

Report # 127
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Turkey, GCC, Fertile Crescent, Central Asia, Iran, Afghanistan, South Asia, India
China, Korea & Japan
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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, China, Korea and Japan from 3rd July to 9th July 2010 as have been collected by interns.

TURKEY

Political Front:

Government officials have declared negotiations to be the prime source to deal with PKK terrorist issue. Meanwhile ruling AK Party has decided to Mayor Halil Bakırcı for remarks that he made regarding ways to solve Kurdish issue at the end of June. The leader of Republican People's Party has announced to reject the upcoming referendum on constitutional amendment law. Three opposition parties have already disagreed with the government's plan.

The terrorist Kurdistan Workers' Party (PKK), in eastern Siirt province, made bloody attack against Turkish security forces in which two soldiers and three village guards died. Meanwhile conflicts erupted in a district of the southeastern province of Hakkari between police and pro-Kurdish groups.

Geo-strategic Front:

The European Union has welcomed the decision of the Turkish Constitutional Court, which only annulled several minor articles. Turkish President and his Iranian counterpart have reached Nigeria to attend the Developing Eight, or D-8, summit. US Secretary of State Hillary Clinton has praised the Armenian government for its willingness to move toward normalization with Turkey and suggested that the ball was in Turkey's court for revitalizing the rapprochement process. She urged Turkey to overcome its reluctance to reopen the border between the two countries, closed because of the Nagorno-Karabakh dispute. The Israeli aid organization Magen David Adom (MDA) has sent a letter to the Turkish Red Crescent thanking the group for helping to transport the injured activists who were on board a passenger ship which was part of a Gaza-bound aid flotilla that was attacked by the Israeli navy. Meanwhile Turkey has sent 10 tons of relief equipment to Bosnia and Herzegovina where heavy rains have caused floods. Turkey has extended a 21 million USD financial aid to Kyrgyzstan.

Economic Front:

Investment in Organized Industrial Zones (OSBs) across Turkey has been on the rise in recent months, which indicates the authenticity of Turkey's high growth rate in the first quarter of this year. Turkish tourism sector has boasted a 10% rate of annual growth, which is above the global average. Turkey's industrial production index has increased 15.6 percent in May, 2010 when compared to May, 2009.

GCC

Geo-strategic Front:

The second meeting of the GCC security media committee drew up a list of recommendations to keep the GCC Secretariat up to date with the awareness activities that would be taking place throughout the year. The recent visit of King Abdullah to the United States has further cemented the existing relations between the two countries. During the meeting in Washington, the two heads of state agreed on the need to press for Middle East peace, including establishing a Palestinian homeland. The signing of a number of bilateral agreements and memorandum of understanding between the two countries has broadened the areas of bilateral cooperation by creating 357 joint venture projects in the Kingdom worth SR82 billion. The United States is the Kingdom's largest trade partner and the biggest investor. GCC Secretary-General has strongly praised Kuwait's commitment to and support of the Arab World Institute (IMA). The UK has been actively involved in Bahrain with increased investment in arts and education. British officials have expressed hope to almost double the number of Bahrain schools linked with those in the UK. Growing Qatari ties with the Sultanate of Oman also remained significant. During recently held talks in Tokyo, Kuwait and Japan affirmed their commitment to conclude the bilateral investment deal at the earliest possible time in order to further promote economic ties between the two countries. The two sides also agreed to further exchange views on the deal and to resolve outstanding issues.

Economic Front:

King of Saudi Arabia has ordered a halt to oil exploration operations to save the hydrocarbon wealth in the world's top crude exporting nation for future generations. The UAE has recently signed an agreement on double taxation avoidance on income with the Republic of Ireland in an endeavor to strengthen cooperation and develop partnership between the two countries in areas of common interest. According to a report released by Arab Organization for Industrial Development and Mining, Oman's economic growth rate in 2010 may rise by about 7.3 per cent compared to 3 per cent in 2009 and the rate of inflation may reach 5.2 per cent against 5.3 per cent in 2008. Qatar expects to become third largest economy in Gulf region by 2012. Beyond an 18.5% real GDP growth forecast for Qatar in 2010, the highest worldwide, the International Monetary Fund (IMF) forecasts 14.3% in 2011 and 9.2% for the country in 2012.

Social Front:

In a renewed move to cut reliance on foreign workers, the Human Resources Development Fund (HRDF) has trained 139,461 Saudis for employment in different areas. The HRDF has "spent more than SR584 million on training and employing Saudis" during the first half of this year. Dubai has denounced to use full-body scanners at airports due to their own customs and ethics.

FERTILE CRESCENT

Political Front:

Former IAEA head El Beradi has filed a petition demanding seven amendments in 3 different articles of the constitution. He has got full support of Muslim Brotherhood. The

Muslim Brotherhood (MB), Egypt's largest opposition group, has launched a campaign on its website to collect signatures in support of the National Association for Change's petition calling for constitutional amendments. Meanwhile the MB is still debating whether to participate in the upcoming People's Assembly (PA) elections or to opt for a boycott, something ElBaradei has called for. Many other opposition groups have also been thinking to boycott upcoming elections. Prime Minister Benjamin Netanyahu addressed the Council of Foreign Relations in New York. In his speech, the prime minister said that a peace deal with the Palestinians could be signed by next year. He stressed his own willingness to engage in the process, and repeated his call for direct negotiations with the Palestinians though stressed that a partner was needed in order to make this happen. He later on held meeting with the US President and discussed various issues. A recent survey conducted in Gaza and the West Bank demonstrated that a slim majority supports direct talks with Israel and that most Palestinians want Marwan Barghouti to succeed current president Mahmoud Abbas.

Geo-strategic Front:

Ethiopia, Kenya, Rwanda, Tanzania and Uganda signed the Nile Basin Cooperative Framework meant to replace a 1959 accord between Egypt and Sudan that gives them control of more than 90 percent of the water flow. Ethiopia however has reassured Egypt that a new pact it signed with four other countries on the sharing of water from the River Nile would not harm Egypt. U.S. Defense Secretary Robert Gates has nominated four-star Marine General James Mattis to be the new head of U.S. Central Command.

Economic Front:

Procter & Gamble has announced plan to invest over LE 780 million (\$140 million) over the next three years in expanding its Egypt operations. The Institute of International Finance (IIF) indicated that Lebanese authorities missed an opportunity to implement significant fiscal measures during the current favorable economic conditions, as the 2010 budget does not aim for a significant primary surplus through the implementation of long-delayed reforms.

Social Front:

Progressive Socialist Party leader questioned the reason behind granting Arab nationals the right to own property in Lebanon, but denying it to Palestinian refugees. A group of democratic Palestinian organizations joined forces in a bid to pressurize the government into passing civil rights amendments to laws restricting the right to work and own property. Gathering outside of the UN headquarters in Downtown Beirut; Palestinian groups issued a memorandum calling for the right to work and own property, as well as for the increase in camp size and the reconstruction of Nahr al-Bared. The memorandum also called for an improvement in relations between the Palestinian and Lebanese people.

CENTRAL ASIA

Political Front:

Tajikistan's Supreme Court has reportedly sentenced two sons of slain Emergency Situations Minister to prison terms of up to 30 years over charge of 'anti-government plot'.

Geo-strategic Front:

U.S. Secretary of State Hillary Clinton has visited Azerbaijan to seek a restart of peace talks over Nagorno-Karabakh, repair frayed bilateral ties, and press the oil-rich Caucasus nation on human rights. Azerbaijan has denied Armenian claims that Russian President presented his Armenian and Azerbaijani counterparts with a new international plan last month to resolve the conflict over the breakaway Azerbaijani region of Nagorno-Karabakh. Russian President announced that a customs union joining Russia, Kazakhstan, and Belarus has come into effect after the presidents of the three countries signed documents. A delegation of specialists of the European Training Foundation (ETF) has expanded cooperation with Turkmenistan.

Economic Front:

Russia and Kazakhstan have signed agreements on cooperation in civilian nuclear power and hydropower projects in the Kazakh capital, Astana. According to Kyrgyz officials, recent ethnic violence in the south of the country caused some \$71 million worth of damage. Russian Duma has ratified agreement on Mutual Protection of Investments with Turkmenistan.

Social Front:

Some 200 protesters in the southern Kyrgyz city of Osh held a protest calling for the "internationalization" of the Kyrgyz army and law enforcement agencies.

IRAN

Political Front:

Iran has accused the US CIA for abducting an Iranian academic. They provided documents to the Swiss Embassy and asked them to hand it over to the US. A senior Iranian legislator has warned that any effort by the foreign countries to inspect Iran's vessels and cargos would be reciprocated. A senior parliamentarian has denied any claims regarding Iran's interference in the Lebanese domestic affairs. He made the remarks in response to allegations made by certain French diplomatic sources claiming that Iran was involved in recent conflicts between people of South Lebanon and the United Nations Interim Force in Lebanon (UNIFIL).

Geo-strategic Front:

UAE's envoy to the US has recently claimed that in case of failure of sanctions force should be used to halt Iranian nuclear program. Iran's MP condemned his stance and asked the government of UAE to elaborate whether that was his personal view point or he represented his country's official policy. A Canadian court found a Toronto man guilty of attempting to export nuclear-related materials to Iran in violation of sanctions. Ayatollah Ahmad Jannati, chairman of the Guardian Council, held meeting with Hezbollah Secretary General Syed Hassan Nassrollah in Beirut. A senior Iranian commander cautioned Moscow to be watchful of Washington's moves, warning that the plots hatched by the U.S. in the region would harm Russia's long-term interests.

As far as sanctions are concerned, China has strongly criticized recently imposed sanctions against Iran and called negotiations to be the only way to engage Iranians.

Meanwhile India has also expressed serious concern regarding recently imposed sanctions against Iran. Iran has warned to quit talks if sanctions against it would be strictly implemented.

Economic Front:

The volume of trade between the Islamic Republic of Iran and Uzbekistan would reach from last year's 600 million dollars to one billion dollars by the end of current Iranian year (ending March 20, 2011). A member of the Iranian parliament warned the West about the heavy costs of the UN anti-Iran sanctions for the western firms. The Islamic Republic of Iran has imported above 814,000 tons of wheat from Russia during July 2009 to May 2010. India and Iran held Joint Economic Commission last week to expand economic ties. The chairman of the Iran-UAE Joint Chamber of Commerce stated that in reprisal for freezing 41 bank accounts of Iranian businessmen in the UAE, Iran would limit trade with the United Arab Emirates. The financial exchange between the Islamic Republic of Iran and eight South Asian countries stood at 5.6 billion dollars in the first half of 2010.

Social Front:

The Department of Labor and Employment of the Philippines has signed a bilateral agreement with Iran that provides for the Iranian recognition of the Filipino seafarers' certificates of competencies. Iran's Ministry of Culture and Islamic Guidance has released the "Journal of Iranian Hairstyles Approved by the Ministry" to assist discerning Iranian men in appropriate Islamic grooming.

AFGHANISTAN

Political Front:

Fragile security situation has impeded the process of election campaigns in Afghanistan. A number of Wolesi Jirga candidates have violated a regulation of the Independent Election Commission (IEC) regarding the display of campaign posters, billboards and materials. A Hazara parliamentarian from Kabul has accused the president of lying to the Hazara community during his election campaign. The Afghan government has received no information so far from Pakistan regarding the capture of Taliban's supreme leader, Mullah Muhammad Omar. NATO and Afghan forces have captured a Haqqani network militant, responsible for supplying material for roadside bombs.

A NATO air strike killed three civilians, including a woman, in southern Kandahar province. Meanwhile nine foreign soldiers were killed and wounded when Taliban insurgents attacked their base in eastern Kunar province. Six Afghan soldiers got killed when their post came under fire from NATO aircraft in central Afghanistan.

Geo-strategic Front:

NATO has urged Muslim countries to put in more efforts to achieve stability in Afghanistan and help the war-torn country move forward in the reconstruction process. Expressing solidarity with the people of Afghanistan, the Libyan leader, Moammar Gaddafi, has supported the Karzai government's effort at a political solution to the ongoing conflict in that country. Afghan and Japanese officials have discussed various

development plans prioritized by the Afghan government for funds being donated by the Japanese government.

Economic Front:

Government revenue has increased 22 percent in the first three months of Afghanistan's New Year in comparison to the same period last year. Afghanistan and Pakistan have agreed to expand bilateral trade and signed a Memorandum of Understanding (MoU) for laying a railways track between the two countries. The revenue of Herat customs surpassed 2.8 billion afghanis for three months ending June 21, an increase of more than 24 percent over the same period last year.

Social Front:

Farmers in southern Helmand province claimed that foreign troops sprayed chemical on their fields, destroying up to 90 percent of this years the poppy crops. The provincial authorities in central province have directed people to keep their shops and markets shut during prayers timing. Unemployment has remarkably increased in the country. The number of girls taking part in sports in the provincial capital of northern Balkh province seems to be on the rise. A total of 48 internally-displaced families, consisting of 264 individuals, have returned from the Mukhtar IDP camp in southern Helmand province to their places of origin in Jawzjan. Hundreds of protesting textile workers ended the blockade of a main highway in northern Baghlan province after an assurance from the authorities to consider their demands favorably. The Afghan government has planed to propose health, education and social projects worth \$2 billion at the Kabul Conference on July 20.

SOUTH ASIA

Political Front:

After two years of relative peace under the Awami League (AL) government, the country has again witnessed violent street protests in the last few days. Ruling regime and opposition party seem to be at the verge of collision which many analysts assume to be prompted from across the border. As soon as Nepali PM stepped down from his seat President gave a deadline to the political parties to form a “national consensus” government. Nepal's political leaders however announced that they would seek to extend a deadline to form a new unity government set by the country's president. Amid the deadlock over government formation in Nepal, Terai-based Madhesi parties have claimed the right to lead a new coalition in a bid to meet the new deadline set by President. Meanwhile Nepal's communist former rebels reached out to other political parties to form a new coalition government. In Srilanka, getting the Budget passed was an easy task for the ruling UPFA, having two third majority in Parliament, but the committee stage debate was somewhat a stormy affair with a barrage of opposition criticism leveled at the government for mishandling the economy, curbing media freedom and bungling the country's foreign relations.

Geo-strategic Front:

Three East Asian countries - Japan, South Korea and China - have expressed their intent to enhance relations with Bangladesh.

Economic Front:

Policy makers in Bangladesh have been reiterating their goal about accelerating the growth rate of the economy from nearly six per cent to eight per cent at the fastest. The government has pledged Rs 800 million to Nepal Oil Corporation (NOC) to finance the import of liquefied petroleum gas (LPG).of plugging the loss coming from LPG by revising its price. All the while the Government of Nepal has launched a tourism promotion campaign styled "Nepal Tourism Year 2011" to rejuvenate its tourism industry. The Sri Lankan government has failed to understand the serious repercussions of its decision not to accept EU conditions that would have extended the GSP+ duty-free trade scheme for another six months.

Social Front:

The International Fund for Agricultural Development (IFAD) and the government of Nepal have signed a loan agreement of 7.6 million U.S. dollars and a grant agreement of 7.6 million dollars aiming to reduce poverty and vulnerability of people living in the hills and mountains through agricultural diversification. Hundreds of Sri Lankan activists led by a Cabinet minister protested at the UN office against a world body panel set up to probe allegations of human rights abuses during the LTTE war.

INDIA

Political Front:

BJP has declared all-India strike called by opposition parties against rising fuel prices to be successful. In response, the Union finance minister said that the Centre would not roll back the fuel price hike as demanded by the Opposition and the UPA's key ally, the Trinamool Congress.

Himanshu Kumar, a social activist who is on cycle yatra from Delhi to spread awareness about the struggle of tribals in Chhattisgarh, regarded Naxal fight to be a reaction against government's injustice and discrimination with the community. Meanwhile Central government denounced to deploy army to fight the Naxals and said that Air Force would be used to provide non-combat assistance to Para-military and police personnel operating in the Maoist-hit regions.

Since the killing of civilians by Indian Security forces protests erupted in the valley of Kashmir and brought stalemate to normal activities of life. Army has been sent by Central regime at the request of the government of Kashmir. Kashmiri government has imposed restrictions against media and journalist to restore so-called law and order. Normal life got disrupted in West Bengal as road and rail services were affected and government offices were closed following a 12-hour shutdown called by non-Congress parties in the country.

Geo-strategic Front:

The Shiv Sena has condemned Union Agriculture Minister and newly elected International Cricket Council (ICC) chief for favoring cricket matches with Pakistan on Indian soil. The Sena referred to Pawar's comment after becoming ICC chief that the visit of the Indian Home Minister to Pakistan was a good sign for improving Indo-Pak relations and subject to approval of governments of both countries, the ICC would revive

Indo-Pak cricket matches. India has expressed "concern" over China's plans to have a rail link with Pakistan through the Karakoram ranges. India has signed six agreements, including air services and energy pacts, with Iran and both sides have also decided to cooperate closely in stabilizing the violence-torn Afghanistan.

Economic Front:

The Reserve Bank of India (RBI) has hiked the short-term indicative interest rates by 25 basis points to mitigate rising inflation and inflationary pressures. The Central Government has been suffering an annual loss of Rs 1,800 crore on account of thousands of coal mafia, which involve themselves in illegal mining across different states. Indian Food and Agriculture Minister has expressed optimism regarding increase in crops production because of favorable weather conditions and rise in area under cultivation.

Social Front:

BJP has reiterated its stance on inclusion of caste counting in census despite the opposition of RSS on the issue. A recent study carried by the government has indicated that largest number of NGOs have been working in India.

CHINA

Political Front:

A senior Chinese leader in charge of disciplinary and supervision work has stressed the need for higher-caliber anti-graft officials in the country's fight against corruption.

Geo-strategic Front:

A senior official of the Communist Party of China (CPC) held meeting with a delegation from the Christian Democratic Union (CDU) of Germany and Party of European Socialists respectively. CPC official vowed to enhance inter-party communication and cooperation with CDU and discussed ways to strengthen ties with Europe. China has expressed serious concern regarding restoration of stability in Sudan. Meanwhile China has extended full support to Kyrgyzstan in its efforts to maintain law and order in the country. In the meantime China has regarded India as one the key strategic partner. China has condemned sanctions against Iran. China seems to be seriously concerned about a scheduled joint naval drill between the United States and the Republic of Korea (ROK) in the Yellow Sea. China has called on the UN Security Council to address the root cause of the armed conflicts in order to better protect civilians in such conflicts. The U.S. Treasury Department has declined to label China a currency manipulator. China has reaffirmed its stance on the sinking of the Republic of Korea's frigate "Cheonan," saying it will keep communicating with the parties concerned. Chinese growing relations with Pakistan, Newzeland, Britain, Canada, Russia, Myanmar, Tonga, Argentina and South Korea in various sectors remained significant.

Economic Front:

Chinese economists seem to be keen in developing various marketing strategies to boost countries' economy. The central parity of the China's currency Yuan weakened to 6.7733 per U.S. dollar. China's coal imports surged 114.3 percent year on year to 68.98 million tons in the Jan.-May period on the back of strong industrial demand. China's automobile

sales surged 30.45 percent year on year to 7.18 million in the first half of the year. The European Commission has announced to invest 10 million euros in China's energy efficiency-focused fund. Chinese vice Premier has called foreign trade companies and relevant government agencies to keep a close eye on the international market and take measures to ensure steady growth of China's foreign trade. The International Monetary Fund has lifted China's GDP growth forecast for 2010 to 10.5 percent from the earlier projection of 10 percent. Taiwan's exports to the Chinese mainland and Hong Kong have grown by 61.9 percent year-on-year to a record 56.75 billion U.S. dollars during the first six months of this year. China has urged India to treat Chinese companies fairly in regard to India's ban on purchases of telecom equipment from Chinese vendors. China's trade surplus fell by 42.5 percent in the first six months this year from a year earlier to 55.3 billion U.S. dollars. A delegation from south China's Guangxi Zhuang Autonomous Region ended a five-day visit to Taiwan after reaching investment and trade contracts worth 2.23 billion U.S. dollars.

Social Front:

The Ministry of Housing and Urban-Rural Development has blamed agents for first-tier cities' soaring apartment rents amid intensifying public frustration. A senior Chinese official has called on joint and intensified efforts to investigate and remove public security risks and ensure the lasting social stability. Meanwhile The General Office of China's State Council, the Cabinet, and the General Office of the Communist Party of China Central Committee has recently issued a circular, calling for more progress in the nation's poverty alleviation work. An online survey in China showed that three out of four people would no longer buy a McDonald's product as it reportedly contains two chemical additives that, if taken in excess, may cause nausea and vomiting. The World Bank has approved loans totaling 260 million U.S. dollars to China for flood control and environmental improvement projects. China has renewed Google's license to operate a website, preserving the search giant's toehold in the world's most populous country after the company gave up an attempt to skirt Beijing's censorship practices. Chinese leaders have called for more efforts to develop the country's vast west regions and raise people's standards of living.

Hong Kong

Hong Kong and the Republic of Korea (ROK) have signed a deal to strengthen collaboration in education and promote educational exchange. The Securities and Futures Commission (SFC) of Hong Kong has suspended Godwin Chu Kwok Shing for 18 months from June 30, 2010 to Dec. 29, 2011 following the determination of the Securities and Futures Appeals Tribunal (SFAT).

KOREA

Political Front:

South Korean President Lee Myung-bak has called for a thorough investigation of an alleged illegal surveillance case involving an official of the Office of the Prime Minister. Main opposition Democratic Party has been facing challenge of split as sharp division has erupted among mainstream leadership and reform-minded young people.

Geo-strategic Front:

UN has condemned an attack leading to the sinking of South Korean ship but avoided blaming North Korea in this regard. China has appreciated UN stance and expressed hope that it would diffuse tension between North & South Korea.

Economic Front:

South Korean based Samsung Electronics Co., has posted record earnings last quarter, fueled by a recovery in demand for computer-memory chips that drove up prices. Second-quarter operating income rose 87 percent to 5 trillion won (\$4.1 billion) from 2.67 trillion won a year earlier as sales gained 14 percent. Hyundai Engineering & Construction Co. has won a \$1.13 billion contract to build a port on Kuwait's Bubiyan Island. The IMF has raised its 2010 economic growth forecast for South Korea by more than one percentage point, and recommended the country's central bank gradually raise interest rates.

Social Front:

About one third of middle class families in Seoul suffered a drop in their income in the fallout of the 2008 global financial crisis, and more than half of them have been forced to reduce spending. Five South Korean websites including the presidential office were hit by attacks. Internet attacks on government Websites originated from some of the same zombie computers used in massive hacker attacks a year ago that were automatically reactivated on the same day.

JAPAN

Political Front:

Democratic Party of Japan kingpin Ichiro Ozawa has submitted a statement to an independent judicial panel denying involvement in any irregularities in connection with funding reports. Japanese Prime Minister Naoto Kan's approval rating has dropped 5 percentage points to 45 percent ahead of the July 11 upper house election.

Geo-strategic Front:

Russia has conducted a military drill on Etorofu, one of four Russian-held islands off Hokkaido claimed by Japan, despite a request by Tokyo not to do so.

Economic Front:

Bank of Japan Governor has said that exports demand would keep expanding Japanese economy. Toyota Motor Corp. filed with the transport ministry for a domestic recall of more than 90,000 cars spanning eight models, mostly the luxury Lexus brand, due to an engine defect. Along with simultaneous recalls abroad, some 270,000 vehicles would be affected. Sales of new imported vehicles, including those produced at Japanese automakers' overseas plants, increased 11.7 percent from a year earlier to 97,282 vehicles in the first half of this year. Toyota Motor Corp.'s largest has announced plan to expand production capacity in China over the next 12 months as rising demand outweighs concerns that labor costs in the nation would increase.

Social Front:

Suicide rate between January and June has dropped 7.4 percent from a year earlier to 15,906. About 57 percent of homeless people have expressed a desire to vote in an election.