

# THE WEEK IN REVIEW

May 19-June 1, 5 (4&5) 2014

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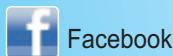
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## I. COUNTRY REVIEWS

### A. South Asia

#### Bangladesh

(May 19-25)

- Hasina and Zia congratulate Indian PM-elect Shri Narendra Modi; Bangladesh becomes full member of the CICA; Bangladesh will chair the Bureau of South-South Cooperation (SSC) for the next two years; Hasina visits Japan; India to supply 100 MW more electricity to Bangladesh; CMBEC gets the Padma bridge project

According to reports, Prime Minister Sheikh Hasina telephoned Indian PM-elect Shri Narendra Modi and congratulated him on his victory in Lok Sabha elections. BNP chief Khaleda Zia also called Shri Modi and congratulated him on BJP's landslide victory in the polls.<sup>1</sup>

Reports noted that Bangladesh became a full member of the Conference on Interaction and Confidence Building Measures in Asia (CICA) on May 20, 2014.<sup>2</sup>

According to reports, Bangladesh's Permanent Representative to the UN Dr. AK Abdul Momen has been elected to chair the Bureau of South-South Cooperation (SSC) for the next two years. The SSC is a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains.<sup>3</sup>

According to reports, Indian officials concerned met in Agartala on May 23, 2014 to draft a strategy to supply 100 MW more electricity to Bangladesh. India is already supplying 500MW of electricity to the national grid of Bangladesh through the South-western region. The additional electricity will be channelled from Palatana Power Plant in Tripura and only a nine-km transmission line is required to connect the grids of the two countries, according to officials. Senior officials of Central Electricity Authority, Power Grid Corporation of India Ltd, North East Regional Power Committee, ONGC Tripura Power Company and Tripura State Electricity Corporation (TSEC) were present in the meeting. The meeting follows the constitution of a four-member joint study committee by Bangladesh and Indian governments last month.<sup>4</sup>

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<sup>1</sup> "PM, Khaleda call Modi: Hasina invites him to Bangladesh", The Daily Star, May 19, 2014 at <http://www.thedailystar.net/newsarchive/pm-khaleda-call-modi-24705>.

<sup>2</sup> "Bangladesh becomes CICA member", The Daily Star, May 21, 2014 at <http://www.thedailystar.net/newsarchive/bangladesh-becomes-cica-member-25011>.

<sup>3</sup> "Dhaka elected president of Bureau of South-South Cooperation", The Daily Star, May 21, 2014 at <http://www.thedailystar.net/newsarchive/dhaka-elected-president-of-bureau-of-south-south-cooperation-25012>.

<sup>4</sup> "Bangladesh to get 100MW more", The Daily star, May 24, 2014 at <http://www.thedailystar.net/newsarchive/bangladesh-to-get-100mw-more-25411>.

According to reports, Prime Minister Sheikh Hasina made a four-day official visit to Japan on May 24, 2014. This is the first bilateral tour after the January 5 general elections, about which Japan along with some other western countries has reservations.<sup>5</sup>

Reports noted that the Padma bridge project finally sees a breakthrough after a three-year delay over allegations of a corruption conspiracy, with the cabinet purchase committee awarding the project to the lone bidder, China Major Bridge Engineering Company (CMBEC).<sup>6</sup>

(May 26-June 1)

- **Speaker of Jatiya Sangsad attends Modi's swearing-in ceremony; Hasina visits Japan; tensed situation in Bangladesh-Myanmar border**

According to reports, Speaker Shirin Sharmin Chaudhury represented Prime Minister Sheikh Hasina at Modi's swearing-in ceremony on May 26, 2014. Speaker Chaudhury met Prime Minister Narendra Modi in New Delhi on May 27, 2014 a day after she attended the latter's swearing-in ceremony. During the meeting, Indian Prime Minister Narendra Modi has assured that his government will actively consider Teesta water sharing and land boundary issues. Ms. Shirin also called on Indian President Pranab Mukherjee at the Rashtrapati Bhavan. The Speaker told journalists that she handed Modi a letter from Hasina, who felicitated him on his swearing-in as Indian PM, and renewed her invitation to him to visit Bangladesh. This was Hasina's second letter to Modi within 10 days. She had also phoned him after the Indian election.<sup>7</sup>

According to reports, Japan pledged to provide economic assistance worth \$5.9 billion to Bangladesh over the next four to five years. Japan's Prime Minister Shinjo Abe's announcement came at a joint press conference with his Bangladesh counterpart Sheikh Hasina after the two leaders held formal talks at the Japanese premier's office in Tokyo. Hasina, who arrived in Tokyo on May 25 on a four-day official visit, signed a 21-point joint statement with Abe. In the statement, they agreed to strengthen ties between the two countries on a variety of fronts. According to government officials, Abe and Hasina discussed a number of topics on bilateral cooperation and Japan, as the single largest development partner of Bangladesh, has been earmarked by Dhaka for major government projects, including the reduction of poverty, fast-tracking infrastructure and power generation projects, and the development of the country's human resources.<sup>8</sup>

In other developments, according to reports, Border Guard Bangladesh Nayek Mizanur Rahman was shot on May 28, 2014 when Border Guard Police (BGP) of Myanmar without provocation opened fire on a BGB patrol team near Border Pillar-52. The Myanmarese border troops had

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<sup>5</sup> "Hasina off to Japan", The Daily Star, May 25, 2014 at May 25, 2014 at <http://www.thedailystar.net/newsarchive/hasina-off-to-japan-25547>.

<sup>6</sup> "Chinese company to build Padma bridge", The Daily Star, May 22, 2014 at <http://www.thedailystar.net/newsarchive/chinese-company-to-build-padma-bridge-25152>.

<sup>7</sup> "Modi assures Dhaka on Teesta, land boundary issues; PM writes to new Indian PM to resolve all pending issues", The Daily star, May 28, 2014 at <http://www.thedailystar.net/newsarchive/india-to-consider-actively-25976>.

<sup>8</sup> "Japan pledges \$5.9b: Hasina holds official talks with Japanese PM; both countries to boost trade, economic ties", The Daily Star, May 27, 2014 at <http://www.thedailystar.net/newsarchive/japan-pledges-5-9b-25828>.

reportedly intruded into Bangladesh territory and took away injured Mizanur. When a BGB team went near the spot on May 30 looking for Mizanur, the BGP opened fire on them that led to a gun battle. Myanmar border police finally handed over the body of Border Guard Bangladesh Nayek Mizanur Rahman at the frontier near Painchhari of Bandarban on May 31, afternoon amid high tension on the border and diplomatic manoeuvres.<sup>9</sup>

## Sri Lanka

(May 19-25)

- PM-elect Shri Modi welcomes Sri Lanka's good will gesture to mark the swearing-in-ceremony; Malaysian police arrested three LTTE suspects' Sri Lanka condemned attack on Indian consulate in Herat; Chief of Staff of the Chinese People's Armed Police visits Sri Lanka; No confidence motion against govt. defeated; President visits China**

According to reports, Indian Prime Minister elect Shri Narendra Modi welcomed Sri Lankan President's order to release all the Indian fishermen under custody in the island. Sri Lanka's goodwill gesture to mark the swearing-in of the Prime Minister-designate was soon followed by Pakistan as well.<sup>10</sup>

Reports noted that Malaysian Police have arrested three men suspected to be members of Liberation Tigers of Tamil Eelam (LTTE) on May 15, 2014.<sup>11</sup>

Reports noted that the Sri Lankan government "unequivocally" condemned the pre-dawn terrorist attack on May 23, 2014 on the Indian consulate in Herat, Afghanistan.<sup>12</sup>

According to reports, a six-member delegation, headed by Chief of Staff of the Chinese People's Armed Police Lieutenant General Niu Zhizong was in Sri Lanka on a three-day official visit. The delegation met the Sri Lankan army commander on May 22, 2014. During the meeting with the Army Commander, the Chinese Chief of Armed Police offered training opportunities for Sri Lankan officers in China, in addition to training slots that have already been allocated in China for Sri Lankan service personnel. Lieutenant General Ratnayake in response invited Chinese officers to join different training courses, conducted in Army training centers in Sri Lanka as many of those courses are on par with international standards.<sup>13</sup>

<sup>9</sup> "Border still very tense: Myanmar returns body of BGB man; flag meeting June 3", The Daily star, June 01, 2014 at <http://www.thedailystar.net/newsarchive/border-still-very-tense-26535>.

<sup>10</sup> "Indian PM welcomes Sri Lanka releasing fishermen", Colombo Page, May 25, 2014 at [http://www.colombopage.com/archive\\_14A/May25\\_1401026201CH.php](http://www.colombopage.com/archive_14A/May25_1401026201CH.php).

<sup>11</sup> "Malaysian police arrest three LTTE suspects", Colombo Page, May 25, 2014 at [http://www.colombopage.com/archive\\_14A/May25\\_1400998285CH.php](http://www.colombopage.com/archive_14A/May25_1400998285CH.php).

<sup>12</sup> "Sri Lanka condemns terrorist attack on Indian Consulate in Herat, Afghanistan", Colombo Page, May 23, 2014 at [http://www.colombopage.com/archive\\_14A/May23\\_1400851234CH.php](http://www.colombopage.com/archive_14A/May23_1400851234CH.php).

<sup>13</sup> "High ranking Chinese military delegation offers training opportunities to Sri Lankan officers", Colombo Page, May 22, 2014 at [http://www.colombopage.com/archive\\_14A/May22\\_1400774739CH.php](http://www.colombopage.com/archive_14A/May22_1400774739CH.php).

According to reports, a no confidence motion was presented against the Sri Lankan government by the main opposition United National Party (UNP) was defeated in the parliament on May 21, 2014 after two-days of debating. The motion was defeated by a majority of 94 votes with 151 members voting against the motion and only 57 members voting for the motion. The UNP, the Tamil National Alliance (TNA) and the Democratic National Alliance voted in support of the motion while government coalition parties, Jathika Hela Urumaya and National Freedom Front were absent.<sup>14</sup>

In other developments, According to reports, President Mahinda Rajapaksa went to China on May 19, 2014 to attend the 4th Conference on Interaction and Confidence Building Measures in Asia (CICA). Sri Lanka participated in the CICA summit for the first time.<sup>15</sup> President Rajapaksa met the UN Chief Ban Ki Moon and Iranian President Hassan Rouhani on the sidelines of the Conference in Shanghai China.<sup>16</sup>

During the visit, Sri Lankan President Mahinda Rajapaksa and Chinese President Xi Jinping held bilateral talks in Shanghai and discussed the progress of ongoing collaborative projects as well as new areas of cooperation.<sup>17</sup>

(May 26-June 1)

- **President Rajapaksa visits India; President Rajapaksa meets Maldivian President in the Maldives; External Affairs Minister Professor G L Peiris holds bilateral discussions with Minister of Foreign Affairs Spain; Sri Lankan navy arrested twenty nine Indian fishermen again**

According to reports, President Mahinda Rajapaksa visited New Delhi on May 26 to participate in the swearing-in ceremony of India's Prime Minister-elect Shri Narendra Modi. Accompanying the President in the delegation are Minister of External Affairs Prof. G.L. Peiris, Minister of Livestock and Rural Community Development Arumugam Thondaman, Monitoring MP of the Ministry of External Affairs Sajin de Vass Gunawardena, Mayor of the Jaffna Municipal Council Mrs. Yugeswaray Patgunarajah, Secretary to the President Lalith Weeratunga, Secretary to the Ministry of External Affairs Mrs. Kshenuka Senewiratne. Meanwhile, Rajapaksa invited Chief

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<sup>14</sup> "No-confidence motion against Sri Lankan government defeated by a majority of 94 votes", Colombo Page, May 21, 2014 at [http://www.colombopage.com/archive\\_14A/May21\\_1400696620CH.php](http://www.colombopage.com/archive_14A/May21_1400696620CH.php).

<sup>15</sup> "MR leaves for China", Daily Mirror, May 19, 2014 at <http://www.dailymirror.lk/news/47258-mr-leaves-for-china.html>.

<sup>16</sup> "Sri Lanka seeks to enhance trade with Iran", Colombo Page, May 21, 2014 at [http://www.colombopage.com/archive\\_14A/May21\\_1400680471CH.php](http://www.colombopage.com/archive_14A/May21_1400680471CH.php).

"Sri Lanka fully committed to implement a domestic procedure to address accountability", Colombo Page, May 21, 2014 at [http://www.colombopage.com/archive\\_14A/May21\\_1400682372CH.php](http://www.colombopage.com/archive_14A/May21_1400682372CH.php).

<sup>17</sup> "Sri Lanka, China look to step up mutual cooperation", Colombo Page, May 22, 2014 at [http://www.colombopage.com/archive\\_14A/May22\\_1400762756CH.php](http://www.colombopage.com/archive_14A/May22_1400762756CH.php).

Minister of Northern Province C.V. Wigneswaran to join the delegation, but he refused to accompany President to India.<sup>18</sup>

Reports noted that during the visit, President Mahinda Rajapaksa and new Indian Prime Minister Shri Narendra Modi held bilateral talks on May 27 at the Hyderabad House in New Delhi. The two leaders had an in-depth discussion of issues of mutual concern. President Rajapaksa described the initiatives Sri Lanka has taken with regard to rehabilitation, resettlement, reconstruction and the ongoing reconciliation process in the country. President Rajapaksa and Prime Minister Modi also discussed the issue of fishermen of both countries and measures that can be taken to find a permanent solution through a process in which the views of fishermen from both countries can be taken into consideration. Both agreed that talks between the fishermen and the meeting of the joint committee of officials must continue.<sup>19</sup> India has agreed to release 85 Sri Lankan fishermen who are lodged in different jails in Odisha and Andhra Pradesh. This was conveyed to Sri Lanka president Mahinda Rajapaksa when he met Prime Minister Narendra Modi.<sup>20</sup> President Rajapaksa also met Indian President Pranab Mukherjee and briefed him on the steps Sri Lanka has taken with regard to development and the ongoing reconciliation process in the country.<sup>21</sup>

According to reports, President Rajapaksa met Maldives President Abdulla Yameen Abdul Gayoom in New Delhi on May 26. The two leaders discussed a number of matters of mutual interest, including the joint economic commission. The progress of the memorandums of understanding (MoUs) on youth and skills development, sports and training in various sectors was discussed. The MoUs were signed when the Maldivian President was in Sri Lanka on a state visit in January of this year. President Gayoom had a specific request for President Rajapaksa – to make a visit to Maldives.<sup>22</sup>

According to reports, External Affairs Minister Professor G L Peiris had bilateral discussions with Manuel Garcia Marfil, Minister of Foreign Affairs Spain, on the sidelines of the 17th Ministerial Meeting of the Non-Aligned Movement in Algiers. Minister Peiris briefed his Spanish counterpart on Sri Lanka's current situation, with particular reference to issues connected with development and reconciliation. Trade, investment and tourism were other major topics, which the Ministers discussed at their meeting. Minister Marfil informed Prof. Pieris about plans by the Government of Spain to open an Embassy in Colombo in the near future.<sup>23</sup>

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<sup>18</sup> "President in India for swearing-in", Colombo Gazette, May 26, 2014 at <http://colombogazette.com/2014/05/26/president-in-india-for-swearing-in/>.

<sup>19</sup> "Mahinda and Modi meet for talks", Colombo Gazette, May 27, 2014 at <http://colombogazette.com/2014/05/27/mahinda-and-modi-meet-for-talks/>.

<sup>20</sup> "India to free 85 Lankan fishermen", Colombo Gazette, May 28, 2014 at <http://colombogazette.com/2014/05/28/india-to-free-85-lankan-fishermen/>.

<sup>21</sup> "Mahinda briefs Pranab on progress", Colombogazette, May 27, 2014 at <http://colombogazette.com/2014/05/27/mahinda-briefs-pranab-on-progress/>.

<sup>22</sup> "Maldives worked for Lanka at UN", Colombo Gazette, May 26, 2014 at <http://colombogazette.com/2014/05/26/maldives-worked-actively-for-lanka-at-un/>.

<sup>23</sup> "Lanka briefs Spain on reconciliation", Colombo Gazette, May 29, 2014 at <http://colombogazette.com/2014/05/29/g-l-briefs-spain-on-reconciliation/>.

In other developments, according to reports, Sri Lankan Navy arrested 29 Indian fishermen off Thalaimannar on May 31 and handed over to the fisheries department. The Navy said that the Indians were poaching in Sri Lankan waters when they were arrested. Following the arrest the Navy seized 6 boats used by the Indians to enter Sri Lankan waters.<sup>24</sup>

#### MALDIVES (MAY 19-25)

- **Ministry of Foreign affairs issues advisory against travelling to Thailand**

Reports noted that Maldives Ministry of Foreign Affairs has issued an advisory against travelling to Thailand, particularly Bangkok, due to ongoing political and social unrest in the country.<sup>25</sup>

(May 26-June 1)

- **President Yameen Abdul Gayoom visits India and attends swearing -in ceremony of Modi government; Maldives' stand on the GMR compensation issue remains unchanged**

According to reports, President Abdulla Yameen Abdul Gayoom concluded his official visit to India on May 27. The President's visit was made on the invitation of the Indian government to attend the inauguration ceremony of Prime Minister Narendra Modi. Speaking to the local media on arrival at the Ibrahim Nasir International Airport, the President highlighted the warm and gracious hospitality extended to him and his delegation by the Indian government during their stay in India. Additionally, President Yameen stated that both governments had re-affirmed their commitment to further consolidating Indo-Maldivian relations. The President also briefed the media on his discussions with Prime Minister Modi during their meeting which focused on key bilateral issues, the future of the South Asian Association of Regional Cooperation (SAARC), and issues of regional security. President Yameen further highlighted that he had extended an invitation to the newly-elected Indian Prime Minister to visit the Maldives next year to take part in the 'Golden Jubilee' celebrations marking 50 years of the country's independence. Recalling his meeting with senior officials of Bharatiya Janatha Party (BJP), President Yameen noted that the BJP leaders were committed to establishing strong ties with the incumbent Progressive Party of Maldives (PPM). President Abdulla Yameen Abdul Gayoom also met with the President of India, His Excellency Pranab Mukherjee.<sup>26</sup>

In another development, according to reports, Maldives government's stand on the GMR compensation issue remains unchanged, President's Office Spokesperson has said. The statement follows SMS messages and social media posts being circulated saying that the government has

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<sup>24</sup> "Navy arrests 29 Indian fishermen", Colombo Gazette, June 1, 2014 at <http://colombogazette.com/2014/06/01/navy-arrests-29-indian-fishermen/>.

<sup>25</sup> "Maldives government issues travel advisory for Thailand", Sun Online, May 25, 2014 at <http://www.sun.mv/english/22211>.

<sup>26</sup> "President concludes Official Visit to India", President's Office, Republic of Maldives, May 27, 2014 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=14358>.

agreed to pay MVR 878 million, in addition to 37 uninhabited islands and Hanimaadhoo Airport to GMR, as compensation for the premature annulment of the Ibrahim Nasir International Airport (INIA) agreement in November 2012. Spokesperson at the President's Office Ibrahim Muaz Ali said that the government would not pay compensation to GMR before the matter is settled by the arbitration court in Singapore. He said the government of Maldives has not, at any point, discussed the matter with the government of India and that there is no pressure from the Indian government regarding the compensation issue.<sup>27</sup>

## B. South Asia

### Japan

(May 26-June 1)

- Japan's military chief visits Myanmar; Bangladeshi Prime Minister visits Japan

Japan's military chief General Shigeru Iwasaki arrived at Myanmar administrative capital Naypyitaw on May 26 for a four-day visit. During his visit, he met with Myanmar President Thein Sein and his Myanmar counterpart Senior General Min Aung Hlaing. During Iwasaki's interaction with Thein Sein, both emphasized on enhancing defense cooperation and exchanges at various levels. While discussing bilateral defence cooperation, Iwasaki and Hlang also agreed on "the importance of exchanges at every level between the Self Defense Forces and Myanmar Armed Forces."<sup>28</sup>

Prime Minister of Bangladesh-Sheikh Hasina visited Japan from May 25 till May 28.<sup>29</sup> During her visit, she signed a joint statement with Japanese Counterpart Shinzo Abe on May 26. In that statement, the Japanese government pledged to extend economic assistance (mainly in the form of loan) up to 600 billion yen to Bangladesh over the next four to five years. The loan is to be used for infrastructure development in Bangladesh, along with other projects there. In the said statement, the two leaders "underscored the importance of the freedom of navigation and shared the view that international disputes and issues should be resolved peacefully."<sup>30</sup> Given Bangladesh's growing interest in nuclear power, the two leaders also agreed to launch deliberation between

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<sup>27</sup> "No change to stand on GMR: Government", Sun online, May 31, 2014 at <http://www.sun.mv/english/22357>.

<sup>28</sup> "Japan, Myanmar to boost defense ties", The Japan Times, May 29, 2014, at <http://www.japantimes.co.jp/news/2014/05/29/national/japan-myanmar-boost-defense-ties/#.U4gyNXKSzz0>

<sup>29</sup> "The Outcome Of The Official Visit Of The Prime Minister Of The People's Republic Of Bangladesh To Japan:Japan - Bangladesh Comprehensive Partnership", Embassy of Japan in Bangladesh, May 27, 2014, at <http://www.bd.emb-japan.go.jp/en/news/140525Jap-BDJtstatement.html>

<sup>30</sup> "Bangladesh, Japan seal aid deal, agree to nuclear power talks", The Japan Times, may 26, 2014, at <http://www.japantimes.co.jp/news/2014/05/26/national/politics-diplomacy/bangladesh-japan-seal-aid-deal-agree-nuclear-power-talks/>

nuclear experts from both countries on the lessons learned by Japan from the Fukushima nuclear incident.<sup>31</sup>

## South Korea

(May 26-June 1)

- **Chinese Foreign Minister visits Seoul; South Korean President disbands Coast Guard**

Chinese Foreign Minister Wang Yei arrived at Seoul on May 26 for two-day long official visit. It is Wang's first official visit to South Korea since he assumed his office. His visit is officially part of the "the joint communiqué on the future vision" of Korea and China, announced during the bilateral summit between South Korean President Park and her Chinese counterpart Xi in June last year. Wang Yei, during his visit, primarily discussed about preparations regarding Chinese President's visit to Seoul scheduled for next month. However he also discussed with the South Korean officials regarding the volatile security environment in the Korean Peninsula.<sup>32</sup>

## North Korea

(May 26-June 1)

- **North Korea signs contract with Chinese fishermen**

North Korea recently signed an agreement with Chinese fishermen allowing the latter to carry out fishing in waters near the Northern Limit Line (NLL), the de facto maritime border between the two Koreas in the yellow Sea. Under the new contract, North Korea has reportedly rented out some part of the waters claimed by South Korea, causing strong concern in Seoul. Military officials in Seoul argue that Pyongyang might have taken that step in an effort not only to nullify the effectiveness of the boundary, but also earn foreign currency.<sup>33</sup>

## C. Russia

(May 19-25)

- **Russia ready to work with new Ukrainian leadership after elections; Putin orders troops to return to permanent bases after drills near Ukraine; Russia and China sign a US\$ 400 billion gas supply deal; Russia increases oil supplies to China; Russia to complete delivery**

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<sup>32</sup> "China's Foreign Minister relays hopeful outlook" Korea Joongang Daily, May 27, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2989745>

<sup>33</sup> "North rents out waters near NLL", Joongang Daily, May 30, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2989913>

**of 48 Mi-171 helicopters to China by summer of 2014; Moscow plans to discuss joint helicopter development and production with Beijing; Russia and China conduct joint naval exercises in East China Sea; Russia and China plan to jointly build a civilian aircraft; Russia and China plan to expand payments in national currencies; Russia to place GLONASS ground stations in China; EU hopes that the Russia-China gas deal will not affect gas supplies to Europe; Australia expands sanctions on Russia; Russia and China block UN Security Council resolution on Syria; Georgia to back Europe's Southern gas corridor; Russia ready to contribute to Palestine-Israel dialogue; Russia-Iran cooperation to continue; US imposes sanctions against 12 Russians under Magnitsky Act; Putin hopes Afghanistan's next President would develop cooperation with Russia; Russia and Norway join efforts to eliminate spent nuclear fuel; NATO will not amend cooperation accord with Russia.**

According to reports, President Putin has said that Russia will work with the new power structures in Ukraine after the May 25 Presidential elections and hoped that military activities cease after the vote.<sup>34</sup>

President Putin has ordered all troops involved in drills in the Rostov, Belgorod, and Bryansk regions on the border with Ukraine to return to their permanent bases.<sup>35</sup>

According to reports, Russia and China have agreed on a 30 year, US\$ 400 billion and 38 billion cubic meters annual gas supply deal during President Putin's visit to Shanghai. Gazprom is expected to receive US\$ 25 billion advance payment for the deal which can rise to 60 billion cubic meters in the future. Economic Development Minister Alexei Ulyukayev has added that the price of gas will be US\$ 350 per thousand cubic meters.<sup>36</sup>

Rosneft has increased oil supplies to China during the period January-April 2014 when compared to the same period in 2013, by 47.3 per cent to 7.5 million tons.<sup>37</sup>

Russia will complete the delivery of a batch of 48 Mi-171 helicopters to China by the summer of 2014. The deal was signed in 2012.<sup>38</sup>

Russia and China plan to discuss joint development of a new helicopter based on the Mi 26 platform for both military and civilian usage.<sup>39</sup>

<sup>34</sup> "Moscow Ready to Work With New Ukrainian Leadership After Election – Putin", Rianovosti, May 23, 2014, <http://en.ria.ru/russia/20140523/190077705/Moscow-Ready-to-Work-With-New-Ukrainian-Leadership-After.html>

<sup>35</sup> "Putin Orders Troops to Return to Permanent Bases After Drills Near Ukraine", Rianovosti, May 19, 2014, <http://en.ria.ru/russia/20140519/189934345/Putin-Orders-Troops-to-Return-to-Permanent-Bases-After-Drills.html>

<sup>36</sup> "Russia, China Ink Historic Gas Supply Deal:", Rianovosti, May 21, 2014, <http://en.ria.ru/russia/20140521/190004220/Russia-China-Ink-Historic-Gas-Supply-Deal.html>

<sup>37</sup> "Russia increases oil supplies to China", Itar-Tass, May 19, 2014, <http://en.itar-tass.com/economy/730732>

<sup>38</sup> "Russia to complete delivery of 48 Mi-171 helicopters to China in summer 2014", Itar-Tass, May 19, 2014, <http://en.itar-tass.com/russia/732636>

<sup>39</sup> "Russian Helicopters plan to supply to China heavy helicopter on Mi-26 base – CEO", Itar-Tass, May 22, 2014, <http://en.itar-tass.com/economy/732584>

According to reports, Russia and China have conducted joint naval exercises, code-named Joint Sea 2014 in the northern waters of the East China Sea.<sup>40</sup>

Russia and China are planning to increase the volume of direct payments in mutual trade in their national currencies.<sup>41</sup>

Russia plans to sign an agreement with China in 2014 to place ground stations of global navigation satellite system GLONASS in China and to deploy Chinese navigation satellite stations Beidou in Russia.<sup>42</sup>

The European Union hoped that Russia's new gas deal with China will not affect Russian natural gas supplies to Europe.<sup>43</sup>

According to reports, Australia's Minister for Foreign Affairs Julie Bishop has announced expanding sanctions on 38 individuals and 11 legal entities from Russia and Ukraine.<sup>44</sup>

Russia and China have, on May 22, blocked the adoption in the UN Security Council of a resolution stipulating that the situation in Syria will be submitted for consideration to the International Criminal Court (ICC) in The Hague.<sup>45</sup>

Georgian Prime Minister Irakly Garibashvili has said that Georgia will back Europe's Southern Corridor project that competes with Russia's South Stream.<sup>46</sup>

According to reports, Russia has expressed its readiness to contribute to resuming the Palestine-Israel dialogue jointly with Quartet for Middle East peace.<sup>47</sup>

President Putin has hoped that cooperation between Russia and Iran will continue despite what he described as turbulence over Iran. He spoke in the backdrop of his meeting with his Iranian counterpart Hassan Rouhani during the Conference on Interaction and Confidence-Building Measures meeting held in Shanghai on May 21.<sup>48</sup>

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<sup>40</sup> "Russian warships enter Shanghai's port for joint naval drills with China", Itar-Tass, May 19, 2014, <http://en.itar-tass.com/world/732127>

<sup>41</sup> "Russia, China Plan to Expand Payments in National Currencies", Rianovosti, May 20, 2014, <http://en.ria.ru/russia/20140520/189968566/Russia-China-Plan-to-Expand-Payments-in-National-Currencies.html>

<sup>42</sup> "Russia plans to place GLONASS ground stations in China", Itar-Tass, May 22, 2014, <http://en.itar-tass.com/non-political/732658>

<sup>43</sup> "EU hopes Russia-China gas deal not to affect gas supplies to Europe", Itar-Tass, May 22, 2014, <http://en.itar-tass.com/economy/732675>

<sup>44</sup> "Australia expands sanctions on Russian and Ukrainian citizens", Itar-Tass, May 21, 2014, <http://en.itar-tass.com/world/732420>

<sup>45</sup> "Russia, China block UN Security Council resolution on Syrian dossier submission to ICC", Itar-Tass, May 22, 2014, <http://en.itar-tass.com/world/732733>

<sup>46</sup> "Georgia will back Europe's Southern Gas Corridor – Prime Minister", Itar-Tass, May 21, 2014, <http://en.itar-tass.com/economy/732523>

<sup>47</sup> "Russia ready to contribute to Palestine-Israel dialogue - Foreign Ministry", Itar-Tass, May 21, 2014, <http://en.itar-tass.com/world/732496>

<sup>48</sup> "Russia-Iran cooperation to continue despite turbulence over Iran – Putin", Itar-Tass, May 21, 2014, <http://en.itar-tass.com/russia/732433>

In other developments, according to reports, the US has imposed sanctions on 12 more Russian citizens in accordance with the Magnitsky Act. They are targeted against people involved in the detention and death of lawyer of the British fund Hermitage Capital Management in Moscow's in November 2009. People included in this are denied American entry visas and their assets in the United States are frozen.<sup>49</sup>

President Vladimir Putin has hoped that Afghanistan's new President, to be elected in June, will do his best to develop cooperation with Russia.<sup>50</sup>

According to reports, Russian radioactive waste facility SevRao and the Norwegian county Finnmark on the border with the Murmansk Region, Russia, have agreed to cooperate on the disposal of spent nuclear fuel (SNF) in the Andreeva Bay in the Barents Sea.<sup>51</sup>

NATO Secretary General Anders Fogh Rasmussen has said that the military alliance does not plan to amend its framework agreement with Russia. The Founding Act on Mutual Relations, Cooperation and Security was signed by NATO and Russia in Paris in 1997. In the agreement, the two parties vowed to "build together a lasting and inclusive peace in the Euro-Atlantic area on the principles of democracy and cooperative security".<sup>52</sup>

(May 26-June 1)

- Eurasian Economic Union treaty signed; Russia signs oil deals with Belarus and Kazakhstan; Russia to build nuclear power plant in Kazakhstan; Russia to allot US\$ 1.2 billion to help Kyrgyzstan's accession to Customs Union; Sukhoi considers transferring production facilities to China; Ukraine introduces ban on Russian military products supplies; Petro Poroshenko leading in Ukrainian Presidential elections; Ukraine's President elect Poroshenko to sign economic agreement with the EU; China respects Ukrainian people's choice; Russia denies reports of Chechen fighters in Ukraine; EU not contemplating new sanctions on Russia; Putin signs law to stop the circulation of Ukrainian Hryvnia in Crimea from June 1; Russian and French Foreign Ministers discuss Ukraine; France to go through with Mistral deal with Russia despite US apprehensions; EU asks Kiev not to link claims on Crimea gas reserves with gas debt talks; EU offers Kiev to repay half of April-May gas debt; China to invest US\$ 3 billion in Crimea port project; Tokyo leaves plan to prepare for Putin's visit to Japan unchanged; Foreign Minister Lavrov declares that partnership between Russia and Turkey can serve as an example for all; Russia and Venezuelan Foreign Ministers discuss bilateral cooperation; Russia and Iran agree to continue nuclear cooperation; Abkhazia opposition

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<sup>49</sup> "US imposes sanctions against 12 Russians under Magnitsky Act", Itar-Tass, May 21, 2014, <http://en.itar-tass.com/world/732386>

<sup>50</sup> "Putin hopes Afghanistan's next president would develop cooperation with Russia", Itar-Tass, May 20, 2014, <http://en.itar-tass.com/world/732370>

<sup>51</sup> "Russia, Norway join efforts to eliminate spent nuclear fuel", Itar-Tass, May 20, 2014, <http://en.itar-tass.com/russia/732321>

<sup>52</sup> "Rasmussen Says NATO Won't Amend Cooperation Accord With Russia", Itar-Tass, May 19, 2014, <http://en.ria.ru/world/20140519/189943857/Rasmussen-Says-NATO-Wont-Amend-Cooperation-Accord-With-Russia.html>

**calls for new treaty with Russia; Russian companies show interest in South Sudan; Rosneft inks 12 deals with foreign companies at economic forum; Russia's oil reserves to produce 600 million tonnes annually for the next 30 years; Using space station after 2020 unprofitable for Russia; More than 250 new hydrocarbon deposits discovered in Russia during 2009-2013; Russian navy to receive a new nuclear submarine on June 17; Russia lays down the 6th Kilo-class submarine for Vietnam; Railways to connect Iran and Russia via Azerbaijan.**

According to reports, Russia, Belarus and Kazakhstan Presidents have signed the Eurasian Economic Union treaty in Astana on May 29. Accordingly, the Union will come into force from January 1, 2015 and guarantees free movement of goods, services, capital and workforce among the member states. It also envisions members to follow a coordinated policy in areas such as energy, industry, agriculture and transport.<sup>53</sup>

Moscow has signed new oil deals with Minsk and Astana after the three countries agreed to establish the Eurasian Economic Union. This includes concessions in tax rates.<sup>54</sup>

According to reports, Russia and Kazakhstan have signed a memorandum on the construction of a nuclear power plant with an installed capacity of 300-1,200 MWs in the Kazakh city of Kurchatov. This will be the first power plant built in the country following the shutdown of its BN-350 nuclear reactor in 1999.<sup>55</sup>

Russia will allocate US\$ 1.2 billion to Kyrgyzstan in order to help adapt its economy for accession to the Customs Union.<sup>56</sup>

According to reports, Russian aircraft maker Sukhoi is considering transferring its production facilities to China from Komsomolsk-on-Amur due to staff shortage.<sup>57</sup>

Russian Deputy Defence Minister Yuri Borisov has said that Ukraine has introduced a ban on supplies of Russian arms, military hardware and its components. This in effect implies that Moscow cannot receive arms that were earlier paid for.<sup>58</sup>

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<sup>53</sup> "Putin, Lukashenko, Nazarbayev to sign Eurasian Economic Union treaty on May 29", Itar-Tass, May 26, 2014, <http://en.itar-tass.com/economy/733361>

<sup>54</sup> "Russia Signs Oil Deals with Belarus, Kazakhstan", Rianovosti, May 29, 2014, <http://en.ria.ru/russia/20140529/190222869/Russia-Signs-Oil-Deals-with-Belarus-Kazakhstan.html>

<sup>55</sup> "Russia to help Kazakhstan to build nuclear power plant", Rianovosti, May 29, 2014, <http://en.ria.ru/russia/20140529/190222679/Russia-to-Help-Kazakhstan-Build-Nuclear-Power-Plant.html>

<sup>56</sup> "Russia to allot \$1.2 billion to help Kyrgyzstan in accession to Customs Union", Itar-Tass, May 30, 2014, <http://en.itar-tass.com/economy/734052>

<sup>57</sup> "Russia's Sukhoi mulls transferring production facilities to China", Itar-Tass, May 30, 2014, <http://en.itar-tass.com/economy/734056>

<sup>58</sup> "Ukraine introduces ban on Russian military products supplies - Russian military official", Itar-Tass, May 31, 2014, <http://en.itar-tass.com/russia/734182>

Ukrainian Central Election Commission has said that Petro Poroshenko is winning Ukraine's presidential elections after having secured 54.69 percent of the votes counted so far. His closest rival, Ukraine's former Prime Minister Yulia Timoshenko has won 12.82 per cent of votes counted.<sup>59</sup>

According to reports, Ukrainian President-elect Petro Poroshenko has said that the economic part of Association Agreement with the European Union will be signed immediately after he assumes office. He has also declared his intention to sell off all his business assets.<sup>60</sup>

Chinese Foreign Ministry spokesman Qin Gang has said that China respects the choice made by Ukrainian people during the May 25 Presidential elections.<sup>61</sup>

Head of the Republic of Chechnya Ramzan Kadyrov has denied reports of Chechen combat units assisting pro-Russian and federalist supporters in Ukraine's Donetsk region.<sup>62</sup>

According to reports, the EU is not contemplating new sanctions on Russia since it believes that substantial progress has been made in ensuing stability in Ukraine.<sup>63</sup>

President Vladimir Putin has signed into law a bill that limits the term of the Ukrainian hryvnia circulation in Crimea and Sevastopol by June 1, 2014. After this date, the Ukrainian hryvnia will have the status of a foreign currency.<sup>64</sup>

Russian Foreign Minister Sergei Lavrov, during a telephonic conversation with his French counterpart Laurent Fabius held on May 27, has said that Ukraine's elected authorities should take into account the interests of all nationals.<sup>65</sup>

According to reports, the French Defence Ministry has said that France will go ahead with the sale of two Mistral helicopter carriers to Russia's navy despite US pressure to halt the deal.<sup>66</sup>

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<sup>59</sup> "Petr Poroshenko scoring over 54% of votes in Ukraine's presidential polls", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/world/733606>

<sup>60</sup> "Economic part of the agreement with EU should be signed after inauguration – Poroshenko", Itar-Tass, May 29, 2014, <http://en.itar-tass.com/economy/733823>

<sup>61</sup> "China respects Ukrainian people's choice – Foreign Ministry", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/world/733280>

<sup>62</sup> "Kadyrov denies media reports about participation of combat units from Chechnya in Donetsk", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/world/733622>

<sup>63</sup> "New sanctions against Russia not on agenda in EU – source", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/world/733626>

<sup>64</sup> "Putin signs law to stop Ukrainian hryvnia circulation in Crimea from June 1", Itar-Tass, May 27, 2014, <http://en.itar-tass.com/russia/733555>

<sup>65</sup> "Ukraine's authorities should take into account interests of all nationals – Russian FM", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/russia/733575>

<sup>66</sup> "France to go through with Mistral deal with Russia despite US indignation", Itar-Tass, May 30, 2014, <http://en.itar-tass.com/world/734068>

The European Union has recommended that the Kiev authorities do not link claims to gas reserves of Crimea with the three-party talks on debt repayment for Russian gas supplies.<sup>67</sup>

The EU has proposed that Ukraine repays half of its debt to Russia for gas supplies during the period April-May until Moscow and Kiev agree upon a new gas price.<sup>68</sup>

According to reports, in a deal worth US\$ 3 billion, Chinese investors have decided to resume talks on the construction of a deepwater Crimean port. The project was first unveiled at the Chinese-Ukrainian summit in Beijing in December 2013.<sup>69</sup>

Japan's Chief Cabinet Secretary Yoshihide Suga has said that there are no changes in the plan to prepare for Russian President Vladimir Putin's visit to Tokyo in autumn.<sup>70</sup>

Russian Foreign Minister Sergei Lavrov has said that partnership between Russia and Turkey can serve as an example for all. He spoke against the backdrop of the 4th meeting of the Russian-Turkish Joint Strategic Planning Group held in Moscow on May 27. The two sides discussed Ukraine, Syria, Iran, South Caucasus, Central Asia, cooperation in the Black Sea as well as the dynamics of bilateral ties.<sup>71</sup>

According to reports, Russian and Venezuelan Foreign Ministers, Sergei Lavrov and Elias Jaua have discussed, at a meeting held in Moscow on May 29, bilateral political and economic cooperation as well as strengthening their interaction in multilateral organizations.<sup>72</sup>

Russia and Iran have agreed to continue their nuclear cooperation by building two more 1000 MW each nuclear power plants in Bushehr.<sup>73</sup>

The united opposition of Abkhazia has called for a new partnership treaty with Russia that can further strengthen bilateral strategic partnership. This comes against the backdrop of the opposition's demand that the current President Aleksandr Ankvab step down.<sup>74</sup>

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<sup>67</sup> "EU asks Kiev not to link claims on Crimea gas reserves with gas debt talks", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/economy/733746>

<sup>68</sup> "EU offers Kiev to repay half of April-May debt amid price wrangle", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/economy/733759>

<sup>69</sup> "China to Invest \$3 Billion in Crimea Port Project – Reports", Rianovosti, May 29, 2014, <http://en.ria.ru/world/20140529/190211910/China-to-Invest-3-Billion-in-Crimea-Port-Project—Reports.html>

<sup>70</sup> "Tokyo leaves plan to prepare Putin's visit to Japan unchanged", Itar-Tass, May 26, 2014, <http://en.itar-tass.com/world/733258>

<sup>71</sup> "Partnership between Russia and Turkey can serve example for all – Lavrov", Itar-Tass, May 27, 2014, <http://en.itar-tass.com/russia/733577>

<sup>72</sup> "Russian, Venezuelan foreign ministers to discuss bilateral cooperation", Itar-Tass, May 29, 2014, <http://en.itar-tass.com/russia/733818>

<sup>73</sup> "Iran, Russia agree to continue nuclear cooperation", Itar-Tass, May 29, 2014, <http://en.itar-tass.com/world/733915>

<sup>74</sup> "Abkhazia Opposition Calls for New Treaty With Russia", Rianovosti, May 29, 2014, <http://en.ria.ru/world/20140529/190224585/Abkhazia-Opposition-Calls-for-New-Treaty-With-Russia.html>

Russia's Foreign Minister Sergei Lavrov has said that Stabilization in South Sudan is indispensable for expanding trade and economic relations between the two countries. Russian companies show interest in South Sudan and some of them have started implementing projects there.<sup>75</sup>

According to reports, Russian oil company Rosneft has signed 12 agreements with its foreign partners at the St. Petersburg International Economic Forum (SPIEF) held during the period 22-24 May 2014. These include a Venezuelan, Mongolian, Azerbaijan, Cuban and Italian deals.<sup>76</sup>

Natural Resources Minister Sergei Donskoi has said that Russia's known oil reserves are enough to provide a yearly extraction of 600 million tons of oil for the next 30 years.<sup>77</sup>

Deputy Prime Minister Dmitry Rogozin has said that it is unlikely Russia will extend support to the International Space Station (ISS) after the year 2020 due to commercial reasons. At present, the project takes up more than a third Roscosmos's annual budget.<sup>78</sup>

In other developments, according to reports, Russia's Natural Resource Minister Sergei Donskoy has said that an increase in public and private investments in the hydrocarbon sector has resulted in discovery of more than 250 new hydrocarbon-bearing fields in Russia during the period 2009-2013.<sup>79</sup>

The head Project 885 Yasen-class nuclear-powered submarine 'Severodvinsk' will be delivered to the Russian Navy on June 17. This project involves construction of 4 such nuclear submarines.<sup>80</sup>

The final Kilo-class Project 636 diesel-electric submarine for the Vietnamese navy, under a US\$4.2 billion 2009 contract for 6 submarines, was laid down on May 29 in St. Petersburg. As per the deliveries, two submarines have been delivered to Vietnam, the third is undergoing sea trials, the fourth was floated out in late March 2014 while the fifth and sixth are now under construction.<sup>81</sup>

Iran's ambassador to Russia has said the construction of a railway to connect Iran and Russia via Azerbaijan will be completed soon with around 40 kms of track to be laid.<sup>82</sup>

<sup>75</sup> "Russian companies show interest in South Sudan – Lavrov", Itar-Tass, May 26, 2014, <http://en.itar-tass.com/russia/733320>

<sup>76</sup> "Russia's Rosneft inks 12 deals with foreign companies at SPIEF", Itar-Tass, May 26, 2014, <http://en.itar-tass.com/economy/733275>

<sup>77</sup> "Russia's Oil Reserves to Produce 600 Mln Tons Annually for 30 Years – Minister", Rianovosti, May 28, 2014, <http://en.ria.ru/russia/20140528/190191710/Russias-Oil-Reserves-to-Produce-600-Mln-Tons-Annually-for-30.html>

<sup>78</sup> "Using Space Station after 2020 unprofitable for Russia – deputy PM", Itar-Tass, May 26, 2014, <http://en.itar-tass.com/non-political/733401>

<sup>79</sup> "More than 250 new hydrocarbon deposits discovered in Russia in 2009-2013", Itar-Tass, May 28, 2014, <http://en.itar-tass.com/economy/733797>

<sup>80</sup> "Russia's Navy to receive nuclear submarine Severodvinsk June 17", Itar-Tass, May 30, 2014, <http://en.itar-tass.com/russia/733998>

<sup>81</sup> "Russia Lays Down 6th Kilo-Class Sub for Vietnam", Itar-Tass, May 28, 2014, [http://en.ria.ru/military\\_news/20140528/190196990/Russia-Lays-Down-6th-Kilo-Class-Sub-for-Vietnam.html](http://en.ria.ru/military_news/20140528/190196990/Russia-Lays-Down-6th-Kilo-Class-Sub-for-Vietnam.html)

<sup>82</sup> "Railway to connect Iran and Russia via Azerbaijan", Itar-Tass, May 30, 2014, <http://en.itar-tass.com/world/734033>

## II. DEFENCE REVIEW

### National

(May 19-25)

- **21<sup>st</sup> edition of the SIMBEX series of annual bilateral naval exercises between the Indian Navy and the Republic of Singapore Navy is being conducted in the Andaman Sea; Appellate court in Italy upholds the claims of Government of India against Agusta Westland.**

The 2014 edition of the SIMBEX series of annual bilateral naval exercises between the Indian Navy and the Republic of Singapore Navy (RSN), is being conducted in the Andaman Sea from 22 May to 28 May 14. Hosted by the Indian Navy, SIMBEX 14 will be the 21<sup>st</sup> in the series. The aim of the exercise is to enhance inter-operability and mutual understanding between the two navies. Bilateral Naval cooperation between the two navies was first formalised when RSN ships began training in Anti-Submarine Warfare (ASW) with the Indian Navy in 1994. SIMBEX is an acronym for 'Singapore Indian Maritime Bilateral Exercise'. Since its inception in 1993, SIMBEX has grown in tactical and operational complexity.<sup>83</sup>

The appellate court in Milan, Italy, in its judgment on Friday, 23 May, 2014, has substantially upheld the claims of Government of India against Agusta Westland International Ltd (AWIL), A W Spa and Deutsche Bank, Italy on the encashment of Bank Guarantees and Performance Bond in the VVIP helicopter case. The court also ordered AWIL and A W Spa to reimburse legal costs of Government of India. The Ministry of Defence is studying the court order and will take immediate steps to recover the amounts fully.<sup>84</sup>

(May 26-June 1)

- **Indian Air Force mountaineering expedition team explores unclimbed peak Mt Garud Parvat in Arunachal Pradesh; French air force contingent arrives in India to participate in the 10-day long joint air exercise Garuda-5.**

The Indian Air Force had launched a mountaineering expedition to Gorichen area of Arunachal Pradesh with an aim to explore and climb unclimbed peaks. The team comprised of 15 air warriors and was led by Wg Cdr D Panda. The expedition was flagged off from Delhi on 24 April 2014 and included both experienced and newly trained mountaineers. After extensive exploration and reconnaissance, the team summited an unclimbed peak of height 5887M in two groups on 14 & 15 May. This is a great achievement for the IAF as the valleys and mountain peaks had never been explored. This was the very first instance that IAF has ventured into this region of Eastern

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<sup>83</sup> "SIMBEX 2014," PIB, May 22, 2014, at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=105133>

<sup>84</sup> "MoD to Take Steps to Recover Fully Bank Guarantees in Awil Case," PIB, May 25 at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=105151>

Himalayas. This peak lies on the west of Mt Gorichen and has been named as Mt Garud Parvat by the air warriors who climbed it for the first time in history.<sup>85</sup>

According to reports, French Rafale fighter aircraft and a contingent of about 70 French air force personnel arrived in India on May 31 to participate in the 10-day long joint air exercise "Garuda-5". The air exercise is expected to be attended by the new Defence Minister Arun Jaitley. It will kick start at the Jodhpur airbase on June 2. The two air forces would be engaged in various missions including close combat engagement of large forces, slow mover protection, and protecting and engaging high-value aerial assets in the exercise at the strategic airbase near Indo-Pak border. The air exercise will include four Rafale multirole fighter aircraft and one air refueler that will participate with IAF's multirole Su-30MKI, four MiG-27 and four MiG-21 (BISON) aircraft. The chiefs of both air forces will be flying the Rafale and Su-30 MKI.<sup>86</sup>

## International

(May 19-25)

- **Russia to modernize its Aerospace Defense Forces (VKO) by 2020; French Defense Minister expresses deep concerns over an expected cut in the defense budget.**

According to reports, Russia is buying new weapons and aims to modernize its Aerospace Defense Forces (VKO) by 2020. It has planned investment of 2 trillion rubles (US \$55 billion) for this purpose. The VKO, which replaced Russia's Space Forces in 2011, will be modernized over the next six years and its structure overhauled in 2015. The overhauled structure will integrate Russia's response to potential attacks into a single system of aerospace defense. Moreover, the Russian Defense Ministry is working on about 100 research and development projects for new VKO weapons.<sup>87</sup>

Meanwhile, reports say that French Defense Minister Jean-Yves Le Drian has written to Prime Minister Manuel Valls expressing deep concerns over an expected cut in the defense budget. Moreover, the chief of staff and the Air Force, Army and Navy chiefs have offered to resign to show their support for the minister. President François Hollande is likely to decide on the arbitration in the next few weeks.<sup>88</sup>

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<sup>85</sup> "Indian Air Force Mountaineering Expedition Team Explored Unclimbed Peak in Arunachal Pradesh," PIB, May 29, 2014, at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=105280>

<sup>86</sup> "French air force team arrives in India for 'Garuda-5,'" Rediff.com, May 31, 2014, at <http://www.rediff.com/news/report/defence-news-french-air-force-team-arrives-in-india-for-garuda-5/20140531.htm>

<sup>87</sup> "Russia To Boost Aerospace Forces, Overhaul Structure," Defense News, May 25, 2014 at <http://www.defensenews.com/article/20140525/DEFREG01/305250015/Russia-Boost-Aerospace-Forces-Overhaul-Structure>

<sup>88</sup> "French Defense Minister Sounds Alarm Over Possible Budget Cuts," Defense News, May 24, 2014 at <http://www.defensenews.com/article/20140524/DEFREG01/305240018/French-Defense-Minister-Sounds-Alarm-Over-Possible-Budget-Cuts>

(May 26-June 1)

- Israel limits security cooperation with Russia amid the Ukraine crisis; Russia denies media reports about a deal on the sale of advanced Russian fighters and surface-to-air missiles to China.

Reports say that Israel has sustained losses of US \$1 billion in defense trade and dual-use development projects with Russia amid the Ukraine crisis. It is striving to strike a balance between preserving security ties with Russia without harming vital interests of the US and its NATO allies. Even more than lost sales, Israel is concerned about partnership with Russia given the latter's capacity to influence Israel's strategic standing in the region through its ties to enemy states such as Iran and Syria. Israel, therefore, is restricting exports to Russia to less advanced technologies and systems, primarily for purposes of counterterrorism and homeland security.<sup>89</sup>

Meanwhile, according to reports, Russian industry officials are denying media reports that China and Russia are finalizing a deal on the sale of advanced Russian fighters and surface-to-air missiles (SAMs) to China. Russia's United Aircraft Corporation (UAC) denies that head of Sukhoi, Mikhail Pogosyan discussed anything beyond the sale of commercial aircraft during his visit to China. Pogosyan did not discuss the sale of the Su-35 with Chinese officials.<sup>90</sup>

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<sup>89</sup> "Israel Limits Security Cooperation with Russia," Defense News, June 1, 2014, at <http://www.defensenews.com/article/20140601/DEFREG04/306010019/Israel-Limits-Security-Cooperation-Russia>

<sup>90</sup> "Russian Fighters for China Still On Hold," Defense News, May 31, 2014, at <http://www.defensenews.com/article/20140531/DEFREG/305310028/Russian-Fighters-China-Still-Holdv>