

THE WEEK IN REVIEW

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EDITOR: SANJEEV KUMAR SHRIVASTAV

REVIEW ADVISOR: S. KALYANARAMAN

CONTRIBUTORS

PRANAMITA BARUAH – Southeast Asia

PRASANTA PRADHAN- Israel, Palestine

AVINASH GODBOLE- Taiwan

PRASHANT KUMAR SINGH- China

LAXMAN BEHERA- Defence Review

MEDHA BISHT- Bhutan

PRASHANT HOSUR- USA

MAHTAB ALAM RIZVI – Iran, Iraq

KALYANI UNKULE- Energy Review



**INSTITUTE FOR DEFENCE STUDIES AND ANALYSES,
1, DEVELOPMENT ENCLAVE, RAO TULA RAM MARG, NEW DELHI – 110010**

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I. COUNTRY REVIEW

A. SOUTH ASIA

BHUTAN

- **Exiled refugee leaders of Bhutan form a joint front; Revised tariff structure to be operationalised by 2011**

A new momentum to bring about democracy in Bhutan is gathering pace as the exiled refugee leaders have formed a joint front under the leadership of Druk National Congress (DNC) chairman R.K. Dorji. Major political parties -- Druk National Congress (DNC), Bhutan People's Party (BPP), Bhutan National Democratic Party (BNDP) and Bhutanese Movement Steering Committee (BMSC) conducted a meeting on August 22, 2010, and decided to form a united front.¹ Meanwhile former Foreign Minister and Chairman of Madhesi Janadhikar Forum (MJF), Upendra Yadav in a meeting with refugee leaders on August 22, 2010, stated clearly that Nepal in the absence of Indian intervention would not be able to push the cause of repatriation with the Bhutanese government.²

At domestic front, as per the revised power tariff structure in Bhutan, subsidies to High Voltage users will end by 2011. For the medium voltage (MV) users, subsidy will end in 2020. However, the policy does not state about the subsidy for the low voltage (LV) or household users. At present around 70 percent of the domestic power consumption in Bhutan is absorbed by high voltage industries³.

B. EAST ASIA

CHINA

- **China describes the reports about its military presence in POK as baseless; China assures about its commitment for sustainable growth of the Oceans; Chinese Defence Minister visits Latin America; The DPRK looks for even more enhanced defence cooperation with China; China and New Zealand willing to further improve their defence ties; The PLA contingent left for South Kazakhstan to participate in the joint exercise;**

¹ "Bhutanese refugee leaders announce unified move for democracy in Bhutan", *Relief Web*, August 26, 2010, at <http://www.reliefweb.int/rw/rwb.nsf/db900SID/KHII-88Q8J6?OpenDocument>

² MJF chief believes Nepal alone cannot solve Bhutanese refugee crisis, *Nepal News*, August 28, 2010, at: <http://www.nepalnews.com/main/index.php/news-archive/19-general/8724-mjf-chief-believes-nepal-alone-cannot-solve-bhutanese-refugee-crisis.html>

³ "Hidden subsidy for big hitters?", *Kuensel*, September 5, 2010, at: <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=16618>

Law on Military Officers of Reserve Service revised; Continuous uplifting of the quality and level of military transportation stressed

China has expressed strong reaction to the reports which claimed the presence of over 11,000 Chinese troops in Pakistan-Occupied-Kashmir. Foreign Ministry spokesperson Jiang Yu in a statement said that these reports were groundless and made with ulterior motives. She noted that China believed that “the attempts of some people to fabricate stories to provoke China-Pakistan or China-India relations were doomed to fail.” Yu was responding to the recent reports of some American and Indian press that China had deployed more than 10,000 troops in the Gilgit-Baltistan region.⁴

Chinese Vice Premier Li Keqiang assured that China would work in close cooperation with the international community to promote the sustainable growth of the oceans. Attending a two day meeting with representatives to the 33rd Pacem in Maribus (Latin for Peace in the Oceans) Conference, which was held in Beijing this week, he said that China would attach great importance to conservation on the marine ecosystems in the process of exploiting marine resources; and it would actively develop the green marine economy.⁵

Last week Chinese State Councilor and Defense Minister Liang Guanglie was on an official good-will visit to Mexico, Colombia and Brazil. He went on this visit at the invitation of Mexican Secretary of National Defense Guillermo Galvan Galvan, Colombian Defense Minister Rodrigo Rivera and Brazilian Defense Minister Nelson Jobim. In the course of this meeting, on Wednesday, he met his Mexican counterpart Guillermo Galvan Galvan. The purpose of this meeting was to promote bilateral military cooperation.⁶

Meanwhile, Kim Yong Nam, President of the Presidium of the Supreme People's Assembly of the Democratic Republic of Korea (DPRK), in a meeting with the delegation from the Shenyang Military Region in northeastern China at the Mansudae Assembly Hall, on last Wednesday said that the DPRK would make efforts to move forward military ties with China.⁷

⁴ “China refutes reports of sending troops to Pakistan”, *China Daily* (Online), 2 September 2010, at http://www.chinadaily.com.cn/china/2010-09/02/content_11245166.htm

⁵ “China to join int'l co-op for marine development”, *China Daily* (Online), 5 September 2010, at http://www.chinadaily.com.cn/china/2010-09/05/content_11257604.htm

⁶ “Chinese DM leaves for visit to Latin American countries”, *PLA Daily* (Online), 31 September 2010, at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-08/31/content_4288933.htm

⁷ “DPRK to further develop DPRK-China military relations: leader”, *PLA Daily* (Online), 2 September 2010, http://eng.chinamil.com.cn/news-channels/china-military-news/2010-09/02/content_4289979.htm

On the other hand, New Zealand Secretary of Defense John McKinnon visited China last week. McKinnon met with Vice Chairman of China's Central Military Commission Guo Boxiong. In this meeting, the two sides agreed to further boost up military ties and maintained that China-New Zealand relations were at an all-time high, with frequent high-level visits, increased political mutual trust and rapid growth in mutually-beneficial cooperation.⁸

A strong PLA contingent consisting of 107 unit members left for South Kazakhstan on Thursday to participate in the seventh anti-terrorism military exercise, named as "Peace Mission 2010" conducted under the aegis of the Shanghai Cooperation Organization (SCO).⁹

The 16th meeting of the Standing Committee of the 11th National People's Congress was held on August 28, 2010. This meeting adopted the decision of the Standing Committee of the National People's Congress on Revision of the "Law of the People's Republic of China on Military Officers of Reserve Service". With the President Hu Jintao signing the No. 33 president order to promulgate the law on the same day, the revised law came into effect immediately. Reports claimed that after the modification, the management system of reserve officers would further improve; the source and channel for selection would further expand; the training would regularize; regulations on wartime conscription would enrich; regulations on treatment would get better; the ceiling age for reserve service in peacetime would adjust and the legal responsibilities of the reserve officers would become more detailed.¹⁰

In other developments, Liao Xilong, member of the Central Military Commission and director of the General Logistics Department of the Chinese People's Liberation Army (PLA), has stressed the need of constant uplifting of the quality and level of military transportation of the PLA and urged to endeavor to promote innovative development of the military transportation work by sticking to the core task of improving mobile transportation support capability of the PLA troops. He made these remarks while attending the workshop on promoting modernization construction of military transportation of the PLA troops on 1 September 2010.¹¹

⁸ "China, New Zealand vow to boost military ties", *PLA Daily* (Online), 31 September 2010, http://eng.chinamil.com.cn/news-channels/china-military-news/2010-08/31/content_4288934.htm

⁹ "PLA unit for SCO anti-terror drills in Kazakhstan leaves Beijing", *PLA Daily* (Online), 3 September 2010, at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-09/03/content_4290909.htm

¹⁰ "Revised law on military officers of reserve service promulgated", *PLA Daily* (Online), 30 September 2010, at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-08/30/content_4288673.htm

¹¹ "Liao Xilong urges innovative development of military transportation work", *PLA Daily* (Online), 2 September 2010, at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-09/02/content_4290615.htm

TAIWAN

- **Pentagon report: China is intensifying its military build up against Taiwan; Taiwan plans to deploy indigenous cruise missiles; another report suggests that it is acquiring patriot III missiles at the cost of US\$ 12.6bn as part of the development of missile defence shield**

In a recently released Pentagon report has noted that China is intensifying its military build up against Taiwan. Despite a friendly government in Taipei, China is building up its military presence in the region. China seems to be wary of the pro independence forces in Taiwan and it appears to be ready to use force to stop the island from declaring independence.¹² On the other hand, according to a Taiwanese lawmaker Lin Yu-fang, Taiwan is also preparing to meet any such eventuality. It is likely to induct indigenously developed Hsiungfeng 2E cruise missiles as the production has resumed following the development of the "key components". This move was sanctioned in 2008 but the government has remained tight lipped about it. Hsiungfeng 2E has range of 800 km and could be deployed at land or at sea.¹³

Another report suggests that as part of the development of missile defence shield, Taiwan is acquiring six batteries of Patriot III missiles forming the backbone of the system which will account for roughly half the costs associated with the project. A long-range early warning radar system, priced at about 40 billion Taiwan dollars, will allow the military to detect and track incoming ballistic missiles and cruise missiles, the report noted. It pointed out that the system will also include locally produced tactical ballistic missiles evolved from existing missiles known as "Tienkung", or Sky Bow.¹⁴

SOUTHEAST ASIA

- **Singapore and Malaysia ratify sea boundary treaty demarcating the territorial seas in the western party of the Strait of Singapore; Malaysia welcomes end of US forces' combat role in Iraq; Indonesia-Malaysia maritime border dispute continues**

Singapore and Malaysia have recently ratified the sea boundary treaty that clearly demarcates the territorial seas in the western part of the Strait of Singapore. Under this treaty both the states have agreed to continue accepting the current territorial sea boundary which was agreed upon earlier by both sides

¹² China intensifies military build-up against Taiwan: reports, *AFP*, 2 September 2010, at <http://www.google.com/hostednews/afp/article/ALeqM5j-1nFQy81KubYtsvmgqsnvnXiljQ>

¹³ Taiwan to deploy cruise missiles: lawmaker, *AFP* 1 September 2010, at http://www.google.com/hostednews/afp/article/ALeqM5iV2Lb0wO2bWg_I_w4LA-WDygmETw

¹⁴ Taiwan missile defence shield ready next year: report, *Asia One News*, 6 September 2010, at <http://news.asiaone.com/News/Latest%2BNews/Asia/Story/A1Story20100906-235807.html>

on May 25, 1973. The newly ratified treaty is to provide legal basis for both the states to oversee the security, safety of navigation, law enforcement and the protection of the maritime zones under their current national law.¹⁵

While hailing the recent decision by the United States to bring an end to its seven years long combat role in Iraq as the right thing to do, Malaysian Prime Minister Najib Razak hoped that a stable government would soon come to power in Iraq to ensure peace and stability within the country.¹⁶

In the wake of recent arrests of seven Malaysian fishermen by Indonesian authorities for allegedly trespassing in Indonesian waters and three enforcement officers by Malaysian authorities in waters near Bintan island earlier this month, many Indonesians have reportedly turned hostile against Malaysia. Although both the states have already released the detained persons, it has not assuaged the Indonesian protesters who claim that Malaysia should apologize to Indonesia for tarnishing the latter's image.¹⁷ In the meantime, Indonesian President Susilo Bambang Yudhoyono is hopeful of resolving the maritime boundary dispute early so that the age old cordial bilateral relationship can be maintained and improved further.¹⁸

Indonesia has already expressed its eagerness to discuss maritime disputes with Malaysia in the upcoming meeting between the two states scheduled to be held on September 6, 2010 in Kota Kinabalu. In the meeting, the Indonesian delegates will not only discuss with their Malaysia counterparts regarding the disputes over five segments (Straits of Melaka, Straits of Melaka South, Straits of Singapore, Straits of Sulawesi and South China Sea), but also seek clarification on the recent disputes occurred between the two states which has strained the bilateral relations.¹⁹

¹⁵ "Singapore, Indonesia ratify Boundary Treaty", *Bernamea.com*, August 30, 2010, at <http://www.bernama.com/bernama/v5/newsindex.php?id=525118>

¹⁶ "Najib welcomes ending of US Combat role in Iraq", *Bernamea.com*, September 1, 2010, at <http://www.bernama.com/bernama/v5/newsindex.php?id=525554>

¹⁷ "Anti-Malaysia protests go on in Jakarta", *Bernamea.com*, September 1, 2010, at <http://www.bernama.com/bernama/v5/newsindex.php?id=525586>

¹⁸ "Indonesia and Malaysia need to resolve border issues immediately", *Bernamea.com*, September 2, 2010, at <http://www.bernama.com/bernama/v5/newsindex.php?id=525620>

¹⁹ "Indonesia ready to discuss maritime order disputes with Malaysia", *Bernamea.com*, September 3, 2010, at <http://www.bernama.com/bernama/v5/newsindex.php?id=526174>

C. WEST ASIA

IRAN

- **Basij Commander: Israel will receive firm response if it launches an attack against Iran**

Indicating at Israel, Basij Commandant Mohammad Reza Naqdi has said the Zionist regime will get a firm response if it envisages of launching an attack on Iran. He pointed out that according to Sharia (religious laws) all Muslims must increase to liberate occupied Islamic territories, but today international conventions do not allow such a move “so we seek to find a pretext (to take on Zionists) and if they provide such a pretext for us we will show them what we will do.” Commenting on the Palestinian and Israeli leaders’ peace negotiations, he said that the “compromise negotiations” are Zionists’ desperate endeavours to save themselves.²⁰

IRAQ

- **Suicide bomber killed 12 in Baghdad, US troops called in to help**

US troops have been called in to help Iraqi forces when insurgents attacked an army base in Baghdad, killing 12 people. This incident resulted in first such use of US troops since the end of US combat operations in Iraq. The remaining US forces in Iraq can now operate only at the request of Iraqi authorities. An Iraqi officer noted that US forces were called in to help, and exchanged gunfire with the attackers before Iraqi security forces stormed the building, killing the bombers.²¹

ISRAEL, PALESTINE

Israel, Palestine resume peace talks in Washington

Israeli Prime Minister Benjamin Netanyahu and Palestinian President Mahmoud Abbas held direct talks at Washington DC on September 02 which was facilitated by the USA. Both the leaders have agreed to produce a framework for a

²⁰ “Israel will be wiped out if it makes stupid act against Iran: Commander,” *Tehran Times*, September 4, 2010, at http://www.tehrantimes.com/index_View.asp?code=225990

²¹ “US troops called in as Iraqi army base attacked,” *BBC News*, September 5, 2010, at <http://www.bbc.co.uk/news/world-middle-east-11192265>

permanent peace deal and also agreed to resume their talks on September 14-15. Thereafter, both leaders are also planning to meet every two weeks. They acknowledged that security is of primary concern for both their countries. Netanyahu said that "A real peace must take into account the genuine security needs of Israel." Similarly, Abbas said that "We consider security as essential and vital both for us and for you and we will not accept that anyone commits any act that would harm your security or ours."²² Prime Minister Netanyahu admitted that his country was ready for a historic compromise with the Palestinians with hope that the Arab world would follow. The chief Palestinian negotiator Saeb Erekat said the two sides had agreed to build a framework within a year for a comprehensive deal. The peace talks are also being supported by Egypt, Jordan, Saudi Arabia and the Arab League. King Abdullah II of Jordan and President Hosni Mubarak of Egypt made visit to Washington seeking the start of the negotiations.²³

D. USA

- **US Coast Guard rescues 7 boaters in South Carolina**

In a rescue operation on 4th and 5th September, 7 boaters who had gone on missing on Saturday were rescued by the US Coast Guard about 25 miles off the coast of Charleston, South Carolina. The boaters were aboard a 30 foot power boat that sank after developing a technical glitch. Coast Guard's air borne crew found the boaters. All the boaters were wearing life jackets, which proved crucial for their survival and the success of the rescue operation.²⁴

II. DEFENCE REVIEW

- **India, South Korea sign two defence MoUs; BrahMos test-fired at supersonic speed**

India and South Korea signed two 'landmark' Memoranda of Understanding (MoUs) to strengthen bilateral strategic partnership. The first MoU, which would remain valid for five years and subject to further extension, "envisages exchange of defence related experience and information, mutual exchange of visits by

²² "Netanyahu, Abbas hold private peace talks", *ABC News*, September 3, 2010 at <http://www.abc.net.au/news/stories/2010/09/03/3001249.htm>

²³ "Mideast Leaders Hopeful After Opening of Talks", *The New York Times*, September 5, 2010 at http://www.nytimes.com/2010/09/06/world/middleeast/06mideast.html?_r=1&ref=middleeast

²⁴ 7 boaters saved in moonlight rescue off South Carolina coast. September 5. CNN News. http://edition.cnn.com/2010/US/09/05/south.carolina.boaters.rescued/index.html#fbid=IkY_2etaGj0&wom=false

military personnel and experts including civilian staff associated with defence services, military education and training and conduct of military exercises, exchange of visits of ships and aircraft, as jointly decided between the two countries.” The second MoU envisages joint development and production of various defence items, including some of ‘immediate interest’ such as marine systems, electronics and intelligent systems.²⁵

A new version of BrahMos cruise missile (BrahMoS Block II) was test fired successfully, in a steep dive mode at supersonic speed. The test firing covered the full range of the 290 km before hitting the desired target and “meeting all the mission parameters”, noted SP Dash, Director of the Integrated Test Range (ITR) complex at Chandipore, Orissa. With the successful test, the Block II version of the missile is ready for induction in the Army.²⁶

III. ENERGY REVIEW

- **Reliance Industries Ltd. buys 3 mn barrels of spot Brazilian crude; India urges Ghana to ensure gas supply for its 1.15 million tonne per annum ammonia-urea fertiliser plant**

Reports noted that the operator of the world's largest refining complex, Reliance Industries Ltd. has bought around 3 mn barrels of spot Brazilian crude which will arrive in India in the next two months. It was pointed out that this move could be possible because of weaker US crude prices versus European benchmark and lower freight rates. This development is also indicative of emerging economies’ quest to diversify sources of supply.²⁷

Meeting with Ghanaian President John Evans Atta Mills, Indian Commerce and Industry Minister Anand Sharma who was on a visit to Ghana, pitched for assured gas supply from the hosts for a 1.15 million tonne per annum ammonia-urea fertiliser plant in India. Discussions were also held between officials from ONGC, OVL and GAIL and their counterparts at Ghana National Petroleum Corporation on joint exploration initiatives in the sector²⁸.

²⁵ “India and South Korea Sign two Landmark MoUs to Boost Defence Cooperation”, *Press Information Bureau*, September 03, 2010 at <http://pib.nic.in/release/release.asp?relid=65522>

²⁶ BrahMos cruise missile achieves supersonic dive, *Sify News*, September 05, 2010, at <http://sify.com/news/brahmos-cruise-missile-achieves-supersonic-dive-news-national-kjfsufcjebh.html>

²⁷ “Reliance buys 3 mn bbls spot Brazil crude” *The Economic Times*, Sept. 3, 2010 at <http://economictimes.indiatimes.com/news/news-by-industry/energy/oil--gas/Reliance-buys-3-mn-bbls-spot-Brazil-crude/articleshow/6485644.cms>

²⁸ “India pitches for stake in Ghana energy sector”, *Sify Finance*, September 5, 2010 at <http://sify.com/finance/india-pitches-for-stake-in-ghana-energy-sector-news-default-kjfrubgfbgj.html>