

THE WEEK IN REVIEW

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	IN THIS ISSUE	PAGE
I. COUNTRY REVIEWS		
	A. SOUTH ASIA	3
	B. EAST ASIA	4-6
	C. WEST ASIA	6-7
II. DEFENCE AND SPACE REVIEW		7-8
III. ENERGY SECURITY REVIEW		9-10

1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Dr. Abdullah withdraws from the runoff elections, accuses the authorities of bias in favour of Karzai; Six UN staff killed in an attack by Taliban at a guest house in Kabul; Ban Ki Moon calls for realistically assessing the situation in Afghanistan; 14 American soldiers killed in helicopter crashes**

Dr. Abdullah Abdullah withdrew from the run-off presidential elections scheduled for November 7. Speaking at a rally of his supporters on November 1, Abdullah accused the election commission of being biased in favour of incumbent president Hamid Karzai. Dr. Abdullah had also demanded the removal of chief election official, Azizullah Ludin and the suspension of ministers suspected of involvement in electoral malpractices during the August 20 elections.¹ Stating that his decision involved a "lot of pain", he added that it was not "the end of anything" but rather "a new beginning."²

The Taliban attacked a UN guest house in Kabul on October 28, killing six UN staff and wounding nine others. Condemning the attacks, Secretary-General Ban Ki-moon called for a realistic assessment of the situation and for putting in place more effective security measures. Mr. Ban pointed that 27 UN civilian personnel were killed during the year, over half of them in Afghanistan and Pakistan, He stated that the Taliban attacked the UN "precisely because of our support for the Afghan elections."³ UN special representative in Afghanistan Kai Eide described the terrorist attack as a "very dark day."⁴

In other developments, at least 14 American soldiers were killed as three helicopters crashed on October 26 in two separate incidents, making it the deadliest day for the US in more than four years. In the first incident, a helicopter crashed in the west of the country soon after leaving the scene of a firefight, killing 10 soldiers and three Drug Enforcement Administration agents. In the other incident, two US Marine helicopters collided in the southern province of Helmand, killing four American troops.⁵

¹ "Abdullah drops out of Afghan election runoff," *Pajhwok Afghan News*, November 1, 2009, at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=84042>

² "Out of Race, Karzai Rival Is Harsh Critic of Election," *The New York Times*, November 1, 2009, at <http://www.nytimes.com/2009/11/02/world/asia/02afghan.html?scp=30&sq=AFGHANISTAN&st=cs>

³ "We must realistically assess situation in Afghanistan: UN chief," *Xinhua*, October 30, 2009, at http://news.xinhuanet.com/english/2009-10/30/content_12357774.htm

⁴ "A very dark day for the UN in Afghanistan, says Eide," *Pajhwok Afghan News*, October 28, 2009, at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=83866>

⁵ "14 Americans killed in Afghanistan", *Daily Times*, October 27, 2009 at http://www.dailytimes.com.pk/default.asp?page=2009%5C10%5C27%5Cstory_27-10-2009_pg1_5

B. EAST ASIA

CHINA

- **CMC Vice-Chairman Xu Caihou meets Robert Gates; Chinese defence technology university unveils the country's fastest super computer; Chinese flotilla reaches the Gulf of Aden; PLA concludes information warfare exercise 'West China 2009'; PLA organizes the 3rd China International Army Cadets Week; Students from private universities will be allowed to directly apply for PLA recruitment; PLA departments release document on maintaining psychological well-being of Troops**

The Vice Chairman of China's Central Military Commission Xu Caihou met with US Defense Secretary Robert Gates in Washington on October 27. Both leaders agreed to further strengthen their bilateral military relationship in a stable and healthy way.⁶

The National University of Defense Technology (NUDT) showcased China's fastest supercomputer on October 27. The supercomputer, named Tianhe (Milky Way), is theoretically able to do more than 1 quadrillion calculations per second (one petaflop) at peak speed.⁷

The Chinese PLA deployed a taskforce in the Gulf of Aden and waters off the coast of Somalia to protect its merchant vessels from pirates. A Chinese vessel is currently being held hostage by pirates in the area.⁸

The Lanzhou Military Area Command (MAC) of the PLA concluded a six-day joint information operation exercise, codenamed "West China 2009" on October 25.⁹

The University of Science and Technology of the PLA organized the 3rd China International Army Cadets Week, which concluded on October 25. Army cadets from several countries participated.

Beijing Municipal Commission of Education stated that private university students could now directly apply for recruitment in the PLA. The move allows students at 13 private universities in Beijing to become eligible for recruitment into the PLA for the first time. The decision brings the total number of Beijing higher education institutions that are open to direct recruitment to 88.¹⁰

Various departments of the PLA released a document "Opinions on Strengthening the Psychological Service Work of the PLA under New Situations"

⁶ "Chinese, U.S. Military Leaders Vow to Further Cooperation," *PLA Daily*, October 29, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/29/content_4070401.htm

⁷ "Defense University Builds China's Fastest Supercomputer," *PLA Daily*, October 30, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/30/content_4071123.htm

⁸ "Chinese New Naval Flotilla Sets Sail for Gulf of Aden while Merchant Vessel still Held by Pirates," *PLA Daily*, October 31, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/31/content_4071693.htm

⁹ "West China 2009 Joint Info Operation Exercise Held," *PLA Daily*, October 26, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/26/content_4068497.htm

¹⁰ "Chinese Army to Recruit Students from 13 Private Universities," *PLA Daily*, October 31, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/31/content_4071672.htm

which places emphasis on taking measures to ensure the psychological health of PLA troops more effectively.¹¹

JAPAN

- **Govt. submits a proposal to allow Coast Guard examine North Korean shipments; UNGA adopts a resolution introduced by Japan calling for the total elimination of nuclear weapons; PM Hatoyama: US-Japan alliance is "the cornerstone of Japan's foreign policy"; Hatoyama states that developing economic and political relations with Russia a priority; China expresses "strong dissatisfaction" over a visit to Japan by exiled Uighur leader Rebiya Kadeer**

The Japanese government submitted a bill which will allow coastguard and customs officers to inspect North Korean shipments suspected of carrying nuclear and missile-related materials. The proposed law would help Japan enforce UN sanctions imposed in the aftermath of its second nuclear test in May 2009.¹² Deputy Prime Minister Naoto Kan, during an MSDF fleet review in Sagami Bay off Kanagawa Prefecture also encouraged the MSDF to be prepared for countering the increased threat from North Korea.¹³

Meanwhile, a committee of the UN General Assembly adopted a resolution on October 29 introduced by Japan calling for the total elimination of nuclear weapons. 161 countries supported the resolution at the First Committee, in charge of disarmament issues, while two countries voted against it. Eight countries abstained.¹⁴

Prime Minister Yukio Hatoyama, at a plenary session of the House of Councilors, reiterated his government's commitment to "comprehensively review" the Japan-US alliance. He however added that the alliance is "the cornerstone of Japan's foreign policy."¹⁵ Reports suggested that Mr. Hatoyama was in no hurry to make a decision on relocating US military base in Okinawa ahead of Mr. Obama's visit in December.¹⁶

¹¹ "Document on Strengthening Psychological Service for Troops Issued," *PLA Daily*, October 28, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-10/28/content_4070175.htm

¹² "Japan eyes new law to allow N. Korea cargo inspections," *Associate Foreign Press*, October 30, 2009, at http://news.yahoo.com/s/afp/20091030/wl_asia_afp/nkoreanuclearweaponsjapandiplomacy_20091030043030

¹³ "Kan encourages MSDF to brace for N. Korean threat, fight terrorism," *Associated Press*, October 25, 2009, at http://www.breitbart.com/article.php?id=D9BHUKH00&show_article=1

¹⁴ "U.N. panel adopts Japanese resolution seeking total nuke elimination," *Associated Press*, October 29, 2009, at http://www.breitbart.com/article.php?id=D9BKVD880&show_article=1

¹⁵ "Japan to comprehensively review alliance with U.S.: Hatoyama," *Associated Press*, October 29, 2009, at http://www.breitbart.com/article.php?id=D9BKI4U00&show_article=1

¹⁶ "Japan PM in no hurry on US base relocation deal," *Associate Foreign Press*, October 25, 2009, at http://news.yahoo.com/s/afp/20091025/wl_asia_afp/aseansummitjapanusmilitarydiplomacy_20091025072837

Mr. Hatoyama also stated that developing economic and political relations, settling the territorial dispute and signing a peace treaty with Russia were priorities of the new government.¹⁷

In other domestic developments, the Democratic Party of Japan scored victories in two House of Councillors by-elections (Shizuoka and Kanagawa prefectures), giving the Cabinet of PM Hatoyama electoral success in the first two national polls since assuming office.¹⁸

US Defense Secretary Robert Gates, in a meeting with Japanese Defence Minister Toshimi Kitazawa in Tokyo on October 28 urged Japan to allow the export of SM-3 Block 3A missile interceptors, currently under joint development by Japan and the US, to third countries such as European nations.¹⁹

In other developments, China expressed its "strong dissatisfaction" over a visit to Japan by exiled Uighur leader Rebiya Kadeer. Beijing blames Kadeer for fomenting the recent unrest in its Xinjiang region.²⁰

C. WEST ASIA

IRAN

- **Iran want some changes in draft nuclear enrichment deal; US warns of tougher actions Iran if deal fails; Ahmadinejad describes IAEA proposal as a move from "confrontation to cooperation" by western powers**

Tehran agreed to accept the framework of UN-drafted nuclear fuel deal, but stated that it will demand some changes to it, though it did not specify those changes. The draft agreement was achieved by the IAEA in consultations with Iran, Russia, France and the US in Vienna. The pact calls for Iran to transfer majority of its low-enriched uranium (LEU), estimated to be at 1.5 tonnes, to Russia for further enrichment. It will then be sent to France for conversion into fuel plates which would be returned to Tehran to fuel a research reactor that produces radio-isotopes for cancer treatment.²¹

US National Security Adviser Gen. James Jones meanwhile stated that the US is prepared to respond if Iran does not abide by its commitments on its nuclear program. He added that the Obama administration continues to hold

¹⁷ "Japan views Russia as Pacific partner, seeks end to dispute - PM," *RIA Novosti*, October 26, 2009, at <http://en.rian.ru/world/20091026/156590768.html>

¹⁸ "DPJ wins 2 upper house by-elections," *Yomiuri Shimbun*, October 26, 2009, at <http://www.yomiuri.co.jp/dy/national/20091026TDY01305.htm>

¹⁹ "Japan urged to export missile interceptors to 3rd parties," *Associated Press*, October 23, 2009, at http://www.breitbart.com/article.php?id=D9BGU6A80&show_article=1

²⁰ "China objects to Kadeer's Japan visit," *Associate Foreign Press*, October 20, 2009, at http://news.yahoo.com/s/afp/20091020/w1_asia_afp/chinaunrestxinjiangpoliticsjapankadeerprotest_20091020094615

²¹ "Iran to demand changes to nuclear fuel deal," *Khaleej Times*, October 27, 2009, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2009/October/middleeast_October727.xml§ion=middleeast

consultations with Israel, as well as with members of the UN Security Council and Germany.²²

President Ahmadinejad on his part described the IAEA proposal as a move from "confrontation to cooperation" by western powers and stated that his country was ready to co-operate to ease tensions over its nuclear programme.²³

IRAQ

- **Iraq's Foreign Minister requests for international assistance to combat wave of suicide bombings; Sunni-Shiite alliances ahead of January elections bring hope for reconciliation**

Iraq's Foreign Minister Hoshyar Zebari called for more support from the international community to help the country combat insurgent suicide bombings. Zebari's remarks came in the wake of a spate of bombings in recent times, which killed more than 150 people. He urged the UN to investigate the possibility of external interference, and added that the government had "very solid, concrete evidence" of Syria's role in the bombings. Syria on its part denounced the attacks and denied having any hand in terrorism inside Iraq.

Ahead of national elections scheduled for January 16, 2009, former Prime Minister Ayad Allawi, a secular Shi'ite, and Saleh al-Mutlaq, an independent Sunni, formed an alliance. Analysts believed the move was a positive development which could help bridge the sectarian divide. Current PM Maliki was also contesting the January elections in coalition with some Sunni tribal leaders. Another of the alliances is by prominent anti-al Qaeda Sunni tribal sheikh Ahmed Abu Risha and Interior Minister Jawad al-Bolani, a Shi'ite.²⁴

II. DEFENCE AND SPACE REVIEW

NATIONAL

- **MoD amends Defence Procurement Policy**

The Ministry of Defence made certain amendments in its Defence Procurement Procedure 2008 (DPP 2008), which come in to effect from November 1, 2009. Greater emphasis is placed on encouraging domestic industry to participate in defence production; ensuring transparency and accountability in defence acquisition; and greater liberalisation of offset provisions. Under the revised guidelines, a new category has been introduced - 'Buy & Make (Indian)', under which the request for proposals (RFPs) will be issued only to the prospective

²² "US prepared to respond if Iran falters," *Khaleej Times*, October 28, 2009, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2009/October/middleeast_October754.xml§ion=middleeast

²³ "Iran leader welcomes nuclear plan," *BBC News*, October 29, 2009, at http://news.bbc.co.uk/2/hi/middle_east/8331267.stm

²⁴ "Iraqi politics shuns sectarianism as violence ebbs," *Khaleej Times*, October 31, 2009, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2009/October/middleeast_October848.xml§ion=middleeast

domestic companies, both in the public and private sectors, who in turn would have to directly negotiate with original equipment manufactures (OEMs) for technology transfer, and other production arrangements. To further encourage the participation of domestic companies in defence production, the MoD intends to share a public version of the Armed Forces Long-Term Perspective Plan as well as involve them in procurement source decision making.

For enhanced transparency in defence acquisition, the amended guidelines have strengthened the provision of Integrity Pact – a mandatory clause in procurement cases exceeding Rs. 100 crores, aimed at prohibiting corruption in defence deals. The new guidelines have also defined and enlarged the role of Independent Monitors (IMs) by authorising them “to pursue all relevant office records in connection with the complaints sent to them by the buyer.”

For improvement in formulation of qualitative requirements, the MoD has made request for information (RFI) mandatory in all procurement cases. Besides, all the qualitative requirements (QRs) will be placed before the Defence Acquisition Council/Defence Procurement Board in a tabulated form, linking the capability sought with the functional characteristics and technical parameters.

Under the revised offset policy, an added provision, “Option Clause”, has been added. The new Clause allows vendors to change offset partner mid-way to discharge offset obligation in the stipulated timeframe. In doing so, the vendors would however not be permitted to change the offset component or its value.²⁵

SPACE

- **NASA and MIT reports call for involving China and India in space exploration projects**

With the International Space Station (ISS) almost built, two reports from NASA and MIT have urged making India and China participants in the project. The reports recommend that human space exploration needs to be undertaken in collaboration with other countries.²⁶

Some analysts note that the real motive for bringing China and India into the endeavour for human space exploration was primarily monetary in nature. US funding for NASA has been reduced to one per cent of its GDP, from a Cold War high of 4 per cent. Therefore, in order to reduce as well as distribute costs, NASA is proposing the involvement of countries like India and China.

The MIT report also states that there are more opportunities to pursue space exploration projects between the US and India than there are between India and China.

²⁵ Government of India, Press Information Bureau, “Defence procurement procedure amended to encourage indigenous defence industry; RFI made mandatory for all procurement cases; Offset provisions liberalized; Amendments to come into effect from November 01, 2009”, October 29, 2009.

²⁶ N. Gopal Raj, “Charting a new course for space exploration”, *The Hindu*, Nov 02, 2009 <http://www.hindu.com/2009/11/02/stories/2009110255090900.htm>

III. ENERGY SECURITY REVIEW

- **ONGC to invest \$174m in Myanmar**

Oil and Natural Gas Corp (ONGC) Videsh will make an investment of nearly \$174 million in gas blocks A-1 and A-3 of Myanmar's Natural Gas Development Project. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs presided over by PM Dr. Singh.

The two companies that will benefit from the award of contract are OVL and GAIL India, state-owned firms under the petroleum and natural gas ministry. The investment is expected to provide additional reserve accretion of hydrocarbons and facilitate production and marketing of natural gas.²⁷

- **Saudis drop WTI oil contract**

Saudi Arabia on October 28 decided to drop the widely used West Texas Intermediate (WTI) oil contract as the benchmark for pricing its oil, dealing a set back to the New York Mercantile Exchange. Reports noted that the decision by the world's biggest oil exporter could encourage other producers to abandon the WTI benchmark and could threaten the dominance of the world's most heavily traded oil futures contract.

From January 2010, Saudi Arabia will base the price of oil for its US customers on a new index developed by Argus, the London-based oil pricing company. Argus stated that the change in policy reflected the "increased importance of the US Gulf Coast sour crude market, in which both production and trading activity was rising sharply."²⁸

- **China considers new law to protect pipelines**

Chinese legislators began discussing a draft law on the protection of oil and gas pipelines which are increasingly facing problems due to rapid urbanization and the expansion of pipeline networks. People stealing from pipelines could face heavy fines of up to 10 times the value of the stolen oil or gas, according to the draft law tabled with the country's top legislature on October 27.

The director of the State Council's Legislative Affairs Office told the 11th meeting of the Standing Committee of the 11th National People's Congress (NPC) that the country's oil and gas network was "threatened by rampant theft of oil and gas through illegal siphoning on the pipelines, as well as possible terrorist attacks." He urged a special law to regulate and better coordinate pipeline construction with the demands of urban planning, to enhance protective measures, and to clarify responsibilities of different departments.

The total length of China's oil and gas pipelines has risen to over 70,000 km from 22,000 km in 1997. China National Petroleum Corporation (CNPC),

²⁷ "ONGC to invest \$174 mn in Myanmar's hydrocarbon assets," *Asiaenergy*, October 30, 2009, at <http://asianenergy.blogspot.com/2009/10/ongc-to-invest-174-mn-in-myanmars.html>

²⁸ "Saudis drop WTI oil contract," *Financial Times*, October 28, 2009 at http://www.ft.com/cms/s/0/8cda145a-c3fe-11de-8de6-00144feab49a.html?nclink_check=1

which owns 65 percent of the country's oil and gas pipelines, reported more than 36,000 cases of oil theft from pipelines between 2002 and 2006.²⁹

- **CNOOC discovers new find in Bohai Bay**

Reports noted that China's offshore oil and gas company CNOOC Ltd. has discovered a new oil find in Bohai Bay offshore in northern China. Qinghuangdao 35-4-3, at a depth of about 26 metres, was pumping some 1,700 barrels of crude oil and more than 100,000 cubic metres of natural gas a day.³⁰

²⁹ "China considers new law to protect oil pipelines," *Xinhua*, October 27, 2009, at http://www.chinadaily.com.cn/bizchina/2009-10/27/content_8856857.htm

³⁰ "China's CNOOC in new discovery in Bohai Bay," *Xinhua*, November 1, 2009, at <http://www.reuters.com/article/rbssEnergyNews/idUSPEK8375120091101>