

**Report # 124**  
**BUSINESS AND POLITICS IN THE MUSLIM WORLD**  
**Turkey, Iran, Central Asia, East Asia, South Asia, India, China, Japan & Korea**

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**Weekly Report from 12 June to 18 June 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 12 June to 18 June 2010 as have been collected by interns.

## **TURKEY**

### **Political Front:**

A civilian woman got killed and 11 soldiers got wounded in an attack made by Kurdistan Worker's Party terrorists groups on Turkish military in southern and eastern Turkey.

### **Geo-strategic Front:**

Turkey cancelled three military exercises with Israel after Flotilla incident due to Israel's refusal to apologize for the killings or pay compensation. Turkey has also prepared a roadmap to cut off all ties with Israel. Meanwhile Turkey has expressed an absolute lack of confidence in a commission set up by Israel to probe the deadly raid on Gaza-bound aid ships. Turkey and Iraq have signed a preliminary agreement extending to 15 years the period of the accord on transport of Iraqi oil from Kirkuk-Ceyhan oil pipeline. Turkey has announced to assist Kyrgyzstan in these difficult times. Lastly, Turkey has the second largest absolute increase in military spending compared to other European countries.

### **Economic Front:**

Despite a small contraction of tourists from Israel, large numbers of people have been coming from Arab countries helping Turkish tourist industry to flourish. Turkey has resumed economic ties with Ukraine. Unemployment rate in Turkey has remarkably dropped. The 2010 World Cup has increased the turnover of Turkey's ready-wear clothing industry up to 15 percent.

### **Social Front:**

Drug trafficking has increased in Turkey.

## **CENTRAL ASIA**

### **Political Front:**

Residents of villages in central Azerbaijan still flooded from last month's heavy rains have been asking for help from the government to lower the water level. An Almaty court has ruled out accusations of embezzlement against a son-in-law of Kazakh President Nursultan Nazarbaev. Kazakhstan's state media outlets have printed the text of a law giving President Nursultan Nazarbaev special powers for life. President has neither

signed the law nor has he vetoed it so far. Exiled former Kyrgyz president Bakiev has denied any involvement in a wave of ethnic violence in the south of Kyrgyzstan that has killed at least 124 people. Former Russian Foreign Minister has asked regional security organization to send peacekeeping troops to intervene in the ethnic conflict in Kyrgyzstan. CSTO however showed reluctance in sending peacekeeping troops to Kyrgyzstan. The United Nations has urged Kyrgyzstan to take “swift and decisive action” to end indiscriminate ethnic killing and to protect people in the southern part of the country near the border with Uzbekistan.

### **Geo-strategic Front:**

British humanitarian organization has cleared land mines from Nagorno-Karabakh. The OSCE has announced to monitor line of contact between Azerbaijan and Armenia. The Azerbaijani Defense Minister discussed cooperation with the NATO Secretary General's special representative Robert Simmons. Azerbaijani and Russian border guards have conducted joint exercises in the Caspian Sea. Russia and Kazakhstan have made plan to sign agreements on cooperation in space and nuclear energy during the Eurasian Economic Community (EurAsEC) summit in Astana. Kazakhstan has signed energy deal with China. A Pakistani air force plane has brought some 130 Pakistani nationals back to their home country from the embattled Kyrgyz city of Osh. Belarus has officially refused to extradite former Kyrgyz President Bakiev. The Tajik Foreign Ministry has rejected allegations that people from Tajikistan have been involved in the ethnic unrest in Kyrgyzstan. EU has expressed concern regarding ongoing violence in Kyrgyzstan. The Uzbek state railroad company has sent a letter to Tajik authorities notifying them that it wants to close a 44-kilometer stretch of railroad connecting the two countries. Tajikistan has sent humanitarian aid to Kyrgyzstan. The first round of the bilateral Turkmen-American political consultations started in Ashgabat on June 14. President of Uzbekistan held telephone talks with the US Secretary of State and the UN General Secretary.

### **Economic Front:**

Ukraine has announced plan to purchase nearly 5 billion cubic meters of Azerbaijani gas. Turkmenistan and Iran have signed agreement for additional gas supplies.

### **Social Front:**

At least 56 houses have been damaged by floods in Kazakhstan. About 60 percent of the nearly 250,000 citizens of the southern Kyrgyz city of Osh have left the city since ethnic clashes began.

## **IRAN**

### **Geo-strategic Front:**

Iran denounced the June 9 UN Security Council resolutions by claiming that it was issued based on “false accusation” and contrary to global community expectations. Brazil has also blamed the US and other mega powers for imposing sanctions against Iran without taking into consideration the opinion of emerging powers. Meanwhile Russian President also condemned US for imposing sanctions against Iran and declared negotiations to be the only way to resolve this issue. U.S. intelligence has shown that Iran could launch an attack against Europe with "scores or hundreds" of missiles, prompting major changes to

U.S. missile defenses. Iranian Majilis Speaker has warned EU not to adopt hostile stance against Iran as it would adversely affect European firms. Iran has called on Geneva Disarmament Conference to begin serious disarmament talks, asking for devising a chronological plan for total global nuclear disarmament. Iran claimed that sanctions would lead youth towards self-sufficiency.

**Economic Front:**

Iran has announced to increase gas imports from Turkmenistan to 40 million cubic meters. Iran's oil exports to different world countries have reached 2.3 million barrels per day and the country exported more than 844 million barrels of oil in the last Iranian year. Russia is the main trade partner of Iranian Northern provinces with 900 million dollars worth of goods exported to the country every year from these provinces. Pakistan's businessmen have welcomed the finalization of 7.5 billion dollars Iran-Pakistan (IP) gas pipeline project according to which Iran would start supplying gas to Pakistan from 2014.

**Social Front:**

Iranian intelligence ministry announced that its forces have disbanded two teams affiliated to the anti-Iran terrorist Mujahideen-e Khalq Organization (MKO) before they could stage their planned sabotage and terrorist operations in the capital city of Tehran.

**EAST ASIA**

**Political Front:**

Various analyses indicate that after 2008 elections popularity of PAS has remarkably grown among non-Malay voters. The recent digital balloting in the Philippines has made the country a role model in the world on automating elections. A senior Thai official has stated that

**Geo-strategic Front:**

The Indonesian government denied claims of establishing nuclear power facilities as a substitute to fossil fuels used to generate electricity over the next five years.

**Economic Front:**

Indonesia expects a six percent rise in its milled rice harvest this year, leading to a two million tones surplus, and aims to attract Gulf Arab investors to develop “sleeping land”. The Export-Import Bank of the United States (Ex-Im Bank) announced that it has given initial approval to 11 banks in Indonesia to receive financing as part of the banking facilities amounting to US\$1 billion to support US exports to Indonesia. Indonesia has removed double taxation on Islamic finance transactions to give the industry a level playing field with conventional banking. The number of jobless Filipinos hit a two-year high in April despite the better-than-expected economic growth in the first quarter. The Philippines has raised this year’s gross domestic product growth target to a range of 5 percent to 6 percent while keeping the deficit-to-GDP ratio at 3.6 percent. A delegation of Chinese businessmen met with Cambodian business people for investment opportunities and local business partners, aimed at strengthening trade cooperation between the two countries. Thailand’s exports rose the most since July 2008 as the global recovery boosted orders, helping to offset the economic fallout from the political unrest in April

and May. Vietnamese government inked a deal to boost the country's infrastructure growth via US\$500 million in American funds set aside for the purchase of US goods and services.

### **Social Front:**

Indonesian government has blamed Iranian smugglers for their involvement in drug trafficking. Meanwhile police has arrested many Iranian smugglers as well. Corruption still persists as major challenge being faced by Thai government. An independent United Nations expert has urged Cambodian authorities to strengthen the country's judiciary and improve human rights. Tourists have been banned from a misty, picturesque island in a crater lake south of Manila because volcanic activity detected there could precede an eruption.

## **SOUTH ASIA**

### **Political Front:**

Bangladesh's ruling Awami League party suffered an unexpected blow when an opposition candidate won a crucial mayoral election in the port city of Chittagong. Sri Lanka's top defense official challenged international rights groups to produce evidence of war crimes allegedly committed in the final months of the country's civil war.

### **Geo-strategic Front:**

Chinese Vice President has recently paid visit to Bangladesh and held meetings with key political leaders of the country. Bangladesh and China have made a plan to construct a road link via Myanmar to boost connectivity between the two nations as they seek to deepen bilateral relationship, including space cooperation. The US Congressman has expressed interest in enhancing cooperation with Bangladesh. India's Border Security Force (BSF) has rejected a meeting with the Bangladesh Rifles (BDR) at the commandant level over the recent firing along the India-Bangladesh in southern Meghalaya, instead demanding a meeting at the sector commandant level. Indian border guards have asked their Bangladeshi counterparts to maintain status quo in "areas of adverse possession" until a solution is found to boundary dispute between the two countries. Sri Lanka showed off its military hardware during a victory parade to celebrate the first anniversary of the defeat of Tamil Tiger rebels, amid growing criticism over alleged rights abuses in the last phase of the quarter-century civil war. Srilankan President has recently paid visit to India.

### **Economic Front:**

The export-oriented garment industries and manpower export have been regarded as the two main pillars of strength of Bangladesh economy. The Asian Development Bank (ADB) has approved \$72 million, which includes \$ 60.4 million loan and \$12.1 million in grants, to Nepal for programs aimed at providing access to poor and isolated rural communities to credit and financial services. Nepali stock exchange has remarkably grown from mid-May to mid-June. Work on a controversial high dam by India and Nepal in collaboration continued under tight security in eastern Nepal even as the opposition Maoist party intensified its protests against the mega power project, calling it 'anti-people'.

### **Social Front:**

Myanmar floods and landslides triggered by incessant monsoon rains in Myanmar and Bangladesh have killed more than 100 people.

## **INDIA**

### **Political Front:**

Indian National Congress has decided that the government, not the party, would have to clarify on the various aspects of the Bhopal gas Tragedy case, as the facts lie only with the government. Left wing has failed to hold trust of Muslim community as it hasn't been able to implement recommendations made by Sachar Report for the betterment of Muslims in the region. Keeping this in mind a Senior leader of Communist Party of India claimed that his party should be restructured and be brought closer to people in order to play significant role in Indian politics. He further regretted that despite several years at the helm in West Bengal, apart from a few initiatives such as land reforms and the strengthening of the Panchayat Raj system, the Left had not been able to reflect an alternative line. All the while the Bharatiya Janata Party (BJP) launched a broadside against the United Progressive Alliance government over the Civil Nuclear Liability Bill and accused it of working for U.S. interests.

India has strongly protested the inclusion of Naxal issue under the realm of an "armed conflict" in a UN report that deals with 'Children and armed conflicts' saying the violence being perpetrated by these groups does not make it a zone of armed conflict as defined by international law.

### **Geo-strategic Front:**

India has conveyed its concerns to US for Pak-China nuclear cooperation. After failing to persuade Pakistan to resolve the Kishenganga hydel project dispute at the government level, India has named a judge of the Geneva-based International Court of Justice Peter Tomka and a Swiss international law expert Lucius Caflisch to represent it. India's greatest effort would go into ensuring that Pakistan should not get a veto on forthcoming water projects in India. India has successfully test-fired its nuclear-capable, ballistic missile Prithvi-II from a launch complex of the Integrated Test Range (ITR).

### **Economic Front:**

ADB has projected an 8.2 per cent growth and for 2011 the projection is 8.7 per cent for India. ADB also claimed that India would easily combat the impact of Euro-zone crisis as India's exports to the European Union as a percentage of GDP (gross domestic product) was only 3.4 per cent. Despite remarkable increase in Bombay Stock exchange this month, overall stock shares remained fluctuating. The inflation rate surged into double digits as it touched 10.16 per cent in May, the highest in the last 19 months.

### **Social Front:**

Britain has launched an inquiry into reports that millions of pounds of aid for education has disappeared into the depths of corruption without any benefit to the poor children the aid was intended for. According to 2010 Trafficking in Persons Report (TIP) compiled by the United States State Department, India has been ranked among those countries whose

governments do not fully comply with the Trafficking Victims Protection Act's (TVPA) minimum standards.

## **AFGHANISTAN**

### **Political Front:**

The independent election commission has launched a two-month voters' registration process for the upcoming parliamentary election, scheduled for September 18. President Hamid Karzai said foreign troops would play a supporting role in the upcoming Kandahar operation to uproot Taliban movement. President Hamid Karzai has agreed to form a peace council that would mediate between his government and the Taliban. Baghlan provincial council members have warned of falling all the districts into the hands of Taliban, who have already got control of almost 11 districts in the Northern Province. Acting Interior Minister has declared nine out of Afghanistan's 364 districts to be safe, with the rest under some degree of security threat.

### **Geo-strategic Front:**

Poland has asked NATO to plan an operation to withdraw troops from Afghanistan. The Turkish Armed Forces has donated more than \$3 million in weapons and equipment to the Afghan National Army.

### **Economic Front:**

Afghanistan has decided to invite 200 international companies to bid for the extraction of its \$1 trillion worth of minerals. According to a US survey Afghanistan's untapped mineral wealth is worth at least \$3 trillion. The Afghan government has started looking at India and China to help it in sustainable use of its vast natural resources, which is estimated to be worth \$1 trillion. Afghan President has also invited Japan to invest in mines.

### **Social Front:**

More than 5,900 Afghan children were smuggled into Europe last year, with most of them escaping their homeland due to worsening living conditions. People from different walks of life at a gathering in central capital demanded an immediate action against foreign aid groups allegedly involved in proselytizing activities.

## **CHINA**

### **Political Front:**

The China's Cabinet has announced the appointments of a host of new high-level officials. Chinese Premier has called for improving the urban living conditions for migrant workers who left their rural hometowns and are significantly contributing to the country's urbanization.

### **Geo-strategic Front:**

Chinese President has paid visit to Central Asia in order to boost ties with the Republics. China has pledged to enhance military relations with Zimbabwe. Meanwhile Chinese growing ties with Ireland, Lithuania, Bangladesh, Laos, Mozambique, New Zealand, Australia, Austria and Mongolia also remained significant. China has strongly opposed a

declaration issued by the European Union on a Chinese human rights case. North Korea has paid thousands of dollars in compensation to the relatives of three Chinese nationals shot dead by its border guards this month. A noted U.S. foreign policy expert said that China and the United States should open more channels of communication to solve problems facing the two countries. In response to US concern regarding Chinese offer to sign a nuclear deal with Pakistan; Chinese officials declared it to be a peaceful nuclear deal.

### **Economic Front:**

The China National Petroleum Corporation (CNPC) has signed an agreement with the Kazakh gas company Kaz Munay Gas to jointly build the second phase of a gas pipeline in a bid to tap gas reserves in southern Kazakhstan. Chinese export growth remained faster than expected. China has diversified its methods of importing energy from neighbor countries in Central Asia. China has urged the United States political figures to stop blaming others for U.S. economic problems and to solve the problems themselves. The Chinese Communist party called on employers to raise salaries and improve training for workers, as Toyota became the latest foreign firm to be hit by a wave of high-profile strikes. Prices of farm produce and producer goods in China's 36 large and medium-sized cities have remarkably dropped. Chinese entrepreneurs' confidence about the macro economy has lowered in the second quarter than the first, on concerns of rising production costs and shrinking demand. China's central bank has moved to head off resurgent international criticism of its currency policies with a pledge to make its tightly-controlled exchange rate more flexible. Foreign trade in economically-developed Jiangsu Province in eastern China totaled 174.29 billion U.S. dollars in the first five months of the year, a 50 percent year-on-year increase.

### **Social Front:**

A senior Chinese publicity official has urged the government to mobilize the public to boost the development of the nation's cultural industries. China's top auditor has pledged to strengthen environmental audits in a bid to achieve sustainable economic and social development. The Chinese government is to continue a project -- sending computers to the country's western rural areas in a bid to close the digital divide. Representatives of U.S. fast-food chain KFC in northeast China's Shenyang City has signed the company's first collective labor contract on the Chinese mainland, agreeing to raise workers' wages and meeting the demands of a local trade union.

## **JAPAN**

### **Political front:**

Public support for the Cabinet of Prime Minister Naoto Kan hit 64.8 percent, rising 3.3 percentage points from the previous survey conducted right after its launch. Japan will hold an upper house election on July 11, the outcome of which could determine how smoothly the ruling Democrats can forge ahead with plans to raise the sales tax and cut huge public debt. Taliban rebels have demanded that the Afghan government pay a ransom for a Japanese journalist who was believed taken captive in late March in northern Afghanistan.

**Economic Front:**

Saudi Arabia's state-run oil giant has agreed in principle with Japan to store 3.8 million barrels of oil in the Asian nation by the end of the year. Japan's crude steel output rose 50.2 percent in May from a year earlier to 9.73 million tones. Japan's finance ministry has welcomed China's announcement on foreign exchange reform and its strengthening of a more flexible Yuan.

**Social Front:**

Police has arrested a Japanese man suspected to be the ringleader of a group that has helped hundreds of Thais enter Japan illegally. The administration has decided to cover the cost of all measures to tackle foot-and-mouth disease among livestock in Miyazaki Prefecture under a special law.

**KOREA**

**Political Front:**

Lawmakers of the governing Grand National Party (GNP) have urged law-enforcement authorities to seek legal punishment on a civic group that sent a letter to the U.N. Security Council (UNSC). President Lee Myung-bak called on the military to have an open mind in working together with the civilian sector to find ways to improve its defense capabilities.

**Geo-strategic Front:**

The top diplomats of Korea and India have agreed to start working-level talks that would ultimately pave the way for signing a nuclear energy treaty. South Korea and Turkey have agreed to boost ties. South Korea and the United States have agreed to stage joint naval drills later this month in waters off the South's west coast in a show of force against North Korea's torpedo attack on a Seoul warship.

**Social Front:**

Korea launched a global think tank tasked to promote green growth and tackle climate change.