

Report 140
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: October 13, 2010

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Period: From October 3-9, 2010

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

US/Canada

- Afghans Linked to the Taliban Guard U.S. Bases
- House Majority Still Uncertain, Republicans Say
- Latino Vote Turnout Likely to Lag, Poll Says
- Immigration Law Moves to Center Stage
- Arizona Is a Haven for Refugees
- Largest U.S. Bank Halts Foreclosures in All States
- Public Jobs Drop Amid Slowdown in Private Hiring
- U.S. Military Orders Less Dependence on Fossil Fuels
- U.S. Apologizes as Attacks in Pakistan Continue
- First Look Inside the Proposed Islamic Center
- Judge Bars Major Witness From Terrorism Trial
- Scott Stewart, "How to Respond to Terrorism Threats and Warnings," *Stratfor*, October 7, 2010

Western Europe

- National interests creating tension in EU commission
- Parliament takes conciliatory tone with Ashton
- Baltic Sea strategy yields few results after one year
- MEPs reject oil drilling ban but commission to push ahead
- Brussels proposes temporary trade breaks to help Pakistan
- Brussels puts forward financial sector tax options
- Trichet puts dampener on financial transaction tax
- EU trade pact not at risk, Ukraine ambassador says
- Commission guilty of 'maladministration' over car company letters
- EU debate on terror alert exposes lack of joint approach
- US terror alert 'nothing new,' EU commissioner says
- EU signs up to 'unclear' migration pact with Libya
- EU-China summit ends in discord
- Kosovo isolated after vote on Albania and Bosnia visas
- Nato to reach out to Russia on missile defence
- US call for Nato cyber-strike capacity causes division
- New Labour Leader Heads Back to Britain's Center

- Rehn predicts end of Ireland's low-tax regime
- French constitution experts approve burqa ban

Oceania

- Australian PM scraps 'citizens' assembly' on global warming
- Rio: no 'final decisions' over iron ore merger
- Australia renews push for regional immigration centre

Report Summary

US/Canada

Political Issues

Security tension in Afghanistan for American security officials worries the Congress, deliberating on how to reduce the risk of a Trojan house within the premises of U.S military camps.

Americans are looking forward for the midterm elections, but even if polls suggest Democrat vulnerability, the road still remains uncertain for the Republican Party having lesser chances of taking over the Senate, though more likely for the Congress.

Meanwhile, immigration issue is expected to affect the total turnout of the midterm elections particularly among the Latinos. Arizona law is said to be affecting the political participation of Latinos as depicted by lesser voters' registration, yet political candidates having tough stance on immigration are getting public support.

Economic Issues

Bank of America, the largest bank in the U.S is expected to extend its moratoriums nationwide on lenders and thousands of borrowers in default.

Can the Obama's administration make any miraculous economic turnaround as hiring by businesses has slowed while government jobs are disappearing at a record pace.

Social/Humanitarian Issue

Park51 architectural interior outlook has been opened to the public with the intention of telling opponents of the Islamic centre what the centre will eventually look like. Fund raising for the centre is said to have not begun.

Judge Lewis A. Kaplan of United States District Court in Manhattan has rejected using a crucial witness in the trial of a former Guantánamo detainee, adding to the fierce debate over whether the government can successfully prosecute terrorist detainees in civilian court.

The Arizona government has shown zero tolerance for illegal immigration but opens the door of the state for refugees. The recent Arizona immigration law could have a domino effect as other states like Nebraska is contemplating similar law.

Scott Stewart identified three precautional measures (situational awareness, preparedness and travel security) for terrorist attack in a biased concluded article published in Stratfor. Stewart gave an outright distorted historical representation of Muslims as intruders of Western world and believes contemporary Europe is facing terrorist threat similar to that posed by Marxist or Palestinian terrorists in the 1970s.
Food, Environment and Energy Issue

Geostrategic Issues

Tension between U.S and Pakistan is making the U.S military to rethink its policy on energy. The huge dependence on fossil oil and recent blockage of energy supply to Afghanistan reiterates the high necessity for renewable resources. The blockage was effective forced the U.S to apologize for the first time following the killing of Pakistanis.

Western Europe

Political Issues

A group of EU commissioners from smaller member states is increasingly growing angry with certain EU powerhouse states, perceiving their actions as being driven by national interests rather than the greater European good.

The appointment of officers for the European External Action Service (EEAS) has raised dust among EU MPs. The committee looking into the matter hopes to defuse the dispute with Catherine Ashton but unwilling to back down on the issue of public hearings for nominees.

The European Commission has been found guilty of 'maladministration' by the EU ombudsman for failing to disclose full correspondence between the bloc and EU car manufacturers. The allegation evolves around the extent to which the EU is committed to reducing greenhouse emission from cars.

Kosovo remains the only Western Balkan countries excluded from the EU visa liberalization scheme. The resolution of the commission excluded Pristina though recommended Albania and Bosnia for the scheme. Kosovo's exclusion is somewhat linked to lack of singular policy on Kosovo within the bloc.

As the British Labour party elected Ed Miliband over his brother David Miliband, Britons particular labour members got engaged in a big debate. Ed is expected to reposition the party and makes the Conservative-led government a one term government.

Economic Issues

After a long deliberation and resolving reservations of Italy, Spain and Portugal, EU commission finally consented to reducing import tariffs for Pakistani textiles into the EU. The concession is expected to strengthen EU-Pakistan trade ties, although the recent natural disaster in the country played a role in the new agreement.

If every other thing is escapable, death and tax are not. EU commission is on the verge on legislating financial transactions tax (FTT) and a financial activities tax (FAT) on financial institutions geared at stabilizing the bloc's public finance. But European Central Bank President Jean-Claude Trichet said such financial transaction tax could only work if implemented across the globe, marking a setback for others who have argued that Europe could go it alone.

China expects no dictation from any country and same was true when the Chinese prime minister rejected EU request of changing its currency policy. EU believes China's devalued currency is affecting EU traders; meanwhile the EU is contemplating on China's request to be added as part of IMF decision makers.

Economic affairs Commissioner Olli Rehn said Ireland record budget deficit suggest the country will not be able to keep its low taxes and will become a "normal tax country in the European context. This will definitely be bad for the country and its foreign investors.

Social/Humanitarian Issue

The EU members have agreed on pre-notification policy on terror alert, by informing each other rather than allowing media to do the job. The agreement followed a terror alert issued by the U.S, warning that certain European countries are on the radar of terrorists for attack. Although, justice and fundamental rights Commissioner Viviane Reding said the alert is nothing new rather the threats have been on the table for several years.

The EU entered an agreement with Libya with the aim of controlling illegal migration from the North African country to Europe and at the same for improving Libyan treatment of refugees. However human right activists find holes in the deal which failed to address the non recognition of asylum seeker by Tripoli.

Banning veil from the French's public, will it further alienate or force integration of Muslim women, this is an unanswered question by the French government. The French Constitutional Council has finally stamped the law as not impinging on civil liberties.

Food, Environment and Energy Issue

Cleaning up the Baltic Sea is becoming a concern for the EU, the bloc is concerned that after a year into its existence, EU's first 'macro-regional' policy around the

Baltic Sea has few results to show, as it uses no fresh money and has no new institutions or legislation in place to implement it.

Seen as defeat for the Greens, who failed to see their proposed resolution, which called for a halt to all new oil drilling until uniform oil-rig safety standards and procedures were introduced accepted by EU commission. The call for the temporary ban explains the fear that follows the oil spill in the Gulf of Mexico.

Geostrategic Issues

The process of European Union's expansion and integration is not easy for all countries. Ukraine is one country being careful of EU integration as the recent DCFTA [Deep and Comprehensive Free Trade Agreement] agreement with the EU is believed to be a costly deal to implement

This might be the best way of taming Russia and making the old foe responsible on the continent. NATO chief is proposing to have Russia as part of the larger controversial missile defense shield initiated by Washington which has become a worrisome issue for Moscow.

Meanwhile, developing a NATO cyber-war capability and French opposition to joint nuclear planning are emerging as the main bones of contention in the debate on a new NATO "Strategic Concept

Oceania

Political Issues

The new fragile Australian government led by the Labour party has dropped the idea of unpopular "citizens' assembly", letting 150 ordinary people seek ways of slashing gas emissions as alternative to parliament. The plan was dropped after the plan drew fierce criticism during the recent election campaign.

Economic Issues

The controversial merger of mining giant Rio Tinto with BHP Billiton remains elusive as the massive deal appeared on the brink of collapse.

Geostrategic Issues

Having a regional asylum processing centre is one issue the Australian government is struggling to iron out with regional governments. Australia is wary of immigrants coming to the Pacific country and disturbed by the unruly behaviours of asylum seekers.

Report Details

US/Canada

WASHINGTON — Republicans carry substantial advantages as they move into the final month of the fall campaign, but the resilience of vulnerable Democrats is complicating Republican efforts to lock down enough seats to capture the House and take control of the unsettled electoral battleground. By now, Republicans had hoped to put away a first layer of Democrats and set their sights on a second tier of incumbents. But the fight for control of Congress is more fluid than it seemed at Labor Day, with Democrats mounting strong resistance in some parts of the country as they try to hold off a potential Republican wave in November. The chances of a Republican takeover in the House remain far greater than in the Senate, according to a race-by-race analysis by The New York Times. But enough contests remain in flux that both parties head into the final four weeks of the campaign with the ability to change the dynamic before Election Day. Races typically tighten in the final month as voters on both sides become more engaged, and the political climate is no more favorable for Democrats than it has been all year, with no substantial signs of improvement in the economy or the outlook for unemployment. Yet even as spending from outside groups is threatening to swamp many Democratic candidates, Republican strategists estimated that only half of the 39 seats they need to win control of the House were definitively in hand. Many Democratic incumbents remain vulnerable, but their positions have stabilized in the last month as they have begun running negative advertisements to raise questions about their Republican challengers and shift the focus of voters away from contentious national issues like health care, bailouts and President Obama's performance.

PHOENIX — Arizona's immigration law has prompted denunciations, demonstrations, boycotts and a federal lawsuit. But it may not bring the protest vote that many Democrats had hoped would stem a Republican onslaught in races across the country. That is because although many voters are disillusioned with the political process, Latino voters are particularly dejected, and many may sit these elections out, according to voters, Latino organizations, political consultants and candidates. A poll released Tuesday found that even though Latinos strongly back Democrats over Republicans, 65 percent to 22 percent, in the Congressional elections just four weeks away, only 51 percent of Latino registered voters said they would absolutely go to the polls, compared with 70 percent of all registered voters. The other side in the immigration debate is suffering no such lack of enthusiasm. One measure of its high spirits is the dance card of Sheriff Joe Arpaio of Maricopa County, which includes Phoenix. Mr. Arpaio conducts raids in Latino neighborhoods that have led critics to label him a racist and the Justice Department to start a racial-profiling investigation. Despised by some, he is also in demand. As conservatives across the country seek to burnish their tough-on-immigration credentials, Mr. Arpaio's endorsement is much sought after. "Every day I get calls from candidates," the sheriff said recently, acknowledging that he draws protesters, too. "Tomorrow, I'm going up to Colorado to help out Tancredo; I helped that gal in Nevada, Angle," Mr. Arpaio said, referring to former Representative Tom Tancredo, who is running for governor in Colorado as an independent, and Sharron

Angle, the Republican Senate nominee in Nevada. “I’m a poster boy on this issue.” The Arizona law seems to be rewriting not just the rules on immigration, but also the rules on how it is talked about on the campaign trail. Even in New Mexico, a state with a large Hispanic population and traditional tolerance for illegal immigration, the issue is seen as a vote-getter for Republicans. Susana Martinez, a prosecutor and the Republican nominee for governor, would be the first Hispanic woman to run a state if elected. She is ahead in the polls, partly on the strength of television advertisements that show her standing at the border talking about how she has convicted law-breakers who have entered the country illegally from Mexico. Both Ms. Martinez and her Democratic opponent, Lt. Gov. Diane Denish, support ending the policy of departing Gov. Bill Richardson that allows illegal immigrants to get driver’s licenses; Ms. Martinez would also take away licenses from those who already have them. “This has been an issue that we don’t usually talk about,” Lonna Rae Atkeson, a political science professor at the University of New Mexico, said of immigration. “Something’s different this year.” Political analysts and candidates say the anti-establishment sentiment roiling the electorate, as well as widespread frustration over the country’s porous borders, seems to be helping candidates who favor tougher immigration rules.

Gov. Dave Heineman of Nebraska made illegal immigration a focus of his campaign four years ago, and the issue has become central to state politics. This agricultural hub is far removed from any border. It has long been more preoccupied with bolstering its population than keeping people out. And immigrants, legal and otherwise, have been fixtures for years in the fields and meatpacking plants here, helping this state put meat and vegetables on dinner tables around the country. But even as the state enjoys relative economic health — unemployment, at 4.6 percent, is the third lowest in the nation — illegal immigration has taken a more central and more divisive place in the politics of communities like this one, visibly transformed by an influx of immigrant newcomers. That shift in political dialogue has been propelled here by Gov. Dave Heineman — even before it was a national issue. Four years ago, Mr. Heineman, a Republican, made his unyielding opposition to illegal immigration a central part of his underdog campaign for governor. Now, as a popular incumbent heavily favored to win, he recently announced that one of the first acts of his second term would be to press for a law that would make it easier for local police officials to arrest illegal immigrants, which he said would be closely modeled on the controversial law adopted in Arizona that is now being challenged by the Obama administration in court. “I’m very adamant about this — the federal government has failed to solve the immigration issue,” Mr. Heineman said in a recent interview in his offices in Lincoln, where the shelves are stocked with college football paraphernalia and the ceilings and walls are adorned with murals celebrating cultures from around the world. “Next January I believe in every state in America there will be an Arizona-type law introduced.”

PHOENIX — Here in Arizona, illegal immigrants get the boot. But refugees get the welcome mat. Victor Acevedo migrated illegally to Arizona and is now awaiting deportation back to Mexico. Through a new law that gained widespread attention this year, the state is known for being particularly tough on illegal immigrants. Even as officials rage at what they have called the “invasion” of illegal immigrants, mostly

Mexicans, Arizona has welcomed thousands of legal immigrants from such grief-torn lands as Somalia, Myanmar and Iraq, and is known for treating them unusually well. Indeed, the scorched expanse of the Phoenix valley can seem like a giant resettlement lab. Bosnians trim the watered lawns of the Arizona Biltmore, and Karenni speakers have their own prenatal class at St. Joseph's hospital. A Sudanese goat farmer is thriving in a desert slaughterhouse built with a micro-enterprise loan. (He is glad to demonstrate his skill in turning goats to goat meat.) Hai Doo, a laundry worker from Myanmar, got grants to buy his first home. Yasoda Bhattarai, a new mother from Bhutan, credits 10 weeks of free hospital care for saving her daughter, who was born with tuberculosis. "Whenever people ask me about Phoenix, I tell them it is the best place," she said. Only three states accepted more refugees on a per capita basis over the past six years. Arizona took nearly twice as many refugees per capita as its liberal neighbor, California, and more than twice as many per capita as New York, New Jersey and Connecticut. "In the degree of welcome and receptivity we see, I would certainly put Arizona at the top," said Robert Carey, a vice president at the International Rescue Committee, which resettles refugees in a dozen states. The work contrasts with the state's renown as the scourge of illegal immigrants, whom critics blame for driving up crime, stealing jobs and burdening hospitals and schools. "We're not anti-immigrant — never have been," said State Senator Russell Pearce, a Republican who is a leading critic of illegal immigration. "But we expect people to follow the law."

WASHINGTON — Afghan private security forces with ties to the Taliban, criminal networks and Iranian intelligence have been hired to guard American military bases in Afghanistan, exposing United States soldiers to surprise attack and confounding the fight against insurgents, according to a Senate investigation. The Pentagon's oversight of the Afghan guards is virtually nonexistent, allowing local security deals among American military commanders, Western contracting companies and Afghan warlords who are closely connected to the violent insurgency, according to the report by investigators on the staff of the Senate Armed Services Committee. The United States military has almost no independent information on the Afghans guarding the bases, who are employees of Afghan groups hired as subcontractors by Western firms awarded security contracts by the Pentagon. At one large American airbase in western Afghanistan, military personnel did not even know the names of the leaders of the Afghan groups providing base security, the investigators found. So they used the nicknames that the contractor was using — Mr. White and Mr. Pink from "Reservoir Dogs," the 1992 gangster movie by Quentin Tarantino. Mr. Pink was later determined to be a "known Taliban" figure, they reported. In another incident, the United States military bombed a house where it was believed that a Taliban leader was holding a meeting, only to discover later that the house was owned by an Afghan security contractor to the American military, who was meeting with his nephew — the Taliban leader. Some Afghans hired by EOD Technology, which was awarded a United States Army contract to provide security at a training center for Afghan police officers in Adraskan, near Shindand, were also providing information to Iran, the report asserted. The Senate committee said it received intelligence from the Defense Intelligence Agency about Afghans working for EOD, and that the reporting found that some of them "have been involved in activities at odds with U.S. interests in the region." The Senate Armed

Services Committee adopted the report by a unanimous vote, although Republican members issued a statement critical of the report for too narrowly focusing on case studies in western Afghanistan. In response to the Senate report, Defense Secretary Robert M. Gates issued a letter saying that the Pentagon recognized the problems and has created new task forces to help overhaul contracting procedures in Afghanistan. "Through the new programs we have implemented, I believe D.O.D. has taken significant steps to benefit our forces on the ground while not providing aid to our enemies," Mr. Gates wrote. The latest disclosures follow a series of reports, including articles in The New York Times and testimony before a House committee, describing bribes paid by contractors to the Taliban and other warlords to make sure supply convoys for the American military were provided safe passage. But the Senate report goes further, spelling out the close relations between some contractors and the forces arrayed against the Kabul government and the Americans, and saying that the proliferation of contractors in the country is sometimes fueling the very insurgency that the military is there to combat. It names a few of the contracting companies, and uses one base as a case study, but calls the problems it identified pervasive.

Bank of America, the nation's largest bank, said Friday that it was extending its suspension of foreclosures to all 50 states. The plan swept states with some of the highest foreclosure levels, including California, Nevada and Arizona, into a swelling crisis over lenders' flawed paperwork that had been mostly confined to 23 other states that require judicial review of foreclosures. Bank of America instituted a partial freeze last week in those 23 states, and three other major mortgage lenders have done the same. The bank's decision on Friday increased pressure on other lenders to extend their moratoriums nationwide as well. An immediate effect of the action will be a temporary stay of execution for hundreds of thousands of borrowers in default. The bank said it would be brief, a mere pause while it made sure its methods were in order. But as the furor grows over lenders' attempts to bypass legal rules in their haste to reclaim houses from delinquent owners, there is a growing expectation that foreclosures will dwindle for months as the foreclosure system is reworked. Stan Humphries, an economist with the housing site Zillow.com, said what was initially cast as a problem of sloppy record-keeping is rapidly evolving into one that suggests the banks' procedures for recording loans might not have followed the law. "The former scenario represents a hiccup for the market, maybe a 30- to 90-day slowdown in foreclosure initiations," Mr. Humphries said. "The latter scenario is more like hitting a wall."

In the one-two punch long feared by many economists, hiring by businesses has slowed while government jobs are disappearing at a record pace. Companies added just 64,000 jobs last month, a slowdown from 93,000 jobs in August and 117,000 in July, the Labor Department reported Friday. But over all, the economy lost 95,000 nonfarm jobs in September, the result of a 159,000 decline in government jobs at all levels. Local governments in particular cut workers at the fastest rate in almost 30 years. "We need to wake up to the fact that the end of the stimulus has really hit hard on local governments," said Andrew Stettner, deputy director of the National Employment Law Project. "There is much more of a slide in the job market than what we really need to clearly turn around." With the waning of the \$787 billion Recovery Act passed in 2009 and credited with

increasing employment by millions of jobs, finding new policies potent enough to speed up the recovery has proved difficult. President Obama has repeatedly called for additional measures like infrastructure projects and tax incentives, which have been met with opposition from Republicans over deficit concerns. The word “stimulus” itself seems to have become politically toxic in the lead-up to the midterm Congressional elections next month. Central banks around the world are also confronting contentious choices about whether to use unconventional monetary policy measures to reignite growth. This latest United States jobs report, the last before the November elections, seems certain to put more pressure on the Federal Reserve to help support economic growth as the federal government’s stimulus fades away. Perhaps because so many investors and analysts now see additional Fed action as a fait accompli, major stock market indexes rose on Friday, with the Dow Jones industrial average topping 11,000 for the first time since May.

With insurgents increasingly attacking the American fuel supply convoys that lumber across the Khyber Pass into Afghanistan, the military is pushing aggressively to develop, test and deploy renewable energy to decrease its need to transport fossil fuels. Solar power was tested in May in Morocco. A Marine company brought some renewable energy equipment to Afghanistan. Last week, a Marine company from California arrived in the rugged outback of Helmand Province bearing novel equipment: portable solar panels that fold up into boxes; energy-conserving lights; solar tent shields that provide shade and electricity; solar chargers for computers and communications equipment. The 150 Marines of Company I, Third Battalion, Fifth Marines, will be the first to take renewable technology into a battle zone, where the new equipment will replace diesel and kerosene-based fuels that would ordinarily generate power to run their encampment. Even as Congress has struggled unsuccessfully to pass an energy bill and many states have put renewable energy on hold because of the recession, the military this year has pushed rapidly forward. After a decade of waging wars in remote corners of the globe where fuel is not readily available, senior commanders have come to see overdependence on fossil fuel as a big liability and renewable technologies — which have become more reliable and less expensive over the past few years — as providing a potential answer. These new types of renewable energy now account for only a small percentage of the power used by the armed forces, but military leaders plan to rapidly expand their use over the next decade. In Iraq and Afghanistan, the huge truck convoys that haul fuel to bases have been sitting ducks for enemy fighters — in the latest attack, oil tankers carrying fuel for NATO troops in Afghanistan were set on fire in Rawalpindi, Pakistan, early Monday. In Iraq and Afghanistan, one Army study found, for every 24 fuel convoys that set out, one soldier or civilian engaged in fuel transport was killed. In the past three months, six Marines have been wounded guarding fuel runs in Afghanistan. “There are a lot of profound reasons for doing this, but for us at the core it’s practical,” said Ray Mabus, the Navy secretary and a former ambassador to Saudi Arabia, who has said he wants 50 percent of the power for the Navy and Marines to come from renewable energy sources by 2020. That figure includes energy for bases as well as fuel for cars and ships. “Fossil fuel is the No. 1 thing we import to Afghanistan,” Mr. Mabus said, “and guarding that fuel is keeping the troops from doing what they were sent there to do, to fight or engage local people.”

ISLAMABAD, Pakistan — Dozens of tanker trucks carrying fuel to Afghanistan for NATO troops were torched near Quetta in western Pakistan on Wednesday, the third major attack on supplies since Pakistan closed a border crossing to Afghanistan a week ago and the first at the only checkpoint that remained open. The latest sabotage came as American officials for the first time offered an explicit apology to Pakistan over a shooting that led to the closing of the other border crossing, possibly laying the ground work for its reopening. At least one person was killed in the Quetta torchings after three carloads of gunmen fired at the tankers and then burned them, the police said. “According to eyewitnesses and initial reports some terrorists came on vehicles a few minutes before morning prayer and started firing and then burned some of the tankers,” said Hamid Shakeel, the deputy inspector general of the Quetta police. About 40 tanker trucks were at the terminal, and about half were saved from the attack, Inspector Shakeel said. Firefighters struggled to contain the blaze. Live television showed the fire raging hours after the attack. “We don’t have foam to put out the fire,” the police official said. Hours after the attack on the trucks at Quetta, Taliban militants claimed responsibility, according to reports on Pakistani television channels. In a sign that the government was continuing to distance itself from the attacks, the police chief in Quetta, Malik Muhammad Iqbal said it was not the responsibility of the government to provide security for the convoys. In the past few days, senior police officers have said the safety of the trucks lay with the fleet owners who had signed contracts with NATO. The standoff between the government and NATO continued on Wednesday with no definitive word from Pakistan about when the border at Torkham in the Khyber region would be reopened. That crossing was closed last week in protest over NATO helicopter strikes against a mountainous border post at Khurram manned by Pakistani paramilitary soldiers.

Visitors to the upper floors of the Muslim community center planned for near ground zero would walk through lofty spaces — for art exhibitions, for contemplation and prayer, for programs on interreligious dialogue, for a 9/11 memorial — as sunlight streams through irregularly shaped windows between white crisscrossing beams. According to the rough plans, the upper floors would include space for art exhibitions and interfaith programs. There would also be a 9/11 memorial and a space open to people of “all faiths and of no faith” for prayer, contemplation and meditation. That is the image presented in the tentative architectural renderings that the planners of the center, called Park51, have been showing at community meetings in recent weeks, and which were revealed to the wider public for the first time last week. A sketch of the façade shows a latticework of white starlike designs, echoing patterns that can be seen in Islamic architecture and decorative tiles across the Middle East. The design was meant to show “hints of tradition,” while the use of modern materials and glass panels would give an impression of translucence and “moving toward the future,” Sharif el-Gamal, the project’s developer, said in an interview last week. The planners have not begun to raise the \$140 million needed for construction or hired an architect. An image of the façade has been in circulation since early this year, but last week the planners revealed renderings of how some interior spaces might look and how the center’s many amenities — including a restaurant, theater, day care center, gym and pool — might be stacked in a building of up to 15 stories. There would also be a 9/11 memorial and a space open to people of “all faiths and of no faith” for prayer, contemplation and meditation, Mr. Gamal said. The

space for Muslims would be in the basement. Technically, it would be a prayer hall known as a musalla, because its construction would not meet rules required to sanctify a mosque. Muslims who worship in a musalla often refer to it as a mosque or masjid. Some opponents say it is inappropriate to have a mosque near ground zero.

A federal judge barred prosecutors on Wednesday from using a crucial witness in the first trial of a former Guantánamo detainee, adding to the fierce debate over whether the government can successfully prosecute terrorist detainees in civilian court. The trial of Ahmed Khalfan Ghailani, who faces charges in the 1998 bombings of two United States Embassies in East Africa, has been seen as a test of President Obama's goal of moving many other detainees, like Khalid Shaikh Mohammed, into federal court and, ultimately, closing Guantánamo. In the months since Mr. Ghailani was brought to New York from Guantánamo Bay, Cuba, Judge Lewis A. Kaplan of United States District Court in Manhattan has rejected defense requests to dismiss the case because of violations of Mr. Ghailani's right to a speedy trial and because of accusations he was tortured. But just as the trial was to begin on Wednesday, Judge Kaplan ruled that he would not allow the witness to testify. He noted that the government had acknowledged that it had identified and located the witness through interrogation of Mr. Ghailani when he was earlier held in a secret overseas jail run by the Central Intelligence Agency. His lawyers have said he was tortured there. Judge Kaplan said he was "acutely aware of the perilous nature of the world in which we live." "But the Constitution is the rock upon which our nation rests," he went on. "We must follow it not only when it is convenient, but when fear and danger beckon in a different direction. To do less would diminish us and undermine the foundation upon which we stand." The judge delayed the trial's opening until Tuesday, allowing the government to adjust its strategy or appeal the ruling. Attorney General Eric H. Holder Jr. said the government would be examining the judge's opinion and deciding how to react to it.

In this week's Geopolitical Weekly, George Friedman wrote that recent warnings by the U.S. government of possible terrorist attacks in Europe illustrate the fact that jihadist terrorism is a threat the world will have to live with for the foreseeable future. Certainly, every effort should be made to disrupt terrorist groups and independent cells, or lone wolves, and to prevent attacks. In practical terms, however, it is impossible to destroy the phenomenon of terrorism. At this very moment, jihadists in various parts of the world are seeking ways to carry out attacks against targets in the United States and Europe and, inevitably, some of these plots will succeed. George also noted that, all too often, governments raise the alert level regarding a potential terrorist attack without giving the public any actionable intelligence, which leaves people without any sense of what to do about the threat. The world is a dangerous place, and violence and threats of violence have always been a part of the human condition. Hadrian's Wall was built for a reason, and there is a reason we all have to take our shoes off at the airport today. While there is danger in the world, that does not mean people have to hide under their beds and wait for something tragic to happen. Nor should people count on the government to save them from every potential threat. Even very effective military, counterterrorism, law enforcement and homeland security efforts (and their synthesis — no small challenge itself) cannot succeed in eliminating the threat because the universe of potential actors is

simply too large and dispersed. There are, however, common-sense security measures that people should take regardless of the threat level.

Western Europe

EUOBSERVER / BRUSSELS – A group of EU commissioners from smaller member states is growing increasingly angry with a number of their larger-state colleagues, perceiving their actions as being driven by national interests rather than the greater European good. "We have sworn in front of the European Court not to work for our national governments back home and I am taking it seriously," a frustrated commissioner from a smaller EU country said in an off-the-record conversation last week. "Of course it is much easier when you come from a small member state where national leaders don't really attempt to influence the course of EU history," the commissioner added. The implication that EU legislation is subject to the whims of powerful national capitals such as Berlin, Paris or Rome is nothing new. But the financial crisis and an enlarged union with greater powers for the Brussels-based institutions are all contributing to growing pressure, say seasoned observers. "The bigger the EU becomes the more it becomes intergovernmental and the more the commission is regarded as an executive secretariat for the council," says Belgian MEP Derk Jan Eppink, a member of the European Conservatives and Reformists group in parliament. Author of *Life of a European Mandarin – Inside the Commission*, Mr Eppink previously worked in the cabinets of former commissioner Frits Bolkestein and subsequently that of Siim Kallas. "Commissioners from larger member states frequently feel they have to produce the goods for their governments back home, while those from smaller countries realise they don't have the capacity to do this," he said, pointing to former commissioner Gunter Verheugen's willingness to stand up for German industry. Another official identified issues of public procurement, state aid and EU infringement cases as areas where national lobbying is frequently intense.

EUOBSERVER / BRUSSELS - MEPs on the foreign affairs committee are keen to defuse a dispute with Catherine Ashton over diplomatic appointments but are unwilling to back down on the issue of public hearings for nominees. The head of the committee, Italian centre-right deputy Gabriele Albertini, adopted a conciliatory tone in written remarks sent to this website on Wednesday (6 October) after Ms Ashton earlier this week cancelled a scheduled hearing before the parliamentary body by her new envoy to Japan. Mr Albertini blamed the cancellation on the fact that he and Ms Ashton have not had the chance to discuss outstanding issues "due to her heavy agenda and frequent travels." "I am confident we will find a mutually convenient agreement," he added. "As for the rest may I say once and for all that there are far too many speculations, and that there has been no harsh exchange between myself or my committee and the HR [High Representative]." He described as a "legitimate wish" Ms Ashton's desire to personally brief the ambassador to Japan before he answers MEPs' questions and said "I am still convinced that 1 December is and should remain our target date" for the launch of the European External Action Service (EEAS). The Italian politician stuck to his guns on parliament's plan to hold the hearings in public unless there is a specific security concern, however. "Naturally, the European parliament has a preference for public meetings ... For

this reason such appearances would take place in public unless, as indicated in my correspondence to the HR, there are reasons to do otherwise," he said.

EUOBSERVER / BRUSSELS – One year into its existence, the EU's first 'macro-regional' policy around the Baltic Sea has few results to show, as it uses no fresh money and has no new institutions or legislation in place to implement it. "The Baltic Sea strategy is an integrated part of our daily work, but it's also a challenge," said Peter Madsen, a regional politician from Denmark's Zealand region just south of Copenhagen. He was speaking on Wednesday (7 October) during 'Open Days', a one-week event bringing regional and local representatives from all over Europe together in Brussels. "There is also the question if it's fair to expect results after just one year, with no extra institutions set up, no new legislation or extra money to implement the actions," he explained. Still, the strategy has inspired other regions, such as the ones along the Danube river or the Adriatic sea, to call on the commission to come up with similar schemes. "The European Commission would like to see macroregional policy as part of the new multi-annual budget from 2013 on," he added. Cleaning up the Baltic Sea, which is one of the most polluted in Europe, is one of the main aims of this strategy, which one commission official present at the event described as rather "giving a focus" to existing organisations and projects, than re-inventing the wheel. No fresh money could have been committed to the strategy, since it was adopted in the middle of the EU's seven-year budget, Anders Lindholm from the commission's regional policy directorate pointed out.

EUOBSERVER / BRUSSELS - MEPs have rejected a call for a temporary ban on new deep-water oil drilling in Europe, but the European Commission looks set to come forward next week with a proposal for a moratorium. Scottish MEPs hailed the decision as a victory on Thursday (7 October) after a full sitting of the chamber narrowly voted to reject a non-binding resolution calling for the ban by 323 votes to 285. Parliament's environmental committee had earlier proposed the resolution, which called for a halt to all new oil drilling until uniform oil-rig safety standards and procedures were introduced. The lawmakers did however vote to tighten security restrictions and increase compensation to be paid by companies in the wake of the massive oil spill in the Gulf of Mexico earlier this year. With the EU's biggest oil reserves found off the Scottish coast in the North Sea, politicians from the area have voiced concerns that a temporary cessation of new drilling could cost jobs. "Our oil industry is renowned for its safety and security technology which we export worldwide," said Scottish Conservative MEP Struan Stevenson. "Far too many jobs have been lost because of the Gulf of Mexico spill. It would seem crazy that we would want to create even more through our response." Green MEPs were disappointed by the decision. "The possibility of a serious accident from off-shore exploration in Europe is all too real and Europe is simply not equipped to deal with the devastating consequences," said Belgian euro-deputy Bart Staes.

EUOBSERVER / BRUSSELS - EU trade commissioner Karel de Gucht on Thursday (7 October) announced a series of trade concessions to help Pakistan combat the effects of its devastating August floods. Under the preferential terms, first to be agreed by the WTO and then by member states and the EU parliament, some 75 goods would be freed of import tariffs. Accounting for 27 percent of Pakistan's exports to the

bloc, the bulk of the products are textiles reflecting Pakistan's domestic strengths. Others products that are to be tariff-free for the three year period are industrial ethanol, some footwear and some leather goods. The measures are expected to boost EU imports from Pakistan by around €100 million a year. They come on top of the €300 million in humanitarian aid already pledged by the EU late summer. Mr de Gucht called it a "very courageous proposal" that will be of "considerable help" to the Pakistani economy. He added that it was a "fair" outcome with Pakistan having originally indicated it wanted a wider range of products to be tariff-free. Pakistan is still struggling to fight the effects of the heavy monsoon rains in July and August. The rising waters left around 2000 dead and, according to UN figures, made around 21 million homeless. Despite it being considered to have been the world's greatest natural disaster, the aid response was relatively slow, a fact seen as aggravated by the remoteness of some of the areas affected as well as the slow build up to the crisis. The EU's concessions to the country were themselves part of a carefully orchestrated compromise. European textile manufacturers, predominantly based in Italy, Spain and Portugal, argued ahead of Thursday's announcements that the reduced import tariffs for Pakistani textiles would result in large job losses in the European sector.

EUOBSERVER / BRUSSELS - 'Nothing is certain but death and taxes' goes the saying, with a new proposal from the European Commission designed to get the European financial sector to pay more of the latter. As cash-strapped governments cast around in search of new funding sources, Thursday's (7 October) non-legislative communication from the commission weighs up the viability and potential revenue gains to be made from a financial transactions tax (FTT) and a financial activities tax (FAT). "We must make sure that the financial sector is making a contribution to public finances," said the EU's taxation commissioner Algirdas Semeta. "This is especially important due to its receipt of support during the financial crisis." The financial sector in Europe and elsewhere is currently exempt from paying Value Added Tax (VAT). In its paper, the commission advocates EU support for the FTT at the global level, but reiterates recent comments made by ECB President Jean-Claude Trichet that a unilateral European attempt to push ahead with the tax would result in firms moving their financial transactions to a different jurisdiction. Swedish attempts to introduce a similar tax in the 1980s caused a sharp decline in the trading of certain financial products within its borders, with Stockholm now one of the leading EU opponents of the tax. Others argue that the issue of relocation is overblown. London is also a strong opponent to the tax however, with studies showing the City would bear the brunt of a European FTT due to the huge volume of trades that take place inside the square mile. US opposition is also seen as a major stumbling block to its eventual implementation.

EUOBSERVER / BRUSSELS - European Central Bank President Jean-Claude Trichet has said a financial transaction tax could only work if implemented across the globe, marking a setback for others who have argued that Europe could go it alone. Speaking after an informal meeting of EU finance ministers discussed the issue in Brussels on Friday (1 October), Mr Trichet said anything short of a complete worldwide roll-out would result in transactions simply being carried out in different jurisdictions. "The financial transaction taxation presents a number of disadvantages economically,

financially, in terms of technical implementation and there is of course an element, which is extremely important: It has to be implemented, if decided, absolutely everywhere in the world," said the respected French banker. "Otherwise it only translates in displacing transactions out of those who introduce this, so I insist on that," he added. The remarks will come as a disappointment to others who say Europe should not be held captive by the reluctance of other countries to move forward with the idea, most noticeably the United States. Belgian finance minister Didier Reynders, whose country currently holds the EU's six-month rotating presidency, recently raised the possibility of a eurozone-only financial transaction tax, saying the 16-country bloc should push ahead if a deal amongst the full EU-27 proved impossible. Supporters say even a minuscule tax on each financial transaction could help raise billions of euros for the fight against poverty and climate change, amongst other recipients. The Green group in the European Parliament recently produced a paper on the subject, saying a tax rate of just 0.05 percent could generate up to €190 billion per year if introduced at the EU level, or up to €98 billion if restricted just to the eurozone. The parliament's Socialist and hard left groups also support the initiative.

EUOBSERVER/ BRUSSELS - Ukraine's ambassador to the EU has said that Kiev remains keen on closer trade and political ties with the Union, following controversial remarks by both sides in recent days. Speaking to EUobserver in Brussels on Monday (4 October), Mr Kostiantyn Yeliseiev said that Ukrainian President Viktor Yanukovich's recent criticism of a proposed EU-Ukraine trade pact should be seen as part of ongoing negotiations rather than a break in the process. "The DCFTA [Deep and Comprehensive Free Trade Agreement] is one of the core elements of our planned Association Agreement. We are very much determined to negotiate it because it is important for the future of Ukraine. The DCFTA should be considered as a vital instrument for Ukraine's integration into the EU market, but should at the same time take into account the interests of Ukrainian producers and exporters," he said. He added that the EU's unwillingness to promise that Ukraine can one day join the Union is making Kiev less keen to implement costly reforms, however. "Look at the Western Balkan countries - their EU enlargement perspective is a huge incentive for democratic, social and economic transformation," he said. An EU delegation will in Kiev on Monday start a new six-day-long round of DCFTA talks. Ukraine Prime Minister Mykola Azarov will next week in Brussels also meet with EU trade commissioner Karel de Gucht and EU foreign relations chief Catherine Ashton is to travel to Kiev early next month in order to try and make progress on the trade pact head of an EU-Ukraine summit on 22 November. The ambassador's comments are an attempt to scotch talk of a rift between the two sides. President Yanukovich at an event in Yalta, Ukraine on Friday said the DCFTA will cost Ukraine billions to implement. "Ukraine has no alternative to the European choice, but as the European Union is not even ready to discuss Ukrainian membership, we will select the pace, the forms and the methods of integration in accordance with our national interests," he said.

EUOBSERVER / BRUSSELS - The European Commission has been found guilty of 'maladministration' by the EU ombudsman for a second time for having refused to release correspondence between itself and European car manufacturers. "By failing to grant full access to the parts of the 'briefings' relating to carbon dioxide emissions from

cars, the commission committed an instance of maladministration," the ombudsman, Nikiforos Diamandouros, said in a 15-page assessment of the EU executive's stonewalling over the issue. In 2007, at the height of a furious battle between green groups and car companies over whether the EU should legislate on carbon emissions from cars or accept voluntary pledges from industry, Friends of the Earth asked the commission for access to documents relating to meetings between then-industry commissioner Guenter Verheugen and car manufacturers. The commission only gave partial access, releasing some but not all of the letters. In March, the ombudsman attacked the commission for refusing to release correspondence between itself and Porsche regarding the same CO2 issue, saying that its "unco-operative attitude ... runs counter to the very principle of the rule of law on which the union is founded." The commission days later released the Porsche letters, but only after they had been heavily blacked out. Then in July, Mr Diamandouros found the commission guilty of maladministration for the first time for this censorship.

EUOBSERVER / LUXEMBOURG – EU interior ministers have agreed to pre-warn each other before publishing terrorist threat warnings in future following a scattered response to the US terror alert. Speaking to press after the ministers' meeting in Luxembourg on Thursday (7 October), the Belgian EU presidency's home affairs chief, Annemie Turtelboom, said EU capitals have agreed to pre-notify the EU's Brussels-based intelligence-sharing bureau, the Joint Situation Centre, prior to raising national threat levels. The move is designed to ensure that "every other member state knows, rather than learns from the press or by chance," that an alert is coming, she said. EU ministers will also hold a fresh round of yearly meetings with their American counterparts to keep each other abreast of security developments. The decisions come after the US last week published a blanket travel alert for US citizens coming to Europe citing an al-Qaeda plot. The US news channel, FoxNews, later quoted unnamed intelligence officials as saying that the Eiffel tower in Paris and the Alexanderplatz in Berlin are potential targets. Sweden had one day earlier issued its own warning. The UK followed after the US, naming France and Germany. Germany did not raise its level. But France later cautioned travelers on using British public transport. "The US has a legal obligation to provide all information to its citizens. On the other hand, this communication has led to a sentiment of insecurity in Europe. We received all the information, our intelligence services analysed it, some member states increased their terror alert level, others didn't have sufficient information to do so," Ms Turtelboom said.

EUOBSERVER / BRUSSELS - The US terrorism alert on Europe is not based on any new security developments and should not lead to changes in the way EU governments handle the terrorist threat, justice and fundamental rights commissioner Viviane Reding has said. "On the terror alert in the US, some European ministers have given the answer already - they have said there is nothing new and that threats have been on the table for several years," Ms Reding said at a roundtable discussion organised in Brussels on Tuesday (6 October) by the Konrad Adenauer Foundation, a German think-tank. "So, of course if there is nothing new, we don't have to do anything new, we can continue in the way we have proceeded until now - a very serious analysis of possible threats and reactions in order to avoid that those threats become terror attacks." The

commissioner was referring to earlier comments made by German interior minister Thomas de Maiziere, who warned against "being alarmist" over the US alert issued on Sunday, which reportedly concerned tourist attractions in Berlin. Asked if she feared the US alert may lead to requests from the US side for EU governments to share even more data on their citizens, Ms Reding pointed to the overarching agreement on data transfer with Washington on which negotiations are due to start "shortly." "I know where I want to go, but in order to arrive there I need partners. The American government is a real partner, they are going to accompany us. Congress will take up new rules on protection of data, so things are going in the right direction," she said. Ms Reding's cool attitude towards the US alert is not shared by all.

EUOBSERVER / BRUSSELS – The European Union has cautiously agreed to allocate €50 million for projects aimed at improving Libyan treatment of refugees, mostly coming from African conflict zones and heading to Europe. The deal was branded as "worryingly vague" by human rights groups, as Libya does not even recognise the term "asylum seeker." The financial assistance of €50 million over the next three years "will not be handed over to Libyan authorities directly," but will finance contractors in projects adhering EU rules, a spokesman for the European Commission said on Tuesday (5 October). The funds, part of a "co-operation agenda" with the north African nation that includes a "dialogue on refugees", was signed by two commissioners – Cecilia Malmstrom dealing with home affairs and Stefan Fuele in charge of relations with EU's southern neighbours – and their counterparts in the Libyan capital. Under the non-binding agreement, Libya is set to receive money and assistance from EU experts in adopting new legislation on refugee protection and to upgrade its border surveillance systems. A broader dialogue on migration issues between the EU and other African countries is also mentioned in the agreement. The mere fact of having started to talk about refugees – a concept that is not even recognised by the authoritarian administration of Colonel Muammar Gaddafi – is seen by Brussels as a breakthrough in EU relations with Tripoli. Successive attempts by former justice and home affairs commissioner Jacques Barrot to meet the Libyan authorities were snubbed as soon as he mentioned "asylum seekers" and "human rights," one commission official recalls. In the past two years, Tripoli has intensified its crackdown on refugees from Somalia, Eritrea, Darfur and western Africa, as part of a bilateral deal with Italy, much to the outrage of international organisations and watchdogs.

EUOBSERVER / BRUSSELS - An acrimonious EU-China summit on Wednesday (6 October) ended with a cancelled press conference and a stark warning from China not to increase pressure over its currency valuation. "I say to Europe's leaders - don't join the chorus pressing [China] to revalue the yuan," Chinese Premier Wen Jiabao told a business forum taking place in the margins of the political summit in Brussels. "Many of our exporting companies would have to close down, migrant workers would have to return to their villages," Mr Wen added. "If China saw social and economic turbulence, then it would be a disaster for the world." The unscripted comments came a day after a trio of Europe's top economic officials including Eurogroup president Jean-Claude Juncker called on Beijing to allow the yuan to appreciate, arguing that its undervaluation threatened to derail the eurozone's economic recovery and indirectly hurt

Chinese exporters. Mr Juncker is among those warning that the world must step back from its current trajectory towards a 'currency war' where governments seek to give their exporters an upper hand through currency devaluations. Already this year, governments from countries including Brazil, Japan, Switzerland, South Korea, Taiwan and Thailand have intervened to weaken their currencies in a bid to remain competitive. Beijing announced in June that it would break the yuan's currency peg, but since then it has risen just over two percent against the dollar, and has fallen more than nine per cent against the euro. **Tensions** Other thorny issues during the day of talks in Brussels included an EU call for improved market access for its businesses in China, together with progress on human rights. As finance ministers prepare to attend this week's IMF annual meeting, EU leaders Herman Van Rompuy and Jose Manuel Barroso said they fully supported reform of the international lending organisation to give greater weight to emerging powers - a key request from Beijing.

EUOBSERVER / BRUSSELS - MEPs have put the spotlight on Kosovo being left behind in terms of EU integration after waving through plans for visa-free travel for Albania and Bosnia on top of Macedonia, Montenegro and Serbia. The EU parliament on Thursday (7 October) passed by 538 votes to 47 a motion to let Albanians and Bosnians enter the vast majority of the EU without visas by the end of the year. The nay-sayers came mostly from British, French and Italian members in the eurosceptic EFD group. Almost half of the British-and-Polish-dominated anti-federalist ECR group abstained. Member states are expected to rubber stamp the measure in November despite reported opposition from France. The new freedoms will only apply to biometric passport holders and will not cover Ireland and the UK. Macedonia, Montenegro and Serbia already made the EU visa-free list last December. The opening-up saw an initial surge of Macedonian and Serbian asylum-seekers to Belgium. Several MEPs on Thursday noted that Kosovo is now the only part of the Western Balkans without any prospect of visa-free travel to the EU. Tanja Faniš, a centre-left Slovenian deputy who shepherded the visa bill through the EU assembly, blamed the situation on "the split between member states over recognition of its independence." With the other Western Balkan countries also inching toward EU accession, the split means the Union cannot even sign a basic trade pact with Kosovo because there is no formula to designate it as a legal entity that can be a party to an EU contract. Senior EU officials questioned by EUobserver do not believe that any of the non-recognisers - Cyprus, Greece, Romania, Slovakia and Spain - will change their mind in the coming years.

EUOBSERVER / BRUSSELS - Instead of criticising a new security treaty between Europe and America, Russia should consider coming under the umbrella of a Nato missile defence shield, the alliance's secretary general, Anders Fogh Rasmussen said Friday (8 October). Nato leaders will decide in November whether they will share the costs of a US-deployed shield in Europe. The long-debated shield, which has seen Moscow in the past threatening to deploy nuclear missiles at the Polish border in response, would cost €200 million over the coming 10 years for all 28 Nato members. "That is a lot of defence for a very good price," Nato secretary general Anders Fogh Rasmussen said during a speech at the German Marshall Fund in Brussels on Friday. He insisted that the threat of European countries being hit with a missile is "real". "There

is technology available – tested and ready to go – that can defend against a missile attack." Russia has so far been lukewarm about the new missile defence architecture put forward by US President Barack Obama last year, which focuses on seaborne capabilities in the Mediterranean and only at a later stage would have land-based missiles deployed in Romania and Poland. Moscow's initial reaction to the missile defense plans developed by former president George W. Bush that would have had seen rapid deployment of missiles in Poland and a radar station in the Czech Republic was much more aggressive as it was seen as a direct threat to Russia. Mr Rasmussen said that if there is agreement at a Nato summit in Lisbon from 19-20 November to have a Nato missile defence shield, Russia would be invited to co-operate. Co-operating with Russia would "make sense militarily", it would provide more.

EUOBSERVER / BRUSSELS - Developing a Nato cyber-war capability and French opposition to joint nuclear planning are emerging as the main bones of contention in the debate on a new Nato "Strategic Concept," to be adopted next month. The new document is to replace a 10-year-old strategy paper written before the Internet age and before France joined the transatlantic alliance's command structure. The office of Nato secretary general Anders Fogh Rasmussen drafted the new Strategic Concept and distributed it to the 28 member countries last week. It is to be adopted by consensus at the Nato summit in Lisbon on 19 and 20 November. The Pentagon's push for a Nato "active cyberdefence" is the most divisive issue so far, EUobserver has learned. "Active cyberdefence is a very sensitive topic. Many experts have brought it up, that in order to have defence, you need some offence as well. I would be very surprised if Nato at 28 will find consensus to include it," a diplomat from one of the Baltic states said. Broader wording outlining cyber-attacks as a growing threat and the need for Nato to be "adaptable and flexible" in its capacity to react is a likely compromise. Following attacks in 2008 on its "classified military network" the Pentagon established a new cyber-command, making "active cyberdefence" one of its policy pillars, US deputy secretary of defence William J. Lynn said on 15 September in Brussels at an event hosted by the Security and Defence Agenda think-tank. The US cyber-command goes beyond the passive "Maginot Line" mentality of the past, he explained. Passive defence systems are sufficient to meet 80 percent of attacks. But the other 20 percent need active systems, such as sensors that operate at network speed to detect and block intrusions.

LONDON — Out of power for barely five months, Britain's Labour Party set an ambitious goal as it concluded its annual conference last week: fulfilling the pledge of Ed Miliband, the party's new, 40-year-old leader, an intellectual leftist strongly favored by Britain's powerful labor unions, to make the governing coalition of Conservatives and Liberal Democrats led by Prime Minister David Cameron "a one-term government." On its face, the goal of an early Labour return to 10 Downing Street may not be an impossible reach, despite the deep popular disaffection for the party after 13 years in power and its crashing defeat in the May election. The Cameron government has committed itself, and Britain, to a huge gamble: that it can cut public spending brutally, at an average of 25 percent for most departments, and that the cuts will not only save an economy that remains at threat from one of the highest levels of government debt in Europe but also generate new economic momentum before the next election, most likely

in May 2015. But there is another possibility, one Labour is betting on as its route back to power. In this version the cuts, the largest in Britain in a generation, will stifle Britain's stumbling climb out of recession, currently yielding an anemic growth rate not far above 1 percent. On this, Labour politicians like to quote President Obama. Reluctant to undertake budget cuts of his own before the American recovery gains pace, he has warned Britain and other European nations embarked on ambitious deficit-reduction plans that they risk plunging themselves, and much of the developed world, back into a double-dip recession. But before Labour can hope to benefit from economic turmoil in Britain, the new leader will have to recast his own profile, as he emerged from the leadership battle, and convince Britain's voters that he is more than a callow "old-style North London lefty," as he was described in a commentary in the right-wing Daily Mail. Mr. Miliband was tagged "Red Ed" by Britain's right-wing tabloids after a leadership campaign that was nakedly pitched for labor union support, including harsh criticism of the Cameron budget cuts. That stand yielded him victory when union votes gave him the smallest of margins to squeeze past his older brother, David Miliband, the former foreign minister and longtime front-runner for the position. David Miliband quickly bowed out of frontline politics, saying he wanted to end the "soap opera" the fraternal rivalry had become.

Ireland...With its record budget deficit, Ireland will not be able to keep its low taxes and will become a "normal tax country in the European context," economic affairs commissioner Olli Rehn said Friday (1 October), prompting an angry response from large American corporations based on the island. "It's a fact of life that after what has happened, Ireland will not continue as a low-tax country but rather it will become a normal tax country in the European context," Mr Rehn said at a press conference following an informal meeting of finance ministers. He was answering a question regarding the inclusion of Ireland's rate of corporation tax in efforts to increase tax revenues. But he also stressed that the matter was for the government and parliament to decide. Ireland is struggling to reduce its budget deficit to 3 percent of its gross domestic product by 2014, after it emerged that bank bailouts have widened the public deficit to a massive 32 percent of GDP. Under the rules of the eurozone, the deficit has to be kept below 3 percent, but the financial and economic crisis has seen most countries surpass that threshold. Dublin's favourable tax regime for big corporations - currently only 12.5 percent - will remain "a cornerstone of Irish industrial policy," a spokesman for the ministry of finance told Dow Jones news wire. His comments came after the American Chamber of Commerce in Ireland urged Prime Minister Brian Cowen to "categorically rule-out" EU pressure on corporate tax. "At a time when the economy is in deep recession, nothing which would impact on the continued investment in Ireland by our existing base of multinationals, or would deter new investment in Ireland can be countenanced," the chamber said in a statement. "This is a very serious issue. We have to realise that we are still way out of line in terms of our cost competitiveness, and Ireland's competitive corporation tax rate is one of the few competitive advantages we have," it added.

Paris. A public ban on the Burqa, the Islamic full-face veil, will go into place early next year in France after constitutional experts on Thursday (8 October) approved

the move. The Conseil Constitutionnel, the guardian of the country's constitution, ruled that the law banning the wearing of the face-covering veil in public places passed by both chambers of the French parliament does not impinge on civil liberties. The council had widely been expected to overturn the law. However, it passed it almost in its entirety, stipulating only that the law should not apply to public places of worship, where it may violate religious freedom. "The ban on covering the face in public places cannot constrain the practice of religious freedom in places of worship that are open to the public," the council said in its judgement, noting that it "conforms" with the constitution. Expected to come into force about a half a year from now, the law provides for a six-month period to explain to a women wearing such a veil that they face a fine or arrest. If they continue to wear it, they will be fined €150 or must take a course in citizenship. Anyone forcing a woman to wear the veil could be fined €30,000 and one year in jail. The text of the law does not make explicit reference to Islam or the Islamic veil but was widely promoted by French politicians, including president Nicolas Sarkozy, as a way of protecting women's rights. French Prime Minister Francois Fillon in a statement called it "an important decision to affirm the values of the republic with respect for freedom of conscience and religion." Critics of the law, however, say that the French government is creating a problem where none exists. Only around 2000 of the country's Muslim women wear a full veil out of a total population up to 2 million Muslim women.

Oceania

SYDNEY (AFP) – Australian Prime Minister Julia Gillard dropped her unpopular "citizens' assembly" to guide climate change policy Thursday after the plan drew fierce criticism during the recent election campaign. Gillard made the announcement after the first meeting of a cross-party committee to canvass expert opinion and make recommendations about cutting emissions blamed for global warming. "The committee concluded that, in view of the creation of this committee and its intended outreach work, that the proposal of a citizens' assembly should not be implemented," she said. "There will be other ways of harnessing public dialogue and engagement in the science of climate change and engagement in questions of pricing carbon." Gillard's idea of letting 150 ordinary people seek ways of slashing emissions in the world's biggest per capita polluter prompted a derisive response during campaigning for August 21 elections. Her ruling Labor party lost its absolute majority at the polls, with the eco-friendly Greens winning a record vote share. Gillard returned to power at the head of a fragile coalition government. The Welsh-born former industrial lawyer, 49, ousted Kevin Rudd in a June party revolt after the his decision to shelve failed emissions trading legislation prompted a rapid slide in the opinion polls.

SYDNEY (AFP) – Mining giant Rio Tinto Wednesday denied making any "final decisions" on its controversial iron ore merger with BHP Billiton, as the massive deal appeared on the brink of collapse. Rio conceded "potential obstacles" had been raised by Japan, South Korea, Australia and the European Commission, after Australian media said the tie-up between two of the world's top producers was set to be scrapped. "The Rio Tinto board has not made any final decisions about possible outcomes or next steps relating to the proposed Rio Tinto/BHP Billiton iron ore production joint venture in

Western Australia," Rio said in a statement. Plans to combine operations in Western Australia, a major source of iron ore for Asia's steel mills, have roused anti-competition concerns among customers including China, the world's leading consumer.

Rio said Japan and South Korea had both flagged problems in interim reports, while possible objections had also come up in discussions with Australia and the European Commission. "The board acknowledged recent communications from regulators that indicate potential obstacles to achieving clearance for the joint venture," Rio said.

The statement follows a report in Wednesday's Fairfax newspapers, citing sources close to Rio's board, which said the company was poised to walk away from the joint venture.

"They (BHP) can't object to that (decision)," Rio chairman Jan du Plessis was quoted as telling fellow directors.

SYDNEY (AFP) – Australia will urge Indonesia, Malaysia and East Timor to back its proposal for a regional centre to process asylum-seekers during talks next week, Immigration Minister Chris Bowen said Friday. Bowen, who will leave Monday for Dili to begin high-level discussions on people-smuggling and border security in the three countries, said he had already had encouraging feedback from neighbouring countries.

"I won't be returning next week with a final deal, but I do intend to be progressing our arrangements for our regional processing framework with our regional neighbours," he said. Thousands of asylum-seekers, many fleeing the conflict zones of Afghanistan and Sri Lanka, have been intercepted en route to Australia from Southeast Asian transit points this year. Australia processes asylum applicants at its remote Indian Ocean centre on Christmas Island, but Prime Minister Julia Gillard has suggested East Timor could become a regional immigration hub. The idea initially received a cool reception in Dili, and Bowen said Friday the concept would only work within the framework of broader cooperation. "An offshore processing centre without a regional framework is not the solution to a regional problem," he said. Close to 5,000 people are currently being at Christmas Island and mainland centres, which were reopened to cope with the arrival of about 100 immigrant boats this year.