

Report # 121

BUSINESS AND POLITICS IN THE MUSLIM WORLD

**Turkey, GCC, Iran, Central Asia, East Asia, South Asia, India, China, Japan &
Korea**

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Weekly Report from 22 May to 28 May 2010

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This report is based on the review of news items focusing on political, economic, social and geo-strategic developments in various regions namely; Turkey, GCC, Iran, Central Asia, East Asia, South Asia & India, Japan & Korea from 22 May to 28 May 2010 as have been collected by interns.

TURKEY

Political Front:

Turkish warplanes have carried out strikes against a group of terrorists seen moving toward the Turkish border.

Geo-strategic Front:

Turkish Foreign Minister has warned Israel to end blockade on Gaza. Kazakh President has urged Turkish business companies to invest in Kazakhstan. A passenger ship carrying 500 supporters and \$20 million worth of humanitarian supplies started its journey from Istanbul to Gaza this weekend in a show of solidarity with the Palestinian people and in a bid to break Israel's years-long siege of the Gaza Strip.

Economic Front:

Turkish businessmen have invested more than \$7 billion in Turkmenistan. In the meantime Kuwaiti government has invited Turkish contractors to participate in upcoming tenders for infrastructure projects totaling \$24 billion.

Social Front:

The students association WONDER has announced to provide opportunity to study in Vienna to the students of Imam-Hatip schools, who want to take headscarf. Besides that social inequality prevails as a major challenge in Turkey.

GCC

Geo-strategic Front:

GCC has extended support to the efforts of Turkey and Brazil to find a peaceful solution to Iran's nuclear standoff with the West. In the meantime it also emphasized the need to keep the Middle East - including Israel - free of nuclear and mass destructive weapons. German Chancellor has recently paid visit to Saudi Arabia and discussed ways to enhance economic cooperation with Saudi Arabia and other Gulf countries. She also asked King Abdullah to play his role in resolving Middle-East crisis as well as Iranian nuclear issue. South Korea and the United Arab Emirates (UAE) have signed a nuclear

regulatory pact to set safety guidelines for the building of commercial reactors in the Middle East. Sultan of Oman has paid visits to Qatar, Saudi Arabia and Egypt to discuss areas of further cooperation. While talking about a large number of Pakistani workers who have been serving in Oman; Pakistani minister has appreciated Oman's role in protecting the rights of foreign manpower and defending their interests.

Economic Front:

The GCC seems to be quite close to concluding the much-awaited Free Trade Agreement (FTA) with the European Union (EU). German Chancellor has expressed keenness to increase investments in Gulf countries.

Social Front:

According to Amnesty International, Saudi Arabia has made minor progress on its dismal human rights record. It further added that authorities have been using a wide range of repressive measures to suppress freedom of expression and other legitimate activities. Education Ministry in Oman has taken various measures to improve education standard in the country. Civil society has launched movement to curb violence against Bahraini women.

IRAN

Geo-strategic Front:

Iran, Brazil and Turkey have signed an accord for exchange of low-grade nuclear fuel. Russia has fully supported Iranian nuclear deal. Iran and Russia have discussed areas of energy cooperation. Meanwhile German Chancellor has called on Iran to "carefully consider" an international offer on its nuclear program. Iranian naval forces have detected a U.S. nuclear submarine in the Persian Gulf waters, amid growing concerns over the safety of one of the most important energy routes in the world.

Economic Front:

Iran has welcomed China to invest in the construction industry market. Iran and Syria have signed agreements to boost trade and cooperation in the spheres of banking, industry, technology, and energy. The latest statistical figures showed that despite the United States' growing pressure on European firms to cut trade with Tehran, EU countries have remained among the first ten large trade partners of the Islamic Republic.

Social Front:

U.S. translator Paul Sprachman claimed that the Iranian bestseller "Da" offers a true picture of Iranian women to the world.

CENTRAL ASIA

Political Front:

Kazakh President Nursultan Nazarbaev's nephew has been named the secretary of the country's main political party, Nur-Otan; i.e. Shining Fatherland. Kyrgyz Interim government has announced its plan to deprive the first president of independent Kyrgyzstan, Askar Akaev, of immunity from prosecution. About 100 protestors have demanded a detailed report on the interim government's activities for the last 45 days.

Kyrgyzstan's interim government has submitted a formal request to Interpol to assist in locating and arresting ousted President Bakiev. Turkish embassy has denied presence of Bakiev in Turkey.

Geo-strategic Front:

Azerbaijan and Russia have developed close ties in various areas. About 50 Tajik students and members of Kyrgyzstan's Tajik Association protested against the Uzbek Embassy to demand the full resumption of rail traffic between Uzbekistan and Tajikistan. Tajik-Uzbek dispute has disrupted NATO supplies to Afghanistan. Turkmen President held talks and signed inter-governmental agreements with Indian PM. The session of the Foreign Ministers Council of the Shanghai Cooperation Organization (SCO) member states was held in Tashkent on 22 May.

Economic Front:

Russia, Belarus and Kazakhstan have failed to reach agreement on some aspects of their joint customs union. In the meantime World Bank has approved \$1 billion in budget support for Kazakhstan to help the government implement its economic program. Last week gasoline prices in Tajikistan's capital raised by almost 15%. Ashgabat hosted the Turkmen-Kazakh business forum organized by the Chamber of Commerce and Industry of Turkmenistan and the National Agency for Export and Investment.

Social Front:

A regional leader of Tajikistan's Islamic Renaissance Party has been charged with human trafficking. The World Bank has approved a \$2mln grant for the project aimed at modernization of Tajikistan's education system. The prominent Uzbek sports journalist Khairulla Khamidov has been sentenced to six years in jail on charges of associating with a banned Islamic group.

EAST ASIA

Political front:

Senator Benigno Aquino III has been declared the country's next president after elections earlier this month. Meanwhile Macapagal Arroyo has expressed regret over her government's inability to resolve Mindanao issue by peaceful means despite the fact that her regime initiated peace process between Muslims of south and the government. Thai PM has adopted a two way policy vis-à-vis Red-Shirt protestors. On one hand he has called for reconciliation while on the other hand he has ordered to detain key leaders of the anti-regime party. This would probably lead to further instability and chaos in the country. At the same time he also denied likelihood of holding elections this year.

Geo-strategic Front:

The US State Department, on its website, has announced that President Obama would pay visit to Indonesia on 14 June; However Indonesian officials haven't confirmed the news so far. Malaysian Defense Industry has expressed interest in building military cooperation with their American counterparts.

Economic Front:

The World Bank has approved its first ever development policy loan, i.e. US \$ 200 dedicated to climate change mitigation and adaptation in Indonesia. A Minister in the PM's department has asked the government of Malaysia to cut subsidies on areas such as fuel and food in order to avoid a debt crisis in the next 10 years. Member countries of GCC have expressed interest in Malaysian markets in terms of future investment. In this regard, Qatar Investment Authority has committed a US\$5 billion investment in Malaysia. Unstable political situation has adversely affected Thai economy. According to various reports recent situation in Thailand could deduct her GDP by 1.4 to 1.6% this year. The Philippine economy accelerated in the first quarter, underpinned by a rebound in exports and election-related spending. Meanwhile Gross domestic product rose by 3%. Lastly, a recently conducted annual survey has placed Singapore and Hong Kong among the world's most competitive economies.

Social Front:

Authorities in an Islamic district of Indonesia's Aceh province have distributed 20,000 long skirts and prohibited shops from selling tight dresses as a regulation banning Muslim women from wearing revealing clothing took effect. The head of the government's peace panel has asked the Moro Islamic Liberation Front (MILF) to be more patient with the peace talks. Journalists, workers, students, professionals, business and church leaders and civil- society groups have started a series of mass-action in their vigorous final push for Congress to ratify the Freedom of Information (FOI) Act. A Thai court has issued an arrest warrant for ousted Prime Minister Thaksin Shinawatra on terrorism charges, accusing the fugitive former leader of fomenting two months of unrest in Bangkok that left 88 people dead.

SOUTH ASIA

Political Front:

Saidur Rahman, leader of the Jamaat-ul-Mujahideen Bangladesh (JMB), has been arrested in the Bangladeshi capital last week. The United States congratulated the Bangladesh Government on his arrest. The ruling Maldivian Democratic Party has terminated the coalition agreement with the Gaumee Iththihaad Party (GIP) of the Vice President – the latest move in an ongoing clash between President Nasheed and Vice President Dr.Mohamed Waheed. Constitutional crisis has led to political deadlock in Nepal that ultimately compelled PM to bow down in front of Maoists as he has agreed to resign within 24 hours. Prior to that PM held closed door meeting with Maoist leader in order to settle ongoing crisis in the country. Sri Lanka's government has stepped up diplomatic pressure against UN attempts to investigate its conduct in the war against Tamil Tiger rebels. Meanwhile Sri Lankan President has rejected demands from the global community for an independent probe into the alleged human rights violations during the last phase of the civil war.

Geo-strategic Front:

Bangladesh and Russia would soon finalize a deal on the first nuclear power plants in the energy-starved South Asian nation. South Korea has announced to provide \$ 200 million

soft loan for Bangladesh over three years. Kosovo has thanked Maldives for being one of the first countries to recognize her.

Economic Front:

Bangladesh has claimed that its economy has observed slowest pace during last seven years because of global economic downturn as well as droughts and floods in the country.

Social Front:

Amnesty International has claimed that human rights situation in Nepal has further deteriorated. Ahead of Sri Lankan President's visit to India next month, hundreds of protesters took to the streets against a proposed comprehensive bilateral trade pact, claiming it would benefit the neighboring country at the expense of domestic industry. United Nations agencies have announced to provide assistance to the Government of Sri Lanka in giving relief to over 600,000 people affected by the heavy flooding brought on by torrential pre-monsoon rains.

INDIA

Political Front:

While holding first press conference as executive head of UPA's second tenure in government, Pm Man Mohan Singh dismissed notions of any gaps in his equation with Congress president Sonia Gandhi, saying they met every week to discuss major issues.

79 persons have been killed and nearly 150 people got injured in a train crash in West Bengal. The West Bengal government has suspected the involvement of Maoists in accident.

A survey carried out across both Jammu and Kashmir and Pakistan-occupied Kashmir, shows that only 2% of the respondents on the Indian side favor joining Pakistan. Most of the respondents on both sides opted for independence however 58% expressed acceptability for LON as permanent border but with more liberty of mobilization.

Regional Front:

The movement for a separate state of Gorkhaland in the Darjeeling hills took an ugly turn when Madan Tamang, the outspoken veteran who headed the All India Gorkha League (AIGL), was hacked to death, allegedly by cadres of the rival Gorkha Janmukti Morcha (GJM). The killing of Tamang shut down Darjeeling and police contingents were back on the streets after months.

Geo-strategic Front:

India's complaint against the European Union on the unjust seizure of cheap generic drug consignments meant for Latin America and African nations has received a boost, with the World Health Organization. India and Turkmenistan have discussed energy cooperation and signed several agreements signaling the desire of both countries to strengthen bilateral ties. In a sign of continuing interest in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, New Delhi has offered to host a technical meeting of experts under the aegis of the Asian Development Bank. Canadian high commission's allegation that Indian security agencies are involved in human rights violation that's why they

denied visa to security personnel provoked Indian government hence India has demanded apology from Canada.

Economic Front:

Bilateral growth between India and Turkmenistan has been increasing at constant pace. In the meantime the Indo-Indonesian joint study group has recommended discussions for negotiating a pact that could increase bilateral trade to \$20 billion by 2020. For the fifth consecutive year, Gujarat has registered the highest cotton production in the country.

Social Front:

The Supreme Court of India has said in a verdict that it is the fundamental right of minorities to establish educational institutions without the government imposing any unreasonable restrictions.

Regional Front:

Fresh clashes have been witnessed between members of two communities in Shahpur in which one woman was injured.

CHINA

Political Front:

Political analysts have claimed that holding high-level talks between European political parties and the Communist Party of China (CPC) had helped the CPC's understanding of the continent's political systems. Chinese President has called for the creation of a more competitive and innovative workforce in the country.

Geo-strategic Front:

Chinese Minister of Commerce has called for close communication and coordination among China, South Korea and Japan to further strengthen three-way economic and trade cooperation. All the while Chinese President has called for closer China-U.S. coordination on regional hot-spot and global issues. Despite various areas of confrontation China-US ties seem to be back on track as round of talks has recently started between Chinese President and the US officials. Chances of improvement in Indo-Sino ties have also emerged as Indian President has recently paid visit to China. Besides all that constant growth in Chinese ties with Pakistan, Latvia, Egypt, Canada, Mexico, Turkmenistan, Turkey, Sweden, Ireland, Finland, Denmark and Kazakhstan. China has urged that various issues like that of Iran, Darfur and North-South Korea should be resolved soon.

Economic Front:

Economists have claimed that the macroeconomic control policies adopted by the Chinese government since mid-2008 have been proven successful. China has pledged to push ahead with currency reforms but only at its own pace, and pressed for an end to US curbs on high-tech exports. Fast growth of India's automobile sector has captured the investment interests of the Chinese auto industry. Chinese GDP is expected to exceed 11 percent this year. The Chinese government has cut taxes on rural financing to back development of rural finance and lending to farmers.

Social Front:

China's top political advisor has called for more efforts from political advisors for the development and stability in Xinjiang and Tibet. China and the United States have signed agreements on climate change, energy and healthcare on the sidelines of the Strategic and Economic Dialogues. Police in Beijing has launched a crackdown on drugs, gambling and prostitution.

HONG KONG & MACAU

Hong Kong's Department of Health and the Chinese Mainland's State Food and Drug Administration have signed an agreement to enhance cooperation and communication on the control of drugs and medical devices. Hong Kong's total exports and imports value showed significant year-on-year increases in April, at 21.7 percent and 28.8 percent respectively. Increase in HK stock exchange has been observed.

Macao's unemployment rate for the period of February to April this year stood at three percent

JAPAN

Political Front:

Japanese Prime Minister has fired a Cabinet minister for opposing a U.S. military accord, risking a rupture in the ruling coalition two months before an election that would help determine his legislative agenda.

Geo-strategic Front:

Japan and the US have agreed on a fresh pact that effectively states that U.S. Marine Corps Air Station Futenma in Okinawa will be relocated to the coast of the Henoko district of Nago. The PM of Japan has ordered the Cabinet to study additional sanctions against North Korea to punish the hermit state over its sinking of a South Korean warship in March.

Economic Front:

Japan's net foreign assets grew in 2009 to a record ¥266.22 trillion at the end of the year as investments in stocks and bonds abroad expanded and the yen's weakening helped increase the value of overseas investments. Japan has tightened controls on sending money to North Korea and authorized the Coast Guard to search the communist regime's ships in response to the deadly attack on a South Korean naval vessel.

Social Front:

A Maritime Self-Defense Force vessel left port to become the first Japanese ship to join an annual U.S. Navy-led medical aid program in the Asia-Pacific region.

KOREA

Geo-strategic Front:

The United Arab Emirates has agreed to buy K11 rifles from South Korea, becoming the first export customer for the weapon. North Korea has warned to break ties with South Korea over their allegations regarding ship issue. Chinese President has recently paid two

days visit to South Korea in order to discuss trade related issues. UN has alleged North Korean companies for exporting nuclear technology to various countries.

Economic Front:

South Korean manufacturers' confidence held near a seven-year high as the nation's economic growth accelerates.

Social Front:

Japan and South Korea agreed to exchange information on a proposed emissions-trading mechanism. South Korea has been well-known as the world's most wired and Internet-friendly nation, with nearly all businesses and households linked to high-speed broadband networks. Meanwhile smoking at public places has been banned in Korea.