

**Report 127**  
**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

Marine Corps Gen. James Mattis was picked to take over U.S. Central Command. His appointment replaces Gen. David Petraeus, who now serves in Afghanistan as the U.S. and NATO's top military officer. Petraeus had to replace Gen. Stanley McChrystal, fired following an offensive comments made against Obama's administration. Mattis like McChrystal are birds of feathers with gut of frankness.

Economic Issue

The Obama administration is adopting auditing strategy to purge illegal immigrants from work place, a different strategy from that adopted by the Bush administration that scout out for illegal immigrants and then deported. The new approach keeps a check on employers, even though critiqued by some as too lax. Meanwhile employers complain the new approach deprives them of workers for low paid jobs that could not be replaced by legal workers.

During his speech at the University of Nevada, President Obama fired back at republicans, who he believed had drove the economy into ditch and now asking for a rapid recovery. He said his administration has saved the economy from freefall and his policies are positioning things where they belong. Some Americans might dispute Obama's assertion because of the slow pace of the economic recovery.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

In recent times, Washington-Tel Aviv relations got strained, which indicates the gulf of difference between Obama and Netanyahu. The two leaders are expected to meet in Washington with the aim of mending their differences and taking the path of peace.

## Western Europe

### Political Issue

It could be one of the ploys to damage his political career amid his low public rating. French prosecutors have opened a preliminary investigation into allegations that the country's richest woman secretly funded President Nicolas Sarkozy's election campaign, an allegation Sarkozy has rejected as libel aims only to smear, without the slightest basis in reality

### Economic Issue

European Central Bank head Jean-Claude Trichet welcomed European leaders' pledge to publish the results of "stress tests" on banks and indicated that the need to calm markets by buying troubled government bonds appears to be diminishing.

The Bank of England kept its key interest rate at a record-low level of 0.50 percent, where it has stood for 17 months, as it remained on wait-and-see mode over the fragile economic recovery. The BoE added that it will not change its so-called quantitative easing policy, under which it had already pumped 200 billion pounds of new money into the economy.

The Greek government claims it has outmatched 40% deficit cut by cutting upto 42% since the beginning of the year. Thus, according the Greek Central Bank, the deficit is now 4.9% of GDP, or 11.45 billion euros, compared to 19.685 billion euros a year ago. As the Greek government pushes on with austerity measures so does the discontentment of many Greeks remains, showcased by nationwide strikes.

### Social/Humanitarian Issue

French justice minister Michele Alliot-Marie is championing the cause to see that the French parliament enacts the law to forbid covering one's face in public. She believes the law has nothing to do with stigmatization, religion or security, rather argued that life in the French Republic "is carried out with a bare face." "It is a question of dignity, equality and transparency," If the law is enacted violators of the law will be fined euro150, but the question remains where lies religious freedom.

Meanwhile, according to recent Pew survey (Pew Global Attitudes Project) an overwhelming 82 percent of French respondents support a ban. The poll found 71 percent support in Germany, 62 percent in Britain and 59 percent in Spain. The poll shows that Americans are against the ban and European supportive of a ban.

Londoners celebrated the fifth anniversary of the July 7, 2005 terrorist attack last week, an event that rekindled the scar of the dastard events. The anniversary was however celebrated with praise of gradual defeat of terrorism, since 2005 many terror plans have been ruptured.

Terrorist suspects apprehended and arranged before the court, by the Norwegian authority might most likely be set free. The Norwegian judiciary system prioritizes action more than intention. Hence, mere accusation or evidence place against suspects might fail to get them sentenced.

The European highest court has asked a British court to get the assurance of the United States that four suspected terrorists will not end up in maximum security prisons for the rest of their lives without parole. The European Court of Human Rights wants to ascertain the cruelty and violation of human rights before sending the suspect to the US. Europeans disagree with the U.S over the merit of life sentence in maximum security prisons and dealt penalty.

Prime Minister David Cameron has set up an Inquiry Committee headed by a British judge that will investigate the complicity of British spy agency in the maltreatment of British citizens in the U.S. Cameron hopes to use the investigation to compensate the affected and cleanse the dented image of M15.

Fugitive Bosnian Serb general Ratko Mladic's diaries seized during a raid of his wife's Belgrade home in February unveiled details of the secret deals between Serbs and Croats to wipe out Muslims (militarily and by expulsion) from Bosnia in order to create a larger Croatian and Serbian nations. The diaries have become useful in understanding and dealing with other criminal cases with the Yugoslav war crimes tribunal in The Hague.

Food, Environment and Energy Issue

Geostrategic Issues

Turkey remains adamant that relations with Tel Aviv will remain sever until an apology and responsibility for a deadly raid on a Gaza aid flotilla is made. Meanwhile, the British government holds that its support for Turkey-EU membership is unwaived and for EU turning down Ankara's membership will be strategic mistake.

Southeast Europe

Political Issue

The level of progress in Albania and Kosovo came under the radar of the European Parliament (EP). The parliament urged both Tirana and Pristina to intensify effort on curbing corruption and organised crimes. EP although recognises Tirana's progress yet wants solution to the Albanian political stalemate and as well moved the motion to include Kosovo in the EU visa liberalization scheme.

Illir Meta, leader of Albanian Socialist Movement for Integration (SMI), a junior government partner called on the opposition to return to parliament, saying it was unwise of them to set conditions for ending their boycott without voting laws.

Top Serb politicians are clashing to fill the seat of entity president come October 3rd elections. Republika Srpska (RS) Prime Minister Milorad Dodik, Nebojsa Radmanovic, the incumbent Serb representative in BiH's tripartite presidency, Ognjen Tadic and Mladen Ivanic will all be on the polling list.

With the intention of protecting the national, cultural and religious identity of Serbs around the world, Serbian President Boris Tadic conveyed a Diaspora Assembly in the parliament, which includes 45 delegates from around the globe. Around 3-4 million Serbs are estimated living outside their homeland.

A total of 84 experts comprising 60 journalists and 24 NGO representatives specialising in justice and anti-corruption participated in a survey, outlining that none of the four main objectives assumed by Romania through an EU supervisory mechanism, the Co-operation and Verification Mechanism (MCV) for justice and internal affairs has been accomplished so far.

#### Economic Issue

For months to come, many of the European countries will have to fix their economies by cutting deficit. Cutting of public spending although have started across Europe but has received public resentment. Premised on this, the European Commission has set an end of 2011 deadline for Bulgaria to bring its budget deficit below 3% of GDP, in line with the EU's Stability and Growth Pact. Subsequently, Romanian government announced its plans to cut the number of state secretaries within the various ministries as part of the effort to reduce budget deficit.

According to IMF, Romanian government is making significant steps to recover the country's macroeconomic stability and is taking ambitious measures to lay the groundwork for improvement of state finances. Hence IMF has agreed to extend a 913.2m-euro tranche of Romania's 13.6 billion-euro anti-crisis loan

#### Social/Humanitarian Issue

Romanians were not deserted to shoulder the fate of natural disaster that gripped the country instead rapid humanitarian response was handed out by the European Commission. Belgium, Austria, France and Estonia were at the forefront of the humanitarian response.

Former Bosnia and Herzegovina (BiH) presidency member Ejup Ganic is wanted by Serbia in connection with a May 1992 attack in Sarajevo against a Yugoslav National Army convoy, which left more than 40 soldiers dead. Ganic is stranded in London and

Serbia is demanding for extradition, which is a London court has to decide. Ganic denies the charges and challenges the extradition's request.

The 15th anniversary of the Srebrenica massacre was commemorated by almost 5,000 people around eastern Bosnia and Herzegovina. It was a moment rekindling past sorrows.

Serbian investigators have started work at a possible mass grave in Raska, southern Serbia. An investigative judge and EULEX representatives visited the site and started analysing the ground. Serbia's war crimes prosecution office ordered an investigation into the possible mass grave in mid-May.

#### Food, Environment and Energy Issue

Russia attaches considerable sentiment to the South Stream gas pipeline, seen as alternative to Nabucco pipeline. Some countries want to be part of the former and others like Bulgaria is yet to make a decision even though the project is part of the Bulgarian cabinet's long-term energy plans.

#### Geostrategic Issues

Croatia has almost completed its required EU chapters and that could not be disconnected from Vesna Pusic's view, the president of parliament's national committee for monitoring EU accession negotiations, predicting that the negotiation process should be completed by February 2011, which would allow the country to sign the accession treaty during the EU summit in March.

Malta has seconded Spain in ratifying Serbia's Stabilisation and Association Agreement with the EU. The ratification process started with Spain holding the rotational EU presidency. It is expected that other EU members will follow the step of Spain and Malta.

The uncertain is now made certain as the Bulgarian defence minister Anyu Angelov said it is important for Bulgaria to be part of the US anti-missile defence shield in Europe. Bulgaria will not only benefit but will contribute to the shield.

#### Oceania

#### Political Issue

The resignation of the Defence Minister John Faulkner was a new development for the Australian labour government. Faulkner quitting the cabinet is believed to be another blow to new Prime Minister Julia Gillard. Faulkner's resignation came after popular Finance Minister Lindsay Tanner tendered his resignation. It is unclear whether the labour party will suffer from such resignation as election draws in.

Australian new political leadership is bent at reverting the previous immigration practices that camps immigrants seeking asylum in Australian territory of Christmas Island. The new practice hopes to send the asylum seeker to the neighbouring East Timor. The new proposal is facing huge criticism both within Australia and among neighbouring states. New PM Julia Gillard wants a sustainable not an over blown population, a view challenging previous Kevin Rudd's futurist view of Australia.

Changing the policies of former PM Rudd by Prime Minister Julia Gillard is a way of asserting herself. Rudd floated the idea of 'Asia-Pacific community' geared at giving Australia boarder engagement and as an alternative to APEC (Asia-Pacific Economic Cooperation) such view is not shared by Gillard, rather a non-prospect idea.

Economic Issue

Social/Humanitarian Issue

The Internet giant, Google has been in the news for privacy breach in Australia and few European countries. After much pressure on the Internet giant's Street View alleged of violating privacy right, Google agreed and has published apology to that effect.

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issue

Argentine opposition party in the congress has repeatedly request the government to run a trial of the ex president of Argentina and the current deputy of Buenos Iris province in the court. The ex president and the husband of the current president of Argentina is alleged of taking bribe from Argentine exporters.

According to Datafolha's recent poll in Sao Palo, the Brazilian Democratic Party's candidate and the governor of Sao Paulo state rose by 2 points, while the Worker Party's candidate and the handpicked candidate of President Lula got just 1 percent increase in her poll.

Results of gubernatorial elections held in 12 Mexico states showed the victory of PRI in 9 states and success of PAN in 3 states. The defeat of PAN is associated to the war launched by the PAN government against drug lords. The result could be bad omen for PAN in 2012 elections.

As a starting point for good relations, newly elected president of Colombia, Juan Santos has sent invitations to both President Hugo Chavez and President Rafael Correa of

Ecuador. Venezuela and Ecuador had been in cold relations with Colombia under former President Uribe.

#### Economic Issue

The Chairman of FPCCI Standing Committee on Trade and Investment Mr. Shaikh Humayum Saeed made it known to the Deputy Head of Mission, Embassy of Argentina that both Argentina and Pakistan are enjoying good cordial relations even though both have potential to prove it.

Recent food products tension between Argentina and the EU could be potential factor to exacerbate EU and Mercosur rancour. Argentina banned food products unofficially from EU last month and thus created controversy between the two blocs. The food product tension was not the first of its kind; Brazil had once refused to import food stuff from the EU. Hence, EU's trade minister plans to take this case to WTO.

Mexican government said the trade between Mexico and China is very low but it is expected to grow. Mexico's export of pork meats and poultry to China and other Asian countries is expected to pick pace.

#### Social/Humanitarian Issue

It was a landmark development for the Brazilian black population after the Brazilain Congress passed the equal right opportunity law. The black community constitute 45% of the whole population with 80% low wage workers.

Ex President Uribe's government was characterised by high foreign investment, social security and fight against drug lords. The new government of President Santos is expected not to shift cause rather to continue and build on the legacy of Uribe.

Drug related violence remains a nightmare for many Mexicans and particualrly political figures having association with the power drug lords. There has been huge and unscrupulous killing in Mexico most of which are related to drug cartels.

#### Food, Environment and Energy Issue

As part of the august visit of President Lula to Africa and renewal of ties with African regional blocs, Brazil is set to provide Kenya with biodiesel technology to make the environment clean. With a long year of experience in biodiesel technology and its production, Brazil believes Kenya is also endowed with adequate land to optimize biodiesel technology and production

#### Geostrategic Issues

President Lula has made 53 African countries' visit to boost economic relations during his 8 years. He is considered as the general secretary of African countries due to

his inclination towards African countries. Recently he was on a visit to some African countries to hold bilateral talks on trade, ECOWAS and Brazil have particularly agreed on new initiatives that will boost their economic and political cooperation, similarly focusing on addressing the issues of poverty, food security, environment, renewable energy, capacity building and political dialogue

## Russia and its Neighbours

### Political Issue

The amicable resolution of recent espionage episode between Russia and the United States turned the situation from blowing out of control. The saga was concluded with spies swap, showing the new level of understanding between the two Cold War foes.

The Polish general election ended with a victory of Bronislaw Komorowski, officially declared the winner of the presidential election. Komorowski defeated rival Jaroslaw Kaczynski by 53.01% to 46.99% votes. Polish electoral laws approve 50% vote before a winner can be declared. Komorowski's election victory was followed by congratulatory greetings from world leaders.

Prime Minister Petr Necas who was newly appointed by Czech President Vaclav Klaus took the oath of office in Prague on 13<sup>th</sup> July. Petr Necas is of the centre-right party that recently concluded agreement on cabinets' portfolio.

The Social-democratic party (Smer-SD) led by the former Prime Minister Robert Fico, though had the largest votes (34 percent) in the last parliamentary elections held on June 12 but insufficient enough to form a government. Hence paved way for a new centre-right coalition government led by Iveta Radicova, the first ever female prime minister of the country. The centre-right comprises of the neo-liberal Freedom, Solidarity Party (SaS), the Christian Democrats (KDH) and the party Most-Hid (Bridge).

### Economic Issue

The Russian Central Bank saw an improvement in the economy as total lending rose 2 percent on the month after a 2.6 percent gain in May, with retail loans increasing 1.2 percent from 1 percent a month earlier.

Reiterating the exigency for economic development in the Caucasus, Prime Minister Putin announced that government has invested \$27 billion into developing the North Caucasus in the past decade and 400,000 jobs should be created in the region over the next 10 years.

President Dmitry Medvedev confirmed in Astana at a summit of the Eurasian Economic Community that Russia, Kazakhstan and Belarus have signed a declaration enforcing the Customs Code for the three countries. Medvedev expressed confidence that with the Customs Union "an advantageous and interesting enterprise" will be shared

among the signatories. Nonetheless, debris of disagreement over gas payment between Russia and Belarus still hangs on.

Hungarian government will seek a two-year precautionary deal with IMF and EU for 2011-2012 in the range of 10-20 billion Euro, and hopes to agree with lenders on a higher budget gap than 3 percent of GDP for next year. Meanwhile, the government remains economically cautious upon the hard times facing the Eurozone.

According to central bank Governor Marek Belka, Polish economy may grow by 3 percent this year and possibly accelerate to 3.5 percent or more in 2010. The government also plans to tighten its public spending in the next budget and certain workers would have to face salary freeze.

Czech central bank board agreed last month that risks to its macroeconomic forecast were broadly balanced although uncertainties were relatively high. The board unanimously agreed to leave rates unchanged at record low.

Ukraine like others in the neighbourhood is adopting a budget cut, geared at bringing deficit down to the requirement of IMF. Thus, helps to understand why Kiev was able to reach agreement with the International Monetary Fund for a new \$14.9 billion loan.

Even though the designated Prime Minister Iveta Radicova has said that her centre-right party did not want to block the EU/IMF deal, it is still unclear when her incoming government would sign the plan. The Slovakia new government has also announced a savage austerity programme, like neighbouring Hungary and the Czech Republic, Slovakia would makes its population share in the burden of the economy.

Belarusian central bank said it will cut the refinancing rate by 50 basis points to 11.50 per cent, extending an easing cycle aimed at boosting the economy and stimulating loan growth as inflation falls.

Currency devaluation in the Baltic States will hamper the region's economies and delay Eurozone membership. Devaluation could also be responsible for a jump in debt service, causing even more defaults and negative equity in real estate.

Lithuania's minority government has given up the plan to hike the retirement age after some of its own members voted against the reform in parliament. Under the pension reform package the retirement age would have been gradually lifted over 15 years commencing from 2012.

#### Social/Humanitarian Issue

A Polish court has ordered the extradition of a suspected Israeli secret agent to Germany to face charges of forging a German passport used in the January assassination of a Hamas commander in Dubai.

Hungary's parliament is due to vote in less than a week on proposed media reform which opposition parties and journalists have warned constitutes a throwback to the dark days of free media repression in the former Soviet satellite state.

The tension between Slovakia and Hungary could be enhanced if EU's top court in Luxembourg ruled against Slovakia for depriving Hungarian President Laszlo Solyom from attending a ceremonial function in Slovakia, a development Hungary believes violated the EU law for freedom of movement.

Five representatives of Turkmenistan's Interior Ministry and Police Academy exchanged information and best practices in police education and curriculum development during a three-day study visit to Lithuania that concluded last week..

### Food, Environment and Energy Issue

Accessibility to affordable energy is the growing interest of many states and Ukraine is not an exemption. Kiev hopes to formalise a proposal that will create a new gas pipeline venture jointly managed by Russia and Ukraine, geared to transport gas Europe.

In the same manner, Japan and Russia have agreed to jointly build a liquefied natural gas plant in Vladivostok, with five million tones of output to be shipped to Japan annually.

Chevron and Rosneft signed an agreement to jointly explore and develop the Val Shatsky field on the Black Sea shelf. The agreement offers Chevron 33% share, allowing it to jointly explore the deep-water region that analysts say presents major geological difficulties.

Russian Gazprom gas giant said it has no plans to raise its stake in the Latvian gas monopoly. Gazprom already holds a 34-percent stake in Latvijas Gaze, which is the only natural gas transmission, storage, distribution, and sales operator in the Baltic republic.

The disputed unilateral maritime border created by Ukraine in the 1990s is now on the verge of mutual agreement between Moscow and Kiev. The border has been one of the political tensions between the two countries in recent past.

### Geostrategic Issues

U.N. Security Council chairman refers to Russia's effort as constructive and responsible. The statement was the upshot of Russia's stance on the sinking of South Korea's Cheonan corvette in the Yellow Sea on March by North Korea.

Belarus's obstinacy not to extradite former Kyrgyz President Kurmanbek Bakiyev troubles the interim Kyrgyz's government. The latter is reiterating its demand for an extradition of Bakiyev taking refuge in Belarus, who is charged with misuse of office and murder in Kyrgyzstan.

Ukrainian President Viktor Yanukovich is urging the EU to expedite the EU-Ukraine association agreement and to begin a visa-free regime for Ukrainians.

Strengthening their traditional friendship and economic cooperation, Estonian President Thomas Hendrik paid Israeli President Shimon Peres a visit at Beit Hanassi. Hendrik hopes the visit will enhance the existing relations.

Israel's Foreign Affairs Minister Avigdor Lieberman lauded in Riga the balance position of the Baltic state towards his country. Lieberman said Israel was glad at the resolve of the Lithuania's efforts to return Jewish property.