

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Suicide bomber strikes American military base in Khost; 10 French troops killed in Sarobi district; Karzai dismisses 2 senior military commanders after an air strike in Herat reportedly kills 90 civilians**

Up to thirty militants tried to storm the main American military base in Khost on August 19 just hours after a suicide car bomber had struck at the front gate killing 10 civilians. Reports noted that the militants included at least half a dozen suicide bombers.¹

In continuing violence, 10 French troops were killed during the week in battles with insurgents in the Uzbin area of Sarobi district, 50 kilometers east of Kabul. The casualties occurred as the French ISAF contingent and Afghan forces fought fierce battles with insurgents after the Taliban attacked an ISAF patrol in Sarobi district.² French President Nicholas Sarkozy visited Afghanistan to pay his respects. The development created concerns about the viability of French military presence in the country. However, Prime Minister François Fillon stated on August 22 that he would vote in favour of continued French military presence in Afghanistan during a parliamentary vote in September.³

President Karzai meanwhile dismissed two senior military commanders for negligence and concealing the truth about an air strike on August 22 that was conducted in the western province of Herat. The air strike, called by a joint patrol of Afghan army commandoes and American Special Forces personnel on a target in Azizabad, killed about 90 civilians, most of whom were women and children. The US military on its part stated that coalition forces came under fire and had to call in air support which killed 25 militants and about 5 civilians. The dismissal of the Army officers came after a government delegation led by Minister of Hajj and Religious Affairs, Nematullah Shahrani, visited the region on a fact-finding mission.⁴ Reports noted that this was the first such action taken by President Karzai against military personnel for causing civilian deaths.⁵

¹ "Taliban Grow More Brazen," *BBC News*, August 20, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7570856.stm

² "10 French Soldiers Killed in Kabul," *Pajhwok Afghan News*, August 19, 2008, at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=60630>

³ "French Premier Backs Vote on Deployment in Afghanistan," *The New York Times*, August 22, 2008, at http://www.nytimes.com/2008/08/23/world/europe/23france.html?_r=1&ref=worldspecial&oref=slogin

⁴ "Two Afghans Lose Posts Over Attack," *The New York Times*, August 24, 2008, at <http://www.nytimes.com/2008/08/25/world/asia/25afghan.html?ref=worldspecial>

⁵ "Karzai Sacks Security Forces Officials for Laxity," *Pajhwok Afghan News*, August 24, 2008, at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=60958>

PAKISTAN

- **Suicide bomb attack on military installation; Presidential elections to be held on September 6; Violence in Swat and Kurram Agency continues; Rice: No political asylum for Musharraf in US**

At least 70 people were killed in twin suicide attacks outside the gates of an ordnance factory in Wah Cantonment on August 21.⁶ The Tehrik-e -Taliban claimed responsibility for the attack.⁷

The Election Commission announced on August 22 that elections for a new president would be held on September 6. The process of nomination and scrutiny would be completed by August 28.⁸ Reports in the week suggested that there was consensus in the PPP on Asif Zardari's candidature for the presidency. The Muttahida Qaumi Movement (MQM) also expressed its support for Zardari.⁹ Meanwhile, the US Secretary of State Condoleezza Rice stated that the possibility of granting asylum to former President Pervez Musharraf was not being considered.¹⁰

Militant attacks continued resulting in the death of nearly 70 people, including around 50 militants, in Swat on August 23.¹¹ Earlier in the week, at least 47 people were reported to be killed in clashes between the security forces and militants in Shawar in the tribal region of Kurram Agency.¹²

NEPAL

- **Dahal sworn in as PM; Home for UML, MPRF gets Foreign Ministry; Hu Jintao assures more assistance, investment to Nepal; Maoist leaders: People's Republic is still our target; US provides \$50,000 relief aid for flood victims**

Pushpa Kamal Dahal was sworn in as Prime Minister of Nepal on August 18. President Ram Baran Yadav administered the oath of office and secrecy, which Dahal took "in the name the people", and not "in the name of name of God" as phrased in the original oath paper. Vice President Parmananda Jha, CA chairman

⁶ "Deadliest attack on a military installation, at least 70 killed," *Daily Times*, August 22, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\08\22\story_22-8-2008_pg1_1

⁷ "TTP claim responsibility, warn of more attacks," *Daily Times*, August 22, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\08\22\story_22-8-2008_pg1_2

⁸ Iftikhar A. Khan, "Presidential poll on Sept 6," *Dawn*, August 23, 2008, at <http://www.dawn.com/2008/08/23/top5.htm>

⁹ "Move afoot to install Zardari as president," *Dawn*, August 21, 2008, at <http://www.dawn.com/2008/08/21/top2.htm>

¹⁰ Anwar Iqbal, "Asylum for Musharraf not on the table: Rice," *Dawn*, August 18, 2008, at <http://www.dawn.com/2008/08/18/top2.htm>

¹¹ Hameedullah Khan, "Suicide attack, operation in Swat claim 67 lives," *Dawn*, August 24, 2008, at <http://www.dawn.com/2008/08/24/top1.htm>

¹² "47 killed in fresh Kurram clashes," *Dawn*, August 18, 2008, at <http://www.dawn.com/2008/08/18/top3.htm>

Subas Nemwang, leaders of different political parties and heads of foreign diplomatic missions were present on the occasion.¹³

The three major political parties – the Maoists, UML and Madhesi People's Rights Forum (MPRF), reached consensus on the sharing of ministerial portfolios. While the Maoists got nine ministerial portfolios, including Defense, Finance, Peace and Reconstruction, six ministerial portfolios including Home, Local Development and Water Resources went to the UML and the MPRF got four ministries (Foreign, Physical Planning, Agriculture and Supply). The parties however failed to reach a consensus on the post of Deputy Prime Minister as both the UML and the MPRF have staked their claims for the post.¹⁴

Prime Minister Dahal met with Chinese President Hu Jintao in Beijing on August 24. Hu assured him of more development assistance and investments and urged the Nepalese PM to take the peace process and development agenda together. Dahal also met with the Chinese premier Wen Jiabao who stressed that Beijing was in favour of political stability and economic development in Nepal.¹⁵ Dahal on his part called for Chinese support and cooperation as the Nepali government and people were “striving for national stability and economic development.”¹⁶

CPN-Maoist's alliance partners raised strong objections over the decision of the Maoists to use its People's Liberation Army (PLA) cadres for the security of the Prime Minister. Nepali Congress (NC) leader Ram Sharan Mahat also deplored the Maoists decision.¹⁷

Despite heading the coalition government, reports noted that the Maoists had not given up on their goal of setting up a People's Republic in Nepal. C. P. Gajurel aka Gaurav assured party cadres that the Maoists would continue their struggle against the government, the parliament and would not hesitate to take to streets.¹⁸ Another Maoist leader Netra Bikram Chand aka Biplav also echoed the same sentiments.¹⁹

Over 30,000 people were displaced due to floods in the Saptakoshi River in Sunsari district of Nepal. Crops worth tens of millions of rupees were also

¹³ “PM Dahal sworn in,” *Nepalnews*, August 18, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug18/news09.php>

¹⁴ “Home for UML, MPRF gets Foreign,” *kantipuronline*, August 22, 2008, at <http://www.kantipuronline.com/kolnews.php?&nid=157807>

¹⁵ “Chinese Prez assures more assistance, investment,” *Nepalnews*, August 24, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug24/news10.php>

¹⁶ “PM Dahal meets his Chinese counterpart in Beijing,” *Nepalnews*, August 24, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug24/news02.php>

¹⁷ “Alliance partners raise objection on Maoist decision to use PLA for PM's security,” *Nepalnews*, August 18, 2008, at <http://www.nepalnews.com/archive/2008/aug/aug18/news12.php>

¹⁸ “Nepal: People's Republic is our target, Maoist leaders,” *The Telegraph Nepal*, August 19, 2008, at http://www.telegraphnepal.com/news_det.php?news_id=3928

¹⁹ “Communism in Nepal will attain a new height, Maoist leader,” *The Telegraph Nepal*, August 24, 2008, at http://www.telegraphnepal.com/news_det.php?news_id=3959

destroyed.²⁰ Interestingly, President Ram Baran Yadav stated that the Koshi disaster was the result of the unequal treaty signed with India in the past.²¹ The US announced \$50,000 for emergency relief supplies to the victims of flood in Sunsari district, with the promise of additional aid if required.²² The European Commission also announced euros 1 million (Rs. 103 million) as humanitarian aid for flood victims.

In other developments, the UN opened its Regional Centre for Peace and Disarmament in Asia and the Pacific (RCPD) in Kathmandu. RCPD, under the UN Office for Disarmament Affairs (UNODA), would serve 43 countries in the Asia-Pacific region and would rely on voluntary contributions from donors to run its operations and activities. The RCPD relocated to Nepal after the UN and the government signed an agreement on July 20, 2007.²³

BHUTAN

- **Bhutan drafting an economic policy to attract foreign investors**

Reports noted that evidence of anti-national activities had put the Bhutanese government on a red alert. The Ministry of Home and Cultural affairs advised government, corporate and other agencies to be on alert during the coronation celebrations even as the Sikkim police arrested a Nepali national with evidence that revealed plans for militant activities in Bhutan and Nepal.²⁴

Bhutan was also drafting an economic policy to attract foreign investors to the country. Foreign investments in service and knowledge-based industries like information technology, health, and education were specially being encouraged.²⁵

SRI LANKA

- **Sri Lankan military: LTTE lost nearly 6,000 cadres; Karuna: LTTE might use chemical weapons to protect Prabhakaran; LTTE recommences civilian military training programmes; Key LTTE suspects involved in bomb blasts in Kandy and Matale arrested; RCMP releases a report on WTM**

²⁰ "Flood renders 30,000 homeless," *The Himalayan Times*, 18 August 08, <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sfqzpc9Sa4pa.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080819>

²¹ "Koshi flood result of unequal treaty with India: President," *nepalnews*, 21 August 08, <http://www.nepalnews.com/archive/2008/aug/aug21/news05.php>

²² "US provides \$50000 relief aid for flood victims," *Nepalnes*, 20 August 08, <http://www.nepalnews.com/archive/2008/aug/aug20/news13.php>

²³ "UN's Regional Disarmament Office Inaugurated," *The Himalayan Times*, 19 August 08, <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0va2qzpc9Sa3wa.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080819>

²⁴ "Anti-national alert," *Kuenselonline*, August 23, 2008, at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=11023>

²⁵ "FDI will provide employment and a fillip to the private sector," *Kuenselonline*, August 21, 2008, at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=11016>

The Sri Lankan military stated that the LTTE was no longer able to maintain a 'front line' of bunkers and that it had lost nearly 6,000 of its cadres, while the army had lost about 600 soldiers.²⁶ Prime Minister Ratnasiri Wickramanayake, addressing a gathering of the ruling United Peoples Freedom Alliance (UPFA) in Kuruwita, Ratnapura asserted that the armed forces were very close to Kilinochchi.²⁷ UNP Chief Ministerial candidate for the North Central Provincial Council (NCPC), Maj. Gen. (ret'd.) Janaka Perera told BBC Sandeshaya that his party had always supported the eradication of terrorism from Sri Lanka but expressed apprehensions over "attempts to exploit the war to undermine democracy in the island."²⁸

Meanwhile, the Tamil Makkal Viduthalai Puligal (TMVP) leader Vinayagamurthi Muralitharan alias Karuna Amman warned that the LTTE might use chemical weapons to protect the life of its supreme in the face of the series of military setbacks suffered by it.²⁹ Karuna warned that Prabhakaran was planning to use human shields in battles in the northern region. Karuna also claimed that when he was in the LTTE, he had defeated the offensives launched by the Sri Lanka government in places such as Jayasikuru, Elephant Pass, and Kilinochchi.³⁰

The LTTE political wing made an urgent request to the civilians and former cadres to join the LTTE in order to protect and regain the 'Tamil homeland'. According to the pro-Tiger websites *Puthinam*, the LTTE had recommenced basic military training programmes for civilians in the Wannu which was joined by around 1000 civilians.³¹ These civilians would be assisting the LTTE cadres in conventional attacks as well as in ambushes against government forces. The training programmes, which were a common phenomenon in 2006 and 2007, recommenced as tens of thousands of civilians converged on Kilinochchi, fleeing the fighting along the south western borders of the Wannu forward defence lines (FDLs).

Sri Lanka's special police team arrested four key LTTE suspects wanted in connection with 13 large scale bomb explosions that took place in Kandy and Matale.³² The police had also arrested six LTTE suspects in Rathwatta area previously along with 13 kg of high explosives, 30 detonators, 11 feet long detonator codes and cyanide capsules.

²⁶ "LTTE about to be destroyed," *Daily News*, August 19, 2008, at <http://www.dailynews.lk/2008/08/19/sec01.asp>

²⁷ "Kilinochchi 'may fall' before polls," *BBC Sinhala*, August 18, 2008, at http://www.bbc.co.uk/sinhala/news/story/2008/08/printable/080818_ratnasiri_janaka.shtml

²⁸ Ibid.

²⁹ "Prabha may plan a chemical weapon attack: Karuna," *Daily Mirror*, August 12, 2008, at http://www.dailymirror.lk/DM_BLOG/Sections/frmNewsDetailView.aspx?ARTID=23088

³⁰ Ibid.

³¹ "Tigers train civilians for combat," *The Morning Star*, August 20, 2008, at <http://www.themorningleader.lk/20080820/news.html#Tigers>

³² Indika Polkotuwa, "Four Tiger suspects arrested," *Daily News*, August 19, 2008, at <http://www.dailynews.lk/2008/08/19/sec03.asp>

In other developments, the Royal Canadian Mounted Police (RCMP) reported that a Toronto-based non-profit group, the World Tamil Movement (WTM), wired more than \$3 million to overseas bank accounts, some of which were linked to the LTTE, before it was shut down by the government in June 2008 for alleged terrorist financing. The report, unsealed by an order of a Federal Court judge, provided the first detailed look at the banking activities of WTM. According to the report, most of the money, \$1.9 million, went to an account at the Bumiputra Commerce Bank in Kuala Lumpur, Malaysia, which was "utilized as a vehicle to forward money to the LTTE from Canada."³³ The report further stated that the WTM had "developed an elaborate machine-like-entity that moves throughout the Greater Toronto Area collecting funds with extreme proficiency." The 83-page financial report was the fruit of two years of analysis of banking records seized by Canadian anti-terrorism police investigating the financial network run by supporters of the LTTE that allegedly raised money in Canada to buy arms for the guerrillas. However, the WTM has denied any involvement in terrorist fundraising and vowed to challenge the government's decision.

MALDIVES

- **Civil servants placed under direct control of President; Shadow leader of House of Commons meets Gayoom**

Reports noted that with the new Maldivinian Constitution in place, certain domestic reforms were being streamlined. These included the recent decision to place all civil servants under the direct control of the President. The rationale offered by the President's office for such a step was to expedite the "proper functioning of the duties" of the President's office. The new constitution overrides the Civil Service Act, which had made civil servants independent from the government.³⁴

In other developments, Simon Hughes, President of the Liberal Democratic Party and Shadow Leader of the House of Commons, UK met with President Gayoom. Both sides discussed the "democratic reform agenda in Maldives."³⁵

³³ Stewart Bell, "Toronto non-profit raised millions for Tamil Tigers," *The National Post*, August 18, 2008, at <http://www.nationalpost.com/story.html?id=732309>

³⁴ "President Removes Hundreds From Remit Of Civil Service Commission," *MinivanNews*, August 17, 2008, at <http://www.minivannews.com/news/news.php?id=4853>

³⁵ "The President meets the President of the Liberal Democratic Party of UK," *Republic of the Maldives*, August 25, 2008, at http://www.presidencymaldives.gov.mv/pages/eng_news.php?news:4913:1

B. SOUTHEAST AND EAST ASIA

MYANMAR

- **UN ends its relief flights from Bangkok to Myanmar; Suu Kyi reportedly refuses to meet Gambari**

The last UN relief supply flight for Myanmar took off from Bangkok's Don Mueang International Airport on August 22. UN's World Food Programme (WFP) operated more than 230 relief flights, carrying nearly 4,000 tonnes of relief supplies, including building material, medicine, mosquito nets and water purification equipment following Cyclone Nargis in May. The WFP also stated that international humanitarian organizations would continue to supply food, medical supplies and relief equipment to the affected Irrawaddy delta areas. Reports noted that nearly 28,000 tonnes of food had so far been delivered to more than 700,000 people in the region.³⁶

Reports also noted that Aung San Suu Kyi had refused to meet UN special envoy Ibrahim Gambari because she was unhappy with the way his mission was being organized and carried out.³⁷

CHINA

- **Hu: Beijing ready to share its experiences with London; China hands over \$50,000 flood relief to Nepal; Beijing urges Paris to respect its concerns regarding Tibet ahead of Dalai Lama's meeting with Kouchner; Beijing hopes Pakistan would maintain its political stability and economic progress**

British Prime Minister Gordon Brown met Chinese President Hu Jintao in Beijing during the week. Both sides discussed various bilateral issues, including security issues related to the Beijing Olympics. President Hu stated that China was ready to share its experiences with Britain and wished the London Games in 2012 a success.³⁸

Chinese Ambassador to Nepal Zheng Xianglin handed over \$50,000 as emergency flood relief to Nepal. Appreciating the Chinese effort, Nepalese Prime Minister Pushpa Kamal Dahal noted that the gesture reflected the traditional friendship between the two countries.³⁹ Dahal also met the Chinese Premier Wen Jiabao in Beijing during the concluding ceremony of the Olympics.

The Chinese Ministry of Commerce announced that Jiangxi Province's Geological Survey had found magnetite in Tibet with the ore content as high as

³⁶ "UN Ends Its Relief Flights from Bangkok to Burma," *Irrawaddy*, August 24, 2008, at http://irrawaddy.org/article4.php?art_id=13978

³⁷ "Suu Kyi Reportedly Refuses to Meet Gambari," *Irrawaddy*, August 24, 2008, at http://irrawaddy.org/article2.php?art_id=13982

³⁸ "President Hu meets Brown on Olympics, bilateral ties," *People's Daily*, August 22, 2008, at <http://english.peopledaily.com.cn/90001/90776/90883/6483604.html>

³⁹ "China provides \$50,000 flood relief to Nepal," *People's Daily*, August 22, 2008, at <http://english.peopledaily.com.cn/90001/90776/90883/6483739.html>

50-60 per cent. The Ministry noted that the potential iron ore resources of the region could reach more than 1 billion tons.⁴⁰

The Chinese Foreign Ministry also urged the French government to respect China's concern over Tibet-related issues in the wake of the expected meeting of French Foreign Minister Bernard Kouchner with the Dalai Lama in France. Beijing urged Paris to not do anything that would hamper Sino-French bilateral ties.⁴¹

The Chinese government has meanwhile reacted strongly to media reports that pilots belonging to its troubled northwest Uyghur region were suspended from their jobs due to security concerns. Dismissing them as "sheer fake reports," Li Jian, deputy director of the Civil Aviation Administration of China (CAAC) stated that none of the pilots were suspended or relocated to work in other parts. Li noted that to date, the Chinese government had employed three Uyghur pilots - Aikebaier Maimaiti and Ailiyiming Niyazi, who served as Boeing 757 captains for the Xinjiang branch of China Southern Airlines, while the third, Dulihong, worked with the Xinjiang General-Use Airlines.⁴²

Reacting to developments in Pakistan in the wake of the resignation of Gen. Musharraf, Chinese Foreign Ministry spokesman Qin Gang hoped that Pakistan would maintain its political stability and economic progress. Qin noted that Musharraf had played an important role in developing the bilateral relations between the two countries.⁴³

On the occasion of the 50th anniversary of the 44-day bombardment of Kinmen by China, Taiwanese President Ma Ying-jeou expressed his government's intention to change Kinmen from "the killing field of the 20th century" to a "peace square" in the 21st century. Ma noted that reconciliation between Taiwan and China had already laid a foundation for peace in the Taiwan Straits. He added that Taiwan must also strengthen its defence capability by setting its defence budget at 3 per cent of its gross domestic product, not to provoke its neighbours but in order to prevent war.⁴⁴

In other developments, President Hu Jintao will visit Tajikistan and Turkmenistan from August 26 -30. Foreign Ministry officials expressed the hope that the visit to the two Central Asian countries would promote regional security

⁴⁰ "1 billion tons of magnetite found in Tibet," *People's Daily*, August 22, 2008, at <http://english.peopledaily.com.cn/90001/90776/90881/6483620.html>

⁴¹ "China urges France to respect its concern over Tibet-related issues," *People's Daily*, August 20, 2008, at <http://english.people.com.cn/90001/90776/90883/6481529.html>

⁴² "Official: All Uyghur pilots working normally in Xinjiang," *People's Daily*, August 20, 2008, at <http://english.people.com.cn/90001/90776/90882/6481058.html>

⁴³ "China hopes Pakistan maintains political stability and economic progress," *People's Daily*, August 19, 2008, at <http://english.people.com.cn/90001/90776/90883/6479632.html>

⁴⁴ "President envisions broader cross-Strait cooperation," *The Central News Agency*, August 24, 2008, at <http://www.cna.com.tw/CNAeng/RealTimeNews/NewsDetail.aspx?strType=PD>

and stability. Reports earlier noted that China and Tajikistan had cooperated in cracking down on East Turkistan separatists.⁴⁵

C. WEST ASIA

IRAN

- **Tehran plans to build more nuclear power plants; Iran's Supreme leader supports Ahmadinejad, despite mounting domestic criticism over his policies**

The deputy head of the Iranian Atomic Organization, Ahmad Fayazbakhsh announced that Iran would build six more nuclear power plants within the next 13 years. Fayazbakhsh noted that the contracts were already signed with six local companies to find suitable locations for the new plants. The country's only nuclear plant was still under construction at the southern Persian Gulf port of Bushehr. The first unit of the plant, being built with Russian cooperation, would be ready by the end of the year.⁴⁶

Ayatollah Ali Khamenei, Iran's supreme religious leader, responded to mounting domestic criticism of President Mahmoud Ahmadinejad with a strong statement of support, praising his internal policies and his defense of the country's nuclear program. Khamenei asserted that Ahmadinejad's government had helped revive the values of the 1979 Islamic revolution and that he stood up to "some bullying countries" which "wanted to impose their will on Iran." He had earlier publicly backed Mr. Ahmadinejad on several occasions, but reports noted that his recent statement of support for the government was exceptional as they were categorical in noting that he and the president were in ideological accord.⁴⁷

Mr. Ahmadinejad's policies in recent times came under increasing criticism due to rising food and fuel prices, unemployment and inflation, compounded by three rounds of UN sanctions. He also came under fire from his political allies for resisting calls to dismiss Iran's Vice-president for Tourism, Esfandiar Rahim Mashai, for stating that the Israeli people were friends of Iran, even though their government was an enemy.

Former President Ali Akbar Hashemi Rafsanjani had also criticized Ahmadinejad in recent past, blaming him for mismanagement of the economy that led to shortages of heating gas and electricity. Mr. Rafsanjani was quoted as

⁴⁵ "FM: Hu's central Asian trip to work for regional security," *People's Daily*, August 21, 2008, at <http://english.people.com.cn/90001/90776/90883/6481761.html>

⁴⁶ "Iran announces plans to build six more nuclear plants," *Khaleej Times*, August 19, 2008, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/August/middleeast_August369.xml§ion=middleeast

⁴⁷ "Iran's top leader defends Ahmadinejad," *Khaleej Times*, August 24, 2008, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2008/August/middleeast_August450.xml§ion=middleeast

saying that even though the Supreme Leader had asked the people to tolerate Mr. Ahmadinejad for some time, his time was up.⁴⁸

IRAQ

- **Lebanese Prime Minister visits Iraq; Rice in Baghdad to help resolve impasse over security agreement; 25 people killed in suicide attack in Abu Ghraib**

Lebanon's Prime Minister Fouad Siniora met his Iraqi counterpart Nouri al-Maliki in the first visit to Baghdad by a Lebanese leader since the fall of Saddam Hussein. Reports noted that both sides discussed trade and regional ties. Analysts believe the visit of the Lebanese leader signified a US push encouraging moderate Arab states, which are mainly Sunni, to build links with Iraq to counter the influence of Shia Iran. Mr. Siniora, a Lebanese Sunni politician, heads a coalition government which includes the powerful Shia group, Hezbollah.⁴⁹

US Secretary of State Condoleezza Rice also arrived in Baghdad on an unannounced visit to try to iron out the last remaining differences on the security agreement to govern the presence of American troops. US and Iraqi officials confirmed that negotiators from the two countries had agreed to a draft of the agreement which would provide the legal basis for American troops to remain in Iraq beyond 2008. Iraq's Foreign Minister Hoshyar Zebari however declined to confirm whether the agreement gave timelines for the withdrawal of troops or immunity for American servicemen.⁵⁰ While Mohammed al-Haj Hammoud, the top Iraqi official negotiating the deal stated that all US combat troops would leave Iraq by 2011, the White House on its part maintained that details of the draft agreement were still being discussed. The draft deal would still need to be approved by the Iraqi Presidential Council and by the parliament.⁵¹

In other developments, a suicide bomber struck a dinner party in Abu Ghraib killing 25 people and wounding nearly 30. The bombing was one of the largest in and around Baghdad in recent months, which saw reduced attacks on Iraqi civilians and security forces.⁵²

⁴⁸ "Chief Cleric of Iran Defends President," *The New York Times*, August 24, 2008, at http://www.nytimes.com/2008/08/25/world/middleeast/25iran.html?_r=1&oref=slogin

⁴⁹ "Lebanon PM Visits Iraq for talks," *BBC News*, August 20, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7571984.stm

⁵⁰ "Rice Travels to Iraq to Push for Deal on U.S. Forces," *The New York Times*, August 21, 2008, at <http://www.nytimes.com/2008/08/22/world/middleeast/22baghdad.html?hp>

⁵¹ "US troops 'to quit Iraq by 2011,'" *BBC News*, August 22, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7577730.stm

⁵² "Bomb Shatters Party, Killing 25 Iraqis," *The New York Times*, August 24, 2008, at <http://www.nytimes.com/2008/08/25/world/middleeast/25iraq.html>

II. INTERNAL SECURITY REVIEW

JAMMU AND KASHMIR

- **Indefinite curfew in Kashmir Valley; New Delhi: Territorial integrity is 'non-negotiable'; United Jihad Council calls on militants to put on hold their activities**

An indefinite curfew was clamped in the entire Kashmir Valley on August 24 and several top separatist leaders - including Mirwaiz Umer Farooq, Syed Ali Shah Geelani and Mohammad Yasin Malik were put under house arrest in view of their proposed protest rally in Srinagar on August 25.⁵³

The Union government on its part rejected calls for separation of Jammu and Kashmir and asserted that the country's territorial integrity was non-negotiable. Union Minister of State for External Affairs Anand Sharma on August 24 dismissed the claims of the Hurriyat Conference leaders that they were representatives of the people of J&K, noting that the separatists had never tested their popularity in elections. Mr. Sharma's comment came in the wake of calls for secession made by separatist leaders as well as by individuals like Arundhati Roy.⁵⁴

Reports noted that the United Jihad Council (UJC), a 13-member amalgam of militant groups, called on the militants to suspend their activities in Kashmir in view of the ongoing 'public movement'. Syed Salahuddin, chairman of the UJC, who is also the Supreme Commander of the Hizbul Mujahideen, urged the Hurriyat Conference to pass a 'freedom resolution' before the next public rally.⁵⁵

The Hurriyat-sponsored Coordination Committee earlier on August 18 submitted a memorandum to the UN office in Srinagar seeking its intervention in the resolution of the Kashmir issue. The memorandum urged the UN Secretary General Ban Ki Moon to intervene to make India take effective measures towards giving the people of the state the right to self determination.⁵⁶

Former J&K Chief Minister Farooq Abdullah meanwhile on August 21 refuted the claims of the Union government and the Ministry of Defence on the 'economic blockade' of Kashmir. Abdullah charged that the blockade had forced the Kashmiris to march towards Muzaffarabad and added that if the Kashmir Valley was bordering China, "then they (Kashmiris) would have tried to proceed towards China for trade."⁵⁷

Ignoring India's assertions that Pakistan should not interfere in its internal matters, the Pakistan Parliament on August 19 set up a panel to monitor human

⁵³ "Curfew imposed in Kashmir; separatists leaders detained," *Daily Excelsior*, August 24, 2008, at <http://www.hindu.com/thehindu/holnus/000200808241340.htm>

⁵⁴ "Territorial integrity is 'non-negotiable': Govt.," *Daily Excelsior*, August 24, 2008, at <http://www.dailyexcelsior.com/web1/08aug24/news.htm#10>

⁵⁵ "Put on hold activities, Jihad Council tells militants," *The Hindu*, August 24, 2008, at <http://www.hindu.com/2008/08/24/stories/2008082458010100.htm>

⁵⁶ "Kashmiri separatist leaders submit memorandum to UN office," *Daily Excelsior*, August 18, 2008, at <http://www.dailyexcelsior.com/web1/08aug18/news.htm#14>

⁵⁷ "Union Govt lying about "economic blockade": Farooq," *Daily Excelsior*, August 21, 2008, at <http://www.dailyexcelsior.com/web1/08aug20/news.htm#13>

rights situation in J&K and mobilise world opinion in support of the 'right of self-determination' of Kashmiri people. Pakistan's Law Minister Farooq Naek moved a motion for setting up a special panel on Kashmir comprising parliamentarians in the National Assembly, which was passed unanimously by the lower house. The committee would also monitor the performance of organisations working on the Kashmir issue and provide guidance whenever required.⁵⁸

In other developments, the Srinagar-Muzaffarabad bus service, which was temporarily suspended on August 14 in the wake of violence over Amarnath land row, resumed on August 21 with 61 passengers leaving for Pakistan-occupied Kashmir (PoK).⁵⁹

MAOIST INSURGENCY

- **Six policemen among nine persons killed in Bihar; Four VHP leaders shot dead in Orissa**

Six policemen, two Maoists and a civilian were killed in an exchange of fire after Maoists carried out an attack on policemen on a routine inspection of a branch of the Punjab National Bank in Bihar's Gaya district on August 21. The Maoists left behind a handwritten leaflet, which stated that their action was undertaken to avenge police atrocities.⁶⁰

Meanwhile, five persons, including four Vishwa Hindu Parishad (VHP) leaders, were shot dead by unidentified gunmen suspected to be Maoists at an ashram in Orissa's Kandhmal district on August 23. About 30 armed men struck at the ashram and opened fired resulting in the death of VHP leader Laxmanananda Saraswati and four others.⁶¹

NORTHEAST INSURGENCY

- **Manipur Cabinet endorses suspension of operation agreement with Kuki militants; AASU calls for social boycott of illegal migrants in Assam**

A trilateral agreement on Suspension of Operation between the Kuki National Organisation (KNO), a body comprising of 11 Kuki militants groups, the Union government and the Manipur government was signed in New Delhi on August

⁵⁸ "Pak Parliament sets up panel to monitor J&K situation," *Daily Excelsior*, August 19, 2008, at <http://www.dailyexcelsior.com/web1/08aug19/news.htm#13>

⁵⁹ "Muzaffarabad bus service resumes," *Daily Excelsior*, August 22, 2008, at <http://www.dailyexcelsior.com/web1/08aug22/news.htm#12>

⁶⁰ "Six policemen and two Maoists among nine persons killed in Bihar," *South Asia Terrorism Portal*, August 22, 2008, at http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F8%2F22&image2.x=4&image2.y=4#4

⁶¹ "4 VHP leaders shot dead in Orissa," *Times of India*, August 24, 2008, at http://timesofindia.indiatimes.com/India/4_VHP_leaders_shot_dead_in_Orissa_/articleshow/3397590.cms

22. The Manipur state cabinet formally approved the Suspension of Operations agreement on August 23.⁶²

The All Assam Students Union (AASU) on August 23 called for the social boycott of the illegal migrants, even as it demanded that the draft modalities for updating the National Register of Citizens (NRC) be made public. An AASU delegation earlier met Union Home Minister Shivraj Patil in New Delhi on August 22 to discuss the implementation of the Assam Accord. The AASU also appealed to the people of state not to employ illegal Bangladeshi migrants either for domestic purpose or commercial projects.⁶³

OTHER INTERNAL SECURITY DEVELOPMENTS

- **Union Government files fresh affidavit in the Supreme Court seeking to continue ban on SIMI**

The Union Government on August 20 filed a fresh affidavit in the Supreme Court seeking to continue the ban on the organization. It cited the involvement of the Students Islamic Movement of India (SIMI) cadres in the recent bomb blasts in Ahmedabad and Surat on July 26. The court on August 6 had stayed an order passed by the Special Tribunal quashing the government's notification banning SIMI. The government alleged that despite the ban, the outfit had continued with its activities and managed to keep its network alive clandestinely. It noted that the organisation was revived through its front outfits like the Tahreek-e-Ehyaa-e-Ummat, Tehreek-Talaba-e-Arabia, Tehrik Tahaffuz-e-Sha`aire Islam and Wahadat-e-Islami.⁶⁴

Elsewhere, on August 20, replying to the debate in the Uttar Pradesh State Legislative Assembly on terrorist activities and the role of SIMI in the recent serial bomb blasts, the State Parliamentary Affairs Minister, Lalji Verma, stated that no activity of SIMI was witnessed in the state since 2003. Mr. Verma further noted that between 1998 and 2003, 65 cases were registered against SIMI activists in the state.⁶⁵

⁶² "State Cabinet endorses SoO agreement with Kuki militants," *Imphal Free Press*, August 24, 2008, at <http://www.ifp.co.in/FullStory.asp?NewsID=2944>

⁶³ "AASU calls for social boycott of migrants," *Assam Tribune*, August 24, 2008, at <http://www.assamtribune.com/scripts/details.asp?id=aug2408/at01>

⁶⁴ "If SIMI is not curbed, public order will suffer: Centre," *The Hindu*, August 21, 2008, at <http://www.hindu.com/2008/08/21/stories/2008082160511200.htm>

⁶⁵ "No SIMI activity in Uttar Pradesh since 2003, says State Minister," *South Asia Terrorism Portal*, August 24, 2008, at http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F8%2F21&image2.x=9&image2.y=9#12

III. ENERGY SECURITY REVIEW

EXPLORATION AND PRODUCTION

- **ASEAN to set up oil stockpiling working group; ASEAN+3 moves forward on plans to develop nuclear power**

The energy ministers' of the Association of the South East Asian Nations (ASEAN) at their annual meeting in Bangkok on August 7 decided to set up an oil stockpiling working group along with Japan, South Korea and China. The group would focus on energy security at a time when the region's oil imports were rising and prices were at record highs.

ASEAN+3 also moved forward with plans to develop the use of civilian nuclear energy, an initiative discussed the previous year in Singapore. The move had raised eyebrows as the region was prone to earthquakes.⁶⁶

- **China's Andes agrees to new Ecuador oil deals**

China's Andes Petroleum and Spain's Repsol agreed with Ecuador to switch to a service contract from a production sharing deal, as the leftist government sought to boost control over the key sector. The new service agreement meant that Andes Petroleum and Repsol would hand over to the state the oil it extracted in exchange for a fee instead of keeping part of the oil as earlier.

Ecuador struck a similar deal with Brazil's Petrobras on August 7, but reports noted that Brazil's state-run oil company was still considering whether it will accept the new contract. China's National Petroleum Corporation senior vice-president Wang Shali also told reporters that the company would boost investment in Ecuador, which was South America's fifth biggest producer.⁶⁷

- **Chinese and Indian oil giants in battle for UK's Imperial Energy**

Shares in Imperial Energy rose steeply, valuing it at over £1.1bn, after it announced a bid approach which could lead to a cash offer. Experts stated that the mystery bidder was most certainly the state-controlled China Petroleum & Chemical Corporation (SINOPEC).

Discussions were underway with the Oil and National Gas Corporation of India (ONGC), which, like Sinopec, was desperate to acquire energy assets around the world to meet growing demand at home.

Imperial, formed in 2004 by Pete Levine, had a portfolio of oil and gas assets in western Siberia and Kazakhstan, but was currently producing only 10,000 barrels a day. It plans however to accelerate the output to about 80,000 by the end of 2011. Recoverable reserves at its assets were estimated at 900 million barrels.

⁶⁶ "Asean to set up oil stockpiling working group," *Reuters*, August 6, 2008, at <http://asianenergy.blogspot.com/2008/08/asean-energy-ministers-meeting-kicks.html>

⁶⁷ "Repsol, China's Andes agree to new Ecuador oil deals," *Reuters*, August 9, 2008, at <http://asianenergy.blogspot.com/2008/08/repsol-chinas-andes-agree-to-new.html>

Reports also pointed out that the Russian government would not stand in the way of either the Chinese or Indian groups taking over valued assets within its territory.⁶⁸

- **Vietnam to receive foreign investment for building oil refinery**

The Vietnam Investment Review reported that the Pacific Development Group of the United States would sign a Memoranda of Understanding to build an oil refinery capable of annually processing 10 million tons of crude oil in its southern province of Ca Mau.

Dung Quat, Vietnam's first refinery costing \$2.5 billion with an annual processing capacity of 6.5 million tons of crude oil was scheduled to begin operations in February 2009. Its sole investor was the state-owned Vietnam National Oil and Gas Group (Petro Vietnam). Construction of the second refinery in northern Thanh Hoa province with initial investment of \$6.2 billion started in May this year. It would have a refinery capacity of 10 million tons of crude oil per annum once it starts its operations in 2013. The Nghi Son project was a joint of Petro Vietnam, Kuwait Petroleum International and the Japanese Idemitsu Kosan Corp and Mitsui Chemicals Inc. Vietnam's third refinery would be the located in the southern province of Ba Ria Vung Tau, to be operational by 2015, capable of processing 10-15 million tons of crude annually.

Vietnam exported 7.8 million tons of crude oil worth \$6.8 billion in the first seven months of th year, down 12.1 percent in volume, but up 52.2 percent in value against the same period last year, according to the country's General Statistics Office. Meanwhile, it imported roughly 8.3 million tons of petroleum products, totaling nearly \$7.8 billion, up 11.4 percent and 90.7 percent respectively.⁶⁹

GEOPOLITICS

- **Baku-Tbilisi-Ceyhan oil pipeline (BTC) still ablaze; BTC partners declare *force majeure*; Europe fears for oil supply as Russia-Georgia clash threatens pipeline**

Reports noted that the Baku-Tbilisi-Ceyhan oil pipeline (BTC) would remain shut for about 15 days after an explosion sparked a fire in a section of the pipeline in eastern Turkey on August 7. The supply concerns pushed oil prices over \$119 a barrel. The fire-hit Azeri-Turkish oil pipeline was also closed for about 1-2 weeks due to a blast which occurred late August 5 in a pump at a section near the eastern town of Refahiye, Erzincan province. Light, sweet crude for September delivery advanced \$1.64 to \$120.20 a barrel on the New York Mercantile Exchange, after earlier rising as high as \$121.78.

⁶⁸ Cliff Feltham, "Chinese and Indian oil giants in battle for Imperial Energy," August 5, 2008, at <http://asianenergy.blogspot.com/2008/08/chinese-and-indian-oil-giants-in-battle.html>

⁶⁹ "US oil firms eyes big oil refinery in S refinery," *Xinhua*, August 11, 2008, at <http://asianenergy.blogspot.com/2008/08/us-firm-eyes-big-oil-refinery-in-s.html>

British Petroleum stated on August 7 that BTC partners had declared *force majeure* on exports due to the blaze, freeing themselves from contractual obligations. It noted that crude slated for the Turkish port of Ceyhan was being diverted to other routes, including to the Georgian port of Supsa, after the explosion. The BTC pipeline pumps one million barrels a day, equivalent of more than 1 percent of world supply, from fields in the Azeri sector of the Caspian Sea to Ceyhan on the Turkish Mediterranean coast.

Reports noted that Western alarm was growing over the threat that the Georgian-Russian conflict posed to the BTC oil pipeline that delivers oil and gas from Central Asia to Europe and the United States. While Georgia had no significant oil of its own, a 249km (154mile) stretch of the BTC pipeline ran through the country, bypassing Russia, and carried oil and gas from Azerbaijan for consumption in the West. Parts of the \$3 billion pipeline, opened the previous year and built by a consortium of Western oil firms led by BP, were just 55km from South Ossetia.

BP on its part played down claims by Georgia that Russian warplanes had staged a bombing raid near the pipeline. The company insisted that the fighting posed no threat to the underground pipeline, but it said that an investigation had been started into the cause of a mysterious fire that broke out on the Turkish section of the pipeline just 48 hours before fighting began in South Ossetia. The company stated that all oil exports bound for the West via Georgia had been suspended as supplies that had initially been diverted to another pipeline, Baku-Supsa, for export by sea could not be collected because of the security situation. They were being held in storage at Supsa, a Georgian port terminal on the Black Sea.⁷⁰

- **Three major US naval strike forces in Persian Gulf**

Reports noted that the US sent three new American flotillas to the Persian Gulf, raising the number of strike forces in the region to five, an unprecedented build-up since the crisis began over Iran's nuclear program. The vast naval and air strength consisted of more than 40 carriers, warships and submarines, some of them nuclear-armed. The United States, France, Britain, and Canada were also planning a naval blockade to deny Iran imports of refined oil products. Tehran imported 40 percent of its refined fuel products from Gulf neighbors. Iran on its part has threatened to retaliate by shutting the Straits of Hormuz.⁷¹

⁷⁰ "Georgia: Europe fears for oil supply as clash threatens pipeline", *Timesonline*, August 11, 2008, at http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article4499863.ece

⁷¹ "Three major US naval strike forces due this week in Persian Gulf", August 11, 2008, at <http://asianenergy.blogspot.com/2008/08/three-major-us-naval-strike-forces-due.html>

POWER GENERATION

- **Pakistan looks for external sources to generate additional power**

Reports noted that the Pakistani government had decided to attract \$150 billion investment to generate 143,310 megawatt of additional power by 2030. This would include investments of \$50 billion by the public sector and \$100 billion by the private sector.

Other measures proposed include expediting the development of deeper reserves at Sui, Tal (Kohat), construction of gas pipelines from Iran, Qatar and Turkeministan, increasing strategic oil reserves to 45 days from the present level of 20, utilizing gas from dormant fields as CNG for supply to far-flung areas, establishing new refineries as joint ventures with China and an increase in the share of coal to at least 19 per cent (about 20,000MW) by 2030 and 50 per cent by 2050).⁷²

IV. SPACE AND MISSILE REVIEW

IRAN

- **Iran to send first astronaut into space within 10 years**

The head of the Iranian Space Organization Reza Taghipour stated that Iran would send its first astronaut to space within the following decade and that by 2021 it would "become the leading space power in the region." Earlier in the week, Iran had announced its plans to send into orbit several domestic satellites by 2010.⁷³

The Iranian state news agency IRNA reported on August 24 that an Iranian carrier rocket, *Safir* (Ambassador/Messenger) had successfully orbited the country's first domestically-built satellite, *Omid* (Hope). The satellite would aid natural disaster management programs and improve telecommunications. Taghipour earlier stressed that Iran's missile and space technology was developed without any foreign assistance.⁷⁴

MISSILE DEFENCE

- **US and Poland sign missile deal**

The US and Poland signed a deal to locate part of the US's controversial missile defence system on Polish soil after 18 months of negotiations. The development caused further Russian discomfort. The Russians fear that these missiles could be used to launch a nuclear strike. The agreement, which has yet to be ratified by the Polish parliament, was signed by Secretary of State Rice and Poland's Foreign Minister Radek Sikorski. Rice emphasised that the system was purely defensive

⁷² "Pakistan government on course to attract \$150b investment," *Khaleej Times*, August 11, 2008, at http://www.menafn.com/qn_news_story_s.asp?StoryId=1093207425

⁷³ "Iran to send first astronaut to space in ten years," August 21, 2008, at <http://english.peopledaily.com.cn/90001/90781/90876/6482211.html>

⁷⁴ "Iran To Send First Astronaut Into Space Within 10 Years," August 21, 2008, at http://www.space-travel.com/reports/Iran_To_Send_First_Astronaut_Into_Space_Within_10_Years_999.html

in nature and was not aimed against any country. Russia however maintained that the deal could usher in a new arms race in Europe.⁷⁵

RUSSIA

- **Pentagon: Russia moves SS-21 missiles into Georgia**

A Pentagon spokesperson stated that Russia had placed short-range SS-21 missiles in South Ossetia which could pose a threat to most major Georgian cities. Russia's deputy chief of staff however insisted that Russian troops were pulling out of the breakaway region. The SS-21's 70-120 kms range puts them within striking distance of the Georgian capital, Tbilisi.⁷⁶

- **NASA space programme could be affected by US-Russia row**

Analysts noted that Moscow's military incursion into Georgia could spell problems for future US access to the International Space Station (ISS). NASA will become dependent on flights to the ISS by Russia's Soyuz spacecraft when it retires the shuttle fleet that has long ferried US astronauts into space in 2010. NASA on its part would only get its successor space vehicle, the Orion, in 2015 at the earliest.⁷⁷

⁷⁵ "US and Poland sign missile deal," August 20, 2008, at <http://news.bbc.co.uk/2/hi/europe/7571660.stm>

⁷⁶ "Defense Official: Russia has short range missiles in South Ossetia," August 18, 2008, at <http://www.foxnews.com/story/0,2933,405242,00.html>

⁷⁷ "US-Russia chill threatens NASA space program," August 24, 2008, at <http://afp.google.com/article/ALeqM5gFs-KdAHqfcOLpWZWcf5hjzXPYow>