

**Report # 136**  
**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 4 September to 10 September 2010**  
**Presentation: 15<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 4<sup>th</sup> September to 10<sup>th</sup> September 2010 as have been collected by interns.

## **TURKEY**

### **Political Front:**

Preparations for the most awaited referendum due to be held on 12 September dominated the Turkish political front. Total number of 151, 546 ballot boxes has been reserved for the referendum as 49,446,269 registered Turkish residents and 2,556,335 voters registered overseas would vote.

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

The US embassy in Ankara has stated that the US Air forces will not participate in Joint military drills with Turkey in October as Israel has not been invited. Greece's new foreign minister has called on Turkey to provide stronger support for peace talks in war-divided Cyprus after a landmark Sept. 12 Turkish referendum on constitutional reforms. Turkish President has extended full support to Bosnia-Herzegovina's integration into EU and NATO, and he pledged support to Bosnia's NATO bid. Turkish Foreign Minister had two phone conversations with his Bulgarian counterpart over the issue of appointment of former spy and retired lieutenant colonel Gendzhev as Chief Mufti instead of Mustafa Ali Hajji, who was elected for the post last month that led to the protests by Muslims in the country. The third Turkish Red Crescent's train carrying 750 tons of aid materials including 500 tons of foodstuffs left for Pakistan to provide assistance to the food victims. Meanwhile wife of Turkish Prime Minister Erdogan also paid visit to flood-hit areas of Pakistan. Turkish PM has also criticized oil-rich Muslim countries for their slowness and reluctance to send humanitarian aid to flood-stricken Pakistan.

### **Economic Front:**

Trade between Turkey and the autonomous Kurdish region in northern Iraq has doubled over the last three years. Three leading international finance institutions have decided to grant loan for construction of Nabucco natural gas pipeline project. Despite a recent rise in property sales to foreign nationals, major construction firms, real estate companies and retail associations have been complaining about tiresome legal procedures while selling real estate to foreigners in Turkey. The axis of inflation in Turkey has shifted from west to east according to the latest data released by the Turkish Statistical Institute. Livestock imports have failed to pull red meat prices down to normal levels in Turkey and have moreover begun to threaten the balance of regional supply and demand. Turkey and Iraq

have agreed to revise the agreement on Kirkuk-Yumurtalik crude oil pipeline which connects the northern Iraqi city of Kirkuk to the Turkish Mediterranean port of Ceyhan.

## **FERTILE CRESCENT**

### **Political Front:**

An Egyptian rights group laughed at a government pledge to limit use of its emergency law as an "illusion," after the interior ministry ignored a court's request to release seven Shiite Muslims. Egyptian political parties have marginalized the role of women within party structures and higher committees. President Hosni Mubarak has been seeking the continuation of US support for his presidency--or for the succession of his son Gamal to the top post. Thousands have registered in an attempt to secure an NDP official nomination in upcoming elections to the People's Assembly. Newspapers in Egypt have been banned from reporting on an unprecedented poster campaign. The campaign has been promoting the chief of intelligence, Gen Omar Suleiman, as a possible future president of Egypt. Mohamed ElBaradei has accused the government of publishing pictures of his daughter. In the meantime opposition leader Mohamed ElBaradei has repeated a warning that civil disobedience could be resorted to if the regime continues to ignore demands for reform. Thousands of young Egyptians and dozens of prominent opposition figures have also extended their full support behind his seven reform demands that include ending the state of emergency, amending the Constitution to allow for real multi-party presidential elections, ensuring judicial supervision of the vote, and putting an end to election fraud. Egypt's leading democracy advocate made a forceful call for the nation to boycott November's parliamentary election, saying they were certain to be rigged and urging his young supporters to be patient and plan for a lengthy struggle. The latest bombing in Iraq has indicated security lapses on part of the government.

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

Iraqi President has expressed keenness to boost economic ties with Iran. Lebanese PM has taken his words back accusing Syria for its involvement in the death of his father Rafik Hariri.

### **Economic Front:**

The Egyptian pound (EGP) has marked a series of lows against the dollar in the past two weeks, partly because of a firmer dollar globally as weakness in the US economy prompts safe-haven flows into US Treasuries.

### **Social Front:**

At a symposium organized by the Egyptian Council for Foreign Affairs, Egyptian Grand Mufti Ali cited verses from the Holy Koran to show that Islam permitted freedom of religion and did not compel anyone to change faith.

## **CENTRAL ASIA**

### **Political Front:**

A meeting with experts of regional headquarters to observe the conduct and organization of upcoming parliamentary elections in Azerbaijan has been held at the Baku branch of the International Institute of Monitoring Democracy Development. Upcoming

parliamentary elections in troubled Kyrgyzstan could be cancelled if politicians use the process to escalate tensions in the ex-Soviet state. The chief spokesman for Kyrgyzstan's presidential administration has resigned ahead of Parliamentary elections. Kyrgyzstan has requested Russia to assist in conducting parliamentary elections on October 10 in 15 cities and regions of RF. 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:**

Two Azerbaijani soldiers got killed and another wounded in fighting on the front line of the Armenian-backed region of Nagorno-Karabakh. Foreign Minister of Azerbaijan held meeting with the US Deputy Assistant Secretary of State for European and Eurasian Affairs. The Shanghai Cooperation Organization (SCO) member states held a joint anti-terrorist exercise code-named Peace Mission 2010 in Kazakhstan on September 9. Uzbek authorities have released a Kyrgyz border guard one day after an exchange of border officials between Kyrgyzstan and Uzbekistan.

### **Economic Front:**

Kazakhstan's oil industry chiefs, public officials and NGO representatives have held a ground breaking ceremony of an aromatic hydrocarbons production unit at the Atyrau refinery. China has expressed readiness to invest \$200 million for the construction of three hydroelectric stations in Kyrgyzstan.

### **Social Front:**

Several non-governmental organizations representing physically disabled people in Almaty have launched a campaign to bring attention to their problems in Kazakhstan's largest city. The wife of a jailed Kazakh opposition activist has called on international organizations to intervene after she received threatening phone calls. 383 thousands of Kyrgyz migrants have been working in Russia. The Turkmen government has launched a mass campaign in support of its recent plan to spend \$1.9 billion on building a new "Olympic City" sports complex in Ashgabat. Charities Aid Foundation (CAF) has published a world ranking of the most generous countries drawn up in accordance with the scale of charity provided to citizens. The report is based on the survey of 500-2000 people in 153 countries of the world by Gallup agency.

## **IRAN**

### **Political Front:**

Iranian Foreign Minister reiterated that Iran would not bow to pressure meant to discourage the country from pursuing its nuclear rights. Latest International Atomic Energy Agency (IAEA) report on Iran's nuclear activities has reaffirmed Tehran's commitment to the agency's rules. Iran's envoy to IAEA said that the interference of the UNSC in Iran's nuclear dossier prompted the Majilis to halt implementation of additional protocol. Iran's atomic energy chief denied allegations by a dissident group that it has been building a secret uranium-enrichment site west of Tehran. Iranian diplomat after resigning from his post in Brussels last week to protest his government's policies, has sought asylum in Norway.

Jewish member of Iran's Parliament (Majilis) Siamak Moreh Sedq described the desecration of the holy Quran in the US as an "insane act without rational justification."

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

President Barack Obama's top military adviser, Navy Admiral Mike Mullen, urged Turkey to help ensure Iran doesn't gain the capacity to make atomic weapons and to extend the period of its commands in Afghanistan. Under extensive US pressure South Korea agreed to take unilateral measures against Iranian banks and individuals carrying out foreign exchange transactions. Russia has urged Iran to maintain cooperation with the International Atomic Energy Agency (IAEA), a day after Tehran rejected the agency's claim that it had restricted UN inspectors. Head of the International Atomic Energy Agency (IAEA) has expressed readiness to discuss supplying nuclear fuel for Tehran's research reactor. China has opposed unilateral sanctions against Iran over its nuclear program, calling for a diplomatic solution on the issue. In the meantime the Non-Aligned Movement (NAM) has passed a statement in support of Iran's nuclear program. The U.S. Secretary of State claimed that the US remains open to negotiations with Iran even as sanctions intended to constrain the country's nuclear program begin. Former Cuban President Fidel Castro criticized Mahmoud Ahmedinejad for denying the Holocaust and said the Iranian leader's anti-Semitism doesn't help the cause for peace. Iranian President stressed greatly on the importance of taking practical steps to promote relations with African countries in view of common interests with Iran.

### **Economic Front:**

Japan has announced to suspend new oil and gas investments in Iran and to freeze the assets of 88 organizations and 24 individuals in its latest round of sanctions for the Middle Eastern country's nuclear program. South Korea has decided to ban any new investments for Iranian oil, gas and construction projects, joining nations including the U.S. in imposing sanctions for the Middle Eastern country's nuclear program. In the meantime the Netherlands Iranian Business Association (NIBA) criticized the new EU sanctions against Iran targeting its foreign trade, financial services, and energy and gas sectors. Tehran's imports have passed \$24.2 billion in the first five months of the current Iranian calendar year. Iran's car production has increased by 6.21 percent in the first 5 months of the current Iranian calendar year to reach 602,052 vehicles. Iran's natural gas exports to Turkey has resumed after it was halted due to an explosion in Turkey on August 25 that damaged a pipeline. Iran has ranked the 19th largest producer and 20th largest consumer of electricity in the world. Iran has exported more than 5.5 billion kWh of electricity to its neighboring countries during the past Iranian calendar year. Iran's carpet exports have increased by nearly 50 percent to reach \$204 million in the first five months of the current Iranian year. Iran's oil production has decreased by around 15,000 barrels per day (bpd) in August.

### **Social Front:**

The U.S. citizen Sarah Shourd left Iran for Oman after her release following a year in detention on spying charges. Two Iranian grand ayatollahs issued fatwas calling for the killing of those who insult the Koran, including anyone who burns the Islamic holy book.

Police in Iran have arrested two smugglers who were trying to illegally sell antiques, including two ancient bodies of a king and a goddess belonging to 4000 BCE.

## **SOUTH ASIA**

### **Political Front:**

Opposition party has decided to launch anti-government protests over the issues of corruption and Bangladeshi five deals with India that compromise national interest according to the opposition groups. The government has expressed intention to file cases under Anti Money Laundering Act against anyone who manipulates the stock market or who trades on insider information. Sixth and seventh rounds of elections were held in Nepal last week to elect new PM but ended without any fruitful result; as none of the leaders could get required majority i.e. 300 votes. Now eighth round of elections would take place on 26 September. In the meantime a controversial recoding of telephonic conversation between a Chinese and K.B.Mahara, a politburo member and a person very close to Prachanda was released in which Mahara asked Chinese for Rs 500 million to buy votes of parliamentarians to strengthen Maoists' position. Both the Maoist leadership and the Chinese ambassador however have denied the contents of the tape. India has taken note of the reports of alleged Chinese monetary interference in the on-going Prime Ministerial elections in Nepal. Paving the way for the current President Mahinda Rajapakse to seek reelection for a third term, Sri Lanka's apex court has ruled that the proposed constitutional amendments are consistent with the country's Constitution and can be approved with a two-third majority in the parliament. Several legislators from the main opposition United National Party (UNP) have threatened to sit as independent members in parliament if the party crisis is not resolved soon.

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

The Government of Bangladesh has announced US\$ 2 million relief assistance for the flood victims of Pakistan. Railway officials of India and Bangladesh have finalized railway link alignment to improve connectivity between the two countries in Agartala. It will reduce the distance to Kolkata by nearly three times. Residential ambassadors of three member states of UN Security Council, United States, United Kingdom and France met with caretaker Prime Minister Madhav Kumar Nepal and Chairman Pushpa Kamal Dahal of Unified Maoists' Party separately and advised both of them not to be at loggerhead over the fate of United Nations' Political Mission in Nepal 'UNMIN'. Indian Army Chief Gen VK Singh reached Sri Lanka on a five-day visit, which is expected to provide an impetus to defence cooperation between New Delhi and Colombo and lay the ground for a bilateral defence dialogue.

### **Economic Front:**

Nepal stood in 130th position among the 139 countries that featured in Global Competitiveness Report 2010-2011, which was released by the World Economic Forum. Sri Lanka's benchmark share index hit a new record high as investors picked up diversified and banking shares, with low interest rates and the passage of a constitutional amendment boosting the market. Sri Lanka's construction industry has been in talks with a top Indian infrastructure finance company on setting up a fund to support the island's post-war construction activity. Sri Lanka President Mahinda Rajapakse has invited the

country's business community to submit their views and proposals for the next year's budget that is being formulated by the Finance Ministry. The World Bank has announced to approve a US\$ 57.4 million credit to strengthen access to finance for the Small and Medium Enterprises (SMEs) in Sri Lanka.

### **Social Front:**

Spread of Anthrax in different regions of Bangladesh has grabbed attention at social front. Meanwhile Eid celebration under strong security measures in Bangladesh also remained a potent development. On the occasion of the International Literacy Day to celebrate the "Power of Women's Literacy", UNESCO issued a press release revealing that more than 4.5 million women in Nepal still cannot read and write. According to police reports on average of 12 persons daily commit suicide in Srilanka. The Japanese government has provided funds worth 57 million rupees for two early childhood care projects in Sri Lanka.

## **INDIA**

### **Political Front:**

Some media reports claimed that gap has erupted between PM Man Mohan Singh and his party. PM however rejected such claims and emphasized on the point that he holds same place within his party. The government has decided to hold caste census next year under an exercise to be carried out separately from the enumeration of population. The BJP has decided to stay quite on the upcoming 'Ram Janambhoomi-Babri Masjid' case verdict, expected on September 24. The Party has officially refused to say anything except that it will await the judgment. The RSS has slammed Home Minister P Chidambaram for his "saffron terror" remarks saying it has exposed the Congress' strategy of vote bank politics.

On Kashmir issue, PM announced to hold a meeting of the Cabinet Committee on Security (CCS) headed by him. Meanwhile about the Naxal problem, he said it was "more menacing than ever before" and required to be tackled in two ways -- addressing valid economic and social issues and also enforcing law and order.

The Election Commission has announced polls in Bihar in six phases spread over a month from October 21.

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

India and South Korea have signed two Memoranda of Understanding. India has expressed serious concern on the number of projects and works China has undertaken in Gilgit-Baltistan areas and in Azad Kashmir. India has expressed keenness to resume negotiations for independently importing natural gas from Iran via a sea pipeline. India has test-fired the 290-km range BrahMos cruise missile from the Integrated Test Range (ITR) at Chandipur off Orissa coast as part of trials by the defence forces to fine-tune its capability.

### **Economic Front:**

Industry body Assoc ham has said that India may miss the USD 200 billion export target for 2010-11 due to sluggish demand in Europe, contrary to the government's assertion of meeting the target.

### **Social Front:**

Save the Children, an NGO- has released a report according to that Children from the poorest communities are three times more likely to die before they reach the age of 5 than those from high income groups. According to the report 41 percentage decline in child mortality over the last two decades masks a dangerous expansion of the child mortality gap between the richest and poorest families in India.

### **EAST ASIA**

#### **Political Front:**

Declining popularity of the Indonesian President Yudhoyono has been revealed by some recent surveys. In this regard the LSI survey showed that 77 percent of the respondents thought the government had failed to properly handle a spate of explosions involving liquefied petroleum gas canisters, while 66 percent objected to the government's decision to increase electricity rates. Meanwhile a survey carried by the Indonesian Survey Institute, indicated that if a national election had been held last month, the Democratic Party would have won with 27 percent of the vote, six percentage points more than what the party managed in winning elections in 2009.

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

Former vice president Jusuf Kalla called on the Indonesian government to take a firm stand in its border talks with Malaysia at an Indonesian Red Cross meeting. Laos and Cambodia have agreed to allow technical officials from the two nations to begin a border demarcation project in six locations along their common borderline in December this year. Cambodia has denied media's report that suggested the country might have deal with Iran to build a nuclear power plant.

#### **Economic Front:**

Indonesia moved up 10 places to 44th in the latest Global Competitiveness Report (GCR) for 2010-2011 published in the World Economic Forum in Beijing. Singapore's economy is expected to expand at a record pace of 14.9 percent this year as a surge in demand for the city-state exports fuels manufacturing. Thailand ranked 38th in the world in terms of competitiveness for 2010, a decline of two spots from the year before, according to a competitiveness report by the World Economic Forum. Brunei has further improved on its Global Competitiveness ranking this year to 28th out of 139 economies. Brunei's standard for Halal certification is known to be one of the strictest in the world.

According to Vietnamese Ambassador to Turkey, the increasingly developed bilateral relations between Vietnam and Turkey would reach their full potential as the latter has taken a key step toward expanding its diplomatic outreach to Southeast Asia, signing a cooperative agreement with the main forum in the region, the Association of Southeast Asian Nations (ASEAN).

### **Social Front:**

Ignoring the outrage of rights activists, the religious affairs minister reiterated his belief that an outright ban on Ahmadiyah would be good for both the country and the sect. In the last 40 years, Thailand has achieved significant progress on health development,

especially on the reduction of maternal and child mortality, improved life expectancy, combating HIV/Aids, and introducing and enforcing legislation against tobacco and alcohol. Over 1,000 people have died of AIDS in Laos over the past nine years (1990-2009) and it is estimated that the number of HIV infected people would reach 7,000 over the half decade.

## **KOREA**

### **Political Front:**

North Korea's ruling party has prepared its biggest political gathering in 30 years, fueling speculation Kim Jong II may use the forum to legitimize a transfer of power to his youngest son Kim Jong Un. Outgoing Korean Foreign Minister apologized for the nepotism scandal that has forced him to step down from the country's top diplomatic post.

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

Turkey has shown a strong interest in joining Korea's KF-X fighter development plan. South Korea and the United States have executed "realistic" training exercises to respond to various types of internal instability in North Korea. President Lee Myung-bak and Russian Prime Minister Vladimir Putin have agreed to work closely together to move the international talks on denuclearizing North Korea forward. Under extensive US pressure; South Korea said that it would take unilateral measures against Iranian banks and individuals carrying out foreign exchange transactions.

### **Economic Front:**

Toyota Motor Corp. has announced plan to sell about 20,000 plug-in Prius hybrids in the U.S. South Korea's unemployment rate declined to a three-month low as its economic recovery spurred hiring. Local economic experts believe the country needs to immediately start saving up for unification with impoverished North Korea that will cost at least 3,500 trillion won (\$3 trillion). Korea and Ecuador have agreed to boost cooperation in the fields of information technology, energy, infrastructure, trade and investment.

### **Social Front:**

A Korean private tutor was caught earning more than 150 million won (\$130,000) a month, without paying tax, from illegally teaching students in an apartment in the affluent southern Seoul. North Korean leader Kim Jong has attended concerts to commemorate the 62nd anniversary of the country's founding. North Korea's Red Cross Society has proposed talks with South Korean officials to arrange reunions of families separated between the two countries. President Lee Myung-bak urged high-ranking government officials to hold themselves to stronger standards of integrity in their behavior. A South Korean-U.S. anti-submarine exercise in the western waters of the Korean Peninsula has been postponed due to an approaching typhoon.