

# THE WEEK IN REVIEW

June 02-08, 6(1), 2008

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## 1. COUNTRY REVIEW

### A. SOUTH ASIA

#### AFGHANISTAN

- **Gen. McKiernan takes over as IASF commander, expresses concern over militancy from Pakistan's tribal regions; Pak Foreign Minister: Islamabad holding talks with "peace-loving" elements, not terrorists**

Gen. David D. McKiernan took over as the commander of the 52-000 strong International Security Assistance Force (ISAF) in Afghanistan on June 3. Immediately after taking over, Gen. McKiernan expressed concerns about the rising militancy emanating from Pakistan's tribal areas bordering the country. He also added that he would be meeting Pakistan Army's Chief Of Staff, Gen. Parvez Kayani to urge him to address border issues more urgently, including resurrecting a mechanism made up of personnel from NATO, the Afghan and the Pakistani militaries to stem the flow of militants.<sup>1</sup>

Pakistan's Interior Secretary Rahman Malik on his part visited Kabul and in his meetings with Afghan officials, both sides agreed on a joint border control mechanism and regular exchange of information.<sup>2</sup> Earlier in the week, Afghan President Hamid Karzai told the visiting Pakistani Foreign Minister Shah Mahmood Qureshi that Islamabad's peace moves with Taliban extremists in the tribal regions bordering the country could have "destructive" consequences for both nations. Qureshi on his part stated that Islamabad was not holding peace talks with "terrorists" but only with "peace-loving" elements as part of a multi-pronged strategy to fight extremism.<sup>3</sup>

The US First Lady Laura Bush meanwhile visited Afghanistan on June 8 in what was her third visit to the country. Reports noted that she would be proceeding to Paris to take part in the donor conference scheduled to be held on June 12, where Kabul was expected to seek more than \$50 billion from the international community for its developmental projects.<sup>4</sup>

In other developments, an Indian working for a road construction company was killed and three others injured on June 5 in a suicide bomb attack in the south-western Afghan province of Nimroz. In other incidents, over 25 people, including 16 Taliban militants were also killed in southern Afghansitan.

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<sup>1</sup> "Afghan Borders Concern NATO Force Leader," *The New York Times*, June 5, 2008, at <http://www.nytimes.com/2008/06/05/world/asia/05afghan.html?ref=todayspaper>

<sup>2</sup> "Pakistan, Afghanistan to adopt joint border control mechanism, *IANS*, June 8, 2008, at [http://in.news.yahoo.com/indiaabroad/20080608/r\\_t\\_ians\\_wl\\_asia/twl-pakistan-afghanistan-to-adopt-joint-d5d6288.html](http://in.news.yahoo.com/indiaabroad/20080608/r_t_ians_wl_asia/twl-pakistan-afghanistan-to-adopt-joint-d5d6288.html)

<sup>3</sup> "Afghanistan brands Pak peace moves with extremists 'destructive'," *ANI*, June 7, 2008, at [http://in.news.yahoo.com/ani/20080607/r\\_t\\_ani\\_wl\\_asia/twl-afghanistan-brands-pak-peace-moves-w-774093f.html](http://in.news.yahoo.com/ani/20080607/r_t_ani_wl_asia/twl-afghanistan-brands-pak-peace-moves-w-774093f.html)

<sup>4</sup> "Laura Bush arrives on visit to Afghanistan," *IANS*, June 8, 2008, at [http://in.news.yahoo.com/indiaabroad/20080608/r\\_t\\_ians\\_wl\\_asia/twl-laura-bush-arrives-on-visit-to-afgha-d5d6288.html](http://in.news.yahoo.com/indiaabroad/20080608/r_t_ians_wl_asia/twl-laura-bush-arrives-on-visit-to-afgha-d5d6288.html)

## PAKISTAN

- **Suicide bomb attack on the Danish Embassy in Islamabad; Musharraf refuses to step down; Budget session commences on June 2; 64 militants released in Timergara**

The Danish Embassy in Islamabad was hit in a suicide car bomb attack on June 4 leaving at least eight people dead and dozens injured.<sup>5</sup> The Pakistan Foreign Office however clearly asserted that incident would not impinge on the ongoing peace talks with the militants.<sup>6</sup> The government also released 64 militants from Timergara jail as a result of the peace accord signed with the Tehrik-i-Taliban.<sup>7</sup>

Reports during the week citing PPP sources suggested that President Musharraf had consented to step down.<sup>8</sup> Gen. Musharraf however, addressing journalists in Islamabad on June 7 categorically stated that he did not intend to resign and that he was ready to face impeachment.<sup>9</sup>

Meanwhile, the budget session of the National Assembly began on June 2. Reports noted that the budget would be presented on June 10.<sup>10</sup> Reports also noted that the deposed lawyers would proceed on a 'long march' to Islamabad on June 10 in order to push forward the process of their reinstatement.<sup>11</sup>

In other developments, the Pakistan government officially requested the United Nations to conduct a probe into the assassination of former Prime Minister Benazir Bhutto which took place in December 2007.<sup>12</sup>

## NEPAL

- **Prachanda accuses the CPN-UML and the NC of "delaying tactics"; Maoists climb down on their demands on Presidency and constitution**

Prachanda accused both the CPN-UML and the NC of "delaying tactics", which were preventing the Maoists from forming a government. He warned that an agitation would be launched in the absence of a consensus.<sup>13</sup> Minister for

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<sup>5</sup> Shakeel Anjum, "Eight killed in bomb blast outside Danish embassy," *The News*, June 03, 2008, at [http://thenews.jang.com.pk/arc\\_default.asp](http://thenews.jang.com.pk/arc_default.asp)

<sup>6</sup> Baqir Sajjad Syed, "Danish embassy blast will not affect talks with militants: FO," *Dawn*, June 6, 2008, at <http://www.dawn.com/2008/06/06/top3.htm>

<sup>7</sup> Haleem Asad, "64 Swat 'militants' freed in Timergara," *Dawn*, June 6, 2008, at <http://www.dawn.com/2008/06/06/top2.htm>

<sup>8</sup> "Musharraf reconciled to exit," *Daily Times*, June 5, 2008, at [http://www.dailytimes.com.pk/default.asp?page=2008\06\05\story\\_5-6-2008\\_pg1\\_1](http://www.dailytimes.com.pk/default.asp?page=2008\06\05\story_5-6-2008_pg1_1)

<sup>9</sup> Amir Wasim, "Musharraf 'won't resign," *Dawn*, June 8, 2008, at <http://www.dawn.com/2008/06/08/top1.htm>

<sup>10</sup> Raja Asghar, "NA meets today under shadow of crises," *Dawn*, June 2, 2008, at <http://www.dawn.com/2008/06/02/top9.htm>

<sup>11</sup> Nirupama Subramanian, "In Balochistan, democracy remobilizes nationalists," *The Hindu*, June 6, 2008, at <http://www.thehindu.com/2008/06/06/stories/2008060654560900.htm>

<sup>12</sup> Masood Haider, "UN formally asked to hold Benazir murder probe," *Dawn*, June 7, 2008, at <http://www.dawn.com/2008/06/07/top1.htm>

<sup>13</sup> "Prachanda renews agitation threat," *The Himalayan Times*, June 1, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sa3qzpc5Qa6va.axamal&folder=aHaoamW&Name=Home&sImageFileName=>

Local Development Dev Prasad Gurung on his part asserted that the Maoists would be walking out of the government if the deadlock between the political parties did not end soon. Gurung also stated that no other party other than the Maoists had the right to claim the key official positions of the President and the Prime Minister.<sup>14</sup> They however climbed down from their demand later in the week and agreed to give up the post of the Presidency, on the condition that it is given to an “independent, neutral and respected” person, having no affiliation with any of the political parties.<sup>15</sup> They also agreed to replace the two-third majority provision for amending the constitution with a simple majority.<sup>16</sup>

The Nepali Janata Dal meanwhile filed a writ petition challenging the implementation of the decision of the Constituent Assembly (CA) meeting which declared Nepal as a federal democratic republic. The petition charged that the meeting was illegal as only 564 members were present, which was short of the required 601 members.<sup>17</sup>

## BHUTAN

- **CPB(MLM) claims launch of an “armed peoples war”**

Two bomb blasts rocked different parts of the country on June 5 with the Communist Party of Bhutan (MLM) claiming responsibility. Its General Secretary Vikalpa asserted that the blasts initiated “the armed people’s war to eradicate the regime.”<sup>18</sup>

Meanwhile, the Bhutanese National Assembly established fourteen standing committees for public accounts, poverty reduction, legislation, foreign relations, human rights, women and children, culture, labour and employment, private sector development, environment and urban development, youth and sports, media and information communication technology, education development, and ethics. None of the government ministers can become members of the above committees.<sup>19</sup>

<sup>14</sup> “CPN-M threatens to quit govt,” *The Himalayan Times*, June 2, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sa3qzpc5Ra5a9a.axamal&folder=aHaoamW&Name=Home&sImageFileName>

<sup>15</sup> “Maoists climb down over key demand,” *The Himalayan Times*, June 5, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sfqzpc5Sa5a8a.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080606>

<sup>16</sup> “Maoists Ready for Simple Majority Provision: Prachanda,” *The Himalayan Times*, June 7, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=6a1Wa2vko2am8&folder=aHaoamW&Name=Home&dtSiteDate=20080607>

<sup>17</sup> “Republic Announcement Challenged in Apex Court,” *The Himalayan Times*, June 2, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=6a1Wa1zjo2am8&folder=aHaoamW&Name=Home&dtSiteDate=20080602>

<sup>18</sup> “Bhutanese Maoists start armed revolt with serial blasts,” *Apfa News*, June 7, 2008, at <http://www.apfanews.com/news/?id=31303231>

<sup>19</sup> “Assembly forms 14 committees,” *Kuenselonline*, June 6, 2008, at <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=10518>

## BANGLADESH

- **AL and BNP oppose attempts to formulate a national charter; Bangladesh, Myanmar direct road link to start next year**

Even as the government was making efforts to convince AL and BNP to participate in the ongoing political talks, these parties on their part also decided to oppose the attempts of the government to formulate a national charter.<sup>20</sup> While the AL was making preparations to participate in the December elections and start a movement to get its six-point demands accepted (the release of party chief Sheikh Hasina was also part of the demand), the BNP called for intra- and inter-party unity to restore democracy in the country.<sup>21</sup> Reports also noted that the authorities were making attempts to build a political consensus on a 'Constitutional Review Commission.'<sup>22</sup>

In view of the confusion regarding the participation of the AL and the BNP in the talks with the government, Workers' Party of Bangladesh (WPB) President Rashed Khan Menon on June 3 expressed doubts over the conduct of the December elections.<sup>23</sup>

In other developments, reports noted that construction on a direct road link between Bangladesh and Myanmar would begin by the middle of next year. The 25-km long road, connecting Balukhali in Cox's Bazar with Bawlibazar in the Rakhain State of Myanmar, would facilitate trade between the two countries as well as open up the possibility of a greater road network between Bangladesh and China and the South-East Asian countries, including Thailand, Malaysia, and Singapore.<sup>24</sup>

## SRI LANKA

- **Colombo: LTTE free to come to negotiating table but should abdicate arms; LTTE rejects charges of arrest of Pulidevan; Rajapakse moots Global Food Crises Fund; Cairns India Ltd to invest \$10 m to develop oil resources in Mannar**

Colombo declared that the LTTE was free to come back to the negotiating table, on the condition that it abdicates arms.<sup>25</sup> Violence continued in the East with the murder of two members of the local council by unidentified

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<sup>20</sup> "Govt trying hard to bring AL, BNP to talks," *The Daily Star*, June 2, 2008, at <http://www.thedailystar.net/story.php?nid=39295>; "AL, BNP leaders oppose move to frame nat'l charter" *The Daily Star*, June 4, 2008 at <http://www.thedailystar.net/story.php?nid=39638>

<sup>21</sup> "AL plans for both polls, agitation," *The Daily Star*, June 6, 2008, at <http://www.thedailystar.net/story.php?nid=39924>; "BNP seeks unity in party, among parties" *The Daily Star*, June 6, 2008, at <http://www.thedailystar.net/story.php?nid=39925>

<sup>22</sup> "Govt eyes consensus on constitution review," *The Daily Star*, June 5, 2008, at <http://www.thedailystar.net/story.php?nid=39779>

<sup>23</sup> "People doubtful about elections," *The Daily Star*, June 4, 2008, at <http://www.thedailystar.net/story.php?nid=39580>

<sup>24</sup> "Highway With Myanmar: Dhaka-financed works to start by next June," *The Daily Star*, June 2, 2008, at <http://www.thedailystar.net/story.php?nid=39311>

<sup>25</sup> "Sri Lanka says LTTE has shown no sign to enter talks," *Colombo Page*, June 2, 2008, at [http://www.colombopage.com/archive\\_08/June254012JV.html](http://www.colombopage.com/archive_08/June254012JV.html)

gunmen, supposedly belonging to Tamil Makkal Viduthalai Pulikal (TMVP).<sup>26</sup> In another incident, many civilians lost their lives in a claymore attack executed by the LTTE. Reports noted that the Tigers were targeting the civilians especially after the military reverses suffered by them in the North.<sup>27</sup> Following the attacks, the Amnesty International called upon the LTTE to comply with the rules of international law and to respect civilian life.<sup>28</sup>

Reports also noted the head of the LTTE peace secretariat, Seevaratnam Prabakaran, alias Pulidevan, had been arrested on charges of treachery against the outfit.<sup>29</sup> The LTTE however rejected any such claims and charged that the reports were “propaganda” of the Sri Lankan government.<sup>30</sup> The World Bank meanwhile approved an aid package of \$75.6 million for the reconstruction of conflict-torn areas of the North and the East.<sup>31</sup>

In other developments, President Mahinda Rajapakse urged the international community to set up a Global Food Crises Fund. He noted that the proposed fund would get contributions from business organizations, financial institutions, arms manufacturers and philanthropists.<sup>32</sup>

Reports also noted that Sri Lanka's Ministry of Petroleum and Petroleum Resources Development had accepted the bid of Cairns India Ltd to explore oil in the northwestern Mannar coastal region. The company would be investing over \$10 million on exploration purposes.<sup>33</sup>

Floods in Colombo, Gamphala and Kalutara districts meanwhile led to the displacement of over 200,000 people.<sup>34</sup> Navy boats were also employed by the government to evacuate people living alongside the river banks.

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<sup>26</sup> “Two local government members killed in eastern Sri Lanka,” *Colombo Page*, June 2, 2008, at [http://www.colombopage.com/archive\\_08/June2134231JR.html](http://www.colombopage.com/archive_08/June2134231JR.html)

<sup>27</sup> “21 civilians killed, 64 injured in Sri Lanka bus bomb attack,” *Colombo Page*, June 6, 2008, at [http://www.colombopage.com/archive\\_08/June635718JR.html](http://www.colombopage.com/archive_08/June635718JR.html)

<sup>28</sup> “Amnesty International calls for an immediate end to attacks on civilians in Sri Lanka,” *Colombo Page*, June 7, 2008, at [http://www.colombopage.com/archive\\_08/June750519CH.html](http://www.colombopage.com/archive_08/June750519CH.html)

<sup>29</sup> “LTTE arrests its senior leader, Sri Lanka Defence Ministry says,” *Colombo Page*, June 3, 2008, at [http://www.colombopage.com/archive\\_08/June343810JV.html](http://www.colombopage.com/archive_08/June343810JV.html)

<sup>30</sup> “LTTE rejects claims that Pulidevan is under house arrest,” *Colombo Page*, June 3, 2008, at [http://www.colombopage.com/archive\\_08/June424749JV.html](http://www.colombopage.com/archive_08/June424749JV.html)

<sup>31</sup> “World Bank approves \$75.6 million aid package for reconstruction work in Sri Lanka's North and East,” *Colombo Page*, June 7, 2008, at [http://www.colombopage.com/archive\\_08/June642700CH.html](http://www.colombopage.com/archive_08/June642700CH.html)

<sup>32</sup> “Sri Lanka President proposes setting up of a Global Food Crisis Fund,” *Colombo Page*, June 4, 2008, at [http://www.colombopage.com/archive\\_08/June424749JV.html](http://www.colombopage.com/archive_08/June424749JV.html)

<sup>33</sup> “Cairns India is expected to invest over \$10 million on exploration,” *Colombo Page*, June 7, 2008, at [http://www.colombopage.com/archive\\_08/June7142145JR.html](http://www.colombopage.com/archive_08/June7142145JR.html)

<sup>34</sup> “Floods in Sri Lanka: 16 killed, over 200,000 displaced,” *Colombo Page*, June 3, 2008, at [http://www.colombopage.com/archive\\_08/June313724JV.html](http://www.colombopage.com/archive_08/June313724JV.html)

## B. EAST ASIA

### CHINA

- **Beijing expresses 'strong discontent' over Japanese Coast Guard vessel collision with Taiwanese boat in East China Sea; Chinese Vice-President praises Sudan's 'unremitting efforts' on Darfur**

Beijing expressed "serious concern" and "strong discontent" over a Japanese coastguard vessel's collision with a Taiwan boat in the East China Sea. In a briefing over the issue, Foreign Ministry spokesman Qin Gang stated that the Diaoyu Island "has been Chinese territory since the ancient time. China holds indisputable legal evidence of ownership."<sup>35</sup>

Chinese Vice-President Xi Jinping, during a meeting with the Sudanese Vice-President Ali Osman Mohammed Taha appreciated "the unremitting efforts" Sudan has taken on Darfur. Both the leaders also expressed their willingness to expand bilateral cooperation in various fields, including in the agriculture sector.<sup>36</sup>

A Chinese diplomat at Beijing's UN Office in Geneva, Qian Bo, addressing a regular session of the UN Human Rights Council, stated that Tibet was not an ethnic or religious issue, but an issue to safeguard national territorial unification. Qian also asserted that Tibet was "entirely an internal issue of China which concerns the country's sovereignty."<sup>37</sup>

In other developments, Israel's Consulate in Shanghai and the Hongkou District authorities have decided to build a database on Jewish refugees during World War II. The effort would collect information including name, gender, birthplace, career, biography, among other data.<sup>38</sup>

Reports also noted that China would soon launch a new communications satellite, Zhongxing-9, with a long March-3B rocket carrier at the Xichang Satellite Launch Centre. The, ordered by China Satcom from the France-based Thales Alenia Space (TAS), would be used for television broadcasts.<sup>39</sup>

### MYANMAR

- **Reports: Aid workers not getting full cooperation from authorities**

Reports noted that relief work was still being hampered as the aid workers were not getting the fullest cooperation from the authorities, especially in the

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<sup>35</sup> "China expresses 'serious concern' and 'strong discontent' over Japan coastguard vessel colliding with Taiwan boat," *People's Daily*, June 10, 2008, at <http://english.people.com.cn/90001/90776/90883/6427563.html>

<sup>36</sup> "China Appreciates Sudan's "unremitting efforts" on Darfur Issue," *People's Daily*, June 11, 2008, at <http://english.peopledaily.com.cn/90001/90776/90883/6427710.html>

<sup>37</sup> "Tibet Issue: Not about Human Rights," *People's Daily*, June 7, 2008, at <http://english.people.com.cn/90001/90776/90882/6426269.html>

<sup>38</sup> "Israel, Shanghai building database for Jewish refugees in WWII," *People's Daily*, June 7, 2008, at <http://english.people.com.cn/90001/90776/90883/6426325.html>

<sup>39</sup> "China to launch French built communications satellite," *People's Daily*, June 8, 2008, at <http://english.people.com.cn/90001/90781/90876/6426584.html>



most affected areas.<sup>40</sup> Britain on its part promised another 10.5 million pounds for relief efforts, bringing its total aid to almost 25 million pounds.<sup>41</sup> The US has meanwhile begun withdrawing its naval ship USS Essex after making almost 15 attempts to persuade the junta to let them cooperate in relief work.<sup>42</sup> Washington however offered to cooperate with the help of small ships and helicopters.<sup>43</sup>

## C. WEST ASIA

### IRAQ

- **Maliki visits Tehran, assures his hosts over American troop presence; US Senate Intelligence Committee: Bush overstated evidence on Hussein; Turkish General: Turkey and Iran have conducted coordinated strikes on Kurdish rebels; US deaths in May at lowest levels since 2003 invasion; IOM: 25,000 people have returned to Baghdad**

**I**raqi Prime Minister Nouri al-Maliki visited Tehran during the week and held talks with Supreme Leader Ayatollah Ali Khamenei, President Ahmadinejad, Foreign Minister Manouchehr Mottaki and Intelligence Minister Gholam Hossein Mohseni Ejeie. While the Iranian side expressed concerns over the presence of American troops and the nature of the agreement being negotiated with Washington, Maliki on his part assured his hosts that Iraq would not be used to harm Iran's security.<sup>44</sup>

The United States on its part insisted that there would not be any secret deals in the pact being negotiated. Explicitly stating that the US was not interested in any long-term bases in the country, US Ambassador to Baghdad Ryan Crocker told reporters in Washington on June 4 that the agreement with Baghdad would likely be finalised by the end of July.<sup>45</sup>

The US Senate Intelligence Committee meanwhile released a report on June 5 which charged that President Bush had either exaggerated available

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<sup>40</sup> "Aid workers: Myanmar access difficult," *UPI*, June 2, 2008, at [http://www.upi.com/NewsTrack/Top\\_News/2008/06/02/aid\\_workers\\_myanmar\\_access\\_difficult/8924/](http://www.upi.com/NewsTrack/Top_News/2008/06/02/aid_workers_myanmar_access_difficult/8924/)

<sup>41</sup> "Britain pledges £10.5m more for Myanmar cyclone victims," *Associated Foreign Press*, June 4, 2008, at <http://afp.google.com/article/ALeqM5iYGNVljss6AJjY5JSCY024a-niOA>

<sup>42</sup> "Myanmar Needs 'Sustained' Cyclone Aid, UN Says (Update1)," *Bloomberg*, June 4, 2008, at <http://www.bloomberg.com/apps/news?pid=20601091&sid=azM8QbcvDb9s&refer=india>

<sup>43</sup> "US offers helicopters to Myanmar as navy ships leave," *Associated Foreign Press*, June 6, 2008, at [http://afp.google.com/article/ALeqM5hAzMEyFdshno9oE1GKX6SX\\_GU11A](http://afp.google.com/article/ALeqM5hAzMEyFdshno9oE1GKX6SX_GU11A)

<sup>44</sup> "Iraq seeks to allay Iran's concern over US bases," *Reuters*, June 8, 2008, at [http://in.news.yahoo.com/reuters\\_ids\\_new/20080608/r\\_t\\_rtrs\\_wl/twl-iraq-seeks-to-allay-iran-s-concern-o-2186892.html](http://in.news.yahoo.com/reuters_ids_new/20080608/r_t_rtrs_wl/twl-iraq-seeks-to-allay-iran-s-concern-o-2186892.html); "Iraq's Maliki says wants stronger ties with Iran," *Reuters*, June 8, 2008, at [http://in.news.yahoo.com/reuters\\_ids\\_new/20080608/r\\_t\\_rtrs\\_wl/twl-iraq-s-maliki-says-wants-stronger-ti-2186892.html](http://in.news.yahoo.com/reuters_ids_new/20080608/r_t_rtrs_wl/twl-iraq-s-maliki-says-wants-stronger-ti-2186892.html)

<sup>45</sup> "No secret deal on pact with Iraq, U.S. says," *Reuters*, June 5, 2008, at [http://in.news.yahoo.com/reuters\\_ids\\_new/20080605/r\\_t\\_rtrs\\_wl/twl-no-secret-deal-on-pact-with-iraq-u-s-2186892.html](http://in.news.yahoo.com/reuters_ids_new/20080605/r_t_rtrs_wl/twl-no-secret-deal-on-pact-with-iraq-u-s-2186892.html)

intelligence or had ignored differences among agencies about Iraq's weapons programs and Saddam Hussein's links to Al Qaeda.<sup>46</sup>

In other developments, a top Turkish General, Ilker Basbug has revealed that Ankara and Tehran had conducted coordinated strikes against Kurdish rebels in Iraq through the exchange of intelligence.<sup>47</sup>

Even as reports indicated that US deaths in Iraq fell to their lowest levels since the 2003 invasion - with May accounting for the death of 19 soldiers compared to 52 in the earlier month, the International Organisation for Migration (IOM) noted that nearly 25,000 people had returned to Baghdad due to the improved security situation after the security crackdown on Shiite militias.<sup>48</sup>

## IRAN

- **Larijani elected Iran's new parliament speaker; Reports indicate he would give a tough fight to Ahmadinejad in the elections in 2009**

Members of the Iranian Majlis (Parliament) elected Ali Larijani as the permanent speaker on June 1. Mr. Larijani, who was the only candidate for the post, won 237 votes out of a total of 259 cast in the 290-member legislature.<sup>49</sup> He had won the parliamentary seat from Qom in the March general elections without any contest for a 4-year term.

After his election, Larijani indicated that there would be a strong supervision of the work of the government of President Ahmadinejad.<sup>50</sup> Larijani had resigned as the country's top nuclear negotiator last year over differences with Mr. Ahmadinejad. Reports indicated that Mr. Larijani, a conservative heavyweight, would give a tough fight to the incumbent candidate in the next presidential elections scheduled for 2009. Though the Speaker of the *Majlis* is a very important post, the Supreme Leader, Ayatollah Khamenei, will have the final word on state matters. For instance, Khamenei had intervened after the previous speaker Gholamali Hadad Adel had complained against President Ahmadinejad's refusal to put a bill into effect.<sup>51</sup>

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<sup>46</sup> "Bush Overstated Iraq Evidence, Senators Report," *The New York Times*, June 6, 2008, at <http://www.nytimes.com/2008/06/06/world/middleeast/06intel.html?ref=todayspaper>

<sup>47</sup> "Turkey and Iran Unite to Attack Kurdish Rebels," *The New York Times*, June 6, 2008, at <http://www.nytimes.com/2008/06/06/world/europe/06kurdish.html?ref=todayspaper>

<sup>48</sup> "US Deaths in Iraq Fell Sharply in May," *The New York Times*, June 2, 2008, at <http://www.nytimes.com/2008/06/02/world/middleeast/02iraq.html?ref=todayspaper>; "Iraqi families returning to parts of Baghdad: IOM," *Reuters*, June 3, 2008, at [http://in.news.yahoo.com/reuters\\_ids\\_new/20080603/r\\_t\\_rtrs\\_wl/twl-iraqi-families-returning-to-parts-of-2186892.html](http://in.news.yahoo.com/reuters_ids_new/20080603/r_t_rtrs_wl/twl-iraqi-families-returning-to-parts-of-2186892.html)

<sup>49</sup> "Larijani elected Majlis speaker," *IRNA*, June 1, 2008, at <http://www2.irna.ir/en/news/view/line-24/0806012754124156.htm>

<sup>50</sup> "Iran parliament picks Larijani as speaker," *Khaleej Times*, June 1, 2008, at [http://www.khaleejtimes.com/DisplayArticle.asp?xfile=data/middleeast/2008/June/middleeast\\_June14.xml&section=middleeast](http://www.khaleejtimes.com/DisplayArticle.asp?xfile=data/middleeast/2008/June/middleeast_June14.xml&section=middleeast)

<sup>51</sup> Nazila Fathi and Graham Bowley, "Rival to Iran's President Is Elected Speaker," *The New York Times*, May 29, 2008, at [http://www.nytimes.com/2008/05/29/world/middleeast/29iran.html?\\_r=1&oref=slogin](http://www.nytimes.com/2008/05/29/world/middleeast/29iran.html?_r=1&oref=slogin)

#### D. US ELECTION REVIEW

- **Barack Obama secures the Democratic nomination; Obama receives flak for his remarks on Jerusalem at AIPAC meeting**

In one of the most remarkable campaigns for the Democratic presidential nomination which witnessed a close fight between the first female and an African-American contender, Sen. Barack Obama of Illinois, Chicago emerged victorious after crossing the threshold of 2,118 delegates on June 3.<sup>52</sup> Sen. Hillary Clinton, though initially insisting that she was the stronger candidate as she had won the popular vote, formally ended her campaign on June 8.<sup>53</sup> In a speech in Washington, she urged her supporters to help elect Sen. Obama.

On the question of whether she would become his running mate, Clinton stated that she would consider anything that would help the Democrats win the Presidential elections in November. Sen. Obama on his part set up a three-member vice-presidential selection committee. While choosing Clinton might help in uniting the party after the acrimony of the primary campaign, reports noted that it ran the risk of disappointing many Obama supporters who had over the past 19 months witnessed a staple on how Sen. Obama was different from Sen. Clinton.<sup>54</sup>

Reports also noted another challenge that the Democrats would face in the coming days. This was regarding handling the campaign finance machineries of Obama and Clinton. Several of Obama's finance officials had earlier stated that if Clinton dropped out of the race, they would invite her top fund-raisers to join Sen. Obama's national finance committee at a meeting in Chicago on June 19.<sup>55</sup> They estimated that the well-connected Clinton team could raise between \$50-\$75 million for Mr. Obama. However, as the Clinton camp relied more on 'Big Money' while Obama received record campaign collections through small donors, analysts believed that getting support from big corporations and lobbies would expose Obama to criticism as he had been constantly asserting that he would work to reduce the role of 'special interests' in politics. Further, the two camps had very different styles of managing campaign finances.

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<sup>52</sup> Jeff Zeleny, "Obama Clinches Nomination; First Black Candidate to Lead a Major Party Ticket," *The New York Times*, June 4, 2008, at <http://www.nytimes.com/2008/06/04/us/politics/04elect.html?ref=todayspaper>

<sup>53</sup> Jeff Zeleny and Adam Nagourney, "Clinton Ends Campaign With Clear Call to Elect Obama," *The New York Times*, June 8, 2008, at <http://www.nytimes.com/2008/06/08/us/politics/08dems.html?th=&emc=th&pagewanted=print>

<sup>54</sup> Adam nagourney and Jeff Zeleny, "Clinton Ready to End Bid and Endorse Obama," *The New York Times*, June 5, 2008, at <http://www.nytimes.com/2008/06/05/us/politics/05dems.html?bl&ex=1212811200&en=9c9dbf4b1565a36c&ei=5087%0A>  
<http://www.nytimes.com/2008/06/05/us/politics/05dems.html?th=&emc=th&pagewanted=print>

<sup>55</sup> Christopher Drew and Leslie Wayne, "Clinton Donor Base Is Obama's Next Prize," *The New York Times*, June 4, 2008, at [http://www.nytimes.com/2008/06/04/us/politics/04donate.html?\\_r=1&ref=politics&oref=slogin](http://www.nytimes.com/2008/06/04/us/politics/04donate.html?_r=1&ref=politics&oref=slogin)

Meanwhile, in what was an oblique jab at Sen. Obama's statements on engaging countries like Iran and Syria in talks, Secretary of State Condoleezza Rice, in an address to the American Israel Public Affairs Committee (AIPAC) on June 3, asserted that any dialogue with Iran was pointless as that country was still pursuing nuclear weapons.

Sen. Obama and Sen. Hilary Clinton also addressed the same gathering on June 4.<sup>56</sup> Obama presented himself as a friend of Israel and assured the AIPAC members that he would work towards ensuring the security of Israel from any hostile source, including Gaza and Tehran. He however stated that recent American foreign policy had not ensured the same. Acknowledging the role of Iran, Syria and Hamas in spreading extremism, Obama asserted that the present American policies had failed to address any of the challenges posed by these nations and groups and that these policies had only fueled instability and terrorism in the Middle East.<sup>57</sup>

Obama also stated that Jerusalem should remain the capital of Israel and that it should not be divided under the terms of any Israeli-Palestinian peace pact, as a divided city would be "very difficult to execute." The remarks caused uproar among Jewish and Palestinian groups. Saeb Erekat, the chief Palestinian negotiator, told Al Jazeera on June 5 that Obama's remark was "the worst thing to happen to us since 1967 ... he has given ammunition to extremists across the region." Palestinian President Mahmoud Abbas also asserted that an independent Palestinian state without Jerusalem as its capital would not be acceptable.<sup>58</sup> Obama later clarified that it was up to the parties to the conflict to decide on the status of Jerusalem. Maintaining that Israel had a legitimate claim to the city, Obama called for access for everybody to the extraordinary religious sites of the holy city.<sup>59</sup>

## II. PAKISTAN-OCUPIED KASHMIR REVIEW

- **President of POK welcomes Indo-Pak dialogue process; Gilani guarantees support to POK; Judicial crisis continues; Legislative Assembly adopts three resolutions on China and Myanmar**

The President of POK, Raja Zulfikar Khan reportedly welcomed the recently revitalized Indo-Pak dialogue as it could facilitate enhanced levels of

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<sup>56</sup> Helene Cooper and Isabel Kershner, "Rice Calls Dialogue With Iran Pointless," *The New York Times*, June 4, 2008, at <http://www.nytimes.com/2008/06/04/washington/04diplo.html?th=&emc=th&pagewanted=print>

<sup>57</sup> "Obama's Speech at the AIPAC Conference," *Council on Foreign Relations*, June 4, 2008, at <http://www.cfr.org/publication/16419/>

<sup>58</sup> "Arabs shocked by Obama speech," *Aljazeera*, June 5, 2008, at <http://english.aljazeera.net/NR/exeres/93FE247B-452D-4022-8374-088D8704C1DE.htm>

<sup>59</sup> "Obama defends Jerusalem remarks," *Breitbart*, June 5, 2008, at [http://www.breitbart.com/article.php?id=080605214129.9en2gjp2&show\\_article=1](http://www.breitbart.com/article.php?id=080605214129.9en2gjp2&show_article=1)

development works in the region.<sup>60</sup> The Prime Minister of POK, Sardar Attique Ahmad Khan on his part, addressing the oath-taking ceremony of Al-Saadat organization at Kotli on June 7, stated that he aspired to build the POK region into a model welfare state.<sup>61</sup>

Pakistani Prime Minister Yousuf Gilani, in a meeting with the POK President in Islamabad on June 4, promised support to the government and resolved to bring forth a peaceful resolution of the Kashmir problem.<sup>62</sup> Gilani assured that the government would support not only reconstruction projects in areas hit by the earthquake but also pursue other development activities.<sup>63</sup>

In other developments, the POK Legislative Assembly passed three resolutions related to the earthquake in China and the cyclone in Myanmar on June 7. The members expressed solidarity with these countries which were at the receiving end of natural calamities and promised to support them with funds.<sup>64</sup>

Meanwhile, the judicial crisis in POK continued with lawyers insisting that PM Gilani give precedence to the seniority issue in order to resolve the deadlock. Reports stated that the crisis could end with an executive order from Mr. Gilani as he was the chairman of the Upper House of the POK Legislature.<sup>65</sup>

### III. INTERNAL SECURITY REVIEW

#### JAMMU AND KASHMIR DEVELOPMENTS

- **First J&K woman militant killed in encounter**

For the first time during the last two decades of militancy in J&K, the state police have killed an active woman militant belonging to Lashkar-e-Toiba (LeT) in Doda district on May 28. Her husband, a LeT cadre, was also killed during the encounter. The slain militants have been identified as Shabir Ahmed alias Abu Yasir and Samreena Bano. Though the first woman militant to die in the Valley was a burqa-clad suicide bomber who was blown to pieces when the IED she was carrying went off in Pulwama district in 2005, it was the first time that a female militant has been gunned down in an encounter.<sup>66</sup>

In the third incident in about eight months, two more Pakistan army soldiers were captured by Indian Army after they crossed over from the

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<sup>60</sup> "AJK President welcomes Indo Pak negotiations," *Associated Press of Pakistan*, at [http://www.app.com.pk/en\\_/index.php?option=com\\_content&task=view&id=40041](http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=40041)

<sup>61</sup> "AJK to be made welfare state: Attique," *Associated Press of Pakistan*, at [http://www.app.com.pk/en\\_/index.php?option=com\\_content&task=view&id=40770&Itemid=2](http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=40770&Itemid=2)

<sup>62</sup> "Pakistan desires just resolution of Kashmir," *Daily Times*, June 4, 2008, at [http://www.dailytimes.com.pk/default.asp?page=2008%5C06%5C04%5Cstory\\_4-6-2008\\_pg7\\_35](http://www.dailytimes.com.pk/default.asp?page=2008%5C06%5C04%5Cstory_4-6-2008_pg7_35)

<sup>63</sup> "Gilani assures support to AJK govt," June 4, 2008, at <http://paktribune.com/news/print.php?id=201378>

<sup>64</sup> "AJK LA adopts three resolutions," *Associated Press of Pakistan*, at [http://www.app.com.pk/en\\_/index.php?option=com\\_content&task=view&id=40720&Itemid=2](http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=40720&Itemid=2)

<sup>65</sup> Usman Manzoor, "Executive order needed to end AJK judicial crisis," *The News*, June 4, 2008, at <http://www.thenews.com.pk/print1.asp?id=116490>

<sup>66</sup> "First J-K woman militant killed in encounter: cops," *The Indian Express*, May 29, 2008, at <http://www.indianexpress.com/story/315858.html>

international border in Hamirpur Sidhar area in Akhnoor tehsil on June 4. However, as a goodwill gesture, the Indian Army returned both the soldiers on June 5 to Pakistani commanders after a flag meeting.<sup>67</sup>

#### MAOIST INSURGENCY

- **Eight Maoists killed in Jharkhand and Andhra Pradesh**

On June 1, four Communist Party of India-Maoist (CPI-M) cadres were killed in an encounter with the police at Sundermahto village in Hazaribag district in Jharkhand.<sup>68</sup> Earlier on May 30, another four CPI-Maoist cadres were shot dead in an encounter with the Andhra Pradesh Police near Gunupurai village in the Visakhapatnam district.<sup>69</sup>

Meanwhile, the CPI-Maoist caused derailment of a train and crippled train services on the Howrah-Delhi route in Jamui district by blasting both the up and down tracks early on June 2, during a bandh they called in five districts of East Bihar. Earlier, they blew up a sub-divisional office and looted food grains from the FCI granary in Munger district.<sup>70</sup>

#### NORTHEAST INSURGENCY

- **14 Naga militants killed in fratricidal clash; Manipur militants warn against arming civilians**

As many as fourteen National Socialist Council of Nagaland-Khaplang (NSCN-K) militants were killed in a fierce gun battle with rival NSCN-IM near Dimapur town in Nagaland on June 4.<sup>71</sup> The state had witnessed escalation of factional killings among rival armed groups in the first six months of the year. Earlier on May 24, five militants were killed following a clash between the Kuki Revolutionary Army (KRA) and the Kuki Liberation Army (KLA) in Manipur's Senapati district. The two outfits were currently holding 'suspension of operation' agreement with the security forces.<sup>72</sup>

Meanwhile, in a joint statement on June 6, two militant groups of Manipur, the Kanglei Yawol Kanna Lup (KYKL) and the United National Liberation Front (UNLF) warned against the government's decision to arm civilians. The two groups warned that stern punishment would be meted out to anybody who misled the villagers of Heirok in Thoubal district to take arms

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<sup>67</sup> "Two Pak army soldiers held on IB at Khour," *Daily Excelsior*, June 6, 2008, at <http://www.dailyexcelsior.com/web1/08june06/news.htm#1>

<sup>68</sup> "Four Maoists killed in Jharkhand," *South Asia Terrorism Portal*, June 2, 2008, at [http://satp.org/satporgtp/detailed\\_news3.asp?date3=2008%2F6%2F2&image2.x=6&image2.y=5#2](http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F6%2F2&image2.x=6&image2.y=5#2)

<sup>69</sup> "Four Maoists killed in Andhra Pradesh," *South Asia Terrorism Portal*, May 31, 2008, at [http://satp.org/satporgtp/detailed\\_news3.asp?date3=2008%2F5%2F31#3](http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F5%2F31#3)

<sup>70</sup> "Tracks blown up," *The Hindu*, June 3, 2008, at <http://www.hindu.com/2008/06/03/stories/2008060350240100.htm>

<sup>71</sup> "Coffins pile up in Dimapur," *Telegraph*, June 5, 2008, at [http://telegraphindia.com/1080605/jsp/northeast/story\\_9365979.jsp](http://telegraphindia.com/1080605/jsp/northeast/story_9365979.jsp)

<sup>72</sup> "Kuki rebels die in clash," *Telegraph*, May 26, 2008, at [http://telegraphindia.com/1080526/jsp/northeast/story\\_9319822.jsp](http://telegraphindia.com/1080526/jsp/northeast/story_9319822.jsp)

from the government. The outfits further cautioned that they would treat all those involved in arming Heirolk villagers as enemies of the 'freedom struggle'. The warning came days after the state cabinet decided on June 4 not to use the proposed Special Police Officer (SPO) units for counter-insurgency operations.<sup>73</sup>

Meanwhile, the outgoing Director-General of Assam Rifles, Lt. Gen. Paramjit Singh expressed dissatisfaction over Myanmar's inaction in countering the militants who had taken shelter in that country. Among other outfits, NSCN-IM, ULFA and Manipur-based insurgent outfits are reported to have set up training camps across the border. Gen. Singh noted that the issue needed to be resolved with diplomacy and not by any military action.<sup>74</sup>

#### OTHER DEVELOPMENTS

- **Deoband issues fatwa against terrorism**

The leading Islamic seminary Darul Uloom on May 31 issued a fatwa against terrorism. It noted that "in its [Islam's] eyes, on any part over the surface of the earth spreading mischief, rioting, breach of peace, bloodshed, killing of innocent persons and plundering are the most inhuman crimes." Deoband's cleric Riyasat Ali Bijnouri quoted the Holy Koran as saying: "Do not mischief on the earth after it has been set in order." The fatwa further stated that "Islam loves peace. Islam rejects all kinds of unjust violence ... and does not allow it in any form ... The religion of Islam has come to wipe out all kinds of terrorism and to spread the message of global peace."<sup>75</sup>

#### IV. NUCLEAR REVIEW

##### INDIA

- **EAM: Difficult to indicate timetable for nuclear deal; Russia supplies the first three batches of fuel for Kudankulam**

External Affairs Minister Pranab Mukherjee speaking at a press conference in New Delhi stated that it was difficult to indicate a timeframe to operationalise the civilian nuclear deal with the United States.<sup>76</sup>

Russia meanwhile supplied the first three batches of nuclear fuel for the Kudankulam nuclear power plant. The Russian state nuclear cooperation, Atomenergoprom is contracted to supply nuclear fuel for two reactors at the

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<sup>73</sup> "Ibobi mum on rebel threat," *Telegraph*, June 8, 2008, at [http://telegraphindia.com/1080608/jsp/northeast/story\\_9379482.jsp](http://telegraphindia.com/1080608/jsp/northeast/story_9379482.jsp)

<sup>74</sup> "Assam Rifles slams junta on militants," *Telegraph*, May 30, 2008, at [http://telegraphindia.com/1080530/jsp/northeast/story\\_9338425.jsp](http://telegraphindia.com/1080530/jsp/northeast/story_9338425.jsp)

<sup>75</sup> "Fatwa against terrorism," *The Hindu*, June 1, 2008, at <http://www.thehindu.com/2008/06/01/stories/2008060155921000.htm>

<sup>76</sup> "Trying to operationalise deal: Pranab," *The Hindu*, June 4, 2008, at <http://www.hindu.com/2008/06/04/stories/2008060455631200.htm>

plant it has been building in Tamil Nadu since 2002. The spent fuel would then be re-exported for processing.<sup>77</sup>

In other developments, Iran's ambassador to India, Mehdi Nabizadeh met Foreign Secretary Shiv Shankar Menon and handed over the proposals Tehran has presented to the international community to address the concerns over its civilian nuclear programme. Though India was inimical to having a nuclear-armed Iran in its neighbourhood, it has continued to express support for Tehran's right to pursue a civil nuclear programme.<sup>78</sup>

## IRAN

- **Putin: Iran not trying to acquire nuclear weapons; IAEA Board of Governors discuss Iran and ElBaradei's latest report; Rice: Dialogue with Iran useless unless Iran suspends enrichment**

In an interview to the leading French newspaper, *Le Monde*, Russian Prime Minister Vladimir Putin maintained that Tehran was not trying to acquire nuclear weapons but noted that it should avoid "irritating" its neighbours. Putin noted that at a legal level, Iran had not infringed on any law at the present moment and added that the country had "the same right to enrichment (of uranium)."<sup>79</sup>

The IAEA Board of Governors meanwhile met for a week beginning from June 2. The Board discussed the latest report by the IAEA Director-General Dr. ElBaradei, which had expressed "serious concern" that Iran was hiding information about alleged weaponisation work, as well as of defying UN demands to suspend uranium enrichment.<sup>80</sup>

US Secretary of State Condoleezza Rice on her part, speaking before the American Israel Public Affairs Committee (AIPAC), accused Tehran of pursuing a nuclear weapons programme and called any dialogue with its leaders pointless until they suspend the enrichment of uranium.<sup>81</sup>

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<sup>77</sup> "Russia delivers three shipments of nuclear fuel to Indian NPP," *RIA Novosti*, June 2, 2008, at <http://en.rian.ru/russia/20080602/109057002.html>

<sup>78</sup> "Iran seeks India's help for N-plans," *Economic Times*, June 3, 2008, at [http://economictimes.indiatimes.com/News/PoliticsNation/Iran\\_seeks\\_Indias\\_help\\_for\\_N-plans/articleshow/3094973.cms](http://economictimes.indiatimes.com/News/PoliticsNation/Iran_seeks_Indias_help_for_N-plans/articleshow/3094973.cms)

<sup>79</sup> "Iran not seeking to build nuclear weapons: Putin," *AFP*, June 1, 2008, at <http://afp.google.com/article/ALeqM5jpNVgMAEbfdZGq5yXZwvWNdEHOZg>

<sup>80</sup> "IAEA meets to discuss Iran's alleged nuclear weapons work," *AFP*, June 1, 2008, at <http://afp.google.com/article/ALeqM5jDX7WqHBCKf4JrBmHq5QznT96kZw>

<sup>81</sup> Helene Cooper and Isabel Kershner, "Rice Calls Dialogue With Iran Pointless," *The New York Times*, June 4, 2008, at <http://www.nytimes.com/2008/06/04/washington/04diplo.html?partner=rssnyt&emc=rss&pagewanted=print>



## NORTH KOREA

- **North Korea putting final touches to declaration; US taking time to review North Korean documents; Robert Gates says Six-Party Talks would continue despite North Korean link with Syria**

Following his meeting with Kim Kye Gwan, the top North Korean nuclear envoy, South Korea's nuclear envoy, Kim-Sook stated that Pyongyang was putting the final touches to a declaration on its nuclear development programs, and that it was trying to decide the date for its issuance. Kim-sook added that Pyongyang was waiting for Washington to complete its review of the 18,000-odd pages of documents that North Korea had handed a few weeks back.<sup>82</sup>

US Defence Secretary Robert Gates meanwhile stated that despite intelligence pointing towards alleged cooperation between North Korea and Syria in developing a nuclear facility, the United States would continue the Six-Party Talks with the communist regime over its nuclear program.<sup>83</sup>

## V. ENERGY SECURITY REVIEW

### GALLOPING CRUDE OIL PRICES AND FUEL PRICE HIKES

- **Crude oil prices reach a \$138 a barrel; India, Nepal, South Africa, Malaysia among others raise fuel prices**

Crude oil prices fell below \$122 on June 4 after the release of an American government report which stated that supplies of gasoline increased much more than expected in the previous week.<sup>84</sup> However, the fall was very short-lived as by June 6, oil prices rose by over \$10 to reach an unprecedented \$138 a barrel. Experts attributed the sudden rise to the sharp fall of the dollar against the euro as well as to the statement by Israel's transportation minister and deputy prime minister, Shaul Mofaz, advocating an armed attack against Iran to stop its nuclear programme.<sup>85</sup>

The tremors of the rising crude oil prices were being felt in the domestic politics of many countries as governments were forced to hike fuel prices. India, Nepal, South Africa and Malaysia among others faced domestic unrest over the issue. New Delhi raised petrol prices by Rs. 5, diesel by Rs. 3 and LPG by Rs. 50.<sup>86</sup> The move sparked angry protests by members of the opposition and also by the government's left allies. Reports noted that these protests could become costly for the UPA in the coming elections.

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<sup>82</sup> "Pyongyang Putting Final Touches on Declaration of Nuke Programs," *Korea Times*, June 1, 2008, at [http://www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25121.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25121.html)

<sup>83</sup> "Nuclear proliferation talks with North Korea to continue, Gates says," *Los Angeles Times*, June 4, 2008, at <http://www.latimes.com/news/nationworld/world/la-fg-gates4-2008jun04,0,6364038.story>

<sup>84</sup> Cathrine Clifford, "Oil prices ease; gas still at record high," *CNN Money*, June 4, 2008, at [http://money.cnn.com/2008/06/04/markets/oil\\_eia/?postversion=2008060415](http://money.cnn.com/2008/06/04/markets/oil_eia/?postversion=2008060415)

<sup>85</sup> Jad Mouawad, "Oil Prices Take a Nerve-Rattling Jump Past \$138," *The New York Times*, June 7, 2008, at <http://www.nytimes.com/2008/06/07/business/07oil.html?ntemail1=y&emc=tnt&pagewanted=print>

<sup>86</sup> Aloke Tikku, "The price of the hike," *The New York Times*, June 5, 2008, at <http://www.hindustantimes.com/StoryPage/Print.aspx?Id=2da182a5-3620-48ed-b3cb-e100bfa10d7b>

Other Asian countries also took similar decisions. In Malaysia for instance, where petrol was heavily subsidized, the government raised petrol prices by 40 per cent. Shahrir Abdul Samad, the domestic trade and consumer affairs minister held out the possibility of further increases in the future. Manila however attempted to cushion the price rise by offering a yearly cash rebate to owners of small cars and motorcycles.<sup>87</sup>

Meanwhile, South Korea finalized a package worth over \$10 billion to relieve the impact of high oil prices on low-income individuals and self-owned businesses. These measures included oil subsidies to low-income individuals, a possible lowering of taxes on gasoline, diesel and liquefied petroleum, reimbursement of the income tax spent on oil by workers and self-owned businesses, among others.<sup>88</sup>

#### ALTERNATIVE ENERGY

- **Japan makes its first major move to shift towards a Hydrogen economy; Australia pushes 'coal to liquid' technology**

As countries across the world were finding it difficult to go beyond short-term quick fixes in the face of rising energy costs, Japan on its part launched the first major initiative to turn to a hydrogen economy. A project was initiated to make use of fuel cells to light and heat households. In the initial phase, 3000 households across Japan would be covered. The move was aimed to cut Japan's dependence on foreign oil. Earlier in 2005, the official residence of the Japanese prime minister had become the first house in the world to be equipped with a domestic fuel cell in 2005.<sup>89</sup>

Australia also was pushing to make the 'coal to liquid technology' a major part of its fuel basket. Australia's resource minister Martin Ferguson noted that converting coal and natural gas to fuels would play a "major role in Australia's energy future".<sup>90</sup> Reports noted that Treasury Secretary Ken Henry was also carrying out a review to assess the barriers to investments and development of gas fields in remote areas.

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<sup>87</sup> Thomas fuller and Heather Timmons, "India and Malaysia Risk Voters' Wrath by Raising Fuel Prices," *The New York Times*, June 5, 2008, at <http://www.nytimes.com/2008/06/05/world/asia/05malaysia.html?intemail=y&emc=tnt&pagewanted=print>

<sup>88</sup> Shin Jung-Won, "South Korea Finalizes Plan To Relieve Impact of Oil Prices," *Wall Street Journal*, June 8, 2008, at [http://online.wsj.com/article/SB121289158320454959.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121289158320454959.html?mod=googlenews_wsj)

<sup>89</sup> "As energy bills soar, Japanese test fuel of future," *Associated Press*, June 7, 2008, at <http://afp.google.com/article/ALeqM5irtvz-PSWsRBd16dWzlQnYzsRR4Q>

<sup>90</sup> Angela McDonald Smith, "Australia to Promote Coal-to-Liquids to Improve Energy Security," *Bloomberg*, June 5, 2008, at [www.bloomberg.com/apps/news?pid=20601081&sid=aOEGc0kUdGTM&refer=australia](http://www.bloomberg.com/apps/news?pid=20601081&sid=aOEGc0kUdGTM&refer=australia)

## G-8 MINISTERIAL MEETING

- **Energy Ministers from G-8 countries establish International Partnership for Energy Efficiency Cooperation**

The energy ministers from G-8 - the group of eight developed countries including France, Britain, Germany, Canada, Italy, Russia, Japan, and the United States, along with those of China, India and South Korea, held a one day meeting in the northeastern Japanese city of Aomori. A joint declaration was issued at the conclusion of their meeting and the ministers also announced the establishment of the International Partnership for Energy Efficiency Cooperation, a new framework aimed at facilitating energy-saving measures and transfer of related technologies.<sup>91</sup>

There was however marked difference between members over the cause of the rise in oil prices over the past 18 months. While China attributed it to mounting speculations, the US on its part insisted that it was due to unbalanced demands and supply.

The meeting was one among many ministerial gatherings in the run-up to the G8 Summit to be held in Japan's Hokkaido Prefecture on July 7-9.<sup>92</sup>

## GEOPOLITICS

- **Medvedev makes his first visit to Europe after assuming Russian presidency; Energy security the key focus**

In his first visit to Germany after becoming President, Dimitry Medvedev met with the Chancellor Angela Merkel. Energy security issues emerged as the key focus of his visit. Medvedev promised Germany closer energy cooperation and also offered Europe more say in Russian oil and gas deliveries. He added that Russian oil and gas transit pipelines running through third states could be managed by international consortiums, including European states.<sup>93</sup>

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**Note:** The Internal Security Review section covers developments from May 26-June 08.

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<sup>91</sup> "G8 plus three agree to promote energy efficiency for stable market, climate," *Xinhua Net*, June 6, 2008, at [http://news.xinhuanet.com/english/2008-06/08/content\\_8327912.htm](http://news.xinhuanet.com/english/2008-06/08/content_8327912.htm)

<sup>92</sup> "Energy ministers focus on oil prices, global warming," *Xinhua Net*, June 8, 2008, at [http://news.xinhuanet.com/english/2008-06/08/content\\_8327362.htm](http://news.xinhuanet.com/english/2008-06/08/content_8327362.htm)

<sup>93</sup> Oleg Shchedrov and Kerstin Gehmlich "Medvedev makes energy offers in first Europe visit," *The New York Times*, June 5, 2008, at [http://news.yahoo.com/s/nm/20080605/wl\\_nm/germany\\_russia\\_dc](http://news.yahoo.com/s/nm/20080605/wl_nm/germany_russia_dc)