

Report # 129
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Iran, Afghanistan, South Asia, East Asia, China, Korea & Japan
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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, Afghanistan, South Asia, East Asia, China, Korea and Japan from 17th July to 23rd July 2010 as have been collected by interns.

TURKEY

Political Front:

Turkey's main opposition party has made plan to apply to the Constitutional Court for a partial annulment of two bills signed on May 12 between Russia and Turkey on the establishment of a nuclear power plant.

Geo-strategic Front:

Greek Prime Minister has urged Turkey and the Turkish Cypriots to "seriously study" the new package of proposals put forward by Greek Cypriot President. Turkish and Turkish Cypriot authorities have signed a \$450 million agreement to transport 75 million cubic meters of water from Turkey to the Turkish Republic of Northern Cyprus (KKTC) annually. Turkish President has paid two-day visit to Egypt at the invitation of his Egyptian counterpart. The Turkish and Egyptian presidents held bilateral talks on a number of issues, including the Middle East peace process and Turkish-Egyptian relations. Turkey has launched its second reconstruction team in Afghanistan. Syrian President has reaffirmed Turkey's role as mediator with Israel.

Economic Front:

Turkey and the Nakhchivan Autonomous Republic have signed an agreement on the construction of a natural gas pipeline.

Social Front:

Six people from the same family got killed when flood waters swept away their house in the eastern province of Erzurum.

EAST ASIA

Political Front:

Thai PM has indicated that the emergency decree would be lifted next week in provinces where there are no longer serious security concerns. An election for a parliamentary member has brought Thai citizens to voting booths for the first major vote after violent clashes shook the capital in May. The election, though for just a single seat in Parliament and only covering part of the capital, has been regarded as a new chapter in Thailand's political feuds. Philippine President said that political connections would no longer be the route to promotion in the nation's coup-prone army, as he named a decorated general as the new head of ground forces. Despite making several top military appointments since

taking office three weeks ago, Aquino said he had ended political patronage as part of his government's efforts to restore trust and confidence in the military.

Geo-strategic Front:

Indonesia and the United States have prepared for establishing comprehensive partnership on defense. Pakistan Defense Minister has offered his Indonesian counterpart the latest jet fighter called the JF-17 during his visit to Jakarta. American soldiers would remain in the southern Philippines to help the local military in their fight against Muslim extremists. About 500 US Special Forces troops have trained Filipino soldiers in Mindanao to combat militants from the al-Qaeda-linked Abu Sayyaf group, which the United States lists as a terrorist organization. A senior U.S. State Department official visiting Cambodia has defended U.S. support for Cambodia's military. Thailand and Cambodia have descended into a loud political feud about Bangkok's 2006 coup, and Thailand's current threat to demand the extradition of its fugitive former Prime Minister Thaksin Shinawatra.

Economic Front:

Indonesia has predicted that its economic growth would accelerate to 5.9 percent this year, higher than assumption in the state budget, boosted by 6 percent growth in the second half. UK has been investing heavily in Malaysia. The Bank of Thailand has sharply revised upward its economic growth forecast for the year to 6.5-7.5 per cent.

Social Front:

Indonesia's top Islamic body has recently declared that Muslims can drink civet coffee — the world's most expensive coffee, which is extracted from the dung of civet cats. Malaysian Prime Minister has reiterated that a combined and cumulative effort from the public and private sector would ensure Malaysia's success towards achieving a high income economy. The death toll from a typhoon that struck the Philippines last week has risen to 111.

GCC

Geo-strategic Front:

UK has been pursuing various policies to enhance ties with the Gulf countries. The UAE has called for establishing an international independent body representing peoples of the world to act as a parliamentary arm of the United Nations (UN).

Economic Front:

The IMF warned that the challenges faced by the financial sectors of GCC nations would restrain growth in that region for the short-term, but is not expected to have long-term implications. The combined value of the 100 largest projects in the GCC region that have either completed or underway; have totaled over \$ 1.3 trillion. Kuwait's crude oil exports to China skyrocketed 139.7 percent in June from a year earlier to a record high of 1.26 million tons, equivalent to around 308,000 barrels per day (bpd), becoming China's sixth-biggest crude supplier. Kuwait's exports in the first half of 2010 reached 203,000 bpd, up 23.8 percent from the same period last year. Oman and Indonesia have been putting effort to further boost their economic ties.

Social Front:

The Board of Senior Ulema (religious scholars) has set up a new committee to regulate the publication of religious fatwa in a bid to prevent the haphazard issuing of fatwas by unauthorized scholars. The Grand Mufti has stated previously that fatwas should only be released by the official Permanent Committee which would stop any unauthorized or unqualified persons from issuing fatwas.

AFGHANISTAN

Political front:

Many NATO-led soldiers as well as Taliban have been killed in various clashes in different regions of Afghanistan. An Afghan soldier opened fire on his American trainers after an argument, killing two and injuring a third.

Geo-strategic Front:

Foreign ministers of Canada, Czech Republic, Russia and Turkey have extended support to the Afghan government's efforts for reconciliation with militants. Pakistan has expressed its willingness to train the nascent Afghan security forces. Chinese Foreign Minister has supported the channeling of 50 percent of foreign aid to the Afghan government.

Economic Front:

The European Commission has announced to donate 600 million euros to Afghanistan following this week's Kabul conference. The Asian Development Bank (ADB) has agreed to provide more grant funds to Afghanistan to support essential reconstruction projects and economic development. The United States of America (USA) and Afghanistan have signed an agreement, forgiving a \$108 million debt payable by the conflict-torn country. The mining industry would help increase the annual revenue of the government to more than a billion dollars over the next five years. Kabul and Islamabad have finalized a trade deal that would allow Afghanistan to export goods to India via Pakistan.

Social Front:

A recently released poll has indicated that most people in Taliban heartlands view foreign troops negatively and believe the Taliban should join the government. Another survey has revealed that 44 percent of Americans have disapproved President Barrack Obama's handling of the war in Afghanistan. Another survey by Integrity Watch Afghanistan (IWA) has indicated a sharp expansion in corruption in Afghan society. A number of civil society organizations have urged the government to approve a draft law they have drafted to enable all Afghans to get access to information regarding administrative corruption.

IRAN

Political Front:

Supreme Leader of the Islamic Revolution Ayatollah Syed Ali Khamenei has asked his nation and armed forces to observe preparedness to thwart possible military aggression on Iran. Vice-Speaker of the Iranian Parliament has stressed unity and solidarity among

the Iranian Shiite and Sunni Muslims. The Islamic Consultative Assembly has approved the bill on safeguarding the nuclear achievements to counter the US and UK plots in this regard.

Geo-strategic Front:

Iranian foreign Minister has given a proposal to resolve Afghan crisis during an international conference on Afghanistan. He declared presence of foreign troops in Afghanistan to be the main reason of instability in the region. All the while Iranian official denounced any chances of holding talks with the US representative on the side line of Afghan Conference. Iran also turned down an offer made by U.S. Senator John Kerry to talk because the U.S. Democrats proved inconsistency in word and action. German Chancellor has recently condemned Iran for lack of cooperation with IAEA over the issue of its nuclear program. Iran and Georgia have agreed to establish visa-free regime between the two countries. While talking about growing Iran-Iraq ties; Iraqi President claimed that no one could place barriers on expansion of Iran-Iraq cooperation. Iran has been paying attention to enhance collaboration with African countries. Despite leveling accusations against Tehran's nuclear program, Saudi Arabia's top diplomat has recently stated that Iran "deserves" to be treated as a leading force in the Middle East. Trade activities between Pakistan and Iran have been suspended after the latter closed the 'zero-point' in Taftan border because of the July 15 suicide attack in Zahedan, which led to the death of 20 people.

Economic Front:

Economic sanctions on Iran by the United States has also affected Pakistan's exports as all major banks have refused to conduct transactions with Iran. China has announced its readiness to cooperate in gasoline production projects in the country and to finance some oil refineries. The Islamic Republic of Iran has exported 104 million dollars of various Persian carpets during the first quarter of the current Iranian year. Head of Tajikistan's Customs Service has described Iran as a stable and trustworthy partner of his country in economic and trade ties and cooperation.

Social Front:

Islamic Republic of Iran ranks first in medicine production among regional countries.

SOUTH ASIA

Political Front:

Bangladesh has formed a 15-member parliamentary committee to amend the country's constitution in line with an earlier plan to restore the "spirit" of the post independence constitution of 1972. Awami League lawmaker has expressed positive hope that reverting to the original constitution of 1972 would lead to ban on the politics of Jamaat-e-Islami, the weapons and financial supplier and biggest patron of the banned Islamist outfit Jama'atul Mujahideen Bangladesh (JMB). In Nepal, the Parliament has decided to go for a third round of election to elect a new Prime Minister. Nepal's failure to elect a Prime Minister has been seen as a setback to the Maoists, who had paralyzed the country earlier this year by organizing strikes and blockades to force the resignation of former Prime Minister Madhav Kumar Nepal.

Geo-strategic Front:

India and Bangladesh have finalized 14 infrastructure projects, including those that would enhance connectivity between the two countries, which will be implemented with an Indian loan of \$1 billion. Bangladesh has sought Japanese assistance in the construction of the Padma Bridge as well as power sector and disaster management. The United States has pressed Sri Lanka to improve human rights and media freedoms amid charges that security forces committed war crimes during the last days of the island's civil war.

Economic Front:

Nepal has expressed keenness to sign Free Trade Agreement (FTA) with Pakistan in the next meeting of Joint Economic Commission (JEC). Sri Lanka has produced nearly 30 percent more tea in the first half of the year and is on track for a record crop.

Social Front:

Hundreds of protesting garment workers blocked streets in Bangladesh's capital Dhaka after a female worker was found dead, having apparently fallen off a factory roof. Bangladesh has added 13.29mn new cell phone subscribers during July 2009-June 2010, taking the total number of users to 59.98mn. Bangladesh's prime minister has blamed the garment industry, a mainstay of the impoverished country's economy, for paying inhumanly low wages — a burning issue that has fueled unrest and crippled production. Heavy rains have caused floods in various parts of Nepal leaving many people injured or missing.

CHINA

Political Front:

Chinese Vice President has pledged to step up exchanges and cooperation between the Communist Party of China (CPC) and other Asian political parties. The Communist Party of China (CPC)'s discipline watchdog has ordered state-owned enterprises (SOEs) to improve their collective decision-making mechanisms to curb corruption and financial risk.

Geo-strategic Front:

Chinese growing relations with Africa, Senegal, Switzerland, Italy, France, Angola, Thailand, Laos and ASEAN grabbed attention. Japan has also emphasized on the need to boost ties with China. Meanwhile Chinese Foreign Minister held meeting with the US Secretary of State. During meeting Hillary Clinton opposed Chinese nuclear reactor sale to Pakistan.

Economic Front:

Hong Kong-based Morgan Stanley's chief Asia economist has expressed optimism about China's economic outlook and claimed that Chinese economy was expected to expand by more than 10 percent this year. Effective economic management by the government has helped China to grow faster and to overcome the impacts of global economic crisis. China and India replaced long- standing Western suppliers of goods to the United Arab

Emirates (UAE) to become the dominant exporters to the Gulf nation. China's property market has seen soaring investment from foreign institutional investors.

Social Front:

Chinese President has urged greater efforts to reform the nation's cultural system to boost China's "soft power." A senior Chinese official has called for more social and economic development in the nation's Tibetan-inhabited regions to improve people's livelihoods.

KOREA

Geo-strategic Front:

The U.S.-led U.N. Command (UNC) and North Korea's military ended their third round of working-level talks without tangible results. In the meantime the United States announced new sanctions against North Korea, targeted against its leadership, and warned of serious consequences if it again attacked the South. North Korea denounced new U.S. sanctions against its regime and said next week's naval exercises involving South Korean and American forces posed a threat to regional peace. North Korea further threatened a physical response to naval drills off the Korean peninsula. China has also signalled its opposition to next week's naval drills by the U.S. and South Korea and urged all parties to refrain from actions that might increase tension on the Korean peninsula.

Economic Front:

Hyundai Motor Co., South Korea's largest automaker, and its workers union have reached a tentative agreement on a wage increase for this year, averting a strike. South Korea's Gross domestic product grew 1.3 percent in the second quarter from the prior three months, when it gained 2.1 percent.

Social Front:

A growing number of foreign students choose Korea as their destination to study. The number has already topped 75,000.

JAPAN

Geo-strategic Front:

Foreign Minister Okada and his Chinese counterpart have agreed that both countries should strive to conclude at an early date negotiations aimed at signing a treaty over joint gas field development in the East China Sea.

Economic Front:

Japan Airlines Corp. has started the process of selling 95 midsize and large aircraft, including jumbo jets, as part of its business turnaround program.