

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Aid groups: Not able to operate due to rising violence; al-Qaeda commander killed in US air strike; Australia criticises NATO members for “underwhelming” response**

The Agency Coordinating Body for Afghan Relief (ACBAR), an umbrella group of 100 aid agencies, stated on July 31 that it may not be able to operate in parts of Afghanistan due to the intensifying conflict. Noting that violence had increased by 50 percent compared to the previous year (with over 2,500 people being killed, nearly 1,000 of them civilians), the aid grouping pointed out that they were increasingly becoming the targets of militants.¹ Meanwhile, the French aid organization, Action against Hunger, revealed that two of their workers kidnapped on July 18 from their houses in Daykundi province in Central Afghanistan were released.²

In continuing violence, one NATO soldier was killed in the southern province of Helmand on July 29. The nationality of the soldier was not confirmed. Three British soldiers were killed in the same province in the previous week.³ Al-Qaeda also lost one of its commanders, Abu Abdullah al-Shami, to a US air strike. Al-Shami was one of the four al-Qaeda militants who had escaped from a US prison in Bagram, north of Kabul, in 2005.⁴ An explosion near a bus carrying a wedding party in the Spin Boldak area of Kandahar on August 2 killed at least 10 people.⁵

Australia's Defence Minister Joel Fitzgibbon on July 29 meanwhile criticised some NATO member states for their "underwhelming" response to Afghanistan's ongoing problems. In particular, he expressed frustration at the refusal to commit extra troops by some nations, though he did not name them. Mr. Fitzgibbon also indicated that Canberra might be willing to send advisers to Pakistan to help fight the Taliban. Australia currently had about 1,000 troops operating in the country.⁶

¹ "Aid warning over Afghan violence," *BBC*, August 01, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7536422.stm

² "Aid workers freed in Afghanistan," *BBC*, August 02, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7538988.stm

³ "NATO soldier dead in Afghan blast," *BBC*, July 30, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7532412.stm

⁴ "Afghan al-Qaeda leader killed," *BBC*, August 01, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7536529.stm

⁵ "Wedding carnage in Afghan blast," *BBC*, August 02, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7538905.stm

⁶ "Afghan response underwhelming," *BBC*, July 30, 2008, at <http://news.bbc.co.uk/2/hi/asia-pacific/7532335.stm>

PAKISTAN

- **CIA: Links between the ISI and Taliban intensified; Gilani in US; Violent incidents across country; Indo-Pak peace process to continue**

The New York Times, citing a report by the Deputy Director of the CIA, Stephen R. Cappes, who had visited Pakistan in mid-July, noted that links between the ISI and militants operating in the tribal areas of Pakistan had intensified.⁷ US officials also concluded that ISI was involved with the resurgent Taliban groups in Afghanistan which had led to a rise in violence on the Pak-Afghan border.⁸ The decision to place ISI under the Interior Ministry was meanwhile revoked.⁹

Earlier in the week, Prime Minister Gilani on visit to the US met President Bush at the White House on July 28. Reports noted that the US President reiterated that the US respected Pakistan's sovereignty. Pakistan Information Minister, Sherry Rehman stated that the issue of US missile attacks in the tribal areas of Pakistan was not discussed during the meeting between Gilani and Bush. However, concerns relating to the missile attacks were reportedly communicated to the US establishment.¹⁰

Meanwhile, the spate of violent incidents across the country continued. At least six people were killed in a missile attack in South Waziristan on July 28.¹¹ Two security persons were killed and at least 30 kidnapped in Mingora on July 29 and five soldiers were killed along with 25 militants in Swat on July 30.¹²

In other developments, Mr. Gilani and Prime Minister Dr. Manmohan Singh met during the SAARC summit in Colombo during the week. Both the leaders vowed to continue the Indo-Pak peace process. The Pakistan Prime Minister reportedly assured investigations into the alleged involvement of Pakistani agencies in the Kabul bombings.¹³

⁷ Mark Mazzetti and Eric Schmitt, "C.I.A. Outlines Pakistan Links With Militants," *The New York Times*, July 30, 2008, at

<http://www.nytimes.com/2008/07/30/world/asia/30pstan.html?ex=1218254400&en=1d63ea8da43f948a&ei=5070&emc=eta1>

⁸ "ISI accusation taken seriously, will be resolved," *Daily Times*, August 01, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\08\01\story_1-8-2008_pg1_1

⁹ Tahir Niaz, "ISI back under PM's control," *Daily Times*, July 28, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\07\28\story_28-7-2008_pg1_1

¹⁰ Anwar Iqbal and Masood Haider, "US to respect Pakistan sovereignty, says Bush," *Dawn*, July 29, 2008, at <http://www.dawn.com/2008/07/29/top1.htm>

¹¹ "Missile raid on S. Waziristan; six killed," *Dawn*, July 29, 2008, at <http://www.dawn.com/2008/07/29/top2.htm>

¹² "Two security personnel killed, 30 kidnapped," *Dawn*, July 30, 2008, at <http://www.dawn.com/2008/07/30/top7.htm>; "Five soldiers, 25 militants killed in Swat clash," *Daily Times*, July 31, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\07\31\story_31-7-2008_pg1_1

¹³ Muhammad Saleh Zaafir, "Gilani, Singh seek peace amid tension," *The News*, August 03, 2008, at http://thenews.jang.com.pk/arc_default.asp

NEPAL

- **Dr. Yadav invites CPN-Maoist to form the government; Delays in government formation; Madhav Nepal suggests Ram Bahadur Thapa as Prime Minister; PLA to stage agitation if their demands not met**

Nepal President Dr. Ram Baran Yadav invited the Maoists – as the single largest party in the Constituent Assembly (CA) – to form the government as per Article 38 (1) of the interim constitution.¹⁴ The process of forming the next government was however becoming increasingly complicated due to lack of consensus between the four major political parties - CPN-Maoist, Nepali Congress (NC), UML and Madhesi Janadhikar Forum (MJF). While the UML has suggested that the Maoists seek support from the NC, the latter has accused the Maoists of failing to fulfill previous commitments and has expressed serious doubts on the ability of the Maoists to keep their commitments as laid down in the Common Minimum Program. Moreover, the NC leaders have also made it clear to the Maoists that the three-party alliance (NC, UML and MPRF) would continue.¹⁵

The MJF coordinator, Upendra Yadav on his part stated that his party would not be part of the upcoming government and instead would play an active role in the framing of the new constitution by being in the opposition.¹⁶ Also, the Terai Madhes Loktantrik Party (TMLP), which had supported the Maoists during the recent presidential polls, has decided not to join the new government.¹⁷

Meanwhile, Madhav Kumar Nepal, the UML ex-general secretary stated that Maoist leader Ram Bahadur Thapa alias Badal was a better candidate for the post of the prime minister than the Maoist party chief Pushpa Kamal Dahal or Dr. Babu Ram Bhattarai, the second-in-command.¹⁸

In other developments, the Nepal government cancelled Dr. Yadav's official visit to China due to delay in the formation of a new government. Dr. Yadav was scheduled to visit China from August 6-10 to take part in the inaugural function of the Beijing Olympics at the invitation of the government of China. He was also scheduled to hold a brief meeting with Chinese President Hu Jintao and Premier Wen Jiabao.¹⁹

Meanwhile, disappointed over the delay in the government formation, irregularities in getting monthly salaries for the past 11 months, and poor living

¹⁴ "President calls on Maoists to form government," *Nepalnews*, July 30, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul30/news02.php>

¹⁵ "Maoists start work on govt," *Kantipuronline*, July 28, 2008, at <http://www.kantipuronline.com/kolnews.php?&nid=155099>

¹⁶ "MJF won't join govt: Yadav," *Nepalnews*, July 31, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul31/news08.php>

¹⁷ "TMLP to stay out of govt," *Nepalnews*, August 03, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug04/news02.php>

¹⁸ "Badal better than Prachanda & Bhattarai for PM post: Nepal," *Telegraph Nepal*, August 04, 2008, at http://www.telegraphnepal.com/news_det.php?news_id=3845

¹⁹ "President's travel to China for Beijing Olympics cancelled," *Nepalnews*, August 03, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug03/news02.php>

conditions in the cantonments, the personnel of the Peoples' Liberation Army (PLA) belonging to the sixth and third division, decided to stage an agitation if the problems were not addressed within a week.²⁰ A spokesperson for the Third Division stated that they would be compelled to leave the cantonments if things did not improve. The Third Division had over 6,000 personnel, some of whom were disqualified during the second phase of verification. The disqualified personnel have also been staying in the cantonments.²¹

Expressing concern over the recent political developments, the PLA deputy commander Mr. Barsa Man Pun alias Ananata threatened that Maoists' militias could revolt against the State if appropriate measures were not taken regarding the effective management of the PLA personnel housed in various cantonments.²²

BANGLADESH

- **High Court declares as valid election schedule for August 4; AL insists upazila elections cannot be held ahead of parliamentary polls; Chief Adviser: Process on for the release of BNP Chairperson; Foreign Adviser urges SAARC to become more effective**

Election Commissioner Brig. Gen. (retd). M. Sakhawat Hossain on July 27 stated that the draft voter list for Dhaka city had been put on display at the ward commissioners' and election offices so that the voters could point out any deficiencies in the information.²³ The High Court meanwhile declared the election schedule for August 4 as valid. It also declared as illegal the electoral rules disqualifying candidates using political affiliations in these elections.²⁴

The Awami League (AL) central committee meeting on July 29 took a tough stance against the upazila parishad elections. They insisted that these elections should not be held ahead of the parliamentary polls.²⁵ The AL has also termed as 'illegal' the steps taken by the Election Commission that barred the central leaders of all political parties from taking part in the local elections campaign.²⁶

²⁰ "PLA Personnel Without Salary for 11 Months," *The Himalayan Times*, July 29, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0va3qzpc8Qa6wa.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080729>

²¹ "PLA Personnel Threaten to Leave Camps," *The Himalaya Times*, August 04, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0va3qzpc8a8a9ta.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080804>

²² "Maoists' Militia in Nepal loosing patience: Deputy Commander," *Telegraph Nepal*, August 04, 2008, at http://www.telegraphnepal.com/news_det.php?news_id=3847

²³ "Draft voter list of Dhaka put on display," *The Daily Star*, July 28, 2008, at <http://www.thedailystar.net/story.php?nid=47817>

²⁴ "Local polls allowed to go political," *The Daily Star*, August 01, 2008, at <http://www.thedailystar.net/story.php?nid=48410>

²⁵ "Most AL central leaders for JS polls first," *The Daily Star*, July 30, 2008, at <http://www.thedailystar.net/story.php?nid=48161>

²⁶ "Bar On Leaders' Involvement In Local Polls: AL terms EC's directive illegal," *The Daily Star*, July 31, 2008, at <http://www.thedailystar.net/story.php?nid=48288>

The Chief Adviser (CA) Fakhruddin Ahmed on July 30 stated that the process was on for the release of former Prime Minister and BNP Chairperson Khaleda Zia. He also asserted that the caretaker government wanted to ensure that all political parties, especially the two major ones - BNP and the AL, participated in the next general elections.²⁷

Foreign Adviser Iftexhar Ahmed Chowdhury urged SAARC to become a more effective grouping in order to enable it to tackle the major regional and global problems like food security, trade, energy and climate change. He also stressed on the need for continued focus on poverty alleviation within the broad context of social development.²⁸ Both Sri Lanka and Bangladesh also stressed on the need to revive the Joint Economic Commission (JEC) to boost trade relations between the two south Asian countries.²⁹

In other developments, Gen. Deepak Kapoor concluded his 6-day trip to Bangladesh aimed at improving bilateral relations and boosting military ties between the two neighbouring countries.³⁰ The visiting British Minister for Communities and Local Government Hazel called for the holding of a free and fair election.³¹ The World Bank meanwhile on August 1 approved a \$130.7 million IDA credit in order to improve the quality of secondary education in Bangladesh.³²

B. SOUTHEAST AND EAST ASIA

MYANMAR

- **Bush signs Burma JADE Act; Bush: Myanmar's neighbours preventing proper implementation of sanctions; Ethnic Kachins form umbrella group to explore possibility of forming a political party**

US President George Bush on July 30 signed into law the Burma JADE Act, restricting the import of precious Myanmarese gems and stones and extended the existing import sanctions on Myanmar. As many as 10 Myanmarese companies were added to the sanction's list. The US Department of Treasury stated that the sanctions targeted two conglomerates - the Union of Myanmar Economic Holdings Limited (UMEH) and the Myanmar Economic Corporation, having extensive businesses in the gem, banking and construction industries. The sanctions also targeted the No. 1 Mining Enterprise, the No. 2 Mining Enterprise

²⁷ "Process on for release of Khaleda, says CA," *The Daily Star*, July 31, 2008, at <http://www.thedailystar.net/story.php?nid=48287>

²⁸ "Dhaka calls for stronger Saarc to tackle food crisis, climate change," *The Daily Star*, August 01, 2008, at <http://www.thedailystar.net/story.php?nid=48415>

²⁹ "CA holds talks with Saarc leaders," *The Daily Star*, August 02, 2008, at <http://www.thedailystar.net/story.php?nid=48550>

³⁰ "Indian army chief leaves," *The Daily Star*, August 02, 2008, at <http://www.thedailystar.net/story.php?nid=48575>

³¹ "'Election under emergency difficult, not impossible," *The Daily Star*, August 02, 2008, at <http://www.thedailystar.net/story.php?nid=48553>

³² "WB okays \$138m IDA credit for secondary edn," *The Daily Star*, August 02, 2008, at <http://www.thedailystar.net/story.php?nid=48565>

and the No. 3 Mining Enterprise, all owned by the Myanmar Ministry of Mines.³³

President Bush also stated that one of the reasons the US sanctions had not been as successful was due to the fact that Myanmar's neighboring countries did not favor economic sanctions Rangoon. Bush was speaking to the National Media Group of Thailand.³⁴

Meanwhile, *Irrawaddy* reported that ethnic Kachin leaders have formed an umbrella group to lobby the Kachins into forming a new political party. The group included leaders of the Kachin Independence Organization (KIO), the New Democratic Army-Kachin (NDA-K) and the Kachin Consultative Committee (KCC). However, reports noted that the group was not sure that it would be permitted by the government to form a political party to contest the general elections scheduled to take place sometime in 2010.³⁵

CHINA

- **Taiwan's Defence Minister urges US to approve a \$11bn arms package; Defence Minister: PLA to expand cooperation with militaries across the world; Bush expresses gratitude to the Chinese government and IOC for inviting him for Olympics; National Energy Administration starts its operations**

Taiwan's Defence Minister Chen Chao-min urged the United States to approve an \$11 billion arms package for the country. Chen noted that if the arms sale was not approved before Taiwan's funding for the weapons expired at the end of the year, a new budget proposal would have to be put before the Legislative Yuan for approval. Reports noted that the deal had been indefinitely delayed in the light of the warming of the cross-strait ties and due to objections from China.³⁶

On the occasion of the 81st anniversary of the People's Liberation Army (PLA) on August 1, Chinese Defence Minister Liang Guanglie stated that the PLA would expand its cooperation with other militaries around the world in order to maintain peace and contribute to the common development. Liang, who is a member of the Central Military Commission (CMC) stressed on the fundamental necessity of the military accepting the "absolute leadership of the Communist Party of China." He also asserted that China was "strongly determined to oppose and curb the separatist activities of 'Taiwan independence' forces."³⁷

³³ "Bush Signs Burma Jade Act, Adds to Sanction's List," *Irrawaddy*, July 31, 2008, at http://irrawaddy.org/article1.php?art_id=13628

³⁴ "Bush: Burma's Neighbors Not Interested in Sanctions," *Irrawaddy*, August 01, 2008, at http://irrawaddy.org/article1.php?art_id=13654

³⁵ "Kachin Leaders to Form Political Party," *Irrawaddy*, July 30, 2008, at http://irrawaddy.org/article.php?art_id=13600

³⁶ "Defense minister calls on US to fast track weapons package sale," *Taiwan Journal*, July 31, 2008, at <http://taiwanjournal.nat.gov.tw/site/tj/ct.asp?CtNode=122&xItem=44686>

³⁷ "Defense Minister: China to pursue peaceful development," *People's Daily*, August 01, 2008, at <http://english.people.com.cn/90001/90776/90785/6464257.html>

US President George Bush, addressing reporters at the White House, pointed out the vitality of the Sino-US relationship, currently celebrating its 30th anniversary. Bush would be shortly touring China, South Korea and Thailand. The US President would also attend the opening ceremony of the new US embassy in Beijing, an occasion which would be graced by former US President and Ambassador to China, George H.W. Bush. Mr. Bush also expressed his gratitude to the Chinese government and the IOC for having invited him for the Olympics.³⁸

The first “terrorism information manual” was released by the Guangdong Provincial Public Security in the previous week. The purpose of the manual was to ensure public safety during the Olympics. An anti-terror mechanism with a special 24 hr information exchange was also opened.³⁹

In other developments, the National Energy Administration (NEA) of the government started its operations. NEA was attached to the National Development and Reform Commission (NDRC), China’s top planning body. The State Council, China’s cabinet, had recently approved NEA’s official responsibilities. These included, among others, the drafting of energy development strategies, proposing reform advice, management of energy sectors, putting forward policies of exploring new energy avenues and carrying out international cooperation.⁴⁰

JAPAN

- **PM Fukuda terms failure of WTO talks “extremely regrettable”; South Korean PM visits Dokdo Islands**

Japanese Prime Minister Yasuo Fukuda termed as “extremely regrettable” the collapse of the WTO talks at Geneva aimed at reaching a global trade pact. Japan was an active participant in the talks, along with the United States, Australia, Brazil, China, the European Union and India.⁴¹ The Japanese farmers have however welcomed the collapse of these talks as their success threatened to increase the imports of food into the country.⁴²

In other developments, South Korean Prime Minister Han Seung-soo visited the disputed Dokdo Island on July 29. This was after the Japanese

³⁸ “Bush: U.S.-China relations ‘good’ and ‘important,’” *People’s Daily*, August 01, 2008, at <http://english.people.com.cn/90001/90776/90883/6464276.html>

³⁹ “‘Terrorism information manual’ first issued in Guangzhou,” *People’s Daily*, July 31, 2008, at <http://english.people.com.cn/90001/90776/90882/6463984.html>

⁴⁰ “China National Energy Administration commences operation,” *People’s Daily*, July 29, 2008, at <http://english.people.com.cn/90001/90776/90785/6462139.html>

⁴¹ “Japan PM calls WTO talks collapse ‘extremely regrettable,’” *The Standard*, July 30, 2008, at http://www.thestandard.com.hk/breaking_news_detail.asp?id=1416&icid=4&d_str=20080730

⁴² “Japan’s Subsidized Farmers Welcome Collapse of WTO Trade Talks,” *Bloomberg*, July 30, 2008, at <http://www.bloomberg.com/apps/news?pid=20601101&sid=aJlxPTp0Han4&refer=japan>

Education ministry showed maps indicating that the island belonged to Japan.⁴³ President Bush on his part decided to restore the status of the disputed islands claimed by both South Korea and Japan as territory belonging to South Korea.⁴⁴

In other developments, reports noted that the naval drill scheduled for November may be cancelled due to the soaring fuel prices.⁴⁵

C. WEST ASIA

IRAQ

- **Bush: Iraqi security situation has improved; Operation launched in Diyala against al-Qaeda; 61 people killed in blasts and clashes; Iraqi officials say pact with America is near; IOC lifts Iraq ban**

US President George Bush on July 31 stated that the improved security situation in Iraq would allow the US to further reduce the number of troops in that country. This reflected the emerging consensus at the White House and the Pentagon that the war in Iraq had turned a corner. Bush's statement came on the heels of the lowest number of deaths of American troops in a month (13) since the war began in 2003. Bush also added that the US was making progress in talks with Iraq over the terms to govern American troops after the UN mandate expires on December 31.⁴⁶ Iraqi officials on their part on July 30 stated that they were close to reach a security agreement with the US on the presence of the foreign troops in Iraq. The Bush administration's unofficial deadline for reaching the security pact with Iraq was July 31.⁴⁷

Iraqi troops meanwhile backed by American forces launched a major offensive against al-Qaeda militants in the north-eastern province of Diyala, stated to be one of the last strongholds of the al-Qaeda in the country. As part of the operations, Iraqi troops sealed off Baquba and staged house-to-house searches for militants and weapons. Iraqi officials maintained that recent successful operations carried out by Iraqi forces have enabled the Americans to play a less high-profile role in such operations, thus ensuring lower American casualties.⁴⁸

⁴³ "Korea-Japan island issue heats up," *UPI*, July 30, 2008, at http://www.upi.com/Top_News/2008/07/30/Korea-Japan_island_issue_heats_up/UPI-12661217398442/

⁴⁴ "US restores Korean status of islets at center of Japan-S Korea row," *Associated Foreign Press*, July 31, 2008, at http://afp.google.com/article/ALeqM5hWkGA3-H4FL_nZXqJpfd5TN9v8xg

⁴⁵ "Japan may cancel navy drill amid high fuel prices," *Associated Press*, July 30, 2008, at <http://www.iht.com/articles/ap/2008/07/30/asia/AS-Japan-Navy-Drill.php>

⁴⁶ "Citing stability in Iraq, Bush sees troops cut," *The New York Times*, August 01, 2008, at http://www.nytimes.com/2008/08/01/world/middleeast/01iraq.html?_r=1&ref=middleeast&oref=slogin

⁴⁷ "Deal on a security agreement is close, Iraqis say," *The New York Times*, July 31, 2008, at <http://www.nytimes.com/2008/07/31/world/middleeast/31iraq.html?ref=middleeast>

⁴⁸ "US and Iraqi forces launch offensive," *The New York Times*, July 29, 2008, at http://www.nytimes.com/aponline/world/AP-Iraq.html?_r=1&ref=middleeast&oref=slogin; See also

The Diyala operation came a day after ethnic clashes and suicide attacks killed at least 61 people and injured over 238 in northern city of Kirkuk and Baghdad. Violence in Kirkuk erupted on July 28 when a suicide bomber blew herself up killing at least 17 Kurdish people who were demonstrating against the election law, passed recently in parliament but vetoed by the president. The Kurdish leaders put the blame for the veto on the rival Turkmen ethnic group and started attacking them and their political offices in the city. On the same day in Baghdad, two women bombers killed at least 32 people, all apparently Shiite pilgrims marching in a festival.⁴⁹

In other developments, the International Olympic Committee (IOC) lifted the ban on Iraq from participating in the Beijing Games on July 29 following the Iraqi governments pledge to ensure the independence of Iraq's National Olympic Committee (NOC). Iraq was banned in the previous week following the government's decision to disband the NOC.⁵⁰

IRAN

- **Ahmadinejad: Tehran to respond in a positive way if US adopts a genuinely new approach; Ahmadinejad holds talks with EAM Pranab Mukherjee; Israel's Deputy Prime Minister requests the US not to go soft on Iran**

Iran's President Mahmud Ahmadinejad stated that if the US adopted a genuinely new approach to his country, Tehran would respond in a positive way. He also appreciated the changing behaviour of the US and its officials. Ahmadinejad asserted that the Iranian work plan, which was a follow-up to the original proposal in 2006, offered nuclear cooperation as well as prospects for increased trade in energy, high technology, and agriculture.⁵¹

Meanwhile, EAM Pranab Mukherjee held talks with Mr. Ahmadinejad on the sidelines of the 15th meeting of Foreign Ministers of the Non-Aligned Movement (NAM) in Tehran on August 30. The focus of the meeting was on development of energy ties and cross-border transportation links. A senior Indian official told reporters that both sides reaffirmed their desire to purposefully move forward on energy-related matters. Both countries were also working on developing a route linking the Iranian port of Chabahar to Afghanistan and Central Asia.⁵²

"Iraqis attack al-Qaeda stronghold," BBC, July 29, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7530473.stm

⁴⁹ "Bombers and ethnic clashes kill 61 in Iraq," *The New York Times*, July 29, 2008, at <http://www.nytimes.com/2008/07/29/world/middleeast/29iraq.html?pagewanted=2&ref=middleeast>

⁵⁰ "Iraq get green light for Beijing," BBC, July 29, 2008, at <http://news.bbc.co.uk/sport2/hi/olympics/7532189.stm>

⁵¹ "If U.S. changes attitude, Iran will respond: Ahmadinejad," *Tehran Times*, July 29, 2008, at http://www.tehrantimes.com/index_View.asp?code=174199

⁵² "President Holds Talks with Indian FM," *Fars News Agency*, July 31, 2008, at <http://english.farsnews.com/newstext.php?nn=8705100491>

US officials on their part alleged that Iran had failed to win much support for its nuclear drive from its friends in the NAM. State Department officials pointed out that a draft statement containing references to Iran's right to have a fuel cycle program for peaceful purposes was deleted in the final formulation.⁵³

Reports noted that Israeli officials have expressed displeasure at the recent US engagement with Iran and have called on the Bush administration to stand firm on demanding Tehran abandon its nuclear projects. In a shift of policy, US diplomat William Burns had joined envoys from other world powers for a July 19 meeting with an Iranian delegation, during which Tehran was given a time frame of two weeks to heed calls to curb uranium enrichment or face the prospect of more sanctions. Iran has however vowed to press ahead with its nuclear plans. In a meeting with Mr. Burns, Israel's Deputy Prime Minister, Shaul Mofaz urged the US to set firm conditions - such as a refusal to allow the Iranians to enrich uranium on their turf, and to be clear that the deadline must be preserved. The State Department on its part issued a statement after the Mofaz-Burns meeting insisting that the possibility of using force against Iran was not discussed.⁵⁴

II. INTERNAL SECURITY REVIEW

JAMMU AND KASHMIR

- **Protests continue unabated in Jammu region**

The indefinite Jammu bandh, called by the Shri Amarnath Sangarsh Samiti (SASS) demanding restoration of 800 kanals of forest land to Shri Amarnath Shrine Board (SASB), continued for the second week. Huge rallies and protest demonstrations were taken out across the Jammu region. On August 1, the protestors went on rampage in several parts of Jammu and Samba districts burning government and police offices, despite the imposition of curfew. Authorities on August 1 called out the Army in sensitive areas as two protestors were killed and 26 others, including a dozen cops, were wounded in police firing and petrol bombs lobbed by the mob at Samba town.⁵⁵ People also defied curfew at several places on August 2 attacking properties of prominent political leaders.

Earlier on July 31, India took up with Pakistan the issue of recent ceasefire violations along the Line of Control (LoC) in Jammu and Kashmir, during a meeting between the Foreign Ministers of the two countries in Colombo.⁵⁶

⁵³ "Iran fails to win much NAM support on N-issue: US," *Khaleej Times*, August 02, 2008, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/August/middleeast_August27.xml§ion=middleeast

⁵⁴ "US, Israel discuss diplomatic push on Iran," *Khaleej Times*, August 01, 2008, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/August/middleeast_August5.xml§ion=middleeast

⁵⁵ "Two killed, 26 injured in firing, clashes at Samba; mob torches offices, attacks PS, DC's house," *Daily Excelsior*, August 02, 2008, at <http://www.dailyexcelsior.com/web1/08aug02/news.htm#1>

⁵⁶ "India takes up ceasefire violation with Pak", *Kashmir Times*, August 01, 2008, at <http://kashmirtimes.com/news2.htm>

Meanwhile, the US Democratic presidential nominee Barack Obama, in an interview to the *Wall Street Journal* on July 28, noted that Pakistan had tolerated or in some cases funded the Mujahideen in Kashmir, and stressed that such efforts were counterproductive. He was talking to.⁵⁷

MAOIST INSURGENCY

- **Buddhadeb Bhattacharjee: West Bengal not to ban Maoists**

Addressing a function in Kolkata on July 29, West Bengal chief minister Buddhadeb Bhattacharjee stated that the state government would tackle the Maoists operating in the state 'politically' and 'ideologically' and would not ban them.⁵⁸

NORTHEAST INSURGENCY

- **32 militants lay down arms in Assam; Five militants killed in factional clash in Nagaland**

Thirty-two militants, 16 of them from United Liberation Front of Asom (ULFA) laid down arms before the Army in Assam's Tinsukia district on July 28. The others were from the Adivasi National Liberation Army (ANLA) and factions of the National Socialist Council of Nagaland (NSCN).⁵⁹ In Nagaland, at least five militants were reported killed in factional clashes between two rival factions of the NSCN at Dimapur between July 27 and 28.

Assam Tribune quoting an article entitled "When the Media Turns into Evil" by Sunita Paul in the portal *Global Politician* noted that ULFA partly owned Transcom Media of Bangladesh, the publisher of the Bengali daily *Prothom Alo* and the English daily *The Daily Star*. It pointed out that ULFA's business interests were diverse - ranging from driving schools, nursing homes, hotels, garment export houses and operating deep-sea trawlers.⁶⁰

OTHER INTERNAL SECURITY DEVELOPMENTS

- **Top LTTE cadre arrested in Chennai**

A top functionary of the Liberation Tigers of Tamil Eelam (LTTE) identified as J. Thambi Annan alias Daniel was arrested in Chennai by the 'Q' Branch police on July 30. Daniel was heading the procurement module of the outfit in Sri Lanka. According to police sources, he played an instrumental role in procuring major

⁵⁷ "Pak funding Mujahideen in Kashmir is counterproductive: Obama," *Kashmir Times*, July 29, 2008, at <http://www.kashmirtimes.com/news4.htm>

⁵⁸ "Bengal not to ban Maoists, says Buddhadeb," *Indian Express*, July 30, 2008, at <http://www.indianexpress.com/story/342015.html>

⁵⁹ "Ulfa rebels surrender," *Telegraph*, July 29, 2008, at http://telegraphindia.com/1080729/jsp/northeast/story_9615465.jsp

⁶⁰ "ULFA has stakes in Bangla media," *Assam Tribune*, July 30, 2008, at <http://www.assamtribune.com/scripts/details.asp?id=jul3008/at08>

consignments, including explosive substances, for the banned organisation from India and other parts of the world.⁶¹

III. NUCLEAR REVIEW

INDIA

- **IAEA Board of Governors approve the India-specific safeguards agreement; Deal moves over to NSG; NSG to meet on August 21**

The International Atomic Energy Agency's (IAEA) Board of Governors approved the India-specific safeguards agreement on August 1.⁶² The discussions would now be centered at the Nuclear Suppliers Group (NSG). New Delhi has time and again stated that it would accept nothing less than a "clean and unconditional" exemption from the Group.⁶³ US Ambassador to India, David Mulford has however recently asked India not to speak of an 'unconditional' waiver before the NSG meeting as that could be provocative.⁶⁴ The NSG was expected to meet in Vienna on August 21 to discuss the issue of granting India exemption from some of its guidelines.⁶⁵

IRAN

- **Olli Heinonen to visit Tehran for talks; Iran ready to respond to incentive package presented by the West**

The Head of the Department of Safeguards at the International Atomic Energy Agency Olli Heinonen plans to visit Tehran on August 7 to hold talks with Iranian officials over the country's nuclear program. Russia, China, the United States, Britain, France, and Germany last month offered Iran an updated package of incentives in return for a halt to Tehran's uranium enrichment program. The package was a follow-up of an original proposal in 2006. Iran has also presented its own package of proposals on ways to address international challenges, including the threat of nuclear proliferation, and has said it has found 'common ground' between the two separate packages.⁶⁶

In other news, Tehran has said that it was ready to respond to an incentives package that the United States and five other world powers have

⁶¹ "Top LTTE cadre arrested," *The Hindu*, July 31, 2008, at <http://www.hindu.com/2008/07/31/stories/2008073150180100.htm>

⁶² Siddharth Varadarajan, "IAEA board approves India safeguards agreement," *The Hindu*, August 02, 2008, at <http://www.hindu.com/2008/08/02/stories/2008080257770100.htm>

⁶³ Siddharth Varadarajan, "Kakodkar: India is firm on unconditional waiver," *The Hindu*, August 03, 2008, at <http://www.hindu.com/2008/08/03/stories/2008080358180100.htm>

⁶⁴ "Don't talk of unconditional waiver: Mulford," *The Times of India*, August 06, 2008, at http://economictimes.indiatimes.com/PoliticsNation/Dont_talk_of_unconditional_waiver/articleshow/3331152.cms

⁶⁵ Chidanand Rajghatta, "N-deal likely to face final US vote by Sept 8," *The Times of India*, August 06, 2008, at http://timesofindia.indiatimes.com/World/N-deal_likely_to_face_final_US_vote_by_Sept_8/articleshow/3331065.cms

⁶⁶ "IAEA's Heinonen to visit Tehran Thursday," *MehrNews*, August 05, 2008, at <http://www.mehrnews.ir/en/NewsDetail.aspx?NewsID=727813>

offered in exchange for suspension of its uranium-enrichment program. It has however insisted that the big powers "simultaneously" provide a more detailed explanation of the offer, a formula that may lead to drawn-out talks.⁶⁷

NORTH KOREA

- **IAEA asked to play a more important role in the North Korean denuclearisation process; US and South Korean Presidents jointly push Pyongyang to agree on a verification plan**

The IAEA is being asked to play a more proactive role in the North Korean denuclearisation process. The call follows a meeting in Singapore of the foreign ministers of the six countries involved in talks on North Korea's nuclear disarmament, including Secretary of State Condoleezza Rice and North Korean Foreign Minister Pak Ui Chun. It is noted that if the Agency played a more important role, then it would give credence to the efforts to the six-parties to denuclearise North Korea.⁶⁸

In other developments, President Bush and South Korean President Lee Myung-bak jointly pressed Pyongyang to agree on a verification plan for its nuclear weapons program or continue to face international isolation. At a joint press conference, Bush expressed concern over North Korea's uranium enrichment, its nuclear testing and proliferation activities, as well as its ballistic missile programs.⁶⁹

IV. ENERGY SECURITY REVIEW

GEOPOLITICS

- **OPEC: Energy supplies at stake if Iran is attacked**

Amidst reports that Iran refused to halt its nuclear programme despite the threat from major powers of increased UN sanctions, OPEC's Secretary General Abdullah al-Badri stated that it would be impossible to replace Iran's oil output in the case of disruption due to an attack on Iran. The country was pumping around 4 million barrels per day (bpd) of oil. It was the second largest producer in the OPEC supplying over 4 percent of global oil supply. Its exports amounted to around 2.5 million bpd. Tehran on its part has threatened to impose controls on shipping if attacked and warned Gulf neighbours of reprisals if they played

⁶⁷ Colum Lynch and Karen DeYoung, "Iran Seeks Details on Nuclear Offer," *Washington Post*, August 6, 2008, at http://www.washingtonpost.com/wp-dyn/content/article/2008/08/05/AR2008080501727_pf.html

⁶⁸ Jae-Soong Chang, "Call for IAEA to verify N. Korea nuclear programs," *Washington Post*, July 24, 2008, at http://www.washingtonpost.com/wp-dyn/content/article/2008/07/24/AR2008072400722_pf.html

⁶⁹ "U.S., South Korea push North Korea on nuclear verification," *Reuters*, August 6, 2008, at <http://www.reuters.com/article/politicsNews/idUSSEO20866320080806?rpc=401&=undefined&sp=true>

any role in such an attack. The US Navy has asserted that it would not allow Iran to block the oil shipping route.⁷⁰

EXPLORATION

- **ONGC to invest \$3 b in KG basin exploration**

The Oil and Natural Gas Corporation (ONGC) has announced that it would invest \$3 billion in setting up facilities to extract oil and natural gas from fields at the Krishna Godavari (KG) basin in the Bay of Bengal. These facilities included an integrated offshore supply base and an onshore terminal for the receipt of oil and gas from the KG fields.⁷¹

- **Rs.51,577-cr. APDRP scheme approved for power sector reforms**

The Union Cabinet on July 31 gave its approval to a restructured Accelerated Power Development and Reform Programme (APDRP) with a total budget of Rs. 51,577 crores covering a total of 571 projects. An allocation of Rs. 17,033 crores in the first phase was approved.

Finance Minister P. Chidambaram told reporters that the grant component amounted to Rs. 6,445 crores while the loan component stood at Rs. 2,274 crore. Loans would go towards those utilities which accepted certain parameters both in the utility areas and in project areas. In the project area, the utilities have to bring down Aggregate Technical & Commercial (AT&C) losses to below 15 per cent, whereas in the utility area (which was a larger area), they have to bring them down by 1.5 - 3 per cent. The initiative was aimed at cutting commercial losses of central and state utilities. Prime Minister Dr. Singh during the May 28, 2007 Chief Ministers conference on power, had promised to put in place an incentive-based APDRP for the States to give thrust to distribution reforms.

The state-run Power Finance Corporation (PFC) would be the nodal agency for executing the programme. The project area will be towns and cities with a population of more than 30,000 and 10,000 in case of special category states. Rural areas with heavy loads requiring feeder segregation may also be included in the project areas.

Projects will be taken up in two phases. Part-A will include projects for establishment of baseline data and IT applications for energy accounting/auditing and IT-based consumer service centres. Part-B will include regular distribution strengthening projects. Initially 100 per cent funds for Part-A and 25 per cent funds for Part-B projects would be provided through loan from the Union government. For special category states, loans for Part B projects will

⁷⁰ "Energy supplies at stake if Iran attacked," *Forbes.com*, August 04, 2008, at http://www.forbes.com/reuters/feeds/reuters/2008/08/04/2008-08-04T092659Z_01_L14515225_RTRIDST_0_IRAN-ENERGY-SUPPLIES-FACTBOX.html

⁷¹ "ONGC to invest \$3 in KG Basin Exploration," *The Hindu*, August 01, 2008 at <http://www.hindu.com/2008/08/01/stories/2008080155941700.htm>

be 90 per cent. The balance funds for Part B projects will be raised from financial institutions.⁷²

AQUISITION

- **British Energy to be acquired by French Rival**

Reports noted that Electricité de France was close to buying the British Energy Group, Britain's country's largest producer of nuclear power, for as much as £12 billion (\$24 billion) to get control of its eight nuclear plants. The takeover would end five months of discussions about the future of British Energy, of which the government owned 35.8 percent. The company supplied about 17 percent of Britain's electricity.

The acquisition would put Électricité de France, the world's biggest provider of nuclear power, closer to its goal of building 10 nuclear plants by 2020 at a time when the power source had become more attractive. British regulators in January had approved plans to refurbish the country's nuclear reactors, a move that made the utilities a more attractive investment for foreign companies.⁷³

⁷² "Rs.51,577-cr scheme to reform power sector," *The Hindu*, August 01, 2008, at <http://www.hindu.com/2008/08/01/stories/2008080155841700.htm>

⁷³ "British Energy said to be near sale to French Rival," *The New York Times*, July 26, 2008, at http://www.nytimes.com/2008/07/26/business/worldbusiness/26energy.html?_r=1&sq=Energy&st=ce&oref=slogin&scp=29&pagewanted=print