

# THE WEEK IN REVIEW

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## I. COUNTRY REVIEWS

### A. South Asia

#### Bangladesh

- **India's Chief of Army Staff visits Bangladesh; Foreign Minister Dipu Moni visits China; China intends to help Bangladesh to build a deep-sea port; Bangladesh signs deal with US oil company for deep sea exploration; Chittagong water supply and sewerage authority signed a contract with a Chinese joint venture company for establishing phase one of Karnaphuli water supply project**

Reports noted that India's Chief of Army Staff General V K Singh went to Bangladesh on a five-day visit on June 19.<sup>1</sup>

Bangladesh Foreign Minister Dipu Moni went to China on an eight-day visit on June 15. One of the important objectives of this visit is to seek Chinese assistance for establishing a deep-sea port in Bangladesh.<sup>2</sup> The Deepwater Port Authority (DPA) in China conveyed to visiting Foreign Minister, that it can help Bangladesh build a deep-sea port.<sup>3</sup>

In another development, according to reports, Bangladesh has signed a production sharing contract (PSC) with US oil company ConocoPhillips to explore gas and oil in the Bay of Bengal on June 16. This is Bangladesh's first ever attempt to explore its hydrocarbon prospect in the Bay.<sup>4</sup> However, different organizations have condemned government's signing of the deal, as it will give 80 percent of the extracted gas to the foreign company. According to the protestors, Bangladesh Petroleum Exploration and Production Company (Bapex) should be given the contract.<sup>5</sup>

In other developments, Chittagong Water Supply and Sewerage Authority signed a contract with a Chinese joint venture company China National Technical Import and Export Corporation

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<sup>1</sup> "Indian army chief due tomorrow", *The Daily Star*, June 18, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190481>

<sup>2</sup> "Dipu Moni starts China visit today", *The Daily Star*, June 15, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190074>

<sup>3</sup> "China keen to help build deep-sea port", *The Daily Star*, June 17, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190300>

<sup>4</sup> "Deal signed for deep-sea exploration", *The Daily Star*, June 17, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190331>

<sup>5</sup> "Gas Exploration: PSC with US co protested", *the Daily Star*, June 17, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190306>

(CNTIEC) and Beijing Sound Environment Engineering Corporation (BSEEC) for establishing phase one of Karnaphuli Water Supply Project, a water treatment plant, at Pomra of Rangunia upazila on June 15.<sup>6</sup>

## Sri Lanka

- **President Rajapaksa visits Russia; Ferry service between India and Sri Lanka begins; Tamil Nadu assembly passed an unanimous resolution on Sri Lanka; Sri Lankan opposition condemned the CEPA; Pak-Sri Lanka agree to initiate negotiation agreement on cooperation against Illicit trafficking in narcotics drugs, psychotropic substances and their chemical precursors**

President Mahinda Rajapaksa went to St. Petersburg in Russia on June 16 to participate in the International Economic Forum. During his visit, President Rajapaksa held bilateral talks with several heads of state including the Presidents of Russia and China. Senior Minister Dr Sarath Amunugama, External Affairs Minister Professor G L Peiris, Parliamentarian Sachin Vass Gunawardena, Secretary to the President Lalith Weerathunga and Central Bank Governor Ajith Nivard Cabraal accompanied the President.<sup>7</sup>

According to reports, the much awaited ferry service between India and Sri Lanka began on June 14 with the 'Scotia Prince' completing its maiden voyage to Colombo from Tuticorin. Deputy Minister of Ports and Highways, Rohitha Abeygunawardane who toured the vessel after it docked at the Colombo Port said the Ministry hoped to begin another ferry service between Rameshwaram and Talaimannar as well. However, a day after a ferry service was flagged off, Tamil Nadu Chief Minister J. Jayalalithaa asked the central government to suspend it, saying her government was not consulted on the move.<sup>8</sup>

Meanwhile, reports noted that within weeks of coming into power, the Jayalalithaa government had passed an unanimous resolution in the Tamil Nadu Assembly seeking imposition of economic sanctions on Sri Lanka for alleged human rights violations during the war against LTTE.<sup>9</sup> Tamil National Alliance (TNA) and Tamil diaspora have welcomed the resolution.<sup>10</sup> However, India's Janatha Party chief Subramanian Swamy described it as "ridiculous," saying it would be "highly

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<sup>6</sup> "Ctg Water Plant: Tk 302 cr deal with Chinese co signed", *The Daily Star*, June 16, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=190156>

<sup>7</sup> "President's visit to Russia", *Sunday Observer*, June 19, 2011 at <http://www.sundayobserver.lk/2011/06/19/new80.asp>

<sup>8</sup> Hussain, Nabeela, "Colombo-Tuticorin ferry service launched", *The Daily Mirror*, June 15, 2011 at <http://print.dailymirror.lk/news/news/47012.html>

<sup>9</sup> "Jayalalithaa-Singh may talk SL", *The Daily Mirror*, June 13, 2011 at <http://print.dailymirror.lk/news/front-page-news/46776.html>

<sup>10</sup> "Tamil Diaspora hails Jaya move on Lanka", *The Daily Mirror*, June 14, 2011 at <http://print.dailymirror.lk/news/news/46886.html>

damaging for India's national interest."<sup>11</sup> The Sri Lanka Muslim Congress - a coalition party of the ruling UPFA Government in Sri Lanka, strongly condemned the resolution.<sup>12</sup>

In another development, the main opposition United National Party (UNP) yesterday urged the Sri Lankan Government to transform the proposed Comprehensive Economic Partnership Agreement (CEPA) with India into a win-win situation for both countries and not to approve the Agreement in its present form.<sup>13</sup> UNP, JHU and JNP showed a sense of unity to condemn the proposed CEPA agreement with India.<sup>14</sup>

In other developments, reportedly, the government of Pakistan has approved in principle to initiate negotiations with Sri Lanka on the draft Agreement on Cooperation against illicit trafficking in Narcotics Drugs, Psychotropic Substances and their Chemical Precursors between the two countries.<sup>15</sup>

## Maldives

- **President Nasheed meets Former Foreign Secretary of India Ambassador Shyam Saran; Minister of Industry and Commerce of Sri Lanka Rishad Bathiudeen paid a courtesy call on President Mohamed Nasheed; Project with the grant aid of US\$5.7 million from the Government of India launched in the Maldives; President meets former Deputy Prime Minister of Nepal**

President Mohamed Nasheed met Chairman of Indian Research and Information System for Developing Countries (RIS) and former Foreign Secretary of India Ambassador Shyam Saran on June 13. The President and the RIS Chairman exchanged views on expanding the use and connectivity of information and communication technologies in the development of the Maldives, during the meeting.<sup>16</sup>

While, Minister of Industry and Commerce of Sri Lanka Rishad Bathiudeen paid a courtesy call on President Mohamed Nasheed on June 13. The President and the Minister discussed avenues to

<sup>11</sup> "'Resolution seeking sanctions on SL ridiculous': Swamy", *The Daily Mirror*, June 13, 2011 at <http://print.dailymirror.lk/news/news/46770.html>

<sup>12</sup> Ali, Rifithi, "SLMC condemns TN resolution", *The Daily Mirror*, June 13, 2011 at <http://print.dailymirror.lk/news/news/46771.html>

<sup>13</sup> "Don't Approve CEPA As At Present: UNP", *The Daily Mirror*, June 16, 2011 at <http://print.dailymirror.lk/news/front-page-news/47141.html>.

<sup>14</sup> "Parties unite to condemn CEPA", *The Daily Mirror*, June 15, 2011 at <http://print.dailymirror.lk/news/news/47029.html>

<sup>15</sup> "Pakistan, SL collaborate against drug trafficking", *The Daily Mirror*, June 17, 2011 at <http://print.dailymirror.lk/news/news/47223.html>

<sup>16</sup> "President Meets Chairman of Indian Research and Information System for Developing Countries Ambassador Shyam Saran", *The President's Office, Republic of Maldives*, June 13, 2011 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=5448>

promote trade collaboration between both countries, especially exploring ways to increase cooperation in fisheries.<sup>17</sup>

Reports noted that President Mohamed Nasheed has launched the information and communication technology adoption project – ‘Technology for the Future of Next Gen for the Maldives’ – with the grant aid of US\$5.7 million from the Government of India. The project will focus on improving the quality of Maldivian teachers by providing IT-enabled teaching skills and promoting ICT adoption amongst youth by providing them access to IT and vocational education. The project, starting on July 1, 2011, aims to provide ICT training to 2880 teachers and 1600 youth, and vocational training to 800 youth over two years.<sup>18</sup>

In other developments, President Mohamed Nasheed met former Deputy Prime Minister of Nepal K.P. Sharma Oli on June 15 and discussed relations between the two countries and their future politics, economic policies and the development plans.<sup>19</sup>

## B. East Asia

### China

- **Libyan opposition leader to visit China; Chinese marine patrol ship visits Singapore; Chinese, Ukrainian presidents meet to discuss bilateral ties; China, Russia sign power generation deal; Premier Wen to visit Hungary, Britain, Germany; China’s claim on South China Sea ‘indisputable; China’s president urges Iran to resume dialogue as soon as possible**

According to reports, an announcement was made that the Chairman of the Executive Board of Libyan opposition National Transitional Council (NTC) Mahmoud Jibril will pay a visit to China from June 21 to 22, 2011.<sup>20</sup>

On the bilateral front, the Chinese marine patrol ship Haixun 31 arrived in Singapore for a five-day visit. This will be the first visit by a marine patrol ship to Singapore.<sup>21</sup> In addition the Chinese President Hu Jintao and his Ukrainian counterpart Viktor Yanukovich met and decided to deepen

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<sup>17</sup> “Sri Lankan Minister of Industry and Commerce Calls on the President”, *The President’s Office, Republic of Maldives*, June 13, 2011 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=5450>

<sup>18</sup> “President Inaugurates ICT Adoption Project in Maldives with Grant Aid from Indian Government”, *The President’s Office, Republic of Maldives*, June 15, 2011 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=5460>

<sup>19</sup> “President Meets the Former Deputy Prime Minister of Nepal”, *The President’s Office, Republic of Maldives*, June 15, 2011 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=5463>

<sup>20</sup> “Libyan opposition leader to visit China” *China Daily*, June 20, 2011 at [http://www.chinadaily.com.cn/china/2011-06/20/content\\_12735828.htm](http://www.chinadaily.com.cn/china/2011-06/20/content_12735828.htm)

<sup>21</sup> “Chinese marine patrol ship visits Singapore” *China Daily*, June 19, 2011 at [http://www.chinadaily.com.cn/china/2011-06/19/content\\_12731444.htm](http://www.chinadaily.com.cn/china/2011-06/19/content_12731444.htm)

bilateral cooperation. "China is ready to work with Ukraine to promote bilateral cooperation and exchanges in a comprehensive and extensive way," Hu said during the meeting.<sup>22</sup> Meanwhile China and Russia signed a power generation deal on the sidelines of the ongoing St Petersburg International Economic Forum.<sup>23</sup> In addition China and Russia deepened their strategic relationship on by vowing to support each other on core security issues.<sup>24</sup>

In another development, reports noted that Chinese Premier Wen Jiabao will pay official visits to Hungary, Britain and Germany from June 24 to 28, 2011. Wen is visiting at the invitation of Hungarian Prime Minister Orban Viktor, British Prime Minister David Cameron and German Chancellor Angela Merkel.<sup>25</sup> Meanwhile, a Chinese government spokesman stated that China had indisputable sovereignty over the South China Sea islands and their surrounding waters.<sup>26</sup>

In other developments, Chinese President Hu Jintao has expressed the wish that Iran should carry out dialogue with the six nations on the nuclear issue as soon as possible.<sup>27</sup> Beijing has also stated that is willing to further strengthen military cooperation with Israel to contribute to the development of country-to-country relations.<sup>28</sup>

## C. Central Asia & Russia

### Central Asia

- **Astana hosts SCO Summit; China and Kurgyzstan sign agreement on provision of loans; Kazakh-EU parliamentary meet held in Brussels; Amendments to the Kyrgyz constitution vetoed by Kyrgyz President Otunbayeva; China Eximbank President: Yuan should play a bigger role than the U.S. dollar; Russian President calls Uzbekistan a strategic partner;**

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<sup>22</sup> "Chinese, Ukrainian presidents meet on ties" *China Daily*, June 19, 2011 at [http://www.chinadaily.com.cn/china/2011-06/19/content\\_12730261.htm](http://www.chinadaily.com.cn/china/2011-06/19/content_12730261.htm)

<sup>23</sup> "China, Russia sign power generation deal" *China Daily*, June 17, 2011 at [http://www.chinadaily.com.cn/china/2011-06/17/content\\_12727212.htm](http://www.chinadaily.com.cn/china/2011-06/17/content_12727212.htm)

<sup>24</sup> "New era for Sino-Russian ties" *China Daily*, June 17, 2011 at [http://www.chinadaily.com.cn/china/2011-06/17/content\\_12718645.htm](http://www.chinadaily.com.cn/china/2011-06/17/content_12718645.htm)

<sup>25</sup> "Premier Wen to visit Hungary, Britain, Germany" *China Daily*, June 16, 2011 at [http://www.chinadaily.com.cn/china/2011-06/16/content\\_12717062.htm](http://www.chinadaily.com.cn/china/2011-06/16/content_12717062.htm)

<sup>26</sup> "China's claim on South China Sea 'indisputable'" *China Daily*, June 15, 2011 at [http://www.chinadaily.com.cn/china/2011-06/15/content\\_12705769.htm](http://www.chinadaily.com.cn/china/2011-06/15/content_12705769.htm)

<sup>27</sup> "China's president urges Iran to resume dialogue ASAP" *China Daily*, June 14, 2011 at [http://www.chinadaily.com.cn/china/2011-06/14/content\\_12696869.htm](http://www.chinadaily.com.cn/china/2011-06/14/content_12696869.htm)

<sup>28</sup> "China seeks further military tie with Israel" *China Daily*, June 13, 2011 at [http://www.chinadaily.com.cn/china/2011-06/13/content\\_12686558.htm](http://www.chinadaily.com.cn/china/2011-06/13/content_12686558.htm)



**Turkmenistan-China pipeline completed; Uzbek presses Azerbaijan for military cooperation; and Tajik President visits Hungary**

Reports noted that Astana hosted the Shanghai Cooperation Organization (SCO) summit wherein the organization's 10<sup>th</sup> anniversary was commemorated. Member states China, Russia and Central Asian countries Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan participated in the summit wherein economic integration and security cooperation were among the top subjects of discussion. Iran, Pakistan, India and Mongolia have observer status in the body. The discussions in the two-day summit focused on the organization's successes over the past ten years and to plot the course for SCO's future. In line with the regional security organization's aims to wipe out terrorism, extremism and separatism, the SCO members signed a memorandum of understanding with the Collective Security Treaty Organization's (CSTO) Regional Antiterrorist Structure (RATS) to combat terrorism.<sup>29</sup> The participants signed the "Astana Declaration" emphasized the importance of peaceful resolution to internal conflicts and called for SCO states to adopt an anti-nuclear weapon stance to create a nuclear-weapon-free zone in the region, largely endorsed by the Kazakh President Nazarbaev.<sup>30</sup> The declaration also condemned unilateral build-up of missile defences. The summit witnessed China and the member states of the SCO backing Russia in criticising U.S. on the missile defence shield as it would undermine global security and lead to a second arms race.<sup>31</sup>

Addressing the 11th Summit India's External Affairs Minister S M Krishna said that only a meaningful approach could eliminate the menace of terrorism and expressed India's interest in engaging in a greater manner with the Regional Anti-Terrorist Structure (RATS) of the SCO in this context. He stated, "India would like to see the SCO zone emerge as a terror-free zone, free of safe havens and sanctuaries for terrorists and free of infrastructure of terrorism that poisons our common region.....We see the Regional Anti-Terrorist Structure (RATS) as an important regional answer to the terrorism challenge. We look forward to India's greater engagement with RATS and in counter-terrorism exercises in the region".<sup>32</sup>

Chinese President Hu Jintao laid out key priorities for the organization for greater regional integration in his keynote speech, emphasizing the first priority of increasing regional ties and bolstering cooperation, second as security and expanding economic cooperation as the third priority. He said, "China will continue delivering preferential loans to other SCO members and try to turn the Euro-Asia Economic Forum and the China-Asia-Europe Expo into regional economic

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<sup>29</sup> "Astana hosts SCO 10th anniversary summit", *Central Asia Newswire*, June 14, 2011 at <http://centralasianewswire.com/Regional/Astana-hosts-SCO-10th-anniversary-summit/viewstory.aspx?id=4257>

<sup>30</sup> "SCO summit stresses economic cooperation, security", *Central Asia Newswire*, June 15, 2011 at <http://centralasianewswire.com/Regional/SCO-summit-stresses-economic-cooperation-security/viewstory.aspx?id=4265>

<sup>31</sup> "China, allies back Russia against U.S. missile shield", *Reuters*, June 15, 2011 at <http://in.reuters.com/article/2011/06/15/idINIndia-57714320110615>

<sup>32</sup> "India Seeks Terror-Free Asia: Krishna", *Outlook India/ Press Trust of India*, June 15, 2011 at <http://news.outlookindia.com/item.aspx?725108>



cooperation platforms so as to better promote regional economic development and prosperity.”<sup>33</sup> Russian news agency Interfax quoted Pakistani President Asif Ali Zardari as reiterating his country’s wish to become a fully fledged SCO member.<sup>34</sup> The summit was concluded with Kazakhstan handing over SCO leadership to China for the year 2011.

On the eve of the SCO summit in Astana China’s Export-Import Bank (China Eximbank) will provide the loan. Kyrgyz Finance Minister Melis Mambetzhannov and China’s Export-Import Bank Chairman Lee Horn signed the agreement wherein China will provide a \$208 million loan for southern Kyrgyzstan to modernize its power lines. The loan will build a 500 kiloVolt (kV) station in Datka, in the Jalalabad province. Existing power stations Crystal, October, Nodal and Alai will be refurbished.<sup>35</sup>

According to reports, Kazakh-EU parliamentary meeting was held in Brussels in mid-June. The European Parliament’s Central Asia and Mongolia Delegation chairman Paolo Bartolozzi expressed that “Kazakhstan is an important driver of Central Asian stability and balance. The European Union regards Central Asia as a significant geopolitical region.” The meeting focused on ways to strengthen security in the region by cooperating in the fight against drug trafficking and terror; on the development of democracy and human rights; considered ways to boost political and economic ties.<sup>36</sup>

Reports noted that the opposition party Ar-Namys introduced amendments to the new Kyrgyz constitution, in the Kyrgyz parliament to expand the powers of the president. Kyrgyz President Roza Otunbayeva vetoed amendments on a bill concerning the approaching presidential elections by saying the country cannot afford to implement them. The amendments relate to regulations on the election of the head of state, parliamentary deputies and the Central Election Commission that oversees the process.<sup>37</sup>

According to reports, President and chairman of the Export-Import Bank of China (China Eximbank) Li Ruogu said that the Chinese yuan currency should beat out the U.S. dollar for

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<sup>33</sup> “SCO summit stresses economic cooperation, security”, *Central Asia Newswire*, June 15, 2011 at <http://centralasianewswire.com/Regional/SCO-summit-stresses-economic-cooperation-security/viewstory.aspx?id=4265>

<sup>34</sup> “China, allies back Russia against U.S. missile shield”, *Reuters*, June 15, 2011 at <http://in.reuters.com/article/2011/06/15/idINIndia-57714320110615>

<sup>35</sup> “China loans Kyrgyzstan \$208M for energy grid upgrade”, *Central Asia Newswire*, June 13, 2011 at <http://centralasianewswire.com/Kyrgyzstan/China-loans-Kyrgyzstan-208M-for-energy-grid-upgrade/viewstory.aspx?id=4246>

<sup>36</sup> “Kazakh-EU negotiations underway in Brussels”, *Central Asia Newswire*, June 16, 2011 at <http://centralasianewswire.com/Kazakhstan/Kazakh-EU-negotiations-underway-in-Brussels/viewstory.aspx?id=4268>

<sup>37</sup> “Otunbayeva vetoes amendments to presidential election law”, *Central Asia Newswire*, June 16, 2011 at <http://centralasianewswire.com/Kyrgyzstan/Otunbayeva-vetoes-amendments-to-presidential-election-law/viewstory.aspx?id=4269>

transactions in Central Asia and yuan should play a bigger role than the U.S. dollar in the region. He was of the opinion that this will boost regional trade relations and expand cooperation with neighboring countries to settle trades in the currency.<sup>38</sup>

Russian President Dmitry Medvedev said that Uzbekistan is a 'strategic partner' for Russia and is 'bound' to Russia both economically and historically. He made these remarks during a state visit to the Uzbek capital Tashkent on 14 June. Medvedev stated, "We are members of the same associations and participate in various international forums, but most importantly, we are bound by very strong economic and historical relations". While, the Uzbek leader said that the visit would offer an excellent opportunity to develop common positions on key, sensitive issues both in the region and beyond it. The two sides also exchanged views on boosting economic-trade ties and humanitarian cooperation as well as sharing perspectives on regional issues.<sup>39</sup>

According to reports, construction of the second west-east natural gas transmission pipeline that will transport Turkmen gas to China has been completed. CNPC said it plans to turn on the spigots in late June following final testing. The combined 3,020-mile pipeline, built in two parts, will pipe gas from Turkmenistan's super-giant gas fields to China's economically developed regions via the China-Central Asia pipeline.<sup>40</sup>

In another development, Uzbek Defense Minister, Maj. Gen. Kabul Berdiyev pressed Azerbaijan to jointly explore ways of developing their military industry potential. He expressed this to Azerbaijan's Parliamentary Speaker Oktay Asadov. The main purpose of Uzbek Defense Minister was to explore ways to build on this foundation. Asadov updated his Uzbek guest on the ongoing conflict between Armenia and Azerbaijan over the landlocked region of Nagorno-Karabakh.<sup>41</sup>

In other developments in the region, Tajik President Emomali Rahmon concluded his European tour with a visit to Hungary towards the end of the second week of June. During the two-day official visit he signed several bilateral agreements with his Hungarian counterpart Pal Schmitt. Both leaders agreed to develop their ties in the spheres of agriculture, health, foreign affairs and in relation to their Olympic Games committees.<sup>42</sup> Before his Hungarian visit, Rahmon visited the

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<sup>38</sup> "Yuan should beat out dollar in Central Asia, bank head says", *Central Asia Newswire*, June 14, 2011 at <http://centralasianewswire.com/Regional/Yuan-should-beat-out-dollar-in-Central-Asia-bank-head-says/viewstory.aspx?id=4252>

<sup>39</sup> "Uzbekistan is a 'strategic partner' for Russia, Medvedev says", *Central Asia Newswire*, June 14, 2011 at <http://centralasianewswire.com/Uzbekistan/Uzbekistan-is-a-strategic-partner-for-Russia-Medvedev-says/viewstory.aspx?id=4254>

<sup>40</sup> "CNPC completes construction of Turkmenistan-China pipeline", *Central Asia Newswire*, June 14, 2011 at <http://centralasianewswire.com/Turkmenistan/CNPC-completes-construction-of-Turkmenistan-China-pipeline/viewstory.aspx?id=4253>

<sup>41</sup> "Uzbek defense minister pursues military cooperation in Azerbaijan", *Central Asia Newswire*, June 15, 2011 at <http://centralasianewswire.com/Uzbekistan/Uzbek-defense-minister-pursues-military-cooperation-in-Azerbaijan/viewstory.aspx?id=4260>

<sup>42</sup> "Rahmon visits Hungary, scores EIB loan", *Central Asia Newswire*, June 13, 2011 at <http://centralasianewswire.com/Tajikistan/Rahmon-visits-Hungary-scores-EIB-loan/viewstory.aspx?id=4239>

European Investment Bank (EIB) in Luxembourg where he secured two financial agreements to enhance the impoverished Central Asian country's energy sector facilities. The EIB agreed to furnish a \$10 million to upgrade low- and medium-voltage distribution network in the northern Sughd province.<sup>43</sup>

## Russia

- **President Medvedev reiterates that Russia must modernize its economy and curb its over-dependence on oil and gas; Russian warship participates in NATO drills in North Atlantic; Medvedev pledges to rein in Russia's bureaucrats; Russia has opposed a Libya style resolution on Syria; Medvedev against co-run with Putin for Presidency; Russian President expects a non-deficit budget in 2011; Russia's anticipated gas deal with China has not materialized; Russia signs contract worth more than 1 billion US\$ with France for Mistral warships; Russia warns Belarus against imposing trade barriers; Prime Minister Putin has vowed that Russia will be amongst the top 5 global economies by 2021; Russia has backed Ban Ki Moon's candidature for a second UN term; Medvedev backs President Obama's re-election bid; Russian energy companies to invest in Armenia**

According to reports, President Dmitry Medvedev has told an economic forum in St. Petersburg that Russia must reduce its reliance on high oil prices. President Medvedev said that Russia cannot "count all the time on high oil prices or on their constant growth." Presenting a program of reforms for the country, Medvedev said Russia must press on with modernization of its economy in the next few years, regardless of who is in charge. He warned that the large and growing role of the government in the economy along with corruption, hostility to investors, and the centralization of power in the Kremlin which threaten the country's development.<sup>44</sup>

Reports noted that Russia's Admiral Chabanenko destroyer from the Northern Fleet will make a port call at the U.S. naval base of Norfolk on Monday in preparation for joint naval drills with NATO warships. Admiral Chabanenko, an Udaloy II class destroyer, and rescue tug Shakhter will take part in the FRUKUS 2011 exercises, which will be held on June 23-30 in the North Atlantic off the east coast of the United States. According to reports, the annual naval drills, which traditionally involve France, Russia, Britain and the United States, practice interoperability for future joint anti-piracy operations under a UN mandate. The FRUKUS 2011 exercise will consist of several stages including joint maneuvering, repelling attacks of fast-speed boats, boarding operations, and helicopter landings. Previously called RUKUS, the exercises were launched in 1988 to promote dialogue between the Soviet Union, Britain, and the United States.<sup>45</sup>

<sup>43</sup> "Rahmon visits Hungary, scores EIB loan", *Central Asia Newswire*, June 13, 2011 at <http://centralasianewswire.com/Tajikistan/Rahmon-visits-Hungary-scores-EIB-loan/viewstory.aspx?id=4239>

<sup>44</sup> "Medvedev says Russia must modernize economy, curb reliance on oil prices", *Radio Free Europe*, June 17, 2011, [http://www.rferl.org/content/medvedev\\_says\\_russia\\_reduce\\_reliance\\_oil\\_prices\\_modernize\\_economy/24237974.html](http://www.rferl.org/content/medvedev_says_russia_reduce_reliance_oil_prices_modernize_economy/24237974.html)

<sup>45</sup> "Russian warship joins NATO drills in North Atlantic", *RIA Novosti*, June 20, 2011, at [http://en.rian.ru/military\\_news/20110620/164717794.html](http://en.rian.ru/military_news/20110620/164717794.html)

In another development, Russian President Dmitry Medvedev pledged to ease the state's grip on business in the country and cut down on bureaucracy. "State officials must realize that they cannot rule business. The economy must be self-regulated," Medvedev said in an interview with the Financial Times newspaper.<sup>46</sup>

According to reports, President Medvedev has said that Russia will use its veto rights in the UN Security Council to prevent the adoption of a resolution on Syria similar to the one passed against Libya. The United States, France and Germany have called on Russia to cooperate in preparing a resolution on Syria for a vote at the UN Security Council. "What I will not support is a resolution similar to 1973 on Libya, because I am convinced that a good resolution has been turned into a piece of paper to cover a senseless military operation," the president was quoted as saying. He insisted that Russia would assume a different stand if other UN members were clear in regard to their ultimate goals and methods of resolving political crisis in Libya.<sup>47</sup>

According to reports, Russian President Dmitry Medvedev said that his running for presidency simultaneously with Prime Minister Vladimir Putin in the 2012 elections would be counterproductive. "Vladimir Putin (both my colleague and old friend) and I represent to a great extent the same political force," Medvedev said in an interview with the Financial Times. "In this sense, competition between us could be detrimental to the goals and objectives we have been implementing over the past few years," he said. "It would not be the best scenario for our country and for the current situation." In line with the Russian Constitution, Putin, who served two presidential terms in 2000-2008, will become eligible to run for a new presidential term in 2012.<sup>48</sup>

Meanwhile, President Medvedev has said that Russia may keep the deficit of its state budget at 1 percent or even have a non-deficit budget in 2011. The Russian authorities recently lowered projected budget deficit estimates for this year to 1.3 percent of GDP from 3.6 percent. Mr. Medvedev admitted that he and the government faced a daunting task of balancing the state budget, which recently incurred large expenditures for social and defense purposes. He said that raising allowances for military personnel and modernizing Russia's defense potential were his priority even if it interfered with eliminating the budget deficit.<sup>49</sup>

Reports noted that Russia and China have failed to conclude one of the biggest energy deals in history, estimated to be worth \$700 billion over 30 years, to supply Siberian gas to the Chinese market amid an inability to resolve differences on pricing.<sup>50</sup>

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<sup>46</sup> "Medvedev pledges to rein in Russian bureaucrats", *RIA Novosti*, June 20, 2011, at <http://en.rian.ru/russia/20110620/164716824.html>

<sup>47</sup> "Medvedev opposes Libya style resolution on Syria", *Ria Novosti*, June 20, 2011, at <http://en.rian.ru/russia/20110620/164716194.html>

<sup>48</sup> "Medvedev says against co-run with Putin for Presidency", *Ria Novosti*, June 20, 2011, at <http://en.rian.ru/russia/20110620/164715228.html>

<sup>49</sup> "Medvedev expects non-deficit budget in 2011", *RIA Novosti*, June 20, 2011, at <http://en.rian.ru/russia/20110620/164716167.html>

<sup>50</sup> Amos, Howard, "Anticipated Chinese gas deal falls through", *The Moscow Times*, June 20, 2011, at <http://www.themoscowtimes.com/business/article/anticipated-chinese-gas-deal-falls-through/439137.html>

However, Russia signed a contract worth more than 1 billion Euros (\$1.43 billion) Friday to buy two French warships – the largest military deal between a NATO country and Moscow to date that will likely worry some of Russia’s neighbors. President Dmitry Medvedev oversaw the signing ceremony in St. Petersburg, and French President Nicolas Sarkozy welcomed the deal in a statement released by his office. The statement said the Mistral-class assault ships would be made in France by DCNS and STX companies at a shipbuilding plant in town of Saint-Nazaire, creating 1,000 jobs in France over four years. The contract signing “testifies to the strategic dimension of this cooperation between France and Russia,” it said. However, the United States has expressed concerns that a sale would send the wrong message to American allies in Central and Eastern Europe, Russian neighbors who are alarmed by the plan.<sup>51</sup>

Reports noted that Russia has threatened to retaliate against Belarus after President Alexander Lukashenko said he was considering trade restrictions to conserve scarce foreign currency reserves and warned that his country needed to be ready for a “catastrophe.” Belarus’ dire need to conserve its central bank reserves prompted Lukashenko to say in a marathon five-hour news conference Friday that the country could halt all but the most essential imports. But Russian Deputy Economic Development Minister Andrei Slepnyov said the restrictions would violate an agreement with Belarus’ partners in a three-country customs union, Kazakhstan and Russia, which started this year.<sup>52</sup>

According to reports, Prime Minister Vladimir Putin has set an “ambitious goal” for Russia to become one of the world’s five largest economies in the next decade. Speaking at the 100th conference of the International Labor Organization in Geneva, Putin said Russia would aim to increase the gross domestic product (GDP) per capita “from \$19,700 to more than \$35,000 per person.” Putin said Russia must double its productivity and create new jobs in the high-technology sector in order to achieve such a goal.

He said the effects of the recent economic and financial crises were still being felt in Russia, but that he expected the country’s economy to “fully recover” to pre-crisis levels by the end of 2011.<sup>53</sup>

In other developments, Russia has backed Ban Ki-Moon’s bid for reelection to the post of UN secretary-general. Russian news agencies quote Russian Foreign Ministry spokesman Aleksandr Lukashevich as saying that Russia is “ready to support the candidacy” of Ban for a second term at a Security Council vote today. Russia is the last permanent member of the UN Security Council to back Ban’s re-election. The UN General Assembly is expected to hold a formal vote on Ban’s bid before the end of June.<sup>54</sup> While, Russian President Dmitry Medvedev has said that he favours the

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<sup>51</sup> “Contract for first Mistral-class ships worth over 1 bln Euros”, *The Moscow Times*, June 20, 2011, at <http://www.themoscowtimes.com/business/article/contract-for-first-mistral-class-ships-worth-over-1bln-euros/439135.html>

<sup>52</sup> “Moscow warns Minsk against barriers”, *The Moscow Times*, June 20, 2011, at <http://www.themoscowtimes.com/news/article/moscow-warns-minsk-about-barriers/439111.html>

<sup>53</sup> “Putin vows Russia will crack top five economies by 2021”, *Radio Free Europe*, June 15, 2011, at [http://www.rferl.org/content/putin\\_russia\\_crack\\_top\\_five\\_economies\\_by\\_2021/24235710.html](http://www.rferl.org/content/putin_russia_crack_top_five_economies_by_2021/24235710.html)

<sup>54</sup> “Russia backs Ban for second UN term”, *Radio Free Europe*, June 16, 2011, at [http://www.rferl.org/content/russia\\_ban\\_ki-moon\\_un\\_reelection/24237206.html](http://www.rferl.org/content/russia_ban_ki-moon_un_reelection/24237206.html)



re-election of President Obama. The former Cold War foes have managed to patch up their previously frosty relations in the past few years, reaching agreements on several former sticking points in relations including nuclear proliferation and Russia's WTO entry.<sup>55</sup> Meanwhile, Armenian officials have said that Russian energy companies have pledged to invest a total of 26.7 billion drams (\$71.2 million) in the natural gas and electricity distribution networks they own in Armenia in 2011.<sup>56</sup>

## D. West Asia

### Iran

- **Iran's Parliament Speaker blamed lawmakers for manipulating the coming parliamentary elections; Iran successfully sent new satellite into orbit**

According to reports, Iran's Majlis Speaker Ali Larijani has said that some lawmakers are making statements which are seemed to manipulate the upcoming parliamentary elections scheduled for March 2012. He also mentioned the charge has not been proved yet. He added that the parliament will seriously deal with those MPs who are seeking to manipulate elections.<sup>57</sup>

In another development, Iran successfully launched its second domestically-manufactured satellite into orbit. The satellite, called Rasad (Observation in English), was launched aboard Safir rocket and successfully reached orbit. Rasad carries out topography missions and can make high-resolution maps. Iran's first satellite, Omid, was launched into orbit on February 2, 2009. The satellite was designed to circle the Earth 15 times every 24 hours and to send reports to Iran's space center. In February 2010, Iran launched a capsule carrying live turtles, rats and worms aboard a Kavoshgar 3 rocket in what was its first experiment to send living creatures into space. The Islamic Republic also plans to put a man into orbit within 10 years.<sup>58</sup>

### Iraq

- **Eleven persons including security forces killed by suicide bombers and gunmen in Iraq**

According to reports, Iraqi official said that a suicide bomber rammed his explosive-laden vehicle into a police building in the southern Iraqi city of Basra on Monday, killing four people. Provincial

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<sup>55</sup> "Medvedev backs reelection of Obama", *Ria Novosti*, June 20, 2011, at <http://en.rian.ru/world/20110620/164718546.html>

<sup>56</sup> "Russian energy giants to invest in Armenian utilities", *Radio Free Europe*, June 17, 2011, at [http://www.rferl.org/content/russian\\_energy\\_giants\\_to\\_invest\\_in\\_armenian\\_utilities/24238600.html](http://www.rferl.org/content/russian_energy_giants_to_invest_in_armenian_utilities/24238600.html)

<sup>57</sup> "Larijani warns MPs against manipulating elections," *Tehran times*, June 14, 2011, at [http://www.tehrantimes.com/Index\\_view.asp?code=242430](http://www.tehrantimes.com/Index_view.asp?code=242430)

<sup>58</sup> "Iran's second satellite blasted into orbit," *Tehran Times*, June 18, 2011, at [http://www.tehrantimes.com/index\\_View.asp?code=242572](http://www.tehrantimes.com/index_View.asp?code=242572)



police chief Brig. Faisal Al Ebadi said the bomber crashed through the gate and made it a few yards (meters) into the police compound in the city's central Al Ashar district before blowing up the car. In another incident, militants blasted their way into government offices in central Iraq with two car bombs and suicide explosions that killed seven people. The dozens of gunmen involved in the attack in Diyala's provincial capital of Baquba exchanged gunfire with Iraqi security forces, holding them at bay. Large numbers of Iraqi police and soldiers were deployed to the scene, with military helicopters hovering overhead and periodically firing onto the building.<sup>59</sup>

## Syria

- **Syrian army discovers weapons and explosives in Jisr al-Shughour; Syria and Russia discuss cooperation in irrigation and land reclamation; Central Bureau of Statistics releases report on investment environment in Syria**

Reports noted that the Arab Syrian army discovered huge consignment of rifles, pistols, hand grenades and bladed weapons in Jisr al-Shughour area in Idleb governorate. The Syrian TV mentioned that the armed gangs used this equipment to trap roads and bridges which the army was supposed to use in order to enter the city.<sup>60</sup> In another development, the Engineering Units of the Syrian Arab Army dismantled the mines and explosive devices planted by the armed terrorist groups along the roads and bridges leading to Jisr al-Shughour.<sup>61</sup>

However, according to reports, Syrian citizens continue to return to their houses as the normal life was restored in Jisr al-Shughour city. One of the returning citizens told the Syrian TV that the movement in the city is close to its standard, adding that most of the stores reopened and people are gradually returning to the city.<sup>62</sup>

In another development, Syrian Minister of Irrigation George Soumi discussed with the Russian Ambassador in Damascus Sergey Kirpichenko the means of activating cooperation between the Ministry and the Russian companies in the field of irrigation and land reclamation. Soumi said the Ministry has drawn up a water plan to study the situation of dams and irrigation in Syria in cooperation with Russian expertise to make optimal use of the water resources. For his part, Kirpichenko stressed his country's desire to establish investment projects in Syria.<sup>63</sup>

In other developments, the Syrian Central Bureau of Statistics has conducted a survey on the

<sup>59</sup> "Suicide bomber kills 4 people in Iraq," *Khaleej Times*, June 13, 2011, at [http://www.khaleejtimes.com/displayarticle.asp?xfile=data/middleeast/2011/June/middleeast\\_June376.xml&section=middleeast&col](http://www.khaleejtimes.com/displayarticle.asp?xfile=data/middleeast/2011/June/middleeast_June376.xml&section=middleeast&col)

<sup>60</sup> "Syrian Army Discovers Huge Amounts of Weapons and Explosives in Jisr al-Shughour", *Syrian Arab News Agency*, June 20, 2011, at <http://www.sana.sy/eng/337/2011/06/20/353634.htm>

<sup>61</sup> "Army Engineering Units Dismantle Mines Planted by the Armed Terrorist Groups", *Syrian Arab News Agency*, June 19, 2011 at <http://www.sana.sy/eng/337/2011/06/19/353437.htm>

<sup>62</sup> "Syrian Army Discovers Huge Amounts of Weapons and Explosives in Jisr al-Shughour", *Syrian Arab News Agency*, June 20, 2011 at <http://www.sana.sy/eng/337/2011/06/20/353634.htm>

<sup>63</sup> "Syria, Russia to Activate Cooperation in Irrigation and Land Reclamation", *Syrian Arab News Agency*, June 19, 2011 at <http://www.sana.sy/eng/24/2011/06/19/353534.htm>

foreign investment projects in 2009 in order to improve the investment environment. According to findings of the survey, most of the projects centered in the provinces of Damascus (31.8 per cent), Aleppo (15.4 per cent) and Damascus Countryside (16.4 per cent) which constituted 63.6 percent of the whole projects. In terms of capital received according to nationality of the investors, Syrians ranked first followed by the Kuwaiti investors, the British, the Croatian, the Saudi, the Lebanese and the Jordanian. The rate of the Foreign Direct Investment (FDI) reached 3.65 percent of the Gross Domestic Product (GDP) in 2009, which is distributed among the sectors of agriculture, mining, manufacturing industries, trade, hotels, restaurants, monetary sector, insurance, real estates, transport and telecommunications, an increased by 0.58 percent in 2009 as against the percent in 2008 of 3.07 percent. The capital formation for 2009 touched SYP 451.7 billions, of which the FDI constituted 20.36 percent, and the highest rate was for the sectors of finance, insurance, and real estates. According to the industrial classification, the biggest rate of foreign investment in 2009 was in the sector of telecommunications (19.83 percent of the total investment) while the banking sector reached 17.71 percent and the oil sector 16.44 percent. The number of foreign investment projects reached 11 for 2011 with an investment cost estimated at SYP 7 billion distributed among investors from Turkey, Bahrain, Palestine, Lebanon and Egypt, the Director-General of the Investment Commission, Ahmad Diyab, added.<sup>64</sup>

## Libya

### ● NATO strike kills nine Libyan civilians; Cairo meeting calls for political solution in Libya; Libyan leader vows to defeat NATO

Libyan Foreign Minister Abdelati Obeidi complained that a NATO strike had hit a civilian house in the capital Tripoli, killing nine residents and wounding 18 others. In response, NATO announced that it was investigating the claim. On another front, a doctor in the city of Misrata said that eight rebel fighters had been killed and 36 wounded in fighting with government troops.<sup>65</sup>

Reports noted that world organisations including the United Nations, European Union and Arab League meeting in Cairo to discuss developments in Libya, have called for a political process to find a solution that could lead to the end of the conflict in Libya. In a statement at the end of the meeting, the international organisations underlined the importance of “accelerating the launch of a political process that responds to the legitimate aspirations of the Libyan people”. The meeting was attended by EU foreign policy chief Catherine Ashton, outgoing Arab League chief Amr Mussa and African Union head Jean Ping.<sup>66</sup>

Meanwhile, in an audio speech transmitted by Libyan state Television, Libyan leader Muammar

<sup>64</sup> “Launching 11 Foreign Investment Projects with a Cost of SYP 7 Billion since Beginning of 2011”, *Syrian Arab News Agency*, June 19, 2011, at <http://www.sana.sy/eng/24/2011/06/19/353555.htm>

<sup>65</sup> “NATO strike kills 9 Libya civilians”, *The Jordan Times*, June 20, 2011, at <http://www.jordantimes.com/?news=38641>

<sup>66</sup> “Cairo Meeting Calls for Political Solution in Libya”, *The Tripoli Post*, June 19, 2011, at <http://www.tripolipost.com/articledetail.asp?c=1&i=6210>

Al Gaddafi vowed to defeat the NATO alliance that is trying to dislodge him from power in Libya. Referring to NATO, the Libya leader said, "This is the first time they are facing an armed nation of a millions. They will be defeated, the alliance will be defeated". He also referred to rebels seeking his overthrow as "traitors" and "cowards".<sup>67</sup>

## Egypt

- **Egypt appoints new Foreign Minister; Denmark announces investment plans for Egypt; France probes money laundering linked to Ben Ali, Mubarak**

Reports noted that Egypt appointed Ambassador Mohammed Al Orabi, the deputy foreign minister for economic affairs, as the new foreign minister to replace Nabil Al Arabi who will head the Arab League. Orabi was previously Egypt's ambassador to Germany and had also served in Kuwait, London and Washington. After the appointment, Orabi told state television that he would follow a similar policy to that of Arabi and added that the premier had asked him to further relations with Africa and Arab countries, and said that the United States and the European Union would remain "essential partners".<sup>68</sup>

In another development, Denmark has announced 100 million krona (\$15.4 million) in aid to Egypt to assist "in its transition towards democratic and economic development". Meanwhile, Danish shipping company Maersk plans to expand and announced to invest \$25 million in Egypt's market. According to the ambassador, Denmark's exports to Egypt amount to LE 1 billion per year. In 2010, Egypt's exports to Denmark amounted to LE 200-300 million.<sup>69</sup>

In other developments, public prosecutors in Paris announced that they are investigating suspected organized money-laundering linked to Tunisia's ousted president Zine El Abidine Ben Ali and Egypt's Hosni Mubarak. France has been working on identifying French assets belonging to Ben Ali ever since he fled Tunisia for Saudi Arabia in mid-January. Paris has already blocked the French bank accounts of the ex-leader and of his aides. The former Egyptian leader's personal fortune is estimated between one million dollars and dozens of billions of dollars in cash and hard assets.<sup>70</sup>

## Israel

- **Israel approves expansion of 2,000 settler homes in Ramat Shlomo**

According to reports, Israel's interior ministry said in a statement that Jerusalem's municipal

<sup>67</sup> "Libyan Leader Vows to Defeat NATO", *The Tripoli Post*, June 18, 2011, at <http://www.tripolipost.com/articledetail.asp?c=1&i=6202>

<sup>68</sup> "Cairo names Orabi as new foreign minister", *The Jordan Times*, June 20, 2011, at <http://www.jordantimes.com/?news=38656>

<sup>69</sup> "Denmark to give Egypt \$15 mln in aid, Maersk to invest \$25 mln", *The Daily News Egypt*, June 16, 2011, at <http://www.thedailynewsegypt.com/economy/denmark-to-give-egypt-19-mln-in-aid-maersk-to-invest-25-mln.html>

<sup>70</sup> "France probes money laundering linked to Ben Ali, Mubarak", *The Daily News Egypt*, June 19, 2011, at <http://www.thedailynewsegypt.com/egypt/france-probes-money-laundering-linked-to-ben-ali-mubarak.html>

council approved the expansion of 2,000 homes in the settlement district of Ramat Shlomo, allowing each home to add a room. These rooms will be built in response to the needs of the numerous families suffering from housing problems in this area, the statement added. It is to be mentioned here that the Israel's construction or expansion of homes in the area has earlier drawn criticism from European capitals and Washington in the past, and settlement building in Ramat Shlomo led to a crisis in Israel's relations with the United States in 2010.<sup>71</sup>

## Palestine

- **Proposed talks on Palestinian government delayed; Palestinians want UN seat 'even if talks start'**

Reports noted that according to a Fatah official, the proposed talks between President Mahmoud Abbas, of Fateh, and Hamas chief Khaled Mishaal on a new Palestinian Cabinet have been postponed. The two senior political leaders were supposed to meet in Cairo to discuss the structure of an interim government of independents agreed by the rival factions in a unity deal signed in Egypt. The talks have reportedly stalled on the issue of who will head the transitional government, with Abbas championing his Prime Minister Salam Fayyad for the job despite objections from the Islamist movement Hamas.<sup>72</sup>

In another development, Mohammed Shtayeh clarified that the Palestinians will seek UN recognition and membership regardless of whether there is a resumption of peace talks. "We are by all means going to the United Nations, whether there are negotiations or no negotiations," he told reporters in Ramallah, adding that he thought there was little chance talks would resume. Shtayeh further mentioned that the Palestinians were actively seeking support, particularly in Europe, for bid to get UN recognition of a state on the lines that existed before the 1967 Six Day War.<sup>73</sup>

## Jordon

- **Jordan King renews support for Royal Committee reviewing constitution; Jordan and EU Foreign Policy Chief deliberated on Middle East peace process; Jordan King discusses developments in the Arab region with Arab League chief**

Reports noted that during a meeting with the chairman of the Royal Committee, Ahmad Lozi, and its members, Jordan King Abdullah reiterated his support for the committee entrusted with reviewing the Constitution. The king also voiced keenness to "entrenching democracy and reaching

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<sup>71</sup> "Israel okays expansion of 2,000 settler homes", *The Jordan Times*, June 20, 2011, at <http://www.jordantimes.com/?news=38645>

<sup>72</sup> "Talks on Palestinian government delayed", *The Jordan Times*, June 20, 2011, at <http://www.jordantimes.com/?news=38653>

<sup>73</sup> "Palestinians want UN seat even if talks start", *The Jordan Times*, June 17, 2011, at <http://www.jordantimes.com/index.php?news=38562>

a stage where achievements are maximised and the values of freedom, belonging, citizenship, equality and justice are reinforced".<sup>74</sup>

Meanwhile, Jordan Minister of Foreign Affairs Nasser Judeh held discussions with EU Foreign Policy Chief Catherine Ashton, which focused on means to push the Middle East peace process forward. Judeh explained that the two sides stressed on the need for relaunching serious negotiations to tackle all final status issues on the basis of the two-state solution. Later, Ashton emphasized the importance of joining all efforts to push the peace process forward, asserting the EU's commitment to end the regional struggle in a manner that achieves peace and stability for its people.<sup>75</sup>

In other developments, according to a Royal Court statement, Jordan King Abdullah discussed with outgoing Arab League Secretary General Amr Musa the latest developments in the Arab region. King Abdullah also called for boosting joint Arab action, particularly in light of the critical stage a number of Arab countries are going through. Further, the King bestowed Al Nahda Medal of First Order on Musa in recognition of his efforts to foster cooperation among Arab states and support Arab solidarity during his term as secretary general of the League.<sup>76</sup>

## Yemen

### ● Yemen: Al-Qaeda captures capital of Lahj province

According to reports, Yemeni Deputy Minister of Information Abdu Aljanadi has said that Al-Qaeda in the Arabian Peninsula has captured some institutions in al-Huta city the capital of Lahj province. He said that some al-Qaeda fighters have captured parts of al-Huta city as they launched a sudden attack at the early hours of June 15, 2011. Al-Qaeda militants took over the central bank and a police base, along with other key buildings in the city of Hawta, the capital of Lahj Province. According to the eyewitnesses, the militants have announced through megaphones that all government officials must leave within 24 hours or face retaliation, and then retreated from the city. The attack was the latest case of al Qaeda taking advantage of the security vacuum created by the political crisis in the country.<sup>77</sup>

## E. USA

### ● War of words reported between US Ambassador Eikenberry and Afghan President Karzai

<sup>74</sup> "King renews support for panel reviewing Constitution", *The Jordan Times*, June 20, 2011, at <http://www.jordantimes.com/?news=38643>

<sup>75</sup> "Judeh, Ashton stress need to push Mideast peace forward", *The Jordan Times*, June 17, 2011, at <http://www.jordantimes.com/index.php?news=38581>

<sup>76</sup> "King honours outgoing Arab League chief", *The Jordan Times*, June 17, 2011, at <http://www.jordantimes.com/index.php?news=38576>

<sup>77</sup> "Al-Qaeda in Yemen captures capital of Lahj province", *The Yemen Observer*, June 16, 2011, at <http://www.yobserver.com/front-page/10021233.html>



Reports noted that the departing American ambassador to Afghanistan Eikenberry gave a calculated and yet stern response to Afghan President Hamid Karzai, who in a statement had compared the US forces to occupants/invasers who were in Afghanistan to further their own interests. The US ambassador said, "my people, in turn, are filled with confusion and grow weary of our effort here."<sup>78</sup> He went on to say that ""When we hear ourselves being called occupiers and worse ...and our generous aid programs dismissed as totally ineffective and the source of all corruption, our pride is offended and we begin to lose our inspiration to carry on."<sup>79</sup> With few Taliban leaders taking up the offer to abandon the Taliban and join the Afghan forces, Hamid Karzai is faced with the twin challenge of keeping the coalition forces in good terms and trying to get the Taliban leaders to switch sides.<sup>80</sup>

## II. DEFENCE REVIEW

### National

- **Navy Chief Admiral Nirmal Verma's Russia visit set to improve Indo- Russian defense relations; India signs biggest defense deal with US**

In the backdrop of the Russian Navy backing out of a joint exercise with the Indian Navy at the last minute, Navy Chief Admiral Nirmal Verma will travel to Moscow next month for discussions with the country's top military leadership and discuss ongoing military projects such as the retrofit of Admiral Gorshkov and construction of the three Talwar class frigates there. The last-minute decision by Russian Navy not to hold an exercise with Indian Navy ships, which had gone there for a joint drill, is likely to be discussed. The navy chief had expressed an "element of disappointment" after the exercises were not held at the final stages. The navy chief is also likely to discuss the delivery schedule of the Akula Class Nerpa nuclear submarines and the aircraft carrier Admiral Gorshkov. Under a confidential pact, India is leasing an Akula Class submarine from Russia, which is expected to be delivered by the end of this year. At present, defence secretary Pradeep Kumar along with defence production secretary Rajkumar Singh are in Russia to discuss the bilateral defence ties. Officials said there will be a number of visits by senior Indian officials to Russia before the summit-level meeting between the heads of states in December.<sup>81</sup>

Meanwhile, in a significant development, India has signed its biggest defence deal with the US to procure ten C-17 heavy-lift aircraft for \$4.1 billion under which American defence major Boeing

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<sup>78</sup> "U.S. Ambassador Responds to Karzai's Criticisms." *The New York Time*, June 19, 2011 at <http://www.nytimes.com/2011/06/20/world/asia/20afghanistan.html?ref=world>

<sup>79</sup> Ibid.

<sup>80</sup> "Few Taliban Leaders Take Afghan Offer to Switch Sides" , *The New York Times*, June 19, 2011 at <http://www.nytimes.com/2011/06/20/world/asia/20afghanistan-taliban.html>

<sup>81</sup> "Navy chief to travel to Moscow next month", *Bharat Rakshak*, June 16, 2011, at <http://www.bharat-rakshak.com/NEWS/newsrf.php?newsid=14901>



will set up test facilities for hi-tech aeronautics engines for the DRDO. "India yesterday signed the letter for offer and acceptance with the US for 10 C-17s and associated equipment at a cost of \$4.1 billion and the aircraft delivery would be done in 2013 and 2014," Defence ministry officials noted. Commenting on the development, Boeing's India head Dinesh Keskar said, "With its strategic capabilities, the C-17 fulfills India's needs for military and humanitarian airlift." As per the agreement, the US defence major will invest 30% of the contract amount for setting up defence facilities in India, officials said. The procurement involves offsets clause, under which Boeing will establish a High Altitude Engine Test Facility at DRDO, which will allow the research organisation to test engines indigenously, officials said.<sup>82</sup>

## International

- **Czech Republic wants the proposed US anti-missile defence shield incorporated into NATO structures; Congressional report blames China for adding to the proliferation of weapons of mass destruction.**

According to reports, at a joint press conference on 15 June with US Deputy Secretary of Defense William Lynn, Czech Defence Minister Alexandr Vondra announced that the Czech Republic will not host an early warning centre that was to be part of the proposed US ballistic missile defence shield. He added that it was always the desire of the Czech Republic to see the proposed US anti-missile defence shield incorporated into NATO structures. US Deputy Secretary of Defense Lynn stated that it was not a case of the US withdrawing from plans to base the early warning centre in the Czech Republic, but instead "it was simply a matter that was overcome by further developments".<sup>83</sup>

In another development, a US Congressional report has said that by providing nuclear and missile technology to countries like Iran and Pakistan, China is adding to the proliferation of weapons of mass destruction. The report further said that such activities have continued to raise questions about China's commitment to non-proliferation and the need for US sanctions. According to unclassified intelligence reports submitted to Congress, China has been a "key supplier of technology, particularly PRC (People's Republic of China) entities providing nuclear and missile-related technology to Pakistan and missile-related technology to Iran," said CRS report. CRS is an independent research wing of the US Congress and prepares internal reports for US lawmakers on issues of their interest. "PRC proliferation activities have continued to raise questions about China's commitment to non-proliferation and the need for US sanctions," said the report. Since 2009, the Obama Administration in US has imposed sanctions on six occasions on multiple PRC entities for missile or other weapon proliferation, the report said. In the past also, US had imposed sanctions on Chinese entities.<sup>84</sup>

<sup>82</sup> "India signs deal with US to procure 10 C-17 aircraft", *The Times of India*, June 15, 2011, at <http://www.bharat-rakshak.com/NEWS/newsrf.php?newsid=14879>

<sup>83</sup> "Czech Republic withdraws from US missile shield plans", *Janes*, June 17, 2011, at <http://www.janes.com/products/janes/defence-security-report.aspx?ID=1065929827&channel=defence>

<sup>84</sup> "China adding to weapon proliferation: US report", *Brahmand*, June 16, 2011 at <http://www.brahmand.com/news/China-adding-to-weapon-proliferation-US-report/7303/1/13.html>

### III. INTERNAL SECURITY REVIEW

#### Jammu & Kashmir

- **Two Lashkar-e-Toiba (LeT) militants killed in Handwara; Youth killed in South Kashmir; Home Minister P Chidambaram will undertake a two-day visit to Kashmir Valley; Army blames Pak for ceasefire violation**

Reports noted that Police claimed to have killed 2 Lashkar-e-Toiba (LeT) militants in a gun battle in north Kashmir's Rajwar forests in Handwara. A search operation was conducted following a tip off about the presence of militants in Hamlapati forests of Rajwar.<sup>85</sup> While, a 20 year old youth named Manzoor Ahmad Dar was shot dead by unidentified gunmen in south Kashmir. The gunmen barged into the house and resorted to indiscriminate firing killing Manzoor on the spot. However, police sources disclosed that the incident does not seem to be a militancy related but a property dispute.<sup>86</sup>

According to reports, Home Minister P Chidambaram will undertake a two-day visit to Kashmir Valley during which he would hold a security review and meet officials of South Kashmir besides visiting a border post in North Kashmir. Chidambaram will arrive in Srinagar along with Director General of CRPF K Vijay Kumar, BSF Chief Raman Srivastava and senior officials from Home Ministry. Official sources said he will hold a security review meeting along with Chief Minister Omar Abdullah.<sup>87</sup>

In other developments, Army said that Pakistan soldiers violated ceasefire in Poonch district. An army officer of 16 Corps said, "Pakistani troops violated the ceasefire. They fired RPGs and opened MMG and small arms firing on forward posts in Krishna Gati sub-sector this afternoon,"<sup>88</sup>

#### North East India

- **Peace accord with United People's Democratic Solidarity (UPDS) in final stages; Myanmarse arms smugglers arrested; Bodo rebels killed in Meghalaya; Narrow escape for train passengers; ULFA-Centre talks**

Reports noted that the peace process with militant outfit United People's Democratic Solidarity

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<sup>85</sup> "2 militants killed in Handwara", *Greater Kashmir*, June 16, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/17/2-militants-killed-in-handwara-41.asp>

<sup>86</sup> "Youth shot dead at Kellar", *Greater Kashmir*, June 15, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/16/youth-shot-dead-at-kellar-48.asp>

<sup>87</sup> "PC to visit valley today", *Greater Kashmir*, June 19, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/20/pc-to-visit-valley-today-33.asp>

<sup>88</sup> "Pak violated ceasefire: Army", *Greater Kashmir*, June 19, 2011 at <http://www.greaterkashmir.com/news/2011/Jun/20/pak-violated-ceasefire-army-72.asp>

(UPDS) is in the final stage and a formal agreement is likely to be signed shortly to give more powers to the Karbi Anglong Autonomous Council. The Joint Secretary (North East) of the Ministry of Home Affairs (MHA), Shambhu Singh, who was in Guwahati to hold dialogue with the UPDS leaders, said that in addition to political issues, he also discussed issues like maintaining the ground rules of cease-fire agreement, keeping all the cadres of the outfit under control etc.<sup>89</sup>

However, three members of a Myanmar arms smuggling gang have been arrested in Meghalaya with a huge cache of arms. The trio belongs to the Chin ethnicity of Myanmar. Intelligence officials in the region have confirmed the presence of sophisticated range of weapons with militant groups in the northeast, including surface-to-air missiles.<sup>90</sup> In another incident, two rebels of the outlawed National Democratic Front of Bodoland (NDFB), believed to belong to the faction opposed to peace talks, were killed in a shoot-out with security forces in Meghalaya. Acting on a tip-off about the presence of armed NDFB and Garo National Liberation Army (GNLA) rebels at Guresimram village of East Garo Hills district, a joint team of army and police raided the hideout. The rebels opened fire on the security forces, and in the ensuing gun battle two NDFB rebels were killed.<sup>91</sup>

Reports noted that a train carrying around 1,000 passengers had a miraculous escape with security forces detecting a powerful bomb found inside the train at the Guwahati railway station. The bomb, kept in a steel container and concealed inside a bag, was fitted with a time device inside coach S5 of the Kanchengunja Express. It was detected by security forces during a routine check just when the train from Bangalore arrived in Guwahati.<sup>92</sup>

In other developments, a team of Home Ministry officials led by Joint Secretary (North-east) is being rushed to Assam to kick start the ULFA peace process. The process is expected to get under way later this month. The revised schedule was worked out in a meeting between Chief Minister Tarun Gogoi and Home Minister P Chidambaram. The meeting, held at the North Block, was also joined by Joint Secretary (North-east), Shambhu Singh.<sup>93</sup>

## IV. UNITED NATIONS (UN) REVIEW

(June 6-12, 2011)

### ● UN Security Council stresses on coordinated global action to fight HIV and AIDS; UNSC

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<sup>89</sup> "Peace Accord with UPDS soon", *The Assam Tribune*, June 19, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun2011/at05>

<sup>90</sup> "Three Myanmar arms smugglers arrested in Meghalaya", June 19, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1911/at04>

<sup>91</sup> "Two Bodo rebels gunned down in Meghalaya", *The Assam Tribune*, June 19, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1911/at042>

<sup>92</sup> "Narrow escape for 1,000 train passengers in Assam", *The Assam Tribune*, June 17, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1711/at03>

<sup>93</sup> "ULFA-Centre Talks this month: CM", *The Assam Tribune*, June 16, 2011 at <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun1711/at094>

**extends mandate of panel monitoring sanctions against Iran; Security Council extends mandate of expert body dealing with UN sanctions against DPRK**

Reports noted that the Security Council underlined the continuing need for urgent and coordinated global action to curb the impact of HIV and AIDS in conflict and post-conflict situations. It also recognized the important role that UN peacekeeping operations can play in responding to the epidemic.<sup>94</sup>

Meanwhile, the Council extended the mandate of a panel of experts till June 09, 2011 that was established last year to monitor and enforce sanctions against Iran owing to its failure to cooperate with the IAEA regarding its nuclear programme. The resolution was adopted by a 14-1 vote with Lebanon abstaining.<sup>95</sup>

In other developments, the UNSC extended the mandate of the expert body dealing with UN sanctions imposed on the Democratic People's Republic of Korea (DPRK) for nuclear arms testing for a third term till June 12, 2012. The Council also urged all the states to provide "any information at their disposal" on the implementation of previous resolutions that had imposed sanctions against the country. It also called for the tightening of an arms embargo and for tougher inspections of cargo suspected of containing nuclear and ballistic missile equipment.<sup>96</sup>

(June 13-19, 2011)

- **UN Security Council extends mandate of UN Peacekeeping forces in Cyprus; Unanimous Council vote to split sanctions against Al-Qaeda and Taliban; UNSC recommends appointment of Ban Ki-moon for a second term; India prepares to withdraw its helicopters from Congo mission; India eyeing a slot in ICJ**

The Security Council extended the mandate of the UN Peacekeeping Forces in Cyprus for another six months till December 15, 2011. The Council also urged the leadership of the Greek Cypriot and Turkish Cypriot communities to intensify the momentum of talks aimed at reunification. It also called for increasing the participation of civil society in the negotiation processes where appropriate.<sup>97</sup>

In other developments, the Security Council unanimously voted to split the sanctions it has imposed on Al-Qaida and Taliban, thereby creating two lists of individuals and organizations so that they

<sup>94</sup> "Security Council highlights role of UN peace missions in global AIDS response", *UN News Centre*, June 07, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38640&Cr=HIV&Cr1=AIDS>

<sup>95</sup> "Security Council extends mandate of watchdog panel on Iranian sanctions", *UN News Centre*, June 09, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38679&Cr=iran&Cr1=>

<sup>96</sup> "Security Council extends mandate of DPR Korea sanctions panel", *UN News Centre*, June 10, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38684&Cr=democratic&Cr1=Korea>

<sup>97</sup> "Security Council extends mandate of UN peacekeeping force in Cyprus", *UN News Centre*, June 13, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38701&Cr=cyprus&Cr1=>

can be treated separately in the fight against terrorism.<sup>98</sup> The draft resolutions that had initially caused alarm within India was later accepted by the country. India's permanent representative to the UN, Hardeep Puri said that India supported the consensual adoption of the resolutions "to strengthen the international community's resolve in countering terrorism" and also hopes that the resolutions would be adopted in a fair and transparent manner.<sup>99</sup>

Meanwhile, the UNSC recommended to the General Assembly that Ban Ki-moon be appointed a second consecutive term as Secretary-General of the United Nations.<sup>100</sup> The Council that met behind closed doors unanimously supported his re-election.

According to reports, India is preparing to withdraw its remaining Mi-35 attack helicopters from UN's mission in Democratic Republic of Congo after the expiry of its contract. Manjeev Singh Puri, India's Deputy Ambassador to the UN stressed the need for "more consultation" with troop-contributing countries about the mandate of peacekeeping missions which is getting more "complicated". This move has been criticized for depriving the UN of its vital asset as Congo goes for presidential elections.<sup>101</sup>

In the interim, India is gearing up to nominate a jurist for election as a judge of the International Court of Justice for the first time in two decades. The elections are expected to be held at the UN in September or October. The last Indian to serve on the ICJ was R.S. Pathak, a former Chief Justice of India, who was elected judge in 1989.<sup>102</sup>

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<sup>98</sup> "Security Council votes to separate Al-Qaida and Taliban sanctions lists", *UN News Centre*, June 17, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38763&Cr=terror&Cr1=>

<sup>99</sup> "India softens stand on Taliban in UN", *Deccan Herald*, June 18, 2011 at <http://www.deccanherald.com/content/169947/india-softens-stand-taliban-un.html>

<sup>100</sup> "Security Council recommends appointment of UN Secretary-General", *UN News Centre*, June 17, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=38752&Cr=Secretary-General&Cr1=>

<sup>101</sup> "India withdrawing helicopters from U.N.'s Congo mission", *The Hindu*, June 16, 2011 at <http://www.hindu.com/2011/06/16/stories/2011061658221500.htm>

<sup>102</sup> "After two decade, India looking to get slot in ICJ", *The Hindu*, June 19, 2011 at <http://www.thehindu.com/news/national/article2116222.ece>