

Report # 138
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Central Asia, Iran, Afghanistan, South Asia, India, East Asia, China,
Korea & Japan
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Weekly Report from 18 September to 24 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, Central Asia, Iran, Afghanistan, South Asia, India, East Asia, China, Korea and Japan from 18th September to 24th September 2010 as have been collected by interns.

TURKEY

Political Front:

Turkish PM held meeting with his representatives and discussed some important issues regarding future of the country. Main points under discussion included President's tenure and date of general elections.

Geo-strategic Front:

Turkish Foreign Minister has assured to put effort to maintain peace and stability in the Balkans. Turkish Foreign Minister on the sidelines of the UN General Assembly meeting expressed Turkey's desire to enhance its economic and commercial relations with the Organization of American States (OAS) and become an observer member to OAS in the future to coordinate its relations with countries in those regions. Turkey has expressed willingness to establish an industrial zone in Serbia. Turkish Parliament Speaker has asked Israel to apologize from Turkey and to accept to pay compensation to the relatives of those who were killed in Israel's attack on Mavi Marmara ship. In the meantime The commander of the terrorist Kurdistan Workers Party (PKK) has urged Israel to sever its military ties with Turkey, which he described as a common enemy. Nearly 183 million Turkish Liras have been collected so far within the framework of an aid campaign aiming at helping flood-hit Pakistan.

Economic Front:

American business community has expressed willingness to invest in Turkey. Turkey's employment figures had increased while the European Union's unemployment figures had been on the rise in the second quarter of 2010.

Social Front:

A public prosecutor in Istanbul has asked for a sentence against two journalists from the daily Milliyet on charges stemming from a story they published containing a declaration from a member of Turkey's most prominent outlawed organization. Deputy Prime Minister's remarks suggesting decentralized exams instead of a central examination system have created controversy about the motives behind such a proposal.

GCC

Geo-strategic Front:

British Foreign Office Minister for the Middle East Alistair Burt met with Ambassadors from the Gulf Co-operation Council (GCC) states at the Foreign Office to discuss methods of developing ties between the two sides. The United Arab Emirates has started developing its peaceful nuclear energy program to address the increasing domestic demand in electricity. Oman has affirmed its commitment to co-operation with International Atomic Energy Agency (IAEA) and sisterly and friendly countries to use the nuclear power and technologies that have proven their efficiency and preference over other technologies in finding solutions for the issues and challenges of the sustainable development.

Economic Front:

Environment Agency-Abu Dhabi (EAD) has been trying to set up a Centre of Excellence in Renewable Energy Research in the Gulf region that could meet at least 10 per cent of electricity demands from solar and renewable energy mechanism by 2015-2020. The United States has been a key economic and political partner of the United Arab Emirates and this close relationship has been greatly contributing to global energy security in an increasingly interdependent world. UK Commercial Secretary's recent visit to Kuwait aimed to boost the bilateral economic and commercial ties. The minutes of instruments of ratification of the agreement, signed between the governments of Qatar and Iran on the avoidance of double taxation with respect to taxes on income and capital, was signed at the Foreign Ministry headquarters in Doha.

Social front:

The Shoura Council has thrown its weight behind the King Abdullah International Foundation for Charity and Humanitarian Activities (KAIFCH) and has commended its objectives as spelled out by Prince Khalid bin Abdullah. The Ministry of Interior has slapped a total ban on "sectarian" gatherings as the government warned of an iron fist policy against those trying to drag the country into a sectarian Shiite-Sunni rift.

CENTRAL ASIA

Political Front:

The ruling New Azerbaijan Party (NAP) published a list of MP candidates for the upcoming parliamentary elections. The OSCE Mission to monitor the parliamentary elections in Azerbaijan will start its activity on September 28. Two members of Kazakhstan's unregistered Algha (Forward) opposition party have been detained by police in the western city of Atyrau. The printing of ballot papers for Kyrgyzstan's October 10 parliamentary elections has started amid tight security. The Kyrgyz party has started discussing the signing of a cooperation agreement with Russia's ruling United Russia party. Authorities in Tajikistan have blamed Islamist militants for an ambush that killed at least 25 government troops in the country's eastern Rasht Valley. Later on the Interior Ministry in Tajikistan detained three suspected Islamist militants in connection with a recent suicide bombing.

Geo-strategic Front:

The U.S. President Obama held meeting with the Azerbaijani President on the sidelines of the UN General Assembly. Kazakhstan's State Secretary and Foreign Minister held a meeting with the US President Obama in the framework of the 65th UN General Assembly session in New York. Kyrgyzstan has closed its border with Tajikistan following the deadly clashes between an armed extremist group and Tajik military forces in Tajikistan's Rasht province. A Russian military official has announced to sign military cooperation with Kyrgyzstan. Tajik President held meeting with Thai PM and discussed areas of cooperation between the two countries. Issues of cooperation in the energy sector, industry, transport and communications, agriculture and culture remained on top of the agenda of the meeting between President of Turkmenistan and Federal Chancellor of Germany Angela Merkel. Turkmenistan has called for active Afghan engagement in major regional projects. At the behest of UN Secretary General Ban Ki-moon on September 19 the President of Uzbekistan Islam Karimov took off to New York with the purpose to attend the plenary session of UN General Assembly.

Economic Front:

Azerbaijan has transported 133.4 mln tons of oil via Baku-Tbilisi-Ceyhan pipeline and 15.4 bcm of gas via Baku-Tbilisi-Erzurum pipeline so far. Azerbaijan's Cabinet of Ministers discussed draft state budget for 2011. Azerbaijan has announced its plan to ship oil to new markets including Afghanistan. Azerbaijani Prime Minister and Asian Development Bank (ADB) Vice President have agreed on future projects. Two explosions in western Kazakhstan damaged a pipeline carrying natural gas in the country. The U.S. business circles have extended full support to the Turkmen initiatives including those relating to ensuring global energy security aimed at facilitating the creation of necessary conditions for reliable energy supplies. In the framework of the 11th meeting of the Steering Committee for Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project the heads of line ministries of the participating countries signed a framework agreement on construction of the pipeline. Uzbekistan has de facto nationalized the local branch of Russia's largest dairy manufacturer.

Social Front:

Relatives of two Azerbaijani bloggers jailed in a case condemned by rights groups have appealed to the U.S. President Obama to press for their release during talks with Azerbaijan's leader. Devastating fires and droughts have led to the shortage of buckwheat in Kazakhstan. Dozens of relatives of arrested Kyrgyz security officers gathered on the Old Square in Bishkek to demand their immediate release. A court in southern Kyrgyzstan has sentenced four men to four years in jail for using local mosques to set off deadly unrest in June. A branch of the Islamic Revival (IRP) in the city of Kulob has complained that authorities have been pressurizing women who wear the hijab, the Islamic head scarf.

IRAN

Geo-strategic Front:

U.S. and European diplomats walked out of the United Nations General Assembly hall when Iranian President Mahmoud Ahmedinejad said the Sept. 11 terrorist attacks

possibly were orchestrated to bolster the U.S. economy and “save the Zionist regime.” Nearly 200 Iranian lawmakers have expressed support for President's remarks at the UN General Assembly. President Obama called Iranian President's remarks at the United Nations as “offensive” and “hateful.” The US President Obama has admitted to the uselessness of tougher sanctions against Iran in forcing the Islamic Republic into giving up its nuclear rights. In the meantime Iran has expressed readiness to set a date for talks with a group of six world powers to discuss the Islamic nation's nuclear program. Iranian President has further said that Tehran will consider halting uranium enrichment to the level of 20 percent. Russian Foreign Minister said Iran “heard the signal” and has started reviewing the proposals on its nuclear program. All the while The Iranian defense minister stated that Russia's failure to fulfill its agreement to supply Tehran with the S-300 missile defense system has indicated that Kremlin is untrustworthy. Iranian Foreign Minister Manouchehr Mottaki has held talks with his British counterpart on the sidelines of the UN General Assembly in New York. Mottaki strongly urged London to revise its policies concerning Iran's nuclear program, the wars in Afghanistan and Iraq and its “double standards” on human rights issues. Iranian Foreign Minister has agreed to provide more aid to the flood-hit Pakistani people due to the magnitude of the damage.

Economic Front:

Iran's 19th international hand-woven carpet fair has opened with the aim of introducing the Persian carpet and expanding its export market. Iranian Foreign Minister Manouchehr Mottaki has played down the impact of US-engineered sanctions on the country over its nuclear program, insisting on Iran's continuous economic growth.

Social Front:

Computer-Security researchers have said that a computer worm that has infected industrial computers around the world may be part of a campaign targeting nuclear installations in Iran. Iran said its Bushehr nuclear power plant is safe after confirming some of its industrial computers have been targeted by a computer worm and that it is working to counter the cyber-attack.

Twelve people were killed and dozens injured in a bombing at an annual military parade in Iran's West Azerbaijan province. The Iranian Foreign Ministry blamed the attack on foreign “elements.”

AFGHANISTAN

Political Front:

Afghan president has called on his people to show a massive turnout despite Taliban threats, vowing to assure security for the voters. The voter turnout in the parliamentary elections was 50 percent lower than the 2004 ballot when 8.5 million people exercised their franchise right. Afghanistan's Independent Election Commission has called the parliamentary vote successful despite militant attacks and low voter turnout. The Afghan Electoral Complaints Commission (ECC) has received over 2,000 complaints on irregularities related to the country's Saturday parliamentary election. Taliban fighters have captured 12 campaigners of a Wolesi Jirga candidate in the northwestern province of Badghis. Nine foreign soldiers were killed in a helicopter crash in Afghanistan's southern province. Three more US-led troops have been killed in separate bomb attacks

in various parts of Afghanistan. US-led forces have killed at least six civilians and wounded several others in two separate incidents in Afghanistan's troubled east. The CIA has reportedly set up an all-Afghan paramilitary group in Afghanistan under the pretext of hunting Taliban and al-Qaeda members in the border region with Pakistan.

Geo-strategic Front:

British troops have handed over control of "one of the most challenging areas of Afghanistan" to US forces. Top US military Commander in Afghanistan General David Petraeus has cast doubt on the exact date of withdrawal for American forces from the war-torn country. The US Defense Secretary Robert Gates has announced no major changes in the Afghan war strategy ahead of the President Obama administration's review in December.

Economic Front:

Turkmenistan, Afghanistan, Pakistan and India have signed a landmark agreement for a multi-billion gas pipeline project in Ashgabat. The Afghan government and China Metallurgical Corporation Group Corporation (MCC) have inked an agreement.

SOUTH ASIA

Political Front:

At least 25 people, including policemen, got injured in a clash between students of a private university and law enforcers in the capital. Twenty one persons have been elected as Central Working Committee (CWC) members of the Nepali Congress (NC) from the quotas reserved for women, Madhesis, Janajatis and Dalits. The Unified Communist Party of Nepal (Maoist) (UCPN-M) and the Communist Party Nepal-Unified Marxist Leninist (CPN-UML) have requested House Speaker to play an active role to end the "meaningless" prime ministerial election. Nepal's Caretaker Prime Minister Madhav Kumar has denied any immediate possibility of unity among communist parties to end the current political deadlock created due to the ongoing PM election fiasco in the nation. President Yadav has asked all the political parties to remain dedicated towards institutionalizing democracy in the nation by ending the politics of violence. The Nepali Congress has described the recent three-point agreement between the Unified CPN (Maoist) and the UML as a 'conspiracy'. Prime Minister has dropped the idea of leading Nepali delegation to New York to address the 65th UN General Assembly after Secretary-General Ban Ki-moon refused to meet him. The magistrate's court of the Sri Lankan capital has ordered the release of four aides of the former army chief who was convicted of corruption and conspiring to topple the country's government. Sri Lanka Opposition Leader has publicly denounced the charges brought by the government against former Army Commander and current parliamentarian retired General and tore off a mock charge sheet. Sri Lanka's Democratic National Alliance (DNA) has also called on religious leaders and the public to come forward to protect the rights of former Army Commander and DNA Leader retired General Sarath Fonseka.

Geo-strategic Front:

Prime Minister Sheikh Hasina has urged the US lawmakers to adopt the New Partnership for Development Act moved by Congressman Jim McDermott and allow Bangladesh's

duty-and quota- free access to American market as an LDC. Meanwhile India has given a loan of \$1 billion at nominal rate of interest to Bangladesh. Nepal's caretaker government has decided to ink an agreement with Indian construction major GMR and its consortium for the 900 MW Upper Karnali hydropower project despite warnings by the former Maoist guerrillas that they would oppose it as well as 13 other projects, mostly involving Indian investors.

Economic Front:

Bangladesh's exports in August surged 31.25 percent to \$1.79 billion from a year earlier, led by strong demand for the country's readymade garments. Nepal stood at 121st position securing 5.54 among the 141 economies in the Economic Freedom of the World Report. The Executive Board of the International Monetary Fund (IMF) has completed the fourth review of Sri Lanka's economic performance under the Stand-By Arrangement (SBA) and approved an immediate disbursement of about US\$ 212.5 million. Sri Lanka President has called for a genuine commitment to fulfill donor obligations to assist developing countries as the recent global economic and financial crisis has severely reduced the access to external resources and private capital flows for them.

Social Front:

Prime Minister Sheikh Hasina has placed the Environment Court Bill 2010 in the Parliament, seeking provisions for allowing citizens to file cases against polluters and for setting up at least one environment court in each district.

INDIA

Political Front:

Janata Dal (U) has ruled out the suggestion to hand over the disputed land in Ayodhya to the Janambhoomi Nyas for building a Ram temple by the Sangh Parivar. President of Janata Dal further added that settlement of the issue through a court verdict or a negotiated agreement between the parties to the dispute was the only two ways out of the problem. Meanwhile VHP and RSS have also agreed to accept court's verdict regarding the issue of Ram temple. Security has been further intensified in sensitive places in Uttar Pradesh, including Ayodhya and Faizabad, in view of the verdict on the Babri Masjid title suit on September 28.

Admitting that the police and administration had failed to rid Maoist menace in West Bengal, Chief Minister has said that the ultras have to be tackled politically.

Terming the planned visit by an all-party delegation to Jammu and Kashmir, "eyewash," the hard line Hürriyet Conference leader Syed Ali Gillani has refused to meet it.

Geo-strategic Front:

India has expressed hope that despite boundary issues with China both countries could improve bilateral ties. An official US report on global governance has declared India to be the third most powerful nation after the United States and China. After a long discussion, India has agreed to be part of a regional initiative on Afghanistan along with Iran. India and Argentina have signed an agreement for cooperation in peaceful uses of nuclear energy.

India's indigenously developed nuclear capable Prithvi-II ballistic missile failed to take off during a user trial from the Integrated Test Range at Chandipur off the Orissa coast apparently due to a technical problem.

Economic Front:

The food price index rose 15.46 per cent while the fuel price index climbed 11.48 per cent in the year to Sept. 11. In the previous week, annual food and fuel inflation stood at 15.10 per cent and 11.48 per cent, respectively. According to a Columbia University report, India has emerged as the world's 21st largest outward investor, with an investment of over USD 75 billion across the world over the past decade. Report shows that annual FDI outflows have jumped fifty-fold after 2000, and Indian firms have invested over USD 75 billion overseas in the past decade.

Social Front:

The News Broadcasters' Association (NBA) has issued specific guidelines to its member-channels on their coverage of the Allahabad High Court's judgment in the Ayodhya title suit, expected on September 28. A report in the Daily Telegraph has claimed that India bribed 72 Commonwealth countries \$100,000 each to get the hosting rights for the scandal-hit 19th edition of the Games which will start in Delhi from October 3-14. At least 25 villages have been destroyed by heavy flood in Bihar.

EAST ASIA

Political Front:

Thai PM has announced to hold early elections in the beginning of 2011 if opposition groups would stay peaceful. Political violence and bomb blasts have become serious point of concern for most of Thais.

Geo-strategic Front:

Indonesians have greatly appreciated the President Obama's announcement to visit their country. Thailand has expressed positive hope to improve ties with Cambodia as former PM Thaksin has already stepped down from the role of advisor to Cambodian government. The Philippines and fellow ASEAN members have announced to oppose any move by China to claim sovereignty over the South China Sea. In a bid to boost its military capabilities, Cambodia would get almost 100 tanks and armored personnel carriers from Eastern Europe next week.

Economic Front:

The Indonesian Rupee had recovered most of its losses against the dollar, and Indonesia's 2009 budget deficit stood at less than 1.6 percent of GDP. In 2010 – just as the Indonesian Central bank predicted – the economy is well on the way to achieving growth rates of 7 percent. IMF has declared Indonesia's banking system to be strong and well capitalized, as has been proven by impressive improvements in financial stability during the 2008-2009 financial crises. A government think tank has identified a dozen growth industries such as oil and gas, biotechnology and Islamic finance to focus on in a drive to double Malaysia's income per capita and propel it into the ranks of "developed nations" by 2020. Despite Malaysia's proposed economic reforms, foreign investors are shunning

the country's markets, opting for better investment opportunities in the region. A recent Bank of America Merrill Lynch report has dubbed Malaysia the "least-favored market" in the Asia Pacific after the country dropped from 10th to last in the latest Fund Mangers Survey. Meanwhile according to the UN calculations, 81% of the overseas investments have dropped in Malaysia. The financial experts on international trade have stressed the need to boost the country's bilateral trade volume with Sri Lanka, China and Iran for keeping the trade growth higher and to attain economic prosperity. The Philippines, the world's biggest rice buyer, expects to import up to 1.5 million tonnes of the grain for 2011 after record purchases of 2.45 million tonnes for this year led to oversupply. Cambodian Prime Minister has decided to appeal to the US President Obama to cancel a "dirty debt" of more than \$300mn. Vietnam has once again been selected as the number one investment destination, outside of Brazil, Russia, India and China (BRIC).

Social Front:

More than 300 people have been killed on Indonesian roads during a mass exodus to celebrate the Muslim holiday of Eid al-Fitr. Two Batak Christian Protestant Church (HKBP) leaders have been assaulted in Indonesia. A leader of the Abu Sayyaf extremists linked to the kidnapping of two American missionaries and 17 others, including Filipinos, in 2001 has been killed in an encounter with government forces. Besides that Typhoon Ketsana has recently hit Philippines. The Moro Islamic Liberation Front (MILF) has altered its demand for the establishment of a separate Muslim state to bring lasting peace to strife-torn Mindanao. New York-based Human Rights Watch (HRW) has scolded the Thai government over its handling of the ongoing insurgency in the three southernmost provinces, and condemned the militants there for carrying out target killings of public school teachers. Germany has provided assistance to Cambodia for flood control system project that would benefit about 700 households with approximately 3,500 farmers and their livestock.

CHINA

Geo-strategic Front:

Six warplanes took off from within China and launched long-distance "sudden attacks" in neighboring Kazakhstan in the on-going anti-terror drill of the Shanghai Cooperation Organization. Sino-Russian ties have been on the positive track and have reached at peak currently. Sino-Japanese relations soared as Japan detained Chinese fishing trawler captain. The public in China has been angered by Japan's illegal detention of the Chinese fishing captain, staging protests both in major Chinese cities and on the Internet. China has extended support for UN General Assembly to play an even greater role in handling international affairs. China has expressed hope that the four BRIC countries -- China, India, Russia and Brazil -- would further strengthen coordination and cooperation. Chinese PM has called for large-scale Sino-U.S. economic and trade cooperation. China has pledged to give an additional assistance of 200 million U.S. dollars to flooded Pakistan, totaling China's aid to 250 million dollars, its largest- ever humanitarian aid to a foreign country. Chinese PM and the US President discussed issues facing the two countries on the sidelines of UN conferences and stressed on the need to deepen bilateral ties. Chinese growing relations with Egypt and Ghana remained significant.

Economic Front:

The European Union (EU) has launched an anti-subsidy probe into wireless modems imported from China, after it targeted the same Chinese product with two separate investigations of anti-dumping and safeguards measures in June. China's currency Renminbi (RMB), raised 62 basis points to a new record high at 6.711 per U.S. dollar. China has reduced the average import tariff rate to 9.8 percent, much lower than the average of 46.6 percent rate for developing nations. As world leaders converge at the UN headquarters to review and boost the global efforts to meet the Millennium Development Goals (MDGs), a fact has become clear that China is taking the lead in this global endeavor. The Ministry of Commerce has denied media reports that China had banned exports of rare earths to Japan, following the arrest of a Chinese trawler captain near the disputed. The Beijing Administration for Industry and Commerce recently released a report containing practical measures to support and encourage the development of foreign-funded enterprises in Beijing in terms of market accessions, annual inspections, oversight and management.

Social Front:

A senior official of the Communist Party of China (CPC) in charge of culture and publicity has pledged to deepen the nation's reform of its cultural sector over the next five years. China has set up 4.1 billion square meters of energy efficient buildings in total, accounting for 21.7 percent of gross urban construction areas, which has the capacity to reduce carbon dioxide emissions by 23.4 million tons.

China has rolled out a blueprint to boost the nation's digital publication industry. China's phone subscribers rose to 1.13 billion by the end of August.

KOREA

Political Front:

North Korea has announced to hold a meeting of its ruling Workers' Party on Sept. 28 that is seen as linked to leader Kim Jong-il's plan to hand power over to his third son, Jong-un.

Geo-strategic Front:

Russian high official has denied handing over Cheonan Report to South Korea. Meanwhile South Korean Defence Minister has said that this years' 'white paper' will not describe North Korea as the country's main enemy. South Korea and the U.S. have announced to hold anti-submarine drills off the Asian country's west coast between Sept. 27 and Oct. 1.

Economic Front:

Soaring consumer prices and the sluggish domestic economy have reduced donations to the underprivileged, leaving them more alienated during the Chuseok holiday. Korea National Oil Corp., has received acceptances for 64.26 percent of Dana Petroleum Plc shares in its hostile takeover battle for the U.K. explorer.

Social Front:

U.S. Secretary of State Hillary Clinton has wished Koreans a happy harvest Chuseok holiday. Korea has pledged to provide an international public-private partnership organization with \$1 million for the global campaign to donate life-saving vaccines to children in the world's poorest countries. Korea has seen "unusual" weather, such as heat wave, record rainfall and early frost, in September.

JAPAN

Political Front:

The Democratic Party of Japan has announced its plan to assign former Cabinet members to head key committees in the House of Representatives to secure the ruling party's leadership in the divided Diet. Japanese voter approval for Prime Minister Naoto Kan's Cabinet rose 18 percentage points to 64 percent, according to a Sankei newspaper survey. The disapproval rating dropped 19 points to 21 percent from the last survey taken in August.

Geo-strategic Front:

Four of Japanese citizens have been held in China for allegedly videotaping military targets as tensions heightened over a territorial dispute that has damaged ties between Asia's two biggest economies. China has severed senior-level government contacts with Japan, halting aviation talks and suspending a meeting on coal because of a recent dispute a dispute over Japan's extended detention of a fishing boat captain for a collision in disputed waters. Japanese prosecutors have decided to release a Chinese fishing boat captain involved in a collision near disputed islands, following intense pressure from China.

Economic Front:

The yen dropped against most of its major counterparts as traders speculated that Japan sold the currency to protect exporters. The currency slid as much as 1.1 percent against the dollar in the biggest intraday decline since the Bank of Japan intervened on Sept. 15 before erasing most of the drop. Prime Minister has pledged to offer \$8.5 billion over five years starting in 2011 to help improve the health of mothers and babies as well as education services in poor countries.

Social Front:

An international conference on biodiversity set to take place in Japan in October would attempt to set new targets for protecting organisms and conclude a global pact stating how genetic resources are to be used in drug development and other fields. American model and actress Paris Hilton dropped her entry request and left Japan on a chartered flight after being stopped and questioned at Narita International Airport the previous day about her conviction for cocaine possession.