

THE WEEK IN REVIEW

June 8 – June 14, 6 (2), 2015

Editor: Saroj Bishoyi

Contributors

Gulbin Sultana

Gunjan Singh

Titli Basu

Rajorshi Roy

Saroj Bishoyi

Amit Kumar

Bangladesh, Sri Lanka, Maldives

China

Japan, South and North Korea

Russia and Central Asia

United States of America

Defence Reviews

Follow IDSA



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

CONTENTS

In This Issue	Page
I. COUNTRY REVIEWS	2-23
A. South Asia	2-3
B. East Asia	3-8
C. Russia	9-15
D. United States of America	15-22
II. DEFENCE REVIEWS	22-23

I. COUNTRY REVIEWS

A. South Asia

Bangladesh

(June 8-14, 2015)

- **Bangladesh receives a draft document of MoU from China**

Reportedly, the Foreign Ministry of Bangladesh has received a draft document of Memorandum of Understanding (MoU) from Beijing on June 10 to facilitate maritime cooperation in the Bay of Bengal. China wants to sign the MoU during Chinese Prime Minister Li Keqiang's upcoming visit to Bangladesh in September. Dhaka had approached Beijing a long time ago for the signing of a deal on maritime cooperation to facilitate capacity building, training, joint research and study, but it had not received any response from China.¹

Sri Lanka

(June 8-14, 2015)

- **Foreign Affairs Minister Mangala Samaraweera discusses the issue of reconciliation with the Tamil Diaspora in London.**

The Sri Lankan government in an attempt to make progress in post-war reconciliation has held discussions with the Tamil Diaspora in the UK. Foreign Affairs Minister Mangala Samaraweera, who was visiting London, met with leading Diaspora groups in London and engaged in discussions on how the Diaspora groups can contribute to the reconciliation process. In a statement the Global Tamil Forum (GTF) said the organisation and the Tamil National Alliance (TNA) continued their informal dialogue in London with various stakeholders to enhance confidence building measures between all communities within and outside Sri Lanka. The Minister of Foreign Affairs was also present in the talks. The participants agreed to call a further meeting to present the requirements to various High Commissioners and Ambassadors based in Sri Lanka, with the aim to raise funds for housing of over two thousand families in the newly released lands, the GTF

¹ "China Wants Deal with Bangladesh on Blue Economy", *The Daily Star*, June 13, 2015 at <http://www.thedailystar.net/frontpage/china-wants-deal-blue-economy-96280>.

² "Sri Lanka Government Discusses Reconciliation with Tamil Diaspora", *Colombo Page*, June 9, 2015 at http://www.colombopage.com/archive_15B/Jun09_1433792418CH.php.

³ "President Departs to China on Official Visit", *The Presidency, Republic of Maldives*, June 10, 2015 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=15597>.

said. According to the GTF, the release of prisoners held under the Prevention of Terrorism Act (PTA) in the light of the review by the Ministry of Justice was also discussed. The TNA and the GTF further raised the issue of listing of Diaspora organizations and individuals by the previous Government. Ideas of ways in which the Sri Lankan Diaspora could assist by bringing its exceptional capacity and capabilities were also explored.²

Maldives

(June 8-14, 2015)

- **President Abdul Gayoom visits China; Minister of Foreign Affairs Dunya Maumoon meets her Qatari counterpart.**

President Abdulla Yameen Abdul Gayoom made official visit to China on June 10, to attend the 3rd China - South Asia Exposition, and the 23rd Kunming Import and Export Commodities Fair. During his visit, the President was accompanied by Minister at the President's Office, Mohamed Hussain Shareef, and Minister of Economic Development, Mohamed Saeed. Numerous company heads representing the Maldivian business community also attended the expositions.³ President Abdulla Yameen Abdul Gayoom met with the Vice President of China, Li Yuanchao on June 11. At the meeting, discussions were held on ways to further strengthen the existing good relations between the Maldives and China. President Abdul Gayoom and the Chinese Vice President also deliberated extensively on matters of mutual interest. Following the meeting, the "Agreement on the Economic and Technical Cooperation of Grant" was signed between the Government of Maldives and the Government of China.⁴

Minister of Foreign Affairs Dunya Maumoon called on Minister of Foreign Affairs of Qatar Dr. Khalid Bin Mohammed Al Attiyah on June 10, 2015. At the meeting held at the Ministry of Foreign Affairs of Qatar Khalid Bin Mohammed Al Attiyah welcomed Dunya and noted the close historical ties of friendship and cooperation that exist between the two countries. The discussion between the two leaders also focused on ways to further strengthen the close bilateral cooperation between the two countries.⁵

B. East Asia

China

(June 1-14, 2015)

- **China invites the US Defence Secretary; China shows its commitment to address Climate Change; Chinese President meets Aung San Suu ky; Chinese President meets the President**

⁴ "President Yameen Meets Vice President of China", *The Presidency, Republic of Maldives*, June 11, 2015 at <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=15604>.

⁵ "Dunya Meets with Qatari Counterpart", *SunOnline*, June 11, 2015 at <http://www.sun.mv/english/30305>.

of Angola; China upset over Japanese move on G7 summit; China issues White Paper on Human Rights; Chinese Foreign Minister visits Hungary; Chinese and Japanese Finance Ministers meet; China upset over the remarks of the United States with respect to South China Sea.

According to a Chinese defence spokesperson, the China's Vice Chairman of the Central Military Commission Fan Changlong has invited Ashton Carter, the US Defence Secretary to visit China this year. This is in order to improve and promote the bilateral ties. This will be Carter's first visit to China after he was appointed the chief of Pentagon in February 2015. This was announcement was made on June 12.⁶

According to Su Wei, China's chief climate negotiator, "China is seeking to officially submit its 'intended nationally determined contributions' (NDC) to address global climate change by the end of June 2015". All countries have been asked to submit their NDC's before December Paris climate talks.⁷

On June 11, the Chinese President Xi Jinping met with Aung San Suu Kyi, the Chairperson of Myanmar's National League for Democracy (NLD). This was Aung San Suu kyi first visit to China.⁸

Chinese President Xi Jinping met with the President of Angola Jose Eduardo dos Santos on June 9. After the meeting both sides signed eight agreements which covered areas like transportation. Financing, economic cooperation, electricity etc. During the meeting Xi said, "China will encourage its enterprises to invest in Angola, participate in its industrial parks and infrastructure construction and help it to diversify its economy". This was the first visit to China of the Angolan President in seven years.⁹

As a response to Japan's proposal to put the South China Sea issue up for discussion during the G7 summit, Beijing asserted that, "no other country has the right to interfere". According to Hong Lei, the spokesperson of Chinese Foreign Ministry, "China enjoys indisputable sovereignty over the Nansha Islands and their adjacent waters. It is within the scope of China's sovereignty for China to build things on some of the Nansha Islands and reefs. No other country has the right to interfere".¹⁰

⁶ "US Defence Chief Invited to Visit China This Year", *China Daily*, June 13, 2015 at http://www.chinadaily.com.cn/china/2015-06/13/content_20994266.htm, accessed on June 15, 2015

⁷ "China Committed to Addressing Climate Change", *China Daily* June 12, 2015, at http://www.chinadaily.com.cn/china/2015-06/12/content_20983517.htm, accessed on June 15, 2015

⁸ "China's Xi Meets Aung San Suu Kyi", *China Daily*, June 11, 2015 at http://www.chinadaily.com.cn/china/2015-06/11/content_20975517.htm, accessed on June 12, 2015

⁹ "China and Angola Sign Cooperation Deals", By Zhao Shengnan, *China Daily*, June 10, 2015 at http://www.chinadaily.com.cn/world/2015-06/10/content_20955887.htm, accessed on June 12, 2015

¹⁰ "China Blasts Japan's Move on Agenda at G7 Summit", By Chen Mengwei, *China Daily*, June 9, 2015 at http://www.chinadaily.com.cn/china/2015-06/09/content_20945822.htm, accessed on June 12, 2015

On June 8, 2015, China issued its White Paper on human rights. The paper is titled, "Progress in China's Human Rights in 2014. This is the 12th report on human rights since 1991."¹¹

During his visit to Hungary the Chinese Foreign Minister Wang Yi met with the President of Hungary Janos Ader in Budapest. Hungary expressed its pleasure at becoming the first European country to join the Belt and Road Initiative. Both sides also agreed to improve the existing bilateral relations.¹²

On June 6 China and Japan held their fifth finance dialogue in Beijing. These talks were resumed after a gap of two years. During the meeting Chinese Finance Minister Lou Jiwei talked to the Japanese Deputy Prime Minister and Finance Minister Taro Aso. Both sides agreed that the talks were beneficial for both sides and also helped in improving the relations. During the meeting opening ceremony of the meeting Lou said that, "As neighbours, peace and friendliness are the mutual aspirations of peoples of the two countries. A friendly relationship between China and Japan will be conducive to economic development in Asia".¹³

On June 3, Chinese Foreign Ministry Spokesperson Hua Chunying said that Beijing, "rejects certain parties' misinterpretation of the international law on territorial disputes in South China Sea". This was in response to the comments made by the United States President Barack Obama. Hua further added that, "What [international] law forbids China to conduct reasonable construction on its own islands and reefs? What law allows close reconnaissance by warships and planes of another country's islands and reefs? What law allows the infringement of sovereignty and legitimate rights and interests in the name of freedom of navigation?"¹⁴

Japan

(June 8-14, 2015)

- **India-Japan-Australia held first trilateral talks; China plans to construct a new base to strengthen monitoring around the contested Diaoyu/Senkaku Islands; Former leader pressed Shinzo Abe to uphold apologies; Japan in G-7; Tokyo protests against Abe's security bill.**

India hosted the first India-Japan-Australia trilateral dialogue on June 8. The meeting which focused on maritime security including freedom of navigation, cooperation in the Indian Ocean and the Pacific besides discussing the prospects of economic cooperation. The trilateral was

¹¹ "China issues white paper on human rights", *China Daily*, June 8, 2015 at http://www.chinadaily.com.cn/china/2015-06/08/content_20936456.htm, accessed on June 12, 2015

¹² "Hungarian President, Chinese FM Meet on Ties", *China Daily*, June 7, 2015 at http://www.chinadaily.com.cn/world/2015-06/07/content_20931233.htm, accessed on June 12, 2015

¹³ "China, Japan Reopen Finance Talks after Delay over Sour Relations", *China Daily*, June 6, 2015 at http://www.chinadaily.com.cn/china/2015-06/06/content_20928138.htm, accessed on June 12, 2015

¹⁴ "China Rejects Misinterpretation of Int'l Laws on South China Sea" *China Daily*, June 3, 2015 at http://www.chinadaily.com.cn/china/2015-06/03/content_20902856.htm, accessed on June 15, 2015

attended by foreign secretary S Jaishankar, vice foreign minister of Japan Akitaka Saiki and Australian secretary of the Department of Foreign Affairs and Trade Peter Varghese. Reports suggest that a joint trilateral exercise is likely and initial discussions have happened.¹⁵ The next round of dialogue will be hosted by Japan. While South China Sea developments were reported discussed during the meeting, Peter Varghese asserted that the trilateral should not be perceived to be targeted at China.¹⁶

China is preparing to construct a base in Wenzhou, situated in the Zhejiang Province. The objective is to strengthen monitoring around the disputed Diaoyu/Senkaku Islands. Meanwhile, Chinese Coast Guard is engaged in monitoring developments in the East and South China Seas. The planned base, which will cost 3.34 billion yuan, is expected to be utilized for anchoring government vessels, carrying out maintenance and repair work. Reports indicate that the planned base will have a land area of 500,000 sq m with a 1,200m long pier which could handle around six vessels. Besides the base will also have aircraft hangars and a training facility.¹⁷

On June 9, former Prime Minister Tomiichi Murayama and former chief Cabinet secretary Yohei Kono pressed that Shinzo Abe should stand by the apology statements¹⁸ issued during the 50th anniversary of the end of the war in 1995, known as the Murayama statement, and the 1993 Kono statement on comfort women. While speaking at the Japan National Press Club in Tokyo, Murayama underscored that the fact of Japanese aggression in China and colonization of Korea for 36 years “cannot be denied”¹⁹.

Japanese media reported that in the G-7 meeting in Germany, Prime Minister Shinzo Abe “led”²⁰ the discussions with regard to Chinese behaviour in South China Sea. During the working dinner, Prime Minister Abe reportedly underscored the G-7 nations should take note of Chinese attempts to unilaterally change the status quo. However, there is differing sense of urgency vis-à-vis the issue between Japan and Britain, Germany, France and Italy. Nevertheless, the G-7 Summit Leader’s Declaration referred to the tensions in the East and South China Seas and underscored the

¹⁵ Parameswaran, Prashanth, “India, Australia, Japan Hold First Ever Trilateral Dialogue, Inaugural high-level meeting held in New Delhi, *The Diplomat*, June 9, 2015 at <http://thediplomat.com/2015/06/india-australia-japan-hold-first-ever-trilateral-dialogue/>

¹⁶ Haidar, Suhasini, “India-Japan-Australia Forum Not Anti-China: Peter Varghese”, *The Hindu*, June 9, 2015 at <http://www.thehindu.com/news/national/chinas-actions-cause-for-concern-australia/article7295709.ece>

¹⁷ “Takahiro Suzuki, China to Build New Base To Intensify Monitoring Seas Around Senkakus, *Yomiuri Shimbun*”, June 13, 2015 at <http://the-japan-news.com/news/article/0002217571>

¹⁸ Yoshida, Reiji, “Murayama, Kono Assail Revisionism, Urge Abe To Uphold Their Apologies In Entirety”, *The Japan Times*, June 9, 2015 at <http://www.japantimes.co.jp/news/2015/06/09/national/politics-diplomacy/murayama-kono-assail-revisionism-urge-abe-uphold-apologies-entirety/#.VX-5oIK6a1t>

¹⁹ “Murayama, Kono Press Abe To Honour 1995 Statement Of Apology”, *The Asahi Shimbun*, June 10, 2015 at http://ajw.asahi.com/article/behind_news/politics/AJ201506100098

²⁰ Nakajima, Kentaro and Shirakawa, Yoshikazu, “Japan led G-7 Discussion About Sea Disputes”, *The Japan News*, June 10, 2015 at <http://www.the-japan-news.com/news/article/0002208828>

significance of peaceful resolution of disputes and opposed “the use of intimidation, coercion or force, as well as any unilateral actions that seek to change the status quo, such as large scale land reclamation”²¹ Additionally, Abe held summit meetings with France, Germany, and Italy on June 7 and UK on June 8. Meanwhile, Abe was engaged in garnering support for his expected summit meeting with Russia which is essential for negotiations over the northern territories.

25,000 Japanese reportedly gathered around the national Diet on June 14, 2015²² to express their reservation against the ongoing shift in Japanese security policy.²³ The proposed bills expand the scope of Japanese Self-Defence Forces and allow the exercise the right to collective self-defence.

The Korean Peninsula

(June 8-14, 2015)

- **KN-01 missiles fired by North Korea into Sea of Japan; President Parks comment on Japan-ROK negotiation regarding comfort women generates measured response from Japan; President Park Geun-hye postpones US-South Korea summit owing to the MERS challenge; North Korea blamed the US for targeting it with anthrax; ROK-China deepens naval cooperation; US State Department sanctioned the proposed sale of Aegis systems to ROK.**

On June 14, North Korea reportedly fired three KN-01 missiles from Wonsan in the eastern coast which fell into the Sea of Japan after covering around 100 kms.²⁴ The objective is to advance the accuracy of its missiles. South Korean media reported that the latest development is a part of North Korea’s additional test-firing of the anti-ship missiles following two instances of similar tests conducted in February and May.²⁵

South Korean President Park Geun-hye on June 11 stated that “considerable progress” has been achieved during the negotiations on the comfort women issue which constitutes a major irritant in the bilateral relations. The President further added that Japan and South Korea are in the “final stage” of negotiations. However, Japanese foreign ministry offered a measured response referring to President Park’s comments. Yoshihide Suga, Chief Cabinet Secretary of Japan “refrained from

²¹ Leaders Declaration G7 Summit 7-8 June 2015, Ministry of Foreign Affairs Japan, June 2015, at <http://www.mofa.go.jp/files/000084020.pdf>

²² “Thousands Rally In Tokyo Against Abe’s Security Bills”, *Japan Today*, June 15, 2015 at <http://www.japantoday.com/category/politics/view/thousands-rally-in-tokyo-against-abes-security-bills>

²³ “Thousands rally outside Diet against Abe’s security bills”, *AFP-JIJI*, Kyodo, June 15, 2015

²⁴ “North Korea Test-Fires Short-Range Missiles”, *NHK*, June 14, 2015 at http://www3.nhk.or.jp/nhkworld/english/news/20150614_24.html

²⁵ “N. Korea Fires 3 Short-Range Missiles Into East Sea”, *Yonhap News Agency*, June 14, 2015 at <http://english.yonhapnews.co.kr/northkorea/2015/06/14/0401000000AEN20150614004200315.html>

commenting” citing ignorance about the “intent” of the comment.²⁶ Since April 2014, both nations engaged in eight rounds of talks on this issue.²⁷

President Park Geun-hye postponed the scheduled six-day visit starting June 14 to Washington and Houston²⁸ and the planned summit meeting with President Obama owing to the unfolding challenge posed by the Middle East Respiratory Syndrome (MERS). South Korea and the US were expected to discuss several issues including US-South Korea alliance, challenges emanating from North Korea and strengthening US-South Korea economic relations. While President Park personally explained the development to President Obama over telephone, US extended condolences to the MERS patients and their families and expressed hope to host the summit soon.²⁹

DPRK blamed the US for targeting it with anthrax and demanded the UNSC on June 12 to look into the development of US shipping live anthrax to various nations including the ROK, Australia, Britain and Canada, underscoring the objective of using biological weapons against DPRK. Earlier on June 5, North Korean Ambassador to the UN, Ja Song-nam, addressed a letter to Ban Ki-moon regarding the issue. Meanwhile, Pentagon claimed that live anthrax samples were “mistakenly sent” from a Dugway laboratory situated in Utah to Osan Air Base in ROK.³⁰

Chinese navy chief Adm. Wu Shengli and his South Korean counterpart Adm. Chung Ho-seop agreed to deepen cooperation aimed at ensuring regional stability during their meeting in Beijing on June 11. China reportedly urged South Korea to enhance “pragmatic exchange and cooperation.”³¹

The US Defence Security Cooperation Agency confirmed that the State Department has agreed to the proposed sale of Aegis combat systems to ROK enabling improved capabilities for naval vessels to defend against likely aggression and protect SLOCs. The systems will be employed to arm the next-generation destroyers. ROK wants to purchase three Aegis Shipboard Combat Systems from Lockheed Martin. The cost is expected to amount to US\$1.91 billion.³²

²⁶ “Japan Parsing Park’s Comments On Progress With Comfort Women Talks”, *Nikkei Asia Review*, June 15, 2015 at <http://asia.nikkei.com/Politics-Economy/International-Relations/Japan-parsing-Park-s-comments-on-progress-with-comfort-women-talks>

²⁷ “Japan Denies Progress On ‘Comfort Women’”, *The Korean Times*, June 14, 2015 at http://www.koreatimes.co.kr/www/news/nation/2015/06/120_180815.html

²⁸ “Park Postpones U.S. Trip Over MERS Crisis”, *The Korea Herald*, June 10, 2015 at <http://www.koreaherald.com/view.php?ud=20150610001126>

²⁹ Seung-woo, Kang, “Seoul Reschedules Park’s US Visit”, *The Korea Times*, June 12, 2015 at http://www.koreatimes.co.kr/www/news/nation/2015/06/116_180759.html

³⁰ “N. Korea Demands U.N. Security Council Take Up U.S. Shipments Of Live Anthrax”, *Yonhap News Agency*, June 13, 2015 at <http://english.yonhapnews.co.kr/northkorea/2015/06/13/0401000000AEN20150613000251315.html>

³¹ “Navy Chiefs of S. Korea, China Vow ‘Pragmatic’ Cooperation”, *Yonhap News Agency*, June 13, 2015 at <http://english.yonhapnews.co.kr/national/2015/06/13/0301000000AEN20150613001400315.html>

³² “U.S. Approves Proposed Sale Of Aegis Combat Systems to S. Korea”, *Yonhap News Agency*, June 12, 2015 at <http://english.yonhapnews.co.kr/national/2015/06/11/0301000000AEN20150611009000315.html>

C. Russia

National

(June 8-14, 2015)

- **Russian Prime Minister signs on the Northern Sea Route integrated development plan; Russia wants quicker build-up of military facilities on disputed islands; Russia has dismantled 195 out of 201 decommissioned Soviet and Russian nuclear submarines; Gazprom says first line of Turkish stream project to cost • 3.3 billion; Russia test-launches defence shield anti-missile; Constructing Crimea's energy infrastructure to cost US\$ 1.3 billion; Russia's budget deficit amounts to 3.7 per cent of its GDP in January-May 2015; Russia's Communist Party to appeal decision to bring forward next parliamentary elections.**

Russian Prime Minister Dmitry Medvedev has, on June 9, signed the integrated development plan of the Northern Sea Route. The regulatory base required for implementation of the plan has been developed. The project provides for six main components, including navigation management, sea pollution control, search and rescue, development of key seaports and hydrographic support. At present over 600 permits are issued annually for transportation of goods over the Northern Sea Route and the yearly goods transportation volume equals 4 million tonnes.³³

Russian Defence Minister Sergei Shoigu has ordered the speeding up of construction of military and civilian infrastructure on the Kuril Islands. He was quoted, on June 9, in Vladivostok where he was inspecting the eastern military district.³⁴

Rosatom Head Sergey Kiriyenko has said, on June 10, that Russia has dismantled 195 out of 201 nuclear submarines decommissioned from the Soviet and Russian Navy. He added that the process of disposing the last submarines decommissioned from the Navy in 2013 will begin in 2016.³⁵

Gazprom estimates that the first line of the Turkish Stream natural gas pipeline project may provisionally cost 3.3 billion Euros. The figure is tentative and based on the cost of the South Stream gas pipeline providing for construction of the pipeline to Bulgaria. Gas will be supplied to Turkey over the first line. According to the Deputy Chief Executive Officer of Gazprom Alexander Medvedev, gas supply agreements with Turkey's Botas and private importers of natural gas have been signed and the intergovernmental agreement between Russia and Turkey on the Turkish Stream construction may be signed before the end of 2015. In 2014, Turkey imported 27.3

³³ "Russian PM Signs Northern Sea Route Integrated Development Plan", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/russia/799491>

³⁴ "Russia Wants Quicker Build-Up of Military Facilities on Disputed Islands", *The Moscow Times*, June 9, 2015 at <http://www.themoscowtimes.com/news/article/russia-wants-quicker-build-up-of-military-facilities-on-disputed-islands/523274.html>

³⁵ "Russia Dismantled 195 Out Of 201 Decommissioned Soviet, Russian Nuclear Subs – Official", *Itar-Tass*, June 10, 2015 at <http://tass.ru/en/russia/799913>

billion cubic meters of natural gas from Gazprom, with the main volume being purchased by the state company Botas. The Turkish Stream will have an annual capacity of 63 billion cubic meters, of which up to 47 billion cubic meters will be delivered to a new gas hub on the Turkish-Greek border.³⁶

Russia's Aerospace Defence Forces have, on June 9, successfully test-launched a short-range anti-missile of the country's missile defence shield.³⁷

Russian Energy Minister Alexander Novak has said, on June 10, that the total cost of constructing of energy infrastructure in Crimea stands at 72 billion roubles (US\$ 1.3 billion).³⁸

Russia's budget deficit reached 1.05 trillion roubles (US\$ 19.2 billion) or 3.7 per cent of its GDP during the period January-May, 2015. The Finance Ministry plans to bridge the deficit by borrowing on the domestic market and utilizing the Reserve Fund.³⁹

The Communist Party of the Russian Federation (CPRF) will vote against the bill on bringing forward the next parliamentary election to the third Sunday of September 2016 from December 2016. It will also appeal the decision of the three other party caucuses that supported the bill in the State Duma. They include the United Russia party, the Liberal Democratic Party of Russia (LDPR), and A Just Russia party.⁴⁰

International

(June 8-14, 2015)

- **Russia and Egypt conduct their 1st joint naval drills; Transneft opposes changes in oil traffic flows to China; Russian traders to facilitate global sale of Iran's oil; Japan's Prime Minister hopes Putin will visit Tokyo in 2015; Russia extends period of state loan to Venezuela; Russia expects Ukraine to pay interest on the US\$ 3 billion loan by June 22; Ukraine to reinforce border with Transdnistria; Poroshenko orders fortifications on disengagement line in Donbas by mid-July; Gazprom estimates Europe will face gas deficit of 50 billion cubic meters in 2025; Russia criticises the 'unilateral attempts' to build trans-Caspian gas pipeline; Russia seeks to develop BRICS inter-parliamentary relations; Merkel says G7 ready to**

³⁶ "First Line Of Turkish Stream May Cost •3.3 Billion – Gazprom", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/economy/799685>

³⁷ "Russia Successfully Test-Launches Defense Shield Anti-Missile – Ministry", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/russia/799703>

³⁸ "Construction of Crimea's Energy Infrastructure Costs \$1.3 Bln – Russia's Energy Minister", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/russia/800041>

³⁹ "Russia's Budget Deficit Amounts to 3.7% of GDP in January-May – Finance Ministry", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/economy/800300>

⁴⁰ "Russia's Communist Party to Appeal Decision To Bring Forward Next Parliament Election", *Itar-Tass*, June 11, 2015 at <http://tass.ru/en/russia/800403>

toughen sanctions on Russia if needed; Russia and China to hold naval exercises in the Sea of Japan in August; Foreign Minister says Russia has no plans to breach INF treaty; Russia hopes Eurasian Economic Union will be granted UN General Assembly observer status in 2015; Belarus to hold elections in October; Moscow hopes Islamic world will back Russia's initiative in analysing Middle East threats; Russia expresses concern over US setting up medico-biological labs near its borders; Ban Ki-moon says human rights situation in Central Asia has deteriorated; Putin and Erdogan meet in Baku; Russian and Azerbaijani Presidents hold discussions in Baku.

Russia and Egypt are conducting their first naval drills in the Mediterranean Sea from June 10-18, 2015. The ships will hold exercises on air defence and repelling attacks of small-size targets. The sides will also exchange 'officers-monitors'.⁴¹

Russia's Transneft has objected to changes in oil flows to China from those fixed in Sino-Russian intergovernmental agreements. The official spokesman of the pipeline operator Igor Dyomin has said, on June 11, that 'we presented our position during negotiations with Rosneft and PetroChina, where we indicated that the change in freight flows related to reduction of the planned level of supplies through China's Mohe from 30 to 20 mln tonnes a year will entail the need of revising the investment programme and freezing huge amounts of funds already invested into the expansion of the branch pipeline to China from Russia's Skovorodino. From 80 mln tonnes per year to be exported over the Eastern Corridor, 30 mln tonnes was expected to be supplied to China using the Skovorodino-Mohe branch pipeline and 50 mln tonnes from Kozmino port. The Chinese side suggests changing the flow and dispatching just 20 mln tonnes over the branch pipeline'.⁴²

Russia's Energy Minister Alexander Novak has said, on June 8, that Russian traders are likely to facilitate sale of Iran's crude oil on the global market. He was quoted as saying 'the memorandum implies expansion of trade and economic cooperation. Those funds will be flowing to Russia for acquisition of necessary goods. Our traders will facilitate sale of Iran's oil on the global market if possible. However, Russia will definitely not import crude oil from Iran'. Novak added that 'oil from Iran may not be supplied to China and we have our own contracts and this is an absolutely separate issue'.⁴³

Japan's Prime Minister Shinzo Abe has said, on June 8, that he hoped that Russian President Vladimir Putin will pay a visit to Japan in 2015. He stated that dialogue with Moscow was necessary to solve the problem of southern Kuril Islands and added that it was necessary to involve Russia in international efforts to resolve global problems including the Ukrainian crisis. He said his

⁴¹ "First Russian-Egyptian Joint Naval Drills To Enter Active Phase On June 10", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/russia/799635>

⁴² "Russia's Pipeline Operator Opposes Changes In Oil Traffic Flows to China", *Itar-Tass*, June 11, 2015 at <http://tass.ru/en/economy/800271>

⁴³ "Russian Traders To Facilitate Sale Of Iran's Oil Globally – Energy Minister", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/economy/799536>

country was against the use of force in settling the Ukrainian conflict and expressed support to Kiev in conducting reforms.⁴⁴

Russian President Vladimir Putin has signed the law, on June 8, ratifying the Protocol on amending the Agreement on granting a state loan to Venezuela. The Protocol provides for the extension of the state loan provided by Russia to Venezuela in December 2011 for implementing joint strategic projects.⁴⁵

Russian Deputy Finance Minister Sergey Storchak has said, on June 8, that Moscow expects Ukraine to pay interest to the tune of US\$ 75 million, under the terms of the US\$3 billion loan, by June 22. He added that a missed payment will be seen as a default. He was quoted as saying 'it never occurred before that a support programme of the International Monetary Fund is implemented in the country and it has no money. Failure to pay the debt will create a precedent. The loan will mature in December 2015. The total amount of Russia's investments into the economy of Ukraine, including loans of Russian banks equals US\$ 20 billion.⁴⁶

Governor of Ukraine's Odessa region Mikhail Saakashvili has, on June 9, spoken about the plans to reinforce Ukraine's border with the unrecognized republic of Transdniestria. He stated that Ukraine will 'restore lawfulness along the line of contact'. Ukraine has 1,222 kilometre long border line with Moldova, including a 450-kilometre Transdniestrian section.⁴⁷

Ukrainian President Petro Poroshenko has said, during his visit to Mariupol on June 11 that fortifications will be built on the disengagement line in Donbas by mid-July, 2015. The construction of fortifications and military defences will cost 1 billion hryvnias (US\$ 47.2 million).⁴⁸

Gazprom Deputy Chairman Alexander Medvedev has said, in Moscow on June 9, that Europe is likely to face a deficit of gas imports to the tune of 50 billion cubic meters in 2025. He attributed the shortfall due to a decline in production and the failure to find alternative sources. He also confirmed that Gazprom will stop gas transit through Ukraine to Europe post 2019.⁴⁹

Russian Foreign Ministry spokesman Alexander Lukashevich has said, in Moscow on June 9 that

⁴⁴ "Japanese PM Says He Hopes Russia's Putin Will Visit Japan in 2015", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/world/799559>

⁴⁵ "Russia Extends Period Of State Loan Provided To Venezuela – Kremlin", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/economy/799570>

⁴⁶ "Russia expects Ukraine to pay \$75 mln on its \$3 bln loan on June 22 – deputy minister", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/economy/800338>

⁴⁷ "Saakashvili Announces Plans To Reinforce Border With Transdniestria", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/world/799843>

⁴⁸ "Poroshenko Orders To Complete Fortifications On Disengagement Line In Donbas By Mid-July", *Itar-Tass*, June 11, 2015 at <http://tass.ru/en/world/800326>

⁴⁹ "Europe To Face Gas Deficit Of 50 Bln Cubic Meters in 2025 – Gazprom", *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/economy/799672>

environmental safety should be given the top priority during the construction of Trans-Caspian gas pipeline. The pipeline will connect Turkmenistan and Azerbaijan with the EU and is being supported by the US. He added that the opinion of all the Caspian Sea littoral states on this project should be taken into account. He was quoted as saying ‘unilateral actions for the Trans-Caspian gas pipeline construction would undermine trust among Caspian states. It is not ruled out that this is what the project’s lobbyists from among countries outside the Caspian region are seeking, offering themselves to Caspian Sea littoral states as strategic partners and promising the pipeline’s advocates all possible political dividends’.⁵⁰

Russian Foreign Minister Sergey Lavrov has said, on June 8, that Moscow supports the development of BRICS inter-parliamentary relations. He was speaking ahead of the BRICS parliamentary forum meeting that took place in Moscow on the same day.⁵¹

German Chancellor Angela Merkel has said, on June 8, that the G7 countries are ready to toughen sanctions on Russia, if necessary. She added that the group shares a common position on the situation in Ukraine crisis and felt it can only be resolved by political means on the basis of the Minsk agreements.⁵²

Russian and Chinese officers have completed surveying the area in the Primorye Territory in the Far East that will host the second stage of the joint military drills dubbed Joint Sea 2015 in August 2015. The naval exercises are expected to be held in the Peter the Great Bay in the Sea of Japan. The first stage of the naval drills was held in the Mediterranean Sea in May 2015 and involved about ten Russian and Chinese warships.⁵³

Russian Foreign Minister Sergey Lavrov has said, on June 9, that US actions in the framework of global missile defence system directly violate the Intermediate-Range Nuclear Forces (INF) Treaty. He refuted the US allegations of Russia having broken the treaty and stated that Moscow intends to adhere to it. He also referred to the US statements on plans to ‘deploy its cruise and ballistic missiles in Europe and Asia that might be targeted against Russia’ as counter-productive and harmful.⁵⁴

⁵⁰ “Moscow Stands Against Unilateral Actions For Trans-Caspian Gas Pipe Construction”, *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/economy/799657>

⁵¹ “Moscow Supports Developing BRICS Inter-Parliamentary Relations”, *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/russia/799541>

⁵² “G7 Ready To Toughen Sanctions On Russia If Needed – Merkel”, *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/world/799507>

⁵³ “Russian, Chinese Officers Reconnoiter Area Of Upcoming Joint Naval Drills”, *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/russia/799744>

⁵⁴ “Russia Does Not Intend To Breach Intermediate-Range Nuclear Forces Treaty – Lavrov”, *Itar-Tass*, June 9, 2015 at <http://tass.ru/en/russia/799759>

Russia hopes that the UN General Assembly will grant observer status to the Eurasian Economic Union (EAEU) during its 70th session scheduled to be held in September, 2015. In the past, UN General Assembly observer status has been granted to organizations like the CIS, OSCE, League of Arab States and EU.⁵⁵

Belarus will hold Presidential elections on October 11. The current incumbent Alexander Lukashenko is expected to run for the office again.⁵⁶

Foreign Minister Sergey Lavrov has said, on June 11, that Russia expects the Islamic world to support its initiative on analysing the threats in the Middle East under the auspices of the UN Security Council. He added that 'one of the important activities of the Russia-Islamic World Strategic Vision Group is the mobilization of brainpower and public initiatives in an effort to promote and enrich the traditionally friendly relations between Russia and the Islamic states'.⁵⁷

Russian Foreign Ministry has expressed concern, on June 11, over the setting up of US medico-biological laboratories near Russia's borders. It referred to the 'Richard G. Lugar Public Health Research Centre' in Tbilisi and called it a high-level biosafety containment laboratory. The Foreign Ministry stated that 'the Tbilisi centre has long been sheltering a medical research division of the US Ground Forces, which is a branch of the Walter Reed Army Institute of Research (WRAIR). The American and Georgian authorities have made efforts to conceal the true content and direction of activities of this military unit of the US Army, engaged in the study of particularly dangerous infectious diseases. The Pentagon is trying to deploy similar camouflaged military medico-biological facilities also in other countries of the Commonwealth of Independent States (CIS)'.⁵⁸

UN Secretary-General Ban Ki-moon has said, on June 14, that a deterioration in human rights situation and shrinking democratic space in Central Asia has created conditions for the rise of extremist ideologies in the region. He reiterated that all efforts for sustainable development must involve a deep respect for human rights and the strengthening of rule of law.⁵⁹

Russian President Vladimir Putin had a meeting with his Turkish counterpart Recep Erdogan in Baku on June 13. The issues discussed involved energy cooperation - particularly the Turkish

⁵⁵ "Moscow Hopes Eurasian Economic Union Will Be Granted UN GA Observer Status In Fall", *Itar-Tass*, June 8, 2015 at <http://tass.ru/en/world/799469>

⁵⁶ "Belarus Sets Election Day in October, Lukashenko Poised to Run", *The Moscow Times*, June 9, 2015 at <http://www.themoscowtimes.com/news/article/belarus-sets-election-day-in-october-lukashenko-poised-to-run/523288.html>

⁵⁷ "Lavrov Hopes Islamic World Will Back Russia's Initiative On Analyzing Middle East Threats", *Itar-Tass*, June 11, 2015 at <http://tass.ru/en/russia/800196>

⁵⁸ "Moscow Concerned Over US Medico-Biological Labs Placement At Russian Borders", *Itar-Tass*, June 11, 2015 at <http://tass.ru/en/russia/800275>

⁵⁹ "UN Chief Says Human Rights Situation In Central Asia Deteriorates", *Itar-Tass*, June 14, 2015 at <http://tass.ru/en/world/800556>

Stream project and the construction of the Akkuyu nuclear power plant. They also exchanged views on major current international issues including the situation in Ukraine. Both parties confirmed their intention to work towards the strategic goal of reaching US\$ 100 billion in mutual annual trade.⁶⁰

Russian President Vladimir Putin has met with his Azerbaijani counterpart Ilkham Aliyev in Baku on June 13. The two leaders discussed the Nagorno-Karabakh settlement issue, the Caspian and bilateral cooperation. President Putin was in Baku to attend the opening ceremony of the First European Games. In 2014 bilateral trade was US\$ 4 billion. There are 200 entirely Russian companies in Azerbaijan and another 300 joint ventures. LUKOIL is involved in developing the Shah Deniz gas field while Transneft and the Azerbaijan's state oil company SOCAR transit Azerbaijani crude through Russia. The two countries are finalizing a programme for economic cooperation till 2020.⁶¹

D. The United States of America

National

(June 8-14, 2015)

- **US energy usage up, carbon emissions down; Pentagon provides DoD laboratory review update; Defence Secretary Carter 'incredibly optimistic' about America's position; Yoga: Ancient practice helps today's patients; Joint Staff Article Discusses Military/Civilian Transition; Hillary Clinton speaks out on Asia free trade agreement; Jeb Bush set to launch White House bid.**

A study indicates the U.S. used more energy but produced fewer carbon emissions in 2014 compared to 2010. The analysis, recently released by Lawrence Livermore National Laboratory in California and the U.S. Department of Energy, indicates that use of wind and natural gas as energy sources account for part of the improvement. The emissions reductions measured in the study are the result of wind and solar energy development, and a greater acceptance of natural gas for electricity generation and industrial applications.⁶²

⁶⁰ "Meeting With President Of Turkey Recep Tayyip Erdogan", *President of Russia*, June 13, 2015 at <http://en.kremlin.ru/events/president/news/49702>

⁶¹ "Putin, Aliyev To Discuss Bilateral, Regional Problems, Including Karabakh, Caspian", *Itar-Tass*, June 13, 2015 at <http://tass.ru/en/world/800502>

⁶² "US Energy Usage Up, Carbon Emissions Down", *VOA News*, June 13, 2015 at <http://www.voanews.com/content/report-us-energy-consumption-up-buy-carbon-emissions-down/2820658.html>

As part of its ongoing laboratory review, the Defence Department announced on June 8 additional laboratories and one new state have been added to the list of sites that received low concentrations of live anthrax samples. In line with Deputy Defence Secretary Bob Work's pledge of a transparent DoD laboratory review process, Pentagon spokesman Army Col. Steve Warren provided the update to reporters on the number of labs and locations which received the samples. Warren said 66 laboratories in 19 states and Washington, D.C., as well as three foreign countries are now known to have received the live anthrax samples.⁶³

Defence Secretary Ash Carter summarized the Defence Department's dynamic role in stabilizing global security while implementing U.S. national strategy during remarks in Washington on June 9. Speaking at an event hosted by the Centre for the National Interest, where he accepted that organization's 2015 Distinguished Service Award, the secretary also sounded several notes of caution as he addressed issues of concern that affect people around the world. Carter said in his opinion, the United States is in "much better shape than many will admit." The United States is a powerhouse on the global network because it has remarkable, unparalleled strengths," Carter said, noting that the U.S. economy has made great gains since recovering from the worst recession since the Great Depression. Continued progress is assured, he added, "because of America's dynamic and innovative businesses, world-class universities, and the domestic energy revolution now underway."⁶⁴

It appears centuries-old practice involving postures, stretches, meditation and breathing provides benefits today at Walter Reed National Military Medical Centre. Yoga is now offered at WRNMMC's 7-West inpatient psychiatry ward and in the four-week, psychiatric outpatient Continuity Service "day programme." "Individuals with mental disorders are increasingly turning to integrative medicine, including yoga and meditation, for relief of their symptoms," said Inpatient Psychiatry Service Chief, Navy Lt. Cmdr. Benjamin Hershey, adding that the trend has also been observed among active-duty service members. Yoga emerged between 200 B.C. and 300 A.D. In the ancient language of India known as Sanskrit, 'Yog' means 'Yoke' or 'Union' (of mind, body and spirit). Today, yoga can be used to treat anxiety and depression by reducing perceived stress. It also improves mood and functioning. In addition to depression, studies have examined the efficacy of yoga therapy in the treatment of schizophrenia, as well as post-traumatic stress disorder.⁶⁵

Service members have the discipline, maturity and knowledge that employers clamour for, but that doesn't mean transitioning to the civilian workforce is easy or doesn't require work, said

⁶³ Marshall, Tyrone C. Jr., "Pentagon Provides DoD Laboratory Review Update", *DoD News*, June 8, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=128997>

⁶⁴ Parrish, Karen, "Carter 'Incredibly Optimistic' About America's Position", *DoD News*, June 10, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129021>

⁶⁵ Taylor, Sharon Renee, "Yoga: Ancient Practice Helps Today's Patients", *DoD News*, June 11, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129030>

Army Col. James P. Isenhower III, who directs Joint Chiefs of Staff Chairman Army Gen. Martin E. Dempsey's Office of Reintegration. The reintegration office has been studying what transitioning service members need to do to achieve successful reintegration into civilian life, said Isenhower, who noted the office published its conclusions contained in a two-part article published on June 10 and on June 11 in *Task & Purpose*. "First and foremost, we realized that successful reintegration is an individual responsibility, one that requires understanding, planning and deliberate execution," the report says. And, whether service members spend one tour on active duty or 40 years, transition to civilian life requires care and work, according to the report.⁶⁶

Democratic Party presidential frontrunner Hillary Clinton has called on President Barack Obama to work with congressional Democrats to salvage Trade Promotion Authority (TPA), seen as crucial to the Trans-Pacific Partnership (TPP) free-trade agreement. A leading congressional Republican said he remains optimistic TPA will be approved because of the enormous consequences free trade agreements hold for American leadership. Former Secretary of State Clinton, during a campaign appearance in Des Moines, Iowa on June 14, called on Obama to listen to those Democrats who on June 12 rejected a measure on job retraining funding tied to TPA. Clinton, who has been criticized for not speaking out earlier on TPP, has not explicitly endorsed it, preferring to wait until negotiations among its 12 Pacific Rim partners are complete.⁶⁷ Meanwhile, former Florida governor Jeb Bush, the son and brother of U.S. presidents, is set to officially announce his candidacy for the presidency in Miami on June 15, becoming the 11th Republican in the race. Bush has raised vast sums of cash for his campaign and was initially thought to be the leading Republican contender. But recent national political surveys show him virtually deadlocked with two other candidates - Florida Senator Marco Rubio, who has joined the contest, and Wisconsin Governor Scott Walker, who has yet to officially announce.⁶⁸

International: Asia

(June 8-14, 2015)

- **Iraq troop increase part of broader coalition strategy; Defence Secretary Carter, Iraqi officials discuss progress at Pentagon; Pentagon puts cost of US war against IS at \$2.7b; US charges 2 men as IS supporters; Dempsey, Israeli leaders discuss defence cooperation; U.S. commitment to Israel unaffected by Iran issue; US, South Korea to reschedule summit; China slams G-7 criticism on sea claims; Carter, Chinese official discuss military relationship; Pentagon calls**

⁶⁶ Garamone, Jim, "Joint Staff Article Discusses Military/Civilian Transition", *DoD News*, June 11, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129023>

⁶⁷ Beattie, Victor "Hillary Clinton Speaks Out on Asia Free Trade Agreement", *VOA News*, June 15, 2015 at <http://www.voanews.com/content/hillary-clinton-speaks-out-on-asia-free-trade-agreement/2822023.html>

⁶⁸ "Jeb Bush Set to Launch White House Bid", *VOA News*, June 14, 2015 at <http://www.voanews.com/content/hillary-clinton-campaigns-in-iowa-as-jeb-bush-nears-official-start/2821510.html>

for China to end island-building, seeks more military contact; US, China to establish military dialogue.

The recently announced presidential authorization of up to 450 additional U.S. troops deploying to Iraq is just one part of the 60-nation coalition's support to the country, a U.S. Central Command spokesman said on June 12. During a telephonic call with Pentagon reporters, Air Force Col. Patrick Ryder discussed the modest troop increase deploying to Taqaddum Air Base and provided operational highlights of the military campaign against the Islamic State of Iraq and the Levant (ISIL). Ryder emphasized coalition efforts at Taqaddum, while complementary to the four building partner capacity sites, will be unique as it partners with the Anbar Operations Centre and focuses on "improving and refining" military functions. It will focus on functions such as logistics, intelligence gathering, force protection and operations planning, he said, as well as enhancing interoperability.⁶⁹ Meanwhile, Defence Secretary Ash Carter met with the speaker of the Iraqi Council of Representatives and a delegation of Iraqi parliamentarians at the Pentagon on June 12. In a statement summarizing the meeting, Defence Department officials said Carter, Speaker Salim Jabouri and the Iraqi legislators discussed progress in the fight against the Islamic State of Iraq and the Levant, including deepening engagement with the Sunni tribal fighters at Taqaddam and legislation to promote reconciliation, including the passage of an Iraqi National Guard law.⁷⁰

The U.S. has spent more than \$2.7 billion on the war against Islamic State militants in Iraq and Syria since bombings began last August, and the average daily cost is now more than \$9 million, the Pentagon said on June 11. Releasing a detailed breakdown of the costs for the first time, the Defence Department showed that the Air Force has borne two-thirds of the total spending, or more than \$1.8 billion. The daily combat, reconnaissance and other flights eat up more than \$5 million a day. The data also provided a rare look into the often secret special operations costs, which totalled more than \$200 million since August. The release of the spending totals came as Congress debated and rejected legislation on June 11 that would have banned spending on the combat operations until lawmakers passed a new war powers resolution.⁷¹ Meanwhile, U.S. authorities have charged two men for plotting to help the Islamic State militant group kill U.S. citizens, including plans to target Boston police officers. A U.S. Justice Department statement named the accused as David Wright, 25, of Everett, Massachusetts, and Nicholas Rovinski, 24, of Warwick, Rhode Island. Rovinski appeared in federal court in Boston on June 12; Wright was arrested last week. The statement said all three men - Wright, Rovinski and Rahim - had been plotting to "commit attacks and kill persons inside the United States, which they believed would support [Islamic State's] objectives."⁷²

⁶⁹ Marshall, Tyrone C. Jr., "Iraq Troop Increase Part of Broader Coalition Strategy", *DoD News*, June 12, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129039>

⁷⁰ "Carter, Iraqi Officials Discuss Progress at Pentagon", *DoD News*, June 12, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129041>

⁷¹ "Pentagon Puts Cost of US War Against IS at \$2.7B", *Associated Press*, June 11, 2015 at <http://www.voanews.com/content/pentagon-cost-united-states-war-islamic-state/2818760.html>

⁷² "US Charges 2 Men as IS Supporters", *VOA News*, June 12, 2015 at <http://www.voanews.com/content/us-charges-2-more-men-as-islamic-state-supporters/2819294.html>

Discussing threats from Iran or the vicious actions of the Islamic State of Iraq and the Levant has a different resonance when the conversation is in Israel rather than the United States, Army Gen. Martin E. Dempsey said in Tel Aviv, Israel, June 9, 2015. The chairman of the Joint Chiefs of Staff discussed these threats and the state of the military-to-military relationship between the United States and Israel during meetings at the Kyria, the headquarters for Israel's defence establishment. The proximity of the threat changes the conversation, Dempsey said. U.S. and Israeli military officials went to work, the chairman said. Since then, both nations have made huge investments in the Iron Dome, David's Sling and the Arrow air defence systems. The United States has committed to sustain the system and to "thicken" it, because the threat is increasing, not decreasing, he said.⁷³

Though the United States and Israel disagree about the proposed deal to limit Iran's nuclear programme, that does not affect America's unshakable commitment to the defence of Israel, a senior administration official said in Jerusalem on June 10, 2015. Speaking on background, the official said the two countries have a "near identical" understanding of the threat Iran poses to the region. U.S. and Israeli officials have said Iran cannot be allowed to gain nuclear capability and that all options are on the table to prevent that from happening. Where the two allies diverge is in determining the best way to proceed. The U.S. position is that sanctions and negotiations are the best means to accomplish this, and the Israelis believe Iran cannot be trusted, the official said. Israeli Prime Minister Benjamin Netanyahu called the proposed pact with Iran a "grave danger" to Israel and said it legitimized the pariah state's nuclear programme. Iran agreed to the pact April 2, and negotiators are working out the details with a July 1 deadline for a final agreement. The United States and Israel agree that Iran is a threat with or without nuclear weapons, the official said.⁷⁴

The United States and South Korea have reaffirmed their strong alliance after a summit scheduled for next week was cancelled over an outbreak of Middle East Respiratory Syndrome (MERS) in the South. The White House said President Barack Obama spoke to South Korean President Park Geun-hye to express "his understanding of President Park's decision to postpone" the planned visit. The two presidents were to meet on June 9. Earlier, Park's office issued a lengthy statement stressing Obama's support for her decision and his commitment to close ties between the two allies.⁷⁵

On June 9, China slammed the Group of Seven (G-7) nations for making "irresponsible remarks" about Beijing's disputed territorial claims in the East and South China Seas. In a statement at the end of a summit in Germany on June 8, G-7 leaders expressed concern about Asian maritime

⁷³ Garamone, Jim, "Dempsey, Israeli Leaders Discuss Defence Cooperation", *DoD News*, June 9, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129006>

⁷⁴ Garamone, Jim, "Official: U.S. Commitment to Israel Unaffected by Iran Issue", *DoD News*, June 10, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129015>

⁷⁵ Lee, Jee Abbey, "US, South Korea to Reschedule Summit", *VOA News*, June 12, 2015 at <http://www.voanews.com/content/united-states-south-korea-reaffirm-alliance-summit-cancellation/2820340.html>

tensions and called on all sides to respect international law. The comments were seen as a criticism of China's efforts to create artificial islands to enforce its claims in the South China Sea. China's Foreign Ministry dismissed the G-7 statement as being "far from the facts."⁷⁶

On June 11, Defence Secretary Ash Carter met at the Pentagon with Gen. Fan Changlong, vice chairman of China's Central Military Commission, Defence Department officials reported. In a statement summarizing the meeting, officials said Carter stressed his commitment to developing a sustained and substantive U.S.-China military-to-military relationship based on a shared desire to deepen practical, concrete cooperation in areas of mutual interest, including humanitarian assistance and disaster response, peacekeeping, military medicine, counter-piracy, and constructive management of differences. "Secretary Carter reiterated U.S. concerns on the South China Sea, and called on China and all claimants to implement a lasting halt on land reclamation, cease further militarization, and pursue a peaceful resolution of territorial disputes in accordance with international law," the Pentagon statement said.⁷⁷ Wu Xi, deputy chief of mission at the Chinese embassy in Washington, earlier said that differences over the South China Sea and issues such as cyber security should not be addressed by "microphone diplomacy" but in "a proper way" to ensure Xi's visit was successful. China protested to the United States last month after a U.S. spy plane with a television crew aboard flew close to artificial islands China has been building in the South China Sea. China says it has the right to build such islands.⁷⁸

Meanwhile, the United States and China signed an agreement to establish an army-to-army dialogue mechanism to better coordinate humanitarian assistance and disaster response practices. U.S. officials also hope the framework will promote mutual understanding and reduce the risk of miscalculation between the two countries. U.S. Army Chief of Staff General Raymond Odierno and Chinese Army General Fan Changlong, Vice Chairman of China's Central Military Commission, attended the signing ceremony. Tensions between the U.S. and Chinese militaries have increased as U.S. officials called on Beijing to stop building artificial islands in the disputed waters of the South China Sea. China is also not happy with U.S. surveillance missions in the area.⁷⁹

India-US Relations

(June 8-14, 2015)

- **US lawmakers host reception for new Indian envoy; India-Caucus a pillar of support for India-US ties; US-based Innovari Inc plans to enter the Indian defence space; India applies**

⁷⁶ "China Slams G-7 Criticism on Sea Claims", *VOA News*, June 09, 2015 at <http://www.voanews.com/content/china-hits-back-at-group-of-seven-criticism-on-sea-claims/2813232.html>

⁷⁷ "Carter, Chinese Official Discuss Military Relationship", *DoD News*, June 11, 2015 at <http://www.defense.gov/news/newsarticle.aspx?id=129029>

⁷⁸ "Pentagon Calls for China to End Island-Building, Seeks More Military Contact", *Reuters*, June 11, 2015 at <http://www.voanews.com/content/pentagon-calls-for-china-to-end-island-building-seeks-more-military-contact/2818780.html>

⁷⁹ Bao, Li, "US, China to Establish Military Dialogue", *VOA News*, June 13, 2015 at <http://www.voanews.com/content/united-states-china-sign-deal-on-military-dialogue/2820468.html>

for membership of Missile Technology Control Regime; U.S. investigates use of workers on H-1B visas at India's Infosys and TCS.

In an unusual gesture, the powerful House Foreign Affairs Committee held a Congressional reception to welcome India's new ambassador Arun K Singh at Capitol Hill, the seat of US legislature. A number of lawmakers attended the reception on Wednesday organised in association with bipartisan Congressional Caucus on India and Indian Americans, the largest country-specific caucus in the US congress.⁸⁰

The India-Caucus, the largest country specific caucus in the US House of Representatives, is a pillar of support for relationship between the two countries and is well poised to play an important role in strengthening India-US ties. "As the largest single country specific Caucus in the Congress, House India-Caucus is our pillar of support," Indian Ambassador to the US Arun K Singh said in his remarks at a rare Congressional reception hosted in his honour jointly by the House Foreign Affairs Committee and the India-Caucus. In his remarks, he noted the important contributions made by the Caucus to bring the people and governments of the two countries closer, and described the bipartisan support for India-US relations in the US Congress as a source of strength for the India-US strategic partnership that now spans almost all dimensions of human endeavour.⁸¹ Ambassador Singh said he "looks forward to working with" the members of the House Foreign Affairs Committee and the Congressional Caucus on India and Indian Americans to "build on the momentum" India-US relations gained in the past year. The ambassador assumed charge as India's top diplomat in the United States on April 30.⁸²

US-based Innovari Inc plans to enter the Indian defence space. The company, which has inked contracts with three Indian utilities – including Reliance Infrastructure – to help optimise the country's power grid, is in talks with several Indian SMEs in the defence and aerospace sector. In an exclusive interview to FE, Preetha Nair, President – Innovari Technologies, said, "By involving Innovari's technology, it will not only improve the energy output drastically, it will get the tangible results. As everyone knows, energy is the driving force for all developments". Buoyed by a successful pilot project in Mumbai, the US based company wants to be part of Prime minister Narendra Modi's goal of securing reliable electricity for everyone and has claimed that its interactive energy platform will help it optimise more of its grid. According to Nair, Innovari's unique approach to utility-controlled capacity will enable utilities to reliably and affordably service more electricity customers faster without adding costly generating resources (power plants) that will be grossly underutilised.⁸³

⁸⁰ "US Lawmakers Host Reception for New Indian Envoy", *Indo-Asian News Service*, June 11, 2015 at <http://www.ndtv.com/diaspora/us-lawmakers-host-reception-for-new-indian-envoy-770636>

⁸¹ "India-Caucus a Pillar Of Support for India-US Ties: Amb Singh", *Press Trust of India*, June 11, 2015 at http://www.business-standard.com/article/pti-stories/india-caucus-a-pillar-of-support-for-india-us-ties-amb-singh-115061100188_1.html

⁸² "Arun Singh Says He Looks Forward To Working With Members of Congress", *The American Bazar*, June 11, 2015 at <http://www.americanbazaaronline.com/2015/06/11/arun-singh-says-he-looks-forward-to-working-with-members-of-congress/>

⁸³ Siddiqui, Huma, "After Pacts With Utilities, US-based Innovari Inc Eyes India's Defence Space", *The Financial Express*, June 12, 2015 at <http://www.financialexpress.com/article/companies/after-pacts-with-utilities-us-based-innovari-inc-eyes-indias-defence-space/83482/>

Abandoning years of hostility, India has formally applied for the membership of Missile Technology Control Regime (MTCR), a West-dominated elite club of 34 countries that controls trade in missile and space technology. The application may happen at MTCR's plenary due in September-October. Indian diplomats feel the country's chances of getting the membership are bright, thanks to US' assurances. India's space and missile programmes will gain from MTCR membership since it will get access to world-class technology. MTCR will also allow it to export its own technology to countries that comply with the regime. With strong US assurance, further cemented during US President Barack Obama's visit to India, South Block took the call to first move for membership of MTCR.⁸⁴

The U.S. government is investigating two Indian outsourcing firms and a California power company over whether they violated labour and immigration laws by replacing American workers with foreigners on temporary work visas. The Labour Department said it is trying to ensure the Indian companies and Southern California Edison complied with the terms of the nation's skilled-worker-visa system. Controversy has exploded in recent months over whether these foreign workers, who typically have visas known as H-1Bs, displace or complement U.S. workers. Meanwhile, a spokeswoman for Tata said the company "maintains rigorous internal controls to ensure we are fully compliant with all regulatory requirements related to U.S. immigration laws."⁸⁵

II. DEFENCE REVIEWS

National

(June 8-14, 2015)

- **Swedish Defence Minister concludes India visit; Joint exercise AJEYA WARRIOR between the armies of India and United Kingdom underway in UK.**

The Swedish Defence Minister Peter Hultqvist visited India from June 9 to June 12, 2015. The visit was scheduled soon after the recently concluded visit of the Indian President to Sweden, when both sides concluded 24 MoUs for cooperation in various fields. The Swedish Defence Minister met the Indian Defence Minister Manohar Parrikar and discussed issues of mutual interests concerning bilateral defence cooperation and regional security scenario. Both sides exchanged views on rising scourge of terrorism and agreed to cooperate in this regard. The issue of participation of Swedish firms in defence manufacturing in India under the 'Make-in-India' initiative was also discussed by both sides. They agreed to continue to explore opportunities for

⁸⁴ Samanta, Pranab Dhal, "India applies For Membership Of Missile Technology Control Regime That Controls Missile & Space Tech", *The Economic Times*, June 11, 2015 at <http://economictimes.indiatimes.com/news/defence/india-applies-for-membership-of-missile-technology-control-regime-that-controls-missile-space-tech/articleshow/47621035.cms>

⁸⁵ "U.S. Investigates Use of Workers on H-1B Visas at India's Infosys and TCS", *The Wall Street Journal*, June 13, 2015 <http://blogs.wsj.com/indiarealtime/2015/06/13/u-s-investigates-use-of-workers-on-h-1b-visas-at-indias-infosys-and-tcs/>

enhancing cooperation between defence establishments of both sides in mutually agreed areas. The Swedish Defence Minister also visited Bangalore for interactions with Hindustan Aeronautics Ltd (HAL) and Bharat Electronics Ltd (BEL).⁸⁶

The joint exercise between the armies of India and UK exercise AJEYA WARRIOR is underway from June 13 to June 28, 2015 at Westdown Camp, UK. The Exercise is held biannually in the two countries, alternatively. The aim of the Exercise is to build and promote positive military relations between Indian and UK Army and to enhance their ability to undertake joint tactical level operations in Counter Insurgency/Counter Terrorism Environment under United Nations Charter. A Company strength from a Battalion of the Kumaon Regiment of the Indian Army, nominated for the exercise is participating.⁸⁷

International

(June 8-14, 2015)

- **Israel's high command aims to revamp its special operations forces; Russia to get its first batch of fifth generation fighters in late 2016 or early 2017.**

Reports say that Israel's high command aims to revamp its special operations forces for pre-emptive as well as rapid response ops near and far beyond its borders. Proposals under discussion in the Israel Defence Forces (IDF) General Staff include creation of a US Army Ranger-like regiment that combines specialty forces within the regular Army and a new joint special operations command (JSOC) that integrates elite air-, sea- and ground commando forces. It is unclear whether the proposed regiment, a downsized version of the US Army's 75th Ranger Regiment, would be organized under the prospective JSOC or just commanded by it while remaining an organizational part of the Army's legacy brigades. Though, not yet decided on the nature of the revamp, IDF is committed to cultivating its regular Army special ops forces for more decisive combat against escalating threats of terror, jihadism and regional chaos.⁸⁸

Meanwhile, as per reports, Russia will receive its first batch of fifth generation fighters in late 2016 or early 2017, according to the head of Russia's United Aircraft Corp (UAC) Yuri Slyusar. Sukhoi, which is part of UAC, has already delivered four prototypes and two test beds of the aircraft, known as the T-50, and will deliver another three flying prototypes this year. There are no delays on this programme.⁸⁹

⁸⁶ "Swedish Defence Minister Holds Talks With Parrikar on Defence Cooperation," *PIB*, June 11, 2015 at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122437>

⁸⁷ "Joint Indo UK Exercise Ajeya Warrior -2015," *PIB*, June 08, 2015, at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122364>

⁸⁸ "Israel Mulls Revamp of Special Ops Forces," *Defence News*, June 15, 2015, at <http://www.defensenews.com/story/defense/land/army/2015/06/15/israel-mulls-special-operations-force-revamp-joint-command-army-commando-elite/71064490/>

⁸⁹ "Russia To Receive New Fighters by Early 2017," *Defence News*, June 15, 2015, at <http://www.defensenews.com/story/defense/show-daily/paris-air-show/2015/06/15/paris-russia-fifth-generation-fighter-india-uac-t50-sukhoi-prototype/71249248/>