

Report # 132
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Fertile Crescent, Central Asia, Iran, Afghanistan, South Asia, India,
East Asia, China, Korea & Japan
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Weekly Report from 7 August to 13 August 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, Fertile Crescent, Central Asia, Iran, Afghanistan, South Asia, India, East Asia, China, Korea and Japan from 7th August to 13th August 2010 as have been collected by interns.

TURKEY

Political Front:

PM has defended his decision to intervene in the promotion of military officials and said that people who commit mistakes can not be allowed to stay in army. PKK has announced bilateral ceasefire in response to the call of civil society before the beginning of Ramadan. In a recent survey about the government's Kurdish initiative 59% of the university students have supported governments' initiative. The heads of two Republican People's Party (CHP) district branches have resigned to vote yes in a referendum to take place on Sept. 12 on the government's constitutional reform package.

Geo-strategic Front:

Turkey has sent another round of humanitarian aid to flood-hit Pakistan, dispatching a Turkish cargo plane carrying nearly 35 tons of aid materials. Meanwhile Turkey has also donated \$5 million to Pakistani flood victims. Turkey has announced to continue trade ties with Iran despite UN sanctions against the later. Turkey has expressed full support to the UN investigation into the Israeli attack against aid flotilla.

Economic Front:

Turkey has started spending a lot of money on dam building in order to reduce the country's dependence on foreign energy, Natural-gas power plants.

Social Front:

The heat wave that has been hitting Turkey for nearly 20 days is expected to last 15 more days.

GCC

Geo-strategic Front:

Saudi government and Kuwait sent huge assistance to the flood victims in Pakistan. Rapidly growing ties between Malaysia and Sultanate of Oman also grabbed attention. Qatar and Sri Lanka signed an air transport agreement after three days of talks in Doha.

Economic Front:

The GCC economies are expected to rebound in 2010 from their relatively flat economic performance in 2009 on the back of strong fiscal spending, according to Gulf Investment Corporation (GIC), an investment bank based in Kuwait. Kuwait and Iraq are expected to reach an agreement soon setting guidelines for investing in oilfields which cross their desert border.

FERTILE CRESCENT

Political Front:

Egyptian political front has been dominated by the news about political campaigns being launched by different political parties for upcoming Presidential elections that are to be held in 2011. Two strong candidates include Gamal Mubarak and El Beradi. Many pro democracy people have opposed Gamal Mubarak for acquiring this position just because of his father. However leftists groups have launched campaigns in his favor. Pro-El Beradi group seems to be quite active as they have launched various rounds of signatures' campaign and have got quite positive response to that. The Arab Network for Human Rights Information (ANHRI) stated that state security investigations officers raided and searched the homes of nine Muslim Brotherhood members while gathering signatures for the National Coalition for Change's petition for change. A total of six men were detained because the other three were not at home at the time of the raid. Prime Minister Nuri al-Maliki's State of Law bloc has made a key offer in an attempt to break the five-month deadlock over forming a new government. Hezbollah leader Syed Hassan Nasrallah's "evidence" implicating Israel in the murder of Lebanese former Prime Minister Rafik Hariri has failed to sway his political rivals and left analysts divided over its impact.

Geo-strategic Front:

Egypt has received U.S. assurances that may help in restarting direct peace talks between the Palestinians and Israel. U.S. State Department spokesman has defended U.S. assistance to Lebanon and said it contributes to "regional stability as a whole."

Economic Front:

Egypt announced that it would not increase local wheat prices or cut bread subsidies after a Russian wheat export ban sent world prices soaring. Figures issued by the Arab Investment and Export Credit Guarantee Corporation indicate that Lebanon ranked third among 12 Arab countries in the value of overall export credit insurance contracts signed in 2009.

Social Front:

Two local television stations have dropped an Iranian-produced series on the life of Jesus Christ, after a storm of complaints that the material was offensive to Christians. General Security denied that it had issued an order to stop the series, entitled "The Christ," which was being broadcast on NBN and Hezbollah's Al-Manar Television. It said the two stations made the decision voluntarily. In the meantime two Shiite Muslim television stations in Lebanon canceled a controversial program about Jesus, saying they do not want to stir up sectarian conflict in the country.

CENTRAL ASIA

Political Front:

Kyrgyz President has announced to hold elections in October 2010. Meanwhile government has lifted the state of emergency in the Southern region. Situation still seems to be instable as dozens of activists launched protest against planned international police deployment in the south of the country. Apart from all this former Prime Minister has been released from detention with a promise that he won't leave the country. All the while one of the supporters of former President has been sent into jail. The son of Tajikistan's former prosecutor-general has been arrested and charged with accepting bribes. The Central Commission for Elections and Referenda of Turkmenistan held a meeting in Ashgabat on 7 August to discuss preparations for elections of regional, district and city people's councils.

Geo-strategic Front:

Netherlands expressed willingness to have all around cooperation with Azerbaijan. The US official met with Azerbaijani counterpart and discussed existing cooperation between the two countries and prospects of further boosting of ties. An Azerbaijani scientist has arrived in Baku after being released from an Iranian jail after serving a two-year sentence for espionage. Azerbaijan has announced to give \$ 1 million financial assistance to Pakistan. Swiss diplomat Markus Mueller has been selected to head a team of 52 police advisers whom the Organization for Security and Cooperation in Europe (OSCE) plans to send to Kyrgyzstan. Uzbekistan has not yet rescinded restrictions for Tajik nationals on proceeding via crossings on the Tursunzoda stretch of the Tajik-Uzbek border that was imposed almost three months ago. Growing Tajik relations with China also grabbed attention. Turkmenistan and the U.S. have formally extended the ongoing cooperation on drug control and law enforcement by signing the fourth annex to the existing Intergovernmental Agreement of September 2001. Uzbek President held meeting with Japanese Foreign Minister and discussed areas of cooperation between the two countries.

Economic Front:

Azeri role as gas supplier and transit country to Europe has been growing rapidly. The technical working group on the gas pipeline project Turkmenistan-Afghanistan-Pakistan-India (TAPI) fleshed out a number of economic and technical components of the future gas pipeline at a regular meeting that finished in Ashgabat on 6 August. The working group also identified further steps related to construction of the gas pipeline.

Social Front:

Dozens of construction workers building a subway in Almaty, Kazakhstan's largest city have vowed to begin a hunger strike to demand three months of unpaid wages. At least two inmates have been killed and more than 80 injured during a prison riot in Kazakhstan, close to the Russian border. Turkmen officials have been attempting to stop university students from returning to Kyrgyzstan to continue their studies in the wake of ethnic violence there. A Tajik official claimed that the high rate of suicide among women in southern Tajikistan is related in most cases to domestic violence perpetrated by men. Prayer has been banned in the mosque at the headquarters in Dushanbe of the Islamic Renaissance Party (IRP), in a move that could pave the way for its closure.

IRAN

Geo-strategic Front:

UN resolution imposing sanctions against Iran and different states; reaction to this remained potent at geo-strategic front. Iran strongly condemned this move launched by Western Powers. Iran further claimed that it has got legitimate right to enrich uranium for its needs. In this regard Mahatir Mohammad accused Westerners for having double standards. In the meantime Russia has offered to provide nuclear help to Iran for peaceful purposes. Besides this; Iran has emphasized greatly on the need to boost ties with Damascus, Afghanistan and Tajikistan.

Economic Front:

Brazil's state-controlled Caixa Economica Federal has announced to finance up to 1 billion euros (\$1.3 billion) in beef shipments to Iran after private banks refused to extend credit to exporters, fearing retaliation from the U.S. and European Union. Iran expressed its readiness to promote cooperation in agriculture, industry, oil and petrochemical sectors, export technical and engineering services with Cambodia. Iran seems keen to boost economic ties with Europe as well as Armenia.

Social Front:

The painting, named "Trinidad Fernandez" (1907), was loaned at the request of the museum in Rotterdam, and the return of masterpiece back to the country has been guaranteed by the Dutch Embassy in Tehran. Popular Iranian footballer Ali Karimi has been fired by his club for not fasting during the Muslim holy month of Ramadan.

Cyber World: One month after a disputed presidential election sparked widespread unrest in Iran, the country's government has initiated a cyber-crackdown that is challenging hackers across the globe to find new ways to help keep Iranian dissidents connected to the Web.

AFGHANISTAN

Political Front:

Skirmishes between the security forces, NATO and Talibans have led to the death of more than 30 people last week while leaving many others injured. As civilians also become victim of such armed confrontations among various groups; the US has accused Talibans for civilian casualties. The Afghan National Security Council (ANSC) has asked the United Nations for the removal of 47 names of Afghans citizens from its sanctions list.

Geo-strategic Front:

Afghan Religious leaders have urged the Organization of Islamic Conference (OIC) to convene a meeting on bringing peace to Afghanistan. The Ministry of Finance and the World Bank has signed a grant agreement worth \$40 million to support the Third National Solidarity Programme (NSP III), in Afghanistan. Amid the continuing violence in Afghanistan, the shape of the NATO alliance is changing. At the beginning of August, Dutch troops left the restive province of Uruzgan, and Canadian soldiers appear set to

depart next year. The US however has been trying to sort out ways to work in close collaboration with its NATO allies.

Economic Front:

Pistachio farmers in northern Samangan province of Afghanistan have had a bumper crop, harvesting 900 tons of the nuts compared to just eight tones last year.

Social Front:

Large number of people got killed and injured and thousands of acres of crops got destroyed by flash floods in three central and two eastern provinces of Afghanistan. The US Ambassador has backed women's role in peace drive in Afghanistan. Government statistics in Afghanistan have raised concerns that a growing number of Afghan women are attempting suicide. Afghanistan's largest gathering of religious people, who met to discuss reconciliation with the Taliban, has called for the revival of strict Islamic law as the country seeks ways to win militants away from a growing insurgency.

SOUTH ASIA

Political Front:

The ruling Awami League-led government in Bangladesh has strongly defended the whopping \$1 billion loan deal with India, dismissing the opposition BNP's charges as a "disgusting attempt to spread falsehood." At least 50 people have been injured in Bangladesh after protesters, angry over frequent power outage, clashed with police on the outskirts of the capital Dhaka. Nepalese have been trying hard to build consensus in order to come out of political instability. Unified Maoist Party's Chairman has expressed his frustration for not being able to exhibit majority in the prime ministerial election four times in series. People's confidence and political parties' mistrust has increased because of persistent uncertainty at political front.

Geo-strategic Front:

Indian finance minister Pranab Mukherjee paid visit to India with a billion dollar credit package. A European supplier has cancelled deals to ship a total of 80,000 tones of wheat to Bangladesh, following a spike in wheat prices due to lower crop and export curbs in the Black Sea region. Indian former Foreign Secretary Shyam Saran has gone to Nepal in order to put efforts to resolve ongoing political crisis over there. Nepal and India held a meeting on the possibilities of expanding trade and continuing economic relationship between the two countries. Nepal government has decided to grant Rs 10 million to flood-hit Pakistan. Nepal and Indonesia have agreed to joined hands for the development of tourism sector and trade. The members of the 'Group of 15' (G-15) high level task force met Sri Lankan President and held discussions on strengthening international cooperation. The Sri Lankan government rejected a call by U.S. Senators for an independent probe on alleged human rights abuses during the last stages of Sri Lanka's conflict with the Tamil Tiger rebels. China has pledged its support to Sri Lanka against any international pressure for a United Nations-led probe into alleged war crimes.

Economic Front:

The Bangladesh government has decided to keep CNG filling stations in and around Dhaka closed for six hours everyday during the month of Ramadan in order to increase power generation. Non-Resident Nepali Association (NRNA) has decided to support the government in the process of economic diplomacy as well as to make the Nepal Tourism Year 2011 (NTY-2011) mega campaign a success.

Social Front:

Bangladesh has banned beating in schools after an upsurge of "inhuman" treatment of pupils by teachers. Sri Lanka's Health Ministry has launched a special program to stamp out the mosquito-borne disease spreading fast in the country with nearly 25,000 cases being reported so far this year.

INDIA

Political Front:

The Group of Ministers (GoM), headed by Union Finance Minister Pranab Mukherjee, has finally gave its approval to the enumeration of caste in Census 2011. BJP and Leftist Parties have been questioning the significance of Civil Nuclear Liability Bill. According to BJP, since nuclear power plants could be set up only by the government, the liability part could be worked out even by an internal executive arrangement. Hence Congress led UPA government seems to be in a critical situation.

Maoists blew up a school building 24 hours before calling complete shut down in three states namely Jharkhand, Bihar and Chhattisgarh. All the while Maoists have offered money for handing over weapons allegedly being used by CPI (M) cadres in the Naxal-hit areas, 12 days after the West Bengal government announced a surrender and rehabilitation package for the rebels.

The Hürriyet Conference has refused to accept PM Man Mohan Singh's economic package on the ground that India doesn't seem serious in resolving Kashmir issue. The Janata Dal (U) has demanded a sub-plan providing for a dedicated fund for the development of Muslim-dominated areas.

Geo-strategic Front:

Iranian Deputy Foreign Minister paid visit to India and held talks with Indian counterpart. They discussed Indo-Iranian initiative to develop a new trading route to the land locked Afghanistan and a "regional approach" to bringing peace and stability. India has cautioned that insurgents had the "potential" to derail its friendly ties with Bangladesh, even as it commended Dhaka's efforts to root out terrorism from this country. At the same time India has signed an agreement with Bangladesh to extend a USD 1 billion credit line for developing 14 infrastructure projects, mostly in the communications sector.

Economic Front:

Increase in inflation has been observed in India. The survey of 342 companies across sectors like auto, textiles, metal, chemical, FMCG, has predicted the slow down given the gradual phasing-out of monetary and fiscal stimulus and increase in raw material prices which could depress the demand through inflationary pressure. The manufacturing sector had grown by 15.1 per cent in the April-June quarter this fiscal.

Social Front:

The oil spill off the Mumbai coast as the slick covered a large area, has reached up to five nautical miles, from the spot where two ships collided. According to the McAfee Threats Report, India features among the countries where malware spam, or anything that comes with a virus or Trojan attachment urging you to visit an infected website, is the most popular.

EAST ASIA

Political Front:

The Indonesian government has announced its plans to finalize a draft bill that regulates land acquisition for public purposes. The legislation aims to improve infrastructure and ease traffic flow. Leader of Pan Malaysian Islamic Party has asked his party members to stay concerned about the well being of Chinese and Indians in order to retain their support. PAS therefore has broken its extremist shell as has got support of non-Muslim communities as well. Thailand's Prime Minister recently addressed "Yellow Shirt" protesters at a rally held in defiance of emergency rules banning political gatherings. Demonstrators were seeking Thai action to claim an ancient World Heritage-listed temple on the Thai-Cambodian border. Thai Prime Minister told protesters that he is ready to cancel a memorandum of understanding signed in 2000 on the border and use "diplomatic and military means" to "settle" the issue.

Geo-strategic Front:

Cambodian Prime Minister Hun Sen sent letter to the presidents of the U.N. General Assembly and Security Council to decry a statement that Thailand is ready to abrogate rulings on the border between the two countries. Vietnam accused China of violating its sovereignty by conducting seismic exploration near disputed islands in the South China Sea and urged Beijing to do more to promote peace, stability and healthy bilateral relations. While condemning the US involvement in South China Sea dispute, Philippines said that Southeast Asian nations did not need US help in solving territorial disputes with China over the potentially resource-rich South China Sea.

Economic Front:

Indonesia's refined tin exports in June fell 7.3 per cent from the same month a year ago to 8,029.92 tones. Indonesia has approved an export permit for a new tin smelter, bringing the total number of smelters allowed to export the metal to 32. Thailand's \$58 billion mutual funds industry is set for strong medium-term growth as a robust economic recovery boosts the stock market and helps equity funds post their best returns in many years. Malaysia has offered great opportunities to Pakistani businessmen. Trade between Malaysia and Pakistan has already achieved the mark of US\$2 billion. Out of the US\$2 billion, Pakistan's exports amounted to only US\$200 million against imports worth US\$1.7 billion. Globally, the Halal industry contributes \$1 trillion towards the world economy with Malaysia as the hub for development of Halal food industry. In Vietnam the VN-Index ended down 3.17 per cent to close at 448, the lowest level since December 18, 2009. Singapore's economy expanded less than previously estimated in the first half of 2010. The Southeast Asian nation's gross domestic product rose 17.9 per cent in the six months through June from a year earlier.

Social Front:

In a recent move against terrorism Indonesian police arrested one of the most re-known radical scholars Abu Bakar Ba'asyir. Many analysts have declared economic neglect by the government and social disparity to be the root cause of terrorism as well as anti-regime movements like Papuans. Malaysia have expressed hope that the Philippines and the Moro Islamic Liberation Front (MILF) would expedite the peace process to success for Mindanao to enjoy socio-economic prosperity after years of bloody conflict. The Thai Meteorological Department has issued its daily weather forecast, warning 11 provinces of heavy rainfalls and flashfloods.

Cyber World: Umno has asked its cyber friends to help uplift the image of the party which has come under increasing attack from various quarters, particularly the opposition. Umno has asked its cyber friends to help uplift the image of the party which has come under increasing attack from various quarters, particularly the opposition. Vietnamese authorities announced that Google Maps is fixing errors on its map service which depict parts of Vietnamese territory as belonging to China. Vietnam also acknowledged Google's effort to meet its request and fix the errors.

ASEAN

ASEAN has started looking for a defined policy regarding South China Sea in order to avoid any chances of conflict over there. ASEAN also seem quite concerned about economic development of all the states of this region.

CHINA

Political Front:

The Chinese Peasants and Workers Democratic Party (CPWDP) celebrated its 80th anniversary of foundation. Senior Chinese official praised a mainstream stage drama as a "good textbook" in the fight against corruption.

Geo-strategic Front:

China has extended full support to ASEAN's efforts towards integration. Chinese Vice PM has pledged to further relations with the United States, stressing the importance of mutual understanding. China's Ministry of Commerce has rejected foreign media reports that Chinese companies had been sending convicted criminals to work on projects abroad in order to prevent overcrowding in prisons. The United Nations and countries including Japan, the United States, Canada, Germany and Mexico have offered condolences to those affected by deadly floods and mudslides in China. Meanwhile Chinese growing relations with Srilanka, Republic of Korea, Mexico, African countries, Ecuador and Switzerland grabbed attention.

Economic Front:

Israel's exports to China jumped from the 11th to the 5th by the first half of 2010. The Governor of the People's Bank of China (PBC) Yi Gang recently mentioned that China had overtaken Japan to become the world's second largest economy. The Chinese spent more in July as inflationary pressures have eased with a fall in the food prices. The

growth of China's industrial value-added output was up 13.4 percent in July year on year, 0.3 percentage points down from June. China's fiscal revenue jumped 25.7 percent from a year earlier to 5.11 trillion Yuan (about 750 billion U.S. dollars) in the first seven months. The Yuan declined 0.4 percent this week, the biggest five- day drop since December 2008, to 6.7957 per dollar as of 5:30 p.m. in Shanghai. China's banking, securities and insurance regulatory commissions have launched self-examinations to push forward the financial sector's anti-corruption campaign.

Social Front:

China's Chief Justice has called for innovation in the management of the country's trial process and enhanced supervision to ensure justice and a clean judicial system. The number of Christians in the country has hit a record 23.05 million in 2010, according to a survey released by the institute of world religions at the Chinese Academy of Social Sciences. China's industry chiefs have warned more than 2,000 companies to close obsolete production facilities within two months or face cuts in credit and a suspension of government approvals.

KOREA

Political Front:

South Korea has been actively working on the report about their sunken naval warship.

Geo-strategic Front:

South Korea has called on North Korea to return a fishing boat and its crew seized by the communist nation amid heightened tensions over military exercises involving the U.S. Navy. North Korea proposed working with the U.S. to probe the sinking of a South Korean warship, which the Obama administration blamed on the communist country. As Seoul faces pressure from the United States to impose stronger sanctions on Iran, the Iranian ambassador has been warning that this could lead to possible economic disadvantages.

Economic Front:

South Korea is on course to achieve a \$30 billion trade surplus by year's end as it is expected to have already reached its earlier forecast of \$23 billion by the end of this month. South Korea's economy continues to face downside risks including slowing recoveries in major markets but is still improving fast. South Korea and the United Arab Emirates have agreed to cooperate on energy exploration and stockpiling of crude oil. South Korea's unemployment rate climbed to a three-month high as the government wound down employment programs begun after the global crisis. The jobless rate increased to 3.7 percent in July from 3.5 percent the previous month.

Social Front:

The number of senior citizens aged 65 or over has almost hit the 1 million mark in the heavily populated city of Seoul.

JAPAN

Political Front:

According to a Kyodo News poll released last week, the public support rating for the Cabinet of Prime Minister Naoto Kan has risen slightly to 38.7 percent, up 2.4 percentage points from the previous survey last month. Tokyo police have arrested a 27-year-old man in Osaka on suspicion of using a computer virus to destroy stored data.

Geo-strategic Front:

The government of Guam has opposed expanding the local military zone by building new facilities to accept some 8,000 U.S. Marines from Okinawa, as agreed to by Japan and the United States. North Korea has criticized Prime Minister Naoto Kan for issuing an apology only to South Korea over Japan's 1910-1945 colonial rule of the Korean Peninsula.

Economic Front:

China has sharply expanded investments in Japanese government bonds in the first months of this year, apparently to increase exposure to stable Japanese vehicles against the backdrop of the European debt crisis. Sales of new imported vehicles, including Japanese models made overseas, rose 56.6 percent to 21,683 units in July. Toyota Motor Corp. halted auto exports to Iran to avoid conflict with U.S. and United Nations sanctions over Iran's nuclear program.

Social Front:

Japan's population fell to 127,057,860 in the year to March 31, down for the first time in three years, largely because of an increase in the number of deaths amid the aging of the population. A Kyodo News poll shows that 75.9 percent of the public supports the death penalty, far exceeding the 19.5 percent who oppose capital punishment.