

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Clinton urges Karzai to "root out corruption"; Australian PM Kevin Rudd visits Afghanistan; British PM Brown urges NATO allies to commit another 5000 troops; Two US C-27 aircraft handed over to Afghan Air Force; US Ambassador Eikenberry expresses reservations about sending additional troops**

US Secretary of State Hillary Clinton, speaking in Berlin on November 9 on the occasion of the 20th anniversary of the fall of the Berlin Wall, urged Afghan President 'elect' Karzai to "root out corruption." She stated that commitment from the US, Germany or other allies in helping stabilize Afghanistan will depend on the actions that the Karzai government takes to deal with the problem of corruption.¹

Australian PM Kevin Rudd paid a surprise visit to Afghanistan to spend Remembrance Day (November 11) with Australian troops. Australia has about 1,500 soldiers serving in the country, the largest contribution of any country outside of NATO.²

British PM Gordon Brown, in an interview on BBC Radio 4 stated that he was urging other coalition partners to commit another 5,000 troops to NATO operations in Afghanistan. Dismissing reports of engaging in negotiations with the Taliban, Mr. Brown however stated "mercenaries" fighting for the Taliban could be re-integrated into Afghan society. Britain has already announced that it will send 500 more troops to the country.³

Meanwhile, two C-27 aircraft, part of the 20 pledged by the US to Afghanistan, were handed over to the Afghan Air Force. The other aircrafts would be handed within the next two years. Afghan Defense Minister Abdul Rahim Wardak appreciated the US contribution and hoped that it will continue its support. US Commander Gen. McChrystal stated that the US will continue to help strengthen Afghan armed forces and noted that the Afghan national army, currently numbering more than 80,000 troops, will be around 134,000 by 2010.⁴

In other developments, US Ambassador to Afghanistan Karl Eikenberry expressed reservations about the utility of deploying additional troops to Afghanistan. His opinion was in contrast to Gen. McChrystal, who has requested

¹ "Clinton Urges Afghanistan to Fight Corruption," *VOA News*, November 9, 2009, at <http://www.voanews.com/english/2009-11-09-voa27.cfm>

² "Australian PM visits Afghanistan," *BBC*, November 11, 2009, at http://news.bbc.co.uk/2/hi/south_asia/8354433.stm

³ "Brown to ask Nato countries to commit 5,000 more troops to Afghanistan," *The Guardian*, November 13, 2009, at <http://www.guardian.co.uk/politics/2009/nov/13/brown-nato-5000-troops-afghanistan>

⁴ "U.S. donates 20 aircrafts to Afghanistan," *Xinhua*, November 15, 2009, at http://news.xinhuanet.com/english/2009-11/15/content_12463706.htm

for 40,000 additional troops.⁵ Secretary of Defense Robert Gates on his part stated that the administration was trying to work out a compromise strategy which will indicate a commitment to Afghanistan with conveying to the Karzai government that American military presence would not be indefinite.⁶

PAKISTAN

- **Spate of suicide attacks in Peshawar, including at the ISI office, leaves dozens dead and hundreds injured; Gen. Majid: Pak nuclear assets secure; Foreign Ministry refutes claims that China provided uranium 1982; Nuclear Command Authority (NCA) bill tabled in National Assembly**

ISI's regional headquarters in Peshawar was attacked by militants on November 13. Thirteen people lost their lives and over 60 were injured. A car filled with over 200 kgs of explosives rammed into the ISI building.⁷ Another attack at a check post in Pishtakhara in Peshawar on November 14 claimed 12 lives and injured 30 others.⁸ Earlier in the week, the Nazim of the Adezai Union Council was killed in an attack in Matani near Peshawar on November 8, along with 15 other people.⁹

The Chairman of the Joint Chiefs of Staff Committee (CJCSC), Gen. Tariq Majid stated Pakistan's nuclear assets were secure and that no foreign power had access to them. Majid was responding to Seymour Hersh's article published in the *New Yorker* which raised doubts about the security of Pakistan's nuclear assets.¹⁰

The Pakistan Foreign Ministry meanwhile refuted the report in the *Washington Post* which revealed that China had provided 50 kgs of HEU to Pakistan in 1982. The Ministry charged that the report was an attempt to provide a cover up for states who facilitated India's nuclear programme.¹¹

⁵ "U.S. Envoy Urges Caution on Forces for Afghanistan," *The New York Times*, November 12, 2009, at http://www.nytimes.com/2009/11/12/us/politics/12policy.html?_r=1&scp=6&sq=afghanistan&st=cse

⁶ "Gates hints at compromise strategy on Afghanistan," *The Nation*, November 14, 2009, at <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/Regional/14-Nov-2009/Gates-hints-at-compromise-strategy-on-Afghanistan>

⁷ Akhtar Amin, "13 killed, 60 injured in Peshawar suicide attack: Terrorists strike ISI," *Daily Times*, November 14, 2009, at http://www.dailytimes.com.pk/default.asp?page=2009\11\14\story_14-11-2009_pg1_1

⁸ Ali Hazrat Bacha, "Suicide attack leaves 12 dead in Peshawar," *Dawn*, November 15, 2009, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/news/pakistan/metropolitan/03-suicide-car-bomb-blast-in-peshawar-ss-08>

⁹ Javed Aziz Khan, "Nazim among 15 killed in suicide hit near Peshawar," *The News*, November 9, 2009, at http://www.thenews.com.pk/arc_default.asp

¹⁰ Sajjad Malik, "Report on Pak nukes 'absurd, mischievous': No foreign entity allowed to cross 'red lines': CJCSC," *Daily Times*, November 10, 2009, at http://www.dailytimes.com.pk/default.asp?page=2009\11\10\story_10-11-2009_pg1_1

¹¹ Anwar Iqbal "Attempt to detract attention from India': Pakistan assails report about Chinese help for N-programme," *Dawn*, November 14, 2009, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/attempt-to-detract-attention-from-india-pakistan-assails-report-about-chinese-help-for-nprogramme-419>

In a related development, the bill relating to the formation of a Nuclear Command Authority (NCA) was tabled in the National Assembly on November 11. The bill seeks to “provide complete command, development, production and use of nuclear, space technologies.”¹²

BHUTAN

- **Thai electricity companies exploring the possibility of constructing 20 MW mini hydropower stations; India’s Power ministry apprehensive of fulfilling commitments on building projects generating 10,000 MW by 2020; Dhaka to revive talks with India and Myanmar on the possibility of constructing \$1 billion gas pipeline; South Korea offers humanitarian assistance worth \$100,000**

Two Thai electricity companies, Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) were exploring the possibility of constructing 20 MW mini hydropower stations in Bhutan, in collaboration with Bhutan Power Corporation (BPC).¹³ The two companies have been operating in Bhutan since signing a MoU on cooperation in this sector on November 5, 2007.

Meanwhile, reports noted that India’s Power ministry was apprehensive on fulfilling its commitments on building projects generating 10,000 MW by 2020. These would require a total investment of Rs. 50,000 crore, and an annual commitment of Rs. 4,500 crore which could affect the ministry’s budgetary provisions.¹⁴

The Bangladesh government has decided to revive talks with India and Myanmar on the possibility of constructing \$1 billion gas pipeline through its territory to carry gas from Myanmar to India. If the project could come to fruition, it could reduce the imbalance of trade, currently in India's favour, by nearly \$2 billion.¹⁵

Reports meanwhile noted that grenades and ammunition related to an AK-47 rifle were discovered on the Indo-Bhutan border. The police claimed that the arms were hidden by suspected National Democratic Front of Bodoland (NDFB) militants.¹⁶

¹² Tahir Niaz, “Control over nuclear activities: NCA bill tabled in National Assembly,” *Daily Times*, November 12, 2009, at http://www.dailytimes.com.pk/default.asp?page=2009\11\12\story_12-11-2009_pg1_1

¹³ “Thai interest in Bhutanese mini hydels,” *The Kuensel*, November 11, 2009, at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=13944>

¹⁴ “Power ministry jittery on Bhutan investments,” *Times Of India*, November 9, 2009, at <http://timesofindia.indiatimes.com/india/Power-ministry-jittery-on-Bhutan-investments/articleshow/5209378.cms>

¹⁵ “Govt to revive tri-nation gas pipeline talks,” *Financial Express*, November 16, 2009, at http://www.thefinancialexpress-bd.com/more.php?news_id=84028

¹⁶ “Large Arms Haul Near Bhutan Border,” *Terrorism Watch*, November 15, 2009, at <http://www.terrorismwatch.Org/2009/11/large-arms-haul-near-bhutan-border.html>

In other developments, South Korea offered humanitarian assistance worth \$100,000 to Bhutan for relief and rehabilitation activities related to Cyclone Alia of May 2009.¹⁷

B. EAST ASIA

CHINA

- **Chinese officials meet with various military delegations; PLAAF chief: "Superiority in space and in air would mean, to a certain extent, superiority over the land and the oceans"; Hong Kong SAR vessels to be provided protection by PLAN; PLA Divisions conduct military operations other than war (MOOTW) training exercises; First Minority Nationality Officer Training Course of the PLA concludes at NDU**

Chinese officials met with officials and military delegations from Vanuatu, Serbia, Greece, Macedonia, Togo and Kazakhstan during the week. Xu Qiliang, commander of the PLAAF and Deng Changyou, political commissar of the PLAAF also received air force delegations attending the International Military Forum on Peace and Development on the occasion of the 60th anniversary of the founding of the PLAAF.

PLAAF Commander Xu stated on November 1 that China would develop an air force with integrated capabilities for both offensive and defensive operations in space as well as in air. He added that "superiority in space and in air would mean, to a certain extent, superiority over the land and the oceans."¹⁸

Defense Minister Liang Guanglie met with the visiting former South Korean Defense Minister Cho Sung-tae. Cho was ROK defense minister from 1999-2001. Both sides pledged to strengthen cooperation in the security arena. Cho was in China to attend the 7th China-ROK security forum.¹⁹

Foreign Ministry spokesman Qin Gang stated on November 10 that China's naval escort fleet would provide protection and aid to vessels of the Hong Kong Special Administrative Region (SAR) if the need arises. A Hong Kong-flagged ship was reportedly attacked by Somali pirates on November 9.²⁰ A senior PLA officer stated that four Chinese Navy anti-piracy patrols had

¹⁷ "Korea donates humanitarian good worth US\$ 100,000," *Bhutan Broadcasting Service*, November 11, 2009, at <http://www.bbs.com.bt/Korea%20donates%20humanitarian%20good%20worth%20USD%20100,000.html>

¹⁸ "China's PLA Eyes Future in Space, Air: Air Force Commander," *PLA Daily*, November 2, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/02/content_4072043.htm

¹⁹ "China, ROK Vow to Enhance Mutual Trust in Security Area," *PLA Daily*, November 6, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/06/content_4074834.htm

²⁰ "Chinese Fleet will Protect Hong Kong Vessels If Necessary, FM Spokesman," *PLA Daily*, November 11, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/11/content_4077239.htm

escorted more than 1,110 merchant ships in the area since December last year.²¹ The warships 'Ma'anshan' and 'Wenzhou' of the 4th Chinese naval escort taskforce also reached the waters of the Gulf of Aden on November 12.²²

In continuing military exercises, the PLA's 3rd battalion of the Second Artillery (SAF) conducted a combined exercise for military operations other than war (MOOTW). Readiness for fighting floods, post-earthquake rescue, tackling snow disasters, extinguishing forest fires and wind disasters was tested.²³ The annual nationwide recruitment for the PLA also began on November 1. College graduates who finished their four-year or three-year college studies in June 2009 will be given preference for the PLA's two-year compulsory service.²⁴ Meanwhile, the first Minority Nationality Officer Training Course of the PLA concluded at the National Defense University (NDU) on November 10. The course was expected to help in the further integration of ethnic minorities into the PLA.²⁵

JAPAN

- **Obama: US and Japan "have been and will continue to be equal partners"; Obama says he will be honoured to visit Hiroshima and Nagasaki; Over 8,000 US military personnel participating in 'Annualex 21G' war games off the coast of Japan, along with personnel of the MSDF; Tokyo terms as "extremely regrettable" reports that North Korea had finished reprocessing 8,000 spent nuclear fuel rods; Japan pledges \$5.6 billion at the Japan-Mekong Summit**

US President Obama, on a visit to Japan during the week stressed that US and Japan "have been and will continue to be equal partners." Obama and PM Hatoyama discussed a range of issues including the state of the bilateral relations, Afghanistan, nuclear non-proliferation, the economic situation and the status of the US military base at Okinawa. Obama at a joint press conference with Hatoyama asserted that US-Japan relationship is "a foundation for security and prosperity."²⁶

There has been growing opposition to certain aspects of the bilateral ties, especially over the Okinawa base. Over 21,000 people protested against the

²¹ "Chinese Navy Convoy Fleets have Escorted 1,110 ships in Somali Waters: Officer," *PLA Daily*, November 14, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/14/content_4079288.htm

²² "Fourth Chinese Naval Escort Taskforce Arrives in Gulf of Aden," *PLA Daily*, November 13, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/13/content_4079050.htm

²³ "SAF Battalion Cultivates All-rounders for MOOTW," *PLA Daily*, November 3, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/03/content_4073748.htm

²⁴ "China's Annual Military Recruitment Favors College Graduates," *PLA Daily*, November 2, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/02/content_4072066.htm

²⁵ "First PLA Minority Nationality Officer Training Course Concluded," *PLA Daily*, November 12, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/12/content_4078387.htm

²⁶ "U.S., Japan 'equal partners,' Obama says," *News on Japan*, November 14, 2009, at <http://newsonjapan.com/html/newsdesk/article/77746.php>

planned relocation of the US military base within Okinawa Prefecture ahead of Obama's visit.²⁷

Obama, in an interview with NHK ahead of his visit, also stated that he would be honoured to visit Hiroshima and Nagasaki, the Japanese cities devastated by atomic bombs during World War II.²⁸

In a related development, over 8,000 US military personnel are participating in 'Annualex 21G' war games off the coast of Japan, along with personnel of the Maritime Self-Defense Force (MSDF), from November 10-18. The exercises will focus on aspects of air, undersea and surface warfare, as well as command and control aspects.²⁹

Reports meanwhile noted that the Japanese government's decision to give \$5 billion in aid to Afghanistan may come in for criticism, because no decision was taken on sending Self-Defense Forces personnel to that country. The Japanese refueling missions in support of US-led coalition operations are scheduled to end in January 2010.³⁰

Tokyo termed as "extremely regrettable" and a violation of UN Security Council resolutions reports that North Korea had finished reprocessing about 8,000 spent nuclear fuel rods at its Yongbyon nuclear complex.³¹

In other developments, PM Hatoyama at the Japan-Mekong Summit in Tokyo from November 6-7 pledged \$5.6 billion to the countries of the Mekong region. Analysts noted that the aid package was aimed at countering growing Chinese investments in the region, including mines and rubber plantations in Laos as well as increasing trade with Myanmar.³²

SOUTHEAST ASIA

- **Thai-Cambodia rift over Shinawatra widens; APEC Economic Leaders Summit held in Singapore; Yudhoyono visits Malaysia, his first trip abroad after being sworn in; PM Hatoyama at Japan-Mekong Summit: Japan to expand humanitarian assistance to Burma**

Tensions between Thailand and Cambodia over the appointment of ex- Thai PM Thaksin Shinawatra as economic adviser to the Cambodian premier continued with the Thai Cabinet revoking the 2001 MoU signed regarding maritime

²⁷ "Demo of 21,000 people demand closure of Futenma air base," *News on Japan*, November 9, 2009, at <http://newsonjapan.com/html/newsdesk/article/77631.php>

²⁸ "Obama says he wants to visit Hiroshima, Nagasaki," *Mainichi Japan*, November 10, 2009, at <http://mdn.mainichi.jp/mdnnews/national/news/20091110p2a00m0na021000c.html?inb=rs>

²⁹ "7th Fleet readies for joint Japan exercise," *Stars and Stripes*, November 8, 2009, at <http://www.stripes.com/article.asp?section=104&article=65924>

³⁰ "Other nations may rap govt's Afghan assistance," *Yomiuri Shimbun*, November 11, 2009, at <http://www.yomiuri.co.jp/dy/national/20091111TDY02303.htm>

³¹ "Japan raps N. Korea's latest nuclear move," *Kyodo News*, November 5, 2009, at <http://search.japantimes.co.jp/cgi-bin/nn20091105a4.html>

³² "Fresh Aid to Mekong Signals Rivalry with China: Experts," *IPS*, November 11, 2009, at http://www.australia.to/index.php?option=com_content&view=article&id=16197:japan-fresh-aid-to-mekong-signals-rivalry-with-china-experts&catid=116:breaking-news&Itemid=298

boundaries.³³ The Thai government also sought to seek the extradition of Shinawatra from Cambodia, though PM Vejjajiva admitted that it will be difficult considering that Thaksin's whereabouts are not known.³⁴

Chinese President Hu Jintao visited Malaysia and Singapore during the week. At Singapore, he attended the 17th Summit meeting of the Economic Leaders of the Asia-Pacific Economic Cooperation (APEC) on 'Sustaining Growth, Connecting the Region.'³⁵ Leaders discussed issues relating to measures to overcome the global financial crisis and to promoting sustainable economic recovery.³⁶

Indonesia's President Susilo Bambang Yudhoyono paid a two-day visit to Malaysia on November 11. This was his first trip abroad after his election on October 20. Malaysian Home Minister Hishammuddin Hussein told reporters of his visit that issues relating to foreign workers, terrorism, Islamic militancy, border security and drug trafficking will be discussed during Mr. Yudhoyono's visit.³⁷

At the Japan-Mekong Summit held in Tokyo from November 5-7, Prime Minister Yukio Hatoyama assured his Burmese counterpart Thein Sein that Japan will expand its humanitarian assistance to Burma on account of the recent political progress made in the dialogue between the authorities and Suu Kyi.³⁸ US President Obama meanwhile at the APEC summit in Singapore on November 15, where Thein Sein was present, demanded the release of Suu Kyi.³⁹

C. WEST ASIA

IRAN

- **Ahmadinejad says that questions regarding stopping his country's nuclear programme were now "irrelevant"; US seizes properties and assets of entities accused of funding Iran's nuclear programme; US and Russia warn Iran to cooperate on tackling concerns over its nuclear programme; Foreign Minister Mottaki visiting India from Nov 16-17**

³³ "Cabinet approves termination of MoU," *Bangkok Post*, November 10, 2009, at <http://www.bangkokpost.com/breakingnews/159617/cabinet-approves-termination-of-mou>

³⁴ "Cambodia asked to extradite Thaksin", *Bangkok Post*, November 10, 2009, at <http://www.bangkokpost.com/breakingnews/159630/cambodia-asked-to-extradite-thaksin>

³⁵ "Najib calls on visiting President Hu", *Bernamea.com*, November 10, 2009, at <http://www.bernama.com/bernama/v5/newsindex.php?id=454104>

³⁶ "Hu Jintao in Singapore for APEC Meeting," November 11, 2009, at <http://english.cri.cn/6909/2009/11/11/195s528568.htm>

³⁷ "Yudhoyono starts Malaysia visit," November 11, 2009, at http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_452933.html

³⁸ "Japan to enhance cooperation with Burma and Mekong countries", *Burma News International*, November 9, 2009, at <http://www.bnionline.net/news/bni/7383-japan-to-enhance-cooperation-with-burma-and-mekong-countries.html>

³⁹ "Obama tells Burma: Release Suu Kyi", *Bangkok Post*, November 15, 2009, at <http://www.bangkokpost.com/breakingnews/160118/release-suu-kyi-obama-tells-burma-pm>

President Ahmadinejad stated that his country would defend its nuclear facilities, while promising cooperation on tackling the nuclear issue. He added that questions regarding stopping his country's nuclear programme were now "irrelevant."⁴⁰

US officials meanwhile began legal proceedings against properties and assets of organisations allegedly accused of funding Iran's nuclear weapons programme. Assets worth over \$500 million of the Alavi Foundation were being seized, in one of the biggest counter-terrorism seizures in US history. The actions came even as President Obama renewed for another year longstanding US economic sanctions against Iran.⁴¹

US and Russia have also warned Iran to cooperate with other interlocutors in dealing with its nuclear programme. President Obama in Singapore after meeting Mr. Medvedev stated that Iran had failed "so far at least" to respond positively to the October uranium enrichment deal, which according to him was "a creative and constructive approach" President Medvedev stated that he was unhappy with the pace of the talks, added that "other means" could also be used.⁴²

In other developments, Iran's envoy to India, Seyed Mehdi Nabizadeh stated that the November 16-17 visit by Iranian Foreign Minister Manouchehr Mottaki will help consolidate relations between the two states and help draw a road map for the next four years. Cooperation in the energy sector, railway projects in Iran, among other issues are expected to be discussed. Mottaki is visiting at the invitation of his Indian counterpart S.M. Krishna.⁴³

IRAQ

• UN Secretary General welcomes approval of Iraq's elections law

UN Secretary-General Ban Ki-moon welcomed the approval by Iraqi lawmakers of amendments to electoral laws. Ban stated that the January 2010 elections will be a "crucial opportunity" to advance national reconciliation and contribute to Iraq's political progress. Ban reaffirmed the commitment of the UN to support the country's electoral commission responsible for conducting the elections. He also encouraged the Iraqi people "to participate in a process that will shape their country's future."⁴⁴

⁴⁰ "Iran president vows defence of nuclear assets," *Khaleej Times*, November 12, 2009, at http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2009/November/middleeast_November373.xml§ion=middleeast

⁴¹ "US pursues 'Iran-linked' charity," *BBC News*, November 13, 2009, at http://news.bbc.co.uk/2/hi/middle_east/8358065.stm

⁴² "Time 'running out' on Iran talks," *BBC News*, November 15, 2009, at http://news.bbc.co.uk/2/hi/middle_east/8361063.stm

⁴³ "Envoy: Mottaki's Visit to India to Enhance Bilateral Relations," *Fars News*, November 15, 2009, at <http://english.farsnews.com/newstext.php?nn=8808241554>

⁴⁴ "Ban welcomes Iraqi elections decisions," *Khaleej Times*, November, 9, 2009, at http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2009/November/middleeast_November284.xml§ion=middleeast

II. DEFENCE AND NUCLEAR REVIEW

DEFENCE NATIONAL

- **India to purchase upgraded Barak for \$1.1 billion**

Reports noted that India signed a \$1.1 billion contract with Israel for an upgraded tactical air defence system, Barak-8. The system is to be delivered by Israel Aerospace Industries Ltd (IAI) by 2017. It can shoot down incoming missiles, drones and planes. Though it is configured to be used aboard ships, it can also be deployed on land.⁴⁵

- **Defence Minister reviews costal security readiness**

Defence Minister A.K. Antony reviewed costal security measures put in place in the aftermath of the Mumbai terror attacks. Presiding over a high-level meeting, the Minister urged officials from the Navy and the Coast Guard to meet the acquisition deadlines of patrol vessels, interceptor boats, surveillance aircraft and radars, for which the government had already provided vast sums of money.

The Sagar Prahari Bal of the Indian Navy is in the process of acquiring 80 Fast Interceptor Crafts at a cost of over Rs. 300 crore. The Coast Guard is acquiring a number of platforms at the cost of Rs. 6,000 crore, including 70 ships/high speed boats/hovercrafts, seven Advanced Offshore Patrol Vessels (AOPV) and four Dornier aircraft. To boost costal surveillance capabilities, Bharat Electronics Limited (BEL) is also installing 46 radars at the cost of Rs. 300 crore.⁴⁶

- **Rigid offset policy curbs Samtel-Thales JV**

Reports noted that the country's rigid offset policy could curb the growth of Samtel-Thales Avionics, a joint venture (JV) between India's Samtel Display Systems and the French multinational Thales to manufacture TopSight-I, a Helmet Mounted Display System (HMD) for a range of fighter aircrafts. Thales is interested to transfer the necessary technology to the JV, in which it holds 26 per cent stake, provided all the production is eligible for offset banking.⁴⁷ However the MoD's offset policy mandates that foreign vendors can only bank offset credits to the tune of their actual investment.⁴⁸

⁴⁵ "India to purchase Barak-8 missile system from Israel," *Press TV*, November 10 2009, at <http://www.presstv.ir/detail.aspx?id=110869§ionid=351020402>; "India buys upgraded Israeli air defences for \$1.1bn," *Reuters India*, November 9, 2009, at <http://in.reuters.com/article/topNews/idINIndia-43809220091109>.

⁴⁶ Government of India, Press Information Bureau, "High-level meet reviews coastal security," November 12, 2009

⁴⁷ Ajai Shukla, "Offset policy inertia curbs Thales-Samtel JV," *Business Standard*, November 13, 2009

⁴⁸ Government of India, Ministry of Defence, *Defence Procurement Procedure: Capital Procurement 2008*

INTERNATIONAL

- **Construction of US Ford-Class aircraft carrier begins**

The construction of the nuclear-powered, Ford-Class aircraft carrier, Gerald R. Ford, the 38th president of the US, began. The first ship of the class, numbered CVN 78, is expected to be delivered in 2015, at the cost of \$8.7 billion. The new carrier will have a “smaller crew than previous flattops and incorporate new technologies, including an Electro-Magnetic Aircraft Launching System, advanced arresting gear and dual-band radar.”⁴⁹ Northrop Grumman is the prime contractor of the ship.

NUCLEAR

- **Washington Post: China gave 50 kgs of HEU to Pakistan in 1982**

The *Washington Post* revealed that China supplied 50 kgs of highly-enriched uranium to Pakistan in 1982, along with a blueprint for a nuclear weapon, in violation of the country’s NPT commitment. The transfer was a favour for A.Q. Khan helping China overcome some problems in its uranium enrichment programme by giving them designs of European-designed centrifuges, which he had stolen. The secret nuclear deal was reported to have been approved by Mao Zedong and Pakistan PM Zulfikar Ali Bhutto. Khan is also slated to have shared Chinese design information with Iran and Libya.⁵⁰

III. ENERGY SECURITY REVIEW

- **China to create strategic coal reserves**

Reports noted that China was expected to create a strategic coal reserve as early as in 2010 as imports of fuel are set to surpass exports for the first time ever on an annual basis. Coal provides 70 per cent of China's energy needs. State-run mining giant China Shenhua Energy Co. has been asked to build a network of 10 reserve sites capable of holding a total of between 100 million and 200 million tons of coal. China aims to keep the equivalent of about 10 per cent of domestic consumption in reserve.⁵¹

- **Dhaka to revive talks on Myanmar-India gas links**

Bangladesh will restart negotiations over a long-standing proposal for a pipeline across its territory that would take natural gas from Myanmar to India. India had proposed building of the 290 km pipeline to import gas from Myanmar, but the

⁴⁹ “Keel Laid for Newest U.S. Navy Aircraft Carrier”, *Defense News*, November 13, 2009, <http://www.defensenews.com/story.php?i=4376279&c=SEA&s=TOP>; Peter Frost, “Shipyard lays keel of carrier in solemn tribute to Gerald R. Ford”, *Press TV*, November, 14, 2009, http://www.dailypress.com/news/dp-local_ford-keel-laying_1115nov15,0,684324.story

⁵⁰ R. Jeffrey Smith and Joby Warrick, “A nuclear power's act of proliferation,” November 13, 2009, at <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/12/AR2009111211060.html>

⁵¹ “China to create strategic coal reserves” *Marketwatch* 12 November, 2009, at <http://www.marketwatch.com/story/china-reportedly-plans-strategic-coal-reserve-2009-11-12t>

proposal was immediately approval by Bangladesh. Dhaka expects to meet its own requirement for gas as well as collect fees on the pipeline.

Energy ministers of the three countries had for the first time met in January 2005 in Yangon to discuss construction of a gas pipeline with a total length of 950 km, and signed a draft MoU. The pipeline is expected to enter eastern Bangladesh through the Brahmanbaria border point and enter India's West Bengal state from the northern Rajshahi area of Bangladesh. The draft agreement had a provision for hydropower transit from the Himalayas to Bangladesh through India, and a corridor across India for trade between Bangladesh, Nepal and Bhutan.

If the plan is implemented, \$350 million worth of investments would be made in Bangladesh and it could expect to earn nearly \$100 million in carrier fees per year. Bangladesh would also get another \$100 million a one-off "right of way" charge and \$25 million each year for sharing in its management.⁵²

⁵² "Dhaka to revive talks on Myanmar-India gas link" *Reuters* 12 November, 2009 at <http://www.reuters.com/article/rbssEnergyNews/idUSDHA15240020091112>