

THE WEEK IN REVIEW

June 30-July 06, 7(1), 2008

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EDITOR: S. SAMUEL C. RAJIV

REVIEW ADVISOR: S. KALYANARAMAN

CONTRIBUTORS

M. MAYILVAGANAN – Sri Lanka

NIHAR NAYAK – Nepal

JAGANNATH PANDA - China

S. SAMUEL C. RAJIV – Iraq, Afghanistan

MAHTAB ALAM RIZVI – Iran

M. AMARJEET SINGH – Internal Security Review

GUNJAN SINGH – Bangladesh, Myanmar,
Maldives

PRIYADARSHINI SINGH – Energy Security Review,
US Election Review

PRIYANKA SINGH – Pakistan

ARUN VISHWANATHAN – Nuclear Review
(INDIAN PUGWASH SOCIETY)



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

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **44 people, including Indian Defence Attache and Counsellor killed in Kabul suicide attack; 46 coalition soldiers killed in June, highest casualty figure in a month since 2001; IASF air strike reportedly kills 15 civilians in eastern Afghanistan**

Over 140 people were injured and 44 killed in a massive suicide car bomb attack outside the Indian Embassy in Kabul on July 7. Among those killed included the Indian Defence Attache Brig. R.D. Mehta, Counselor Venkateswara Rao, two ITBP personnel Ajai Pathania and Roop Singh, and 5 Embassy staff. While the Taliban was suspected to be behind the attack, an Afghan Interior Ministry spokesperson Abdul H Ashiq stated that the attack was carried out "in co-ordination and consultation with an active intelligence service in the region" - an obvious reference to Pakistan's Inter-Services Intelligence (ISI).¹

The dastardly attack was condemned by the United States, European Union, Russia, and Pakistan, among others. While Prime Minister Manmohan Singh asserted that the attack would not deter India from continuing its reconstruction and rehabilitation work in the country, Afghan President Hamid Karzai expressed his condolences to Dr. Singh.² US Ambassador David Mulford asserted that such acts would only "strengthen the resolve of both our nations to defeat terror around the world."³ EU foreign policy chief Javier Solana termed the attack an attempt "to undermine the process of stabilization and reconstruction in Afghanistan."⁴

Meanwhile, June accounted for the death of 46 coalition troops, the highest casualty count in a month since the Afghan operations began in 2001. In a sign of the growing sophistication of the insurgent attacks, a Black Hawk helicopter was shot down in the week. The Pentagon in a report released in the previous week had also noted that the militants were increasingly employing tactics first used by Iraqi insurgents - in particular, greater use of roadside bombs. Attacks of this nature had increased to 2,615 in 2007, from 1,931 in 2006.⁵

In other developments, more than 15 civilians were reportedly killed in an IASF air strike in Afghanistan's eastern province of Nuristan on July 5, giving rise to renewed concerns about further alienating the local population. A

¹ "41 killed, 141 injured in Indian embassy bombing in Kabul," *IANs*, July 07, 2008, at <http://in.news.yahoo.com/20/20080707/365/twl-41-killed-141-injured-in-indian-emba.html>

² "Karzai condoles loss of lives in embassy attack," *IANs*, July 07, 2008, at <http://in.news.yahoo.com/20/20080707/365/twl-karzai-condoles-loss-of-lives-in-emb.html>

³ "US condemns attack on Indian embassy," *IANs*, July 07, 2008, at <http://in.news.yahoo.com/43/20080707/812/tnl-us-condemns-attack-on-indian-embassy.html>

⁴ "EU condemns attack on Indian embassy in Kabul," *IANs*, July 07, 2008, at <http://in.news.yahoo.com/43/20080707/884/twl-eu-condemns-attack-on-indian-embassy.html>

⁵ "Military Death Toll Rises in Afghanistan," *The New York Times*, July 02, 2008, at <http://www.nytimes.com/2008/07/02/washington/02military.html?ref=todayspaper>

spokesman for the American-led coalition however stated that the air strikes had targeted militants involved in an mortar attack on an American military base.⁶

PAKISTAN

- **A.Q. Khan: Pakistan delivered centrifuges to North Korea in 2000; 30 soldiers abducted in Kurram; Security forces clear Khyber agency of militants; Boucher visits Islamabad**

The controversial nuclear scientist A.Q. Khan reportedly confessed that Pakistan had sent centrifuges to North Korea in 2000 and that the army, including President Musharraf, had “complete knowledge” of the transaction. Khan was speaking to the Associated Press on telephone on July 4.⁷ Reports noted that the statement would spark bitter controversy in the country, cause huge embarrassment to the army and could add to the worries of Gen. Musharraf.

Meanwhile, US Assistant Secretary of State Richard Boucher visited Pakistan on June 30, his second visit during the year. During talks with Prime Minister Gilani, Boucher articulated American concerns regarding the failing law and order situation in FATA as well as the deterioration in Pakistan’s internal politics.⁸ Addressing a press conference on July 2, the US official defended President Musharraf’s policies, noting that issues like the food crisis and combating militancy required urgent.⁹

In other developments, security forces successfully cleared the Bara town in Khyber Agency of militants, with out facing much resistance.¹⁰ Operations were however withheld at the request of the tribal jirga which intended to conclude a truce with the militants.¹¹ Prime Minister Gilani also issued directives asserting that operations to curb militancy ought to be “result-oriented and conclusive.”¹² Meanwhile, at least 30 soldiers were taken hostage in Kurram by local tribesmen suspecting them to be members of a rival group on June 30.¹³

⁶ “U.S. at Odds With Afghans on Airstrike,” *The New York Times*, July 05, 2008, at <http://www.nytimes.com/2008/07/05/world/asia/05afghan.html?ref=todayspaper>

⁷ “Centrifuges delivered to N Korea with Musharraf’s consent: Dr Khan,” *The News*, July 05, 2008, at http://thenews.jang.com.pk/arc_default.asp

⁸ Syed Irfan Raza, “Cold war among coalition parties worries US: Boucher concerned over Fata situation,” *Dawn*, July 01, 2008, at <http://www.dawn.com/2008/07/01/top1.htm>

⁹ Baqir Sajjad Syed, “Militancy, food crisis real issues: Boucher,” *Dawn*, July 03, 2008, at <http://www.dawn.com/2008/07/03/top3.htm>

¹⁰ “Forces clear Khyber, Tirah is next,” *Daily Times*, June 30, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\06\30\story_30-6-2008_pg1_1

¹¹ Ibrahim Shinwari, “Operation put on hold in Bara; jirga opens talks,” *Dawn*, July 05, 2008, at <http://www.dawn.com/2008/07/05/top2.htm>

¹² Shamim-ur-Rahman, “PM wants Fata action to be result-oriented: Operation launched with allies’ consent: Sherry,” *Dawn*, July 03, 2008, at <http://www.dawn.com/2008/07/03/top1.htm>

¹³ Hussain Khan, “30 soldiers taken hostage in Kurram,” *Dawn*, July 01, 2008, at <http://www.dawn.com/2008/07/01/top3.htm>

NEPAL

- **Political deadlock continues; Indigenous groups resist Madhesi demands; 23 new CA members sworn in; Communist leaders blame India for the Terai problem; UNMIN term extended; India expresses support for flood management in Nepal**

The stalemate over the formation of a new government continued. The series of meetings which started from June 26 between the seven-party alliance (SPA) and the Madhesi parties (Madhesi Janadhikar Forum, Terai Madhesh Loktrantrik Party and Sadbhawana Party) on the draft of the supplementary constitution amendment bill ended inconclusively. The talks were deadlocked after the Madhesi leaders objected to the plural term 'autonomous Madhes provinces' proposed by the SPA in the draft bill. The two sides also differed on the issue of Madhesi representation in the Nepal Army, with the Madhesi parties reiterating their demand for "proportionate representation" and the SPA opposing it and instead favoured making the army an inclusive organisation.¹⁴

Apart from the SPA, some indigenous groups residing in the Terai region have also been opposing the 'one-province' demand of the Madhesi parties. The Tharu Welfare Assembly for instance staged street protests against 'Madhesisation' of Terai and demanded their own separate Tharuhat Autonomous Province. The Limbu and even the Sherpa communities, which made up a tiny fraction of the population, have also demanded a separate autonomous state. Moreover, the indigenous Rajbanshi community called for establishment of Kochila Pradesh in the Terai parts of eastern Nepal districts, where they formed the majority. Activists of the Rajbanshi community asserted that the demands for 'One Madhesh province' and 'Limbuwan Province' were entirely unacceptable to them as both of these constructs did not recognize the autonomous Kochila Pradesh.¹⁵

Significantly, Nepal's high-ranking communist leaders have stated that the demand for a separate and sovereign state of Madhesh was aimed at disintegrating the country. They have also charged that India was pushing the agenda of 'One Madhesh One Pradesh' in order divide Nepal.¹⁶

Meanwhile, 23 new Constituent Assembly (CA) members were sworn in on July 7 by Kul Bahadur Gurung, chairman of the assembly. This was out of the 26 members who were nominated by the Cabinet.¹⁷ Despite the political

¹⁴ "Ten parties discuss draft supplementary bill; no breakthrough yet," *Nepalnews*, July 07, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul07/news10.php>

¹⁵ "Rajbanshis, too, rise for separate autonomous state", *Nepalnews*, July 07, 2008, at www.nepalnews.com

¹⁶ "Nepal: Communists see Indian design in progress," *The Telegraph Nepal*, July 03, 2008, at http://www.telegraphnepal.com/news_det.php?news_id=3673&PHPSESSID=05c2c3a97d14bc300e95789d95e7b5bf

¹⁷ "23 new CA members sworn in," *Nepalnews*, July 07, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul07/news05.php>

deadlock, the cabinet decided to extend the term of United Nations Mission in Nepal (UNMIN) by six months. The term of UNMIN was to expire on July 23.¹⁸

In other developments, Indian Ambassador to Nepal Rakesh Sood extended a grant assistance of Rs. 83.6 million to the Ministry of Water Resources (MoWR) to carry out embankment construction in Bagmati and emergent works in Kamala rivers for the purpose of flood management. He underscored the need to work together to control flood disasters that was posing challenges every monsoon and to utilize the huge hydro-power potential, vital for the rapid economic growth in Nepal. Secretary of MoWR, Shanker Prasad Koirala noted that the joint Committee on Water Resources, MoWR had formed a Sub Committee on Embankment Construction (SCEC), which was currently working on projects in four rivers – including Lalbakaiya, Bagmati, Kamala and Khando.¹⁹

BANGLADESH

- **AL sticks to its six-point demand in talks with government; BNP not to take disciplinary action against candidates participating in August 4 local elections**

In its continuing dialogue with the government, the Awami League (AL) urged the withdrawal of the state of emergency and the announcement of a specific date for the general elections, scheduled for December. The AL delegation, led by its president Zillur Rahman also called for the unconditional and permanent release of party president Sheikh Hasina, the withdrawal of all "false charges" against her, convening of a trial of war criminals as well as the curbing of the price hike in essential commodities.²⁰

However, both sides failed to reach a consensus on the contentious issues.²¹ Sheikh Hasina on her part was also insisting that the caretaker government should hold the parliamentary elections before the local body elections (scheduled for August 4) as this would help in the smooth transition to democracy.²²

The BNP meanwhile was sticking to its decision to boycott the local elections, as the emergency was not yet lifted.²³ It however announced that it

¹⁸ "Cabinet extends UNMIN term by six months," *Nepalnews*, July 02, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul02/news02.php>

¹⁹ "Indian envoy hands grants to Nepal," *Gorkhapatra*, July 07, 2008, at http://www.gorkhapatra.org.np/detail.php?article_id=2977&cat_id=4

²⁰ "AL Sits With Govt Today: Lifting of emergency, polls date AL priorities," *The Daily Star*, July 03, 2008, at <http://www.thedailystar.net/story.php?nid=43976>

²¹ "Govt, AL fail to reach consensus: Sit again soon," *The Daily Star*, July 04, 2008, at <http://www.thedailystar.net/story.php?nid=44147>

²² "CG should give priority to parliamentary polls: Hasina," *The Daily Star*, July 05, 2008, at <http://www.thedailystar.net/story.php?nid=44271>

²³ "Aug 4 Polls: 4-party won't take part if emergency not withdrawn," *The Daily Star*, June 30, 2008, at <http://www.thedailystar.net/story.php?nid=43513>

would not take any disciplinary action against those candidates participating in the elections.²⁴

SRI LANKA

- **VIP helicopter comes under attack; EPDP-TMVP on collision course; Karuna: LTTE 'very weak'; Wanni facing starvation after Omanthai closure**

A Sri Lankan Air Force (SLAF) helicopter that left for re-fuelling after dropping President Mahinda Rajapaksa and other top delegates at Arugam Bay in Ampara on July 1 came under attack. Mr. Rajapakse had gone there to participate in the opening of the newly-built Arugam Bay bridge. Defence sources claimed that at least three shots had hit one of the helicopters, fired from the Arugam Bay jungles.²⁵ However, Air Force spokesman Janaka Nanayakkara stated that an SLAF helicopter, returning after refueling in Ampara, had to make an emergency landing due to a technical fault.

Reports noted that 2 allies of the government, the EPDP and the TMVP were in a collision course trading charges against each other. The EPDP, led by Minister Douglas Devananda, was demanding that the government investigate allegations of assault against EPDP members by TMVP cadres in the east.²⁶ The TMVP, which is also an ally of the government, however rejected the allegations and claimed that the EPDP was indulging in political drama to instill fear among the easterners against the ruling alliance led by Eastern Province Chief Minister Pillayan. The TMVP warned that it too would resort to 'action' if the EPDP did not stop its mud slinging campaign. TMVP spokesperson Azath Maulana, charged that the EPDP had become "frustrated" as it had failed to secure any seats at the recently-held Eastern Provincial Council Elections.²⁷

Karuna Amman meanwhile, who was deported from UK, in an interview to BBC *Sandeshaya* stated that the LTTE had become "very weak" due to the continuous military offensive launched by Colombo and that they could not any offensive.²⁸

In other developments, government officials in the Wanni warned that the closure of the Omanthai entry/exit point was affecting the supply of essential supplies to over 200,000 civilians, thus pushing the humanitarian situation in the area to breaking point. Nagalingam Vedanayagam, the government agent in Kilinochchi revealed that supplies to civilians would only last for two weeks and

²⁴ "City Elections: BNP may go soft on poll-runners," *The Daily Star*, July 06, 2008, at <http://www.thedailystar.net/story.php?nid=44459>

²⁵ Sunil Jayasiri, "VIP helicopter comes under attack," *Daily Mirror*, July 02, 2008, at http://www.dailymirror.wijeya.lk/DM_BLOG/Sections/frmNewsDetailView.aspx?ARTID=19289

²⁶ Jamila Najmuddin, "EPDP- TMVP on collision course," *Daily Mirror*, July 02, 2008, at http://www.dailymirror.wijeya.lk/DM_BLOG/Sections/frmNewsDetailView.aspx?ARTID=19285

²⁷ *ibid*

²⁸ "LTTE 'very weak': Karuna," *BBC*, July 04, 2008, at http://www.bbc.co.uk/sinhala/news/story/2008/07/printable/080704_karuna_exclusive.shtml

that the prices would sky rocket even before that if the closure continued. The Director of the Kilinochchi Hospital also stated that drugs were only available for a month and that new supplies were held up at Omanthai.²⁹ The ICRC, which pulled out of Omanthai on July 1 after a heavy exchange of artillery and aerial fire near the northern end of the cross-over point, maintained that it would only return after security guarantees were obtained from both parties.

B. EAST ASIA

CHINA

- **CPC magazine celebrates 50th anniversary; First chartered flight between mainland and Taiwan lands; China-Uzbekistan section of the Central Asian gas pipeline inaugurated**

The official magazine of the Chinese Communist Party “*Qiu Shi*” (Seeking Truth) marked the 50th anniversary of its founding in the previous week. President Hu Jintao urged the magazine to improvise and be innovative in its thinking to help build “socialism with Chinese characteristics.” The magazine, which was earlier called “Red Flag”, contributed greatly to Marxism and socialist values in China.³⁰

In an important Cross-Strait development, the first chartered flight from the mainland to Taiwan landed at Taipei. More than 100 mainland tourists boarded the Airbus A330 of China Southern Airlines which marked an important step to take the Cross-Strait ties ahead.³¹ The chartered flight proposal was floated after the victory of Taiwan’s Nationalist Party (KMT) in both the legislative and the presidential elections.

In other developments, officials from the Chinese-Russian Committee of Friendship, Peace and Development met in Moscow to discuss measures to improve bilateral ties. The work plan of the committee for 2008 was signed during the meeting. The committee was established in 1997 with the mandate to help expand Sino-Russian ties and deepen political trust and understanding.³²

The China-Uzbekistan section of the Central Asian gas pipeline was opened on June 30. The pipeline, whose total length is 1,801 km, is a joint venture between the China National Petroleum Corporation (CNPC) and Uzbekistan Petroleum Corporation.³³

²⁹ “Wanni facing starvation after Omanthai closure,” *The Sunday Leader*, July 06, 2008, at <http://www.thesundayleader.lk/20080706/NEWS.HTM>

³⁰ “Chinese Communist magazine celebrates 50th anniversary,” *People’s Daily*, July 04, 2008, at <http://english.peopledaily.com.cn/90001/90776/6442603.html>

³¹ “1st weekend chartered flight with mainland tourists arrives in Taiwan,” *People’s Daily*, July 04, 2008, at <http://english.peopledaily.com.cn/90001/90776/90882/6441983.html>

³² “Chinese-Russian friendship committee discusses bilateral relations,” *People’s Daily*, July 03, 2008, at <http://english.people.com.cn/90001/90776/6441686.html>

³³ “China-Uzbekistan gas pipeline starts construction,” *People’s Daily*, July 02, 2008, at <http://english.people.com.cn/90001/90776/90883/6440685.html>

Meanwhile, Du Qinglin, head of the United Front Work Department of the CPC, during a meeting with the Dalai Lama's representatives, Lodi Gyari and Kelsang Gyaltzen urged the Tibetan spiritual leader to stop activities which might encourage violence in Tibet and sabotage the Beijing Olympic Games. Du noted that it would be "impossible to have necessary atmosphere and condition for the next round of contact" if the Dalai Lama did not carry out this task.³⁴

MYANMAR

- **UN Secretary General calls for 'genuine democracy'; Bush calls for release of Suu Kyi; Cyclone relief work continuing**

UN Secretary General Ban ki-moon, talking to reporters in Tokyo on July 1, called on the Myanmar authorities to work towards bringing "genuine democracy" to the people. He also noted that despite the delay in accepting international aid teams, the junta had largely lived up to its promise of allowing access.³⁵ Ahead of the G8 talks in Japan, US President George Bush on July 6 also renewed his call for Myanmar's military regime to free opposition leader Aung San Suu Kyi.³⁶

Reports noted that the authorities were also looking for more aid to help in the settlement of people in the cyclone-hit areas. Among projects being implemented include the reclamation of land in the cyclone-hit areas and the building of up to 100,000 low-cost provisional housing accommodation for homeless victims of the storm.³⁷ Another involved the building and renovation of 37 embankments to prepare for future emergencies.³⁸ Meanwhile, international aid continued to flow with the Malaysian government granting \$1 million on July 4.³⁹

³⁴ "Chinese official urges Dalai Lama to respond with sincerity after recent contact," *People's Daily*, July 07, 2008, at <http://english.people.com.cn/90001/90776/90882/6443004.html>

³⁵ "UN chief says will press Myanmar on democracy," *Associated Foreign Press*, July 1, 2008 at <http://afp.google.com/article/ALeqM5iSi2ix3nsJwIY7AJPazEkeyvM0mA>

³⁶ "Bush urges Myanmar to free Suu Kyi" *Associated Foreign Press*, July 6, 2008 at <http://afp.google.com/article/ALeqM5i9xdGQ0P-VvkPPRN8cf2AuoC7QNQ>

³⁷ "Myanmar pleads for more donations for resettlement of storm survivor" *Xinhua*, July 4, 2008 at http://news.xinhuanet.com/english/2008-07/04/content_8489079.htm

³⁸ "Myanmar to build 37 embankments in cyclone-hit areas" *Xinhua*, July 6, 2008 at http://news.xinhuanet.com/english/2008-07/06/content_8500550.htm

³⁹ "Malaysia aid \$2.5 million to Myanmar and China" *Xinhua*, July 4, 2008 at http://news.xinhuanet.com/english/2008-07/04/content_8489072.htm

C. WEST ASIA

IRAQ

- **Zebari: SOFA agreement not likely in the current year; Obama insists there is no change in his position regarding bringing back US troops; UAE writes off \$4 bn of Iraqi debts**

Iraq's Foreign Minister Hoshayr Zebari told reporters in Baghdad on July 2 that the status of forces (SOFA) agreement being negotiated with the United States may not be reached in the current year. The agreement was earlier intended to be negotiated before July 31, well before the expiry of the UN mandate at the end of December. Zebari noted that issues like the extent of Iraqi control over American military operations and the right of American soldiers to detain suspects without the approval of Iraqi authorities continued to be stumbling blocks.⁴⁰ The Foreign Minister however revealed that the US had agreed to lift the immunity on foreign security contractors operating in Iraq.⁴¹ The Iraqi Shia leadership on its part indicated that it would insist on a national referendum on any agreement that would be finalized.⁴²

Controversy also surrounded the comments of Democratic presidential nominee Barack Obama on a possible change in his stance regarding the nature of the US troop engagement in the country. Obama had earlier stated that he would bring back American troops within 16 months of taking over the administration. Obama insisted that it would be a "strategic mistake ... to continue with an open-ended occupation of the sort that John McCain has promised."⁴³

In other developments, over 15 people were killed in attacks across the country, including in Baghdad and in Diyala province. The UAE on its part announced that it had written off Iraqi debts worth \$4 billion after a meeting between UAE President Sheikh Khalifa bin Zayed Al Nahyan and the visiting Iraqi Prime Minister al-Maliki.⁴⁴

Meanwhile, 33 politicians from the Sunni, Shiite, Kurdish, Turkmen, Communist and other parties announced the Helsinki agreement on July 5, delineating 17 principles, including commitments to limit arms possession to the government, respect for minority rights, and opposition to international and regional influence in Iraq's internal affairs, among other measures. The agreement, an initiative of an American Professor of conflict resolution, was

⁴⁰ "Iraq Hints at Delay in U.S. Security Deal," *The New York Times*, July 03, 2008, at <http://www.nytimes.com/2008/07/03/world/middleeast/03iraq.html?ref=todayspaper>

⁴¹ "U.S. Agrees to Lift Immunity for Contractors in Iraq," *The New York Times*, July 02, 2008, at <http://www.nytimes.com/2008/07/02/world/middleeast/02iraq.html?ref=todayspaper>

⁴² "Iraq's Shias want referendum on US troop presence," *IANS*, July 04, 2008, at <http://in.news.yahoo.com/43/20080704/896/twl-iraq-s-shias-want-referendum-on-us-t.html>

⁴³ "Obama 'puzzled' by Iraq comment frenzy," *IANS*, July 06, 2008, at <http://in.news.yahoo.com/137/20080706/362/twl-obama-puzzled-by-iraq-comment-frenzy.html>

⁴⁴ "UAE writes off \$4 bn worth Iraqi debts," *IANS*, July 06, 2008, at <http://in.news.yahoo.com/43/20080706/896/twl-uae-writes-off-4-bn-worth-iraqi-debt.html>

hammered out in meetings held in the Finnish capital in September 2007 and in April 2008.⁴⁵

IRAN

- **Clerics and reformist parties to back Mohammad Khatami in the next presidential elections; Saeed Jalili and M.K. Narayanan discuss aspects of India-Iran relations; Cirincione: US not cooperating with Solana**

The Secretary General of the Islamic Revolution Mojahedin Organization (IRMO) Mohammad Salamati announced that his organization would back Mohammad Khatami in the presidential elections scheduled to be held next year. Salamati insisted that reformists have gained enough experiences in recent elections and that they were ready to show flexibility if Khatami did not compete, in choosing some other person.⁴⁶ Khatami, who was president from 1997-2004, has however sent mixed signals about his willingness to contest for the post.

In other developments, Supreme National Security Council Secretary Saeed Jalili met the visiting Indian NSA M.K. Narayanan and discussed among other issues, a new strategic paradigm for cooperation between the two countries. Jalili pointed out that Iran and India were two important regional powers which needed to harness their potential for further cooperation. Narayanan on his part stressed that New Delhi was determined to pursue the implementation of agreements reached between the two sides earlier, especially the IPI gas pipeline project. Towards this end, the two sides also agreed to form a joint committee tasked with facilitating the implementation of bilateral deals.⁴⁷

Meanwhile, Barack Obama's nuclear policy advisor, Joseph Cirincione charged that the US was not cooperating with the EU foreign policy chief Javier Solana in his dealings with Iran regarding its nuclear programme. Cirincione noted that the next U.S. president should engage Iran in a full and open dialogue without preconditions. Iranian officials have also pointed out that there was no point in negotiating with the Europeans if the US was not a full partner in the negotiations.⁴⁸

⁴⁵ "Iraqi Parties, After Meetings in Finland, Agree on Principles to Guide Further Talks," *The New York Times*, July 06, 2008, at <http://www.nytimes.com/2008/07/06/world/middleeast/06iraq.html?ref=todayspaper>

⁴⁶ "IRMO backs Khatami presidency," *Tehran Times*, July 01, 2008, at http://www.tehrantimes.com/Index_view.asp?code=172086

⁴⁷ "Iran, India discuss new strategic paradigm for cooperation," *Tehran Times*, July 02, 2008, at http://www.tehrantimes.com/index_View.asp?code=172167

⁴⁸ "Obama advisor: U.S. not cooperating with Solana," *Tehran Times*, July 02, 2008, at http://www.tehrantimes.com/index_View.asp?code=172170

D. US ELECTION REVIEW

- **Obama campaign optimistic of making a dent in the Republican South; Obama for expansion in the delivery of social services through religious organisations; Lake: Iran crisis the biggest American foreign policy challenge; McCain revamps his campaign team**

Reports noted that the Obama campaign was optimistic of making a significant dent in the conservative pro-Republican South where no Democratic presidential candidate had been able to perform creditably since the 1960s, with the exception of Presidents Jimmy Carter and Bill Clinton. Sen. Obama's strategy was based on the fact that Democrats generally garnered 9 out of 10 African-American votes, despite the low levels of support among American Southerners. Obama also planned to target the 'progressive' younger sections of the Southern demography. A necessary first step in convincing these sections to vote for the Democrats is to drastically increase the number of registered Democratic voters, and thus decrease the share of white Republicans out of the total Southern voters. While some analysts have complimented the Democrats for taking the plunge and have argued that over the last few years, the American south has moved beyond its traditional conservative stand, others remained skeptical. They assert that the pro-Republican conservative tendencies were too deep rooted to be displaced in the current elections, especially when an African-American candidate was contesting on the Democratic ticket. They also point out that both Carter and Clinton had carried some of the South by appealing to the voters as centrist Democrats, while Barack Obama stood left of centre.⁴⁹

Having chalked out this strategy, it seems that the Obama camp immediately began its efforts to chip away at the margins of the moderate evangelicals and gain a foot-hold in this particular Republican support base. Senator Obama announced in Ohio - where President Bush had launched a major voter registration drive - that if elected, he would expand the delivery of social services through churches and other religious organizations. Though this appeared to be the same policy position taken by President Bush - which he however fell short of fulfilling, there was one radical point of departure. Sen. Obama opposed the possibility of federal-aided faith-based institutions practicing discrimination in jobs and in educational opportunities against non-members of the community. Reports pointed out that Obama was helped by several former Bush administration officials in shaping his current stance on the issue, including John J. DiIulio Jr., who was director of Bush's Office of Faith-Based and Community Initiatives in 2001. Obama's proposal seems to be paying

⁴⁹ Robin Toner, "Obama Camp Thinks Democrats Can Rise in South," *The New York Times*, June 30, 2008, at <http://www.nytimes.com/2008/06/30/us/politics/30south.html?th=&adxnnl=1&emc=th&pagewanted=print&adxnnlx=1215173854-tcP+X8RVyjaKXgg70kEWQ>.

off as it has been met with praise from leaders like the Rev. Jim Wallis, a prominent spokesman for liberal evangelicals.⁵⁰

Meanwhile, elaborating on Sen. Obama's proposals for dealing with Iran, in an interview with the *Financial Times*, Anthony Lake, the former US national security adviser who is assisting the Obama campaign, stated that the current crisis was the biggest American foreign policy challenge. Lake added that Obama on his part would push Europe to agree on tougher sanctions against Tehran. On the issue of troop withdrawals from Iraq, he urged the administration to learn from the traumatic withdrawal from Vietnam.⁵¹

While the Obama camp was gearing to court the moderate Republicans, the traditional support base of the campaign took a strong objection to Sen. Obama's support to the legislation granting legal immunity to telecommunications companies that cooperated with the Bush administration's program of wiretapping without warrants. Over the last few days, over 7000 of Obama supporters registered their protest on his campaign website and were urging him to reverse this decision. Mr. Obama's support to the version of the Foreign Intelligence Surveillance Act (FISA), which he had opposed during the primary campaign and vowed to get it overturned, has disillusioned his most loyal support base, including liberal bloggers and commentators and young supporters. The bill was expected to come to a vote on the Senate floor on July 15. This decision, reports noted, was one among a number of similar decisions made by Mr. Obama in recent weeks aimed at pushing him towards the political centre as the general elections loomed.⁵²

On the republican side, Sen. McCain unveiled a set of proposals for fighting the rising crime rate in America - including tougher laws, among a host of other measures.⁵³ Sen. McCain was also set to revamp his campaign team for the second time over the past year after concerns being expressed by the Republican party that his candidacy was faltering. McCain shelved the plan of having 11 regional managers to run the campaign and has instead appointed a veteran of President Bush's 2004 campaign, Steve Schmidt, who had worked closely with Karl Rove, to be in charge of the day-to-day operations of the campaign. Reports noted that the move would imply a sharp diminishment of the responsibilities of Rick Davis, who has been McCain's campaign manager

⁵⁰ Jeff Zeleney and Michael Luo, "Obama Seeks Bigger Role for Religious Groups," *The New York Times*, July 02, 2008, at <http://www.nytimes.com/2008/07/02/us/politics/02obama.html?th=&emc=th&pagewanted=print>.

⁵¹ Daneil Dombey and Edward Luce, "Obama camp signals intent to tackle 'crisis'," *The Financial Times*, July 02, 2008, at <http://www.ft.com/cms/s/0/9da4ab60-47d1-11dd-93ca-000077b07658.html>.

⁵² James Risen, "Obama Voters Protest His Switch on Telecom Immunity," *The New York Times*, July 02, 2008, at <http://www.nytimes.com/2008/07/02/us/politics/02fisa.html?th=&emc=th&pagewanted=print>

⁵³ "John McCain's Crime Fighting Strategy: Keeping our Communities Safe," *JohnMcCain.Com*, July 01, 2008, at <http://www.johnmccain.com/Informing/News/PressReleases/9a94b20a-6531-4f93-819a-2ff31e2bf75f.htm>

since the last shake-up nearly a year ago, as well as lead to an increase in the influence of the Karl Rove camp.⁵⁴

In other developments, Sen. McCain visited Mexico and reiterated his proposal for immigration reform and the need to build a wall on the Mexico-US border. Though the Senators' Republican colleagues have criticized his trips to Mexico and Columbia, analysts pointed out that these may actually benefit his campaign as they would help promote his support for issues like free trade and immigration reform.⁵⁵

II. INTERNAL SECURITY REVIEW

JAMMU AND KASHMIR

- **Ghulam Nabi Azad resigns; Cabinet revokes SASB land transfer order; 12 militants and six soldiers killed in encounter**

J&K Chief Minister Ghulam Nabi Azad submitted his resignation on July 6 without facing a confidence vote in the state assembly, pushing the state towards governor's rule. The People's Democratic Party (PDP) had on June 28 withdrawn support to the Azad-led government on the Amarnath land transfer issue, which had evoked massive protests across the Kashmir Valley.⁵⁶

The J&K cabinet had on June 30 revoked the controversial order of transfer of forest land to the Shri Amarnath Shrine Board (SASB), after SASB chairman and state governor N.N. Vohra notified that Board had withdrawn its request for forest land to make arrangements for the two-month-long Amarnath pilgrimage. At least five people lost their lives in clashes between the security forces and protestors. Almost all the mainstream as well as separatist organisations demanded that the order be revoked for restoration of peace in the valley.⁵⁷ The state cabinet decided that the land in contention, about 39.88 hectares, would be made available to the Tourism department, as per its requirements.⁵⁸ However, this decision of the cabinet evoked protests, this time in Jammu.

Meanwhile, former J&K governor Lt. Gen. (retd) S.K. Sinha on July 2 accused the PDP and its patron Mufti Mohammed Sayeed of being 'hand-in-

⁵⁴ Adam Nagourney, "McCain Orders Shake-Up of His Campaign," *The New York Times*, July 03, 2008, at <http://www.nytimes.com/2008/07/03/us/politics/03manage.html?th=&adxnnl=1&emc=th&pagewanted=print&adxnnlx=1215421246-IlxvJPYC+ir9HDxURA0/oQ>

⁵⁵ Elisabeth Bumiller and Marc Lacey, "McCain winds up Latin trip in Mexico," *International Herald Tribune*, July 04, 2008, at <http://www.ihf.com/bin/printfriendly.php?id=14228456>

⁵⁶ "Azad resigns; J&K inches closer to Governor's rule," *Daily Excelsior*, July 07, 2008, at <http://www.dailyexcelsior.com/web1/08july07/news.htm#11>

⁵⁷ "Cabinet revokes SASB land transfer order," *Daily Excelsior*, July 01, 2008, at <http://www.dailyexcelsior.com/web1/08july01/news.htm#8>

⁵⁸ "SASB allotment cancelled, land shifted to Tourism Deptt," *Daily Excelsior*, July 02, 2008, at <http://www.dailyexcelsior.com/web1/08july02/news.htm#2>

glove' with separatists and fundamentalists and denounced the party as 'anti-national.'⁵⁹

In other developments, 12 militants and six soldiers were killed in the 4-day-long gun battle near the Line of Control in Kupwara district. The gun battle started when troops detected the attempt at infiltration by heavily armed militants on June 30.⁶⁰

MAOIST INSURGENCY

- **32 Greyhound commandos killed in Maoist attack; *Indian Express*: Maoists active in 22 states**

Thirty-two Greyhound commandos of the Andhra Pradesh Police were killed and 10 others wounded when the Communist Party of India-Maoist (CPI-Maoist) attacked a motor launch carrying a police team in the Chitrakonda reservoir in Orissa, close to the AP border, on June 29. The launch capsized when those on board tried to counter the attack. The incident occurred when the Greyhound team was returning after a joint operation with the Orissa police.⁶¹

Also, on June 30, a Deputy Superintendent of Police (DSP) and four policemen were killed in a landmine blast triggered by suspected CPI-Maoist cadres in Jharkhand's Pundigiri village. The police personnel were returning after conducting raids in the Bundu area.⁶²

Indian Express quoting a latest intelligence report stated that the Maoist/Naxalite groups were aiming to liberate and control 35 per cent of India's land area by the end of 2009. The report stated that the naxal movement had spread to as many as 22 states in the country, including those like Delhi, Punjab, Uttarakhand and Gujarat which were earlier not known to have any Maoist/Naxal links. The report noted that as many as 39 Maoist groups were currently operating across the country with estimated cadre strength of more than 100,000.⁶³

NORTHEAST INSURGENCY

- **Dr. Manmohan Singh unveils 'North East Vision 2020'; Six killed in Assam blast**

Prime Minister Dr. Manmohan Singh unveiled the 'North East Vision 2020' document in New Delhi on July 2. The vision document comprises a robust

⁵⁹ "Sinha accuses PDP, Mufti of working with fundamentalists," *Daily Excelsior*, July 03, 2008, at <http://www.dailyexcelsior.com/web1/08july03/news.htm#12>

⁶⁰ "5 soldiers, militant killed in fresh encounter," *Daily Excelsior*, July 05, 2008, at <http://www.dailyexcelsior.com/web1/08july05/news.htm#12>

⁶¹ "32 constables missing after naxalite attack," *The Hindu*, June 30, 2008, at <http://www.hindu.com/2008/06/30/stories/200806300530100.htm>

⁶² "Deputy Superintendent of Police among five police personnel killed in landmine blast in Jharkhand," *South Asia Terrorism Portal*, July 01, 2008, at http://satp.org/satporgtp/detailed_news3.asp?date3=2008%2F7%2F1

⁶³ "Naxals now active in 22 states: report," *Indian Express*, July 04, 2008, at <http://www.indianexpress.com/story/331135.html>

infrastructure plan - rail link between all state capitals of the region, Rs. 31,000-crore for road improvement in the 11th Plan and a greenfield airport at Itanagar in Arunachal Pradesh. Dr. Singh, releasing the document, called for development to be made the new 'leitmotif' for the region which for long was stricken by violence.⁶⁴

Meanwhile, the central leadership of the United Liberation Front of Asom (ULFA) shot down any possibility of peace in Assam without a written undertaking from the central government which specified that the issue of 'sovereignty of Assam' would be discussed in future parleys.⁶⁵ Elsewhere, the pro-talks faction of ULFA's 28 battalion on July 1 rejected any possibility of surrender - a condition laid down by the government for any ceasefire-bound militant group.⁶⁶

In other developments, six persons were killed and 35 others wounded in an explosion at a weekly marketplace in Assam's Kumarikata village on June 29. Assam Police accused the ULFA for the blast.⁶⁷

III. ENERGY SECURITY REVIEW

NATURAL GAS

- **Petroleum Minister Deora: India, Pak, Iran to sign IPI deal in the current month; Iranian Oil Minister: Tehran open to discussion on the issue of delivery point of gas provided deal is implemented soon**

Speaking on the sidelines of the World Petroleum Congress industry event, which ended in Madrid on July 4, Minister of Petroleum and Natural Gas Murli Deora announced that India, Pakistan and Iran would sign the IPI pipeline deal in the current month. Though the statement was yet another in a string of assurances that have been coming from top officials of the UPA government, the purported resolution of a set of contentious issues lend it greater importance this time around.

Iran and Pakistan had already signed a mutual gas agreement earlier in the year. India on its part remained uncommitted, due to unresolved concerns over issues like the amount of transit fees to be paid to Pakistan and the price of gas to be bought with Iran. Iran and Pakistan, in a bid to push forward the negotiations, had also stated that they were open to the possibility of extending the pipeline to China if India backed out of the project. They have however maintained that Indian participation would be the ideal situation. Experts noted

⁶⁴ "PM unveils progress vision rail link, road bonanza for N-E," *Telegraph*, July 03, 2008, at http://www.telegraphindia.com/1080703/jsp/frontpage/story_9497133.jsp

⁶⁵ "Ulfa sticks to talks clause - Paresh Barua wants sovereignty on list," *Telegraph*, June 30, 2008, at http://telegraphindia.com/1080630/jsp/northeast/story_9481299.jsp

⁶⁶ "Surrender hitch in truce," *Telegraph*, July 02, 2008, at http://telegraphindia.com/1080702/jsp/frontpage/story_9492485.jsp

⁶⁷ "Explosion kills six persons in Assam," *South Asia Terrorism Portal*, June 30, 2008, at http://www.satp.org/satporgtp/detailed_news3.asp?date3=2008%2F6%2F30

that the China angle was a mere negotiating tactic as technically it would have been very difficult to take the pipeline through the rugged Himalayan ranges. The strategy however paid off with India announcing on June 23, 2008 that the transit fees issue with Pakistan had been resolved and that it was ready to go ahead with the pipeline, though no details of the agreement were disclosed then.⁶⁸

Prior to these developments, India also attended the first quadrilateral meeting of the Asian Development Bank (ADB)-backed Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. TAPI had a strong American backing as it killed the proverbial two birds in one go. It would have removed the rationale for the IPI project as well as undercut the growing Russian influence in the Central Asian region.

The TAPI pipeline project however seems more of a pipedream. The cost of the project doubled from its estimated rates in 2002 (to \$7.6 billion), with energy experts still skeptical of the new estimate, given the fact that the pipeline is envisaged to pass directly through war-torn Afghanistan. Doubts were also being expressed about TAPI's output, with the ADB – the financiers for the project, not yet disclosing data regarding Turkmenistan's energy resources. Many analysts believe these were grossly overestimated. The new momentum towards the IPI, at least for the time being, could come at the cost of TAPI.

The IPI project meanwhile seems to have overcome many of its bottlenecks, including the strong American opposition. The issue of security of the pipeline also appears to have been resolved with each nation deciding to organize its own leg of pipeline construction. Further, in previous rounds of talks, Gazprom and British Petroleum surfaced as potential bidders.

Another bone of contention between India and Iran was on deciding the point where the gas would be delivered – at the Iran-Pakistan or the India-Pakistan border. This issue also appears to be headed for resolution with the Iranian Oil Minister Gholam-Hossein Nozari stating that Tehran was open to negotiations on the issue, provided that the deal was implemented soon. Nozari announced this after a meeting with Mr. Deora on the sidelines of the Madrid World Petroleum Congress.⁶⁹

Given the above developments, the project seems set for take off. It must however be noted that the exact details of the 'resolved dispute' were yet to be revealed. Many analysts also believed that the latest momentum on the IPI pipeline from the Indian side seemed to be targeted at the country's domestic politics, embroiled as it is on the Indo-US nuclear deal. The 'nuclear deal albatross' however, continues to hang.

⁶⁸ Maha Atal, "India's Iranian Pipeline Deal," *Forbes News*, July 01, 2008, at http://www.forbes.com/2008/07/01/india-iran-america-biz-energy-cz_ma_0701pipeline_print.html

⁶⁹ "Iran open to changing gas delivery point," *The Hindu*, July 01, 2008 at <http://www.hindu.com/thehindu/holnus/000200807011863.htm>.

GEOPOLITICS

- **Reports: US State Department influenced awarding of oil contracts; Congressional Committee criticizes deal made by Hunt oil with Kurdistan regional government**

Just two weeks after Iraq announced the opening of its gas fields through the no-bids contract, reports have been buzzing with the possible involvement of American State department officials in brokering the deal. American officials on their part have however vehemently denied any involvement in the drawing up the contracts.

When the Iraqi government announced its decision to open its oil and gas fields, it declared that the companies short-listed under the no-bid contract had been selected because they had the required technical expertise to explore the Iraqi fields. They also pointed out that the present arrangements were temporary and that these agreements would be replaced once the oil law was passed.

However, recent reports quoted unnamed government officials as saying that a group of American advisers, led by a State Department team, had played an integral part in drawing up the contracts between the Iraqi government and five major Western oil companies - Exxon Mobil, Total, Shell, BP and Chevron to develop some of the largest fields in Iraq. American officials have countered the assertion on grounds that their role was limited to technical advice only. Pointing out that the Iraqi government had full discretion to accept or refuse their suggestions, they noted that Baghdad often sought advice from the Norwegian government also.

Certain areas of criticism remain. Most important of which was the fact that only Western companies received the biggest oil contracts under the no-bid arrangement. In particular, Russian companies that have had experience in Iraq and had sought development contracts were still being kept in the dark⁷⁰

The beleaguered Bush administration meanwhile seemed headed for another round of embarrassment on the oil deals issue. A Congressional committee disclosed evidence of an oil deal signed by Hunt Oil of Dallas with the Kurdistan government last September. The deal ran counter to the stated American policy of warning companies of the risks involved in signing contracts with regional governments in the absence of a national oil law.⁷¹ The committee disclosed that the Bush administration had full knowledge of the deal and that it did nothing to discourage the company from going ahead with it. The company reportedly enjoyed close ties with President Bush.

⁷⁰ Andrew Kramer, "U.S. Advised Iraqi Ministry on Oil Deals," *The New York Times*, June 30, 2008, at www.nytimes.com/2008/06/30/world/middleeast/30contract.html?partner=rssnyt.

⁷¹ James Glanz and Richard A. Oppel Jr., "Panel Questions State Dept. Role in Iraq Oil Deal," *The New York Times*, July 03, 2008, at <http://www.nytimes.com/2008/07/03/world/middleeast/03kurdistan.html?ntemail1=y&emc=tnt&pagewanted=print>.

EXPLORATION AND PRODUCTION

- **ONGC to consider investing \$10 bn in Canadian tar sands**

In a significant announcement at the World Petroleum Congress at Madrid, R.S. Sharma, CEO of Oil & Natural Gas Corp. Ltd. (ONGC) stated that the company could invest up to \$10 billion in the exploration of the in the Canadian tar sands. Acknowledging that the environmental fears about the exploitation of the tar sands were enormous, Sharma added that the company was studying the likely environmental impact of the project.⁷² The announcement would go a long way towards addressing criticism of the government exploration and production policy on grounds that it has significantly delayed exploring new sources of crude oil and would now have to pay a heavy price to buy such assets.

Note: Nuclear Review will be covered in the next issue.

⁷² "India may invest up to \$10 billion in exploiting Canada's tar sands," *Forbes.com*, July 03, 2008, at <http://www.forbes.com/afxnewslimited/feeds/afx/2008/07/03/afx5181860.html>