone new. The tea party has taken hold in the Grand Old Party, unseating lawmakers, capturing nominations for open seats and forcing Republicans to recalibrate both their campaign strategy and issues agenda. Out is talk of delivering federal dollars back home; in is talk of fiscal discipline. Within minutes of Murkowski conceding late Tuesday night, Sen. Jim DeMint, R-S.C., was among the conservative Republicans cheering Miller. "He pulled off the upset victory of the year because he ran on principles and because Alaskans, like all Americans, want to stop the massive spending, bailouts and debt that are bankrupting our country," said DeMint. Taking a shot at Murkowski if not the entire Republican establishment, he added: "Joe Miller's victory should be a wake-up call to

politicians who go to Washington to bring home the bacon. Voters are saying 'We're not willing to bankrupt the country to benefit ourselves.'"

WASHINGTON — President Obama declared an end on Tuesday to the seven-year American combat mission in Iraq, saying that the United States has met its responsibility to that country and that it is now time to turn to pressing problems at home. In a prime-time address from the Oval Office, Mr. Obama balanced praise for the troops who fought and died in Iraq with his conviction that getting into the conflict had been a mistake in the first place. But he also used the moment to emphasize that he sees his primary job as addressing the weak economy and other domestic issues — and to make clear that he intends to begin disengaging from the war in Afghanistan next summer.

“We have sent our young men and women to make enormous sacrifices in Iraq, and spent vast resources abroad at a time of tight budgets at home,” Mr. Obama said. “Through this remarkable chapter in the history of the United States and Iraq, we have met our responsibility. Now, it’s time to turn the page.” Seeking to temper partisan feelings over the war on a day when Republicans pointed out that Mr. Obama had opposed the troop surge generally credited with helping to bring Iraq a measure of stability, the president offered some praise for his predecessor, George W. Bush. Mr. Obama acknowledged their disagreement over Iraq but said that no one could doubt Mr. Bush’s “support for our troops, or his love of country and commitment to our security.”

Mr. Obama spoke for about 18 minutes, saying that violence would continue in Iraq and that the United States would continue to play a key role in nurturing a stable democracy there. He celebrated America’s fighting forces as “the steel in our ship of state,” and pledged not to waver in the fight against Al Qaeda.

President Obama faced a major dilemma heading into Tuesday's prime-time address on Iraq: How do you mark the milestone of a campaign promise fulfilled when what has happened in Iraq isn't exactly "mission accomplished"? It was an obstacle that Obama never quite overcame in his 18-minute speech, which was remarkably disjointed for a president well known for his eloquence. In only his second Oval Office address, Obama was careful not to use words like "victory" or "win" when announcing the end of U.S. combat operations in Iraq. That's because Iraq, seven and a half years and thousands of lost American lives later, remains a largely dysfunctional democracy, heavily dependent on U.S. aid. While Obama met his political goal of withdrawing combat troops, 50,000 American personnel will remain on the ground there until at least next year, as the threat of violence in the region continues. "Violence will not end with our combat mission," Obama warned. "Extremists will continue to set off bombs, attack Iraqi civilians and try to spark sectarian strife." But ultimately, the president insisted, "these terrorists will fail to achieve their goals." The president then somberly tried to shift the focus, saying it's time "turn the page" away from one crisis to a pair of others. He braced Americans for what will be continued sacrifice both at home, as the nation struggles to rebuild a collapsed economy, and abroad, where continued American bloodshed in Afghanistan is a virtual certainty. "This historic moment comes at a time of great uncertainty for many Americans. We have now been through nearly a decade of war. We have endured a long and painful recession. And sometimes in the midst of these storms,

the future that we are trying to build for our nation -- a future of lasting peace and long-term prosperity -- may seem beyond our reach," Obama said.

WASHINGTON (Reuters) - President Barack Obama, under pressure to bolster the U.S. economy, said on Monday he and his economic advisers are discussing additional steps to generate job growth such as more tax cuts for businesses. Obama, just back from a 10-day vacation, appeared in the White House Rose Garden to show his concern about the economy, which some experts believe is in danger of slipping into a double-dip recession. "My economic team is hard at work in identifying additional measures that could make a difference in both promoting growth and hiring in the short term and increasing our economy's competitiveness in the long term," Obama said. His comments amounted to an acknowledgment that, while the economy has made some improvements, the lingering impact of the worst recession since the Great Depression is proving particularly difficult to overcome. White House spokesman Robert Gibbs said Obama will in the coming days and weeks outline "targeted initiatives" to help spur the recovery and hopes Congress will approve them before stopping work to focus on November 2 elections. Pressed on whether Obama should take a bolder approach to stimulating growth, Gibbs said that "there's only so much that can be done, not having to do with politics." Obama cited possible steps such as extending tax cuts for the middle class that are set to expire this year, increasing government support for clean energy development, and rebuilding more U.S. infrastructure.

By most standard measures of economic health, New York City's recovery from the financial crisis and the recession it started is well under way. Selina Sharmin, 37, a librarian for the Queensborough Public Library system, has been told she is among 46 employees that will lose their jobs on Sept. 2. The typical New Yorker is less likely to be unemployed or facing foreclosure or bankruptcy than the average American. Homes in the metropolitan area have held their value better than in most other big cities as more people are moving to the region than deserting it. Tourists continue to flock to the city, filling hotel rooms at the highest rate in the country, and at rising prices. Wall Street — still the engine that powers the city — roared back faster than expected, eliminated far fewer jobs than had been forecast, resumed paying out big bonuses and has begun to hire again. Despite a faltering stock market and recent signals that the national economy is losing steam, economists expect New York to remain on the rebound. "We have been feeling on more solid footing the last six months," said Marcia Van Wagner, the city's assistant comptroller for budget. "If there's no major shock, I think we're going to have a slow, relatively steady recovery." There were some major shocks two years ago, most notably the collapse of the Lehman Brothers investment bank, which heralded the end of the boom years. Lehman's failure, in September 2008, caused a panic in financial markets that spurred predictions of another Great Depression. But in the city, far fewer jobs were lost than had been predicted and there has been job growth for the last six months. In July, the number of jobs in the city was down 108,000, or less than 3 percent, from July 2008. Over the same 24 months, the nation lost 6.7 million jobs, or more than 4.5 percent. The city's unemployment rate slipped last month to 9.4 percent, slightly below the national rate.

BP is warning Congress that if lawmakers pass legislation that bars the company from getting new offshore drilling permits, it may not have the money to pay for all the damages caused by its oil spill in the Gulf of Mexico. Representative George Miller wrote an amendment that would bar any company from receiving permits to drill on the Outer Continental Shelf if more than 10 fatalities had occurred at its offshore or onshore facilities. The company says a ban would also imperil the ambitious Gulf Coast restoration efforts that officials want the company to voluntarily support. BP executives insist that they have not backed away from their commitment to the White House to set aside \$20 billion in an escrow fund over the next four years to pay damage claims and government penalties stemming from the April 20 explosion of the Deepwater Horizon drilling rig. The explosion killed 11 workers and spewed millions of barrels of oil into the gulf. The company has also agreed to contribute \$100 million to a foundation to support rig workers who have lost their jobs because of the administration's deepwater drilling moratorium. And it pledged \$500 million for a 10-year research program to study the impact of the spill. But as state and federal officials, individuals and businesses continue to seek additional funds beyond the minimum fines and compensation that BP must pay under the law, the company has signaled its reluctance to cooperate unless it can continue to operate in the Gulf of Mexico. The gulf accounts for 11 percent of its global production. "If we are unable to keep those fields going, that is going to have a substantial impact on our cash flow," said David Nagle, BP's executive vice president for BP America, in an interview. That, he added, "makes it harder for us to fund things, fund these programs."

ATLANTA — After a suspected arson and reports of gunshots at an Islamic center in Tennessee over the weekend, nearby mosques have hired security guards, installed surveillance cameras and requested the presence of federal agents at prayer services. Muslim leaders in central Tennessee say that frightened worshipers are observing Ramadan in private and that some Muslim parents are wary of sending their children to school after a large fire on Saturday that destroyed property at the Islamic Center of Murfreesboro. Federal authorities suspect that the fire was arson. The Islamic center has attracted national attention recently because its planned expansion into a larger building in some ways parallels a controversial proposal to build an Islamic center two blocks from the site of the Sept. 11 attacks in New York. The Murfreesboro center, which has existed for nearly 30 years, suddenly found itself on front pages of newspapers this month and on "The Daily Show." It became a hot topic in the local Congressional race, with one Republican candidate accusing the center of fostering terrorism and trying to link it to the militant Palestinian group Hamas. Then, on Saturday, the police say, someone set fire to construction equipment at the site where the Islamic center is planning to move, destroying an earthmover and three other pieces of machinery. And on Sunday, as CNN was filming a news segment about the controversy, someone fired at least five shots near the property. "We are very concerned about our safety," said Essam Fathy, head of the center's planning committee. "Whatever it takes, I'm not going to allow anybody to do something like this again." No people were injured in either incident. The cases are being investigated by the police, the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives. In a

statement on the center's Web site, a spokeswoman called the fire an "arson attack" and an "atrocious act of terrorism."

Two-thirds of New York City residents want a planned Muslim community center and mosque to be relocated to a less controversial site farther away from ground zero in Lower Manhattan, including many who describe themselves as supporters of the project, according to a New York Times poll. The poll indicates that support for the 13-story complex, which organizers said would promote moderate Islam and interfaith dialogue, is tepid in its hometown. Nearly nine years after the Sept. 11 attacks ignited a wave of anxiety about Muslims, many in the country's biggest and arguably most cosmopolitan city still have an uneasy relationship with Islam. One-fifth of New Yorkers acknowledged animosity toward Muslims. Thirty-three percent said that compared with other American citizens, Muslims were more sympathetic to terrorists. And nearly 60 percent said people they know had negative feelings toward Muslims because of 9/11. Over all, 50 percent of those surveyed oppose building the project two blocks north of the World Trade Center site, even though a majority believe that the developers have the right to do so. Thirty-five percent favor it. Opposition is more intense in the boroughs outside Manhattan — for example, 54 percent in the Bronx — but it is even strong in Manhattan, considered a bastion of religious tolerance, where 41 percent are against it. The poll was conducted Aug. 27 to 31 with 892 adults. The margin of sampling error is plus or minus three percentage points.

WASHINGTON (Reuters) – A public opinion poll showing Americans are increasingly convinced, wrongly, that he is Muslim does not trouble him, President Barack Obama said on Sunday. "It's not something that I can, I think, spend all my time worrying about it," Obama said in an interview with NBC News, dismissing the results of a recent Pew Research Center. "I'm not going to be worrying too much about whatever rumors are floating out there. If I spend all my time chasing after that, then I wouldn't get much done." The Pew poll showed nearly one in five Americans -- 18 percent -- believe Obama is a Muslim, up from 11 percent in March 2009. In addition, only about one third of Americans surveyed correctly describe Obama as a Christian, a sharp decrease from the 48 percent who said he was a Christian in 2009. "There is, a mechanism, a network of misinformation that in a new media era can get churned out there constantly," Obama said, on why he thinks Americans appear to be uncertain about his religion. He said that he dealt with it during his presidential race, and earlier when he campaigned for the U.S. Senate. Obama said he won in Illinois because he trusted the American people's capacity to get beyond the "nonsense."

WASHINGTON – The number of illegal immigrants living in the U.S. has dropped for the first time in two decades — decreasing by 8 percent since 2007, a new study finds. The reasons range from the sour economy to Mexican violence and increased U.S. enforcement that has made it harder to sneak across the border. Much of the decline comes from a sharp drop-off in illegal immigrants from the Caribbean, Central America and South America attempting to cross the southern border of the U.S., according to the Pew Hispanic Center, which based its report on an analysis of 2009 census data. The findings come amid bitter debate over Arizona's strict new immigration law, which was

passed earlier this year but is on hold for now as it is challenged in federal court. The Obama administration contends the state law usurps federal authority and promotes racial profiling, while Arizona leaders say states are justified to step in if federal enforcement falls substantially short. The study released Wednesday estimates that 11.1 million illegal immigrants lived in the U.S. in 2009. That represents a decrease of roughly 1 million, or 8 percent, from a peak of 12 million in 2007. The study puts the number of illegal immigrants down to about where it was in 2005. They still make up roughly 4 percent of the U.S. population. The Homeland Security Department's own estimate of illegal immigrants is slightly lower, at 10.8 million. The government uses a different census survey that makes some year-to-year comparisons difficult.

WASHINGTON – Under the shadow of fresh violence, President Barack Obama solemnly convened the first direct Israeli-Palestinian talks in two years Wednesday, challenging Mideast leaders to seize a fleeting opportunity to deliver peace to a region haunted by decades of hostility. "I am hopeful, cautiously hopeful, but hopeful," Obama said with the leaders of Jordan, Egypt, Israel and the Palestinians beside him in the crowded East Room of the White House. Earlier Obama had met with each individually, and they gathered afterward for dinner. The mood appeared cordial as the leaders commenced the talks aimed at creating a sovereign Palestinian state beside a secure Israel. Palestinian President Mahmoud Abbas and Israeli Prime Minister Benjamin Netanyahu shook hands warmly and thanked Obama for pressing for the renewed talks despite such seemingly intractable differences as Israeli settlement expansion in the West Bank. The two leaders begin face-to-face talks on Thursday at the State Department. "Do we have the wisdom and the courage to walk the path of peace?" Obama asked. In turn, each of the leaders answered positively but with qualifications. And they spoke hopefully of chances for a breakthrough within the one-year timeframe prescribed by Obama. Netanyahu said his nation desires a lasting peace, not an interlude between wars. He called Abbas "my partner in peace," and said, "Everybody loses if there is no peace." Abbas urged Israel to freeze settlement construction in areas the Palestinians want as part of their new state, and to end its blockade of Gaza, which is controlled by the militant Hamas movement. The settlements issue is a central obstacle to achieving a permanent peace.

OTTAWA (Reuters) – In a speech to his caucus on Tuesday, Canadian Liberal Party leader Michael Ignatieff avoided talk of toppling the country's minority Conservative government, suggesting Prime Minister Stephen Harper will hold on to power at least until yearend. As Liberal lawmakers met to prepare for a new session of Parliament in September, Ignatieff told them he felt support for him growing after a summer bus tour aimed at boosting his flagging performance in the polls. But he warned that the Liberals, the biggest opposition party, were not yet ready to face an election. "We've got a great sense of momentum coming out of this summer. I feel the momentum, you feel the momentum," Ignatieff said in the televised speech in Baddeck, Nova Scotia. The party needs to do more fund-raising, raise its profile and attract voters from the left-leaning New Democratic Party (NDP) and from the Green Party if it is going to defeat Harper, he said. "Let's take this thing one step at a time ... We are up

against the toughest and most ruthless machine in Canadian politics. Never forget that for a second. Let's not get ahead of ourselves. Let's do the job right."

He was referring to Conservative campaign tactics that in the October 2008 election campaign obliterated Ignatieff's Liberal predecessor, Stephane Dion, from the political map and gave Harper a strengthened minority. Recent polls show the Liberals have gained little traction despite Ignatieff's efforts. An Ekos poll in mid-August showed the Conservatives leading the Liberals 32.5 percent to 27.9 percent in popular support, a margin not big enough for the Conservatives to win a majority in Parliament.

TORONTO (Reuters) – Support for the governing Conservative Party slipped in an opinion poll released on Thursday, and the party is in a statistical dead heat with the opposition Liberals. Reporting figures that gave neither of Canada's two main political parties any reason to push for an early election, pollsters Ekos said the Conservatives with the support of 29.4 percent of voters, down from 32.5 percent two weeks earlier.

At the start of the summer the Conservatives, who have only a minority of seats in Parliament and need support from at least one other party to stay in power, held an 11 point lead over their main opposition, the Liberal Party. The survey, conducted for the Canadian Broadcasting Corp., showed that support for the opposition Liberal Party rose to 29.1 percent, from 27.9 percent. Ekos said the drop in support for the Conservatives was almost exclusively among the university educated and reflected the minority government's poorly received decision to change the way it conducts the census.

The government is scrapping a mandatory long form census, annoying a raft of interest groups that say the need the data to make policy decisions.

OTTAWA (Reuters) – Canada's economic growth rate slowed more sharply than expected in the second quarter on weaker consumer spending and trade performance, fueling uncertainty about the pace of interest rate hikes by the Bank of Canada.

Gross domestic product grew 2.0 percent at annual rates, sharply down from 5.8 percent in the first quarter and also down from 4.9 percent in the fourth quarter of last year, Statistics Canada said on Tuesday. The agency revised its first-quarter figure down from 6.1 percent reported initially. Analysts had predicted 2.5 percent annualized GDP growth in the March-June period. In the month of June, the economy grew 0.2 percent as expected, mainly on the strength of manufacturing. "Clearly the headline is below expectations and taken together with the downward revision to the first quarter, sets a much more modest profile for the Canadian economy than certainly the Bank of Canada had expected," said Doug Porter, deputy chief economist at BMO Capital Markets.

The Bank of Canada's next interest rate decision is September 8 and markets are unsure whether it will hike rates again after lifting them in both June and July to 0.75 percent, or pause while monitoring fallout from the uncertain U.S. recovery.

"This definitely raises more questions than answers," Porter said, referring to monetary policy decisions. The Canadian dollar weakened to a session low of C\$1.0662 per U.S. dollar, or 93.79 U.S. cents, after the data. Canadian bond prices firmed, with the yield on the rate sensitive two-year bond falling to 1.187 percent from 1.227 percent just before the data.

MELBOURNE/TORONTO (Reuters) – Chinese and other investors have approached at least one big Canadian pension manager about a bid for Canada's Potash Corp to rival BHP Billiton's \$39 billion hostile offer. The disclosure by Alberta Investment Management Corp, which manages some C\$70 billion (\$67 billion) in public sector pension funds, is one of the first pieces of hard evidence to back up speculation that China is looking for a way to derail a takeover of Potash Corp by the powerful Anglo-Australian miner. AIMCo said it was not interested, because the economics did not work. China's state-owned chemicals giant Sinochem has reportedly hired HSBC to evaluate options, and chatter persists that sovereign wealth funds, such as China's \$300 billion China Investment Corp, may also be seeking a bid of some kind. Given the size of the deal, all major investment banks not working with BHP or Potash Corp are pitching possibilities to Chinese clients, multiple investment banking sources in Asia have told Reuters. But so far, no formal counter bid has emerged, only talk. The hefty price tag is still prohibitive for many potential suitors, bankers say. Shares in Potash closed up 1.8 percent at \$148.55 on Thursday, 14 percent above BHP's \$130 offer price, while BHP shares edged up 0.3 percent on Friday. The possibility of Chinese involvement in a valuable Canadian resource has raised concerns in Saskatchewan, which is worried that a takeover of its largest company by a foreign firm or major customer could affect jobs and government revenue. BT Financial Group portfolio manager Tim Barker in Sydney said the interest in Potash Corp from China, as it seeks to secure the future supplies of fertiliser it needs to rapidly boost food production, potentially changed the dynamics of the deal.

NEW YORK (Reuters Life!) – Canadian parents are more lenient with their children than mothers and fathers in France and Italy, according to a new study. Researchers from the University of Montreal, the University of Rennes in France and the University Cattolica del Sacro Cuore in Italy discovered that Canadians are tolerant, Italians are demanding and the French are somewhere between the two. "Our most important finding was the difference between Canadians and the others," said Professor Michel Claes, of the University of Montreal. "Canadians focus on independence and negotiation. On the other hand, Italians, for example, have more constraining practices and exercise more control. We found Canadians seem to focus on negotiation in the case of conflict," he added. Claes said Canada, France and Italy were selected for the study because they share important cultural and social factors. "We chose French-Canadians because they share the same language as France, and originally came from France and share certain values. Italy was included because it was considered to have similar, strong, important family values," he explained. The researchers, who published the findings in the *Journal of Adolescence*, examined the emotional bond between parents and their children by questioning 1,256 students aged 11 to 19 years old. Canadian students reported less control and more permissive disciplinary actions, according to the study. Italian parents were constraining, stricter and more demanding and French parents were somewhere in the middle. Claes attributes Canadian parents' perceived leniency to differences in education in France and Italy. "North America has its own democratic and educational values, which promote individualization. Tolerance and comprehension are encouraged, and we exclude systems of coercive control. Italy, on the other hand, promotes respect of authority, control, and the need for permission," he said.

Children from all three countries described their mothers as warm and communicative. Italian and Canadian children had similar feelings about their fathers and reported high levels of emotional bonding. But French fathers were generally perceived by their children as being more distant and confrontational.

Western Europe

Faced with a plunging popularity of the EU institutions, European Commission chief Jose Manuel Barroso has blamed national capitals for not defending the European project during the economic crisis. The devastating results of a Eurobarometer published last week showing that support for EU institutions is waning across the continent are due to the economic crisis, argued Mr Barroso in an interview with the Italian daily *Corriere della Sera*. He said it is "normal" that citizens' confidence is dropping during such times. According to the survey carried out in May and published last week, 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. "I admit that we should do more together in order to give confidence to citizens and consumers. But I also want to tell the truth: We won't solve the problems unless each nation sees the European project as its own," the Portuguese politician said. "In fact this is not the case now. When things go well it's their merit and when they go wrong it's Brussels' fault," he added. The commission chief defended the euro as an "extraordinary success" and pointed to the fact that none of the EU countries could have weathered the financial crisis with their national currency alone. "Without the euro and the internal market none of the member states would have managed to get out of the crisis ... all governments should now defend the euro," he said. With US president Barack Obama also calling for a stronger Europe, Mr Barroso noted: "It is very important that this request comes from abroad, from one of our most important partners." "Imagine if France, Germany or Italy would have to move on their own in a globalised world. They would not be able to protect their interests." On the subject of stronger EU economic governance - a development currently under discussion by a taskforce of experts - Mr Barroso explained it should mean more co-ordination among member states: "A strategy needs to be accepted in the end. There is no other credible way than going further with co-ordination while also accepting the prerogatives of national parliaments [in adopting the national budget]."

EUOBSERVER / BRUSSELS - After months of tough negotiations, the three sides of the EU triangle came to agreement on Thursday on the creation of financial supervisors intended to put an end to economic crises such as those of the last three years before they appear. The European Commission, the European Parliament and the EU member states reached a political deal to set up a European Systemic Risk Board and three separate agencies to monitor securities, banks and insurance companies. Internal market commissioner Frenchman Michel Barnier called the deal "a crucial milestone". With the new supervisory bodies, the bloc will have "the control tower and the radar screens needed to identify risks, the tools to better control financial players and the means to act fast, in a co-ordinated way," he said. The deal reached by representatives of the three sides of the European triangle must still be approved by finance ministers of

the member states, who are expected to give the go-ahead next Tuesday, and the full sitting of the European Parliament, who are likely to themselves sign off later this month. The heart of the fight had been between the increasingly self-confident parliament who feared a weak set of agencies would not have the power to correct dangers ahead, and member states, particularly Britain, who feared a loss of sovereignty in one of the most critical areas for a national government.

EUOBSERVER / BRUSSELS - Two senior MEPs have indicated that the European Parliament will leverage its legal powers to make sure Catherine Ashton gets the "right balance" of top people in the diplomatic corps. Ms Ashton, the EU foreign relations chief, is getting ready to unveil her nominations for 31 heads of mission and deputy heads of mission for EU embassies abroad, as well as a further 80 senior diplomatic postings and the top 20-or-so administrative jobs in the European External Action Service (EEAS). EUobserver understands she plans to reveal the first tranche of 31 names, which cover important missions such as Brazil, China, Georgia, Japan and South Africa, shortly after coming back from her trip to China on 5 September. The follow-up round of 80 nominations, including a new head of mission in Belarus and deputy heads in Ethiopia, Indonesia and the Palestinian territories, will not be ready until November. It is unclear when the 20-or-so administrative nominations will come out. But Ms Ashton has set herself a deadline of 1 December, a symbolic date one year after the entry into life of the Lisbon Treaty, to get the EEAS up-and-running. The EU parliament before its summer recess already used its Lisbon Treaty powers to pressure Ms Ashton into granting it a set of privileges, such as the right to interview would-be ambassadors and to say Yes or No to the EEAS annual budget. Under Lisbon, MEPs must legally approve changes to the EU institutions' staff and budget regulations before Ms Ashton can hire her new team. A parliament rapporteur on the EEAS, Polish centre-right MEP Jacek Saryusz-Wolski, told EUobserver on Tuesday (31 August) that the assembly's final approval is not a done deal. "The second half of the game is still ahead of us," he said, using a soccer analogy for the upcoming negotiations

EUOBSERVER / BRUSSELS - Russian foreign minister Sergei Lavrov has said that Poland supports Russia's bid for visa-free travel with the EU. But the Polish position is more complicated than he suggests. Speaking to the press after a special meeting with Polish ambassadors and his Polish counterpart, Radek Sikorski, in Warsaw on Thursday (2 September), Mr Lavrov said Poland backs Russia's draft proposal on dropping EU visa requirements: "We hope for a quick and positive response from Brussels. The Polish side has confirmed that it will support this draft." His remarks were circulated by Russia's top news agencies, such as Ria Novosti, Russia Today and Itar-Tass, under bold headlines such as "Poland vows to back Russia-EU visa free travel." For his part, Mr Sikorski did not correct Mr Lavrov at the press event. But his own statement on the subject was much more cautious. Referring to a separate plan to simplify visa rules but only for people living in Russia's EU exclave of Kaliningrad, the Polish diplomat said: "It would be an argument for the more conservative structures in the countries of the European Union, which are mostly the interior ministers, that if our neighbours have respected current simplifications, they would also respect further liberalisation." "Political will is one thing and fulfilling technical conditions is another thing," he added. Warsaw is happy to move

ahead on visa-free travel with Russia but only if the EU at the same time promises to in future lift visas for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine as well.

The European Commission has dropped plans to offer Israel data sharing access after pressure from the Irish government. A proposal for an application to recognise the Jewish state's data protection regime as equivalent to that in the EU was shelved on Thursday (3 September) after Dublin made it clear that it would oppose the move at a commission meeting in Brussels. Irish media are reporting that the commission conceded to the country's concerns, although the EU executive may return with similar plans, should Ireland's reservations be dealt with. Justice minister Dermot Ahern originally raised his objections in July, shortly after the country expelled an Israeli diplomat following Dublin's conclusion that Tel Aviv was behind the assassination of a Hamas leader by a hit squad in January in Dubai that had used eight forged Irish passports alongside a number of falsified passports of other EU states. The government was particularly concerned that while electronic data was covered by Israel's data protection protocols, data gathered by hand - such as by border officials handling passports - is not. It is understood that Ireland was the sole EU state to object to the data transfer plan and thus could not have blocked the move, had the plan not been shelved out of concern for Ireland's reservations. According to Dubai authorities, of the 29 suspects involved in the assassination, 12 carried British passports, six Irish, four French, one German, and four Australian. A further two Palestinians were also arrested.

AMSTERDAM – Dutch prosecutors say two Yemeni citizens who arrived in Amsterdam on a flight from the United States are suspects in a conspiracy to commit a terrorist act. Prosecutors said the two men flew in from Chicago on Monday and were bound for Sana'a, the Yemeni capital. They were detained due to information provided by U.S. authorities. Their luggage was sent on an internal flight to Washington, where U.S. authorities found suspicious items. But Dutch authorities said nothing suspicious was in the luggage that arrived in Amsterdam. Prosecutors said Tuesday the men were being held "on suspicion of a conspiracy to a terrorist criminal act." It will be announced in a few days if they will be charged.

The Council of Europe, the continent's main human rights watchdog, on Wednesday slammed Greece for not being able to grant "basic safeguards" to refugees but pleaded for a change to current EU rules on asylum seekers. Under the so-called Dublin regulation, member states can transfer any asylum seeker back to the first EU country he or she set foot on, even if the respective government is overcrowded with asylum claims. The situation in Greece, for instance, is such that "asylum seekers face enormous difficulties trying to gain access to the asylum procedure, and do not always enjoy basic safeguards such as interpretation and legal aid," Thomas Hammarberg, the Council of Europe's high commissioner for human rights said.

His comments were part of a first-ever hearing as a third party in a case before the European Court of Human Rights in Strasbourg. The court's ruling will give guidance to other states, such as Ireland, which are also planning to send batches of asylum seekers back to Greece. The case involves an Afghan refugee who entered the EU via Greece and applied for asylum in Belgium. He appealed a transfer order issued by Belgian authorities

on the grounds he risked "detention in appalling conditions in Greece" and feared he would be sent back to Afghanistan, where his life was endangered.

He says he escaped a murder attempt by the Taliban for having worked as interpreter for Western soldiers based in Kabul. The plaintiff was transferred back to Greece in June 2009 and detained for several days in conditions he says "were overcrowded and insalubrious." Following his release, he lived on the streets with no means of subsistence. More than one year later, he is still waiting for a first interview with the Greek asylum authorities.

EUOBSERVER / BRUSSELS – The European Commission has in an internal report called into question the legality of France's recent dismantling of Roma camps and repatriations of roughly one thousand Romanian and Bulgarian citizens. "The Commission is seeking detailed information from the French authorities on whether and to which extent the safeguards required by the Free Movement Directive have been applied in recent cases," reads the report, seen by EUobserver. The 25-page long document, signed by three commissioners responsible for justice, home affairs and social affairs, requests "full clarification" on the voluntary repatriations, under which adults are paid €300 and children €100 to return home. "The fact alone that a lump sum is paid to EU citizens in case of return is (...) not sufficient for taking these returns out of the scope of the EU's free movement principles." As EU citizens, Roma ethnics can only be expelled if the decision is sent to them "in writing, fully justified and open to appeal," and should be given at least one month to leave. The commission also stresses that no "collective expulsions" or ethnic profiling is allowed under EU law, even if the travellers living in improvised camps have overstayed the three months in which they can reside in a member state without registering with the local authorities. In addition, the EU executive is "in close contact" with the French authorities to see how these Roma ethnics are treated if they return to France, as many of them reportedly have said. "Bans on entry cannot be imposed on EU citizens who are removed simply because they no longer fulfill the residence requirements. Only those citizens who are legally expelled for reasons of public order or public security may be subject to an exclusion order, which can be reassessed at the latest three years after the measure was taken."

France's policy of expelling Roma to Romania and Bulgaria has attracted a storm of criticism at home and abroad from human rights groups and churches but has found support among some far-right politicians. Philip Claeys, one of two MEPs from the far-right Flemish party Vlaams Belang, said he wants to defend "French policy concerning Roma." "The dismantling of illegal camps, the struggle against petty crime, criminality and prostitution, and the expulsion of foreigners with no legal earnings are perfectly legitimate in a democratic constitutional state," said the Belgian euro-deputy in a statement Thursday (2 September). Getting rid of the Roma camps puts an end to "public order disturbance," he continued. France's own far-right National Front also agrees with the deportations. Its leader Jean-Marie Le Pen described the situation as "a problem caused by the European Union opening the borders between European countries."

The statements come in response to France's intention to destroy 300 Roma camps and send their occupants back to Romania and Bulgaria. Meanwhile, the Irish Times reports that Hungary's far-right Jobbik party, which has three seats in the European Parliament

and came third (with 17%) in the country's June elections, has unveiled an initiative calling for "anti-social" Roma in Hungary to be placed in special camps.

Jobbik leader Gabor Vona called for the compulsory education of Roma children in boarding schools while Jobbik MEP Csanad Szegedi said "public order zones" for gypsies deemed to be anti-social should be set up.

EUOBSERVER / BRUSSELS - French government ministers in Brussels on Tuesday (31 August) to defend the country's Roma expulsion policy lashed out at what they described as "grotesque" attacks and mischaracterisations of the country's round-ups launched in July. Immigration minister Eric Besson, speaking to journalists in Brussels after the meeting with EU commissioners, attacked such criticisms of the French policy calling them "needless and scandalous accusations." His colleague, Europe minister Pierre Lellouche, described the meeting with the EU executive as "frank, far-reaching and constructive," but hit out at the "numerous unacceptable caricatures" of France. "There has been no 'collective' expulsion put in place," Mr Besson continued, stressing that individuals are being expelled for theft, for "aggressive begging" and other crimes and that other EU citizens who are not Roma have also been expelled in the past. "There is no so-called 'Roma Plan'. This is absurd," he said, insisting that French policy respected EU laws. The ministers made the comments after a Slovak gunman shot and killed six members of a Roma family and another woman in Bratislava on Monday, a development that human rights groups are explicitly linking to what they describe as a growing aggressive discourse regarding Europe's largest ethnic minority. On Tuesday the European Network Against Racism (Enar), an EU-funded civil society network of some 700 anti-racism NGOs, said that European countries engaged in expulsions had created an anti-Roma climate that has "triggered a licence to kill."

PARIS – Massive street protests planned for next week won't dent the French government's resolve to raise the retirement age from 60 to 62, the labor minister said Thursday. Unions plan demonstrations and strikes Tuesday and have urged private and public sector employees, the jobless, young people and retirees to join.

The government expects a strong turnout and respects the people's right to take to the streets, Labor Minister Eric Woerth said. "At the same time, I say to myself, that's not what's going to make us change the pension reform," Woerth told journalists. "Because if we change our reform fundamentally, at the end there is no pension reform."

The plan, which goes before parliament the same day as the demonstrations, aims to cut France's ballooning deficit and make the money-losing pension system break even starting in 2018. But many here see retirement at age 60 as a pillar of the social welfare benefits that underpin modern France.

PARIS – Note to big companies hoping to tap into France's lucrative but long-neglected Muslim consumer market: Pitfalls may await, and not only in the form of complaints from the far-right. As of this week, 22 outlets of popular French fast food chain Quick are serving burgers it says respect Islamic dietary law. And while many Muslims are delighted, the powerful main Paris Mosque complained Thursday that Quick's criteria aren't all-encompassing enough, and that the operation is meaningless.

Quick's meat is certified as halal, but Cheikh Al Sid Cheikh, assistant to the rector of the Paris Mosque, said the burger chain should have had the other ingredients checked as well, from its mustard to buns to fries. "The rest must be validated too, or else there's no point," he told The Associated Press. Quick responded that it has no intention of making any of its restaurants halal through-and-through — beer is still served there, for example, said spokeswoman Valerie Raynal. Such cultural sensitivities are new territory for many French companies. Until recently in France, a country obsessed with secularism, companies were hesitant to reach out to France's Muslim population, estimated to be 5 million, the largest in Europe. Quick, the No. 2 burger chain in France after McDonald's, is the latest group to enter the expanding French market for halal food, which has an estimated euro5.5 billion (\$7 billion) in annual sales, according to a study by France's Solis marketing agency. Both the Casino supermarket chain and the Fleury Michon line of cold cuts have halal offerings. The Paris Mosque has high praise for Kentucky Fried Chicken France, which it says spent four months consulting with Muslim officials recently about its fare. The chain is a rarity in that it has offered halal food for years — though it never trumpeted the fact.

LONDON (AFP) — Former British Prime Minister Tony Blair said he was "desperately sorry" for deaths in the Iraq war but insisted the controversial 2003 invasion was right in his memoirs published Wednesday. Entitled "A Journey", the book is Blair's account of his decade in Downing Street from 1997 to 2007 and also features an unprecedented, stinging attack on his successor Gordon Brown, whose premiership he brands a disaster. However, it is Iraq -- arguably the defining event of Blair's decade in power -- which is at the book's heart.

Blair said he was "desperately sorry" over casualties on all sides -- British soldiers, their allies, Iraqi civilians, diplomats and casualties such as murdered hostages -- and suggested he had shed tears over the loss of life.

But he insisted that he "can't regret the decision to go to war" as he again outlined the case for the conflict. "All I know is that I did what I thought was right," Blair wrote. "I stood by America when it needed standing by. Together we rid the world of a tyrant. Together we fought to uphold the Iraqis' right to a democratic government."

Blair did, though, acknowledge that the aftermath of the invasion was far worse than anticipated. "The aftermath was more bloody, more awful, more terrifying than anyone could have imagined," he said. "I can say that never did I guess the nightmare that unfolded, and that too is part of the responsibility." He praised the "genuine integrity" and "political courage" of the then US president George W. Bush, alongside whom he entered the invasion and with whom he had "really good personal chemistry".

And in a BBC interview being broadcast Wednesday to publicise the book, Blair added that the international community should be prepared to consider taking military action against Iran if it develops a nuclear weapon. "I am saying that I think it is wholly unacceptable for Iran to have a nuclear weapons capability and I think we have got to be prepared to confront them, if necessary militarily," he said, according to pre-released extracts. "I think there is no alternative to that if they continue to develop nuclear weapons. They need to get that message loud and clear." Elsewhere, Blair makes public

as never before the private tensions which simmered between him and Brown, who served as his finance minister, throughout his premiership.

Brown had long craved the top job and he and those close to him exerted increasing pressure on Blair to quit, particularly in his final years.

Blair said Brown was a "strange guy" with "zero" emotional intelligence. He said he knew that Brown's premiership would be "terminal" for the government.

DUBLIN (AFP) – Angry protesters threw objects at former prime minister Tony Blair as he arrived at the first public signing session to promote his memoirs Saturday in the Irish capital Dublin. Over 200 noisy protesters, many chanting slogans attacking Blair over the 2003 Iraq war, had gathered for the event and witnesses said plastic bottles were thrown at him as his motorcade arrived, although did not land near him. Shoes and eggs were also hurled in his direction, according to media reports. As Blair pulled up, demonstrators surged towards him and tried to push down a security barrier but were repelled by police and some demonstrators were led away. A police spokesman said the number of arrests was in single figures but would not give a precise figure. Blair was carrying out the signing at a Dublin bookshop to publicise "A Journey", his account of his decade in Downing Street from 1997 to 2007, which was released earlier this week. In the book, he said he "can't regret" the decision to go to war in Iraq, which he took alongside then US president George W. Bush, but acknowledged that he did not foresee the "nightmare" which was unleashed in the aftermath.

LONDON – Mom is neutral. Everyone else has an opinion. The unusual spectacle of two brothers fighting for the soul of the defeated Labour Party — and the chance to challenge Prime Minister David Cameron in the next general election — has turned a ho-hum contest into a nailbiter. Voting began this week, with former Foreign Secretary David Miliband seen as a slight favorite over his younger brother, former Energy and Climate Change Secretary Ed Miliband, and three other candidates. Results will be announced at the start of a party conference in late September. The younger Miliband is running a maverick campaign, promising to bring the Labour Party back to its working class roots after the centrist, pro-business policies that brought Tony Blair and his New Labour cronies to power in 1997. He enjoys strong support from some vocal union leaders, who have an influential voice in the selection process. "I'm the candidate most willing to turn the page in this election," Ed Miliband says on his campaign website, taking a subtle dig at his big brother, who represents the party Establishment.

He isn't attacking his older brother by name — they have promised to maintain family harmony if at all possible. But he has launched a scathing attack on New Labour leaders for endorsing "brutish" U.S.-style capitalism at the expense of the working man, accusing them of adopting the Conservative Party philosophy of letting the free market rule.

The youthful brothers physically resemble each other and have similar mannerisms. Both have a hint of gray in the same spot of their otherwise dark hair, and both cultivate an easy, approachable manner. David Miliband is more polished and experienced on the world stage — making a strong and favorable impression on Secretary of State Hillary Clinton and others at summit meetings. Their Jewish parents escaped from Poland at the height of the Nazi terror. The late Ralph Miliband was a prominent leftwing academic and author; his wife Marion, now 75, has never commented publicly on the horrors she

faced as a child, when she went into hiding after her father and other close relatives were sent to the death camps.

BELGRADE, Serbia – Britain's foreign secretary urged Serbia on Tuesday not to challenge Kosovo's independence at the U.N. General Assembly, and the Balkan country's president said it is open to a compromise on the resolution.

The debate underscores the tensions that linger over Kosovo's 2008 declaration of independence. Britain, the U.S. and major European Union powers are among 69 countries that have backed Kosovo's move. But Serbia, supported by Russia and China, maintains that it will never accept an independent Kosovo.

Serbia has submitted a resolution for the early September U.N. meeting in New York that calls Kosovo's declaration "unacceptable" and requests more talks on its status.

British Foreign Secretary William Hague, however, said that if Belgrade reconsiders the resolution, it would help Serbia's bid for membership in the EU. Serbia's Foreign Minister Vuk Jeremic said Serbia is not ready to withdraw the resolution, but would work with the EU and other Western powers to amend it. Hague said "an agreed approach and an agreed text between the EU and Serbia" is necessary. "The best way to achieve that would be to have a new resolution." "The place for Serbia and all the nations in the western Balkans is in the EU," Hague said at a news conference with Jeremic. President Boris Tadic of Serbia said after meeting with Hague that his country "is ready for a compromise" over the document, "so it would be acceptable to both Serbia and the international community."

BRUSSELS – The EU's trade chief apologized Friday for blaming Jews and the "Jewish lobby" in Washington for blocking Mideast peace as the embarrassed EU head office quickly distanced itself from his comments.

Karel De Gucht, 56, said he did not mean to stigmatize Jewish people and stressed in a statement that "anti-Semitism has no place in today's world." The remarks in a Thursday radio interview came as the U.S. formally convened the first direct negotiations between Israel and the Palestinians in nearly two years. The European Jewish Congress, an umbrella group, had demanded a retraction of De Gucht's remarks in which he maintained that Israel frustrates U.S.-led peace efforts and warned not to "underestimate the Jewish lobby on Capitol Hill." "That is the best organized lobby that exists there," the former Belgian foreign minister said in the interview with the Dutch-speaking VRT radio network. "Don't underestimate the opinion ... of the average Jew outside of Israel," he said. "There is, indeed, a belief, I can hardly describe it differently, among most Jews that they are right. So it is not easy to have a rational discussion with a moderate Jew about what is happening in the Middle East. It is a very emotional issue." Jewish groups warned that De Gucht's comments were part of a growing wave of anti-Semitism in Europe. Germany's central bank said Thursday it will ask a board member to step down for stereotyping Muslims and Jews. The official, Thilo Sarrazin said in a book published this week that Muslim immigrants in Europe cannot or will not integrate. He also has cited studies he says prove that "all Jews share a certain gene" — ideas he stressed in recent interviews.

Italian foreign minister Franco Frattini has said the EU will in November discuss a proposal by Libyan leader Muammar Gaddafi that the 27-nation bloc pay the north African country €5 billion a year to stop immigration.

"The issue of the 5 billion has never been examined or discussed. We will tackle it at the European level and I imagine it will be dealt with at the November Euro-African summit in Libya," Italian foreign minister was quoted as saying on Tuesday (31 August) by AFP. Mr Gaddafi suggested Monday during his speech to business representatives in Italy the EU should pay his country "at least €5 billion a year" to stop African migrants crossing the Mediterranean and avoid Europe becoming "black."

"Gaddafi is thinking what all north African leaders are thinking: they can't and don't want to be the keepers of Europe," Mr Frattini said, adding that: "Europe needs to finally get a migration policy, giving plenty of funds to the migrants' countries of origin and helping transitory countries face a huge burden." While a European Commission spokesman declined on Tuesday to react to the Libyan leader's comments, France said the immigration issue would be included in a broader accord with Libya, on the negotiating table since November 2008. According to French foreign ministry spokesman Bernard Valero, France wants to close the deal, which also addresses questions of trade and investment, "swiftly." Mr Gaddafi's visit to Italy has caused outrage by left-leaning opposition and pro-Vatican groups after he was quoted as saying that "Islam should become the religion of Europe." Mr Frattini dismissed the critics as "people who know nothing at all, either about foreign policy or Italy's interests," the Italian news agency ANSA reported from an evening ceremony commemorating the second anniversary of a friendship treaty between Libya and Italy.

LONDON/BEIJING (Reuters) – Manufacturing in China, India and Russia powered ahead in August while growth slowed in European factories, emphasizing a growing divide in the pace of recovery between the rich and emerging worlds.

Between the euro zone's biggest four economies there was strong evidence of diverging fortunes, with the bloc's manufacturing sector overall expanding at its slowest pace since February, surveys showed on Wednesday. Equivalent figures from the United States, due at 1400 GMT (10 a.m. EDT), are expected to show an easing of manufacturing growth, adding to investor unease about a stalling recovery there, a concern the Federal Reserve has openly recognized. The Markit Eurozone Manufacturing PMI for August dropped to 55.1 from 56.7 in July but nudged up from an earlier flash estimate of 55.0 and marked its 11th month above the 50.0 mark that divides growth from contraction. Manufacturing growth in Germany slowed in August although other recent data show Europe's biggest economy is expanding fast. Business in France accelerated but Italy and Spain saw their manufacturing indexes slip backwards. "We are at a delicate juncture of the global business cycle. Globally there is a slowdown in the trade cycle which first affects the economies which are reliant on that," said Silvio Peruzzo at RBS. "Just as they were benefiting from the acceleration in Q4 2009 and Q1 2010, they will now be subject to the downturn and this will amplify the divergence we are seeing."

Britain, a major euro zone trading partner, saw growth in its manufacturing sector slow more than expected last month, led by the weakest expansion in new orders for more than a year.

BRUSSELS (AFP) – Retail sales across the 16 nations sharing the euro rose by a modest 0.1 percent in July, after a 0.2 percent increase in June, with drops in Germany and Spain, European Union data showed on Friday. Portugal posted the highest monthly increase with a gain of 3.0 percent, followed by 2.9 percent in Malta and 2.2 percent in France, according to the Eurostat statistics agency. Retail sales fell by 3.0 percent in Spain and 0.3 percent in Germany. Sales in food, drinks and tobacco grew by 0.3 percent across the eurozone while non-food products excluding fuel fell by 0.1 percent. Across the wider, 27-nation EU, retail sales also rose by 0.1 percent, after a 0.3 percent increase in June, with a gain of 1.1 percent in Britain, which does not use the euro. The biggest drop was in Romania, with a fall of 10.5 percent. On a 12-month comparison, the July sales figures rose by 1.1 percent in the eurozone and 1.0 percent in the entire EU.

EUOBSERVER / BRUSSELS - Chinese leaders are routinely breaking their promises on opening up the internal market to EU companies, a new business report published during a high-level EU visit to the country has said. The European Union Chamber of Commerce in China in its annual survey out Wednesday (1 September) listed a series of technical barriers to EU investment in the airline reservation, automotive, construction, insurance, oil refinery, research and innovation and telecommunications sectors. In one example, EU companies seeking a wholesale licence to sell petrol in China must first own a refinery and get an import licence. But another law forbids foreign firms from owning a majority stake in Chinese refineries, while in practice, Chinese bureaucracy has never issued an import licence to a foreign company. In another example, Chinese state purchases of IT gives nakedly preferential treatment to products developed by native researchers. As a result EU firms invested just €3 billion in the vast country last year, amounting to less than 3 percent of EU foreign investments, the study noted. The paper took China's leaders to task for failing to live up to commitments in the World Trade Organisation. The business lobby's chief, Jacques de Boisseson, also gently criticised the authoritarian country's top economic official, Premier Wen Jiabao, who in April said foreign firms can compete on a level playing field with Chinese ones.

LONDON (AFP) – British oil giant BP revealed Friday that the devastating Gulf of Mexico oil spill disaster has cost it eight billion dollars so far -- with a sharp rise in payments in the last month. "The cost of the response to date amounts to approximately eight billion dollars, including the cost of the spill response, containment, relief well drilling, static kill and cementing, grants to the Gulf states, claims paid and federal costs," BP said in a statement on Friday. The latest figure compared with the previous estimate of 6.1 billion dollars that was given last month. The disastrous spill was triggered when an explosion ripped through the Deepwater Horizon rig in the Gulf of Mexico on April 20, killing 11 workers and sinking the huge offshore platform two days later. The flow of oil into the sea was not fully stemmed until July 15. BP has already forecast that the worst environmental catastrophe in US history will cost the group a total of about 32.2 billion dollars, after pushing it into a record 16.9-billion-dollar loss in the second quarter. The company repeated on Friday that it had agreed in June to set up a 20-billion-dollar compensation fund for residents affected by the spill.

PARIS (AFP) – France and Britain announced Friday they are talking about sharing the cost of military aircraft programmes, but rejected reports that they plan to merge their aircraft carrier fleets. "In terms of actually being able to share an aircraft carrier, I would have thought that that was utterly unrealistic," British Defence Minister Liam Fox told reporters after talks with his French counterpart Herve Morin.

"But when it comes to pooling assets in other areas such as strategic or tactical lift I would have thought that that was a different case altogether," he added, referring to military transport planes and helicopters. Earlier this week, the British press had reported that the Royal Navy and the Marine Nationale were preparing to put centuries of often bloody rivalry behind them and share the use of their most powerful vessels.

But the ministers, while admitting that their budgets were extremely tight and that they were seeking ways to share costs by pooling resources, insisted that no such drastic measure was on the table. The government is undergoing a strategic defence review to decide which of its military programmes to cut, and Fox and Morin are to meet on October 14 to discuss "concrete plans" for cooperation. "The work underway is ongoing at the rhythm determined by the British, who are undergoing an in-depth strategic review, against the backdrop of a serious budget problem," Morin told the pair's joint news conference.

BRUSSELS – Poland's president said Wednesday the rising cost of the war in Afghanistan is hampering a program to modernize the military. Bronislaw Komorowski reiterated that Poland remains committed to the NATO-led war effort in Afghanistan, but also called on the allies to set an exit strategy for the military campaign there.

Poland spends some \$1 billion annually — or about 10 percent of its defense budgets — to finance its 2,600-member contingent that serves in Afghanistan. This comes at a time when the 100,000-strong Polish armed forces are in the midst of a wide-ranging program designed to replace aging Soviet-made equipment. "The costs of out-of-area operations are so significant, that they are having an effect on the process of technical modernization of the armed forces," Komorowski said after a meeting with NATO's Secretary-General Anders Fogh Rasmussen. The program includes the purchase of new armored personnel carriers and multiple-rocket launchers for the army, corvettes for the navy, and unmanned drones and C-130 Hercules transport planes for the air force. Other NATO members also have been forced to juggle their budget priorities because of the war. Defense budgets in nearly all nations of the military alliance are being slashed as part of public spending cuts and other austerity measures designed to deal with the impact of the economic crisis. Many governments are also facing public opposition to the war in Afghanistan.

VIENNA – The head of the International Atomic Energy Agency has asked Israel to consider signing up to the nuclear Nonproliferation Treaty, according to a report made public Friday, in a boost to Arab-led pressure on the Jewish state to join the pact. Israel refuses to confirm it possesses a nuclear arsenal but is widely considered to be the Middle East's only nuclear power. Agency chief Yukiya Amano "invited Israel to consider to accede" to the treaty during a low-key visit to the country last month, said the IAEA report that was made public before a meeting of the Vienna-based watchdog's board of governors. In his talks with officials, Amano also asked Israel to "place all its nuclear

facilities under comprehensive IAEA safeguards" and "conveyed the General Conference's concern about the Israeli nuclear capabilities," the report said.

Islamic nations have long called for Israel to open its nuclear program and join the treaty. They saw their efforts rewarded a year ago when IAEA member states, at their annual Vienna conference, narrowly passed a resolution directly criticizing Israel and its atomic program, with 49 of the 110 nations present in support, 45 against and 16 abstaining.

The resolution expressed "concern about the Israeli nuclear capabilities," and links it to "concern about the threat posed by the proliferation of nuclear weapons for the security and stability of the Middle East." The result was a setback not only for Israel but also for Washington and other backers of the Jewish state, which had lobbied for 18 years of past practice — debate on the issue without a vote. A July 26 letter from Israeli Foreign Minister Avigdor Liberman, included in Friday's report, points the finger at Iran and Syria as the Middle East's "real proliferation challenges" and called the resolution a politically motivated attempt to divert attention from them. Attempts to single out Israel "seriously detracts from the international community's attempts to address the actual and ongoing violations of international obligations in the nuclear sphere," Liberman wrote.

Southeast Europe

TIRANA, Albania -- Former Prime Minister Pandeli Majko is criticising the government for turning state institutions into political tools and for oppressing debate on elections. Now a parliament member representing the opposition Socialist Party (SP), Majko said on Monday (August 30th) that current discussions on the elections are purely political and are not intended to contribute to electoral transparency. "We are in a political collapse and we risk stagnation," he added. Majko reiterated the SP's stance that the June 2009 general elections must be investigated by a commission with access to all election materials

TIRANA, Albania -- Accusations of corruption are flying between the government and opposition. On Wednesday (September 1st), opposition Socialist Party (SP) representatives again accused government officials of corruption and of benefitting from state contracts. In Turn, lawmakers from the ruling Democratic Party (DP) accused SP leader and Tirana Mayor Edi Rama of corruption and bribes. News bulletins chronicle the allegations coming from both camps. SP members claim that 240 concessions granted to build hydro-plants in the country over the past five years are part of private deals that line the pockets of government officials and their relatives. The officials targeted include Economy Minister Dritan Prifti, Integrations Minister Majlinda Bregu and lawmaker Albana Vokshi. Reacting to the attacks, DP representatives accused Rama of receiving bribes of up to 20% of the value of a new apartment block in exchange for construction licenses. Prosecutors now want some of the businessmen mentioned to make official statements regarding the allegations. Economy Minister Prifti says such accusations are "scaring away" investors and banks

TIRANA, Albania -- The government delivered a report outlining the country's progress in meeting the criteria for visa liberalisation to the European Commission (EC). Sources within the foreign ministry confirmed on Tuesday (August 31st) that the

document was drafted after an evaluation by an EU fact-finding mission to Albania, conducted earlier this summer. Sources say the process of repatriation is one issue that dominates the report. The European Parliament will decide whether to lift visa restrictions on Albania at a session this month. Albania expects the EU interior ministers to offer a positive evaluation of the process in November

TIRANA, Albania -- Prime Minister Sali Berisha called on his cabinet Wednesday (September 1st) to draft laws that will improve tourism infrastructure. Berisha wants each beach to have a dedicated area of at least 100m and wants no illegal construction along the coast. He also urged the ministry for environment to protect tourist sites from pollution and to order the removal of bars and restaurants that pollute the environment.

TIRANA, Albania -- Albania and Kosovo may be heading towards their first bilateral crisis involving their struggling energy production. A hydro-power plant is planned for construction in Zhurr, southern Kosovo. Experts from Pristina are already in the final stages of implementing the project and are close to awarding a contract to an investment company. However, on the other side of the border, authorities in Albania's northeast town of Kukes oppose the project because it may potentially divert waters where smaller hydro plants are planned to boost energy production. On Tuesday (August 31st), the Kukes Regional Council approved a contract with a group of private investors that will construct a hydro-power plant worth 13m euros. Both Albania and Kosovo have vowed that at least 20% of energy production will come from "clean" sources by 2020, in line with international standards.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Campaigning for the October 3rd general elections officially begins on Friday (September 3rd). The Central Election Commission says it will carefully monitor whether candidates stick to campaign rules and will sanction any use of hate speech or activities instigating violence. More than 8,000 candidates plan to run for office, including 19 hoping to become a member of the tripartite presidency. The rest will run for state and entity parliaments, as well as the assemblies of the Federation of Bosnia and Herzegovina's ten cantons. The candidates represent 50 parties and coalitions, and 13 are independents. A total of 3.1 million voters are eligible to cast ballots next month.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Parliament on Wednesday (September 1st) met the last condition for EU visa liberalisation after the House of People extended the mandate of Mijo Kresic as head of the Anti-Corruption Agency. Tanja Fajon, European Parliament (EP) rapporteur on visa liberalisation for the Western Balkans, said that the process of visa liberalisation for BiH and Albania could be accelerated if the report by European Commission experts on the countries' progress is positive. It is to be submitted to an EP committee for discussions Thursday. BiH lawmakers also approved a decision to send 45 troops to Afghanistan. The soldiers will leave in October. BiH currently has ten officers serving within the International Security Assistance Force mission.

Frustrated by a lack of economic opportunities and an inability to shake up the political status quo, many young people are looking abroad. The difficult economic and political situation in Bosnia and Herzegovina (BiH) has forced many students and recent graduates to leave the country. According to the Youth Information Agency, nearly 100,000 young people have left Bosnia and Herzegovina (BiH) since 2006. About 73% of youth left to seek a better life abroad. Agency Executive Manager Jan Zlatan Kulenovic said that an even greater concern is that many who remain in the country increasingly drop out of high school. "Only about 70% of students are getting high school diplomas. So we should be realistic and say that we are one of the poorest nations, when it comes to education, in Europe," Kulenovic said. "The problem of [not being able to] get a job is the number one issue. The other motive is that young people think the quality of education is much higher elsewhere, and that better education is their only chance to get a job. And they are right," Kulenovic said. Nearly 45% of people in BiH are unemployed and a third of the population is younger than 30.

Some counter the trend. Daniel, a student from Banja Luka, says he has no intention of leaving BiH. "I am really happy with what I have here. I occasionally get a job. I am studying and traveling," he said.

SOFIA, Bulgaria -- Robert Zoellick, president of the World Bank, has praised the Bulgarian government's efforts to fight corruption and organised crime, and to fully integrate the country into the EU, local media reported on Monday (August 30th). In a letter to European Commission President Jose Manuel Barroso, Zoellick said he is impressed with the speed of reforms. The letter followed his visit to Bulgaria earlier in month, during which it was agreed that the Bank will provide expert assistance and financing to help upgrade Bulgaria's infrastructure. Shortly after the visit, the finance ministry released a statement saying that the signed Memorandum of Understanding will not add to budget deficits this year or next.

SOFIA, Bulgaria -- Defence Minister Anyu Angelov said on Wednesday (September 1st) that Bulgaria will send no additional troops to join the International Security Assistance Force (ISAF) in Afghanistan next year. The statement coincided with the opening of the new academic year at the National Defence Academy. In June, the government decided to send 65 military instructors and medical staff to join Bulgaria's 540-strong mission in Afghanistan by the end of this year

THE HAGUE, Netherlands – U.N. war crimes prosecutors said Monday that Croatian forces shelled civilians and torched their homes in a deliberate effort to expel tens of thousands of Serbs during a lightning 1995 campaign to seize back land occupied early in the Balkan wars. The ethnic cleansing allegations came as prosecution lawyers at the Yugoslav war crimes tribunal summed up their case against Gen. Ante Gotovina, who commanded the blitz known as Operation Storm, and two other Croatian generals.

The case is unusual because prosecutors insist the generals are guilty despite having issued orders to troops not to commit crimes. They say the generals never intended the orders to be followed. The 1995 offensive is still a source of friction between Croatia and Serbia. Zagreb celebrates it with a national holiday, while Belgrade regards it as one of the worst crimes against Serbs committed during the Balkan wars. Marking the 15th

anniversary of Operation Storm in early August, Serbian President Boris Tadic called it a "crime which shouldn't be forgotten." His Croatian counterpart Ivo Josipovic responded that it was "above all, the crown of the justified liberation war." Prosecutors claim 324 Serbs were killed, including elderly and disabled villagers — many "executed" with gunshots to the head.

ZAGREB, Croatia -- Economy Minister Djuro Popijac said on Wednesday (September 1st) the cabinet will wait for the European Commission's (EC) assessment of proposed restructuring programmes before deciding on privatisation bids for state-owned shipyards. Only three of the six shipyards for sale attracted offers during the second privatisation tender, which ended on May 19th. Privatising these shipyards is a key requirement in completing Croatia's EU accession talks. Asked to comment on whether the government could turn to the IMF for financing, in light of the institution relaxing the terms of its lending tools, Popijac said the cabinet has not discussed it.

PRISTINA, Kosovo -- The interior ministry confirmed on Saturday (August 28th) that no investigations are under way regarding the publication of the so-called Statement for Independence of the Association of Municipalities of the Autonomous Province of Kosovo. Interior Minister Bajram Rexhepi said that as long as there are no concrete actions, there is no reason to investigate. The author of the document has yet to be identified despite extensive media coverage spanning almost two weeks, and the "alarm" it caused in Pristina, where authorities met with Western representatives to discuss possible responses.

PRISTINA, Kosovo -- The independence of Kosovo will soon be recognised by members of CARICOM, an organisation of 15 Caribbean nations and dependencies, according to the office of Albanian Parliament Speaker Jozefina Topalli. Pristina-based media reported on Thursday (September 2nd) that Topalli has received a letter from her counterpart in Grenada, George McGuire, saying that a decision on Kosovo's independence from all 15 countries is expected soon. Topalli's office credits continuous lobbying in Grenada after Pristina declared independence in 2008. Kosovo Foreign Minister Skender Hyseni declined to comment on the matter, but expressed confidence that recognitions will come soon. Kosovo has been recognised by 69 countries so far.

PRISTINA, Kosovo -- Families want institutions to do more to shed light on the fate of 1,837 missing people. Marking International Day of the Disappeared on Monday (August 30th), government officials said the international community should exert pressure on Belgrade to provide more information about the whereabouts of missing persons. International Civilian Representative Pieter Feith said every means should be used to address the legal, social and economic uncertainties of families of missing persons. Feith encouraged Kosovo's parliament to adopt a law on missing persons that would strengthen support for family members and their efforts to rebuild their lives.

BUCHAREST, Romania -- Prime Minister Emil Boc officially announced on Thursday (September 2nd) that after discussions with leaders of the ruling Liberal Democratic Party (PDL), six cabinet ministers will be replaced. They are Finance

Minister Sebastian Vladescu, Agriculture Minister Mihail Dumitru, Transport Minister Radu Berceanu, Communication Minister Gabriel Sandu, Labour Minister Mihai Seitan, and Economy Minister Adriean Videanu. The reshuffle was sparked by the opposition Social Democratic Party (PSD) and National Liberal Party (PNL) announcing plans to file a no-confidence motion against Boc's cabinet by year's end. The opposition wants to reverse a 5% hike in the VAT and a 25% cut in public wages. The PSD and the PNL control 214 of the 471 seats in parliament. The new cabinet appointees will require President Traian Basescu's approval.

SALZBURG, Austria -- Visiting Salzburg on Sunday (August 29th), Romanian Interior Minister Vasil Blaga observed that none of the Roma repatriated from France recently has criminal records in Romania or France. He explained that authorities have carefully looked into the history of the repatriated individuals and have not found evidence of crimes in either of the two countries. However, he noted, if there is evidence that any Romanian citizen resides in France illegally, he or she can be deported. Blaga was in Salzburg attending a conference of Eastern European interior ministers. Several hundred Roma have been returned to Bulgaria and Romania as part of France's new strategy to deport them due to security concerns

BUCHAREST, Romania -- The Roma Civic Alliance in Romania urged European countries on Monday (August 30th) to boycott French products and start protests on September 6th against Paris' policy regarding the Roma community. "We realise that most Romas don't have high purchasing powers, but we believe that this action will be useful," David Mark, president of the Alliance, said. "We will stop the call for boycott when France stops the mass expulsion and criminalising a whole group of the society."

Separately Monday, Romanian Foreign Minister Teodor Baconschi said that France's decision to repatriate Roma voluntarily by giving them some financial compensation is not a solution. He urged dialogue between the two countries and specific programmes to improve the lives of the minority.

France, however, said on Monday it will step up deportations of foreigners caught stealing or begging aggressively. Interior Minister Brice Hortefeux noted that one out of every five thefts in Paris is by Romanian citizens.

In the wake of a scathing assessment by Brussels, Romania's parliament moved to lift a key agency out of constitutional limbo. Romania has taken a step towards meeting EU justice standards by adopting a new law on the National Integrity Agency (ANI), a state body entrusted with controlling the assets of politicians and other important public figures. The country came under criticism in a July report by the EU on the progress of judicial reform. "I can characterise the senate's vote as a positive evolution," ANI Secretary-General Horia Georgescu told *SETimes* after last week's vote. "I believe the EC's latest report on justice has weighed very much on the senators' vote." The ANI had been crippled for several months after a constitutional court ruling in April which overturned portions of the previous law governing the agency. As a result, more than 4,000 cases were suspended. With the impasse dragging on, Brussels urged Romania to take action and correct the legislation. "Parliament was aware of the consequences of this report as concerns its political accountability before the citizens, as well as the external

consequences, that affect Romania's interests," Georgescu said. On August 24th, parliament's upper house voted 78-0 to adopt the new law.

BELGRADE, Serbia -- Interior Minister Ivica Dacic said on Sunday (August 29th) that his country will help investigate the activities of Austrian Hypo Alpe Adria Bank which is suspected of laundering money for an alleged drug boss in Serbia. Dacic said that during his recent visit to Austria, he discussed the case with the country's police chief, Franz Lang. According to media reports, drug trafficker Darko Saric laundered about 100m euros between 2007 and 2009 through the Austrian bank, which was nationalised in December. Its former chief executive, Wolfgang Kulterer, was arrested earlier this month. In other news, following a joint police operation by Serbia and Bosnia and Herzegovina (BiH), Dacic announced that six people were arrested and 15kg of explosives and six hand grenades were seized at the weekend. Five of the suspects were detained in Serbia and the other was arrested in BiH on charges of explosives and arms smuggling.

BELGRADE, Serbia -- The government has reached an agreement with the IMF to unfreeze public wages and pensions, as of January. Public wages would be raised three times during 2011, Finance Minister Diana Dragutinovic confirmed on Tuesday (August 31st) after an official visit by an IMF team making the fifth review of Serbia's 2.9 billion-euro stand-by agreement. The first increase will be in January, when public salaries will be indexed to the six-month inflation or a little less than 3%. In April, they will be raised by the three-month inflation and half of the GDP growth at the time. In October, public wages will again be adjusted to the six-month inflation. Meanwhile, parliament must adopt the law on fiscal responsibility by September 20th, which would put strict limits on government spending. Serbia has frozen public wages and pensions for the last two years due to commitments to the IMF. However, some members of the government have been calling for hikes, in light of the improved budget performance.

BELGRADE, Serbia -- British Foreign Secretary William Hague urged Serbian officials on Tuesday (August 31st) to reconsider the draft resolution on Kosovo they plan to present to the UN General Assembly next week. "What we really need is an agreed text and agreed approach and probably the best way to bring that about is to have a new resolution," Hague said. Belgrade officials responded that Serbia is ready for a compromise over the draft resolution that would be acceptable to European partners but it is not ready to withdraw it. "Out of the question is [the] only compromise" that would make Serbia recognise Kosovo's independence, President Boris Tadic said in a statement after meeting with Hague. The document was submitted at the UN after the International Court of Justice's July 22nd advisory opinion, which found that Kosovo's 2008 independence declaration did not violate international law. It calls for fresh talks with Pristina. During his meetings in Belgrade, Hague praised Serbia for the EU-related reforms implemented in recent years and reassured the country it can count on the UK's support

BELGRADE, Serbia -- Spanish Ambassador to Belgrade Inigo de Palacio Espana on Thursday (September 2nd) denied media allegations that his country is drafting a new

resolution on Kosovo that would replace the one filed by Serbia at the UN. The diplomat stressed that his country is working with its European partners and Serbia to find a "satisfactory solution". The document Belgrade submitted is scheduled to be discussed at the UN General Assembly on September 9th. Spain is among five EU member states that have not recognised Kosovo.

Nearly four years after joining NATO's Partnership for Peace programme, Serbia is expected to open its mission to the Alliance by late September. Serbia is planning to open a mission at NATO headquarters in Brussels during Defence Minister Dragan Sutanovac's visit to the Belgian capital next month, media reports quoted a Belgrade official as saying on Monday (August 30th). "We do not have an exact date yet, but it should happen in September," a defence ministry spokesman said. The mission will reportedly include an ambassador and six military officers. NATO admitted Serbia into its Partnership for Peace (PfP) programme in December 2006, and shortly after opened a military liaison office in Belgrade. Nearly two years later, Sutanovac and the Alliance's then-Secretary-General Jaap de Hoop Scheffer signed a standard security agreement facilitating the exchange of classified information between a PfP member and the 28-nation military pact in October 2008. Serbia's relations with NATO have been marked by ups and downs. They became extremely strained in 1999 over the Alliance's action campaign to halt the war in Kosovo. Although still uneasy, ties between the two improved following the fall of Slobodan Milosevic's regime in 2000 and, three years later, Serbia submitted its PfP membership application.

Oceania

SYDNEY (AFP) – Support for Australia becoming a republic has slumped to a 16-year-low, according to the results of a poll released Sunday which found that one-in-three people never want to break ties with Britain. Asked whether Australia should become a republic, 48 percent of the 1,400 polled said they wanted to keep things as they are for now -- with Britain's Queen Elizabeth II as head of state. While 44 percent said they supported a constitutional change at some point, the Nielsen poll published in The Sun-Herald found that this figure had dropped some eight percent since a 2008 survey. Thirty-one percent said Australia should never become a republic while 34 percent said Australia should become a republic after the reign of the Queen, for whom Australians have an enduring affection, and 29 percent said they wanted a republic as soon as possible. "These results suggest Australians will be more likely to support a republic when Queen Elizabeth II is no longer on the throne," Nielsen pollster John Stirton told the paper. Australians voted against becoming a republic in a 1999 referendum and the issue has faded from the limelight since then. The poll, conducted in early August, found that support for a republic is at its lowest level since 1994.

SYDNEY (AFP) – Australia's political paralysis will stretch into a third week with three "kingmaker" MPs still undecided Friday about which party to hand power in the first hung parliament in 70 years. Rob Oakeshott, one of the trio being courted by the major parties after August 21 polls, said he would not make an announcement until at least Monday, extending the deadlock. "I will be giving my views hopefully on Monday,

if not by Tuesday," he told reporters in Canberra. "I quite genuinely and quite honestly have not drawn conclusions." Fellow independent Tony Windsor said the three, who are negotiating as a bloc, were nearing the "pointy end" of negotiations with Prime Minister Julia Gillard and opposition leader Tony Abbott. "I think we're getting to the pointy end of the deal," Windsor told Sky News. "We've garnered a lot of information and now it is time to actually sit down and make a decision." Gillard received a significant boost on Thursday when she won the support of Tasmanian independent Andrew Wilkie, taking her centre-left Labor party's tally to 74 seats -- two short of a parliamentary majority. But Abbott's conservative Liberal/National coalition is still in the hunt on 73 seats, needing the backing of all three remaining "kingmakers" to end Gillard's brief rule.

CANBERRA, Australia – Prime Minister Julia Gillard edged closer to retaining power in Australia on Thursday when an independent lawmaker said he would support her center-left Labor Party to form Australia's first minority government in almost seven decades. A bloc of three independent kingmakers will now decide whether Labor will govern for a second three-year term or whether a conservative Liberal Party-led coalition will form the next administration after Aug. 21 elections failed to give any party a majority. The conservative coalition now needs the backing of all three remaining uncommitted independents to reach a 76-seat majority in the 150-seat House of Representatives, while Labor needs only two. Independent Andrew Wilkie announced his decision to back Labor after meetings with Gillard and Liberal leader Tony Abbott. "I have judged that it is in fact the ALP that best meets my criteria that the next government must be stable, must be competent and must be ethical," Wilkie told reporters, referring to the Australian Labor Party. Wilkie became a lawmaker after quitting his job as a defense intelligence analyst in 2003 to protest the then-conservative government's "grossly unethical" explanation for sending 2,000 Australian troops to back U.S. and British forces in the Iraq invasion.

CANBERRA, Australia – Australia's Labor Party won the backing of a Greens party lawmaker Wednesday in its attempt to form the country's first minority government in nearly seven decades, while other nonaligned legislators said they are close to deciding which party they will support. Greens member Adam Bandt is the first of five lawmakers from outside the major parties to announce which side he will back following the Aug. 21 elections, which ended with no party winning a majority. His support gives Prime Minister Julia Gillard's center-left Labor Party control of 73 seats in the 150-seat House of Representatives, the same as opposition leader Tony Abbott's conservative Liberal Party-led coalition. Labor ruled for three years until the elections and remains in charge of the caretaker government until Gillard or Abbott can strike a deal with independents to command 76 seats. If neither leader can command a majority, new elections will be called. Gillard won Bandt's support by agreeing to a range of Greens demands, including the formation of a committee to investigate how Australia could introduce a tax on greenhouse gas emissions and allowing a parliamentary debate on the future of Australia's 1,550 troops in Afghanistan. Bandt, who won his seat in last month's elections, is the Greens' only lawmaker in the House.

SYDNEY (AFP) – Australian Prime Minister Julia Gillard pledged on Tuesday to work towards a minority government and rejected a quick return to the polls after national elections failed to produce a clear winner. Gillard, in her first major speech since the August 21 election weekend, outlined a "new political landscape" shaped by the first hung parliament since 1940. "Some say this situation is all too difficult and we should just return to the polls. I disagree," she said. "The Australian people have voted for this parliament and our job is to make it work." As final vote-counting continues, neither Gillard's left-leaning Labor party nor the conservative coalition led by Tony Abbott are able to reach the 76 seats needed for a majority, with both relying on the support of six cross-benchers. "Australia's new political landscape requires a government that can find new ways to develop policy and establish consensus around the major issues that come before the next parliament," Gillard said. "Because if the new government doesn't find new ways to establish consensus and parliamentary support then we will have gridlock and we will quickly look more like Washington than Westminster."

SYDNEY (AFP) – Australia's economy surged 1.2 percent in the three months to June, the biggest jump in three years, data showed Wednesday, boosted by a surprise recovery in consumer spending and soaring mining exports. Annual growth clocked 3.3 percent, the Australian Bureau of Statistics said, smashing analysts' forecasts and raising the prospect of renewed interest rate rises after an aggressive series of hikes was paused in June. Economists had expected a 0.9 percent rise from the March quarter and 2.8 percent from a year earlier, while the annual figure compares with official forecasts of 3.0 percent growth over the year to next June. "These are an outstanding set of figures that all Australians can be proud of," said Treasurer Wayne Swan. "Prime ministers elsewhere would kill for a set of outcomes such as these," he added. The fastest quarterly increase since 2007 came from construction and scientific services, as well as mining, easing concerns over a "two-speed" economy where the roaring resources industry leaves other sectors behind. Consumer spending rose a stronger-than-expected 1.6 percent, defying predictions that households would be hit harder by the rate rises, while exports were 5.6 percent higher. "This was a very strong figure in just about all aspects. This economy is looking less two-speedish by the day -- more one speed, and that speed is fast," said Stephen Roberts, chief economist at Nomura. The benchmark S&P/ASX 200 closed 2.08 percent higher at 4,495.7 points, its best finish in three weeks, while the Australian dollar gained 1.07 percent to 89.93 US cents.

SYDNEY (AFP) – More than 80 asylum-seekers broke out of an Australian immigration detention centre on Wednesday after days of riots and staged a seven-hour protest outside, police said. The detainees escaped from the centre in the far northern city of Darwin at about 6:30 am, a spokeswoman told AFP. Media reports said the protesters were Afghans and unfurled a banner saying, "We need protection not detention". Police said the protest ended when 76 were taken into custody at the Darwin watchhouse and another five, including two suffering from heat exhaustion, were taken to a nearby hospital where they remained under immigration custody. "They peacefully came into our custody," Assistant Police Commissioner Rob Kendrick told reporters. The mass break-out comes after more than 100 alleged people-smugglers torched mattresses and staged a protest on the roof of the detention centre in two days of

disturbances on Sunday and Monday. The centre for 450 people is housing 151 Indonesians accused of people-smuggling, with the remainder asylum seekers or people who have overstayed visas. Immigration Minister Chris Evans said all the men who escaped Wednesday were asylum seekers.