

Report 122
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: June 9, 2010

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Period: From May 30- June 5, 2010

This is the summary of the whole Euro-America zone (zone 3) taking into account the political, economic, socio-cultural and geo-strategic issues around North America/Canada, Western Europe, Latin America/Southern Europe, Southeast Europe, Oceania, Russia and its Neighbour and East/Central Europe.

Report Summary

USA/Canada

Political Issue

If Katrina was to Bush, Gulf of Mexico will be for Obama as some Americans view it. The president is said to becoming furious as critique mounts on him on the management of the spill. In return, Obama has sent a legal threat to BP the oil company involved that it will have to face litigation for the spill. The spill crisis has forced the president to cancel his foreign trips.

The frequency of political jab on Obama's administration tells a lot about the American political landscape, where failure by the federal government can be capitalized upon by the state in scoring political goal. Louisiana Gov. Bobby Jindal was the latest scoring a political goal for his critique on how Obama's administration handles the oil spill, which is more likely to affect Louisiana's fragile coastline. The victory was earned as White House approved a plan that will protect Louisiana's fragile coastline from an onslaught of oil.

Obama's White House is trying to diffuse the allegation that his government has been involved in political maneuvering and deal making geared at favouring particular candidate for Senate primaries and State governorship. The allegation is a dent on Obama's pledge of playing a clear politics devoid of interest. Republicans tagged the deal making as Chicago-style politics.

The slipping support for the conservative minority government in Canada does not suggest the support has shifted to the opposition. The weekly Ekos survey puts support for the Conservatives at 31.7 percent, down from 33.9 percent last week. Support for the Liberals, the biggest opposition party, dropped to 26.2 percent from 27.1 percent.

The Canadian authority is preparing a high security arrangement for the forthcoming G 8 and G20 summits scheduled for Toronto. The arrangement is estimated around one billion-dollar, a bill challenged by the opposition parties as wasteful expenditure. The security measure is tailored at controlling protesters from the global

summits. Protesters are nurturing the fear that apparatus expected to be used on them could be too dangerous and urge government to rethink about it. Although Constable Wendy Drummond, a spokeswoman for the Integrated Security Unit said the apparatus as communications tool not weapons.

Economic Issue

The Canadian government and the Central Bank are not expected to change present policy not until the economy regains its stamina. The government hopes to see the currency stable, more employments and entire health economy. The economy saw an improvement last week with an increase of 24,700 jobs.

Social/Humanitarian Issue

Like many before her, facing the Senate screening is not always fun rather frustrating because past ruling, comments and stances are always used as evidences to determine the objectivity of a prospective Supreme Court judge. Supreme Court nominee Elena Kagan's has to face the Senate for her confirmation but her past comment expressing contempt for senate confirmation committee is more likely to hurt her.

Food, Environment and Energy Issue

Geostrategic Issues

U.S-Israel relation has been strained recently and both parties are finding ways to patch their differences. Unlike the rest of the world condemning Israel for attacking the flotilla, U.S vice president Joe Biden rather believes Israel has the right to protect itself. The attack of the Flotilla is reported to be on international water outside the jurisdiction of Israel.

Western Europe

Political Issue

Richard Weitz's article titled Global Insights: Geopolitical Consequences of Gaza Flotilla Incident published in *World Politics Review*, 01 Jun 2010, described the various political fallouts in the Israeli-Flotilla saga. The article argues that the incident pushes Israeli to a tight corner, gave the international community right to question the blockage and also bashed US-Israel stance with the rest of the world's position as Washington refuses to condemn Israel. Turkey-Israel tie is further strained by the event, raised Turkey's position in the Muslim world and showed the incapability of the Arab leaders to fight for their own cause. Lastly, the event shifted UNSC's attention from Iran; instead the council is focused on how to punish Israel. Similarly, Neri Zilber's Israel Must Rethink Gaza Strategy published June 042010 in *World Politics Review* challenges the current Israeli security strategy. The writer was of the view that the security prism

through which Israel reads the world is no more attainable, the flotilla is shown that Gaza siege must be lifted and the attack of civilian ship by a democratic state has no justification.

Meanwhile Frida Ghitis's article "World Citizen: Israeli Opposition Modulates Response to Flotilla Crisis," in same review depicted how Israeli opposition parties rallied behind the government regardless of what the world are saying of attack. They believed in national solidarity, although only time will tell when the opposition will challenge the coalition rightist government for the frequent diplomatic roar, detrimental to Israel international standing.

Picking on immigrant and Muslims are two sensitive and vulnerable issues every rightist European politician can exploit in order to score a political goal. Even though The Netherlands has recently witnessed much of these sentiments but Job Cohen, Amsterdam's mayor is looking beyond the aisle of sentiments; rather under his Dutch Labor party is being calling for inclusiveness (Muslims and immigrants) and equality (of women in politics) Polls indicate that Labor, under the popular and inclusiveness mantra of Cohen is prone to gaining more votes.

Economic Issue

Social/Humanitarian Issue

Not until its confrontational attempt to unblock the three years Gaza siege last week little was known of the Istanbul-based Foundation for Human Rights and Freedoms and Humanitarian Relief, known as IHH. After the confrontation with the Israeli commandos and lives lost, report alleged IHH of having terror links. A former French investigating judge Jean-Louis Bruguiere said in the 1990s he had found members of IHH having links with al-Qaeda and holds that he doubts the ignorance of IHH that the group is infiltrated by terrorists. The claim has been disputed by IHH leaders as baseless.

Mohammed Moussaoui, head of the French Council of the Muslim Faith (CFCM), made it clear that his group does not believe in the full hijab and it violates the French value. His comment shows the lingering divided between the immigrant and native European Muslims as to who best understand and can interpret the scripture. CFCM though holds that veil is not compulsory yet complete ban by the government is also out of place because it will further isolate women from the public sphere. Meanwhile, debates continue on the constitutionality of the ban, police officers believe the ban will degenerate into insult and outrage.

A new communiqué drafted by the EU with the consent of Washington shows a consensus on how to deal with the issue of terrorism. Spanish Interior Minister Alfredo Rubalcaba, whose country chairs the European Union made it clear that the message is to the Muslim world that the two sides of the Atlantic will give a strong fight to terrorist in protecting their values and at the same time respect other (Muslim) cultures. The usage of the word 'war on terror' has been a dividing line between Bush's Washington and the EU but Obama has tried abandoned its usage.

Food, Environment and Energy Issue

Iranian chief representative at the IAEA questions the correctness of the organization's finding on Iran. The report says Iran is progressing in its nuclear activity and the apparatus used has been removed when IAEA investigative teams went for recheck. Iran is contesting this report asking the director of IAEA to correct the wrong information.

Rose Gottemoeller, the chief U.S. negotiator of the new U.S.-Russia nuclear arms treaty wants the rest of the world to join the campaign against WMD. She holds that if the New START treaty gets strengthened, this will be a stepping stone for others on global disarmament.

Geostrategic Issues

Southeast Europe

Political Issue

The European Parliament made an uncomfortable stance against Tirana last week; the parliament refused having resolution vote on Albania's EU integration. This owes to political impasse between the Albanian ruling and opposition party over last June election. The unresolved vote is also implicative for Albania-EU visa liberalisation scheme. Meanwhile, the parliament supported Bosnia-EU visa liberalisation scheme but added that ethnic tensions and slow pace of political development in the country needed to be rectify. Serbia's willingness to relay fugitive Ratko Mladic's diaries to The Hague war crimes tribunal will be considered positive and that will allow EU member states to begin ratifying the Stabilisation and Association Agreement (SAA).

UN war crimes tribunal demands more of Croatia's support in its investigation of war crimes associated with Zagreb. The latter has submitted certain documents to the tribunal to boost the tribunal's investigations. Croatia's co-operation with the tribunal is essentially attached to its political criteria for EU accession. As a sign of reconciliation and readiness for peaceful co-existence, Croatian President Ivo Josipovic made the first ever visit by to a Croatian head of state to Republika Srpska (BiH) visited three major sites of massive killing of ethnic Croats, Serbs and Bosniaks.

Local elections were held at the Serb populated northern Kosovo, the election was organised by Serbia in bid to create a parallel structure in Kosovo. The election has been rejected by EULEX, International Civilian Representative and EU Special Representative Pieter Feith and the Kosovo authority as unauthorized and unrecognizable.

Kosovo Prime Minister Hashim Thaci believes tackling high level corruption in the country should be the responsibility of Kosovo institution and EULEX just as facilitator. The country is undergoing sanitation that will purge out corrupt leaders. Recent assets declaration shows that Kosovo leaders are very wealthy.

The European commission warns Kosovo authority from issuing biometric passports considered dangerous at this moment. Violation of the recommendation might hurt and delay Pristina-EU visa liberalisation scheme. In the same line, European Parliament (EP) Rapporteur for Kosovo Ulrike Lunacek believes that Kosovo needs a clear membership perspective, rather than promises, concurrently urging EU member states to make Serbia understand that its EU membership is politically attached to Kosovo being recognised.

Talks of coalition government is on-going between representatives of the Social Democratic Party (SDP) and the Democratic Party of Socialists (DPS) after both parties won considerable votes in recent city council elections.

Economic Issue

Croat Labour union leaders are geared at gathering signatures required to call a referendum on proposed amendments to the labour law. The government has planned to change the labour law, but the labour leaders object to such change.

Social/Humanitarian Issue

Romanian labour unions are on the streets protesting against government's austerity measures that will cut salaries and pension. The plan by the Romanian government is will help in managing deficit and meeting IMF requisite.

Food, Environment and Energy Issue

Geostrategic Issues

Despite its political troubles, Albanian authority has created a relaxed visa scheme for its citizens to travel and visit ethnic Albanian in Kosovo without hurdles. Albanian citizens will need only an electronic ID card to travel to neighbouring Kosovo. Such visa relaxation is also true for Serbia, as Belgrade will now allow EU citizens, as well as those of Switzerland, Norway and Iceland, to enter Serbia and travel around the country without a passport this summer, relying instead on an identity card.

Two days NATO summit held in Bitola, Macedonia reiterates the need to accelerate and integrate Western Balkan into the military bloc; a failure will make Balkans remain a bastion of potential tension.

Despite report that the Thai authority has requested the arrest and extradition of former Thai Prime Minister Thaksin Shinawatra from Montenegro, Foreign Minister Milan Rocen said Montenegro has not received an extradition request from Bangkok. Thaksin is accused of having supported the months old protest in Thailand between the red shirts and the government that killed many.

Serbia is maintaining good military standing abroad. Belgrade currently has peacekeepers with UN missions in the Ivory Coast, Liberia, Congo and Chad but plans to send missions to Lebanon and Cyprus, possibly this year.

Oceania

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issue

The next general Brazilian election is not expected to produce any drastic macro-economic changes instead change is expected at the micro level. All contestants are predicted to be treading same line by not discontinuing with the current President Lula's legacy. However, this does not suggest they are not sharing dissimilar stances on many other issues like how to deal with Mercosur.

Political tussle between President Hugo Chavez and opposition politicians is yet to be over as accusation and counter accusation flows in the air. Chavez is accused of undermining freedom of speech and privatization, an accusation taken by the president as baseless and contravening his style of socialism.

Economic Issue

The Brazilian economy is expected to grow by 6-7% this year and the country is witnessing a fall in unemployment.

Chavez hard policy on private business is reported to be the cornerstone for the rising unemployment in the country. Private businesses and industries like chemical products and substance, food and beverages, machinery and equipments, agriculture products and electrical products having employment opportunity are on the verge of collapse. President Chavez however is contesting such assertion that his policy is responsible for the sharp fall of the economy; he rather sees it as a natural process expected from the shift from capitalism to socialism.

Social/Humanitarian Issue

Saifur Rehman Khan, the Pakistani arrested and alleged of explosive at the US embassy in Santiago, Chile is released but remained under investigation hence asked not to leave the country.

As Venezuela faces economic problem, the nation's social infrastructures are equally reported to be declining, placing Venezuela among the suffering countries of the region.

Food, Environment and Energy Issue

The MoU signed between Argentina and Bolivia opened the way for gas sharing ties till 2026. According to the agreement Bolivia will supply natural gas to Argentina's Northeastern side on a fairer price.

Mexican health authority is launching a campaign against obesity, in bid to reduce the growing number of obsessed school children. The campaign will require school canteens and vendors to adhere to the permitted products and laid down rules of the health ministry. The Mexican government is also eyeing the possibility of reducing consumption of fossil oil because of its environmental implications. Such reduction will then pave the way for increasing Mexico's dependence and capacity on cheap nuclear energy.

The increasing threat caused by the oil spill on the Gulf of Mexico is now creating concern for the Mexican government sharing part of the sea with the United States.

Geostrategic Issues

Brazil raised the flag last week of having a strong footing in Africa through Angola as both countries share linguistics and colonial heritage. The same step seems to be followed by the Argentine government with the aim of strengthening political and economic relations with Angola and as Argentina's ambassador to Angola, Juan Agustín Caballero puts it, both countries relation are on the right track.

Turkish Prime Minister Tayyip Erdogan visit to Brazil marked the first visit of Turkish premier to the largest Latin American country. Both countries are enjoying high international diplomatic status and believed in enhancing their economic and diplomatic ties. Turkey is geared at having its consulate in Sao Paulo, Brazil. Meanwhile, despite the little or no commendation given to Ankara and Sao Paulo for brokering a deal with Iran for nuclear swap, both countries believes they have achieved what the west could not accomplished. Tayyip Erdogan also extended his reach to neighbouring Chile with the aim of increasing trade relations; however the visit to Chile was shortened due to the attack by the Israeli commandos on Turkish flotilla.

Brazil and Venezuela were not left out in joining the world condemning Israeli assault on flotilla. Brazilian foreign office called on Israeli ambassador to Brazil to express Sao Paulo discontentment and more particularly because a Brazilian was part of the flotilla.

The Mexican government wants cordial relations with neighbours and trade partners; this among other reasons explains why President Calderon was in Washington and Ottawa to streamline ties with other members of NAFTA. Increasing border troops to combat illegal immigration and drug trafficking was highlighted in Washington and relaxation of visa rule for Mexican was another important discussion Calderon had with PM Stephen Harper.

Mexico is expected to open its embassy in Nigeria which will be serving the rest of ECOWAS countries. The diplomatic presence in the region will facilitate multilateral relations in field of agro-industry and telecommunication.

Venezuela hopes to accelerate ties with Cuba through police training. Cuba has been responsible for the training of Venezuelan doctors and nurses and such Cuban training will be added with police instruction.

Russia and its Neighbours

Political Issue

Poland last week marked 21st anniversary of parliamentary elections (1989) which brought a new political dawn to the country. The election success ended decades of communism in Poland.

The last week Czech election was distinctive election owing to the high turnout of youth, high voting for the sake of free beer, facebook campaigns, and greater electorate seats for women. All the wining parties in the election unanimously agreed on a centre-right coalition and resolved to reform the economy through austerity measure

Hungary's parliament was not faltered by Slovakia response to its new dual citizenship law. The parliament went on to pass an amendment to its Citizenship Act on May 26 granting an easier route to citizenship for over two million ethnic Hungarians living in the region. The same parliament also approved June 4 as National Unity Day to commemorate the anniversary of a traumatic treaty that left much of the Hungarian nation outside the country's borders. The move was to create a united identity of Hungarians.

EU and IMF warnings which demand budgetary consolidation and tight deficit management will impair the new Hungarian government from carrying on with its tax cut and economic stimulus package. Hungary is still on the bailout package of EU and IMF as a result of its last financial crisis

Economic Issue

The Russian economic ministry sees growth accelerating to 3.5 percent in 2012 and 4.2 percent in 2013 as the average price of oil rises to \$78 and \$79, respectively. Such economic growth could be associated with the proposal of the Russian President Medvedev to having a global financial centre in Moscow. This could be another indication that Russia is on the verge of showcasing its economic stamina. This is also evident as both Russia and New Zealand are set to start Free-trade talks.

In a similar fashion, Russian president is asking Germany to contribute in modernizing Russia and at the same time urging closer trade and economic ties. Presently, German exports to Russia fell by 36 percent, to €25.8 billion

Russian claims of economic strength can be challenged but the latest report of experts of the international monitoring of economic conditions in Russia (RLMS) appears supportive of the claim. The report holds that the number of households with the income level below the poverty line in Russia has dropped from 38 to 3 percent in 1998-2009.

Outlining the 2011 Russian State Budget, Russian Prime Minister Vladimir Putin observed that Russia has to look beyond 2011, according to him Russia should map out plan for economic recovery over the next three years, financial compromise, and conservatism in financial practices should be cornerstone.

Russia and Japan are soon to ink agreement upon which both countries will work together in car production. Chelyabinsk is a Russian area having high concentration of metallurgy and thus hopes to be viable car producing plants.

The absence of the Belarusian president during the last trilateral custom union meeting, comprising Russia, Kazakhstan and Belarus aired certain degree of suspicion. President of Belarus Alexander Lukashenko has however cleared the air that his country will be signing the custom union agreement.

Poland and the Baltic states are geared at joining the Eurozone but with greater consideration after the Greece financial crisis. Yet Polish government is still determined to integrate its economy with the Eurozone as highlighted during the three days European Economic Congress held in Katowice, Silesia.

The Polish Central Statistical Office reveals that Poland's economy grew by 0.5 per cent in the first quarter, expanding at a slower pace than in the previous quarter but still on track for a strong full-year performance, meanwhile unemployment rate fell to 12.3 percent in April. This figure is an indication that Poland a non but a prospective Eurozone member has a better employment rating than the Eurozone where unemployment reaches 10.1% in April 2010 compared with 10.0% in March

A Bahrain delegation is heading to Prague to showcase the Kingdom's logistics credentials at the annual European Supply Chain & Logistics Summit next week and will attend the event in the Czech Republic capital from 7-9 June.

The small Baltic state of Estonia is reported to have signed an accession treaty with the Organization for Economic Cooperation and Development to become the first former Soviet republic to join the exclusive club. Israel was the last country integrated into the Paris based organization. SAS Group investor would be signing a capital agreement with the Estonia government allowing the latter to invest and

Social/Humanitarian Issue

Population gap is one of the problems in the entire Europe and one of the causes why European countries needed immigrants. Russia also suffers this problem and the then Putin's government could be credited for asking people to procreate more. According to latest report, Russian population reached 141.9 million in 2009, stoking optimistic statements from senior health officials that a 6.6 million decline since 1995 may be coming to an end.

On one hand European Union President Herman Van Rompuy said Europe was seriously concerned about the difficulties faced by human rights activists and journalists in Russia. On the other, both Russia and Washington are contemplating on how to find a lasting solution to opium production in Afghanistan.

Ukrainian President Viktor Yanukovich marked his 100 days in office but the celebration was graced with blames. Opposition blamed him that he is limiting civil liberties and surrendering national sovereignty to Russia.

The massive flood in Poland as a result of torrid rain has affected many neighbourhoods in the country; the EU and Russia are extending humanitarian assistance to the Polish in this regard.

Food, Environment and Energy Issue

Energy issue has always been the cause of rift between Russia and its neighbours. Russia is portrayed as politicizing its energy advantage at the detriment of others. Belarus is one of those countries in the energy tussle with Russia. Quite interestingly, Belarus is offering gas pipeline to Russia in return for cheap gas. Meanwhile, Russia plans to sell by next year, its oil for \$75 a barrel on international markets. This will be 25 percent higher than the previous prediction.

Geostrategic Issues

Hosting summits that reflect and discuss global problems should not be the sole responsibility of Americans and Europeans is more likely the aim why Russia is spearheading an anti-terrorism summit that will host top security and law enforcement officials from 63 countries and the UN counter-terrorism bodies.

The Cold War is ended and hence Russia military power. Moscow is believed to be harbouring outdated weaponry that could not match advance U.S weapons and

therefore places Washington ahead of Moscow. Premise on this, there is call within the Russian military that the country needs to refurbish its arsenal

The recent Korea crisis reminds the world of the Korean War, the north is alleged by the south of sinking Seoul's naval ship. Russia and China are drawn more closely into the new debacle so as to avoid repetition of the 1950s war.

The old trust deficit between Russia and Poland is resurfacing after the twin brother of the late Polish president Lech Kaczynski, Jaroslaw, said he does not completely trust the Russian authorities including in the investigation into his brother's death.

EU-Russia visa regime might soon become a reality as leaders from the EU along with the Russian president extensively discuss the scheme that will facilitate movement of people between Russia and EU countries without visa hurdles. Meanwhile, Bulgarian government has relaxed visa rules for Russians, Ukrainians, Belarusian and Moldavians to visit the country.

Since assuming office Ukrainian President Yanukovich has been pursuing a pro-Russian foreign policy but that notwithstanding did not sway Yanukovich to join Russia in its recognition of Abkhazia, the breakaway region of Georgia. Meanwhile, Ukraine has finally set aside NATO membership from its foreign agenda, a clear indication of pro-Russian foreign policy.

The world took no delay to condemn the Israeli unnecessary attack on flotilla that killed eight activities and many injured. Such condemnation was rejected by the President of the Czech Senate, Dr. Přemysl Sobotka, asserting that the humanitarian ship was planned to provoke Israel. He thus finds fault in the imbalance judgment of European and does not excuse Hamas as a terrorist organization. Meanwhile, Greek Cypriot and Turkish Cypriot political parties while attending a bi-communal meetings hosted by the Slovak embassy, condemned the Israeli attack.

President Dmitry Medvedev reiterates Russia unchanged principle of having an independent Palestinian state that will live in peace with Israel.

Ruling Armenian Republican Party and the Russian Institute of Strategic Studies (RISS) are set to have a roundtable meeting in order to foster Russian and Armenian political and economic cooperation, interaction in the sphere of security, the settlement of Nagorno-Karabakh issue and perspectives for normalization of relations between Armenia and Turkey.