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MEDIA highlights

08 October 2012

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1. Syria strife lures in militants from Libya

Rowan Scarborough, **Washington Times**, **08 October 2012**

The arrival of Libyan fighters in Syria is raising questions about the motives of some of those seeking to overthrow the regime in Damascus.

If Iraq is the model, the U.S. should be worried, national security analysts say.

Al Qaeda-linked groups in Benghazi in the middle part of the past decade answered al Qaeda's call and sent scores of Libyan terrorists into Iraq, via Syria, to kill Americans and to try to topple the elected Shiite government in Baghdad.

Now, Libyans whom the U.S. helped put into power are answering a call to bring down a government, that of Syrian President Bashar Assad.

The questions facing Washington policymakers as they increase financial aid to anti-Assad forces: Are some of the Libyans actually violent Islamists and not West-favoring freedom fighters? Do they harbor sympathies for al Qaeda?

"Given its history during the Iraq War, when Syria served as the channel for Libyans to move through and into Iraq, I'm sure there are some folks there who are likely falling back on old 'bad habits,'" said Paul Hughes, a retired Army colonel who is chief of staff at the U.S. Institute for Peace.

An estimated 50 Libyan fighters are in Syria. Analysts predict that the overall number of foreign fighters will grow. They think some are arriving at the behest of al Qaeda, which historically looks to exploit power vacuums as it has in Afghanistan, Yemen and Somalia, and as it steps up operations in Libya.

"We shouldn't be surprised," said James Carafano, a military analyst at the Heritage Foundation. "Obviously, if they can organize an attack on the U.S. Consulate [in Benghazi], they can get some guys to pack their bags and go into Syria.

"This is the al Qaeda [modus operandi] that we've seen since 2005," he said. "When there is instability in a country, you fill the vacuum, you create a pipeline and you start shuttling foreign fighters there. We saw it in Iraq. We've seen it in Yemen."

The Obama administration, after describing the Sept. 11 attack on the U.S. Consulate in Benghazi as a result of spontaneous protests, now concedes that it was a planned terrorist attack by groups linked to al Qaeda.

Mr. Carafano said the arrival of Libyans and other foreign fighters makes the situation in Syria "more problematic."

"As soon as you topple the government, there's going to be another war for control of the country between the surviving groups," he said.

Journalists in Syria are starting to identify more Libyans showing up for the fight.

Reuters news agency reported in August about Libyans who are organizing and training local rebels. It interviewed a Libyan named Hussam Najjar, who said he was part of a team that last year stormed the Tripoli compound of Libyan dictator Moammar Gadhafi, who ultimately was killed by revolutionary forces.

He told Reuters that the Libyans in Syria include specialists in communications and logistics who operate training bases. Mr. Najjar said he did not want al Qaeda fighters coming to Syria, but acknowledged that Sunni Muslim fighters of all types were preparing to make the trip.

In 2007, the Combating Terrorism Center at the U.S. Military Academy at West Point, N.Y., issued an extensive report on foreigners who heeded the call of Osama bin Laden and traveled to Iraq to fight for al Qaeda.

U.S. Central Command provided West Point nearly 600 files on captured foreign fighters. At that point in the war, the center revealed the extent to which al Qaeda-type groups operated in Libya right under the nose of Gadhafi's government.

Libyans made up the second-highest percentage of al Qaeda recruits, 19 percent, in Iraq. Saudi Arabia, always a hotbed of radical Islamic thought, accounted for the largest share, at 41 percent.

"Libya contributed far more fighters per capita than any other nationality in the records, including Saudi Arabia," the Combating Terrorism Center said.

Army Lt. Col. Brian Linvill spent 2008 to 2012 in Libya as a military attache at the U.S. Embassy in Tripoli. Now an Army War College fellow at the Hoover Institution, Col. Linvill recalls his contacts with Libyans who expressed respect for the U.S. and a kinship with other Arabs in the region fighting to bring down dictators.

"The Libyan people, since the start of the Arab awakening, have shared a tremendous affinity for the other countries that have been struggling to cast off their dictators," Col. Linvill said. "Specifically in the case of Syria, while I was there, one of first things that struck me was a cross-societal understanding and empathy for the plight of the Syrians, so much so that it was common to see posters in the streets supporting the plight of the Syrians."

Although he could not vouch for the motives of all Libyans traveling to fight in Syria, Col. Linvill said, he detected a deep-seated feeling in the streets that Libya "needed to do something to help out the Syrians to achieve the same aims."

Col. Linvill pointed to a Gallup poll from September that showed the highest percentage of Arabs who think the Arab Spring uprisings would lead to better economic prospects were Libyans, at 87 percent.

In a Gallup poll taken in August, 54 percent of Libyans said they "approve of U.S. leadership and favor military aid from the West."

Meanwhile, The Associated Press reported Sunday that Turkey's military fired artillery on targets inside Syria for a fifth consecutive day, immediately responding to a lethal Syrian shell that landed on Turkish soil last week.

Turkish Foreign Minister Ahmet Davutoglu warned Saturday that Ankara would respond forcefully to each errant Syrian shell that lands on Turkish soil.

Inside Syria, forces loyal to Mr. Assad clashed with rebels across the country, from the northern city of Aleppo to the southern border with Jordan, AP reported. Activists said opposition fighters were strengthening their hold over the village off Khirbet al-Jouz, in the northern province of Idlib, which borders Turkey and where violent clashes broke out a day earlier.

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2. Rebels Clash With Syrian Security Forces Near Lebanon

Anne Barnard, **New York Times**, **08 October 2012**, **Page A8**

BEIRUT, Lebanon — Rebel fighters and security forces in Syria clashed near the border with Lebanon and fought over a military barracks in Aleppo on Sunday, while Turkish artillery fired into Syria for a fifth consecutive day in retaliation for cross-border shelling.

On Sunday morning, Syrian forces shelled Tal Abyad, a Syrian border town where rebels recently seized control, according to antigovernment activists. Video images posted online purported to show women and children fleeing the area.

Around the same time, a Syrian shell landed about 200 yards across the border from Tal Abyad, near the town of Akcakale in Turkey, The Associated Press reported. Akcakale is the town where a Syrian mortar shell killed Turkish civilians on Wednesday, prompting the Turkish government to announce a policy of retaliation for every shell that strays across the border. Turkish forces fired eight shells back into Syria on Sunday. The mounting tensions at the border have raised international concerns that the 18-month-old internal conflict in Syria could draw in neighboring countries or even the NATO alliance, to which Turkey belongs.

It was not clear who had fired the shell that landed in Turkey on Sunday, or why. It is not uncommon for mortar and artillery shells to miss their intended targets by significant margins.

Later on Sunday, antigovernment activists reported clashes between rebels and security forces near an artillery position in Tal Abyad.

In Aleppo, the government news service said, the army killed “many terrorists” who tried to infiltrate a military barracks. Earlier, the antigovernment Tawhid Brigade said its fighters had penetrated the Hanano military barracks on Sunday and were fighting government forces inside the compound. A spokesman for the rebel unit, who gave only a nickname, Abu Muhammad, said that in the fight for the barracks, fighters from his unit were joined by members of Jabhet al-Nusra, an insurgent group said to have ties to Al Qaeda. The government reported killing seven members of Jabhet al-Nusra and destroying 16 vehicles mounted with heavy machine guns.

Concerns about rebel affiliation with extremist groups have cut both ways in the debate over whether the United States and other countries should offer more direct support to the insurgency. American officials worry that if more powerful arms are given to the rebels, the weapons will fall into the hands of extremists and be used in terrorist attacks. But some rebels have warned that by denying them the aid they need to win on their own, the West will force the rebels to ally with extremists and their sponsors.

Activists reported fierce shelling near the Aleppo citadel, which dates from the 12th century, and said that about 20 shells fell on Al Sakur, a neighborhood, in a span of a few minutes. The government said that insurgents opened fire on people demonstrating in support of the army.

None of the reports of fighting could be independently verified because of restrictions on reporting in Syria.

In Damascus, a car bomb exploded in a police parking lot, killing one law enforcement officer, the state news service reported.

Intense fighting also broke out on Sunday in Syrian villages near the border crossing that leads to the Bekaa Valley in Lebanon, according to Syrian television and antigovernment fighters and activists. Syrian television said that security forces battled armed groups that had entered the country from Lebanon near the town of Qusayr.

Abdullah, a rebel fighter, said in an interview that Syrian security forces based in the Christian village of Rableh were fighting insurgents based in a nearby Sunni Muslim village, Zira’a. The account squared with the accounts

given by Syrian refugees reaching Lebanon, who have said that villages in the area are being divided by the conflict. Many rebel fighters fleeing the repeated government offensives in Homs have gone to Qusayr.

Abdullah, who said he crosses the border in that area, said rebels had carried out a successful attack there on Saturday.

Fighting was also reported on Sunday around Damascus, in Homs and in Dara'a Province in the south, bordering Jordan.

Hwaida Saad and Hania Mourtada contributed reporting from Beirut, and Hala Droubi from Abu Dhabi, United Arab Emirates.

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3. Syria, Turkey Trade Fire; Blast Hits Damascus Police

Sam Dagher and Nour Malas, **Wall Street Journal**, **08 October 2012**, **Page A9**

Syria and Turkey exchanged artillery fire for a fifth straight day on Sunday, while insurgents struck police headquarters in Damascus, in the third high-profile attack in the Syrian capital in recent weeks.

The escalating pressure in the capital and along the border present a rising pair of challenges for the Assad regime, which already accuses outside forces, including Turkey, of working with the rebels to destabilize the country.

A bomb in the Damascus police headquarters' parking lot caused the powerful blast that killed a police officer, said an official at the interior ministry.

In Turkey, there were no immediate reports of casualties in the early afternoon after a shell landed close to a grain-storage facility, witnesses said, several hundred yards from the town center in Akçakale, the border town where Syrian artillery killed five Turkish citizens on Wednesday.

Turkey's military fired artillery on targets inside Syria in response, Turkey's state-run news agency reported.

It has fired artillery shells across the border every day since Wednesday in response to Syrian artillery hitting towns along its border.

Syria's government, despite international condemnation, has held back from apologizing to Turkey while it investigates the source of the fire from its territory, which it says could be from antigovernment fighters who control large parts of the border territory.

U.S. Defense Secretary Leon Panetta warned over the weekend that the continued exchange of fire across the Syrian-Turkish border raises concerns that the conflict could spread to neighboring countries.

Mr. Panetta, in a news conference in Peru on Saturday, said that the U.S. is using its diplomatic channels to relay worries about the fighting, the Associated Press reported.

Still, regional diplomats and analysts say the risk of a full-blown confrontation between Syria and Turkey, former allies whose leaders were personal friends before Syria's crisis erupted last year, is limited.

Cross-border incidents are likely to continue, however, analysts say, as President Bashar al-Assad's forces pursue rebel fighters leading an insurgency against his rule.

"The risks of miscalculation are considerable," Ayham Kamel and Naz Masraff, analysts with political-risk firm Eurasia Group, wrote in a recent note.

"Ankara and Damascus no longer share a direct and open military or political communication channel. During potential clashes, miscommunication is probable and both sides could misinterpret their respective intentions," they wrote.

Mr. Assad can't afford to give up control of the border area, a lifeline for rebels, and has delegated military decision-making to local commanders, the analysts said. That raises the risk of knee-jerk responses and potential mistakes that could escalate, they added.

Turkey's leadership has made clear that it has no intention to go to war with Syria but that it would respond to violations of its sovereignty.

Turkish Prime Minister Recep Tayyip Erdogan has raised doubts over whether the frequent cross-border fire from Syria is an accident but has refrained from further comment on the Syrian government's intentions.

In Syria's al-Raqqa province, just across the border from Akçakale, rebel fighters said the source of the shelling on Sunday that struck Turkish territory was government tanks in the village of Ain Arous, about seven miles from the border.

The nearby city of Tal Abyad was still being shelled by Syrian army positions in the area, residents said.

Syrian rebels have voiced frustration with what they see as a restrained response from Turkey, but rejected accusations that they might be instigating border tensions to push Turkey toward an armed confrontation with Syrian regime forces of the sort that rebels have long advocated.

"The Free Syrian Army in Tal Abyad doesn't have tanks or missiles to launch these kind of attacks anyway," said Ayham al-Khalaf, an activist with the local activist media council in al-Raqqa.

In Damascus, security checkpoints cordoned off the Fahama district in the capital's center after the bombing occurred shortly after 7:15 p.m. local time.

A few reporters were later allowed into the compound where cleaning crews were sweeping up the debris and distraught members of the police force were comforting each other.

The facade of the two-story building was torn away and more than 20 vehicles were either incinerated or badly damaged. The stench of gasoline from ruptured fuel tanks filled the air.

Several police officers said a driver for one of the senior officers placed the bomb inside his boss's car, detonated it, and fled.

"He blew up the car and ran away to Deraa,"—the city in southern Syria where antigovernment protests first erupted last year—said a young officer with a bandaged arm and blood-covered T-shirt.

The bombing is the latest in a string of apparent rebel victories in the heart of Damascus, signaling how precarious security has become in the once-calm capital even as fighting between government and rebel forces has been focused farther north in Aleppo.

Sunday's attack came after several bombings last week in Aleppo that appeared to target hotels housing military officers, and blasts that rocked the headquarters of the armed forces in central Damascus on Sept. 26.

Police chief Maj. Gen. Ibrahim Ibrahim sat on a lawn chair at the scene of the blast in Damascus but refused to speak to the media.

An hour after the first explosion, two other explosions were heard in the city, but their cause wasn't immediately known.

Corrections and Amplifications

An earlier version of this article omitted Prime Minister Recep Tayyip Erdogan's full name.

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4. Turkey, Syria trade fire; border tensions mount 1/4t

Mehmet Guzel and Zeina Karam, Associated Press, **FederalNewsRadio.com**, **07 October 2012**

AKCAKALE, Turkey (AP) -- Turkey and Syria fired artillery and mortars across their volatile border for a fifth consecutive day on Sunday, in one of the most serious and prolonged flare-ups of violence along the frontier.

The exchange of fire stoked fears that Syria's civil war will escalate into a regional conflagration drawing in NATO member Turkey, once an ally of President Bashar Assad but now a key supporter of the rebels fighting to topple him.

Turkish Foreign Minister Ahmet Davutoglu had warned on Saturday that Ankara would respond forcefully to each errant Syrian shell that lands on Turkish soil.

Ankara's warning was coupled by an apparent diplomatic push by the Turkish leadership to promote Syrian Vice President Farouk al-Sharaa as a possible figure to head a transitional administration to end the conflict in the country.

In an interview with Turkish state television TRT Saturday, Davutoglu said that al-Sharaa was a figure "whose hands are not contaminated in blood" and therefore acceptable to Syrian opposition groups.

It was not clear whether the Turkish stance was coordinated with other allies, but the candid remarks by Davutoglu suggested some consensus might be emerging over a future role for him.

Al-Sharaa, 73, a close associate and longtime loyalist to the Assad family, has been a controversial figure since the start of the uprising.

He appeared in public in late August for the first time in weeks, ending repeated rumors that he had defected. The regime has suffered a string of prominent defections in recent months, though Assad's inner circle and military have largely kept their cohesive stance behind him.

Early on in the uprising, the Syrian president delegated to al-Sharaa, a skilled diplomat, responsibility for holding a dialogue with the opposition. A Sunni from the southern town of Daraa, birthplace of the Syrian uprising, al-Sharaa's silence since the start of the uprising made him a prime candidate for rumors that he broke with the regime.

"No one knows the system better than Farouk al-Sharaa," said Davutoglu, adding that al-Sharaa has not been involved in the violence and massacres in Syria.

The Syrian opposition is deeply fragmented, and various factions would likely disagree on whether they would accept him to lead a transitional government.

Meanwhile, there was little sign that the exchange of fire near the border, although still at a fairly low level, was ebbing. It began five days ago when a Syrian shell killed five civilians in a Turkish border town. Turkey's parliament subsequently approved a bill that would allow cross border military operations there.

Damascus offered a rare apology, but shells and mortar rounds continue to fly into Turkish territory.

On Sunday, an Associated Press journalist witnessed a round landing some 200 meters (yards) inside Turkey, near the border town of Akcakale. A short time later, eight artillery shells could be heard fired from Turkey.

In the Turkish town of Akcakale, mayor Abdulhakim Ayhan said shrapnel from the Syrian mortar round caused some damage to a grain depot, but no one was hurt. He confirmed that Turkish artillery immediately returned fire.

The Anadolu Agency reported that Assad's forces have been shelling the town of Tal Abyad, just across from Akcakale, which is controlled by Syrian rebels.

Turkey's private Dogan news agency reported that a six-vehicle military convoy, including two carrying howitzers, was seen traveling from the city of Gaziantep toward the Syrian border.

Inside Syria, forces loyal to Assad clashed with rebels across the country, from the northern city of Aleppo to the southern border with Jordan, killing according to activist groups at least 90 people across the country. Activists said opposition fighters were strengthening their hold over the village off Khirbet al-Jouz, in the northern province of Idlib, which borders Turkey and where violent clashes broke out a day earlier.

The Turkish state-run Anadolu news agency said Sunday that the rebels had regained full control of Khirbet al-Jouz. It said the Syrian army was forced to "pull back" following an "offensive" by some 700 rebels.

It also reported that Assad's troops were forced to retreat some 20 kilometers (12 miles) toward the town of Jisr al-Shughour. It said rebels in Khirbet al-Jouz celebrated their victory by firing their weapons into the air.

The Britain-based Syrian Observatory for Human Rights said regime forces pulled out of two villages in the Idlib countryside near Turkey. In Khirbet al-Jouz, wounded Syrian soldiers were left to fend for themselves after government troops were forced to retreat from the area, the Observatory said.

The reports could not be independently confirmed, and it was not clear whether the wounded soldiers were captured by the rebels.

In Damascus, a car bomb exploded in the parking lot of the local police headquarters in central Damascus, killing one member of the military, the state-run SANA news agency said. The explosion is the latest in a series of bombs and suicide attack targeting security personnel and government institutions.

Elsewhere, Syrian troops were widening their offensive to retake rebel-held areas in the northern city of Aleppo and the suburbs of Damascus, as well as the central province of Homs and villages on the southern border with Jordan.

The Observatory said some of the heaviest fighting Sunday was in Aleppo province. At least three people were killed and scores were wounded when the army pounded the town of Manbaj in Aleppo's suburbs.

Syria's defense minister said Saturday that the government is ready to give amnesty to rebels who repent and those who don't "will be crushed under the feet of our soldiers."

Gen. Fahd Jassem al-Freij, who became defense minister in July after his predecessor was assassinated, also claimed that the regime was getting the upper hand. "The most dangerous parts of the conspiracy have been passed and the killing is on its way to decline," he said.

Damascus denies it is facing a popular uprising, instead blaming the violence on a foreign conspiracy to punish it for its support for anti-Israeli groups such as Lebanon's Hezbollah.

Despite the government's claims of being on the brink of restoring stability, the violence across the country shows no signs of abating. Activists say that more than 30,000 people have been killed since the anti-Assad uprising began.

Karam reported from Beirut. AP writers Albert Aji in Damascus, Suzan Fraser in Ankara and Jamal Halaby in Amman contributed to this report.

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5. Saudis line up against Syria's Assad

Kevin Sullivan, **Washington Post**, **08 October 2012**, **Page A9**

JIDDAH, Saudi Arabia — When King Abdullah announced a national fundraising drive to aid Syrian refugees in late July, Saudis quickly donated nearly $150 million.

Saudi national television hosted a telethon, with banks of men in traditional robes manning phone lines and computers. Donations came by text, by direct deposit into special bank accounts, or from families stuffing crumpled Riyal notes into collection boxes or donating their cars and even their watches.

Abdullah, normally a discreet behind-the-scenes conciliator, has denounced the government of Syrian President Bashar al-Assad with rare royal rage, and his people have joined in with gusto.

Beyond humanitarian concerns, Abdullah sees an opportunity to strike a key strategic blow against Iran, Syria's key ally and Saudi Arabia's main rival for power in the Middle East, analysts and government officials said in interviews across this oil-rich kingdom.

Sunni Saudi Arabia and Shiite Iran each claim to be the world's true center of Islam. Both nations are struggling to expand their influence in a region upended by popular revolts that are shifting governments and long-standing alliances.

Assad's government serves as Tehran's key pipeline for transferring money and arms to Hezbollah, the Shiite militia in Lebanon. Abdullah sees Assad's potential ouster as a way to choke off that flow and diminish the influence of an increasingly belligerent Iran, officials and analysts said.

"Syria is Iran's entry into the Arab world," said one Saudi official, speaking on the condition of anonymity. "Take down Assad and you inflict a strategic blow on Iran."

The official said Iran is "really on the ropes" because of international sanctions over its nuclear program. He said removing an ally as pivotal as Assad would make Iran "more vulnerable to sanctions."

Saudi officials have been circumspect about their direct support to Syrian rebels, although government officials privately said Riyadh is buying arms and ammunition, as well as paying salaries for soldiers who defected from the Syrian military to join the rebels.

Abdul Rahman al-Rashed, general manager of Saudi-owned al-Arabiya television and an influential political analyst, said Saudi officials have paid for Kalashnikov rifles and other Russian-made weapons for defected Syrian soldiers who have been trained on Russian arms. Saudi officials have also financed shipments of millions of rounds of ammunition for the rebels, he said, echoing a common assessment among Saudi analysts.

Some analysts here said Abdullah wants to do more for the Syrian opposition, but he is being restrained by Washington. They said U.S. officials have discouraged Riyadh from sending heavier weapons, particularly shoulder-launched surface-to-air missiles, known as MANPADS, to combat Syrian government air attacks. They said U.S. officials are worried about such weapons ending up in the hands of extremist elements among the opposition forces, a concern reported over the weekend in the New York Times.

"They wanted to send MANPADS to the Syrians, but the Americans are worried — the Americans are blocking that," said Jamal Khashoggi, a prominent Saudi journalist and media executive with close ties to the Saudi elite.

Abdullah has resisted calls for more military action, including a recent proposal from Qatar for a coordinated Arab diplomatic and military response to Syria's violence.

Government officials insist that Saudi Arabia has not sent armed fighters to Syria. Analysts here said a few Saudi militants may be fighting in Syria, but they are not sanctioned by the government.

Abdullah has cracked down on clerics who have called for young men to travel to Syria, and Saudi Arabia's official clerics have issued warnings telling young people not to join the fight.

The Saudi government fears kindling another generation of Saudi religious warriors like those who went to Afghanistan to fight the Soviets in the 1980s. Those fighters, including Osama bin Laden, eventually became a radicalized fighting force that turned on the Saudi royal family and gave rise to al-Qaeda.

"Saudis don't want their youth going there. They do not want to repeat the mistakes of Afghanistan," Khashoggi said. "Saudis in Syria are a recipe for terrorism."

But that doesn't mean it isn't happening. Simon Henderson, a Saudi Arabia specialist at the Washington Institute for Near East Policy, said "exporting jihadis is what the Saudis have always done — to Afghanistan, to Bosnia, to Chechnya."

"Of course, the Saudis, both in public and private, say that they are not sending jihadis to Syria," he said. "Do I believe them? No, although I have yet to see evidence to confirm my suspicions. . . . If, as I suspect, we have allowed another generation of Saudi extremist youth to receive battle training, then it is easy to predict the probable consequences — a new al-Qaeda-type of terrorism, threatening us all."

Abdullah became the first Arab leader to publicly rebuke Assad in August 2011, when he said the crackdown in Syria was "not acceptable to Saudi Arabia" and called for Assad's government to make "comprehensive reforms" before it is "too late."

"Either it chooses wisdom on its own, or it will be pulled down into the depths of turmoil and loss, God forbid," Abdullah said.

Saud Kabli, political and foreign affairs columnist for the al-Watan newspaper, said the Saudi public was growing increasingly angry about the situation in Syria, which has put pressure on Abdullah to take a tougher stance. "This is the first time that the Saudi government bends to the will of the people on foreign policy," Kabli said.

Abdullah's relations with Assad have been strained at least since the 2005 assassination of Rafiq Hariri, the former prime minister of Lebanon. The Syrian government is widely believed to have been involved.

"Abdullah was extremely close to Hariri," said Robert Lacey, a British author who has written extensively on Saudi Arabia. "Hariri became a Saudi citizen, he was Saudi's man in Lebanon. His death was very painful for Abdullah, and he holds a personal grudge against Assad."

Many here have argued for the government to help overthrow Assad by force, either by more aggressively arming the Free Syrian Army or intervening as part of an international military force.

"I think we should be doing more," said Sondus Al-Aidrous, 23, a therapist at a private hospital. Like almost all Saudi women, she was fully veiled in black, with only her eyes visible, as she shopped for makeup at the chic Kingdom Mall in Riyadh. "I know we send money, but we should have stopped the violence."

The Saudi public's connection to Syria is strengthened by the fact that more than a million Syrians live in Saudi Arabia. Jameel Daghestani, a Syrian community leader in Riyadh, said many are long-time residents, but he estimated that up to 90,000 have come to the kingdom to stay with family or friends since the violence in Syria began. Many of them are benefiting from a recent decree by Abdullah that Syrians visiting Saudi Arabia may indefinitely renew their visas.

Bashir al-Azem, a Syrian who runs a construction company and has lived in Saudi Arabia since 1966, said the Syrian community has raised millions of dollars — mainly for humanitarian relief, but also to support the rebels.

He said he personally has donated more than $530,000, and his company contributed an additional $266,000 during the national telethon.

“For the first six or seven months after the revolution, I said whatever money I send, I do not want it to buy any weapons,” he said. “But after seeing all the killing, I don’t mind. I tell them, if you need bullets, buy them.”

Reem Fuad Mohammed, 46, a wealthy Saudi from Jiddah whose family is in the construction machinery business, said she was so saddened by televised images of the Syria violence that she collected $500,000 in cash and goods and shipped them to Syrian refugees in Lebanon in May.

She spent an additional $100,000 of her own money to equip a small health clinic in Lebanon and pay for medical treatment.

During an interview in her elegant Jiddah home, she picked up her iPhone and dialed Hasna Hassoun, a Syrian woman she met in Lebanon who lost her husband, two children and both legs in a Syrian government attack.

Hassoun spoke on the phone as she was lying in a hospital bed while a doctor measured her for prosthetic legs. “I was so happy that the people of Saudi Arabia were helping,” she said. “I felt like a whole family was taking care of me.”

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6. With sabotage' charge, Iran takes hostile tone with U.N. watchdog

Joby Warrick, **Washington Post**, **08 October 2012**, **Page A1**

VIENNA — Iran is ratcheting up pressure on the U.N. agency responsible for overseeing the country's nuclear program, accusing its inspectors of engaging in spying and sabotage and threatening to restrict U.N. access to Iranian nuclear facilities.

So strident has been Iran's criticism of the International Atomic Energy Agency in recent weeks that some Western officials fear that the country is preparing to officially downgrade its cooperation with the nuclear watchdog. The Vienna-based agency is the only international body allowed to routinely visit Iran's most sensitive nuclear installations.

The IAEA's notoriously troubled relations with the Islamic republic deteriorated sharply last month after Iran reported attacks by alleged saboteurs on electrical grids serving its two uranium-enrichment plants. Since then, Iranian officials have alleged the agency was directly involved in the attacks, accusations leveled in private meetings as well as in public statements, according to Western diplomats and government officials briefed on the exchanges.

IAEA officials initially rejected the allegations as absurd. Since then, the agency's internal assessments have been unable to confirm that the attacks occurred at all, according to two European diplomats privy to the internal review.

Iran's nuclear facilities are known to have been targeted by saboteurs in the past, notably in a series of covert cyberattacks attributed to the United States and Israel. But the lack of supporting evidence for any IAEA involvement in recent sabotage has underscored concerns that Iran is seeking a pretext for curtailing cooperation with U.N. inspectors, the diplomats said.

The diplomats and other Western officials also note that IAEA delegations visiting Iran in recent weeks have been subjected to unusual intimidation. Since mid-August, U.N. teams have been the targets of anti-IAEA protests in the capital, and inspectors have been privately warned that they could be held responsible for any future attacks on Iranian nuclear facilities by either saboteurs or foreign governments, the officials and diplomats said.

"The message from Iran was: 'If we have to reduce cooperation with you, the IAEA itself will be to blame. And if we get attacked, the IAEA and its leaders will be responsible,' said one European diplomat who was briefed on the encounters. He spoke on the condition of anonymity in discussing the IAEA's internal assessments of the events.

The diplomat described a "climate of intimidation" inside Iran that could, if it continues, erode the agency's ability to monitor Iran's nuclear program. The IAEA, which inspects nuclear installations around the world to guard against the secret diversion of nuclear technology for military purposes, declined to comment for this article.

Iran's representative to the IAEA also declined an interview request.

The heightened tensions come at a time when Iran's government faces unprecedented pressure at home and abroad, from economic upheavals to threats of a military strike by Israel on the country's nuclear facilities. Protests erupted in Tehran last week after the country's currency, the rial, shed 40 percent of its value, driving up prices for basic commodities.

The economic woes stem in part from international sanctions targeting Iran's banking and energy sectors, part of a Western-led effort to force Iranian officials to rein in the country's nuclear program. So far, Iran has remained defiant, and some experts worry that the country, if threatened with foreign attack or profound economic crisis, could decide to kick IAEA inspectors out of the country and launch a crash effort to manufacture nuclear weapons, using its existing stockpile of enriched uranium.

Iran insists it has no interest in making atomic bombs.

Iran has frequently clashed with the IAEA in the past over allegations that U.N. inspectors provided intelligence to Western governments. But in recent weeks the criticism has taken a harsher tone, former inspectors and Iran experts said. Olli Heinonen, a retired senior official who once led inspection teams in Iran, described the sabotage accusations as both unusual and worrisome.

Iran's chief nuclear official, Fereydoon Abbasi Davani, first raised the allegations in September when he told IAEA officials that the country's two enrichment plants had been targeted by saboteurs in attacks that coincided with a visit by U.N. inspectors to the country in August.

While providing few details, Abbasi Davani said attackers had damaged electrical power systems for the country's underground enrichment plant near the city of Qom and also targeted the electrical infrastructure for Iran's largest uranium plant, near the town of Natanz. Backup generators had prevented a serious loss of power that might have damaged the plants' thousands of gas centri-fuges used to make enriched uranium, he said.

IAEA officials rebuked Abbasi Davani for making such an unsubstantiated claim. But a few days later he repeated the charge in a Sept. 18 speech before members of the IAEA's 35-nation Board of Governors.

"Terrorists and saboteurs might have intruded the agency and might be making decisions covertly," he said.

IAEA inspectors were unaware of the alleged attack when they toured the two plants in August and saw no signs of problems in either facility, according two European diplomats briefed on the results of the visit.

Some longtime Iran observers say the accusations could be aimed at deflecting blame for a breakdown in cooperation with the IAEA in recent months. Iran has refused, for example, to allow inspectors to visit the Parchin military base, where Western officials suspect Iran conducted experiments on nuclear warhead design.

"They may feel that they have to come up with an excuse for not cooperating on Parchin," said Mark Fitzpatrick, an arms-control expert at the London-based International Institute for Strategic Studies. "Or, they also may be looking for ways to ratchet down on access if another set of sanctions are imposed."

U.S. officials fear that even a temporary halt in U.N. oversight could provide Iran with an opportunity to launch a crash program to build a nuclear weapon. A draft engineering study prepared by a Washington research group pro-jects that Iran could produce enough weapons-grade uranium for a nuclear device in two to four months, using its existing stockpiles of low-enriched uranium.

But under the most likely scenarios, Iran would seek to produce a small arsenal of at least four nuclear bombs, a feat that would require about a year, said the report by the Institute for Science and International Security. Additional time would be required to assemble a working warhead that would fit on one of Iran's medium-range missiles.

"Although Iran's breakout times are shortening, an Iranian breakout in the next year could not escape detection by the IAEA or the United States," said the draft report, a copy of which was provided to The Washington Post.

The report concluded that a rush to assemble a nuclear weapon would entail risks that Iranian leaders may be unwilling to take. "The United States and its allies maintain the ability to respond forcefully to any Iranian decision to break out," it said.

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7. Iran Lawmakers Press Ahmadinejad on Economy

Benoit Faucon, **Wall Street Journal**, **08 October 2012**, **Page A10**

Iranian lawmakers on Sunday attacked President Mahmoud Ahmadinejad over the decline of the country's currency—questioning a subsidy overhaul the president has championed and demanding he account for his handling of the economy—as the crisis threatens to morph into a broader political showdown.

Even before the currency's slide, Mr. Ahmadinejad, once the protégé of Supreme Leader Ali Khamenei, had come under increased fire from conservative rivals in Parliament over his failure to resolve a standoff with the West over Iran's nuclear program and the country's economic problems. On Sunday, 179 members of Parliament out of 240 present voted for an urgent review of the subsidy plan because of the rial's recent plunge, the Iran Labour News Agency reported.

At a United Nations speech in September, Mr. Ahmadinejad had blamed others in government for the steady deterioration of the rial. But it is now the president's turn to feel Parliament's heat, with the prospect of a public grilling.

In contrast with two years ago, there is no talk for now of Mr. Ahmadinejad being impeached.

On Sunday, Parliament speaker Ali Larijani, stopped a debate on impeaching Sports and Youth Minister Mohammad Abbasi, saying some lawmakers withdrew "because of the economic situation," indicating that fixing the economy was more important than political moves.

But the renewed attack on his policies is set to further undermine his influence over the country's policies, to the advantage of Ayatollah Khamenei and his allies.

The International Monetary Fund has lauded the so-called targeted-subsidy plan, a centerpiece of the president's policies that was expected to save about $100 billion a year when first proposed, as one of the few meaningful attempts in the region to cut back on massive government subsidies for goods including food and fuel. The program aims to balance gradual cuts in subsidies for basic goods and services with welfare payments to the poor.

The first phase helped push up prices for consumers as it lowered government costs, and lawmakers have blamed the program for at least some of the country's high inflation rate. A majority of lawmakers in Iran's Parliament voted in favor of an urgent debate over whether to proceed with the second phase of the subsidy overhaul.

"Because of the inflation and the instability of the currency market…we have no choice but to stop the implementation of the second phase of the target subsidies," Gholamreza Mesbahi-Moghaddam, who chairs the Parliament's budget and planning committee and wrote the bill, was quoted as saying on parliamentary website Icana.

The U.S. and Europe are now working on new coordinated measures intended to accelerate the rial's recent drop and drain Iran's foreign-exchange reserves, Obama administration officials said.

The rial has shed about 25% of its value against the dollar this month amid mounting sanctions aimed at halting Iran's nuclear program. The sudden decline in the rial last week, the latest leg in a yearlong decline, prompted Tehran's first major riots in two years and a crackdown on informal money changers. The situation appeared to have stabilized Saturday as Tehran's bazaar—a key indicator of Iran's business climate—reopened after closing for the second half of last week.

But in an indication the turmoil may not be over, many money changers refused to trade Sunday, either out of fear of arrest or because of a refusal to comply with a government order imposing a fixed dollar rate.

Mr. Ahmadinejad has blamed the decline on speculators and on sanctions, which have cut crude-oil exports, a major source of foreign-currency revenue for the government, by more than half in the past six months, as Europe boycotted Iranian oil and other countries cut back under U.S. and European pressure. Iran is also struggling to get paid by its remaining Asian customers because of sanctions on its banks. But his opponents say economic mismanagement is more to blame than sanctions, as they jockey for power ahead of next year's presidential election.

Mr. Ahmadinejad's allies lost to candidates close to the Supreme Leader in Parliament in March, while key government officials—such as Oil Minister Rostam Ghasemi—have pledged allegiance to Ayatollah Khamenei only.

By contrast, little criticism has been leveled against Ayatollah Khamenei, who has said only that Iran will emerge stronger than ever from the economic crisis.

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8. Tehran calm but Iran merchants fear more currency turmoil

Authorities keep a lid on protests, but analysts warn of hyperinflation, which could have dire consequences for consumers and the government.

Ramin Mostaghim, **LATimes.com**, **07 October 2012**

TEHRAN — The black-market money changers are lying low these days here in Iran's capital, feeling the heat of a government that has singled them out for much of the blame in the free fall of the national currency, the rial.

"Money trading on the sidewalk has become like illicit drug trafficking," one trader, Asghar, said Sunday in a small shop near the British Embassy. "But it will not remain so." Asghar, like others interviewed, asked that his last name not be used, fearing arrest.

There have been no more protests since Wednesday's unscripted march from the Grand Bazaar by hundreds of merchants, enraged about a currency that lost close to 40% of its value in a matter of days.

The demonstration was a bold statement from the beleaguered merchants, viewed as stalwarts of the government and a major force backing the 1979 Islamic Revolution. The cloth salesmen, gold sellers and others were furious at what they view as economic policies that have failed to protect the currency, playing havoc with the markets.

Police presence has been bolstered in the bazaar and at intersections favored by money changers, sending a message that further acts of public defiance will not be tolerated. The atmosphere at the bazaar this weekend was tense, though the hustle and bustle Sunday probably seemed normal from shoppers' perspective.

On Thursday, the government announced the arrest of 16 unidentified "currency disturbers." On Sunday, the Tehran public prosecutor's office said the number had reached 30.

President Mahmoud Ahmadinejad, whom many merchants seem to blame for the crisis, has pointed the finger at 22 unnamed ringleaders, apparently currency manipulators, as well as the withering effects of U.S.-led economic sanctions meant to pressure Iran on its controversial nuclear program. Revenue from oil, the nation's principal export, is said to be way down. The president has also lamented a "psychological war" that, in his view, seems to have contributed to a run on the rial and its abrupt drop.

This was not just a currency exchange issue, but one that affected pocketbooks: Prices of consumer goods and staples rose sharply with the exchange rate, further pinching middle- and working-class Iranians. People saw the value of their savings nose-dive with the currency.

International analysts warned of hyperinflation, a phenomenon known to topple governments. Iranians rushed to buy dollars, euros, gold — anything that seemed a stable investment.

The leadership took notice, dispatching police and cracking down on currency traders. At Friday's Islamic prayers, there was a thinly veiled warning from a firebrand preacher, Ayatollah Ahmad Khatami.

"The merchants in the bazaar should not misuse their unity against people," Khatami said, citing a Koranic script equating hoarding and disturbing the markets with "murdering a human being."

A sense of cautious calm has returned to the bazaar and nearby streets, at least for now.

Officially sanctioned exchange shops were trading Sunday at the official rate, offering to buy greenbacks at about 28,000 rials to the dollar. There were few takers, in contrast to the frenzied pace of just a week ago. Consumers and traders alike seem to have little doubt that the rate will adjust to free-market demand in days or weeks, once official oversight lessens, triggering a new dash for dollars.

"Everyone expects another plunge," said Hassan, a currency dealer. Few here seem to doubt it.

Mostaghim is a special correspondent. Times staff writer Patrick J. McDonnell in Beirut contributed to this report.

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9. Libyan prime minister ousted in no-confidence vote, meaning delays for attack investigation

Michael Birnbaum, **Washington Post**, **08 October 2012**, **Page A20**

TRIPOLI, Libya — Libya's prime minister-elect failed a confidence vote by an overwhelming margin on Sunday, removing him from office and throwing the country into yet more political uncertainty as time ticks on an investigation into attacks that killed four Americans last month.

The decision by Libya's legislature means that the government may remain without permanent, democratically-elected leadership for many weeks. But without a government in place, the investigation into the attacks that killed U.S. Ambassador J. Christopher Stevens and three other Americans may be a low priority for Libyans. The extent to which the U.S. part of the investigation can operate freely in Libya also may be hampered by the domestic political chaos.

Some Libyan officials have raised sovereignty concerns about extensive FBI operations in Benghazi, the eastern coastal city where the Americans were killed at two U.S. government outposts. Safety concerns also have kept the FBI away from the city, although it visited Thursday for an extensive sweep of the U.S. mission there.

Prime Minister-elect Mustafa Abushagur lost Sunday's confidence vote with 125 members of the 200-member Libyan General National Congress voting against him, 44 in favor and the remainder abstentions or no-shows. Abushagur had come under heavy fire last week for proposing a cabinet that critics said was filled with political unknowns. Following the protests he came up with a new slate but lost the vote.

Now Libya's legislature must select a new prime minister who will have to assemble another cabinet. The process could take weeks. Abushagur, a longtime engineering professor in the United States, became Libya's first democratically-chosen prime minister since Sept. 12, a day after the attacks in Benghazi.

"Your terms contradict my values and terms for forming my cabinet," Abushagur told the legislature ahead of the vote. "I'm not going to submit to your conditions."

The FBI has a team of investigators who have been sitting in Tripoli for weeks but have had limited success in doing work in Benghazi, hundreds of miles away. Many witnesses to the attack say they have not been contacted by Libyan or American investigators. Last week, Libyan deputy foreign minister Mohammed Abdel Aziz said that approval had been slow in coming for the Americans to fly to Benghazi and operate freely there.

With the delay, the interim government in place since last year will continue to run the country.

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10. Libya's Prime Minister Is Dismissed

David D. Kirkpatrick, **New York Times**, **08 October 2012**, **Page A8**

CAIRO — The Libyan Parliament voted on Sunday to dismiss the prime minister it chose less than four weeks ago, deepening a leadership crisis at a moment when the country's transitional authorities are under intense pressure to catch the killers of the American ambassador, J. Christopher Stevens, and to stop the prevailing lawlessness that led to his death.

With the dismissal of Prime Minister Mustafa Abu Shagour, Libya now also effectively lacks ministers of defense and interior, the officials most responsible for apprehending the attackers and reining in the local militias that now control the streets. Former interim ministers still hold those titles, but they were written off months ago as hopelessly weak, and their subordinates now describe them as all but absent; Mr. Abu Shagour's efforts to win approval for a new cabinet failed.

The government has not managed to question or detain even the most obvious suspects in the attacks on the American diplomatic mission in Benghazi where the ambassador died nearly four weeks ago. Leaders of Ansar al-Shariah, the main militia that witnesses saw mounting the attack, are still at large.

And the evident incapacity of the Libyan authorities, in turn, puts pressure on the Obama administration, which must weigh unilateral military action to capture or kill the attackers against the chance that such steps on Libyan soil could produce a backlash from the only Arab populace that now views Washington positively.

The Benghazi attack is only one of the security issues facing the still-unformed Libyan government. Bani Walid, a major town in the country's western mountains, remains outside the control of the central authorities, and besieged by militias from Misurata and other cities. They are angry at reports that residents of Bani Walid tortured to death the Misurati fighter who first captured Col. Muammar el-Qaddafi. There have also been reports of sporadic clashes between clans in the southern desert region over control of valuable smuggling routes.

"There is a power vacuum," said Mohammed Ali Abdallah, a member of the National Front Party from Misurata who voted in support of Mr. Abu Shagour. "I think a lot of these militias will try to take advantage of this, to exert their own authority," he added. "I think the ramifications will be quite bad."

The president of the newly elected Parliament, Mohammed Magarief, remains the country's interim head of state. But the Parliament, known as the General National Congress, is expected to choose a prime minister and approve his cabinet, which would run the country day to day until a new constitution is ratified.

Mr. Abu Shagour, 61, is an electrical engineer who taught at American universities and worked in the exiled opposition to Colonel Qaddafi. After Colonel Qaddafi was killed last fall, Mr. Abu Shagour was named deputy prime minister of the previous interim government, and then rose to prime minister last month.

As prime minister, he proposed a new cabinet, but it failed last week to win parliamentary approval. Though he was given a deadline of Sunday to form a new one, he was widely expected to resign or be dismissed instead. Critics complained that Mr. Abu Shagour's proposed cabinet failed to include representatives from certain districts around the country, running afoul of the fierce parochialism that defines Libyan politics.

Mr. Abu Shagour's position was precarious from the start. He narrowly won the post with an unruly coalition of disparate parliamentary blocs, beating out the leader of the largest faction in Parliament, with more than 80 of its 200 votes: Mahmoud Jibril, a former prime minister of the rebel government formed during the uprising against Colonel Qaddafi.

Mr. Jibril, considered a liberal, narrowly lost when the second largest parliamentary faction, the Islamists, threw its support behind Mr. Abu Shagour. He won by a vote of 96 to 94.

Lawmakers speculated on Sunday that Mr. Jibril and the Islamists may now negotiate to choose a new prime minister that both factions could support, forming a solid majority and a durable coalition. But Mr. Jibril, a former professor of political science at the University of Pittsburgh, still faces strong opposition from the Islamists and others, in part because he once held a post in the Qaddafi government.

In a televised address Sunday night, Mr. Abu Shagour urged the Congress to move quickly to name his successor, “so that the country can avoid a political vacuum which could have dire consequences.”

Suliman Ali Zway contributed reporting from Tripoli, Libya.

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11. Egypt's New President Gives Himself High Grades

Hamza Hendawi and Sarah El Deeb Associated Press, ABCNews.com, 07 October 2012

Egyptian President Mohammed Morsi has given himself high grades on his handling of some of the nation's pressing problems, spending much of a nearly two-hour speech late Saturday talking in painstaking detail about fuel, trash and bread, while sidestepping key issues in the nation's transition to democratic rule.

But the speech in many ways was also as much about style as it was about substance, and the 61-year-old Morsi, the first freely elected president in Egypt's history, used his address to project the image of an energetic leader in touch with the needs of the people. That appeared aimed at drawing a sharp contrast with his 83-year-old predecessor, Hosni Mubarak, who was widely perceived in the waning years of his long rule as out of touch with reality.

Morsi, who hails from the Muslim Brotherhood, the country's largest and best-organized political group, made a slew of promises during his campaign, vowing to end Egypt's fuel shortages, improve the quality of the heavily subsidized bread, check surging crime, clean the streets of trash and ease traffic congestion.

Speaking to a crowd of tens of thousands in Cairo at Egypt's largest sports stadium, Morsi claimed that scientific methods used to gauge progress on the five issues gave him a success rate of 80 percent on bread, 60 percent on traffic, 40 percent on garbage collection, 85 percent on fuel and 70 percent on security.

But he also sought to stress the magnitude of the challenges he faces, and hit back at critics who charge that he was spending too much money and time traveling abroad and that his habit of offering Friday prayers at a different mosque every week was costly and disrupted traffic on what is supposed to be the quietest day of the week.

He said his nine foreign trips to date — Saudi Arabia (twice), China, Iran, Belgium, Ethiopia, Turkey, the United States and Italy — secured for Egypt pledges of billions of dollars of investment and monetary aid and that his Friday prayers, which entails the deployment of hundreds of policemen and troops, were cost free.

"I am still living in a rented apartment," he said to bolster his argument that he was not abusing his authority. "If anyone sees me driving a new car that is not owned by the state should report it."

"They are trying to find a hole in a seamless white dress," he said of his critics. "We have a glorious future ahead of us."

But his speech touched only in passing on the simmering dispute over the drafting of a new constitution. Liberals, women and minority Christians say the process has been hijacked by Morsi's fellow Islamists. He also did not touch on the restrictions that critics say have been placed on freedom of expression in the three months since he took office and the return of abuses by the police — documented by human rights groups.

Morsi also offered no vision for the future of the nation, where nearly half of its estimated 83 million people live below or just above the poverty line. He declared himself married to the fight against corruption, but offered no ways to improve basic services such as medical care, education or housing for the poor.

The president's critics remained unimpressed, by both the speech and the successes he touted in it.

"He spoke about the importance of reducing energy subsidies but didn't tell us how he plans to do so. He promised to eradicate the former regime's corruption, but didn't say how he will prevent corruption in the future," Ziad Bahaa-Eldin, a former lawmaker for a social democratic party, wrote in a commentary on his Facebook page.

"The speech was spirited and designed to reflect strength, popular support and to mobilize public opinion behind the president. ... But in terms of substance, if offered nothing memorable."

Many Egyptians acknowledge that crime rates have dipped since Morsi took office, but remain high when compared to before Mubarak's ouster in last year's popular uprising. Some types of fuel remain in short supply and long lines outside gas stations are common. Traffic remains a problem, particularly in Cairo, a city of some 18 million people, and the streets are still littered with piles of festering garbage.

"The Morsi Meter," a website tracking the Islamist leader's achievements in his first 100 days in office, offered a different take on Morsi's performance in his first 100 days in office.

It said the president's achievements have so far been restricted to implementing penalties for fuel smugglers, raising awareness in speeches and through the media about the importance of proper disposal of trash, increasing the value of flour used to make bread, removing road blocks impeding traffic and implementing a reward system for positive performance of police officers.

The venue of Morsi's speech and the day on which he delivered it appeared to be an attempt by the Islamist leader to associate his presidency with something greater and perhaps more enduring than the ballot box that gave him a narrow victory over Mubarak's last prime minister in a June election.

Morsi chose the 39th anniversary of Egypt's last war with Israel to give the longest speech of his presidency — 1 hour and 50 minutes — seemingly to try to take his place in history as Egypt's first ever civilian president after nearly six decades of de facto military rule.

But Morsi may have overplayed his hand when he drove around the Cairo stadium's track in an open-top car, waving to the crowd like a victorious general. The grand entry and the long speech may also have been designed to stake a claim to something that Morsi was not part of — the high-regard Egyptians have for their troops who crossed the Suez Canal to storm Israeli lines on the east bank of the waterway at the start of the 1973 war with Israel.

The war led to coining in Egypt of the phrase "crossing" as synonymous with victory, and Morsi said the uprising that toppled Mubarak's 29-year rule last year was the "second crossing" after the one in 1973. The third one, he added, was his taking office as Egypt's first freely elected president.

"He turned the national day (October 6) into a platform for his Freedom and Justice party and the presidency," prominent analyst and columnist Abdullah el-Sinawi said. "After nearly 40 years, the occasion has become a platform for the Brotherhood and a show of its strength."

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12. Egypt rights activists seeing hopes dissolve

Women and minorities had wanted guarantees of equal rights, but that goal seems out of reach now that control of Egypt has shifted to an Islamist president.
Reem Abdellatif, **LATimes.com**, **07 October 2012**

CAIRO — Eman Mostafa, a village girl from southern Egypt, was shot and killed last month when she dared to spit in the face of the man who groped her.

Ramadan Salem told authorities he mistakenly shot Mostafa, 16, after she cursed him. It is uncertain whether Salem will be convicted: The only witness willing to testify — Mostafa's friend, Sahar Mamdouh — has been threatened in a society that often blames women and girls for provoking sexual crimes against them.

After an uprising toppled President Hosni Mubarak early last year, women and minorities hoped for a nation that would guarantee long-denied equal rights. But their pleas have gone unanswered as Egypt has shifted from military control to the conservative designs of a new Islamist president. Mostafa's death symbolizes for many women the prospect that civil rights would be further jeopardized by a new constitution.

Scores of Egyptians, with the support of 33 women's rights organizations, protested outside President Mohamed Morsi's palace last week against the proposed constitution, particularly Article 36, which says the state is "committed to providing all measures to ensure the equality of women with men, as long as those rights are not contradicting the laws of Islam," or *sharia*.

Overwhelmed by Islamist domination in the assembly drafting the constitution, liberals and moderates have repeatedly threatened to resign because they say the political body leans toward radical political Islam. A previous assembly was dissolved this year for failing to represent Egypt's diverse society, and a court decision expected Tuesday could again disband the body amid charges it has ignored women, Christians, youths and other groups.

Yet Islamists are the country's main political force, and they will probably control the tone of a constitution in what has become a pivotal battle between liberals and Islamists who run the gamut from ultraconservative Salafis to the more moderate Muslim Brotherhood. The struggle is tilted in favor of the Islamists because women's groups and liberal parties are often divided and disorganized.

"Equality should be a given, with no conditions. This [article] is strictly meant to hinder the women's rights movements and the way women express themselves. It is meant to target basic rights that women fought for decades ago," said Dalia Abdelhameed, a researcher with the Egyptian Initiative for Personal Rights.

When Morsi was inaugurated in June, he signaled to the United States and the international community that personal freedoms were important in a "new" Egypt. Though he made big promises abroad, Egyptians say little changed at home as charges of blasphemy have increased and radical clerics have become more vocal. Morsi marked his first 100 days in office Sunday and his government has yet to calm social and economic turmoil while trying to appease fellow Islamists.

"If this constitutional draft is passed, it is not only going to be a blow to the women's movement in Egypt, but it will be another obstacle for the labor movement and other social and rights campaigns," said Doaa Abdelaal, a human rights advocate and researcher.

Egypt's Christian leaders have repeatedly expressed fears and condemned the assembly. Similarly, the nation's Nubian community has decried discrimination and exclusion.

Last month, Manal Tibi, a prominent human rights activist who represented the Nubians in the assembly, resigned. She said she could not be part of a group that is trying to "entrench" a religious state rather than represent Egypt's people.

"When I first entered [the assembly], I was told that we would all drop our political beliefs and ideologies and work strictly toward drafting a constitution for our nation. These were all nice words ... but later this all changed," Tibi said on Al Nahar, a privately owned Egyptian satellite channel, after her resignation.

Tibi said she had hoped to add a clause against all forms of racial discrimination to guarantee equality, but the assembly snubbed the idea.

"They accused the Nubian community and myself of wanting to split from Egypt completely when I proposed this," Tibi said. "Instead of discussing social justice or how to guarantee citizen rights, we found ourselves discussing issues that should have already been closed hundreds of years ago, like changing the legal age of marriage for young children."

Islamists have repeatedly denied taking control of the assembly, stating that the constitution belongs to all Egyptians. "This is a very serious attack on our honorable assembly," said Hossam Gheriany, the assembly speaker who is recognized as an independent judge.

Egypt does not yet have a parliament, and it cannot hold elections until the constitution is drafted. So the Muslim Brotherhood's Freedom and Justice Party — which is angling for a majority of parliamentary seats — is eager to come to an agreement and complete a draft constitution.

Leftist groups and liberals, on the other hand, hope the current assembly is dissolved, paving the way for a more fair, representative body.

Tibi's resignation from the assembly and the threats of others to walk out have signaled a need for new strategies and greater cohesion among rights groups.

"We need to develop our civil society arguments," rights advocate Abdelaal said. "This should have been happening a year and a half ago after the revolution, but it's not too late."

Abdellatiff is a special correspondent. Times staff writer Jeffrey Fleishman contributed to this report.

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13. Lebanon Says Israeli Planes Circled Its Airspace for an Hour

Jodi Rudoren, **New York Times**, **08 October 2012**, **Page A9**

JERUSALEM — The morning after the Israeli Air Force shot down an unidentified drone in the Negev Desert, the Lebanese government said that four Israeli warplanes spent an hour on Sunday illegally circling in its airspace.

The Israeli Defense Forces refused to confirm or deny the report from the Lebanese Army, which said the planes entered above the village of Kfar Kila at 10:10 a.m. and left above Naqoura an hour later.

Such flyovers are not unusual and prompt regular complaints from Lebanon to the United Nations, but Sunday's caused a stir because of the drone shot down the day before, which many in Israel suspect was sent by Hezbollah, the Lebanese militant group. No one has claimed responsibility for the drone.

Lt. Col. Avital Leibovich, a spokeswoman for the Israeli military, said Sunday that Israel had tracked the drone for nearly a half-hour before taking it down in an unpopulated area of the Negev in the south, and that investigators had collected all of its parts and were analyzing them in hopes of determining its origin and mission.

"The concern is when you take it to the broader perspective of the arms race in the region," Colonel Leibovich said. "The drone is part of those efforts.

"It was not armed," she added. "It doesn't mean that it doesn't have the capability of carrying arms or explosives."

In another event on Sunday, an Israeli drone fired a missile at a motorcycle traveling in the southern Gaza Strip, wounding two young men riding it as well as eight passers-by, according to witnesses and health officials.

The Israeli Defense Forces said in a statement that it had targeted Tala'at Halil Muhammad Jarbi, who was born in 1989, and Abdullah Muhammad Hassan Maqawai, who was born in 1988. The military said that Mr. Maqawai is a member of the Ashura Council of the Martyrs of Jerusalem, a Gaza-based Global Jihad affiliate, and that Mr. Jarbi was a Global Jihad operative who had been involved in "extensive terrorist activity" for years, including an attack in June in which an Israeli contractor working on building the fence between Israel and Egypt was killed.

Ashraf al-Qedra, a spokesman for the Palestinian Health Ministry, said the two men were in critical condition Sunday night, after suffering amputations and burns.

Fares Akram contributed reporting from Gaza City, and Hwaida Saad from Beirut, Lebanon.

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14. Palestinians: Israeli strike kills Gaza militant

Associated Press, **FederalNewsRadio.com**, **07 October 2012**

JERUSALEM (AP)- Israel's military says it has fired on two Gaza members of an al-Qaida-inspired group identified as having been involved in rocket attacks and an infiltration from Egypt. Palestinians say one man was killed.

The military said they were involved in "extensive terrorist activity," including an attack in June where two gunmen crossed into Israel from the Sinai desert and killed a civilian.

Israel did not say whether it hit the two. Ashraf al-Kidra, a Palestinian health official in Gaza said one man was killed and another injured Sunday when their motorcycle was hit by aircraft in the south of the Hamas-controlled territory.

Israel and Hamas have mostly kept an unwritten truce since a short war over three years ago. Attacks have persisted but at a much lower rate.

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15. The Stateless Statesman

Karl Vick, **Time**, **15 October 2012**

A year ago, he came home a hero.

But that was a year ago.

Then, Mahmoud Abbas, the Palestinian National Authority President, stood at the green marble rostrum of the U.N. General Assembly and asked for something he knew he could not get--full membership in the U.N. for a country, Palestine, that did not yet exist--and the room went wild.

A year later, on Sept. 27, Abbas stood in the same place and asked for something he can quite easily get--not full membership but a status packing similar legal power. Yet in downtown Ramallah, the West Bank city where trucks mounted with loudspeakers implored Palestinians to gather in the central square to watch, it was hard to find a television tuned in. "I thought it sounded just like the speech he gave last year, with the exception that no one cares this time," says a 38-year-old electrician named Abu Jala. Abu Jala is speaking on a street that 12 months earlier had been choked with people cheering Abbas so lustily that, for the first time, the unassuming antipolitician began to resemble a popular leader. But that moment is long gone, lost in the cloud of resentful disappointment that has descended on the Palestinians and further obscured the enigmatic man who reluctantly leads them.

Uncomfortable with crowds, more at home with books than with constituents, Abu Mazen, as Abbas is widely known, is that rare elected leader who does not want popularity. Which is convenient, because lately he hasn't enjoyed much at all. In the long, trying year since he asked the U.N. for statehood, the Palestinian cause, once central to any discussion of the future shape of the Middle East, has been overtaken by events in Syria, Egypt and Iran, overwhelmed by the iron alliance of Washington and Israel and haunted by a misquoted clich: "The Palestinians never miss an opportunity to miss an opportunity."

The dismaying truth for Palestinians is that Abbas could have seized the moment last year to ask for the U.N. status--to have Palestine recognized as a nonmember state--that he has only just now requested. That's a lost year for a people who are less patient than their leader, a man of almost inertial calm.

Eight years after being elected, Abu Mazen is no closer to delivering on the central promise of his campaign: ending the 45-year Israeli occupation through negotiations. And so he went to the U.N. in September in search of something to shake things up--a measure of legal and moral leverage. Experts on international law say that because the designation "nonmember observer state" contains the word state, the new status would offer the Palestinians the potential power to ask the International Criminal Court (ICC) to investigate war crimes on Palestinian territory, which Israel has occupied since 1967.

The ICC is an uncomfortable issue for Israel, which voted against its creation in part because the court's founding statute suggested that it would regard the establishment of West Bank settlements as a war crime. Individual Israeli officials could also face charges if Palestinians found both grounds and the political will to proceed. "I think the whole statehood agenda is in a way geared toward embarrassing Israel in international forums such as the ICC, especially in the area of settlements, where Israel doesn't have good legal answers," says Yuval Shany, dean of Hebrew University's law school. "The ICC is a big issue."

What's more, nonmember-observer-state status can be bestowed by a simple majority vote of the General Assembly, thus avoiding the Security Council and the threat of a U.S. veto that torpedoed last year's bid for full member status. This time, the Palestinians had what Abu Mazen could have had a year ago: a clear path to leverage their greatest asset--international sympathy--in hopes of leveling a playing field that has become badly tilted because of Israel's military, economic and diplomatic advantages.

This year's U.N. appearance also highlighted what stands as the signal accomplishment of Abbas, for all his many stumbles: the movement of the world's most chronicled conflict from a low-intensity asymmetrical war--street fights laced with terror--to where we find it today, in the bloodless realm of diplomacy. In the five years before Abbas became Palestinian President, more than 5,000 Palestinians and 1,000 Israelis were killed. In the past three years, the numbers were 311 and 20.

Not that Abu Mazen is getting much credit from either side for such efforts. While Israelis may now board buses and sip lattes in cafs all but free from the threat of suicide bombers, Palestinians complain of seeing no reward for showing the restraint that Abbas vowed would put an end to the Israeli occupation through negotiations. And as Abbas prepared to return to New York City last month, Israel's right-wing Foreign Minister, Avigdor Lieberman, called Abbas a "diplomatic terrorist," an Orwellian insult if ever there was one. "He would be the ideal leader--avuncular, grandfatherly, a modern man, free from violence--to head a Palestinian state if one already existed," says Aaron David Miller, a former U.S. negotiator under three Presidents. "Unfortunately, charm and persuasion are not sufficient to bail him out of the fix he's in."

It's a bad fix. Abbas' decision to apply for full statehood at the U.N. last year set in motion forces that threaten to bring down his life's work. At risk are the Oslo Accords of 1993 and 1995 that laid out the principles at the heart of the world's hoped-for solution to the Israeli-Palestinian conflict: the establishment of two states for two peoples. Abbas' 2011 U.N. bid so irked Israel and Washington that each held back vital funding to Abbas' Palestinian National Authority (PA), the Palestinian transitional government. The revenue shortfalls wreaked havoc on the Palestinian economy. By September, people were burning tires in the streets to protest not Israel's 45-year military occupation but the PA itself.

The uproar left Abbas with even less room to maneuver. "His weapon is only negotiations," says Abdul Jawad Saleh, a former PA Minister. "He doesn't know how to confront."

Silencing the Guns

It's a painful paradox for the Palestinians, who watch the years pass without a peace deal and with ever growing numbers of Israeli homes appearing in the West Bank: Abu Mazen has done more in the past few years than any Palestinian ever has to keep Israelis safe. "I all the time go against the stream," he tells Time, in what he calls "my broken English." "I tried all the time to say exactly what I feel, what I think, without any propaganda, without any cover, without everything. When I ran to the elections, the first thing I said is I do not accept the armed struggle. No, I don't like it. I don't want it. I will prohibit it."

And he did. Missiles still fly out of Hamas-controlled Gaza from time to time, but according to the U.N. Office for the Coordination of Humanitarian Affairs, which tallies every reported incident on occupied territory, most violence in the West Bank is now committed by Israeli settlers against their Palestinian neighbors rather than the other way around. There have been spectacular exceptions, including the March 2011 slaughter of five Jewish settlers in their West Bank home. But month by month, the Palestinians tend to be the victims of violence rather than the perpetrators. In Qusra, south of Nablus, a mosque was set afire in September 2010, its walls spray-painted with "Muhammad is a pig." The Israeli human rights group B'Tselem this year videotaped Israeli soldiers standing by as settlers fired on Palestinians. Abbas takes each incident as a test of Palestinian forbearance. "They think we will respond with terror," he says and raises his gaze. "We will disappoint them."

Hesitant as Abbas may be to take on Washington--to spare President Obama any unpleasantness, Abbas will not ask for a General Assembly vote until after the Nov. 6 presidential election--the iron grip of his Palestinian Authority on would-be resistance fighters is unquestioned. This has remade the Palestinian-controlled parts of the West Bank into the turf not of terrorist militias but of disciplined uniformed forces, adamant about keeping the peace. "We are living in our best, most convenient security conditions since--ever," Amos Gilad, the No. 2 official in Israel's Defense Ministry, said last year. "No terror." Says a Palestinian teenager in Ramallah's central market: "If you even dream about throwing a rock, they arrest you."

The formula for this transformation is no secret, but neither do Palestinian Authority officials like to publicize it. One part is the U.S. investment in training Palestinian security forces (money for security accounted for some

$147 million of the $384 million that congressional Republicans delayed over the first U.N. bid, contributing for a time to a $1 billion PA budget shortfall). Part two is even more sensitive: the Palestinian authorities coordinate daily with Israel's domestic intelligence service, stalking militants as they plot attacks on Israel. The resulting security architecture has brought law and order (emphasis on the "order," note human rights activists who compile complaints of mistreatment and even torture by the Palestinian security services) to a region controlled not long ago by militias and thugs.

The dramatic reduction in violence has many senior Israeli officials now speaking of the Palestinian issue as a conflict to be managed rather than solved. For many Palestinians, however, the cooperation with an occupying army can be tolerated for only so long. Consider the position of one of Abbas' appointees, Qaddura Fares, who runs the PA's prisoner-affairs office. Fares says his nephew was arrested by Israeli troops, released, then taken away a month later by Palestinian security and questioned about whether he had ties to the militant group Hamas. He was released last year. "What's the difference?" Fares asks. "I will be ready to arrest my nephew--my son!--if in one year we achieve a state. But to arrest these people to appear beautiful to the Americans or to look professional?" The line between cooperation and collaboration is both thin and combustible, like a fuse.

"Exactly!" says Abbas. "Sometimes they are whispering, 'Are we collaborators?' We don't want to be collaborators for anybody. We are working for our own benefit, for our own future." But what future? In his latest U.N. address, Abbas declared, "There is still a chance--maybe the last--to save the two-state solution and salvage peace." Yet privately, neither side believes the other is serious about making a deal. Israeli Prime Minister Benjamin Netanyahu campaigned against the Oslo Accords. In 2009, Israel announced it was freezing construction of new homes in its West Bank settlements for 10 months, but Abbas complained that the moratorium contained exceptions that permitted certain construction to carry on. Amid disagreement over the freeze, talks foundered in 2010. The building continues. "Every way is closed to me," Abbas told TIME last year.

If a new uprising, or intifadeh, erupts, Palestinians say it will come in the space between the death of hope for the Oslo Accords and whatever takes their place. One option is to abandon the PA and force Israel to once again administer the territories it occupies, as it did before 1994--a burden Israel doesn't want and a situation that would almost certainly lead to more fighting. "We are at a crossroads," says Bassam Salhi, head of the leftist Palestinian People's Party. "The problem is more than a problem of Abu Mazen. It's a problem of this process, which began 20 years ago and has brought nothing till now." Palestinians also complain bitterly about corruption within the Authority, and some say Abbas uses its security forces to intimidate critics. But all complaints are aggravated by the limbo that Palestinians find intolerable. Says Mohammed Mahmoud, a protester in downtown Ramallah: "The people are upset about the economic situation because there are no solutions for the political situation."

Militant Youth

Abu Mazen can empathize with the urge to pick up arms in the face of frustration and an enemy. "It was in myself when I was young," he says. Born in Safed, a city in the Galilee region of present-day Israel, he was 13 when his family fled Jewish forces in 1948, along with 700,000 other Arabs. The family ended up in Damascus, where he laid pavement for two years, then taught primary school part of the day while attending high school. The young Abbas then studied law in Egypt and was working in Qatar as personnel director of the Education Ministry when he joined the party Yasser Arafat and a few others had formed to confront Israel.

"I decided to join Fatah and be active because at that time, the 1960s, nobody cares about us, nobody talks about us," Abbas says. "How can we draw the attention of the public opinion around us to know that there is a problem that needs to be solved? So we found this the only way, military action, revolution."

The plane hijackings, bombings and assassinations that followed in the late 1960s and '70s would do much to define modern political terrorism, calculated to draw attention that could then be transformed into political power. "About two-thirds of the countries in the United Nations started that way," says Ilan Halevi, a Jewish member of the PLO living during that period in Israel, which before independence had its own militants, even terrorists. "And because we took up arms, we were in a position to put them down with credibility." Abbas was among the first to say so, calling in 1977 for talks with moderate Israelis. By then he understood not only the limits of violence but also of Palestinians' knowledge about their enemy.

"So we are in a conflict, in a war, with somebody we don't know exactly what he is," says Abbas. "Is he an animal? Is he huge? Is he a giant? I don't know. So I started reading." What he came to eventually understand--after flirting with Holocaust denial in his Ph.D. thesis, a flirtation he later passionately disavowed--was that Israelis' strength flowed from desperation: "They don't have any other place to go." He also concluded that Israelis are extremely well armed, resourceful and allied with the most powerful nation in the world. "How can we deal with them?" Abbas asks. "War? It's impossible. Israel is a superpower."

For all the despair on the West Bank--at the political stasis, the growing settlements and the economic challenges many Palestinians face--Abbas' core belief is now something of an orthodoxy. As Salah Yasin, who sells plaster ceiling fixtures in Ramallah, puts it, "The military option is not possible." The majority of ordinary Palestinians agree with what pollsters call "the Abu Mazen approach."

Abu Mazen himself spends more and more time abroad, flying on a chartered jet provided by the United Arab Emirates, a statesman without a state, relentlessly grooming an image of a peaceful people denied a homeland in foreign capitals. People "mistake mildness for weakness, and they're different things," says Hussein J. Agha, a longtime PLO activist now at Oxford. "Unlike his image, he's very, very decisive. His predecessor had a different image, but he was much more reluctant to make a decision and stick with it."

His predecessor was, of course, Arafat, who showed up at the U.N. in fatigues. Arafat, then chairman of the PLO, told the General Assembly he came with a gun in one hand and an olive branch in the other. Abbas has a different style. When he spoke from the same stage, he was wearing a suit and tie and he held aloft a sheaf of papers: the U.N. application.

Unlikely Convert

If Abbas retires, as he frequently says he wants to, he will leave with no clear successor. Polls show Palestinians would elect Marwan Barghouti, a charismatic Fatah militant not currently available; he's serving five life sentences in an Israeli prison. In recent months, Palestinian business leaders have talked up Khaled Meshaal, a notion that speaks volumes about the changes roiling Palestinian politics. Since 1996, Meshaal had held the most senior position in Hamas, the Islamic Resistance Movement, long the face of Palestinian terror. Its suicide bombings derailed Oslo, shattered Israel's peace wing and justified the separation barrier, the fence and wall that Israel is building around the West Bank.

Earlier this year, however, Meshaal endorsed the Abu Mazen approach. While reserving the right to violent resistance and not renouncing the Hamas Charter, which calls for the destruction of Israel, Meshaal said the time has come for negotiations with Israel and nonviolent protest in the spirit of the Arab Spring. "Now we have a common ground that we can work on--the popular resistance, which represents the power of the people," Meshaal said. He and Abbas sealed a deal for a unity government, ending (if only on paper) a rift that has seen the 1.6 million Palestinians in the Gaza Strip governed by Hamas and the perhaps 2.3 million on the West Bank under Abbas.

But the deal has come undone. Meshaal stepped down in September after failing to bring more than half of Hamas' leadership with him. East Jerusalem analyst Mahdi Abdul Hadi, who speaks with Meshaal regularly, said Egypt, which was midwifing the deal, asked Abbas to forgo his insistence on elections. Abbas refused, and the bargain collapsed.

To have a leader like Meshaal, whose organization dispatched numerous suicide bombers to kill Israeli civilians, adopt the Abu Mazen approach was still a remarkable philosophical victory for Abbas, even if the political victory remains elusive. Because as a whole, Hamas remains resistant to the Abbas-Fatah worldview. "Meshaal said, 'Let's embrace him, be in the system, get legitimacy,'" Hadi says. "Others in Hamas say, 'No, we don't need his system. Look what's happening in political Islam in the region. It's a matter of time. They'll have to deal with us.'"

That's exactly what Israel should understand, and quickly, say Abbas loyalists. Whatever new governments emerge from the Arab Spring, they are unlikely to be more understanding toward Israel than the bookish

moderate who, when asked last October why he was going to the U.N., replied with one word: "Hope. All the time we give them hope." Supplies are running low. In April, 3 out of 4 Palestinians told pollsters they felt depressed.

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16. Tribal leader urges Yemeni factions to talk

Ahmed al-Haj, Associated Press, **FederalNewsRadio.com**, **07 October 2012**

SANAA, Yemen (AP) -- The leader of Yemen's largest and most powerful tribe has urged Yemen's factions, including al-Qaida, to renounce violence and open a dialogue. The alternative, he said, is armed conflict.

Yemen's president has warned that if next month's dialogue attempt fails, his country could descend into civil war.

More than a year of political turmoil has rocked Yemen, surrounding a successful popular and tribal uprising to force the resignation of longtime leader Ali Abdullah Saleh. The disarray has left an opening for militants like al-Qaida to solidify their strongholds in the country. Al-Qaida's Yemen branch is considered its most dangerous, blamed for several attempted attacks in the U.S.

Though Saleh is out of office, he and his supporters are accused of continuing to meddle in Yemen's affairs, contributing to continuing instability, just as the new government tries to rout the militant forces.

Sheik Sadeq al-Ahmar, leader of Hashid tribal confederation, told the first meeting of the alliance of Yemen's tribes Saturday that the Hawthi Shiite Muslims in the north, the armed secessionists in the south and al-Qaida must reject violence and join in the political process, without preconditions.

He said all of Yemen's political parties, tribes and civil society groups should take part in the national dialogue, starting Nov. 15.

"The road to solving problems is to leave arms behind and turn to dialogue," he said, "so that the Yemeni people will not be forced to resort to the logic of blood."

President Abed Rabbo Mansour Hadi said last week in New York that the national dialogue would be crucial for the future of the shaky, war-scarred and impoverished country. He said it was principally meant to deal with separatist movements in the south, and to be a sounding board for Yemeni women and youth.

He warned that if the national dialogue failed, the country would face a civil war.

The tribal alliance includes some 600 leaders and influential sheiks trying to steer the country's policies to serve their interests. That runs contrary to the demands of the revolutionary youth, who led the protests against Saleh. They want an efficiently run regime based on social justice.

Trouble emerged for the dialogue a month before it was to begin.

Sheik Mohammed al-Shayef, chief of the Bakeel tribe, Yemen's other main southern tribal confederation, boycotted the Saturday meeting. He warned that the call for al-Qaida to join the dialogue would lead the country to more fighting and chaos.

"Why should I talk to al-Qaida, whose followers kill people and civilians in the name of Islam," al-Shayef told The Associated Press.

Activist Shaher Mohammed said the sacrifices of the youth had vanished, while influential political, tribal and military personnel were benefiting.

"The tribes and the military have killed the dream of the Yemenis to establish a civil state," Mohammed told AP. Also, he doubted that al-Qaida would agree to the conditions of the dialogue - renouncing violence.

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17. Gaza militants fire rockets into Israel after air strike

Reuters.com, **08 October 2012**

GAZA (Reuters) -- Palestinian militants in the Gaza Strip launched rockets at southern Israel on Monday in what they said was a response to an air strike that wounded two militants and eight bystanders on Sunday.

The armed wing of Hamas, the Palestinian Islamist faction that controls the Gaza Strip, said it was involved in the attack together with members of the Islamic Jihad militant group.

Hamas has not acknowledged launching rockets and mortars at Israel since June.

An Israeli military spokeswoman confirmed that some rockets had landed in areas close to the border with the Gaza Strip. There were no reports of casualties or damage, she said.

Gaza hospital officials said one militant thought to have been involved in the rocket attack had been wounded as a result of an Israeli response with tank fire east of the town of Rafah.

Residents of the town of Khan Younis in the southern Gaza Strip also said an Israeli tank fired at the area from which the rockets were thought to have been launched, causing minor injuries to four children and damage to a mosque minaret and a water tower.

Sunday's air strike was aimed at two militants, one of whom was critically wounded, as was one of the bystanders.

(Reporting by Nidal al-Mughrabi, Writing by Ori Lewis; Editing by John Stonestreet)

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18. In Pakistan, Drone Protest Takes Detour for Safety

Salman Masood, **New York Times**, **08 October 2012**, **Page A8**

TANK, Pakistan — Imran Khan, a cricket star turned opposition politician, abandoned plans to hold a much-heralded rally against American drone strikes at a village deep inside Pakistan's tribal belt on Sunday after the Pakistani military warned him of "imminent danger" if he went ahead with the event.

Instead, Mr. Khan led a motorcade that included thousands of supporters and a contingent of American peace activists to the edge of the South Waziristan tribal agency, then returned to the town of Tank, 11 miles away, where he held his rally.

Mr. Khan's supporters said their "peace march" offered a new focus for Pakistani anger over the Obama administration's controversial drone campaign in Pakistan's border areas, which has killed up to 3,300 people, including as many as 880 civilians, since 2004, according to the Bureau of Investigative Journalism in London, which tracks drone strikes. Critics derided the event as little more than a political stunt that capitalized on widespread anti-Americanism in Pakistan and was intended to lift Mr. Khan's wavering political fortunes.

Mr. Khan declared the rally a success despite the fact that it could not be held in South Waziristan, saying it highlighted the deaths of innocent civilians. "The response has been overwhelming," he said in an interview.

South Waziristan, a rugged region of thick forests and steep mountains, is home to an array of militant groups, including the Pakistani Taliban, who have been responsible for dozens of suicide bombings since 2007, as well as Al Qaeda and Afghan Taliban fighters who cross into Afghanistan to attack American and allied troops.

In 2009, the Pakistani Army seized control of several main roads in part of South Waziristan, causing Taliban leaders to flee into nearby North Waziristan, where American drone strikes have been concentrated in recent years.

Mr. Khan had intended to address the protesters in Kotkai, a mountain village that is the hometown of the leader of the Pakistani Taliban, Hakimullah Mehsud. The Pakistani Taliban had warned that militants would attack the convoy.

Still, Mr. Khan's rally in Tank was notable in that no other political party has managed to hold such a large event so close to the restive tribal region.

The charismatic Mr. Khan has emerged on Pakistan's political landscape as a populist figure, tapping into widespread anger over what many see as government corruption and deep anti-American sentiments. He has criticized both American drone strikes and Pakistani military operations in the tribal region. He advocates peace talks with the Taliban and other militants.

Over the weekend, he was joined by three dozen American peace activists from the antiwar group Codepink and other foreigners, including Clive Stafford Smith, the founder of the British human rights group Reprieve, and Lauren Booth, a convert to Islam and the sister-in-law of former Prime Minister Tony Blair of Britain.

Mr. Khan and his convoy set off from Islamabad on Saturday, crossing from Punjab Province into Khyber Pakhtunkhwa Province before reaching Dera Ismail Khan, a small town on the edge of the tribal belt. He was joined by hundreds more supporters on Sunday, many of them students, who had traveled from across the country to join him.

Mr. Khan has struggled to sustain the public's interest created by a series of large rallies in late 2011; liberals call him "Taliban Khan" for his muted criticism of the Taliban. A recent survey by the International Republican Institute said that Mr. Khan's popularity had fallen by 22 percent since last February. Elections are expected to take place

next spring. “Imran Khan is just trying to stay relevant,” said Nusrat Javed, a talk-show host who traveled with the motorcade.

Although several thousand people turned out for Sunday’s rally, according to various estimates, it was smaller than Mr. Khan had predicted, and analysts said the event had a largely symbolic value and was unlikely to attract new followers. But members of his party said they believed that it would re-energize the core supporters of his party, Pakistan Tehreek-e-Insaf.

“The rally has caught people’s imagination,” said Khurshid Mahmood Kasuri, a former foreign minister and a leader of Mr. Khan’s party, noting the enthusiastic response of the people who watched the motorcade pass.

When Mr. Khan introduced the American activists, the crowd responded by chanting “Welcome, welcome.” Medea Benjamin, a co-founder of Codepink, said, “We are here to say from the bottoms of our hearts that we are sorry for the actions of our government.” Other American activists at the rally condemned the drone strikes as inhumane and illegal.

Although the Obama administration rarely acknowledges the drone campaign in public, officials privately say that the strikes are an effective counterterrorism tool in a lawless area where the Pakistani government exercises minimal control.

Declan Walsh contributed reporting from Sindh Province, and Ihsanullah Tipu Mehsud from Tank.

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19. Imran Khan and Codepink are blocked from Pakistan's tribal area

Richard Leiby, **Washington Post**, **08 October 2012**, **Page A16**

TANK, Pakistan — The military on Sunday blocked Pakistan's most vocal anti-war politician from leading thousands of his supporters into the nation's insurgency-racked tribal region to call for a halt to U.S. drone strikes and promote peace with the Taliban.

Imran Khan, the cricket star turned politician who has earned broad appeal with his populist message, brought a 500-vehicle convoy to within 15 miles of the border of South Waziristan. But he was turned back after the army's Frontier Corps said it could not ensure security for the several thousand rally-goers.

The military's reasoning, Khan later told his supporters, was that the convoy had arrived too late in the afternoon to risk allowing people to gather after sunset. But all along it was doubtful that the army, which keeps a tight grip on domestic affairs, would allow Khan to enter the tribal region with a bevy of American antiwar activists from Washington-based Codepink.

It was remarkable that Khan, a candidate for prime minister, even got past Tank, the last major town before the border of South Waziristan. Since 2009, when the army launched major operations against the Pakistani Taliban and other factions, access to the semiautonomous tribal areas has been strictly controlled by the military.

Khan had wanted to stage his "peace march" in Kotkai, the home town of Hakimullah Mehsud, head of the Pakistani Taliban. His party estimated that as many as 100,000 would attend, but perhaps a tenth of that number arrived for the procession, forming traffic backups for miles.

Although most drone strikes now occur in North Waziristan, South Waziristan is where, in 2004, missiles from the remote-controlled aircraft hit their first target, militant leader Nek Mohammad Wazir.

The day turned out to be a disappointment for Codepink, which, like Khan, says the CIA's eight-year drone campaign has caused considerable civilian casualties and spurred tribesmen to take up arms with the insurgents, who are battling to impose Islamic law, or sharia, on Pakistan. U.S. officials say the vast majority of those killed in drone attacks have been militants.

The 32 Americans had traveled for 13 hours Saturday from the capital, Islamabad, to reach the impoverished region about 290 miles to the west, in Khyber Pakhtunkhwa province. They rode in two white vans festooned with grisly posters of children whose families said they had been killed by drone-fired missiles.

Codepink is perhaps best known for its noisy disruptions of congressional hearings and puckish street theatrics in Washington. But the group's members also are active in campaigns against Israeli policy in the West Bank, and they staged protests in Iraq before the U.S.-led invasion.

It counts as members former military officers and war veterans, some of whom traveled to Pakistan.

The majority-female delegation — in their early 20s to late 70s — traveled with no security guards despite announced militant threats against them and Khan, head of the Pakistan Justice Movement political party. They fell in line behind Khan's procession as legions joyously waved party flags atop trucks.

By late Saturday, when the Codepink delegates finally reached a large farm belonging to a regional party official, they were mobbed by an admiring Pakistani media and given a hero's welcome by hundreds of the candidate's fans.

Anti-American sentiment runs extremely high in Pakistan, but the delegation focused on a simple message: "We are against drones" was emblazed in Urdu in green fluorescent script, outlined with glitter, on the oversize white bibs they wore.

“You hit people with these drones and you create instant enemies,” said JoAnne Lingle, a silver-haired Mennonite from Indianapolis. “It’s supposed to be increasing our national security and it’s doing the opposite.”

Her church raised money to send her to Pakistan. She persuaded the pastor to let her bring in a replica drone: “He gave a wonderful sermon on why we needed to do this as Christians,” she said.

On Sunday morning, the civilian administration in Tank granted Khan permission to transit through the town, removing steel containers that had blocked the road. But access to the tribal region remained doubtful — so much so that the Codepink delegation decided to avoid the traffic and head back toward the capital.

“We’re disappointed . . . but we certainly feel it was successful for us in reaching the Pakistani people with our message of peace,” said Medea Benjamin, a Codepink co-founder.

Had Khan entered South Waziristan, his visit would have been the first since the mid-1970s by a mainstream political leader. Then-Prime Minister Zulfiqar Ali Bhutto, founder of the ruling Pakistan People’s Party, visited to pledge that he would bring electricity and phone service to the tribal areas. Services improved, but Islamabad has generally neglected the Federally Administered Tribal Areas, where poverty and illiteracy are rampant.

Khan told Sunday’s rally that he wants to establish a relationship of “love, respect and more political freedom” for tribal people, promising economic development and jobs.

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20. NATO resumes training of Afghan police recruits

Kristina Wong, **Washington Times**, **08 October 2012**

Special operations forces in Afghanistan have resumed training Afghan Local Police recruits after a suspension last month in response to two insider attacks by recruits on their international coalition trainers in August, U.S. officials say.

So far, more than half of the 16,000-member police force has been re-vetted and less than 1 percent have been removed, a special operations spokesman said.

Between now and mid-November, 14 villages will be added to the 70-plus that are guarded by the elite police forces that provide security for their own villages.

U.S. officials at first praised the Afghan Local Police training program for insulation from insider attacks, but training was suspended Sept. 2 after five special operators were killed in two such attacks. In one attack, a local police officer invited three Marines to his home for dinner and shot them at point-blank range.

Since then, coalition reports indicate, detection of the infiltrators is improving.

When a man showed up at a local police site in early September, other members identified him as a Taliban insurgent, the spokesman said.

Under questioning, the man revealed he was sent by a local Taliban leader to kill the local police commander and any coalition forces. He admitted that he tried to infiltrate a nearby site but found it too difficult.

Within the past month, coalition forces have arrested at least three Taliban insurgents and killed at least one seeking to infiltrate or plan more attacks — a promising sign that the U.S.-led coalition is learning how to reduce these attacks.

"It is too early to say that we are seeing a turning point," said Army Maj. Adam Wojack, a spokesman for the International Security Assistance Force (ISAF). "Clearly, ISAF is focused on preventing insider attacks and have made it a higher priority in light of recent events. This may explain some of our recent success in stopping or preventing some potential attacks."

Coalition troops have stepped up efforts to prevent and track down infiltrators, including the use of an eight-step vetting process, additional cultural awareness training, close-quarter and active-shooter training, the creation of safe zones on Afghan security force compounds, and having "guardian angel" troops keep watch for attempted attacks. NATO is updating a tactical directive issued in March, Maj. Wojack said.

U.S. officials have gone from describing insider attacks as isolated incidents that resulted from personal grievances to acknowledging that as many as a quarter of the attacks were carried out by Taliban insurgents or sympathizers.

Afghan officials always have thought that the majority of these attacks were because of Taliban infiltration, Afghan Deputy Foreign Minister H. E. Ludin told reporters during a visit to Washington last week.

"This is really in the last two to three years when we had to go out and do a very large-scale recruitment because we had to really meet the targets, the recruitment targets set for us by the transition process," he said.

"I suppose what happened in that process is that we perhaps overlooked some of the crucial screening requirements and, as a result, the enemy used that as an opportunity to infiltrate."

Media Highlights
Monday, 08 October 2012

About 70 percent of all coalition and Afghan troop deaths from insider attacks since 2007 have occurred in the past two years, according to ISAF statistics obtained by The Washington Times.

The nation's top officer, Army Gen. Martin E. Dempsey, recently visited Afghanistan in an unannounced trip for the second time in two months to address the topic with his Afghan counterparts.

"I can tell you without hesitation they are taking this as seriously as we are and taking active measures to help us and them defeat this threat," Gen. Dempsey, chairman of the Joint Chiefs of Staff, told reporters on the day after he returned. "So I came back with a renewed sense that we can lower the risk of the insider threat."

Afghan officials have appointed a top-level army officer to reduce insider attacks, increased the number of counterintelligence agents, directed cultural and religious officers to help NATO train Afghan troops, set up a threat-mitigation team with NATO, and undertaken a "wholesale review of all recruitments" in recent years.

In addition, the Afghan government has allowed NATO personnel working on the presidential compound in Kabul to arm themselves — one example of the Afghan commitment in helping to stem these attacks, a coalition spokesman said.

However, the move also indicates that coalition personnel are not safe anywhere, even in the most secure of compounds in one of the most secure cities in Afghanistan.

The international coalition aims to remove all combat troops from Afghanistan by the end of 2014, when Afghan forces will assume full responsibility for the security of their country.

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21. The war in Afghanistan turns 11 years old

Charlie D'Agata, **CBSNews.com**, **07 October 2012**

(CBS News) KABUL, Afghanistan -- Eleven years ago this weekend, the first U.S. soldiers entered Afghanistan.

As many are now leaving the longest war in American history, two-thirds of those in uniform defending Afghanistan are Afghans -- a force of over 350,000.

The question is: Can they hold off the Taliban?

The U.S. troop surge succeeded in taking back big chunks of territory from the Taliban, but with the last of those 33,000 troops gone, it's largely down to Afghan security forces to hold on.

Lt. Col. Leroy Barker helps oversee a checkpoint where, just beyond, Taliban fighters persist.

There's been operation after operation, but clearing that is not as easy as it looks," Barker said.

What used to be a U.S. base, is now a checkpoint manned by Afghan police protecting a vital road that's under constant threat from the Taliban. But it still receives plenty of hands-on U.S. support.

U.S. military officials call training Afghan security forces to stand alone, while still providing security backup "mentoring."

That includes teaching them to find homemade bombs - the biggest threat here.

And there has been progress. Afghan forces now take the lead role in defending against attacks - like the Taliban assault on the U.S. Embassy in Kabul.

NATO officials say Afghans participate in 90 percent of military operations.

Analyst Michael O'Hanlon of the Brookings Institute says that's cause for optimism.

"If you give them a gun, and tell them where the enemy is, and maybe ask them to cover for each other as they move from rock to rock or building to building -- just like the Taliban is a bunch of fighters, Afghans are pretty good with a gun," O'Hanlon said.

Yet Afghan forces remain vulnerable.

Last month, they failed to stop a suicide bomber from killing 12 foreigners in Kabul. Eleven years after U.S. troops and allies toppled the Taliban, Afghan forces are still unable to hold their own against a determined enemy.

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22. Happy Birthday, Mr. President: Putin Turns 60, and Russians Pay Notice

David M. Herszenhorn, **New York Times**, **08 October 2012**, **Page A6**

MOSCOW — So what does President Vladimir V. Putin think about inevitably becoming a retiree?

It may well be the most personally wrenching question that Russia's macho-man in chief has faced since the start of his third term in May, and it came not from any of his political opponents but from the pro-government television channel, NTV, as part of an exclusive interview that was broadcast Sunday on his 60th birthday.

Mr. Putin, of course, does not seem remotely ready to stop working, despite having now reached Russia's retirement age. The question was phrased not aggressively but hypothetically, as part of an adoring (if boring) hourlong documentary, which showed him looking youthful as ever, lifting weights, swimming laps at his residence and dismissing his critics with customary zeal.

As for the prospect of being retired, Mr. Putin cut off the question, apparently interpreting it as yet another assertion that he will never want to give up power. "Do you understand the difference between a president and the prime minister?" he asked. "Because if you did, you wouldn't be asking me that question."

Though it is clear Mr. Putin has been Russia's paramount leader since 2000, he nonetheless repeated his oft-made defense of the arrangement that installed Dmitri A. Medvedev as president for four years. "Not only did I leave the top position," he said. "I gave up the reins of power to others. Many think that I left but didn't give up power. That's not how it was."

He added: "If I already did that once, I don't think it will be hard for me to do it a second time."

For leaders of the Kremlin, turning 60 is no small matter. It is a milestone heavy with history and symbolism, sometimes marked by elaborate ceremony and sometimes not, but one that inevitably reminds the public that a clock is ticking, that even the most powerful, larger-than-life figures eventually yield to the grip of time.

(The public perception of age in Russia is shaped partly by the country's low life expectancy, which for the average man is only about 65, though the country's leaders have tended to live better and longer.)

Stalin's 60th birthday in December 1939 was such a big deal that it overshadowed news of the war between Germany and the Allies, and the Soviet Union's own war with Finland. A new official biography was released, with an initial print run of one million copies, and Stalin was given the Order of Lenin, then the country's highest honor.

When Khrushchev received the same award on his 60th birthday in 1954, it was part of a growing body of evidence that he was gaining the upper hand in a power struggle. On his 60th birthday in 1966, Brezhnev was given an even higher award, Hero of the Soviet Union. He died in office in 1982.

There were no medals for Mr. Putin on Sunday. Aides said that he was celebrating privately with family and friends, an approach to play down the significance of the occasion that other predecessors had also employed.

But much of Russia wanted to celebrate, and there were efforts to convey birthday wishes in ways big and small.

In North Ossetia, 10 climbers ascended to the summit of a 13,500-foot mountain and placed a portrait of Mr. Putin there, along with three Russian flags, declaring that the mountain would be named for Mr. Putin, local news agencies reported. It would not be the first: the former Soviet republic of Kyrgyzstan named a mountain after him last year.

Other supporters held poetry readings and other events in his honor. The Young Guard of the governing United Russia party released a video portraying Mr. Putin as a sex symbol fawned over by young women. Critics of Mr.

Putin reiterated their calls for him to step down. Several were detained in Moscow for staging an unsanctioned protest that urged “helping grandpa into retirement.”

Mr. Putin, in the NTV interview, said he believed that the convictions and two-year jail sentences for members of the punk band Pussy Riot were fair. “Actually it is right that they were arrested and it was right that our court came out with this decision,” he said.

He also indicated that he would consider a request for pardon by Mikhail B. Khodorkovsky, the former head of Yukos Oil, whose initial jailing and prosecution were widely viewed as political. “If he asks for pardon, then we will review it,” Mr. Putin said, giving no indication if he would be inclined to grant it.

Pundits across Russia have used the birthday to speculate on Mr. Putin’s future and the country’s. Pollsters say his approval ratings, at roughly 60 percent, nearly match his age.

Mr. Putin himself seized on this data point, saying this was the most relevant issue. “The main thing,” he said, “is that the overwhelming majority of people still support me.”

Andrew Roth contributed reporting.

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23. Paris to Boost Antiterror Laws

French Police Arrest at Least 10 in Weekend Raids on Alleged Islamist Network
Sam Schechner, **Wall Street Journal**, **08 October 2012**, **Page A18**

PARIS — The French government aims to strengthen antiterrorism laws and boost security at places of worship, French President François Hollande said Sunday, after authorities mounted a series of raids against an alleged Islamic terror network suspected of targeting France's Jewish community.

Police swept across France over the weekend—from the northeastern city of Strasbourg to the Mediterranean city of Cannes—taking at least 10 people into custody, and killing one man suspected of participating in a grenade attack last month against a Jewish grocery store outside Paris that lightly injured one person.

The raids turned up weapons, more than €27,000 ($35,200) in cash and a list of Jewish groups in the Paris area, Paris's prosecutor said at a news conference to discuss the operation.

On Sunday, Mr. Hollande met with Muslim and Jewish leaders, and said in an address that a new antiterrorism law, which was presented to government ministers last week, would be submitted to Parliament as soon as possible.

The law would empower French authorities to pursue French citizens who commit terrorist acts or receive terrorist training overseas, even if they haven't committed crimes in France.

"It will further strengthen the tools that make us effective in the fight against this scourge," Mr. Hollande said in a statement, adding that security would be heightened around places of worship.

France's new terror crackdown is its biggest against suspected Islamic radicals since March and April, when police arrested a number of alleged members of Islamist community groups in a nationwide sweep.

Those raids targeted potential sources of terrorism in the wake of attacks in March around the southern city of Toulouse that left seven people dead. The alleged killer, Mohamed Merah, was killed after a violent standoff with police.

Officials didn't name the people taken into custody during the latest raids, but identified the man who was killed, in Strasbourg, as 33-year-old Jérémie Sidney.

Mr. Sidney was also the key to unraveling the network of alleged radicals, officials said. Following the grocery store attack, on Sept. 19, police said they found DNA matching Mr. Sidney's on remains of the grenade. Further investigation turned up the network that was in close contact with Mr. Sidney, they added.

"All of these people, born in France and with French nationality, are linked with the radical Islamist movement," François Molins, the Paris prosecutor, said at the news conference, describing the group as "a network, I would say practically a cell."

Evidence found in the raids included a printed al Qaeda publication, computer equipment, and multiple testaments specifying suspects' final wishes, Mr. Molins said.

He declined to provide further details about the links or what information led authorities to believe the individuals have ties to the jihadist movement.

Mr. Sidney was killed as police forced open the door of his wife's home to apprehend him, Mr. Molins said.

Mr. Sidney allegedly fired six shots from his .357-caliber pistol, emptying it, at police officers, who returned fire, killing Mr. Sidney.

Mr. Sidney had been known since the spring of 2012 to French investigators, who had identified him as part of a group "suspected but not confirmed" of jihadist intentions, Mr. Molins said. Previously, Mr. Sidney had served two years in prison for drug trafficking, the prosecutor added.

Mr. Molins said there was nothing to suggest that any of those arrested Saturday had traveled overseas for jihadist activities.

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24. Budget-Pact Vote to Test Hollande

Gabriele Parussini, **Wall Street Journal**, **08 October 2012**, **Page A18**

PARIS — Socialist President François Hollande faces a test of his authority when France's National Assembly on Tuesday votes on a European Union treaty aimed at tightening budget discipline across the euro zone.

There is little doubt that the treaty will be approved in the lower house of Parliament, but Mr. Hollande may need to rely on votes from the conservative ranks, because many lawmakers in his coalition majority reject it.

The center-right Union pour un Mouvement Populaire, the main opposition party, has said it would approve the treaty, which Mr. Hollande's predecessor, Nicolas Sarkozy, negotiated late last year.

Dissident Socialist lawmakers say the treaty will leave France in a straitjacket and exacerbate economic problems.

"This treaty will oblige countries to compress their budgets, causing a recession shock in Europe," said Pascal Cherki, a Socialist lawmaker, who added, "I'll vote against it."

The Socialist Party has 299 lawmakers in the lower house of Parliament, where the majority is at 289.

French government officials said that under their own, informal tally, as many as 20 Socialists lawmakers may defy Mr. Hollande's authority by voting against the treaty.

However small, the revolt by some Socialist lawmakers could damage Mr. Hollande's political clout at home and instill doubts in Europe about France's commitment to reduce its budget deficit.

Parliament has yet to approve Mr. Hollande's austerity budget for next year, which contains €20 billion ($26 billion) in new taxes to bring down the deficit to 3% of yearly gross domestic product, from an estimated 4.5% in 2012.

"Tuesday's vote is a litmus test," said Gérard Grumberg, a political-science professor at the Sciences Po university in Paris.

"It will show whether the Socialists are going to behave like a disciplined majority and allow Mr. Hollande to implement austerity," he added.

One French Socialist is cracking the whip.

Bruno Le Roux, head of the Socialist group at the National Assembly, said he has been working hard to persuade all Socialists to approve the treaty to ensure the party could pass it alone.

Much of Mr. Hollande's standing in the negotiations with Germany and other EU countries to shape future EU institutions depend on Tuesday's vote, he said.

"If we can rally a leftist majority behind the treaty, the president will increase his leverage in Europe," Mr. Le Roux said. "Everyone in Europe is looking at us."

The fiscal pact, under which EU member states commit to limiting their budget deficits to 3% of GDP, has already exposed fault lines within Mr. Hollande's administration, which has been in place since May.

The French president suffered a blow in September when the Green party, a junior partner in his coalition government, recommended that its 17 lawmakers vote against the treaty.

Despite the Greens' position, Prime Minister Jean-Marc Ayrault said the two Green ministers in his cabinet would keep their jobs.

The treaty, which all EU countries except the Czech Republic and the U.K. signed in March, will take effect either when 12 out of the 17 euro-zone countries ratify it, or on Jan. 1.

Six member states, including Germany, have already backed it.

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25. U.K.'s Conservatives Seek Further Austerity Measures

Cassell Bryan-Low, **Wall Street Journal**, **08 October 2012**, **Page A13**

BIRMINGHAM, England — The U.K. government is laying out the battle lines for additional austerity measures even as it faces pressure to reboot the country's faltering economy.

As they examine the prospect of making deeper welfare cuts, U.K. Treasury chief George Osborne and Prime Minister David Cameron said publicly on Sunday that the wealthy will shoulder their fair share of continuing austerity measures. But they rejected a proposal by their junior coalition partners, the Liberal Democrats, for a so-called mansion tax, an annual levy on homes valued at more than £2 million ($3.2 million).

Mr. Osborne is set to echo that message during a speech Monday at the Conservative Party conference, in which he is also expected to talk about the economic challenges he and the government face.

The economy, which Mr. Osborne's government came into office in 2010 promising to fix, dominates the British political agenda. Growth has ground to a halt, the country's debt continues to rise and unemployment remains high. Mr. Osborne, as chancellor of the exchequer, is under pressure to convince both his party and the public that he has a plan to get the economy growing again.

As Mr. Osborne looks for more spending reductions, he also is under pressure from members of his party to make further cuts to welfare spending. He has already said the government is looking to cut an additional £10 billion from the welfare budget for the year ending in April 2017.

In his speech Monday, he is expected to set out how he plans to go about finding those cuts by ensuring there are incentives to work. The government will look, for instance, at whether those who leave school should be entitled to housing benefits without first finding a job.

Support for the Conservative Party—2½ years into a coalition government with its junior partner, the centrist Liberal Democrats—has slumped this year as it conducts Britain's most sweeping budget cuts since World War II. In recent polls, it has trailed the main opposition party, center-left Labour, by about 10 percentage points.

Mr. Osborne's personal popularity has taken a bigger hit following an unpopular March budget, a series of embarrassing policy U-turns, and continued economic weakness. Only 14% of voters believed he was doing a good job, according to an August survey by pollsters YouGov PLC. A majority of respondents said they would like to see him replaced.

Despite Labour's lead in the polls, however, the public considers that the Conservatives are still the best party to run the economy, giving the Tories a five-point lead over Labour in a recent Ipsos Mori poll, according to Tom Mludzinski, a researcher at the market-research company. "Labour haven't regained their economic credibility," Mr. Mludzinski said.

The U.K. economy has shrunk for nine consecutive months after having slipped into a double-dip recession, according to official data. Recession is defined by some economists as at least two quarters of economic contraction. Some other Western economies, including the U.S., are showing signs of growth, albeit modest.

Mr. Osborne is facing increasingly loud calls from economists, industry and politicians—including some within his own party—to change course. While some are calling for tax cuts or tougher austerity measures, others argue for easing the pace of austerity or borrowing more to invest in growth.

Messrs. Osborne and Cameron have repeatedly said they will stick by their austerity plan, which they argue has enabled the U.K. to maintain low interest rates, making it easier to pay down its debt. The government, in a renewed effort to look for ways to kick-start growth, has in recent months introduced a number of measures aimed

at encouraging banks to lend to businesses and at spurring construction. Mr. Osborne has pointed to what he calls positive signs, such as job creation and the growth of manufacturing and exports as a share of the economy.

"Our economy is healing," Mr. Osborne said during a recent speech to business leaders. "But the scale of the challenge is so great that there are no quick fixes or easy routes to recovery."

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26. After Long Wait, U.S. Presses Terror Cases Against Five

Pervaiz Shallwani, Devlin Barrett and Evan Perez, **Wall Street Journal**, **08 October 2012**, **Page A7**

The radical imam named Abu Hamza and four other terrorism suspects appeared in federal courts Saturday, hours after losing a long fight to avoid extradition from the U.K.

Khalid al Fawwaz and Adel Abdel Bary were arraigned in Manhattan before U.S. Magistrate Judge Frank Maas. They pleaded not guilty to charges in connection with the 1998 attacks on U.S. embassies in Kenya and Tanzania that killed 224 people, including 12 Americans. They were remanded to prison pending trial.

Mr. Hamza, who was indicted in New York in 2004, faces 11 charges related to a kidnapping conspiracy in Yemen in 1998 that led to the deaths of four hostages and allegedly attempting to set up a terrorist training camp in Bly, Ore., in 1999 and 2000. He entered no plea and is set to be arraigned Tuesday.

All three suspects are being represented by federal public defenders. Judge Maas said the cases of Messrs. Fawwaz and Abdel Bary will go to Judge Lewis A. Kaplan, who allowed the arraignments to proceed. Judge Katherine B. Forrest will get Mr. Hamza's case and will handle his arraignment separately.

Earlier Saturday in Connecticut federal court, Babar Ahmad and Syed Talha Ahsan were arraigned before U.S. District Judge Janet C. Hall, according to a spokesman for the Connecticut U.S. attorney. They appeared together and pleaded not guilty and were remanded to prison. A trial is expected in December, the spokesman said.

The five terror suspects arrived early Saturday morning after years of unsuccessful attempts in British and European courts to block their extradition, according to the Federal Bureau of Investigation.

The most prominent suspect in the group is Mustafa Kamel Mustafa, who was known as Abu Hamza al-Masri during his tenure as imam at the Finsbury Park mosque in London. In separate proceedings in Britain, a jury found Mr. Hamza, 54 years old, guilty in 2006 of using his sermons to incite murder and racial hatred. He was handed a seven-year sentence and had been in a U.K. prison.

Mr. Hamza was born in Egypt and worked as a bouncer at a London nightclub before turning toward radical Islam. In the 1990s, he traveled to Pakistan and Afghanistan, and when he returned to England he had lost both hands and an eye.

Counterterrorism officials say the Finsbury mosque attracted young men willing to engage in violent jihad, including "shoe bomber" Richard Reid and Zacarias Moussaoui, convicted of being part of the Sept. 11, 2001, conspiracy. Both men are imprisoned in Colorado.

Mr. Hamza, who has no hands, appeared in court Saturday without his prosthetics, exposing red stubs from his blue prison suit. One of his lawyers, Sabrina Shroff, said she didn't know when the prosthetics were removed but asked the court to "return to him his prosthetics so he can use his arms."Ms. Shroff said Mr. Hamza has various medical problems including type-2 diabetes and high blood pressure. She also said he needs medically fitted shoes to help him maintain his balance.After years of diplomatic talks dating back to the Clinton and Bush administrations, U.K. officials agreed to extradition on the condition that the U.S. try the men in civilian courts and that prosecutors not seek the death penalty.

Mr. Hamza has said he isn't medically fit to face trial.

Among the other suspects are Mr. Fawwaz, 50, who has been fighting extradition for 14 years since he was charged with operating the London media office of al Qaeda at the direction of Osama bin Laden. U.S. officials say the purpose of the office was to publicize bin Laden's statements and to provide cover for the group's terrorism activities. He and Mr. Abdel Bary, 52, were charged with conspiracy in the 1998 U.S. embassy attacks.

Lawyers for Mr. Fawwaz and Mr. Abdel Bary have argued there is new evidence that undermines the charges against them.

Also in the group of five suspects is Mr. Ahmad, 38, who was first arrested in 2004. He is accused of using websites to gather money and material for the Taliban and terrorist groups. Also, Mr. Ahmad is accused of communicating with a sailor in the U.S. Navy and encouraging him to betray his fellow crew members and his country.

Mr. Ahsan, 33, was charged along with Mr. Ahmad in running the terrorist fundraising website Azzam.com, among others. The two are accused of conspiring to kill, kidnap, maim, or injure people or damage property in a foreign country.

The other two suspects have argued that they can't be extradited to the U.S. for charges they say they could still face in Britain.

Three of the men have been indicted in New York federal court and the other two in Connecticut. Republican lawmakers have criticized the Obama administration over earlier civilian trials of terrorism suspects, saying military courts are better-suited to that task.

However, Rep. Peter King (R., N.Y.), one of the most ardent GOP critics of President Obama's policy on terrorism detainees, said Friday that he was satisfied with the handling of the five U.K. suspects. "I'd prefer they'd be tried in military court, but the British wouldn't have released them there," Mr. King said. "We have more capability than Britain in keeping them in prison for a long time."

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27. U.S., Europe Pressed to Fix Fiscal Ills

Sudeep Reddy, **Wall Street Journal**, **08 October 2012**, **Page A2**

The world's finance ministers gathering in Tokyo this week will ramp up pressure on U.S. and European officials to resolve two mounting threats to the global economy: a standoff over budget policy in Washington and another dangerous turn in the euro-zone debt crisis.

At the annual meetings of the International Monetary Fund and World Bank, officials from the 188 nations that own the two institutions will plead for action as the world economy decelerates to its slowest growth since the global recession that started four years ago. Troubles in the 17-member euro zone and the U.S., which together make up about 40% of the world's economic output, overshadow other snowballing risks including a slowdown in emerging markets and unrest brewing across the Middle East.

The U.S. is threatened most by the fiscal cliff—a package of tax increases and spending cuts that make up 4% of the nation's output. Those measures take effect in 12 weeks unless Congress and the White House postpone them, or come up with a solution. The budget standoff, including the need to raise the U.S. "debt ceiling" again early next year, "are clear uncertainties in the landscape of both investors and economic partners of the United States," IMF Managing Director Christine Lagarde said in a recent interview. Going over the cliff "would be very negative for the U.S. economy and the world in general."

Obama administration officials plan to tell their foreign counterparts that U.S. budget concerns will be addressed after the Nov. 6 presidential election. But the likely wrangling between the White House and Congress will revive memories of 2011, when worries about extending the U.S. debt ceiling and the August downgrade of the nation's triple-A credit rating roiled world markets.

A senior U.S. Treasury official on Friday acknowledged global concerns about the U.S. economy but maintained that the administration would see eye to eye with other countries. "There is broad international support for the kind of balanced fiscal plan advocated by President Obama," the official said.

As the U.S. nears the deadline to act, Europe's three-year-old crisis is flaring anew. In both situations, politicians are unlikely to take tough decisions until markets force them into action. The European Central Bank's latest pledge to save the euro had eased turmoil in the currency bloc in recent months. But renewed worries will be center stage in Tokyo.

The IMF will need to secure support from its members on two key fronts: fixing Greece's bailout without bending the IMF's rules, and finding a way to help Spain as the country weighs a government bailout.

The IMF has committed more than $100 billion in loans to euro-zone members, about one-third of it to Greece. But Athens repeatedly has failed to meet the terms of its bailouts as its economy weakens and the rest of Europe tips into recession, dragging down the rest of the world.

Some IMF member countries are questioning whether the fund has yielded too much power to European policy makers. The IMF is one-third of the "troika" overseeing rescues in Europe. Many of its calls to action have been drowned out by opposition from European nations.

Among the critiques: The IMF has failed to break the European push toward belt-tightening that sends euro-zone countries deeper into trouble. Instead, the fund needs to push new ideas and demand more from Europe in exchange for the IMF's money and seal of approval, said Arvind Subramanian, a senior fellow at the Peterson Institute for International Economics and a former IMF official. "At what point does the fund say, 'We don't think it's workable and we're going to walk away?' " he said.

IMF officials maintain they have been the leading voices encouraging Europe to change course, pushing for more fiscal unity within the euro zone, a centralized bank supervisor for the continent and other steps to unify Europe. They aren't willing to walk away from countries that request its help.

Now, the fund faces critical questions about how to step in to support Spain and Italy under the ECB's latest program. The central bank has agreed to contain its nations' borrowing costs if they submit to aid from European governments and monitoring of their economic programs by the IMF.

IMF history shows that putting up IMF money—and not just monitoring someone else's aid—produces better results, because it requires nations to meet the IMF's terms if they want the fund to sign off.

Among the fund's options: blending IMF money to support a country's budget with European money to put a lid on borrowing costs for countries such as Spain that are under the most market stress.

Putting up more IMF money would spark an intense debate among its members. Some think the world's emergency lender already has overextended itself to Europe. Others are open to the prospect, recognizing that Europe's heading into another tailspin could create even deeper economic turmoil around the world.

But the more sizable hurdles could be from Europe itself. Spain and Italy are resisting aid if the IMF is involved, fearing the prospect of ceding their sovereignty to an institution outside Europe. In Tokyo, the rest of the world will be pushing them to take the help from someone.

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28. Spain's prime minister takes a gamble in not seeking bailout

Edward Cody, **Washington Post**, **08 October 2012**, **Page A1**

MADRID — Spain's conservative prime minister, Mariano Rajoy, is not known as a gambling man. But as Europe's debt crisis stretches on, he is playing a tense game of chicken with the financial markets, betting that Spain can balance its books with homegrown austerity while putting off — maybe forever — a humiliating bailout from the European Union.

The stakes are high, for Spain and beyond. After Greece, which is undergoing the financial equivalent of open-heart surgery, Spain has become the focus of doubts about the health of over-indebted European economies. Despite repeated rounds of politically difficult budget cutbacks and tax increases, it is struggling to reduce a deficit that stood at 8.9 percent of gross domestic product for 2011 and to finance at bearable interest rates a debt estimated at $900 billion, 70 percent of its GDP.

Should it follow Greece into bankruptcy, Spain, with a $1.3 trillion economy that is the fourth largest in the European Union, would generate distinctly greater shock waves than the failure in Athens, according to European economists. A collapse here, they say, would shake the foundations of the euro, the E.U. currency adopted by 17 of the union's 27 members, sending ripples across the Atlantic and undercutting economic recovery in the United States.

Against that background, the volume is rising uncomfortably on appeals to Rajoy to turn swiftly to the E.U. for a rescue package to reassure skeptical markets and prevent a flare-up of interest rates for Spain's repeated trips to the bank. The Spanish leader could face pressure to make up his mind at a meeting Monday of E.U. finance ministers to inaugurate the European Stability Mechanism.

The mechanism, a mutual backstopping fund potentially reaching $650 billion, was conceived precisely for cases like Spain's. The country's situation is likely to be discussed by the finance ministers, but Rajoy has gone to great pains to discourage speculation that he might ask for help.

Christine Lagarde, head of the International Monetary Fund, made a suggestion last week that it was time to move. Joaquin Almunia, a European Commission vice president, said that Rajoy's indecision was bad for Europe. Mario Draghi, chief of the European Central Bank, which would play a key role in any bailout, said pointedly that the choice was up to Rajoy, a remark seen here as a nudge for him to take the plunge.

Closer to home, the president of the Catalonia regional government, Artur Mas, said outright that the time had come and Rajoy should stop hesitating. Similar advice came from Jose Manuel Gonzalez-Paramo, who worked with Draghi at the ECB until May and who suggested that Spain needs to swallow its pride in favor of the guarantees a rescue package can offer.

"We need the umbrella that the ECB mechanism can provide," he said in a QandA with La Vanguardia newspaper. "If you prefer, don't call it a bailout. Call it financing."

Despite the appeals, Rajoy is still holding off, seeming to enjoy the suspense. Usually mirthless, he cheerfully teased reporters last week by denying reports that a request for a bailout was imminent but adding that they might at some point turn out to be true. His economy minister, Luis de Guindos, was more serious but hardly more forthcoming in testimony the same day before a parliamentary committee.

"The Spanish government has the responsibility to analyze all the consequences [of a bailout], as much in one direction as in the other, and taking into account all the implications they have, for us and for all the European Union," he said when asked what Rajoy intends to do.

Draghi bought Spain some time by announcing last month that the ECB would step in and buy government debt on the secondary market. In effect backstopping financial institutions that buy government bonds, the prospect of ECB intervention immediately lowered interest rates. But the ECB has not actually done any buying; Draghi specified that the bank would step in only after Spain formally requested help from the Stability Mechanism, which replaces a similar financing pool called the European Financial Stability Fund.

The difficulty is that any help from the stabilization mechanism would be accompanied by more austerity requirements and Greece-style E.U. supervision to make sure they are carried out. Germany, among others, has made clear it would settle for no less.

For the proud people of Spain, who already have been shocked by three years of penny-pinching, this would be a blow that Rajoy's conservative Popular Party would have a hard time overcoming.

National pride was already piqued here by last week's debating point from Republican presidential candidate Mitt Romney, who said Spain was an example of what the United States should not do. A fellow conservative, Foreign Minister Jose Manuel Garcia-

Margallo, immediately responded that Romney's view was out of touch with Spanish reality.

'Enormous efforts'

Most economists in Spain's financial industry and academia are convinced that a bailout will be necessary sooner or later, according to Rafael Pampillon Olmedo, director of economic analysis at the IE Business School in Madrid. In fact, he said, the government consulted carefully with European officials in deciding on its recent budget, tailoring cutbacks and taxes in advance for what all expect will be the inevitable rescue package.

But Rajoy's problem in holding off was underlined Friday by Luis Maria Linde, governor of the Bank of Spain, who warned a congressional committee that the government will have trouble meeting its often promised goal of limiting the 2012 budget deficit to 6.3 percent of GDP.

A large deviation from the goal could swiftly translate into higher interest rates, dissipating the benefits of Draghi's promise and making Rajoy's bet look even more like a long shot. The face-off with bond traders, economists suggested, is likely to be settled by how these numbers play out in the final months of the year.

As for next year, despite signing a fiscal discipline treaty obliging Spain to keep its deficit down to 3 percent, Rajoy has negotiated a timeout with E.U. authorities and set the goal at 4.5 percent — which at this point also looks hard to reach.

In the meantime, Pampillon noted, Rajoy's party faces difficult regional elections Oct. 21 in the Basque Country and Galicia, his home district, and thus is unlikely to make a decision before then on a bailout. But Jose Ramon Garcia Hernandez, who runs foreign relations for Rajoy's Popular Party, said the key to a decision is not politics, but implementation of a previous $130 billion deal with the E.U. to bail out overdrawn Spanish banks.

"We have made enormous efforts," Garcia added, "and now it's up to the E.U. to carry out its promises."

The banking funds are on the agenda for the meeting Monday of the E.U. finance ministers and are expected to land in the coffers of Spanish banks next month.

'Things are really tough'

Whatever Rajoy's schedule, resort to a cutback would carry a heavy political price. Coming down hard from a boom of loose money and real estate speculation, Spanish people seem shocked by a slowdown that has produced a 1.8 percent shrinkage of the economy, 25 percent unemployment and a drop in most families' standard of living.

“We spent all our money, and now we have to pay up,” lamented Jorge Barra, 36, who has found part-time work putting up outdoor advertising.

The fear of still more cutbacks has been intensified by news from Athens, where E.U., IMF and other bureaucrats are busy telling Greek officials how much they can spend while outraged protesters clash repeatedly with police. Many Spanish people reject the prospect of an E.U. rescue package because they think austerity has gone far enough and they do not want others telling them what to do.

“We could get the money, but then we’d have to pay,” said a security guard at an office building who wanted to be identified only as Javier. “And we’ve already paid. Things are really tough here.”

With that in mind, said Juan Moscoso del Prado Hernandez of the opposition Socialist Party, Rajoy is squirming as long as he can “to avoid the photo” of going to Brussels to ask for help.

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29. Corruption Is Seen as a Drain on Italy's South

Rachel Donadio, **New York Times**, **08 October 2012**, **Page A1**

REGGIO CALABRIA, Italy — Italy's A3 highway, begun in the 1960s and still not finished, starts outside Naples in the ancient hill town of Salerno and ends, rather unceremoniously, 300 miles farther south as a local street in downtown Reggio Calabria.

Along the way, it frequently narrows to two lanes, with an obstacle course of construction sites that have lingered for decades. Perilous, two-lane bridges span mountain ravines high above the sea, while unlit tunnels leak in the rain — and occasionally drop concrete and other building materials onto passing cars.

Nothing embodies the failures of the Italian state more neatly than the highway from Salerno to Reggio Calabria. Critics see it as the rotten fruit of a jobs-for-votes culture that, nurtured by the organized crime that is endemic in southern Italy, has systematically defrauded the state while failing its citizens, leaving Calabria geographically and economically isolated.

The highway is also a symbol of what some Northern European countries say they fear the most about the euro zone: its development into a welfare system in which they are expected to support a sluggish Southern Europe, where grants and subsidies too often vanish in graft that the governments appear unable — or unwilling — to prevent. And it helps illustrate how the financing has yielded relatively little of the productive investment that might now be helping Southern Europe as it tries to climb out of an economic ditch.

In Italy, misuse of European money "did tremendous damage because the funds were used badly and, as some magistrates say, they also fed organized crime," said Sergio Rizzo, a co-author of best-selling books about political corruption. "The southern regions don't have the capacity to plan, and they fund projects without results. That's the problem."

As the debate in Europe shifts toward growth, European officials cite an ever more urgent need for accountability. "The more that E.U. funds are meant as a kind of medicine cure for growth, as an exit strategy for dealing with the economic crisis," the more that greater controls are needed, said Giovanni Kessler, the director of the union's antifraud office. "It cannot be left only to the willingness and the abilities of national law enforcement agencies."

From 2000 to 2011, Italy received more than $60 billion in European Union financing to underwrite a wide array of programs, in areas including agriculture and infrastructure, most of it directed to the south, with little but a half-completed highway to show for it. Spain, which was given a little more than $100 billion, at least built a world-class high-speed rail network. (Greece received $50 billion, an enormous amount in per capita terms, also to unclear effect.)

In 2001, armed with that financing, Italy embarked on an ambitious project to build a new A3 in place of the old one, which lacked a proper emergency lane. Since then, nearly $10 billion has been spent on the road. After Italian courts found widespread evidence of graft, European officials demanded this summer that Italy redirect the entire $500 million that Europe had dedicated to the road to other projects.

To take a drive along the A3 — the main artery in a region with no high-speed rail lines, nearly 20 percent unemployment and 40 percent youth unemployment — is in many respects to travel through the dark side of Italy's recent history, where an amalgam of corruption and political patronage has helped run up the second-highest debt in Europe after Greece.

It is to pass the grim, unfinished concrete houses of Rosarno, an agricultural area best known for violent race riots that erupted in 2010, and to look out on the sea from Gioia Tauro, a port city built on an ancient Greek necropolis where the boxlike tombs in the cemetery are better kept than some nearby houses.

Because the port is not connected to adequate roads or railways, ships must transfer containers to smaller vessels, and little economic activity stays local. To the authorities, the port is best known as the arrival point for most of the cocaine that enters Europe from South America.

Since the road first opened, three generations of subcontractors — appointed by three generations of politicians — have made their livings from it. Since 2000, prosecutors have arrested hundreds of people involved with the highway, mostly on charges of corruption and extortion.

As with tackling the debt crisis in Southern Europe, fixing the highway means going up against a political patronage culture deeply resistant to change. Calabria's problems are even darker. The region is dominated by the 'Ndrangheta (pronounced en-DRANG-get-ah) organized crime group, which the authorities say is the most powerful in Italy.

"The 'Ndrangheta is a parasite," said Roberto di Palma, the magistrate who conducted two corruption trials related to the highway. "Where there are big public works, the 'Ndrangheta has a big interest."

The ties between organized crime and local politicians run deep. Today, 3 out of 51 members of Calabria's regional council have been arrested on charges of Mafia ties. The president of the Calabria region, Giuseppe Scopelliti, is appealing a lower-court sentence in a corruption case and is under investigation on four charges (none related to the highway).

In an interview in his office in Catanzaro, Mr. Scopelliti denied any wrongdoing. Asked what his strategy was to improve the region's dismal economic performance, he pointed only to his most recent request for financing from Brussels: $2.2 billion.

In many ways, Calabria illustrates the crisis of accountability in the European Union. The European Commission is not like the International Monetary Fund, which can place conditions on a loan, said Massimo Florio, a professor of economics at the University of Milan, and it also lacks the power of a federal government to monitor spending.

"In the end it's as if the member states think that's their money," Professor Florio said.

In Calabria, that has been an open invitation to corruption. In one of several trials, prosecutors mapped out the A3 not only by work sites but by 'Ndrangheta clan. Using wiretaps, they found that no fewer than a dozen families worked out "peaceful accords" to divvy up the work — and the kickbacks.

In one trial in which 22 people were convicted of Mafia association and other crimes, prosecutors examined one of the highway's six large work sites, a 215-mile stretch. Prosecutors found ample evidence of what they call the "3 percent rule," in which subcontractors overcharged the state by 3 percent and crime clans pocketed the difference. They also documented the way the clans helped choose subcontractors and dictated those they hired, often their friends and relatives.

Over the years, as many as 6,000 workers have been employed by hundreds of subcontractors. (No one from the large construction companies from the Italian center or north has been convicted of any crimes.)

"The south is a land of unfinished works because finished works don't pay," said Aldo Varano, a journalist and author of several books on Calabria.

Work slows every time the authorities sentence subcontractors for corruption.

But the problem goes well beyond corruption and cuts to the heart of the political systems of most of Southern Europe, in which politicians have traditionally offered citizens state-financed work in exchange for votes.

"The problem here is political," said Mr. Varano, as he looked out at Sicily across the Strait of Messina from Reggio Calabria. "Once the South was a reservoir of manpower, but in the '70s, there was an exchange: It

became a big reservoir of consensus," he added, referring to the votes from Calabria that have helped every government of the last 25 years stay in power.

To secure those votes, governments "needed to spend money, not for investment and development, but in a clientelistic way," he said.

At any given time, around 1,000 people are employed on the highway and related projects, according to the Italian highway authority, ANAS. But on a series of recent drives, no more than a handful were ever visible — and few of them were wearing hard hats.

That jobs-for-votes system is now under scrutiny after a series of recent corruption scandals throughout Italy, which have further shaken Italians' confidence in a political class whose inability to manage the economy led to the current technocratic government of Prime Minister Mario Monti.

Few Calabrians have much confidence in their leaders, or that the highway will ever be finished. "I don't think so," said Salvatore Emilio, a bartender in Gioia Tauro. "There's too much pork."

Still, the picture is not entirely bleak. Today, 169 miles of the 307-mile-highway have been reconstructed, and 246 miles are open to traffic. ANAS has said that 74 more miles will be completed by the end of 2013.

Asked whether he thought the deadline was feasible, Sebastiano Wancolle, an engineer who oversees the highway for ANAS, breathed deeply. "The goal is challenging," he said, "and not everything depends on us."

Mr. Wancolle showed off two nearly completed suspension viaducts spanning a steep mountain pass, with the sparkling blue Tyrrhenian Sea far below. Soon the car sped past a hillside where a mudslide hit the road in 2010. Luckily no one was injured that day, he said. "It was the feast of the Madonna of Fatima," he added.

In an interview in Rome, Fabrizio Barca, the Monti government's minister of territorial cohesion, said that for too long, money for the south was spent poorly. "What the south calls for is citizens' rights," Mr. Barca said. "The quality of basic and essential services is inadequate. In Calabria the problem is particularly bad."

Asked whether he had political allies in Calabria, his face dropped. "Let's just say that the renewal of the south won't start from Calabria," he said.

Gaia Pianigiani contributed reporting.

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30. Fuel riches could bring Cypriots to table

Ashish Kumar Sen, **Washington Times**, **08 October 2012**

NEW YORK — The discovery of vast reserves of oil and natural gas off the coast of Cyprus has ignited hope for stalled talks to reunify the Mediterranean island, which is split into an internationally recognized ethnic-Greek south and an ethnic-Turkish north.

More than 8 trillion cubic feet of natural gas was discovered when Greek-Cypriots began offshore exploration earlier this year.

"These new prospects of natural gas exploitation could be a very strong incentive for reunification of the island," Cyprus' Foreign Minister Erato Kozakou-Marcoullis told The Washington Times in an interview in New York, where she was attending the U.N. General Assembly session.

Cyprus was split in 1974, when Turkey invaded to protect Turkish-Cypriots after a coup by supporters of a Greek military junta attempted to unify the island with mainland Greece. Turkey has no diplomatic relations with Cyprus and is the only country that recognizes the Turkish Republic of Northern Cyprus.

Recent geological surveys have concluded that the eastern Mediterranean — especially the area around Cyprus, Egypt, Israel and Lebanon — has about 450,000 trillion cubic feet of natural gas.

"Potentially, this area of the eastern Mediterranean could be a new corridor for natural gas exports to Europe, but also to other countries," said Ms. Kozakou-Marcoullis.

"Reunification will mean cooperation between the two communities in a joint government, a federal government where both communities will be benefiting from this treasure that we have," she said. "The prospects are huge for not only our generation, but also for many, many generations to come."

Turkish Cypriot leader Dervis Eroglu presented U.N. Secretary General Ban Ki-moon with a proposal to use money from the sale of oil and natural gas to finance reunification of the island when the two leaders met in New York on Sept. 29.

Neither the Turkish Cypriots nor the Greek Cypriots have earned any revenue from the hydrocarbons so far.

Ms. Kozakou-Marcoullis declined to comment on Mr. Eroglu's proposal because she had not seen it at the time of the interview.

Ahmet Erdengiz, the Turkish-Cypriot representative in Washington, said the proposal is important because any solution to the division of the island would be costly. He said it would also require a substantial amount of money for reconstruction, compensation for landowners on both sides and for resettlement of Cypriots uprooted after the failed coup.

"Our proposal aims to create a catalyst out of hydrocarbon resources for a comprehensive settlement," said Mr. Erdengiz.

"If the Greek Cypriot side agrees to exploit and explore these resources jointly and then use these resources for financing a comprehensive settlement, it can definitely become a catalyst; but if they decide to explore and exploit these resources unilaterally and deny the benefits from the Turkish Cypriots, then it cannot be a catalyst or a solution," he added.

The Greek-Cypriots are proceeding with a second round of licensing for hydrocarbon exploration.

The Turkish Republic of Northern Cyprus signed an agreement with state-run Turkish Petroleum Corporation in April to start exploratory drilling on land. That exploration will be extended offshore.

Ms. Kozakou-Marcoullis was skeptical about Turkish-Cypriot efforts, saying they lacked the appropriate technology and predicting that foreign oil companies would be wary of investing in northern Cyprus.

"I think that there will not be any foreign companies that will put in danger their credibility and prestige by engaging in illegal activities," she said.

"When you conduct hydrocarbon exploration in a sovereign area of a state without the approval of that state, definitely it is an unacceptable, illegal activity which nobody would like to undertake," she added.

Mr. Erdengiz, however, insisted that the island's natural resources are jointly owned by the two communities.

"The Greek Cypriots do not have the right to arrogate themselves the sole ownership of the natural resources of the island," he said, adding that the Turkish Cypriots were left with no option but to do their own exploration because the Greek Cypriots refused to accept their offer for joint exploration.

Ms. Kozakou-Marcoullis said Cyprus has followed the U.N. Convention on the Law of the Seas to the letter while carrying out the exploration.

The latest efforts to reunify Cyprus faltered in April, as the Cypriot government blamed the Turkish-Cypriot leader and Turkey.

Ms. Kozakou-Marcoullis described the saga of the talks as a "very sad story."

She said she has not seen any change in the posture of the Turkish-Cypriot side that would give her reason for hope.

"Turkey is responsible for this situation. The Turkish-Cypriot leadership is following the decision of the leadership in Turkey," she said.

Ms. Kozakou-Marcoullis said the United States should leverage its good relations with Turkey to press for a resumption of reunification talks.

Cyprus is located in a volatile neighborhood where anti-government uprisings of the Arab Spring have toppled dictators throughout the region.

Ms. Kozakou-Marcoullis said these changes have been positive, but she cautioned that the transition period in these countries will be long.

"We have to ensure that the situation that will prevail will be truly democratic... [and] fully respect not only human rights but also religious rights and religious beliefs of the different communities that exist in these countries, especially the Christian communities," she said.

Cyprus has joined Greece, Italy and Malta to open a joint initiative to engage countries affected by the Arab Spring.

On July 1, Cyprus assumed the six-month rotating presidency of the European Union.

Ms. Kozakou-Marcoullis described this role as a big challenge, but also a big responsibility.

"The times are very critical," she said. "We have an economic situation in Europe; but also with all the developments that are taking place in our neighborhood, one of our priorities is relations between the EU and countries of the Middle East and North Africa."

Ashish Kumar Sen is a reporter covering foreign policy and international developments for The Washington Times.

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31. China Tech Giant Under Fire

Congressional Probe Says Huawei Poses National-Security Threat to the U.S.
Siobhan Gorman, **Wall Street Journal**, **08 October 2012**, **Page A1**

WASHINGTON — A Chinese telecommunications giant that has been attempting to expand in the U.S. poses a national-security threat and may have violated U.S. laws, according to a congressional investigation.

The year-long investigation by the House intelligence committee concluded the firm, Huawei Technologies Inc., and a second firm, ZTE Inc., pose security risks to the U.S. because their equipment could be used for spying on Americans.

In a report to be released Monday, the committee recommends that the U.S. block acquisitions or mergers involving the two companies through the Committee on Foreign Investments in the U.S. It also recommends that the U.S. government avoid using equipment from the firms, and that U.S. companies seek alternative vendors for telecommunications equipment.

The report is likely to add to tensions with China. American military and intelligence officials have long been warning privately that China poses a cyberespionage threat to U.S. defense systems and companies. Government officials have been reluctant to voice those concerns publicly for fear of angering China. That has begun to change, and the House report represents the most direct statement of concerns about specific Chinese companies.

The report comes as a blow to the two Chinese firms, which have mounted a major lobbying campaign in Washington to allay fears of government influence in their operations. Both companies, which have footholds in the U.S. telecommunications market, have ambitions to expand their share significantly, and both frequently undercut their competitors on price as they seek additional clients in the U.S.

The companies have repeatedly denied they would allow the Chinese government to use their equipment for surveillance, saying it wouldn't be in their business interests to do so. Both companies also said they cooperated extensively with the committee and have made every effort to respond to requests.

Huawei spokesman William Plummer called national-security concerns "baseless," saying that "purporting that Huawei is somehow uniquely vulnerable to cyber-mischief ignores technical and commercial realities, recklessly threatens American jobs and innovation, does nothing to protect national security."

ZTE says that its status as a publicly traded company has ensured that it is transparent about its practices with the public and the intelligence committee. "ZTE has set an unprecedented standard for cooperation by any Chinese company with a congressional investigation," said David Dai Shu, the company's director of global public affairs. "ZTE equipment is safe."

House intelligence committee chairman Mike Rogers (R., Mich.) said of U.S. telecommunications networks: "We simply cannot trust such vital systems to companies with known ties to the Chinese state, a country that is the largest perpetrator of cyberespionage against the U.S."

The House intelligence committee has no authority to reach conclusions about violations of federal law. But committee officials plan to refer their findings about Huawei to the Justice Department and the Department of Homeland Security, the report says.

In the report, the committee says it based its findings that Huawei and ZTE pose national-security concerns in part on the companies' failure to provide sufficient information to allay their concerns.

The panel began its probe in November 2011 because of concern that the Chinese government could turn the networks and equipment sold by the two companies into vehicles for spying inside the U.S.

Concerns about Chinese spying have grown in the past year. U.S. intelligence agencies allege China is the most active and persistent perpetrator of economic espionage against U.S. firms. A string of alleged Chinese cyberspying incidents targeting firms ranging from Google to the computer-security firm RSA have contributed to these worries. China has denied engaging in corporate espionage.

"Neither company was willing to provide sufficient evidence to ameliorate the committee's concerns," said a draft of the committee's report. "The risks associated with Huawei's and ZTE's provisions of equipment to U.S. critical infrastructure could undermine core U.S. national security interests."

The 52-page report, which is unclassified, doesn't include evidence showing either company's equipment has been used for spying. But it says some companies in the U.S. "have experienced odd or alerting incidents" involving Huawei or ZTE equipment, although it provides no details. The report said a classified annex includes information that adds to concerns.

The committee report says a major concern is that, as Chinese firms, the companies would be required to comply with any Chinese government request for access to their systems.

Huawei is now the world's second-largest provider of telecommunications equipment, and it does 70% of its business outside China. The Wall Street Journal reported last week that the company, which is closely held, is exploring a public offering. The House report could complicate those plans. Huawei's U.S. sales last year were $1.3 billion.

ZTE has a smaller U.S. footprint, primarily through sales of devices like smartphones. Its sales in the U.S were $30 million last year. State-owned enterprises own 15.68% of the company.

Huawei officials said the House intelligence committee's focus on just two companies won't address the full security problem because many telecommunications providers use equipment made in China that would pose similar national-security risks.

The committee states in its report that it focused on the two companies because their Chinese ownership poses the greatest threat to U.S. national security.

The report's allegations of potentially illegal practices by Huawei are based in part on interviews with current and former employees, whom the committee didn't identify. Based on those interviews, the report contends that there have been instances of alleged fraud and bribery by Huawei in seeking U.S.-based contracts. It also points to cases of Huawei employees who were reported to be working full time in the U.S. by using tourist visas, which do not allow for employment in the U.S.

Huawei's Mr. Plummer said the company "has not seen the committee report so has no familiarity with such allegations." He said Huawei "has a well-demonstrated track record of responsibly adhering to local laws and regulations in the markets in which it does business."

The report said that "party committees" within each company provide "a shadow source of power and influence" for the Communist Party within the companies. Huawei didn't provide details about its party committee for the report. ZTE provided a list of the 19 members of its party committee, which the report says shows crossover with ZTE's board of directors and other company interests.

At Huawei, Mr. Plummer says the company is independent of the Chinese government and that security of its systems remains a top priority.

In a recent letter to the committee, ZTE said that requiring severe threat assessments only of Chinese companies would be "an obvious unfair trade practice." It also reiterated that the Chinese government has never requested access to ZTE equipment, and while ZTE doesn't expect such a request, if it were to occur, the company would be bound by U.S. law.

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32. House panel wants U.S-China telecom mergers blocked

Ellen Nakashima, **Washington Post**, **08 October 2012**, **Page A4**

The federal government should block mergers of U.S. firms with Chinese telecommunications companies suspected of ties to the Chinese government to lower the potential risk that such firms could serve as conduits for espionage, a congressional panel concluded.

The recommendation is one of several growing out of a nearly year-long investigation by the House Permanent Select Committee on Intelligence, which is set to issue its report Monday. The report accuses two major Chinese telecoms, Huawei and ZTE, of failing to cooperate fully with the panel's probe into their operations and alleged ties to the Chinese government and military.

"Huawei and ZTE have failed to assuage the committee's significant security concerns presented by their continued expansion into the United States," the report said. "In fact, given their obstructionist behavior, the committee believes addressing these concerns have become an imperative for the country."

The United States has become more vocal about the growing problem of economic cyber espionage, particularly by China. The U.S. intelligence community has publicly accused China of engaging in widespread cyber theft of corporate secrets. A report last fall by the Office of the Director of National Intelligence singled out "Chinese actors" as "the world's most active and persistent perpetrators of economic espionage."

Both firms, which are seeking to expand their business in the United States, have staunchly denied that they are influenced by the Chinese government or pose a security threat.

"The concept of a conspiracy in which Huawei would infect its own gear at the behest of some government would require thousands of our employees to be complicit with the conspiracy," William Plummer, Huawei's vice president for external affairs, said in an interview last week. "It is inconceivable." The investigation, he added, is "a political distraction."

At a hearing before the panel last month, ZTE Senior Vice President for North America Zhu Jinyun asked rhetorically whether ZTE would grant China's government access to its equipment to conduct a cyberattack. "Let me answer emphatically — no!" he said. "China's government has never made such a request. We expect the Chinese government never to make such a request of ZTE. If such a request were made, ZTE would be bound by U.S. law."

The committee, led by Chairman Mike Rogers (R-Mich.) and Vice Chairman C.A. Dutch Ruppersberger (D-Md.), began its investigation in November after Huawei, the world's second-largest vendor of telecom equipment, requested a formal investigation into allegations that it is linked to the Chinese military and a threat to U.S. national security.

The firm requested the probe in February 2011 after a federal panel, the Committee on Foreign Investment in the United States, blocked its purchase of assets from U.S. server technology firm 3Leaf.

The risk, the committee said, is that systems made in China can be tampered with in a way that can potentially aid the espionage effort. "Industry giants like Huawei and ZTE provide a wealth of opportunities for Chinese intelligence agencies to insert malicious hardware or software implants into critical telecommunications components and systems" sold in the United States, the report said.

Such implants would be "a potent espionage tool for penetrating sensitive U.S. national security systems," the report said. The panel urged the U.S. government and U.S. companies to exclude the firms' equipment from sensitive systems.

The panel focused on reviewing the companies' ties to the Chinese state, including support by the government and state-owned banks, connections to the Chinese Communist Party and work done on behalf of the military and intelligence services. It sought to learn, for example, the extent to which the government or Communist Party exert control or influence over the companies' operations and strategies.

The committee was dissatisfied with the firms' answers. Huawei, for instance, failed to give the committee sufficient answers about founder Ren Zhengfei's role in the military, and in some cases said it could not provide internal documents that were not first approved by the government, the report said.

The report stated that one former Huawei employee shared documents showing that the firm provided special network services to an entity the employee believed to be an elite cyberwarfare unit within the People's Liberation Army.

In answers to the committee, Huawei stated that it "has never managed any of the PLA's networks" and "has never been financed by the Chinese government for RandD projects for military systems." It also asserted that it develops "transport network products, data products" for the Chinese military, but that it develops "communications equipment for civilian purposes only."

The two companies advocate a model in which an independent third-party assesses the security of equipment bound for telecom providers. But, the report stated, the model is inadequate given the breadth and scale of the U.S. telecommunications market.

Both firms operate in at least 140 countries. ZTE's sales in the United States drew less than $30 million in revenue last year, while Huawei's took in $1.3 billion from customers including Level 3, Comcast and Cox TMI Wireless.

The committee also received information from current and former Huawei employees suggesting that the firm may be violating U.S. laws. The allegations include immigration violations, bribery and corruption, discriminatory personnel practices and copyright infringement. The committee is referring the allegations to executive branch agencies.

A classified annex to the report was not released, but "adds to the committee's concerns about the risk to the United States," the report said.

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33. U.S. Agrees to Let South Korea Extend Range of Ballistic Missiles

Choe Sang-Hun, **New York Times**, **08 October 2012**, **Page A6**

SEOUL, South Korea — South Korea has reached an agreement with the United States that lets it more than double the range of its ballistic missiles to counter what it considers to be a growing threat from North Korea.

The revised agreement, which also tries to address the United States' worries about a regional arms race, increases the payload the ballistic missiles can carry and allows South Korea to develop and deploy more powerful unmanned aerial vehicles, or drones, that can carry more reconnaissance equipment and weapons.

Under the revised guidelines, South Korea can deploy ballistic missiles with a range of up to 800 kilometers, or about 500 miles, enough to reach any target in North Korea but not enough to be considered a threat to China or Japan, as long as the payload does not exceed 500 kilograms, about half a ton. Seoul can also load warheads weighing up to two tons on ballistic missiles with shorter ranges.

Until now, South Korea has been barred from deploying ballistic missiles with a range of more than 300 kilometers, or 186 miles, and a payload of more than half a ton — a capacity South Korean officials believed was not enough to protect their country from North Korea's rapidly expanding nuclear and missile capabilities. The South was also barred from deploying drones that can carry more than half a ton of weapons or equipment.

The new agreement allows South Korea to use drones that can carry up to 2.5 tons of equipment and weapons. Drones have emerged as a powerful weapon in modern warfare and can be configured to fly higher than most conventional warplanes, making them harder to shoot down, according to military experts. South Korea began deploying low-flying reconnaissance drones in 2002.

"The biggest objective for the revision is to prevent North Korea's military provocations," said Chun Yung-woo, the chief national security adviser for President Lee Myung-bak.

With an ability to deploy longer-range missiles or shorter-range missiles with heavier payloads, South Korea can significantly increase its deterrence capabilities, Shin Won-shik, a senior policy maker at the Defense Ministry, said during a news briefing.

North Korea has already deployed a number of missiles, including some capable of hitting the American territory of Guam, in addition to South Korea and Japan, the United States' two main allies in Asia. In April, North Korea launched its Unha-3 rocket. Although the long-range rocket failed to put a satellite into orbit, the United States and its allies condemned the launching as a cover for developing intercontinental ballistic missiles.

Possible objections from China and Japan were a major concern during the negotiations, and South Korean diplomats have spoken with counterparts in those countries to clarify that the revised policy is not directed against them, officials here said.

Mr. Shin said the United States and South Korea settled for limiting the maximum missile range to 500 miles to avoid "unnecessary misunderstanding and friction with neighboring countries." He also reconfirmed that South Korea had no plan to join Washington's missile defense program, which some analysts believe is intended to contain China's military expansion.

The missile agreement takes place against the backdrop of the United States' plans to increase its military presence in the Asia-Pacific region, which is a matter of concern in China. There was no immediate comment on Sunday from leaders in China, which is North Korea's closest ally. But Xinhua, the Chinese state news agency, suggested that the extension of the missile range "runs counter to a global arms control agreement known as the Missile Technology Control Regime."

The so-called missile guidelines, required by the United States in 1979 because of its concern over a regional arms race and revised only once, 11 years ago, had become a major grievance among South Koreans. Officials blamed the restriction for allowing their missile capacity to fall behind that of North Korea's. Some key military installations in North Korea have been out of the range of South Korea's ballistic missiles.

The United States has vowed to defend South Korea, but Seoul's desire to improve its missile capabilities gained urgency as North Korea expanded its nuclear weapons program, tested long-range missiles and carried out provocative military maneuvers, including an artillery barrage on a South Korean island in 2010. President Lee appealed for an American concession when he met President Obama last year and again in March, South Korean officials said.

Many in South Korea, including security analysts and conservative newspapers, had called on the United States to allow the South to develop more powerful missiles so it could use the propulsion and fuel technology to bolster its nascent space program.

They called the missile restrictions a humiliating remnant of Washington's old patron-protégé relationship with Seoul that they said no longer befit South Korea.

The guidelines announced on Sunday "reconfirmed the limit in South Korea's diplomacy," said Lee Byong-chul, senior fellow at the Institute for Peace and Cooperation here. "South Korean negotiators didn't secure enough of an opportunity for development in the face of their American counterparts' Fabian strategy of wearing them out."

South Korea first agreed to the missile guidelines in 1979 in return for American technological aid in developing its first ballistic missiles. After the South's repeated requests for a revision, American officials agreed to extend the range to 300 kilometers from 180 kilometers in 2001, only after North Korea launched its Taepodong-1 missile over Japan in 1998.

American restrictions on ballistic missiles do not apply to South Korean cruise missiles.

In April, South Korea's Agency for Defense Development confirmed that it had developed and deployed a new cruise missile, Hyunmoo-3, that is capable of striking targets anywhere in North Korea. Hyunmoo-3 is said to have a range of up to 1,500 kilometers, about 930 miles. But ballistic missiles fly faster and are thus harder to intercept, according to missile specialists.

Edward Wong contributed reporting from Beijing.

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34. South Korea Questions Soldier From North

Kwanwoo Jun, **WSJ.com**, **08 October 2012**

SEOUL—A North Korean soldier underwent questioning by South Korean authorities following his weekend defection across the heavily fortified border between the countries, officials in Seoul said Monday.

North Korea remained silent on the defection and no unusual activity was detected on the northern side of the border following the first defection across the demilitarized zone since 2010, the South Korean Defense Ministry said.

Thought the defection occurred near an industrial complex just north of the border that's jointly run by the two Koreas, businessmen from the South and cargo trucks were entering the site as usual Monday morning, Seoul's Unification Ministry said. The Kaesong Industrial Complex has remained open despite deteriorating relations in recent years.

A Defense Ministry spokesman said a joint interrogation team from the South's military and the National Intelligence Service was questioning the North Korean army sergeant, who said he shot his platoon and squadron leaders before crossing over to the South around midday on Saturday.

The spokesman said he had no information on how long the interrogation would take.

Seoul usually handles defection cases in a very low-key manner, providing few details—both for intelligence reasons and for the safety of the defector and family members still in the North.

While many North Koreans, mainly civilians, flee hunger and oppression via the border with China, it's rare for a soldier to defect through the southern border, which is strewn with landmines and guarded tightly by both sides. The last time was in March 2010.

In the latest case, South Korean border guards on Saturday reported they heard several rounds of gunfire from the northern side of the border before seeing the army sergeant cross the border on foot. He gave up his rifle and expressed his desire to defect, according to Seoul's Defense Ministry.

North Korean state media made no direct mention OF the latest defection. But on Sunday the official Korea Central News Agency reported that North Korean leader Kim Jong Un urged officials to stay alert to foreign threats, a common rallying call.

"The security men should wage a fierce struggle against the enemies on the invisible front as they did always," Mr. Kim said, according to KCNA.

The two Koreas remain technically at war, having yet to turn their 1953 armistice—which ended three years of fighting—into a peace treaty.

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35. Southeast Asia splashes out on defense, mostly maritime

John O'Callaghan, **Reuters.com**, **07 October 2012**

SINGAPORE (Reuters) -- Indonesia is buying submarines from South Korea and coastal radar systems from China and the United States. Vietnam is getting submarines and combat jets from Russia, while Singapore - the world's fifth-largest weapons importer - is adding to its sophisticated arsenal.

Wary of China and flush with economic success, Southeast Asia is ramping up spending on military hardware to protect the shipping lanes, ports and maritime boundaries that are vital to the flow of exports and energy.

Territorial disputes in the South China Sea, fuelled by the promise of rich oil and gas deposits, have prompted Vietnam, Malaysia, the Philippines and Brunei to try to offset China's growing naval power.

Even for those away from that fray, maritime security has been a major focus for Indonesia, Thailand and Singapore.

"Economic development is pushing them to spend money on defense to protect their investments, sea lanes and exclusive economic zones," said James Hardy, Asia Pacific editor of IHS Jane's Defence Weekly. "The biggest trend is in coastal and maritime surveillance and patrol."

As Southeast Asia's economies boomed, defense spending grew 42 percent in real terms from 2002 to 2011, data from the Stockholm International Peace Research Institute (SIPRI) shows.

High on the list are warships, patrol boats, radar systems and combat planes, along with submarines and anti-ship missiles that are particularly effective in denying access to sea lanes.

"Submarines are a big thing," said Tim Huxley, executive director for Asia at the International Institute for Strategic Studies. "They can do immense damage without being seen, without being anticipated, and they can do that anywhere in the region."

For decades, much of Southeast Asia spent little on weapons other than guns and small tanks. Most threats were internal and the umbrella of U.S. protection was deemed enough to ward off any potential aggression from overseas.

With China's growing muscle and more funds available, the shopping lists are getting more sophisticated. Most countries in the region are littoral, so the emphasis is on sea and air-based defense.

Malaysia has two Scorpene submarines and Vietnam is buying six Kilo-class submarines from Russia. Thailand also plans to buy submarines and its Gripen warplanes from Sweden's Saab AB will eventually be fitted with Saab's RBS-15F anti-ship missiles, IISS says.

Singapore has invested in F-15SG combat jets from Boeing Co in the United States and two Archer-class submarines from Sweden to supplement the four Challenger submarines and powerful surface navy and air force it already has.

Indonesia, a vast nation of islands with key sea lanes and 54,700 km (34,000 miles) of coastline, has two submarines now and ordered three new ones from South Korea. It is also working with Chinese firms on manufacturing C-705 and C-802 anti-ship missiles after test-firing a Russian-built Yakhont anti-ship missile in 2011.

"STRATEGIC UNCERTAINTY"

While it is not an arms race, analysts say, the build-up is being driven by events in the South China Sea, long-standing squabbles between neighbors and a desire to modernize while governments have the money.

Piracy, illegal fishing, smuggling, terrorism and disaster relief also play their parts, along with keeping the influential military happy in places such as Thailand and Indonesia.

There is a "general sense of strategic uncertainty in the region" given China's rise and doubts about the U.S. ability to sustain a military presence in Asia, said Ian Storey, a senior fellow at the Institute of Southeast Asian Studies.

"Southeast Asian countries will never be able to match China's defense modernization," he said, citing Vietnam's push for a deterrent. "If the Chinese did attack the Vietnamese, at least the Vietnamese could inflict some serious damage."

SIPRI says Indonesia, Vietnam, Cambodia and Thailand took the lead in boosting their defense budgets by between 66 and 82 percent from 2002 to 2011.

But the region's biggest spender with the best-equipped military is Singapore, a tiny island that is home to the world's second-busiest container port, a global financial center and a major hub for oil, gas and petrochemicals.

The wealthy city-state, along with Malaysia and Indonesia, sits on the Strait of Malacca that links the Pacific and Indian oceans. A teeming shipping route, the strait is also a narrow "choke point" with huge strategic implications for the energy, raw materials and finished goods flowing east and west.

At $9.66 billion, Singapore's 2011 defense budget dwarfed Thailand's $5.52 billion, Indonesia's $5.42 billion, Malaysia's $4.54 billion and Vietnam's $2.66 billion, IISS says.

The situation is far less intense than in North Asia where China, Japan, the United States, Russia and the two Koreas are involved. But Southeast Asia seems to be following the trend of pursuing military systems that can be used offensively.

"It's an indefinite process," said Huxley at IISS. "Governments are likely to go on devoting resources - that are increasing in real terms - to defense and military modernization."

Official data on the amount and purpose of the spending is often opaque - how much goes to boots, bullets and salaries and how much to advanced hardware that can project power?

The defense spending figures also may not tell the full story. Countries such as Vietnam and Indonesia have used credit arrangements or the sale of energy exploration rights in the past to fund arms imports that did not appear in the defense budget, analysts say.

"Vietnam has stopped reporting defense and security budgets as part of its budget reporting, leaving a suspicious gap between total budgeted expenditure and the sum of the reported spending areas," said Samuel Perlo-Freeman, director of SIPRI's Military Expenditure and Arms Production Programme.

BUYING AND BUILDING

With defense budgets in many Western nations under pressure, Asia is attractive for makers of weapons, communications gear and surveillance systems. Lockheed Martin and Boeing's defense division both expect the Asia-Pacific region to contribute about 40 percent of international revenues.

"The maritime environment in the Pacific has everybody's attention," Jeff Kohler, a vice president at Boeing Defence, said at the Singapore Airshow in February.

Vietnam got 97 percent of its major weapons - including frigates, combat planes and Bastion coastal missile systems - from Russia in 2007-11 but is looking to diversify by talking to the Netherlands and the United States, SIPRI says.

The Philippines, which relies on the United States for 90 percent of its weapons, plans $1.8 billion in upgrades over five years as it sees a growing threat from China over the South China Sea squabble.

The focus is on the country's naval and air forces that analyst Sam Bateman sees as "rather deficient".

"The particular requirement of the Philippines is air surveillance," said Bateman, principal research fellow at the Australian National Centre for Ocean Resources and Security.

Anti-submarine capabilities are a priority, a Philippine defense department planner told Reuters.

Thailand, whose military has staged 18 successful or attempted coups since 1932, has built a patrol vessel designed by Britain's BAE Systems. It plans to modernize one frigate and, within five years, buy the first of two new ones.

"We are not saying these will replace submarines but we are hoping that they can be equally valuable to Thailand," defense ministry spokesman Thanathip Sawangsaeng told Reuters.

Singapore buys mostly from the United States, France and Germany but also has its own defense industry, centered on ST Engineering. The state-owned group supplies the Singapore Armed Forces and has many customers abroad.

"Most countries are either interested in or actively pursuing their own domestic arms industry," said Storey.

"It's cheaper than buying from overseas, long-term they're looking at developing their own export markets and, certainly this is true for Indonesia, it insulates them from sanctions from countries like the United States."

(Additional reporting by Neil Chatterjee in JAKARTA, Rosemarie Francisco and Manny Mogato in MANILA and Martin Petty and Amy Sawitta Lefevre in BANGKOK; Editing by Raju Gopalakrishnan)

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36. Japan Seeks a Deal on Myanmar Debt

Yoree Koh, **Wall Street Journal**, **08 October 2012**, **Page A11**

TOKYO — When the world's top economic policy makers converge in Tokyo later this week, a prominent agenda item alongside the euro crisis and global slowdown will be debt relief for rapidly reforming Myanmar.

While a comprehensive pact isn't expected, host country Japan is trying to broker a deal that would cover about one-fifth of the outstanding arrears of the Southeast Asian nation—a step that, Japanese officials hope, will cement their role as the country leading the charge to welcome the once-pariah state back into the fold of the global economy.

Japan's aggressive actions to put Myanmar on the agenda at the annual meetings of the International Monetary Fund could move up the timetable for opening Myanmar's economy, and possibly give Japanese companies a leg up in the rush to commercialize the nation.

Specifically, On Thursday the Japanese and Myanmar finance ministers will jointly gather senior officials from the IMF, the World Bank, the Asian Development Bank, and the Group of Seven advanced economies in the same room for the first time to discuss ways to settle the Southeast Asian nation's overdue payments.

Seeking to take the lead on making Myanmar's reforms a priority for the world's leading finance ministers and central bankers, the Japanese government is considering offering to take a first step by lining up a group of Japanese banks to offer a $900 million bridge loan to cover some of Myanmar's arrears, according to a senior Japanese finance ministry official.

Those loans—owed to the World Bank and ADB—represented about 18% of the country's total debt outstanding in 2010, the most recent figure available, which totaled $5.4 billion at the time.

While that could be an important step, it won't lead to a broader agreement, at least not this week. "The Paris Club won't sign an agreement with Myanmar in Tokyo," Clotilde L'Angevin, secretary-general of the group of sovereign creditors, said in an interview last week in Paris. "It's too premature."

But, Ms. L'Angevin added, "Japan has a certain influence in the negotiations because it's Myanmar's largest creditor."

Moves by Japanese government officials to bring Myanmar counterparts into contact with the international financial community underline Japan's attempts to take on the role of de facto liaison between the emerging Southeast Asian country and the rest of the developed world, giving Tokyo an unusual opportunity to play a central role in global diplomacy.

What's at issue is overdue debt owed to multiple institutions and countries that stood at $5.4 billion at the end of 2010, according to an IMF report issued in March. That number included about $400 million to the World Bank, $500 million to the Asian Development Bank and another $3.77 billion to the Paris Club of sovereign creditors.

With a steady flow of Japanese businesses now streaming back into Myanmar, Japan became the first developed country to reach a deal when it forgave ¥303.5 billion ($3.86 billion) in loans and interest during President Thein Sein's trip here in April this year, signaling Tokyo's commitment to Myanmar.

Part of Japan's enthusiasm stems from its historical relationship with Myanmar, which it occupied for three years during World War II from 1942.

In one of the few foreign-policy areas where Tokyo deviated from the U.S., Japan had maintained some openness with the country over the past two decades, even as the military-controlled state fell further into turmoil. Its

sentimental attachment has become more politically motivated over the last decade as China's boom threatened Japan's influence in the region, and Japan has tried to maintain allies to counter China's rise.

So Japan jumped in amid the drastic reforms that have swept the country in the 18 months since a nominally civilian government took over from a military regime that had controlled Myanmar for nearly five decades.

Japan has spearheaded debt-forgiveness talks on Myanmar's behalf since the winter, and the campaign has picked up speed since Tokyo made its own call on debt forgiveness in April. Tokyo has played lobbyist, chaperone and "messenger boy," as one senior finance ministry official describes it, in becoming Myanmar's behind-the-scenes mediator to push for debt-settling deals. "The government of Japan has led this initiative," Takehiko Nakao, vice finance minister for international affairs, said last week of the country's work on Myanmar, often called the last frontier.

While the U.S., the U.K. and others have been steadily easing sanctions, Japan has charged back into Myanmar at a much faster pace than the rest of the developed world, as marked by the president's visit to Tokyo earlier this year. Japan snagged exclusive access to develop a strategically located special economic zone on the coastal outskirts of Yangon that could become a new manufacturing hub for Japan Inc. Trading houses such as Itochu Corp., Mitsubishi Corp., Mitsui and Co., and Sumitomo Corp. have increased staff to scout out potential projects to fix Myanmar's crumbling infrastructure. Marubeni Corp. was the first Japanese company to receive an infrastructure order when it was asked to repair an idled power plant in July. But the possibility of fresh and much-needed loans to fund infrastructure projects remains shut until Myanmar's debt obligations are resolved. Most major aid, including assistance from Japan, stopped in 1987 amid student protests and a violent military crackdown.

Japan has played an important role in organizing at least five sit-downs between Myanmar and parties such as the ADB and the Paris Club since the beginning of the year, according to the finance ministry. Re-establishing communication channels has been laborious. Getting representatives from the Paris Club to the table in May, its first meeting with Myanmar officials in decades, took considerable effort. Paris Club representatives didn't know who to call or where to meet their Myanmar counterparts. Tokyo was called to mediate, according to a senior Japan finance ministry official.

In trying to take the lead in mobilizing global creditors, Japanese officials "want international cover," said Michael Green, a Japan expert at the Center for Strategic and International Studies in Washington.

"On the one hand they want to be out front leading, being a bridge between East and West and the new frontier competing with China," he added. "But on the other hand they don't want the exposure and the moral hazard in being the only country forgiving debts and giving out new loans."

—Gabriele Parussini in Paris contributed to this article.

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37. From North Korea's Oz to its forgotten cities

Tim Sullivan, Associated Press, **WTOP.com**, **07 October 2012**

KAESONG, North Korea (AP) -- From here, Pyongyang can seem like a dream.

At what passes for rush hour on a Wednesday morning, there are few sounds in Kaesong's main traffic circle but the gentle squeak of bicycles and a tinny loudspeaker blaring anthems to Kim Jong Un, the baby-faced ruler who took power after his father's December death ("The footsteps of our respected General Kim! ... Spreading the sound of a brilliant future!").

Occasionally, a solitary car goes by.

There are no nightspots here, no modern apartment complexes, no electricity except for a few hours every evening. The shelves in most stores are noticeably half-empty, and dirt sidestreets lead to clusters of small houses, many little more than shacks, with bulging walls and broken roofs.

It is the reality of North Korean urban life - with the notable exception of the capital city, 80 miles north of here, in a carefully crafted totalitarian Oz. That contrast, between Pyongyang and every other city in the country, reflects an ever-growing chasm between North Korea's elite and the daily struggles of everyone else.

Pyongyang has the Dolphinarium, a cavernous aquarium where smiling, fresh-faced trainers in skintight-suits make dolphins dance for ecstatic crowds. There's the new 3,000-unit Changjon Street apartments, lit up like a movie set long into the night, a proclamation that North Korea has electricity to spare. It has the Sunrise Restaurant, the latest destination for the city's nouveau riche, where tough-looking men drink grape Fanta from brandy snifters while their drivers wait outside with their Land Cruisers. It has good government jobs and the country's top university.

"When I finally saw Pyongyang, it was so wonderful, so incredible," said Kim Jong Hui, a cheerful 51-year-old from the northeastern city of Chongjin. She had traveled for two days on North Korea's decrepit rail network to make her first visit to the capital city for a series of national day celebrations.

Kim spent a recent afternoon watching friends play on the country's only putt-putt golf course, a small maze of plastic greens set between a new amusement park and a new swimming complex. "It's more exciting here, and more beautiful."

If North Korea can appear outwardly stagnant, a country frozen by poverty and Soviet economic policies, a small but resonant market economy has taken root over the past 15 years or so. While the country still has a per capita GDP of just $1,800 per year, according to U.S. figures, this new economy - a mix of underground trading, investment funds, particularly from China, and the growth of government-authorized commercial enterprises - has helped reshape Pyongyang.

Today, the Pyongyang rich, spending their dollars, euros and Chinese yuan, can buy everything from high heels to imported watches. They have bought enough cars in the past couple years to cause the occasional traffic jam.

But few of these changes have gone beyond the capital, and the elite who live there.

"Pyongyang is not just another city," said a doctor who spent most of his life in Kaesong, but who was educated in the capital. The doctor, who eventually fled to South Korea, spoke on condition of his name not be used, fearing retribution against relatives still living in the North. "It's like another country."

The urban divide can be seen in the industrial city of Hamhung, where the skies above the handful of working factories are filled with gray soot, and workers are ferried to the beach on their day off in crowded, cobbled-

together trucks powered by wood-burning stoves. It's visible on the "Youth Hero Highway" outside the port city of Nampho, where there are so few cars on the eight-lane road that it looks like an empty parking lot stretching toward the horizon.

It's in the province around Chongjin, where U.N. data shows the rate of abnormally short children - a key indicator of chronic malnutrition - is 50 percent higher than around Pyongyang.

It's in Kaesong, where residents even have a little extra money because so many work in South Korean-owned factories in the nearby industrial zone, but who still see themselves as poor country cousins to people from the capital. Few from this city, though, ever move to Pyongyang. Kaesong was part of South Korea before the Korean War, and many of its residents are seen as potential security risks because of family ties to the south.

You can find it in the hospitals of those second-tier cities, according to people who have fled North Korea, and who spoke on condition their names not be used, fearing it would cause trouble for their relatives. They say desperate doctors struggle to treat patients with almost no medicine, using equipment that can be decades old.

It's not an issue North Koreans will discuss with outsiders, especially not foreign journalists accompanied by government minders. But the contrast is obvious, and people who have fled the country, along with analysts and academics, say the discrepancies cause widespread frustration.

Like so much else in North Korea, the urban divide is really about the politics of single-family rule.

Pyongyang grew after the Korean War into a showcase of Stalinist propaganda, a city of hulking government buildings, enormous stadiums, broad avenues and omnipresent monuments celebrating the lives of founding ruler Kim Il Sung and his son and successor, Kim Jong Il.

It was proof to the world, the regime believed, of the victory of totalitarian socialism. More importantly, it was also a way to reward the regime's key supporters, and to keep them close.

Pyongyang is a closed city, sealed off by security forces that monitor movement at dozens of checkpoints. North Koreans cannot move there, or even visit, without official permission. Its estimated 3 million residents have been vetted for their ideological purity, or at least their connections to the inner circle.

In many ways, the capital is a complex mixture of facade and reality: blackouts remain commonplace in many neighborhoods; backstreets are dusty and potholed; the outsides of many apartment buildings are splattered with patches of mold.

But life is also far less grim than in the rest of the country. If nothing else, there is the appearance of opportunity.

Top officials in the ruling party, the government and the military live in gated neighborhoods closed to outsiders. They shop in stores filled with goods, and sing karaoke in wood-paneled restaurants. They live and work in constant proximity to power, opening up channels for professional promotion, business opportunities and black market profits.

So when the regime needs to ensure support, it knows where it needs to focus.

"The government is privileging Pyongyang as a political strategy," said Glyn Ford, a former European Union parliamentarian and international consultant who travels regularly and widely in North Korea. "The people who live in the capital are the people who count. They're the people who underpin the regime."

Their support is particularly important right now, with the ascension of third-generation leader Kim Jong Un, who clearly sees his political survival linked to improved standards of living.

His grandfather, Kim Il Sung, was an anti-colonial guerrilla who led the country during North Korea's Cold War heyday, when the Soviets showered the country with everything from oil to food. Things grew desperate in the

next generation, when Kim Jong Il hardened the police state and launched a nuclear program that made the country an international pariah. He led the country through a mid-1990s famine that foreign economists believe killed hundreds of thousands of people.

Now, with Kim Jong Un's abrupt rise to power, Pyongyang is getting even more.

In just the past few months, the regime has opened the Dolphinarium (which also required a new 30-mile pipeline to pump in fresh seawater), a $19 million amusement park and an elaborate pool-and-water-slide complex. All are filled with adults, and all are wildly popular.

Even in Pyongyang, the top restaurants and karaoke parlors are too expensive for the rank-and-file supporters - everyone from party bureaucrats to low-ranking soldiers to schoolteachers - who also need to be kept happy.

Outside of Pyongyang, certainly, there are no $19 million amusement parks.

Asked what Kaesong residents do for enjoyment, a city official paused to think. There's the pool, Kim Ryong Mun said eventually, though it's really just for children. Finally, he had something: "Many people go outside and have picnics."

Kim, with his faded, blue-striped tie and digital camera hanging from his wrist as a sign of his success, blames international sanctions, imposed because of Pyongyang's nuclear program, for the lack of development.

"We are suffering because of the imperialist powers," he said, standing near his new chauffeur-driven car in the city center. Nearby, an elderly woman pushed a homemade wheelbarrow filled with bricks. A little later, a man rode by on his bicycle, with handmade shovels tied to it with twine.

Kaesong has "the determination to build a more prosperous city," Kim said, reciting a propaganda phrase that has become commonplace since the rise of the latest Kim.

"The problem of electricity is now solved," he said, when pressed about what needed to be done.

But how can that be, if there are only a few hours of power?

"We supply electricity in the evening, so people can enjoy their lives," he said. During the daytime, he added, the electricity goes to small factories. "This is normal."

On a recent evening, most lights were out by 10 p.m. Occasionally, though, you could see the orange glow of a cigarette, as a cyclist smoked as he rode home in the darkness.

And somewhere to the north, the lights of Pyongyang's amusement parks shone brightly.

The AP's David Guttenfelder contributed to this report.

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38. Philippine Rebel Group Agrees to Peace Accord To End Violence in South

Floyd Whaley, **New York Times**, **08 October 2012**, **Page A4**

MANILA — President Benigno S. Aquino III announced Sunday that the Philippine government had reached a deal with a major rebel group that officials hope will reduce the persistent violence in the southern part of the country.

“This framework agreement paves the way for a final, enduring peace in Mindanao,” Mr. Aquino said.

The deal with the rebel group, the Moro Islamic Liberation Front, which has fought a war of independence for more than three decades, is the first step in what is expected to be a long, complex process of working through disputes that have lasted for centuries between the Christian-dominated national government and the predominantly Muslim residents of the southern island of Mindanao.

If the agreement succeeds in significantly reducing violence in Mindanao, it will be a historic achievement and a major political victory for Mr. Aquino, who has been heavily criticized in recent weeks for some of his legislative proposals.

Every Philippine president since the 1970s has tried to address the violence in Mindanao, which has claimed an estimated 120,000 lives and displaced more than two million people.

Fidel Ramos, president from 1992 to 1998, was able to forge a peace agreement in 1996 with another major rebel group, the Moro National Liberation Front. Joseph Estrada, Mr. Ramos’s successor, declared all-out war against the Muslim rebels in an attempt to achieve peace through force.

But the violence has persisted, even with about 500 United States troops based in Mindanao as part of a joint Special Operations task force, which helps the Philippine military target the most violent and extreme insurgents.

Mindanao is plagued by roadside bombings, firefights between the military and various armed groups, gun battles between warring clans, kidnappings of Filipinos and foreigners, and general crime and lawlessness. Many countries, including the United States, Britain and Australia, strongly warn their citizens to stay out of the southern Philippines.

The agreement announced Sunday is the result of intermittent peace talks that have been taking place in Malaysia since 2001.

“The agreement will ensure that the Bangsamoro people will enjoy the dividends of peace, which they rightly deserve,” said Prime Minister Najib Razak of Malaysia, using a term that refers to the native people of the southern Philippines. “In turn, they should respect their fellow Filipinos of Christian faith, as moderation is the true Islamic way.”

Under the agreement, the Moro Islamic Liberation Front will no longer seek an independent state, Mr. Aquino said. Instead, the deal creates a new governing political entity, called Bangsamoro, for Mindanao.

As part of the deal, the new political entity will exercise a degree of autonomy in governing Mindanao while the national government retains authority over defense and security, foreign policy, monetary policy and citizenship matters. The deal also assures the people of Mindanao “a fair and equitable share of taxation, revenues and the fruits of national patrimony,” Mr. Aquino said.

“This means that hands that once held rifles will be put to use tilling land, selling produce, manning work stations and opening doorways of opportunity for other citizens,” Mr. Aquino said.

One important part of the agreement calls for the decommissioning of the military wing of the Moro Islamic Liberation Front, which reportedly has 11,000 fighters. In addition, the Philippine military will turn over law enforcement to the local police.

The accord sets out general guidelines for a more detailed agreement that will be fleshed out by working groups over the next few years, said David C. Gorman, who helped mediate the talks on behalf of the Center for Humanitarian Dialogue, an organization based in Geneva that is devoted to resolving armed conflicts.

“It’s going to be tough,” Mr. Gorman said. “It’s not a peace agreement. It’s a framework agreement. It is saying: ‘This is the road map to peace. These are the broad outlines. Now you have to work out the details.’ ”

“It is going to be messy and it is going to take time,” he added.

The deal includes provisions to address clan warfare, the proliferation of weapons, and the private armies that are blamed for widespread political violence in the southern Philippines. A private army employed by the Ampatuan clan in central Mindanao has been accused of the 2009 massacre of 57 people, including 31 journalists, in one of the country’s worst acts of political violence.

Though the Sunday agreement was reached with the Moro Islamic Liberation Front, the main rebel group in the southern Philippines, it includes mechanisms to bring other organizations into the discussions on local government. Notably, this does not include extremist groups like the Abu Sayyaf, which is blamed for kidnappings, murders and beheadings.

“These extremist groups are always going to be difficult to deal with,” Mr. Gorman said. “There are always going to be those operating outside the agreement, but as long as they are not able to undermine the process they will remain marginalized.”

The Bangsamoro Islamic Freedom Movement, a breakaway group of the Moro Islamic Liberation Front, staged a series of attacks and bombings in August during the final weeks of the peace talks. One attack, on Aug. 5, killed 80 militants and 10 soldiers and caused the evacuation of 189 residents.

Illustrating the challenges facing the government, and those seeking peace in Mindanao, the group said late Sunday that it would not respect the new agreement.

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39. Migrants, church may end Malaysia government's Borneo vote bank

Niluksi Koswanage, **Reuters.com**, **07 October 2012**

KOTA KINABALU, Malaysia (Reuters) -- Housewife Fawziah Abdul wants to thank former Malaysian Prime Minister Mahathir Mohammad for making her a citizen 10 years after she illegally slipped into Borneo from the southern Philippines in search of a better life.

The 50-year-old lives on the outskirts of Kota Kinabalu, the capital of Malaysia's Sabah state, where her tin-roofed shack jostles for space with more than 1,000 others in a slum where children play beside heaps of rubbish.

She is hopeful that her three children will get a new home and identity cards if she votes for the government again.

With a general election due within seven months, the 13-party ruling Barisan Nasional coalition is banking on Sabah and neighboring Sarawak state on Borneo island to prolong its 55-year grip on power.

But its support in the two Borneo states, which account for a quarter of parliament seats, is showing signs of slipping.

A large presence of Muslim immigrants, like Fawziah, has fuelled complaints of government discrimination against Christians who have also been a bedrock of government support.

Fawziah said she was a beneficiary of a secret plan said to have been approved by Mahathir that has helped fuel a five-fold surge in Sabah's population since the 1970s and turned it into a vote bank for the ruling coalition.

"I am part of Project Mahathir," she said, referring to the plan. "I was told to turn up at an office with two photographs and some money," added Fawziah, who showed her identity card that lists her as a Sabah-born citizen.

Without support in the two eastern states, the ruling coalition would have lost power in the last general election, in 2008, when a resurgent opposition won a majority of votes on peninsula Malaysia. Now that support looks fragile.

Residents of Sabah complain about competition from Filipino and Indonesian migrants for jobs in the oil and gas-rich region, whose revenues are mostly channeled to the federal government and where one in five people lives on less than $1 a day.

Christians, mostly members of indigenous groups such as the Kadazandusun in Sabah and the Dayaks and Ibans in Sarawak, once made up nearly half of Sabah's population but now form less than a third of its 3.2 million people.

But they can still give a potentially vital boost to the opposition, which won a majority of votes in mainland Malaysia in 2008 but only got three of 56 seats in Sabah and Sarawak.

FLEXING POLITICAL MUSCLES

The election is expected to be the closest in the former British colony's history after the coalition lost its two-thirds majority for the first time in 2008.

This is partly due to Christian, Buddhist and Hindu minorities in the mostly Muslim country abandoning the coalition, complaining of discrimination over issues such as the airing of Islamic programmes on state television.

Arnold Puyok, a political scientist at Universiti Teknologi Mara Sabah, says the frustration could translate into votes for the opposition led by Mahathir's former deputy, Anwar Ibrahim, which could pick up at least 10 seats out of 25 in Sabah.

Opposition strategists say they need to win an extra 10 seats each in Sabah, Sarawak and mainland Malaysia to win the election with a simple majority of 112 seats.

The opposition - a coalition of Borneo parties and a mainland alliance that campaigns for greater transparency - won 15 seats from the ruling bloc in Sarawak state elections for its best showing in 24 years. It got votes from indigenous Christians as well as from the ethnic Chinese minority.

As Christian frustration grows over Muslim migrants, churches are becoming more vocal. Malaysia's largest evangelical group held a 40 day-fast last month, which included prayers for the resolution of what they see as the immigrant problem.

The National Evangelical Christian Fellowship also held prayer meetings across the country for Malaysia Day on September 16 - a holiday marking Sabah and Sarawak's entry into Malaysia 49 years ago. The Borneo states agreed to join Malaysia on condition that religious freedom as well as the protection of native lands and cultures were guaranteed.

"There are quite a few unhappy Sabah people. Sabahans do not usually show it openly, they are doing it through prayer," Stephanie Rainier, a Kadazandusun among 7,000 worshippers at a stadium in Kota Kinabalu, said of people's frustration.

"They are taking over businesses. They are everywhere," she said of migrants.

INQUIRY, INTOLERANCE

The ruling coalition can still rely on an election system that is skewed in its favor, particularly in Sabah and Sarawak. Seat allocations are weighted heavily in favor of rural constituencies with smaller populations compared with urban centers that are more likely to favor the opposition.

But in an apparent sign of concern over his coalition's chances in Sabah, Prime Minister Najib Razak bowed to pressure in June and formed a royal commission of inquiry into the granting of identity cards to illegal immigrants.

A survey by independent pollster Merdeka center found that immigration was the number one concern among Sabah voters. The survey also found skepticism over Najib's motive for announcing the inquiry, with only 46 percent of respondents believing it was a genuine attempt to address the problem.

"Only because there is an election around the corner, the government decides to do an inquiry," said Wilfred Bumburing, a lawmaker in Sabah who quit the government coalition over its handling of the immigrant issue.

Government sources say the inquiry panel has yet to meet due to opposition from the dominant party in the ruling coalition, the United Malays National Organisation, that controls Sabah, and from the still influential Mahathir.

While repeatedly denying links to Project Mahathir to media, Mahathir said in his blog that the Filipinos and Indonesians were qualified to become citizens as they had stayed in Malaysia for more than a decade and spoke the Malay language.

The influx of Muslims, who can largely be counted on to support the ruling coalition, would appear to bolster the government. But despite that, some Christians worry about what they see as Muslim authorities' growing intolerance.

An example, some Christians say, is the unease over Christian congregations in Sabah and Sarawak using the Arabic word Allah to refer to God.

While these Catholics, like their brethren in Indonesia, have used "Allah" since converting to Christianity in the 19th century, the government says the use of the word is subversive and is aimed at converting Muslims.

Mindful of votes, Najib has not stopped Christians in Borneo from using the word in prayers. But the government has appealed against a court ruling that allowed a Catholic newspaper to use Allah in its Malay-language editions in Borneo.

"I hope there is tolerance. In reality, not publicly, subtly, you can feel there is some erosion of religious tolerance," said Bishop Cornelius Piong after Sunday Mass in the rice-growing region of Tambunan.

"If there is no balanced leadership, people will think and they will decide," he said, referring to the election.

(Additional reporting by Angie Teo and Bazuki Muhammad; Editing by Stuart Grudgings and Robert Birsel)

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40. Chávez Wins New Term in Venezuela, Holding Off Surge by Opposition

William Neuman, **New York Times**, **08 October 2012**, **Page A9**

CARACAS, Venezuela — President Hugo Chávez, long a fiery foe of Washington, won re-election on Sunday, facing down cancer and the strongest electoral challenge of his nearly 14 years in office and gaining a new mandate to deepen his socialist revolution.

Though his margin of victory was much narrower than in past elections, he still won handily. With 90 percent of the votes tallied, Mr. Chávez received 54 percent, to 45 percent for his opponent, Henrique Capriles Radonski, the national election council said. Fireworks erupted in Caracas after the news, and Chávez supporters celebrated in the streets.

“This is a country full of love,” Caravayo Mercedes, 50, said exultingly, waving a Venezuelan flag. “Let Chávez reign forever.” Motorbikes and trucks full of Chávez supporters whizzed by, some firing gunshots in the air.

Shortly before 11:30 p.m. local time, Mr. Chávez stepped out onto the balcony of the presidential palace in Caracas and waved to a sea of jubilant supporters. “My words of recognition go out from here to all who voted against us, a recognition for their democratic temperment,” he said. A former soldier, he called the election a “perfect battle.”

Still, after a spirited campaign, the polarizing president finds himself governing a changed country. He is an ailing and politically weakened winner facing an emboldened opposition that grew stronger and more confident as the voting neared, and that held out hope that an upset victory was within reach.

Mr. Chávez gave no indication Sunday night that the strong showing by the opposition would cause him to govern in a different way than before. He invited his opponents to give up a way of thinking “that has led them to deny everything that is good in Venezuela,” adding, “Venezuela is not a catastrophe — Venezuela today is the best Venezuela we’ve had in 200 years.”

When he finished speaking, he wiped sweat from his face with a bright red handkerchief and waved the yellow, blue and red national flag.

Mr. Chávez said during the campaign that he would move forward even more aggressively in a new six-year term to create his version of socialism in Venezuela, although his pledges were short on specifics.

His health, though, remains a question mark. He has undergone several rounds of treatment for cancer in the last 15 months, but has refused to make public essential details of his illness. If he overcomes the disease and serves out his new term to its end in 2019, he will have been in power for two full decades.

Toward the end of the campaign, facing pressure from Mr. Capriles, he pledged to make his government more efficient and to pay more attention to the quality of government programs like education. He even made appeals for the middle class and the opposition to join in his revolution.

But Mr. Chávez spent much of the year insulting and trying to provoke Mr. Capriles and his followers. And on Sunday night, he had to face the fact that the people he taunted as squalid good-for-nothings, little Yankees and fascists, turned out to be nearly half the electorate.

As the opposition’s momentum grew, Mr. Chávez’s insults seemed to lose their sting. By the end of the campaign, young people in Caracas were wearing colorful T-shirts that said “majunche” or good-for-nothing, Mr. Chávez’s favorite taunt.

Mr. Capriles was subdued on Sunday night, congratulating Mr. Chávez and saying he hoped the president would see the result as “the expression today of a country with two visions, and to be president means working to solve the problems of all Venezuelans.”

He appeared poised to carry on his fight in the elections for state governors in December. “You should all feel proud, do not feel defeated,” he told supporters.

Michael Shifter, president of the Inter-American Dialogue, a research institute in Washington, called the presidential election “a fundamental turning point.” He said Mr. Chávez was “going to have to deal with a very different society than he dealt with in his last term, a society that’s awakened and more organized and more confident.”

Even so, the opposition is a fragile coalition with a history of destructive infighting, especially after an election defeat. Mr. Capriles will have to keep this fractious amalgam of parties from the left, right and center together in order to take advantage of the new ground they have gained.

“The opposition has more power, it feels more support,” said Elsi Fernandes, a schoolteacher, who voted for Mr. Capriles on Sunday morning in Catia, a poor neighborhood in Caracas. “The difference is that we’re not going to stay with our arms crossed.”

The turnout was more than 80 percent, the highest in decades, the election council said. People stood in line for hours, although the voting appeared in most cases to run smoothly.

Venezuela uses a touch-screen electronic voting system, and voters are identified with a digital thumbprint reader; technical problems at some polling places caused long delays and, in some, a resort to backup paper ballots. Polling places were told to keep working until everyone in line at closing time had a chance to vote.

Venezuela is mired in problems, including out-of-control violent crime, crumbling roads and bridges, and power blackouts that regularly plague much of the country outside the capital. Oil production, the country’s mainstay, has plateaued in recent years, and other exports have not picked up the slack. The overall economy grew this year, largely because of a huge pre-election boost in government spending, but clouds loom. A devaluation of the Venezuelan currency, the bolívar, is widely seen as inevitable, and inflation remains stubbornly high.

Mr. Chávez has trumpeted his programs to help the poor, and has pointed to a sharp reduction in the number of people living in poverty. But he has governed during a phenomenal rise in oil prices, which have soared from $10 in 1998, the year before he took office, to more than $100 in recent years and the high $80s now, pouring huge amounts of revenue into Venezuela. Mr. Capriles, who has served as a legislator, mayor and governor, campaigned almost nonstop, seeking to contrast his energetic style and youth with the reduced schedule of Mr. Chávez, who received a diagnosis of cancer in 2011 and is obviously less robust than in the past.

Mr. Chávez has kept most details of his condition secret, refusing to say exactly what kind of cancer he has or where in his body it is. He received chemotherapy last summer after an operation to remove a tumor, but the cancer returned and he had another operation in February, followed by radiation therapy. The operations and treatments were performed in Cuba, taking Mr. Chávez out of Venezuela for extended periods.

His health, and whether he was well enough to serve a new six-year term, always loomed over the campaign, but it receded as an issue as Mr. Chávez gradually increased his public appearances. Still, he never threw himself into campaigning at the frenzied pace of Mr. Capriles, and he often appeared to be saving his energy.

Opposition to Mr. Chávez has long been divided and easily manipulated by Mr. Chávez, a master politician who kept his rivals off balance. Mr. Capriles changed that. He crisscrossed the country, campaigning in places long considered bastions of support for Mr. Chávez, including urban slums and poor rural areas. He told voters that he was the future and Mr. Chávez the past.

Mr. Chávez dismissed Mr. Capriles as an unworthy opponent, accusing him of lying about wanting to continue Mr. Chávez's social programs. He called Mr. Capriles a right-wing oligarch in disguise who sought to bring back the bad old days of rule by the rich. In Catia, María Elena Severine, 59, who works as a cleaner in a bank, said that Mr. Chávez was still as fresh a candidate as when he first ran in 1998. She lives in a rental apartment but hopes someday to be given a new home government-built home.

"I like my president," she said. "He is the revolution. He is change."

Reporting was contributed by María Eugenia Díaz, Jonathan Gilbert, Girish Gupta and Andrew Rosati from Caracas, and María Iguarán from Cumaná, Sucre State.

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41. Venezuelans Return Chávez to Presidency

Tensions Run High in Polarized Nation, as Leftist Chávez Faces Toughest Vote in His 14-Year Presidency
David Luhnow and Jose De Cordoba, **Wall Street Journal**, **08 October 2012**, **Page A8**

CARACAS—Venezuelan President Hugo Chávez soared to a bigger-than-expected victory over his challenger in elections Sunday, surviving the biggest test of his 14 years in power and handing him another six-year mandate to rule the oil-rich nation.

With 90% of the vote counted, official results showed Mr. Chávez and his United Socialist Party of Venezuela winning 54.4% of the votes compared with 45% for Henrique Capriles, a former state governor who ran a spirited campaign for change. Turnout was a surprising 81%, the election agency said.

Fireworks erupted over Caracas as Mr. Chávez's supporters, clad in red shirts, took to the streets to celebrate, many shouting "Viva Chávez" and waving Venezuelan flags.

"The people here identify with the president, he is a man who touches our hearts," said David Romero, a middle-aged social worker. Mr. Chávez has "helped the invalids and the humble ones, and the people pay him back with love."

Mr. Capriles conceded defeat and congratulated Mr. Chávez.

"The people have spoken, and their word is sacred," said the marathon runner, who garnered 6 million votes to 7.4 million for the president. "Peace and patience," he urged the opposition, pointing out that he is only 40 years old. "God's timing is perfect."

It was the best showing for the opposition since Mr. Chávez won elections in 1998, but fell short of their expectations.

The comfortable win gives Mr. Chávez, a former army tank commander, a mandate to press ahead with his self-styled Socialist revolution. Mr. Chávez, who will have been in power for 20 years by the next election, has vowed to give more power to grass-roots community councils to carry out social programs with state money. Critics say that would undermine democratically elected mayors across the country.

Over the past years, Mr. Chávez has brought sweeping change to this South American nation of 29 million, centralizing power by stacking the courts and many other institutions with supporters and nationalizing broad parts of the economy from electricity to cement. Critics say he also divided Venezuelans with a rhetoric of class warfare.

A Chávez victory will come as a disappointment to Washington, which was hoping for an end to the Venezuelan leader's virulent anti-American speech and his close alliances with U.S. opponents like Iran, Russia and Belarus.

The victory will be greeted with relief in Havana, Beijing and Moscow. Cuba and a number of small Caribbean countries get much of their oil at sharply reduced prices from Venezuela. China is providing the Chávez government with a $40 billion revolving fund which is paid for out of the country's oil revenues, while Venezuela is a significant buyer of Russian arms.

Mr. Capriles had said he wouldn't give any free oil to Cuba, wouldn't buy any Russian weapons and would hit the reset button on commercial relations with China.

Mr. Chávez once again emerges victorious from an election—a test he has never lost. This was his narrowest victory so far, but still bigger than predicted by many pre-election polls. Some surveys accurately pointed to a 10 point victory; others showed a close race and some had Mr. Capriles ahead.

Following his victory, Mr. Chávez, clad in red, emerged on the balcony of the Miraflores Palace, surrounded by his daughters and supporters, singing the Venezuelan national anthem. "I extend these two hands and my heart" to the opposition, said Mr. Chávez, telling citizens that Venezuela deserved to live in peace.

Casting a shadow over the victory are lingering questions about Mr. Chávez's health. He has battled cancer for much of the past two years. While he says he is cured, his government hasn't revealed information about his condition, raising doubts among Venezuelans.

If Mr. Chávez dies within the first four years of his new term, the Venezuelan constitution calls for new elections—possibly giving Mr. Capriles another shot.

"[Mr. Capriles] would become the president in waiting," said Riordan Roett, the head of Latin American studies at Johns Hopkins University's School of Advanced International Studies. "Chávez can't last much longer, given his health."

Mr. Chávez has made social spending programs his signature policy, using high oil prices to spend billions on programs ranging from free health care in the slums to a housing program that guarantees virtually free apartments to the poor.

Mr. Chávez's spending, outsize personality, and gift of gab—he often talks for hours on end on television and radio while telling jokes and singing songs—has allowed him to forge a direct, emotional link to residents of the slums that cling to hillsides around Caracas and other cities.

Even critics give Mr. Chávez credit for having placed poverty at the center of the political dialogue, and empowering poor people who had long felt neglected by the government.

Pedro Hernandez, a 29-year-old gardener, said he has several relatives who have benefited from free apartments that the government has rushed to build in the past two years. He voted for the president. "You can't just stop the revolution now."

Just last year, state oil giant Petroleos de Venezuela SA spent some $30 billion on social programs—spending that paid electoral dividends on Sunday.

Mr. Chávez will have his hands full with an economy that is showing growing strains from years of unorthodox policies. Inflation at about 21% is among the highest at the world, and price controls have led to shortages of basics like milk. The wave of nationalizations has hollowed out the private sector, leading to growing imports.

The populist's government also has a large and growing fiscal deficit, leading most economists to expect Mr. Chávez is going to carry out a major currency devaluation in coming months.

Crime is another trouble spot. Crime has grown quickly—from about 19 murders per 100,000 residents per year in 1998 to 45 in 2010—one of the world's highest murder rates, according to United Nations statistics.

Mr. Capriles is likely to remain a formidable foe. He began the campaign a distant second but closed the gap with the president by arguing that the country's oil money had been badly spent—a criticism that struck a chord. By the end of the campaign, Mr. Chávez promised to "be a better president."

During the past decade, Venezuela has earned an estimated $1 trillion in oil revenue. But unlike the transformations that have taken place in other energy or commodity-rich nations, critics say Venezuela has been largely unchanged by the bonanza. Only in the last year has the Caracas skyline started to change with new apartment towers for the poor built by the government.

During the campaign, Mr. Capriles tried to make inroads into the president's base of support among the poor, promising to keep the president's popular social spending programs.

But Mr. Chávez launched an effective propaganda campaign telling voters that Mr. Capriles was lying and would take away the programs. Voters like Jose Gregorio Blanco, 54, an assistant at a local community council, said he was convinced Mr. Capriles would scrap the programs.

Mr. Chávez's government also had some enormous advantages. The Chávez camp used government advertising, as well as programs that all television and radio stations were forced to broadcast by law, to gain a lopsided publicity edge—43 minutes a day compared with three for the Capriles campaign, according to data compiled by a local nongovernmental organization, Monitoreo Ciudadano.

The Capriles camp also complained that many of the country's 2.5 million government workers were told that they risked losing their jobs if they didn't vote for the president. The Chávez government has denied such tactics.

Some Venezuelans said another Chávez victory would drive them from the country—joining a growing group of Venezuelans who have left in recent years. Armando García, 25, and his father Armando Jose García, said that if Mr. Chávez won again, they planned to emigrate to join relatives in Boca Raton, Florida.

"One of the biggest problems is security," said the younger Mr. García, who is studying to be a dentist. "Every year the country has gotten worse. We don't want to leave our lives here, our family, our house. But if he wins, we'll have to."

As the results show, however, many of Mr. Chávez's supporters don't blame him for the country's biggest problems. High inflation is blamed on rapacious companies trying to make a profit, and crime is often blamed on local officials like mayors or governors.

David Villamizar, a 46-year-old lawyer, admitted there is problem with violence in Caracas, but said that big cities everywhere suffer from such issues. "I was in Paris last month and I saw someone get mugged on the metro," he said.

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42. Hugo Chavez wins re-election, electoral council says

Andre F. Radzischewski, **Washington Times**, **08 October 2012**

BUENOS AIRES — Venezuelan President Hugo Chavez won a forth term in a landmark election Sunday that might keep him in power through 2019 — twenty years after he first took office — allowing him to further his goal of turning the South American nation into a socialist state.

With 90 percent of ballots counted, Mr. Chavez led his main challenger, Henrique Capriles Radonski, by more than 1.3 million votes, according to official figures. Mr. Chavez claimed 54.4 percent of the votes, with Mr. Capriles coming at 44.9 percent — a margin the National Electoral Council called "irreversible."

Turnout among the 18.8 million registered voters was a record 80.9 percent, and long lines required some of the more than 13,000 polling places to remain open hours past their planned 6 p.m. closing. Only minor irregularities were reported.

Mr. Chavez, 58, is expected to continue to push for more state control over the economy, greater limits on dissent and a more antagonistic relationship with the United States.

In a message distributed through Twitter, the president thanked Venezuelans for their support.

Mr. Capriles, 40, had promised a reversal of many of the president's policies, including loosening government regulations and increasing private investments. He had also pledged to halt preferential oil deals with countries such as Cuba, create 3 million "stable and well-paying" jobs and adopt a zero-tolerance stance toward violent crime.

The former state governor conceded the election after the official numbers were announced but vowed to "keep working for Venezuela."

"I hope that a movement of 14 years accepts and understands that almost half of the country does not agree with this government," Mr. Capriles said.

Yorelis Acosta de Oliveira, a political scientist at the Central University of Venezuela, said that the climate had been "one of much anxiousness for all players involved" ahead of the election.

Maria Diaz, a bank employee in Argentina who cast an absentee ballot for Mr. Capriles on Sunday, said she was concerned about possible fraud back home.

"Venezuela has a dictatorship," she said of Mr. Chavez's government. "We need a change."

The failed candidacy of the charismatic Mr. Capriles, who is almost 20 years younger than Mr. Chavez, was only the third major challenge of the president's rule, after a failed 2002 coup and his recent bout with cancer.

Mr. Chavez accused Mr. Capriles of being "the candidate of the bourgeoisie" and claimed that only he represents the people. He disproved critics who had doubted he was up to the rigors of a campaign after treatment for a tumor extracted in 2011 continued through February.

After his 14-year rule, Mr. Chavez's legacy already looms as large in Venezuela as his ubiquitous "Made in Socialism" billboards: The ex-paratrooper changed his nation's constitution, currency, flag and even its name by adding the prefix "Bolivarian" to "Republic of Venezuela."

Mr. Chavez forged close ties with Cuba, Iran and Russia. Countries across Latin America — notably Ecuador, Bolivia and, to a lesser extent, Argentina — signed on to his economic model. Tensions with the United States

have been frequent and colorful, most famously when he labeled then-President George W. Bush "the devil" in 2006 at the United Nations.

The president's grip on power was illustrated last week when El Nacional newspaper obtained a document ordering public employees in the state of Vargas to attend a Chavez campaign rally.

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43. Analysis: Chavez win means more of the same for Venezuela oil

Daniel Wallis and Marianna Parraga, **Reuters.com**, **08 October 2012**

CARACAS (Reuters) -- President Hugo Chavez's re-election on Sunday means Venezuela's state oil company PDVSA will remain highly politicized and will continue its discount supply deals with his socialist allies.

Chavez, 58, won a new six-year term with more than 54 percent of the vote against opposition rival Henrique Capriles, a young state governor who sought to end his 14-year, self-styled revolution.

Critics say Chavez has hobbled PDVSA with the weight of his government's financial demands - it helps pays for everything from sports teams to health clinics and home building - meaning it has neglected to invest enough in the oil business.

The industry brings in more than 95 percent of the OPEC nation's hard currency revenue. PDVSA produces almost 3 million barrels per day (bpd) and boasts the biggest crude reserves in the world.

But the company, which has more than 100,000 employees, has repeatedly failed to hit its own production targets and has suffered a string of sometimes-deadly accidents in recent years.

Following Chavez's comfortable victory, his government will seek to push forward a raft of ambitious joint ventures with foreign partners in the huge Orinoco extra-heavy crude belt - one of the planet's biggest, mostly untouched oil reserves.

Venezuela's crude production fell in 2010 to its lowest level since a months-long strike at PDVSA a decade ago, and Orinoco is key to the government's hopes of increasing output by as much as 2 million bpd or more over the next few years.

In total, the Chavez administration - which has repeatedly raised taxes on the oil industry while requiring that PDVSA have a majority stake in all projects - expects investment of more than $80 billion in the Orinoco belt over the next several years.

It has signed deals for projects there with foreign companies including Chevron of the United States, Spain's Repsol, Italy's Eni and a consortium of Russian companies, including Rosneft.

Executives from foreign companies in some of those joint ventures say they have suffered delays because of late payments by PDVSA, lack of infrastructure and uncertainty over tax rules.

Those delays are likely to continue, but the Russian joint venture began pumping its first oil last month, and others are due to come onstream soon.

NEW FOCUS ON ASIA

Under Chavez, China has become a key source of funding, providing his administration with loans totaling $32 billion over the last few years. PDVSA is sending 430,000 bpd of crude and products to China in repayment.

The importance of Beijing to Caracas's finances is expected to increase under Chavez's next government. His administration often says it wants to boost exports to China to 1 million bpd.

The new Chavez government is also expected to prioritize efforts to tap its offshore natural gas. Venezuela is among the world's top 10 nations in gas reserves but has yet to begin any commercial gas production. Instead it imports supplies from neighboring Colombia.

Media Highlights
Monday, 08 October 2012

Electricity shortages are a pressing domestic issue, and the development of Venezuela's natural gas reserves would help the government produce more power.

All eyes are on the Perla gas field and its reserves of more than 15 trillion cubic feet. Production is due to begin there early next year at a partnership between PDVSA, ENI and Repsol.

Chavez is also expected to continue and possibly widen the politically driven oil-supply deals with ideological allies such as Cuba, Belarus, Iran, Syria and more than a dozen Central and South American countries.

Under these agreements, Venezuela is often paid for its oil in goods or services - sometimes with food or livestock - which puts even more pressure on PDVSA's cash flow. The company was not paid directly for almost half the crude it pumped last year.

Ramirez is expected to remain in his post following Chavez's victory, at least in the short-term. He once described PDVSA as "red from top to bottom" in its support for the president.

While there is discontent within the company's ranks - some workers resented being bused to rallies during the election campaign, for instance - the creation of a single workers' union has limited criticism of PDVSA's management.

"It is an honor for us to take part in Chavez's government," Wills Rangel, president of the oil workers' federation, told Reuters last month.

(Editing by Kieran Murray and Philip Barbara)

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44. Rwandan civilians tortured into making false confessions, says Amnesty

Former detainees tell Amnesty they were subjected to electric shocks and beatings in military camp and safe houses

David Smith, **The Guardian**, **08 October 2012**, **Page 18**

Scores of civilians in Rwanda have allegedly been tortured into making false confessions after being detained illegally without charge or trial, an investigation by Amnesty International has found.

Former detainees claimed they were subjected to electric shocks, severe beatings and sensory deprivation while being held at a military camp and a secret network of safe houses in the capital, Kigali, according to Amnesty.

The report is the latest blow to the Rwandan president Paul Kagame's battered reputation following allegations of persecuting opponents, gagging media and arming rebels in the neighbouring Democratic Republic of the Congo. International donors have partially suspended aid but Britain in particular is under mounting pressure to go further.

Amnesty's report, Rwanda: Shrouded in Secrecy, Illegal Detention and Torture by Military Intelligence, asserts a pattern of unlawful detention, enforced disappearances and allegations of torture carried out by operatives from a military intelligence unit known as J2.

Most of the detainees were rounded up by the military from March 2010 onwards after a series of deadly grenade attacks in Kigali and in the runup to the August 2010 presidential election, which Kagame won with 93% after two of his main challengers were jailed.

Three former detainees from the military Camp Kami told Amnesty they were subjected to electric shocks during interrogations by J2 operatives. "I was taken to another office," one recalled. "Everyone was there when they put this electric thing on my back and forced me to accept that I worked with the people throwing the grenades . When I got to the point of dying, I told them to bring me a piece of paper [to sign], but they continued to torture me."

Another told Amnesty's researchers: "There are other rooms where they put you and you lose your memory. They ask you a question and when you find yourself again they ask you a question. When you return to normal, they sting you. The electric thing they use is like a pen and they put it under your arms. It is like charcoal. When they sting you, all your body is electrolysed and the entire body is paralysed."

Amnesty said it had received three independent reports that some detainees at Camp Kami had bags placed over their heads during interrogations to restrict their breathing. Former prisoners said they had items placed in their mouth to heighten pain and stop them screaming while they were beaten during interrogations.

Detention periods ranged from 10 days to nine months without access to lawyers, doctors or family members, Amnesty said. Many of these detainees were later charged with threatening national security. Two individuals – Robert Ndengeye Urayeneza and Sheikh Iddy Abbasi – are still missing since their disappearance in March 2010, the NGO added.

Sarah Jackson, Amnesty's acting deputy Africa director, said: "The Rwandan military's human rights record abroad is increasingly scrutinised, but their unlawful detention and torture of civilians in Rwanda is shrouded in secrecy. Donors funding military training must suspend financial support to security forces involved in human rights violations."

Amnesty said it had conducted more than 70 interviews and documented 45 cases of unlawful detention and 18 allegations of torture or ill-treatment at Camp Kami, Mukamira military camp and in safe houses in Kigali.

Rwandan officials dismissed the findings. Alphonse Hitiyaremye, the country's deputy prosecutor general, told Amnesty: "There is no torture in our country and we can't investigate on a false allegation."

Tito Rutaremara, a senator who has worked with Kagame for 25 years, told the Guardian: "Let Amnesty come and show us these 'safe houses'. If they know all this, let them come and say it is here. Bring these witnesses."

Louise Mushikiwabo, the foreign affairs minister, posted on Twitter: "Rwanda will act on all credible claims of torture but won't engage in a shouting match w/ another NGO seeking headlines at Rwanda's expense."

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45. Brazil holds first vote under 'Clean Record' law

Jenny Barchfield, Associated Press, **WTOP.com**, **07 October 2012**

RIO DE JANEIRO (AP) -- Brazil's nationwide municipal elections Sunday may have been most notable for who won't be taking office.

A newly effective "Clean Record" good-governance law bars people convicted of a wide range of crimes from serving in political office. This was the first full nationwide election held under the measure since it was upheld by Brazil's Supreme Court.

Observers say the bill is a watershed in Brazilian politics, long dominated by strongmen who milk the system for personal gain and that of their cronies, and who often resort to shady tactics to hold onto power.

"It's a radical change of culture, vision and moral compass," said Jorge Sanchez, president of the anti-corruption watchdog group Amarribo Brasil. "It's the beginning of a long, slow process, but one that I'm confident will change the political landscape here in five to 10 years so that it's upstanding people and not the tainted ones who will start to naturally gravitate toward politics."

Under the measure, those convicted of charges such as fraud, drug trafficking, money-laundering, sexual assault and murder are barred from running for public office for eight years. Previously, those with criminal records were only ineligible if their cases could no longer be appealed to a higher court, a glacial process in Brazil's overstrained justice system, where appeals can run on for decades.

"We've seen cases in years back where people with known links to organized crime, drug traffickers and other criminal groups get into politics as a way of shielding themselves from prosecution, and that of course is very detrimental to the whole system," said Ricardo Ismael, a political science researcher at Rio's PUC Catholic University.

The law was the fruit of a rare show of grassroots organizing. Supporters flooded lawmakers with some 4 million emails as well as a 1.3 million-signature petition. The mobilization was so effective that even those legislators who spoke against the measure ended up voting for it, and it passed the Senate unanimously in 2010.

Voters lining up in Rio's beachside neighborhood of Ipanema to choose their mayor welcomed the law, but some held back their judgment of its effectiveness, saying they'd have to see it work before believing it was really going to change the culture.

"It's about time," said Vinicius da Mata Oliveira, a retiree. "My whole life I've been seeing people run for office that I wouldn't trust to take care of my dog. The country is changing for the better; this is an essential part of that change."

Waiting next to him, Fernando de Aguiar Fonseca said he'd need to see dirty candidates not being allowed to take office before he'd really believe the law was here to stay.

"Some laws here don't `stick'," he said. "I want to see them thrown out. I want to see these guys whose families have power, who have friends and connections and important patrons in politics, not be allowed to take office. Then I'll say, yes, things are changing."

Already, kinks have emerged.

Out of the roughly 480,000 candidates running for mayor or city council in 5,565 cities and towns across Brazil, 2,969 are being examined by Brazil's top electoral court in connection with the Clean Record law. The volume of red-flagged candidacies is so high that the court has processed only 764 of them to date - and it has not released a list of the candidates it has barred from taking office even if they win their races.

A spokeswoman for the court said that the list will be released in the coming days and that the court hopes to get through all the cases by December, before the newly elected officials take office. If the court disqualifies a winning candidate, the second-place finisher would take office instead.

The two biggest races Sunday were for mayors of Rio de Janeiro and of Sao Paulo, South America's biggest metropolis.

In Rio, Mayor Eduardo Paes won in the first round, with 65 percent of the vote. In Sao Paulo, two-time presidential candidate and former governor Jose Serra will face former education minister Fernando Haddad in a run-off Oct. 28.

The Clean Record law is part of a broader crackdown on corruption that has swept Brazil. The Supreme Court is deliberating on a cash-for-votes case with defendants that include dozens of legislators as well as the former chief of staff for hugely popular former President Luiz Inacio Lula da Silva. Current President Dilma Rousseff is seen as being tough on corruption. She's forced out seven of her ministers who have faced allegations.

Associated Press writers Bradley Brooks in Sao Paulo and Juliana Barbassa in Rio de Janeiro contributed to this report.

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46. There's nothing virtual about cyber attacks

Bob Greene, **CNN.com**, **07 October 2012**

(CNN) -- When a group halfway around the world, without setting foot on American soil, can claim responsibility for preventing a man in Wichita, Kansas, or a woman in Shreveport, Louisiana, from gaining online access to his or her own money in the local bank, it would seem to be a pretty big deal. Something to worry about.

That is allegedly what happened in recent weeks, as six big U.S. banks had their websites jammed, one after another, preventing their customers from logging on to their personal or business accounts, and from paying bills online.

The banks affected were Bank of America, JPMorgan Chase, Citigroup, U.S. Bank, Wells Fargo and PNC. A hacker group, saying it was based in the Middle East, asserted it was behind the cyberattacks; it remains uncertain whether they, or someone else, carried out the attacks.

And, last week, Politico reported:

"White House Press Secretary Jay Carney downplayed a report that Chinese hackers had infiltrated a secure national security network used to control nuclear codes, saying the perpetrators breached an 'unclassified' system.

"There is 'no indication whatsoever that exfiltration of data' occurred, he told reporters. . . Such attacks, he added, 'are not infrequent.'"

Any time the prefix "cyber" appears in front of another word -- cybercrime; cyberterrorism; cyberwarfare -- it can have the effect of making the concept seem slightly less substantial. It's sort of like when the word "virtual" precedes a standard-issue noun: virtual reality is not reality; a virtual store is distinct from a brick-and-mortar operation.

But as we live more and more of our lives online, and as basic needs such as electricity, water supply, transportation and communication depend increasingly on digital commands, the distinction is rapidly disappearing. Disrupt the digital world and you disrupt real lives -- you throw daily existence into uncharted territory.

After the terrorist attacks of September 11, 2001, we were told that there had been ample warning signs that went unheeded. If there ever is a concerted and darkly effective cyberattack on the United States -- one that robs millions of people of baseline necessities -- we won't be able to say that no one told us this might someday happen. We have been told, for years.

In 1997, according to a report in the New York Times that year, a White House commission found that the U.S. was vulnerable to computer-based attacks "upon crucial industries like electrical power, telecommunications, transportation and significant centers of the economy."

The concern appeared to be shared by people on both sides of the political aisle. At a 2004 Senate subcommittee session, Democratic Sen. Dianne Feinstein of California said: "We don't take cyberterrorism as seriously as we should. A terrorist could theoretically use a computer to open up floodgates of a dam, disrupt the operations of an aircraft control tower or shut down the New York Stock Exchange."

Republican Sen. Jon Kyl of Arizona, at the same hearing, said: "We've seen reports that al Qaeda has explored the possibility of damaging some of our key computer systems, seeking to cripple electric power grids, transportation systems, even financial institutions. Just imagine what chaos would result if a cyberattack were coordinated with a more conventional strike, such as bombing a highly populated area and then tampering with emergency systems to thwart hospitals and first responders caring for wounded civilians."

FBI Director Robert S. Mueller, at a speech in San Francisco earlier this year, said: "State-sponsored hackers are patient and calculating. They have the time, the money and the resources to burrow in, and to wait. They may come and go, conducting reconnaissance and exfiltrating bits of seemingly innocuous information -- information that in the aggregate may be of high value."

The Department of Homeland Security operates programs that include the National Cyber Alert System, the National Cyber Response Coordination Group and a security exercise known as Cyber Storm. Yet with all this, most of us -- as thoroughly as we have come to depend upon digital technology -- don't have much of an idea about how it really works.

If your car won't start, you may feel qualified to pop open the hood and try to figure out how to fix it; if your lights go out, you probably know where the fuse box is. Digital outages are more mysterious; when systems go dead, there is a feeling of low-grade helplessness, but usually the confidence that someone, somewhere, is working to bring them back to life.

Thus, the specter of some future cyberattack is troubling precisely because most of us have little sense of how we would individually combat such an incident. Even the terminology is open to dispute. The other afternoon I reached Internet security expert Bruce Schneier in London, where he was attending a conference. I knew he was skeptical about what he considers the inflation of language surrounding computer-based threats, especially terms like "cyber warfare."

"War is bombs dropping on you," he told me. "War is tanks in your city. War is not your computer being hacked. In any war, there will be a cyberspace component. Wars are fought on all fronts. And cybercrime -- crime -- happens a lot. But that is not war."

Still, as the New York Times reported from Aspen, Colorado, over the summer:

"The top American military official responsible for defending the United States against cyberattacks said Thursday that there had been a 17-fold increase in computer attacks on American infrastructure between 2009 and 2011, initiated by criminal gangs, hackers and other nations.

"The assessment by Gen. Keith B. Alexander, who heads the National Security Agency and also the newly created United States Cyber Command, appears to be the government's first official acknowledgment of the pace at which America's electricity grids, water supplies, computer and cellphone networks and other infrastructure are coming under attack."

Meanwhile, there's the matter of those six major banks, and the customers who couldn't log on to get to their money.

It may all be cyber, but it's starting to feel kind of real.

Editor's note: *CNN Contributor Bob Greene is a bestselling author whose 25 books include "Late Edition: A Love Story," "Duty: A Father, His Son, and the Man Who Won the War," and "Once Upon a Town: The Miracle of the North Platte Canteen."*

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47. A revolt's extremist threat

David Ignatius, **Washington Post**, **08 October 2012**, **Page A19**

ALEPPO, Syria

Leading the fight in Sakhour on the eastern side of this embattled city is the Tawafuk Battalion of the Free Syrian Army. It reports to a new coordinating body known as the Military Council, according to Mustafa Shabaan, the acting commander of Tawafuk.

But wait a minute: A young fighter named Thaer tells me there are six or seven other battalions fighting in Sakhour, too, in what many claim is the decisive battle for Aleppo. Who commands these disparate fighters? And what about jihadists from Jabhat al-Nusra, an al-Qaeda-linked group that is said to have operatives here? Who directs them?

In this confusing scene, you can see the essence of the problem facing the Aleppo Military Council and others around the country as they try to coordinate the Free Syrian Army's insurgency against President Bashar al-Assad. The challenge of enforcing discipline at nearby Tariq al-Bab, the rebels' forward headquarters in eastern Aleppo, is multiplied a hundred times around the country.

The problem begins with the fact that this is an authentic, bottom-up revolution. It arose spontaneously in different parts of Syria, and every area has spun off its own battalions, many seeking funding from wealthy Arabs in the gulf. Unless these militia-like groups can be gathered around a single source for money and weapons, they're unlikely to mount a unified resistance to Assad.

Given the lack of coordinated military planning, terrorist attacks are one of the best tactics the rebels have: On the road north of Aleppo, I stopped at a celebrated shop called Sultan's Sweets. It is famous because the shop owner poisoned his pastries, knowing they would be looted by Assad's soldiers when they passed through town. The poison pastries are said to have cost the Syrian army 70 casualties and turned the sweetmaker into a martyr.

A new effort to help bring better organization to this chaotic rebellion has been launched by a Syrian-American organization called the Syrian Support Group. One of its founders, Yakzan Shishakly, traveled to Syria in February to meet officers of the Free Syrian Army and encourage them to gather the free-wheeling battalions into the military councils. Shishakly had credibility because his grandfather was a respected Syrian president in the 1950s.

By the summer, Col. Abdul-Jabbar Akidi emerged as the leader of the new military council in the Aleppo area; Col. Afif Suleiman headed a new council in Idlib province; Ahmed Berri commands the council in Hama. Shishakly introduced me to these three commanders in Syria last week. They say they'd like help from the United States, but that it hasn't materialized. Without money or weapons to distribute to the fighters, these U.S.-friendly military councils will quickly lose their coordinating power.

The alternative power center in the revolution is the emerging Salafist jihadist network. It's a mistake to see them all as al-Qaeda affiliates or wannabes. Many of them are simply pious Sunnis who know they can get funds to fight Assad by playing the jihadist card.

"Growing your beard is the easiest way to get money," Adib Shishakly told me. He's Yakzan's older brother and one of the founders of the struggling political opposition known as the Syrian National Council.

Syrians tell me the power of these extremist groups is growing across the country. One example is a Salafist group in Idlib called Soukor al-Sham, headed by a man who calls himself Abu Issa. He is now working to form an alliance with a similar Salafist group known as Arrar al-Sham. To gather funds, Abu Issa was said to have visited the Turkish border city of Antakya last week to meet with Saudi businessmen who might contribute to his group.

Another jihadist group bidding for power is known as the Majlis al-Shura, or Shura Council. Its former leader, Mohammed al-Absi, is said to have been killed recently after he raised the black flag of al-Qaeda at the Syrian border crossing at Bab al-Hawa. When supporters of the Free Syrian Army protested to Absi's group about the banner, decorated with words from the Koran, the extremists answered, "What's wrong with the name of God?" The black flag is now gone, but the confrontation between jihadists and moderates is just beginning.

Finally there is Jabhat al-Nusra, which openly boasts of its links with al-Qaeda. Yakzan Shishakly says he tried to warn a U.S. official recently: "These people are among us. If you don't help now, there will be more and more." From what I could see inside the country, he's right.

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48. No escape from the Middle East

Fred Hiatt, **Washington Post**, **08 October 2012**, **Page A19**

Before President Obama could turn to the regions and issues he believed should be foreign policy priorities in his first term, he felt he had to clean up the mess his predecessor had bequeathed him in the Middle East and Central Asia.

If reelected, he may confront a similar frustration in his second term.

Consider a few of the developments in that arc of conflict since his administration announced in 2011 an implicit downgrade of the importance of the region and a foreign-policy "pivot" to Asia.

A U.S. ambassador has been killed for the first time in more than two decades, in Libya, and weapons and fighters leaking out of that North African nation have fueled an al-Qaeda renaissance to the south. The United States has had to abandon its presence in Benghazi, the city whose population Obama once boasted of saving.

Civil war has consumed Syria, claiming more than 30,000 lives, many of them women and children, and displacing more than a million. The fighting is a magnet for Islamist extremists and a spur to Sunni-Shiite rivalries and Kurdish aspirations that are destabilizing Lebanon, Iraq, Jordan and Turkey.

Israel's most important relationships in the region, its cold peace with Egypt and its once warmer friendship with Turkey, are deteriorating. Israeli-Palestinian peace seems more remote than ever, while a promised reconciliation between the divided halves of Palestinian territory has stalled.

September was the deadliest month in two years in Iraq as bombings and sectarian fighting set back a country that had been in recovery.

In Afghanistan, U.S. officials have given up on a key goal of their withdrawal strategy, a negotiated settlement with the Taliban, the New York Times reported. More than 50 U.S. troops have been killed this year by supposed allies in the Afghan army and police. These demoralizing insider attacks could prompt the allies to retreat even earlier than planned, NATO Secretary General Anders Fogh Rasmussen told the Guardian last week.

Negotiations with Iran have come to a standstill as that country accelerates its nuclear development program, racing toward a weapons capability that Obama has declared unacceptable.

Relations with a nuclear-capable, unstable Pakistan are rockier than ever.

Obama wasn't wrong in wanting to shift U.S. attention and resources to the Pacific. Compare the economic dynamism of Indonesia, Singapore or Korea to Afghanistan, Yemen or Somalia, and you understand the logic. As China grows more assertive, its neighbors want a dependable, if discreet, U.S. presence.

But the world's indispensable nation, as Obama has called the United States, doesn't always get to choose its areas of concern. The president likes to say that "the tide of war is receding," but saying so doesn't make it so, and withdrawing America from the field of battle doesn't necessarily end a war.

Sept. 11, 2001, was a wake-up call, and not only to the dangers of al-Qaeda and Osama bin Laden. A crucial arc of the world is unstable as one of the world's great religions debates how and whether to accommodate to globalization and international norms of human rights. This isn't America's struggle, but it is a struggle America can't ignore.

That doesn't mean the United States needs to send troops into conflict, as Obama believed President George W. Bush did too readily. But when opportunities arise, the United States needs to be ready — to support democrats

in Egypt, Libya, Bahrain and Tunisia, for example, or to help the Syrian opposition organize and equip itself. If the stakes in Afghanistan are worth sending U.S. troops into battle, as Obama proclaimed, then those troops should be fighting toward a goal, not a timeline.

Republican presidential nominee Mitt Romney blames Obama for all the troubles in the region, just as Obama blamed Bush. In truth, every president will be at the mercy of events to some extent, no matter how prescient his foreign policy.

But Obama too often has left the United States on the sidelines. “It is time to focus on nation-building here at home,” he tells Americans, who understandably are receptive to that message. No doubt he’d like to focus a second term on domestic recovery and on foreign policy challenges he finds congenial: nuclear arms talks with Russia, say, as well as the pivot to Asia.

But recent events suggest that the next president, whether Romney or Obama, will get drawn into messy, difficult dilemmas in the Middle East and Central Asia. The longer a president holds America back from its expected role as leader and shaper of events, the messier the dilemmas will be.

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49. Afghanistan: beating a retreat

It comes as no surprise to learn that conditions on the ground are, on some counts, worsening
The Guardian, **07 October 2012**, **Page 30**

As western forces eye the emergency exit in Afghanistan, not a month goes by without someone in charge lowering expectations. Last week, Nato's secretary-general, Anders Fogh Rasmussen told this newspaper that the retreat could come sooner than expected in 2014, as morale had been sapped by insider killings. A day later, Sir Richard Stagg, Britain's ambassador in Kabul, said the west had done enough "hand-holding" and Kabul should be left to get on with running the country. They are not moving the goalposts. They are walking off with them.

Remember the old trope about conditions on the ground dictating the pace of Nato's withdrawal? It comes as no surprise to learn that conditions are, on some counts, worsening. The much-vaunted drop in civilian casualties may just have been a result of record snowfalls. August this year became the second deadliest month on record. The Taliban have not just weathered the US troop surge – the coalition forces, or Isaf as they are known, have been unable to dislodge them from the south and east. Next year's spring offensive promises to be the deadliest yet, spurred on by the imminence of withdrawal and elections.

Targeted killings of government officials and politicians have tripled. Three elections are to come as the Taliban press home their advantage – provincial councils in 2013, the presidency in 2014 and parliament in 2015, so the opportunity for mayhem is unbounded.

With the proposed rate of 20 base closures a month, the job of holding the country together will come down to an Afghan national army, only 7% of which is currently considered capable of independent action, even with foreign advisers. The International Crisis Group in a report on Monday paints a bleak picture of Afghanistan's readiness to prepare for elections and a transfer of power after Hamid Karzai's mandate ends. It quotes one veteran Afghan security official as saying there is no national army or police force, only a factionalised one which could instantly fissure. The international community, it warns, has one last chance to leave a viable state in Afghanistan, by helping Afghans prepare for an election and a smooth transfer of presidential power. About 18 months remain to prevent a repeat of the chaos and fraud of previous elections. Failure to do so in a corrupt and factionalised state would lead to civil war on the heels of Nato's withdrawal, especially if President Karzai tries to stay in power by declaring a state of emergency. Under these conditions the army would not maintain its nominal unity.

An exit like this would leave the US with just two points of historical comparison: the fall of Saigon in 1975, and Soviet withdrawal from Afghanistan in 1989. Of the two, the Soviet parallel is looking closer each day.

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50. Cuba's Stake in the Chávez Presidency

Deepening privation is making Cubans restless. Oil from Venezuela is essential to the regime's hold on power.
Mary Anastasia O'Grady, **Wall Street Journal**, **08 October 2012**, **Page A15**

All eyes were on the Venezuelan presidential election Sunday on the off chance that incumbent Hugo Chávez might be forced to accept defeat. But few could have been watching more intently than the elite of the Cuban military dictatorship, who in recent years have become heavily dependent on virtually free Venezuelan oil, courtesy of Mr. Chávez, for its survival.

The day went relatively smoothly despite a heavy turnout that the Chávez-controlled National Electoral Council seemed ill-prepared to handle. Some voters claimed to have waited six hours in line but there was no violence.

It was after 10 p.m. when the Chávez-controlled National Electoral Council emerged to announce that Mr. Chávez had beaten Henrique Capriles Radonski, the governor of the state of Miranda. It was hardly surprising given how the cards were stacked against the challenger, as I explained in this space last week. Yet despite the Chávez "victory," Cuba still has plenty of reason to worry about the loss of oil flows. It has been preparing for the possibility for months.

On Thursday, state security detained journalist Yoani Sánchez as she traveled to the city of Bayamo. Ms. Sánchez was assigned to cover the trial of Spanish democracy advocate Angel Carromero there for the Spanish daily El Pais.

Mr. Carromero—who was at the wheel when Cuban human-rights defenders Oswaldo Payá and Harold Cepero were killed in a car wreck in July on the eastern end of the island—stands accused of vehicular manslaughter. Payá was a popular and charismatic leader of Cuba's growing dissident movement, and after the crash rumors were flying that the Spaniard's rental car had been forced off the road. If found to be true, it would badly damage the Castro brothers' attempts to regain legitimacy on the international stage.

The Payá family has called for an independent investigation. The government has ignored their request. Foreign journalists were allowed to sit in an adjacent room at the courthouse and watch the Friday "trial" on closed-circuit television. But secret police kept the Payá family away from the premises. No verdict has been handed down. Ms. Sánchez and her husband were released late Friday.

Silencing critics, making examples of meddling foreigners and running closed, summary trials are nothing new. But Cuba watchers say that as the dissidents have grown in number and have increasingly learned how to organize, the regime has been ratcheting up the repression.

The same day Ms. Sánchez was detained the regime also arrested 22 "pro-democracy activists who sought to attend a peaceful gathering in the town of Santa Clara to discuss a petition titled, 'Citizens' Demand for Another Cuba,' " according to the website Capitol Hill Cubans. The arrests are part of a wider assault on government critics, among them the Ladies in White, who won the European Parliament's Sakharov Prize in 2005.

Deepening economic privation is making Cubans restless. And that privation is likely to get worse if Venezuela stops supplying oil to Cuba. According to Jorge Piñon, an energy expert at the University of Miami, Mr. Chávez has been sending almost 100,000 barrels of oil a day to the island. In exchange, Cuba ships doctors and social workers to Venezuela to serve the poor.

But it is highly doubtful that Venezuela is getting its money's worth. Mr. Capriles said last week that the 40,000 Cubans that Venezuela receives have a value of some $800 million per year while the oil sent to Cuba annually is worth $4 billion. He warned that if elected he would change the policy. "If we need Cuban doctors, we will pay for them," he announced. But "we cannot give away" the oil.

Even the "re-elected" Mr. Chávez will be under heavy economic pressure to revise the terms of the oil-for-doctors exchange, because the gap between Venezuelan spending and revenues will undoubtedly grow in the coming year. Roads and bridges are rapidly deteriorating, hospitals are in disrepair, and public security is almost nonexistent. Analysts expect a large devaluation of the Venezuelan *bolivar* next year.

Last week the Venezuelan daily El Universal reported that "as many as 80 Cuban physicians have left [Venezuela] on a monthly basis over the last 90 days." The paper also said that this year "the exodus may exceed the figure recorded in 2011—500 doctors." Yumar Gómez, who now lives in Miami, is one of them. "Let me tell you this," Mr. Gómez told El Universal, "many do not want to return to Cuba."

In a 2010 paper for the Cato Institute, Ms. Sánchez wrote: "Now that the state is out of money and there are no more rights to exchange for benefits, the demand for freedom is on the rise." No one understands that better than Raúl Castro, which is why the dictator and his friends were celebrating the news from Venezuela Sunday night.

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51. Mali burning

Washington Post, **08 October 2012**, **Page A18**

THE REPORTS OUT of northern Mali are more appalling by the day. A vast, arid swath of Africa has fallen under the control of radical Islamists who are imposing a strict form of sharia and building a new stronghold for al-Qaeda in the Islamic Maghreb. As punishment for robbery, the Islamists have hacked off people's hands and feet. A man told the Economist that the top of his ear was sliced off for smoking. "For drinking, they cut off your head," he said.

The radical Islamists have also destroyed ancient landmarks in the north and become entrenched in an area larger than France or Texas. Two groups affiliated with al-Qaeda have carved it up among themselves, controlling Timbuktu and Gao. What they will do with this prize is anyone's guess, but it seems likely to become a bastion for extremists to train and thrive with impunity.

There has been no shortage of alarms. "We have to act as quickly as possible," France's ambassador to the United Nations, Gerard Araud, said Thursday. Secretary of State Hillary Rodham Clinton said last month, "We all know too well what is happening in Mali, and the incredible danger posed by violent extremists imposing their brutal ideology, committing human rights abuses, destroying irreplaceable cultural heritage." She called Mali "a powder keg that the international community cannot afford to ignore."

But the international community is once again slow to act. Granted, the central government in the capital, Bamako, is weak and disorganized. The democratically elected government was overthrown in March, followed by seizure of the north by ethnic Tuareg rebels, who were then rapidly displaced by the Islamists. The Economic Community of West African States (ECOWAS)has asked the Security Council to authorize military intervention to oust the Islamists, but so far the council has demanded more details. Gen. Carter F. Ham, commander of the U.S. Africa Command, said last month that "the one course of action that we are not considering is U.S. boots on the ground in Mali."

Short of boots on the ground, however, more can and should be done. The collapse of landlocked Mali into another unhinged, failed state will threaten the region. The country must resolve ethnic grievances, hold elections, and reestablish the defense and security forces. But that is a tall order that takes time. The United States has called for appointment of a special U.N. envoy and creation of a diplomatic core group. France is circulating a draft U.N. resolution that would step up pressure on Mali and its African neighbors to agree quickly on a workable military plan. Eventually, the use of force will probably be necessary, but any ECOWAS intervention will need U.N. backing and support.

Talk of a powder keg needs to be translated into concrete moves before Mali becomes a new Somalia or Afghanistan.

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