

Zonal Report 134
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 Issues

Economic Issues

American public and political opponents are asking President Obama about the extent to which his stimulus package has brought a change to the economy. Obama claims the stimulus has saved the economy from further recession but the angry jobless Americans bearing low purchasing power and facing housing crisis are disputing that claim on one hand and the irked wealthy are equally complaining of tax hike. All of these are debates to be flared up by republicans as the midterm elections draw in.

American National Center for Health Statistics declares a striking figure pointing at the declining rate of birth rate in the country. According to the centre, birth rate dropped for the second year in a row since the recession began in 2007. Births fell 2.6 percent last year even as the population grew. Interestingly, the uncertainty economic is said to be accountable for the drop.

The uncertain global economy is not exempting Canada; Canadian banks recorded a profit fall more than expected due to weak trading income. This is a signal that recovery is still underway.

Social/Humanitarian Issue

The proposed mosque near Ground Zone is expected to be listed as part of a tax-free financing institution, if the mosque could demonstrate an ability to pay off borrowed bonds and comply with the laws concerning tax-exempt financing, which requires that such institution will benefit the general public and their religious activities are funded separately.

The American mosque debate has raised questions across the globe. For some the debate further reiterates America's hatred for Islam, while some in Europe believe America is now waking up to its own debate of Muslim visibility in public sphere. But Americans are still confident that their society gives room for debate in comparison to other societies.

Food, Environment and Energy Issue

The oil spill on the Gulf of Mexico has brought gain and loss simultaneously. For some the cleanup processes increased their sale tax revenue and boosted their businesses, while other remained shattered by the growing fear that the areas around the Gulf is un-conducive for business as usual. But the greatest concern for both parties is the uncertain moratorium on oil drill, if becomes effective, it will further exacerbate the level of unemployment and hikes energy price for the areas and country at large.

The inquiry panel asked to investigate the spill on the Gulf of Mexico was not satisfied with BP's response. The company is not ready to single out anyone as responsible for the accident instead stood by a company-wide safety culture that ensured every employee is responsible.

Geostrategic Issues

Despite its troubling economic problems, illegal immigrants have not ceased to see the United States as hope destination. Immigration took a wide headline recently after the Arizona anti-immigration law and has fences deprive these illegal immigrants from land entrance they are opting for the sea to reach the U.S.

Western Europe

Political Issues

According to the latest Euro barometer survey, almost half of EU citizens believe their countries membership of the EU has yield little as unemployment and a troubled economy grips the bloc. The survey showed that the dissatisfaction for EU is issue centred; disappointment was astonishingly less salient among countries relatively hit by the economic crisis. Nonetheless, the EU still sees its confidence level much higher than national governments and parliaments.

The extent to which EU should meddle in national affairs of its members is one of the troubling debates within the bloc. EU integration though success has not be immune from contentious issue of red line between the EU and member state. In a recent ruling by the German constitutional court, the court ruled that EU decisions may only be checked if European institutions seriously overstep their powers.

Roberto Maroni, Italy's interior minister projected the anti-immigration policy of his government as he wanted the EU to grant Italy permission to deprive Roma from free

movement in Italy. His argument revolves around the economic burden posed by the illegal immigrant, yet it is less likely if the EU will consent to such demand.

Meanwhile the EU is concerned over recent expulsion of Roma by the French government. Viviane Reding, the European commissioner for justice is set to investigate whether France has violated EU law. This same concern is shared by UN anti-racism panel asking Paris to avoid collective and mandatory repatriation, discriminatory statements and should rather address the Roma issue on individual circumstances. The Roma issue did not fail to capture the attention of the Vatican, asking France to be modest in its action, Paris however reminds the Vatican of separation between religion and the state.

Iran is not just under the UN or western radars for its nuclear activity but it is once again criticised for ill treatment of minority ethnic groups. According to the U.N. Committee on the Elimination of Racial Discrimination, minorities in the Islamic republic are not on same page with ethnic Iranian in terms of freedom of expression and access to social services.

The death of three Spanish troops in Afghanistan has reawakened the public resentment towards the Afghan war. The public wants Spanish troops out from Afghanistan, even though the Socialist government has no timetable for doing such public bidding.

Economic Issues

Last week recorded a strong European market after months of market drops. The rebound could be linked to the soaring German economy and at the same time due to the recovering trend of equities in Asia and on Wall Street.

In an economy just rolling out of recession and still relying on foreign financial assistance, payment of pensions has been largely paid to ghost pensioners. Greece's Deputy Labour Minister George Koutroumanis disclosed that hundreds of wrongful pensions are paid to dead names still on pension list.

The new levy about to be introduced by the German government is a clear message to financial institutions that they can always help themselves in time of crisis if they had prepared for the unexpected. The German government wants to start levying banks and to use the proceeds of the levy in bailing out banks during crisis instead of leeching taxpayers.

Social/Humanitarian Issue

Humanitarian efforts by the EU for the flooded people of Pakistan remain a ringing news, as EU fears that its huge effort is being undermined by threat of Taliban and inaccessibility of the most needed to its aid. EU's effort has once been challenged as

meagre; an insinuation which the EU say does not portray its good image. The EU has donated more than half of the benchmark stated by the UNO.

There might be certain concern from Washington on the need for transparency in the funds for flood crisis in Pakistan, but exigent approach to the crisis in more a concern for U.N.'s International Telecommunication Union asking donors to wire money to the National Bank of Pakistan or Switzerland's UBS AG to "assist the flood-affected victims" and rebuild telephone networks.

The British government is pondering on how to resolve the increasing number of prison inmates in the country. Some policymakers hold the view of short time prison sentence while other believe community sentences will better reduce the tendency for re-offending. The bottom-line argument is which is cost effective and potential for reducing crime.

Meanwhile, Royal United Services Institute is also alerting the British government of how British jails are potential breeding ground of terrorism.

There should be no cry over Islam's approval of stoning as death penalty for adultery, if Swiss Committee for the Death Penalty also sees rationality in doing same and wants to reinstate capital punishment for murders involving sexual abuse. Such capital punishment can only be approved by the parliament after a referendum, although capital punishment has long been abolished in Switzerland almost 70 years ago.

Net migration to the UK rose by more than 20 percent last year to 196,000 from 163,000 in 2008. The figures from the Office for National Statistics showed the number of immigrants arriving in the UK in 2009 fell by four percent to 567,000, from 590,000 in 2008. However, the number of people leaving the country last year dropped further by 13 percent to 371,000, from 427,000 in 2008.

Food, Environment and Energy Issue

Geostrategic Issues

German foreign minister Guido Westerwelle visited Serbia and restated EU stance that Kosovo's independence is a dawn reality, asking Serbia to see that the map of southeast Europe is completed. EU wants Serbia to mellow down her rhetoric after the ICJ's ruling though Belgrade still wants UNO to debate on the contentious issue.

The imprisonment of a non violence Palestinian activist by the Israeli government has raised the eye brow of the EU foreign policy chief Catherine Ashton. Her critical assessment of the judgment was resented by Israel as unusual and unworthy of a foreign dignitary to interfere in domestic affair of a foreign country.

Southeast Europe

Political Issues

Although many a time, the Dutch government rejects any complicity in the Srebrenica massacre, that during the war, Dutch troops were only acting under the banner of the UN. But a new investigation sponsored by the relatives of Srebrenica massacre victims is about to begin in the Dutch city of Arnhem to investigate the role of UN-Dutch troops in the massacre.

The US officials in the region are not desisting from dissuading Bosnian Serb authority not to make a parallel between Kosovo and Republika Srpska (RS). Washington insists that as an entity of BiH, it has no right to secede.

Romanian government has thrown its support behind the territorial integrity and sovereignty of Moldova, against the secessionist Transdnestr. Transdnestr is a breakaway territory between the Dniester River and the eastern Moldovan border with Ukraine. Transdnestr is trying to use Kosovo as a case precedent to secede from Moldova.

The European Commission shows its appreciation at the pace of Croatia-EU accession. Zagreb has managed to close 22 out of 33 chapters and there is a forecast of Croatia being the next EU member.

Challenging the independence of Kosovo even after nodded as correct by ICJ is one diplomatic struggle Serbia has been into. With the ICJ ruling Kosovo wants the UN status to be changed but unwelcome by Serbia. The ball is now in UN's court to decide but it appears Serbia is not on the saver side of the court. Meanwhile, there has been huge condemnation for the independence rumour aired within Serb dominated north of Kosovo and around the region.

The Kosovar government has pledged to extend 13m euros to the municipalities run by Kosovo Serbs, an effort expected to bait the north from the unruly conduct.

The fight against corruption and organized crime has become a joint effort across the region; it has led to different extradition agreements. Serbia and Montenegro inked similar agreement and hope solving cross border crime through it. Meanwhile, Montenegrin NGOs are resenting the new drafted anti-corruption strategy and action plan by the government on the ground that they were not consulted in making it and the draft does not really address ground reality.

Similar action was seen in Romania, as the Romanian parliament passed the state anti-corruption bill, which was adopted in the 137-seat senate by a vote of 78-0, with one abstention.

Economic Issues

IMF mission head Albert Jaeger praised Serbia's government prudent fiscal policy and stressed the importance of adopting a law on fiscal responsibility. However, Jaeger rejected Economy Minister Mladjan Dinkic's proposal to raise public wages and pensions as early as next month due to the lower than expected government deficit.

Social/Humanitarian Issue

The season of Ramadan was warmly welcomed in the region and it has been the platform for sermonising religious freedom, peace, love for all and tolerance. Aside from the Ramadan joy that filled the air, people across the region also found time to commemorate the 100 years birthday of Mother Teresa, acknowledging her dedication to humanity. In Kosovo, authorities released a postage stamp in her honour.

An Albanian song praising Osama bin Laden in Macedonia resonates the view that there is a soft corner for extremism in the region. Governments in the region are crying against the proliferation of extremist views and such a song during Ramadan could shatter the calm Ramadan sensation in the country.

Food, Environment and Energy Issue

Albania is facing its share of the global climate change as wildfire grips the country. The fire is reported to have engulfed hectares of vineyards and olive groves.

Geostrategic Issues

Bulgarian and Romanian governments do not find the forceful expulsion of ethnic Roma from France satisfactory. Both countries have shown their resentment and the European Commission is urging Bucharest and Sofia not to allow the incident to influence their ambitions to join Schengen.

Oceania

Political Issues

It has been 70 years since Australia has had a hung parliament, as major political parties have failed to secure the 76 majority votes needed to form a government. Both Labour and Liberal parties are now wooing minority parties to form a government. Nonetheless, the inconclusive elections saw the election of the first Aboriginal and Muslim lawmakers in the lower house, as well as its youngest (20 years) with a university student.

Economic Issues

Amid an uncertain elections outcome, Australian financial system was gripped with fear with a drop in Australian dollar and bond. Investors were reported to be cautious of how to invest as the country faces a hung parliament in 70 years.

Social/Humanitarian Issue

A part of Western Australia was irked by a terrorist assignment students are expected to do. The school board has withdrawal the assignment owing to the sensitivity of the matter, but the teacher argues that the task wants to help the student better understand the trend and manner terrorism affects the live of people.

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issues

The Internet has taken Brazilians to another level of electioneering process as presidential candidates avail Internet social networking sites for campaigning. The new avenue is adding to the print and electronic platform for political participation as more youth are indulged. Meanwhile, Ms. Dilma Rousseff is still riding on President Lula's popularity though Lula himself is criticised for one sided support of a particular candidate.

For newly elected Colombian President Santos many issues would need streamlining in order to place the country on a right track. After Colombian constitutional court ruled against having US military base in the country, the president has started contemplating of reviewing the military agreement and at the same time trying to find a soft negotiation platform between the state and the troublesome FARC rebel group.

If the survey result that only 36 percent people of Venezuela wants Chavez once again in power should be trusted then that is an indicator of fall in Chavez's popularity. Chavez's policies have been widely criticised as undemocratic and tramping on private ownership.

Economic Issues

Being the largest Soy oil exporter, and 75% of its Soy oil worth \$1.4 billion remained un-purchased by China, this will be devastating to the Argentine economy. Both countries have been at trade loggerhead, Argentina has been blocking China from dumping its textile and edible into local market, leading China to stop the import of Soy oil.

Brazilian finance minister envisages an economic growth up to 7%, but not without a controllable inflation. The Brazilian economy is counted among the prospective developing economies (BRIC) that will surpass the developed economies in the following years. This bi-partisan speculative report by the US Congress supports the plea of South Africa asking for the membership of BRIC.

Venezuela's central bank reported that the economy of Venezuela shrunk 3.5 percent in this year as compare to the previous year and its oil sector and private sector is further speculated to decline.

Social/Humanitarian Issue

The Brazilian government has extended its humanitarian hand to Pakistan's flood affected victims; a total of \$1.2 million in aid is donated through UNHCR to Pakistan.

Food, Environment and Energy Issue

Argentine President Fernandez Kirchner is tussling with Royal Dutch Shell PLC. The company is challenging the government for trying to take its prerogative right of oil price increase, as reported agreement between Shell and the government only grants such right to Shell.

In Brazil, Petrobras is set to commence a deepwater oil exploration with a 5 billion barrels of oil shares which is opened to investors. Meanwhile, Brasilia is intensifying effort to make its environment cleaner, sustainable and manageable through a climate fund, which enjoins all stakeholders benefiting from environmental resources to pay into the fund.

Trapped Chilean mine workers are reported to be either alive or otherwise, but the government is seeking NASA help to authenticate their fate beneath the earth surface.

Despite Mexico being in the spotlight for drug related crimes, El Salvador, Honduras and Guatemalan have been singled out by a UN report as countries having top murder cases.

Venezuela has also been criticised by the UN and by a New York Times' article r that Chavez'z government is clamping down of opposition and there is little or no freedom of expression in Venezuela making this Latin America worst than Iraq.

Mexico is not only concern about drug war but equally interested in environmental issue. Cancun state of Mexico is expected to host the world for another round of talks on climate change. Mexico is wooing neighbours to take active role in the conference.

Geostrategic Issues

President Lula is increasingly expanding its diplomatic clout in global affairs. He was instrumental in the nuclear swap involving Iran. Yet again Tehran is asking him to mediate with Council of Vienna over its nuclear impasses. This could be another chance for Lula to further engrave his statesmanship status.

Colombian President Santos will be credited for friendly policy towards neighbours. The new administration is geared at resolving Colombia long brawl with Venezuela as both countries have entered different levels of agreement under the auspices of UNASUR and active role of Argentina and Brazil

The tempo of drug war is increasingly becoming a regional menace and Mexico is at the top of the issue. The recent rampage in Mexico intensified this concern and Mexico is calling on regional governments for consolidated effort at rooting the menace out of the region. Meanwhile Mexicans are still grappling with the debate of drug legalisation of drug

Russia and its Neighbours

Political Issues

President Dmitry Medvedev has rejected the proposal by Chechnya president, who wanted the title of president to be limited only to Moscow rather than being a common title for all regional heads. Medvedev holds that such decision should be better decided by the federation themselves.

Opposition in Russia still do not have the benefit to vent their angry through street protest as government authority can only permit street protest unless granted permission.

Economic Issues

As part of the general economic policy, Prime Minister Vladimir Putin intends to raise import duties on foreign cars to encourage international car producers to build new plants in Russia and to boost the local market. Meanwhile, The Russian presidential council for financial market development believes that making Moscow an international financial hub is only possible through federal, state and private support. The council rejected an initiative put forward by the Moscow Mayor to spend some 4 trillion rubles (\$130 billion) over the next 10 years to be shouldered alone by the federal.

Social/Humanitarian Issue

Russian authorities are still struggling with piracy which has turned itself to threat for the economy and at the same time denting the country's image.

As people around the world celebrate the 100 years birthday of Mother Teresa, Russian authority has planned to erect her monument as recognition for her dedication to life and the helpless.

Food, Environment and Energy Issue

Russia-Iran relations have been a bit sour recently but putting a finishing touch to Bushehr nuclear plant by Russia has reduced that sour rapport. As Russia fuels the plant there has been angry resentment from western and Israeli observers which Russia is trying to water down.

Russia is expected to further extend its gas tentacle to Asia as Moscow and Beijing enters into multidimensional pipeline project, while Novatek also finding direct route to export its liquefied natural gas to Asia. Russia's energy clout has always been a concern for its European neighbours and going further into Asia might increase this Russia's energy influence.

The summer heatwave might be subsiding, but the havoc created by the natural disaster is something that Russians will have to come over in due course of time.

Geostrategic Issues

In an increasingly world of threat and fear, Washington has again lauded the support given by Russia for the new UNSC sanctions on Iran. According to report both capitals believe they share similar concern over Iran and the latter having nuclear bomb is more dangerous for Russia as a neighbour. Israel is also not comfortable with sale of Russian weapons to Syria on the grounds that such weapons are misused and threatening to Israel.

They both share a long history and now trying to further strengthen cooperation. Russia and Armenia in recent times are ganging up in finding solution to the protracted border issue in the region and more importantly increase bilateral ties. Leaders of both countries are expected to meet during the forthcoming Collective Security Treaty Organization (CSTO) informal summit to be held in the Armenian capital on August 20-21.

Is Russia winning the game or neighbours are fed up of enmity. This is the question that can click the mind as Western powers are seeking a new turn with Russia. The French President Nicolas Sarkozy is proposing a new cooperation that will include Russia, EU, NATO and the Organization for Security and Cooperation.

Despite its two years support for the South Ossetia and Abkhazia independence, the secessionist state has not been able to sustain peace. Georgia remains irked at Russia's 2008 attack and its independence support to South Ossetia which Georgia still counts as its part.