

Merkel concedes to save coalition

Agrees to border transit centres that will send back migrants

German Chancellor Angela Merkel, who staked her legacy on welcoming hundreds of thousands of migrants into Germany, agreed on Monday (July 2) to build border camps for asylum-seekers and to tighten the border with Austria in a political deal to save her government.



Deal needs backing from other EU states
Austria, Italy vow to follow suit

It was a spectacular turnaround for a leader who was once seen as the standard-bearer of the liberal European order but who has come under intense pressure at home from the far right and from conservatives in her governing coalition over her migration policy.

The 11th-hour deal clinched by German Chancellor Angela Merkel to rescue her fragile government by limiting migrant arrivals immediately ran into European resistance, with neighbouring Austria vowing to "protect" its borders.

In high-stakes crisis talks overnight, Merkel put to rest for now a dangerous row with a long-time rival, Interior Minister Horst Seehofer, that had threatened the survival of her shaky 100-day-old coalition.

Looking relieved, Merkel -- who has been in power since 2005 -- hailed a "very good compromise" that would "control" new arrivals of migrants and asylum seekers while upholding EU cooperation and values.

Foreign Minister Karin Kneissl expressed anger Vienna "was not consulted", in remarks quoted by Austrian media.

The Austrian reaction raised the spectre of a domino effect in Europe, with member states taking increasingly restrictive measures to shut out refugees.

"If Austria wants to introduce controls at the border, then that is its right," Italy's far-right Interior Minister Matteo Salvini said.

"We will do the same thing and we'll come out ahead because there are more people arriving here."

Under the pact both sides hailed as a victory, Merkel and Seehofer agreed to tighten border controls and set up closed "transit centres" on the Austrian frontier to allow the speedy processing of asylum seekers and the repatriation of those rejected.

They would either be sent back to EU countries that previously registered them or, in case arrival countries reject this, be sent back to Austria, pending a now questionable agreement with Vienna.

CSU general secretary Markus Blume called the hardening policy proposal the last building block "in a turn-around on asylum policy" after a mass influx brought over one million migrants and refugees.

The number of new arrivals has fallen dramatically over the last several months. The accord covers about one-quarter of them, with 18,000 already-registered people crossing the Germany

SHIPWRECK IN THE MEDITERRANEAN

63 feared drowned in new migrant tragedy

AFP, Tripoli

A new shipwreck off the Libyan coast has left 63 people missing in the latest disaster to hit migrants seeking to cross the Mediterranean.

The group are feared drowned after the inflatable boat they were on sank, a spokesman for Libya's navy General Ayoub Kacem told AFP, citing eyewitness accounts from survivors.

Kacem said that 41 people wearing life jackets were rescued. "The coast guards did not find bodies in the area," he said.

According to survivors, there were 104 people on board the vessel, which sank off Garaboulli, east of Tripoli.

In the last few months, this area has become the main point of departure for inflatable boats overloaded with migrants seeking to make the perilous crossing of the Mediterranean to Italy.

In addition to the 41 people rescued, a Libyan coastguard boat returned to Tripoli Monday with another 235 migrants, including 54 infants and 29 women, rescued in two other operations in the same area.

Including the latest shipwreck, some 170 migrants have gone missing in the Mediterranean between Friday and Sunday.

On Friday, three babies died off the coast of Libya while 100 people remained missing in another Mediterranean shipwreck. Just 16 were rescued, all young men, while the missing included two babies and three children under the age of 12.

More than 1,000 people have died in the Mediterranean so far this year, according to IMO figures.

NEWS IN brief

Blast at Pak party office injures 10

AFP, Miranshah

A blast at the office of a Pakistani political party injured 10 people in the country's northwestern tribal belt yesterday, as the campaign for nationwide polls on July 25 picks up pace. The explosion occurred at the office of cricketer-turned-politician Imran Khan's Pakistan Tehreek-e-Insaf (PTI), which is one of the main challengers to the incumbent Pakistan Muslim League-Nawaz (PML-N).

Israel cuts payments to prisoner families

AFP, Jerusalem

Israel's parliament has passed a law to freeze money transferred to the Palestinian Authority over its payments to the families of Palestinians jailed for attacks on Israelis. Israel collects around \$127 million a month in customs duties levied on goods destined for Palestinian markets that transit through Israeli ports and then transfers it to the Palestinian Authority.

Iraq begins manual recount of votes

REUTERS, Kirkuk

Iraqi authorities yesterday began recounting votes from May's disputed parliamentary election, officials said, a step towards forming a new government after weeks of delays. Parliament ordered a full recount last month after a government report concluded there were widespread violations. A panel of judges overseeing the recount later limited its scope, ruling that it would only cover suspect ballots flagged in formal complaints or official reports on fraud.

US WITHDRAWAL FROM IRAN NUKE DEAL

Rouhani threatens to disrupt oil shipments

President Hassan Rouhani yesterday appeared to threaten to disrupt oil shipments from neighbouring countries if Washington presses ahead with its goal of forcing all countries to stop buying Iranian oil.

The comments, published on Iran's presidential website and partially repeated at a later news conference in Switzerland, could be open to interpretation. However, when asked whether he intended to make a threat, Rouhani declined to provide a clarification.

Iranian officials in the past have threatened to block the Strait of Hormuz, a major oil shipping route, in retaliation for any hostile U.S. action against Iran.

"The Americans have claimed they want to completely stop Iran's oil exports. They don't understand the meaning of this state-

ment, because it has no meaning for Iranian oil not to be exported, while the region's oil is exported," the website, president.ir, quoted him as saying.

When asked at a news conference in Bern later yesterday whether those comments constituted a threat to interfere with the shipping of neighbouring countries, Rouhani said: "Assuming that Iran could become the only oil producer unable to export its oil is a wrong assumption ... The United States will never be able to cut Iran's oil revenues."

The United States pulled out of a multinational deal in May to lift sanctions against Iran in return for curbs to its nuclear programme. Washington has since told countries they must halt all imports of Iranian oil from Nov 4 or face US financial measures, with no exemptions.

Rouhani said the new US pressure would never succeed.



A migrant woman intercepted aboard a dinghy off the coast in the Strait of Gibraltar, reacts as she is led by Spanish police officers into a police bus after leaving a rescue boat after arriving at the port of Algeciras, southern Spain on Monday.

1MDB CORRUPTION SCANDAL

WHAT YOU NEED TO KNOW

Malaysia's extraordinary 1MDB corruption scandal allegedly saw billions stolen from the country's sovereign wealth fund and spent on everything from Hollywood films to handbags. Former Prime Minister Najib Razak was arrested Tuesday in the 1MDB graft probe set up by his successor, which has engulfed the ex-leader and his cronies since his shock loss at elections in May. Here is a look back at the saga:

WHAT IS 1MDB?

1Malaysia Development Berhad (1MDB) is a state investment fund which Najib launched in 2009 shortly after becoming prime minister. Its portfolio has included power plants and other energy assets in Malaysia and the Middle East, and real estate in Kuala Lumpur. The fund was closely overseen by Najib. Whistle-blowers say Low Taek Jho, or "Jho Low", a shadowy, jet-setting Malaysian financier close to Najib but who has no official positions, helped set up 1MDB and made key financial decisions. After the scandal erupted, Najib purged 1MDB critics from his government, curbed domestic investigations, enacted a tough new security law and generally lurched to the right. Analysts accused him of imperilling Malaysia's already fragile democracy to save his skin.

HOW DID THE SCANDAL EMERGE?

Concerns escalated in 2014 as 1MDB slid into an \$11 billion debt hole, and the intensifying public scrutiny led to a string of revelations concerning missing funds. The issue exploded in July 2015 when the Wall Street Journal published documents showing Najib received at least \$681 million in payments to his personal bank accounts. The US Justice Department has piled on the pressure by filing lawsuits to seize some \$1.7 billion in assets it said were purchased with stolen 1MDB money.

SOME KEY US ALLEGATIONS

US authorities allege that more than \$4.5 billion was stolen from 1MDB by high-level officials at the fund and their associates between 2009 and 2015. They said a figure it calls "Malaysian Official 1" knowingly received huge sums of 1MDB money. A Malaysian cabinet minister has since confirmed that official was Najib. Tens of millions of dollars in stolen money were used in 2012 by Najib's stepson Riza Aziz, an aspiring film producer, to fund the Hollywood film "The Wolf of Wall Street" starring Leonardo DiCaprio. Hundreds of millions were used, mainly by Riza and Low, to purchase high-end real estate in Beverly Hills, New York, and London, a Monet painting for \$35 million, a Van Gogh for \$5.5 million, a \$35 million Bombardier jet and a \$100 million stake in EMI Music Publishing. Low, who has been photographed partying with the likes of Paris Hilton and DiCaprio, allegedly used more than \$250 million in stolen cash from 1MDB to buy a 300-luxury yacht.

HAS ANYONE FACED JUSTICE?

Several private bankers have been jailed and banned from working in the financial industry in Singapore after being found guilty of charges related to the scandal. Singapore has also shut down the local operations of two Swiss-based banks involved in the scheme. JP Morgan Chase's Swiss unit was found to have committed serious breaches of anti-money laundering regulations in its dealings with 1MDB, according to the Swiss financial markets watchdog, but no fines or other sanctions were imposed. But so far no big fish have been hooked. In 2017 the Wall Street Journal reported that US authorities plan to file criminal charges against Low relating to wire fraud and money-laundering. Najib shut down domestic Malaysian investigations, denying wrongdoing and saying the scandal was concocted by his political enemies.

WHAT WILL HAPPEN TO NAJIB NOW?

Najib's dramatic election loss left him facing the possibility of prosecution and imprisonment. The election winner, 92-year-old Mahathir Mohamad, has pledged to investigate the scandal and try to recover stolen funds from 1MDB that have been sent abroad. Najib and his wife Rosmah Mansor, a deeply unpopular figure due to her reported love of luxury shopping trips and imperious manner, were barred from leaving the country soon after the election as speculation mounted the pair would flee the country.

Najib: from powerful PM to graft suspect

AFP, Kuala Lumpur

From prime minister of Malaysia two months ago to key suspect in a massive corruption scandal, Najib Razak's stunning fall from grace has been swift and hard.

Since his shock election defeat in May, Najib has faced a tightening noose as the new government headed by his former mentor Mahathir Mohamad ramped up investigations into allegations of graft and excess that have hung over him and his wife Rosmah Mansor for years.

The bland patrician son of one of Malaysia's founding fathers, Najib, 64, had been groomed for the prime minister's post from young.

When he took over in 2009, Najib initially presented himself as a reformer.

He made limited changes such as replacing security laws widely criticised as stifling dissent, offering a glimmer of hope for the end to repressive tactics by the on-invincible coalition that had held power for six decades.

But the UK-educated Najib was seen by many as an aloof elitist with little understanding of Malaysia's common citizenry, a perception accentuated by frequent tone-deaf gaffes and policies such as the 2015 introduction of a sales tax unpopular with the poor and now set to be eliminated.

Rosmah, meanwhile, was a constant lightning rod for critics due to her imperious manner and elaborately coiffed mane of hair, which she once complained cost her

1,200 ringgit (\$300) per house-call from stylists. Malaysia's minimum monthly wage at the time was 900 ringgit.

That and similar episodes caused her to be reviled in a multi-cultural country where most of the population are modest-living Muslims.

'Cash is king'

New Prime Minister Mahathir has said Najib told him in a private conversation in 2015 that "cash is king" in maintaining political support in Malaysia, a phrase that opponents have turned against Najib as a sign of his hubris and corruption.

Money and power seemed to work as a firewall against Najib through a scandal involving Malaysia's 2002 purchase of French submarines while he was defence minister, a deal brokered by a close associate of his.

Allegations later emerged of huge kickbacks to Malaysian officials to secure the deal, and the scandal was punctuated by the murder of a Mongolian woman, Altantuya Shaariibuu, who was involved in the negotiations.

Her body was blown up near Kuala Lumpur using military-grade explosives.

Two officers in a special unit that guarded Malaysian ministers were convicted of the killing, but suspicion that Najib and Rosmah were involved has hovered for years, with Najib at one point being forced to deny he had an affair with the 28-year-old Altantuya.

But the final straw was 1MDB, (1Malaysia Development Berhad), a fund Najib launched to promote economic development.

Soon after Najib won a second term in 2013, 1MDB slid into a massive debt hole and allegations surfaced that money was missing.

Public disgust with reports that began to emerge four years ago detailing the plundering of the sovereign wealth fund snowballed into the Mahathir-led electoral tsunami that now has Najib in police cross-hairs.

Billions of dollars are said to be missing in the scandal, nearly \$700 million of which was deposited into Najib's bank account alone.

A 2015 investigative report by the New York Times also alleged that millions of dollars were used to purchase jewellery for Rosmah.

In a speech last year, US Attorney General Jeff Sessions criticised those allegedly involved in the scandal, adding: "This is kleptocracy at its worst."

Najib steadfastly denied wrongdoing, while persecuting his accusers and shutting down media outlets that reported on the affair.



Episode shows importance of press freedom

Journalist who exposed 1MDB graft hails move

AGENCIES

Claire Rewcastle Brown, the London-based journalist who was among key personalities behind exposés on the 1MDB affair, said she was relieved to see the "most powerful in the country" brought to justice, following the arrest of former prime minister Najib Razak.

Claire, who was wanted by Malaysian police following reports on the troubled state firm published in her website Sarawak Report, said the whole 1MDB episode showed the importance of ensuring press freedom so that leaders are accountable for their actions.

"For three years as I tried to report the facts of this case and to present worrying information that deserved to be aired and properly investigated. I found myself hounded by the then authorities," Claire told FMT.

"The Malaysian people need an independent media and independent judiciary and police force and I am grateful this is being recognised in the many structural changes we presently see underway."

She said journalists can get things wrong, but they reap the consequences for mistakes in terms of reputation and can be sued for malicious errors.

"However, they should not be silenced or prosecuted as criminals in the way I was for challenging Najib over 1MDB."

Meanwhile, Swiss whistleblower Xavier Justo, who brought the 1MDB scandal into the global spotlight, is overjoyed to hear Najib's arrest. Justo added that the arrest marked a great day for Malaysia and for justice.

The former PetroSaudi International executive implicated PetroSaudi owner Tarek Obaid and its chief investment officer Patrick Mahony.

According to him, it will only be over for the Justo family when all the culprits are in jail. "It's not the end, but an extraordinary day to celebrate!" said Justo.

The Malaysian Anti-Corruption Commission (MACC) picked up Najib from his home in Taman Duta, Kuala Lumpur, this afternoon. He will be charged tomorrow.



A firefighting air tanker drops Foscheck fire retardant on a hillside ahead of the County Fire in Esparto, California on Monday. The fast moving County Fire, which started on Saturday afternoon, has scorched nearly 45,000 acres as it continues to burn through dry grass and brush. The fire is currently 3 percent contained and has not burned any homes.