

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Over 110 insurgents killed; NATO soldier killed in Taliban attack; Civilian deaths rise; Hazaras stage demonstration in Kabul**

Over 110 Taliban militants were killed during the week in separate clashes with the security officials. 40 insurgents were killed in Ghazni province in air strikes launched in Ajristan district, which was taken over by the Islamist rebels on July 21.¹ Around 70 militants were killed in clashes between security troops and Taliban in Spera town in the south-eastern province of Khost on July 26. NATO officials stated that the operation successfully prevented the taking over of Spera town by the militants.²

A NATO soldier was killed after being ambushed in Helmand province, southern Afghanistan, on July 22. NATO sources revealed that the militants fired on its patrol in Kajaki district of the province.³

Meanwhile, NATO acknowledged that rising civilian casualties were undermining support for the international stability mission and noted that the insurgents were using this to their advantage. NATO spokesman Mark Laity told AP on July 26 that NATO took great care to avoid civilian deaths but admitted that they had become unavoidable as insurgents were hiding among non-combatants and using them as shields. A UN report released in the week revealed that 698 civilians were killed in the first six months of 2008, compared with 430 in the same period last year.⁴

In other developments, thousands of ethnic Hazaras staged a demonstration in the Afghan capital Kabul on July 22 demanding that the government do more to protect their land. They wanted the government to stop nomadic tribesman from grazing livestock on land that they claimed as their own. The nomadic tribes like the Kuchis however asserted that they had historic grazing rights over the land in Wardak province, south-west of Kabul. Reports noted that several people had been killed in rising ethnic tensions between the two communities.⁵

¹ "Air strike kills 40 Taliban, UK soldier dies in Afghanistan," *AFP*, July 25, 2008, at http://afp.google.com/article/ALeqM5jdt_aywh91D-JXtpxz7rameAjDJA

² "NATO 'prevents' Taliban advance," *BBC*, July 27, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7527756.stm

³ "Nato Soldier Dies in Afghan Clash," *BBC*, July 23, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7520847.stm

⁴ "Civilian risks curbing strikes in Afghan war," *The New York Times*, July 23, 2008, at <http://www.nytimes.com/2008/07/23/world/asia/23military.html?ref=asia>; "NATO says civilian deaths a concern in Afghanistan," *The Canadian Press*, July 26, 2008, at <http://canadianpress.google.com/article/ALeqM5hkPxrVWOazNijN38WQhk-StPirNw>

⁵ "Hazaras stage Kabul demonstration," *BBC*, July 22, 2008, at http://news.bbc.co.uk/2/hi/south_asia/7519787.stm

PAKISTAN

- **US to divert \$230m of counter-terrorism funds to help upgrade Pakistan's F-16 fighters; Outbreak of violence in Swat; Hike in fuel prices; Indo-Pak dialogue begins in New Delhi**

The United States will allocate \$230m of counter-terrorism funds to facilitate the upgrading of Pakistan's F-16 fighter jets. The acting spokesperson of the US State Department, Gonzalo Gallegos made an announcement to this effect in Washington on July 24. He also stated that the US did not inform India before taking the decision on the diversion of the aforementioned funds.⁶

The fifth round of Indo-Pak Composite Dialogue at the Foreign Secretary-level began on July 21 in New Delhi. Reports quoted Foreign Secretary Shivshankar Menon as stating that the talks were held in a 'stressed' atmosphere due to the attack on the India Embassy in Kabul earlier in the month.⁷

There was outbreak of violence in the Swat region, including damage to local schools and markets, due to the breakdown of the peace accord on July 25. The security forces on their part claimed to have arrested some militants.⁸ Meanwhile, members of the ruling coalition registered their opposition on the use of force in FATA during a meeting with the Chief of Army Staff (COAS) Gen. Kayani in Islamabad on July 23. The COAS was reportedly giving a briefing to the leaders of these political parties on the prevailing security situation in the tribal areas.⁹

In other developments, the Pakistan's Oil and Gas Regulatory Authority (OGRA) hiked petrol prices by Rs. 11 per liter and that of diesel by Rs. 9.5 per litre.¹⁰ These prices came into effect on July 21.

The government also placed the intelligence agencies - the ISI and the IB under the Interior ministry in order to have a better control on their activities.¹¹

NEPAL

- **Maoist's decide to stay in opposition; NC, CPN-UML and the MJF call the decision "hasty"; Protests against the Vice-President**

Although the Constituent Assembly (CA) elected Nepal's first president on July 21 and other constitutional positions like that of the vice-president and chairman of the CA were subsequently filled, the political uncertainty continued. The

⁶ Anwar Iqbal, "US to help upgrade ageing F-16s: \$230m to be diverted from counter-terrorism funds," *Dawn*, July 25, 2008, at <http://www.dawn.com/2008/07/25/top1.htm>

⁷ Jawed Naqvi, "Dialogue under stress: India," *Dawn*, July 22, 2008, at <http://www.dawn.com/2008/07/22/top1.htm>

⁸ "Violence engulfs Swat as truce collapses," *The News*, July 26, 2008, at http://www.thenews.com.pk/arc_default.asp

⁹ Ahmed Hassan, "Coalition parties oppose use of force in Fata: Kayani, security chiefs brief leaders on strategy," *Dawn*, July 24, 2008, at <http://www.dawn.com/2008/07/24/top1.htm>

¹⁰ Zafar Bhutta, "Petrol up by Rs 11, diesel by Rs 9.5/lit," *Daily Times*, July 21, 2008, at http://www.dailytimes.com.pk/default.asp?page=2008\07\21\story_21-7-2008_pg1_1

¹¹ "ISI, IB placed under Interior Ministry," *The News*, July 27, 2008, at http://www.thenews.com.pk/arc_default.asp

situation worsened after the president's election when the Maoists termed the new alliance – made up of the Nepali Congress (NC), UML and Madhesi Janadhikar Forum (MJF), as “unholy and unnatural.” They instead announced that they would stay in opposition and focus on constitution-making.¹² However, according to the interim constitution, a two-thirds majority of the CA is required to pass the bills and resolutions for the new constitution. The Maoist decision has therefore given rise to doubts as to whether the process would be completed within the stipulated time.

The Maoist decision to remain in the opposition was called "hasty" by the top leadership of the NC, CPN-UML and the MJF on July 22. Urging them to reconsider their decision, they termed as unwise not to lead a new government simply on the ground that they failed to get their presidential candidate elected.¹³

Prachanda has however on July 21 stated that his party's decision could change if the need arose and if there was an ethical ground for it.¹⁴ On their part, after discussions with all the 24 parties, the Maoists have put forward three conditions to lead the government. These included – the break-up of the three-party alliance; a Common Minimum Programme to reflect the Maoists' manifesto; and a guarantee that the government headed by them would not be pulled down for at least two years till the constitution was written.¹⁵

Meanwhile, the NC and UML have clarified that the three-party alliance was only forged for the election of the president, vice-president and the CA chairman, and that it was not formed for the purpose of government-making. The NC on July 26 also criticized the CPN- Maoist preconditions and stressed on the continuation of the alliance with the CPN- UML and the MJF.¹⁶ The UML also opposed the pre-conditions and called on the Maoists to accommodate all other parties if they wanted to lead the government.¹⁷

In other developments, around 8 student organizations affiliated with various political parties have vowed to continue their protests against Vice-President Parmananda Jha for having taken the oath during the swearing-in ceremony in Hindi. They have called on him to apologize for his action.¹⁸

¹² “Maoists not to join govt,” *Nepalnews*, July 21, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul21/news11.php>

¹³ “Rectify decision: 3 parties to Maoists,” *Kantipuronline*, July 22, 2008, at <http://www.kantipuronline.com/kolnews.php?&nid=154450>

¹⁴ “Peace process in peril: Prachanda,” *The Himalayantimes*, July 22, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sfqzpc8Va4sa.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080723>

¹⁵ “Prachanda advances three conditions to lead the government,” *Nepalnews*, July 24, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul24/news13.php>

¹⁶ “NC CWC meeting inconclusive,” *Kantipuronline*, July 26, 2008, at <http://www.kantipuronline.com/kolnews.php?&nid=154819>

¹⁷ “NC, UML reject Maoist terms,” *The Himalayantimes*, July 25, 2008, at <http://www.thehimalayantimes.com/fullstory.asp?filename=aFanata0sa2qzpc8Wa9a9a.axamal&folder=aHaoamW&Name=Home&dtSiteDate=20080726>

¹⁸ “Students to continue protest against VP,” *Nepalnews*, July 27, 2008, at <http://www.nepalnews.com/archive/2008/jul/jul27/news01.php>

BANGLADESH

- **Advisory Council passes RPO 2008; AL rejects RPO, reiterates demand for lifting of emergency; Chief Adviser: Time not ripe for lifting of emergency**

The Council of Advisers under the chairmanship of Chief Adviser (CA) Fakhruddin Ahmed, approved in principle the Representation of the People's Order (RPO) Ordinance 2008, putting in place the much sought after electoral reforms. The provisions of the RPO included the mandatory registration of all political parties, allowing a candidate in the parliamentary election to contest for a maximum of three seats instead of five, and the submission of the candidates' election expenditure statements and related bank account statements to the Election Commission (EC).¹⁹ The Awami League (AL) rejected the RPO, asserting that the amendments brought in the RPO 1972 did not accommodate the recommendations made by political parties.²⁰

The acting Awami League President Zillur Rahman on July 14 also urged his party to be united to resist the government move to hold upazila polls ahead of the national election.²¹ The AL reiterated its demand for lifting of the emergency before the elections.²²

Meanwhile, the High Court on July 16 asked the EC to explain within 8 days as to why it should not declare as illegal the announcement of polls to be conducted on August 4 without the final voter list.²³ The HC also demanded an explanation from the government as to why the emergency proclamation should not be declared illegal and unconstitutional.²⁴

The Chief Adviser (CA) Fakhruddin Ahmed responded by stating that the time was not ripe for the lifting of emergency and that reasons still existed for "justifying its enforcement."²⁵ Ahmed also expressed his satisfaction at the successful completion of an error-free voter list with photographs.²⁶

The EC on its part announced its decision to hold upazila parishad elections in over 300 upazilas (out of the total of 482) on October 22 or 23. The

¹⁹ "RPO Change Okayed: Option for 'no' vote made, party registration must," *The Daily Star*, July 14, 2008, at <http://www.thedailystar.net/story.php?nid=45680>

²⁰ "AL rejects RPO ordinance," *The Daily Star*, July 17, 2008, at <http://www.thedailystar.net/story.php?nid=46153>

²¹ "Zillur asks party men to resist upazila polls," *The Daily Star*, July 15, 2008, at <http://www.thedailystar.net/story.php?nid=45857>

²² "AL vows to resist polls under state of emergency," *The Daily Star*, July 20, 2008, at <http://www.thedailystar.net/story.php?nid=46543>

²³ "Why city, municipality polls without final voter list not illegal: HC asks govt, EC to explain," *The Daily Star*, July 16, 2008, at <http://www.thedailystar.net/story.php?nid=45990>

²⁴ "Govt asked to explain why declaration of emergency not illegal," *The Daily Star*, July 21, 2008, at <http://www.thedailystar.net/story.php?nid=46717>

²⁵ "Time not ripe to lift emergency fully: CA," *The Daily Star*, July 22, 2008, at <http://www.thedailystar.net/story.php?nid=46852>

²⁶ "Successful completion of voter list celebrated: CA terms registration of 80 million voters in 11 months a milestone towards fair polls," *The Daily Star*, July 23, 2008, at <http://www.thedailystar.net/story.php?nid=47018>

election schedule would be announced in the next month.²⁷ The EC has also decided not to ask the government to deploy the army for the August 4 polls.²⁸

The EC announcement on upazila parishad elections met with resistance from the AL, which called on its party members to boycott them.²⁹ Meanwhile, the Awami League (AL) and Jatiya Party (JP) announced their decision to join hands with an eye to securing victory over the BNP-Jamaat alliance in the upcoming national elections.³⁰ The BNP has asserted that the people would end the emergency in the country if the caretaker government failed to do so.³¹

In bilateral developments, the BSF and the BDR concluded a four-day biannual meeting in Kolkata on July 24 during which both sides exchanged lists of criminals of the two countries operating across the border.³² The chief of the Indian Army, Gen. Deepak Kapoor also arrived on a six-day tour in Dhaka on July 27. The visit was intended at improving military cooperation between the two countries.³³

In other developments, the Asian Development Bank promised to grant Bangladesh \$340 million in order to implement social security measures, particularly those related to food security.³⁴ World Bank's Vice-President for South Asia, Isabel Guerrero also declared that the Bank would provide \$100 million in aid to Bangladesh to enhance food security.³⁵

B. EAST ASIA

CHINA

- **China and Russia sign additional protocol on eastern border; Chinese Foreign Ministry: Six-Party talks were of "historic meaning,"; Beijing criticizes US House of Representatives resolution on human rights issue; 11th China-Australia Defence Consultative meeting takes place**

China and Russia signed an additional protocol on the eastern part of the border marking the completion of the survey of the entire 4,300-km long border. The

²⁷ "Polls in 300 out of 482 upazilas in Oct," *The Daily Star*, July 17, 2008, at <http://www.thedailystar.net/story.php?nid=46126>

²⁸ "EC won't call in army for city polls," *The Daily Star*, July 18, 2008, at <http://www.thedailystar.net/story.php?nid=46264>

²⁹ "AL calls for resisting upazila election," *The Daily Star*, July 23, 2008, at <http://www.thedailystar.net/story.php?nid=47022>

³⁰ "Next JS Polls: AL, JP to jointly face BNP-Jamaat alliance," *The Daily Star*, July 25, 2008, at <http://www.thedailystar.net/story.php?nid=47327>

³¹ "People will end emergency if govt doesn't," *The Daily Star*, July 24, 2008, at <http://www.thedailystar.net/story.php?nid=47221>

³² "BDR, BSF exchange lists of criminals," *The Daily Star*, July 25, 2008, at <http://www.thedailystar.net/story.php?nid=47339>

³³ "Indian army chief arrives today," *The Daily Star*, July 27, 2008, at <http://www.thedailystar.net/story.php?nid=47661>

³⁴ "Donors to provide \$340m for social safety measures," *The Daily Star*, July 15, 2008, at <http://www.thedailystar.net/story.php?nid=45819>

³⁵ "WB to provide \$100m for food security," *The Daily Star*, July 21, 2008, at <http://www.thedailystar.net/story.php?nid=46718>

protocol was signed between Chinese Foreign Minister Yang Jiechi and Russian Foreign Affairs Minister Sergei Lavrov. Reports also noted that Russia's Deputy Prime Minister would visit China on July 26-27 to discuss the launch of an energy resources mechanism which would map out the cooperative methods and determine the scope for energy cooperation between the two countries. The Chinese Foreign Ministry noted that the launch of the mechanism would add vitality to the Sino-Russian strategic partnership.³⁶

On developments relating to Tibet, Prof. Sherap Nyima, head of the Chinese Tibetan delegation on a visit to Australia stated that there would not be any change in China's Tibet policy in the aftermath of the March 14 protests. Prof. Nyima, who is also the Vice-President of the Central Universities of Nationalities of China, reiterated that Tibet would see peace and prosperity in the coming times and pointed out that the Chinese government was providing 170 billion yuan during the 11th Five-Year Plan (2006-2010) to improve the social conditions and infrastructure of Tibet.³⁷

Foreign Ministry spokesman Liu Jianchao meanwhile noted that the informal meeting of foreign ministers of the six parties on the North Korean nuclear issue was of "historic meaning" and stated that it would contribute greatly to the denuclearization process. Foreign Ministers of DPRK, Republic of Korea, Russia, Japan, and China had met along with US Secretary of State Condoleezza Rice in Singapore in the previous week on the sideline of the ASEAN meeting.³⁸

In response to a resolution introduced in the US House of Representatives criticizing the role of the Chinese government on human rights and freedom, the Chinese Foreign Ministry called on the legal experts in the US to stop manipulating the spirit of the Olympics by using the sensitive human rights issue. Liu termed the resolution "a groundless accusation ... against the Olympics spirit but also against the wishes of people and athletes all around the world, including the United States."³⁹

People's Daily, citing the statistics of the Chinese Commerce Ministry, reported that trade between China and Taiwan reached \$68.01 billion in the first half of 2008. While the exports from mainland China to Taiwan were \$13.08 billion (an increase of 18.9 per cent), imports from Taiwan reached \$54.93 billion, registering a 24 per cent growth. Taiwan was currently the seventh largest trade

³⁶ "Russian deputy PM to visit China for energy resources negotiations," *People's Daily*, July 24, 2008, at <http://english.people.com.cn/90001/90776/90883/6458580.html>

³⁷ "Tibetologist: China will not change policies on Tibet," *People's Daily*, July 25, 2008, at <http://english.peopledaily.com.cn/90001/90776/90883/6458749.html>

³⁸ "China expects six-party foreign minister meeting to promote denuclearization," *People's Daily*, July 24, 2008, at <http://english.people.com.cn/90001/90776/90883/6458659.html>

³⁹ "China urges U.S. lawmakers to stop disrupting Olympics with rights issues," *People's Daily*, July 24, 2008, at <http://english.people.com.cn/90001/90776/90883/6458611.html>

partner of China, the ninth largest export market for the Chinese mainland and the fifth largest source of imports for China.⁴⁰

In other developments, the 11th Strategic Defence Consultation between China and Australia took place in the previous week in Beijing. Both sides exchanged views on international and regional security issues. The Chief of General Staff of the Chinese People's Liberation Army, Chen Bingde chaired the meeting.⁴¹

MYANMAR

- **Myanmar ratifies the ASEAN charter; US urges ASEAN to push Myanmar on reforms**

Myanmar ratified the ASEAN (Association of Southeast Asian Nations) charter on July 20, becoming the seventh member of the 10-member grouping to do so. The proposed international charter, which included controversial human rights provisions, was expected to come into force by next year. The charter seeks to establish enforceable financial, trade and environmental rules among the ASEAN member-countries. The most controversial part of the charter was a proposed human rights body.⁴²

US Secretary of State Condoleezza Rice on her part on July 22 urged the ASEAN to put more pressure on Myanmar to improve its human rights record and adopt democratic reforms. Rice also called on ASEAN leaders to push Myanmar to release political prisoners.

A week after the US House of Representatives passed the Block Burmese Jade Act, the Senate on July 22 unanimously approved the bill. The Act blocks American companies from importing gemstones from Myanmar and expands financial sanctions against the country's military junta. President Bush was expected to sign the Act into law soon.⁴³

Meanwhile, a new UN report released in Singapore on July 21 put the damage from Cyclone Nargis at US \$4 billion, including \$1.7 billion in damaged assets and \$2.3 billion from loss of income of the victims. The report was the first comprehensive assessment of the damage caused by the cyclone.⁴⁴ In other developments, a joint ASEAN-UN press release issued on July 21 stated that relief and reconstruction effort in Myanmar would take at least US \$1 billion over

⁴⁰ "Chinese mainland-Taiwan trade hits record high in H1," *People's Daily*, July 24, 2008, at <http://english.people.com.cn/90001/90778/6458398.html>

⁴¹ "China, Australia hold 11th Strategic Defence Consultation," *People's Daily*, July 21, 2008, at <http://english.people.com.cn/90001/90776/90883/6454202.html>

⁴² "Myanmar ratifies ASEAN charter," *Associated Press*, July 20, 2008, at <http://ap.google.com/article/ALeqM5jgl0dMVy3IB6IUmgTjpnQn6BXAD9222LQ00>

⁴³ "US Senate Bans Import of Burmese Gems," *Irrawaddy*, July 24, 2008, at http://irrawaddy.org/highlight.php?art_id=13500

⁴⁴ "Burma Cyclone Damage Estimated at \$4 Billion," *Irrawaddy*, July 22, 2008, at http://irrawaddy.org/article2.php?art_id=13458

the next three years.⁴⁵ The UN also acknowledged there had been a substantial loss of aid money due to junta-dictated exchange rate mechanism.⁴⁶

C. WEST ASIA

IRAQ

- **Obama seeks political solutions in Iraq; US, Iraq unlikely to keep deadline for security pact; Eight killed in suicide attack; Iraqi President vetoes election law; Iraq unlikely to participate in Beijing Olympics; Iraqi oil exports rise**

Presumptive US Democratic presidential candidate Barak Obama after visiting Iraq during the week called for the country's problems to be solved politically. Speaking to reporters in Amman, Jordan after wrapping up his Iraq visit, the Illinois Senator noted the improved security situation and reiterated his stand on troops pullout within 16 months should he become the president. However, he added that he would consult with military commanders to determine the number of troops to be kept in Iraq for humanitarian operations, for the training of Iraqi soldiers and for the conduct of operations against al-Qaeda in Iraq.⁴⁷

White House spokesperson Dana Perino on July 21 admitted that the US may miss the July 31 deadline to reach a permanent security pact with the Iraqi government. The two countries were engaged in hammering out a deal to allow the US troops to continue in Iraq after the UN mandate runs out on December 31. Reports pointed out that as the July 31 deadline was a self-imposed time-limit, missing it would not have serious implications for the security ties between the two countries. However, the delay, according to analysts, indicated that there were serious disagreements between Baghdad and Washington on the nature and content of the pact.⁴⁸

In continuing violence, eight people, including a pro-American Sunni militia leader, a police captain and a local politician, were killed and over 30 injured in a suicide attack carried out by a female suicide bomber on July 24 in Baquba town, some 65-km north of Baghdad.⁴⁹

Iraqi President Jalal Talabani meanwhile vetoed legislation on provincial elections and sent it back to the lawmakers for revision. Earlier on July 22, the parliament had approved the law paving the way for provincial elections scheduled to be held in October, amidst protests and a walkout by the Kurdish

⁴⁵ "Burmese Junta Signs Asean Charter," *Irrawaddy*, July 22, 2008, at http://irrawaddy.org/article1.php?art_id=13459

⁴⁶ "US Wants Results in Burma; China Wants Patience," *Irrawaddy*, July 26, 2008, at http://irrawaddy.org/article.php?art_id=13545

⁴⁷ "Obama urges political fix in Iraq," *BBC*, July 22, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7519411.stm

⁴⁸ "US 'may miss' Iraq pact deadline," *BBC*, July 21, 2008, at http://news.bbc.co.uk/2/hi/middle_east/7518249.stm

⁴⁹ "8 Die in suicide bombing, Apparently by Women," *The New York Times*, July 25, 2008, at <http://www.nytimes.com/2008/07/25/world/middleeast/25iraq.html?ref=middleeast>

MPs. Talabani argued that the legislation in its current form would deepen “the sectarian national isolation and expand the circle of extremism.” Kurdish leaders on their part were insisting that the northern city of Kirkuk should become part of the semi-autonomous Kurdish region in northern Iraq, a demand opposed by the federal authorities.⁵⁰

The International Olympic Committee (IOC) on July 24 stated that it was “very unlikely” that Iraqi athletes would participate in the Beijing Olympics because the Iraqi government refused to reinstate the country’s official Olympic committee in time. Earlier, the IOC suspended Iraqi National Olympic Committee on June 4, after Iraq disbanded the panel recognised by it.⁵¹

In other developments, the Office of the Special Inspector General for Iraq Reconstruction, the American agency monitoring reconstruction works in Iraq, stated that oil exports through Iraq’s northern pipeline to Turkey rose more than 10-fold over the past year. The rising exports were helped by a sharp drop in attacks on pipelines and other oil infrastructure. Crude oil exports rose from an average of 1 million barrels a month to more than 13 million.⁵²

IRAN

- **Iran-EU talks termed ‘constructive’; US Undersecretary of State joins negotiations; NAM Foreign Ministers meet in Tehran**

Iran’s Supreme National Security Council (SNSC) Secretary Saeed Jalili and EU foreign policy chief Javier Solana held talks in Geneva on July 19 on the long-running nuclear standoff. Both sides agreed to resume negotiations in another two weeks after Tehran ruled out freezing its uranium enrichment program. Solana however stated that the meeting was ‘constructive.’ Undersecretary of State William Burns participated in the negotiations, which was the highest level of diplomatic contact between the Islamic Republic and the US in over 30 years. Washington had cut diplomatic ties with Tehran shortly after the 1979 Islamic Revolution, when militant students seized the US Embassy in Teheran. The Bush administration in June had also announced that it was considering setting up a diplomatic outpost in Iran. The talks followed the submission of a renewed package to Iran in mid-June which was intended to persuade Tehran to stop its enrichment work in exchange for some trade and technological incentives.⁵³

Tehran meanwhile hosted the 15th meeting of the Non-Aligned Movement (NAM) foreign ministers, which began on July 26. The 4-day conference was

⁵⁰ “Iraqi Measure on Provincial Voting is Vetoes,” *The New York Times*, July 24, 2008, at <http://www.nytimes.com/2008/07/24/world/middleeast/24iraq.html?ref=middleeast>

⁵¹ “Iraqi Athletes ‘Unlikely’ to Be at Olympics,” *The New York Times*, July 25, 2008, at http://www.nytimes.com/2008/07/25/sports/olympics/25athletes.html?_r=1&ref=middleeast&oref=slogin

⁵² “Oil Exports from Northern Iraq Rise Sharply,” *The New York Times*, July 26, 2008, at <http://www.nytimes.com/2008/07/26/world/middleeast/26iraq.html?ref=middleeast>

⁵³ “Jalili, Solana call Geneva talks ‘constructive’; Iran, EU to resume nuclear talks in 2 weeks,” *Tehran Times*, July 20, 2008 at http://www.tehrantimes.com/index_View.asp?code=173417

being attended by the organisation's 118 member-states, 15 observer members, and eight international and regional organizations. NAM had earlier expressed its support for global efforts to make the Middle East a nuclear weapons-free zone. It had also issued a statement warning that Israel's nuclear arsenal posed a major threat to Middle East security.⁵⁴

D. US ELECTION REVIEW

- **Obama visits Middle East and Europe; McCain: Obama would rather loose a war in order to win a political campaign; Poll indicates narrowing margin between the two candidates**

Sen. Barack Obama visited the Middle East and Western Europe during the week. Obama reportedly assured his Israeli hosts that if elected President, he would not coerce Israel to accede concessions which could be detrimental to the security of Israel.⁵⁵ He also traveled to the West Bank to meet with the Palestinian leadership, a trip Sen. McCain had not undertaken during his visit to the region. Speaking to reporters in Amman on July 21 at the end of his three-day visit to Iraq and Afghanistan, Obama stated that the US military has done a commendable job in the country and that the security situation had improved.⁵⁶

Sen. Obama delivered a significant speech in Berlin during his European tour on July 24. While conceding that American actions around the world had "not lived up to our best intentions," Obama called for greater cooperation from America's European allies in tackling pressing global challenges.⁵⁷ The speech was aimed at driving home the Illinois Senator's ability to handle foreign policy issues, a domain in which Sen. McCain was said to have an edge over his Democratic contender.⁵⁸

Sen. McCain's campaign meanwhile was critical of Obama's foreign tour and continues to question his foreign policy credentials. McCain charged that Obama "would rather loose a war in order to win a political campaign." McCain

⁵⁴ "Tehran hosts NAM meeting today," *Tehran Times*, July 27, 2008, at http://www.tehrantimes.com/index_View.asp?code=174006

⁵⁵ Jeff Zeleny, "Obama Meets with Israeli and Palestinian Leaders," *The New York Times*, July 24, 2008, at http://www.nytimes.com/2008/07/24/us/politics/24obama.html?_r=1&nl=pol&emc=pola1&oref=slogin

⁵⁶ Jeff Zeleny, "Obama Says Iraq Security Improved," *The New York Times*, July 22, 2008, at <http://thecaucus.blogs.nytimes.com/2008/07/22/obama-says-iraq-security-improved/index.html?nl=pol&emc=pola2>

⁵⁷ "Obama, in Berlin, Calls for Renewal of Ties With Allies," *The New York Times*, July 25, 2008, at <http://www.nytimes.com/2008/07/25/us/politics/25obama.html?ref=todayspaper>

⁵⁸ Jeff Zeleny, "Obama Plays Down Berlin Speech," *The New York Times*, July 24, 2008, at <http://thecaucus.blogs.nytimes.com/2008/07/24/obama-plays-down-berlin-speech/index.html?nl=pol&emc=pola1>

also pointed out that Obama had opposed the rise in the number of US troops in Iraq.⁵⁹

In other developments, a survey indicated that the margin between the two candidates was narrowing down in states like Michigan, Wisconsin, Colorado and Minnesota. The poll was conducted by the Quinnipiac University in association with *The Wall Street Journal* and *The Washington Post*.⁶⁰

II. INTERNAL SECURITY REVIEW

TERROR STRIKES IN AHMEDABAD AND BANGALORE

- **Serial bombings rock Ahmedabad and Bangalore**

At least 46 people were killed and over 100 wounded when 21 bomb blasts struck different parts of Ahmedabad on July 26. Most of the blasts occurred in the crowded areas. The first blast was reported from the Maninagar area of the city at 6.38 p.m. Thereafter bombs went off at 20 other places, all within the next five to seven minutes. The worst attack occurred near the trauma centre of a government hospital, where 25 people were killed. Initial investigations pointed to the hand of ' sleeper cells ' of the Students Islamic Movement of India (SIMI).⁶¹

In an e-mail message to the media minutes before the serial bombings, an organisation calling itself the 'Indian Mujahideen' claimed responsibility for the attacks. Titled 'The Rise of Jihad', the e-mail noted that the bombings were carried out to avenge the 2002 anti-Muslim riots in Gujarat. It also warned of future attacks, charging that the police were "arresting, imprisoning, and torturing our brothers in the name of SIMI."⁶² Reports noted that the 'Indian Mujahideen' was a loose coalition of elements from the SIMI, the Lashkar-e-Taiba (LeT) and the Harkat ul-Jihad-e-Islami (HuJI).

Earlier on July 25, a series of eight low-intensity bomb blasts rocked Bangalore. One person was killed and seven others wounded in the blasts which occurred between 1:30-2:30 pm. According to police sources, improvised explosive devices fitted to timer devices were used in all the explosions.⁶³

⁵⁹ Elisabeth Bumiller, "With the Mideast a Priority for Both Campaigns, McCain Intensifies His Attack," *The New York Times*, July 23, 2008, at <http://www.nytimes.com/2008/07/23/us/politics/23mccain.html?nl=pol&emc=pola1>

⁶⁰ Sara Murray, "Gap Is Narrowing in Battleground States," *The Wall Street Journal*, July 25, 2008, at http://online.wsj.com/article/SB121689893266880737.html?mod=googlenews_wsj

⁶¹ "17 blasts rock Ahmedabad," *The Hindu*, July 27, 2008, at <http://www.hindu.com/2008/07/27/stories/2008072760570100.htm>

⁶² "Indian Mujahideen' claims responsibility," *The Hindu*, July 27, 2008, at <http://www.hindu.com/2008/07/27/stories/2008072759280100.htm>

⁶³ "Serial blasts rattle Bangalore; woman killed," *The Hindu*, July 26, 2008, at <http://www.hindu.com/2008/07/26/stories/2008072660910100.htm>

JAMMU AND KASHMIR

- **N. N. Vohra calls for greater synergy among security agencies; 5 killed in grenade attack in Srinagar bus stand**

Following the recent upsurge in violence in the Kashmir Valley, the Unified Headquarters met in Srinagar on July 22 under the chairmanship of Governor N. N. Vohra. Mr. Vohra called for a close synergy among various security agencies engaged in the counter-insurgency operations. He also called for the strengthening of the security grid in view of the forthcoming elections in the state.⁶⁴

Meanwhile, five people were killed and 18 others wounded when unidentified terrorists hurled a grenade at the crowded Batmaloo bus stand in Srinagar on July 25. The victims belonged to a family of migrant labourer. Separately, in Doda district, unidentified Hizbul Mujahideen (HM) militants shot dead four members of the family of a surrendered militant.⁶⁵

Elsewhere, on July 23, a youth protesting against the cancellation of forest land to Shri Amarnath Shrine Board (SASB) died after consuming poison. He was protesting against the remarks of the National Conference leader Omar Abdullah in Lok Sabha on July 22 that the land to the Board will be returned only over dead bodies of the Kashmiris. Following the incident, protestors went on a rampage in and around Jammu City during which some 18 people were injured.⁶⁶

MAOIST INSURGENCY

- **Orissa to recruit special police force personnel to counter Maoists**

The government of Orissa announced its decision to recruit as many as 2000 special police force personnel to combat the Maoist insurgents. The government would also fill up the various vacant posts by appointing 1500 retired defence personnel. Besides, more than 5,000 police constables and other staff would also be appointed in special recruitment drives.⁶⁷

NORTHEAST INSURGENCY

- **ULFA rules out talks with the central government**

The United Liberation Front of Asom (ULFA) categorically ruled out peace talks with the central government in the near future. A statement issued by the outfit

⁶⁴ "Governor calls for close synergy among CI agencies," *Kashmir Times*, July 23, 2008, at <http://kashmirtimes.com/news6.htm>

⁶⁵ "Five of family killed in grenade blast in Srinagar," *The Hindu*, July 25, 2008, at <http://www.hindu.com/2008/07/25/stories/200807250601200.htm>

⁶⁶ "Youth sacrifices life over land row," *Daily Excelsior*, July 25, 2008, at <http://www.dailyexcelsior.com/web1/08july24/news.htm#1>

⁶⁷ "Orissa to recruit 2000 special police force personnel to combat Maoists," *South Asia Terrorism Portal*, July 26, 2008, at http://satp.org/satporgtp/detailed_news.asp?date1=7/26/2008#13

on July 20 asserted that “no discussion would be held under the legal binding of the Indian Constitution.”⁶⁸

III. ENERGY SECURITY REVIEW

CLIMATE CHANGE AND ENERGY

- **G-8 and G-5 nations call for shared responsibility to address the world’s energy development and utilisation**

The world’s most powerful and emerging nations - together responsible for more than 80 percent of global greenhouse gas emissions, after a day-long meeting at the end of the G 8 summit in Japan, came out with a joint statement calling climate change “one of the great global challenges of our times.” Prime Minister Manmohan Singh had reiterated prior to the meet that “India would not accept any targets that may be set by international bodies reducing its carbon emissions.” Dr. Singh further noted that India cannot, by any stretch of the imagination, be regarded as a major polluter of greenhouse gases as India’s contribution to global emissions was less than 4 per cent. On per capita basis, it amounted to an average of 1.2 tonnes, which was very low.⁶⁹

The long-term goal of halving worldwide greenhouse-gas emissions by 2050 by the leading industrialised nations reflected the unyielding view of China and India that the United States and Europe, with many times more emissions per citizen than poorer countries, had a greater obligation on their part.

EXPLORATION AND PRODUCTION

- **Iraqi officials open servicing contracts for six oil fields**

Reports noted that Iraq’s government was likely to earn about \$70 billion in oil revenues in the current year. The possibility of its potential revenues increasing beyond that remained as it had not yet maximized its operational capacity. In June, Exxon Mobil, Shell, Total, BP and Chevron won no-bid contracts to help revive existing oil fields. They had weathered competition from more than 40 other companies, including companies from Russia, China and India. Winners of the present lucrative contracts would be announced in 2009.⁷⁰

- **Bush lifts offshore drilling ban**

President Bush lifted the nearly two decades of executive orders banning drilling for oil and natural gas off the country’s shoreline on July 14, thus forcing the US

⁶⁸ “Ulfa rules out talks with Centre,” *Telegraph*, July 21, 2008, at http://telegraphindia.com/1080721/jsp/northeast/story_9577528.jsp

⁶⁹ “India will not agree to targets for cutting carbon emissions,” *The Hindu*, July 8, 2008, at <http://www.hinduonnet.com/thehindu/thscrip/print/pl?file=200807085411000.htm&date=...>

⁷⁰ “Iraq Close up: Following the Oil Money,” *The New York Times*, July 8, 2008, at <http://baghdadbureau.blogs.nytimes.com/2008/07/08/iraq-closeup-following-the-oil-money/?scp=1&sq=%95%09Iraqi%20officials%20open%20servicing%20contracts%20for%20six%20oil%20fields%20to%20bids%20from%2035%20foreign%20companies&st=cse>

Congress to open up more areas for exploration to address the soaring energy prices.⁷¹ Analysts viewed this as a contradictory policy objective to many of the proposals put forward to reduce consumption of hydrocarbon. Critics however noted that access to the Arctic would yield results only in the long-term and therefore would bring no relief to the present soaring gasoline prices.

- **Chinese offshore oil Company to acquire competitor in Norway**

China's largest offshore oil services company agreed on July 7 to buy a Norwegian rival, Awilco offshore, for about \$2.5 billion to increase its drilling capacity and tap overseas markets. The deal increases the number of drilling rigs China Oilfield (CNOOC) owns to 22 from 15, with operations spanning Europe and Asia. It also gives it access to international management expertise and technology and help China Oilfield enter the high-end North Sea drilling market.⁷²

- **United States Geological Survey unveils the largest-ever survey of petroleum resources north of the Arctic Circle**

The United States Geological Survey (USGS) released its 4-year assessment of petroleum resources north of the Arctic Circle. It noted that the Arctic may hold as much as 90 billion barrels of undiscovered oil reserves, and 1,670 trillion cubic feet of natural gas. This would amount to 13 percent of the world's total undiscovered oil and about 30 percent of the undiscovered natural gas. Reports also pointed out that the Arctic may contain as much as a fifth of the world's yet to-be-discovered oil and natural gas reserves. Melting ice caps have also opened up prospects that were once considered too harsh to explore. Arctic nations - including the United States, Russia, and Canada, were gearing up to control these resources.⁷³

GEOPOLITICS

- **Gazprom offers to buy all of Libya's gas**

Gazprom, which supplied about a quarter of Europe's gas, has proposed to buy any available volume of natural gas in Libya. A cooperation agreement signed in 2006 between Gazprom and Algeria had led to fears that Europe's second major supplier would work like the OPEC group of oil exporters. Gazprom also stated that it was planning a joint refining venture with the National oil Corporation of Libya, and accepted Libya's offer to build pipelines to Europe from Libya.⁷⁴

⁷¹ "Bush acts on drilling, challenging democrats," *The New York Times*, July 15, 2008, at <http://www.nytimes.com/2008/07/15/us/15bush.html?pagewanted=print>

⁷² "Chinese offshore Oil Company to acquire competitor in Norway," *The New York Times*, July 8, 2008, at <http://www.nytimes.com/2008/07/08/business/worldbusiness/08rig.html?r=1&sq=oil&st>

⁷³ "Oil survey says Arctic has riches," *The New York Times*, July 24, 2008, at <http://www.nytimes.com/2008/07/24/business/24arctic.html>

⁷⁴ "Gazprom Offers to Buy All of Libya's Gas," *The New York Times*, July 10, 2008, at http://www.nytimes.com/2008/07/10/business/worldbusiness/10gazprom.html?_r=1&oref...

- **Reports: Russia using oil as an instrument in its foreign policy**

After the Czech Republic signed an agreement with the United States to host tracking radar for an anti-ballistic missile system that Russia vehemently opposed, the authorities in Prague reported that the flow of Russian oil was fluctuating. In a statement on July 11, Czech officials asked the Russians to explain the decline.

Russia is the world's largest energy exporting nation, if exports of oil and natural gas are counted. Many eastern European nations were wholly dependent on Russia for fuel. In January 2006, Gazprom, Russia's gas company, cut gas supplies to Ukraine for three days, about a year after the protests known as the 'Orange' revolution ushered in a pro-Western government. On July 21, Russia's prime minister and former president, Vladimir Putin, instructed his government to restore the Czech Republic's flow of oil.⁷⁵

MARKETS

- **Oil markets fluctuate due to threat of use of force on Iran**

The head of the Organisation of the Petroleum Exporting Countries (OPEC) warned on June 10 that oil prices would experience an "unlimited" increase in the event of a military conflict involving Iran because the group's members would be unable to make up the lost production.⁷⁶ Iran, the second-largest producing country in OPEC after Saudi Arabia, produces about four million barrels of oil a day out of the daily worldwide production of close to 87 million barrels. OPEC however noted that reserves of oil were plentiful and that worries about scarcity were misplaced. It refused to concede to pressure for increasing supply.⁷⁷

In early July, oil prices experienced an unusual down-slide. Price of oil settled at \$136.04 a barrel, a drop of \$5.33, or 3.8 percent. Reasons responsible for the decrease included a strengthened dollar and President Ahmadinejad's discounting the possibility of war with the United States and Israel, in remarks made to journalists in Kuala Lumpur. This relieved worries about Iran trying to block oil shipments in the Straits of Hormuz.

Note: Energy Security Review covers developments from July 07-27 while Bangladesh section includes events from July 14-27.

⁷⁵ "Putin orders restored oil flow to Czechs," *The New York Times*, July 22, 2008, at <http://www.nytimes.com/2008/07/22/world/europe/22czech.html?pagewanted=print>

⁷⁶ "OPEC Leader Issues warning About Iran and Oil Supply," *The New York Times*, July 11, 2008, at <http://www.nytimes.com/2008/07/11/business/worldbusiness/11opec.html?sq=oil&st=cse...>

⁷⁷ "why OPEC will not increase crude oil supplies," *Business Day*, July 14, 2008, at <http://www.businessdayonline.com/energy/12944.html?print>