

Zonal Report 135 Summary
PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD

Weekly Presentation: September 8, 2010

By: Bakare Najimdeen

Period: From August 29- Sept 4, 2010

This is the summary of the whole Euro-America zone (zone 3) taking into account the political, economic, socio-cultural and geo-strategic issues around North America/Canada, Western Europe, Latin America/Southern Europe, Southeast Europe, Oceania, Russia and its Neighbour and East/Central Europe.

Report Summary

US/Canada

Political Issues

Once again poll conducted by Associated Press-GfK shows the strong disapproval for the way President Obama is handling issues that matter most to Americans. The state of the economy is the heart of the issues, even though nine of 15 issues examined showed that November election will be difficult for Democrats suggesting good omen for the republicans.

Among potential issues for the November midterm elections is income tax, the president intends not to extend tax cut but to increase it for wealthy Americans, while at the same time reducing tax for the middle class. Some democrats are backing away from increasing tax on the wealthy because of the implication in the midterm elections.

The commanding tune of the tea party amid midterm election is driving the view that the tea party is the new Grand Old Party. They are simply against the establishment, wanting a change, unhappy with huge federal spending and above all against tax on the rich. The rhythm of the tea party is forcing the republican establishment to change their policy in order to suit the mantra of the moment. .

Withdrawal of troops from Iraq is a fulfillment of one of his campaign promises but how much does it mean to Americans. President Obama urges American to turn the page away from Iraq war and to become focused on economic recovery and winning the war in Afghanistan.

Despite the usual fluctuation in rating, none of the Canadian political party leaders are ready for parliamentary elections. The minority conservative government has frequently seen agitations from the liberal opposition and had a popularity drop over vital issues.

Economic Issues

One thing is for sure, turning around the economy for the best will not only be beneficial to the American public, but will also save President Obama White House and the Democrat party. Obama recently announced that his administration will bolster the economy with new initiatives.

The general economic statistic could be troubling but New York is proving to be different with substantive sign of recovery. Joblessness, housing and business as usual is picking up, though the scar of the recession is not total out of the picture.

Full Canadian economy recovery is still underway if the latest report of the country's GDP is true. Canada recorded a gross domestic product grew 2.0 percent at annual rates, sharply down from 5.8 percent, coupled by weaker consumer spending and trade performance and a fear of interest rate hikes by the Bank of Canada.

The take over of a Canadian company by a Chinese company is foaming a great concern in Canada even though the deal is favourable. The concern evolves around customers' jobs and government revenue.

Social/Humanitarian Issue

Tolerance, independence and leniency are the traits that strike the difference among Canadian, Italian and French parents. The assertiveness of the two latter makes them distinctive from the tolerant and individualistic oriented Canadian parents as suggested by a receive study. .

As 9/11 celebration draws in, anti Muslim and Islam sentiments rises across the U.S. It is creating a serious concern for the Muslim community, fearing for their lives and properties. Even as the Ground Zero mosque project gets support among New Yorkers, the underlining sentiments is that the project should be moved elsewhere. Is Islamophobia an acceptable way of life in the U.S or a disturbance tactic by few Americans.

President Obama turned away his face from the calumny about his faith. According to him it is nonsensical to give such rumour preference when there are many serious issues his administration needed to tackle.

According to an analysis of 2009 census data by the Pew Hispanic Center, illegal immigration into the United States has dropped in two decades. The report indicated that illegal immigration from Caribbean, Central America and South America declined due to the souring American economy, violence across the border and tougher enforcement of immigration rules.

Food, Environment and Energy Issue

BP is warning Congress that if lawmakers pass legislation that bars the company from getting new offshore drilling permits, it may not have the money to pay for all the damages caused by its oil spill in the Gulf of Mexico.

Geostrategic Issues

As the White House restarts peace talks between Israeli and Palestinian, President Obama believes the atmosphere should be filled with cautious hope, owing to the sensitivity of the protracted conflict. But more importantly Washington will be a participant than just a facilitator in the talks so as to ensure constructive talks.

Western Europe

Political Issues

European Commission chief Jose Manuel Barroso has thrown the blame of low confidence in EU on member states, he alleged that member states are yet to personalize EU projects as theirs and are simply trailing for the benefit of their own state. He further holds that Euro is a success story and member state would not be able to manage global financial crisis independently.

The consensus by EU members to have a pan-European financial supervisor was referred to as a crucial political landmark. The European Commission, the European Parliament and the EU member states reached a political deal to set up a European Systemic Risk Board and three separate agencies to monitor securities, banks and insurance companies as measure to guard against the repetition of another financial crisis.

The European External Action Service (EEAS) is expected to nominate competent diplomats for its missions abroad, but Catherine Ashton is still vetting diplomats to be chosen and also waiting for parliament approval.

EU-Russia visa regime is now shouldered on the proposal of Poland, although Warsaw agreed to Russia being incorporated into the visa-free travel scheme but only if the EU at the same time promises in future to lift visas for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine as well.

The European Union has dropped plans to offer Israel data sharing access after pressure from the Irish government. The reservation by the latter owes to the complicity of the Israeli government in eight forged Irish passports alongside a number of falsified passports of other EU states.

His new book shows his obstinacy to his controversial policy of attacking Iraq. Blair refuses to regret the policy but was remorseful for the death count the Iraq war produced. The book shows Blair is not tired of war as he insinuated military action on

Iran over its nuclear issue. Blair accuses ex-PM Brown of terminating Labour rule because of zero emotional intelligence. Meanwhile in Dublin thousands staged protest against Blair, accusing him of war crime.

The new leadership of the British Labour party is yet to be determined, but the Miliband brothers along with other candidates are struggling to hold the seat left by former PM Gordon Brown. There has been much speculation that David Miliband is more likely to be chosen.

Economic Issues

Production level in Eurozone during the month of August went down in comparison to the industries in China, India and Russia. This though is not enough but part of the growing indications that emerging economies are growing bigger than the rich economies. Although there was little push in retail sales in the Eurozone, nonetheless, retail sales fell by 3.0 percent in Spain and 0.3 percent in Germany.

Having a multilateral and open economy is believed to be healthy for global trade, but always there is concern for trade tolerance. The EU is venting its concern over China's protectionist policy and the inability of China to keep to open market promises as EU companies are denied access to the airline reservation, automotive, construction, insurance, oil refinery, research and innovation and telecommunications sectors in China.

British oil giant BP revealed that the devastating Gulf of Mexico oil spill disaster has cost it eight billion dollars so far. Meanwhile, BP is complaining against the intended suspension on offshore drilling, a move that will further affect BP's finance.

The French government is either recruiting enemies or shutting door on friends, the streets of France is expected to see another wave of protest against government plan to increase the retirement age from 60 to 62. This will add to already frenzy over Roma expulsion.

Social/Humanitarian Issue

Immigration remains a debatable issue in Europe, the Council of Europe recently slammed Greece for its immigration practices. Asylum seekers in Greece face enormous difficulties trying to gain access to the asylum procedure and not being granted basic safeguards.

The European Commission is investigating the legality of forceful expulsion of Roma by the French government. The EU is concern about the implication of such development which could add to the increasing trend of xenophobia and racist in Europe.

Amid the huge criticism surrounding the Roma expulsion, French far-right politicians as well as their counterpart across Europe believed the expulsion was right in order to create social order.

Food, Environment and Energy Issue

For French Muslims the observance of halal is essential if any company must tap into the untapped and profitable Muslim market. But for the food chains it is matter of deciding whether to reject the far right objection or come down to Muslim whims of halal food and meat.

Geostrategic Issues

Powerful global political players are not hiding their support for Kosovo's independence and are worried about the fruitless effort of Serbia to further challenge Pristina's independence at the UNGA. Serbia wants to overturn through the United Nations the ICJ's ruling that legalized Kosovo's independence.

EU's trade chief has apology for his pragmatic comment about the Jewish lobby, who he believed are very powerful and roadblocking the Middle East peace process. The comment irked Jewish organizations in Europe believing it is another form of anti-Semitism.

The European Union is expected to examine the proposal of Libya and the whole of North African seeking for handsome EU fund in order to help reduce the tendency of the using North Africa as transit route into Europe.

The arrest of two Yemen accused of conspiring to commit terrorist act has further raised security concern between Washington and Amsterdam. Last year the security lapse was from Amsterdam to Washington but the reverse was the case in the latest lapses.

The British government has debunk the press rumour that London and Paris are about to end their centuries rivalry and pool together resources in area of military vessels. The authenticity of the rumour remains unclear till both parties meet in an October summit.

It is high time the NATO set an exit time from Afghanistan as public across Europe are increasingly becoming wary of the war. More troubling is the comment of the Polish leader who said Afghan war is hampering the modernization of its military.

International Atomic Energy Agency has repeated request to Israel to join the nuclear regime (NPT) but Israel believes the new plea is tailing the desire of Arab states and particularly Iran and Syria to distract attention from their nuclear issue.

Southeast Europe

Political Issues

Albania will have to prove to the rest of the region and to EU in particular that it is politically mature. The ruling and opposition parties have been in a year old

deadlocked over election irregularities and the move to reform electoral rules is yet accomplished. Despite its political problem, Albania is still struggling to fulfill certain EU requirements before it could be incorporated into EU visa liberalization scheme.

If the political and economic uncertainty in Bosnia and Herzegovina (BiH) remains same, the ethnic divided country might continue to lose its human resources as in youth that are on exodus from the country. BiH like Albania is on same page, still waiting for EU approval on its request to join the visa liberalization scheme.

Romanian government has received the appreciation of the EU for its judicial reform geared at combating organized crime and structural corruption in the country. Meanwhile, ethnic Roma in Romania are prepared to boycotting French products in response to the expulsion of Roma from France.

Economic Issues

Robert Zoellick, president of the World Bank, has praised the Bulgarian government's efforts to fight corruption and organized crime, and to fully integrate the country into the EU. Such praise will also be true for Serbia from IMF that has appreciated the pace of Serbia economic reform.

Social/Humanitarian Issue

The Balkan will still take longer time to cleanse its memory from the ill of the past. Cases of ethnic cleansing continue to be revisited and last week prosecutors at The Hague Yugoslav war crimes tribunal concluded that Croatian forces intentionally killed and expelled Serb civilians during 1995 campaign.

The Serbia government is assuring Austria for an investigation over the activities of Austrian Hypo Alpe Adria Bank which is suspected of laundering money for an alleged drug boss.

Food, Environment and Energy Issue

Geostrategic Issues

Already 69 countries have recognized Kosovo's independence but that is not enough for Pristina waiting for the CARICOM, an organization of 15 Caribbean nations. Kosovo's independence remains a matter of contest with Serbia.

Serbia is expected to open NATO's mission in Brussels, Serbia's membership of NATO is still in the pipeline

Oceania

Political Issues

Latest Australian survey suggests that most Australians want the country to be a republic but that number has slumped to a record low in 16 years. The survey suggests that Australians will want their country free from the British monarch after the reign of Queen Elizabeth II

Australian political deadlock moved into another week, without the two bigger parties forming the government. But the labour party was rescued by the two smaller parties whose support to the labour party now gives Australia a coalition government.

Economic Issues

Despite the cloudy political weather, Australian economy clocked a remarkable growth as consumer spending and mining exports soars. The latest economic status gives room for a better forecast in months to come.

Social/Humanitarian Issue

The Australian government will have to take cautious and quick decision in resolving its present immigration processes for asylum seekers due to the frequent outbreak of disturbance at Australian's refugee camp on Christmas Island.

Food, Environment and Energy Issue

Geostrategic Issues

Latin America

Political Issues

It is increasingly evident that Ms. Dilma could replace President Lula when he leaves office in January. Available polls suggest that Lula's candidate has outmatched other aspirants in popularity for the forthcoming Brazilian election.

The importance of Brazil in regional politics was highlighted by the visit of the Colombian President Santos to Brazil. Santos's first foreign visit was to Brazil since sworn in as president.

For Colombian President Santos there lot on his plate, he is faced with tackling unemployment in the country, ensuing peaceful co-existence with neighbours, reducing tension of rebel group, and managing the controversial U.S military base in Colombia.

Political unrest in Mexico is increasingly turning out of balance, a serious trouble for Mexicans as well as the government. The discriminatory kidnapping and killing is sending a serious and dented signal about Mexico to the rest of the world. The cycle of violence is hampering socio-economic and political life of the country.

Venezuelans are preparing for parliamentary election and the election results will determine if Chavez's socialism still carries weight among the people.

Economic Issues

Planning ministry of Brazil has displayed figures which further points to the bubbling trend in the Brazilian economy. 2011 is expected to witness greater economic growth around 5.5%.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Argentine's JBS, one of the largest beef exporters in the country is concerned about the new government policy to increase tax on cattle and beef export. JBS believes the new tax could affect the beef export if the government is bent on pursuing the policy.

President Lula has finally approved the controversial \$11 billion Belo Monte Mega Dam at Xingu River in Amazonian state of Para. This is probably the largest project of Lula's administration and has raised the eye brow of Amazon's environmental, religious and Indian peoples' organizations over the environmental implication of the dam.

The reconstruction of Chile after the devastating earthquake remains a worry for the government; the latter is struggling to rebuild houses and other social infrastructures. Meanwhile, the trapped Chilean miners is also distressing the government, although countries across the globe are offering help to ensure the survival and unearthing the trapped miners.

Geostrategic Issues

The Argentine government is strengthening ties with Armenia, as the new Latin America country opens its embassy in Armenia.

Brazil and New Zealand have inked agreement on visa free regime that permits citizens of both countries to travel, do business and stay for duration of one year.

BRIC members are beginning to vet the possibility of South Africa membership after President Zuma of South Africa requested to join the group. Johannesburg is believed to be a potential candidate as well as Mexico and South Korea.

The commitment of Colombian President Santos appears to be the good step in right direction. He has been trying to put aside tension with neighbours like Ecuador and Venezuela, struggling to ensure FARC rebel group renounces violence and increasing diplomatic and economic ties with neighbours.

Cuban leadership lauded President Chavez's effort of repairing ties with Colombia and Havana is hopeful that Chavez will continue to rule the country owing to the benefit his socialism has brought to the country.

Russia and its Neighbours

Political Issues

Public harassment of political demonstrators in Russia will further tell the world that Russian authority is not ready to accept the freedom of expression of political opposition. Prime Minister Putin holds a clear view, no permission no demonstration

Poland and the league of ex-communist EU members Hungary, Slovakia and the Czech Republic called on the EU not to slash European Union funds for poorer member states.

Ukraine's parliament has approved amendments to the Law on Local Elections proposed by President Viktor Yanukovich to allow all political parties to participate in local elections set for Oct. 31.

Economic Issues

It was a good week for the Russian stock market seeing a gain in the oil sector. Oil, Russia's main export earner, advanced as much as 1.7 percent to \$73.76 a barrel in New York. Same good news will be true for Gazprom with a net income reaching 325 billion rubles (\$10.6 billion) from 103.7 billion rubles a year earlier. Gazprom also plans to continue lowering its debt burden.

Comparably, the gap between the rich and poor is said to be closing up in Russia when measures with other BRIC countries. The trend is associated with the growth in Russian economy in the last decade which is more pronounced by Russia energy predominance.

Although Poland's gross domestic product rose at an annual rate of 3.5% in the second quarter, yet the government is proposing levying banks in order to reduce the burden of deficit on state. Indo-Polish economic ties have grown beyond \$1 billion, since the opening up of Indian economy in 2001. Both countries further cemented bilateral ties during Polish-Indian Investment Forum jointly organized in Bangalore by Confederation of Indian Industry.

It is a political action but with economic undertone. The Czech government has decided to close its embassies in Congo, Venezuela, Kenya, Yemen and Costa Rica and consulate in Mumbai will also be affected as part of the Foreign Ministry's budget saving plan. Meanwhile, the government is pursuing a plan to attract Czech researchers living abroad back to their home country and to stop migration of Czech labour forces.

The prime minister of Slovakia said overly indebted countries should be forced into bankruptcy, not bailed out, in a sign of the tensions roiling the European currency bloc in the wake of the Greek crisis. He said the so-called stability fund set up this year in case other European countries need financial rescue, is likely to cause more problems than it will solve. Meanwhile, Slovakia's economy expanded by 4.7 per cent year-on-year in the second quarter of 2010 and the government is working towards extinguishing the menace of unemployment.

Recent Ukrainian President Viktor Yanukovich visit to Berlin depicts that Ukraine is not solely dependent on Russia but equally open to the west. Yanukovich urged Germany to increase investments in his country, although Germany is currently a leading investor to Ukraine.

If the national parliament approves the new tax code, Ukrainians will be more likely in Europe having the lowest taxes

Hungary's Prime Minister Viktor Orban believes it was in the country's interest to sign loan agreements with the IMF if necessary but it was not in the country's interest to have economic policy agreements with the Fund. Unemployment in Hungary is a concern and the government has pledged to create one million jobs over the next ten years, an ambitious plan that would help bring the country's employment rate up to 70% by the year 2020.

Investments in Belarusian food and drink sectors are showing sign of growth as the economy shows signs of recovery.

Estonia hosted the world through its Estonia's Friends International Meeting. The initiative was an avenue for world dignitaries in all field of life to discuss how Estonia could survive in the increasingly expanding global economy and to improve its chances for success in the global marketplace.

Lithuanian central bank said in a recent report that rising food prices and a recovery in consumption is likely to push-up Lithuanian inflation rate this year and the figure would surpass the previously estimated mark.

Latvian economy has received a new rating from the financial rating agency Fitch, according to the latter, Latvian economy now stand at stable away from it previous negative status. This is a boost for Prime Minister Valdis Dombrovskis ahead of October 2 general election. Yet, data from Latvia's State Employment Agency (SEA) last week showed that registered unemployment rate in the country stood at 15%.

Social/Humanitarian Issue

Giving the social implications of alcohol on the society, Russian authority has been on a debate whether to ban the sales of alcohol beverages, including beer, at night time. If such ban becomes a reality, Russia will be reversing to Gorbachev's Dry Law. But, Russia's Finance Minister Alexei Kudrin is offering an unconventional advice that citizens should smoke and drink larger, as higher consumption would help lift tax revenues for spending on social services.

Unabated violence in Chechnya and other Caucasus regions of Russia and redhead hooliganism are terrorizing moments for the people.

The small Baltic state of Estonia is not depriving itself from participating in humanitarian effort in the flood affected areas of Pakistan; two Estonian experts are sent by the foreign ministry on rescue mission.

Food, Environment and Energy Issue

The aftermath of wildfire in Russia forced the government to propose a ban on wheat export, but according to PM Putin that could be changed and lifted if the 2011 harvest is forthcoming. President Medvedev is worried that current hike in food price could affect public participation in 2012 presidential election.

It is a fulfillment of promise and a contract accomplished as Russian engineers have started fueling Iran's Bushehr nuclear plant for the next 10 years.

The expansion of crude oil pipeline from Siberia to China by Russia greases the relations between the two BRIC members. Russia is the world's biggest energy producer and China is the world's largest energy consumer, both statuses show they have to be energy responsible countries. Similarly Azerbaijani has agreed to increase its gas supply to Russia for the next two years after a meeting in Baku of the leaders of both countries.

The new level of relations between them is supposed to promote leniency from both sides, but the recent remark by Ukrainian Prime Minister Mykola Azarov that Russia's gas prices to Ukraine are too high and unfair is astonishing.

Geostrategic Issues

Relation between them now is sour but they have shared similar heritage since the 12th century. Russia-Georgia ties cannot be understood simply from the lens of current strife but through scanning of history pages, a deeper understanding of both countries can come forth.

For both countries, it is the next level of strategic ties. Armenia government has approved the elongation of Russian military base in the country till 2044. It is also a good

news for Russia as Turkey's new foreign policy of "zero problems with neighbors" drops Moscow from Turkey's threat list.

The new Polish leadership is geared at reviving the Weimar Triangle (Poland, Germany and France) Polish President Bronislaw Komorowski has made it one of his top foreign policy goals.

The Czech Foreign Affairs Minister Karel Schwarzenberg was part of people whose attention was captured by the repatriation of Roma from France. As a member of EU, the foreign minister voiced his concern against the tough Paris's policy.