

# THE WEEK IN REVIEW

June 16-22, 6(3), 2008

## CONTENTS

I. COUNTRY REVIEWS.....	3
A. SOUTH ASIA .....	3
B. EAST ASIA .....	6
C. WEST ASIA .....	7
D. US ELECTIONS .....	8
II. POK REVIEW .....	10
III. INTERNAL SECURITY REVIEW .....	11
IV. ENERGY SECURITY REVIEW .....	14

**EDITOR: S. SAMUEL C. RAJIV**

**REVIEW ADVISOR: S. KALYANARAMAN**

### **CONTRIBUTORS**

**MAYILVAGANAN** – Sri Lanka

**S. SAMUEL C. RAJIV** – Iraq, Afghanistan

**MAHTAB ALAM RIZVI** - Iran

**M. AMARJEET SINGH** – Internal Security Review

**GUNJAN SINGH** – Bangladesh, Myanmar,  
Maldives

**PRIYADARSHINI SINGH** – Energy Security Review ,  
US Election Review

**PRIYANKA SINGH** – Pakistan, PoK Review

**ARUN VISHWANATHAN** – Nuclear Review

(INDIAN PUGWASH SOCIETY)



**INSTITUTE FOR DEFENCE STUDIES AND ANALYSES,  
1, DEVELOPMENT ENCLAVE, RAO TULA RAM MARG, NEW DELHI – 110010**

<b>IN THE CURRENT ISSUE</b>		<b>PAGE</b>
<b>CONTENTS</b>	<b>HIGHLIGHTS</b>	
<b>1. COUNTRY REVIEW</b>		<b>3-9</b>
<b>SOUTH ASIA</b>		<b>3-6</b>
Afghanistan	Reports: Pak military threatening to cancel a \$400 million COIN training programme; Afghan, Canadian and NATO forces launch operations near Kandahar	
Pakistan	Defence budget debated in the Parliament; Taliban threatens to scrap the peace deal in Swat; Bush backs Karzai's threat to pursue Taliban	
Bangladesh	EC announces dates for local polls, AL and BNP term it conspiratorial and farcical; UK, WB, ADB announce aid worth millions of dollars	
Sri Lanka	Bill on human rights in Sri Lanka introduced; Lanka ready to revive talks with LTTE; Colombo welcomes Canada's WTM ban	
Maldives	Constitutional Draft Committee rejects proposal to extend date of presidential elections	
<b>EAST ASIA</b>		<b>6-7</b>
Myanmar	13 pro-democracy activists detained, UNHCR urges authorities not to make politically-motivated arrests	
<b>WEST ASIA</b>		<b>7-8</b>
Iraq	Apprehensions about security pact aired by Iraqi political leaders; Bush: US respects Iraq's sovereignty; Crackdown in Amara launched	
Iran	Larijani criticizes the government's economic policies	
<b>US ELECTIONS</b>	Obama trumps his proposals for the American economy in Michigan; Obama criticizes 'Absentee fathers' phenomenon among black families; Reports highlight Obama's links with ethanol lobby; McCain extends his support to Brazilian membership in G-8 and for an expanded UNSC; McCain supports Bush in lifting federal ban on offshore drilling	<b>8-10</b>
<b>II. POK REVIEW</b>	Annual Budget presented in the POK Legislative Assembly; BNF accuses Pakistan government of 'double standards'; glacial outburst cause agricultural damage; APHC calls Pakistan to renew its Kashmir policy	<b>10-11</b>
<b>III. INTERNAL SECURITY REVIEW</b>		<b>11-14</b>
Jammu and Kashmir	V.P. Malik: Kargil war happened due to lack of 'visualisation of security threats'; 5 soldiers gunned down in Kishtwar district	
Maoist Insurgency Northeast	Three SPOs killed in Chhattisgarh; Parihar: Naxal activity spreading in Goa Report: Militants extort roughly Rs. 160 crore annually in Manipur; MEA's branch secretariat in Northeast inaugurated	
Other Developments	George C. Francis report: ISI active in Northeast, Kashmir; PM: External support to terrorists, non-state actors being provided	
<b>IV. ENERGY SECURITY REVIEW</b>		<b>14-16</b>
Fuel Price Rise	Truckers strike in Europe continues unabated, hits France; China increases fuel prices, US welcomes decision	
Exploration and Production Geopolitics	Bush urges congress to end federal ban on offshore drilling; Iraqi government in no-bid contract negotiations with foreign oil companies Japan PM: Tokyo-Beijing nearing an agreement on the contentious East China sea dispute	

## 1. COUNTRY REVIEW

### A. SOUTH ASIA

#### AFGHANISTAN

- **Reports indicate Pak military threatening to cancel a \$400 million COIN training programme; Afghan, Canadian and NATO forces launch major operations near Kandahar; 5 coalition soldiers killed in roadside bombs**

The aftereffects of the June 10 American air raids inside Pakistani territory continued to be felt with reports noting that Islamabad was threatening to cancel a \$400 million US programme intended to train paramilitary forces in counter-insurgency (COIN) operations in the tribal regions. While the Pakistani military had refused to allow American forces operate inside Pakistani territory, or even let American trainers accompany Pakistani forces, they had however agreed for Pakistani military to be trained by American advisors in COIN operations.<sup>1</sup> The US on its part urged both Pakistan and Afghanistan to work together to improve border security even as President Karzai had threatened to mount raids inside Pakistani territory against the Taliban and its leadership.<sup>2</sup>

Afghan and NATO forces meanwhile launched operations in southern part of the country near Kandahar in Arghandab district to clear areas occupied by Taliban rebels. Over 1,000 Afghan soldiers along with unspecified numbers of Canadian troops took part in the operations along with NATO air support. Afghan defence ministry sources indicated that over 90 militants had been killed in the ongoing operations while 2 Afghan soldiers had lost their lives.<sup>3</sup>

In other developments, roadside bombs killed 5 coalition soldiers in Kandahar and in the eastern province of Paktika, taking the number of foreign troops killed in the year to more than 100. Over 1,700 lives have been lost in renewed violence in the current year. 2007 had accounted for over 8,000 deaths.<sup>4</sup> Britain on its part announced that it will increase its troop strength in the country with the addition of 230 engineers, logistical staff and military training experts in addition to the around 7,800 British troops already base in the country.

---

<sup>1</sup> "Pakistani Fury Over Airstrikes Imperils Training," *The New York Times*, June 18, 2008, at <http://www.nytimes.com/2008/06/18/world/asia/18pstan.html?ref=todaypaper>

<sup>2</sup> "US urges Afghans, Pakistanis to cooperate on border security," *IANS*, June 18, 2008, at [http://in.news.yahoo.com/indiaabroad/20080618/r\\_t\\_ians\\_wl\\_us/twl-us-urges-afghans-pakistanis-to-coope-903abaa.html](http://in.news.yahoo.com/indiaabroad/20080618/r_t_ians_wl_us/twl-us-urges-afghans-pakistanis-to-coope-903abaa.html)

<sup>3</sup> "94 Taliban insurgents killed," *Xinhua*, June 21, 2008, at <http://in.news.yahoo.com/43/20080621/876/twl-94-taliban-insurgents-killed.html>

<sup>4</sup> "Bombings Kill 5 Foreigners in Afghanistan," *The New York Times*, June 22, 2008, at <http://www.nytimes.com/2008/06/22/world/asia/22Afghan.html?ref=todaypaper>

## PAKISTAN

- **Defence budget debated in the Parliament; Stalemate between PPP and PML-N over judiciary continues; Taliban threatens to scrap the peace deal in Swat; Bush backs Karzai's threat to pursue Taliban inside Pakistan**

Pakistan's defence budget was for the first time debated in the Parliament on June 17. Raza Rabbani, leader of the house in Senate stated that this was in accordance with the Charter of Democracy signed earlier between the two parties of the coalition government.<sup>5</sup> The differences between the coalition partners however continued over the issue of judiciary and on the question of impeachment of President Musharraf. This was even after Mr. Zardari and Mr. Nawaz Sharif held another round of meeting in Lahore on June 18.<sup>6</sup>

In other developments, the Taliban in Swat threatened to scrap the peace deal if the government did not enforce all the provisions of the deal within a week.<sup>7</sup> The warning prompted the government of NWFP to initiate efforts to save the peace agreement. Towards this end, Wajid Ali Khan, head of the provincial government's implementation committee in NWFP, held talks with Taliban leaders at Dewlai on June 20.<sup>8</sup> In a related development, US Secretary of State Condoleezza Rice on June 18 in Washington stressed that the peace deals should not bestow 'impunity' to militants and that they should be subjected to appropriate counter measures.<sup>9</sup>

Meanwhile, President Bush, addressing a joint press conference with British Prime Minister Gordon brown in London on June 16, supported Afghan President Hamid Karzai's threat to pursue Taliban elements inside Pakistani territory.<sup>10</sup>

## BANGLADESH

- **EC announces dates for local polls, AL and BNP term it conspiratorial and farcical; UK, WB, ADB announce aid worth millions of dollars**

The Election Commission declared August 4 as the date for elections to four city corporations and nine municipalities. It also relaxed the emergency rules

---

<sup>5</sup> Amir Wasim, "Parliament breaks taboo, debates defence budget," *Dawn*, June 18, 2008, at <http://www.dawn.com/2008/06/18/top1.htm>

<sup>6</sup> Amjad Mahmood, "Asif, Nawaz fail to bridge differences: Judges issue, impeachment," *Dawn*, June 19, 2008, at <http://www.dawn.com/2008/06/19/top1.htm>

<sup>7</sup> "Taliban warn govt of voiding pact," *Dawn*, June 18, 2008, at <http://www.dawn.com/2008/06/18/top4.htm>

<sup>8</sup> Hameedullah Khan, "NWFP in action to save Swat accord," *Dawn*, June 21, 2008, at <http://www.dawn.com/2008/06/21/top4.htm>

<sup>9</sup> "Peace deals should not bring impunity to terrorists: Rice," *Daily Times*, June 20, 2008, at [http://www.dailytimes.com.pk/default.asp?page=2008\06\20\story\\_20-6-2008\\_pg1\\_1](http://www.dailytimes.com.pk/default.asp?page=2008\06\20\story_20-6-2008_pg1_1)

<sup>10</sup> M. Ziauddin, "Bush upholds Afghan threat," *Dawn*, June 17, 2008, at <http://www.dawn.com/2008/06/17/top5.htm>

in order to help in the parties in campaigning. The AL and the BNP have however termed the announcements as farcical and conspiratorial.<sup>11</sup> While the AL asserted that the call for local polls was a violation of the Constitution, the BNP on its part stated that it would start a protest movement if the schedule was not withdrawn.<sup>12</sup> In other related developments, the AL decided to participate in the ongoing talks with the government.<sup>13</sup> The BNP was also insisting on the release of all political prisoners before the elections.<sup>14</sup>

The United Kingdom meanwhile would be providing \$250 million in aid for the fiscal year 2008-09, which would be raised to \$300 million in the following year.<sup>15</sup> The World Bank also approved two budget support programmes worth \$320 million on June 17 to assist the Bangladeshi government to implement its wide-ranging governance, economic policy and energy reforms.<sup>16</sup> The ADB on its part has approved a \$130 million budget support in order to help Dhaka tackle the food crisis.<sup>17</sup>

## SRI LANKA

- **Bill on human rights in Sri Lanka introduced; Lanka ready to revive talks with LTTE; Colombo welcomes Canada's WTM ban**

**A**mid growing concerns over human rights violations and lack of effective mechanisms to remedy the situation, coupled with the recent rejection at the UN Human Rights Council, Colombo on June 17 introduced a draft bill for the "Assistance and Protection of Victims of Crime and Witnesses" in Parliament.<sup>18</sup> The bill had been pending for a long time. The enactment of legislation for protection of victims of crime and witnesses was one of the key recommendations made by the International Independent Group of Eminent Persons (IIGEP), headed by Justice P.N. Bhagwati. The bill enlists victims' and witnesses' rights and entitlements, including the rights to apply and receive compensation for harm suffered as a result of being a victim of crime. Other provisions include the right to be informed of proceedings and events in the

---

<sup>11</sup> "BNP rejects poll schedule, AL terms it 'farcical'," *The Daily Star*, June 21, 2008, at <http://www.thedailystar.net/story.php?nid=42146>

<sup>12</sup> "Movement if elections schedule not cancelled," *The Daily Star*, June 22, 2008, at <http://www.thedailystar.net/story.php?nid=42301>

<sup>13</sup> "AL to sit with govt on July 3," *The Daily Star*, June 20, 2008, at <http://www.thedailystar.net/story.php?nid=42002>

<sup>14</sup> "BNP, allies want release of all political leaders," *The Daily Star*, June 18, 2008, at <http://www.thedailystar.net/story.php?nid=41660>

<sup>15</sup> "UK to give \$250m this fiscal year," *The Daily Star*, June 19, 2008, at <http://www.thedailystar.net/story.php?nid=41815>

<sup>16</sup> "WB okays \$320m budget support loans," *The Daily Star*, June 18, 2008, at <http://www.thedailystar.net/story.php?nid=41657>

<sup>17</sup> "ADB offers \$130m to tackle food crisis," *The Daily Star*, June 17, 2008, at <http://www.thedailystar.net/story.php?nid=41508>

<sup>18</sup> "Bill on Human Rights in Sri Lanka," *The Hindu*, June 18, 2008, at <http://www.hindu.com/2008/06/18/stories/2008061855671600.htm>

criminal justice process and of legal rights and remedies and of available services.

In a significant development, Sri Lanka offered to hold talks with the LTTE after a two-year gap, admitting that the outfit did represent a 'fair amount' of Tamils. Basil Rajapaksa, the special advisor to President Rajapaksa however ruled out the immediate revival of the ceasefire scrapped in January of the current year.<sup>19</sup>

Colombo also welcomed the announcement of the Canadian Government to list the World Tamil Movement (WTM) as a terrorist organisation, under the Criminal Code of Canada. Foreign Minister Rohitha Bogollagama noted that the Canadian decision, which became effective on June 13, was a timely action against the WTM which provided financial, material and moral support for terrorism.<sup>20</sup>

## MALDIVES

- **Constitutional Draft Committee rejects proposal to extend date of presidential elections**

The Constitutional Draft Committee of the Parliament rejected the proposal of a sub-committee to extend the deadline for the Presidential elections to be held in October 2008 by another three weeks. The dates for Parliamentary elections have also been brought forward to mid-February 2009. The Committee also proposed a form of Presidential immunity in the draft constitution.<sup>21</sup>

## B. EAST ASIA

### MYANMAR

- **13 pro-democracy activists detained, UNHCR urges authorities not to make politically-motivated arrests**

The authorities detained 13 opposition party members on June 19 who had called for the release of pro-democracy leader Aung San Suu Kyi on her 63<sup>rd</sup> birthday.<sup>22</sup> The UNHCR urged the military not to make politically motivated arrests and also insisted that all political prisoners should be released immediately.<sup>23</sup>

---

<sup>19</sup> "Lanka ready to revive talks with LTTE," *The New Indian Express*, June 19, 2008, at <http://www.newindpress.com/NewsItems.asp?ID=IEH20080619072700&Page=H&Title=Top+Stories&Topic=0&>

<sup>20</sup> "Lanka welcomes Canada's WTM ban," *Daily News*, June 18, 2008, at <http://www.dailynews.lk/2008/06/18/sec01.asp>

<sup>21</sup> "Draft Committee Rejects Election Deadline Extension," *The Minivan News*, June 19, 2008, at <http://www.minivannews.com/news/news.php?id=4613>

<sup>22</sup> "13 detained in Myanmar after pro-democracy support," *Associated Press*, June 20, 2008, at <http://ap.google.com/article/ALeqM5hOXLU5rDI6tFD9JOFMn25qr7-LpAD91DAEKG1>

<sup>23</sup> "UNHCR asks Myanmar to release political prisoners," *The Hindu*, June 19, 2008, at <http://www.hindu.com/thehindu/holnus/003200806191342.htm>

Meanwhile, schools in the cyclone-hit areas were reopened. ASEAN's Secretary-General Surin Pitsuwan also asserted that 'a new ASEAN' had emerged from its response towards the Myanmar cyclone.<sup>24</sup>

## C. WEST ASIA

### IRAQ

- **Apprehensions about security pact aired by Iraqi political leaders; Bush: US respects Iraq's sovereignty; Crackdown in Amara launched; Deadly suicide attack in Baghdad**

Iraqi political leaders continued to express apprehensions about concluding the security pact with the US ahead of the July 31 deadline. Among provisions being negotiated to overcome their difficulties included joint Iraqi-American committees to approve American security operations, allowing American control of Iraqi airspace due to lack of sufficient Iraqi capabilities, joint commissions to probe Iraqi detainees, among other measures.<sup>25</sup> US President George Bush meanwhile, in a meeting with visiting Iraqi Foreign Minister Hoshayr Zebari on June 18 expressed US "respect for Iraq's sovereignty and the will of its people" and stated that he understood Iraqi concerns over the military pact.<sup>26</sup>

The Iraqi Army meanwhile began a fresh crackdown in the southern province of Maysan bordering Iran against Shiite militias after the deadline for laying down of arms expired on June 18. US and Iraqi officials have been charging that the militants were getting material and other support from across the border. Iran however condemned these charges and stated that reports suggesting Tehran was helping the militants groups were "desperate attempts to sow the seed of discord between Iran and Iraq" and to "justify its occupation of the country."<sup>27</sup> The crackdown in the province and its capital Amara follows operations launched in Basra, Sadr City, and Mosul.

In other developments, a deadly suicide attack in a predominantly Shiite neighbourhood of Baghdad on June 17 killed over 60 people and injured more than 70. The US military blamed the attack on 'special groups' backed by Iran, specifically naming Iranian-linked Shiite leader Haydar Mehdi Khadum al-Fawadi as responsible as an attempt to incite Shiite violence against Sunnis.<sup>28</sup>

---

<sup>24</sup> "Secretary-General: New ASEAN emerge from response to Myanmar cyclone," *Xinhua*, June 18, 2008, at [http://news.xinhuanet.com/english/2008-06/18/content\\_8393467.htm](http://news.xinhuanet.com/english/2008-06/18/content_8393467.htm)

<sup>25</sup> "No Rushing Talks on Pact With U.S., Iraqis Say," *The New York Times*, June 16, 2008, at <http://www.nytimes.com/2008/06/16/world/middleeast/16forces.html?ref=todayspaper>

<sup>26</sup> "Bush 'understands' Iraq's concerns over security pact: Iraq," June 19, 2008, at <http://in.news.yahoo.com/43/20080619/896/twl-bush-understands-iraq-s-concerns-ove.html>

<sup>27</sup> "Iran refutes allegation of support to Iraq militants," June 19, 2008, at <http://in.news.yahoo.com/43/20080619/896/twl-iran-refutes-allegation-of-support-t.html>

<sup>28</sup> "U.S. Blames Shiite Leader for Deadly Baghdad Blast," *The New York Times*, June 19, 2008, at <http://www.nytimes.com/2008/06/19/world/middleeast/19baghdad.html?ref=todayspaper>

## IRAN

- **Larijani criticizes government's economic policies; Government bans *Tehran Emrouz***

Iran's newly-elected Parliament speaker Ali Larijani criticized the government's economic policy and stated that monopolization of economic activities and opportunities by the government would create an inflationary economy. Larijani added that this was the "worst form of injustice" and which ran counter to Islamic thinking. Reports noted that President Ahmadinejad concurred with Larijani's view that the government should disengage from economic activities. However, he added that the government should be given the authority to control the market.<sup>29</sup>

In another development, the government banned a news paper, *Tehran Emrouz* accusing it of publishing articles and images insulting to President Ahmadinejad. The paper had published a critical article relating to the government's economic policies. Reports noted that the Iranian media establishments made up of newspapers, internet news sites among others have been hit by a series of closures under the present government.<sup>30</sup>

## D. US ELECTION REVIEW

- **Obama trumps his proposals for the American economy in Michigan; Obama criticizes 'Absentee fathers' phenomenon among black families; Reports highlight Obama's links with ethanol lobby; McCain extends his support to Brazilian membership in G-8 and for an expanded UNSC; McCain supports Bush in lifting federal ban on offshore drilling**

Sen. Obama visited Michigan on June 16 as part of his two-week outreach tour to 'problem' states - North Carolina, Florida, Missouri, Pennsylvania and Ohio and highlighted his plans to improve the American economy. In his address at University of Flint, he laid out his agenda to make the economy more competitive. Among his other proposals included the need to improve the primary education system, strengthening energy security by diversifying into bio-fuels, renewable energy and low-emission coal plants, and providing for more federal aid to research and development activities. He also pledged to increase the enforcement of trade deals and to update copyright and patent systems.

Obama's statements however drew flak from Blair Latoff, a Republican National Committee spokeswoman, who charged that his proposals for raising taxes

---

<sup>29</sup> "Officials criticize state-run economy model, Larijani calls command economy worst form of injustice," *Tehran Times*, June 22, 2008, at [http://www.tehrantimes.com/index\\_View.asp?code=171290](http://www.tehrantimes.com/index_View.asp?code=171290)

<sup>30</sup> "Iran daily banned for criticising president," *Khaleej Times* June 22, 2008, at [http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/June/middleeast\\_June469.xml&section=middleeast](http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/June/middleeast_June469.xml&section=middleeast)

and limiting free trade would make America less competitive and would not create new jobs or promote prosperity.<sup>31</sup>

Speaking at the Apostolic Church of God near Lake Michigan, Sen. Obama also touched upon the delicate issue of 'absentee fathers' in black families. He urged black fathers to take more responsibility of parenting which would also involve getting themselves a better education. The speech, where he drew comparisons with his own childhood - raised by a single mother and maternal grandparents, was praised for its openness by Rep. James E. Clyburn, Democrat of South Carolina and an Obama supporter. The Rev. Al Sharpton on his part called the remarks "courageous and important," but cautioned that Mr. Obama's words would not be well received by all sections of the community. Later, on June 20, Obama announced that he would co-sponsor a bill with Senator Evan Bayh to address the "national epidemic of absentee fathers." If passed, the legislation would increase enforcement of child support payments and strengthen services for domestic violence prevention.<sup>32</sup>

Sen. Obama also met the Iraqi foreign minister Hoshiyar Zebari on June 16, and exchanged views on the Iraq war. The Illinois Senator announced that he would soon be visiting Iraq.<sup>33</sup>

Meanwhile, recent news reports highlighted the possible role played by the ethanol lobby in Sen. Obama's candidacy. Reports pointed out that Sen. Obama's (representing Illinois, America's largest corn-growing state) strong support to federal subsidies on ethanol and for taxes on imported sugar cane-based ethanol (which was more energy efficient) represented advocacy of special interests of the region. These would seem to be at variance with the senator's assertions in recent past on reducing the role of such groups in American politics. Reports noted that his support for the ethanol lobby would also militate against efforts to tap inflation, which was rising due to the adverse impact of corn-based ethanol on fuel prices as well as on the imperative of augmenting energy security while balancing the demands of food security and climate change.

Further, one of his close economic advisors, Tom Daschle, a former Senate majority leader from South Dakota, served on the boards of three ethanol companies and also worked at a Washington law firm. His online job description notes that Daschle "spends a substantial amount of time providing strategic and policy advice to clients in renewable energy." Mr. Obama's lead advisor on energy and environmental issues was also Jason Grumet, who joined the campaign from the National Commission on Energy Policy, a bipartisan

---

<sup>31</sup> "Obama talks competitiveness in Michigan," *The Boston*, June 16, 2008, at [http://www.boston.com/news/politics/politicalintelligence/2008/06/obama\\_talks\\_com.html](http://www.boston.com/news/politics/politicalintelligence/2008/06/obama_talks_com.html)

<sup>32</sup> Julie Bosman, "Obama Calls for More Responsibility from Black Fathers", *The New York Times*, June 16, 2008, at <http://www.nytimes.com/2008/06/16/us/politics/16obama.html?th=&emc=th&pagewanted=print>.

<sup>33</sup> Nedra Pickler, "Obama to Visit Middle East", *The Time*, June 16, 2008, at <http://www.time.com/time/printout/0,8816,1815054,00.html>.

initiative associated with Mr. Daschle and Mr. Bob Dole, the Kansas Republican who is also the former Senate majority leader. Reports noted that Mr. Grumet was a big ethanol backer and had close ties to the agri-business giant Archer Daniels Midland.<sup>34</sup>

On the republican side, Sen. McCain McCain attacked Obama's support for corn-based ethanol and stated that one of the errors of American energy policy was subsidizing corn-based ethanol which had destroyed the market and caused inflation. He further added that he would end subsidies supporting American ethanol production.<sup>35</sup> In an interview to a Brazilian newspaper, McCain also extended his support for Brazil's candidature in an expanded UN Security Council as well as at the G-8.

Sen. McCain also supported President Bush's proposal for lifting the federal ban on offshore drilling. This pronouncement by the Republican candidate went against his well-documented support for initiatives to mitigate climate change and earned the wrath of environmentalists. Sen. Obama on his part opposed the move, stating that on-shore drilling would not make much of a difference to American energy security, besides causing significant environmental damage.<sup>36</sup>

## II. PAKISTAN-OCUPIED KASHMIR REVIEW

- **Annual Budget presented in the POK Legislative Assembly; BNF accuses Pakistan government of 'double standards'; glacial outburst cause agricultural damage; APHC calls Pakistan to renew its Kashmir policy**

The Finance Minister of POK, Raja Nisar Ahmed presented the budget for the financial year 2008-08 in the POK Legislative Assembly on June 18. The budget worth Rs. 29.97 billion reportedly reflected a deficit of Rs 4.6 billion. It proposed to allocate Rs. 9.555 billion for development activities, which included foreign aid worth Rs. 800 million.<sup>37</sup>

In other domestic developments, Muhammad Azam Khan Advocate, President of the POK Bar Association has been appointed as the Adhoc judge of the POK Supreme Court. The official announcement regarding Khan's appointment was made in Mirpur on June 19.<sup>38</sup>

---

<sup>34</sup> Larry Rohter, "Obama Camp Closely Linked with Ethanol", *The New York Times*, June 22, 2008, at <http://www.nytimes.com/2008/06/23/us/politics/23ethanol.html?ei=5087&em=&en=033f92a424c3ae53&ex=1214452800&pagewanted=print>.

<sup>35</sup> "McCain comments boost for Brazil", *Press TV*, June 16, 2008, at <http://www.presstv.ir/detail.aspx?id=60187&sectionid=3510203>

<sup>36</sup> Mosheh Oinounou, "McCain slams Obama on energy, calls for more drilling", *Fox News*, June 17, 2008, at <http://embeds.blogs.foxnews.com/2008/06/17/mccain-slaps-obama-on-energy-calls-for-more-drilling/>

<sup>37</sup> Tariq Naqash, "AJK presents Rs29.97bn deficit budget," *Dawn*, June 19, 2008, at <http://www.dawn.com/2008/06/19/nat5.htm>

<sup>38</sup> "Azam new SC adhoc judge," *The Frontier Post*, June 20, 2008, at <http://www.thefrontierpost.com/News.aspx?ncat=ts&nid=1378&ad=20-06-2008>

The Chairman of APHC, Mirwaiz Umar Farooq meanwhile, while talking to journalists at Islamabad airport on June 21 called on Islamabad to revisit its Kashmir policy in order to take into account the true aspirations of the Kashmir people. Mirwaiz was visiting Pakistan on Prime Minister Gilani's invitation to exchange views on Kashmir.<sup>39</sup> The Balwaristan National Front (BNF) on its part accused the Pakistani government of practicing 'double standards.' BNF Chairperson, Abdul Hamid Khan in a telephonic address to a public gathering in Gahkuch on June 8, reportedly stated that the natives of Gilgit Baltistan were against the occupation of the region by Pakistan.<sup>40</sup> In a related development, a group of prominent leaders, speaking at a media forum in Islamabad, called for including Gilgit Baltistan in the POK to provide a fair representation for the people of the region in the POK Legislative Assembly.<sup>41</sup>

A glacial outburst in Gulkin valley of Gojal, upper Hunza caused damage to agricultural crops and crippled the infrastructure in the affected areas.<sup>42</sup> The chief executive of the Northern Areas Legislative Assembly, Ghazanfar Ali Khan announced that the government would release funds to compensate the damage.<sup>43</sup> In other developments, the government of India issued directives to ban the broadcast of Pakistan and POK radio in the border districts of Rajouri and Poonch in Kashmir.<sup>44</sup>

### III. INTERNAL SECURITY REVIEW

#### JAMMU AND KASHMIR

- **V.P. Malik: Kargil war happened due to lack of 'visualisation of security threats'; 5 soldiers gunned down in Kishtwar district**

**G**en. V.P. Malik, who headed the Indian Army during the Kargil war, blamed the lack of 'visualisation of security threats' by the then government as one of the main reasons for the 1999 conflict. Malik stated that "even after 60 years of independence, knowledge and experience of defence and military issues is lacking in most of our political leaders and civilian bureaucrats." The former Army Chief further stated that the absence of white papers, vision documents or periodic reviews on the subject of national security was a glaring lacuna. Calling

<sup>39</sup> "Pak policy on Kashmir should reflect people's demands," *Daily Times*, June 22, 2008, at [http://www.dailytimes.com.pk/default.asp?page=2008%5C06%5C22%5Cstory\\_22-6-2008\\_pg7\\_39](http://www.dailytimes.com.pk/default.asp?page=2008%5C06%5C22%5Cstory_22-6-2008_pg7_39)

<sup>40</sup> "Islamabad asked to stop its double standard on Gilgit Baltistan," *Weekly Bang-e-sahar*, June 14-June 20, 2008, at <http://gilgitbaltistantimes.blogspot.com/2008/06/islamabad-asked-to-stop-its-double.html>

<sup>41</sup> "Call to include Gilgit and Baltistan in AJK," *Weekly Bang-e-sahar*, June 14-June 20, 2008, at <http://gilgitbaltistantimes.blogspot.com/2008/06/call-to-include-gilgit-and-baltistan-in.html>

<sup>42</sup> "Panic looms over Gojal area after glacier burst," *Dawn*, June 16, 2008, at <http://www.dawn.com/2008/06/16/nat8.htm>

<sup>43</sup> "Affectees of GLOF to be compensated, Chief Executive NALA," at <http://pamirtimes.wordpress.com/2008/06/17/affectees-of-glof-to-be-compensated-chief-executive-nala/>

<sup>44</sup> Shafiq Mir, "Pak radio signals to be blocked in Rajouri, Poonch," at [http://www.greaterkashmir.com/full\\_story.asp?Date=21\\_6\\_2008&ItemID=29&cat=21](http://www.greaterkashmir.com/full_story.asp?Date=21_6_2008&ItemID=29&cat=21)

for a Revolution in Military Affairs (RMA), Malik favoured the integration of new technology into existing weapons systems, integrated C4ISR (command, control, communications, computers, intelligence, surveillance, reconnaissance) and greater emphasis on electronic and cyber warfare techniques.<sup>45</sup>

Meanwhile, five soldiers including a Lt. Colonel were gunned down by militants in an ambush at Watsar in Kishtwar district on June 13.<sup>46</sup> Elsewhere, troops on June 19 foiled a major infiltration attempt on the Line of Control (LoC) in Poonch district by killing five militants.<sup>47</sup>

#### MAOIST INSURGENCY

- **Three SPOs killed in Chhattisgarh; Parihar: Naxal activity spreading in Goa**

**T**hree special police officers (SPOs) were killed by the Communist Party of India-Maoist (CPI-Maoist) in Chhattisgarh's Dantewada district on June 19.<sup>48</sup>

Reports noted that nearly 120,000 Gutti Koya tribals of Bastar and Bijpur districts of Chhattisgarh had reportedly crossed over into Andhra Pradesh's border district of Khammam over the past six months to escape Salwa Judum camps and the increasing Maoist violence.<sup>49</sup>

In other developments, Manohar Parrikar, leader of opposition in the Goa Legislative Assembly charged that Naxalite activities were spreading in the state. He added that there has been an increase of naxal activities over the past 2-3 years and that the naxals from the tribal areas of Jharkhand had links with the CPI (ML), a banned organisation operating in the state. Parihar was chairing the Goa Legislative Assembly Ad-Hoc Committee on Home Affairs.<sup>50</sup>

#### NORTHEAST INSURGENCY

- **Report: Militants extort roughly Rs. 160 crore annually in Manipur; MEA's branch secretariat in Northeast inaugurated**

**K**anglaonline.com quoting an analysis report on the impact of militancy in Manipur stated that militant groups in the state extorted money to the tune of Rs.160 crore in a year. Pointing out that development was not keeping pace with the people's aspirations especially due to siphoning off of the funds by the militant groups, it observed that these groups were also suppressing freedom of

---

<sup>45</sup> "Kargil happened because of lack of visualisation: Malik," *Daily Excelsior*, June 18, 2008, at <http://www.dailyexcelsior.com/web1/08june18/news.htm#10>

<sup>46</sup> "Lt Col, 2 PSOs among 5 securitymen shot dead," *Daily Excelsior*, June 14, 2008, at <http://www.dailyexcelsior.com/web1/08june14/news.htm#1>

<sup>47</sup> "Intrusion bid foiled in Poonch, 5 killed," *Daily Excelsior*, June 20, 2008, at <http://www.dailyexcelsior.com/web1/08june20/news.htm#2>

<sup>48</sup> "Three SPOs killed by Maoists in Chhattisgarh," *South Asia Terrorism Portal*, June 21, 2008, at [http://satp.org/satporgtp/detailed\\_news.asp?date1=6/21/2008#1](http://satp.org/satporgtp/detailed_news.asp?date1=6/21/2008#1)

<sup>49</sup> "Maoists loot village head's house in Andhra Pradesh," *South Asia Terrorism Portal*, June 21, 2008, at [http://satp.org/satporgtp/detailed\\_news.asp?date1=6/21/2008#1](http://satp.org/satporgtp/detailed_news.asp?date1=6/21/2008#1)

<sup>50</sup> "Naxalite activities spreading to Goa, says state leader of opposition," *South Asia Terrorism Portal*, June 21, 2008, at [http://satp.org/satporgtp/detailed\\_news.asp?date1=6/21/2008#1](http://satp.org/satporgtp/detailed_news.asp?date1=6/21/2008#1)

speech through diktats against Hindi songs and movies. It noted that strictures on dress codes were another instance of suppression of social freedom. It added that Manipur state had insufficient forces at its command to deal with the present state of militancy.<sup>51</sup>

Meanwhile, the Additional Sessions Court of Kamrup ordered the release of 10 suspected ISI agents on June 12 as the Assam Police could not submit sufficient documents to prove its charges. The suspected ISI agents were arrested from various parts of the state and from Kolkata in 1999.<sup>52</sup>

In other developments, a branch secretariat of the Ministry of External Affairs (MEA) was inaugurated in Guwahati on June 15. The secretariat was expected to give the Northeastern states easier access and greater say on the governments policies regarding Southeast Asian countries. It would regularly provide inputs to the state governments of the region on issues concerning promotion of overseas trade and investments and would also undertake activities aimed at promoting an understanding of India's foreign policy. It would also act as a liaison with the North Eastern Council (NEC) so that the region's requirement and aspirations get reflected in India's bilateral relations with neighbouring countries. The secretariat would also render such services as the attestation of personal and commercial documents for use abroad under the Apostille Convention. Inaugurating the secretariat, EAM Pranab Mukherjee stressed the need for 'fruitful and mutually' beneficial linkages with neighbouring countries for any development strategy in the region to be successful.<sup>53</sup>

#### OTHER DEVELOPMENTS

- **George C. Francis Committee report: ISI working actively in Kashmir, Northeast**

The George C. Francis Committee report painted a worrying security scenario for the country with no letup in threats in the period till 2025. The report points out ISI's plans to keep terrorism alive in Kashmir. It notes that despite the recent peace initiatives, there was no change in the Pakistan intelligence agency's objectives. These included the liberation of Kashmir, revival of militancy in Punjab, use of the Bihar-Nepal border for smuggling arms, explosives and fake currency, cooperation with Northeast separatist organizations like ULFA, control of these insurgent networks from Bangladeshi territory, along with the use of madrasas in border states like West Bengal. It argues that demographic changes due to the illegal influx from Bangladesh cannot be ignored as this population

---

<sup>51</sup> "Militants extort roughly Rs. 160 crores in a year in Manipur: report," *Kanglaonline.com*, June 22, 2008, at [http://kanglaonline.com/index.php?template=headline&newsid=42483&typeid=1&Idoc\\_Session=510ab11dba7e4753c5ce2bfc5fdae702](http://kanglaonline.com/index.php?template=headline&newsid=42483&typeid=1&Idoc_Session=510ab11dba7e4753c5ce2bfc5fdae702)

<sup>52</sup> "10 suspected ISI agents released by court in Assam," *South Asia Terrorism Portal*, June 14, 2008, at [http://satp.org/satporgtp/detailed\\_news3.asp?date3=2008%2F6%2F14](http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F6%2F14)

<sup>53</sup> "Region gets its own foreign secretariat," *Telegraph*, June 16, 2008, at [http://telegraphindia.com/1080616/jsp/northeast/story\\_9416372.jsp](http://telegraphindia.com/1080616/jsp/northeast/story_9416372.jsp)

often shelters anti-India elements and provides a steady recruitment to jihadi modules.<sup>54</sup> The report also points out the increasing belligerence of left-wing extremists and calls for interlinked, determined and well-thought-out government responses.

- **PM to IFS Probationers: External support to terrorists and to non-state actors being provided**

Addressing the IFS probationers in New Delhi on June 11, Prime Minister Dr. Manmohan Singh charged that some countries were giving active support to terrorists and non-state actors within the country, which added a new dimension to India's security. He also voiced concern over the possibility of terrorists gaining access to nuclear technology. Dr. Singh pointed out that the world did not pay much attention to countries like India, which have been victims of terror prior to the September 11, 2001 WTC attacks. The PM however noted that the situation had now changed "to a certain degree to our advantage."<sup>55</sup>

#### IV. ENERGY SECURITY REVIEW

##### FUEL PRICE RISE

- **Truckers strike in Europe continues unabated, hits France; China increases fuel prices, US welcomes decision**

The truckers strike across Europe continued unabated. Countries affected included Britain, Spain, Belgium, and France. French truckers on their part attempted to block roads across the country on June 16 demanding government measures to offset the soaring price of diesel fuel.<sup>56</sup>

Meanwhile, China became the eighth country in Asia to increase domestic fuel prices - a move that international pressure groups, environmentalists and civil society activists had been clamoring for to correct market distortions and curb demand. Faced with severe fuel shortages, Beijing raised the retail price of diesel by 18 percent, to the equivalent of \$3.58 a gallon, the price of petrol by 16 percent, to \$3.83 a gallon, along with increases in electricity tariffs and in the price of jet fuel.<sup>57</sup> The announcement had an immediate impact on world oil prices which dropped by \$4.

---

<sup>54</sup> "No let up in ISI operations: Report," *Times of India*, June 9, 2008, at [http://timesofindia.indiatimes.com/No\\_let\\_up\\_in\\_ISI\\_operations\\_Report/articleshow/3111892.cms](http://timesofindia.indiatimes.com/No_let_up_in_ISI_operations_Report/articleshow/3111892.cms)

<sup>55</sup> "Few countries give terrorists 'active support': PM," *Indian Express*, June 12, 2008, at <http://www.indianexpress.com/story/321518.html>

<sup>56</sup> Alan Cowell, "French Truckers Protest Fuel Prices," *The New York Times*, June 17, 2008, at <http://www.nytimes.com/2008/06/17/world/europe/17fuel.html?partner=rssnyt&emc=rss>

<sup>57</sup> Keith Brashard, "China Sharply Raises Energy Prices," *The New York Times*, June 20, 2008, at <http://www.nytimes.com/2008/06/20/world/asia/20china.html?ntemail1=y&emc=tnt&pagewanted=print>.

China however now finds itself in a fix that India too has been trying to wriggle itself out of, for the past few months. While an increase in the fuel prices was long overdue and had to be implemented in the present global energy scenario, the resultant impact on the escalating inflation would have a cascading impact on its economy. Reports noted that inflation in China, which was touching 8 per cent, coupled with the increase in fuel prices would have a negative impact on the Chinese exports and on the summer harvest.

US government officials meanwhile welcomed the Chinese decision to revise its fuel prices, a move they had been advocating for long but dismissed suggestions that they had influenced the Chinese decision in any manner. Prior to the announcement, American Treasury Secretary Henry M. Paulson Jr. held talks with Chinese authorities on June 17-18.

#### EXPLORATION AND PRODUCTION

- **Bush urges congress to end federal ban on offshore drilling; Iraqi government in no-bid contract negotiations with foreign oil companies; Militants mount their first attack on an offshore facility in Nigeria**

The Bush administration urged Congress to end a federal ban on offshore oil drilling and open a portion of the Arctic National Wildlife Refuge (ANWR) for oil exploration, in a bid to increase domestic oil production, lower gasoline prices and strengthen national security. The move came in for severe criticism from environmentalists as well as the Democrats on grounds that the oil recovered would be too small to make any significant dent in oil supplies. The administration's move, which represented a reversal of President Bush's longstanding position, was however supported by a growing number of Republicans, including the Republican nominee for the presidential elections in November 2008, Sen. John McCain.<sup>58</sup> It however remains to be seen if the move can be implemented. Reports pointed out that there was a chronic shortage of ships used for deep-water offshore drilling that would impede any rapid turnaround in oil exploration and supply from offshore oil fields.<sup>59</sup>

Another development is set to dramatically increase the total global oil output in time to come. Reports noted that Exxon Mobil, Shell, Total, BP and Chevron, along with a number of smaller oil companies, were in talks with Iraq's Oil Ministry for no-bid contracts to service Iraq's largest fields. While the move was sure to reignite debates regarding American motives to go to war in Iraq, a spokesperson from the Iraqi Oil Ministry stated that the no-bid contracts was a stop-gap measure to bring modern technology into the oil fields till such time

---

<sup>58</sup> Sheryl Grey Stolberg, "Bush Calls for End to Ban on Offshore Oil Drilling," *The New York Times*, June 19, 2008, at [http://www.nytimes.com/2008/06/19/washington/19drill.html?\\_r=1&th=&oref=login&emc=th&pagewanted=print](http://www.nytimes.com/2008/06/19/washington/19drill.html?_r=1&th=&oref=login&emc=th&pagewanted=print).

<sup>59</sup> Jad Mouwad and Martin Fackler, "Dearth of Ships Delays Drilling of Offshore Oil," *The New York Times*, June 19, 2008, at <http://www.nytimes.com/2008/06/19/business/19drillship.html?th=&emc=th&pagewanted=print>.

that the oil law pending in Parliament was approved. He further added that companies had been chosen because they had been advising the ministry without charge for two years before being awarded the contracts, and that they had the needed technology.<sup>60</sup>

Meanwhile Nigeria witnessed a disturbing development during the week as rebels attacked an enormous offshore drilling platform of Shell Oil Company which led to a shut down in production in the Bonga field off Nigeria's coast in the volatile Niger Delta region. Militants from the Movement for the Emancipation of the Niger Delta claimed responsibility for the attack, which was the first time that the rebels had succeeded in attacking an off-shore facility. Reports noted that the attack was bound to impact international oil prices as the Bonga field produces about 225,000 barrels of crude a day. Also, Nigeria's plans to rely on offshore production to increase its oil output would also be hurt.<sup>61</sup>

## GEOPOLITICS

- **Japan PM: Tokyo-Beijing nearing an agreement on the contentious East China sea dispute**

Signaling a dramatic break-through in the standoff over developing a string of natural gas fields in a contested part of the East China Sea lying between the Shanghai coast and the Japanese island of Okinawa, Japanese Prime Minister Yasuo Fukuda stated on June 17 that the two countries were close to resolving the dispute. While exact details of the agreement were not available, Japanese newspapers reported that the deal would involve Japanese investment in Chinese companies that would drill in the area. Both Tokyo and Beijing have asserted that parts of the gas fields fell under their exclusive economic zones.

The agreement in offing would be another addition to the string of measures aimed at improving relations between the countries, which had touched an all-time low four years ago when tensions rose over the disputed gas fields. Both the countries had also dispatched naval vessels and planes to patrol the area.<sup>62</sup>

---

**Note:** This issue does not include Nuclear Review and the China and Japan sections. Developments in these sections will be covered in the next issue.

---

<sup>60</sup> Andrew E. Kramer, "Deals with Iraq Are Set to Bring Oil Giants Back," *The New York Times*, June 19, 2008, at [http://www.nytimes.com/2008/06/19/world/middleeast/19iraq.html?\\_r=1&tntemail1=y&emc=tnt&pagewanted=print&oref=slogin](http://www.nytimes.com/2008/06/19/world/middleeast/19iraq.html?_r=1&tntemail1=y&emc=tnt&pagewanted=print&oref=slogin).

<sup>61</sup> Lydia Polgreen, "Oil Field Operation Suspended after Attack by Nigerian Rebels," *The New York Times*, June 20, 2008, at <http://www.nytimes.com/2008/06/20/world/africa/20nigeria.html?tntemail1=y&emc=tnt&pagewanted=print>.

<sup>62</sup> Martin Fackler, "Japan and China Near Agreement on Offshore Gas Fields," *The New York Times*, June 18, 2008, at <http://www.nytimes.com/2008/06/18/world/asia/18sea.html?tntemail1=y&emc=tnt&pagewanted=print>.