

Report # 130
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Central Asia, Afghanistan, South Asia, India, East Asia, China,
Korea & Japan
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Weekly Report from 24 July to 30 July 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, Central Asia, Afghanistan, South Asia, India, East Asia, China, Korea and Japan from 24th July to 30th July 2010 as have been collected by interns.

TURKEY

Political Front:

The main opposition party CHP has proposed a change to the law governing the internal operations of the Turkish Armed Forces in order to de-legitimize future military coups in the country.

Geo-strategic Front:

Foreign Minister has denied the existence of any long-lasting diplomatic crisis with the United States as strategic priorities of the two countries overlap. German Foreign Minister has pledged his full support to Turkey's EU accession bid. A group of Turkish doctors who traveled to Tanzania to provide medical aid have distributed 3,000 mosquito nets to Tanzanian villagers to protect them from malaria-carrying mosquitoes. Unlike past China has placed Turkey among European countries as a tourism destination in 2010. Turkey took a key step toward expanding its diplomatic outreach to Southeast Asia, signing a cooperative agreement with the main forum in the region. Armenia has asked Turkey to fulfill its responsibilities in the Turkish-Armenian reconciliation process.

Economic Front:

The number of individuals smuggling unlicensed red meat into Turkey has increased sharply. Trade relations between Turkey and Turkmenistan are likely to exceed \$2 billion in 2010 despite the global economic crisis. United Kingdom Trade & Investment (UKTI) stated that it aimed to double the commerce with Turkey. Turkish investments abroad have reached 17.3 billion USD.

Social Front:

The Media Association has released a report called "Turkey's Internet Censorship Problem," in Turkish and English, demanding freer web access for the country. A recent survey has revealed that 2.6 million out of 18 million total Turkish households has neither a computer nor Internet access.

CENTRAL ASIA

Political Front:

The Socialist International would participate as an observer in the upcoming parliamentary elections in Azerbaijan. The mayor of Kyrgyzstan's second-largest city,

Osh, has made his position clear and has asked for public support ahead of a visit by the country's president that could result in his firing. Demonstrations against the deployment of an international police force to Kyrgyzstan's southern regions have been held in several Kyrgyz cities.

Geo-strategic Front:

Pakistan has expressed keenness to further strengthen its close brotherly relations with Azerbaijan. Azerbaijan has confirmed Armenian claims that Russian President Dmitry Medvedev presented his Armenian and Azerbaijani counterparts with a new plan to end their conflict over the breakaway Azerbaijani region of Nagorno-Karabakh. This summer's Kyrgyz-Uzbek clashes in southern Kyrgyzstan have been regarded as the gravest threat to the regional security as about 3,000 people died and more than 300,000 were displaced in the violence. Violent clashes between Uzbek and Kyrgyz migrant workers in Moscow have left one person severely wounded. Tajikistan has confirmed that two men who were detained earlier this month in northern Tajikistan have been handed over to Kyrgyz authorities. Turkmenistan's direct contacts with individual regions of the Russian Federation play an important role in the Turkmen-Russian co-operation that accounts for about 70 per cent of trade turnover.

Economic Front:

Turkish minister and a large delegation of businessmen arrived in Baku to hold various meetings and negotiations. Turkey and Azerbaijan have reached agreements to extend relations and to increase trade turnover. Kazakhstan's economy grew at an annual rate of 8.0 percent in the first half of 2010, driven by higher oil prices and a recovery in domestic spending. Representatives of 14 countries and 15 international organizations have pledged \$1.1 billion in response to appeals from Kyrgyz interim government leaders. The improvement of technological processes and use of advanced methods of modern production have led to a record production of liquefied gas at the Nayyp gas-processing plant in Turkmenistan. The Uzbek Central Bank has forced the credit unions to decrease the interest rates on loans and deposits.

Social front:

Azeri President has been using *Twitter* as a tool for social networking. The inmate in one of the Kazakh prison who shot a video showing another inmate being beaten by a jail guard in May was found hanged in the penitentiary. Jailed Kazakh journalist Ramazan Esergepov has written an appeal to the United Nations' Committee for Human Rights about his case. Tajik President has signed a law amending the country's Family Code to rise the legal age for women to marry from 17 to 18 years. The European Court for human rights (the Strasburg court) has applied rule 39 and prohibited Ukraine to return 4 arrested Uzbek refugees to Uzbekistan.

AFGHANISTAN

Political Front:

The UN Security Council has welcomed the recently held Kabul conference, and termed it as a "milestone" for the development of peace and stability in Afghanistan. All the while deadly clashes among Talibans, police forces and NATO officials have been

increasing day by day. NATO and Afghan government officials have been probing allegations of civilian casualties at the hands of foreign forces in the lawless southern province of Helmand. The United Nations has also expressed deep concern at reports of civilian casualties at the hands of foreign troops. Some of the secret US military documents have been released. President Hamid Karzai has ordered a thorough study of nearly 92,000 leaked US military documents, suggesting regional spy agencies are fueling the Afghan war.

For September parliamentary elections many young Afghans have started election campaigns.

Geo-strategic Front:

Talibans captured a strategic district in eastern Nuristan province, bordering Pakistan, after two days of intense fighting with local security forces. However Afghan and NATO-led forces have recaptured the volatile district a day after Taliban militants retreated local forces from the district.

Economic Front:

The European Union has pledged 600 million euros over next three years for the development of different Afghan sectors. Italy has announced to provide 45 million euros in aid to Afghanistan's justice and agriculture sectors, as well as road construction.

Social Front:

Hundreds of people demonstrated in the capital of southern Uruzgan province accusing NATO troops of tearing a copy of the Quran. An agreement worth three million US dollars has been signed between the Afghan Ministry of Culture and Information and a Norwegian organization. The government of Saudi Arabia has provided the Afghan Ministry of Education with \$24 million to help improve educational infrastructure.

SOUTH ASIA

Political Front:

Bangladesh's Supreme Court has restored 'secularism' in the country's constitution. It has also denounced the declaration of martial law in the past and sought safeguards to end 'extra-constitutional adventures. Bangladesh's Supreme Court has also reinstated a ban on Islamic political parties. In the meantime Bangladesh's war crimes tribunal has issued its first arrest warrants. Political parties in Nepal have failed to reach at consensus about head of the new government. Inability of the parties' to resolve this issue has brought peace process in doldrums. Some of the key leaders have given proposals to withdraw their nomination from the post of Prime Minister in order to create ground for national consensus. Srilankan government has so far released 3,000 surrendered cadres of the defeated Liberation Tigers of Tamil Eelam (LTTE). On one hand opposition party has assured its full support to the ruling regime for the benefit of country. On the other hand Sri Lanka's main opposition United National Party (UNP) has decided to suspend its Kandy District parliamentarian Abdul Cader from the party's working committee for supporting the government in parliament.

Geo-strategic Front:

The government in Nepal has lifted a ban that prohibited Nepalese from seeking work in Iraq. The ban had left 30,000 Nepalese already in Iraq at risk of losing their jobs. Nepal and India have inked a key pact to curb illegal trade in animal parts and other conservation initiatives to boost wildlife in the two neighboring states. Nepal and Bangladesh have finalized the draft agreement on Operation Modalities for the Carriage of Transit Cargo.

Economic Front:

India has announced to sell 300,000 tones of wheat and rice through diplomatic channels to Bangladesh and Nepal. Asian Development Bank has reiterated its commitment to support Nepal in order to help her face economic challenges.

Social Front:

Thousands of garment workers in Bangladesh blocked roads and vandalized buildings in the capital city of Bangladesh. According to recent reports 298 cases of A/H1N1 flu have been detected in Bangladesh in the first half of this year. An unidentified gang set fire to a Sri Lankan broadcaster owned by a businessman who had backed the opposition in a presidential election, destroying its main control room. Sri Lankan government has appointed a committee to examine the allegations of labor rights violations made by an American trade union petitioning to revoke the GSP trade concessions granted to Sri Lanka by the United States.

INDIA

Political Front:

Hard talk started between the government and opposition party over the issue of Indo-Pak talks. Ahead of talks Home Secretary Pillai condemned Pakistani ISI for its involvement in Mumbai attacks. This statement adversely affected the environment of the peace talks between External affairs' Ministers of both countries. Indian External Affairs Minister Krishna on his way back condemned Pillai for his statement at such critical moment. This led BJP to criticize Krishna hence rift started between ruling regime and BJP. Besides that the issue of price rise paralyzed Parliament with an agitated opposition forcing adjournment of Rajya Sabha for the day and repeated disruptions in Lok Sabha.

The Special Investigation Team (SIT), appointed by the Gujarat High Court to probe the Ishrat Jahan encounter case, that took place in 2004; submitted its interim report and sought more time to complete the job.

The Communist Party of India (Marxist) said the government, instead of proceeding with the Civil Nuclear Liability Bill, should bring in the Women's Reservation Bill in the Lok Sabha for adoption.

Maoists blew up two school buildings and killed a villager in separate incidents in Orissa's Malkangiri district. Mr. Arun Jaitley, Leader of the Opposition (Rajya Sabha), accused the Centre, the state government and the Trinamool Congress of not fighting the Maoist menace properly and not handling infiltration across the Indo-Bangladesh border with the seriousness the problem demands. The government has got engaged in providing 26% equity in mining entities to the affected people, mostly tribals, in the regions where Naxals grow.

A shutdown called by separatists and restrictions imposed by authorities' paralyzed life in Srinagar, just a day after a semblance of normalcy was restored after days of strikes and curfew. Stone-throwing mobs clashed with security personnel at nearly a dozen places in Kashmir after Friday prayers, leaving 15 persons, including seven security men, injured even as authorities clamped curfew in three towns in the Valley. Caught between mob fury and politics, J&K police seems to have disintegrated into a demoralized force with several of its officers refusing field postings, saying their hands were tied due to instructions against the use of force against stone-pelters. All the while The Hizb chief ruled out the hand of Pakistan in the Kashmiri struggle and said it was totally indigenous.

Geo-strategic Front:

A day after the marathon ministerial engagement with India failed to make any headway; Pakistan has indicated its unwillingness to return to the negotiating table for another open-ended dialogue just to keep up appearances. Pakistan foreign minister Shah Mahmood Qureshi has denied having said that his Indian counterpart Mr. SM Krishna was getting directions from New Delhi during the talks the two leaders held earlier this week. India and the U.S. have signed the Counter Terrorism Initiative (CCI) to forge close and effective cooperation in counter-terrorism, information-sharing and capacity-building. Concerned over misuse of U.S. military aid to Pakistan against it, India has asked Washington to set up a "monitoring mechanism" to ensure that it was used for the intended purpose. Britain and India pressed Pakistan to tackle militant groups operating from its soil as Prime Minister David Cameron wrapped up a two-day, trade-driven visit to the country.

Economic Front:

Slowdown has been seen in new project investments in the first quarter of FY 2010-11, mainly due to higher costs of fuel and non-food manufactured products, delays in government approval and lack of any big-ticket projects. Accusing India and the US of following protectionist policies, China warned that any attempt to politicize outbound investments by Chinese firms or "abuse" investment protection tools to protect domestic industries would hurt bilateral ties. Industry projected India's economy to grow by 8.5-9 per cent this fiscal year despite global uncertainties, but voiced concern over double-digit inflation. According to the Nielsen Global Consumer Confidence report, 92 per cent of Indians were optimistic about their job prospects in the next 12 months. Indians were also the most optimistic about the state of their personal finances in the next 12 months.

Social Front:

India-born head of PepsiCo Indra Nooyi and writer and activist Arundhati Roy have been named by Forbes among the world's 30 most inspiring women, a list that also features Mother Teresa, media mogul Oprah Winfrey and United States Secretary of State Hillary Clinton. The India Meteorological Department has forecasted that the South-West Monsoon would continue to remain subdued over most parts of the south peninsular region and central India over the next one week, while being fairly good over east, north-east and the north-western parts of the country. The flood situation continued to remain grim in some parts of Punjab and Haryana where at least 51 people have so far lost their lives.

The issue of cow slaughter in Malegaon rocked the Maharashtra Legislative Assembly with the Opposition threatening to prevent smooth functioning of the House till the accused were arrested.

EAST ASIA

Political Front:

The main opposition party; Indonesian Democratic Party of Struggle (PDI-P) has become the latest party after Golkar to caution against the rising prominence of the National Democrats, a social organization with seeming political ambitions. The government has come under pressure from the United States and rights groups to end emergency rule to help the country recover from deadly civil unrest that has left it deeply divided. In response Thai PM has pledged to complete the lifting of the state of emergency in a timely and cautious manner.

Geo-strategic Front:

The US government has lifted the 13-year-old ban on Indonesian Army's Special Forces' (Kopassus) participation in any joint Indonesia-US military activities. The decision to resume relations with Kopassus was proclaimed by visiting US Secretary of Defense Robert M. Gates.

Economic Front:

Indonesia's economic growth has reached 5.8 percent in the first half of this year. Indonesian Ulema Council (MUI) has called on the House of Representatives and the government to speed up their deliberation of the bill on halal (permissible under Islamic law) products and pass it into law soon. In the meantime investment in Indonesia, including from both foreign and domestic investors, rose 40 percent in the second quarter of 2010 from the same period a year ago. The double-digit economic growth achieved in the first quarter this year by Malaysia showed that the government's efforts in facing uncertainties in the global economy have been effective. After severe political crisis Thai economy has started recovering as country's markets have been successful in attracting domestic and foreign investments. Consumer prices rose 8.19 percent this month from a year earlier in Vietnam. All the while inflation rate in June was 8.69 percent.

Social Front:

Thousands of workers led by the Social Security Revision Committee (SSRC), which is organized by a coalition of Indonesian unions, took to the streets in Jakarta and demonstrated in front of Indonesia's Parliament House demanding revision of the social security system and health insurance. Indonesian human rights activists have urged President Yudhoyono to investigate attacks on Christian churches, which they say have increased in the last two years.

CHINA

Political Front:

Three key Ministry of Public Security (MPS) department heads have taken office after several rounds of "competitive elections," reflecting increased openness, fairness and democratic decision-making in the selection of officials. The three got selected out of the 311 candidates who were interviewed for the positions. The Communist Party of China

has vowed to strengthen exchanges and cooperation with the African National Congress (ANC), the ruling party of South Africa, on party building and national construction.

Geo-strategic Front:

China and Japan have conducted the first round of negotiation on the implementation of the principles of consensus concerning the East China Sea issue. While talking about US interest in South China Sea issue, Chinese Foreign Minister said that attempts to internationalize the issue would "only make matters worse and resolution more difficult." China has reiterated her "indisputable" sovereignty over South China Sea islands. China has called on the United States to "handle carefully" sensitive issues such as arms sale to Taiwan and contribute to the development of military-to-military relations between the two countries. The Chinese mainland has assured to agree to discuss military security and mutual trust across the Taiwan Strait "at a proper time" so as to maintain stability in the region. China has dispatched a total of 15,000 soldiers to UN peacekeeping missions worldwide over the past two decades. China has opposed unilateral sanctions levied on Iran by the European Union (EU). All the while Chinese Foreign Minister has stressed on the need to enhance ties with European Union. Meanwhile Chinese growing relations with Brazil, Mexico, Venezuela, Costa Rica and ASEAN remained significant.

Economic Front:

China's gross domestic product (GDP) grew 10.3 percent between April and June, retreating from the 11.9 percent growth in the first three months. Meanwhile revenue in China's software industry rose by 29.1 percent year on year to 604.8 billion Yuan (about 89.34 billion U.S. dollars) in the first half of 2010. Profits at Chinese industrial enterprises in 24 regions climbed 71.8 percent year on year to 1.61 trillion Yuan (237.5 billion U.S. dollars) in the first six months. The World Trade Organization (WTO) and IMF have lauded China for the significant role it has played in reviving global trade growth. Trade between China and the Association of Southeast Asian Nations (ASEAN) surged 55 percent in the first half of this year to reach 136.5 billion U.S. dollars boosted by an agreement to expand bilateral trade.

Social Front:

Chinese Vice President has called on overseas Chinese youths participating in a "root-seeking tour" to carry on the traditions of their ancestors, feed their mind with spiritual nutrition from the Chinese history and culture, and become communicators between cultures. An official with the U.N. Environment Program (UNEP) hailed China's role in phasing out ozone depleting chemicals while launching a joint initiative with the European Commission to protect the ozone layer.

HONG KONG & MACAU

Geo-strategic Front:

The governments of Hong Kong and Macau have emphasized on the need to boost their bilateral ties. Hong Kong has made plan to enhance cooperation in public security with Malaysia, Indonesia and other ASEAN countries.

Economic Front:

Hong Kong recorded a deficit of 900 million HK dollars (115.9 million U.S. dollars) in June, resulting in a 10.3 billion (1.33 billion U.S. dollars) deficit for the financial year's first three months. Macao's unemployment rate for the period of April to June 2010 reached 2.8 percent, slightly going down by 0.1 percentage points over the previous period of March to May.

KOREA

Political Front:

South Korean Foreign Minister came under fire from the opposition after he was quoted as saying young people who criticize the government's North Korea policies should go and live there. Two of President Lee's closest confidants defeated opposition party candidates in the by-elections, providing fresh momentum to the newly elected leadership of the governing party and the major initiatives of the Lee administration. Opposition leader offered to resign from his post taking responsibility of his party's defeat in the by-elections. South Korean Prime Minister Chung Un-chan has resigned despite the ruling party's overwhelming victory in the by-elections a day earlier, taking responsibility for "prompting concerns and disputes" in society over his failed attempt to revise the administrative town project.

Geo-strategic Front:

The U.S. and South Korea began naval exercises involving a nuclear-powered aircraft carrier off the eastern coast of the Korean Peninsula.

Economic Front:

South Korea's largest phone and Internet Company has made plan to invest 5.1 trillion won (\$4.3 billion) over five years upgrading its network to meet demand for wireless data from smart-phone users. South Korea's economy grew faster than expected in the second quarter. Gross domestic product has increased 1.5 percent from the previous three months, when it gained 2.1 percent. Samsung Electronics Co., Asia's biggest maker of semiconductors, flat screens and mobile phones', second-quarter profit jumped 83 percent, fueled by a recovery in demand for computer-memory chips. South Korea's central bank bought about \$150 million in the foreign-exchange market in the first hour of local trading.

Social Front:

The nation's highest court has ruled that the current Medical Law, which bans unlicensed individuals from practicing acupuncture and other alternative medical treatments, is indeed constitutional.

JAPAN

Political Front:

Chief Cabinet Secretary's recent remarks about a possible grand coalition between the ruling Democratic Party of Japan and the Liberal Democratic Party have drawn cautious responses from the opposition camp. Social Democratic Party leader has come under

pressure from within the party to step down and take responsibility for the SDP's setback in the Upper House election on July 11.

Geo-strategic Front:

The senior U.S. diplomat for East Asia has recently stated that Japan's rapid turnover in leadership makes it difficult for Washington and Tokyo to build strong working relationships and confidence. Pentagon has recently stated that the planned transfer of 8,000 U.S. Marines from Okinawa to Guam could be delayed until 2017 from the current target of 2014.

Economic Front:

Strikes in China that lasted nearly two months starting in May have affected 43 foreign companies, including 32 Japanese businesses. Japan's exports rose faster than economists estimated sustaining a boost to the recovery that may diminish as global growth cools and the yen strengthens. Japan's unemployment unexpectedly rose for a fourth straight month and industrial production fell the most in more than a year. Toyota Motor Corp. has started preparation for a global recall of about 480,000 Avalon sedans and Land Cruiser sport-utility vehicles to repair steering parts that may be defective.

Social Front:

Japanese women had the longest life expectancy in the world for the 25th straight year in 2009, with an average life span of 86.44 years. Police raided four companies suspected of reselling moldy rice as edible in 2007. The raid took place before the Agriculture, Forestry and Fisheries Ministry filed criminal complaints against the four companies later in the day.

A government working group has approved a plan to get Internet service providers to block access to child pornography images as soon as they are found, without waiting for site operators to grant requests to delete them.