

Report # 133
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Central Asia, Iran, Afghanistan, South Asia, India, East Asia, China,
Hong Kong & Macau Korea & Japan
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Weekly Report from 14 August to 20 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, Central Asia, Iran, Afghanistan, South Asia, India, East Asia, China, Hong Kong & Macau, Korea and Japan from 14th August to 20th August 2010 as have been collected by interns.

TURKEY

Political Front:

The main pro-Kurdish party has announced to boycott the September 12 Constitutional Referendum in case government does not meet its demands.

Geo-strategic Front:

Turkish business group has launched a campaign to assist flood-hit Pakistan. Meanwhile government of Turkey has also given financial aid to Moldova to help her overcome flood disaster. Turkey has announced to provide Russia with fire-fighting equipments to deal with wild-fire. Turkey and Azerbaijan have recently signed a deal on strategic partnership. The Turkish government has reaffirmed that it would follow up on its demands regarding Israel's May 31 attack on a flotilla of ships bringing aid to the Gaza Strip that resulted in the death of eight Turks and one Turkish-American in international waters. The US President has warned Turkish PM that if the later would not change position regarding Iran and Israel then US would rethink its decision about arms-sale to Turkey. Poland has emphasized on the point that Turkey should be given the membership of EU.

Economic Front:

Turkey's textile exports rose by 4.3 percent in the first five months of 2010. Meanwhile Domestic auto sales in Turkey reached at 16.1 percent in the first seven months in 2010 over the same period last year. Turkey's unemployment rate fell to 11 percent in May, with the number of jobless down by 536,000 compared to the same month last year. All these figures clearly indicate continuous economic growth in Turkey.

Social Front:

In response to people trying to soften the smoking ban, the National Committee on Cigarettes and Health, or SSUK, has taken action, collecting 15,000 signatures over the past month from Istanbul and many Anatolian provinces. A recent survey has revealed that Internet is being used in 41.6 percent of homes in Turkey.

GCC

Geo-strategic Front:

Secretary General of the Gulf Cooperation Council (GCC) has condemned the policies pursued by the Israeli occupation authorities against the Palestinians and their attempts to prevent them from entering occupied Jerusalem to perform Friday prayers at Al-Aqsa Mosque. Meanwhile GCC Secretary-General called the Security Council and the UN to take quick measures to combat measures forced by Israel against Palestinians to deport them from their territory.

Saudi Arabia has launched a nationwide fundraising campaign for Pakistan's flood victims. King Abdullah inaugurated the campaign by giving SR20 million while Crown Prince Sultan, deputy premier and minister of defense and aviation, donated SR10 million and Second Deputy Premier and Minister of Interior Prince Naif SR5 million to the fund. The UAE has announced to abide by the UN Security Council resolutions on sanctions against Iran. PM of the Kingdom of Bahrain has emphasized greatly on the significance of his country's close ties with Kuwait. The Emir of Qatar has stressed the need to intensify efforts to resolve the Middle East crisis through dialogue and negotiation in accordance with the international resolutions, and welcomed the position of Paraguay on the Palestinian cause, during his visit to Paraguay.

Economic Front:

The Third meeting of the Gulf monetary council attended by governors of monetary institutes and central banks of member states was held last week. The meeting focused on several issues concerning coordination and joint cooperation among member states, to accelerate the establishment on the Gulf Central Bank. The meeting also discussed the executive steps to complete the establishment of the monetary union for member states that have signed the GCC monetary agreement, including Kuwait, Saudi Arabia, Qatar, and Bahrain. Director General of Foreign Trade Ministry of UAE held meeting with Chinese delegation led by deputy director-general of Ningxia's Department of Commerce and discussed ways to develop trade and investment relations between both countries and to enhance communication between their business communities. The political stability index (2009), published by the Economic Intelligence Unit ranked the Sultanate of Oman No 1 among the GCC and Arab countries and 17 among 165 other countries. Qatar and the Republic of Uruguay held a session of official talks and discussed ways to improve economic ties. Abu Dhabi's integrated Educational developmental program has been regarded as a key driver for its vibrant economy.

Social Front:

The Ministry of Social Affairs and Labor (MSAL) has announced plan to implement specific regulations in the near future on labor and expatriate workers' issues. This has been done in order to improve Kuwait's international image on human rights issue. The Cabinet has also expressed keenness towards promoting the establishment of exclusive residential areas for bachelor laborers while ensuring that security is maintained there. More than 1,200 young Omanis would receive training in various disciplines under agreements signed here between the government and private institutes in the country. Bahrain's political societies have urged to help stamp out acts of sabotage and violence.

CENTRAL ASIA

Political Front:

The ruling New Azerbaijan Party (NAP) has prepared a list of candidates for the upcoming parliamentary elections. The observation mission of the Commonwealth of Independent States (CIS) has announced to monitor upcoming parliamentary elections in Azerbaijan. Former US Senator has extended full support to Kyrgyz Democracy-Building Efforts.

Geo-strategic Front:

Turkish President has paid visit to Azerbaijan and discussed Turkish cooperation with Azerbaijan and efforts to bring peace to the Southern Caucasus region. Kazakh, British and U.S. troops have started teaming up for 10 days of joint military exercises. Kazakh President held meeting with a working group to discuss preparations for the OSCE summit in Astana. Kyrgyz Foreign Ministry officials held meeting with Uzbek authorities in an effort to secure the release of 11 Kyrgyz citizens detained in Uzbekistan while transporting explosives used for mining work. Tajik President held a bilateral meeting with his Russian counterpart, on sidelines of a quadrilateral summit in Sochi and discussed ways of cooperation between the two countries. Turkmenistan has proposed to create a system of regular high-level political consultations between the Central Asian and Caspian countries under the auspices of the United Nations in order to strengthen peace and security in the region.

Economic Front:

Kazakhstan has officially introduced its new export duties on oil and oil products. Tajik authorities have banned the export of grain and potatoes to Afghanistan and Uzbekistan until spring 2011 because of price rise. The Asian Development Bank (ADB) has announced to provide 252 million U.S. dollars to Tajikistan for 2010-2012. In Tajikistan, inflation for July 2010 stood at 0.9 percent.

Social Front:

Azerbaijan's Supreme Court has upheld the November 2009 sentences given to jailed bloggers Emin Milli and Adnan Hajizada, who got arrested over hooliganism charges. Smoke from Russia's deadly wildfires has spread into northern regions of Kazakhstan but poses no immediate danger to residents. Following a lengthy investigation, the New York-based group Human Rights Watch declared that the government of Kyrgyzstan played a vital role in facilitating the violent attacks against ethnic Uzbeks this past June. Members of a Kyrgyz National Commission investigating the deadly ethnic clashes in the southern regions of Osh and Jalal-Abad in June however challenged the findings of a recent Human Rights Watch (HRW) report on the same issue; and warned to hold protest against HRW Report. The media watchdog Reporters Without Borders (RSF) has expressed concern over two ethnic Uzbek journalists held in detention since the ethnic clashes in Kyrgyzstan's southern city of Jalal-Abad. Tajikistan's Religious Affairs Committee has introduced age restrictions on those wishing to make the pilgrimage to Islam's holy city of Mecca. Turkmen authorities have reportedly allowed some university students to return to Kyrgyzstan to continue their studies.

IRAN

Geo-strategic Front:

On one hand U.S. Chairman of the Joint Chiefs of Staff has warned against a military strike against Iran over its nuclear program, saying it would be "incredibly destabilizing." While on the other hand US also asked Iran for talks on Afghanistan but Majilis Speaker blasted U.S. call as "unacceptable" and deceitful. Iranian Supreme leader has also denied any chances of holding talks with the US unless sanctions and military threats are lifted. In the meantime Iran has taken its case against the United States to the United Nations and strongly condemned the top US military chief for saying military action remains a possibility if the country develops nuclear weapons. Iran has claimed to respond if Israel attacks its first nuclear power plant, which will begin loading fuel Aug. 21. The Obama administration has assured Israel that Iran's process of converting nuclear material into a working weapon would take at least a year. Pakistani Ambassador to Tehran has recently stated that sanctions have not affected process of Peace Pipeline construction with Iran. Meanwhile The government of India has asked for meeting between Iranian and Indian working groups on the imports of natural gas from Iran under the multi-billion-dollar pipeline project for the export of Iran's gas to Pakistan. Cambodia's diplomatic chief has criticized anti-Iran sanctions and emphasized on the need to resolve Iranian nuclear issue via peaceful negotiations. Iranian President and his Turkish counterpart have stressed the two countries' resolve to continue their talks and consultations on regional issues and international developments.

Economic Front:

Turkmenistan has expressed willingness to ink a new contract to increase gas export to Iran to 20 billion cubic meters per annum while Pakistan is interested to receive more gas from Iran. Iran has imported 23 tons of gold in the four months ending July 22. The US has asked all governments to step up their vigilance against dealings with Iran's shipping sector. New penalties have been kicked in against foreign banks doing business with institutions that Washington has designated as supporting Iran's nuclear program or terrorist activities. Iran and India have called for boosting joint ventures by the two countries and increasing investments in Iranian refineries and power plants by a number of Indian companies.

Social Front:

A car bomb exploded in a town northeast of the Iraqi capital while a bus full of Iranian Shi'ite pilgrims was passing, killing five people and wounding nine.

AFGHANISTAN

Political Front:

More than 376,000 voting cards have been distributed to Afghans over the past two months. More than 2,000 foreign soldiers have been killed in Afghanistan over the past nine years however 1,271 Afghan civilians had been killed in the first six months of this year. Many Afghans blame foreigners for this growing violence in their country. President Hamid Karzai has set a four-month deadline for the dissolution of private security companies. In response to his decree the United States has backed President

Hamid Karzai's call but said a four-month deadline to close all such companies in the country would be hard to meet.

Geo-strategic Front:

President Hamid Karzai and his US counterpart, Barack Obama, have vowed to keep up the pressure on the Taliban. Amid disagreements between US officials over the withdrawal of their troops from Afghanistan, an Afghan analyst believes their pullout would be disastrous.

Afghanistan has provided Pakistan with \$1 million to help fund relief efforts for victims of unprecedented floods that have affected millions of people.

Economic Front:

Afghanistan has discovered an oilfield with an estimated 1.8 billion barrels in the north of the war-ravaged country, where U.S. and other foreign forces are trying to tame a Taliban-led insurgency.

Social Front:

In eastern Afghanistan, hundreds of people have taken to the streets to protest against the mounting civilian death toll in US-led raids in the war-torn country. The Ministry of Labor, Social Affairs, Martyrs and Disabled announced that 800 people would be provided vocational training in five provinces as part of efforts to alleviate poverty in the country. The war-torn Afghanistan has been ranked top for having the world's least-secure food supplies, according to a survey of 163 nations.

INDIA

Political Front:

The Cabinet has approved almost all the key recommendations made by the Parliamentary Standing Committee that examined the Civil Liability for Nuclear Damage Bill, 2010. However, it rejected a recommendation for addition of a word "and" between Clause 17(A) and (B) which talks about the nuclear power plant operator's right to recourse for compensation from supplier in the event of an accident. The recommendation for addition of the word had triggered objections from BJP and Left parties which said it would dilute the operator's right to seek compensation from the supplier. Left parties, the RJD and the SP accused the Congress of striking a deal with BJP on support for the Civil Nuclear Bill in lieu of giving a clean chit to Gujarat chief minister Narendra Modi in the Sohrabuddin Sheikh Encounter case.

Indian PM has expressed his readiness to go for dialogues in order to tackle various issues like Maoist insurgency, Kashmir issue or conflicts with Pakistan. Two days after his proposal for dialogue and urge to the Maoists to abjure violence, top Maoist leader suggested a three-month ceasefire by both sides and talks for a peace process. In the meantime the chairman of the moderate faction of the Hürriyet Conference, Mir Waiz Umer Farooq, has called for withdrawal of the troops and release of political prisoners as a pre-condition for talks with New Delhi. A suspended policeman hurled a shoe at Jammu and Kashmir Chief Minister Omar Abdullah at the Independence Day function.

Geo-strategic Front:

Indian PM called up his Pakistani counterpart and offered assistance over and above the initial proposal of \$5 million. Pakistan initially refused to accept Indian grant but accepted it later.

Economic Front:

India's exports grew by 13.2 per cent in July to \$16.24 billion compared with the corresponding month of the previous fiscal. Indian economists seem to be satisfied with tremendous growth in the manufacturing, banking and services sectors in India.

Social Front:

A day after getting the August 31, 2010 deadline from the Centre to resolve security-related issues attached to Black Berry smart phone, its maker Research In Motion (RIM) reportedly agreed to provide some technical solution to allow access to its encrypted services to Indian security agencies. But Home Ministry sources said it would deem the matter resolved only after a technical evaluation. The West Bengal government has declared 11 districts of the state as drought-hit and allocated Rs 50 crore to tackle the situation caused by a rain deficit of 30 per cent.

EAST ASIA

Political Front:

Indonesian President has signaled his support for raising the number of votes a party needs to earn a seat in the House as it would make the presidential system more compatible with a simplified multiparty system. Vietnamese Prime Minister has called on police to ensure no alternative political parties are formed that might threaten the control of the communist government. Reports from recent Thai-Cambodian Joint Boundary Committee (JBC) meetings were not considered by MPs in Parliament after pressure from a nationalist group protesting over the border dispute.

Geo-strategic Front:

Malaysian Ambassador to Indonesia said that it would be up to the foreign ministers of both nations to decide on the best time to negotiate Indonesia-Malaysia border disputes following a recent flare-up in the Tanjung Berakit waters of Riau Island province. Malaysian Relief Agency (MRA) has launched 'Pakistan Flood Relief Fund', to help millions of victims displaced by the worst floods in the country. Philippine Foreign Affairs Secretary Alberto Romulo said that he has already recommended to the Malacanang presidential palace the immediate review of the controversial bilateral defense pact between the Philippines and the United States. The review will be conducted to particularly look into the jurisdiction for offenses that have been committed by the U.S. troops in the Southeast Asian country, and not necessarily to terminate the agreement. The Thai government has asked other ASEAN countries not to intervene in the Preah Vihear conflict and allow Cambodia and Thailand to settle the matter themselves. However the Cambodian government has asked the chair of the Association of Southeast Asian Nations (ASEAN) to mediate Cambodia's border dispute with Thailand.

Economic Front:

Indonesia's equity index has increased to 22-percent. Meanwhile the government-owned Krakatau has formalized a \$6 billion joint venture with South Korea's Pohang Iron and Steel, known as Posco, to build a steel mill in Cilegon, Banten. Indonesian President said that his country should aim to hit growth of 7.7 per cent in four years, which he said would create 10.7 million new jobs and slash poverty by 8-10 per cent. In Malaysia Deputy President of UMNO has said that good economic management was the best recipe for Muslims to move ahead economically. Penang Inter-national Halal Hub (PIHH) Malaysia has announced to provide technical advice and consultancy on establishment of Halal industrial parks in Pakistan. Cambodia has started looking into nuclear power as a future energy source to meet rising domestic demand, although construction of a plant is still years away. Singaporean President has expressed commitment to stay a close partner in China's development process, as both countries celebrate 20 years of diplomatic ties this year.

Social Front:

Malaysian PM has called upon Chinese community to play a leading role in helping the country to become a high-income economy. A total of 27 provinces nationwide are experiencing severe dry conditions with damages on a vast expanse of farmland in Thailand. Meanwhile two months of rainy season have left many places of Vietnam into drought. A senior leader of the Moro Islamic Liberation Front (MILF) said that they don't see a possibility of any solution to the decade-old conflict in southern Philippines if President Benigno Aquino III would do nothing with the Constitution.

CHINA

Political Front:

China's top political advisor has called for members from the country's advisory body to come up with more innovative proposals to promote the country's social and economic development. A senior official of the Communist Party of China (CPC) has urged greater efforts to make the training of officials more pertinent to and effective in raising their skills at governing. The Political Bureau of the Communist Party of China (CPC) Central Committee has instructed CPC local branches to be more open in Party affairs. A senior official of the Communist Party of China (CPC) has urged greater efforts to implement democratic management in Tibetan Buddhist monasteries.

Geo-strategic Front:

China enjoys cordial ties with Cambodia particularly in economic terms. Chinese Defense Minister and his Serbian counterpart have agreed to enhance personnel and medical exchanges to further deepen bilateral military ties. Singapore, Mongolia and Chili have expressed willingness to enhance economic collaboration with China. The Indian government has expressed its desire to double bilateral trade with China within four years. Trade between China and Russia has returned to the fast track in 2010, as bilateral trade volume reached 30.7 billion U.S. dollars from January to July. China has sent second batch of humanitarian aid worth 50 million Yuan to Pakistan. China has delivered equipment worth 20 million Yuan to Russia to help fight a series of menacing fires. China has opened a research center dedicated to the studies of Sino-African

economic and trade cooperation. China and the International Atomic Energy Agency (IAEA) have been working on signing an agreement on nuclear safety. An annual survey has indicated that more Chinese and Japanese people hold favorable impressions about each others' countries. Chinese Vice President has called for more efforts to boost Sino-Japanese exchanges and cooperation among local governments and sister cities. China has proposed setting up a maritime emergency hotline with Japan to prevent civilian and military clashes in the East China Sea and other waters. The U.S. Defense Department has released a delayed annual report on China's military, with a slight change to the title indicating increased coverage of security developments in addition to its assessment of China's military power. Chinese experts declared it to be an “unprofessional” report.

Economic Front:

China's Supreme People's Court (SPC) has issued a set of regulations providing a detailed ruling basis for cases involving foreign investment companies regarding share transfer, anonymous investment and other procedures. Most China-related merger and acquisition deals have rebounded strongly in the first half of the year, and set the scene for robust activities for the remainder of 2010 and into 2011. The People's Bank of China (PBOC) has announced to allow overseas financial institutions to invest in the country's inter-bank bond market on a trial scheme as an effort to further promote Yuan cross-border trade settlement. China's foreign direct investment (FDI) for July has surged by 29 percent from a year earlier. The figure represents the second highest monthly growth this year and highlights the confidence of foreign businesses operating in China despite recent suggestions about a challenging investment climate. Meanwhile business revenues of China's state-owned enterprises rose 38.8 percent in the first seven months from the same period last year. Increase in Chinese stock exchange index has also been observed. World-wide floods and destruction of wheat crop has not affected the price of grain in China as the country has got large reserve of grain. Chairman of the American Chamber of Commerce in China has appreciated Chinese business climate for being more open and transparent than that of the West.

Companies from the Chinese mainland manufacturing hub of Guangdong have signed deals worth 2.99 billion U.S. dollars with Taiwanese counterparts.

Social Front:

China has recorded more than 26,000 geological disasters in the first seven months of this year, nearly 10 times the number in the same period last year. Chinese vice Premier has stressed the importance of preventing major workplace accidents after mass casualties were reported in a series of disasters around the country. The rapidly aging population in China has been regarded as a great threat to the sustainability of the health insurance fund. China's top political advisor has called a local economic aid project a model for boosting the development of areas inhabited by ethnic minorities. Chinese experts have refuted Pentagon report claiming that China has been trying to develop cyber warfare capabilities.

Tibet has received 3.3 million domestic and overseas tourists this year to July, 21.9 percent more than a year earlier. A senior publicity official of the Communist Party of China (CPC) has called for continuing efforts to fight against vulgarity in cultural

products and stressed that social benefits of cultural products should always be placed before economic benefits.

HONGKONG & MACAU

Three world-class planning teams unveiled their conceptual plans for Hong Kong's West Kowloon Cultural District, where hope has been placed to put the city further into the center of the international art map.

Hong Kong Monetary Authority has welcomed the People's Bank of China's approval of Renminbi Clearing Bank and other eligible institutions outside the Chinese mainland to invest in the mainland's inter-bank bond market. Hong Kong's unemployment rate fell to 4.3 percent in the May to July period, from 4.6 percent in April-June, and recorded the lowest figure since the November 2008 to January 2009 quarter.

Results of an official survey released recently showed that the total value of Macao's retail sales for the second quarter of 2010 amounted to 6.84 billion patacas (855 million U.S. dollars), increasing by 32 percent year- on-year.

KOREA

Political Front:

A South Korean pastor has been arrested for making an unauthorized trip to North Korea where he criticized his country's president for causing "dark clouds of a war" to hang over the divided peninsula.

Geo-strategic Front:

Japanese Prime Minister has apologized for suffering his nation caused in World War II at an annual memorial for the war dead held at Tokyo's Budokan arena. South Korea has been repeatedly asked to make a choice whether or not to join the international effort to put more pressure on Iran for refusing to suspend its nuclear program.

North Korea said it has reached a consensus with China concerning the resumption of international talks on ending its nuclear arms program.

Economic Front:

South Korean President has called for a special tax to cover the costs of eventual Korean unification as North Korea threatened to respond to a U.S.-South Korea military drill with "the severest punishment." Samsung Heavy Industries Co. has started manufacturing wind turbines in South Korea that can generate 500 mega watts.

Social Front:

North Korea has opened a Twitter Inc. account as the communist country turns to new technology to spread statements denouncing the U.S. and South Korea previously made through state media. Fake marriage has become a vehicle being used by ineligible foreigners to get legal residential status in Korea, challenging the most popular method of document fabrication. The population of Seoul has increased 4.3 times and the size of the capital has doubled over the last half a century.

JAPAN

Political Front:

All 59 newly elected members of the Upper House have offered to give back part of their salaries for the month of July covering the days before they began working as lawmakers. Japanese PM has clearly stated that he would not reinstate veteran politician Ozawa, to his old post of secretary-general of the Democratic Party of Japan even if he wins the party's leadership election next month. A 19-year-old U.S. Marine has been arrested on suspicion of stealing and a 33-year-old U.S. airman for an alleged traffic violation in separate cases in Okinawa Prefecture.

Geo-strategic Front:

A 68-year-old Japanese man kidnapped in March by leftist guerrillas in Colombia was freed after a fierce gun battle and aerial bombardment.

Economic Front:

A recently conducted survey revealed that nearly 80 percent of 107 major companies expect Japan's economy to weaken soon, although 70 percent see it expanding at the moment. Japan and India are expected to reach a free-trade agreement by the end of this year. The pace of recovery of the Japanese economy slowed substantially in the April-June period, dragged down by lackluster consumer spending. Mazda Motor Corp (7261.T) expects to recall more than half a million vehicles worldwide due to power-steering flaws.

Social Front:

Local governments have launched a drive to create natural habitats for two birds species namely; oriental storks and Japanese crested ibises. Japan's Labor Ministry has announced plans to expand an employment assistance program for new graduates to more than 10,000 individuals a year from 2,400 currently. The number of heatstroke victims rushed to hospitals since May 31 totaled 31,579 nationwide.