

**Report # 125**  
**BUSINESS AND POLITICS IN THE MUSLIM WORLD**  
**Turkey, GCC, Fertile Crescent, Central Asia, Iran, Afghanistan, South Asia, India**  
**& East Asia**

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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 and East Asia from 19 June to 25 June 2010 as have been collected by interns.

**TURKEY**

**Political Front:**

Turkey's Pro Kurdish Peace and Democratic Party or BDP had filed a motion in the Parliament against Prime Minister Recep Tayyip Erdoğan calling democratic initiative to be discriminative as it has failed to fulfill the government's promises specifically to end terror problem in that area. So the democratic initiative should be excluded from the Parliament agenda.

Recent bomb blast in Istanbul caused death of five people and left many others injured. The General Staff has recently submitted a report to the Prime Ministry on the recent escalation in terrorist attacks. PKK has been regarded as the main culprit in this regard.

**Geo-strategic Front:**

Turkish Parliament has passed a motion extending the mandate of Turkish forces in Lebanon for an additional year under the banner of the United Nations Interim Force in Lebanon, or UNIFIL, for the fourth time. Turkish Prime Minister recently said that Turkey should immediately be given visa liberalization by EU. EU's chief official has appreciated Turkish pace in bringing reforms in the country and expressed positive hope that Turkey would speed up its process of accession to the EU. Turkey and Kazakhstan have extended support to Kyrgyz leader Roza Otunbayeva's plan to hold a referendum while stating that they were ready to offer a joint action plan to be implemented following the referendum in a bid to help resolve the unrest in Kyrgyzstan.

Four Armenian troops and one Azerbaijani soldier got killed in an exchange of fire near Azerbaijan's breakaway Nagorno-Karabakh region.

**Economic Front:**

In spite of the fact that the global financial crisis has taken a huge toll on nearly all sectors around the world, the Turkish defense industry has continued its upward trend, achieving a 16 percent year-on-year growth in its exports. Turkish exploration activities in 143 wells that started drilling last year resulted in the discovery of oil in 53 wells and natural gas in 30; 33 of the wells were dry, and the work on the remaining 27 is still ongoing. Turkey, Jordan, Lebanon and Syria have pledged to intensify cooperation in trade and commerce.

### **Social Front:**

Discrimination against professional women who wear a headscarf has kept millions of qualified female employees out of the workforce and has hampered women's economic progress in Turkey so far.

### **GCC**

#### **Political Front:**

Kuwait's National Assembly Speaker has urged the need to apply "wisdom and dialogue" in solving any potential differences that could cause unrest in the country.

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

The European Union (EU) and the Gulf Cooperation Council (GCC) have celebrated 22 years of their relationship by launching a three-year Joint Action Program (JAP) to move forward to stronger cooperation with confidence and optimism. A senior UAE official has expressed keenness to boost cooperation and coordination with the European Union (EU) in various security fields with particular emphasis on fighting human trafficking. Authorities in the United Arab Emirates have closed down 40 companies for selling products to Iran in violation of UN sanctions on Iran. Analysts said the move would have little impact on the estimated \$ 8 billion in trade between the UAE and Iran. Kuwait has signed a Memorandum of Cooperation (MOC) with the US Government on nuclear safeguards and other nonproliferation topics. Bahrain has stressed its firm commitment to promote bilateral relations with Iran. Bahraini Foreign Minister has also slammed anti-Iranian media reports, dismissing them as "totally unacceptable". Meanwhile Qatar's Assistant Foreign Minister has also paid visit to Tehran. Oman and Tunisia have signed five memoranda of understanding (MoU) and three executive programs aimed at enhancing co-operation in various key sectors.

#### **Economic Front:**

Gap between GCC and EU in trade has reduced remarkably. Besides that Qatar has emerged as an increasingly important player in terms of global real estate capital flows primarily because of rapid growth in its oil and gas sector.

#### **Social Front:**

Vice-President and Prime Minister of the UAE has endorsed by-laws of the federal human resources laws. The move came within the government's efforts to establish clear standards and effective managerial governmental measures to develop human resources, clarify duties and rights of employees in the federal government and provide an appropriate work environment for all employees, who number about 80,000.

### **FERTILE CRESCENT**

#### **Political Front:**

To begin with Egypt, ruling National Democratic Party has won 80 out of 88 seats in the elections of Shura Council. Opposition however could get only 5 seats hence started accusing ruling party for rigging the elections. In Iraq efforts are being made by different leaders to sign a deal in order to take the political process forward. Besides that in one

week, attacks blamed on Al-Qaeda killed at least 35 people and injured scores as its suicide bombers are said to have targeted a state-owned bank and a private bank.

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

Five East African countries have announced their refusal to go back on a deal they signed last month to share the waters of the Nile, despite fierce criticism from Egypt and Sudan. The stand was adopted as the latest meeting of the Nile Basin Initiative (NBI) in Addis Ababa, Ethiopia's capital, ended with open disagreements. Egyptian authorities denied Iranian claims that it has barred a Gaza-bound aid ship sent by the Iranian Red Crescent from entering the Suez Canal. Turkish troops have been deployed along the Iraqi border after a raid by separatist Kurdish militants left 12 Turkish soldiers dead on June 19. Israel has threatened to use military force to take the full control of a newly-discovered gas field partly in Lebanese waters in the Mediterranean Sea. Israel's Infrastructure Minister made the remarks after Beirut announced that parts of the giant reserves actually belong to Lebanon and that it does not allow Tel Aviv to loot Lebanon's resources. Israel has launched its latest military spy satellite, *Ofek 9*, reportedly increasing its capacity to intelligence-gather on enemies such as Iran.

### **Economic Front:**

Under new Iraqi legislation, oil-producing provinces have the right to \$1 from each barrel their oil fields export. Hence the oil-rich city of Kirkuk has received more than \$65 million as part of its share from oil exports for the last four months. The World Bank Board of Executive Directors has approved a proposal to provide \$55 million in funding for projects in the West Bank and Gaza (WBG) to support Palestinian economic recovery and development.

### **Social Front:**

Despite Egyptian commitment to avoid human rights violation government has been blamed for existing state of emergency. Government has promised to lift emergency as soon as possible. A recently published UN report based on various constraints faced by Egypt declared Education to be a major issue. Report revealed that 27 percent of youth between 18 and 29 have not completed their basic education in addition to the fact that education in Egypt as a whole is of low quality. One of the Islamic Studies scholars has said that Christians should not be given top positions as it goes against the spirit of Islam. Efforts are being made by people belonging to civil society to facilitate situation for women's appointment as judges in Egypt. Lebanon has extradited a former Baghdad government official suspected of stealing millions of dollars from the government. Thousands of Palestinian refugees have staged a demonstration in the Lebanese capital, demanding the government in Beirut to grant them basic civil rights. Several Lebanese non-government organizations joined them.

## **CENTRAL ASIA**

### **Political Front:**

Azerbaijan's parliament today passed controversial amendments to the country's election law. Some 31 members of an alleged Islamic insurgent group have been sentenced in Azerbaijan to various prison terms for forming a radical religious group and plotting to

overthrow the government. Police forced leading members of the Kazakh opposition Azat Social Democratic Party to leave the central Kazakh town where they went to meet with supporters. Two Kazakh activists have protested the newly approved law declaring President Nursultan Nazarbaev the "leader of the nation" and giving him greater privileges and protection. The head of Kyrgyzstan's State Security Service has accused relatives of ousted President Bakiev of planning and instigating recent ethnic clashes along with the Taliban and other regional Islamic militant groups. Kyrgyz interim leader has promised to hold referendum amidst unrest and clashes. Meanwhile security officials have detained 12 suspected organizers of the ethnic clashes between local Uzbeks and Kyrgyz. Government of Kyrgyzstan has lifted a state of emergency imposed in the wake of ethnic violence in its south, amid UN concerns about the risk of fresh tensions in the area.

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

Azerbaijan claimed that the total amount of damage suffered by the country due to the war with Armenia over the disputed region of Nagorno-Karabakh has been estimated at 70 billion manat (\$87 billion). Russian President held meeting with the presidents of Armenia and Azerbaijan on the sidelines of the St. Petersburg Economic Forum to discuss the ongoing search for a solution to the Karabakh conflict. Intense skirmishes between Armenian and Azerbaijani forces around the disputed region of Nagorno-Karabakh continued last week as well. Armenian President and Defense Minister therefore paid visit to Nagorno-Karabakh. Two Kazakhs have been wounded in a shooting incident on Kazakhstan's southern border with Uzbekistan. Kyrgyz authorities have planed to set up a state-owned company to provide a U.S. air base with fuel, replacing a series of private intermediary firms set up under the recently deposed government. EU has asked Kyrgyzstan to hold referendum on 27 June as planned in order to end ongoing unrest and chaos as it could cause spill over effect in nearby areas. Turkmenistan and Iran have expressed interest in enhancing bilateral ties. Russia has extended full support to all peace initiatives of Turkmenistan aimed at consolidating the efforts of the international community to ensure peace and security. An exclave of Uzbekistan surrounded by Kyrgyzstan's southern Batken Oblast has been opened for transit of Kyrgyz vehicles and citizens.

### **Economic Front:**

TX Oil Ltd (USA) has expressed interest in cooperation with Turkmenistan in fuel and energy sector. The Turkmen capital hosted the first Turkmen-Chinese business forum.

### **Social Front:**

More than 80 activists of the opposition Popular Front Party got detained in a rally attempt on June 19 in Baku. International and Azerbaijani human rights groups have issued a joint appeal to the Council of Europe to take decisive measures to improve the human rights situation in Azerbaijan. Kazakh police has detained journalist Yekaterina Belyaeva for holding an unsanctioned protest against President. The Kyrgyz authorities have launched an investigation into reported cases of beatings and robberies of Osh residents by security forces. The United Nations Development Program (UNDP) and the Global Environment Facility have been trying to implement an environmental project in

Turkmenistan aimed at sustainable management of land resources and combating desertification and drought. An official delegation from Kyrgyzstan's Jalal-Abad region visited ethnic Uzbeks in refugee camps in neighboring Uzbekistan on June 22 and urged them to return home.

## **IRAN**

### **Political Front:**

A member of Majilis National Security and Foreign Policy Commission expressed satisfaction and claimed that U.S. sanctions against Iran will make Iranians firmer.

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

Iran's negotiations to finalize an oil-fields deal with Russia's OAO Gazprom Neft have entered the final stages. Meanwhile Russia has agreed to support UN sanctions against Iran-this would probably bring tension in their bilateral relations. The Iranian Red Crescent has accused Egypt for stopping their aid ship-that was aimed to go to Gaza- to enter into Suez Canal. Australian Ambassador to Iran has called for the expansion of cultural ties between Tehran and Canberra. An Iranian provincial security official took the U.S. responsible for increased drug production and trafficking in Afghanistan, saying the Afghan drug problem has seriously deteriorated since the U.S. invasion of the country. Head of Iran's Parliament national Security and Foreign Policy Commission asked that German ambassador to Iran should apologize for assault on Iranian woman at the embassy. Pakistan has claimed that it would review sanctions approved by the US Senate against Iran and would give its policy line soon. Growing Iranian ties with Azerbaijan, Turkey and Singapore also remained significant.

### **Economic Front:**

G-8 leaders have urged Iran to hold a "transparent dialogue" over its suspect nuclear program. Head of Iran's Customs Administration said that sanctions would not affect the volume of Iran's import and export activities. As the value of its exports has exceeded 78.5 billion dollars with a 12.7 increase in non-oil exports. Iran exported more than 22 million dollars worth of handicrafts in the first two months of the current Iranian year.

### **Social Front:**

Iran's deputy judiciary chief has blamed the West for using human rights issue as a tool to achieve their political objectives by creating undue pressure on the developing world.

## **AFGHANISTAN**

### **Political Front:**

United Nations in a report has revealed that Taliban led-insurgency has increased at an "alarming" rate over the past year. Kandahar's governor has formed a commission to negotiate with the Taliban and resolve key issues in the southern province such as allegations of land seizures. President Hamid Karzai has asked a visiting United Nations Security Council (UNSC)'s delegation to remove the names of some Taliban, who are not linked to al-Qaeda, from a terror blacklist.

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

President Hamid Karzai praised Japanese government for its generous contribution towards Afghanistan, saying Japan has no political motives behind helping his war-torn country. Afghanistan and Pakistan have agreed to increase their cooperation in fighting terrorism.

### **Social Front:**

More than one million Afghans are addicted to drugs, with many using narcotics to blunt the effects of poverty and hardship brought on by three decades of war.

## **SOUTH ASIA**

### **Political Front:**

Bangladesh's ruling Awami League party suffered an unexpected blow when an opposition candidate won a crucial mayoral election in the port city of Chittagong. Nepal's Constituent Assembly election defeated Prime Minister Mr. Madhav Kumar Nepal on June 24, 2010, indicated that there was "rampant corruption in the government offices and held ministers, secretaries and high ranking officials entirely responsible for the prevailing chaotic situation". Nepalese PM has expressed his willingness to form a unity government. Nepal's opposition Maoist party has threatened to block the annual budget until the prime minister fulfils a pledge to stand down and make way for a new power-sharing government. Sri Lanka's Buddhist monk party has announced to support the constitutional reforms proposed by the government including the removal of the President's term limit. The Sri Lankan Government has declared that it would refuse visas for UN panel members appointed to investigate alleged human rights abuses during the civil war against Tamil rebels.

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

A technical committee of South Asian Association for Regional Cooperation member countries has decided to put the proposal of establishing 'SAARC police' and 'SAARC Institute of Criminology' on the agenda of the upcoming SAARC foreign ministers conference. India's Border Security Force (BSF) and its Bangladeshi counterpart have agreed to exercise 'utmost restraint' in areas of dispute along the border. United States has asked Srilanka to accept the UN proposal of sending monitoring team to the country. However Russia slammed the UN decision by calling it to be against Srilanka's sovereignty.

### **Economic Front:**

Bangladesh has started losing the US market for garments to India, China, Vietnam and Indonesia, among others, causing concern among exporters. Bangladesh's annual economic losses out of the energy shortfall are US\$16.6 billion, around 16.6 percent of the \$100 billion gross domestic product (GDP). The Asian Development Bank (ADB) has agreed to provide Nepal with a loan of NPR 4.3 billion (USD 60.4 million equivalent) and a grant of NPR 870 million (USD 12.1 million equivalent) in an effort to increase access for credit to the rural poor and to women. Nepal Trade Integration Strategy (NTIS) 2010, recently launched by the government, has identified 19 products and services having maximum export potentials as an attempt to reenergize the country's

ailing exports. The Nepal Stock Exchange (NEPSE) index continued to see downward spiral on the closing day of share transactions for the week-too as it shed 4.15 points to close at 463.45 points. Srilanka economic growth accelerated in the first quarter as the three major sectors of the economy contributed positively. Hence Gross domestic product, or GDP, rose 7.1% annually in the first three months of the year. Japanese government has allocated 39 billion yen (48 billion rupees) assistance to Sri Lanka for the forthcoming period.

### **Social Front:**

One of Bangladesh's leading universities closed indefinitely after five people got injured in riots by students demanding time off to watch the football World Cup. Bangladesh has proclaimed an order to redesign the capital city, requiring reclamation of 3,000 acres of land occupied by influential real estate companies. At least 150,000 people have been marooned and thousands of hectares of crops got destroyed by floods after weeks of heavy rain in Bangladesh's northeast. A new study published in the journal Lancet revealed that more than 20 percent of the deaths in the country's capital of Dhaka can be directly attributed to drinking arsenic-tainted well water. A satellite phone has been launched in Nepal targeting Nepal Tourism Year 2011 (NTY-2011) by I4 Technologies. The price of the satellite phone in Nepal is US\$ 700 excluding value added tax (VAT). Return and resettlement of IDPs continued at slow pace.

## **INDIA**

### **Political Front:**

The Congress secured the highest number of 16 seats in the just-concluded biennial election of 55 Rajya Sabha seats from 13 States and the by-election to one seat from Rajasthan. But 18 of the members of Congress would retire in the next two weeks hence it lost 2 seats. The Bharatiya Janata Party equalized its figure with 11 members getting elected. The major loser is the Samajwadi Party as it could get only two of its members elected though seven of its MPs are retiring. The BSP secured seven seats and the DMK got three. Jaswant Singh has recently rejoined the BJP. Singh was expelled over his controversial take on Mohammad Ali Jinnah in his book on Pakistan's founding father. West Bengal chief minister said there was no easy solution to the Maoist challenge and the issue has become "very complicated" due to support to the rebels by the main Opposition Trinamool Congress and others. The threat of Maoist attacks has hampered coal mining in several states, keeping production lower than the demand from growing industries. The Kashmir Valley has observed a strike to protest against the killing of two youths. In another development, a militant attack in north Kashmir's Sopore town left 12 people injured, including four policemen. CPM general secretary Prakash Karat has finally held both his party — the CPM, and the Left Front government responsible for the recent electoral setbacks in West Bengal.

### **Economic Front:**

India has assured US Inc. that its concerns on infrastructure, investment restrictions and other impediments would be addressed expeditiously, and a road map prepared for discussions ahead of President Barak Obama's visit in November.

### **Social Front:**

The youth in Kashmir have fallen into the net of drugs, with such cases increasing by 35-40 per cent in the last few years. United Nations report on the Millennium Development Goals for 2010 claimed that India is expected to reduce its poverty rate from 51 per cent in 1990 to 24 per cent in 2015, slashing the number of extremely poor by 188 million.

### **EAST ASIA**

#### **Political Front:**

Prosperous Justice Party (PKS) secretary-general has said that his party supports a plan to allow Indonesian Military (TNI) personnel to join politics, starting by giving them a right to vote. A political party once bent on turning Malaysia into an Islamic state has for the first time started preparing to put up non-Muslim candidates for election, in a bid to grab the political center in this divided country. Meanwhile UMNO president stressed that the party's political perception should change according to the latest trend instead of following the old way of winning support for the Barisan Nasional (BN). Thailand's newly-established New Politics Party (NPP) has announced withdrawal from contesting the July 25 by-election by calling competing candidate to be a terrorist.

#### **Economic Front:**

World Bank has claimed that Indonesia's economy would grow 6 percent year-on-year in the second quarter this year after reaching 5.7 percent in the first quarter. In order to fulfill economic objectives Indonesian government has started paying special attention to FDI particularly in terms of the Middle Eastern countries. The Indonesia government has denied claims of establishing nuclear power facilities as a substitute to fossil fuels used to generate electricity over the next five years. Positive economic recovery signs have been visible in Malaysia over the past few months. Pakistan's exports to Malaysia have witnessed an upsurge of 155% in the first quarter of this year compared to the same period last year, with bilateral trade registering a growth of 18.3%. In monetary terms, the total exports touched to RM 251.19 million compared to RM 98.5 million in the first quarter of the year 2009. Philippine central bank has asked the new government to work at attracting foreign investments amid the capital surge into Asia, which has emerged from the global financial crisis ahead of other regions. World Bank has estimated an economic growth of 6.1% for Thailand in the year 2010. Vietnamese annual gross domestic product (GDP) growth accelerated in the second quarter to between 6.2 per cent and 6.4 per cent from 5.83 per cent in the first quarter. Singapore seems keen to strengthen Islamic Finance in the country. Meanwhile Brunei has been putting effort to extend industries for Halal Food.

#### **Social Front:**

Indonesian Democratic Party of Struggle lawmakers have demanded that president should take action against hard-line Islamic groups, after a meeting between legislators and local residents was disrupted by militants. A recently released report by the U.S. State department on human trafficking lists Indonesia as a Tier-2 country for trafficking, for not fully complying with standards set by the U.S. Trafficking Victims Protection Act. A drought in Southeast Asia has seriously threatened rice production in Cambodia and Thailand, the world's biggest rice exporter. Various events in Philippines have left

more than 2 million people poor in the last four years. The Human Rights and Development Foundation (HRDF) has strongly cautioned the Royal Thai Government (RTG) against implementing this migrant crackdown policy as it could lead to gross human rights violations affecting more than a million highly vulnerable migrants, especially those from Burma's ethnic minorities. Google has announced the addition of more Indonesian content in an effort to lure the country's growing number of Web users to its popular search engine.