

Zonal Report 130 Summary
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

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By: Bakare Najimdeen

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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 Issues

The U.S midterm election is around the corner and parties are politicizing issues as much as they could as tool to woo voters during the election. Recent stake for the democrat party evolves around several ethics charges against democrat House members, which according to President Obama is troubling.

Economic Issues

The U.S economic landscape is punctuated by many issues and tax cut takes hold as one of the issues that will be placed before electorates in the midterm elections. The tussle between the republicans and democrats is whether to discontinue with the tax cuts for the wealthy and continue with the low incomer, tagged by the democrats as middle class. Meanwhile Obama administration is counting on the recovery of the automobile industry projecting the success of his bailout to the industry.

Growth in Canada's economy edged up in May after stalling unexpectedly in April, helped by strength in the goods-producing sectors led by oil and gas extraction, while the service sector faltered for a second straight month.

Social/Humanitarian Issue

It is true that many Americans will not condone the violation of their privacy whatever the security law attached to it. American intelligence agency (FBI) is accused of accessing Internet and phone data of American discriminatorily, causing offence to the public.

The battle is definitely not over even as Judge Susan Bolton of Federal District Court ruled against Arizona police officers to harass immigrants with the suspicion of being illegal. Although the court demands of state to cooperate with federal immigration

agents, Arizona government is bent at appealing the ruling as debate rises over the issue of immigration across the country.

The debate over the construction of a mosque new Ground Zero, New York took a new dimension as the Anti-Defamation League rejected the plan. Opinion polls show the dissatisfaction of Americans for the mosques construction, even though New York officials have consented to the edifice. The point is that people are saying built the mosque a distance away from Ground Zero, doing that will be respecting the emotions of relatives of victims.

Food, Environment and Energy Issue

The leak at the Gulf of Mexico is reported to have been stopped but the environmental hazard the leak has caused the gulf and eco-system remains a troubling issue, which BP would have to solve in order to regain the confidence of the people.

Geostrategic Issues

Finding possible ways of solving and shouldering the burden of the war on the Afghan government has been the preoccupation of the Obama administration but the new intelligence and war leak by Wikileaks is more likely to cause havoc than “harm minimization” process the leak is expected to achieve. US strategy and partnership with Pakistan and Afghan informants comes under jeopardy. The case for the nine year wars became tenuous as U.S House got divided on revamp the war fund or address the weak economy at home. The host of Wikileaks is bent at publishing more documents regardless of the havoc it will cause.

Western Europe

EU

The EU will be making lives tougher for Iran as the bloc rolled out stricter sanctions on Tehran’s oil industry. Russia’s reaction to the sanctions was not welcoming, arguing that such sanctions could further irritate Iran from negotiation. Meanwhile, India hopes to cement its ties with the EU through the Indo-EU FTA, a trade pact at its completion stage.

Owing to recent financial trauma, Eurozone is yet to confidently regain its stamina as unemployment and inflation remain in the zone.

Ethnic Roma are widely discriminated across Europe and recent expulsion order by the French president to get Roma out of France was highly criticized by Human Right groups. The unanswered question is where does the acceptance of this group lie, they are neither treated well at home nor in diaspora.

Political Issues

Immaturity, lack of political insightfulness, straight talker and a different prime minister having the will to act independent from external influence are all features

attached to Prime Minister David Cameron, whose recent statements raised political and diplomatic eyebrows from U.S, Israel, and Pakistan, but remarked pleasantly to Turkey. It is highly imperative to understand and continuously watch if such independent assertion is a possibility for shift in British foreign policy.

Giving the political tension in Prime Minister Silvio Berlusconi's coalition government, ranging from infighting and resignation of top officials, the prospect of an early election will not be implausible. The socialist opposition party is closely watching the problems in the centre-right party and could be advantageous for the opposition in case of an early election.

In the Netherlands, VVD- Pro-Free market party, CDA-the right-leaning Christian Democrats and anti-Islam Geert Wilders' Freedom Party-PVV, are yet to agree on a minority coalition government, a situation attached to policy disagreement.

Economic Issues

EADS NV, Paris-based European Aeronautic Defence & Space Co that produces Airbus is geared at increasing its production with the aim of accruing more profits.

Celebrating an unforecasted profit behooves Total SA, the French oil company. The company records euro3.1 billion as compared to previous euro2.17 billion, the profit delineates that Total has recovered from global recession and untouched by the fallout of oil spill at the Gulf of Mexico.

If Total celebrates profits, British Airways would have no cause doing same as the company has been severely hit by industrial strikes and ash cloud that hampered aviation across Europe. BA is expected to merge with Spain's Iberia following financial problems.

It will be a business success if ownership of the French electricity giant EDF, the largest electricity supplier in Britain falls into the hand of a Hong Kong consortium. British energy firm and Canadian-Australian-Abu Dhabi consortium all tails behind the Hong Kong consortium in securing the ownership EDF, that is on sale due to debt.

German inflation rose to 1.1 percent this month, higher than the June figure of 0.9 percent but slightly below analyst forecasts. The expected forecast had been expected at 1.2 percent.

Greek economy remains under the watchful eye of the EU and IMF, both monitors how Athens is progressing with bailout package and its anti-crisis measures. Good performance will definitely aid Athens to receiving more funds for its wounded economy. Meanwhile, the Greek government is decided to close down many of its consulates abroad in bid to cut cost, an indication that the economy is still wanting.

Social/Humanitarian Issue

The coalition British government recently announced freeing public sector from tight government grip, a measure tailored at cutting spending. The government has added decentralisation to its policies in the pipeline. Decentralisation is aimed at reducing the huge bureaucracy of NHS, granting local health practitioner autonomy and expediting medical service.

Internet giant, Google has been under investigation for violation of privacy law during its Street View data collection but the new British Information Commissioner's Office's report says Google has not captured "significant" private details, hence that could evade Google from facing further litigation.

Correcting human right violation both at home and aboard has been one serious concern of the British government in recent times. Despite the support by Human Right groups, there is yet a complain that the head of an inquiry into allegations the U.K. colluded in the torture of terrorism suspects overseas will be partial because of his association with the British Intelligence Services.

British Court of Appeal has also ordered the government to compensate all those put under house arrest without trial as no evidence stands against them and their detention violate European human rights laws.

Hans Blix, former chief U.N. weapons inspector reiterates and share the view held of Eliza Manningham-Buller, ex-director of Britain's domestic spy agency MI5, that the British and American government under Blair and Bush were simple bent at going to war and unseating Saddam without concrete proof. Hans holds that UK and US simply clinched to flawed intelligence and showed dubious judgment in the buildup to war.

The Eurostat statistics reports that European Union's population has crossed the half-billion mark and the growth has come mostly from immigration. The report is a clear indication of the socio-economic implications of immigration on continental Europe.

The US will not be alone grappling with issue of immigration; French President Nicolas Sarkozy has ordered the expulsion of Roma Gypsy believed to be illegal immigrants for their contribution to proscribed public behaviours. Similarly, President Sarkozy said France could soon have a law to renounce the citizenship of immigrants involving in delinquency, following a brawl between French police and residents of a French neighbourhood,

Food, Environment and Energy Issue

Despite the tougher sanctions EU has initiated against Iran's economy, European Union foreign policy chief Catherine Ashton still believes talks with Tehran is important at the earliest. Could winning the heart of Iran come through carrot and strike, will be a question the EU has to answer.

Geostrategic Issues

Is Afghan war winnable, are things going the right direction and should British troops still remain in the war torn country are questions the new British government hopes to find answers to as it opens an inquiry into the Afghan war. Public opinion has not been well with the war indicating why the British government is tailoring a new foreign policy.

In bid to creating the way for a Palestinian state, France is setting the pace in Europe to upgrading the status of Palestinian diplomatic presence in Europe from delegation to mission headed, by an ambassador. The move is welcomed by the Palestinian authority and could have neighbourhood effect among EU members.

The French government said a war on al-Qaeda has started but fighting such war in far away Africa could only be feasible if Paris allied with her former colonies, wherein al-Qaeda is believed to be networking. The declaration of war follows the killing of an abducted old humanitarian French worker in Africa.

Fighting terrorism, maritime piracy and the Afghanistan crisis are common ground upon which NATO and Russia military are co-operating and relations is expected to further deepens.

Southeast Europe

Political Issues

If the proposal by the Albanian government to introduce electronic voting system in local election works out that could eventually ease the tension between the ruling and opposition party over election irregularities.

The rejection by a British court to extradite former Bosnian Vice President Ejup Ganic to Serbia for prosecution over war crime could be another political and diplomatic setback for Belgrade after losing a fight on the legality of Kosovo at the ICJ last week.

Meanwhile, Serbian parliament passed a resolution that rejects the sovereignty of Kosovo and further seeking UN support for renewed talks with Kosovo.

EU though reiterates that Serbia's road to EU lies in the bloc's fundamental principles of good neighbourly relations, regional co-operation and dialogue. Serbia hopes to stop countries that have not recognized Kosovo from doing so, a task that is more likely uneasy.

Croatia continues to make headway towards completing its EU required chapters. 22 out of 33 chapters are completed, signaling the progress of Croatia-EU accession.

EU hopes to facilitate talks between Serbia and Kosovo following the ICJ ruling that exonerated Kosovo from violation of international law. Hence, Kosovo is urging the five EU member states yet to recognise Pristina to join the 69 countries that have recognised its sovereignty. With the ICJ's ruling, Prime Minister Hashim Thaci holds that

Kosovo's supervised independence is about to end and urged the international community to now shift from move supervising to supporting his country.

Reform process in Macedonia has been lauded by the EU, but the bloc urges the country to address some shortcomings in order to accelerate the integration process. Macedonia like others in the neighbourhood faces political crisis polarizing the country.

Economic Issues

Social/Humanitarian Issue

Serbia Constitutional court has smacked down the parliamentary laws that violated freedom of speech and media freedom, that could be good news for media practitioners but the fear remains as general environment for media is not expected to turn good. Similarly, OSCE's report of the region (Balkan) shows that media is under the siege of government, upon which media freedom gets hindered.

Bosnian authorities are worried over the increasing strength of radical Muslim group in the country. The worry is attached to the country's EU integration, meanwhile economic problems, ethno-religious division in the country is believed to be aiding radicalization of the Bosniak youth.

Belgium is expected to extradite Albanian prisoners to Albania as part of the agreement reached between the two countries. Accepting the prisoners will further enhance Albania's visa liberalization prospect.

It was another sad story for Roma as Roma living in France were expelled by President Sarkozy on the ground that they are part of anti-social behaviours. Bulgarian and Romanian governments are geared at resettling them respectively.

As part of the process of cleansing Kosovo from ill-administration and creating viable institutions for the new country, EULEX has been investigating organised crimes and other related issues involving top Kosovo officials.

Accusation of mass grave was debunked by the Montenegrin government following a no evidence report by forensic experts at the identified sites.

A 23-year old Slovenian known by his hacker handle Iserdo was reported apprehended by the police, Iserdo is suspected of creating a virus that has infected more than 12 million computers around the world.

Food, Environment and Energy Issue

As energy concern heightens among countries, Bulgaria and Greece are on the verge of reaching agreement over Burgas-Alexandroupolis gas pipeline project, which

will connect the Black Sea with the Aegean, avoiding expensive transit fees through the Bosphorus.

Geostrategic Issues

Albania has sent 44 troops to Kabul, its first fighting mission in Afghanistan. Albanian commandos will be deployed alongside US and British troops

Oceania

Political Issues

Should opinion polls be relied upon then the fate of Australian labour party under its new female prime minister in forthcoming general election is on the hang, and could once again pave way for another conservative government. Prime Minister Julia Gillard is losing her political honeymoon days after ousting ex-PM Kevin Rudd. Gillard policies are said to be responsible for the setback in opinion poll though she appears to be a fighter.

Economic Issues

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issues

In an election run-up, Brazil's political landscape remains heated with debate on how best to govern the country in post-Lula. Social welfare, tax, environment and foreign relations are top issues of debate.

Economic Issues

Brazil's economic viability is one among other reasons why nations are affectionate with it. It has been drawing countries, upon which MoU and trade partnership were signed. Brazil in recent times is signing agreements with Middle East countries of which Syria and Kuwait are the latest.

In the same way, Argentina intends to strengthen ties with Kuwait and Pakistan in areas of interest. This will also be true for Chile-Kuwait relation.

The level of Brazil-China trade relations turns China into Brazil's number one business partner as investment between them has crossed into \$20 billion in 2010. While for Mexico, China is a big trade partner and the second exporter of goods to Mexico

Looking at the trade imbalance between Mercosur and Central American Integration System (SICA), President Lula urges his Nicaragua counterpart to increase trade as measure to stabilise the Central American economy.

Political stability is said to be instrumental for economic stability, as Mexico faces political problems, hence the accuracy of 4% economic growth announced by the Mexico's economy minister needed to be watched.

Social/Humanitarian Issue

The increasingly globalization of the world necessitate the imperative that people of the world needed awareness of other's culture. November will be the month of Chinese culture in Brazil as both countries hope to foster better understand of cultures.

The plea of the Chilean Roman Catholic Church to pardon military officers during the country's dictatorial rule was rejected by the victims' families. Although Chileans are predominantly Catholic, the case shows the extent church can spur feelings.

Battle between Mexican government and drug lord remains unabated as killing continues across the country. Random killing has undoubtedly threatened existence of many Mexicans.

Food, Environment and Energy Issue

As Colombia and Venezuela severe diplomatic ties, Venezuela continues to drag Washington into the conflict accusing it of supporting Colombia and using it for proxy war against Venezuela. President Chavez has threatened to cut oil if its Colombia attacks Venezuela.

Geostrategic Issues

Argentine, Brazil and Peru Presidents are hopeful and ready to mediate over the differences between Colombia and Venezuela during the next Unasur meeting in Buenos Aires. Diplomatic relation between Bogotá and Caracas is tensed; the latter is accused of offering sanctuary to FARC rebel. Meanwhile, Lula of Brazil sent a strong signal to the U.S not to unnecessary meddles in the affairs of the two bordering states.

Latin America would no more condone military coup, hence for Honduras to regain its OAS's membership, the June 28th military coup must be condemned and ex-President president Manuel Zelaya favoured in the country.

Mexico's former president Vicente Fox has joined the band of those labeling the Arizona's immigration law as illegal. Ejecting immigrants or Mexicans from the U.S according to Fox will be detrimental to the U.S economy.

Venezuelan and Ugandan governments executed two cooperation agreements during the 15th Summit of the African Union held in Kampala. Venezuela also hosted

leaders of Abkhazia and South Ossetia, during the visit Venezuela reiterates its recognition of the two separatist republics of Georgia.

Russia and its Neighbours

Political Issues

Economic Issues

Facing the wrath of drought and heat, Russian farmers are daunted by low productivity especially in grains production. An economic emergency is declared by the Russian government to address the weather and food problem.

The influence of globalization has not exempted Russia, and the move by Moscow to open its ambitious privatization programme since the 1990s to foreign investors is not only an indication for economic growth but also to further push Russia closer to the global business.

The Russian Gold Producers Union recorded a decline in gold output including by-product. The fall was 3.5 percent to 74.66 metric tons. Meanwhile, Severstal, Russia's largest steelmaker recorded a rise in output by 11%.

According to the Hungarian Prime Minister Viktor Orban, the new bank tax approved by the parliament is fair and necessary as it will exhibit the contribution of banks in overcoming the nation's economic crisis. The new banks tax is however not getting the approval of International Monetary Fund (IMF) and the European Union (EU), the law is seen as a breach of agreement and thus they will not be releasing part of an emergency finance package totaling €20 billion agreed two years ago. This means that Hungary is deprived access to approximately €5.5 billion.

Like every other government, the Polish government unveiled the plans to raise the value-added tax by one percentage point to 23 percent as part of efforts to tackle the country's budget deficit. Meanwhile, it is also expected to be part of Eurozone by 2015 upon satisfying Maastricht Criteria.

Setting a target for Eurozone membership will not be true for the Czech prime minister, whose government is also embarked on cutting budget deficit to 5.3 per cent of gross domestic product in 2010

Ukraine's credit ratings were raised by Standard & Poor's after International Monetary Fund approved a new \$15.2 billion loan programme for Kiev.

Ukraine's trade unions have warned that an abrupt price hike for natural gas will stoke social unrest and uncontrolled inflation. Increasing gas prices was a key demand of the International Monetary Fund in exchange for this week's approval of a US\$15 billion loan over 2 1/2 years to help Ukraine with economic reforms.

Similarly, Slovakia's government has opened the way for the European safety net for governments that end up trapped by debt. It was a tough decision that came after pressure from European partners to put aside its opposition to the plan.

In Belarus, the finance ministry is proposing profit tax, value-added tax (VAT) and social security charges should be reduced in stages up to 2015.

Estonian economy was upgraded last week by the international ratings agency. Fitch raised the Estonia's long-term currency rating to A from the previous BBB+, on the backdrop of European Union's green light for the Baltic state to adopt the Euro in 2011

Both the EU and IMF are geared at enhancing Latvian economy with loan worth of billion of dollars as measure for economic recovery after its worst recession.

Social/Humanitarian Issue

Russian government is promising swapped agents good lives in Russia, an indication that Russia is not ready to pretend over their identity or forsake them. Meanwhile, Russia could found itself in another spy soup, as issue of Russian spy resonates in Czech Republic.

Russian President Dmitry Medvedev might be positioning himself as reformer but such progressive direction is not welcomed by all and not measured enough by few. Ella Pamfilova, Medvedev's chief human rights advisor has resigned claiming Russia is not changing from its undemocratic direction and lacking engagement with civil society.

Polish government plans to begin a tradition by placing the picture of President Bronislaw Komorowski in all Polish embassies abroad.

Food, Environment and Energy Issue

Accessibility to cheap, environmental friendly energy is making debate in Poland, where the powerful coal industry will be facing a competition from nuclear energy advocates. Nuclear energy has been a forgotten project, but the new Polish leadership, the public and support of the United States is reshaping the demand for a nuclear Poland.

As Ukraine-Russia relations get tight, Kiev aims to raise more than \$6 billion to help modernize a Soviet-era natural gas pipeline for Europe, aimed at facilitating its status as energy transit route to Europe.

Geostrategic Issues

Despite Russia's objection of recent EU's sanctions on Iran, relation between the two friends is not as smooth as expected. Iranian president accuses Russia of dancing to western tune against Tehran, a statement rejected by Moscow as loudmouthed. The open question is whether both countries could risk maintaining a strained relation. In the same

way, cordial relation between Russia and Europe is undoubtedly imperative owing to the need for Russia's further modernization, which on its own cannot be achieved.

Giving the new diplomatic clout Russia wants to maintain in its neighbourhood, it is yet unknown how well Russia would be able to stomach the joint animosity of Georgia and Belarus. Both countries have repeatedly urged Moscow to desist from hegemonic muscle flexing in the region and particularly in their domestic affairs. Russia and Belarus are part of the same Custom Union, but media tension between the two countries is turning hyper.

The Russian government has approved a 65 per cent increase in the country's defence budget over the next three years as it rushes to upgrade its ageing Soviet-era military machine.

Having a missile defense system in Czech is an unclosed discussion. Czech Prime Minister Petr Necas restates that he is ready to accept a joint missile defense centre on Czech soil next year.

Despite the new decree that drops Ukraine's bid for NATO, NATO Secretary General Anders Fogh Rasmussen nonetheless has accepted the invitation to pay an official visit to Ukraine in the near future.