

# Israel unfreezes taxes owed to Palestinians

## ME summit in Egypt today

AFP, AP, Jerusalem

The Israeli government said yesterday it had approved in principle the release of hundreds of millions of dollars in tax receipts owed to the Palestinians on the eve of a Middle East summit in Egypt.

However, Israel played down the prospect of peace talks saying the new Palestinian government sworn in last weekend to replace the Hamas-led cabinet needed time to settle in.

"We have taken a decision in principle to release the money," Prime Minister Ehud Olmert's spokeswoman Miri Eisin told AFP.

"We will discuss with the Palestinian president (Mahmud Abbas) tomorrow, and with the Palestinian government in the summit's aftermath, how we release the funds."

Release of the money to the Palestinian leadership in the West

Bank is the centrepiece of measures proposed by Olmert to boost Abbas following the Islamist Hamas's seizure of the Gaza Strip.

The withholding of the tax receipts over the past 15 months while Hamas-led governments were in power -- now totalling well over 600 million dollars -- sparked a financial crisis for the Palestinian Authority leaving it largely unable to pay its own staff or contractors.

Abbas and the other Arab participants at Monday's summit in Sharm al-Sheikh, Egypt and Jordan, have been pressing for Israel to be generous in its support for the Palestinian leadership.

But the Israeli premier has faced pressure from within his cabinet to release the money in stages and to insist on the prior establishment of a mechanism to ensure that the funds do not reach militant groups.

Olmert told his ministers that he would also expect undertakings from Abbas at Monday's summit --

their first meeting since April 15, after a planned encounter in early June was cancelled.

"I will present demands at the summit concerning security and the war against terrorism while at the same time stressing that we are ready to cooperate with the new government" sworn in by Abbas after his dismissal of the previous Hamas-led administration, the premier said.

Security cabinet member Shaul Mofaz, a former army chief, said that further measures to boost Abbas should wait until he had proved he was serious about cooperating with Israel.

"We will only be able to envisage the release of prisoners once it is clear that the Palestinian Authority is honouring its commitments and maintaining order in Judeaea and Samaria (the occupied West Bank)," the transport minister said.

The cabinet meeting came as Abbas discussed his expectations

of Israel with the other participants in Monday's summit.

King Abdullah II of Jordan called for the gathering to set a date for the resumption of Middle East peace talks.

"The king emphasised that the summit must be seized as an opportunity to formulate a clear timeline for a return to negotiations," a palace statement said.

But Olmert's spokeswoman said the emergency cabinet sworn in by Abbas need to be given time to settle in before there could be a resumption of peace talks.

"Let's wait and see the stabilisation of the new Palestinian government. Let's take it one step at a time," Eisin said.

The Hamas masters of Gaza have said they are unfazed by Israel's moves to bolster Abbas's secular Fatah faction at their expense.



PHOTO: AFP

Jordan's King Abdullah II (L) welcomes Palestinian President Mahmud Abbas at Biet al-Ordon Palace in Amman yesterday. King Abdullah II and Abbas met and discussed preparations for today's Middle East summit in Egypt, a palace statement said.

# Sunni blocs boycott Iraqi parliament

## 3 more US soldiers killed

AP, AFP, Baghdad

Parliament's two Sunni Arab blocs boycotted the 275-seat house on Sunday because the Sunni speaker, Mahmoud al-Mashhadani, was not reinstated as they demanded.

Muhannad al-Issawi, a spokesman for Adnan al-Dulaimi, leader of the Iraqi Accordance Front, had said that the 44-seat bloc decided in a meeting Saturday to demand that al-Mashhadani preside over Sunday's session.

"If the demand is rejected by other blocs, then the Accordance Front will suspend its participation in parliament," al-Issawi had told The Associated Press.

The Accordance bloc was joined in the boycott by the National Dialogue Front.

The Shia-dominated legislature wants al-Mashhadani to step down and has named his Shia deputy, Khaled al-Attiya, as a temporary replacement.

Many legislators viewed al-Mashhadani's erratic behavior as unbecoming and a hindrance to parliament's ability to pass key benchmark legislation as demanded by Washington.

Meanwhile, the US military announced the deaths of three more soldiers in Iraq yesterday, bringing total US losses to 71 in the month of June.

One soldier was killed by small arms fire when his patrol was attacked in south Baghdad and another was killed in combat operations northwest of the capital. Both attacks took place on Saturday.

A third US soldier died the same day in a "non-combat related incident," the military said in a statement.

The deaths bring total US casualties since the March 2003 invasion to 3,548, according to an AFP count based on Pentagon figures.



PHOTO: AFP

Thai Muslim children look at a school building, which was set on fire by separatists in Narathiwat province yesterday. Two soldiers were killed and their bodies burnt beyond recognition in an attack by separatist insurgents in Thailand's strife-torn Muslim south, local police said.

# IAEA official heads for North Korea

AP, Vienna

A senior official from the UN nuclear watchdog left for North Korea yesterday to discuss how the agency's inspectors would monitor and verify the shutdown of the Yongbyon nuclear reactor.

Olli Heinonen, the International Atomic Energy Agency's deputy director general for safeguards, was due to arrive in Pyongyang Tuesday for a five-day visit, along with three colleagues.

North Korea, which expelled UN inspectors in late 2002, announced last week that it invited a "working-level delegation" to discuss procedures for shutting down the plutonium-producing facility.

"The purpose of this trip is now to go negotiate the details on behalf of the IAEA and verification of the monitoring and closing-down of the Yongbyon facility," Heinonen told reporters at Vienna Airport.

North Korea had pledged in February to shut down the Yongbyon reactor, its main processing facility, and IAEA Chief Mohamed ElBaradei traveled to

North Korea in March in what was billed as a landmark visit.

But Pyongyang refused to act on the promise until it received about \$25 million in funds that were frozen in a Macau bank amid a dispute with the US over alleged money-laundering.

The funds were freed earlier this year, but only last week started to be transferred to a North Korean account at a Russian bank. Russia said the disputed funds arrived on Saturday.

Heinonen said his delegation's trip was "a subsequent step forward" from ElBaradei's visit.

Asked whether he would visit the Yongbyon facility, Heinonen said, "We will see how the time allows."

Also Saturday, Christopher Hill, the chief US envoy to nuclear talks, said North Korea could shut down its reactor within three weeks and return to international talks next month.



# Brown confirmed as leader of Britain's Labour Party

AFP, Manchester

Gordon Brown was confirmed yesterday as the new leader of Britain's governing Labour Party, three days before he succeeds Tony Blair as prime minister.

Blair introduced Brown as the new leader at a party leadership conference in Manchester, northwest England, after the 56-year-old finance minister had been elected unopposed by Labour makers, grassroots members and affiliated trade unions.

Harriet Harman, the secretary of state for justice, was narrowly elected Sunday as deputy leader of Britain's governing Labour Party, the party announced.