

THE WEEK IN REVIEW

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1. COUNTRY REVIEW

A. SOUTH ASIA

AFGHANISTAN

- **Pak PM Gilani: Pak's cooperation essential for US victory in Afghanistan; Karzai and Miliband discuss Afghan Summit in London; Holbrooke: US supports reconciliation talks between the Afghan government and its opponents; 10 protesters killed as ISAF and Afghan forces open fire; 13 killed in predator drone attack in Helmand; 16 civilians killed in suicide blast in Uruzgan**

Pakistan Prime Minister Yousuf Gilani speaking to parliamentarians on January 14 asserted that the US will not achieve a victory in Afghanistan without the cooperation of Pakistan.¹

British Foreign Secretary David Miliband on a two-day visit to Afghanistan met with President Karzai on January 15 and discussed issues relating to the upcoming London conference on January 28. Reports noted that Karzai discussed negotiation plans with forces inimical to his government as well as the parliamentary elections due in May 2010.²

US Special Representative Richard Holbrooke told President Karzai during a meeting at the Presidential Palace in Kabul on January 16 that America was in favour of talks between the Afghan government and its opponents, as well as for their inclusion in the national mainstream.³

Ten people were killed and 25 others wounded as NATO forces opened fire on residents protesting civilian deaths and alleged desecration of the Holy Quran in southern Helmand province on January 12.⁴ The US military had fired a Hellfire missile from a Predator drone into a crowd of suspected insurgents in Helmand province killing 13 people.⁵

In other developments, a suicide bomber blew himself up at a crowded market in the town of Deh Rawood, Uruzgan province on January 14 killing at least 16 civilians, many of them women and children. It was the largest insurgent attack against civilians since September 2009.⁶

¹ 'US can't win in without our support: Gilani', *Pajhwok Afghan News*, January 15, 2010 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=87978>

² 'Karzai, Miliband talk London moot', *Pajhwok Afghan News*, January 16, 2010 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=88096>

³ 'Holbrooke backs reconciliation drive', *Pajhwok Afghan News*, January 16, 2010 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=88083>

⁴ 'Afghan, foreign forces kill protestors', *Pajhwok Afghan News*, January 12, 2010 at <http://www.pajhwok.com/viewstory.asp?lng=eng&id=87860>

⁵ 'U.S. uses Predator drone to hit suspected insurgents in Afghanistan; 13 killed', *The Washington Post*, January 13, 2010 at <http://www.washingtonpost.com/wp-dyn/content/article/2010/01/13/AR2010011300703.html>

⁶ 'Market blast kills 16 in Afghanistan', *The Washington Post*, January 15, 2010 at <http://www.washingtonpost.com/wp-dyn/content/article/2010/01/14/AR2010011400785.html?hpid=sec-world>

PAKISTAN

- **FM Qureshi: More US drone attacks would harm ties; Zardari expresses concern over screening of Pak nationals in US; Petraeus: Drone attacks have increased after Khost attack; Lieberman: Pakistan “a full partner in the war on terrorism”; Pakistan and China to initiate joint efforts to meet regional security challenges; IMF: Pakistan’s external debt would increase by 43 percent in the next 5 years**

Foreign Minister Shah Mehmood Qureshi, addressing a joint press conference with the visiting US Special Envoy Richard Holbrooke on January 13 stated that escalating US drone attacks will adversely affect US-Pak ties. He added that the US should not cross certain “red lines” in their bilateral relations. Holbrooke on his part stated that the US would continue to assist Pakistan in rooting out militancy from its soil.⁷ President Zardari also conveyed to Mr. Holbrooke that the screening of Pakistani nationals in the US was a “cause of great concern.”⁸ Gen. Petraeus meanwhile told CNN that drone attacks in FATA have increased after the suicide attack on CIA officials in Khost in Afghanistan. He added that the US-Pakistan relationship was ‘absolutely critical’ in the fight against terrorism.⁹

Earlier on January 12, at a meeting in Abu Dhabi attended by Afghan Foreign Minister Ranganath Spanta, Foreign Minister Qureshi stressed that the “Afghan war has to be fought within Afghanistan. The challenges within Afghanistan cannot be resolved in Pakistan.”¹⁰

The Co-Chairmen of the US Senate Committee on Homeland Security, Senator Joe Lieberman and Senator John McCain talking to CNN in the aftermath of their recent visit to Islamabad stated that Pakistan was “a full partner in the war on terrorism” and added that Pakistani people themselves were “targets of terrorism.”¹¹

In other developments, at the seventh round of annual defence and security talks on January 10, Pakistan and China agreed to initiate a joint strategy to deal with regional security challenges. Both countries reviewed their military

⁷ Sajjad Malik, ‘Drone attacks, ground operations will hurt ties: Qureshi: US won’t leave Pakistan alone, says Holbrooke’, *Daily Times*, January 14, 2010 at http://www.dailytimes.com.pk/default.asp?page=2010\01\14\story_14-1-2010_pg1_1

⁸ ‘Halt drone attacks, screening to win over Pakistanis: Zardari’, *The News*, January 16, 2010 at http://www.thenews.com.pk/arc_default.asp

⁹ ‘Drone attacks intensified after Khost blast: US’, *Dawn*, January 12, 2010 at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/12-drone-attacks-intensified-after-khost-blast-us--bi-10>

¹⁰ ‘Afghan war should stay out of Pakistan, says Qureshi’, *Daily Times*, January 13, 2010 at http://www.dailytimes.com.pk/default.asp?page=2010\01\13\story_13-1-2010_pg1_5

¹¹ Anwar Iqbal, ‘Action likely in N. Waziristan, say US senators’, *Dawn*, January 11, 2010 at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/16-action-likely-in-n.-waziristan%2C-say-us-senators-hs-07>

ties and proposals for cooperation in fields of training, intelligence, logistics and joint defence ventures.¹²

Meanwhile, an IMF report noted that Pakistan's external debt will increase by more than 40 percent over the next 5 years.¹³

B. EAST ASIA

CHINA

- **PLA Deputy Chief meets Pak PM Gilani; PLA refutes media reports on aircraft carriers; China tests missile interception technology; PLA sets up 'online military academy'; PLAN Navy imparting training to selected students in civilian higher education institutions to improve quality of recruits; Chinese MoD announce financial aid to Haiti**

The visiting Deputy Chief of PLA General Staff Gen. Ma Xiaotian met with Pakistani Prime Minister Yousuf Gilani. Ma was in Pakistan to attend the 7th China-Pakistan defense security consultation meeting on January 9.¹⁴

The PLA took strong exception to media reports stating that China intended to "establish two aircraft carrier formations" as "groundless, fabricated and extremely irresponsible."¹⁵

China tested ground-based midcourse missile interception technology on January 12. The expected objectives were reportedly achieved.¹⁶

The PLA set up an "online military academy" to promote joint operations capability of the army.¹⁷

The PLA Navy enrolled over 9,000 national defense students in 5 major arms and equipment research institutions in tune with the terms of agreements in force with 14 civilian higher learning institutions since 1999.¹⁸ The effort is geared towards synchronizing university education and requirements of the Navy to produce high-quality military recruits.¹⁹

¹² Iftikhar Ahmed Khan, 'Sino-Pak talks on joint strategy to meet challenges', *Dawn*, January 11, 2010 at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/12-sinopak-talks-on-joint-strategy-to-meet-challenges--bi-11>

¹³ Khaleeq Kiani, 'External debt to rise by 43pc in five years', *Dawn*, January 11, 2010 at <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/12-external-debt-to-rise-by-43pc-in-five-years--bi-10>

¹⁴ 'Pakistan Prime Minister Meets Ma Xiaotian', *PLA Daily*, January 11, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/11/content_4114239.htm

¹⁵ 'Chinese Military: Reports Concerning China's Aircraft Carriers Groundless', *PLA Daily*, January 12, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/12/content_4115529.htm

¹⁶ 'China Conducts Test on Ground-based Midcourse Missile Interception', *PLA Daily*, January 12, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/12/content_4115743.htm

¹⁷ 'Group Army Establishes 'online military academy'', *PLA Daily*, January 13, 2010

¹⁸ 'PLA Navy Enrolls over 9100 National Defense Students', *PLA Daily*, January 13, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/13/content_4116523.htm

¹⁹ 'PLA Navy Expands Cooperation with 14 Higher Learning Institutions', *PLA Daily*, January 15, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/15/content_4118069.htm

In other developments, China's Ministry of National Defense announced an emergency humanitarian aid worth 13 million Yuan (\$1.9 million) to quake-hit Haiti.²⁰

C. WEST ASIA

IRAN

- **Iran's police chief warns opposition protesters against use of e-mails; Major powers representatives meet to discuss further sanctions**

Iran's police chief Gen. Ismail Ahmadi Moghaddam warned protesters against using text and e-mail messages for arranging protest rallies, stating that these systems were being monitored and people misusing such technology would be prosecuted. Iran's opposition has depended on internet and mobile phones to communicate due to the ban on pro-reform newspapers.²¹

Representatives of Britain, France, Germany, Russia, the United States and China met in Geneva to discuss Iran's continued nuclear intransigence. China however sent a low-level diplomat to the meeting, with reports indicating that this was an indication of its unwillingness to support tough new sanctions against Iran.²²

IRAQ

- **Suicide bomber kills seven in Anbar province; Iraq's election commission bans pro-Baath party candidates ahead of March elections**

More than seven people including two police officers were killed as a suicide bomber blew up a truck near a police station in Anbar province. The latest bombing came a week after attacks targeting police personnel killed eight people in the town of Hit in the same province. The attacks were directed against officials involved in the drive against militant groups in the province.²³

Iraq's election commission meanwhile debarred almost 500 candidates from contesting in national elections scheduled for March 7. The Justice and Accountability Commission stated that these candidates had ties to the outlawed Baath party, once led by Saddam Hussein. Those barred included prominent Sunni Arab politicians like Defence Minister Abdulqadir al-Obeidi and the nationalist politician Saleh al-Mutlak.²⁴

²⁰ 'China's Defense Ministry Announces Emergency Humanitarian Aid to Haiti', *PLA Daily*, January 16, 2010 at http://eng.chinamil.com.cn/news-channels/china-military-news/2010-01/16/content_4118285.htm

²¹ 'Iran warns opposition on e-mails', *BBC News*, January 16, 2010 at http://news.bbc.co.uk/2/hi/middle_east/8462857.stm

²² 'Six powers to mull Iran sanctions', *Khaleej Times*, January 16, 2010 at http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2010/January/middleeast_January336.xml§ion=middleeast

²³ 'Seven killed in Iraq truck bomb', *BBC News*, January 13, 2010 at http://news.bbc.co.uk/2/hi/middle_east/8457237.stm

²⁴ 'Iraqi body bars 500 candidates', *BBC News*, January 16, 2010 at http://news.bbc.co.uk/2/hi/middle_east/8461275.stm

II. DEFENCE REVIEW

DEFENCE NATIONAL

- **Astra test-fired successfully**

DRDO successfully conducted two tests of the indigenously-developed Astra missile from a ground based launcher. The tests followed DRDO's earlier captive flight trials of the missile from a Sukhoi-30 MKI.

Astra is a beyond visual range air-to-air missile. Once operational, India will join the club of the select countries such as US, Russia, Israel and France which have such technologies. The missile is "designed for an 80 km range in head-on mode and 20 km range in tail-chase mode."²⁵

- **CII-KPMG urges greater reforms in defence sector**

The Confederation of Indian Industry (CII) and consultancy firm KPMG in a joint study report have urged the Ministry of Defence (MoD) to initiate more reforms in the defence sector to enable the country "to influence its future growth trajectory." To enable the Indian industry to play a more meaningful role in defence production, the reports urges the MoD to improve the "visibility of government's order book; increase industry's inputs and feedback into the request for proposal (RFP) process; take steps to reduce bidders' costs, allow private sector to take a large role in defence R&D." The report also calls for the formulation of an industrialization strategy to increase private sector's role in the defence industry.²⁶

INTERNATIONAL

- **China tests interceptor missile**

Xinhua reported that China had conducted a "test on ground-based midcourse missile interception technology." The report added that the test achieved its "expected objective" and that it was "defensive in nature." The test came a few days after the US approval to sell air defence missiles worth \$6.5 billion to Taiwan.²⁷

²⁵ 'Astra test-fired successfully', January 12, 2010 at <http://www.expressbuzz.com/edition/story.aspx?Title=Astra+test-fired+successfully&artid=LLqTr3J9l%7C8=&SectionID=mvKkT3vj5ZA=&MainSectionID=fyV9T2jla4A=&SectionName=nUFeEOBkuKw=&SEO>

²⁶ KPMG and CII, 'Opportunities in Indian defence sector: An overview', Report obtained by author from Confederation of Indian Industry.

²⁷ 'China conducts test on ground-based midcourse missile interception', *Xinhua*, January 11, 2010 at http://news.xinhuanet.com/english/2010-01/11/content_12792329.htm; 'US approves Taiwan missile sales', *BBC News*, January 7, 2010 <http://news.bbc.co.uk/2/hi/asia-pacific/8445408.stm>

III. ENERGY SECURITY REVIEW

(Jan 4-17, 2010)

- **ONGC to lend \$857 million to unit for Myanmar project**

ONGC is to lend Rs. 40 billion (\$857 million) to its overseas unit investing in a gas project off Myanmar's coast in an effort to meet rising fuel demand at home. In the face of China's aggressive plans to invest at least \$16 billion on oil and gas fields in Africa, ONGC bought Imperial Energy Plc for 1.4 billion pounds (\$2.2 billion) in 2009 to gain access to oilfields in Russia.

ONGC has a 17 percent stake in the Shwe, Shwe-Phu and Mya areas in the A-1 and A-3 blocks in Myanmar, estimated to hold between 4.5 trillion and 7.7 trillion cubic feet of natural gas. Daewoo International Corp. owns 51 percent, Myanmar Oil & Gas Enterprise holds a 15 percent share, while GAIL India Ltd. and Korea Gas Corp. have 8.5 percent each. The venture plans to start deliveries in May 2013.²⁸

- **China and Burma agree on oil pipeline project**

China National Petroleum Corporation (CNPC) signed an agreement with Burma's Ministry of Energy regarding the 2,380-kilometre oil pipeline between the two countries. The agreement defines the rights and obligations of the Southeast Asia Oil Line, a CNPC subsidiary, in construction and operation of the pipeline. The pipeline will be from Madel Island of Burma to Yunnan Province in China and will transport over 22 million metric tons of crude oil a year.

The Burmese authorities will be responsible for the security of the pipeline, which will run through areas in north-eastern Burma, inhabited by armed ethnic groups. China also plans to set up an oil refinery in Kunming, the capital of Yunnan province in southwestern China.

The new pipeline is expected to be constructed in two phases. With an initial capacity of 241,000 barrels per day (bpd), the flow rate will rise to 402,000 bpd after the second phase of development. Myanmar Oil and Gas Enterprise will hold 49.1 per cent in the project while CNPC will have 50.9 per cent stake.²⁹

- **Iran, Turkmenistan inaugurate new gas pipeline**

Turkmenistan's President Gurbanguly Berdimuhamedov and his Iranian counterpart Mahmoud Ahmadinejad inaugurated a pipeline running from the giant Turkmen gas field to Iran on January 6 in Dauletabad. An agreement was also signed to start work on the Turkmen section of a planned railroad from Kazakhstan to Iran. The Iranian president arrived in Turkmenistan from

²⁸ 'ONGC to lend \$857 million to unit for Myanmar project', *Asia Energy*, December 30, 2009 at <http://asianenergy.blogspot.com/search?updated-min=2009-01-01T00%3A00%3A00%2B07%3A00&updated-max=2010-01-01T00%3A00%3A00%2B07%3A00&max-results=50>

²⁹ 'China-Burma agree on oil pipeline project', *Asia Energy*, December 30, 2009 at <http://asianenergy.blogspot.com/search?updated-min=2009-01->

Tajikistan, where he had underscored Dushanbe's and Tehran's mutual interest in close neighborly relations.

The new Dauletabad-Sarabs-Khangiran pipeline with a throughput capacity of 12 billion cubic meters (bcm) annually, will reach full capacity in 2011. This pipeline complements the Korpeje-Kurt Kui line (laid in 1997) that runs from southwestern Turkmenistan to Iran, with an annual capacity of 8 bcm.³⁰

- **Iran set to reduce February oil prices for Asia on Saudi cuts**

National Iranian Oil Co. announced that it will reduce its official selling price of crude oil after Saudi Arabia cut prices on January 6. Iran's state oil company will set Iranian Light for February shipments at 35 cents a barrel above the average of Persian Gulf benchmark Oman and Dubai grades, based on a quarterly formula tied to Saudi Arabian Oil Co. prices. It will also set February prices for *Soroush* and *Norooz* grades, which are shipped only to Asia and the Mediterranean.³¹

- **GAIL, ONGC Videsh to have stakes in China-Myanmar gas pipeline project**

GAIL (India) Ltd chairman announced that the company will pick up a 4.17 per cent equity (\$83.82 million) in the \$2.01 billion gas pipeline from Myanmar to southern China. In 2008, Myanmar decided to sell the gas from Shwe and Shwe Phyu gas fields in A-1 block and Mya field in A-3 block in the Bay of Bengal to China National Petroleum Corp (CNPC) for 30 years beginning 2013. CNPC is laying the 870 km pipeline and will own 50.9 per cent equity in the project. ONGC Videsh Ltd. (OVL) also plans to buy 8.35 per cent equity (\$167.83 million) in the pipeline. The three fields are estimated to hold 4.53 trillion cubic feet of certified gas reserves and expected to start producing 14.2 million standard cubic metres per day (mmscmd) gas from 2013.³²

- **Japan warns China over disputed oil and gas reserves**

Japanese Foreign Minister Katsuya Okada warned his Chinese counterpart Yang Jiechi at a meeting in Tokyo on January 17 that Tokyo will take action if Beijing starts gas production in a disputed field in the East China Sea. The warning comes despite an agreement between the two countries to resolve the dispute by jointly developing gas fields.³³ The fields are expected to hold 92 million barrels of oil equivalent, and there could also be larger hidden reserves.

³⁰ 'Iran and Turkmenistan Inaugurate Gas Pipeline', *Jamestown*, January 9, 2010 at http://georgiandaily.com/index.php?option=com_content&task=view&id=16375&Itemid=132

³¹ 'Iran set to reduce February oil prices for Asia on Saudi cuts', *Asia Energy*, January 7, 2010 at <http://asianenergy.blogspot.com/2010/01/iran-set-to-reduce-february-oil-prices.html>

³² 'ONGC Videsh, GAIL buying Myanmar pipeline stakes', *DNA*, January 19, 2010 at <http://asianenergy.blogspot.com/2010/01/gail-ongc-videsh-buying-myanmar.html>

³³ 'Japan warns China over disputed oil and gas reserves', *Radio Australia News*, January 18, 2010 at <http://www.radioaustralianews.net.au/stories/201001/2794182.htm?desktop>