

THE WEEK IN REVIEW

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Editor: Sanjeev Kumar Shrivastav

Contributors

Anwasha Roy Chaudhuri

Rahul Mishra

Gunjan Singh

Joyce Sabina Lobo

Rajorshi Roy

Mahtab Alam Rizvi

Amit Kumar

Keerthi Kumar

Afghanistan & Pakistan

Southeast Asia

China

Central Asia

Russia

Iran & Iraq

Defence Review

UN Review

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Institute for Defence Studies and Analyses

1, Development Enclave, Rao Tula Ram Marg, New Delhi-110010

Telephone: 91-26717983; Fax: 91-11-26154191 Website: www.idsa.in; Email: twir@idsa.in

Review Adviser: S. Kalyanaraman

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I. COUNTRY REVIEWS

A. South Asia

Afghanistan

- **At least 19 people dead after militants attack provincial governor's house at Parwan district in Afghanistan; Eight killed in attack on British Council in Kabul; Two dead in US Afghan base suicide attack**

According to reports, at least 19 people were killed and several injured in militant attack on provincial governor's house at Parwan district in Afghanistan. Governor Abdul Basir Salangi informed that six suicide bombers had struck the house which lasted almost an hour. The Taliban took responsibility for the attack. Reports noted that most of the victims had come to the governor's house to collect their national identity cards, when the area was attacked from several directions.¹

In another tragic development, eight people were killed when five blasts took place at the British Council in Kabul. The Taliban claimed the responsibility for the attacks. This attack took place on the eve of Afghanistan's independence from Britain in 1919.²

Meanwhile, reports noted that two security guards were killed when a suicide bomber detonated a truck near the entrance of a US base at Paktia province in Eastern Afghanistan. The base houses small groups of troops and civilian experts who are trying to help rebuild the war-torn country and enhance security. The groups are known as Provincial Reconstruction Teams (PRT) and are assigned tasks across Afghanistan. The Taliban have claimed responsibility for the attack.³

Pakistan

- **US officials confirm that the Chinese access were given access to crashed US helicopter used Abbottabad operation; US Defence Secretary Leon Panetta: US has no choice but to keep ties with Pakistan; Pakistan government to start deradicalisation programme; US state department confirms funding of last phase of two hydroelectric dams in Pakistan**

The US officials have confirmed the suspicion that Pakistan had provided access to the helicopter that crashed during operation on Osama to the Chinese. The US officials during interview to

¹ Afghanistan: Many die in assault in Governor's compound, *BBC*, August 14, 2011 at <http://www.bbc.co.uk/news/world-south-asia-14520520>

² "Eight dead in attack on British Council in Kabul", *Dawn*, August 19, 2011 at <http://www.dawn.com/2011/08/19/suicide-blasts-target-british-council-in-kabul.html>

³ "Suicide truck bomb kills two at US Afghan base", *Dawn*, August 18, 2011 at <http://www.dawn.com/2011/08/18/explosion-hits-us-run-base-in-afghanistan-officials.html>

media stated the above and also said that Chinese engineers were able to photograph the wreckage and take samples of the stealth skin that helps the chopper avoid radar detection. Pakistan has refused to comment on the issue.⁴

Nevertheless, US Defence Secretary Leon Panetta has said that despite growing concerns over Pakistan's ties to militant outfits, US has to keep its alliance intact. Panetta, said this during a visit to National Defense University in Washington D.C. on August 16. He also said that due to vital interests in the region where US is fighting the war on terror, it becomes necessary to maintain the relation. "Because we are fighting Al-Qaeda there, and they (Pakistanis) do give us, you know, some cooperation in that effort," Panetta stated. Pakistan's nuclear weapons are also a concern for maintaining the ties. "They do represent an important force in that region. Because they do happen to be a nuclear power that has nuclear weapons and we have to be concerned about what happens with those nuclear weapons", he added.⁵

In another development, reports noted that the Government of Pakistan is planning to start a national deradicalisation programme to combat extremism and fundamentalism in the country. The statement was issued after a meeting of the Defence Committee of the Cabinet held in Islamabad. The meeting was headed by Prime Minister Gilani and attended by federal ministers, the chairman of the Joint Chiefs of Staff Committee, services chiefs and senior officers. One such programme is already running in Swat.⁶

In other developments, the US State Department has confirmed funding of last phase of two hydroelectric dams in Pakistan, the Satpara in Gilgit-Baltistan and GomalZam in South Waziristan. The Department spokesperson Victoria Nuland said that US is considering doing more regarding this and would also support the giant \$12 billion Diamer-Bhasha Dam Project. Reports noted that if the US agreed to support the Diamer-Bhasha dam, it would be the largest civilian aid project the US has undertaken in Pakistan in decades.⁷

B. East Asia

Southeast Asia

- **Cambodia rebuts Thailand's argument on the Indonesian observers; Vietnam crushes anti-**

⁴ "US Officials Press Helicopter Allegations", *Dawn*, August 16, 2011 at <http://www.dawn.com/2011/08/16/us-officials-press-helicopter-allegations.html>

⁵ "No Choice for US to keep ties with Pakistan: Panetta, *Dawn*, August 16, 2011 at <http://www.dawn.com/2011/08/16/%E2%80%98no-choice%E2%80%99-for-us-in-keeping-ties-to-pakistan-panetta.html>

⁶ "Deradicalisation plan under study", *Dawn*, August 18, 2011 at <http://www.dawn.com/2011/08/18/deradicalisation-plan-under-study.html>

⁷ "US funding dams in Pakistan: Official", *Dawn*, August 20, 2011 at <http://www.dawn.com/2011/08/20/us-funding-dams-in-pakistan-official.html>

China protest; Pro-independence armed unit banned in Timor Leste; Bajaj to invest US \$ 10 million in Indonesia Plant; Thailand aims to boost trade with India

Cambodian Ministry of Defence has rebutted the Thai standpoint that Indonesian observers may not be required in the demilitarised zone surrounding the Preah Vihear to ensure a ceasefire. The Ministry stated that it would abide by the orders of International Court of Justice. The ICJ issued its orders regarding the Preah Vihear dispute on July 18.⁸

Reports noted that Vietnamese police crushed anti-China rally and arrested several protestors on 21 August. The protests, which have been taking place for the past ten weekends over the Vietnam-China dispute on South China Sea. The government had warned the protestors last week that such street protestors would not be tolerated.⁹

On 20 August, 2011, Timor Leste officially disbanded Falintil, a pro-independence armed unit which was involved in fighting against Indonesian occupation of the country. Soldiers of the militia were honoured and their contribution to the country was lauded.¹⁰

According to reports, India's second biggest two-wheel maker, Bajaj Auto, is likely to invest US \$ 150 million to set up the facility in Indonesia. This is part of Bajaj's attempt to capture the market in the Southeast Asian region. The unit, to be ready by 2013, would be the first major facility of Bajaj outside India. It would be named as Bajaj Auto Indonesia.¹¹

In other developments, reports noted that Thailand is aiming to increase bilateral trade with India to US \$ 10 billion by 2013. The statement in that regard came from Thai trade centre director Paisan Maraprygsavan. The current volume of trade between India and Thailand is just US \$ 6.6 billion; both the countries are keen to increase the trade volume and deepen economic engagement.¹²

China

- **China's first aircraft carrier completes its maiden sea trial; China provides aid to Ethiopia worth \$55 million; Beijing promotes stability in Nepal; Philippine President to pay visit to**

⁸ "Indonesian Observers "a must" For Disputed Area Near Preah Vihear Temple: Cambodia", *Antara News*, August 21, 2011 at <http://www.antaranews.com/en/news/1313900909/indonesian-observers-a-must-for-disputed-area-near-preah-vihear-temple-cambodia>

⁹ "Vietnamese Police Crush Anti-China Protest", August 21, 2011 *Guardian*, <http://www.guardian.co.uk/world/feedarticle/9807515>

¹⁰ "East Timor Disbands Pro-Independence Armed Unit", *Yahoo News*, 20 August, 2011 at <http://ph.news.yahoo.com/east-timor-disbands-pro-independence-armed-unit-110752191.html>

¹¹ "Bajaj to Invest \$ 150 mn in Indonesia Plant", *Business Standard*, August 21, 2011 at <http://www.business-standard.com/india/news/bajaj-to-invest-150-mn-in-indonesia-plant/446502/>

¹² "Thailand Aims to Take Trade With India to \$ 10 Billion in Next 2 Years", *Economic Times*, August 19, 2011 at http://articles.economictimes.indiatimes.com/2011-08-19/news/29905292_1_bilateral-trade-asean-countries-coal

China; Many economic co-op projects signed between Mainland and Hong Kong during the visit of Vice-Premier Li Keqiang in HK; Chen Shui-bian's family sentenced to jail for perjury; President Hu meets US Vice President Joe Biden, stresses upon mutual trust and respect; China sends emergency aid to war-torn Libya

In a very important development China's first aircraft carrier completed its maiden sea trial on August 14.¹³

On the bilateral front, China announced a food aid worth 353.2 million yuan (\$55.28 million) for the drought hit regions of northern Africa.¹⁴ On the other hand Beijing called on political parties in Nepal to resume "political stability and economic development".¹⁵ Meanwhile, Philippine President Benigno S. Aquino III has announced a visit to China between August 30 and September 3, 2011.¹⁶

On the regional front, Vice-Premier Li Keqiang attended a ceremony in Hong Kong during which eight cross-border economic and trade agreements were signed.¹⁷

In a significant development, reports noted that a Taiwan court sentenced Chen Shui-bian's family members to jail for perjury.¹⁸

On the international front, in a meeting with American Vice President Joe Biden, Hu Jintao stated that China is committed to building a China-United States relationship on mutual respect and mutual trust.¹⁹

In other developments, on the international front, the first batch of emergency humanitarian relief materials were has been sent to Libya by China.²⁰

¹³ "Carrier returns to Dalian after maiden sea trial" *China Daily*, August 15, 2011 at http://www.chinadaily.com.cn/china/2011-08/15/content_13109461.htm

¹⁴ "China gives Ethiopia \$55 m in aid" *China Daily*, August 16, 2011 at http://www.chinadaily.com.cn/world/2011-08/16/content_13118872.htm

¹⁵ "Beijing promotes stability in Nepal" *China Daily*, August 17, 2011 at http://www.chinadaily.com.cn/china/2011-08/17/content_13127610.htm

¹⁶ "Philippine president to pay visit to China" *China Daily*, August 19, 2011 at http://www.chinadaily.com.cn/world/2011-08/19/content_13145570.htm

¹⁷ "Mainland, HK sign economic co-op projects" *China Daily*, August 17, 2011 at http://www.chinadaily.com.cn/china/2011-08/17/content_13136624.htm

¹⁸ "Chen Shui-bian's family sentenced to jail for perjury" *China Daily*, August 18, 2011 at http://www.chinadaily.com.cn/china/2011-08/18/content_13137534.htm

¹⁹ "President Hu meets Biden, stressing mutual trust, respect" *China Daily*, August 19, 2011 at http://www.chinadaily.com.cn/china/2011-08/19/content_13154341.htm

²⁰ "China sends emergency aid to war-torn Libya" *China Daily*, August 18, 2011 at http://www.chinadaily.com.cn/china/2011-08/18/content_13137543.htm

C. Central Asia & Russia

Central Asia

(August 7-14)

- **Informal CSTO summit to be held in Astana; Central bank of Kazakhstan may be forced to increase the inflation target for 2011; South Korea attempts to buy 15% of one of the Kazakh uranium mines; Kyrgyz entrepreneurs suggest steps to bolster manufacturing industry; Uzbekistan only CIS state to make it to the EIU's list with 8% growth rate; Turkmenistan presidential elections will be held on February 12, 2012; Turkmen President holds talks with China's top diplomat; Russia seeks to enhance business relations with Turkmenistan; Turkey looks for business opportunities in Tajikistan**

Kazakh President Nursultan Nazarbayev, Kyrgyz President Roza Otunbayeva and Tajik President Emomali Rahmon along with leaders of fellow CSTO member states Belarus, Russia and Armenia participated in an informal summit of the Russian-led Collective Security Treaty Organization (CSTO) on August 12-13. Uzbekistan was the only absentee state.²¹ An analyst in Kazakhstan believes the refusal of Uzbek President Islam Karimov to attend the informal summit of CSTO heads of state, is due to Uzbekistan's disappointment with the organization in light of last year's events in Kyrgyzstan, when the CSTO failed to respond to riots with a result of hundreds of deaths of ethnic Uzbeks.²² The agenda of this summit was to tackle the issue of security which is gaining more momentum as the deadline for US pullout from Afghanistan closes in. Kyrgyzstan and Tajikistan are the affected states due to terrorism and drug-trafficking emanating from Afghanistan.²³

According to reports, as the Kazakh state will not be able to meet the current inflation target under current monetary and credit policies owing to a buildup of internal and external inflationary pressures on its economy, the Central Bank may be forced to increase the inflation target for 2011. The central bank attributed the inflationary pressures to the country's economic performance and remaining high prices on world raw material and food markets.²⁴

²¹ "Central Asian leaders meet in Astana for informal CSTO summit", *Central Asia Newswire*, August 12, 2011 at <http://centralasianewswire.com/kazakhstan/Central-Asian-leaders-meet-in-Astana-for-informal-CSTO-summit/viewstory.aspx?id=4632>

²² "Uzbekistan sole CSTO state to skip Astana summit", *Central Asia Newswire*, August 11, 2011 at <http://centralasianewswire.com/Uzbekistan/Uzbekistan-sole-CSTO-state-to-skip-Astana-summit/viewstory.aspx?id=4616>

²³ "Central Asian leaders meet in Astana for informal CSTO summit", *Central Asia Newswire*, August 12, 2011 at <http://centralasianewswire.com/kazakhstan/Central-Asian-leaders-meet-in-Astana-for-informal-CSTO-summit/viewstory.aspx?id=4632>

²⁴ "Kazakh central bank may increase 2011 upwards inflation target", *Central Asia Newswire*, August 12, 2011 at <http://centralasianewswire.com/kazakhstan/Kazakh-central-bank-may-increase-2011-upwards-inflation-target/viewstory.aspx?id=4626>

Meanwhile, according to reports, in order to obtain 15 % stake in unspecified Kazakh uranium mine, the South Korean government has offered Kazakhstan 5 % stake in the Plant Service & Engineering Co. (KPS) industrial plant unit of Korea's state-run Korea Electric Power Corp. (KEPCO) whose value is estimated to be \$70.1 million.²⁵

Reports noted that Kyrgyzstan has over the last few years attempted to rejuvenate its economy. After the Soviet break-up this state lost on the manufacturing industry due to its inability to afford the raw materials needed for industrial production.²⁶ In the recent brainstorming session as part of a program entitled "National Program of the Kyrgyz Republic for 2012-2014," the business community offered number of solutions to rejuvenate Kyrgyz manufacturing: to bolster credit for local entrepreneurs and lowering interest rates on loans and writing off the interest; creation of Export Processing Zones (EPZ) in the southern Kyrgyz cities of Jalalabad and Osh; provide tax breaks and other incentives to companies looking to set up enterprises in EPZ; establish technology-industrial park in the southern provinces; and modernize laboratories and factories to attain international standards, as well as privatize state industries.²⁷

According to Uzbek Economy Ministry and State Statistics Committee, the state reported an 8 % growth in the first half of 2011 – with increase in agricultural output by 6.7 percent and industrial production by 6.8 percent from levels recorded last year during the same period. The EIU predicted Uzbekistan's overall growth rate for 2011 to reach 8.3 percent. Uzbekistan is the sole member of the Commonwealth of Independent States (CIS) to make the EIU's list.²⁸

In a significant development, Turkmenistan's President Gurbanguly Berdymukhamedov has allowed banned opposition parties in Turkmenistan to contest in elections for the chief executive post. On August 5, the Turkmen Parliament passed the decision to hold presidential elections on February 12, 2012.²⁹

In another development, Turkmen President Gurbanguly Berdymuhamedov held talks last week with China's top diplomat on strengthening relations between the two countries. The two discussed planned visit by the Turkmen president to Beijing in November this year. The President is expected to sign a deal during his visit to supply additional deliveries of 20 billion cubic meters of gas to energy-hungry China. Turkmenistan is already set to export 17 billion cubic

²⁵ "South Korea offers stocks for Kazakh uranium mine shares", *Central Asia Newswire*, August 09, 2011 at <http://centralasianewswire.com/kazakhstan/South-Korea-offers-stocks-for-Kazakh-uranium-mine-shares/viewstory.aspx?id=4601>

²⁶ "Business community offers ideas to rejuvenate Kyrgyz manufacturing", *Central Asia Newswire*, August 10, 2011 at <http://centralasianewswire.com/Kyrgyzstan/Business-community-offers-ideas-to-rejuvenate-Kyrgyz-manufacturing/viewstory.aspx?id=4606>

²⁷ -ibid-

²⁸ "Uzbekistan records 8 percent growth in first half 2011", *Central Asia Newswire*, August 10, 2011 at <http://centralasianewswire.com/Uzbekistan/Uzbekistan-records-8-percent-growth-in-first-half-2011/viewstory.aspx?id=4611>

²⁹ "Turkmenistan Sets Presidential Election Date", *Radio Free Europe/Radio liberty*, August 05, 2011 at http://www.rferl.org/content/turkmenistan_sets_presidential_election_date/24287740.html

meters in 2011, up from 6 billion in 2010. The Beijing government agreed in April to extend \$4.1 billion in credit to help Turkmenistan develop its massive South Yolotan gas projects.³⁰

Reports noted that Russia's First Deputy Prime Minister Viktor Zubkov held talks with Turkmen President Gurbanguly Berdymuhamedov on enhancing economic ties between the two countries. Turkmenistan is the world's fourth largest holder of natural gas. The two sides discussed near- and long-term cooperation in trade, energy and agribusiness, among other spheres of interest. Both the sides also agreed to hold the sixth meeting of the Russian-Turkmen Intergovernmental Commission on Economic Cooperation in Moscow this November.³¹ Meanwhile, Russia's Itera and Zarubezhneft have signed a Caspian production sharing agreement with Turkmenistan for exploring the country's offshore Caspian sector for oil and natural gas. The agreement will allow both the states to develop jointly the 21st block of Turkmenistan's sector of the Caspian.³²

In other developments, according to reports, Turkish business representatives in an attempt to increase their trade presence in Tajikistan, met with their Tajik counterparts in Dushanbe to figure out ways of boosting trade and investment between the two sides.³³

(Aug 15-21)

- **Kyrgyz Premier Almazbek Atambayev: Kyrgyzstan will not offer China to access its natural resources in return for the financing of a pivotal railroad; Pakistan irked by Turkmenistan-India private deal on TAPI gas price; Contract of the US Manas base will terminate after 2014; Muloqot social networking site to be launched only for Uzbeks; Caspian Sea countries sign joint protocol on oil spill containment; South Central Asian states sign an intergovernmental agreement on disaster response; Korean President to visit Central Asian countries; OIC responds to Somali food crisis; Nur-Otan party wins all Kazakh Senate seats; Japan and Kyrgyzstan form committee to attract Japanese investment; Uzbekistan invites Chinese companies to jointly explore and develop uranium sand deposits.**

Kyrgyzstan will not offer the People's Republic of China (PRC) access to its natural resources in return for the financing of a pivotal railroad, Kyrgyz Premier Almazbek Atambayev said on

³⁰ "Turkmenistan to fortify relations with China", *Central Asia Newswire*, August 11, 2011 at <http://centralasianewswire.com/Turkmenistan/Turkmenistan-to-fortify-relations-with-China/viewstory.aspx?id=4615>

³¹ "Russia wants business connections in Turkmenistan, minister says" *Central Asia Newswire*, August 12, 2011 at <http://centralasianewswire.com/Turkmenistan/Russia-wants-business-connections-in-Turkmenistan-minister-says/viewstory.aspx?id=4627>

³² "Russia and Turkmenistan to partner in offshore oil and gas exploration", *OilPrice.Com*, August 11, 2011 at <http://oilprice.com/Latest-Energy-News/World-News/Russia-and-Turkmenistan-to-Partner-in-Offshore-Oil-and-Gas-Exploration.html>

³³ "Turkish entrepreneurs discuss business opportunities in Tajikistan", *Central Asia Newswire*, August 12, 2011 at <http://centralasianewswire.com/Tajikistan/Turkish-entrepreneurs-discuss-business-opportunities-in-Tajikistan/viewstory.aspx?id=4629>

August 17. Earlier, in January this year, it was confirmed that Kyrgyzstan would provide China with gold, aluminum and iron from Kyrgyz deposits in return for financing the \$2 billion railroad that would connect Kyrgyzstan with China and Uzbekistan. However, Atambayev said that “China is a country that helps us to grants and loans, and it is important that the PRC does not link its assistance to the policy. We need to show a new level of relations in this country.”³⁴

Meanwhile, reports noted that Turkmenistan surprised Pakistan by cutting a separate price deal with India for gas supplied by the planned Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. The three buyer countries – Pakistan, Afghanistan, and India – were trying to negotiate a common price for Turkmen gas under a Gas Sales Price Agreement (GSPA) with the Ashgabat government, which had always wanted to strike separate deals with each buyer.³⁵

Reports noted that the Kyrgyz Prime Minister Almazbek Atambayev announced that U.S. military forces will no longer be able to use Kyrgyzstan’s Manas Air Base after 2014. The U.S. uses the base as a transit point for troops and military materiel heading into and out of Afghanistan. In return Kyrgyzstan receives \$60 million on a yearly basis for use of the air base. The five-year contract was signed in 2009. The Kyrgyz government plans to transform Manas into a transit center for international trade, with the hopes of establishing a transit route between Istanbul, the Kyrgyz capital Bishkek and Shanghai.³⁶

In another development, five littoral states of the Caspian – Kazakhstan, Turkmenistan, Russia, Azerbaijan and Iran – on 12 August signed the joint protocol on oil spill readiness and reaction strategies in the western Kazakh city of Aktau during their third session of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea (Tehran Convention). The new document now establishes that “the five countries undertake quickly responding, as well as notifying each-other about all possible accidents,” Kazakh Environment Minister Nurgali Ashimov was quoted as saying.³⁷

Separately, the Kazakh Emergency Situations Minister Vladimir Bojko, Kyrgyzstan’s Bolotbek Borbiyev and their Tajik counterpart Khaibullo Latipov signed an intergovernmental agreement on setting up a Central Asian Center for Disaster Response and Risk Reduction. The center’s main objectives are to bolster regional coordination and cooperation in reducing the risk of natural and manmade disasters by developing and strengthening institutions and their capacities.³⁸

³⁴ “Kyrgyzstan will not swap natural resources for railway, premier says”, *Universal Newswires*, August 17, 2011 at <http://www.universalnewswires.com/centralasia/kyrgyzstan/viewstory.aspx?id=4662>

³⁵ “Turkmenistan-India TAPI price deal upsets Pakistan”, *Universal Newswires*, August 15, 2011 at <http://www.universalnewswires.com/centralasia/turkmenistan/viewstory.aspx?id=4635>

³⁶ “Manas contract will not be renewed in 2014, Kyrgyz premier says”, *Universal Newswires*, August 15, 2011 at <http://www.universalnewswires.com/centralasia/kyrgyzstan/viewstory.aspx?id=4642>

³⁷ “Caspian states sign deal on coordinating oil spill containment”, *Universal Newswires*, August 15, 2011 at <http://www.universalnewswires.com/centralasia/kazakhstan/viewstory.aspx?id=4637>

³⁸ “Central Asian states create joint disaster response center”, *Universal Newswires*, August 19, 2011 at <http://www.universalnewswires.com/centralasia/kazakhstan/viewstory.aspx?id=4677>

According to reports, South Korean President Lee Myung-bak will visit Uzbekistan and Kazakhstan as part of an Asian tour beginning from August 23 where he will hold talks with Uzbek President Islam Karimov, which stands on a foundation of their declared “strategic partnership” forged during Lee’s last visit to the country in September 2009. Kazakhstan, where he will hold talks probably on energy and economic cooperation, is the last stop for the South Korean president, who will return to Seoul from Astana on August 26.³⁹

Reports noted that Kazakhstan, currently chair of the Organization of the Islamic Conference (OIC), will donate \$500,000 to aid Somalia as it faces a dire food shortage. The OIC states will contribute \$350 million to aid Somalis. This was informed by the delegates at the OIC’s 17 August special meeting in Turkish capital Istanbul.⁴⁰

According to reports, Kazakhstan’s ruling Nur-Otan party has claimed all 16 seats of the Senate.⁴¹ Kazakhstan’s Central Electoral Commission announced that all of 16 senators are members of the “Nur Otan” party. The turnout made up 96.6% of electors. The newly-elected senators will take office on 30th November. 372 international and domestic observers observed the voting process in almost all regions.⁴²

In other developments, the governments of Japan and Kyrgyzstan have recently agreed to form a committee aimed at attracting Japanese investment into the Central Asian economy. The decision was made on August 19 meeting between Kyrgyz Deputy Prime Minister Omurbek Babanov and representatives of the Japan International Cooperation Agency (JICA) and the Japanese Embassy.⁴³ In the meanwhile, President Islam Karimov gave the green signal to the initiative wherein Uzbekistan along with Chinese companies to jointly explore and develop uranium sands deposits on the formers territory during his visit to Beijing in April. The sector is under the control of the state-run Navoiyishkoye Ore-enriching plant, which is the sole producer, enricher and exporter of uranium in the country. Uzbekistan is estimated to have around 205,000 tons of uranium reserves.⁴⁴

Russia

- North Korean leader Kim Jong- Il visits Russia; Russia ruled out military intervention in

³⁹ “South Korean president to visit Uzbekistan, Kazakhstan”, *Universal Newswires*, August 15, 2011 at <http://www.universalnewswires.com/centralasia/kazakhstan/viewstory.aspx?id=4640>

⁴⁰ “Kazakhstan leads OIC response to Somalia famine”, *Universal Newswires*, August 18, 2011 at <http://www.universalnewswires.com/centralasia/kazakhstan/viewstory.aspx?id=4672>

⁴¹ “Kazakhstan’s Ruling Party Takes all seated in Senate Election”, *Radio Free Europe/Radio Liberty (RFE/RL)*, August 19, 2011 at http://www.rferl.org/content/kazakhstan_senate_election/24301954.html

⁴² “CEC releases senate election results”, *Caspionet*, August 23, 2011 at http://caspionet.kz/eng/general/CEC_releases_senate_election_results_1314072479.html

⁴³ “Japanese embassy, JICA to attract foreign investment to Kyrgyzstan”, *Universal Newswires*, August 16, 2011 at <http://www.universalnewswires.com/centralasia/kyrgyzstan/viewstory.aspx?id=4645>

⁴⁴ “Uzbekistan eager to cooperate with China in uranium production”, *Universal Newswires*, August 19, 2011 at <http://www.universalnewswires.com/centralasia/uzbekistan/viewstory.aspx?id=4673>

Syria; Russia has unveiled a unique ‘bomb in a box’ cruise missile system; Russia has launched a high power telecom satellite; LUKoil gets permission to apply for extracting hydrocarbons off Norway’s coast; Gazprom Neft to supply oil products to Afghanistan; Medvedev meets Belarusian President Lukashenko in Sochi; Russia’s Sukhoi T-50 5th generation fighter aborts the takeoff at the MAKS-2011 International Aviation and Space Show

In a significant development, reports noted that military officers flew to North Korea for talks about renewing military ties on Monday as North Korean leader Kim Jong Il’s visited Russia on his secretive journey for a summit with President Dmitry Medvedev. This is Kim Jong Il’s first visit to Russia in nine years. North Korea is increasingly showing signs that it is prepared to restart six-nation disarmament talks in exchange for aid. The Russian Defense Ministry said the talks would focus on the renewal of military cooperation between the countries, possible joint exercises “of a humanitarian nature” and an exchange of friendly visits by Russian and North Korean ships. It would be worth noting that Gazprom officials visited North Korea in early July for talks on the gas pipeline. The pipeline is expected to be one of the main topics of Kim and Medvedev’s talks. Kim’s train crossed into Russia on Saturday morning and passed through Khabarovsk before heading west along a railway running roughly parallel with Russia’s borders with China and Mongolia.⁴⁵

Reports noted that Russian Foreign Minister Sergei Lavrov has said that a military intervention into an ongoing political conflict in Syria is out of the question. He also criticized calls for resignation of Bashar al-Assad, saying that the Syrian president has announced a number of democratic reforms in the country and invited opposition to join a dialogue over the future of the political system in the country. The Russian minister also condemned the refusal of opposition to negotiate a peaceful solution to the current political conflict in Syria.⁴⁶

According to reports, a Russian company has unveiled a unique “Pandora’s Box” cruise missile system which is deployed and can be fired from a standard 40-foot shipping container, from ships, rail cars or even off the back of a truck. Morinformsystem-Agat JSC is marketing the system as a take-anywhere weapon able to destroy ships and attack land targets with the Novator Klub-K 3M-54TE missile, one of the deadliest cruise missiles in existence. The Club K missile system, containing four rounds, is self-contained in the sea container along with two crew members in a sealed cabin with their communications and targeting systems. The weapon is fed information from satellites, then raised to a vertical position from the container by hydraulic rams, and fired. It is then guided inertially to the approximate target area, up to 270 kilometres away, where it finds the target using radar. The missile then accelerates to around 700 meters per second to hit the target with its penetrator high-explosive warhead.⁴⁷

⁴⁵ “Military talks in North Korea as Kim travels Far East”, *The Moscow Times*, August 23, 2011, <http://www.themoscowtimes.com/news/article/military-talks-in-north-korea-as-kim-travels-far-east/442470.html>

⁴⁶ “Russia Foreign Minister rules out military intervention in Syria”, RIA Novosti, 23rd August, 2011, <http://www.en.rian.ru/world/20110823/166062617.html>

⁴⁷ “Russian company unveils ‘bomb in a box’ cruise missile system”, RIA Novosti, 17th August 2011, http://www.en.rian.ru/military_news/20110817/165865506.html

In another development, Russia's Proton-M rocket with the high-power Express-AM4 satellite has been launched from the Baikonur space center in Kazakhstan. The satellite, weighting almost 5.8 metric tons, was designed and built jointly by Russia's Khrunichev State Research and Production Center and Astrium, a subsidiary of the European Aeronautic Defence and Space Company (EADS). The Express-AM4 will be equipped with 63 transponders operating in C-, Ku-, Ka and L-bands.⁴⁸

Reports noted that Gazprom Neft is in the signing phase of a contract to deliver oil products to Afghanistan. Under the agreement, GazpromNeft would supply Afghanistan's state oil company with 10,000 tons of light diesel fuel in September. TNK-BP is currently one of the biggest oil-product suppliers to Afghanistan. Russian Energy Minister Sergei Shmatko and Afghan Commerce and Industry Minister Anwarul Haq Ahadi signed a memorandum of mutual understanding on fuel and energy cooperation earlier this month. The parties agreed on additional oil product shipments by Russian companies of 500,000 tons to help Afghanistan meet its annual need of 3 million tons.⁴⁹

According to reports, Russian President Dmitry Medvedev has met with Belarusian President Alexander Lukashenko in the Black Sea resort city of Sochi. The two leaders discussed various matters of bilateral relations, interaction within the Customs Union, and exchanged views on key international issues. Russia is Belarus' main oil and gas supplier. Under the Russian-Belarusian intergovernmental agreement signed in December 2010, Russia has cancelled the oil export duty for Belarus from January 1, 2011. The document entered into force shortly after Belarus had ratified a set of agreements on the Common Economic Space. However, as the issue of oil prices remains unresolved, Russian oil companies suspended oil exports to Belarus at the start of the year until new contracts were signed. Russia will supply 21.7 million tonnes of oil to Belarus this year.⁵⁰

In other developments, Russia's Sukhoi T-50 5th generation fighter aborted the takeoff at the MAKS-2011 International Aviation and Space Show. However, a senior aviation expert told that this was normal for the period of test flights, especially in the conditions of high humidity and "taking into account the safety of the air show visitors."⁵¹

⁴⁸ "Russia launches high-power telecom satellite", RIA Novosti, 18th August, 2011, <http://www.en.rian.ru/science/20110818/165876307.html>

⁴⁹ "Gazprom Neft to supply Afghanistan", *The Moscow Times*, August 23, 2011, <http://www.themoscowtimes.com/business/article/gazprom-neft-to-supply-afghanistan/442475.html>

⁵⁰ "Medvedev meets Lukashenko in Sochi", ITAR-TASS, *Itartass*, 22nd August, 2011, <http://www.itar-tass.com/en/c32/209225.html>

⁵¹ "5th Generation Fighter aborts flight at MAKS-2011 air show", RIA Novosti, 21st August, 2011, <http://www.en.rian.ru/russia/20110821/166002069.html>

D. West Asia

Iran

- Reports: Ultraconservative factions united under the Supreme Leader to challenge Ahmadinejad in next elections; MP dismissed Gholam Ali Hadda remarks on reformists regarding their involvement with seditions; NIOC Director: India will entirely pay its oil debts to Iran by the end of August

Reports noted that Iran's internal power struggles are shifting into election mode with conservative political forces banding together to groom candidates for next year's parliamentary elections and punish allies of President Mahmoud Ahmadinejad. The newly formed bloc of 15 ultraconservative factions united by absolute loyalty to Supreme Leader Ayatollah Ali Khamenei marks a powerful bid to expand control over the political system before the voting for Ahmadinejad's successor in mid-2013. It's also a chance for more payback against Ahmadinejad for challenging the authority of Khamenei earlier this year, including boycotting Cabinet meetings in a dispute over the appointment of Iran's intelligence minister. Ahmadinejad is now viewed as a political outcast by many for overstepping the line, virtually assuring that the theocracy will block his backers from seeking the presidency when his second and final term expires. Ahmadinejad already has paid a high price for pushing back against the ruling system. Dozens of the president's allies have been detained over the past months, including four senior government officials. The new network of Khamenei loyalists known as the Resistance Front and linked to powerful Islamic religious factions is another bold swipe at Ahmadinejad.⁵²

Meanwhile, the spokesman of the Majlis minority faction dismissed former speaker of the Majlis Gholam Ali Haddad-Adel's recent remarks in which he has likened reformists with seditionists. MP Dariush Qanbari said reformists are not "seditionist", adding that certain principlists make such remarks to divert attention from their internal dissensions. On the policy of reformists on the March parliamentary election, he said that the members of the reformist faction are closely monitoring the country's political situation to make the final decision.⁵³

In another development, the National Iranian Oil Company's Director for International Affairs announced that India will entirely pay its oil debts to Iran by the end of August. Seyyed Mohsen Qamsari said "Indian buyers have so far paid more than \$2 billion of their debts to Iran and will pay the rest by the end of August." He also added that "currently, four Indian buyers are paying their oil debts to Iran." Indian refiners said they expected Iran to resume 400,000 barrels a day of oil exports in September, following an uncertain August since now that they have been able to

⁵² "Iran's hard-liners seek payback in next election," *Khaleej Times*, August 17, 2011, at http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/middleeast/2011/August/middleeast_August396.xml§ion=middleeast

⁵³ "MP says reformists are not seditionist," *Tehran Times*, August 16, 2011, at <http://tehrantimes.com/index.php/politics/1641-mp-says-reformists-are-not-seditionist>

start paying the debt. India imports about 20 percent of its crude oil needs from Iran. Indian refineries have also been designed in a way to refine Iranian heavy crude oil.⁵⁴

Iraq

- **Iraqi cleric Moqtada al-Sadr: US troops to leave Iraq or face challenge; Officials: 150 PJAK members killed in recent operations:**

According to reports, Iraqi cleric Moqtada al-Sadr warned recently that US troops in Iraq to leave the country and go back to their families or risk more attacks. Moqtada al-Sadr's comments came in a rare statement translated into English and directed at US troops in Iraq. The Shia cleric appealed directly to the roughly 46,000 US troops still in the country and said Iraq does not need their help. Iraqi officials are mulling whether to keep some US troops past their December departure date. But they're worried about a potential backlash if the US military remains in the country. Al-Sadr and his militia members have vowed to assault any American force that remains and have already been attacking American troops with rockets and bombs. While the security situation in Iraq has improved over the past few years, attacks are still commonplace. In June alone, 14 US soldiers were killed in combat, making it the bloodiest month for the US military in Iraq in two years. Recently, al-Sadr warned that any US training mission in Iraq after 2011 would amount to an occupation force and need to be opposed by military means.⁵⁵

In another development, a local official in West Azarbaijan Province announced that about 150 PJAK members have been killed in recent days. Issa Qanbari, the Deputy Governor General for security affairs in West Azarbaijan Province also dismissed Turkish media reports that Iranian security forces have captured the second top member of the Kurdistan Workers' Party (PKK). PKK is a separatist organization which has since 1984 been fighting an armed struggle against the Turkish government for an autonomous Kurdistan. PJAK is an offshoot of PKK which engages in armed clashes with Iranian security forces along the country's northwestern borders with Iraq's Kurdistan region. He added that the Islamic Revolution Guards Corps (IRGC) forces, operating in the region, stormed PJAK defensive lines and demolished their strongholds. He also added that "due to the powerful presence of Sepah forces and border guards, about 150 PJAK members were killed and others were compelled to retreat."⁵⁶

⁵⁴ "India to clear oil debts to Iran by August end: official," *Tehran Times*, August 20, 2011, at <http://www.tehrantimes.com/index.php/economy-and-business/1800-india-to-clear-oil-debts-to-iran-by-august-end-official->

⁵⁵ "Sadr tells U.S. forces to leave Iraq or risk attacks," *Tehran Times*, August 10, 2011, at <http://www.tehrantimes.com/index.php/middle-east/1397-sadr-tells-us-forces-to-leave-iraq-or-risk-attacks>

⁵⁶ "150 PKK members killed in recent days: local official," *Tehran Times*, August 15, 2011, at <http://tehrantimes.com/index.php/politics/1636-150-pkk-members-killed-in-recent-days-local-official->

II. DEFENCE REVIEW

National

- **India's second indigenous stealth frigate INS Satpura commissioned; Army thwarts militants design in Valley as a dozen militants killed in an encounter**

In a significant development, INS Satpura, the second indigenous stealth frigate of Project 17 class of the Indian Navy was commissioned by Chief of Naval Staff Admiral Nirmal Verma on August 20. INS Shivalik, the first of the class, has already been commissioned in April last year while the third ship INS Sahyadri is in final stages of construction at Mazgaon Docks Limited. Speaking on the occasion Admiral Verma said, "The commissioning of INS Satpura will strengthen the fighting fleet of the Indian Navy. Its improved survivability, maneuvering and stealth ability will act significantly towards navy's status as blue water navy." With about 60 per cent indigenization by cost, the construction of the ship started in August 2002. INS Satpura, armed with long range anti-ship missile, anti-aircraft missile as well as missile defence system, has the capacity to engage into a three dimensional warfare on surface, air as well as sub surface levels. The commissioning of INS Satpura is significant on the backdrop of the recent operations of Indian navy against Somalian pirates and the growing aspirations of the force to be the blue water navy.⁵⁷

Meanwhile, reports noted that the army on August 20, killed a dozen militants who for the first time tried to enter the Kashmir Valley rowing an inflatable boat up a river from Pakistan-occupied Kashmir. At least 15 terrorists, believed to be from the Lashkar-e-Toiba, rowed to the Indian bank of the Kishanganga, which in some stretches doubles as the Line of Control. Significantly, the last time terrorists entered India using the water route was on November 26, 2008, when 10 Lashkar militants reached Mumbai and launched an attack that lasted three days and killed over 160. This was the first time that militants had used the river route to cross the LoC.⁵⁸

International

- **Russia's mobile air defence system Morfey to be in service by 2013; China's first aircraft carrier to be deployed in the resource-rich South China Sea**

According to reports, Russia's new ultra short-range mobile air defence system Morfey is likely to be ready for service in 2013. Former chief designer of Almaz-Antei Corporation Igor Ashurbeili noted that the project which has been in development since 2007 is receiving sufficient funding and the system is expected to enter service in 2013. The new system with a range of five kilometres

⁵⁷ "Navy gets its 2nd indigenous stealth frigate", *Bharat Rakshak*, August 21 2011 at <http://www.bharat-rakshak.com/NEWS/newsrf.php?newsid=15051>

⁵⁸ "Boat plot busted, many deaths", August 20, 2011, *Bharat Rakshak*, at <http://www.bharat-rakshak.com/NEWS/newsrf.php?newsid=15060>

features a radar with a dome-shape antenna, which provides constant 360-degree tracking of targets, according to the report. The Morfey will complement the Vityaz, the S-400 and the S-500 air defence systems in the future aerospace defense network to engage targets at ranges from five to 400 kilometers, and at altitudes from five meters to near space.⁵⁹

Meanwhile, reports noted that China regards its first aircraft carrier as a “strategic” asset and plans to deploy it in the resource-rich South China Sea, where it is involved in maritime disputes with several ASEAN countries. The aircraft carrier, which has just completed trial runs, will be deployed in the South China Sea by the next Army Day, state-run People’s Daily reported on Tuesday. Tensions brewed in the South China Sea in recent months between China and several ASEAN countries including Vietnam and the Philippines over a number of islands stated to be rich with mineral and oil resources. Significantly, the vessel will operate under direct command of the country’s Central Military Commission, headed by President Hu Jintao, the report said. “An aircraft carrier is the mark of major powers,” the Daily quoted Gen Qiao Liang a military expert as saying, who added that China’s new carrier aircraft has reached the world’s best level.⁶⁰

III. UNITED NATIONS (UN) REVIEW

- **India to hold debate on peacekeeping at the UN Security Council; UNSC encourages concerted efforts towards stability in Central Africa; Security Council condemns terrorist attacks in Iraq; UNSC calls for participation of Somali groups in consultative meeting**

According to reports, India holding the presidency for the current month at the UN Security Council has circulated a concept note ahead of a debate on peacekeeping to be held on 26th of August. It has called for strengthening legal backing and enhancing resources for UN peacekeeping operations across the globe. Among other concerns, India has flagged the issue of a ‘severe mismatch’ between the resources and the mandate of peacekeeping operations.⁶¹ India has also called for an ‘innovative approach’ towards peacekeeping which at times becomes ‘peace building’.⁶²

⁵⁹ “Russia’s new air defence system to enter service by 2013”, *Brahmand*, August 15, 2011, at <http://www.brahmand.com/news/Russias-new-air-defence-system-to-enter-service-by-2013/7766/1/13.html>

⁶⁰ “China plans to deploy aircraft carrier in South China Sea”, *Brahmand*, August 16, 2011, at <http://www.brahmand.com/news/China-plans-to-deploy-aircraft-carrier-in-South-China-Sea/7774/1/13.html>

⁶¹ “India seeks legal backing, more funds for UN peacekeepers”, *The Indian Express*, August 16, 2011 at <http://www.indianexpress.com/news/India-seeks-legal-backing—more-funds-for-UN-peacekeepers/832351/>

⁶² “India wants to take fresh look at peacekeeping”, *Hindustan Times*, August 14, 2011 at <http://www.hindustantimes.com/India-wants-UN-to-take-fresh-look-at-peacekeeping/Article1-733357.aspx>

Reiterating its concern over the persistent Lord's Resistance Army attacks and other peace and security challenges in Central Africa such as the flow of illicit small arms and border security, the Security Council encouraged the UN Regional Office for Central Africa (UNOCA) to partner with other organizations to help the region deal with these issues. The regional office was also requested to provide relevant assistance to the States in the region on security sector reforms, human rights, fight against trans-border threats, and enhancing women's contribution to conflict prevention and resolution. The Council also urged the governments in the region to cooperate with UNOCA.⁶³

Meanwhile, following a series of terrorist attacks in Iraq that killed and injured many, the Security Council condemned these attacks and stressed the need to bring the perpetrators to justice. The Council also reaffirmed the need to combat threats to international peace and security caused by terrorism.⁶⁴

In other developments, the UNSC reiterated the need for Somali groups to participate in consultative meeting to be held next month that will seek agreement on a roadmap on key priorities to be implemented over the next year by the country's Transitional Federal Institutions (TFIs). The Council members welcomed the improvements in the security situation in Mogadishu and also commended the efforts made by the African Union peacekeeping mission (AMISOM) and Somalia's security forces.⁶⁵

⁶³ "Security Council calls for concerted efforts to enhance stability in Central Africa", *UN News Centre*, August 18, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=39330&Cr=UNOCA&Cr1=>

⁶⁴ "Deploring deadly blasts in Iraq, Security Council urges punishment of perpetrators", *UN News Centre*, August 18, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=39324&Cr=Iraq&Cr1=>

⁶⁵ "Security Council urges all Somali groups to attend consultations on governance", *UN News Centre*, August 15, 2011 at <http://www.un.org/apps/news/story.asp?NewsID=39301&Cr=Somali&Cr1=>