



PHOTO: AFP
Iraqi youths celebrate in front of a burning fuel tanker in Latifiyah after it was attacked by insurgents on the highway connecting the southern Iraqi cities to Baghdad. Three US Marines were among nine people killed in Iraq as violent attacks continued one day after the caretaker government was handed power by the US-led coalition.

US, Kuwait reestablish diplomatic ties with Iraq

France gets ready to follow

AFP, Kuwait City/Baghdad

One day after the handover of authority to Iraqis, Kuwait moved swiftly yesterday to announce the resumption of diplomatic relations with its northern Arab neighbour, severed since Saddam Hussein's forces invaded the emirate in 1990.

The United States on Monday said it has reestablished diplomatic relations with Iraq for the first time since 1991 when the former regime of Saddam Hussein broke ties with Washington and invaded the emirate in 1990.

"The United States established diplomatic relations with the Iraqi government on Monday," the new US mission in Baghdad said in a

statement.

US ambassador to Iraq, John Negroponte, arrived in the war-battered country on Monday, to replace former US overseer Paul Bremer who left after the US-led coalition transferred sovereignty to an interim Iraqi government.

Negroponte would present his credentials shortly to the government, the US mission said.

Iraq broke ties with the United States in early February 1991 after the outbreak of the Gulf War in which a US-led multinational force evicted Iraqi occupation forces from Kuwait.

Following the transfer of sovereignty to an Iraqi government, "the

United States established

diplomatic relations with the Iraqi government on Monday," the new US mission in Baghdad said in a

statement.

Meanwhile, France is prepared to resume diplomatic relations with Iraq. French Foreign Minister Michel Barnier said Tuesday, the day after US overseer Paul Bremer handed over power to an interim Iraqi government.

"We are disposed to rapidly restore, in cooperation with the Iraqi authorities, our diplomatic relations with the republic of Iraq," Barnier said in a statement released by the French foreign ministry.

RECONSTRUCTION EFFORT

US awarded contracts to clip wings of Iraq govt

AFP, Baghdad

The Iraqi interim government has inherited the use of billions of dollars in development funds but its powers are limited by contracts and regulations put in place by the outgoing US-led coalition.

The government, sworn in two days ahead of schedule on Monday, has recovered the use of all its ministries and has taken charge of the Development Fund of Iraq (DFI), which still had 9.7 billion dollars on June 6.

Until the handover, former US ambassador Paul Bremer had the right to sign DFI cheques, said Communications Minister Mohammad Ali Hikim.

But now Bremer has gone, financial transactions are in the hands of Iraq's finance ministry headed by minister Abdal Mahdi, the central bank, and the commit-

tee of reconstruction of Iraq, he said.

"That means in the second half of this year all our decisions, all our finance, is going to be run by Iraqis and run by this committee."

But the new government will also be restricted by regulations and contracts put in place by the coalition, which was dissolved on Monday after 14 months of occupation.

Hakim said he had been handed contracts for mobile phone networks which were binding for the next two years.

"I have advisors, I have international people who are actually looking at this and find out if we really cannot do anything for two years," he added.

The US military also helps distribute the billions of dollars of funds on the ground level.

Electricity Minister Aiham al-Samarrai agreed that American firms would probably win most of the contracts decided by the US embassy.

oversees 18 billion dollars in development funds authorised by the US Congress and administered by a Pentagon department.

"The thing that is probably going to tie us is the supplement money," he said, referring to the American fund.

"The US is going to bring some 18.6 billion (dollars) worth of supplement (and) we're going to work with them to coordinate that.

"My guess is this money is going to be distributed to American companies or companies from the coalition. That is their right."

The US military also helps distribute the billions of dollars of funds on the ground level.

Electricity Minister Aiham al-Samarrai agreed that American firms would probably win most of the contracts decided by the US embassy.

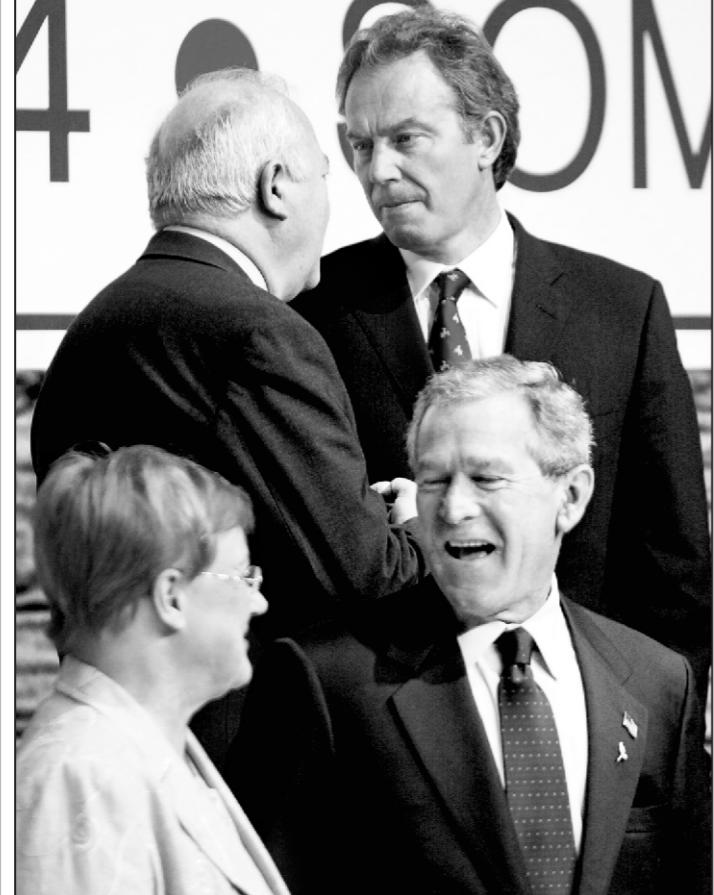


PHOTO: AFP
British Prime Minister Tony Blair (top right) and US President George W. Bush (lower right) chat with other Nato leaders as a group photo is being taken during the Nato Summit yesterday in Istanbul. Afghanistan takes centre stage on the second and final day of a Nato summit after leaders pledged to beef up its peace force there as the country gears up for crucial elections threatened by violence.

Rocket explodes in Karachi, another found near US consulate

AFP, Kashmir

A rocket exploded in Pakistan's violence-prone southern city of Karachi late Monday but caused no casualties, while an unexploded rocket and a launcher were found near the US consulate, police said.

The fired rocket caused a deafening blast in the congested Gurumandar district at around 10:00 pm (1700 GMT), sending people fleeing in panic and damaging the outer wall of a marriage hall, police said.

It landed about eight kilometres (five miles) from the headquarters of paramilitary soldiers and Crime Investigation Department (CID) buildings, which could have been a target, area police officer Majid Dasti told AFP.

Russian PRESS SAYS

US ran away in Iraq

AFP, Moscow

Russian newspapers agreed yesterday that the United States ran away in Iraq by handing power two days earlier than expected to an interim government.

The handover Monday "makes one think more of an abandonment than a solemn ceremony," said the daily Gazeta, which said the Americans had "fled the desert."

"Everything makes one think of a flight," said the daily Vremya Novostei on its front page. The United States handed over power early "to protect itself," the paper added. "The terrorists had surely prepared attacks to mark the day of the handover of power."

Izvestia said the United States was seeking to abandon its responsibility in leaving Iraq and in inviting the United Nations to play a role.

Iraqi press hails transfer of power as historic

AFP, Baghdad

The Iraqi press yesterday described the transfer of sovereignty from the US-led coalition to an interim Iraqi government one day earlier as "historic" but a mere step on the path to freedom.

"Monday was an historic day for the Iraqis," said the An-Nahda newspaper, owned by Adnan Pachachi, a Sunni Muslim member of the former governing council that was dissolved on June 1 to make way for the caretaker government.

The Al-Bayan daily -- linked to the Shia Muslim Dawa party whose chief, Ibrahim al-Jaffari, is a vice president in the new administration -- heralded an "historic day", before adding the caveat: "Iraq refuses any sort of occupation."

Despite the end of the US-led occupation, a strong foreign military presence of around 150,000, mainly US soldiers, will remain in Iraq to help control the security situation.

"Congratulations to the Iraqi people who have regained their sovereignty... an important stage

US court deals blow to Bush's war on terror

'Enemy combatants' can challenge their confinement

REUTERS, Washington

The US Supreme Court placed the first limits on President Bush's war on terrorism on Monday when it ruled that terror suspects can use the American judicial system to challenge their confinement.

The rulings, the first the court has made on Bush's anti-terrorism policies, marked a defeat for the president's assertion of sweeping powers to indefinitely hold "enemy combatants" after the Sept. 11, 2001, attacks.

In one ruling, the court said the nearly 600 foreign terror suspects held for two years at the US military base at Guantanamo Bay in Cuba could turn to American courts to challenge their confinement. In another ruling, it said an American

terror suspect held in his nation is entitled to a chance to contest the government's decision.

"Today's historic rulings are a strong repudiation of the administration's argument that its actions in the war on terrorism are beyond the rule of law and unreviewable by American courts," Steven Shapiro of the American Civil Liberties Union said.

A US defence official said the Pentagon would examine the rulings to see how to "modify existing procedures," but he put the best face on the court's action, saying it was "important in that it affirms the president's authority to detain enemy combatants in the global war on terrorism."

By a 6-3 vote, the justices ruled American courts can consider the

claims of Guantanamo Bay prisoners -- suspected al-Qaeda members or Taliban fighters -- who said in their lawsuits they were being held illegally in violation of their rights.

"What is presently at stake is only whether the federal courts have jurisdiction to determine the legality of the executive's potentially indefinite detention of individuals who claim to be wholly innocent of wrongdoing," Justice John Paul Stevens wrote for the majority.

The ruling did not address the merits of the claims, and the detainees still could face a long legal battle to win their release or major changes in the conditions of their confinement.

Indian PM shuns predecessor's BMWs for Ambassador

AFP, New Delhi

India's new Prime Minister Manmohan Singh, known for his austere ways, has shunned custom-made BMWs ordered by his predecessor and opted to ride in domestically-made Ambassador cars, a report said yesterday.

The previous government spent more than 1.3 million dollars to buy for then prime minister Atal Behari Vajpayee six bullet-proof BMWs featuring satellite phones, fax machines and other hi-tech gadgets.

Singh refused appeals by his security team to use the BMWs, saying he felt more comfortable in the classic Ambassadors, which are also bullet-proof. The Asian Age newspaper said, quoting government sources.

It said the government had yet to decide what to do with the German-made luxury cars.

Canadian PM wins polls, but loses majority

AFP, Montreal

Canada's Prime Minister Paul Martin clung on to power but voters stripped his scandal-tainted Liberals of their majority, and saddled him with the country's first minority government in a generation.

In the closest federal election in years, Martin, 65, confounded pollsters and pundits with a better than expected showing, which marked the centrist party's fourth consecutive win at the polls.

But battling voter fatigue after a decade in power for the Liberals, he fell short of the unqualified personal endorsement he craved, after taking over from former Prime Minister Jean Chretien last December.

"Canadians expect more from us. As a party and a government we must do better," said Martin, who made extra funding of the state healthcare system the centrepiece of his campaign.

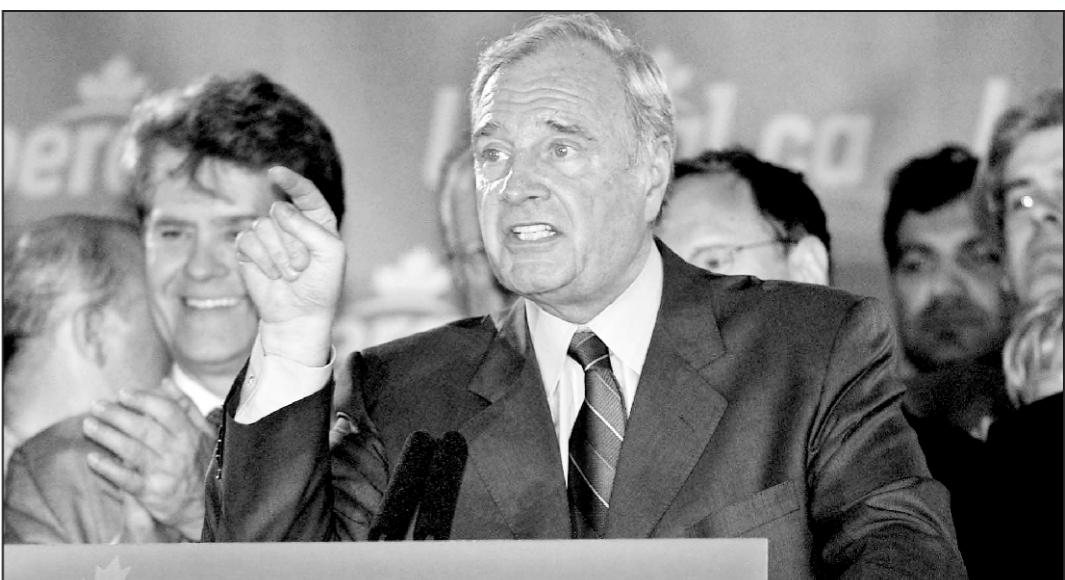


PHOTO: AFP
Canada's Prime Minister Paul Martin gestures as he speaks to supporters in Montreal on Monday after winning in the general elections. Martin retained power but voters stripped his scandal-tainted Liberals of their majority, and saddled him with the country's first minority government in a generation.

Afghanistan takes centre stage at Nato summit

AFP, Istanbul

Afghanistan took centre stage on the second and final day of the Nato summit yesterday after leaders pledged to send more peacekeepers to help the war-battered country hold its first elections since the fall of the Taliban.

"I am sure that the deployment of the forces... will bring a sense of better security, higher activity for the Afghan people to make their lives better," Afghan President Hamid Karzai told reporters here.

On Monday Nato pledged to take command of four more military-civilian reconstruction teams in the north of the country -- where they already run one -- and send more troops to help ensure security during the ballot.

Alliance leaders also promised to help train Iraq's new army, but the two announcements were overshadowed by news from Baghdad that Iraq's interim government had taken over power from the US-led occupation coalition, two days earlier than planned.

Nato's mission in Afghanistan, its first outside Europe, is seen by many analysts as a test of the alliance's credibility. Some experts warn that if it cannot deliver there Washington may conclude the alliance, set up during the Cold War to counter the perceived Soviet threat, has outlived its usefulness.

Nato leaders, who say Afghanistan is their "key priority," agreed to boost the International

Security Assistance Force (ISAF) there from 6,500 to 10,000 troops, although not all of them in the country.

The alliance took over ISAF last August but has struggled to drum up contributions from its member states to expand the force outside the capital Kabul.

"I'm sure that what you have done yesterday will bring to the Afghan people an improvement... that will eventually cause Afghanistan to have institutions of its own to defend itself and to protect itself," Karzai said here Tuesday before addressing Nato leaders.

He underlined that the most important requirement for elections was voters, welcoming the fact that some 5.2 million Afghans have so far registered despite difficult conditions not helped by insurgent attacks.

UN Secretary General Kofi Annan has warned that the vote might have to be postponed if security did not improve. But Karzai insisted Tuesday that it must go ahead on schedule.

He predicted however that insurgent violence would continue, saying the country's former Taliban leadership, ousted by a US-led offensive in December 2001 weeks after the September 11 attacks on New York and Washington, were now targeting "soft targets" such as election workers.