

THE WEEK IN REVIEW

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I. COUNTRY REVIEWS

A. South Asia

Bangladesh

- **Talks on Teesta Water Sharing between India and Bangladesh held in New Delhi; Indian Foreign Secretary visits Bangladesh; US Assistant Secretary of State for the Bureau of Population, Refugees, and Migration visits Bangladesh**

On June 6, 2011, Bangladesh and India held secretary-level talks in New Delhi to finalise the framework of an interim treaty for sharing the Teesta water in dry season.¹ During the talks, issues like the sharing of river waters of Feni, Manu, Muhuri, Khowai, Gumti, Dharala and Dudhkumar, the dredging of Ichamati river and embankment protection work along the common rivers, etc. were also discussed.² The minister-level talks between the two countries on water resources are to be held in Dhaka.³

ON June 7, 2011, Indian Foreign Secretary Nirupama Rao went on a three-day long official visit to Dhaka to review the bilateral relations between the two countries and in the run up to Prime Minister Manmohan Singh's proposed visit to Bangladesh later this year.⁴

US Assistant Secretary of State for the Bureau of Population, Refugees, and Migration Eric P Schwartz went to Bangladesh on June 7, 2011 on a three-day visit to discuss refugee and migration related issues with government officials and representatives of international and non-governmental organizations in Dhaka as well as Cox's Bazar district.⁵

Sri Lanka

- **Tamil Nadu Assembly Passes Unanimous Resolution on Sri Lanka; High Level Indian Government Delegation Visits Sri Lanka; No Intrusion of Chinese and Sri Lankan Navies**

¹ "Final push for Teesta treaty", *The Daily Star*, June 6, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188783>.

² "Teesta draft fine-tuned", *The Daily Star*, June 7, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188968>.

³ "Final push for Teesta treaty", *The Daily Star*, June 6, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188783>.

⁴ "Teesta draft fine-tuned", *The Daily Star*, June 7, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188968>.

⁵ "Senior US diplomat due today", *The Daily Star*, June 7, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188927>.

into Indian Territorial Waters: Indian Coast Guard; The Kingdom of Saudi Arabia has Completed the Construction of 500 Tsunami Houses in the Ampara District

On June 8, 2011, Tamil Nadu Assembly adopted a unanimous resolution seeking the imposition of economic sanctions against Sri Lanka by India, over issues concerning Tamils in the island nation, including alleged human rights violations. The resolution also wanted India to press the United Nations to declare those who allegedly committed crimes during the conflict in Sri Lanka as “war criminals”.⁶ On June 9, the Assembly passed another unanimous resolution seeking the state revenue department to implead itself in a case filed by Chief Minister J. Jayalalithaa for retrieval of Katchatheevu Island.⁷ Reacting to such development, Sri Lankan High Commissioner to India Prasad Kariyawasam said that it was very unfortunate as both Sri Lankan state and Sri Lankan people only have goodwill towards the Tamil Nadu people and the Tamil Nadu government. Sri Lanka’s Cabinet spokesman and Minister Keheliya Rambukwella however stated that although Sri Lanka could not ignore the developments in Tamil Nadu, instead of responding directly to the state administration, as a sovereign state, Sri Lanka would only deal with the Indian government.⁸

Meanwhile, a high level Indian Government delegation comprising of Indian Foreign Secretary Nirupama Rao, National Security Advisor Shivshankar Menon and Defence Secretary Pradeep Kumar visited Sri Lanka on June 10, 2011. During the visit, the three met with President Mahinda Rajapaksa, External Affairs Minister G. L Peiris, Defence Secretary Gotabaya Rajapaksa.⁹ The delegates also met TNA party leaders including R. Sampanthan, Suresh Premachandran and M.A. Sumanthiran, Mavai Senathirajah, and Selvam Adaikalanathan and discussed with them several issues, including resettlement.¹⁰

Indian Coast Guard has claimed that there has been no ‘intrusion’ of Chinese and Sri Lankan navies into Indian territorial waters recently due to round the clock patrolling by ICG ships and patrol vessels. The patrolling, which has been made more rigorous following the recent reports regarding the alleged attacks by Sri Lankan Navy on Tamil Nadu fishermen, has also helped in stopping smuggling from India to Sri Lanka.¹¹

The Kingdom of Saudi Arabia has completed the construction of 500 tsunami houses in the Ampara

⁶ “TN Assembly for sanctions on Sri Lanka”, *The Daily Mirror*, June 9, 2011 at <http://print.dailymirror.lk/news/front-page-news/46451.html>.

⁷ “TN Assembly resolution on Katchatheevu”, *The Daily Mirror*, June 10, 2011 at <http://print.dailymirror.lk/news/front-page-news/46535.html>.

⁸ Jayasekera, A. Sandun, “Sri Lanka will only talk to Indian Govt.”, *The Daily Mirror*, June 10, 2011 at <http://print.dailymirror.lk/news/front-page-news/46539.html>.

⁹ “Indian Delegation Arrives”, *The Daily Mirror*, June 10, 2011 at <http://www.dailymirror.lk/news/11853-indian-delegation-arrives.html>

¹⁰ Suganthini, R., “TNA meeting Indian delegation today”, *The Daily Mirror*, June 11, 2011 at <http://print.dailymirror.lk/news/news/46679.html>

¹¹ “‘No intrusion of SL Navy’ - India”, *The Daily Mirror*, June 10, 2011 at <http://www.dailymirror.lk/news/11859-no-intrusion-of-sl-navy-india.html>.

District of Sri Lanka. A replica of the housing scheme has already been handed over to President Mahinda Rajapaksa by Saudi Arabian Ambassador to Sri Lanka Abdulaziz Abdulrahman Al Jammaz on June 9, 2011. The housing scheme which was begun in 2007 also includes a school, hospital, playground, market complex and multi-purpose building.¹²

Maldives

- **India approves Fixation of Quota for Supply of Essential Commodities to the Maldives; Maldives has made Work Visa Mandatory for Bangladeshi Workers**

The Indian government for the first time has approved fixation of quota for supply of nine essential commodities to the Maldives for a period of three years. Over the years, India has been supplying various essential commodities to Maldives under a bilateral trade signed in 1981. The quota of those commodities were determined and reviewed on an annual basis. The recent announcement has been made to deal with the problem of uncertainty of the supply of those goods due to scarcity and delay in sanction of quota. It is worth noting that out of the nine commodities, quotas for three years have already been approved for seven items: sugar, eggs, potatoes, onions, wheat, flour, rice and stone aggregates.¹³

The Maldivian Cabinet has made it mandatory for the Bangladeshi workers to be employed in the Maldives, to obtain a Maldivian Work Visa before arrival in the Maldives. In order to deal with the increasing number of illegal expatriate workers in the country, the cabinet has also decided to find such workers in Maldives and send them back to their respective countries.¹⁴

B. East Asia

China

- **China to welcome a visit by envoys from Libya; Beijing hopeful about the resumption of dialogue between the two Koreas soon; China to push for international anti-terrorism cooperation; China conducts joint anti-terror drill with Kyrgyzstan and Tajikistan, Israeli Defence Minister to visit Beijing; China urges the Philippines to stop harming the former's sovereignty and maritime rights on the South China Sea; China and Cuba sign thirteen**

¹² Jayasekera, A., Sandun, "KSA constructs 500 houses in Ampara", *The Daily Mirror*, June 11, 2011 at <http://print.dailymirror.lk/news/news/46676.html>.

¹³ "India approves 3-year quota for essential commodities to Maldives", *Haveeru*, June 11, 2011 at <http://www.haveeru.com.mv/english/details/36798>.

¹⁴ "Obtaining Maldivian Work Visa before Arrival to be Made Mandatory for Bangladeshi Workers", *The President's Office, Republic of Maldives*, June 7, 2011 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=5410>.

cooperation agreements to support Cuba's economic reform; China and Indonesia launches a united training for their Special Forces

In a very important development China announced that it would welcome a visit by envoys of the Libyan opposition National Transitional Council (NTC) in the near future. "We are ready to receive a visit from NTC representatives in the near future," Chen Xiaodong, director general of the West Asian and North African Affairs Department of the Chinese Foreign Ministry, said.¹⁵

On the other hand Beijing has also expressed hope that the two sides of the Korean Peninsula will engage in dialogue as soon as possible.¹⁶

Meanwhile the Chinese President Hu Jintao said that China is ready to work with all relevant parties to push for new progress in international anti-terrorism cooperation. Hu made the remarks with reporters from Kazakhstan and Russia on the eve of his upcoming visit to Kazakhstan, Russia and Ukraine from June 12 to 20.¹⁷ Meanwhile China, Kyrgyzstan and Tajikistan, all member states of the Shanghai Cooperation Organization (SCO), conducted a joint anti-terror drill in Kashi of Northwest China's Xinjiang Uygur autonomous region.¹⁸

In another important development, the Israeli Defence Minister Ehud Barak will be traveling to China for the first time in a decade. Barak will meet Chinese National Defence Minister Liang Guanglie and other senior officials to discuss "regional issues, the Iranian threat, advancement of the (Israel-Palestinian) peace process and terrorism," a statement from his office said.¹⁹

On the regional front, China rejected the Philippine's accusation on the South China Sea issue, urging the Philippines to stop harming China's sovereignty and maritime rights. In response to Manila's recent allegations regarding increasing activity of Chinese vessels on the South China Sea that harmed the interests of Philippine fishermen, Beijing also reiterated that Chinese vessels were cruising and carrying out scientific studies in waters under China's jurisdiction, and their activities were in line with the law.²⁰

On the bilateral front, China and Cuba strengthened their economic and political ties by signing a

¹⁵ "China to receive visit by Libya opposition" *China Daily*, June 9, 2011 at http://www.chinadaily.com.cn/china/2011-06/09/content_12664875.htm

¹⁶ "China hopes quick resume of Korean Peninsula talk" *China Daily*, June 9, 2011 at http://www.chinadaily.com.cn/china/2011-06/09/content_12661082.htm

¹⁷ "China to boost anti-terrorism co-op" *China Daily*, June 12, 2011 at http://www.chinadaily.com.cn/china/2011-06/12/content_12678101.htm

¹⁸ "China, Kyrgyzstan, Tajikistan stage joint anti-terror drill" *China Daily*, June 7, 2011 at http://www.chinadaily.com.cn/china/2011-05/07/content_12674497.htm

¹⁹ "Israel defence minister to visit China for 1st time in decade" *China Daily*, June 12, 2011 at http://www.chinadaily.com.cn/china/2011-06/12/content_12677931.htm

²⁰ "China rejects Philippine accusation" *China Daily*, June 8, 2011 at http://www.chinadaily.com.cn/china/2011-06/08/content_12653938.htm

dozen cooperation agreements. They are expected to provide strong financial support to Cuba as it embarks on economic reforms.²¹ Meanwhile Chinese Defense Minister Liang Guanglie said that China is willing to promote constant development of military relations with Australia and make contribution to the regional security and stability.²² In addition China and Indonesia launched a united training for their Special Forces from China's People's Liberation Army (PLA) and Indonesia's National Armed Forces (TNI).²³

Japan

- **Chinese navy vessels pass near Okinawa**

The Japanese defense ministry has reported the passing of eight Japanese vessels, including one supply vessel and one submarine rescue ship, through international waters about 100 kilometers from Okinawa, while heading southwest to the Pacific Ocean from the East China Sea on June 7. This is an interesting development considering that a similar occurrence in April 2010 caused a stir when eight naval vessels and two submarines passed through international waters near to Okinawa's main island.²⁴

North Korea

- **China to develop a Chinese industrial complex on two North Korean islands in the Yalu river; South Korean President pledges to continue making since and consistent efforts to bring peace with North Korea; North Korea test launches short-range missile near Yellow Sea**

China is to develop a Chinese industrial complex on two North Korean islands in the Yalu river-Hwanggumpyong and Wihwa- over the next fifty years. The area of the two islands is to be transformed into a bonded area where customs and duties will be exempted. It could facilitate the creation of a free-trade district on this border area between the two countries. The industrial complex is to house IT related companies and food and clothing factories. The move for the project is believed to be North Korea's apparent strategy to become a 'great powerful nation' by next year. This project, after the Kaesong industrial complex project executed between the two Koreas in 2004, is the first such venture between China and North Korea.²⁵

²¹ "China, Cuba sign host of cooperation deals" *China Daily*, June 7, 2011 at http://www.chinadaily.com.cn/china/2011-06/07/content_12646693.htm#

²² "China to promote military ties with Australia" *China Daily*, June 6, 2011 at http://www.chinadaily.com.cn/china/2011-06/06/content_12643761.htm

²³ "China, Indonesia launch united training for special forces" *China Daily*, June 6, 2011 at http://www.chinadaily.com.cn/china/2011-06/06/content_12645753.htm

²⁴ "Chinese warships pass near Japanese island", *Asahi Shimbun*, June 10, 2011, at <http://www.asahi.com/english/TKY201106090169.html>

²⁵ "China-North Korea to develop island industrial area", *Asahi Shimbun*, June 10, 2011, at <http://www.asahi.com/english/TKY201106090170.html>

In a Memorial Day speech at Seoul, South Korean President Lee Myung-bak urged North Korea “break away from the path of confrontation and conflict and come out to the path of peace and prosperity”. At the same time, he also reiterated that Seoul would continue to make sincere and consistent efforts to improve bilateral relationship between the two neighbouring countries.²⁶ In the meantime, in response to Pyongyang’s recent strategy to bypass South Korea to directly negotiate with China and the US, Seoul is also expected to hold high level meetings with the two superpowers on the issue of denuclearization of the Korean Peninsula. Wi-Sung-lac, South Korea’s chief envoy to the six-party talks was scheduled to visit China by the end of the week to meet Wu Dawei, China’s special representative for the Korean Affairs. Wi was to meet Kurt Campbell, US Assistant Secretary of State for East Asian and Pacific Affairs later on to discuss the issue of food aid by the US to North Korea. The recent strategy adopted by both the Koreas seems to reaffirm that an improvement in their bilateral relationship is necessary to resume the six-party talks.²⁷

North Korea has reportedly test launched a KN-06 short-range missile off its west coast in the middle of last week, according to an intelligence source. The launch, seen as a test to improve the missile, coincided with recent series of threats by Pyongyang against Seoul. Last week, the North threatened to cut off a military hotline with the South and to stop its engagement with the latter.²⁸

C. Central Asia And Russia

Central Asia

- **2011 World Economic Forum on Europe and Central Asia inaugurated; Kyrgyzstan President says Kyrgyzstan welcomes foreign investors; Kazakhstan’s upper house of parliament rejects deployment of troops to Afghanistan; Grigori Marchenko, the IMF candidate backed by the former Soviet bloc withdraws from IMF bid; Malaysian Prime Minister visits Astana; Indian companies may invest in Kashagan by buying part of ExxonMobil’s share; Kyrgyz-U.S. Annual Bilateral Consultations (ABCs) held in Washington, D.C; ADB agrees to provide \$55 million for Central Asian interstate highway project linking Bishkek to China; Tajikistan may join the customs union; and Tajik President Emomali Rahmon addresses the European Parliament.**

The 2011 World Economic Forum opened a two day conference devoted to European-Central Asian economic cooperation in Vienna. Over 500 participants along with heads of state and government from 12 countries took part in this event. Kyrgyz President Roza Otunbayeva and

²⁶ “Pres. Lee urges NK to pursue ‘path of peace and prosperity’”, *Dong-A Ilbo*, June 7, 2011, at <http://english.donga.com/srv/service.php3?biid=2011060771178>

²⁷ “S. Korea to meet with the US, China instead of six-party talks”, *Asahi Shimbun*, June 6, 2011, at <http://www.asahi.com/english/TKY201106060183.html>

²⁸ “North Korea test launched short-range missile near Yellow Sea last week”, *Korea Herald*, June 8, 2011, at <http://www.koreaherald.com/national/Detail.jsp?newsMLId=20110608000109>

Kazakhstan's Economy Minister Kairat Kelimbetov represented their respective countries. The conference focused on issues of improving competitiveness, managing risks and using natural resources wisely. The head of the organization's Europe and Central Asia department, Stephen Kinnock, emphasized the goal of the conference was to "highlight the partnerships that are already working in the region and to build the new bridges between Europe and Central Asia that will drive sustainable growth through collaborative innovation."²⁹ Innovation was to become one of the key factors in establishing trade relations on a long-term basis rather than Central Asian countries hinging their economies on export of natural resources alone. Eurasian Development Bank (EDB) Chairman Igor Finogenov told the forum that growth of Central Asian regional economy will improve if integration is promoted and called on Central Asian states to unify their infrastructure in the spheres of electricity, water and transport to encourage regional economic growth.³⁰

Addressing World Economic Forum Kyrgyz President Roza Otunbayeva said Kyrgyzstan's business environment is welcoming to foreign investors and the "state will be a reliable partner for investors."³¹ She also said, "Kyrgyzstan's economy and its laws are among the most liberal. In this contrary, monetary policy has a flexible decision-making system, good infrastructure and manpower with the necessary skills. In connection with innovative companies from leading states, our businesses may be used for entering new markets."³²

Kazakhstan's upper house of parliament, the Senate, rejected a bill to send servicemen to join NATO's International Security Assistance Force (ISAF) mission in Afghanistan on 9th June. The proposal to reject the bill was promoted by the International Affairs, Defense and Security Committee. The lower house or the *Majilis* had approved the plan on May 18 to send four officers to join ISAF in the war-ravaged country and the bill intended to send the troops to Afghanistan for a period of six months in support of the coalition forces there. The Taliban in May warned Kazakhstan of "serious consequences" if it sent military personnel to Afghanistan.³³

Grigori Marchenko, who has pulled out of the race to run the International Monetary Fund (IMF), was a reluctant contender who first heard of his candidacy by text message on the day it was

²⁹ 'World Economic Forum opens Europe-Central Asia economic conference', *Central Asia Newswire*, June 08, 2011 at <http://centralasianewswire.com/Regional/World-Economic-Forum-opens-Europe-Central-Asia-economic-conference/viewstory.aspx?id=4216>

³⁰ 'Integration is critical to Central Asian development, bank chief says', *Central Asia Newswire*, June 09, 2011 at <http://centralasianewswire.com/Regional/Integration-is-critical-to-Central-Asian-development-bank-chief-says/viewstory.aspx?id=4227>

³¹ 'World Economic Forum opens Europe-Central Asia economic conference', *Central Asia Newswire*, June 08, 2011 at <http://centralasianewswire.com/Regional/World-Economic-Forum-opens-Europe-Central-Asia-economic-conference/viewstory.aspx?id=4216>

³² -ibid-

³³ 'Kazakh senate rejects troop deployment to Afghanistan', *Central Asia Newswire*, June 09, 2011 at <http://centralasianewswire.com/Kazakhstan/Kazakh-senate-rejects-troop-deployment-to-Afghanistan/viewstory.aspx?id=4220>

agreed at a meeting of the Commonwealth of Independent States (CIS), the group of former Soviet countries.³⁴ Marchenko, the head of the National Bank of Kazakhstan was promoted as the IMF candidate by the former Soviet Commonwealth of Independent States (CIS) in May. The focus on geopolitics underplayed his personal qualifications to be a candidate. The developing countries are unable to arrive at a unanimous consensus to nominate any candidate from a developing country. Marchenko, an energetic economist, with an almost professorial manner, is one of the developing world's most outstanding central bankers. He won acclaim for steering Kazakhstan through a successful bank restructuring during the financial crisis, and before that, for managing the impact of the 1998 Russian financial crisis. He said that G8 countries may have agreed to back the French finance minister, even before the sudden resignation of Dominique Strauss-Kahn, who was expected to leave in July to campaign in the French presidential elections.³⁵

Malaysian Prime Minister Datuk Seri Najib Tun Razak on official visit to Astana announced that Kazakhstan and Malaysia will carry out five signature projects that will lead to greater Malaysian investment in Central Asia's largest economy. Najib Razak said Malaysians will invest in energy exploration in Kazakhstan, through its state-owned oil and gas company Petronas, in exchange for Kazakh involvement in Petronas projects in third countries. Apart from this it will invest in Kazakh Islamic bank, cattle breeding, energy generation and construction of a hotel. "Our trade is estimated at \$100 million after a 30 percent rise last year, but still it does not reflect our country's potential," said the Kazakh president.³⁶ The projects will be implemented by both the countries at the earliest.

India's GAIL national gas company and Indian Oil and Natural Gas Corp (ONGC) are eyeing ExxonMobil's share in the supergiant Kashagan oil field in Kazakhstan, Gail Chairman B.C. Tripathi said on June 8th. GAIL and ONGC moved to buy an 8.4 percent equity stake from the American multinational oil and Gas Corporation for around \$5 billion. ExxonMobil holds a 16.81 percent stake of the consortium along with Total, Agip, Royal Dutch Shell and KazMunaiGas, each with the same size of holding. The companies led by ONGC Videsh tendered a "non-binding but firm indicative bid" to ExxonMobil for 50 percent of its holdings in the Kashagan field, one of the world's largest oil finds in four decades.³⁷

Kyrgyz Foreign Minister Ruslan Kazakbayev on June 10 attended the first Kyrgyz-U.S. Annual

³⁴ 'Kazakhstan's Marchenko: the reluctant IMF candidate' by Richard Orange, *The Telegraph*, June 10, 2011 at <http://www.telegraph.co.uk/finance/economics/8569266/Kazakhstans-Marchenko-the-reluctant-IMF-candidate.html>

³⁵ 'Christine Lagarde's victory a 'done deal' says IMF rival' by Richard Orange, *The Telegraph*, June 09, 2011 at <http://www.telegraph.co.uk/finance/economics/8566530/Christine-Lagarde-victory-a-done-deal-says-IMF-rival.html>

³⁶ 'Malaysia to invest in five signature projects in Kazakhstan', *Central Asia Newswire*, June 07, 2011 at <http://centralasianewswire.com/Kazakhstan/Malaysia-to-invest-in-five-signature-projects-in-Kazakhstan/viewstory.aspx?id=4205>

³⁷ 'Indian companies may buy part of ExxonMobil's Kashagan share', *Central Asia Newswire*, June 08, 2011 at <http://centralasianewswire.com/Kazakhstan/Indian-companies-may-buy-part-of-ExxonMobilrsquos-Kashagan-share/viewstory.aspx?id=4213>

Bilateral Consultations (ABCs) in the U.S. capital Washington, DC. U.S. Assistant Secretary of State for South and Central Asia Robert Blake also attended the meeting. Blake said, "There are numerous opportunities for the U.S. and Kyrgyzstan to collaborate to promote business...The private sector plays an important role in our efforts to achieve these goals through trade and investment. We make it our mission to do as much as we can to help U.S. companies expand their exports and business overseas and resolve any problems they might experience."³⁸ Blake also urged the Kyrgyz government to reconsider its condemnation of Kimmo Kiljunen, who led the international inquiry into the country's 2010 ethnic violence. The Kyrgyz parliament barred him from the country shortly after the report was published.³⁹

The Asian Development Bank (ADB) has agreed to provide a \$55 million for the Central Asian interstate highway project to improve the 37-mile stretch of highway linking the Kyrgyz capital Bishkek and Kashi in China. The work will be carried out under the Central Asian Regional Economic Cooperation (CAREC) Program, which encompasses a network of six trade corridors interconnecting the Central Asian states and linking up with surrounding countries. ADB-supported CAREC was established to bolster cooperation by means of trade, transport, and energy links between the five Central Asian nations and their neighbors Afghanistan, Azerbaijan, China, Mongolia and Pakistan.⁴⁰

Tajik Customs Service chief Gurez Zaripov said that Tajikistan will follow Kyrgyzstan into the customs union. At a Customs Services Council meeting in the Siberian city of Irkutsk, he announced that Tajikistan "will join to the union after Kyrgyzstan, which has already made a decision". However he pointed out that Tajikistan would need to first demarcate its borders.⁴¹ In the meanwhile, Tajik President Emomali Rahmon on 6th June addressed the European Parliament in Strasbourg on Central Asian cooperation issues and the region's ongoing water problems. Rahmon asked for European support to help resolve conflict issues in Central Asia related to scarce water resources. The mountainous water-rich republic is in continuous conflict over the sharing of resources with its neighbors in the water-parched region. The country lacks hydropower production capacity to meet domestic demands for electricity and is in the process of constructing a large hydroelectric dam that has been strongly criticized by downstream neighbor Uzbekistan, which claims it will divert the region's rare water resources from crops. "We expect that the European Union in the framework of its Strategy for Central Asia will be more inclusive to pay attention to issues of strengthening cooperation among regional countries, strengthen confidence, giving new

³⁸ 'Kyrgyzstan, US hold inaugural consultations in Washington', *Central Asia Newswire*, June 10, 2011 at <http://centralasianewswire.com/Kyrgyzstan/Kyrgyzstan-US-hold-inaugural-consultations-in-Washington/viewstory.aspx?id=4233>

³⁹ -ibid-

⁴⁰ 'ADB to provide \$55M for Kyrgyzstan-China highway', *Central Asia Newswire*, June 08, 2011 at <http://centralasianewswire.com/Kyrgyzstan/ADB-to-provide-55M-for-Kyrgyzstan-China-highway/viewstory.aspx?id=4214>

⁴¹ 'Tajikistan hopes to follow Kyrgyzstan into customs union', *Central Asia Newswire*, June 10, 2011 at <http://centralasianewswire.com/Tajikistan/Tajikistan-hopes-to-follow-Kyrgyzstan-into-customs-union/viewstory.aspx?id=4231>

impetus to the civilized nature of the relationship and the removal of obstacles to free movement of goods, capital and labor,” Rahmon said.⁴²

Russia

- **Russia agrees to lift its ban on EU vegetables on certain condition; Russia reduces electricity supply to Belarus due to its failure to pay its dues; NATO and Russia clashes over missile defence; Azerbaijan wants Russia to pay more for use of a radar station: says Azeri Deputy Foreign Minister; Russia seeks Algerian Mi-28 export deal; Russia opposes any UN Security Resolution on Syria; Russian President emphasizes on environmental clean-up; no substantial progress between Russia and Georgia on Russia's bid to enter WTO**

Russian President Dmitry Medvedev, after a tense EU-Russia summit in Nizhny Novgorod, stated that Moscow would lift its ban on EU vegetables once Brussels handed over certificates vouching for their safety. It is worth noting that Russia imposed the ban last week after the outbreak of a rare strain of E.coli bacteria that so far has killed some 30 people in Europe and infected another 2,600, mainly in Germany. However, Medvedev refrained from putting a time frame on lifting the ban.⁴³

Russia's Inter RAO has reduced about half of its electricity supplies to Belarus due to the latter's failure to pay its dues, which is reportedly around \$54 million. Although imports of Russian electricity account for less than 10 percent of Belarus' needs, and Belarus's consumers wouldn't be hurt by Inter RAO's move, Belarus would try to quickly settle its debt.⁴⁴

While NATO and Russia have clashed again over the former's to build a missile defense system, NATO Secretary-General Anders Fogh Rasmussen was still of the view that the military alliance and Russia "are coming closer to reaching agreement" on principles for cooperating by creating two separate missile defense systems — one NATO and one Russian — that could exchange information. However, Russian Defense Minister Anatoly Serdyukov denied such a prospect as the idea of linked Russian and NATO missile shields did not suit Moscow and could spark a new arms race.⁴⁵

Azerbaijan wants Moscow to pay more for the use of a radar station that is part of Russia's warning system against attacks from beyond its southern frontiers, according to Azeri Deputy Foreign

⁴² 'Tajik leader asks European body to enhance Central Asian cooperation', *Central Asia Newswire*, June 07, 2011 at <http://centralasianewswire.com/Tajikistan/Tajik-leader-asks-European-body-to-enhance-Central-Asian-cooperation/viewstory.aspx?id=4201>

⁴³ Balmforth, Tom, "At 'Veggie Summit', Russia agrees to rescind EU ban", Radio Free Europe Radio Liberty, June 10, 2011, http://www.rferl.org/content/russia_and_eu_seek_to_heal_trade_rift/24230612.html

⁴⁴ "Belarussian power cut over \$54 million bill", *The Moscow Times*, June 10, 2011, <http://www.themoscowtimes.com/business/article/belarussian-power-cut-over-54m-bill/438601.html>

⁴⁵ "NATO and Russia clash again on missile defence", *The Moscow Times*, June 10, 2011, <http://www.themoscowtimes.com/news/article/nato-and-russia-clash-again-on-missile-defense/438579.html>

Minister Araz Azimov. Moscow currently pays \$10 million per year for its operation from the Qabala radar station situated on the Caspian Sea between Russia and Iran. Russia's agreement with Azerbaijan on the Qabala station is for 10 years and it is to expire in August next year.⁴⁶

Russia's Rosvertol attack helicopter producer is in talks with Algeria over exports of its Mi-28NE for delivery from 2012-2017, according to General Director Boris Slyusar of Rosvertol, the state-owned Russian Helicopters holding company. If successful, the deal will be the second export sale of the night-capable Mi-28NE, which is currently being introduced to the Russian armed forces. Earlier in 2010, Venezuela ordered for ten Mi-28s, although they are yet to be delivered.⁴⁷

Russia has protested against any U.N. Security Council resolution on Syria. Moscow has already stepped up its threat to veto a Western-backed draft condemning the country's crackdown on protesters. Russia does not believe that the situation in Syria poses any threat to international peace and security and insists that the violent confrontation should be resolved by the Syrians themselves "without outside influence".⁴⁸

Russian President Dmitry Medvedev emphasizes on the necessity of new environmental laws and greater investment for Moscow in order to bring an end to industrial pollution and clean up more than 30 billion tons of toxic waste countrywide. Meanwhile, Russia's Natural Resources Minister Yury Trutnev said Russia would spend 3.2 billion rubles (\$116 million) over the next three years to overcome consequences of pollution in its Arctic Franz Josef Land and Wrangel Island, and around Lake Baikal.⁴⁹

Russia has urged Estonia to take all the necessary measures to protect the rights of ethnic minorities and abolish the status of "non-citizen". It is worth noting that the category of 'non citizens', created in 1991 by the Latvian Parliament, is largely applicable to Russians who moved to Latvia from erstwhile Soviet Union. Because of the Estonian-language element of the citizenship test, many of those Russians have been categorized as 'non-citizen' and they are barred from acquiring a national passport and casting their votes in elections.⁵⁰

According to Georgia's Prime Minister Nika Gilauri, the three-month long talks between Georgia and Russia have not made much progress on the issue of Russia's bid to join the World Trade Organization (WTO). Apart from the five-day long war between the two countries in 2008 over the breakaway Georgian region of South Ossetia, the differences between them seem to have

⁴⁶ Ibid.

⁴⁷ "Rosvertol seeks Algeria Mi-28 export deal", RIA Novosti, June 6, 2011, http://en.rian.ru/military_news/20110606/164469341.html

⁴⁸ "Russia to reject UN Syria draft", *The Moscow Times*, June 10, 2011, <http://www.themoscowtimes.com/news/article/russia-to-reject-un-syria-draft/438608.html>

⁴⁹ "Medvedev talks of clean-up", *The Moscow Times*, June 10, 2011, <http://www.themoscowtimes.com/business/article/medvedev-talks-of-clean-up/438613.html>

⁵⁰ "Russia urges Estonia to respect ethnic minorities-Foreign Minister", RIA Novosti, June 11, 2011, <http://en.rian.ru/world/20110611/164574969.html>

appeared due to Abkhazia's continued insistence on transparency on border crossings, on customs checkpoints from Moscow.⁵¹

D. West Asia

Iran

- **Mohammad Aliabadi appointed Iran's caretaker oil minister**

Iranian President Mahmoud Ahmadinejad has appointed Mohammad Aliabadi as the caretaker oil minister after the dismissal of Masoud Mirkazemi. Aliabadi is to represent the country in the 159th OPEC meeting scheduled in Vienna on June 8. It is worth noting that under the Fifth Five-Year Development Plan (2010-2015) of Iran, the Iranian government is obliged to reduce its ministries from 21 to 17 in order to officially improve the efficiency of state administration. However, criticized the appointment of Aliabadi has been criticized by Iranian lawmaker, the Majlis. According to Majlis Energy Committee Chairman Hamid-Reza Katouzian said "this is the worst choice for the oil and gas industry, and such decisions endanger the country."⁵²

Iraq

- **Al-Qaeda takes responsibility for central Iraq attacks**

Al-Qaeda's group in Iraq claimed responsibility for a string of recent suicide bombings that killed at least 36 people, including a military intelligence chief, Colonel Nuri al-Mashhadani. In the meantime, Iraqi leaders are still discussing whether to request an extension of the US military presence beyond a scheduled withdrawal at the end of this year. In recent times, violence has fallen sharply across Iraq since its peak in 2006 and 2007, although attacks remain common. A total of 177 Iraqis were killed as a result of violence in May 2011, according to official figures.⁵³

E. USA

- **Outgoing US Defence Secretary Robert Gates warns that the US may no longer consider NATO as worth supporting**

In his final policy speech, outgoing US Defence Secretary Robert Gates issued a dire warning that

⁵¹ "No 'substantial' Georgia WTO progress", *The Moscow Times*, June 10, 2011, <http://www.themoscowtimes.com/business/article/no-substantial-georgia-wto-progress/438602.html>

⁵² "Aliabadi to represent Iran in OPEC meeting," *Tehran Times*, June 6, 2011, at http://www.tehrantimes.com/index_View.asp?code=241941

⁵³ "Al-Qaeda claims deadly central Iraq attacks," *Khaleej Times*, June 8, 2011, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2011/June/middleeast_June253.xml§ion=middleeast

“the level of cooperation from NATO member states with respect to money, weapons and troops threatened the potency and relevance of NATO in the future.” According to him, the decade long war has exhausted the US, the traditional leader and patron of the NATO alliance. It is also dealing with its own mounting budget deficits.⁵⁴ In the last few years, Washington has been quite vocal about its frustration with most of its NATO allies over various issues, including Afghanistan. US’ frustration has apparently deepened further as out of the 28 member states of the NATO, only five states - the US, Britain, France, Greece and Albania-have been spending 2% of their GDP on defence, a necessary requisite of the alliance system.⁵⁵ Given that NATO was initially formed to counter the Soviet threat during the Cold War, Robert Gates’ statement is bound to stir up debate within the US over the former’s continued relevance.

II. DEFENCE REVIEW

National

- **Indian Air Force Chief emphasizes on increasing country’s missile strike range; Indian Army to hold exercise along the Pakistan border**

Indian Air Force Chief Air Chief Marshal PV Naik, during an interview with the Hindustan Times, emphasized that India must develop strategic missiles with intercontinental reach to deliver warheads more than 5,500 km away, clearly proposing an increase in the country’s strike range. India currently plans to cap its strategic missile reach at 5,000 km, establishing a posture of deterrence against China and Pakistan. However, Naik argues that India’s rising global stature demands developing intercontinental ballistic missiles (ICBM). This is the first time that a serving military chief has argued for broadening India’s strike capabilities beyond the immediate neighbourhood. Naik, who also heads the chiefs of staff committee, further stated, “India should pursue an ICBM programme to acquire ranges of 10,000 km or even more. Breaking out of the regional context is important as the country’s sphere of influence grows. We have no territorial designs on any country, but India needs the capability to match its sphere of influence.” The Air Chief believes that India is capable of developing an ICBM. According to him, “There’s no point capping the missile programme at 5,000 km. If we have the technical capability, we should build on it.” At present, the 3,000-km range Agni-III is the only missile in the Indian arsenal that can strike targets inside China.⁵⁶

⁵⁴ Thom Shanker and Steven Erlanger. “Blunt U.S. Warning Reveals Deep Strains in NATO”, *The New York Times*, June 10, 2011. http://www.nytimes.com/2011/06/11/world/europe/11nato.html?_r=2&ref=world

⁵⁵ “Does NATO Have a Purpose and Longer?” *The Guardian*, June 12, 2011. <http://www.guardian.co.uk/commentisfree/cifamerica/2011/jun/12/nato-usa>

⁵⁶ “Air Chief PV Naik in favour of flexing missile power”, *Hindustan Times*, June 11, 2011, at <http://www.bharat-rakshak.com/NEWS/newsrfr.php?newsid=14862>

Meanwhile, the Indian Army is to hold a massive exercise in the winters along the western border with Pakistan involving the elite 21 Strike Corps, mobilizing over 20,000 troops and over 200 tanks. The exercise will be part of the Army's routine war games to fine-tune its war-fighting concepts and doctrines. During the exercise, the Army troops will also practice joint operations, with the Indian Air Force fighters. The exercise will also involve precision munition and advance surveillance systems to achieve a greater degree of network centric capability. It is worth noting that after its experience in 'Operation Parakram', the Indian Army has been practicing manoeuvres to reduce the time taken to mobilise its troops swiftly to attack enemy formations. The exercise is expected to sharpen the skills of the army further.⁵⁷

International

● Iran deploys Submarines to the Red Sea; U.S. Navy cruiser in Black Sea invites sharp reaction from Moscow

In its effort to showcase its naval strength, Iran has sent submarines to the Red Sea in the first such deployment by the country's navy in distant waters; a semi-official news agency reported on Tuesday. Over the years, Iran has been seeking to upgrade its air defense systems and navy to portray itself as a regional military superpower, as well as prepare for any possible future attacks against the country, particularly from the US.⁵⁸

In a major development, the arrival of a U.S. Navy cruiser Monterey equipped with the Aegis anti-missile system in the Black Sea to participate in the Ukrainian-US joint naval exercises-*Sea Breeze 2011* - with Ukraine, has attracted harsh criticism from neighbouring Russia, as Moscow considered the navy cruiser a threat to its national security. The protest came after the failure of the talks between Russia and the West to reach a breakthrough on a missile shield project for Europe. Recently Moscow had stated that it would drop its opposition to NATO installing missile defense facilities in Europe if the latter provided legal guarantees the system would not be directed against Russia. NATO however rejected the proposal, saying legal guarantees would be hard to put on paper. The Russian foreign ministry said Monterey's arrival in the Black Sea demonstrated blatant disregard for Moscow's concerns.⁵⁹

⁵⁷ "Indian Army to hold massive exercise along Pakistan border", Bharat Rakshak, Jun 10 2011, at <http://www.bharat-rakshak.com/NEWS/newsrf.php?newsid=14861>

⁵⁸ "Iran sends submarines to Red Sea", Brahmand.com, Jun 08, 2011, at <http://www.brahmand.com/news/Iran-sends-submarines-to-Red-Sea/7251/1/13.html>

⁵⁹ "Russia Objects to U.S. Navy Cruiser in Black Sea", AGENCE FRANCE-PRESSE, June 12, 2011, at <http://www.defensenews.com/story.php?i=6791280&c=AME&s=SEA>

III. INTERNAL SECURITY REVIEW

Jammu & Kashmir

- **Cop killed at Sopore; 2 held in Lal Chowk killing; A labourer killed by shell explosion; Sopore man shot dead at Lal Chowk; Panchayat elections in its 14th phase ends peacefully; 2 hurt in Kupwara gunfight; A general strike observed in the Kashmir valley in response to a call by Hurriyat Conference**

A policeman was shot dead by unidentified gunmen in North Kashmir. The cop was fired by the gunmen from a point blank range.⁶⁰

Police have detained two persons for questioning in connection with the killing of Muhammad Afzal Khan at Lal Chowk. The two detained persons are from Rebban Rafiabad in North Kashmir.⁶¹

A shell explosion in Shangus area of the South Kashmir district left a labourer killed and three others injured, including two women. The live shell was reportedly inside a dead stock.⁶²

A person was shot dead by unidentified assailants on Residency Road, Lal Chowk. The deceased, Muhammad Afzal Khan, was shot in the head from a point blank range. The broad daylight killing in the Lal Chowk area has sent alarm bells ringing in the security establishment of the state.⁶³

The 14th phase of Panchayat elections concluded peacefully with large number of people exercising their right of franchise to elect 217 Sarpanchs and 1486 Panchs in nine CD blocks of the state.⁶⁴

A Joint Commissioned Officer (JCO) and a soldier were injured in an encounter with militants in a major search operation launched by Army in Handwara tehsil of Kupwara district.⁶⁵

A general strike was observed in the Valley on the call given by Hurriyat Conference (G) to pay

⁶⁰ 'Cop shot dead at Sopore', *Greater Kashmir*, June 9, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/9/cop-shot-dead-at-sopore-38.asp>

⁶¹ '2 held in Lal Chowk killing', *Greater Kashmir*, June 7, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/8/2-held-in-lal-chowk-killing-35.asp>

⁶² 'Shell Explosion kills labourer in Islamabad', *Greater Kashmir*, June 7, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/8/shell-explosion-kills-labourer-in-islamabad-73.asp>

⁶³ 'Sopore man shot dead at Lal Chowk', *Greater Kashmir*, June 6, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/7/sopore-man-shot-dead-at-lal-chowk-36.asp>

⁶⁴ '14th phase of Panchayat elections ends', *Greater Kashmir*, June 6, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/7/14th-phase-of-panchayat-elections-ends-23.asp>

⁶⁵ 'JCO among 2 injured in Kupwara gunbattle', *Greater Kashmir*, June 9, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/10/jco-among-2-injured-in-kupwara-gunbattle-30.asp>

tributes to those killed in last three years summer unrests. Though there was no report of any untoward incident in any part of Srinagar but the strike had a considerable impact in both south and north Kashmir.⁶⁶

North East India

- **NSCN expels Khaplang leader; More splits in NSCN; Company officials abducted in Mizoram; 19 Manipur children rescued; ULFA might target oil companies;**

NSCN has expelled the group's chief S.S. Khaplang from the outfit for alleged autocratic style of functioning. The expulsion came after Khaplang removed the outfit's self-styled commander-in-chief general Khole Konyak, who was nominated as the acting chairman of the NSCN.⁶⁷ Khaplang, after his expulsion, has come up with counter-expulsion orders against senior functionaries of GPRN/NSCN terming it as a unification group indicating further splits in the Naga insurgent outfit.⁶⁸

The Project Manager and the Commercial Manager of ABCI Infrastructure Pvt Ltd were kidnapped by armed miscreants from Mizoram. They were abducted by about 10 armed miscreants from their camp in Meidum.⁶⁹

19 children from Tamenglong district of Manipur who were trafficked to Maharashtra in 2007 on the pretext of providing free education in Detheaba Children Home there, have been brought back to the State.⁷⁰

Intelligence inputs about a plan by members of the anti-talk faction of the ULFA to target the oil companies have kept the security on alert. According to security agencies 35 hardcore militants including few well trained cadres have already entered Assam from the bases of the outfit in Myanmar.⁷¹

⁶⁶ 'Shutdown affects life in Kashmir', *Greater Kashmir*, June 11, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/12/shutdown-affects-life-in-kashmir-29.asp>

⁶⁷ 'NSCN expels 'autocratic' Khaplang', *The Assam Tribune*, June 9, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun0911/at036>

⁶⁸ 'Khaplang issues counter expulsions, splits in NSCN', *The Assam Tribune*, June 11, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1111/at043>

⁶⁹ '2 company officials abducted in Mizoram', *The Assam Tribune*, June 8, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun0911/oth06>

⁷⁰ '19 Manipur children rescued', *The Assam Tribune*, June 8, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun0911/oth07>

⁷¹ 'ULFA likely to target oil companies', *The Assam Tribune*, June 11, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1211/at06>