

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Karzai sworn in for second term; Gates: US might withhold aid to Afghanistan if it fails to curb corruption; German Defence Minister: India should be part of discussions on Afghanistan's future; UNICEF: Afghanistan has highest infant mortality rate in the world; NATO Chief and British PM Brown vow to continue war in Afghanistan; Mottaki: Iran favours a regional solution to resolve Afghan crisis**

Hamid Karzai was sworn in as the president of Afghanistan for the second consecutive term on November 16. US Secretary of State Hillary Clinton, Pakistan President Asif Ali Zardari, EAM S.M. Krishna were among dignitaries who attended the ceremony at the presidential palace in Kabul. In his inaugural address, Karzai urged reconciliation among various groups, vowed to tackle corruption and pledged to ensure greater security.¹

US Defense Secretary Robert Gates, addressing a press conference along with Canadian Defense Minister Peter MacKay on November 20 stated that the US will hold the Afghan government accountable in the utilization of financial resources that it provides. He added that aid to the country could be held back if Kabul fails to tackle corruption.²

German Defence Minister Karl-Theodor Zu Guttenberg speaking at the Center for Strategic and International Studies in Washington pointed out the need to engage India in the deliberations on Afghanistan's future.³

The annual report of the United Nations International Children's Emergency Fund (UNICEF), released on November 19, pointed out that Afghanistan is the most dangerous place in the world for a child to be born, especially so for girls. The country had the highest infant mortality rate in the world – at 257 deaths per 1,000 live births, and 70 percent of the population lacked access to clean water.⁴

NATO Secretary-General Anders Fogh Rasmussen, at a meeting of NATO parliamentary assembly in Edinburgh on November 17 expressed confidence that the number of NATO troops fighting the Taliban in Afghanistan could be increased. The NATO Chief's comments came even as the Obama administration was still contemplating on sending additional troops as requested by Gen.

¹ 'Karzai sworn in as Afghan leader; vows to fight graft', *Reuters*, November 19, 2009' at <http://www.reuters.com/article/worldNews/idUSTRE5AH10G20091119>

² 'Gates Says U.S. Could Withhold Aid if Afghanistan Cannot Curb Corruption', *The New York Times*, November 20, 2009, at <http://www.nytimes.com/2009/11/21/world/asia/21gates.html>

³ 'India should be part of discussions on future of Afghanistan', *The Indian Express*, November 21, 2009, at <http://www.indianexpress.com/news/india-should-be-part-of-discussions-on-future-of-afghanistan/544521/0>

⁴ 'Afghanistan is world's most dangerous place to be born in: UN', *The Times of India*, November 20, 2009, at <http://timesofindia.indiatimes.com/world/south-asia/Afghanistan-is-worlds-most-dangerous-place-to-be-born-in-UN/articleshow/5251826.cms>

McChrystal.⁵ British Prime Minister Gordon Brown meanwhile expressed his government's commitment to provide the necessary men and materiel for the war in Afghanistan. Britain has 9,000 troops deployed in the country.⁶

In other developments, Foreign Minister Manouchehr Mottaki visiting New Delhi stated that Iran was in favour of a regional solution to the situation in Afghanistan. Mottaki pointed out that a regional approach had helped solve problems in Lebanon and argued that a similar approach could work in Afghanistan too.⁷

PAKISTAN

- **NRO put on hold as 'beneficiaries' named; Pakistan's defence expenditure goes up by 20 percent; Reports: Fazlullah in Afghanistan; Clinton: US aims to uproot Al Qaeda; Karzai and Zardari pledge to fight militancy jointly; Suicide attack kills 20 and injures at least 50 in Peshawar**

The Pakistan government came out with a list of beneficiaries of the National Reconciliation Ordinance (NRO), which included federal and provincial ministers and senior officials. The controversial ordinance will cease to operate on November 28 as the government has decided against presenting it in parliament.⁸ Corruption charges amounting to over Rs. 1000 billion were allegedly dropped as part of the NRO, effectively negating the actions of the National Accountability Bureau (NAB).⁹

Reports noted that Pakistan's defence expenditure is likely to rise by over 20 percent, due to the ongoing military operations in South Waziristan, which were over Rs. 40 billion a month.¹⁰ Muhammed Fazlulla, the Pakistani Taliban leader is also reportedly in Afghanistan and plotting further attacks against the Pakistan Army. Earlier, speculations were rife that Fazlullah was either seriously injured or killed during the Swat operations in July 2009.¹¹

⁵ 'NATO chief confident of big Afghan troop increase', *The Washington Post*, November 17, 2009, at <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/17/AR2009111700392.html>

⁶ 'Brown Vows to Continue War Effort in Afghanistan', *The New York Times*, November 17, 2009, at http://www.nytimes.com/2009/11/18/world/europe/18britain.html?_r=1&scp=4&sq=afghanistan&st=cse

⁷ 'Iran seeks regional approach to stabilise Afghanistan', *AFP*, November 17, 2009' at http://www.google.com/hostednews/afp/article/ALEqM5gqVxBxb_2-3tX-GoIXwLDY3E2pA

⁸ Irfan Ghauri, '36 politicians, 3 envoys among beneficiaries; names of PM, his wife not on list', *Daily Times*, November 22, 2009, at http://www.dailytimes.com.pk/default.asp?page=2009\11\22\story_22-11-2009_pg1_1

⁹ Muhammad Ahmad Noorani, 'Rs1,000 billion corruption swept under the carpet', *The News*, November 19, 2009, at http://www.thenews.com.pk/arc_default.asp

¹⁰ 'Defence spending to go up by 20pc', *Dawn*, November 18, 2009, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/defence-spending-to-go-up-by-20pc-819>

¹¹ 'Fazlullah escapes to Afghanistan', *Dawn*, November 18, 2009, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/fazlullah-escapes-to-afghanistan-819>

US Secretary of State Hillary Clinton meanwhile stated on November 15 that the primary objective of US operations in the region was to uproot the Al Qaeda completely. Clinton was reacting to PM Gilani's statement that Pakistan should be involved in the process of formulation of a new strategy for Afghanistan.¹²

President Zardari, in Kabul to attend the swearing-in ceremony of Hamid Karzai, pledged to enhance cooperation in order to jointly fight militancy in the region.¹³ In other developments, a suicide attack in Peshawar killed at least 20 people and injured over 50.

SRI LANKA

- **SLFP Annual National Convention held; Rajapakse: SLFP has fulfilled almost ninety-nine per cent of electoral promises; 15th Joint Meeting of Japan-Sri Lanka Business Cooperation Committee held; Basil Rajapaksa: All restrictions on movement of IDPs in camps in Wanni region to be removed**

At the Annual National Convention of the Sri Lanka Freedom Party (SLFP) on November 15, an overwhelming majority expressed support for presidential as opposed to parliamentary form of government. President Rajapakse on his part claimed that the SLFP had fulfilled almost ninety-nine per cent of electoral promises after coming to power.¹⁴ The SLFP also urged opposition political parties, including the United People's Freedom Alliance (UPFA), to extend its support to the Rajapakse government in order to achieve all-round development of the country.¹⁵

The 15th Joint Meeting of the Japan-Sri Lanka Business Cooperation Committee was held during the week. Several bilateral economic agreements were signed. The Japanese private sector offered to start various industries in the country. The Sri Lankan government on its part assured the Japanese delegation that the de-mining process in the conflict-zone would be completed soon in order to attract more investments.¹⁶

The Resettlement and Disaster Relief Services Minister Rishad Bathiudeen stated that the government was spending around Rs. 9.9 million on a daily basis

¹² 'Hillary says uprooting Al Qaeda main objective', *Dawn*, November 16, 2009, at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/hillary-says-uprooting-al-qaeda-main-objective-619>

¹³ 'Zardari, Karzai discuss joint efforts against terrorism', *The News*, November 19, 2009, at http://www.thenews.com.pk/arc_default.asp

¹⁴ 'Govt to decide in due course', *Daily News*, November 16, 2009, at <http://www.dailynews.lk/2009/11/16/pol01.asp>

¹⁵ 'UPFA, a strong alliance', *Daily News*, November 21, 2009, at <http://www.dailynews.lk/2009/11/21/pol01.asp>

¹⁶ 'Agreements to promote trade ties between Sri Lanka and Japan', *Daily News*, November 20, 2009, at <http://www.dailynews.lk/2009/11/20/bus02.asp>

to supply food and drink to the IDP living in welfare centers in Vavuniya.¹⁷ Senior Presidential Advisor and Chairman of the Task Force for Northern Development Basil Rajapaksa also announced that all restrictions on IDPs present in camps in the Wanni region would be removed and people would be allowed to move freely. The government has vowed to resettle all IDPs before January 31, 2010.¹⁸

B. EAST ASIA

CHINA

- **Obama visits Beijing; DPRK military delegation describes Beijing-Pyongyang ties as "common treasure"; Kazakhstan National Security Commission Vice Chairman meets PLA Deputy Chief; Defence Minister Xi meets visiting Brazilian counterpart; PLAAF displays third-generation J-10 aircraft**

US President Barack Obama arrived in China on his maiden visit on November 16, 2009. Mr. Obama pointed out that bilateral relations between the two countries had evolved and metamorphosed into a "positive, constructive, and comprehensive partnership."¹⁹ The visit took place in the backdrop of a global economic downturn and the significant Chinese role in helping America recover from the crisis.

The Vice Chairman of China's Central Military Commission met with a visiting delegation of the DPRK National Defense Commission on November 18. The head of the DPRK delegation described the bilateral relationship as a "common treasure" to the peoples of the two countries.²⁰

The visiting Vice Chairman of the Kazakhstan National Security Commission and commander of the Kazakhstan Frontier Defense Force Kyrgyzsbayev met with PLA Deputy Chief of General Staff Hou Shusen on November 13. Hou stated that pragmatic co-operation between the two sides bilaterally as well as within multilateral frameworks like the UN and the SCO had made positive contributions to regional stability.²¹

¹⁷ 'Rs 9.9 m per day for IDPs' food and drink', *Daily News*, November 18, 2009, at <http://www.dailynews.lk/2009/11/18/news13.asp>

¹⁸ 'Restrictions on IDPs lifted from December 1', *Sunday Observer*, November 22, 2009, at <http://www.sundayobserver.lk/2009/11/22/new01.asp>

¹⁹ 'Obama: China, US 'Comprehensive' Partners', *China Daily*, November 16, 2009, at http://www.chinadaily.com.cn/china/2009-11/16/content_8978766.htm

²⁰ 'China, DPRK Hope to Further Military Relations', *PLA Daily*, November 19, 2009, at http://eng.chinamil.com.cn/news-channels/today-headlines/2009-11/19/content_4081971.htm

²¹ 'Hou Shusen Holds Talks with Commander of Kazakhstan Frontier Defense Force', *PLA Daily*, November 16, 2009, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/16/content_4080229.htm

Chinese Vice President Xi Jinping met with visiting Brazilian Defense Minister Nelson Jobim on November 18. Xi reiterated Beijing's desire to further the bilateral strategic partnership.²²

PLA Air Force displayed its new indigenous J-10 fighter aircraft on November 15. The J-10 is claimed to be the first supersonic third-generation fighter designed and manufactured using indigenous technologies.²³

JAPAN

- **Japan and US seek early resolution of Okinawa base relocation; Hatoyama pledges to follow an Asia-orientated foreign policy; US welcomes Japan's decision to give \$5 billion for Afghanistan**

Japan and the US agreed to seek an early resolution on the controversial relocation plan of the US Marine Corps' base in Okinawa.²⁴ Meanwhile, reports confirming that Washington and Tokyo had signed secret agreements allowing US nuclear weapons to be stationed on Japanese territory were creating problems for both governments in the backdrop of the controversy on Okinawa.²⁵

Prime Minister Yukio Hatoyama in a speech at Singapore stated that his government will continue its efforts to build an East Asia community and pledged to follow an Asia-orientated foreign policy. Hatoyama also stressed that the US would continue to play an important role in the region.²⁶

In other developments, the US welcomed Japan's decision to give up to \$5 billion in civilian aid to Afghanistan over the next five years.²⁷

KOREAN PENINSULA

- **Obama: American commitment to peace and stability in South Korea "will never waver"; Obama and Lee urge North Korea to immediately return to nuclear negotiations; Skirmishes between North and South Korean navies; Pyongyang says it has achieved "noticeable successes" in weaponizing plutonium; Japanese documents stating Dokdo as 'foreign territory' revealed; Seoul provides for free 10 decommissioned amphibious landing craft to Indonesia**

²² 'China, Brazil to Further Cooperation', *PLA Daily*, November 19, 2009, at http://eng.chinamil.com.cn/news-channels/today-headlines/2009-11/19/content_4081988.htm

²³ 'Chinese J-10 Fighters Debut as New Acrobatic Aircraft', *PLA Daily*, at http://eng.chinamil.com.cn/news-channels/china-military-news/2009-11/16/content_4079781.htm

²⁴ 'Japan, U.S. to seek swift solution of Futenma issue', *The Yomiuri Shimbun*, November 18, 2009, at <http://www.yomiuri.co.jp/dy/national/20091118TDY01305.htm>

²⁵ 'Slowly, secret U.S. nuke deals come to light', *Japan Times*, November 20, 2009, at [http://search.japantimes.co.jp/cgi-bin/nn20091120f3.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+japantimes+\(The+Japan+Times:+All+Stories\)&utm_content=Google+Reader](http://search.japantimes.co.jp/cgi-bin/nn20091120f3.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+japantimes+(The+Japan+Times:+All+Stories)&utm_content=Google+Reader)

²⁶ 'Hatoyama unveils Asia-focused foreign policy', *The Yomiuri Shimbun*, November 16, 2009, at <http://www.yomiuri.co.jp/dy/national/20091116TDY01303.htm>

²⁷ 'U.S. welcomes Japan's new aid plan for Afghanistan', *Associated Press*, November 16, 2009, at http://www.breitbart.com/article.php?id=D9C0OHJO0&show_article=1

US President Obama during his recent trip to South Korea stated that some American troops stationed in the country would be deployed to Afghanistan.²⁸ Obama also reiterated that American commitment to peace and stability in South Korea "will never waver."²⁹ Mr. Obama and his South Korean counterpart President Lee Myung-bak urged North Korea to immediately return to nuclear negotiations and pledged to make joint efforts to ensure denuclearization of the Korean Peninsula.³⁰ Obama urged Pyongyang to choose prosperity and security instead of continued isolation if it continues on its route to nuclear armament.³¹

President Lee also urged visiting Canadian Foreign Minister Lawrence Cannon to actively support his country's efforts to denuclearize North Korea, including help in the effective implementation of UN sanctions against that country.³²

Seoul stated that it did not want further complications in its relations with Pyongyang following an armed skirmish between the two countries naval forces. The government however vowed to take full precautions against any possible negative security development.³³

North Korea meanwhile revealed that it had completed reprocessing spent fuel rods and achieved "noticeable successes" in weaponizing plutonium extracted from these fuel rods. Analysts believed that the development was an effort to force the US to quickly start bilateral negotiations.³⁴

South Korean lawmaker Park Sun-young reportedly obtained Japanese documents which reveal that Japan designated Dokdo - a set of islands currently controlled by South Korea in the East Sea that Tokyo claims as its own, as 'foreign territory' at the end of World War II. The document, Notification 654 of August 15, 1946, states that "Jukdo," the former name for the islets, is 'foreign territory'.³⁵

During the recent visit of Chilean President Michelle Bachelet to Seoul, both countries agreed to revise their bilateral free trade agreement (FTA) to

²⁸ 'Obama says U.S. troops in S. Korea will be sent to Afghanistan', *Yonhap News*, November 20, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/20/0301000000AEN20091120001000315.HTML>

²⁹ 'Obama says U.S. commitment to S. Korea will never waver', *Yonhap News*, November 19, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/19/0301000000AEN20091119007600315.HTML>

³⁰ 'Lee, Obama vow joint efforts to denuclearize N. Korea in single step', *Yonhap News*, November 19, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/19/0301000000AEN20091119005000315.HTML>

³¹ 'Obama calls for N. Korea's return to six-party talks', *Yonhap News*, November 17, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/18/0301000000AEN20091118000100315.HTML>

³² 'Lee urges Canadian support for denuclearization of N. Korea', *Yonhap News*, November 9, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/09/0301000000AEN20091109005800315.HTML>

³³ 'Seoul hopes naval clash will not strain inter-Korean relations', *Yonhap News*, November 11, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/11/0301000000AEN20091111007300315.HTML>

³⁴ 'N. Korea says it completed reprocessing spent fuel rods', *Yonhap News*, November 3, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/03/0301000000AEN20091103007500315.HTML>

³⁵ 'Japanese post-war document marks Dokdo as foreign territory', *Yonhap News*, November 16, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/16/0301000000AEN20091116003300315.HTML>

better reflect the changed economic conditions since the deal was signed five years ago.³⁶

In other developments, South Korea agreed to provide for free 10 decommissioned amphibious landing craft to Indonesia to consolidate naval ties with that nation.³⁷

C. WEST ASIA

IRAN

- **Mottaki visits India; Obama: If Iran fails to take advantage of opportunities like uranium enrichment deal, it was "making itself less secure"; IAEA seeks "more clarification" about Qom uranium enrichment facility; Kuwaiti PM visits Tehran**

The visiting Iranian Foreign Minister Manouchehr Mottaki and his Indian counterpart S.M. Krishna emphasized the importance of the pipeline project and reiterated their determination to sort out any issues relating to it. Both leaders also reviewed cooperation on transportation issues, North-South corridor, technical and engineering services and energy. Mottaki and Krishna also urged that the Goldstone report on Gaza must be pursued. Mr. Mottaki also met with PM Manmohan Singh and Vice President Hamid Ansari during his two-day visit.³⁸

President Obama stated that the US and its partners were discussing "a package of potential steps" they could take if Iran rejects the uranium enrichment deal agreed in Geneva. Obama added that Iran needed to understand that if it failed to take advantage of such opportunities, it was "making itself less secure." Tehran had earlier indicated it would not accept the offer to have its uranium enriched abroad in return for nuclear fuel.

The IAEA meanwhile stated that it needed "more clarification" about the uranium enrichment facility near Qom. The IAEA in a report pointed out that the existence of the plant raised concerns about other possible secret sites.³⁹ Iran's Envoy to the IAEA, Ali Asqar Soltanieh on his part announced that UN inspectors will visit the Fordo (Qom) facility again. Four UN inspectors had first visited the site on October 25. Soltanieh added that the latest report by the IAEA proves that the media hype and propaganda surrounding the Fordo plant were baseless.⁴⁰

³⁶ 'Leaders of S. Korea, Chile agree to improve ties through FTA revision', *Yonhap News*, November 11, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/11/0301000000AEN20091111001100315.HTML>

³⁷ 'S. Korea to give used landing craft to Indonesia: official', *Yonhap News*, November 10, 2009, at <http://english.yonhapnews.co.kr/national/2009/11/10/0301000000AEN20091110002400315.HTML>

³⁸ 'India willing to join the Peace Pipeline: Mottaki', *ISNA*, November 17, 2009, at <http://www.isna.ir/ISNA/NewsView.aspx?ID=News-1440829&Lang=E>

³⁹ 'US ponders response to Iran snub', *BBC News*, November 19, 2009, at http://news.bbc.co.uk/2/hi/middle_east/8368003.stm

⁴⁰ 'UN Team in Second Visit to Iran's Fordo Plant', *Fars News*, November 20, 2009, at <http://english.farsnews.com/newstext.php?nn=8808280731>

Kuwaiti Prime Minister Sheikh Nasser al-Mohammad al-Sabah visited Tehran during the week. This was the first visit by an Arab Gulf US ally to Tehran in more than 30 years. The two countries pledged to boost economic cooperation, among other cooperative measures. Iran's First Vice President Mohammad Reza Rahimi urged cooperation "in connection to the resolution of the continental shelf issue" and stated that Iran was prepared to expand cooperation in all fields.⁴¹

IRAQ

- **12 persons shot dead by gunmen near Baghdad; Kurds threaten to boycott January 2010 elections**

At least 12 people were shot dead by gunmen wearing Iraqi army uniforms in a pre-dawn attack in a village near Baghdad. Police sources indicated that the attack was the result a tribal dispute. Among the dead included a senior Iraqi Islamic Party member as well as members of the Sunni Awakening Council. The area where the attack took place was once a hotbed of the Sunni insurgency.⁴²

Iraq's Kurds threatened to boycott national elections scheduled for January, after the country's Sunni vice president threatened to veto the election law passed on November 8. The Kurds and Sunnis expressed dissatisfaction regarding the allocation of seats and were demanding more seats for their respective constituencies. The law seeks to expand the number of seats in the Iraqi parliament from 275 to 323 to better reflect population growth. However, only three new seats were allocated to the Kurdish provinces, for a total of 38.⁴³

II. DEFENCE AND NUCLEAR REVIEW

DEFENCE

NATIONAL

- **Reports: India may buy an advanced aircraft carrier from Britain**

Reports noted that India has "lodged a firm expression of interest" to buy an advanced 65,000 tonne aircraft carrier worth £2 billion from the UK. BAE Systems, the second largest defence contractor in the world, is presently building two carriers – HMS Queen Elizabeth and HMS Prince of Wales, for the Royal Navy. The £4 billion carrier programme, which has been delayed by two years, is facing challenges due to the government's cost cutting plans. Officials involved in the programme were quoted as stating that "selling a carrier is one very

⁴¹ 'Iran, Kuwait pledge cooperation during rare PM visit', *Khaleej Times*, November 21, 2009, at http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2009/November/middleeast_November627.xml§ion=middleeast

⁴² 'Gunmen kill 12 in Iraqi village', *BBC News*, November 16, 2009, at http://news.bbc.co.uk/2/hi/middle_east/8362278.stm

⁴³ 'Kurdish, Sunni demands may derail Iraqi elections', *Khaleej Times*, November 18, 2009, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2009/November/middleeast_November536.xml§ion=middleeast

serious option," though a formal decision had so far not been taken by the UK MoD. If India did succeed in buying the aircraft carrier, it was unlikely to join the Indian Navy before 2018. The first carrier is scheduled to join the Royal Navy in 2016.⁴⁴

Currently, India has only one carrier, INS Viraat, against the Navy's desire of having three carriers so as to enable it to have two operational carriers at any given time. To fill the void, India in 2004 signed a contract with Russia to buy the 44,500 tonne Gorshkov. India is also constructing an indigenous, 37,500 tonne Air Defence Ship (ADS) at Cochin Shipyard Ltd.

- **ASSOCHAM urges increase in FDI limit to 49 per cent; US Assistant Secretary of State for South and Central Asia urges rise in FDI cap in defence and insurance sectors; IAF Vice Chief also voices similar views**

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has reiterated its demand for enhancing FDI limit in defence production from the present 26 per cent to 49 per cent.⁴⁵ In a statement, the industry representative observed that higher FDI limit would help India's self-reliance in defence production to grow with "faster adoption of latest technology transfer." Presently India imports most of its defence equipments (valued over \$6 billion in 2008), although the government had set a target to produce indigenously 70 per cent of its requirements. ASSOCHAM stated that an increase in the FDI limit, along with the offset policy, would help Indian industry to develop its technological and manufacturing capabilities. It pointed out that private companies will be the main catalyst for increasing the country's self-reliance capabilities.

US Assistant Secretary of State for South and Central Asia, Robert Blake also urged New Delhi to "lift the cap on foreign equity in Indian defence firms, from 26 per cent to 49 per cent."⁴⁶

IAF Vice-Chief Air Marshal P.K. Barbora also stressed the need for higher FDI in defence industry. Speaking at a conference organised by the CII, Barbora urged the government to be "bold enough to invite Foreign Direct Investment (FDI), more so into defence use."⁴⁷

- **Indian defence offsets touches Rs. 8,000 crore; Private sector gets upper hand**

Reports noted that Indian MoD has so far signed nearly Rs. 8,000 crore worth of offsets, of which 94 per cent were in aerospace sector, and the rest in the naval

⁴⁴ Tim Web, 'Royal Navy aircraft carrier may be sold to India', *The Guardian*, November 16, 2009, at <http://www.guardian.co.uk/business/2009/nov/16/royal-navy-aircraft-carrier-sale>

⁴⁵ 'ASSOCHAM reiterates its demand to raise FDI's limit in defence to 49%: ASSOCHAM', *Press Release*, November 18, 2009, at <http://www.assocham.org/prels/shownews.php?id=2229>

⁴⁶ Lalit K Jha, 'US wants India to raise FDI cap in defence, insurance', *Press Trust of India*, November 19, 2009, at http://www.ptinews.com/news/384021_US-wants-India-to-raise-FDI-cap-in-defence--insurance

⁴⁷ 'Allow more FDI in defence sector: IAF Vice Chief', *The Indian Express*, November 19, 2009.

domain. The private sector could secure 60 per cent of these offsets, with the rest garnered by state-owned defence enterprises. Big companies in the private sector accounted for 33 per cent of total offsets while small and medium enterprises could get the other 27 per cent.⁴⁸

- **Thales wins IAF Radar Contract**

French multinational Thales won a contract from the IAF to supply 19 low-level transportable radar systems based on Ground Smarter (GS) 100 sensor, which can detect and track targets in the range of 180 km. The contract involves technology transfer, under which Thales will build six radars and the rest will be built by Bharat Electronics Ltd (BEL).⁴⁹

INTERNATIONAL

- **Putin: Russia has provided \$33.8 billion to its defence industry in 2009**

PM Vladimir Putin stated that Russia provided an “unprecedented” \$33.8 billion worth of aid to its defence industry in 2009. The aid, in the form of low interest loans, guarantees, and direct subsidies, has helped the industry grow at 3.8 per cent in 2009. Russia has an ambitious modernisation plan of equipping its armed forces with nearly 70-80 per cent of ‘modern and promising’ equipment by 2020.⁵⁰

NUCLEAR REVIEW

- **Canadian media expresses concerns on selling nuclear technology to India**

Reports noted that sections of the Canadian media have expressed apprehensions about concluding deals to build nuclear reactors in India during the visit of PM Stephen Harper on account of the terrorist threat to those facilities as well as the past history of India having used Canadian technology to make nuclear bombs. One of the write-ups on the issue reads: "Does Canada really want to help sell nuclear technology to a country that is the midst of such a volatile region, a country that in the 1970s appropriated our first foray into building Indian nuclear reactors to help fashion nuclear weapons, a country whose nuclear reactors would be an ideal ground zero for jihadists?"⁵¹

⁴⁸ Ajai Shukla, ‘Defence offsets rise to Rs 8,000 crore’, *Business Standard*, November 21, 2009.

⁴⁹ Pierre Tran, ‘Thales To Supply Indian AF Transportable Radars’, *Defense News*, November 20, 2009, at <http://www.defensenews.com/story.php?i=4386376&c=ASI&s=AIR>

⁵⁰ ‘Russian Defense Funding Level Unprecedented: Putin’, *Defense News*, November 18, 2009, at <http://www.defensenews.com/story.php?i=4383446&c=EUR&s=TOP>

⁵¹ ‘India's nuclear sites are 'ground zero' for jihadists: Canadian media’, November 18, 2009, at <http://timesofindia.indiatimes.com/india/Indias-nuclear-sites-are-ground-zero-for-jihadists-Canadian-media/articleshow/5242583.cms>