

Zonal Report 139 Summary
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.

US/Canada

- Democrats Unleash Ads Focusing on Rivals' Past
- Democrats Find Many Big Donors Cutting Support
- Republicans' Deficit-Cut Pledge Lacks Specifics
- Obama's University Visit Was Not Simple
- California Reduces Its Penalty for Marijuana
- Basic Religion Test Stumps Many Americans
- C.I.A. Steps Up Drone Attacks on Taliban in Pakistan
- In a Computer Worm, a Possible Biblical Clue
- Drilling Plans Off Cuba Stir Fears of Impact on Gulf
- Canada ruling Conservatives narrowly ahead: poll
- Canada, France probe HSBC Swiss bank accounts
- Canada to limit rises in job insurance premiums
- CN reaches contract deal with train crews
- Canada forms panel to probe oil sands pollution

Western Europe

- EU Commission backs down in Roma row with France
- Roma expulsions are sign of 'dangerous times' in Europe, human rights chief says
- EC promises to help Greece reform asylum system
- Dutch coalition to target burqas, Muslim immigration
- EU and Turkey accession talks advance at snail's pace
- Economic realism will ease anti-Turkish feeling, Joschka Fischer says
- EU preparing to renew Belarus sanctions as election looms
- EU commission called upon to go after corrupt defence deals
- Asian leaders to pressure EU over IMF seats
- Anti-austerity protests hit dozens of EU cities
- Amid Austerity, Britain Keeps Benefits
- Ireland reveals massive extent of banking debt
- Greek banks to inject 25 billion euros in local economy
- Insurance policies should not be based on sex, EU jurist says
- EU takes Britain to court over online data protection
- EU responds to threat of 'zombie computers'

- EU commission called upon to go after corrupt defence deals
- Ancient Italian Town Has Wind at Its Back
- Beware 'neo-imperial' Russia, Kaczynski says
- Scott Stewart, "Terror Threats and Alerts in France," *Stratfor*, September 30, 2010

Southeast Europe

Albania

- EP panel backs visa liberalisation for BiH and Albania
- Dutch ambassador disappointed with Albanian politics
- New OSCE head in Tirana urges government to start election preparations
- US urges Albanian parliament to adopt law on administrative courts
- Albanian ruling party lawmaker joins opposition
- Albania's Berisha says intelligence law compatible with NATO standards

Bosnia

- International community urges Bosnians to embrace EU future

Bulgaria

- Bulgarians rally for mandatory religious education

Kosovo

- Kosovo's Sejdiu refuses to resign despite violating constitution
- Sejdiu resigns as Kosovo's president
- Kosovo's acting president does not rule out early elections
- Kosovo's main parties agree on early elections
- Kosovo commission recommends new textbooks
- Kosovo removes Serb phone equipment
- NATO Military Committee assesses KSF achievements

Macedonia

- Head of Macedonia's Constitutional Court rejects accusations
- Macedonian commission confirms Constitutional Court chief was informant

Montenegro

- Montenegro, Serbia agree on terms of extradition agreement

Romania

- Basescu wants police protection withdrawn
- Thousands rally against austerity measures in Bucharest
- Romania's Boc stresses need for global collaboration

Serbia

- High representative urges BiH to return to European integration
- Belgrade hosts Danube Strategy conference
- Serbia to end army conscription New Year's Day

Oceania

- Australia's new parliament is sworn in
- Australia's first Muslim MP sworn in on Koran
- Australia ex-PM Howard attacks 'multiculturalism'
- Aussie dollar's surge squeezes tourists

Report Summary

US/Canada

Political Issues

Evils that man do lives after them is a saying and cross the republican party will have shoulder. As the midterm elections draws closer, the democrat party has launched offensive ads, challenging the past of republicans in the Congress. Meanwhile, republicans' spending has outmatched democrats amid democrats' wealthy supporters cutting support.

As the election days move in, President Obama paid a visit to University of Wisconsin-Madison to rally liberal progressive for his party and demonizing republicans' promise of deficit cut.

Canada's minority government remains ahead of all opposition parties according to the latest poll by EKOs, the latter has been noticing an oscillation in public rating of the parties.

Economic Issues

Saving the Canadian economy is one serious objective Canadian Prime-Minister Stephen Harper is trying to achieve as his government works with French investigators to nail Canadian tax evaders having offshore assets in Switzerland and HSBC. In the same vein, Canadian government will be limiting the increases in employment insurance premiums to avoid derailing economic recovery.

Canadian National Railway manages reached a deal with Canadian railway workers, a deal that averted a possible labour showdown at Canada's largest rail carrier.

Social/Humanitarian Issue

Drug related crime is expected to command lesser penalty in California through the legalization of drug like marijuana. The law is expected to change the racial discrimination of existing law and reduce government spending on prisoners and prisons.

Despite the claim of being a religious country, PEW survey suggests that most Americans are ignorant of either their religion or other world religions. This is however untrue for American atheists, agnostics, Jews and Mormons having better understanding of world religions.

Food, Environment and Energy Issue

The oil exploration is expected to begin in Cuba's water but the growing fear that a repetition of oil spill in Cuba will be equally detrimental to the United States due to proximity. Could the Americans stop Cubans from exploring oil on their territory?

Canadian Environment Minister Jim Prentice has constituted a panel that will investigate the environmental implications of the Alberta's oil sands projects exploration. The issue has been making headlines and environmentalists are concerned about pollution of Athabasca River

Geostrategic Issues

Stuxnet, the cyber virus worries many countries especially Iran in recent times, a reminder to the issue of cyberdefense system few countries have been calling for. The virus is said to have attacked Iran's nuclear computer even though Tehran is not consenting, yet the air is filled with the view that the West will be using everything possible to rollback Iran's suspected nuclear programme.

U.S cum NATO drone attacks has intensified to a level forcing Pakistani government and its people to raise their voices. The attacks are seen unworthy for the climate of tension in the region.

Western Europe

Political Issues

France remains under EU's fire over the impasse of Roma expulsion. The EU plans to sue Paris for violating EU's law on freedom of movement. Meanwhile, the European Commission (EC) is set to provide financial aid to Greece to reform its asylum system as Athens' asylum infrastructures is believed to be lagging behind rules.

For EU opening the chapters of food safety and veterinary health with Ankara is significant and displays that Brussels is committed to Turkey-EU integration. EU in recent time faces criticism of alienating Turkey and pushing Ankara eastward. Similarly some EU members are worried about delaying Ankara-EU integration, thus supporters of Ankara urges EU to be futuristic about Turkey.

The logic behind EU renewal of travel ban for Belarusian leadership is to see political change in that country, even though President Aleksander Lukashenko said he wants to repair ties with Brussels.

The Dutch coalition government will have to prove itself as non anti-immigration and Islam. The coalition government is made up of Wilders's party echoing high rhetoric of closing down on immigration and stopping The Netherlands of Islamization; a view the opposition does not share.

Economic Issues

The EU is heading for a new strategic partnership with Asian emerging economies, but that partnership could be hurdles for perennial issues of WTO and IMF leadership. Asian economies are said to be wrangling for a change in the IMF leadership

structure, which has been largely dominated by the EU and U.S, a representation of post 2nd World war scenario.

The message of European protesters across Europe to their governments is to redress the austerity measures. The all around Europe protests were spearheaded by Unions against banks and aimed at pressuring government to change gear.

In an economy facing deficit crisis, the British government is grappling on how to keep welfare package to the public and simultaneously cut public spending.

The Irish prime minister once denounces the parallel of his country's and Greek economy, but a recent report shows the extent to which the Irish financial system is affected. The question is whether or not the EU will be doing same bailing action for Ireland.

EU MEPs want the commission to investigate defense deal between Germany and two southern Europe countries. The deal is thought to be responsible for the economic crisis of these countries and believed to be hypocritical of the EU asking for austerity measures and at the same time encouraging huge defense transactions.

Amid cries over austerity measures which have produced series of strike actions, the Greek government reached an agreement with banks operating in Greece to inject 25 billion euros into the economy in the form of loans.

Social/Humanitarian Issue

The European Commission plans to take the United Kingdom to court for not fully implementing data privacy rules for online users and allowing service providers to use "behavioural advertising" based on the websites visited by web surfers.

The European Commission is also making cyberdefense a central issue and ready to intensify effort on Enisa and Europol to combating the cyber menace and at the same time enact law that will incriminate hackers and zombie computers.

Food, Environment and Energy Issue

The growing price of non-renewable energy is increasingly becoming unaffordable for both governments and the people; therefore the need for alternative renewable energy source has also grown. Italy is said to be one of the European countries benefiting from renewable energy plants, making life comfortable even to the ordinary masses.

Geostrategic Issues

Former Polish prime minister and leader of Poland's main opposition party, Jaroslaw Kaczynski is warning EU of Russia's neo-imperial influence and cautioned that

bilateral business interests with Russia should not be at expense of EU's values and standards.

Scott Stewart notes in his article *Terror Threats and Alerts in France* published in Stratfor that France unlike other big European nations is yet to experience any form of devastating terrorist attack. French intelligence though puts the country on a red alert. The bottom-line argument is that the scar of French colonial policies is still irritating and recent policies towards French Muslims aggravates the tension, thus makes France a potential victim of huge terror attack.

Southeast Europe

Political Issues

Albania political stalemate is casting shadow of doubt on the country's political maturity and ability to move ahead in its EU integration and its commitments to fulfill the Millennium Challenge Corporation Threshold Agreement Programme. The political impasses have become hurdles for legislation processes.

The ethnic politics in Bosnia is gaining strength and has captured the attention of the international community urging the Bosnian leaders to forget the past, turn a new leaf and work towards achieving the EU goal.

It was a political landslide as famous Kosovo President Fatmir Sejdiu resigned after accusation that he had violated the constitution for holding simultaneously two seats as leader of his party and president of the country. Meanwhile, all parties have agreed to have an early election although a date has not been chosen. NATO forces working in Kosovo are counting their successes yet wary of underestimating the tasks yet uncompleted.

Macedonian Lustration Commission has refuted and reconfirmed that Constitutional Court President Trendafil Ivanovski collaborated with the communist-era secret police and can no longer occupy his post.

In Serbia, the government has decided to end mandatory military service, effective January 1st 2011. As of then, military service will be only for those who volunteer to join the army.

Economic Issues

The austerity measure across Europe is becoming a threat for governments wanting to cut public budgets. Romanian government felt the wind of protesters asking the government to retract plans to cut pension and civil services salaries.

Social/Humanitarian Issue

The latest protest in Bulgaria was an indication of religiosity and religious accommodation of the people as clerics and members of the public together rallied demanding for mandatory study of Orthodox Christianity, Roman Catholicism or Islam.

An independent commission reviewing school textbooks concludes that Serb students in Kosovo learn only one side of history, which does not promote peace and tolerance. The commission observes that children of Serbs are misinformed through their various studies package.

Food, Environment and Energy Issue

Geostrategic Issues

Media reported that Montenegro and Serbia have agreed on the terms of an agreement to extradite people suspected of a handful of specific crimes.

Oceania

Political Issues

The fragile coalition government in Australia was finally sworn in after a tight struggle from a strong opposition. Meanwhile, Ed Husic sets a landmark as the first Muslim sworn in on the Quran in the newly constituted Australian parliament. His parliament role has given a boost to the 1.7% Muslim community of Australian 22 million populations.

Australia's former Prime Minister John Howard decries against Anglosphere acceptance of multiculturalism. Speaking before the Heritage Foundation, Howard urges the English speaking countries to champion deeply their values and achievements and shun diluting their cultural values.

Economic Issues

Although the effect of the global financial meltdown was not profound as in other rich economies, yet the Australian dollar is surging and causing huge cry among tourists visiting the country. The surge explains the expensive state of the economy.

Report Details

US/Canada

WASHINGTON — Democratic candidates across the country are opening a fierce offensive of negative advertisements against Republicans, using lawsuits, tax filings, reports from the Better Business Bureau and even divorce proceedings to try to

discredit their opponents and save their Congressional majority. Opposition research and attack advertising are used in almost every election, but these biting ads are coming far earlier than ever before, according to party strategists. The campaign has intensified in the last two weeks as early voting begins in several states and as vulnerable incumbents try to fight off an onslaught of influences by outside groups. As they struggle to break through with economic messages, many Democrats are deploying the fruits of a yearlong investigation into the business and personal histories of Republican candidates in an effort to plant doubts about them and avoid having races become a national referendum on the performance of President Obama and his party. In Ohio, Representative Betty Sutton calls her Republican rival, Tom Ganley, a “dishonest used-car salesman” who has been sued more than 400 times for fraud, discrimination, lying to customers about repairs, overcharging them and endangering their safety. She warns voters, “You’ve heard the old saying, buyer beware!” In Arizona, Representative Harry E. Mitchell accused his opponent David Schweikert of being “a predatory real estate speculator who snatched up nearly 300 foreclosed homes, been cited for neglect and evicted a homeowner on the verge of saving his house, just to make a buck.” In New York, Representative Michael Arcuri introduces his Republican challenger, Richard Hanna, as a millionaire who “got rich while his construction company overcharged taxpayers thousands, was sued three times for injuries caused by faulty construction and was cited 12 times for health and safety violations.” Negative ads can be successful, whether or not they are fair and fully accurate, particularly if they lure an opponent into responding or if they define a political newcomer before he can define himself. But they also carry risks, especially in a year when voters are frustrated about the economy and impatient with politics as usual. “Our strongest piece of opposition research on Democrats is their voting records,” said Representative Pete Sessions of Texas, chairman of the National Republican Congressional Committee. “While character assassination seems to be the strategy for Democrats this year, the American people are supporting Republican candidates because they are providing an alternative.”

Many wealthy Democratic patrons, who in the past have played major roles financing outside groups to help elect the party’s candidates, are largely sitting out these crucial midterm elections. Democratic donors like George Soros, the *bête noire* of the right, and his fellow billionaire Peter B. Lewis, who each gave more than \$20 million to Democratic-oriented groups in the 2004 election, appear to be holding back so far. “Mr. Soros believes that he can be most effective by funding groups that promote progressive policy outcomes in areas such as health care, the environment and foreign policy,” said an adviser, Michael Vachon. “So he has opted to fund those activities.” The absence of these Democratic megadonors is contributing to a huge disparity in spending between pro-Republican and pro-Democratic groups. The groups wield huge influence in many House and Senate races because they can take in contributions of unlimited size. In the last week, Republican-leaning groups outspent their Democratic counterparts on television by more than seven to one on Senate races and nearly four to one on House races across the country, according to data from the Campaign Media Analysis Group, which tracks political advertising. The gap shows few signs of abating, even with the midterm election season in full swing. The donors’ reluctance stems from a variety of factors, including pessimism about the party’s prospects in November, but also President

Obama's strong condemnations of this kind of independent activity, both during the 2008 campaign and after he was elected.

In their Pledge to America, Congressional Republicans have used the old trick of promising specific tax cuts and vague spending cuts. It's the politically easy approach, and it is likely to be as bad for the budget as when George W. Bush tried it. The sad thing is, a truly conservative approach to the deficit does exist. You can find strands of it among Republican governors, some of the party's current Congressional candidates and the ranking Republican on the House Budget Committee, Paul Ryan. The brief version might sound something like this: The federal government has outgrown its ability to pay for itself. Our economic future and even our national security depend on solving the problem. Yet President Obama has expanded health insurance, increased education spending and escalated a war of choice. Elect us, and fiscal responsibility won't have to wait in line. The detailed plan would start in the same place that Republican campaign rhetoric does, with rooting out waste and bloat. Some tasks, like mail delivery and air traffic control, could be privatized. The federal work force could be reduced, and pay for federal workers could be cut. Federal aid to states could be cut, too. But then comes the crucial difference. Actual fiscal conservatives acknowledge that these steps do not come anywhere close to solving the long-term deficit. By 2035, the deficit (even without counting interest payments on the federal debt) is on course to reach \$1.9 trillion, according to the Congressional Budget Office. If you reduced domestic discretionary spending to its share of the economy under Ronald Reagan and then eviscerated it an additional 20 percent, you would shrink the deficit by all of \$100 billion. The bulk of the deficit problem instead comes from three popular programs, Medicare, Social Security and the military, and they happen to be the ones the Republican pledge exempts from cuts. But it's impossible to fix the deficit without making cuts to these programs or raising taxes. To suggest otherwise is to claim that 10 minus 1 equals 5.

Would it be all right if the Leader of the Free World stopped by your campus for a little while? He wants to surround himself with hordes of enthusiastic young people, toss out a few oratorical gems — as you know, he's got the gift — and reinvigorate his anxious political party. The Secret Service has the usual security concerns, of course, but we'll pay for any inconvenience. Interested? The offer by the Democratic National Committee to the University of Wisconsin-Madison would seem like a no-brainer, conjuring images of university officials ostentatiously checking their calendars before saying: It just so happens that the Badgers of Wisconsin are free that day. The offer, though, forced the university's chancellor, Biddy Martin, to weigh the many benefits of a visit by a sitting president against the naked political purpose of that visit. After all, the event would be a kickoff rally for Democrats as they approach the midterm elections, and Barack Obama would be appearing as a party leader more than as a president. In the end, the university said: Yes! Tuesday afternoon, thousands of students crammed cheek-by-jowl into the university's Library Mall, both to see a world leader up close and to provide that same world leader with a photo-op backdrop exuberant enough to offset reports of his flagging popularity. But his visit wasn't an easy call. Before the Board of Regents of the University of Wisconsin System and the Democratic National Committee signed a contract last week, in which the committee agreed to pay \$10,500 to cover expenses, Ms. Martin had to satisfy herself that it was the right thing to do. "There was never a question

whether we wanted President Obama to come to our campus,” Ms. Martin said. “That was clear. But the question was how to do this in a way that was fair to everyone in the community.” Over the decades, two other sitting presidents have visited the campus of this famously liberal, progressive university in this famously liberal, progressive city. They, too, had their reasons. In the fall of 1932, President Herbert Hoover, a Republican, spoke at an event that a university fact sheet says was “somewhat marred by the president’s tired voice and a faulty amplifier.” The Depression would tire any president, especially one who probably sensed that in days he would be soundly voted out of office. And in May 1950, President Harry S. Truman delivered a “peace” address in which he said that only together can nations build a strong defense against aggression. A few weeks later, the Korean War broke out. Now, 60 years later, a third president was offering to visit, not to deliver a policy speech on the weak economy or the quicksand war, but to begin a four-city effort to rally Democrats in key states. Why Madison? Derrick Plummer, a spokesman for the Democratic National Committee, provided this answer by e-mail: “President Obama has always had a special place in his heart for the city of Madison. And, as you know, President Obama visited the city in 2008 and is glad to be a part of the enthusiasm and activism that has been a strong tradition of the University of Wisconsin.” True, President Obama may well remember that night in February 2008, when a series of wins in state primaries all but ensured that he would be the Democratic candidate for president, and thousands wildly cheered during his victory speech in Madison.

SAN FRANCISCO — A month before California voters decide the fate of a ballot initiative that would legalize marijuana, Gov. Arnold Schwarzenegger has signed a bill that essentially puts those caught possessing small amounts of the drug on the same level as those caught speeding on the freeway. The governor — who has come out against the ballot measure, Proposition 19 — cast the new law’s effect as largely administrative, changing the crime of possession from a misdemeanor to an infraction, the lowest level of offense under state law. And like everything else in a state struggling with a \$19 billion deficit, money mattered, too. “The only difference is that because it is a misdemeanor, a criminal defendant is entitled to a jury trial,” Mr. Schwarzenegger said in a statement that accompanied his signature. “In this time of drastic budget cuts, prosecutors, defense attorneys, law enforcement and the courts cannot afford to expend limited resources prosecuting a crime that carries the same punishment as a traffic ticket.” Under the law, SB 1449, possession of up to an ounce of marijuana is punishable by a \$100 fine. But offenders would not be arrested or risk having a criminal record, something that drug legalization groups applauded on Friday. Stephen Gutwillig, the California state director for the Drug Policy Alliance, a group based in New York that advocates for drug law reform, said the law could be particularly meaningful for black men, who have been found to be arrested for possession at far higher rates than white men. “It’s important because it ends an epidemic of race-based targeting of misdemeanor marijuana arrests in California,” Mr. Gutwillig said. About a dozen states have softened their stance on marijuana over the years, including Massachusetts, where voters passed a ballot initiative in 2008 that made possession of less than one ounce a civil offense punishable by a \$100 fine. (Minors also have to take a drug awareness class.) In his signing statement, Mr. Schwarzenegger was firm in his opposition to Proposition 19,

which would legalize, tax and regulate the use of marijuana for those over 21, calling the measure “deeply flawed.” But as is the case with so many other things in California, where the governor’s approval ratings are at rock bottom, many voters might not see things his way. A Field Poll released on Sunday found that 49 percent of voters approved of Proposition 19, with 42 percent against.

Americans are by all measures a deeply religious people, but they are also deeply ignorant about religion. Researchers from the independent Pew Forum on Religion and Public Life phoned more than 3,400 Americans and asked them 32 questions about the Bible, Christianity and other world religions, famous religious figures and the constitutional principles governing religion in public life. On average, people who took the survey answered half the questions incorrectly, and many flubbed even questions about their own faith. Those who scored the highest were atheists and agnostics, as well as two religious minorities: Jews and Mormons. The results were the same even after the researchers controlled for factors like age and racial differences. “Even after all these other factors, including education, are taken into account, atheists and agnostics, Jews and Mormons still outperform all the other religious groups in our survey,” said Greg Smith, a senior researcher at Pew. That finding might surprise some, but not Dave Silverman, president of American Atheists, an advocacy group for nonbelievers that was founded by Madalyn Murray O’Hair. “I have heard many times that atheists know more about religion than religious people,” Mr. Silverman said. “Atheism is an effect of that knowledge, not a lack of knowledge. I gave a Bible to my daughter. That’s how you make atheists.” Among the topics covered in the survey were: Where was Jesus born? What is Ramadan? Whose writings inspired the Protestant Reformation? Which Biblical figure led the exodus from Egypt? What religion is the Dalai Lama? Joseph Smith? Mother Teresa? In most cases, the format was multiple choice. The researchers said that the questionnaire was designed to represent a breadth of knowledge about religion, but was not intended to be regarded as a list of the most essential facts about the subject. Most of the questions were easy, but a few were difficult enough to discern which respondents were highly knowledgeable.

WASHINGTON — The C.I.A. has drastically increased its bombing campaign in the mountains of Pakistan in recent weeks, American officials said. The strikes are part of an effort by military and intelligence operatives to try to cripple the Taliban in a stronghold being used to plan attacks against American troops in Afghanistan. Some 30,000 American soldiers are taking part in the Afghanistan surge. Here are the stories of the men and women of First Battalion, 87th Infantry. As part of its covert war in the region, the C.I.A. has launched 20 attacks with armed drone aircraft thus far in September, the most ever during a single month, and more than twice the number in a typical month. This expanded air campaign comes as top officials are racing to stem the rise of American casualties before the Obama administration’s comprehensive review of its Afghanistan strategy set for December. American and European officials are also evaluating reports of possible terrorist plots in the West from militants based in Pakistan. The strikes also reflect mounting frustration both in Afghanistan and the United States that Pakistan’s government has not been aggressive enough in dislodging militants from their bases in the country’s western mountains. In particular, the officials said, the

Americans believe the Pakistanis are unlikely to launch military operations inside North Waziristan, a haven for Taliban and Qaeda operatives that has long been used as a base for attacks against troops in Afghanistan. Some Pakistani troops have also been diverted from counterinsurgency missions to help provide relief to victims of the country's massive flooding. Beyond the C.I.A. drone strikes, the war in the region is escalating in other ways. In recent days, American military helicopters have launched three airstrikes into Pakistan that military officials estimate killed more than 50 people suspected of being members of the militant group known as the Haqqani network, which is responsible for a spate of deadly attacks against American troops.

Deep inside the computer worm that some specialists suspect is aimed at slowing Iran's race for a nuclear weapon lies what could be a fleeting reference to the Book of Esther, the Old Testament tale in which the Jews pre-empt a Persian plot to destroy them. That use of the word "Myrtus" — which can be read as an allusion to Esther — to name a file inside the code is one of several murky clues that have emerged as computer experts try to trace the origin and purpose of the rogue Stuxnet program, which seeks out a specific kind of command module for industrial equipment. Not surprisingly, the Israelis are not saying whether Stuxnet has any connection to the secretive cyberwar unit it has built inside Israel's intelligence service. Nor is the Obama administration, which while talking about cyberdefenses has also rapidly ramped up a broad covert program, inherited from the Bush administration, to undermine Iran's nuclear program. In interviews in several countries, experts in both cyberwar and nuclear enrichment technology say the Stuxnet mystery may never be solved. There are many competing explanations for myrtus, which could simply signify myrtle, a plant important to many cultures in the region. But some security experts see the reference as a signature allusion to Esther, a clear warning in a mounting technological and psychological battle as Israel and its allies try to breach Tehran's most heavily guarded project. Others doubt the Israelis were involved and say the word could have been inserted as deliberate misinformation, to implicate Israel. "The Iranians are already paranoid about the fact that some of their scientists have defected and several of their secret nuclear sites have been revealed," one former intelligence official who still works on Iran issues said recently. "Whatever the origin and purpose of Stuxnet, it ramps up the psychological pressure." So a calling card in the code could be part of a mind game, or sloppiness or whimsy from the coders. The malicious code has appeared in many countries, notably China, India, Indonesia and Iran. But there are tantalizing hints that Iran's nuclear program was the primary target. Officials in both the United States and Israel have made no secret of the fact that undermining the computer systems that control Iran's huge enrichment plant at Natanz is a high priority. (The Iranians know it, too: They have never let international inspectors into the control room of the plant, the inspectors report, presumably to keep secret what kind of equipment they are using.)

HOUSTON — Five months after the BP oil spill, a federal moratorium still prohibits new deepwater drilling in the American waters of the Gulf of Mexico. And under longstanding federal law, drilling is also banned near the coast of Florida. Yet next year, a Spanish company will begin drilling new wells 50 miles from the Florida Keys — in Cuba's sovereign waters. Cuba currently produces little oil. But oil experts say the

country might have reserves along its north coast as plentiful as that of the international oil middleweights, Ecuador and Colombia — enough to bolster its faltering economy and cut its dependence on Venezuela for its energy needs. The advent of drilling in Cuban waters poses risks both to the island nation and the United States. Ocean scientists warn that a well blowout similar to the BP disaster could send oil spewing onto Cuban beaches and then the Florida Keys in as little as three days. If the oil reached the Gulf Stream, a powerful ocean current that passes through the region, oil could flow up the coast to Miami and beyond. The nascent oil industry in Cuba is far less prepared to handle a major spill than even the American industry was at the time of the BP spill. Cuba has neither the submarine robots needed to fix deepwater rig equipment nor the platforms available to begin drilling relief wells on short notice. And marshaling help from American oil companies to fight a Cuban spill would be greatly complicated by the trade embargo on Cuba imposed by the United States government 48 years ago, according to industry officials. Under that embargo, American companies face severe restrictions on the business they can conduct with Cuba. The prospect of an accident is emboldening American drilling companies, backed by some critics of the embargo, to seek permission from the United States government to participate in Cuba's nascent industry, even if only to protect against an accident.

OTTAWA (Reuters) – As speculation about a Canadian election grows, a new poll on Thursday showed the ruling Conservatives are only narrowly ahead of their main rivals and would lose seats if a vote were held now. The Ekos poll for the Canadian Broadcasting Corp. gave the Conservatives 33.1 percent public support, up from 32.4 percent two weeks ago. Support for the Liberals, the main opposition party, rose to 29.9 percent from 28.9 percent. Most political observers -- and some officials inside the office of Prime Minister Stephen Harper -- expect the minority government to be defeated over its budget early next year. The Conservatives can be brought down if all three opposition parties vote against them.

The Conservatives came to power in early 2006 and won a strengthened minority in October 2008 with 37.7 percent of the vote. But they have struggled to reach that level since then, and Harper had a bad summer marked by several gaffes.

Under Canada's first-past-the-post electoral system, a party needs around 36 percent of the vote to gain a working minority of the 308 seats in the House of Commons.

VANCOUVER (Reuters) – Canadian National Railway and the union representing 2,700 conductors, trainmen and yard crews reached a tentative deal on Friday, averting a possible labor showdown at Canada's largest rail carrier. The railroad said the agreement was for a three-year contract, but other details of the agreement were not released pending a ratification vote by the workers represented by the Teamsters Canada Rail Conference. The union confirmed the deal in a statement. A union spokesman said further details would be provided to the public once they had been distributed to their membership. CN had threatened to impose new work rules on the Canadian-based workers next week if a contract deal was not released, and both sides were in a legal position to launch job action if the fight came to a head.

A labor conciliator working with the sides had recommended a deal that included wage and benefit improvements comparable with those granted to other CN employees and a

deferral of contentious issues such as crew scheduling. Workers have complained that the railroad's current scheduling system created safety issues because crews could not get the rest they needed. The wage increases in the conciliator's recommended plan were 2.4 percent, 2.6 percent and 3 percent over a three-year period. The Canadian workers have been without a contract since July 22. The contract negotiations did not involve workers on Canadian National's lines in the United States, who work under different labor agreements.

TORONTO (Reuters) – French investigators are probing some 1,500 Canadian-registered Swiss bank accounts at HSBC as part of a crackdown on unreported wealth, the head of Canada's revenue agency said on Thursday. Authorities are looking into accounts obtained from a former HSBC worker who allegedly stole the records from the bank and handed them over to investigators. Canadian tax authorities are working with the French investigators. HSBC, Europe's largest bank, said it was cooperating with the probe. The paper trails marks the latest breach of strict bank secrecy laws that make Switzerland a popular tax haven, and comes as Canadians are increasingly storing money in offshore tax havens. "The largest accounts are now being audited, and others will follow. All accounts that are linked to Canadian taxpayers will be reviewed," Keith Ashfield, minister of national revenue, said in a statement entitled "Canada cracks down on unreported offshore account holders". While it is not illegal for Canadians to hold Swiss bank accounts, they must declare all their income to Canadian tax authorities. No allegations of wrongdoing by Canadians were mentioned by the minister or in initial media reports about the probe. Government and academic studies in recent years say that Canadian investments in offshore tax havens has ballooned in the past decade. "If havens are used to evade legal taxes, the government will use all the force of the law against these citizens." Canadian Prime-Minister Stephen Harper said during a parliamentary back-and-forth with opposition members on the subject of the probe.

OTTAWA (Reuters) – Canadian Finance Minister Jim Flaherty said on Thursday the government will limit increases in employment insurance premiums to avoid derailing economic recovery. Increases in employment insurance premiums will be limited to 5 Canadian cents per C\$100 of insurable earnings, while increases in subsequent years will be limited to 10 Canadian cents per C\$100 of insurable earnings. "These new limits strike an optimal balance between supporting economic recovery and ensuring that the EI program breaks even over time," Flaherty said. The finance minister said the changes will amount to C\$1.2 billion in savings for workers and employers compared with what they would have paid if recommendations for increases been implemented in full.

CALGARY, Alberta (Reuters) – Canada's environment minister has formed a scientific panel to examine whether Alberta's oil sands projects are polluting the Athabasca River as charged by an influential water ecologist. Environment Minister Jim Prentice said on Thursday the panel, led by a former United Nations Environment Program director, will advise him on the state of water research and monitoring being done in the oil sands region. The panel comes as part of a response to a growing debate about the environmental impact of developing the vast Canadian oil sands. It's the largest

oil reserve outside of the Middle East, but it's a growing source of greenhouse gasses and the waste ponds at mining projects are toxic to wildlife.

Output from the region, the largest single source of U.S. oil imports, is expected to about double to 3 million barrels a day by 2020. The extra production will come from new projects and expansions of existing facilities run by Royal Dutch Shell Plc, Total SA, Suncor Energy Inc, ConocoPhillips and others. The move follows the Alberta government's announcement last week that it will form an independent panel of scientists to study the Athabasca, which flows through the region that is the site of massive oil sands plants. "The mandate of this advisory panel is to provide me with advice that responds to the criticism that we've been hearing about the quality of the water monitoring," Prentice told Reuters. "Obviously you can't have good public policy if you don't have good data, and the criticisms I've been concerned about over the last several months call into question how we are doing the testing, in particular the water testing."

Western Europe

EUOBSERVER / BRUSSELS - The EU commission on Wednesday (29 September) decided to go for the less controversial legal action against France for not having properly transposed EU law into national legislation, but refrained from suing Paris for discriminating against an ethnic group and simply asked for "more information". Deliberations on how to proceed against France lasted two and a half hours longer than expected, after a joint presentation by justice commissioner Viviane Reding and her colleagues in charge of home affairs and employment. The decision, presented in French by the commission's main spokeswoman, was "taken unanimously", with the delay allegedly due to the "busy agenda" of the meeting, as a package on economic governance was also adopted on Wednesday. But divergent views over the outcome of the meeting were already apparent minutes after it had finished, with Ms Reding telling France-24 tv network that the commission "decided to launch an infringement proceeding" against France for improper transposition of EU law on freedom of movement.

Meanwhile, a few floors below, journalists were told that the infringement procedure will start "as part of an October package" against several other countries and only if Paris does not come up with a calendar for transposition by 15 October. As to the more embarrassing and delicate legal case on discrimination after a leaked circular of the ministry of interior proved that French authorities were instructed to target Roma camps "with priority", the commission decided that there was not enough legal ground to sue Paris.

EUOBSERVER / BRUSSELS - The French Roma crisis is a sign of a "dangerous" drift to the right in European politics but also an opportunity to do "something real" for the minority, the secretary general of the Council of Europe has said in an interview with EUobserver. Referring to the high-profile dispute between Brussels and Paris over Roma expulsions, Thorbjorn Jagland, the head of the Council of Europe, the oldest intergovernmental organisation promoting human rights and democracy, said EU politicians should stop competing for media coverage and "start doing something real for this minority." "The Council of Europe has a very clear stand on this and I see my role as trying to use this situation for something constructive. It is a crisis and normally

something positive can come out of a crisis," he said, noting that his institution is currently re-allocating resources to give legal aid to Roma if they want to defend their rights in court. The EU commission on Wednesday backed down on its earlier threat to take France to court on anti-discrimination grounds. It instead asked Paris for extra information and gave it a two week deadline to comply with EU law on freedom of movement. "It remains to be seen now what the response from France is. If France is clearly demonstrating that it is abiding by the EU aquis and therefore also by the rules in the European Convention [on human rights], then we have achieved a lot," Mr Jagland said. The Norwegian politician put the Roma case in the broader context of the rise of anti-immigration parties across Europe in the past two years. "It's the same old story on this continent - that when we have an economic crisis, minorities are the worst hit. And of course Roma people are suffering the most because the economic crisis also leads to growing intolerance, competition for jobs and welfare. These are quite dangerous times," he said.

ATHENS, Greece -- EU Home Affairs Commissioner Cecilia Malmstrom said on Monday (September 27th) that the European Commission (EC) will provide financial aid to Greece to reform its asylum system. "We are committed to help and assist Greece with money, but also infrastructure and knowhow to build a modern system," Malmstrom said after meeting Citizen Protection Minister Christos Papoutsis in Athens. At the same time, she said that in order to receive such support, Greece must improve its administrative ability to manage funds and implement reforms.

Anti-Islamic politician Geert Wilders has emerged triumphant in Dutch coalition talks, with the new government to introduce a bill on banning the Muslim face veil and to try to halve the number of "non-Western" immigrants in the country. The Netherlands' new "Freedom and responsibility" coalition formally includes just the Liberal Party (VVD) and the the Christian Democratic Appeal (CDA). But the 46-page-long coalition agreement by the minority government makes far-reaching concessions on burqas and immigration rules in order to be able to count on parliamentary support from Mr Wilders' PVV faction. Under the plans, immigrants already living in the Netherlands will face extra hurdles in bringing family members to the country and unskilled people will have even fewer chances of finding work and coming to settle. The coalition text also promises in writing to bring a burqa bill to parliament. Speaking at a joint press conference with the VVD and CDA leaders on Thursday (30 September), Mr Wilders said "A new wind will blow in the Netherlands" and "We want the Islamisation to be stopped." He also took a swipe at German Chancellor Angela Merkel who had earlier voiced "regret" at his potential role in The Hague. Speaking in broken German during the press conference, he said "Ms Merkel, you are not right," and told her to stop meddling in Dutch politics. The four-year coalition deal could still be ditched by Christian Democrats at their party convention at the weekend. The Wilders element is still controversial for some, even though the CDA itself supports a burqa ban. But Christian Democrat leader Maxime Verhagen on Thursday described it as a "very good governing agreement ... that every Christian Democrat will be able to identify with." The VVD's Mark Rutte, who is likely to become prime minister next week, said his government wants "to give the country

back to the working Dutch citizen." Opposition leaders are angry at the concessions made to Mr Wilders.

EUOBSERVER / BRUSSELS - EU countries have agreed to open a minor chapter in Turkey accession talks, in a move portrayed as proof of EU commitment following US criticism of Europe's treatment of Ankara. EU officials went to great lengths to reassure Turkey that the opening of negotiations in the field of food safety and veterinary health is a significant step forward in the enlargement negotiations, which began in December 2004. "These are technical issues, but they carry great political importance as well, because they show that the negotiation process is still very much alive and making progress," Spanish foreign minister Miguel Moratinos said during a press conference on behalf of the EU. His remarks were echoed by enlargement commissioner Stefan Fuele, who called food safety a "heavyweight chapter." "There should be zero doubts about EU's commitment," he said. Only 13 out of 35 chapters have been opened in the past five and a half years, partly due to Turkey's pace of reform and partly due to opposition from France, Germany, Greece and Cyprus. Eight chapters are on ice until Turkey resolves its territorial dispute with Cyprus. The Obama administration recently criticised the EU over the slow pace of progress, with defence secretary Robert Gates saying Europe is "pushing" Ankara to closer relations with Islamic states such as Syria and Iran. Traditionally the only Muslim ally of Israel, Turkey last month froze diplomatic relations with the Jewish state following the deadly attack on a Turkish ship carrying humanitarian aid to Gaza. Asked by a German journalist if giving a political boost to Ankara might send the wrong message to Israel, Mr Moratinos said "the commitment for EU negotiations is very clear and no event should change this strategic goal." He added that the bloc had condemned the "disproportionate use of force" by Israel and adopted a "tough stance" following the death of nine Turkish citizens on the Gaza boat. Speaking at the same press conference, Turkish foreign minister Ahmet Davutoglu said the attack was not only a bilateral issue with Israel, but a European one: "On this flotilla there were members of parliaments from European countries. It was an attack on a convoy of citizens. Nobody should see this as a problem only for Turkey and Israel, but also for the EU as a whole."

EUOBSERVER / BRUSSELS - Austrian, French and German opposition to Turkey joining the European Union will melt away with time, Germany's ex-foreign minister Joschka Fischer has predicted. Speaking to EUobserver on the margins of an event to launch a Council of Europe 'Group of Eminent Persons' in Brussels on Thursday (30 September), he said a growing realisation that Europe needs to replenish its aging workforce is already altering perceptions and that it is Turkey, not the EU, which might ultimately jettison accession plans. "We may knock on the doors of Ankara and there may be nobody home," Mr Fischer warned. "If you look at France and Germany, you don't need to be a prophet to see things will change," he added. "Europe's future economy will depend on its openness. We need immigration, that's the maths of it. Either we Europeans wake up or we become poorer." The former Green party politician is a highly-paid advisor for the Nabucco consortium trying to build a gas pipeline in Turkey. The Council of Europe group, which he is to chair, will study the problem of growing intolerance in Europe as witnessed in the recent Roma dispute and the rise of far-right

parties even in traditionally liberal countries such as Sweden. Turkey, home to Europe's largest Muslim and Roma populations, would wield enormous clout in the EU if it joined. But at the same time its median age is just 28 compared to 42 in the Union and its economy grew by around 11 percent in the first half of this year compared to the EU's 1-2 percent. Its confidence on the world stage has grown in recent years as has that of fellow emerging power Brazil. The two countries in May put forward an alternative plan for tackling Iran's nuclear ambitions, challenging the authority of the so-called P5+1 group of France, Germany, the UK, China, Russia and the US which had monopolised international diplomacy on Iran until then.

EUOBSERVER / BRUSSELS - Belarus' hardy autocratic ruler, Aleksander Lukashenko, is set to suffer a small blow to his image ahead of upcoming elections when the EU renews its travel ban on the President and 40 of his officials next month. Preliminary talks by EU diplomats in September indicate the union will renew the travel ban for a further 12 months but at the same time suspend the measures for 36 of the persons in question - including President Lukashenko - for six months or 12 months. The five worst offenders are likely to face an active visa ban. The renewal is to reflect the fact little has changed inside the country since President Lukashenko fixed the last elections in 2006. The suspension reflects a change in EU foreign policy which took place around the launch of the Eastern Partnership in 2008. The union is keen to leave open the door to better relations with the post-Soviet country in order to protect its independence from Russia. The eccentric Mr Lukashenko is the butt of grim jokes in Brussels salons. A senior EU diplomat speaking about his reported treatment for prostate cancer in Switzerland earlier this year, said: "Of course, we haven't had a look at his prostate, so we don't know for sure." But the Union does not see any alternative partners for doing business with Minsk. The travel ban has already been suspended for the past two years. The European Commission is even open to starting talks on a political Association Agreement with Belarus after the elections so long as there are no gross violations of human rights, such as beatings or jailings of dissidents.

EUOBSERVER / BRUSSELS - The prickly topic of IMF seats is set to come up during talks between EU and Asian leaders in Brussels next week (4-5 October), while trade and currency issues are on the agenda for the following EU-China bilateral summit (6 October). An additional EU-South Korea summit during the morning of 6 October will see the two sides finally sign a free trade agreement, widely billed as the EU's most ambitious to date but recently subject to last minute wrangling due to concerns over Europe's small car industry. The plethora of political meetings will be accompanied by an EU-China business summit on 6 October, together with EU-China cultural summit (6-7 October) which will be chaired by the renowned Italian author Umberto Eco and Chinese researcher Qiu Xigui. Officials have confirmed that 40 EU and Asian leaders are to attend the EU-ASEM meeting, where global economic governance, sustainable development, combatting piracy at sea and the fight against terrorism are among the main topics on the agenda. But Europe is also likely to come under pressure to give up seats on the board of the IMF, with emerging markets long complaining that the international lending organisation is overly dominated by Europe and the US. European directors now occupy nine of the 24 seats, with voting weights and seats still reflecting the relative size

of economies when the IMF was created in 1945. A procedural manoeuvre undertaken by the US last month, in which it declined to re-elect the 24-member board in its current form, has ramped up pressure on the Europeans to reduce their number. "I don't think we will be delivering a solution on this at the ASEM meeting. We will be investigating the various rooms for manoeuvre," a senior EU official said this week. China has said it wants the situation solved by the next G20 meeting in Seoul (11-12 November).

EUOBSERVER / BRUSSELS - Tens of thousands of angry workers marched through cities across Europe on Wednesday (29 September) to protest against the wave of government austerity measures that have swept through the region over the past year. A procession of roughly 100,000 people snaked through the streets of Brussels, led by a group dressed in black suits and masks and calling themselves the European Union of Speculators, a pointed jibe at the bankers which many blame for the current crisis. Large numbers of union members travelled to Brussels by bus for the event from as far afield as Denmark, with banks and designer stores along the route being heavily guarded, as were EU buildings. Belgian police reportedly arrested of 218 "troublemakers."

"This is the start of the fight, not the end," said John Monks, general secretary of the European Trades Union Confederation, which organised the events. Other demonstrations took place in over a dozen other cities across Europe. In Dublin a man in his forties drove a concrete mixer truck with the words "Toxic Bank Anglo" into the gates of parliament before being arrested. Friends and admirers reported then gathered at the local police station where he was detained as a sign of support. The embattled Irish government is set to announce a further injection of taxpayers money into the nationalised Anglo Irish Bank on Thursday. Similar bank bailouts and falls in tax revenues have forced national governments across Europe to rein in spending, a primary driver behind the latest protests as people increasingly feel the pinch. In Portugal, where protests also took place, Prime Minister Jose Socrates announced on Wednesday that his government would cut civil servants' pay by 5.0 percent next year, affecting salaries of more than €1,500.

LONDON — Every week without fail Lucy Elkin, a comfortably middle-class mother of two small children, receives a £33.20 child benefit payment, or about \$52, from the debt-plagued British government. "It's useful and it helps pay the bills, but it is not as if we are struggling to put food on the table," Ms. Elkin said as she led her children from the park to their house on the leafy fringe of Hampstead Heath, one of London's most desirable neighborhoods. Ms. Elkin, 40, is a freelance writer. Her husband is a computer programmer. Along with more than three million middle- to upper-income British families, they are among the recipients of £11 billion (\$17.2 billion) a year paid to mothers with children here. It is a universal benefit that not only costs taxpayers about twice as much as the total for unemployment payments but also represents the largest chunk of the estimated £30 billion (\$47 billion) the government pays each year to Britons with above-average incomes. "It is one of those things that is quite hard to justify," Ms. Elkin said. She is not alone in thinking that Britain can no longer afford such generosity. But even as civil servants and ministers are preparing to drastically cut most categories of government spending to help close Britain's budget deficit, the government is so worried about alienating middle-class voters that it is proceeding very cautiously in

limiting the subsidy for having children. "There is a long history of universal welfare schemes here," said Patrick Nolan, an economist for Reform, a free-market-oriented research organization that has issued a report claiming that as much as 16 percent of total welfare benefits go to those who do not need them. "But it has become a very expensive luxury when hundreds of thousands are losing their jobs." The debate in Britain highlights an issue that other advanced industrial countries are also beginning to grapple with: Who should bear the burden of the coming wave of austerity? Unless politicians are prepared to dig into the pockets of middle- and upper-income families, experts say, the demands from bond market investors to get government finances under control can be satisfied only by cutting back even further on benefits for the poor and needy. But any serious effort to curb long-established middle-class entitlements risks setting off a public reaction that few political leaders are eager to face. In Britain, the quandary is particularly stark. The social safety net that has been an essential feature of British life since World War II ended has been built largely on providing similar benefits to all, like health care and home heating allowances for the elderly, regardless of income.

EUOBSERVER / BRUSSELS - European Union attention swung to Ireland on Thursday (30 September) as the government revealed the full extent of the country's banking crisis, likely to result in a budget deficit of 32 percent of GDP this year. The total cost of the bailouts for Irish banks could run to €50 billion, with the lion's share of this going to the massively indebted Anglo Irish Bank, potentially needing as much as €4.3 billion and certainly no less than €9.3 billion. "Anglo Irish developed to a size where its balance sheet, its annual turnover, was half the national wealth and it became in itself a systemic threat to the financial viability of the state," finance minister Brian Lenihan said on Thursday. "That particular nightmare the government has had to live with, the Irish people have had to live with, and I have had to live with since September 2008. We're now bringing closure to that." Previous estimates of the total bank bail-outs had suggested they would amount to €33 billion. The new figures, revealed after it became clear that the size of the banking debts had been under-estimated, mean Ireland is on course for the largest deficit of a eurozone member since 1999, when the single currency was created. State support for the banking system accounts for roughly two thirds of the sum. Eurozone rules require that countries keep their budget deficit within three percent of GDP - something the government is maintaining it can still achieve by 2014.

ATHENS, Greece -- The government announced on Tuesday (September 28th) that an agreement has been reached with banks operating in Greece to inject 25 billion euros into the economy in the form of loans. Previously, the state secured guarantees worth 55 billion euros to the banks to ensure their solvency. Finance Minister George Papaconstantinou is urging banks to support local businesses in an effort to revive the economy

Insurers should no longer take a person's sex into account when calculating policies, an advisor to the European Court of Justice said on Thursday (30 September), provoking anger in the industry, which adjusts life and health contracts according to whether they are for men or for women. The preliminary opinion, by Advocate General Juliane Kokott, said that statistics showing different risks for the two sexes may not be

used as a basis for treating men and women differently because they do not show an innate difference between them. Talking about longevity, which sees women often pay less for life insurance as they tend to live longer, Ms Kokott argued that the difference is due to behavioural habits such as eating, smoking and exercise. "The Advocate General takes the view that it is legally inappropriate to link insurance risks to a person's sex," said her statement. "Differences between people, which can be linked merely statistically to their sex, must not lead to different treatment of male and female insured persons when insurance products are developed." "The use of a person's sex as a kind of substitute criterion for other distinguishing features is incompatible with the equal treatment of men and women." EU law already bans taking sex into account when calculating premiums and insurance contracts. But the existing directive also provides for an exception if differences in risk assessment are backed up by solid statistics. The case originates from a complaint brought to a Belgian court by a consumers' organisation, Association Belge des Consommateurs Test-Achats, and two individuals, challenging higher male life insurance premiums.

EUOBSERVER / BRUSSELS - The European Commission on Thursday (30 September) said it is to take the United Kingdom to court for not fully implementing data privacy rules for online users and allowing service providers to use "behavioural advertising" based on the websites visited by web surfers. The legal case follows complaints from UK internet users who claim to have been spammed with ads as a result of so-called deep-packet inspections revealing the patterns of their daily online activities. Despite requests made last year by the commission, London has so far failed to amend its legislation so that it complies with EU law. Under community rules, member states need to "ensure the confidentiality of the communications and related traffic data by prohibiting unlawful interception and surveillance." Also, online users need to be asked for "freely given specific and informed consent" before being targeted by ads. Britain also has failed to establish sanctions in case of infringements and no independent authority is in charge of supervising implementation. The current UK law authorises interception of communications not only where the persons concerned have consented to interception but also when the person intercepting the communications has "reasonable grounds for believing" that consent to do so has been given. British authorities are punishing only "intentional interception", whereas EU law requires that members states prohibit any unlawful interception and ensure sanctions against such activity regardless of whether it was on purpose.

EUOBSERVER / BRUSSELS - The EU's anti-cyber-crime agency Enisa will in future work with Europol to help track down hackers and the creation of botnets or "zombie computers" is to be made illegal under new proposals from the European Commission. "I don't want you to walk out of here totally terrified, but just to give you an idea that there is a threat," home affairs commissioner Cecilia Malmstrom said at a press briefing to launch the measures in the EU capital, Brussels, on Thursday (30 October). "To anyone thinking that cyber-attacks are an abstract concept, I would say that for millions of people each year there are already direct practical consequences. When your money is quietly stolen from your bank account or your country is shut down - as happened to Estonia in 2007 - the threat suddenly becomes very real," the EU's

information society commissioner Neelie Kroes said at the same media event. Citing internal alerts from British, French and Germany military intelligence, the commissioners highlighted the creation of two large-scale cyber weapons in the past two years as examples of the increasingly dangerous environment on the Internet. The so-called Conficker botnet has since 2008 installed malicious software on an estimated 12 million personal computers worldwide turning them into "zombies" capable of collectively sending 10 billion spam emails a day without the owners' knowledge. The spam can be used to steal money, blackmail banks or other firms with the threat of a shutdown or to get hold of classified information. Conficker in January and February 2009 prevented French fighter planes from taking off and shut down British and German army websites.

EUOBSERVER / BRUSSELS – MEPs and defence experts are calling on the EU commission to go after market-distorting, corrupt side-deals to big weapon deals between member states, such as the ones greasing Germany's submarine sales to Portugal and Greece. As EU officials are packing their holiday suitcases in Brussels, prosecutors in Germany, Portugal and Greece are on to a hot summer, tracing the complex trails of bribes and side-contracts to the German submarines each of the southern countries signed up for at a price of over €1 billion. The EU hypocrisy of allowing Greek and Portuguese governments allocate huge parts of their budget for questionable defence purchases, while they are being pressed for austerity measures to cap their deficit, already made headlines such as "The submarine deals that helped sink Greece" in the Wall Street Journal earlier this month. "What's striking about Greece and Portugal is the inappropriateness of these purchases," Nick Witney, a defence expert with the European Council on Foreign Relations, a London-based think tank, told EUobserver. "It makes no sense at all to urge austerity and at the same time encourage them to buy weapons. But where there's a nexus of security, secrecy and lack of competition, there is always an open field for corruption," he noted. Munich-based investigators in March opened a case against the German engineering group Ferrostaal, suspected of paying bribes to secure defence contracts in Portugal and Greece and of organizing bribery payments on behalf of other firms for a fee. The investigation has meanwhile spread to Portugal and Greece, and touches on former party colleagues of EU commission president Jose Manuel Barroso, who was prime minister at the time the contract was signed. Mr Barroso has denied any involvement in the alleged bribery scheme and says he had nothing to do with the negotiation of the contract, which was the responsibility of the defence minister. Along with the acquisition per se came "offset contracts" to the tune of €1 billion, meaning direct foreign investments from Germany and business opportunities to Portuguese companies on the German market.

TOCCO DA CASARIA, Italy — The towering white wind turbines that rise ramrod straight from gnarled ancient olive groves here speak to something extraordinary happening across Italy. Clean energy enables Tocco da Casauria, in a poor mountainous region, to pay for services like trash pickups without taxes or fees. Faced with sky-high electricity rates, small communities across a country known more for garbage than environmental citizenship are finding economic salvation in making renewable energy. More than 800 Italian communities now make more energy than they use because of the recent addition of renewable energy plants, according to a survey this year by the Italian

environmental group Legambiente. Renewable energy has been such a boon for Tocco that it makes money from electricity production and has no local taxes or fees for services like garbage removal. A quintessential Italian town of 2,700 people in Italy's poor mountainous center, with its well-maintained church and ruined castle, Tocco is in most ways stuck in yesteryear. Old men talking politics fill gritty bars, and old women wander through the market. The olive harvest is the most important event on the calendar. Yet, from an energy perspective, Tocco is very much tomorrow. In addition to the town's wind turbines, solar panels generate electricity at its ancient cemetery and sports complex, as well as at a growing number of private residences. "Normally when you think about energy you think about big plants, but here what's interesting is that local municipalities have been very active," said Edoardo Zanchini, in charge of Legambiente's energy division. "That this can happen in a place like Italy is really impressive." Italy is an unlikely backdrop for a renewable revolution. It has been repeatedly criticized by the European Union for failing to follow the bloc's environmental directives. It is not on track to meet either its European Union-mandated emissions-reduction target or its commitment to get 17 percent of its total power from renewable sources by 2020, experts say. Currently, only 7 percent of Italy's power comes from renewable sources. But the growth of small renewable projects in towns like Tocco — not only in Italy, but also in other countries — highlights the way that shifting energy economics are often more important than national planning in promoting alternative energy.

The Eiffel Tower was evacuated Sept. 28 after an anonymous bomb threat against the symbolic Parisian tourist attraction was phoned in; no explosive device was found. The day before the Eiffel Tower threat, French authorities closed the Gare Saint-Lazare in central Paris after an abandoned package, later determined innocuous, was spotted in the train station. These two incidents serve as the latest reminders of the current apprehension in France that a terrorist attack is imminent. This concern was expressed in a very public way Sept. 11, when Bernard Squarcini, the head of France's Central Directorate of Interior Intelligence (known by its French acronym, DCRI), told French newspaper *Le Journal du Dimanche* that the risk of an attack in France has never been higher. Never is a long time, and France has long faced terrorist threats, making this statement quite remarkable. Squarcini has noted in recent interviews that the combination of France's history as a colonial power, its military involvement in Afghanistan and the impending French ban on veils that cover the full face and body (niqabs and burqas) combined to influence this threat environment. After the French Senate approved the burqa ban Sept. 14 — which will go into effect next March — a bomb threat against the Eiffel Tower was called in that evening, causing French authorities to evacuate the site and sweep it for explosive devices. On Sept. 16, five French citizens were abducted from the Nigerien uranium-mining town of Arlit in an operation later claimed by al Qaeda in the Islamic Maghreb (AQIM), a claim French Defense Minister Herve Morin later assessed as valid. In July, French Prime Minister Francois Fillon declared that France was at war with the North African al Qaeda franchise after the group killed a French hostage it had kidnapped in April. Fillon's announcement came three days after the end of a four-day French-Mauritanian offensive against AQIM militants that resulted in the deaths of several militants. After the offensive, AQIM branded French President Nicolas

Sarkozy an enemy of Allah and warned France that it would not rest until it had avenged the deaths of its fighters. French officials have also received unsubstantiated reports from foreign liaison services of plans for suicide bombings in Paris. National Police Chief Frederic Pechenard told Europe 1 radio Sept. 22 that in addition to the threatening statements from AQIM, the French have received specific information that the group is working to target France. On Sept. 6, Der Spiegel reported that authorities were investigating reports provided by the United States that a German-born Islamist extremist arrested in Afghanistan has warned of possible terrorist attacks in Germany and elsewhere in Europe — including France — planned by jihadists based in Pakistan. This story hit the English-language media Sept. 28, and included reports that the threat may have involved plans to launch Mumbai-like armed assaults in multiple targets in Europe.

EUOBSERVER / BRUSSELS - Former Polish prime minister and leader of Poland's main opposition party, Jaroslaw Kaczynski, has warned of Russia's "neo-imperial" foreign policy to all 738 MEPs in Brussels and to dozens of ambassadors. The message, in the form of an as-yet-unpublished opinion piece due to appear shortly in the Wall Street Journal, accuses Russia of "systematically" trying to "re-acquire its sphere of interest" at a time when the US is paying less attention to Europe. "There are more signs that there is increasingly less America in Europe. This is bad for both sides. Unfortunately, this is taking place at a time when Moscow's neo-imperial foreign policy causes no objections from the major playmakers in Europe and the US." It criticises EU states for allegedly putting bilateral business interests with Russia ahead of EU values and strategic considerations. "Such attempts are simply a gift to those states that do not recognise democratic values and human rights. They [Russia] may appear to be more attractive business partners but they do not adhere to the values and standards that dominate the Euro-Atlantic political sphere." It also defends the idea of national vetoes against EU policy - a tactic for which the Kaczynski-era Poland became notorious in Brussels in 2006 and 2007. Referring to Belgium and Germany, Mr Kaczynski wrote: "Two out of three EU countries that use the instrument of veto most often are the 'A students' of European integration ... This means that it is possible to love European unity and, at the same time, creatively oppose some of its aspects."

Southeast Europe

BRUSSELS, Belgium -- The European Parliament (EP) Committee on Civil Liberties, Justice and Home Affairs backed on Tuesday (September 28th) a report saying that Bosnia and Herzegovina and Albania have met the criteria for visa liberalisation. The report was approved by a vote of 49-2. The document has already received green light by the EP Foreign Affairs Committee on September 6th. An EP plenary session vote is scheduled for October 7th and, according to local media, it will be only a formality. The final decision on scrapping of visa requirements for BiH and Albania is up to the Council of the EU, which is expected to put the issue on its agenda in October or November.

TIRANA, Albania -- Dutch Ambassador to Tirana Henk Van Del Dool urged political leaders Sunday (September 26th) not to block Albania's European agenda. The longstanding conflict between the government and the opposition is disappointing and

should be resolved as soon as possible, he said. "This is not a situation that helps Albania's European perspective or the [May 2011] local elections," he added. The opposition Socialist Party (SP) continues to insist on a thorough investigation into the June 2009 general elections, arguing the vote was marred by serious violations. The SP has warned that it will stage new anti-government protests in October.

TIRANA, Albania -- The new OSCE head in Tirana, Eugen Wollfarth, has urged the government to start preparing for next spring's local elections. "It is necessary to start early administrative preparations in line with OSCE recommendations," Wollfarth said on Wednesday (September 29th) after meeting with Prime Minister Sali Berisha. Wollfarth promised continued OSCE support for reforms until Albania meets OSCE standards. The German diplomat became head of the OSCE Presence in Albania two weeks ago, replacing Robert Bosch, whose mandate ended.

TIRANA, Albania -- The US Embassy in Tirana on Monday (September 27th) urged parliament to quickly adopt a draft law on administrative courts, warning that failing to do that would lead to the loss of about 11.6m euros allocated for the process. Adopting the legislation is part of Albania's commitments under the Millennium Challenge Corporation Threshold Agreement Programme, which measures performance in three areas -- Ruling Justly, Investing in People, and Encouraging Economic Freedom. The agreement was signed between Tirana and Washington in September 2008. "Failing to adopt it [the law] will close down administrative courts run by the USAID under the Threshold Programme," the embassy said in a statement, asking authorities to complete the procedure by the end this week. Draft legislation was prepared in February 2009 but has stalled in parliament, as opposition lawmakers keep boycotting votes.

TIRANA, Albania -- The ruling Democratic Party (DP) lost a lawmaker on Thursday (September 30th), bringing its number of members in parliament to 67. Lawmaker Paulin Sterkaj abandoned the DP and joined the opposition, citing bad governance, corruption and conflicts of interest in which the government is allegedly involved. Sterkaj represents the region of Shkodra.

TIRANA, Albania -- Prime Minister Sali Berisha has confirmed the government's determination to adopt an intelligence law that respects NATO standards. Berisha met on Thursday (September 30th) with NATO Supreme Allied Commander for Europe James Stavridis, in Tirana. NATO countries had criticised the draft law on the State Information Service for stripping the institution of its independence and giving the executive branch more control over it. Stavridis meanwhile praised the role of Albanian troops deployed in Afghanistan, who are training Afghan forces. He also discussed NATO's continuing engagement in Kosovo, noting that the improving situation has allowed the Alliance to reduce its number of troops there.

SARAJEVO, Bosnia and Herzegovina (BiH) -- Ahead of Sunday's (October 3rd) general elections, British and German foreign ministers William Hague and Guido Westerwelle are urging Bosnian voters to support leaders who will work to achieve EU integration. In a joint statement Thursday, Hague and Westerwelle said that BiH has clear

European prospects. They urged politicians to "turn the page on the past" and embrace the future. "Bosnia deserves a secure and prosperous future in the EU. It needs determination, compromise and genuine leadership to get there," they said. The two officials also called on the politicians to co-operate with the EU, NATO and the international community. Separately, US Ambassador to BiH Patrick Moon urged leaders to choose compromise over confrontation in order to implement crucial reforms.

SOFIA, Bulgaria -- Thousands joined a rally in Sofia on Friday (September 24th) insisting on the introduction of mandatory religion classes in schools. During the peaceful protest by both clerics and members of the public, they demanded mandatory study of Orthodox Christianity, Roman Catholicism or Islam. The government said it will put the issue to a public debate. Religion is currently an optional course in Bulgarian schools.

PRISTINA, Kosovo -- President Fatmir Sejdiu made clear on Saturday (September 25th) he has no intention of resigning despite a Friday ruling by the Constitutional Court which concluded the president violated the constitution by holding office and the leadership of his Democratic League of Kosovo party simultaneously. The ruling means Sejdiu could be dismissed by parliament. The request for proceedings at the Constitutional Court was launched by 31 lawmakers. Dismissing a president requires two-thirds backing of the 120 lawmakers in parliament. Sejdiu said on Friday he does not think he violated the constitution and will comment on the court's ruling once he studies it.

PRISTINA, Kosovo -- President Fatmir Sejdiu resigned Monday (September 27th) after the Constitutional Court announced that he had violated Kosovo's constitution by holding office and the leadership of his party, the Democratic League of Kosovo, simultaneously. In a public address Sejdiu said that his act confirms his respect towards the judiciary, a stance that he has held all his life in respecting all institutions of Kosovo. Sejdiu was appointed as President for a second mandate in January 2008. He declared his position as LDK head as 'frozen' in June 2008, when the Kosovo Constitution was adopted. An initiative by independent lawmaker Naim Rustemi to challenge Sejdiu's holding the two posts was supported by 30 other members of parliament and sent to the Constitutional Court. The court handed down its ruling last Friday.

PRISTINA, Kosovo -- Acting President Jakup Krasniqi is not ruling out the possibility of early general elections to avoid institutional fragility. Only a day after he took office, Krasniqi said that relations between the coalition partners, the Democratic Party and the Democratic League (LDK) are frozen. Speaking to the BBC on Wednesday (September 29th), Krasniqi also conceded that elections depend on the ability of the Central Elections Commission to prepare for them. Political analysts have suggested elections could take place in early December. Talks with Belgrade might also be affected, as Pristina wants to enter the process with solid institutions. Krasniqi also said that the resignation of President Fatmir Sejdiu has caused a "small political crisis" but denied any institutional gap. Sejdiu resigned after the Constitutional Court ruled he had violated the constitution by serving as both president and leader of the LDK at the same time.

PRISTINA, Kosovo -- The ruling coalition partners -- the Democratic Party of Kosovo (PDK) and the Democratic League of Kosovo (LDK) -- have agreed in principle that early elections are the only solution to the situation created after President Fatmir Sejdiu's resignation this week, local newspapers reported on Friday (October 1st). Sejdiu and Prime Minister Hashim Thaci agreed on Thursday to continue the coalition but not elect a new president before general elections. A source close to the meeting told the newspaper Koha Ditore that no date for early elections was set, but both parties agreed that the process must be in accordance with the constitution. The same source indicated that the Central Election Commission cannot organise them any earlier than January. Sejdiu resigned after the Constitutional Court ruled that he should not have been serving as LDK leader and president at the same time.

PRISTINA, Kosovo -- An independent commission reviewing school textbooks concludes that Serb students in Kosovo learn only one side of history, which does not promote peace and tolerance. The commission announced on Thursday (September 30th) that the students, despite living in Kosovo, are taught that Kosovo is part of Serbia. They also are taught that Albanians committed genocide against Serbs but learn nothing about the 1999 conflict, and are taught songs and poetry that contain hateful language. The commission concluded that such textbooks are incompatible with the Kosovo Constitution and should be replaced with ones that promote tolerance and emphasise a European future for the Balkans.

PRISTINA, Kosovo -- The Telecommunications Regulatory Authority (TRA) has disconnected 17 stations of illegal Serbian telecommunication antennas around Kosovo. The weekend action excluded the north, where authorities faced resistance in Serb-dominated areas, while in other parts of Kosovo the action irritated local Serbs and authorities in Belgrade. According to Belgrade-based media, thousands of Kosovo Serbs were left without landline or mobile phone connections due to the TRA action. Police and the TRA teams disconnected transmitters in the areas of Gracanica, Shterpce, Gjilan/Gnjilane and Peja/Pec. In Zubin Potok, northern Kosovo, the TRA failed to disconnect the illegal Serbian telephony station despite the presence of Special Police units. A group of Serbs had barricaded the location earlier in the morning. There were reports of gunfire, but police said the weather prompted the TRA to drop its effort there. Officials first began removing antennas in the spring. The illegal equipment is believed to be ringing up annual losses to Kosovo of 20m euros.

PRISTINA, Kosovo -- The NATO Military Committee is praising the Kosovo Security Force (KSF) but notes that it is still early for local forces to take over the protection of Kosovo's borders. Military Committee Chairman Admiral Giampaolo Di Paola said that the KSF is "doing an excellent job and we are satisfied with the progress we have seen so far", during a visit to Kosovo on Tuesday (September 28th). However, he did not comment on the future of the KSF. Security Force Minister Fehmi Mujota said it aims to reach its full operating capacities by 2012.

SKOPJE, Macedonia -- Constitutional Court President Trendafil Ivanovski refuted accusations Monday (September 27th) that he served as an informant for the

former Yugoslav secret services. Reacting publicly to the findings of the state lustration committee, Ivanovski denied the accusations and described them as an effort to discredit him. He also said he does not intend to resign. The ruling VMRO-DPMNE says the investigation undermines the credibility of the court's recent decisions. The lustration committee was established to prevent former communist-era informants from holding public office.

SKOPJE, Macedonia -- The Lustration Commission confirmed on Wednesday (September 29th) that Constitutional Court President Trendafil Ivanovski collaborated with the communist-era secret police and can no longer occupy his post. At a public hearing Monday, Ivanovski denied the accusations, claiming he is a victim both of the past and present regimes. He vowed to bring his case to the Administrative Court and the Supreme Court. Prime Minister Nikola Gruevski says the lustration decision undermines the credibility of the Constitutional Court and the legitimacy of its decisions.

PODGORICA, Montenegro -- Media reported on Monday (September 27th) that Montenegro and Serbia have agreed on the terms of an agreement to extradite people suspected of a handful of specific crimes. It was reached during a meeting Friday in Podgorica between teams from the two justice ministries. The agreement would allow Montenegro and Serbia to mutually extradite those suspected of organised crime, crimes against humanity, corruption or money laundering.

BUCHAREST, Romania -- President Traian Basescu has asked the interior ministry to withdraw his police protection, a spokesperson said Saturday (September 25th). The decision came after a protest by about 6,000 police officers and jail wardens who gathered outside the presidential palace Friday to protest government austerity measures that include a 25% cut in police salaries. The protestors blamed the president for the economic crisis and demanded that he meet with labour representatives. Basescu refused, arguing that holding such a demonstration was illegal. That angered the protestors even further, prompting some to throw police caps and plastic water bottles at the presidency building.

BUCHAREST, Romania -- More than 5,000 people joined a rally in Bucharest on Tuesday (September 28th), the third demonstration in a week against the government's cost-cutting measures. The banner-waving protestors gathered outside the government building and headed to the ministries of labour and economy. They demanded the resignation of Prime Minister Emil Boc and his team for deciding to cut public sector salaries by 25%, as of July 1st. Later in the day, union representatives met with Boc to discuss the situation. The two sides agreed to meet again next week.

NEW YORK, United States -- Romanian Prime Minister Emil Boc told the UN General Assembly on Friday (September 24th) that "communities all over the planet face mounting threats, which often interplay." Addressing participants in the 65th session of the assembly, Boc outlined climate change, health and population issues affecting the world's food, energy, migration and general welfare situation. He stressed the need for multilateralism and praised the international community's growing commitment "to act collectively and share vision and willpower to overcome difficulties".

SARAJEVO, Bosnia and Herzegovina (BiH) -- High Representative Valentin Inzko said on Saturday (September 25th) that the leaders of BiH should exit the "blind street" they have entered and instead start explaining to the EU why their country should become a member of its ranks. Speaking at an international conference in Medjugorje, Inzko said that for four years now, nothing from BiH's EU integration programme has been fulfilled. He said it is up to the leaders to decide if they want to fulfil the wishes of more than 80% of the electorate and return to the path of EU integration by adopting and implementing the necessary measures. He noted that in the October 3rd general and presidential elections, voters will get the opportunity to express their opinion on the matter.

BELGRADE, Serbia -- Belgrade is hosting a conference Monday (September 27th) on the implementation and financing of the Danube Strategy, organised jointly by Serbia and the European Commission. EU Commissioner for Regional Policy Johannes Hahn is participating in the event, as are strategy co-ordinators from 14 Danube countries and representatives of various financial institutions.

BELGRADE, Serbia -- The government decided on Thursday (September 30th) to end mandatory military service, effective January 1st 2011. As of then, military service will be only for those who volunteer to join the army, pending parliamentary approval of the government's decision. Authorities have repeatedly said they plan to professionalise the armed forces, to bring them in line with international standards.

Oceania

SYDNEY (AFP) – Australian Prime Minister Julia Gillard's tiny majority was slashed to the bare minimum on Tuesday during a rocky start to the new-look parliament led by the first minority government since World War II. The centre-left Labor leader warned of "remarkable and demanding times" as she was forced to re-elect party colleague Harry Jenkins as speaker, depriving her precarious ruling coalition of a vital vote as parliament resumed. Gillard, Australia's first woman prime minister, now has just 75 votes in the 150-member House of Representatives against 74 for conservative leader Tony Abbott, who tore up a deal that would have secured her a two-seat majority. The Welsh-born former industrial lawyer teetered on the brink of catastrophe after August 21 elections created the first hung parliament in 70 years, before cobbling together a fragile coalition government. She immediately clashed with Abbott after urging him to embrace a new spirit of consensus and not destroy the ruling coalition's wafer-thin majority through partisan bickering. "This term of parliament is not an opportunity to re-fight the election, vote after vote, bill after bill," Gillard told the House of Representatives, Australia's lower house. "This is time for consensus, not confrontation." However Abbott, who appears minded to exploit the new government's weakness, pledged to hold Gillard accountable to her election promises in a combative opening address. "A finely balanced parliament does not excuse the government from its duty to keep election commitments," Abbott said, to raucous cheers. "This is an opposition which will hold this government to account. It will be a parliament of robust debate."

SYDNEY (AFP) – The first Muslim elected to Australia's parliament was sworn in on Tuesday with his hand on his parents' Koran. Ed Husic, whose mother and father are Bosnian migrants, said it was an enormous privilege to serve in Canberra as he conceded that his unique place in Australian political history was something of a milestone. "Given my background, there are some people taking a small slice of pride or happiness," he told The Australian newspaper. Husic, a former union boss who grew up in the western Sydney area he represents, won his place in the 150-seat House of Representatives in Canberra for the ruling Labor Party in August 21 polls. He was among the MPs sworn into Australia's 43rd parliament by the chief justice of the high court in Canberra on Tuesday. Muslims make up about 1.7 percent of Australia's heavily Christian population of 22 million. Husic was upfront about his religion when interviewed last month. "If someone asks me are you Muslim I say yes. And then if someone says 'Well do you pray and go to a mosque and do all the other things that are associated with the faith?' I say no," he told ABC TV last month. "I often get told that I describe myself as non-practising when in actual fact I don't go round saying that. Like I just say 'I'm Muslim'."

WASHINGTON (AFP) – Australia's former Prime Minister John Howard has attacked "multiculturalism" in English-speaking nations, saying that some sectors have gone too far in accommodating Muslim minorities. The blunt-talking conservative, who led Australia for 11 years before losing 2007 elections, said Tuesday on a visit to Washington that the "Anglosphere" needed to take greater pride in its values and achievements. "This is a time not to apologize for our particular identity but rather to firmly and respectfully and robustly reassert it," Howard said at the Heritage Foundation, a conservative think-tank. "I think one of the errors that some sections of the English-speaking world have made in the last few decades has been to confuse multiracialism and multiculturalism," Howard said. Howard pointed in particular to Britain, whose Muslim community came under a spotlight after the 2005 bombings on the London transport system. "I am a passionate believer in multiracialism. I believe that societies are enriched if they draw, as my country has done, from all parts of the world on a non-discriminatory basis and contribute, as the United States has done, to the building of a great society," he said. "But when a nation draws people from other parts of the world, it draws them because of the magnetism of its own culture and its own way of life," Howard said. "People want to live in the United States not because of some futuristic ideal of multiculturalism, but because of what they regard as the American way of life and American values," he said. While in office, Howard faced criticism from his opponents that he aggravated anti-Islamic sentiment through tough anti-terrorism laws and tighter immigration controls, including a test on "Australian values."

SYDNEY (AFP) – German backpackers Christian Morbe and Kathrin Veith were prepared for their stay in Australia to be expensive, but the skyrocketing Australian dollar is catching tourists like them by surprise. "Five dollars for a bottle of water at the airport," exclaims 20-year-old Veith. "That's pretty heavy." The Aussie, as the currency is known, has jumped almost 20 percent against the US dollar since June to post-financial crisis highs -- stunning foreign visitors who were expecting more value from the greenback. "All I know is that it's expensive," says Californian Wilfred Schulze of his

Australian holiday from the harbourside forecourt of the Sydney Opera House, adding that his attitude was "spend it and cry later." Tourism is one of the industries most affected by the rising Australian currency, which has hit its highest levels in 26 months in recent days, nudging 97.05 US cents on Wednesday. And the dollar, once dubbed the Pacific peso, is showing no signs of stopping. "We fully expect to see the Aussie dollar strengthening," Westpac chief currency strategist Robert Rennie said. "If the Australian dollar is able to navigate October without a serious correction, I think the risks of us hitting parity (with the US dollar) by the end of this year will rise significantly."