

# THE WEEK IN REVIEW

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## **1. COUNTRY REVIEW**

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## I. COUNTRY REVIEW

### A. SOUTH ASIA

#### AFGHANISTAN

- **Karzai announces new his new Cabinet; Mullen: Collusion between Taliban and Pakistan-based militants worrisome; Joint Investigation Report: 132 civilians killed in Kunduz air strike; Gen. Petraeus: Iran shipping arms to Taliban insurgents; Brown unveils plan for 68-nation conference on Afghanistan; Georgia sends 1000 troops to Afghanistan**

President Hamid Karzai announced his new cabinet on December 19, retaining 11 former ministers. The announcement to this effect was made live on state-run television naming 23 of 25 ministers as names of ministers for Foreign Affairs and the Disabled is yet to be announced. The Minister of Defence, Abdul Rahim Wardak and the Minister for Interior, Hanif Atmar, viewed as key players in building up Afghanistan's security forces retained their portfolios.<sup>1</sup>

US Joint Chiefs of Staff Chairman Admiral Mike Mullen expressed concern on the increasing connivance between Taliban and Pakistan-based militants. Speaking at a press conference in Kabul, Mullen noted the global community's success lay in joint operations against insurgents and in enabling Afghan forces to take charge of their security in 2011 when the US would begin a gradual drawdown of troops. He further noted that foreign troops stationed in Afghanistan are making an effort to restore peace in the war-ravaged country. In doing so, the international military personnel should attempt to win the confidence of Afghans by respecting their culture.<sup>2</sup> Meanwhile, a joint investigation conducted by a German committee and Kunduz Provincial Council members revealed that only 5 out of the 137 people killed in an air strike by NATO forces in northern Kunduz province in September were Taliban rest being civilians.<sup>3</sup>

In other developments, US CENTCOM Commander General David Petraeus stated that Iran is supplying arms to Taliban insurgents in Afghanistan. General Petraeus was speaking in a press conference in Kabul on December 16

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<sup>1</sup> 'Karzai announces new Afghan Cabinet', CNN, December 19, 2009 at <http://edition.cnn.com/2009/WORLD/asiapcf/12/19/afghan.karzai.cabinet/index.html>

<sup>2</sup> 'Taliban-Pakistan link worries Mullen', *Pajhwok Afghan News*, December 14, 2009 at [http://www.nytimes.com/2009/12/17/world/asia/17kabul.html?\\_r=1&scp=5&sq=afghanistan&st=cse](http://www.nytimes.com/2009/12/17/world/asia/17kabul.html?_r=1&scp=5&sq=afghanistan&st=cse)

<sup>3</sup> 'Investigators say 132 civilians killed in Kunduz air strike', *Pajhwok Afghan News*, December 16, 2009 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=86434>

where he noted "So that has taken place. We've seen the weapons and signature items that have come from Iran (into Afghanistan)... "some of that is understandable and some of that is (an) effort to increase its political influence in the country.""<sup>4</sup>

British Prime Minister Gordon Brown unveiled an ambitious plan for a 68-nation conference on the future of Afghanistan in January 2010 in London. It is expected that delegates from 68 nations will participate in the proposed conference including the 43 countries comprising the international coalition operating in Afghanistan. According to Brown, he also expects the conference to agree on the criteria for the transfer of provinces to Afghanistan beginning next year.<sup>5</sup>

Georgia would reportedly dispatch nearly 1,000 troops to Afghanistan as a token of gratitude towards the west. This was stated by the Georgian President, Mikheil Saakashvili in an article published in Wall Street on December 19. Georgia "has been grateful for the extent to which the US and Europe have stood alongside over recent years," he wrote.<sup>6</sup>

## PAKISTAN

- **Supreme Court rejects National Reconciliation Order (NRO); Gilani supports President Zardari in the wake of NRO controversy; Kayani meets Prime Minister Gilani; General Petraeus urges Pakistan to take stronger action against Taliban; Joe Biden: Haqqani network needs to be dismantled for overall peace and security in the region; Defence Minister's visit to China withheld due to Exit Control List (ECL)**

The controversial National reconciliation Order (NRO) was rejected by the Supreme Court on December 16. As a result, all cases which were dropped earlier would be reopened. The order written by the Chief Justice, Iftikhar Muhammad Chaudhary stated that the NRO was not in 'national interests' and was in "violation of various provisions of the constitution."<sup>7</sup> In a related development, Prime Minister Gilani expressed solidarity with President Zardari

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<sup>4</sup> 'Iran giving arms to Taliban: Centcom chief', *Pajhwok Afghan News*, December 16, 2009 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=86405>

<sup>5</sup> 'Gordon Brown unveils plan for 68-nation conference on Afghanistan', *Guardian*, December 14, 2009 at <http://www.guardian.co.uk/world/2009/dec/14/gordon-brown-afghanistan-conference>

<sup>6</sup> 'Grateful Georgia sends troops to Afghanistan', *ABC News*, December 20, 2009 at <http://www.abc.net.au/news/stories/2009/12/20/2776763.htm>

<sup>7</sup> Masood Rehman, 'SC strikes down NRO, all cases reopen: Justice is served', *Daily Times*, December 17, 2009 at [http://www.dailytimes.com.pk/default.asp?page=2009\12\17\story\\_17-12-2009\\_pg1\\_1](http://www.dailytimes.com.pk/default.asp?page=2009\12\17\story_17-12-2009_pg1_1)

who is facing crisis after the NRO was turned down by the SC. Gilani ruled the possibility of revisiting the Swiss cases against Zardari which were closed few years back.<sup>8</sup>

Meanwhile, COAS General Ashfaq Parvez Kayani met the Prime Minister twice on December 14 in Islamabad. Kayani was accompanied by Chief of CENTCOM in the first meeting and in a separate meeting he took up the issue of Barrister Kamal Azfar who recently blamed the GHQ and the CIA as a threat to democracy in Pakistan.<sup>9</sup>

Amongst other developments, US General David Petraeus urged Pakistan to take stronger action against the Taliban leadership inside its territory so as to promote long term peace in Afghanistan. Petraeus was speaking to the press on the occasion of the sixth Manama Dialogue Security Conference on December 13.<sup>10</sup> US Vice President, Joe Biden expressed further concerns on the situation in Pakistan noting that US strategic interests in South Asia were attached to “Stabilising Pakistan and defeating Al Qaeda.” In an interview to a TV channel on December 15, Biden emphasized the need to dismantle the Haqqani network to bring long term regional peace, reports noted.<sup>11</sup>

The Defence Minister, Chaudhary Ahmed Mukhtar was debarred from traveling to China as his name figured in the Exit Control List (ECL) as one of beneficiaries of the NRO.<sup>12</sup>

## **BHUTAN**

- **Bhutan’s Envoy, Kinzang Dorji opposes categorising all refugees as Bhutanese in the Human Rights Universal Periodic Review in Geneva**

Bhutanese Envoy, Kinzang Dorji emphasised that it was incorrect to categorise all refugees as Bhutanese as there were different categories of people living in

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<sup>8</sup> Asim Yasin, ‘PM stands by president’, *The News*, December 19, 2009 at [http://thenews.jang.com.pk/arc\\_default.asp](http://thenews.jang.com.pk/arc_default.asp)

<sup>9</sup> Muhammad Saleh Zaafir, ‘Pak, US generals meet PM’, *The News*, , December 15, 2009 at [http://thenews.jang.com.pk/arc\\_default.asp](http://thenews.jang.com.pk/arc_default.asp)

<sup>10</sup> ‘Pakistan must pressure Afghan Taliban: Petraeus’, *Daily Times*, December 14, 2009 at [http://www.dailytimes.com.pk/default.asp?page=2009\12\14\story\\_14-12-2009\\_pg1\\_2](http://www.dailytimes.com.pk/default.asp?page=2009\12\14\story_14-12-2009_pg1_2)

<sup>11</sup> Anwar Iqbal, ‘Concern over Haqqani network’: Stabilising Pakistan main US goal, says Biden’, *Dawn*, December 16, 2009 at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/concern-over-haqqani-network-stabilising-pakistan-main-us-goal%2C-says-biden-629>

<sup>12</sup> ‘Defence minister barred from taking off for China’, *The News*, December 18, 2009 at [http://thenews.jang.com.pk/arc\\_default.asp](http://thenews.jang.com.pk/arc_default.asp)

Eastern camps of Nepal in the Human Rights Universal Periodic Review held in Geneva on December 4. During the Periodic Review, several countries urged Bhutan to ratify core International Human Rights Treaties including the International Covenant on Civil and Political Rights (ICCPR) and International Covenant on Economic, Social and Cultural Rights (ICESR). Meanwhile, Kinzang Dorji stated that his government would announce its decisions on the recommendations offered during the 13th session of the HR Council which would be held in March 2010.<sup>13</sup>

In other developments, Bhutan along with the Least Developed Countries requested preferential treatment for adaptation as per the Bali action plan at the Copenhagen Summit. However, no consensus could be arrived at on the issue due to the disagreement between G-77, China and the developed countries.<sup>14</sup>

Meanwhile, Bhutan opened a consulate in Kolkata on December 17. The Consulate was inaugurated by the Foreign Minister of Bhutan, Lyonpo Ugyen Tshering.<sup>15</sup> The King of Bhutan, Jigme Khesar Namgyel is on a six day (21-26 December) visit to India. This is the King's first visit to India after coronation and he aims to strengthen and expand bilateral relations between the two countries.<sup>16</sup>

## B. EAST ASIA

### CHINA

- **Macao Celebrates 10<sup>th</sup> anniversary of the PLA Entry; Pakistani Naval Chief visits China; Romanian and Polish military leaders arrive in China; Armenian General pays official visit to China; PLA's Armoured Divisions Conduct Maneuver Exercises in extreme conditions; PLA Navy completes its Good-Will visit to South America; Winter Conscription of 2009 achieves "Many Firsts"**

Macao marked the 10<sup>th</sup> anniversary of the entry of PLA in the region on December 16. On this occasion, Central Military Commission (CMC) conferred the honorary title of the "Model Company in Implementing Macao Defense"

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<sup>13</sup>'Govt. to mull over UPR proposals', *The Kuensel*, December 16, 2009 at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=14240>

<sup>14</sup>'Bhutan seeks special window for benefits', *The Kuensel*, December 17, 2009 at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=14243>

<sup>15</sup>'Consulate in Kolkata', *The Kuensel*, December 17, 2009 at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=14249>

<sup>16</sup>'Bhutan's king in India next week', *Sindh Today*, December 17, 2009, <http://www.sindhtoday.net/news/1/82849.htm>

upon PLA Macao Garrison.<sup>17</sup> Incidentally, the Legislative Assembly of the Macao Special Administrative Region (SAR) unanimously adopted the “Rights and Immunities Act Regarding the Macao Garrison of the Chinese People’s Liberation Army in Performing Defense Functions and Responsibilities” during the last week. This act states “The Macao Special Administrative Region shall, by means of law, guarantee the rights and immunities that the Macao Garrison” and is expected to safeguard the national interests of the Chinese Central Government.<sup>18</sup>

Pakistan’s Chief of Naval Staff, Noman Bashir visited China and met the Defence Minister Liang Guanglie in Beijing on December 18. Speaking on the occasion, Guanglie emphasized that the Chinese armed forces would continue and improve its “friendly and cooperative relation” with their Pakistani counterparts.<sup>19</sup>

Meanwhile, a military delegation from Romania visited China to attend the ‘Work Dialogue’ between the Chinese and Romanian Ministries of Defence. The delegation was led by Kotoale-Nicolae, the Head of the Department of International Military Cooperation.<sup>20</sup>

An armoured division of the PLA- Jinan Military Area command undertook a military maneuver exercise in extremely chilly and frigid weather conditions in Dabie Mountains this week.<sup>21</sup> Besides, the Shenyang Military Area Command stationed in the Changbai Mountains also conducted similar military exercise.<sup>22</sup>

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<sup>17</sup> ‘Celebration for 10th Anniversary of PLA’s Entry Held in Macao’, *PLA Daily* (Online), December 17, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/17/content\\_4097279.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/17/content_4097279.htm)

<sup>18</sup> ‘Macao Legislative Assembly Adopts PLA Macao Garrison Right and Immunity Act’, *PLA Daily* (Online), December 18, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content\\_4097843.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content_4097843.htm)

<sup>19</sup> ‘China Vows to Deepen Military Cooperation with Pakistan’, *PLA Daily* (Online), December 19, 2009 at [http://eng.chinamil.com.cn/news-channels/today-headlines/2009-12/19/content\\_4098043.htm](http://eng.chinamil.com.cn/news-channels/today-headlines/2009-12/19/content_4098043.htm)

<sup>20</sup> ‘Ma Xiaotian Meets Romanian Guests’, *PLA Daily* (Online), December 18, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content\\_4097728.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content_4097728.htm)

<sup>21</sup> ‘Armored Division Conducts Maneuver Exercise’, *PLA Daily* (Online), December 18, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content\\_4097867.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content_4097867.htm)

<sup>22</sup> ‘Armored Regiment Organizes Exercise in Changbai Mountains’, *PLA Daily* (Online), December 18, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content\\_4097869.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/18/content_4097869.htm)



The Winter Conscription 2009 is nearing completion. During the season, college students were conscripted on a large scale for the first time. Besides, the upper age limit and medical qualification for vision have been relaxed. The conscription exercise reportedly witnessed women candidates in large numbers. The information about short-listed recruits was made public and a secret inquiry has been launched to monitor conscription.<sup>23</sup>

## SOUTHEAST ASIA

- **Thai Deputy PM expresses concern over the Thai-Cambodia bilateral relationship; Najib promises to reduce Malaysia's carbon dioxide emission to 40 percent by the year 2020; Chinese Vice President visits Myanmar; Cambodia ignores US appeal and expels Uighur asylum seekers**

Deputy Prime Minister of Thailand, Suthep Thaugsuban expressed concern that the bilateral relationship between Thailand and Cambodia cannot be restored unless Cambodia extradites fugitive former Thai Prime Minister Thaksin Shinawatra, reports noted. Suthep further reiterated that it was a duty of the Thai government to bring Thaksin back home as he had escaped the state to get involved in political activities.<sup>24</sup>

Malaysian Prime Minister Najib Razak is back in his country having attended the Copenhagen Summit on Climate Change. In Copenhagen, Najib made a significant announcement on Malaysia's decision to reduce its carbon dioxide emission to 40 percent by the year 2020 as compared to the levels recorded in 2005. However, Najib mentioned that Malaysia would require assistance from developed countries in order to achieve this objective.<sup>25</sup>

In other developments, Chinese Vice President Xi Jinping arrived in Myanmar on a day's visit on December 19 on his way to Cambodia. During the visit, Xi met with a number of top junta leaders, including junta chief Senior

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<sup>23</sup> ' "Firsts" in 2009 Winter Conscription', *PLA Daily* (Online), December 17, 2009 at [http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/17/content\\_4097280.htm](http://eng.chinamil.com.cn/news-channels/china-military-news/2009-12/17/content_4097280.htm)

<sup>24</sup> 'Suthep: Thaksin barrier to renewed ties', *The Bangkok Post*, December 14, 2009 at <http://www.bangkokpost.com/breakingnews/162691/restoring-ties-with-cambodia-not-easy>

<sup>25</sup> 'Najib returns after attending Climate Change Summit', *Bernama.com*, December 20, 2009 at [http://www.bernama.com/bernama/v5/news\\_lite.php?id=463435](http://www.bernama.com/bernama/v5/news_lite.php?id=463435)

General Than Shwe. However, no information has been made available regarding the talks held between the two leaders.<sup>26</sup>

Meanwhile, a group of twenty ethnic Uighurs was reportedly expelled by the Cambodian government on charge of illegally entering the country. These people entered Cambodia in search of asylum following the deadly communal violence there in July 2009 in Xinxiang province of China. Reports noted that the Uighurs will be deported to China even as US opposes this action by the Cambodian government. The decision to deport the Uighurs was taken just before the visit of Chinese Vice President, Xi Jinping to Cambodia on December 20.<sup>27</sup>

### C. WEST ASIA

- **Gulf Cooperation Council (GCC) holds 30th Summit in Kuwait City**

Gulf Cooperation Council (GCC) leaders met at Kuwait City for the 30<sup>th</sup> GCC summit on 14-15 December. Few important decisions were taken by the GCC during the two-day summit besides expressing concerns over some of the regional and international developments. GCC launched the GCC Monetary Union Pact and moved ahead towards a single currency plan. Saudi Arabia, Kuwait, Bahrain and Qatar signed and ratified the Gulf Monetary Union Pact while United Arab Emirates and Oman opted out of the Union.<sup>28</sup> Under the pact, a Gulf Monetary Council would be established early next year to develop into a central bank which could later take the necessary action to issue a single currency.

Meanwhile, GCC leaders also agreed to create a Joint Rapid Deployment Force to address security threats in the region. Abdulrahman Al-Attiyah, Secretary General of the GCC, stated that, "The force would intervene in situations similar to an incursion into Saudi Arabia by infiltrators earlier this year," adding that, "The force will be one of the pillars that will support stability and security in the region."<sup>29</sup> GCC leaders unanimously approved the

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<sup>26</sup> 'Chinese vice President arrives on Myanmar visit', *The Jakarta Post*, January 19, 2009 at <http://www.thejakartapost.com/news/2009/12/19/chinese-vice-president-arrives-myanmar-visit.html>

<sup>27</sup> 'Cambodia to expel Uighur asylum-seekers from China', *The Jakarta Post*, January 19, 2009 at <http://www.thejakartapost.com/news/2009/12/19/cambodia-expel-uighur-asylumseekers-china.html>

<sup>28</sup> 'GCC launches monetary pact', *Kuwait Times*, December 16, 2009 at [http://www.kuwaittimes.net/read\\_news.php?newsid=ODg1MTI3MjU4](http://www.kuwaittimes.net/read_news.php?newsid=ODg1MTI3MjU4)

<sup>29</sup> 'GCC approves joint force plan', *Saudi Gazette*, December 16, 2009 at <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2009121657165>

appointment of Muhammad Al-Mutawa, former information and Cabinet Affairs Minister of Bahrain as the new GCC Secretary General from March 2011.

Over the regional issues, GCC leaders opposed any military action by Western countries against Iran over its nuclear program and welcomed international efforts to resolve the Iranian nuclear issue peacefully via diplomatic means. The GCC leaders condemned Israel's unilateral policies alleging that they are directed at changing the geographic and demographic conditions of the occupied Palestinian territories. They also called on the international community to force Israel to stop settlement-building activities, remove the separation barrier and forbid the Israelis from undermining the status of Jerusalem and the sacred sites.<sup>30</sup> GCC expressed full solidarity with Saudi Arabia in protecting its lands and the safety of its citizens, affirming that any aggression against Saudi Arabia was an assault against the security and stability of all the GCC states. The GCC also extended its full support for the unity, security and stability of Yemen. GCC reiterated its stance over UAE's sovereignty over the three islands - Greater Tunb, Lesser Tunb and Abu Moussa - which have been occupied by Iran, including their regional waters, air space, continental shelves and the economic zone as an inseparable part of the UAE.<sup>31</sup>

## IRAN

- **Heads of the three branches of Iranian government meet to discuss crucial issues of national importance; Manouchehr Mottaki: Arrested Americans to face trial; Iran plans to use new generation of centrifuge enrichment by 2011**

The heads of 3 branches of government met at the Iranian Presidential Office on December 13. President Mahmoud Ahmadinejad, Chief of the Judiciary, Sadeq Larijani and Majlis Speaker, Ali Larijani discussed important political and economic issues facing the country in the meeting as reports noted. It is the second occasion in this month that the heads of the three branches of government convened a meeting to discuss such issues. The Subsidy Bill which has become a contentious issue between the Majlis and the administration is said to have featured prominently in these talks.<sup>32</sup>

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<sup>30</sup> 'Iran, Palestine central in final communiqué', *Kuwait Times*, December 16, 2009 at [http://www.kuwaittimes.net/read\\_news.php?newsid=ODE0MTYyMzM4](http://www.kuwaittimes.net/read_news.php?newsid=ODE0MTYyMzM4)

<sup>31</sup> Ibid.

<sup>32</sup> 'Heads of 3 branches of govt. review pressing issues', *Tehran Times*, December 14, 2009 at [http://www.tehrantimes.com/index\\_View.asp?code=209813](http://www.tehrantimes.com/index_View.asp?code=209813)

Meanwhile, the Iranian Foreign Minister, Manouchehr stated that three Americans arrested in July 2009 for allegedly crossing the border from northern Iraq would be put to trial. Mottaki noted that these men had “entered Iran with suspicious aims,” and therefore “the judiciary will try them.” The minister did not specify the charges. However, his remarks made it clear that the three Americans accused of espionage would be litigated – a charge that can amount to death sentence in Iran.<sup>33</sup>

In other developments, Iran expects to use a new generation of uranium centrifuges which it has been testing for about two years now, for full-scale nuclear enrichment by March 2011. Vice President, Ali Akbar Salehi stated that, “We are producing new generation of centrifuges named IR3 and IR4 ... We plan to use them by 2011 after eliminating problems and defects.” In October 2009, Iranian government stated that it planned to use a new generation of faster centrifuges to refine uranium at its new enrichment site near the central city of Qom. Nuclear experts are of the view that the new model of centrifuges is capable of increasing the output rate of Iran’s current P-1 machine, an outmoded, breakdown-prone vintage from the 1970s.<sup>34</sup>

## IRAQ

### • Iraq condemns the incursion of Iranian soldiers in Iraq

Iraq has demanded the immediate withdrawal of Iranian troops from the Iraqi territory. These Iranian troops have reportedly taken control of an oil well in Iraq. Spokesman of the Iraq government condemned the alleged incursion but stated that Baghdad was committed to resolving the issue by diplomatic means. According to the the Iraqi official, at least 11 Iranian soldiers were involved in this incident and had raised the Iranian flag over the Fakkah oil field. However, the National Iranian Oil Company denied that there had been any such incursion. Meanwhile, Iraq's Deputy Interior Minister, Ahmed Ali al-Khafaji noted the Iranians were in control of the well.<sup>35</sup>

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<sup>33</sup> Alan Cowell, ‘Iran Says 3 Americans to Face Trial’, *New York Times*, December 15, 2009 at [http://www.nytimes.com/2009/12/15/world/middleeast/15iran.html?\\_r=1&hp=&pagewanted=print](http://www.nytimes.com/2009/12/15/world/middleeast/15iran.html?_r=1&hp=&pagewanted=print)

<sup>34</sup> ‘Iran expects advanced enrichment in 2011’, *Khaleej Times*, December 18, 2009 at [http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2009/December/middleeast\\_December403.xml&section=middleeast](http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2009/December/middleeast_December403.xml&section=middleeast)

<sup>35</sup> ‘Iraq tells Iran to leave border’, *BBC News*, December 19, 2009 at [http://newsvote.bbc.co.uk/mpapps/pagetools/print/news.bbc.co.uk/2/hi/middle\\_east/8421971.stm?ad=1](http://newsvote.bbc.co.uk/mpapps/pagetools/print/news.bbc.co.uk/2/hi/middle_east/8421971.stm?ad=1)

## II. DEFENCE REVIEW

### DEFENCE NATIONAL

- **Defence Offset crosses Rs. 8900 crore**

Defence Minister, Shri AK Antony wrote to inform the Lok Sabha that about 10 offset contracts have been signed since the policy was announced in 2005 and revised subsequently. The International companies/agencies with which the offset contracts have been signed include Rosoboronexport, RAC MiG from Russia, Italy's Fincantieri, Lockheed Martin and Boeing of US and Elta, Israel Aerospace Industries and Rafael from Israel. The estimated value of the offsets involved in these contracts is over Rs. 8909 crores, as stated by the government. "Implementation of the offsets is expected to result in expanding and enhancing the manufacturing infrastructure and technical knowledge necessary for indigenous manufacture of weapon systems required by the Armed Forces", noted the Minister.<sup>36</sup>

- **India-Israel to joint develop LRSAM and MRSAM at the cost of Rs. 12,681 crores**

Defence Research Development Organization (DRDO) and Israel Aerospace Industries (IAI) have undertaken two projects to jointly develop Long Range Surface-to-Air Missile (LRSAM) and Medium Range Surface to Air Missile (MRSAM) for Indian Navy and Air Force respectively. Total cost of these projects is around Rs. 12, 681.02 crores, out of which MRSAM accounts for Rs. 10,075 crores. The missiles being developed "are comparable in performance and cost to missiles available in their class in the world market" stated the Defence Minister, AK Antony.<sup>37</sup>

- **Finance Ministry expresses concern over competitiveness of mid-air Refueller bid**

The Ministry of Finance (MoF) "has expressed certain reservations relating to the competitiveness of the bids and the reasonableness of the price" over the six Flight Refueller Aircrafts that the MoD intends to procure for the Air Force and Navy. The Defence Ministry floated a tender to four global companies about four years back - Lockheed Martin, Boeing, EADS and Ilyushin - on which latter two

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<sup>36</sup> Government of India, Ministry of Defence, 'Offset agreements under defence procurement policy', *Press Release*, December 14, 2009

<sup>37</sup> Government of India, Ministry of Defence, 'Joint development of missiles' *Press Release*, December 14, 2009

companies showed some interest. The procurement process was then initiated as per the provisions under the Defence Procurement Procedures 2006 (DPP 2006). The Finance Ministry's reservation may now quash the process and a fresh bid is expected to be issued next year.<sup>38</sup>

- **Mahindra buys majority stakes in two Australian aerospace companies**

India's Mahindra Group, a \$6.6 billion industrial conglomerate, simultaneously acquired majority stakes in two Australian defence and aerospace companies, Aerostaff Australia and Gippsland Aeronautics. Aerostaff Australia is a component manufacture of high-precision close-tolerance aircraft components and assemblies for large aerospace companies. Gippsland Aeronautics is a manufacturer of small segment turbo-prop aircrafts. The acquisition of the companies, valued Rs. 175 crores, will propel Mahindra to expand its interests in defence beyond the land based systems. It announced to set up a joint venture with UK's largest defence company BAE Systems to manufacture land-based system in November 2009.<sup>39</sup>

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<sup>38</sup> Government of India, Ministry of Defence, 'Refuelling Aircraft for Air Force', *Press Release*, December 14, 2009; Vivek Raghuvanshi, 'Indian Refueler Program May Be Rebid', *Defense News*, December 14, 2009 at <http://www.defensenews.com/story.php?i=4418824&c=AIR&s=TOP>

<sup>39</sup> Mahindra, "Mahindra soars into the defence segment, acquires majority stake in two Australian companies", *Press Release*, December 15, 2009, [http://www.mahindra.com/Admin/tmpupload/GA%20and%20AA%20Acquisition\\_Dec14,09.doc](http://www.mahindra.com/Admin/tmpupload/GA%20and%20AA%20Acquisition_Dec14,09.doc)