

**Report # 135**  
**BUSINESS AND POLITICS IN THE MUSLIM WORLD**  
**Turkey, GCC, Fertile Crescent, Central Asia, Iran, Afghanistan, South Asia, India,**  
**East Asia, China, Hong Kong & Macau, Korea & Japan**  
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**Weekly Report from 28 August to 3 September 2010**  
**Presentation: 8<sup>th</sup> September 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, Hong Kong & Macau, Korea and Japan from 28<sup>th</sup> August to 3<sup>rd</sup> September 2010 as have been collected by interns.

## **TURKEY**

### **Political Front:**

Most of the Turkish people being surveyed have expressed satisfaction with the idea of the police having a stricter authority when there is suspicion of a terror link.

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

Despite previous efforts being carried by the government of Turkey to help Pakistani flood victims; a group of Turkish Businesswomen (TİKAD) have raised TL3.5 million for the sufferers, at a fund-raising dinner coordinated by the Prime Minister's spouse. Turkish foreign Minister has denied the possibility to temporarily open border gate with Armenia during an upcoming exercise of NATO. Armenia has dismissed remarks by President Abdullah Gül that the Turkish-Armenian reconciliation process has entered a phase of "silent diplomacy" and ridiculed the president by saying that "Turks must be talking to themselves, quietly." After countless complaints and petitions from the Turkish government over a number of years, Denmark's public prosecution opened a court case against Roj TV charges of helping to promote the outlawed Kurdistan Workers' Party (PKK). Turkey has welcomed the resumption of direct talks between Israel and Palestine after the efforts of the US.

### **Economic Front:**

Turkey's inflation rate rose to 8.3 percent in August, reversing a three-month drop as food prices increased.

## **GCC**

### **Political Front:**

The Prime Minister and Foreign Minister Sheikh Hamad bin Jassim bin Jabor al-Thani has witnessed the signing of the explanatory appendix of the executive program schedule for the implementation of the 22 points which were signed between the Yemeni government and the Houthis Group on 21/ 6 / 2010, under the six points. The program and the explanatory appendix were signed for the Yemeni government by Brig. Ali bin Ali al Gaisi, member of the Shura Council and Chairman of the National Committee,

while they were signed for the Houthis Group by Yousuf Abdullah Hussein al Feishi. Bahrain's Interior Minister has pledged a tough new clamp on street violence.

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

GCC Secretary General has said that Israel has no serious desire to start real negotiations with the Palestinians because of the relentless Israeli statements that they would resume settlements' building on occupied Palestinian territories. Iranian President Mahmoud Ahmedinejad has announced to pay visit to Qatar to discuss various issues. The United Arab Emirates has further enhanced its relief and rehabilitation activities to help Pakistan successfully facing the major natural calamity. A nationwide fundraising campaign in the UAE has so far raised more than \$ 20 million of aid for Pakistan flood victims. Meanwhile Qatari air service has sent a consignment carrying 48-member task force which includes rescuers and military medics to Pakistan. Kuwait Red Crescent Society (KRCS) has been providing extensive aid to the victims of the devastating floods which hit Pakistan. The second shipment of Bahrain aid to flood-hit Pakistan ahs also been dispatched. In the meantime Government has also announced a third shipment to be sent next week as part of a total of BD2.6 million worth of aid from Bahrain to Pakistan. Kuwait plans to buy Patriot missiles from the United States but would not allow its territory to be a launch-pad for attacks.

### **Economic Front:**

Dubai shares increased the most in the last week. Similarly Qatar's benchmark index climbed for a sixth day as faster- than-estimated. Dubai Islamic Bank PJSC also increased the most since June. Saudi Arabia's benchmark stock index rose to the highest in more than two weeks, leading gains in Gulf markets. Saudi Arabia's economic outlook remained "broadly positive" and the banking system seems "fundamentally sound", although vulnerabilities remain there especially from the volatility of oil prices. Saudi Arabia topped the GCC as a country with the list of the six safest banks in the Middle East out of ten in the region. Real GDP growth estimates of UAE for 2010 have ranged from a low of 0.6 per cent to a high of 3.2 per cent, with an average GDP growth estimate of 2.25 per cent for 2010. Kuwaiti Ambassador in Japan has urged Japanese companies to seek to seize mega trade and investment opportunities in Kuwait, which plans to inject fresh investments worth KD 30 billion (USD 103 billion). The Qatar Exchange, which is expected to switch over to a new trade engine UTP from September 5, intends to feature more order types to attract the global investing community in a big way.

### **Social Front:**

Saudi King has issued an urgent order for the payment of SR1.2 billion to all families covered by social insurance in the Kingdom. The money is meant to help needy families meet their needs for Eid Al-Fitr. The Saudi Commission for Health Specialties has planned to reform health education institutions. A worldwide health campaign launched by the UAE to offer health care services to needy children has provided treatment to 400 poor Egyptian children. Bahrain has imposed a ban on press from publishing anything about a terror network discovered early this month. Those violating the law could be fined or jailed for up to one year.

## **FERTILE CRESCENT**

### **Political Front:**

Human rights activist and sociologist Saadeddin Ibrahim announced that he had no objection to Gamal Mubarak standing as a presidential candidate in 2011. Ibrahim's announcement followed a meeting with the coordinator of the so-called Popular Coalition for the Support of Gamal Mubarak (PCSGM) which is collecting signatures in support of a presidential bid by Gamal Mubarak. Almost 4,000 members of the ruling National Democratic Party (NDP) have registered as possible candidates in the upcoming parliamentary elections when the nomination period closed on 28 August. Egypt's ruling party has backed veteran President Hosni Mubarak, for another term if he seeks one next year while adding that his son Gamal could also be among possible future candidates. Egypt's most prominent democracy advocate El Beradi has strongly accused Egyptian government of posting Face book photos of his daughter in swimsuits and at events where alcohol was served in an attempt to discredit him. Egypt's influential-yet-banned opposition group, the Muslim Brotherhood, still seems to be confused about the question whether it would take part in the next parliamentary elections. Lebanon's economy has repeatedly proved its resilience to external shocks and its ability to rebound quickly from crisis if political stability exists. Despite the fact that some of the US troops are still present in Iraq the United States has formally ended its combat operations in Iraq, more than seven years after the U.S.-led invasion that toppled Saddam Hussein's regime. Iraqi Prime Minister Nuri al-Maliki said that Iraq has gained its independence as a result. As far as the activity of US troops that are left behind in Iraq is concerned, the State Department claimed that U.S. assistance would shift away from helping Iraq rebuild its infrastructure to focus on providing technical advice in fields such as health and agriculture.

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

Egypt has announced to build its planned nuclear power plant on the Mediterranean coast of el-Dabaa which it hopes will start production in 2019. Middle East peace talks have resumed under the supervision of the US President Obama in Egypt.

### **Economic Front:**

The state-run Egyptian Natural Gas Holding Company (EGAS) has denied reports that the government intended to buy back quantities of natural gas earlier exported to Israel in a bid to offset the country's current electricity shortfall. The denial came in the wake of reports in the local opposition press that the government planned to buy back some 1.5 billion cubic meters of natural gas from Israel.

## **CENTRAL ASIA**

### **Political Front:**

Kazakhstan's Algha (Forward) and Communist parties have discussed their joint efforts to hold a national referendum on impeaching President Nursultan Nazarbaev. A man suspected of involvement in the killing of a Kyrgyz police colonel in southern Kyrgyzstan in June has been arrested in Kazakhstan. Four political parties have submitted documents for registration in parliament elections in Kyrgyzstan. two suicide bombers in

an explosives-packed car slammed into a police station in the northern city of Khujand, killing two police officers and wounding some 25 others.

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

Russia has claimed that it would not support Armenia over Nagorno-Karabakh issue. Azerbaijan's Defense Ministry has announced that three Armenian and two Azerbaijani soldiers have been killed in clashes near the disputed territory of Nagorno-Karabakh. NATO has expressed keenness regarding participation of Kazakh peace keepers in Afghan operations. Russia has urged all OSCE countries to refrain from any pressure on Kyrgyzstan, in particular in the promotion of the Organization for Security and Cooperation in Europe. Talks between Kyrgyz and Uzbek border officials on the possible release of two Kyrgyz border guard officers have ended without success. Some protests against the OSCE mission have been based on fears of internationally enforced separatism. The U.S. congressman and member of the foreign affairs committee has discussed issues of further strengthening the Turkmen-American inter-parliamentary relations with the Majilis members. Kyrgyz and Uzbek officials have started talks on the possible release of two senior Kyrgyz border guards being held in Uzbekistan.

### **Economic Front:**

Kazakhstan has announced plan to double its crude oil export duty to \$40 per tone. Kyrgyzstan has launched a \$200 million hydroelectric power plant, its first since the collapse of the Soviet Union. The rate of economic development of Kyrgyzstan is higher than the average among CIS. This was reported by the Interstate Statistic Committee of the Commonwealth of Independent States for the first six months of 2010. Representatives of the Governments of Turkmenistan and the Islamic Republic of Afghanistan have signed a framework agreement on the construction of the Turkmenistan - Afghanistan - Pakistan - India (TAPI) gas pipeline.

### **Social Front:**

A prominent human rights defender who has drawn attention to problems in Kazakhstan's prisons has been found guilty of hooliganism and sentenced to 10 days in jail. A social net-working site has been banned in Turkmenistan.

## **SOUTH ASIA**

### **Political Front:**

A court in two separate cases sentenced nine militants of outlawed Jama'atul Mujahideen Bangladesh (JMB) to life term and 20 years' rigorous imprisonment under Arms Act and Explosive Substances Act. Prime Minister Madhav Kumar Nepal has started diplomatic consultations on the current row over the mandate and the tenure of the United Nations Mission in Nepal (UNMIN). Nepali Congress has decided to adopt a tough policy against the Unified CPN (Maoist), alleging the latter of using the ongoing peace process for "strategic purpose" in order to capture state-power. The former revolutionary communist, Mr. C.P. Mainali who is leading the splinter Nepal Communist Party-Marxist Leninists Party has revealed that the Unified Maoists had offered him an amount worth 5 Crore rupees if his nine parliamentary members voted in favor of Chairman Pushpa Kamal Dahal, as the country's next prime minister. Sri Lanka' main opposition United National

Party (UNP) legislators have expressed their support for the 18th amendment to the Constitution that is to be debated in the parliament next week. The left parties in the ruling coalition of Sri Lankan government are still undecided regarding the proposed 18th amendment to the constitution. Sri Lanka's cabinet has backed changing the constitution to allow President Mahinda Rajapakse to run for office for a third term, opening the way for a vote in parliament.

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

Terrorist outfits of northeast India have been trying to shift their base camps from Bangladesh to Myanmar following a crackdown by the Bangladeshi Army and paramilitary. The Sri Lanka Foreign Employment Bureau has decided to establish close relations with embassies of relevant countries to obtain information on migrant Sri Lankan workers. The Saudi Arabian Embassy in Sri Lanka said that the allegations leveled against the employer by the Sri Lankan housemaid over inserting iron nails to her body have many doubts.

### **Economic Front:**

Bangladesh has registered a ten percent rise in its exports to India. The Asian Development Bank has announced to provide USD 100 million loan for a cross border electricity initiative between India and Bangladesh. Nepal government has placed ban on import of gold. The move came into effect in order to protect the foreign currency reserves under pressure due to steep rise in import of the yellow metal.

### **Social Front:**

The number of coetaneous anthrax patients has increased in Bangladesh, with 21 more people found to have contracted the infectious disease. Minister for Labor and Transport Management (MoLTM) has expressed serious concern over migrant workers' problems and readiness to help solve the problems between Nepali workers and their employers. A clutch of media groups in Nepal have mounted a vicious campaign against premium Indian companies based in that country — allegedly because they are not getting advertisements. Sri Lanka's Left Liberation Front leader has urged the people to wear black clothes on September 08, the day when the 18th amendment to the constitution is expected to be passed in the parliament.

## **INDIA**

### **Political Front:**

Amid reports of China's deployment of troops in the Pakistan-controlled Kashmir, Prime Minister Dr. Man Mohan Singh chaired a meeting of the Cabinet Committee on Security to review China's recent posturing and India's options of dealing with it. Sonia Gandhi has been elected as Congress president unopposed for a record fourth term.

At least 10 policemen were killed and several injured in a fierce firefight with Maoists. The state government has refused to agree to the demands of the Maoists who served an ultimatum to the state government asking them to release eight of their jailed comrades by evening of first September.

Hard line separatist leader Syed Ali Shah Gillani has issued another protest calendar against the killing of 65 people in security forces firing on protesters since mid-June.

Gillani asked people to observe complete strike and stage peaceful sit-ins. Gujarat Chief Minister Narendra Modi has again sought an apology from Prime Minister Man Mohan Singh for use of the term 'Saffron Terrorism' by the Home Minister. Railway Minister and Trinamool Congress Chief Mamta Banerjee has assured the youth of West Bengal that they would get sufficient job opportunities if her party came to power in the State.

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

India has decided to suspend defence exchanges with China following Beijing's refusal to allow the Army's Northern Command chief, Lt. Gen. B.S. Jaswal to join a military delegation for a high-level visit. In retaliation, India has refused to allow two Chinese Army captains to attend a defence course and a colonel to speak at a higher defence course. India has also expressed serious concern regarding deployment of Chinese troops in Pakistani administered Jammu & Kashmir. India has signed arms contract with the US under a direct government-to-government deal.

### **Economic Front:**

Indian exports in July grew by 13.2 per cent, the lowest expansion so far this fiscal, to \$16.24 billion as major markets like the USA and Europe are facing fragile economic recovery. During the first three months of 2010-11, the shipments grew by about 30 per cent. Imports in July grew by 34.3 per cent to \$29.17 billion from \$21.72 billion in the corresponding period last year, indicating a rapid pace of domestic economic activity. As a result, trade deficit widened to \$12.93 billion from \$7.38 billion a year ago.

### **Social Front:**

Commonwealth Games organizers have been facing negative publicity not only at home but also in the foreign media over the dengue fever outbreak in the capital and the slow pace of work on projects.

## **IRAN**

### **Political Front:**

Iranians held rallies on the Last Friday of Ramadan i.e. Quds Day, in solidarity with the Palestinians. Members of Iran's Basij militia detained opposition supporters during Quds Day. Iran's Judiciary chief said that the US-brokered peace talks between the Palestinian Authority and Israel are aimed at preserving the Israeli regime.

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

Japan has announced to suspend new oil and gas investments in Iran and freeze the assets of 88 organizations and 24 individuals in its latest round of sanctions for the Middle Eastern country's nuclear program. Iranian Interior Minister has recently paid a visit to Pakistan to assess the extent of damage caused by floods. Pakistani PM hailed Iranian assistance for flood victims. The Russian foreign minister has dismissed sanctions against Iran as ineffective, saying Tehran's isolation would have regional consequences. The Bolivian President has called for concerted efforts of Iran, Venezuela and Bolivia to put an end to the unilateralism dominant in the world. As the US expressed optimism about future talks on Iran's nuclear program, Iranian Parliament Speaker Ali Larijani said Tehran has never refused nuclear talks.

### **Economic Front:**

Iran has launched more than 4,000 telecommunication and postal projects worth up to 1,900 billion rials (around 200 million dollars) in four provinces. Turkey has reiterated its position regarding Iran and stressed that commercial and economic ties between the two countries would remain in force. Iranian and Chinese officials have stressed the need for the establishment of a joint investment committee in an effort to expand relations. The amount of trade between the two countries has been valued at around 8.5 billion dollars in the first four months of 2010. Iran has discovered 13 new oil and gas fields with in-place reserves of 14 billion barrels of oil and 45 trillion cubic feet of natural gas within the past 12 months. Iran has extended a credit line of more than 200 million euros to Bolivia to help the industrial development of the South American country.

### **Social Front:**

At least 10 Iranian pilgrims have lost their lives and 33 others suffered injuries after their bus overturned and caught fire in central Iraq.

## **CHINA**

### **Political Front:**

Chinese legislators have passed the People's Mediation Law on the final day of the bimonthly meeting of the Standing Committee of the National People's Congress. Top Chinese political advisor has called for the nation's united front departments and socialist academies to strengthen education of non-communist party members and non-party personages, to cultivate talented people for the nation. Chinese Vice President has asked Party and government officials to carefully use the power in their hands and to take responsibility to serve the people.

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

Chinese officials have stressed on the need to build cooperation between Cooperation among local governments in China and the United States. China has welcomed direct peace negotiations between Israel and Palestine. Trade and economic ties between China and Japan have endured the global financial crisis. Russia has officially launched the Russian section of an oil pipeline that delivers east Siberian oil to China. China has out rightly rejected Indian reports regarding deployment of Chinese troops in Pakistan controlled Jammu & Kashmir. China and India have agreed that stability in economic policy seems to be significant for global economic recovery. China has stressed that its assistance to flood-hit Pakistan is sincere, timely and unconditional. Meanwhile China has expressed willingness to boost ties with Nigeria, Spain, EU, Ukraine, Korea and Kenya.

### **Economic Front:**

China's central bank has put its online payment inter-bank clearing system, or "super online banking system," into service. Most of China's listed companies posted strong growth in profits amid market fluctuations in the first half. Of the 1,947 companies listed on the Shanghai and Shenzhen stock exchanges, 1,700 made profits while 247 firms posted losses. China's continuing transformation of its mode of economic development

has opened up new opportunities for Sino-Japanese trade. The Purchasing Managers Index (PMI) of China's manufacturing sector has risen to 51.7 percent in August, up 0.5 percentage points from July. Meanwhile revenues in China's software industry rose by 29 percent year on year to reach 723.1 billion Yuan (106 billion U.S. dollars) in the first seven months of 2010. China's Ministry of Commerce (MOC) has expressed "serious concern" about the United States' proposed strengthening of its trade remedy practices as this move would undermine order in international trade. A European business group has urged the Chinese government to allow foreign businesses better access to its vast domestic market, arguing that regulatory barriers could threaten investment despite the economy's rapid growth. China's Vice Premier has called upon Chinese industrial firms to improve the quality of their products as part of the efforts to transform China's economic growth pattern. The European Union has pressed China to back up its words with action and do more to stem the flow of Chinese-made counterfeit goods into Europe and around the world.

### **Social Front:**

A guide book has been published to help Chinese officials fully grasp a speech by Chinese President Hu Jintao that lists the key tasks to reform China's cultural sector. Chinese PM has reiterated the need of better education. Chinese courts have been sentencing those convicted of trafficking women and children severe sentences. Floods and landslides have left 3,185 people dead and more than 1,060 missing in China this year. In recent weeks there have been three notable attacks against "whistleblowers" or people who expose wrongdoing by businesses, government agencies and other organizations, in China. The impoverished population in rural areas of China's ethnic autonomous areas fell to around 19.55 million in 2009, down 1.48 million from a year earlier. China's top political advisor has called for more efforts to build "ecological screens," to contribute to the nation's endeavor to combat floods and landslides.

### **HHONGKONG & MACAU:**

Overseas Filipino workers have not been despised or treated unfairly in Hong Kong after the tragic bus hijack in Manila left eight Hong Kong tourists dead. Hong Kong's Department of Health has announced that 105 cases of Human Immunodeficiency Virus (HIV) infection were recorded in the second quarter of 2010 in the city. Taiwan and Hong Kong Special Administrative Region (HKSAR) cultural and economic councilors have agreed to further strengthen bilateral cooperation. An 815 million HK dollars surplus was recorded in the Hong Kong government's financial results for July, but a 9.5 billion HK dollars deficit was still recorded for the financial year's first four months.

### **KOREA**

#### **Political Front:**

Lawmakers of the ruling Grand National Party (GNP) has voted to expel Rep. Kang Yong-seok who was accused of making inappropriate sexual remarks at a gathering with university students. South Korean President Lee Myung Bak suffered the latest blow to his administration after his choice for prime minister withdrew amid allegations of corruption less than three weeks after being nominated.



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

The chief nuclear envoys of China and South Korea have decided to meet separately this week with senior U.S. officials in Washington, D.C. to discuss the resumption of the six-party talks on North Korea's denuclearization, amid a flurry of diplomacy among involved parties. Obama has widened U.S. financial sanctions on North Korea in an effort to cut off sources of income that fund the nuclear weapons program of the regime's leader, Kim Jong II. South Korea and the United States have started joint anti-submarine exercise on 5 September in the West Sea where the South Korean Navy's ship the Cheonan was sunk by a North Korean torpedo attack in March.

### **Economic Front:**

South Korea's GS Engineering & Construction Co. Ltd won a \$620 million oil pipeline contract from the United Arab Emirates. South Korea has decided to take steps to limit consumer price growth and curb inflation expectations. South Korea's industrial production grew faster than estimated in July, logging the 13th straight monthly gain as the nation's exports withstood global risks.

### **Social Front:**

Three people got killed after Tropical Storm Kompasu made landfall in South Korea. A foreign radio DJ in Gwangju was able to receive emergency blood donation from a number of citizens via social networking websites. Leaders of opposition parties raised a collective voice calling for the government to send surplus rice to Pyongyang as part of its relief package. South Korea's Red Cross day offered to send 10 billion won (\$8.3 million) worth of flood aid to North Korea. The government has planned to legalize mandatory education about Korea for foreigners who want to marry Koreans, especially women from other countries in Asia coming here through international matchmaking services.

## **JAPAN**

### **Political Front:**

A majority of people polled claimed that Prime Minister Naoto Kan should stay as leader of the ruling Democratic Party of Japan. Democratic Party of Japan lawmakers intensified efforts to whip up support for the two contenders in the ruling party's presidential election, Prime Minister Naoto Kan and longtime kingpin Ichiro Ozawa.

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

The Japanese and U.S. governments have ironed out their report on construction options for replacing a contentious U.S. Marine Corps air base in Okinawa Prefecture. Tokyo announced additional sanctions against Iran over its nuclear programs.

### **Economic Front:**

The government has decided to include a ¥16.4 billion project for the Hayabusa-2 probe in its space program, following the successful seven-year round trip to an asteroid by the probe's predecessor. The jobless rate in July fell to 5.2 percent from 5.3 percent the previous month, dropping for the first time in six months. Toyota Motor Corp. has decided to recall about 1.13 million Corolla and Matrix vehicles because of an engine

defect that federal regulators said could cause cars to stall "at any speed without warning." Vehicle production in July rose 16.8 percent from a year earlier to 866,762 units, increasing for the ninth consecutive month.

**Social Front:**

A survey has indicated that only 4 percent of about 200 school nurses think it's appropriate to inoculate girls against cervical cancer at school. Japanese Police responded to a record 2,444 Internet crime cases nationwide in the first half of this year.