

Report 126
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: July 7, 2010

By: Bakare Najimdeen

Period: From June 27- July 3, 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

US/Canada

Political Issue

The unstable American economy appears responsible for the divide between the House and Senate over war spending. Both Houses are divided on the amount to be added to the existing fund, which further tipped the question of why domestic spending should not be accorded serious attention as war fund. The result of the matter is expected to unravel soon after the independence holiday.

The Russian allegedly captured spies in the U.S continue to make headline and remains a stain in Moscow-Washington relations. U.S Justice Department is closely involved in the case, digging profoundly to know the extent to which the spy network has gone, even though officials acknowledged that they have no secrets with them to be replayed to Moscow. The Justice Department is blocking bail of the alleged spies to prevent them from fleeing the U.S, yet Obama's administration do not believe that recent event should affect the overall relationship between Moscow and Washington.

Elena Kagan, the new Supreme Court nominee faces the Senate Judiciary Committee for her confirmation. The committee examined her based on her past statements and rulings on critical social issues in the U.S.

Kagan was reported been ethically humorous on the committee questions. She was though criticized for doing exactly what she had criticized other nominees for, as she parried questions.

It requires little logic to deduce that the recent media fallout involving deposed Gen. Stanley McChrystal from Afghanistan was responsible for the new rules coming out from Pentagon. The rules require top military officials to get Pentagon clearance before taking interviews or having contact with reporters. The new arrangement will be an added criticism of the Obama's administration, as to how the administration permits freedom of expression.

Economic Issue

At first it was the American inspired global crisis, then comes the European financial problem. The two economic traumas might have sent a sense of responsibility to many economies, hence the resolution to cut deficits and halt the growth of debt, and not to allow the reductions in spending to set back the fragile global economy became the upshot from the just concluded G8/G20 summits in Toronto, Canada.

For how long would Americans expect the dividends of the financial stimulus when joblessness and housing problem remains a haunting issue. Surging the economy with enough funds for the unemployed has been a debate in the Congress and according to Ryan Sweet, senior economist at Moody's Economy.com, American economy is losing some momentum and private hiring is not really accelerating. Even as job chances appear in certain areas the available people do not match the types of jobs available. The increasing emphasis on more advanced skills raises policy questions about how to help low-skilled job seekers who are being turned away at the factory door and increasingly becoming the long-term unemployed.

Low confidence in economic recovery was depicted by the report of the Conference Board of Canada and a poll done by Angus Reid, but that sentiment was challenged by survey released by Royal Bank of Canada (RBC) showing that Canadians hold positive view about the economy. Although the RBC's report delineated certain degree of worries about personal savings and rising interest rates among the public

Social/Humanitarian Issue

President Obama takes a brave position against republicans' stance on immigration. The president cautions that immigration should not be politicised rather measures to expedite and legalise 11 million illegal immigrants should be the point of focus. Republicans believe American border should not be porous to illegal immigrants.

Fawaz A. Gerges, a professor of Middle Eastern Politics and International Relations at the London School of Economics, London University, is a household name among those who have taken time to study scholarly works written on America's relations with the Arab world. In an article published on Islamonline, Gerges delineates how President Obama could not match rhetoric and action together and how his inability to transform words to action has made him and the American nation as a whole to further miss the Muslim mind. Gerges's argument is an added proof to the recent Pew survey of seven Muslim countries wherein Obama's approval falls. The bottom-line among the Muslim public is that nothing has really changed, and the hope which Obama supposedly projected carries no substance.

M. A. Muqtedar Khan is Associate Professor and Director of Islamic Studies, University of Delaware sent a note of caution to Muslims and Americans on their level of hypocrisy. Muqtedar believes that Muslims and Americans chant the slogan of equality, justice, freedom of speech only when it suits them, and give a levity stance to issues that have

little or no bearing to them. His argument implicitly shows how trust deficit will continue between the two if Muslims and Americans remain united as victims of pandemic hypocrisy.

Food, Environment and Energy Issue

The Gulf of Mexico oil spill is becoming a mess and embarrassment for both BP and Obama administration. Complaints continue to mount on BP and Obama of not doing much to accelerate the cleanup. Willingness to help from at least 44 nations with technical advice to skimmer boats and booms are all reported to be taken with levity, thus irking concerned Americans. Meanwhile, the administration insists that cleanup work is unabated on the coast and the view that they rejected help is a myth.

Geostrategic Issues

Western Europe

Political Issue

Britons are expected later next year to vote through referendum to change the present British voting system. The reform could further point out the differences in the conservative-liberal coalition government. The reform is expected to touch on current British system of first-past-the-post system, under which a candidate needs the highest number of votes, not an absolute majority, to win a House of Commons seats. That system has favoured the biggest parties, the Conservatives and Labour. It will also consider whether or not to continue with current voting age of 21 for 18. The question is whether Britons are ready for the grand reforms.

The conservative-led British government is on the verge of a broader foreign policy which will be inclusive, distinctive from the pursued labour party's foreign policy that neglected many countries. British Foreign Secretary William Hague believes it is high time Britain recognizes countries particularly the emerging economies, with the view that Britain only consults these countries when their assistance is needed.

Political miscalculation has caused the coalition-led German government unexpected loss. Polls continue to show the falling approval of German Chancellor Angela Merkel's coalition government and if Germans are to go for elections, it is more likely to be a problematic election for the CDU-led government. The elections will be disastrous upon the fall-apart trend in the coalition.

Economic Issue

The EU Commission warns that if the Eurozone must be saved from the kind of Greek financial crisis, then country at the verge of such financial troubles should cut their spending. Caution was particularly sent to Club Med (Italy, Spain, Greece and Portugal), thus explains the reason why the Portuguese government plans to bring down its public

deficit to three percent of GDP by 2012, bringing it into line with EU rules on budgetary discipline

Social/Humanitarian Issue

Becoming part of the French elites requires attending and graduating from the top grandes écoles, elite universities characterised with meritocracy. Critics say the school is mainly privileged for the children of the wealthy and white French, therefore undermining equality and opportunity of many other clever students but of low background. If France claims equality then equality in quality education should not be limited.

Religious symbol is increasingly becoming a matter of public debate in Europe. The ban on niqab (burqa) the full veil worn by Muslim women is one of those issues. Confrontation between traditional Catholic and Orthodox European is brewing over the legality of crucifixes in the public space. The European Highest Court ruled that the crucifixes should not be in classrooms as it can cause disturbance for non-Christians. The ruling was as a result of an Italian girl opposition to the present of crucifixes in her class. The debate over the crucifixes shows a Europe believing in the freedom of the crucifixes as symbol and part of European heritage while religious symbol of other faith is condemned.

Hi-tech and advance communication system have changed the nature of communication of which today's newspaper houses are not an exemption. With the accessibility to the Internet, print newspaper readership has somewhat been affected, a situation not favourable to the old school media houses. Suffering a long-term fall in sales and a collapse in advertising revenue as the world goes online, some newspapers in London and elsewhere want to start charging readers for online access to their journalism.

Sweden has abolished a 100-year tradition of compulsory military service for men during peacetime, replacing it with a voluntary system with rigorous requirements to join. The new policy means that required military service will be applied only if the neutral Nordic nation of 9 million feels threatened. Lawmakers approved the change in a 2009 vote.

Food, Environment and Energy Issue

Sanction on the delivery of petrol products from Iran is not a wise thing to do was the opinion shared by the CEO of French energy giant Total. Speaking at an economic forum in Aix-en-Provence in southern France, Christophe de Margerie holds that sanction on Iran's oil was an error which will definitely affect the ordinary people.

Geostrategic Issues

Southeast Europe

Political Issue

Brussels is urging Serbia and Kosovo to start practical talk, regardless of whether Pristina's legality is confirmed or not. For Serbia it will be a further step on its EU accession and for Kosovo it will be a measurement of its sense of neighbourhoodness.

Meanwhile, the latest Freedom House's report shows an improvement in democratic practices in the Balkan, though all of the countries are still facing certain domestic problems.

Albania political landscape remains traumatic in view of the political impasses between ruling and opposition parties over the transparency of last June election. On a separate note, the Socialist Movement for Integration (SMI) leader Ilir Meta is urging the political leaders to facilitate electoral legislation that will give reasonable representation to smaller parties.

Croatia-EU accession got a boost from the EU Permanent Representatives Committee (COREPER) as the committee agreed to the three remaining chapters (judiciary, competition and foreign, security and defence policy) upon which its EU membership will be finally decided.

A mini summit hosted by Kosovo President Fatmir Sejdiu stressed the importance of regional co-operation, free movement of people, the rule of law and the fight against organised crime. The summit conveyed Kosovo, Macedonia, Albania and Montenegro, while Serbia was uninvited.

Economic Issue

Despite the strong support for Kosovo government by his country, US Ambassador to Kosovo Christopher Dell criticised Pristina for failing to allow serious privatization. Dell believes Kosovo's economy is heavily and needlessly dominated by the government such trend was inherited from UNMIK and certainly from ex-Yugoslavia times

Social/Humanitarian Issue

Croatian law requires 450,000 signatures for Labour unions to call referendum, but the union said they have gotten (813,016) more than enough. With this union can seek public view on whether collective or individual bargaining should ensue between employee and employer.

Serbs from Kosovo and Serbia celebrated Vidovdan (St Vitus Day) at the Gracanica monastery on Monday (June 28th), commemorating the anniversary of the 1389 Battle of Kosovo when the Ottoman Empire defeated the Serbian kingdom.

Macedonian government is getting the heat from the opposition, asking the ruling government to call an early election which Prime Minister Nikola Gruevski has rejected. Meanwhile thousand Macedonians are protesting against government domestic and foreign policy. The protest is reported directed by the main opposition party SDSM.

In the same fashion, the Serbian Progressive Party, the Democratic Party of Serbia and New Serbia have launched general demonstrations throughout Serbia demanding early election from the government.

Montenegro and Croatia will sign an agreement on the extradition of people suspected of organised crime and corruption, Croatia had earlier signed a similar document with Serbia.

Although the austerity measures are resented by the opposition and general public and after scaling through a vote of no confidence, Romanian Prime Minister Emil Boc announced his government has decided to raise the VAT from 19% to 24% as of July 1st, in order to narrow the budget deficit, which will be in accordance with IMF requirement.

Food, Environment and Energy Issue

Geostrategic Issues

In order to get on well with its EU accession, the UN has signed a new five-year partnership strategy worth of \$250m with Serbia. The agreement was a political plus mark for Serbia.

Oceania

Political Issue

The new Australian Prime Minister Julia Gillard is determined to retract the tax policy on mining industry. The tax policy among others damaged the reputation of ex-PM Kevin Rudd, whose two years government ended dozen years of conservative rule. Election is expected and Gillard hopes to take advantage of respect she now commands for an election victory.

Economic Issue

Social/Humanitarian Issue

Prime Minister Julia Gillard believes Australia does not need big but a sustainable society. The previous government predicts Australia's growth around 40million by 2050, an assertion Gillard believes in not sustainable due to low social amenities, nonetheless Australia will still have a soft policy for immigration

Food, Environment and Energy Issue

Australian miners succeeded in turning table against ex-PM Kevin Rudd, whose super tax on mining industry contributed to his waterloo. Meanwhile, the new government has brokered a deal with the industry limiting the heavy tax the previous Rudd's government demanded. Both the government and the industry want a solution to the issue although elements in the industry are sceptical of the whole plan.

Geostrategic Issues

Latin America

Political Issue

The Argentine government appointed Hector Timerman as its new foreign minister. Hector is a Jew and the President Kirchner said the appointment of the Jew as foreign minister displays Argentine non anti-Semitic society. The former foreign minister resigned due to clash with President Kirchner.

Political bell remains jingling in Brazil where the candidate of President da Silva and opposition continues to woo people for votes for the next elections. Ms. Dilma Rousseff has resolved not to discontinue with Lula's policy, while opposition Mr. Jose Serra would want slight change to some of Lula's policies.

Mayor and gubernatorial elections have started in Mexico, but the atmosphere is replete with violence, as upshot of drug lord involvement in politics. There has been a correlation between politics and drug in Mexico and a big concern for neighbouring states like the United States that has sent more than 500 security forces to the southern border for securing the US-Mexican border

The target killing of a popular gubernatorial candidate in the northern Mexican state of Tamaulipas was disheartened but not shocking as killing of the innocent and popular figures in Mexico is not rare. Mexican economy minister diffuses the fear that the death might affect foreign investment

Economic Issue

Argentine-China relations got strained in recent time over Chinese refusal to buy Argentine's Soy oil, even though it is one of the cheapest in the market. Buenos Aires retaliated by taking a strict position on Chinese dumping in Argentine. Both countries hope to resolve their difference as President Cristina Fernandez de Kirchner pays her first visit to China this week.

The Brazilian economy is witnessing an unexpected growth according to the chief economist of Brazil. The government estimated growth falls around 5.2 percent but experienced figure runs up to 5.7 percent.

Colombian economy is expected to retain its pace even as Juan Manuel Santos is elected as president. Meanwhile, IMF hoped that mutual relation between Colombia and Venezuela will further strengthened Colombian economy.

Mexican auto industry is lucrative and forthcoming, providing 20 percent of total GDP of Mexico and 11 percent of total industrial jobs for Mexicans. With this background the government plans to make the auto industry pay the taxes of the poor families.

Social/Humanitarian Issue

A heavy flood in the northeastern part of Brazil, where President Lula de Silva hails from will deprive President Lula de Silva from attending the G 20 summit in Toronto, Canada.

For the Chilean team, the World Cup is over by being kicked out from the tournament. Despite their lost, they were received warmly by the general public and the president accorded them a warm reception at the presidential palace.

Food, Environment and Energy Issue

Geostrategic Issues

The new British coalition government does not intend to de-track from the legacy of previous British governments on Falkland Island. Argentina received that strong signal as the new government of Downing Street will not deny British sovereignty over the island.

Argentina-Syria relations attained a new level as President Bashar al-Assad of Syria visited Argentina and signed several agreements with the government of Argentina ranging from the field of technology, transportation and culture.

Assad did not downplay the status of Brazil in the region. Departing from Argentina, his next stop was in Brazil where he met with President da Silva and lauded his leadership skill within the region and the world at large, particularly in the Middle East conflict and Brazil's role in UNSC. Assad equally entered into several bilateral relations with Brazil before his departure. Assad equally made his ever first visit to Venezuela where he received a warm reception from President Hugo Chavez.

Similarly, Brazil-Italy tie was consolidated by the visit of Prime Minister Berlusconi to Brasilia. During the august visit Berlusconi praised President da Silva's good leadership and inked several agreements of mutual interests with the largest nation in Latin America.

Mr. Jose Serra, one of the fore runners in the upcoming Brazilian election is not satisfy with Brazil's relations with certain countries like Venezuela and Cuba, if elected president, he will reverse the direction of the relation. Meanwhile, Brazil and Venezuela

have inked agreement to increase cooperation in trade, electricity, cars and agricultural goods.

On the other hand, Brazilian government also signed agreement with Argentina by which Brazil's central bank will provide US \$100 million to Argentina's trading companies in Brazil and in response Argentina will also provide financial advantages to the Brazilian trading commercial companies in Argentina.

Colombian President Juan Manuel Santos will want to continue with the legacy of fighting drug lords and revolutionary groups championed by the former President Uribe. Santos has requested the French president to scout out foreign minister of FARC rebel group allegedly being in France.

Similarly, former Colombian President Uribe has sensitized President Santos on the benefits of good relations with Venezuela. Uribe urged Santos to work with its neighbouring Venezuela on common shared matters.

Colombia has a good economic standing within the region and plans to extend its economic tentacles beyond the region. Colombian Minister of Trade, Industry and Tourism Luis Guillermo Plata said Colombia will sign a Free Trade Agreement (FTA) with Korea. With the agreement Korean companies will provide auto vehicles plants of KIA, Daewoo and Hyundai in Colombia.

ALBA countries (Venezuela, Ecuador, Bolivia, Cuba, Nicaragua, Antigua and Barbuda, Dominica, and St. Vincent and the Grenadines) had their 10th summit in Ecuadorian city of Otavalo. The summit reiterated the concern for trade and environmental issues.

Meanwhile, President Chavez invited Ecuadorian president to Caracas. The visit is expected to see both countries sign several agreements on social sovereignty, scientific knowledge, security and defense, energy and trade issues.

For the United States, Venezuela is the stumbling stone for smooth ties in the Western Hemisphere, as Chavez is never willing to negotiate with Washington, though Caracas holds that relation with Washington can be perfected if the latter makes flexible its policies. Meanwhile, Larry Palmer, a career foreign-service diplomat, has been nominated as the new U.S ambassador to Venezuela. Palmer was tipped for the job because of his expertise of the region.

Russia and its Neighbour

Political Issue

Russia has not always been receptive to democratic lectures from the U.S and Europeans and neither will the new Freedom House's report receive Moscow reception. The report delineated that 2009 was the gloomiest year for the Russian democracy in recent decade.

Russian President once remarked and cautioned about the level of economic development in the Russian Caucasus region. This same observation is expected to be

reiterated in Prime Minister Vladimir Putin's drafted plan, signaling that terrorism and ethnic tension will haunt the restive region for years to come without a major injection of investment.

Economic Issue

Russia, Kazakhstan and Belarus all planned to have a common Custom union, a union expected to give them common representation in the WTO. Belarus has formally ratified the union code after a long hesitation even though the Custom union came into existence on January 1, 2010. Membership of WTO for Russia will not be easy without Moscow addressing problems with the protection of intellectual property rights, a major requirement to WTO accession. Meanwhile, Belarus has raised the transit fees for Russian oil products through its territory, both Russia and Belarus have been in energy price tussle.

The growth in Russian economy is indicated by recent borrowing of two Russian financial firms. Sberbank and Vneshekonombank are borrowing as much as \$2.5 billion in the international bond market for the first time in two years.

Social/Humanitarian Issue

The World Bank's report released in March, has warned Russia of a shrinking population more likely to affect the nation. The working population is predicted to shrink between 800,000 and 1.1 million people a year until 2013, and will need around 12 million immigrants to fill the gap. The report tallies with the fear of population decrease in the Far East Federal District.

Foreigners and diasporas wanting permanent settlement in Moscow will have to live by certain code refer to as Muscovite's Code. The latter will require them to avoid slaughtering sheep in the backyard, not grilling shashliks on the balcony, not walking around the city in national attire, and speaking in Russian.

Food, Environment and Energy Issue

The growing Russia-Ukraine friendship is unravelling in different dimensions. The new Ukrainian government is critiqued for too much dependence on Russia. The government is now proposing that Russia and the European Union build a new gas pipeline across its territory to increase Russian gas transit to Europe.

Geostrategic Issues

The Parliamentary Assembly of the Council of Europe has not reached a consensus on the Russian-Georgian dossier. PACE has repeatedly asked Russia to reverse its recognition of the former Georgian republics of Abkhazia and South Ossetia, after the five-day war in August 2008.

Both Russia and the United States have played a mature game in the recent espionage debacle ending with spies exchange. It was a remarkable step from the Cold War era and a display that both countries are not interested to see their rebuilding relations sour.

The Russians are hesitant finalizing weapon transaction with Iran after the new UNSC sanction which punishes any country having related deal with Iran. The latter claims the weapon (S-300) deal was completed before the sanction and if Russia must refuse fulfilling the transaction, Moscow stands to lose.