

Headlines:

- **Erdogan Tells Turks to Buy Crumbling Lira as Trump Turns the Screws**
- **Pakistan likely to Borrow more than \$4b from Saudi Bank**
- **China holds 1 Million Muslims in Concentration Camps**

Details:

Erdogan Tells Turks to Buy Crumbling Lira as Trump Turns the Screws

President Tayyip Erdogan told Turks on Friday to sell their gold and U.S. dollars to support the country's currency which plunged after U.S. President Donald Trump escalated a feud with NATO ally Turkey by doubling tariffs on metals imports. The Turkish lira has long been falling on worries about Erdogan's influence over monetary policy and worsening relations with the United States. On Friday the currency dropped as much as 18 percent at one point, the biggest one-day fall since a 2001 financial crisis in Turkey. Reverberations spread through global financial markets, with European stock markets especially hit as investors took fright over banks' exposure to Turkey. U.S. stocks were also rattled. The lira has lost more than 40 percent this year. It hit a record low after Trump announced he had authorized higher tariffs on imports from Turkey, imposing duties of 20 percent on aluminium and 50 percent on steel. The lira, Trump noted on Twitter, "slides rapidly downward against our very strong Dollar!" "Our relations with Turkey are not good at this time!" he wrote. An important emerging market, Turkey borders Iran, Iraq and Syria and has been mostly pro-Western for decades. Financial upheaval there risks further destabilizing an already volatile region. Without naming countries, Erdogan said supporters of a failed military coup two years ago, which Ankara says was organised by a U.S.-based Muslim cleric, were attacking Turkey in new ways since his re-election two months ago. The new duties on Turkey are double the level that Trump imposed in March on steel and aluminium imports from a range of countries. The White House said he had authorized them under a section of U.S. trade law that allows for tariffs on national security grounds. The Turkish financial crisis set off a wave of selling across emerging markets, reviving the spectre of contagion that has been the sector's Achilles heel for decades. The lira sell-off deepened concern over whether over-indebted Turkish companies will be able to pay back loans taken out in euros and dollars after years of overseas borrowing to fund a construction boom under Erdogan. The president, who says a shadowy "interest rate lobby" and Western credit ratings agencies are attempting to bring down Turkey's economy, appealed to his countrymen's patriotism. "If there is anyone who has dollars or gold under their pillows, they should go exchange it for liras at our banks. This is a national, domestic battle," he told a crowd in the northeastern city of Bayburt. "Some countries have engaged in behaviour that protects coup plotters and knows no laws or justice," he said. "Relations with countries who behave like this have reached a point beyond salvaging," said Erdogan, who warned of "economic war." In an opinion piece in the New York Times on Friday, Erdogan said Turkey's partnership with the United States could be in jeopardy unless Washington

“starts respecting Turkey’s sovereignty.” “Before it is too late, Washington must give up the misguided notion that our relationship can be asymmetrical and come to terms with the fact that Turkey has alternatives. Failure to reverse this trend of unilateralism and disrespect will require us to start looking for new friends and allies,” Erdogan said. [Source: Reuters]

Erdogan should know better that the U.S. is the enemy of Islam and Muslims; however, he still wants to continue relations with America. As for the “interest lobby”, this is a permanent feature of today’s banking system and monetary policies. Erdogan knows that the only way to combat devaluation of the lira is to return towards the gold standard. One only has to look at history to see the stability offered by this standard, and it is well within Erdogan reach but he chooses to ignore it.

Pakistan likely to Borrow more than \$4b from Saudi Bank

Two officials have told the Financial Times that the Islamic Development Bank based in Jeddah, Saudi Arabia has agreed to make a formal offer to lend Islamabad the money when Imran Khan takes over as prime minister. They also added that they expect Asad Umar, the finance minister to be, to accept the offer. “The paperwork is all in place,” said one senior adviser in Islamabad. “The IDB is waiting for the elected government to take charge before giving their approval.” The person added that the loan would not cover Pakistan’s expected financing gap of at least \$25bn during this financial year but was “an important contribution”. Imran Khan, Pakistan’s former cricket captain, is expected to take over as prime minister in the coming days after his Pakistan Tehreek-e-Insaf party won the most seats in last month’s election — though it fell short of an outright majority. One of his first jobs will be to repair the country’s balance of payments problem, with high imports and stagnant exports having bled the country of much of its foreign exchange reserves. Speaking to reporters in Islamabad this week, Asad Umar, who served as the PTI’s shadow finance minister while in opposition, warned: “The situation is dire. We’ve got \$10bn dollars of central bank reserves, we’ve got somewhere between \$8bn and \$9bn in short-term liabilities, and therefore your net reserves are close to nothing.” Officials have already drawn up plans to borrow up to \$12bn from the International Monetary Fund (IMF) — through such a bailout is likely to come with strings attached, such as a demand to see the details behind billions of dollars’ worth of Chinese loans. Umar is, therefore, exploring what other options remain open to him, of which the IDB loan is one. Officials said the loan would be used mainly to pay for oil imports, with higher crude prices have contributed to Pakistan’s problems. One official at the Pakistani central bank who has been involved in negotiations with the IDB said the loan had the backing of the Saudi government, “which wants to play a part in rescuing Pakistan from its present crisis”. Islamabad and Riyadh have moved closer in recent months after Pakistan agreed to send an undeclared number of troops to “train and advise” security forces there. The Pakistan government insists that the soldiers will not be used to fight in Yemen however, something the Saudis had previously requested. Despite the promise of money from the IDB, economists warn that Mr Khan’s new government will still have to enact potentially unpopular spending cuts and tax rises to help repair the government’s balance sheet. “The budget deficit shot up to about 7 per cent of a gross domestic product during the

last financial year,” said Waqar Masood Khan, a former finance ministry official. “Bringing that down to the target of 4 per cent is not going to be easy.” [Source Financial Times]

Riyadh is hoping that a loan of \$4b will allow Khan to send more Pakistani troops to Yemen and elsewhere in the Middle East. The Saudis are also counting on the formation of Islamic forces modelled on NATO to provide stability to any peace agreement reached over Syria in the near future. Pakistan's troops will form the backbone of such a force, hence the gesture of \$4 billion to Khan's ailing economic situation.

China holds 1 Million Muslims in Concentration Camps

A UN human rights committee has heard there are credible reports that China is holding a million Uighurs in "counter-extremism centres". Gay McDougall, a member of the UN Committee on the Elimination of Racial Discrimination, raised the claims at a two-day UN meeting on China. She said she was concerned by reports that Beijing had "turned the Uighur autonomous region into something that resembles a massive internment camp". China did not immediately respond, Its 50-strong delegation said it would address questions on Monday, when the session in Geneva continues. Beijing has previously denied the existence of such camps. The Uighurs are a Muslim ethnic minority mostly based in China's Xinjiang province. They make up around 45% of the population there. Xinjiang is officially designated as an autonomous region within China, like Tibet to its south. Human rights groups including Amnesty International and Human Rights Watch have submitted reports to the UN committee documenting claims of mass imprisonment, in camps where inmates are forced to swear loyalty to China's President Xi Jinping. The World Uyghur Congress said in its report that detainees are held indefinitely without charge, and forced to shout Communist Party slogans. It said they are poorly fed, and reports of torture are widespread. Most inmates have never been charged with a crime, it is claimed, and do not receive legal representation. China is said to carry out the detentions under the guise of combating religious extremism. The Chinese government denies the existence of these camps. In April, Laura Stone, a senior diplomat in the US State Department, said tens of thousands of people had been detained in "re-education centres" amid a government crackdown. In response, Chinese Foreign Ministry spokeswoman Hua Chunying stated that, "everyone can see that people of all ethnicities in Xinjiang live and work in peace and contentment and enjoy peaceful and progressing lives". [BBC]

It is despicable that despite the crimes of Beijing towards Muslims, rulers across the Muslim world continue to have cordial relations with China. Allah says: ﴿يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَتَّخِذُوا عَدُوِّي وَعَدُوَّكُمْ أَوْلِيَاءَ تُلْقُونَ إِلَيْهِم بِالْمَوَدَّةِ وَقَدْ كَفَرُوا بِمَا جَاءَكُمْ مِنَ الْحَقِّ يُخْرِجُونَ الرَّسُولَ﴾ “O you who have believed, do not take My enemies and your enemies as allies, extending to them affection while they have disbelieved in what came to you of the truth, having driven out the Prophet and yourselves [only] because you believe in Allah, your Lord.” [TMQ 60:1]