

**Report 138**  
**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: GOP more fired up as elections near
- Democrats delay tax vote until after November polls
- Obama takes on GOP on taxes, economy
- Obama Aides Weigh Bid to Tie the G.O.P. to the Tea Party
- Bloomberg Pushes Moderates in National Races
- Famed Obama 'Hope' poster artist losing hope
- Short of Repeal, G.O.P. Will Chip at Health Law
- China's Disputes in Asia Buttress Influence of U.S
- Canadian government loses bid to ease gun laws
- NDP under pressure after gun vote
- Canada deficit shrinks, says fiscal plan on track
- Harper picks Onex executive as his top aide
- Canadian ornithopter achieves Da Vinci's dream
- Third-party panel to study Canada oil sands impact

#### Western Europe

- Ashton justifies low intake from new EU countries
- European Parliament backs controversial anti-piracy report
- Europe seals deal on financial supervision
- EU citizens no longer see benefits of internal market, Barnier says
- EU must embrace up-and-coming Turkey, German FM says
- US travel fee draws new dividing line with EU
- Andrea Bonzanni, "Despite Progress, Nabucco Still Faces Lack of Suppliers," *World Politics Review*, (24 Sept. 2010)
- EU human rights prize could impact Cuba relations
- EU considers ban on Chinese labour-camp goods
- Romania wants France to stop Roma expulsions
- Swedish vote confirmed: Gov't loses majority
- UK's opposition Labour Party announces new leader
- Queen tried to get UK poverty fund to heat palace

- Archbishop Williams has 'no problem' with gay bishops
- Child abuse victims to protest outside Vatican
- French protesters take to the streets for a second time in a month
- French strike highlights EU's pension debacle
- IMF sees 3.3 percent German growth in 2010: report
- Surprise Irish contraction adds to woes
- Arab move to censure Israel stymied at UN meeting
- France: no military plan to free Niger hostages

#### Southeast Europe

##### Albania

- Albanian opposition to stage protests in October
- Albanian parliament approves new head of Constitutional Court
- Serbian to be taught in southern Albania

##### Bulgaria

- Bulgaria, Romania work to join Schengen in March

##### Kosovo

- KFOR's Buhler says violence won't solve issue of northern Kosovo
- UNMIK, Kosovo government disagree over north
- Kosovo's Thaci rules out status talks with Serbia

##### Macedonia

- Macedonia and Serbia to ease border regime
- Macedonia takes over helm of SEPCA

##### Romania

- Romanian unions start protests
- Romania's Basescu claims PSD wanted money to vote for pension law
- Romania sends police to France to help with Roma repatriation
- Romanian parliament slams France's Roma repatriation policy

##### Serbia

- Serbia expects Kosovo's status to be included in talks
- Serbia's Tadic, EU's Ashton discuss EU bid, Kosovo relations
- Serbia's opposition SNS and DSS confirm common goals

##### Oceania

- Australian PM calls for truce with rivals
- Australian PM Gillard's majority becomes slimmer
- Australian immigration protest ends safely
- Australia's first saint 'exposed paedophile priest'
- Moderate quake rocks New Zealand's North Island

## Report Summary

US/Canada

### Political Issues

The sluggish American economy has compounded the frustration of many Americans for Obama-led democrat government. Recent AP-GfK Poll suggests that voters are disenchanted by both parties yet republican voters are more enthusiastic than democrat to cast their votes. The frenzy cannot be explained out of the action of the Tea Party movement.

Tax cut and extension is another election potential issue which both parties are yet to get a consensus opinion on. Democrat party hopes to further dig into the issue after the midterm election.

Mayor Michael R. Bloomberg of New York is showcasing himself as a new breed politician having broad horizon of politics and who is more problem solving oriented. His recent interview challenges the Tea party as just a fad, lacking leadership skill to resolve Washington's problem.

Young democrats and independents are believed to be disenchanted with Obama because his message of hope is bearing no reality; many of the campaign promises are fading into political wind and thus meant that the president would have to re-enchanted his base with campaign-style rallies.

Canadian minority government narrowly lost a bid to relax gun registry in the country. The opposition wants to retain the registry as measure to curb crimes, but rejected by the Conservative government as a waste of money bill which penalizes law-abiding hunters and farmers.

### Economic Issues

Canadian Prime Minister Stephen Harper is not happy with the less popularity of his government and the state of the economy, which informs the shuffle in his cabinet with more experienced person.

Canadian Department of Finance says fiscal policy is on track as budget deficit falls. The fall was from C\$5.8 billion to C\$473 million, followed by expenses declined and revenues increased.

### Social/Humanitarian Issue

Canadian engineering students assert that they have made the Leonardo Da Vinci's dream a reality by making the Snowbird fly. They claim to have flown an engineless aircraft that stays aloft by flapping its wings like a bird. It is left with International aviation officials to certify the success of the claim.

## Food, Environment and Energy Issue

Albert has long been debating the environmental implications of oil sands exploration with no specific conclusion but the government is offering a third party independent panel to further probe the issue as to how the exploration contributes to water pollution.

## Geostrategic Issues

The increasingly influence of China in the region is a concern for Japan and other neighbours and throwback for Washington. Beijing wants Washington to keep off from Asia but the recent brawl between Washington's ally Japan and China is another opportunity for the United States to exercise its influence as in convincing Japan to release Chinese fishing trawler accused of crossing into disputed water area between Japan and China.

## Western Europe

### Political Issues

Selection of officers for the European External Action Service (EEAS) had a misgiving reaction from new EU members, thinking old EU members had shared the post among themselves through back room deal. But the statement by EEAS chief Catherine Ashton suggests that applicants from the new member states only concentrated on same jobs therefore reduced their opportunity to getting other portfolios.

The EU has tightened its anti-piracy law with new enforcement and diffuses the concern of civil liberties activists that such moves would undermine fundamental freedoms in the bloc. EU believes online piracy is detrimental to copyright and causes serious economic damage to artists, to creative industries and to all those, whose jobs depend on the use of internet.

Swedish parliamentary election has ended with no decisive winner, the center-right party led by Prime Minister Fredrik Reinfeldt longs for left-wing opposition support instead of far-right Sweden Democrats, not generally favoured for its anti-immigration policies.

After a long battle for the seat departed by ex-PM Gordon Brown, the labour party finally chooses Ed Miliband as its new leader, triumphing over his brother, Ex-foreign secretary David Miliband. But Prime Minister David Cameron challenges labour opposition of lacking alternative policy to bail out the economy from its present woes.

### Economic Issues

One of the challenges to the EU has been the fear of losing state sovereignty and the anxiety of being overshadowed by powerful and old EU countries. One of the current most apprehensions was from UK fearing that the new established financial regulatory

body of the EU will undermine its sovereignty, although the bloc has approved the financial watchdogs after address concerns. The financial watchdog is expected to reduce the repetition of the financial crisis within the Eurozone.

The European economic project is believed to be achievable if the bloc can re-launch a social market economy alongside its single market. The economic reality in the EU demands alternatives upon which EU citizens could be able to meet their economic needs.

German economy is taking the credit as a model for others; German economy continues to witness growth despite the troubling economic concerns within the EU. Such economy surge might not be true for Ireland which economy is reported of contraction.

The economic reality facing governments across Europe could inform why the British government declined to acknowledge the financial request of the British Queen. For many Britons financially assisting the palace is unworthy, while others believe the monarch has it benefit to British economy.

#### Social/Humanitarian Issue

The French government is moving from one public problem to other. The roll started from Roma expulsion, ban of veil, hike in retirement age and now pension reforms. French labour leaders are chanting victory for the huge protest they were able to launch against the reform. It is however hard if Sarkozy's government will succumb to their demand.

Meanwhile, Roma expulsion is making headlines across Europe and debate among EU MEP. Although many have criticised France for its action but that does not suggest France is without supporters like Italy and Spain.

Archbishop of Canterbury Rowan Williams, the leader of the world's Anglicans sees no issue in the appointment of a gay bishop, but the traditionally and historically standards that requires clergy to remain celibate could stop a gay becoming a bishop.

The Vatican will for a long time continue to see the harsh reactions of relatives and victims of sex scandal that rocked the Catholic Church. Protesters across Europe and United States are staging protest before the Vatican to express their grievance.

Normalization of ties could be best for the EU but not on the cost of Human right in terms of Cuba and China. The European Commission resolves to ban goods from China produced in forced labour camps and will want Havana to ensure more human rights protection.

Some in the EU wants a normalization of ties with Havana but such sentiment is unshared by all EU MEP. Spain has been at the forefront of the normalization process, but if the EU accords one of Havana dissidents Human Right prize that could jeopardize the effort.

## Food, Environment and Energy Issue

Despite their tough and committed ambition to nail Israel as Nuclear Capability State, the Arab sponsored resolution supported by Iran could not pass through IAEA approval. The resolution was defeated by 51 votes, against 46 votes in its support. Washington has attempted dissuading Arab members of IAEA from such move because of sensitivity to the on-going Middle East Peace talks.

According to an analysis in the World Politics Review, the Nabucco natural gas pipeline remains a project victimized by geo-political and economic interest. All feeders for the pipeline are faced with many options and that is affecting Nabucco. On this backdrop the huge financial commitment of European Investment Bank, the European Bank for Reconstruction and Development, and the International Financial Corporation (a branch of the World Bank Group) to see the Nabucco natural gas pipeline become operational by 2015 demand more political gimmick.

## Geostrategic Issues

Explicitly or otherwise, Europe is losing its global power as maintained centuries ago and as Turkey's deputy Prime Minister Ali Babacan puts it "The weight of the European economy in the world has shrunk and will continue to shrink and only with enlargement the EU will be able to protect its power and influence." As Turkey continues to make progress, the EU must not fail to recognize its importance.

The new U.S Electronic Travel Authorisation System (E-ta) requires EU citizens to pay \$14 entry fee through credit card for which EU citizens' data could be recorded. EU believes the system infringes on transatlantic cooperation and MEPs are thinking of retaliation.

The threat of militant groups in Africa gives France military legitimacy on the continent. Paris has been struggling with militants keeping French citizens as hostages and Paris believes military action can only be used to retract the action.

## Southeast Europe

### Political Issues

Political tension remains a recounting issue in Albania as ruling and opposition parties are yet to find a solution to the disturbing issue of irregularities in June 2009 elections. The opposition is staging another protest meanwhile failed to participate in deciding the new chairman of the country's Constitutional Court.

Romania parliament formally displayed their resentment against Roma expulsion from France through a parliamentary consensus. Yet that does not hide the divide between the ruling and opposition parties over unpopular pension law.

Serbian political leadership will have to prove their political seriousness that will bridge the gulf between radical and liberal politics. The government has not agreed to the proposal of having an election as demanded by the opposition.

#### Economic Issues

The economic climate in Romania has further pushed labour leaders to stage protest against the government, accused of negligence toward the need of workers.

#### Social/Humanitarian Issue

Albania government has given recognition to minority Serbs in the country by allowing the teaching of Serbian in school to children of Serb origin.

Ratko Mladic and Goran Hadzic, Brammertz are two fugitives denting Serbia before the UN war crimes tribunal. The latter is unhappy with Serbia's lackadaisical attitude towards apprehending the two war crime accused.

#### Food, Environment and Energy Issue

#### Geostrategic Issues

The trouble between Serbia and Kosovo is not closer to resolution even after the ICJ's ruling. Pristina is rejecting any chances of status talk with Serbia even if they will sit together under the auspices of the UN. Meanwhile the issue of Northern Kosovo continues to divide the two countries.

The expulsion of Roma from France is termed offensive to Bulgaria and Romania, yet both countries have agreed not to allow the issue to dissuade their bid for Schengen membership.

The new Macedonia-Serbia agreement allowing citizens of both countries to move across the borders without passport is another pointer that despite the unsettled political climate in the region there is still room for co-operation.

#### Oceania

#### Political Issues

Managing a fragile coalition is the big challenge confronting the Australian government. The Green party, one of coalition partners is demanding tax increase for mining, an expensive policy for Labour, and the Opposition Liberal party is threatening to break down the delicate government. The question is whether Australians are ready for another political trouble of going to the polls.

#### Economic Issues

## Social/Humanitarian Issue

The increasing trouble caused by asylum seekers in Australia is becoming an issue for Australian immigration policy of mandatory detention for asylum-seekers while their claims are processed. Detecting genuine and fake asylum seeker is what the policy has not been able to achieve.

The late nun Mary MacKillop who soon will become Australia's first Catholic saint was briefly excommunicated by the church in part because she exposed a paedophile priest, a new documentary claims. This points to the degree of conspiracy surrounding the scandal within the Catholic Church.

## Food, Environment and Energy Issue

New Zealand was gripped by another low intensity earthquake, which according to report has no caused no damage or injuries.

## **Report Details**

### US/Canada

WASHINGTON – A political enthusiasm gap is helping Republicans in their effort to roll up big gains in the congressional elections. GOP supporters are a lot more interested in getting their party's candidates elected than Democrats are in electing theirs, a new AP-GfK poll shows. Democrats struggling to defend their control of Congress have lucked out in one way: Republicans are at least as unpopular as they are, the poll shows. Yet GOP voters are more fired up, leaving the Democrats little more than a month to energize their supporters. How? They're using President Barack Obama and his Cabinet. Al Gore, too. And until Election Day dawns on Nov. 2, the Democrats will try to refocus voters from their anger over the stubbornly limp economy to the risks of putting Republicans in charge on Capitol Hill. It's a common theme: A TV ad by Senate Majority Leader Harry Reid, D-Nev., accuses his GOP opponent of a proposal that is "not just extreme, that's dangerous," while one by Rep. Larry Kissell, D-N.C., says his challenger would shield tax breaks for companies that ship American jobs overseas.

"There's a level of frustration the American people have that we understand and that obviously Democrats are trying to address," said party spokesman Brad Woodhouse. "But I haven't run into anybody who says they want to go back to the fall of 2008," when Republicans held the White House. Also helping Democrats round up votes will be their traditional labor union allies, who plan to spend nearly \$100 million helping the party's candidates. This includes plans by the AFL-CIO, the nation's largest labor federation, to mobilize members in 26 states and target 70 House races and 18 Senate contests with television ads, phone banks and leaflets. Republicans, energized by tea party fervor and capitalizing on frustration over the sluggish economy, are tailoring their campaign strategy to reflect concerns about job losses and government growth under Obama as he fought a recession and won a battle to revamp the country's health care system. In a fundraising appeal e-mailed Friday, the head of the House Republican campaign arm,

Rep. Pete Sessions of Texas, warned that the Democratic agenda means "America gets less — fewer jobs. Lower incomes. Less freedom."

WASHINGTON (AFP) – Senate Democrats ruled out any vote on extending controversial tax cuts until after the November 2 legislative elections, drawing fire from Republicans who want to keep the cuts. Congress for the past few days has been hotly debating what to do with tax cuts passed by former president George W. Bush in 2001 and 2003 that are set to expire this year, unless renewed. President Barack Obama and his Democratic allies are proposing to extend the cuts for two years, but not for households earning over 250,000 dollars a year, arguing that America cannot afford handouts to top earners. Republicans argue that neither rich nor poor deserve to see their taxes go up. "Democrats believe we must permanently extend tax cuts for the middle class before they expire at the end of the year, and we will," Senate Majority Leader Harry Reid's spokesman Jim Manley said Thursday in a statement. He said Republicans were not cooperating on the issue but "would rather give tax giveaways to millionaires and corporations that ship jobs overseas. "We will come back in November and stay in session as long as it takes to get this done," he vowed. Republicans blame the Democrats for the tax vote delay.

WASHINGTON – President Barack Obama says Republicans' plan to slash taxes and cut spending if the GOP retakes the House in November is no more than "an echo of a disastrous decade we can't afford to relive." Obama used his weekly radio and Internet address Saturday to skewer House Republicans over the "Pledge to America" they unveiled this week. It also promised to cut down on government regulation, repeal Obama's health care law and end his stimulus program. "The Republicans who want to take over Congress offered their own ideas the other day. Many were the very same policies that led to the economic crisis in the first place, which isn't surprising, since many of their leaders were among the architects of that failed policy," Obama said. "It is grounded in same worn-out philosophy: cut taxes for millionaires and billionaires; cut the rules for Wall Street and the special interests; and cut the middle class loose to fend for itself. That's not a prescription for a better future." Republicans used their own radio address to defend the plan. "The new agenda embodies Americans' rejection of the notion that we can simply tax, borrow and spend our way to prosperity," said one of its authors, California Rep. Kevin McCarthy. "It offers a new way forward that hasn't been tried in Washington — an approach focused on cutting spending — which is sadly a new idea for a Congress accustomed to always accelerating it." The GOP plan was short on specifics but showed a stark contrast between the philosophies of the two parties weeks ahead of midterm elections where Republicans are forecast to make big gains and potentially win back the House. Perhaps the biggest difference was on taxes, where Republicans want to extend all of George W. Bush's income tax cuts permanently — at a cost of some \$4 trillion over 10 years. Democrats are proposing to keep the rates where they are for individuals making up to \$200,000 and for families earning up to \$250,000 — but to hit wealthier individuals and some small businesses with tax hikes in January. Their plan would cost \$3 trillion. Now, though, it's not clear there will be a final vote in Congress on either approach before November's elections

WASHINGTON — President Obama's political advisers, looking for ways to help Democrats and alter the course of the midterm elections in the final weeks, are considering a range of ideas, including national advertisements, to cast the Republican Party as all but taken over by Tea Party extremists, people involved in the discussion said. White House and Congressional Democratic strategists are trying to energize dispirited Democratic voters over the coming six weeks, in hopes of limiting the party's losses and keeping control of the House and Senate. The strategists see openings to exploit after a string of Tea Party successes split Republicans in a number of states, culminating last week with developments that scrambled Senate races in Delaware and Alaska. "We need to get out the message that it's now really dangerous to re-empower the Republican Party," said one Democratic strategist who has spoken with White House advisers but requested anonymity to discuss private strategy talks. Democrats are divided. The party's House and Senate campaign committees are resistant, not wanting to do anything that smacks of nationalizing the midterm elections when high unemployment and the drop in Mr. Obama's popularity have made the climate so hostile to Democrats. Endangered Congressional candidates want any available money to go to their localized campaigns. Late Sunday night, White House advisers denied that a national ad campaign was being planned. "There's been no discussion of such a thing at the White House" or the Democratic National Committee, said David Axelrod, Mr. Obama's senior adviser. Proponents say a national ad campaign, most likely on cable television, would complement those individual campaigns and give Democrats a chance to redefine the stakes. The Democratic strategist said voters did not now see much threat to them from a Republican takeover of Congress, even though some Tea Party-backed candidates and other Republicans have taken positions that many voters consider extreme, like shutting down the government to get their way, privatizing Social Security and Medicare and ending unemployment insurance.

PROVIDENCE, R.I. — In an election year when anger and mistrust have upended races across the country, toppling moderates and elevating white-hot partisans, Mayor Michael R. Bloomberg is trying to pull politics back to the middle, injecting himself into marquee contests and helping candidates fend off the Tea Party. New York's billionaire mayor, whose flurry of activity is stirring a new round of speculation about his presidential ambitions, is supporting Republicans, Democrats and independents who he says are not bound by rigid ideology and are capable of compromise, qualities he says he fears have become alarmingly rare in American politics. Next month, Mr. Bloomberg will travel to California to campaign for Meg Whitman, the eBay entrepreneur and Republican running for governor on a platform of corporate-style accountability and fiscal prudence. He visited Rhode Island on Thursday to champion Lincoln D. Chafee, a Republican turned independent who is locked in a three-way battle for the governor's office. And, in perhaps the mayor's most direct confrontation with a Tea Party candidacy, he will host a fund-raiser at his Manhattan town house for Harry Reid, the Senate majority leader facing an unexpectedly forceful challenge from Sharron E. Angle, a political neophyte backed by Sarah Palin. In his first extensive interview with a newspaper in several years, Mr. Bloomberg outlined his plans, which will include raising hundreds of thousands of dollars for candidates and represent his greatest involvement in a national election since he entered public life a decade ago. Mr. Bloomberg described

the Tea Party movement as a fad, comparing it to the short-lived burst of support for Ross Perot in 1992. The mayor suggested that the fury it had unleashed was not a foundation for leadership. "Look, people are angry," he said. "Their anger is understandable. Washington isn't working. Government seems to be paralyzed and unable to solve all of our problems." "Anger, however, is not a government strategy," he said. "It's not a way to govern."

The artist whose poster of Barack Obama became a rallying image during the hope-and-change election of 2008 says he understands why so many people have lost faith. In an exclusive interview with National Journal on Thursday, Shepard Fairey expressed his disappointment with the president -- a malaise that seems representative of many Democrats who had great expectations for Obama. Fairey explained that when he came up with the poster in 2008, he was trying to find a single image that embodied the issues he cared most about -- promoting health care, helping labor, and curtailing lobbyists. He likened the issues to projectiles. "Looking at Obama's standpoint on various policies, it was like, 'Why throw all these particular projectiles over the wall... when I could put all those things in one projectile that I could hurl over the wall,'" Fairey said in a phone interview from Los Angeles, where he lives. "Obama was the delivery device in theory. Now, I realize that he maybe is not the correct delivery device, and I'll just deal with those issues separately." Fairey's much-reproduced portrait of Obama -- head tilted slightly upward, gazing into the distance, with the word "Hope" emblazoned underneath -- captured the imagination of Democrats and unintentionally tweaked Hillary Rodham Clinton, whose husband had been elected as "The Man From Hope." Hundreds of thousands of posters and stickers with the "Hope" image were distributed to supporters throughout the country. But that was just the beginning. It's been reproduced countless times on the Internet, and a parody version, with Obama as The Joker and "Socialism" in place of "Hope," is a favorite at Tea Party rallies. Maybe it was inevitable that Hope would fade. Fairey's blue-and-red image was altered from an Associated Press photograph of Obama, and the artist is embroiled in an ongoing lawsuit over use of that picture. (He didn't discuss the case with National Journal.) Fairey, who at 40 is no kid himself, said it's easy to see why young voters are down on Obama and the Democrats. He lamented that health care reform was watered down, Tea Party activists have been emboldened, and his man has fallen short on bold campaign promises like closing Guantanamo Bay.

WASHINGTON — Republicans are serious. Hopeful of picking up substantial numbers of seats in the Congressional elections, they are developing plans to try to repeal or roll back President Obama's new health care law. This goal, though not fleshed out in a detailed legislative proposal, is much more than a campaign slogan. That conclusion emerged from interviews with a wide range of Republican lawmakers, who said they were determined to chip away at the law if they could not dismantle it.

House Republicans are expected to include some specifics in an election agenda they intend to issue Thursday. Although they face tremendous political and practical hurdles to undoing a law whose provisions are rapidly going into effect, they are already laying the groundwork for trying. For starters, Republicans say they will try to withhold money that federal officials need to administer and enforce the law. They know that even if they managed to pass a wholesale repeal, Mr. Obama would veto it. "They'll get not one dime

from us,” the House Republican leader, John A. Boehner of Ohio, told *The Cincinnati Enquirer* recently. “Not a dime. There is no fixing this.” Republicans also intend to go after specific provisions. Senator Orrin G. Hatch of Utah, a senior Republican on the Finance Committee, has introduced a bill that would eliminate a linchpin of the new law: a requirement for many employers to offer insurance to employees or pay a tax penalty. Many Republicans also want to repeal the law’s requirement for most Americans to obtain health insurance. Alternatively, Republicans say, they will try to prevent aggressive enforcement of the requirements by limiting money available to the Internal Revenue Service, which would collect the tax penalties. Republicans say they will also try to scale back the expansion of Medicaid if states continue to object to the costs of adding millions of people to the rolls of the program for low-income people. In addition, Republican lawmakers may try to undo some cuts in Medicare, the program for older Americans. Many want to restore money to Medicare’s managed-care program and clip the wings of a new agency empowered to recommend cuts in Medicare. Recommendations from the agency, the Independent Payment Advisory Board, could go into effect automatically unless blocked by subsequent legislative action.

BEIJING — For the last several years, one big theme has dominated talk of the future of Asia: As China rises, its neighbors are being inevitably drawn into its orbit, currying favor with the region’s new hegemonic power. Premier Wen Jiabao of China spoke about tensions with Japan during a meeting with representatives of Chinese nationals and Chinese Americans on Tuesday in New York. The presumed loser, of course, is the United States, whose wealth and influence are being spent on the wars in Iraq and Afghanistan and whose economic troubles have eroded its standing in a more dynamic Asia. But rising frictions between China and its neighbors in recent weeks over security issues have handed the United States an opportunity to reassert itself — one the Obama administration has been keen to take advantage of. Washington is leaping into the middle of heated territorial disputes between China and Southeast Asian nations despite stern Chinese warnings that it mind its own business. The United States is carrying out naval exercises with South Korea in order to help Seoul rebuff threats from North Korea even though China is denouncing those exercises, saying that they intrude on areas where the Chinese military operates. Meanwhile, China’s increasingly tense standoff with Japan over a Chinese fishing trawler captured by Japanese ships in disputed waters is pushing Japan back under the American security umbrella. The arena for these struggles is shifting this week to a summit meeting of world leaders at the United Nations. Wen Jiabao, the Chinese prime minister, has refused to meet with his Japanese counterpart, Naoto Kan, and on Tuesday he threatened Japan with “further action” if it did not unconditionally release the fishing captain.

OTTAWA (Reuters) – Canada's minority Conservative government narrowly lost its bid on Wednesday to relax the country's gun-control laws, an issue that is likely to feature heavily in an election campaign expected within the next year. The House of Commons voted 153-151 to retain a national registry of rifles and shotguns the government says is a waste of money and penalizes law-abiding hunters and farmers. The Conservatives enjoy significant support among rural voters. "The people of the regions of this country are never going to accept being treated like criminals and we will continue

our efforts until this registry is finally abolished," Prime Minister Stephen Harper told reporters after the vote. Opposition Parliamentarians, most of whom backed the registry, say it helps curb crime. The program was set up in 1995 in the wake of a 1989 massacre in Montreal, when a gunman with a rifle murdered 14 women at a college. The registry tightened gun control laws that were already tougher than those in the United States. Gun licenses are already mandatory for anyone wishing to use weapons, and registration of handguns has long been required. Defenders of the registry say it is one factor that helps explain why Canada's murder rate is just under 2.0 per 100,000 people compared with 6.0 per 100,000 in the United States.

OTTAWA (Reuters) – The left-leaning opposition New Democrats put on a show of unity on Thursday, a day after a parliamentary vote on gun control revealed splits that could hurt the party in the next election. The House of Commons narrowly voted on Wednesday night to maintain a law requiring mandatory registration of rifles and shotguns that is deeply unpopular among rural voters. Six of the NDP's 36 legislators, mostly representing large rural constituencies, voted against. The split left the party in the sights of both the governing Conservatives and the official opposition Liberals in the run-up to an election expected some time in the next year. The Conservatives -- who need to win another 12 seats to gain a majority in the 308-seat House of Commons -- enjoy widespread rural backing and want to scrap the registry on the grounds it is ineffective and expensive. Conservatives predicted after the vote that although they had lost, they would pick up seats in the next election. The government has notably ramped up its attacks on the opposition in the last two weeks. The Liberals, competing for the same center-left segment of the Canadian electorate as the NDP, look set to campaign on the idea that the split NDP vote shows their rivals can't be trusted.

OTTAWA (Reuters) – Canada's monthly budget deficit fell in July from a year earlier when the government spent billions to support the struggling auto industry during the recession. The deficit totaled C\$473 million (\$459 million) in July, down from C\$5.8 billion in July 2009 as expenses declined and revenues increased, the Department of Finance said on Friday in its monthly fiscal monitor report. In the first four months of the fiscal year, April-July, the budget shortfall shrank to C\$7.70 billion from C\$18.33 billion a year earlier. The Conservative government slid into deficit after a decade of surpluses partly because of stimulus spending aimed at softening the impact of the global recession. Preliminary estimates for the 2009-10 fiscal year showed a deficit of C\$47 billion, but final numbers could be higher and the finance minister recently said the annual deficit would top C\$50 billion. Treasury Board President Stockwell Day, who is tasked with figuring out where to pinch spending in order to bring down the deficit and meet fiscal targets, said Ottawa's forecasts for the 2009-10 shortfall are turning out to be fairly accurate. "We're staying on track. The numbers indicate to us that we are on track and there's some suggestion ... from other sources that we may be slightly ahead, but I'm saying we're on track ... we have not seen any significant move off that," he told reporters in Toronto.

OTTAWA (Reuters) – Prime Minister Stephen Harper has chosen a top executive from big private equity firm Onex Corp to be his new chief of staff, charged with

focusing on the economy, a government official said on Friday. Nigel Wright, a managing director at Onex, will replace Guy Giorno at the end of the year. Giorno was in office during a series of policy stumbles this year that helped cut the popularity of the minority Conservative government. Harper and other government ministers say they want to focus on an increasingly patchy economic recovery. "The economy is the top priority and the prime minister has recruited someone like Nigel Wright who has the business and finance experience needed to strengthen our plan for job creation and economic growth," the official said. "His skills and experience are directly relevant to dealing with the economic challenges facing Canada today." Wright worked as a speech writer and policy analyst under former Conservative Prime Minister Brian Mulroney for three years in the 1980s. He may not be in his job long before the next federal election, which many political observers expect in the first half of 2011. Polls show the Conservatives have only a slight lead over the main opposition Liberal Party and would lose seats if a vote were held now

VANCOUVER (Reuters) – Leonardo Da Vinci would be proud: the Snowbird has flown. Centuries after the Renaissance inventor sketched a human-powered flying machine, Canadian engineering students say they have flown an engineless aircraft that stays aloft by flapping its wings like a bird. International aviation officials are expected to certify next month that the Snowbird has made the world's first successful, sustained flight of a human-powered ornithopter, according to the University of Toronto. The Snowbird sustained both altitude and airspeed for 19.3 seconds, in an August 2 test flight near Toronto that was witnessed by an official of the Federation Aeronautique Internationale, the university announced. A video of the flight was shown on news programs on Wednesday. Others have claimed to have built machines that flew like a bird, but the Canadian group says they have the telemetry data to prove their ornithopter powered itself through the air rather than just glided after being lifted aloft. "Those past claims were never verified. We believe we are the first, because we know what it took to do it," chief structural engineer Cameron Robertson, said in an interview from Tottenham, Ontario, north of Toronto, where the Snowbird was displayed on Thursday. "This represents one of the last of the aviation firsts," said Todd Reichert, the pilot and project manager, said in a statement. The aircraft weighs just 94 pounds, but has a wing span of 105 feet, which is comparable to that of a Boeing 737 airliner.

CALGARY, Alberta (Reuters) – Alberta is forming an independent panel of scientists to study data on water pollution near the Canadian province's oil sands after a report by a noted ecologist concluded the industry's operations were contaminating a northern river system. The move, announced by Alberta Environment Minister Rob Renner on Friday, is aimed at ending an emotional debate over the impact of oil sands activity on the Athabasca River, which flows north through the massive industrial development. Renner said his department and the University of Alberta's well-known biologist, David Schindler -- co-author of the study that said oil sands operations are sending toxins including mercury, arsenic and lead into the watershed -- will choose up to six panel members. Until Schindler's study, the Alberta government and oil industry had stuck to the contention that any contaminants in the Athabasca River occurred naturally. "We need to get to the bottom of this issue so we can look ahead toward the future of oil

sands development, and that is exactly what we're going to do," Renner said. "We're creating a third-party committee of scientists to review environmental data coming out of the oil sands region." Environmentalists have long said that rapid development of the oil sands, the largest crude oil source outside the Middle East, is harming water and wildlife relied upon by the region's native people.

## Western Europe

EUOBSERVER / BRUSSELS - New EU countries did poorly in the recent intake of senior diplomats for the European External Action Service (EEAS) because their candidates frequently applied for the same posts, EEAS chief Catherine Ashton has said. "One problem this time round is that newer Member States were competing against each other for few posts in [sic] neighbourhood region (nearly two thirds of applicants from newer member states concentrated on just 5 posts)," the British baroness wrote in a letter to Polish centre-right deputy Jacek Saryusz-Wolski on Wednesday (22 September). She added that relatively few women applied because of: "the requirement for unbroken professional experience (which does not reflect the often non-linear career patterns of female applicants)." Out of 68 shortlisted candidates for the 29 jobs, 11 were from new EU countries and 14 were women. Four candidates from new countries and seven women got through. It is unclear how many candidates from either category were knocked out at the shortlisting stage. Ms Ashton said her letter is designed "to set out the facts - rather than the myths" and noted that the appointments add up to a 40-percent-plus jump in the number of eastern Europeans and women in senior overseas jobs. The application process for a further 80 high-level EEAS postings closed on 10 September. Another 20-or-so senior administrative jobs in the service are also up for grabs. Former Communist and former Soviet EU countries believe that France, Germany, the UK and other older members of the EU club divide up the best posts between them in back room deals. The ex-Iron Curtain states are also keen to get people into post-Soviet-region postings because they believe they are better qualified to handle them. The current EU envoy to Russia, a Spaniard, and the ambassador to Ukraine, a Portuguese, speak little-or-no Russian or Ukrainian.

The European Parliament on Wednesday (22 September) adopted a non-legislative report on enforcement of intellectual property rights, calling for tougher application of intellectual rights and copyright harmonisation at the EU level. Meanwhile, civil liberties activists warn that such moves would undermine fundamental freedoms in the bloc. "Online piracy is an infringement of copyright and causes serious economic damage to artists, to creative industries and to all those whose jobs depend on these industries," Marielle Gallo, a French conservative MEP and author of the report said after 328 MEPs voted in favour of the proposal and 245 against. The report asks the European Commission to propose a "comprehensive strategy" on intellectual property rights "which will remove obstacles to creating a single market in the online environment" and adapt an European legislative framework in the field. In the resolution, MEPs also said that they do not agree with the commission's view that the current civil enforcement framework in the EU is sufficiently effective and harmonised. They asked the EU executive to "address urgently" the issue of multi-territory licences and the harmonisation of legislation on

copyright, which, they believe, should improve access to digital markets by overcoming geographical borders.

EUOBSERVER / BRUSSELS - MEPs have backed a package of EU legislative proposals on financial supervision, the final approval needed for the 27-member bloc to set up a new system of financial watchdogs, designed to guard against a repeat of the recent financial crisis. Sitting in plenary in Strasbourg on Wednesday (22 September), the euro deputies passed the new legislation by a large majority after months of political wrangling with member states, primarily the UK, which proved less keen on the new EU-level bodies due to fears they could impinge on national sovereignty. "This is a historic watershed moment," Belgian finance minister Didier Reynders said before the vote. As holders of the EU's rotating presidency, Belgian officials have been conducting difficult talks with representatives of the European Parliament over the past few months in a bid to narrow their differences. Following proposals from the European Commission, member states reached a political agreement last December, but MEPs were quick to voice their opposition, brandishing the deal as overly watered-down and riddled with vetoes. Wednesday's vote on a compromise text means three new European Supervisory Authorities (ESAs) will start work in January next year, co-ordinating national supervisors in the areas of banking, pensions and financial markets. Part of their role will be to improve the flow of information between national regulators, after the financial crisis in 2008 exposed the vulnerability of national financial systems to the collapse of large cross-border firms. "Europe will now have a supervisory model that is adapted to its needs. You have to remember that half the banks in Europe come from other states," said EU financial services commissioner Michel Barnier.

EUOBSERVER / BRUSSELS – The EU needs to revert to the principles of a social market economy as its citizens no longer feel served by the single market, EU internal market commissioner Michel Barnier has said. Speaking to a group of journalists on Monday (20 September), the centre-right French politician pleaded for finding "the means for reconciliation between citizens and the European economic project. And to re-find the initial objective [of the European Community] which was very much a social market economy." He indicated citizens no longer realise that the internal market, long considered among the EU's most cherished achievements, "improves their lives." The current economic climate with member states on the defensive amid rising unemployment and citizen unrest has made his job more difficult. The internal market remains vulnerable to the "increase in populist and nationalistic tendencies," he said. The commissioner has two major initiatives in the pipeline to safeguard the "heart of the European project" – the relaunch of the Single Market next month, a major undertaking containing between 30 and 40 new proposals, as well as a proposal on making sanctions for market abuse "heavier." A former foreign and farm minister, Mr Barnier is also being closely watched for how he deals with regulating financial services where the current laissez-faire culture is seen as having led to the global economic crisis.

German foreign minister Guido Westerwelle has reiterated his support for Turkey's entry into the EU and said the Muslim-majority country is moving to the centre of the world stage. Speaking in an interview with the Wall Street Journal out on Thursday

(23 September), the leader of Germany's liberal Free Democratic Party said: "Nobody should rashly snub Turkey by slamming the door in its face after all its efforts."

He warned that EU-Turkey talks could unravel unless further progress is made quickly: "Now we must act wisely and early enough so that we don't arrive at a dead end by the end of this year." The EU in June opened talks with Turkey on common food safety and veterinary health standards. The move brought to 13 out of 35 the number of accession chapters opened by the EU in the five and a half years since Turkey became an EU candidate. Eight chapters are frozen due to its territorial dispute with Cyprus. Meanwhile, the FDP's own coalition partner, German Chancellor Angela Merkel's centre-right CDU party, as well as Austria and France, continue to say it should become a "privileged partner" instead of a fully-fledged EU member. "It sometimes amazes me how self-assuredly countries that are influential today assume that things will always be that way ... It's only a question of time before these young, dynamic societies [such as Turkey] are also among the political, cultural and intellectual centers of the world," Mr Westerwelle said. The German minister's remarks were echoed by Turkish deputy prime minister Ali Babacan. "The weight of the European economy in the world has shrunk and will continue to shrink and only with enlargement the EU will be able to protect its power and influence," Mr Babacan said at the Foreign Policy Association's World Leadership Forum in New York on Wednesday, according to AFP. "When Turkey becomes a member of the EU, Turkey is not going to be in a secondary position and that's one of the reasons why countries like Germany and France are quite nervous about our membership," he added. Voting power in the EU Council is calculated on the basis of population. With 77 million people already and with birth rates far higher than those in Western Europe, Turkey would be on a path to become the most powerful single EU country shortly after 2020.

EUOBSERVER / BRUSSELS – A new transatlantic row is unfolding after the US introduced a \$14 entry fee for EU travellers, with the European Commission analysing possible retaliatory measures. Meanwhile, US privacy officials are trying to alleviate concerns raised by MEPs over the collection of travellers' credit card data. Introduced earlier this month, the fee, which can only be paid online via credit card, applies to EU tourists from 23 countries who do not require a visa to travel to the US. Travellers from Bulgaria, Cyprus, Poland and Romania continue to require a visa and pay different visa fees. In a lively debate on Wednesday (22 September), EU parliamentarians slammed the unilateral move from the US side and called on the European Commission to consider retaliatory measures. The commission has so far avoided saying the new Electronic Travel Authorisation System (Eta) is a form of hidden visa, despite MEPs pointing out that EU travellers who are refused by this system cannot board a plane to the US.

"We are examining all possibilities, including an EU Eta system. A feasibility study is being worked on now and could be introduced in the future, if member states agree," said commissioner Maros Sefcovic, responsible for inter-institutional affairs and speaking on behalf of his colleague in charge of home affairs. The EU executive was still hoping there could be a roll-back of this program, as it is "discriminatory" and runs counter all US declared goals of facilitating transatlantic exchanges, he added.

On Sep. 6, the European Investment Bank, the European Bank for Reconstruction and Development, and the International Financial Corporation (a branch of the World

Bank Group) signed a mandate letter with the consortium behind the Nabucco natural gas pipeline, marking the start of an appraisal process that will eventually secure a €4 billion financing package for the project. The three international financial institutions committed €2 billion, €1.2 billion and €800 million, respectively. Along with the more modest €200 million grant provided by the European Commission last March, the contributions will certainly boost confidence in the project among private investors, who must finance 70 percent of the estimated €7.9 billion necessary to complete the pipeline. A few days after the signing, the consortium's managing director, Reinhard Mitschek, confirmed that the pipeline will be supplied by two feeder lines linking the Turkish terminal of Eruzum to Georgia and Iraq, adding that deliveries should start in late 2015. However, despite the progress in financing the project and the optimistic pronouncements, filling Nabucco with gas still represents a major challenge. A third feeder line from Iran, contemplated when the project was first proposed in 2002, has been ruled out for geopolitical reasons. And notwithstanding Mitschek's assurances, no binding agreement has yet been signed for the remaining two. The Iraqi route is the most problematic, given the many unknowns surrounding the country's future. The Nabucco consortium and its members are currently working on two separate tracks in the country, receiving repeated reassurances from Iraqi Prime Minister Nouri al-Maliki while also working closely with the Kurdistan Regional Government (KRG) in northern Iraq. Maliki went so far as to promise to supply 15 billion cubic meters of gas at the signing of the intergovernmental agreement in Ankara in July 2009. And on Aug. 27, Germany's RWE, a partner in the consortium, signed a cooperation agreement with the KRG that includes the sale of up to 20 bcm to Turkey. However, in addition to the problems posed by the fragile security situation and the activities of the Kurdish Workers' Party (PKK) in the Kurdish region, the deal has been challenged by Baghdad's central government, which does not recognize the rights of regional entities to negotiate oil and gas contracts. As for the reserves in the western Anbar province, though more tightly under Baghdad's control, they are not any more easily marketable due to the absence of feasible transit routes. The proposed extension of the Arab Gas Pipeline, now running from Egypt to Syria, has stalled, also blocking access to gas from Egypt's off-shore fields, which are progressively being contracted for liquefaction rather than for transportation by pipeline.

EUOBSERVER / BRUSSELS - Cuban dissident Guillermo Farinas has been named as a top contender for the European Parliament's 2010 Sakharov Prize in a move that could negatively impact Spain's ambition to normalise Cuba-EU relations. The 48-year-old psychologist and journalist, who has to date taken part in 23 hunger strikes against the Communist government, has won the backing of the centre-right European People's Party (EPP) grouping in the chamber, the anti-federalist European Conservatives and Reformists (ECR) group and 91 other MEPs in the run-up to the award in October. The bloc constitutes over half the members in the assembly. The last time a Cuban nominee won the prize, the NGO Ladies in White in 2005, it angered Havana and Fidel Castro himself spoke out against MEPs. The Farinas nomination comes amid a Spanish campaign for the EU to lift its last remaining sanctions on Cuba. Spain has strong commercial interests in its former colony. But its proposal earlier this year to lift the EU measures fell on deaf ears after the death in custody of hunger striker Orlando Zapata Tamayo. In the past few months Cuba agreed with Spain to free 52 political prisoners on

condition they leave the country, creating fresh momentum on the EU sanctions move. Cuban foreign minister Bruno Rodriguez reportedly told his Spanish counterpart in New York on Thursday (23 September) it is ready to free more people even if they do not leave. The centre-right EPP group does not share the centre-left Spanish administration's optimism on Cuba, however.

EUOBSERVER / BRUSSELS – Under pressure from MEPs, the European Commission has hinted it is prepared to ban the importation of Chinese goods manufactured in forced labour camps. Speaking during a debate in Strasbourg on Thursday (23 September), a number of euro-deputies claimed products produced in the government-sponsored camps were being sold across the EU to unsuspecting citizens. German centre-right MEP Daniel Caspary branded the Chinese products "blood-spattered goods", and called on the commission to put an end to their inflow. EU enlargement commissioner Stefan Fuele however said that the commission had raised the issue repeatedly in the past and was applying pressure through diplomatic channels. "The commission fully agrees with the European Parliament that the Laogai [camp] system is completely incompatible with universally accepted concepts of human rights," said Mr Fuele. He added that it was very difficult to verify which goods were being made in the camps - known as Laogai – of which China is thought to have roughly 500. The majority of inmates in the labour camps are petty criminals who have been arrested and forced to work under reportedly terrible conditions. Beijing still uses the camps to house political prisoners however, hidden amongst the drug addicts, street hawkers, prostitutes and pickpockets. Imprisonment is for up to four years.

Romanian President Traian Basescu told his French counterpart at last week's summit to "try to stop" Roma expulsions, but the President Nicolas Sarkozy gave him an "unclear response." Speaking to foreign journalists in Bucharest on Wednesday (22 September), Mr Basescu said he urged Mr Sarkozy last week in Brussels to "try and stop the process of expelling Roma." "The answer was unclear but we decided to talk this over during a meeting in the coming weeks," he added. "Romania will always defend the Roma's right to move freely in Europe. They are European citizens and as long as there is no evidence they broke the law they should enjoy the same rights of any European citizen." More than 1,000 Romanian and Bulgarian Roma have been expelled since Mr Sarkozy ordered a clampdown on "illegal camps" in late July, a move which sparked international outrage and put Paris on a collision course with Brussels. "It was an amicable discussion; maybe we both gesticulate a lot ... We have a friendly relationship," Mr Basescu explained after the Romanian press printed pictures of the two leaders seemingly engaged in a disagreement. Bucharest has so far failed to take any clear-cut position on the Roma dispute in a bid not to upset France, a long-standing ally. It maintains that the only solution for integrating Europe's most populous and poorest ethnic minority is a strategy at EU level. Expulsions can only be a "momentary solution," Mr Basescu said.

STOCKHOLM – Final results have confirmed that Sweden's center-right government has lost its control of Parliament in a national election. After a recount of all votes, the Election Authority said Thursday that Prime Minister Fredrik Reinfeldt's four-party alliance won 173 of the 349 seats, two short of a majority. The left-wing opposition

got 156 seats in Sunday's vote. The far-right Sweden Democrats hold the balance of power with 20 seats. Reinfeldt needs support from the opposition to avoid having to rely on the Sweden Democrats, who are shunned by mainstream parties for their anti-immigration policies. The uncertainty has overshadowed Reinfeldt's historic win: no other center-right leader has been re-elected after serving a full term.

LONDON – Britain's opposition Labour Party announces its new leader Saturday after a brother-versus-brother battle to replace ex-prime minister Gordon Brown who quit in the wake of a humbling election defeat. Ex-foreign secretary David Miliband, 45, and his younger brother Ed Miliband, the 40-year-old former climate change secretary, are judged to be neck and neck in the race following a ballot of legislators, party activists and about 3.5 million members of affiliated labor unions. Three other candidates have also competed in the contest to replace Brown, who stepped down in May after Labour trailed second in a national election and was removed from office after 13 years by the Conservative Party-led coalition government. Former Labour leader Neil Kinnock said he believed Ed Miliband had likely won the contest, while ex-Cabinet minister Douglas Alexander insisted the elder brother would emerge as the party's new chief.

The siblings offer contrasting views on the future of their center-left party: David Miliband advocates largely standing by the centrist policies of his mentor Tony Blair, while his brother has sketched out a left-wing platform with proposals for a rise in Britain's minimum wage, higher taxes for top earners and a more punishing levy on banks. Also competing to replace Brown are former education secretary Ed Balls, ex-health secretary Andy Burnham, and Diane Abbott, a veteran leftist who opposed the 2003 invasion of Iraq. "Since no one knows what the result is, I'd take with a very large pinch ... of salt anything said by those who claim to know what the result is," David Miliband told ITV News as he left his London home Saturday to travel to the announcement in Manchester, northern England. Last week he told The Associated Press it had been "pretty odd - it's an unusual situation," to compete against his brother.

LONDON – Even a monarch needs a little help from time to time — especially when the cost of heating those drafty old palaces spirals past \$1.5 million a year. But a request for assistance from a government fund that provides subsidized heating to low-income Britons has caused a spot of bother for Queen Elizabeth II, long one of the world's wealthiest women. Her Majesty's application in 2004 was politely turned down by the government — in part because of fear of adverse publicity — and quietly forgotten until The Independent newspaper published the correspondence Friday after obtaining it via a Freedom of Information request. The documents quote an unidentified functionary as gently reminding the royal household that the program was meant for people in need, not the upper crust, and he noted the potential public relations disaster. "I also feel a bit uneasy about the probable adverse press coverage if the Palace were given a grant at the expense of, say, a hospital," the official said. "Sorry this doesn't sound more positive." Chagrined palace officials confirmed the account on Friday. A Buckingham Palace spokeswoman said royal officials explored the possibility of getting money under the program as a way to reduce the monarchy's cost to taxpayers by making the palace more energy efficient. She said the royal household did not know at the time that the government money was targeted for low-income Britons. She spoke anonymously in line

with royal policy. The revelation touched a nerve at a time when Britain is facing severe budget cuts in the midst of a prolonged recession. Graham Smith, spokesman for the anti-monarchy group Republic, said the queen's attempt to access low-income funds was shameful.

LONDON (AFP) – Archbishop of Canterbury Rowan Williams, the leader of the world's Anglicans, has "no problem" with gay bishops, he told The Times in an interview on Saturday. But Williams also indicated that he could not endorse bishops in active gay relationships because of the "standards" that required them to be celibate. "To put it simply, there's no problem about a gay person who's a bishop," the Anglican leader told the paper. "It's about the fact that there are traditionally, historically, standards that clergy are expected to observe. So there's always a question about the personal life of the clergy." Williams added that he was "conscious" that the topic of homosexuality was "a wound in the whole ministry". And he admitted that one of the worst parts of his tenure was in 2003, when celibate gay cleric Jeffrey John was forced to withdraw his candidacy as Bishop of Reading. The Archbishop confessed that he let down John, according to The Times newspaper. John is openly gay and entered a civil partnership in 2006 but lives a celibate life.

ROME (AFP) – Victims of child abuse by priests will hold a demonstration outside the Vatican next month against the Catholic Church's role in the scandal, an Italian organisation said on Saturday. Associations of US victims have been invited to take part in the October 31 protest, the group said in a report by Italian ANSA news agency. "This will be an international protest and we will go in front of the Vatican to denounce once again these numerous (paedophiles) that shocked young victims and weren't known until now," Marco Lodo Rizzini, a spokesman of victims from the Antonio Provolo institute, was quoted as saying. Sixty-seven deaf-mute children at the Catholic institute in the city of Verona were allegedly abused by priests and lay staff between the 1950s and 1980s. "The hour has come for the truth to be known," Lodo Rizzini said. In May the Italian Episcopal Conference said around 100 cases of child abuse by priests had gone through "canonical procedures" in the past 10 years. The Catholic Church is grappling with its worst crisis in recent years since the publication in November 2009 of a report revealing serial abuse of children by priests in Ireland and a subsequent cover-up, with similar cases emerging in countries including Belgium and Germany.

A new round of protests against President Nicolas Sarkozy's plan to reform the country's pension system hit France Thursday (23 September), with both the government and unions declaring victory regarding turn-out. While police figures put the number of people marching in the more than 230 protests at 997,000 nationwide, down from 1.1 million two weeks ago, unions organising the protests said 3 million people took part, up from 2.7 million. The national railway, SNCF, said 37.1 percent of its workers went on strike, compared to 42.9 percent two weeks ago. A statement from the president's office said Thursday the figures showed that "either the French feel that all this is behind them or they're more in favour of the reform, or both." "There is a deceleration of the protests," Labour Minister Eric Woerth said on France 2 television. "There were fewer

demonstrations, fewer strikers. These measures will be voted in parliament, and they will be enacted." The unions' leaders, who are to meet Friday to plan their next actions, disputed the official figures, claiming a rise in support of opposition to reform plans, which they see as "unfair and unacceptable". "Our bet has paid off," said François Chérèque, head of the CFDT union. "Today there are more protesters than last time." Despite the protests, the pension bill was adopted by the National Assembly, the lower house of France's parliament, last week, with minor concessions made after the first round of demonstrations at the beginning of September.

EUOBSERVER / BRUSSELS - France is bracing itself for a day of chaos as seven unions prepare to strike against government plans to raise the minimum retirement age from 60 to 62 by 2018. Public transport, air traffic and schools across France are all set to be affected by the 24-hour shutdown on Thursday (23 September), the second such protest in a matter of weeks. Organisers hope even more people will take to the streets this time, after at least 1.1 million citizens turned out to oppose President Nicolas Sarkozy's plan on 7 September. Despite indications he is willing to make marginal concessions, Mr Sarkozy has said he is determined to stick to the blueprint that will also push back the age for those who want to ensure full retirement benefits from 65 to 67. As French people live longer, the pensions system is set to run up annual deficits of €50 billion by 2020 unless changes are made, the government has warned. Paris is keenly aware that financial markets and Brussels are clamouring for budgetary deficit cuts. The country's Socialist opposition party continues to oppose the retirement age increase after the pension Bill was passed in parliament's lower house last week, with the fight now set to move to the Senate. Thursday's strike comes hot on the heels of a new piece of research by insurer Aviva Europe which says European workers need to save €1,900 billion more each year if they hope to retire with pensions that will maintain their current standard of living.

BERLIN (Reuters) – The German economy should expand by 3.3 percent in 2010 and two percent in 2011, the International Monetary Fund (IMF) will report in early October, German magazine Der Spiegel said on Saturday. That forecast is line with many private economists. Some recent indicators have strengthened the impression the German recovery is slowing after stellar 2.2 percent growth in April-June, the fastest quarterly growth in reunified Germany. The IMF said the strong export growth as well as the improving domestic demand were behind the brighter outlook after it had predicted in July growth of 1.4 percent in 2010 for Germany.

EUOBSERVER / BRUSSELS - New figures released by the Irish statistics office have shown a surprise contraction in the country's growth during the second quarter of this year, a further difficulty for Dublin which is already struggling to cut a large public deficit and revive an ailing banking sector. Despite a surge in exports, Thursday's (23 September) data from the Central Statistics Office indicated Irish gross domestic product (GDP) fell by 1.2 percent in the three months up to the end of June when compared to the previous quarter. This contrasts with eurozone figures which show growth as a whole of 1 percent to the end of June, with Ireland and Greece the only members recording a downturn. Irish finance minister Brian Lenihan denied the country was sliding into a

double-dip recession, preferring to point to improvements in gross national product (GNP) - a frequently favoured economic indicator in Ireland that strips out the impact of repatriated profits from the multinational sector and interest on borrowings paid to foreigners. The new figures showed a decline in GNP of 0.3 percent in the second quarter, compared with a fall of 1.2 percent in the first, leading Mr Lenihan to describe the economy as "stabilising". But economists suggest the ruling Fianna Fáil-Green coalition government may be forced to review its annual growth forecast, with Irish bonds and stocks coming under renewed pressure after the news on Thursday.

VIENNA – A 151-nation meeting of the U.N. nuclear agency narrowly defeated an Arab push Friday to censure Israel for shielding its nuclear programs from inspection in a closely watched result that the U.S. said was a positive signal for ongoing Mideast peace talks. In Jerusalem, the Israeli Atomic Energy Commission expressed hope that the Arab League "will refrain from raising the proposal again next year." But Iran, a fervent supporter of the Arab motion, vowed that it would be reintroduced at next year's annual meeting of the International Atomic Energy Agency's general assembly.

"The U.S. and Israeli allies have confronted ... the whole world and this is a dark page in history for their foreign policy," Iranian delegate Ali Asghar Soltanieh told reporters. "They put fuel in the fire." Of the nations present, 51 voted against a resolution called "Israeli Nuclear Capabilities." Forty six voted for, 23 abstained and the rest were absent. U.S. chief delegate Glyn Davies said the vote was significant in the context of continuing Israel-Palestinian peace talks and U.S.-backed plans to stage a major conference in two years on a Mideast nuclear free zone. "It preserves a chance for the movement eventually toward a Middle East free of weapons of mass destruction, once peace there is achieved," Davies said. "It sends the right positive signal to the peace process and really allows that process to go ahead." Before the vote, the U.S. and other allies of Israel had maintained that passage of the resolution would threaten both the talks and the chances of staging a high-level Mideast nuclear meeting — arguments countered by Islamic nations and their supporters, who said the resolution would advance the creation of a nuclear free zone.

PARIS – The head of the French military says a possible military operation to free seven hostages abducted last week in Niger is not under consideration for the moment. Military chief of staff Adm. Edouard Guillaud says the hostages' lives are not currently "directly threatened," but he did not rule out a military operation later. Al-Qaida's North African affiliate claimed responsibility for the Sept. 16 abduction, which took place in a heavily guarded uranium mining town in northern Niger. Five of the hostages are French nationals, one is from Togo and another is from Madagascar. The group has warned against any possible military operation. Guillaud told Europe-1 Friday that French officials are trying to make contact with the abductors.

#### Southeast Europe

TIRANA, Albania -- Opposition parties say they plan to stage new protests next month in response to what they have described as negligence by the government in addressing issues stemming from the June 2009 general elections. Representatives of the Socialist Party (SP) and smaller parties met on Thursday (September 23rd) to unify their

positions. The head of the Social Democracy Party, Paskal Milo, said the opposition is looking for transparency in the electoral process, adding the government continues to ignore all initiatives to find a solution. The SP has claimed for well over a year now that the elections were manipulated.

TIRANA, Albania -- Without debate and with only the votes of the ruling Democratic Party majority, parliament on Thursday (September 23rd) approved the appointment of Bashkim Dedja as the new chairman of the country's Constitutional Court. President Bamir Topi nominated him for the post Tuesday. Dedja became a member of the court only four months ago, due to a vacancy.

TIRANA, Albania -- The Serbian language will be taught in southern Albania to benefit a Serb community living in the Libofsh municipality. Serbian Ambassador to Tirana Miroljub Zaric inaugurated the learning programme on Saturday (September 18th) and promised that similar schools will open in other parts of the country. Lessons to about 60 children will be taught in Serbian during regular classes in the village of Rrethlibofshe. The Serb community arrived in Albania in 1924, from Novi Pazar. Many of them have preserved their Serbian traditions

SOFIA, Bulgaria -- Romania and Bulgaria are working to join the EU's so-called Schengen Zone in March 2011, Romanian President Traian Basescu told a joint press conference he held with Bulgarian counterpart Georgi Parvanov in Sofia on Thursday (September 23rd). Parvanov confirmed the common goal and described meeting the Schengen requirement as a top priority for both countries. The two officials also discussed the so-called Roma issue amid France's recently launched repatriation of members of the minority to their homelands in Bulgaria and Romania. "Expulsions of Roma from France should not affect the Schengen process," Basescu said. "The Roma have a nomadic lifestyle and their integration should be an issue treated by the entire EU, not just by the countries they originate from," he added.

PRISTINA, Kosovo -- The issue of northern Kosovo cannot be solved through violence, KFOR Commander Erhard Buhler said on Monday (September 20th). NATO peacekeepers want actions, not words, Buhler told a press conference in Pristina, adding that the Serb-dominated north is not only a political issue but also requires implementation of law. Buhler, who was appointed to his post three weeks ago, said he is aware that the parallel structures present a difficult problem, but expressed hope it could be resolved through dialogue between Pristina and Belgrade.

Also on Monday, Buhler met with Serbian Minister for Kosovo Goran Bogdanovic in northern Mitrovica. Buhler assured him that the NATO force will provide security during the October 3rd enthronement ceremony of Serbian Patriarch Irinej, at the Patriarchy in Pec. According to Serbian media, Bogdanovic and Buhler also agreed to continue co-operation in the spirit of UN Resolution 1244, in order to maintain peace.

PRISTINA, Kosovo -- UNMIK chief Lamberto Zannier on Wednesday (September 22nd) criticised a government report on northern Kosovo, saying it contains factual errors and a series of groundless statements. "I am sorry that the authors did not consult me or the UN officials in charge while preparing the report. If they had done so,

they would have had the possibility of publishing an accurate report," Zannier said. The document, by the Office of the Co-ordinator for Implementation of the Strategy for Kosovo North, concluded that the UNMIK administration in Mitrovica is impeding the Serb-dominated area's integration into the rest of the country. It claimed UNMIK has allowed parallel structures to continue governing in the north.

The head of the office, Ylber Hysa, dismissed Zannier's reaction and promised to provide new facts about what he described as UNMIK's damaging performance in northern Kosovo.

NEW YORK, United States -- Kosovo Prime Minister Hashim Thaci insisted again on Monday (September 20th) that there will be no talks on status when dialogue begins with Serbia. Kosovo is ready to discuss issues of mutual interest for both countries, Thaci told EU foreign policy chief Catherine Ashton in New York. He also assured her that Pristina is working to meet all democratic standards required for EU integration.

SKOPJE, Macedonia -- The country took over the one-year chairmanship of the Southeast Europe Police Chiefs Association (SEPCA) from Bosnia and Herzegovina (BiH) on Friday (September 17th). At a meeting of the Association's Board in Ohrid, Macedonian Public Security Bureau Director Ljupco Todorovski said that Macedonia's chairmanship will focus on implementation of 16 projects related to organised criminal groups in the region. He added that police institutions of Italy, Austria and Turkey have shown interest in taking part in SEPCA activities, while EULEX has offered personnel and technical support. Participants agreed that the main challenges the region is facing are human and drugs trafficking, financial crime, corruption and terrorism

SKOPJE, Macedonia -- Macedonia and Serbia agreed on Saturday (September 18th) to allow their citizens to cross the common border with ID cards instead of passports. The initiative was announced after a meeting in Skopje between Macedonian Interior Minister Gordana Jankulovska and her Serbian counterpart, Ivica Dacic. The measure will initially be implemented only for people living in the border zones. Further regulations are needed before it can be implemented for all citizens of Serbia and Macedonia. The two ministers also agreed to continue co-operation in the fight against organised crime, terrorism and corruption

BUCHAREST, Romania -- Labour unions vowed on Sunday (September 19th) to launch protests Monday, after an apparently unsatisfactory meeting with Prime Minister Emil Boc. Union representatives say the government failed to demonstrate responsibility during Saturday's talks, which skirted financial issues. Protests are planned in several regions Monday. The one in Bucharest begins on Wednesday, outside the government building. The unions are demanding an end to government austerity measures, including job cuts, and want the minimum wage boosted.

BUCHAREST, Romania -- President Traian Basescu accused the opposition Social Democratic Party (PSD) on Wednesday (September 22nd) of demanding money in exchange for backing a pension law required by the IMF. That echoes a claim by

Parliament Speaker Roberta Anastase who said on Tuesday that the PSD had requested millions of euros to support unpopular legislation that will increase the retirement age and cut pensions. The bill passed last week in the absence of PSD lawmakers. Basescu told private TV channel B1 TV on Wednesday that talks between the PSD and the ruling Liberal Democratic Party (PDL) had lasted four days. In addition, the PSD had allegedly promised to help bring down Prime Minister Emil Boc, who faces dissension within his own party. Some PDL members are more inclined to side with Basescu, who reportedly wants Boc replaced with an entirely new PDL-led cabinet. Boc's allies in the PDL prevailed, so only some ministers were replaced in a reshuffle earlier this month.

PARIS, France -- Ten Romanian police officers are arriving in Paris on Monday (September 20th) as part of a programme to strengthen police co-operation amid France's decision to repatriate Romanian and Bulgarian Roma back to their homelands. The police mission will last three months and may be extended, according to the foreign ministry in Bucharest, which added that France requested the deployment. Romania and France agreed on September 9th to put an end to polemics stemming from the deportations and to boost co-operation in efforts to integrate the Roma.

BUCHAREST, Romania -- Parliament issued a statement Wednesday (September 22nd) criticising France's Roma repatriation policy and accusing the country of serious civil rights violations. According to the document, the repatriation of Roma violates "the right of free movement for all European citizens, regardless of nationality or race". The lawmakers urged President Traian Basescu and the government to "take all the political and diplomatic measures needed for protecting the rights of Romanian nationals as European citizens". Basescu, meanwhile, said on Wednesday he has asked French counterpart Nicolas Sarkozy to stop the expulsion drive. Speaking to foreign journalists in Bucharest, Basescu said that the answer he received "was not clear" but added the issue will be revisited.

BELGRADE, Serbia -- Serbia expects the status of Kosovo to be on the agenda of upcoming talks between Belgrade and Pristina, Deputy Prime Minister Bozidar Djelic said on Sunday (September 19th). He added that since the recently passed resolution on Kosovo at the UN General Assembly did not recognise its independence, any future talks should allow for the inclusion of all issues, including Kosovo's status. Interior Minister Ivica Dacic echoed that, calling for talks on status and any other unresolved issues. Dacic said negotiations should begin as soon as possible, potentially at the end of October.

NEW YORK, United States -- Serbian President Tadic discussed his country's EU bid and relations with Pristina during a meeting with EU foreign policy chief Catherine Ashton late Thursday (September 23rd). Tadic said afterwards that he and Ashton agreed on some "important elements" of dialogue between Belgrade and Pristina that could start soon, possibly next month. Ashton said the talks will mostly be led by authorised officials and experts. Media in Belgrade report that negotiations will focus first on the easiest issues to resolve including the movement of goods across the Kosovo border, transportation, energy and regional co-operation. However, Pristina authorities still refuse to discuss Kosovo's status, so Ashton anticipates problems on that front. The EU would like to help frame the agenda and actively moderate the talks. Turkey is also offering to act as mediator. US Ambassador to Pristina Christopher Dell told RTK on Thursday that

Serb-dominated northern Kosovo will be among the issues discussed. He added, however, that Kosovo and Serbia will focus on practical issues rather than on Kosovo's status.

BELGRADE, Serbia -- Leaders of the opposition Serbian Progressive Party (SNS) and Democratic Party of Serbia (DSS), Tomislav Nikolic and Vojislav Kostunica, confirmed at a joint press conference Monday (September 20th) that their parties have common goals which include protecting Serbia's territorial integrity and calling snap elections. They also agreed on the need to abandon policies aimed at EU membership at any cost. However, Nikolic insisted his SNS supports Serbia's EU integration. He also denied rumours of a possible coalition between the two parties before the next elections, in 2012.

## Oceania

SYDNEY (AFP) – Australian Prime Minister Julia Gillard urged the conservatives not to bring down her fragile government as the key Greens party Sunday called for a tougher mining tax and an end to the euthanasia ban. Gillard failed to win an outright majority at August 21 polls but scraped into office by brokering the support of three rural independents and a Greens MP, leaving her with a shaky rule. Her once deeply unpopular rival Tony Abbott managed a spectacular comeback which almost saw him snatch power, and he has threatened to attack her fragile coalition, which he claims has no mandate to govern. The Welsh-born former lawyer took aim at Abbott in her first major speech since the election, calling for him to "set aside short term partisanship in pursuit of long-term progress". "The Parliament has not yet even met, but Mr Abbott has already spoken of how he wants to bring the government down," Gillard said Saturday night in an address to members of her ruling Labor party. "It's understandable that members on all sides may see political opportunity in that kind of approach, and I appreciate it's a strong temptation for a leader of the opposition who came so closely to victory. "But I think there'll be a lot of disappointment in our community if that easy option is taken," she added. Conservative spokesman Christopher Pyne repeated Abbott's threat, saying the Liberal/National opposition could "at any time form a government through by-elections or through independents changing their mind." But Gillard called for lawmakers to seize the cliffhanger result as an opportunity instead of resigning themselves to deadlock, adding that it was "not a time for inaction, for filibustering or obstructing progress."

CANBERRA (Reuters) – Australian Prime Minister Julia Gillard's wafer-thin ruling majority became even more fragile on Thursday after the conservative opposition backed out of a deal over the prized job of parliamentary speaker. Gillard's Labor won a second term with the support of three independents and one Green lawmaker after dead-heat August 21 elections, giving the party control of 76 seats in the 150-seat lower house. But Gillard must now sacrifice one lawmaker to be non-voting speaker after the opposition backed down on a deal to ensure the voting numbers remained balanced, prompting an angry response from key independent Tony Windsor. "Their game plan now is to destroy this parliament," he said of the opposition. "It was always going to be

fragile and it required a bit of goodwill on both sides." It means Gillard will have only one vote to spare in the House of Representatives, further weakening her control of the first minority government since World War Two. "I view this to be an extraordinary set of events," Gillard told reporters. Opinion polls show voters do not expect the government to last a full three-year term, with the slender majority also adding to uncertainty over plans for a 30 percent profits-based tax on miners and a policy to price carbon emissions. While financial markets have been largely unmoved by the political upheaval, leading business lobby groups have called for the government to move quickly on major policies including a price on carbon to smooth investment plans. The new parliament meets on September 28, when Gillard will have the first opportunity to test government numbers in the lower house since the election. Under a deal signed by the government, opposition and key independent lawmakers in early September, all sides of politics committed to keeping the numbers balanced by granting a "pair" to whoever becomes speaker.

SYDNEY (AFP) – A group of Chinese nationals who were threatening to jump off a Sydney immigration detention centre have ended their protest peacefully, officials said Friday. Four men and four women -- one of whom was pregnant, according to activists -- came down from the two-storey building's roof late on Thursday, after a vigil of about 30 hours. Another of the group had ended his protest slightly earlier. The demonstration, aimed at seeking a review of their cases, follows the death of a Fijian man who jumped off a building at the Villawood centre on Monday, and another rooftop protest by a group of Sri Lankan Tamils. Immigration officials said two of the protesters, who had refused food and water during the demonstration, were in hospital as a precaution. They denied making any deals with the group. Australia has a policy of mandatory detention for asylum-seekers while their claims are processed, and generally holds detainees on remote Christmas Island in the Indian Ocean. But increasing numbers of illegal immigrants arriving by boat -- more than 4,000 so far this year -- have forced the reopening of mainland centres, including Villawood, which houses about 300 people. Activists say the Chinese, from the southeastern province of Fujian, arrived on tourist and student visas and have been detained for between two weeks and six months. Immigration officials said they had either breached their visa conditions or stayed longer than was allowed.

SYDNEY (AFP) – The late nun who is soon to become Australia's first Catholic saint was briefly excommunicated by the church in part because she exposed a paedophile priest, a new documentary claims. Mary MacKillop, who will be canonised by Pope Benedict XVI next month, is known as a tireless educator and founder of the Sisters of Saint Joseph of the Sacred Heart order of nuns which ventured into remote outback areas. But a documentary to be screened on national broadcaster ABC will paint her as a woman who also spoke up to church authorities about allegations of child molestation by priests, reports said Saturday. "The story of the excommunication amounts to this: that some priests had been uncovered for being involved in the sexual abuse of children," Father Paul Gardiner, a campaigner for MacKillop's sainthood told the documentary makers. MacKillop and her nuns told their superiors and severe action was taken, including sending one priest back to Ireland, and this so enraged other priests

that they swore to take revenge against MacKillop's order, he said. Part of this revenge included encouraging the then Bishop of Adelaide Laurence Shiel to excommunicate MacKillop, something he duly did in 1871. "She (MacKillop) submitted to a farcical ceremony where the Bishop had... lost it," Gardiner told the documentary, which screens on October 10. "He was being manipulated by malicious priests." The man sent back to Ireland continued as a priest, the documentary says.

WELLINGTON, New Zealand – A magnitude 5.6 earthquake has rocked New Zealand's North Island. No damage or injuries have been reported. Monitoring agency GNS says Friday's quake was centered at a depth of 120 miles (200 kilometers) near the township of Tokoroa, about 60 miles (100 kilometers) south of Auckland. On Sept. 4, a magnitude 7.1 quake hit Christchurch on South Island, toppling some buildings and causing two serious injuries. Seismologists say aftershocks from that earthquake are continuing but Friday's quake was probably not related.