

Report 123
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

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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

US/Canada

Political Issue

President Obama lashed out at the Congress for the supposedly biased and disproportionate assessment of his management of the Gulf of Mexico oil spill. Obama said Congress and few unmentioned politicians were same people accusing his government of big-government and now they are expecting him to do more, which if attempted few months back it would be seen as overreach of federal government.

Meanwhile, as lawmakers blame Obama for ill-management of the spill, New York Mayor Michael Bloomberg sees no point in pointing accusing figures to BP PLC. Bloomberg has always been a supporter of CEOs and private businesses entangled in public relations catastrophes. He said rather than threatening BP with litigation, the nation should be stir on how to stop the leak.

Obama's troubles are yet over as his government tries to persuade Congress to extend emergency health care assistance for unemployed workers that expire May 31. The unwilling Congress believes the nation is still unsettled after the passage of \$1 trillion insurance overhaul and adding billions more to the deficit in a treacherous election year is unwelcoming. Joblessness remains a big issue for the government and will become a politicized issue comes midterm election.

The Canadian opposition last week disapproved the proposed \$1billion expenditure for hosting G8 and G20. It is again scorning the proposal to spend \$2 million to build a media centre that includes an artificial lake with canoes, trees, deck chairs and a fake dock. The opposition believes the necessity for such artificial environment belittles Canada's natural scenery.

Economic Issue

The oil spill on the Gulf of Mexico is causing the British Petroleum Company (BP) more than envisaged. The company is under high pressure from the Obama's

administration to compensate laid off workers and every sectors affected by the spill. Meanwhile, such pressure is not good omen for shock markets and shareholders, particularly British shareholders having stake in the company. It is also causing anger in the UK, where many believed the way Americans are treating the issue is unsatisfactory and overpoliticized.

Meanwhile, World markets was reported to picked up after Federal Reserve Chairman Ben Bernanke said the U.S. recovery is on track and the European debt crisis would not prove too damaging to the world's largest economy.

Social/Humanitarian Issue

Ms. Helen Thomas, a revered and longtime White House correspondent with a designated seat has resigned from the media house she worked with and more likely could be refused reception at White House press briefing. After the flotilla incident, she was reported to have said Jews should “get the hell out of Palestine” and go home “to Poland, Germany and America.” This irked many American Jews and politicians.

A nation’s population is one of its sources of strength and power, United States is among those countries having an increasingly swelling population over the decades. Although the nation’s census is still around the corner but current statistic shows the swelling proportion of minority communities in the United States, especially Hispanic community making up 35 percent of the U.S. With such growth American multiracial societies will remain widening

Meanwhile, immigration remains one of the polarizing issues for many Americans. The recent Arizona law criticised for targeting immigrants illegally brought fore that argument that Americans are now more sensitive about their borders, while some sees it a sign of xenophobic action, the Obama’s administration believes immigration reform is needed by the end of this year in order to regulate prudently how and who can come to the United States.

Food, Environment and Energy Issue

The Bonn climate summit was another summit hosted to find solution to the scorching issues of climate change and global warming. The meeting according to the developing nations was another replica of Copenhagen summit that was a failure. The draft proposal of the recent Bonn summit mentioned all issues relevant to climate change but leaves all the major sticking points unresolved and believed to be developed world oriented.

Geostrategic Issues

The moderate and pragmatic political approach of Brazilian Lula makes him more acceptable in the region than confrontational Venezuelan Chavez. Lula is seen to oppose certain U.S policy in the region and across the globe like Chavez but does that without making enemies. Washington now arguably sees Brazil as a challenger within the

hemisphere in terms of Honduras's return to OAS and keeping Cuba out of OAS. Brazil's objection to new sanction on Iran is also not welcoming to Washington.

U.S Defense Secretary Robert Gate did not shy away from critiquing the EU for its policy towards Ankara, which according to Gate is shifting Ankara's from pro-West to pro-East and Arab centred. According to Gate, Ankara's foreign policy direction is indicative to that fact and he urges the EU to reassess the situation and believes Ankara's foreign policy, particularly its increasingly strained ties with Israel is a "matter of concern" for the United States.

The United Nations Security Council passed its fourth and toughest sanctions on Iran last week but was rejected by Brazil and Turkey while Lebanon abstained, all are non-permanent UNSC members. Iran rejected the sanctions and it is yet unknown if what the previous three sanctions could not achieved, the new sanctions will.

Western Europe

Political Issue

Bart De Wever of the centrist New Flemish Alliance is expected to garnered more votes making his party the largest in the parliament but would still need the helping hand of mainstream parties to form a coalition government. The election is outstanding because of the divisive mantra, as Wever is making attempt to actualize a separation between the Flanders (Dutch speaking) and Wallonia (French speaking) region. Wever believes the Wallonia has been depending on the Flanders and it is high time they stand for themselves. Such separation could create a domino effect within the neighbourhood for other separatist movements and could be hideous for Belgium's EU status.

The recent Dutch election was a clear indication that voters threw their supports for the party having comprehensive not narrow agendas. VVD won the election for its policy geared at slashing deficit, cutting government spending, welfare programmes and wanting productive immigrants. The pro-business VVD Party got (31) Labour (30), anti Islam Freedom party (24) and the incumbent (21). VVD is expected to form a coalition government very soon.

Economic Issue

After the IMF and EU-led bailout for the Greece financial crisis, European governments were urged to reform their economies with the aim of cutting government spending, reducing deficit and ensuring healthy economy. Spain's unemployment is the highest in the Eurozone at 20 percent and thus explains the rationale for a new drafted labor reform package due to be approved by Spain's government. The reform will help generate jobs and boost confidence in a struggling economy

Social/Humanitarian Issue

Immigration issue resonates across Europe as governments want strict immigration laws that will keep a bay unwanted immigrant. Learning local European languages is becoming an integral of the immigration requirements and Britain is not an exemption. In solving its long dragged immigration issue, the new government believes being able to speak English should be a prerequisite for anyone who wants to settle in Britain. The measure is criticised because it will disenfranchised Asian and African and could further set apart spouse having no knowledge of English to reunite. Although, Home Secretary Theresa May said the new English requirement for spouses will help promote integration, remove cultural barriers and protect public services.

The British government last week acknowledged historical administrative errors, and misused of counterterrorism powers by law enforcement officers (police) across UK. Power was granted for such activity under Britain's 2000 Terrorism Act, which allows police to "stop and search" people at sensitive areas. Many Britons have gone through the stress and the law according to the European Court of Human Rights violates individual freedoms.

Russian Prime Minister Putin's visit to Paris has created mixed reactions. The government intends to fasten its economic and strategic ties with Moscow, but human rights groups demand the government to look beyond economic relations, rather should query Putin over human right violation in Russia, which the government is less likely to give attention.

Food, Environment and Energy Issue

Geostrategic Issues

The Turkish sponsored flotilla saga is simply not having diplomatic and foreign implications but equally affecting domestic Turkish politics. The AKP is expected to keep the Muslim sensitivity and anti-Israel policy alive in order to maintain an unfaltering following. Despite world condemnation drew by the flotilla, it also shows how divisive the issue is for domestic Turkish politics, the opposition seems not going along with the AKP stringent policy towards Israel.

The assertion of the British defense secretary that Britain's presence in Afghanistan is legitimate and corresponding with national security imperative was relieving message to the American government. Washington has been unclear about the new British government's commitment in Afghanistan, having no interest to stay longer than expected and have no intention in surging British troops in a country, Defence Secretary Liam Fox referred to as "a broken 13th century country".

The war in Afghanistan is believed to be far from being over and victory is neither to the invading forces nor the resisting Taliban elements. Despite this fact, NATO

officials in Afghanistan believe the alliance is making promising and regaining its initiative in the war.

Southeast Europe

Political Issue

Albanians might soon be tired of the political stalemate between the ruling and opposition party over last June election, which the latter believed was replete with irregularities. The opposition boycotts the parliament and that slows down the working of the government and at the same time affecting Albania-EU integration. The European Parliament has given deadlines for resolving the issue but to no avail. The parliament is gearing up for a serious resolution that will block Albania-EU talk as the stalemate lingers with solution. Prime Minister Sali Berisha calls on the opposition to agree to removing immunity for lawmakers.

Republika Srpska (RS) Prime Minister Milorad Dodik rejected a statement by Kosovo Foreign Minister Skender Hyseni, who said BiH will soon recognise Kosovo's independence. Dodik is among those who believe Kosovo is an illegal entity and hence BiH cannot recognize it.

There was consensus in the Croat's parliament over constitutional amendment; it was a success which included the participation of the oppositions. Croatian government has offered labour union leaders negotiating hand towards reforming the country's labour law. The labour leaders are interested in retaining collective bargaining as opposed to government favoured 'one on one' bargaining between employer and employee.

Kosovo will have to intensify its reform to accelerate its EU integration. European Commission signaled this message, asking Pristina to speed up its judiciary reform. EULEX overseeing the country's institutional development has extended its Kosovo's mandate, thus having the prerogative to investigate corrupt practices in Kosovo educational system as was done in the other sectors.

The Democratic Union of Integration (DUI), a partner in Macedonia's ruling coalition, marked the eighth anniversary of its establishment with a ceremony in the town of Gostivar. DUI reiterates its pledge to work towards resolving name dispute and facilitating Macedonia-EU integration.

Romanian government still faces opposition from the people for its austerity plans tailored according to IMF likings. Last week the cabinet submitted two bills to the parliament to this effect. Meanwhile, Romanian Constitutional Court rejected the newly passed lustration law as unconstitutional. Lustration law bans senior officials during the communist-era regime from holding ranking public posts.

In Serbia, the Central Elections Commission (CIK) announced the final results of direct elections for 16 national minority councils, held on June 6th. CIK President

Rozalija Torde said that overall turnout was 54.5%. The highest turnout was registered among the Greek minority -- 77.05%, while the lowest was among the Ashkali minority, at 38.85%.

Economic Issue

Social/Humanitarian Issue

Since its establishment in 1993, the U.N. war crimes tribunal on the Balkan wars made its toughest and landmark ruling as two Bosnia Serbs were given life sentences and few other longer jail terms for genocide and war crime respectively. The sentences were as result of the crime committed against 8000 Muslims in Srebrenica 1995. Amid exhumation of mass graves in Bosnia, Bosnian prosecutors filed war crime cases against Serbs in Bosnia for their involvement in the 1990s war.

In the same vein, Croatian authorities extradited Slovenian national Franc Kos to Bosnia and Herzegovina for suspected genocide committed in Srebrenica in 1995.

Montenegrin law enforcement also apprehended Marin Krivosic, 45, Serb wanted by Croatia for war crimes committed in 1991.

The Albania parliament adopted law on prisoner pardons that will be administered by the interior minister; prisoners with life sentence are exempted from the pardon.

Food, Environment and Energy Issue

Croatian government is expected to expend more than 100m Euro for reconstruction process after the country was hit by flood from overflowing river.

Geostrategic Issues

The criteria of NATO's membership meant huge military spending, which Albania cannot escape. Albania is expected to invest about 3 billion euros in its defence sector by 2020. Tirana had to double defence spending from about 9m euros in 2005 to about 19m euros in 2009.

Serbia participation in the on-going South Africa World Cup tournament is thought could bring ethnic enmity to a pause. Sport is entertaining and transcend ethnic affinity, thus people in the region felt it is better to support team of the region than team outside the border.

With a fairly good turnout in the last Slovenian referendum, the country has agreed to have an international arbitration over the border dispute between Slovenia and Croatia.

Oceania

Political Issue

Australian voters served PM Kevin Rudd a political threat last week for his troubling policies which more likely could give conservative opposition leader Tony Abbott edge in the forthcoming election. Voters are disenchanted with Rudd because he shelved a carbon trading scheme and a programme to provide free home insulation, and unveiled a 40 percent tax on the mining industry which is heavily invested by shareholders and pension funds.

Economic Issue

Social/Humanitarian Issue

Although Internet giant Google acknowledged it erred, but the Australian government is undone with it over privacy breach. Google has been alleged of collecting private wireless data while taking pictures for its 'Street View' mapping service. Google will be facing litigation for the accusation. Google faces similar plight in Europe where, the German and British government accused it for similar breach.

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issue

Gaining peoples' confidence will be determined on how much the government can change the bearing of the economy. According to polls, support for the Argentine President Fernandez surged due to a modified economic policy and that can pave the way for a return of her husband, Nestor Kirchner in the next election. .

Brazilian election polling forecast puts support for Lula's favourite (Mrs. Rousseff) and top contestant Mr. Serra on same note, they both command 37 points. The election is expected to be tight, and run up to the election is punctuated with accusations. President da Silva disclosed how he was pressurized to change the constitution for a 3rd term, which he rejected. Nevertheless, Brazilians are less concerned about the election due to the on-going World Cup.

Political drama between President Chavez and the opposition continues to make headline and threat of nationalization on companies failing to dance to Chavez's tune remains a mantra.

Economic Issue

They are two economic giants and having more prospects in working together. China's Sinopec has lent 20 billion dollars to Brazil's Petrobras and in exchange it will

explore oil in the country. Both countries are exploring all avenues to boost their economic ties.

Chilean finance minister has said more economic growth is expected in this year which will help the reconstruction of infrastructure which was damaged by earthquake.

Chavez's economic policy remains under attack and seen to be responsible for the downturn of the once viable Venezuelan economy. An old government official sees domestic oil production at its lowest since 2005.

Social/Humanitarian Issue

One of the Brazilian onboard of the flotilla before being attacked by the Israeli remained in custody. She claims the Israeli authority is ready to release her on the premise that she agreed to entering Israel illegally.

Brazilian president during his weekly radio show announced the introduction of Bolsa Familia plan which will provide job opportunities for the masses. The plan is expected to provide about 13 million families 200 reais or \$108 U.S. monthly aid.

Still in Brazil, the Catholic majority country accounts for almost 200,000 women unsafe abortions. The figure was provided by the survey conducted by Times and worrisome for the present government.

Illegal killing dent the Mexican-U.S border, there has been killing due to battle between government officials and drug cartel. Last week, 14 years old boy was killed at the Mexican border side with accusing figure towards U.S custom officers. Mexican urges US authorities for free and fair investigation into the matter.

Food, Environment and Energy Issue

The plan by the Brazilian government to build a new dam that will cater for the country's energy need has been so disturbing. Native inhabitants around the river believe it is affront to their existence and environment. This argument is supported by environmentalist and biologists holding that more than 200 families will be disturbed by the dam.

Geostrategic Issues

Argentine and Uruguayan government have reached agreement to strengthen their strategic ties but cooperating on nuclear technology and defence related issues.

A senior US official has reported that more than half of earnings of Mexican drug cartels are goes into the US market. As a new US-Mexico government study estimates that \$19 billion to \$29 billion is shipped south, then laundered through cash purchases of land, luxury hotels, cars and other high-end items.

Mexico and Canada are yet to find a solution to their immigration tussle. Mexicans worry over refusal of visa by the Canadian immigration. PM Stephen Harper on his visit to Mexico tried clarified the issues that Canada had to do that because of the complicated and expensive immigration procedures the authority has to process.

Despite the economic troubles in the country, Venezuela does not falter to buying more weapons and military hardware from Russia in order to fight drug trafficking and defend its territory. Meanwhile, Venezuela accuses Washington of disturbing peace through its bases around the region. Colombian presidential aspirant Santos urged Venezuela for mutual respect in actualizing peaceful co-existence.

Russia and Its Neighbours

Political Issue

Slovakia, a country once tagged by Madeleine Albright, then the U.S. secretary of state, as "a black hole in the heart of Europe." is politically doing well and will be having a tough election (June 12) between Socialist, popular government of Fico and centre-right opposition.

Hungary's Presidential election is expected by June 29 and parties have agreed to present their nominations by noon on June 25. The date of the election was released after the approval by the parliament.

The United States has extended sanctions against Belarus aimed at pressuring democratic reform. The White House said the sanctions target specific officials and citizens who have undermined democratic institutions, committed human rights abuses or benefited from corruption.

Economic Issue

The level of economic ties between Russia and Germany is an indication that Europeans are seriously concern about having sound relations with their Slavic neighbour. Both countries have enjoyed a sound trade ties but the global financial crisis led to a sharp fall of trade last year, German imports from Russia fell by 30 percent, to €20.4 billion, or \$25 billion; German exports to Russia fell by 36 percent, to €25.8 billion.

Russian economic growth continues to show great prospect as companies continued hiring and domestic demand accelerated. Meanwhile, Moscow is struggling to gain a footing as one of the world largest wheat exporters, especially to Egypt, a major importer of U.S wheat. Meanwhile Russia, Kazakhstan and Belarus enters a new economic dawn, the three countries inked agreement on custom union which will make them a joint partners for the membership of WTO.

The meeting of Syrian President Bashar al-Assad and Belarusian Foreign Minister Sergei Martynov showed the determination of the two countries to exchange mutual cooperation in industry, trade and education.

Estonia's and Latvia's Prime Ministers Andrus Ansip and Valdis Dombrovskis respectively have met to assess report that detailed 65 possible areas for future economic, political and cultural collaboration.

The Polish economy is showing some glimpse of growth as joblessness continues to drop, according to latest report, unemployment declines by 12 %.

Polish energy giant hopes to sell as much as 3 billion zloty (\$879 million) of bonds as the company begins raising funds for exploration and production, and to expand into electricity. Subsequently, a South Korean electronics components manufacturer is investing nearly €10m to build a new plant in Poland to turn out semi-finished products for multinational groups.

Meanwhile, exports and a slight pickup in domestic demand fueled growth in Hungary and the Czech Republic in the first quarter, though analysts said fiscal tightening in the euro zone will slow the pace of recovery later this year.

Hungarian government is assuring the country that its plan for tax cut and austerity measures will not endanger the stability of banking system; rather it is a plan to strengthen the economy and to regain investors' confidence.

As Ukraine awaits \$19 billion loan from IMF, Kiev received a loan of \$2 billion from its new bed fellow Russia. Ukraine may seek more bilateral loans from Russia and other countries if the International Monetary Fund turns down its request. Kiev is eyeing an extended economic relation with Turkey and Greece.

In the same vein, Slovakia is geared at improving bilateral trade relations with Indonesia to increasing rubber imports and to offer advanced machinery for rubber-based products.

The European Commission has authorized, under EU State aid rules, a measure adopted by Latvia to limit the adverse impact of the current financial crisis on exporting firms. International Monetary Fund on the other hand had reached an agreement with Latvia that could free more of its international rescue fund.

Lithuania, an ex-Soviet republic of 3.4 million, was among the worst-hit by the crisis in the European Union last year, but avoided asking for international assistance unlike neighboring Latvia. Lithuania's economic recovery is said to remain fragile, though the Baltic state has managed to withstand the threat of financial collapse.

Social/Humanitarian Issue

Hundreds of ethnic Circassians gathered over the weekend to call on federal authorities to allow their ethnic group to split off from the Karachayevo-Cherkessia republic to form their own autonomous region within the Russian Federation.

Despite its small size, Estonia is not hesitant to contest with France in becoming the new EU IT agency host state. IT-savvy Estonia, which already hosts NATO's cyber-defence centre, is also keen to become the European Union's future IT agency.

Food, Environment and Energy Issue

Geostrategic Issues

Visa-liberalisation between the EU and Russia remains an on-going issue as citizens from the two sides have to undergo long visa procedures and authorities in EU and Russia are grappling to making the visa hurdles a history.

Despite being a friend and has been politically careful, Russia agreed with the Western powers along with other non-permanent UNSC member to sanction Iran, a development that irked the Persian country. Meanwhile, Russia will have to take strong decision whether or not to proceed in selling missile defense systems to Iran a deal that was halt since 2007. Such system comes under the new sanctions placed on Iran.

Russia-Iran impasse is further complicated by the recent remark of Russian Foreign Minister Sergei Lavrov at SCO summit. He said Iran having an observer status cannot join SCO because of the new round of UN Security Council sanctions over its nuclear programme. Although the SCO summit held in Uzbek capital Tashkent opens windows of opportunity to other observers like India and Pakistan.

The task force comprising the Marshal Shaposhnikov, the MB-37 salvage tug and the Pechenga tanker arrived in the Gulf of Aden on March 29 to join the anti-piracy mission in the region.

President of the Czech Republic Václav Klaus committed his country's support for India's bid for United Nations Security Council membership during his meeting with the Indian Vice-President, Hamid Ansari. The Czech leader commends India's facilitation for the mobility of people and goods between the two countries.

The meeting of Turkey's Prime Minister Recep Tayyip Erdoğan and his Russian counterpart Putin, at the Ciragan Palace on the sidelines of the Third Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) is hoped to consolidate relations between Turkey and Russia and also contribute to regional peace, economic development and stability, particularly in the Caucasus.