

THE WEEK IN REVIEW

June 09-15, 6(2), 2008

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **11 Pakistani soldiers and 8 Taliban militants killed in a NATO raid inside Pakistan; Karzai vows to pursue Taliban inside Pakistan in 'self-defence'; Over \$20 billion promised at Paris aid conference; Taliban free over 1,000 prisoners in Kandahar**

In an aerial attack mounted by 3 NATO aircraft 200 metres inside Pakistani territory in the Mohmand tribal area bordering Afghanistan on June 11, over 20 people, including 11 Pakistani soldiers of the Frontier Corps and 8 Taliban militants were killed. While reports noted that the coalition forces had responded to firing from the Pakistani side of the border, Islamabad lodged a strong protest against the ISAF action, terming it 'unprovoked and senseless.'¹ The Pentagon on its part called the action 'a legitimate act of self-defence.'² However, US Defence Secretary Robert Gates, terming Pakistan "an incredibly important partner" in the war on terror, promised an inquiry into the incident with Pakistani participation in it. Speaking to reporters after a meeting of NATO Defence Ministers in Brussels, a couple of days after the incident, Gates also stated that Pakistan's new government needed to be given more time to deal with the situation along the Pak-Afghan border.³

Afghan President Karzai meanwhile charged that his country was a victim of terrorism emanating from Pakistan and vowed to fight on Pakistani soil in 'self-defence.' Noting the presence of 3 Taliban leaders inside Pakistan - Baitullah Mehsud, Mullah Fazilullah, and Mullah Omar, Karzai asserted that Afghanistan would "defeat them and ... avenge all that they have done in Afghanistan for the past so many years."⁴

President Karzai also put forward a five-year plan for economic and infrastructural reconstruction of the country requiring \$50 billion at the Paris donor conference held on June 12.⁵ Over \$20 billion were pledged at the conference, attended by over 80 countries and international organizations. While

¹ "Pakistan protests to NATO over border air raid," *IANS*, June 13, 2008, at http://in.news.yahoo.com/indiaabroad/20080613/r_t_ians_wl_asia/twl-pakistan-protests-to-nato-over-borde-d5d6288.html

² "US defends airstrike in Pakistan," *IANS*, June 12, 2008, at http://in.news.yahoo.com/indiaabroad/20080612/r_t_ians_wl_us/twl-us-defends-airstrike-in-pakistan-903abaa.html

³ "Pakistan needs time to tackle Afghan border situation: Gates," *IANS*, June 13, 2008, at http://in.news.yahoo.com/indiaabroad/20080613/r_t_ians_wl_europe/twl-pakistan-needs-time-to-tackle-afghan-ef5d19c.html

⁴ "Afghan president vows to take war on Taliban to Pakistani soil," *IANS*, June 15, 2008, at http://in.news.yahoo.com/indiaabroad/20080615/r_t_ians_wl_asia/twl-afghan-president-vows-to-take-war-on-d5d6288.html

⁵ "Karzai appeals for aid at Afghanistan conference," *IANS*, June 12, 2008, at http://in.news.yahoo.com/indiaabroad/20080612/r_t_ians_wl_europe/twl-karzai-appeals-for-aid-at-afghanista-ef5d19c.html

the US promised over \$10 billion of aid to the country, the UAE promised \$250 million and France \$166 million over a period of three years.⁶ Britain, the World Bank, and the Asian Development Bank each promised over \$1 billion spread over a period of 5 years.⁷

In other developments, Taliban militants stormed the main prison in Kandahar on June 13 and freed over 1,200 prisoners, including 350 Taliban members.

PAKISTAN

- **11 Paramilitary troops die in US air strikes; PML-N frames charges against Musharraf; The 'Long March' ends in Islamabad; Economic Survey shows decline in GDP**

At least 11 paramilitary personnel along with 10 militants were killed as a result of US air strikes in the Sheikh Baba area near the Afghanistan border in Mohmand tribal region on June 11. The incident invoked wide criticism in the country.⁸ Later in the week on June 13, US Assistant Secretary of State Richard Boucher stated that the US and Pakistan would jointly investigate the matter. The statement came in the wake of a meeting between US Secretary of State Condoleezza Rice and Pakistan's Foreign Minister Shah Mehmood Qureshi during a conference in Paris.⁹

In other developments, the 'long march' of lawyers culminated in Islamabad on June 14. As many as 40,000 lawyers participated in the protest march.¹⁰ The march, which was organized to pursue the reinstatement of deposed judges however failed to clearly delineate a future strategy.¹¹

The Economic Survey for 2007-08 was meanwhile released by the Finance Minister Syed Naveed Qamar on June 10 in Islamabad. The Survey, noting the overall deteriorating situation in the Pakistan economy, reported a sharp decline in the GDP from 7.2 per cent to 5.8 per cent. It stated that the country failed to meet its economic targets due to domestic and external disturbances.¹²

⁶ "US to give \$10 billion for Afghan reconstruction," *IANS*, June 12, 2008, at http://in.news.yahoo.com/indiaabroad/20080612/r_t_ians_wl_europe/twl-us-to-give-10-billion-for-afghan-rec-ef5d19c.html

⁷ "Donors Press Karzai on Corruption," *The New York Times*, June 13, 2008, at <http://www.nytimes.com/2008/06/13/world/europe/13afghan.html?ref=todayspaper>

⁸ "11 FC soldiers killed in attack by US-led forces in Mohmand," *Dawn*, June 12, 2008, at <http://www.dawn.com/2008/06/12/top2.htm>

⁹ "Pakistan and US to jointly probe strike," *Daily Times*, June 14, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\06\14\story_14-6-2008_pg1_1

¹⁰ "40,000 gather as long march reaches Islamabad," *Daily Times*, June 14, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\06\14\story_14-6-2008_pg1_3

¹¹ Rana Qaisar, "Long march ends without roadmap," *Daily Times*, June 15, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\06\15\story_15-6-2008_pg1_1

¹² Mehtab Haider, "Economic Survey paints a dismal picture," *The News*, June 11, 2008, at http://thenews.jang.com.pk/arc_default.asp

In other developments, Prime Minister Gilani, addressing the National Assembly on June 9, stated that he intended to curtail the defence expenditure of the country as a goodwill gesture towards its neighbours.¹³

BANGLADESH

- **Hasina released, AL nominates 9-member team for talks with government**

After months of negotiations, the authorities finally released Awami League President Sheikh Hasina on June 11 on a two-month parole. This was to enable her to go to the US for treatment. Reports noted that the step would be viewed as an attempt to pave the way for dialogue and to ensure the AL's participation in the December elections.¹⁴ While BNP leader Khalida Zia expressed satisfaction over the release of Sheikh Hasina, her supporters demanded that she also be released.¹⁵ The AL on its part finalized 9-member team to participate in the ongoing talks under the leadership of acting President Zillur Rahman.¹⁶

In other developments, the budget for 2008-09 was presented. Allocations for food were increased by nearly 120 percent in order to keep food prices low.¹⁷ However, the major opposition parties criticized the budget and charged that its provisions would increase the prices of essential commodities.¹⁸

MALDIVES

- **World Bank loan to Maldives for environment project**

Reports noted that the World Bank approved a loan of \$12.5 million to Maldives to aid the country's Environment Management Project. The project is designed to mitigate threats to coral reefs and marine habitats from contamination by accumulated wastes and sea dumping.¹⁹

¹³ Raja Asghar, "Defence spending to be practically reduced: Gilani," *Dawn*, June 10, 2008, at <http://www.dawn.com/2008/06/10/top2.htm>

¹⁴ "Release viewed as way to dialogue," *The Daily Star*, June 12, 2008, at <http://www.thedailystar.net/story.php?nid=40810>

¹⁵ "Khaleda happy: BNP now hopes for her unconditional release; other parties express mixed reaction," *The Daily Star*, June 12, 2008, at <http://www.thedailystar.net/story.php?nid=40808>

¹⁶ "AL finalises team for talks with govt," *The Daily Star*, June 15, 2008, at <http://www.thedailystar.net/story.php?nid=41240>

¹⁷ "Food budget to bloat by 120pc," *The Daily Star*, June 9, 2008, at <http://www.thedailystar.net/story.php?nid=40403>

¹⁸ "Political parties reject budget: Term it a recipe for further hike in essential prices," *The Daily Star*, June 10, 2008, at <http://www.thedailystar.net/story.php?nid=40511>

¹⁹ "US\$12.5 Million Loan To Maldives For Environment Strategy," *Minivan News*, June 11, 2008, at <http://www.minivannews.com/news/news.php?id=4584>

B. EAST ASIA

MYANMAR

- **Aid agencies express concern over guidelines on providing relief**

Aid agencies continued to express concerns over the guidelines set by the authorities for carrying out efforts to provide aid to the victims of cyclone Nargis. These guidelines required most activities by foreign agencies to be cleared not only by the concerned government ministries and the local authorities, but also by the Tripartite Core Group, made up of representatives of the government, UN agencies and the 10-member ASEAN.²⁰

Myanmar on its part has charged that the aid from the United States came attached with a large number of strings and therefore could not be trusted.²¹

C. WEST ASIA

IRAQ

- **Maliki: Impasse over the status of forces agreement due to 'unacceptable' American demands; Bush regrets rhetoric in run-up to Iraq war; Secular opposition front to the Maliki govt. being formed**

Iraqi Prime Minister Nuri al-Maliki told reporters in Jordan on June 12 that talks with the US regarding the nature of the American troop presence in the country had reached an "impasse" due to the "unacceptable" demands being made by the Americans. Among provisions of the deal that have been opposed by the Iraqi negotiators included demands of immunity to security contractors, authority to establish over 50 long-term bases and power to conduct independent security operations.²² Maliki asserted that these demands "hugely infringe on the sovereignty of Iraq" and therefore could not be accepted.²³ Earlier on June 13, US military spokesman Maj. Gen. Kevin Bergner insisted in Baghdad that the US had 'no intent' and 'no desire' for permanent bases or to use the county as a base for 'offensive purpose'.²⁴

Regional opposition to the pact being negotiated was also expressed during the recent visit of Mr. Maliki to Iran. Iran's Supreme Leader, Ayatollah

²⁰ "Myanmar red tape delays cyclone aid, agencies say," *The Associated Press*, June 11, 2008, at <http://www.iht.com/articles/2008/06/11/asia/myanmar.php>

²¹ "Myanmar says US aid can't be trusted," *The Associated Press*, June 14, 2008, at <http://ap.google.com/article/ALeqM5iy-MfhLN9Q7MwtQ1VlrveLjr2dAD9195LK80>

²² "Talks With U.S. on Security Pact Are at an Impasse, the Iraqi Prime Minister Says," *The New York Times*, June 14, 2008 at <http://www.nytimes.com/2008/06/14/world/middleeast/14iraq.html?ref=todayspaper>

²³ "Iraq says talks with U.S. on pact reach 'dead end'," *Reuters*, June 13, 2008, at http://in.news.yahoo.com/reuters_ids_new/20080613/r_t_rtrs_wl/twl-iraq-says-talks-with-u-s-on-pact-rea-2186892.html

²⁴ "Iraqi premier confirms differences over US security deal," *IANS*, June 13, 2008, at http://in.news.yahoo.com/indiaabroad/20080613/r_t_ians_wl_meast/twl-iraqi-premier-confirms-differences-o-ec7dfa8.html

Ali Khamenei in a meeting with Maliki on June 9 asserted that the “most fundamental problem” of Iraq was “the presence of the foreign forces.”²⁵

President Bush on his part however expressed confidence that both the sides could come to an understanding addressing each others concerns. Talking to reporters in Paris on June 14, Bush affirmed that his administration “respected Iraq’s sovereignty” and that they would accommodate the desires of Iraq’s political leaders.²⁶ The American President, in his last tour of European capitals during the week, also expressed regret over the rhetoric used in the run up to the Iraq war and the tensions the war itself had caused in Washington’s relationship with Europe.²⁷ Ahead of his visit to London, Mr. Bush in an interview urged Prime Minister Brown not to set a “definitive timetable” for the withdrawal of troops from Iraq.²⁸

In other domestic developments, reports noted that a coalition of political groups, including the Shia Islamic Fadila, the Sadr Bloc, the secular Iraqi List and the Sunni Arab Bloc for Dialogue, among others would form a secular opposition front to oversee the work of the ruling coalition. The move was being seen as a protest against Mr. Maliki's ruling coalition as it has been accused of promoting sectarianism.²⁹

IRAN

- **Maliki tries to soothe Iranian apprehensions over SOFA; Rafsanjani wraps up his 10-day visit to Saudi Arabia**

The proposed Status of Forces (SOFA) agreement being negotiated with the United States occupied centre-stage during Iraqi Prime Minister Nouri al-Maliki’s Tehran visit beginning from June 7. This was the third visit of Maliki to Iran since taking over as the Prime Minister two years ago. Iranian leaders have repeatedly urged Iraqi government not to sign the SOFA with the US over maintaining the US soldiers in the country beyond 2008. Iranian leaders have charged that the presence of occupation forces in Iraq was the root cause of the existing problems in the country and main threat to the country’s unity.³⁰² Maliki tried to tone down Iranian opposition to the deal and assured his hosts that the

²⁵ “US Troops Causing Instability, Iran’s Religious Leader Tells Iraqi Premier,” *The New York Times*, June 10, 2008, at <http://www.nytimes.com/2008/06/10/world/middleeast/10iraq.html?ref=todayspaper>

²⁶ “Bush Shows Optimism on Iraq Deal,” *The New York Times*, June 15, 2008, at <http://www.nytimes.com/2008/06/15/world/middleeast/15prexy.html?ref=todayspaper>

²⁷ “Bush expresses regrets about divisions over Iraq,” *Reuters*, June 11, 2008, at http://in.news.yahoo.com/reuters_ids_new/20080611/r_t_rtrs_wl/twl-bush-expresses-regrets-about-divisio-2186892.html

²⁸ “Bush urges Brown not to set Iraq pullout timetable,” *Reuters*, June 15, 2008, at http://in.news.yahoo.com/reuters_ids_new/20080615/r_t_rtrs_wl/twl-bush-urges-brown-not-to-set-iraq-pul-2186892.html

²⁹ “Iraq's politicians to form non-sectarian bloc,” *IANS*, June 12, 2008, at http://in.news.yahoo.com/indiaabroad/20080612/r_t_ians_wl_meast/twl-iraq-s-politicians-to-form-non-secta-ec7dfa8.html

³⁰ “Supreme Leader: US dreams on Iraq will not come true,” *IRNA*, June 9, 2008, at <http://www2.irna.com/en/news/view/menu-234/0806091034165145.htm>

proposed security pact would not be used to harm Iran and that Baghdad would not allow its territory to be used as a base to damage the security of the neighbouring countries, including Iran.³¹³ Even domestically, the toughest opposition to the SOFA has come from the followers of anti-US Shiite cleric Muqtada al-Sadr, who has close ties with Tehran.³²¹

In other developments, the chairman of the Expediency Council Akbar Hashemi Rafsanjani wrapped up his 10-day visit to Saudi Arabia on June 10. Both the countries agreed to expand their religious and political ties as well as pledged to avoid 'extremist' behavior in bilateral ties. Rafsanjani was in Mecca to attend the International Conference on the Islamic Inter-faith Dialogue.³³

D. US ELECTION REVIEW

- **Gadhafi criticizes Obama over 'undivided Jerusalem' remark; McCain and Obama trade barbs over the economy; *Washington Times*: Iraq war would be the defining issue of the campaign**

The Democratic presidential nominee Barack Obama drew another round of criticism for his remark that Jerusalem "should remain undivided." Libyan leader Col. Muammar Gadhafi, referring to Obama as "our Kenyan brother," strongly criticized him for being either ignorant of the dynamics of the Middle East conflict or was just lying to boost his campaign. Gadhafi was speaking on the 38th anniversary of the evacuation of US forces from the Wheelus Air force base in Tripoli. Gadhafi also charged that Sen. Obama's African origin might give him an 'inferiority' complex and make him behave more 'white' than 'whites.'³⁴

Noted columnist Paul Krugman, writing in *The New York Times* also discussed the race issue in the context of the Obama campaign. He expressed skepticism over whether his nomination represented a transformation in American politics regarding race. Krugman noted that rather than being a harbinger of the transformation, Obama's nomination was more likely a result of the change in the way race was understood in the country.³⁵

Meanwhile, Sen. Obama tried to steer the focus of the presidential contest towards domestic economic issues during his first two-week campaign tour of 'problem' states - North Carolina, Ohio, Florida, Missouri, Pennsylvania,

³¹ "Iraq PM holds key talks in Tehran," *Tehran Times*, June 9, 2008, at http://www.tehrantimes.com/index_View.asp?code=170244

³² "US-Iraq security pact will not harm Iran: Iraqi PM," *Khaleej Times*, June 9, 2008, at http://www.khaleejtimes.com/DisplayArticle.aspx?file=data/middleeast/2008/June/middleeast_June191.xml§ion=middleeast

³³ "Rafsanjani, Saudi king censure extremism," *Tehran Times*, June 12, 2008, at http://www.tehrantimes.com/index_View.asp?code=170541

³⁴ "Gaddafi attacks Obama on Israel," *BBC News*, June 12, 2008, at news.bbc.co.uk/2/hi/middle_east/7450000.stm.

³⁵ Paul Krugman "It's a Different Country," *The New York Times*, June 9, 2008, at www.nytimes.com/2008/06/09/opinion/09krugman.html

starting from June 9. In a pointed attack on Mr. McCain's economic agenda, during an address at the North Carolina State Fairgrounds on June 9, Obama charged that a McCain presidency would see a continuation of President Bush's faltering economic policies. He highlighted his own proposals, which included aid to economically beleaguered Americans like middle-income families and retirees through tax cuts, a \$50 billion economic stimulus package, expansion of unemployment benefits, relief for homeowners facing foreclosure. Obama also called for greater government involvement in helping the faltering American economy.³⁶

In a statement on his website, the Illinois Senator also noted the rising trade deficit - which had recently jumped to its highest level in 13 months, as yet another sign of the failed economic policies of the Bush administration that John McCain sought to extend by tax breaks and loopholes for big corporations and wealthy Americans. Obama charged that Sen. McCain was more interested in special interest-driven economic policies that would widen the trade deficit but would not help, for instance, ensure that China stopped devaluing its currency.³⁷

Even as Mr. Obama was consistently trying to prove that his economic policies would be different, he drew flak from labor union members for hiring Jason Furman, a Harvard-trained economist closely associated with Robert E. Rubin, President Clinton's Treasury secretary. Labor union leaders stated that the move would go against the grain of Democratic economic policy as 'Rubinomics' focused too much on corporate America and not enough on workers.³⁸

Adding his own views to the ensuing debate on the economy and the oil price rise, Sen. McCain resurrected his campaign call of a National gas tax holiday to cushion the consumer from the rising oil prices. He had first proposed this plan during campaign speeches in April and May.

Meanwhile, as the two candidates were battling it out on the state of the American economy, a recent report in the *Washington Times* stated that the defining issue in the presidential campaign would be the Iraq war.³⁹

³⁶ John M Broder, "Obama, Adopting Economic Theme, Criticizes McCain," *The New York Times*, June 10, 2008, at <http://www.nytimes.com/2008/06/10/us/politics/10obama.html?th=&emc=th&pagewanted=print>.

³⁷ "Senator Obama released the following statement today in response to the news of the trade deficit increase," *BarackObama.com*, June 10, 2008, at <http://my.barackobama.com/page/community/post/amandascott/gG5jQl>.

³⁸ Louis Uchitelle, "Union Critical of Obama's Top Economics Aide," *The New York Times*, June 12, 2008, at http://www.nytimes.com/2008/06/12/business/12econ.html?_r=1&oref=slogin&ref=business&pagewanted=print.

³⁹ Penny Jacob Junior, "Iraq, Not Economy, Frames the Presidential Debate," *Washington Post*, June 9, 2008, at http://www.washingtonpost.com/wp-dyn/content/article/2008/06/07/AR2008060702124_pf.html.

II. PAKISTAN-OCUPIED KASHMIR REVIEW

- **The Gilgit Baltistan United Movement adopts ‘Skardu Declaration’; Prisons in PoK to be better equipped; Pak government appropriates Rs. 697.254 million for development in the PoK region; Lawyers from PoK take part in the ‘long march’**

The Gilgit Baltistan United Movement organized a public meeting in Chowk Yaadgar-e-Shohda in Skardu-Baltistan on June 15. Reports noted that the alliance partners of the Gilgit Baltistan Democratic Alliance participated in the gathering and adopted a ‘Skardu Declaration’ that aimed to draw the attention of the world community towards the human rights situation prevailing in the region.⁴⁰ The declaration further demanded that Gilgit Baltistan region should be granted internal autonomy and also should have its own identity.⁴¹

Lawyers from PoK took part in a protest march to Islamabad on June 15. The Vice Chairman of the PoK Bar Council, Muhammad Ibrahim Zia was amongst the protesting lawyers, participating in the protest, urged Pakistan’s Prime Minister Yousuf Gilani to investigate the contentious issue of seniority of the Supreme Court judges in POK.⁴²

In other developments, the Special Assistant to the PoK Prime Minister for Jails Rehabilitation and Political Affairs and Food, Chaudhary Muhammad Ismail, addressing a private meeting in Mirpur on June 12 stated that the existing standards of the prisons system in the POK region would be upgraded.⁴³

The Adviser to the POK Prime Minister on Planning and Development, Chaudhary Tariq Farooq, during a press conference in Muzaffarabad on June 14 stated that the Pakistan government had granted Rs. 697.254 million for infrastructure development in the POK region. The finances would also cover four hydropower generation projects.⁴⁴

III. NUCLEAR REVIEW

INDIA

- **Prime Minister appeals to Left parties to reconsider their decision; Sonia Gandhi: Nuclear energy important in view of increasing oil prices**

Prime Minister Dr. Manmohan Singh made an appeal to the Left parties opposing the nuclear deal to reconsider their decision. Dr Singh noted that if

⁴⁰ “Skardu declaration of GBUM,” June 15, 2008, at <http://skardu.blogspot.com/2008/06/skardu-declaration-of-gbum15-june-2008.html>

⁴¹ Ibid.

⁴² Usman Manzoor, “AJK judiciary issue echoes in long march,” *The News*, June 15, 2008, at <http://www.thenews.com.pk/print1.asp?id=118517>

⁴³ “AJK jails to be elevated to international standard,” *Associated Press of Pakistan*, at http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=41411&Itemid=2

⁴⁴ Tariq Naqash, “4 hydel projects coming up in AJK,” at http://www.greaterkashmir.com/full_story.asp?Date=15_6_2008&ItemID=27&cat=1

the agreement materialised, it would open new possibilities of cooperation not only with the US but also with other nuclear powers like Russia and France.⁴⁵ The government hopes to get a go-ahead from the Left to complete the safeguards agreement and seek waiver from the Nuclear Suppliers Group from its guidelines to participate in international civil nuclear trade. However, in a reiteration of their opposition to the deal, CPI (M) leader Sitaram Yechury stated that India cannot go by the timetable set by the Bush Administration to conclude the pact.⁴⁶

In other developments, Mrs. Sonia Gandhi, the Chairperson of the United Progressive Alliance (UPA) in a public meeting at Guwahati stated that the country should realise the importance of nuclear energy in view of the rising international oil prices and its negative fallout.⁴⁷

IRAN

- **Iranian Defence Minister warns Israel of a “very painful” response if it launches a military strike; Solana presents fresh package of initiatives**

Iranian Defence Minister Mostafa Mohammad Najjar warned Israel of a “very painful” response if it launched a military strike over its disputed nuclear program. The Israeli Transport Minister Shaul Mofaz had earlier threatened that an attack on Iran looked “unavoidable” given the apparent failure of UN sanctions to deny Tehran technology with bomb-making potential. Mr. Najjar also asserted that the Iranian armed forces were at the height of their readiness.⁴⁸

In other developments, EU foreign policy chief, Javier Solana presented a fresh package of initiatives to Iran during the week in order to bring about a suspension of its uranium enrichment programme. The package reportedly contains three specific packages, including a formal commitment by the P5+Germany of renouncing the use of force against Iran, normalization of economic relations, and provision of cutting-edge technology related to light water nuclear reactors. A spokesperson for the Iranian government however stated that the enrichment issue was “not debatable.”⁴⁹

⁴⁵ “India PM calls for end to opposition to US nuclear pact,” *AFP*, June 11, 2008, at <http://afp.google.com/article/ALeqM5h20I0p834Sj6UyqW9X4j6M3jGvfA>

⁴⁶ “India can't go by the US administration's timetable: CPI(M),” *The Hindu*, June 15, 2008, at <http://www.hindu.com/thehindu/holnus/001200806152209.htm>

⁴⁷ Sushanta Talukdar, “Nuclear energy vital, says Sonia,” *The Hindu*, June 14, 2008, at <http://www.hindu.com/2008/06/14/stories/2008061460650100.htm>

⁴⁸ “Iran Warns Of “Painful” Response if Israel Attacks,” *New York Times*, June 10, 2008, at <http://www.nytimes.com/reuters/news/news-iran-israel.html?sq=nuclear&st=nyt&scp=1&pagewanted=print>

⁴⁹ Atul Aneja, “Iran lukewarm to E.U.’s new proposals,” *The Hindu*, June 15, 2008, at <http://www.hindu.com/2008/06/15/stories/2008061559411500.htm>

NORTH KOREA

- **Six-party talks decide to speed up delivery of energy aid to Pyongyang**

At the Six-Party Talks held on June 10, the participating nations agreed to speed up delivery of energy aid to North Korea in exchange for a commitment from Pyongyang that it would accelerate its stalled denuclearisation work.⁵⁰ Pyongyang on its part has asked for guaranteed supply of energy aid failing which it warned that progress could not be made on its nuclear disablement programme.⁵¹

IV. ENERGY SECURITY REVIEW

ENERGY PRICES

- **Saudi Arabia to convene a summit of energy producers and consumers on June 22 in Jeddah; EIA predicts that energy prices to remain high**

The Saudi Arabian government is set to convene a summit-level meeting of oil producers and consumers on June 22 in Jeddah. The decision was taken in a cabinet meeting headed by King Abdullah. The move is seen as an attempt to address the spiraling oil prices, which Riyadh described as “not justified in terms of market fundamentals.” Iyad Madani, the kingdom’s information minister also asserted that Saudi Arabia would work with other OPEC members to “guarantee the availability of oil supplies, now and in the future.”⁵²

While experts believe that a concerted action by consumers and producers will do little to nip the price rise, it did lower the spike in prices witnessed in the previous week. Oil futures fell by \$4.19 on Monday to close at \$134.35 a barrel. The fall however was short-lived as crude oil in New York trading jumped \$5.49, to \$136.80 a barrel, immediately after the release of the American crude oil inventory data, but settled at \$136.38 by June 11.⁵³ *ABC News* reported that if Saudi Arabia were to increase oil production by another one million barrels per day, it would trigger mass selling of oil contracts that would push the prices down. While Saudi Arabia has not announced any such decision, some analysts believe that \$134 a barrel of crude oil is a breaking point which could push the Kingdom to release more oil so that prices come down and which would also prevent a possible turn towards other fuel sources.⁵⁴

⁵⁰ “South Korea: Countries agree to speed up N. Korea energy aid for nuclear disarmament,” *International Herald Tribune*, June 11, 2008, at <http://www.iht.com/articles/ap/2008/06/11/asia/AS-GEN-Koreas-Nuclear.php>

⁵¹ “North Korea says energy aid delays could slow nuke talks,” *Channel News Asia*, June 12, 2008, at http://www.channelnewsasia.com/stories/afp_asiapacific/view/353619/1/.html

⁵² Jad Mouwad, “Saudi Arabia Calls for Summit on Energy Costs,” *The New York Times*, June 10, 2008, at www.nytimes.com/2008/06/10/business/10oil.html.

⁵³ “Oil Moves Higher on New Supply Fears,” *The New York Times*, June 12, 2008, at www.nytimes.com/2008/06/12/business/worldbusiness/12oil.html?partner=rssnyt&emc=rss

⁵⁴ Alice Gomstyn, “Can Saudi Arabia Bring Down Gas Prices?,” *ABC News*, June 11, 2008, at <http://www.abcnews.go.com/print?id=5039181>.

Meanwhile, the latest brief released by the Energy Information Agency (EIA) notes that oil prices were expected to remain high, averaging \$126 per barrel next year. The IEA expects oil to drop to \$86 per barrel in 2010 and bounce back to \$107 by 2015.⁵⁵

FUEL PRICE RISE

- **Fuel price rise sparks domestic protest in South Korea and Spain**

The latest casualties of domestic unrest over increasing fuel prices were Spain and South Korea. Thousands of Spanish truck-drivers went on strike to protest high fuel prices causing stoppages in the nation's supply lines to supermarkets, gas stations and even small cafeterias. The truckers were asking for government regulations guaranteeing a minimum price for their services, above fuel costs, while the government was only willing to offer a package of measures including lower social security contributions and 55 million euros in subsidies to older truckers who choose to abandon the industry.⁵⁶

Truckers in South Korea also protested against the rising fuel prices in a strike that threatened to paralyze the country's ports and challenge the already unpopular government of President Lee Myung-bak. They blocked entrances to ports and cargo terminals in South Korea, and were also demanding that the government increase subsidies, authorize higher freight charges and introduce a minimum wage. The government on its part retaliated by announcing that it would immediately revoke the striking truckers' annual fuel subsidy payments (about \$14,500 to each trucker), a move analysts believed would further fuel the stand off.⁵⁷

Note: This issue does not carry the sections on Nepal, Sri Lanka, Bhutan and the Internal Security Review.

⁵⁵ "EIA: Crude oil and gas prices to remain high," *Smart Brief*, June 12, 2008, at <http://www.smartbrief.com/news/acc/storyDetails.jsp?issueid=57F0E374-4ACE-4DD4-96B9-DF1BF62DCAB4©id=F25B4229-E0CC-447A-83A2-0CA6A42514A6>.

⁵⁶ Dale Fuchs, "Fuel Protest Begins to Pinch in Spain," *The New York Times*, June 11, 2008, at <http://www.nytimes.com/2008/06/11/world/europe/11spain.html?tnemail1=y&emc=tnt&pagewanted=print>.

⁵⁷ Cho Sang Hun, "South Korean Truckers Strike to Protest Rising Fuel Costs," *The New York Times*, June 18, 2008, at <http://www.nytimes.com/2008/06/14/world/asia/14korea.html?tnemail1=y&emc=tnt&pagewanted=print/>