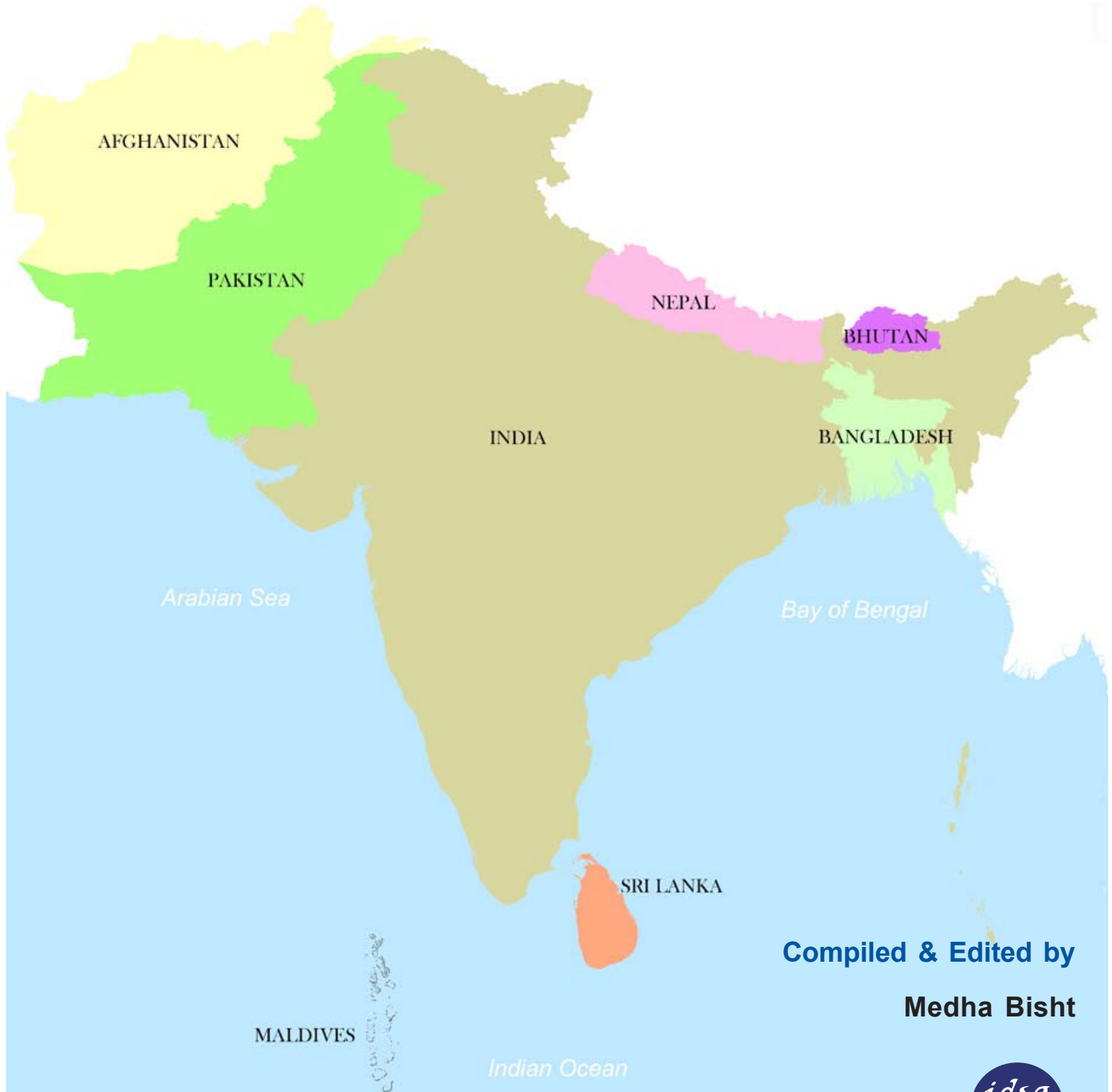


SOUTH ASIA TRENDS

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South Asia Trends is a fortnightly newsletter on South Asian affairs. The purpose of the newsletter is to provide a panoramic view of important events that shape and impact the politics of the subcontinent. The effort would be to inform our readers of the domestic, regional and international repercussions of the political debates and diplomatic engagements that take place in South Asia.



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Editor's Note

South Asian countries were a witness to varied political and diplomatic feats in the past two weeks. While the much talked about Afghan national consultative peace process took off on June 2, 2010 with the NATO and the United States attaching a sense of bonhomie to the prospects of peace-pact; the water diplomacy between India and Pakistan did achieve some success as representatives of both the countries in the Indus Water Commission met in the first week of June. Notwithstanding the dispute on Kishenganga and other hydel projects, Pakistan and India have reached an amicable agreement on the status of two hydro-power projects-Uri -II and Chutak. Meanwhile the United States in an unequivocal stand supported India's role in Nepal ostensibly flagging off the converging foreign policy interests of United States and India in Nepal. The significance of the statement by the US Under Secretary for Political Affairs, William J Burns on India's role in Nepal could be considered as an 'assuring' response to alleviate Chinese and Indian anxieties over the unravelling change of balance of power in South Asia. The discomfort over the role of external powers in South Asia became quite explicit, when China, which otherwise refrains from making comments on the internal affairs of South Asian countries, officially called upon Nepal to mitigate its domestic crises for the sake of regional peace and security. According to some sources while Washington has activated its embassy in Nepal on the Tibet issue, China seemingly has become bolder in expressing its stated interest in South Asian geopolitics.

Developments

After much apprehensions and criticisms, the Afghan peace jirga finally took place in Kabul from June 2-4, 2010. With 1600 tribal elders, religious leaders and people's representatives participating in the Afghan jirga from across the country, the absence of the opposition MPs and the Taliban from the deliberations was quite noticeable. Notwithstanding the criticisms and attacks by the Taliban, the Afghan delegates did manage to come out with a unanimous voice and have called for peace negotiations between the Taliban and the Afghan government. However as the devil lies in the details, many media reports claim that differences remain amongst delegates on specific offers which should be made to the Taliban on the negotiating table. The Taliban meanwhile have outrightly rejected the pronouncements of the jirga, framing it as a foreign agenda, meant to be a launchpad for kick-starting a fresh wave of offensive. They have also categorically stated that withdrawal of foreign troops is a necessary precondition for initiating any peace- negotiations between them and the Afghan government.

The United States released USD 288 million as part of the Coalition Support Fund to Pakistan. In a surprising turn of events, after much resistance, Pakistan has agreed "in principle" to launch operations in North Waziristan. The gruesome attacks on the Ahmedi community in Lahore, which claimed ninety-five lives, has convinced many that South Punjab is becoming a centre of terrorism.

Amongst other developments, State Bank of Pakistan painted a gloomy picture of Pakistan economy, claiming a below target growth rate of the agricultural sector.

Water shortages were cited as the stated reason behind the failure to meet the desired target. Meanwhile on the inter-provincial issues, due to the ongoing disagreement between Punjab and Sindh over distribution and stealing of water, Punjab stopped its representative from attending meetings of the Indus River System Authority. On another front, addressing the urgency of meeting energy shortages, which could potentially impact the economic growth rate of Pakistan, President Zardari revealed his government's vision of doubling the power generation capacity from 20,000 MW to 40,000 MW by 2020. According to one report in New York Times, Washington has agreed to provide USD 1 billion to Pakistan, to improve power supply, including upgrading thermal and hydropower plants.

The engagement of U.S. business groups in Bangladesh could increase in coming years, as United States Chamber of Commerce launched the joint US-Bangladesh Working Group in Washington DC on May 29, 2010. The aim of the group would be to facilitate economic relations between both countries.

According to International Organisation for Migration around 4,550 Bhutanese refugees have settled in developed countries under the Third Country Resettlement Programme since January 2010. Refugees in Nepal emphasised the need to repatriate Bhutanese refugees to Bhutan in a recent visit by the U.S Ambassador to Nepal, who visited the refugee camps in Jhapa, Eastern Nepal. On the Indo - Bhutan bilateral front, the Indian Lok Sabha speaker, Meira Kumar addressed the fifth session of Bhutan's National Assembly. An important outcome of the visit was the formation of the parliamentary friendship group, which is first of the sixty groups that India would be forming with other sixty countries in order to facilitate people to people contact.

Afghanistan

U.S. Tries Luring Taliban Foot Soldiers Back to Society

Post Gazette, May 24, 2010

Even as Washington and Kabul debate their plans to reconcile with senior members of the Taliban, military commanders on the ground in Afghanistan are reintegrating insurgent foot soldiers on their own. Last year, as part of an earlier Afghan push to give jobs to defecting Taliban, the Kabul government said that at least 9,000 insurgents had turned in their weapons. Maj. Gen. Richard Barrons, a British Army commander in Kabul said the Afghan government now estimated that there were 40,000 fighters to be brought back into the fold, with the 1,000 at the top.

(Source: <http://www.post-gazette.com/pg/10144/1060423-82.stm>)

Afghan MPs threaten to boycott Hamid Karzai's Taliban peace talks plan

Guardian, May 23, 2010.

President Hamid Karzai's attempt to kickstart a peace process with the Taliban in Afghanistan has been delayed again by angry MPs who have threatened to boycott a national gathering intended to establish the ground rules for talks. It had been rescheduled for May 22, 2010, but government and diplomatic sources say it has been delayed once again after parliament flexed its muscles over the President's failure to send cabinet nominees for the approval of MPs.

(Source: <http://www.guardian.co.uk/world/2010/may/23/karzai-taliban-peace-talks-boycott>)

War Bill Approved as Afghan Conflict Tops Iraq in Cost, Troops

Business Week, May 28, 2010

The U.S. Senate approved a \$60 billion war-funding bill on May 27, 2010, as the conflict in Afghanistan has exceeded the Iraq war in annual cost and number of troops. Senators voted 67-28 for the measure, which goes to the House for consideration in June. Opposing the legislation were 26 Republicans and two Democrats. "The American people deserve an answer to the question: How much longer?" said Wisconsin Democrat Russ Feingold. The funding bill "will add some \$30 billion more to the almost \$300 billion we've already spent in Afghanistan with no end in sight," he said.

(Source: <http://www.businessweek.com/news/2010-05-28/war-bill-approved-as-afghan-conflict-tops-iraq-in-cost-troops.html>)

Peace assembly a "critical moment" for Afghanistan

Khaleej Times, May 30, 2010

A huge "peace jirga" set to take place in Kabul marks a critical moment in bringing an end to decades of conflict that have blighted Afghanistan, NATO leaders said. The National Consultative Peace Jirga, or assembly, aims to bring together leaders from across Afghanistan, representing the country's complicated mix of ethnic, tribal, geographic and gender interests. "The peace jirga is a critical element, it is a critical moment for this country," Mark Sedwill, NATO's civilian representative in

Afghanistan said.

(Source: http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/international/2010/May/international_May1638.xml§ion=international)

Taliban stronger than expected, NATO chief says

The Star, May 31, 2010

The Taliban is stronger than NATO expected but the international coalition in Afghanistan will make progress both militarily and politically in 2010, NATO Secretary-General Anders Fogh Rasmussen said. Thousands of U.S. troops are being deployed in the southern province of Kandahar, a Taliban stronghold, as part of a new counter-insurgency strategy. This month militants attacked Kandahar airfield and a big coalition base in Bagram.

(Source: http://thestar.com.my/news/story.asp?file=/2010/6/1/worldupdates/2010-05-31T211103Z_01_NOOTR_RTRMDNC_0_-489442-1&sec=Worldupdates)

Afghans to discuss peace at national conclave

Seattle Times, May 31, 2010

Afghan insurgent groups dismissed national conference on how to lure fighters off the battlefield, saying the three-day meeting would merely draw government loyalists to rubber-stamp a program that cannot succeed. Lawmakers, provincial council members, tribal and religious leaders and representatives of civil society will participate. Notably absent from the "peace jirga" - jirga means "large assembly" in Pashto - will be official representatives of the Taliban, although some of the delegates may be insurgent sympathizers.

(Source: http://seattletimes.nwsourc.com/html/nationworld/2011997345_apasafghanpeacejirga.html)

Facts about Afghanistan's 'peace jirga'

June 2, 2010, Hindustan Times

About 1,600 Afghan community, political and religious leaders will gather in a huge tent from for a traditional "jirga," or assembly, to debate how to bring peace to the country. The meeting is aimed at reaching a national consensus on how to approach peace talks with the Taliban, an Islamic militant group waging an insurgency to topple the Western-backed government of President Hamid Karzai. There are about 130,000 international troops in the country fighting the Taliban, with the number set to rise to 150,000 in the coming months.

(Source: <http://www.hindustantimes.com/Facts-about-Afghanistan-s-peace-jirga/Article1-552103.aspx>)

Militants attack as Afghan peace conference starts

Chicago Sun Times, June 2, 2010

Taliban militants launched a suicide attack on Afghanistan's national peace conference as President Hamid Karzai interrupted his opening remarks to reassure

nervous delegates hearing the thump of rockets and rattle of gunfire outside .No delegates were harmed but at least two attackers were killed in fighting with Afghan security forces near the giant tent erected for the three-day gathering, officials said.The Taliban claimed responsibility for the attack in a phone call to The Associated Press.

(Source: <http://www.suntimes.com/news/world/2345958,afghanistan-military-attack-060210.article>)

Afghan peace conference mulls talks with Taliban

Breitbart, June 3, 2010

Delegates to an Afghan peace conference worked to overcome differences about whether the government should negotiate with top Taliban leaders to seek an end to almost nine years of war. The deliberations involved some 1,500 religious, tribal, provincial and other leaders picked by the government to advise President Hamid Karzai about the next steps to try to end the insurgency. The Taliban are not attending the peace jirga, as it is known, though some delegates sympathize with the insurgents. A suicide attack aimed at the jirga as it opened in Kabul underscored the Taliban's opposition, though it failed to disrupt the meeting.

(Source::http://www.breitbart.com/article.php?id=D9G3KP1O0&show_article=1)

Doubts as Karzai launches Afghan peace bid

Khaleej Times, June 3, 2010.

Afghan President Hamid Karzai launches an ambitious peace plan that he hopes will persuade Taliban fighters to put down their weapons at a time foreign forces are flooding in for an offensive. Unpopular at home despite an election victory last year that was mired in controversy, Karzai has called a traditional gathering of tribal leaders, elders and other notables to forge national consensus for overtures to the Taliban. "Obviously, the jirga will provide yet another pretext for America to continue the war in Afghanistan, rather than bringing about peace in the country," the Taliban said in a statement on the eve of a gathering to which they hadn't been invited, but wouldn't attend if asked.

(Source: http://www.khaleejtimes.com/DisplayArticle08.asp?xfile=data/international/2010/June/international_June75.xml§ion=international)

Afghan delegates support talks with Taliban

Brietbart, June 4, 2010

Delegates to an Afghan peace conference voiced strong support for negotiations between their government and the Taliban to try to end years of war. Speakers at the conference, or peace jirga, raised expectations that it would endorse President Hamid Karzai's broadly stated plans to reach out to the insurgents when the 1,500 delegates release a joint statement wrapping up three days of deliberations. Such an endorsement would deliver Karzai, increasingly unpopular due to corruption in his government and his fraud-marred re-election last year, a political boost and allow him to claim a mandate to pursue his peace plans.

(Source: http://www.breitbart.com/article.php?id=D9G4CB7O1&show_article=1)

Afghan Taliban rejects Karzai, peace Jirga's demand to shun violence

Sify, June 5, 2010

The Afghan Taliban has rejected Consultative Peace Jirga's demand to shun violence and join the process to bring stability in war torn Afghanistan, saying it would continue its struggle until foreign forces pull out of the country. Talking to media persons after the conclusion of the peace Jirga, which was called by Afghan President Hamid Karzai, Taliban spokesperson Qari Muhammad Yousuf Ahmadi blamed Karzai of delaying the exit of foreign forces by offering a truce.

(Source: <http://sify.com/news/afghan-taliban-rejects-karzai-peace-jirga-s-demand-to-shun-violence-news-international-kgfpEfdjjec.html>)

Bangladesh

Nine powerful bombs recovered along Indo-Bangladesh border

Associated Press of Pakistan, May 24, 2010

Police recovered nine powerful bombs suspected to have been smuggled into Bangladesh from neighbouring India and arrested two people at Laxmanpur village in Sharsha sub-district where major Benapole land port with India is located. Acting on a tip-off, a team of police raided the house of Arab Ali and recovered nine powerful bombs, which were put under earth adjacent to the house. Following recovery of the bombs, paramilitary Bangladesh Rifles (BDR) border guards began intensive patrol along the Indo-Bangladesh border. Newspapers reported influx of huge Indian arms and ammunition in Bangladesh.

(Source: http://ftp.app.com.pk/en/index.php?option=com_content&task=view&id=103775&Itemid=2)

Bangladesh: Dredging in All Rivers Start Soon

Dredging Today, May 23, 2010

Capital dredging in all rivers of the country will be carried out soon to revive the lost waterways by returning navigability. Many major and small rivers and tributaries are facing serious navigability problem as all the rivers got silted and there was no dredging to maintain navigability. The country had 24,000 km-long waterways in the past, but silting of river-beds hampered navigability of the waterways. At present, the country has 5,968 km navigable waterways during the monsoon while 3,865 km during dry season.

(Source: <http://www.dredgingtoday.com/2010/05/23/bangladesh-dredging-in-all-rivers-begins-soon/>)

Scientists offer solutions to arsenic groundwater poisoning in southern Asia

Physorg, May 27, 2010

An estimated 60 million people in Bangladesh are exposed to unsafe levels of arsenic in their drinking water, dramatically raising their risk for cancer and other serious diseases, according to the World Health Organization (WHO). Because

most of the contaminated water is near the surface, many people in Bangladesh have installed deep wells to tap into groundwater that's relatively free of arsenic. In recent years, farmers have begun using the deep, uncontaminated aquifers for irrigation - a practice that could compromise access to clean drinking water across the country, according to a report in the May 27 issue of journal Science.

(Source: <http://www.physorg.com/news194187045.html>)

Bangladesh approves overhaul of madrassas

Sify, June 1, 2010.

Bangladesh has made science, English and computing classes mandatory in Islamic religious schools as part of an overhaul of its education system, a government official said. The reforms are part of efforts to bring the country's madrassas, which are considered by critics to be a breeding ground for Islamic militants, into the mainstream schooling structure. "It will radically change the country's education system and make it modern and attuned to the global need," government official Ekramul Kabir, who helped write the new policy, told AFP.

(Source: <http://sify.com/news/bangladesh-approves-overhaul-of-madrassas-news-international-kgboEcbcjha.html>)

US-Bangladesh Working Group launched in US

Trading Markets, May 29, 2010

United States Chamber of Commerce launched the joint US-Bangladesh Working Group in Washington DC with a view to enhancing commercial relations between the two countries. The working group comprises representatives from renowned US businesses like Boeing, Caterpillar, Conoco Phillips, P&G, Global Edison, and Oracle, the Crane Group, Chevron, General Electric, Motorola etc, said a press release of Bangladesh Embassy in Washington. The Working group will work to promote dialogue between businessmen and government leaders, shape advocacy efforts on key issues in the bilateral trade and investment relationship, and create a greater awareness of business opportunities for American companies in Bangladesh.

(Source: http://www.tradingmarkets.com/news/press-release/crahf_us-bangladesh-working-group-launched-in-us-955823.html)

Dhaka to allow passage for Indian goods to Tripura

The Hindu, June 2, 2010

Bangladesh has signed an accord to finalise transshipment deal with India to allow Indian goods to be transported to its northeastern Tripura State. Bangladesh Shipping Secretary Abdul Mannan Hawladar confirmed the signing of the accord. "I have just signed the agreement declaring Ashuganj as a new port of call," he told the official news agency BSS. Through this accord, heavy Indian consignments for the Palatana power Project in Tripura will be transported through Bangladesh. Under this deal, in line with the decision reached during Prime Minister Sheikh Hasina's visit to India in January 2010, Bangladesh's Ashuganj port would be the

second transshipment point and fifth port of call in Bangladesh.

(Source: <http://beta.thehindu.com/news/national/article444093.ece>)

Tatas renew interest in Bangladesh

Telegraph India, June 4, 2010

The Tatas are making fresh overtures to the Bangladesh government, led by Awami League's Sheikh Hasina, for investing in the country's telecom and IT sectors. Four years ago, the group had pulled out of a Rs 10,000-crore proposal to build a steel mill, a fertiliser factory and a power plant. Khaleda Zia of the Bangladesh Nationalist Party was the Prime Minister then. The Tatas have held talks with Summit Communications of Bangladesh, which has the licence to set up telecom infrastructure there. Summit Communications' managing director Arif Ali Islam said, "We held exploratory talks. I cannot reveal the nature of the talks because of confidentiality clauses."

(Source: http://www.telegraphindia.com/1100603/jsp/business/story_12518029.jsp)

Hasina seeks more US investment in country

Financial Express, June 4, 2010

Prime Minister Sheikh Hasina urged the United States to invest in Bangladesh in larger volume and laid emphasis on more US cooperation in energy and power sectors, report agencies. The request came when US Ambassador in Dhaka James F Moriarty called on the Prime Minister at her office. The Prime Minister informed the US envoy about her government's strong stand on alleviating poverty, which is the main enemy of the South Asian region, and against terrorism.

(Source: http://www.thefinancialexpress-bd.com/more.php?news_id=102133&date=2010-06-04)

Bhutan

4,550 Bhutanese refugees resettled in 4 months

The Kuensel, May 21, 2010.

International Organisation for Migration (IOM) has resettled some 4,550 Bhutanese refugees from eastern Nepal in third countries mostly in the US during the first four months of 2010, said Geneva-based office of IOM. The international migration body said that out of the total resettled refugees, 3,830 were moved to the US, 374 to Australia, 239 to Canada, 108 to New Zealand, 7 to the Netherlands and 2 to Denmark. With this, the total number of the refugees resettled in third countries by IOM stands at over 30,000, since the beginning of the resettlement process at the end of 2007. Over 70,000 Bhutanese are still taking refuge in Nepal.

(Source: <http://www.thehimalayantimes.com/fullNews.php?headline=4%2C550+Bhutanese+refugees+resettled+in+4+months&NewsID=244814>)

Nu 1.451B dividend proposed

Kuensel, May 24, 2010

The Druk Holding and Investments (DHI) has proposed a dividend of about Nu

1.451B to be paid to the government, excluding the Nu 2672.9M tax it paid in 2009. DHI actually made a profit of Nu 2.243B (before tax) compared to Nu 2.155B in 2008. Among the DHI owned companies, Druk Green contributed the highest dividend, Nu 1.930B in 2009 followed by Bhutan Power corporation with Nu 151M. Meanwhile, DHI is projecting an income of Nu 5.094B and net profit of Nu 3.514B (profit after tax) in 2010.

(Source: <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=15543>)

Revised and released

Kuensel, May 22, 2010

High end education services, specialised health services, five star hotels and infrastructure development projects of a minimum project cost of Nu 200M will be allowed 100 percent foreign ownership, says the revised FDI (foreign direct investment) policy that was released on May 21, in Thimphu. Hundred percent foreign equity holdings will also be allowed for research and development projects of a minimum Nu 10M project size and for head office services, for information technology enabled services inside IT parks, and special economic zones in projects Nu 5M and more. Building of infrastructure projects, such as airports, industrial estates, highways and tunnels, must be done through the PPP (public private partnership) model, where the facility returns to the government on the expiry of the term.

(Source: <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=15542>)

Meira Kumar to address Bhutanese parliament

Sify, May 27, 2010

Lok Sabha Speaker Meira Kumar, on a three-day visit to Bhutan, Thursday said India's democratic experience needed to be shared with the Himalayan kingdom that adopted constitutional monarchy from absolute monarchy in 2007. 'India's democratic experience should be shared with Bhutan with a view to strengthen the institution of parliament in Bhutan,' said Meira Kumar, who is heading an Indian parliamentary delegation to the Himalayan nation.

(Source: <http://sify.com/news/meira-kumar-to-address-bhutanese-parliament-friday-news-international-kf1uucafbib.html>)

Lanka donates 10,000\$ for Bhutan Buddha statue

Daily Mirror, May 28, 2010

Sri Lanka has donated USD 10,000 for construction of a Buddha Statue in Bhutan, the Sri Lanka High Commission in New Delhi said. During the 16 SAARC Summit in Thimphu, Bhutan in April 2010, President Mahinda Rajapaksa toured the construction site of Buddha Dordenma Statue at Kuenselphdrang in Thimphu. Pleased with the ongoing progress of the construction of the statue, and as a manifestation of Sri Lanka's support for this project in the context of the spiritual bonds between the two countries, President Rajapaksa offered a token financial contribution to-

wards the successful completion of the project.

(Source: <http://www.dailymirror.lk/print/index.php/news/news/11744.html>)

BCCI cash crunch

Kuensel, May 26, 2010

The Bhutan chamber of commerce and industry (BCCI) needs to raise more funds to not only sustain itself but also carry out its activities to support the private sector.

This was one of the issues that came up, as business community representatives from across the country gathered in Thimphu for the chamber's 25th annual general meeting. According to the chamber's income and expenditure statement, which was attached with the AGM agenda, its collection through annual membership fee had dropped from Nu 8.3M in 2008 to Nu 7.07M last year. Memberships fees had dipped in all five regions except in Gelephu, where it had gone up by about Nu 56,000.

(Source: <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=15559>)

Speaker's initiative in reinforcing ties with Bhutan

The Hindu, May 29, 2010

Lok Sabha Speaker Meira Kumar announced the setting of a Parliamentary Friendship Group to help reinforce and renew the bonds of friendship between India and Bhutan. Addressing a joint session of the Bhutanese Parliament, Ms. Kumar recalled the close economic partnership as well as cultural and educational exchanges between the two countries. It was a great privilege for India to extend support to the people of Bhutan in their "peaceful march towards democracy," she said. The Speaker lauded the concept of "gross national happiness" adopted by Bhutan. India and the world at large had much to learn from this country, she said.

(Source: <http://beta.thehindu.com/news/article440783.ece>)

US envoy visits Bhutanese refugee camp in Jhapa

The Himalayan Times, June 1, 2010

US ambassador to Nepal Scott H DeLisi visited the Khudunabari refugee camp in Jhapa. During his visit, he enquired the Bhutanese refugees about the resettlement programme and its impact in their lives. He also urged the refugees to utilise the resettlement programme as an opportunity to secure their future. Responding to the queries of the ambassador, the refugees expressed their satisfaction over the resettlement programme. However, they also drew the attention of the US government to help create an appropriate environment for repatriation for those refugees who want to go back to their motherland.

(Source: <http://www.thehimalayantimes.com/fullNews.php?headline=US+envoy+visits+Bhutanese+refugee+camp+in+Jhapa&NewsID=245871>)

Border Trade with Bhutan, Myanmar From AP Soon

Outlook India, June 1, 2010

Border trade with Bhutan and Myanmar through Arunachal is on the cards, chief customs commissioner, Central excise & service tax, Northeastern region, DD Ingty said. Ingty said border trade with Bhutan through Dongshengmang in Tawang and with Myanmar through Pangsau Pass will undoubtedly change the economy of the Northeastern region. He assured to extend every possible help for expediting the process of re-opening the border trade in the state. Khandu informed Ingty that basic infrastructure like roads, trade centres and other required infrastructures have already been built in the gateways to facilitate the trade and that only a go-ahead signal from the Centre is awaited.

(Source: <http://news.outlookindia.com/item.aspx?683975>)

French ambassador in Bhutan

Kuensel, June 4, 2010

France would like to see "concrete projects" take off between French and Bhutanese entrepreneurs, according to the French ambassador to India, Jerome Bonnafont. "France, which contributed 20 percent of the European Union's budget, could also assist Bhutan in expanding its economic development cooperation with the EU," he said. Lyonpo Yeshey Zimba and Ambassador Jerome Bonnafont also discussed issues like climate change, tourism, democracy and poverty. The ambassador said that France has a sizeable Buddhist population of about a million, who could come to Bhutan as tourists.

(Source: <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=15659>)

Maldives

Maldives surrounded by terrorism, warns Foreign Minister

Haveeru Online, May 26, 2010

The Maldives is surrounded by terrorist activities happening in neighbouring countries, Foreign Minister Dr Ahmed Shaheed has warned. Speaking at the inauguration ceremony of the APCSS South Asia Alumni Symposium on Combating Terrorism, Shaheed raised the alarm on terror in Pakistan, India and activities of Somalia pirates in the Indian Ocean. Maldives needs assistance from other countries to combat terrorism, he added.

(Source: http://www.haveeru.com.mv/english/details/30799/Maldives_surrounded_by_terrorism,_warns_Foreign_Minister_)

Indian government to begin ICT project with Maldives

Minivan News, May 26, 2010.

The Indian government has accepted the Maldives' proposal for an Information Communication Technologies (ICT) project, reports Miadhu. The US\$5.3 million project will train 1,000 teachers and 500 youth over two years in the field of information technology. The project will be conducted by the Indian National Institute

for Information Technology (NIIT) and the Education Ministry of the Maldives.

EU Grants Three Nations 14.5 Million Euros To Fight Climate Challenges

Bernama , June 1, 2010

Three least developed nations has been pledged by European Union (EU) a grant of 14.5 million euros to implement the nations' strategic action plan for tackling climate change, a local media reported. The three nations namely Bangladesh, Maldives and Cambodia signed a joint declaration with the EU here, after the two-day Global Climate Change Alliance (GCCA) conference culminated.

(Source: <http://www.bernama.com/bernama/v5/newsworld.php?id=502562>)

Maldives receives US\$7.3 million from China

Minivan News, May 31, 2010

The Maldives will receive a US\$7.3 million (Rf 93 million) grant from China following a signing agreement. Speaking at the ceremony, Additional Secretary of the Foreign Ministry Dr Hussein Niyaz said the relationship between the two countries was a longstanding one. He noted that both the Foreign Ministry building and the national museum, currently under development, were gifts from China. Under the new agreement both governments will decide on a project to fund with the grant, "such as a housing project or a harbour development project," Niyaz said.

(Source: <http://minivannews.com/news-in-brief/maldives-receives-us7-3-million-from-china-7638>)

Nepal

PM seeks partners' pardon for 'tongue-slip'

Himalayan Times, May 24, 2010.

Prime Minister Madhav Kumar Nepal admitted before a meeting of the 10 ruling parties that he made an "irresponsible statement" about the Constituent Assembly after meeting the visiting Norwegian Minister for Environment and International Development, Erik Solheim, at Tribhuvan International Airport. PM had told Solheim that he did not want the CA but accepted it only to appease the Maoists. "I had proposed drafting new constitution through other means," the PM had said.

(Source: <http://thehimalayantimes.com/fullNews.php?headline=PM+seeks+partners%27+pardon+for+%27tongue-slip%27&NewsID=245049>)

Nepal PM, a Royalist by heart: Upendra Yadav

Telegraph, May 24, 2010

Addressing a cadre training program, Upendra Yadav, the founder chairman of Madhesi Janaadhikar Forum-Nepal on May 22, 2010, alleged that Prime Minister Madhav Kumar Nepal was a Royalist by heart. "Prime Minister Nepal is a villain", said Yadav adding, "His royalist characteristics have now come to the open, he is against Federalism, Democracy, Secularism and Inclusion, he must resign at the

earliest."Yadav also suggested that unless Madhav Kumar Nepal resigned from the post of the prime minister, it was unlikely that the country will get the new constitution.

(Source: http://telegraphnepal.com/news_det.php?news_id=7719)

Jindal Power mulls 1,500 cr power project in Nepal

PTI, May 25, 2010

Naveen Jindal-led Jindal Power is looking to set up a hydro-power project in Nepal at an estimated cost of Rs 1,500 crore as part of its multi-billion dollar programme in the energy space." In Nepal, we have got a license and we are doing the due diligence. We are looking to install a 220-MW hydro-power project in Chainpur Seti, Nepal," Jindal Power Deputy Managing Director Sushil Maroo told PTI. He said the project would cost around Rs 1,500 crore."We will import the entire power to India. but the terms and conditions are yet to be finalised... the Nepal government may demand something," Maroo added.

(Source: http://www.ptinews.com/news/664768_Jindal-Power-mulls-1-500-cr-power-project-in-Nepal)

Envoys write to PM to extend OHCHR term

Republica, May 25, 2010.

Heads of the missions of 10 western countries have jointly urged Prime Minister Madhav Kumar Nepal to renew the tenure of the Office of the UN High Commissioner for Human Rights, Nepal (OHCHR-N), by a minimum one year and not to curtail the UN body's mandate. The ambassadors, who have been raising concern over OHCHR's term extension on a number of occasions, joined hands to send a letter to the prime minister on May 12, 2010 after they came to learn government move to shrink the UN rights body's scope and close its regional offices.

(Soucre:http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19047)

EU delegation calls on President

Republica, May 26, 2010

A delegation of European Union parliamentarians led by Chairman of South Asia Affairs Department Jin Lambart paid a courtesy call on President Dr Ram Baran Yadav. During the meeting, bilateral relations, EU support to Nepal and matters of mutual interests were discussed, according to the President's Office. Lambart said the EU wants to see success of Nepal's peace process and constitution-drafting and to support part in Nepal's economic and social development. On the occasion, President Dr Yadav thanked the EU for its support to Nepal's peace process and development and urged the delegation to help increase EU's assistance in the coming days.

(Source: http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19117)

PM, Prachanda hold secret talks

The Himalayan Times, May 26, 2010.

Prime Minister Madhav Kumar Nepal met chairman of UCPN-Maoist Pushpa Kamal Dahal 'Prachanda' at the residence of the UML leader Krishna Lal Maharjan. According to a source close to PM, the duo discussed the issues ranging from extension of the CA's tenure to formation of national unity government. The secret meeting is significant as the UCPN-Maoist has been asking for PM's resignation to extend the CA's term. The major three parties - Maoists, CPN-UML and Nepali Congress - are also holding a high-level meeting in the presence of PM Nepal later today.

(Source:<http://www.thehimalayantimes.com/fullNews.php?headline=PM%2C+Prachanda+hold+secret+talks+&NewsID=245297>)

Nepal yet to feel impact of monarchy abolition: Ex-king

The Himalayan Times, May 26, 2010.

Nepal's former king said in a rare television interview stated that Nepal is yet to face the full consequences of the abolition of monarchy. In an exclusive interview aired by the privately-run Image Television, Gyanendra also said he feels sad that the country's 240-year-old monarchy was abolished when he was king. "I feel sad, not guilty. Many things could've been avoided. On some things, I was betrayed. On other things, I feel, people are yet to feel the impact of that action (abolition of monarchy)," he said. The former king, who lives in a summer retreat in the outskirts of Kathmandu, also said that time might come for him to assume a role to deal with Nepal's crisis-ridden politics. "But now is not the time," he said.

(Source:<http://www.thehimalayantimes.com/fullNews.php?headline=Nepal+yet+to+feel+impact+of+monarchy+abolition%3A+Ex-king&NewsID=245222&a=3>)

PM won't resign just to appease Maoists: NC

Republica, May 26, 2010

A meeting of senior leaders of the Nepali Congress ruled out the resignation of Prime Minister Madhav Kumar Nepal and appealed to all parties to vote in favor of the extension of the Constituent Assembly. "The prime minister won't resign just to appease the UCPN (Maoist)," a leader said after the meeting. "The party has still not shown flexibility on integration and rehabilitation of the Maoist combatants." The NC has maintained that the UCPN (Maoist) have to agree to just one of the six contentious issues that the three big parties agree to resolve -- a time-bound agreement on integration and rehabilitation of former Maoist combatants. The NC and the CPN-UML also want the Maoists to honor past commitment on the number of Maoist combatants to be integrated into the security forces.

(Source: http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19186)

CA term extension almost certain

Republica, May 28, 2010

The Constituent Assembly is almost certain to get its term extension on May 28, 2010, the day its two-year term expires. Though public posturing by leaders continued high-level sources privy to the behind-the-scenes negotiations said they are "confident more than ever" that the CA term will be extended. The leaders were still negotiating on the terms and conditions for such an extension as this newspaper went to press. Asked what transpired between the two leaders, Sitaula refused to divulge details of the conversation but said, "If you want me to offer my analysis, the CA term will be extended tomorrow."

Govt concerned over Meghalaya row

Republica, May 31, 2010

In view of the recent unrest in Indian states of Meghalaya and Assam, the government said it is closely assessing the situation of the Nepali community living there. "We regret the killing and eviction of Nepali people living and working in the two Indian states," said the Ministry of Foreign Affairs issuing a press statement. "The Government of Nepal is in touch and has taken up the matter with the Government of Nepal for urgent measures for safety and security of the Nepali community in the unrest-hit areas," it added. The concern comes after the indigenous Khasi community of Meghalaya in the third week of May issued an ultimatum to minority Nepali speaking people there to leave and more than 10 Nepalis were killed in clashes.

(Source: http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19317)

Nepal parties meet to discuss new coalition

Indian Express, May 31, 2010

Nepal's ruling alliance and the Maoists held talks on May 30, 2010, to set up a new coalition government after the Prime Minister agreed to resign following a deal to avert a political crisis. Leaders of three political parties - the CPN-Maoist, Nepali Congress and Communist Party of Nepal (United Marxist Leninist) failed to reach an agreement to put into practice the May 28 deal. Prime Madhav Kumar Nepal had agreed to resign to secure Maoist support to extend the Constituent Assembly's term by a year. For its part, the Maoists agreed to integrate People's Liberation Army combatants, disband the party's Young Communist League and return property seized by them during the civil war that ended in 2006. The Maoists have demanded they lead a new national coalition.

(Source: <http://www.indianexpress.com/news/Nepal-parties-meet-to-discuss-new-coalition/627216>)

3 Madhes parties mull 3 point pact

The Himalayan Times, June 2, 2010

A meeting of three Madhes-based parties Madeshi Janaadhikar Forum Loktantrik, Terai Madesh Democratic Party and Sadbhawana Party got underway at Singha

Durbar. The agenda of the meeting focused on the 3 point agreement made on May 28 and the future strategy of the government. Deputy Prime Minister and chairman of MJF Loktantrik Bijay Kumar Gachhadar along with the top brass of the Madhes based parties attended the meet.

(Source: <http://thehimalayantimes.com/fullNews.php?headline=3+Madhes+parties+mull+3+point+pact&NewsID=245898>)

PM seeks consensus for his resignation

Republica, June 2, 2010

Prime Minister Madhav Kumar Nepal reiterated that he would resign from his post if the parties reached consensus regarding various contentious issues including the three-point agreement. Speaking with reporters after the meeting of the big three parties- Unified CPN (Maoist), Nepali Congress and UML- at the Constituent Assembly building, the PM said that he is in favor of consensus among parties.

(Source: http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19403)

'Grave betrayal': Maoists

Republica, June 4, 2010

The main opposition UCPN (Maoist) alleged that the ruling Nepali Congress and CPN-UML had breached a 'gentleman's agreement' to get Prime Minister Madhav Kumar Nepal to step down within five days. The Maoists also announced a fresh round of protests for what they said was to realize the dream and aspirations of the people and of the martyrs for peace, constitution and change in the country. Issuing a press statement after the party's standing committee meet, Maoist Chairman Pushpa Kamal Dahal said the ruling NC and UML had 'misinterpreted' the three-point deal reached minutes before extension of the Constituent Assembly engaged in 'grave betrayal' of the spirit and expectations of that deal.

(Source: http://www.myrepublica.com/portal/index.php?action=news_details&news_id=19459)

Indian Army Chief to be invited to visit Nepal

People's Daily, June 3, 2010

The Nepali cabinet gave the nod to the Nepal Army (NA) to invite Indian Army Chief Gen. V. K. Singh for an official visit to Nepal. Singh will be conferred the title of Honorary General of NA. Gen. Nepal Army Chief Gen. Chhatra Man Singh Gurung was honored with a similar title by Indian President Pratibha Patil in December. "The Chief of Army Staff will soon send an invitation to the Indian army chief as per the cabinet's decision," said Nepal Army Spokesperson Ramindra Chhetri. The cabinet also approved the visit of a 15-member NA delegation to China scheduled for Sept. 17-27, reported the website.

(Source: <http://english.people.com.cn/90001/90777/90851/7010884.html>)

US wants India's role in Nepal

Nepal News, June 3, 2010

A senior US government official said his country wants more involvement of India in South Asian politics including Nepal where political deadlock has badly hampered the peace process and constitution writing. US Under Secretary for Political Affairs William J Burns said, "As India looks eastward, its role in its immediate neighbourhood obviously remains crucial. We have complementary interests on the subcontinent, and the United States supports India's leadership in encouraging the emergence of a stable democratic government in Bangladesh... easing tensions in Nepal... and promoting peace and reconciliation in Sri Lanka." He further said, "Neither of us intends to outsource South Asia policy to the other, but more often than not our policy prescriptions converge."

(Source: <http://www.nepalnews.com/main/index.php/news-archive/19-general/6516-us-wants-indias-role-in-nepal.html>)

Nepal PM ignores Maoist deadline, set for Budget

Indian Express, June 3, 3010

Prime Minister Madhav Nepal refused to honour the deadline that the Maoists had set for him, and instead said that he would fully reciprocate to any gesture that the former rebels show in support of the letter and spirit of the May 28 understanding. At a meeting with leaders of the three major political parties - Unified Communist Party of Nepal-Maoists (UCPN-M), Communist Party of Nepal-Unified Marxist Leninist (CPN-UML) and the Nepali Congress - the Prime Minister said that he would not go against the understanding that the three parties had signed on May 28. He said that the Maoists should first return the property confiscated during the insurgency and also transform the Young Communist League into a civilian outfit.

(Source: <http://www.indianexpress.com/news/Nepal-PM-ignores-Maoist-deadline--set-for-Budget/628722>)

Pakistan

Pakistan, China agree to boost defence cooperation

Daily Times, May 24, 2010

Pakistan and China will discuss boosting up defence cooperation in order to maintain the existing momentum. A 16-member Chinese defence delegation, headed by Chinese State Councillor and Minister for National Defence General Liang Guanglie arrived in Pakistan on a two-day visit. According to a press release, the Chinese defence minister will hold meetings with his Pakistani counterpart Chaudhry Ahmed Mukhtar and senior local military leadership, which would further strengthen the relationship between the two countries.

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\05\24\story_24-5-2010_pg7_13)

Power generation to be doubled in 10 years: Gilani

Daily Times, May 24, 2010

The country's power generation capacity will be doubled from the current 20,000 MW to 40,000 MW within the next decade, Prime Minister Yousaf Raza Gilani said. Announcing his government's vision for the power sector at the inauguration ceremony of the 62 MW Gulf Rental Power Plant in Gujranwala, he said that efforts would be made to maximize efficiency gains in power plants and in transmission/distribution networks, adding that power projects would be completed with maximum private investments. The PM said the power crisis had badly affected the country's industry and slowed the pace of economic growth.

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\05\24\story_24-5-2010_pg1_1)

U.S. gives Pakistan \$288 mln under security fund

Reuters, May 27, 2010

The United States has released \$288 million to Pakistan for some of the costs incurred last year in military operations against Taliban militants, a U.S. embassy statement said. The funds are part of the Coalition Support Fund (CSF), a U.S. programme to reimburse countries that have incurred costs supporting counter-terrorism and counter-insurgency operations. "This is in addition to the more than \$1.2 billion in reimbursements already transferred to Pakistan this year by the U.S. government under the Coalition Support Fund (CSF)," the statement said. The U.S. released \$656 million earlier this month.

(Source: <http://in.reuters.com/article/idINIndia-48839320100527>)

Britain will stay out of India-Pakistan dispute: FM

Dawn, May 27, 2010

Britain's new coalition government will not "lecture" India and Pakistan over their relationship, Foreign Secretary William Hague said ahead of an upcoming trip to Islamabad. His predecessor David Miliband caused a diplomatic row in 2009 by linking the unresolved Kashmir dispute to the Mumbai terror attacks, and Hague signalled he would not make the same mistake. "It will not be our approach to lecture other countries on how they should conduct their bilateral relations," Hague told reporters in London.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/news/world/16-britain+will+stay+out+of+india-pakistan+dispute+fm-hs-06>)

Indian officials should respect Pakistan's courts: Malik

Business Ghana, May 27, 2010

The Pakistan government honours the Supreme Court's decision upholding the release from house arrest of JuD chief Chief Hafiz Saeed and Indian authorities should accord "similar respect to the verdicts of Pakistani courts," Pakistan's Interior Minister Rehman Malik said. Malik made the remarks while talking to reporters a day after the apex court upheld the Lahore High Court's

decision to free Saeed from house arrest and dismissed appeals filed by the federal and Punjab governments challenging his release.

(Source: http://www.businessghana.com/portal/news/index.php?op=getNews&news_cat_id=&id=127977)

IRSA acts to defuse water dispute

Dawn , May 26, 2010

With water theft between Chashma and Kotri barrages surging to a record 50,000 cusecs, the Indus River System Authority is expected to oblige Punjab by allowing it to draw 5,000 cusecs from the Chashma-Jhelum link canal to end a political deadlock over the issue. Sources said that IRSA was coming under increasing criticism over the water issue and was considering to meet Punjab's demand for about 5,000 cusecs from Chashma-Jhelum and 1,000 cusecs from the Greater Thal Canal. Non-acceptance of this demand had resulted in strong letters from the Punjab government which stopped its member from attending IRSA meetings.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/19-irsa-acts-to-defuse-water-dispute-650-hh-03>)

World Bank gives 48-hour ultimatum to Pakistan

Dawn , May 26, 2010

Pakistan received a stern 48-hour deadline to take tough actions that include hiking of electricity tariffs by six per cent and implementation of the Value Added Tax (VAT) from July 1, 2010. On failure to do so, Pakistan will not receive \$300 million under the poverty reduction support credit, the World Bank (WB) said. If Pakistan successfully implements the two conditions, the approval of \$300 million will be made during the World Bank meeting which is to take place on June 29, 2010 in Washington. The World Bank has been assisting Pakistan in preparations to introduce the VAT law to Pakistan during the past one year. However, there has been hue and cry from the business communities across Pakistan against the imposition of VAT.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/news/business/wb-gives-48-hour-ultimatum-to-pakistan-jd-01>)

Punjab 'pulls out' of IRSA

Dawn , May 26, 2010

The government of Punjab has stopped its representative from attending meetings of the Indus River System Authority and has accused IRSA of having turned "blatantly pro-Sindh" and harming the federation. According to Punjab Irrigation Department officials, they have written "separately and repeatedly" to the water and power ministry and IRSA and have substantiated their complaints, but no action has been taken to rectify the situation. Therefore, they said, they were left with no option but to "start pulling out of a body which is bent upon damaging the province and the federation". "It is of no use to attend the meetings of the body which has turned grossly unilateral and deeply politicised in its conduct," an offi-

cial said. "The Punjab representative has been stopped from going to IRSA office since June 4, 2010.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/16-punjab-pulls-out-of-irsa-alleging-it-has-turned-prosindh-550-hs-01>)

Dams incurring continuous rise in water level

Dawn, May 25, 2010

Pakistan's major reservoirs, Mangala and Terbela, are experiencing a continuous rise in their water levels, according to a report. According to the Met office, water is flowing in the reservoirs on a continuous basis. In Mangala dam, the usable water deposits have become 1,707,000 acre/feet. The dam's water level has surpassed the dead level of 1,040 feet as the level has further risen by two feet.

Moreover, Terbella dam is now 15 feet and six inches above the dead level of 1,378 feet and six inches, reaching the level of 1,393 feet.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/news/business/dams-incurring-continuous-rise-in-water-level-jd-02>)

Pakistan, US agree on Waziristan operation

Dawn, May 31, 2010

The US military chief said that he could not discuss his plans for combating Fata-based militants with the media but would like to do so with Pakistan's cooperation. Diplomatic sources in Washington, while talking to Dawn, also confirmed this, saying that Pakistan had agreed in principle to extend its military operation to North Waziristan and other areas identified by the Americans as militant hide-outs. "I wouldn't speak to any kind of details in terms of either plans or operations," said US Joint Chiefs of Staff Chairman Admiral Mike Mullen when asked if the Pentagon had planned a unilateral military strike in Pakistan

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/pakistan,-us-agree-in-principle-on-waziristan-operation-150>)

Arrests made over Pakistan mosque attacks

Times, May 31, 2010

Police have arrested seven men over alleged links to the Taleban militants who attacked two mosques in eastern Pakistan, killing 93 people, including a British businessman. Rehman Malik, Pakistan's Interior Minister, visited one of the two mosques in Lahore and promised to work with local officials to tackle the growing problem of militancy in Punjab province. "The terrorists, who have been hiding in southern Punjab, have now surfaced."

(Source: <http://www.timesonline.co.uk/tol/news/world/asia/article7140956.ece>)

Malik sees terror roots in South Punjab

Daily Times, May 31, 2010.

The government will eliminate terrorists from all parts of the country, including southern Punjab, as they have started sneaking into other parts of the country from there and measures are being taken to deal with them, Interior Minister Rehman Malik said, hinting at a new strategy against terrorists. He was talking to reporters after visiting the Ahmedi community's worship place in Model Town. Minorities' Minister Shahbaz Bhatti also accompanied him. Answering questions, Malik said 29 religious organisations had been banned and two top groups, the Lashkar-e-Jhangvi and the Jaish-e-Muhammad, had become a part of the Tehreek-e-Taliban Pakistan. The minister said more than 44 percent of the country's madrassas were present in South Punjab.

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\05\31\story_31-5-2010_pg1_1)

US mulls unilateral Pakistan raids

Al Jazeera English, May 29, 2010

The US military is developing plans for a unilateral attack on the Pakistani Taliban in the event of a successful attack in the US that can be traced to them, The Washington Post reports. Planning for a retaliatory attack was spurred by ties between Faisal Shahzad, the alleged Times Square bomber, and elements of the Pakistani Taliban, the US newspaper said in an article posted on its website, quoting unidentified senior military officials. The military would focus on air and missile raids but also could use small teams of US special operations troops currently along the border with Afghanistan, the report said.

(Source: <http://english.aljazeera.net/news/americas/2010/05/20105296251760640.html>)

US Fears Pakistan's Power Cuts Are Militants' Gain

New York Times, May 31, 2010

Mohammad Rafiq has worked in Pakistan's weaving factories for 35 years, minding the looms that turn thread into cotton fabric. But lengthy power cuts often leave him and his fellow workers idle and losing wages. Outages of up to 18 hours a day are threatening the government's credibility at a time when the U.S. is pressing it to step up its fight against the Taliban and al-Qaida. Mindful that a bad economy could mean more recruits to the militant cause, Washington has pledged \$1 billion to improve the power supply, including upgrading thermal and hydro-power plants as well as modernizing distribution.

(Source: http://www.nytimes.com/aponline/2010/05/31/world/AP-AS-Pakistan-Power-Crisis.html?_r=1)

Pakistan, India close to deal on 2 power projects

Daily Times, June 1, 2010

India and Pakistan are close to an agreement on two power projects coming up in

Indian-held Kashmir, which have been a major bone of contention between the two countries over the past two years. Confirming that a consensus had evolved on the 250 megawatts Uri-II power project on Jehlum River, Pakistan Indus Commissioner Jamaat Ali Shah told Daily Times that the issue was dealt with in the "spirit of cooperation and as a gesture of goodwill". As the 105th meeting of the Permanent Indus Commission led by respective Indus commissioners is underway in New Delhi, both sides expect to find a solution to another irritant, the 44MW Chutak hydroelectric project on river Suru (a tributary of Indus) in Kargil district, before they conclude discussions on Wednesday.

(Source:http://www.dailytimes.com.pk/default.asp?page=2010\06\01\story_1-6-2010_pg7_1)

Budget deficit shoots up to Rs 625.960bn in July-March

Daily Times, June 1, 2010

Consolidated budget deficit of the federal and provincial governments during the first nine months (July-March) of the ongoing fiscal year 2009-10 has shot up to Rs 625.960 billion, 4.2 percent of the GDP. Total revenue in the period amounted to Rs 1.401 trillion, while the expenditure was Rs 2.027 trillion, according to the Fiscal Operations Report for the July-March period released by the Ministry of Finance. Although the International Monetary Fund (IMF) allowed the country to exceed its yearly budget deficit target of 4.9 percent of the GDP to 5.1 percent, the government expects a deficit figure much higher than that agreed with the IMF. The federal government had projected to keep the overall budget deficit at 4.9 percent of the GDP, including a budget deficit of 4.5 percent of the GDP for 2009-10, and a 0.3 percent additional deficit due to expenditures on the Internally Displaced Persons. However, the deficit in the July-March period showed that the country face a much higher deficit figure by June 30.

(Source:http://www.dailytimes.com.pk/default.asp?page=2010\06\01\story_1-6-2010_pg7_16)

Provinces have major share in R s663bn PSDP

Dawn, May 30, 2010

The National Economic Council (NEC) approved on May 28, 2010, Rs 280 billion for federal development programmes for the next financial year - about 33 per cent lower than current year's allocation of Rs 421 billion - and set an economic growth rate target of 4.5 per cent. The size of the overall Public Sector Development Programme (PSDP) for 2010-11 was set at Rs 663 billion, with an allocation of Rs373 billion for provinces. The adviser said the flow of resources would shift to provinces after the new National Finance Commission award and 18th Amendment. He said the size of the federal PSDP set at Rs280 billion was about 25 per cent higher than current year's revised estimates of Rs235 billion but 37 per cent lower than the original allocation of Rs446 billion.

(Source:<http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/provinces-have-major-share-in-rs663bn-psdp-950>)

Budget aims at promoting resource generation

Dawn, May 30, 2010

The initial version of Budget Strategy Paper-II aims to achieve fiscal stabilisation and increasing resource mobilisation for the next fiscal year. The summary of the BSP-II presented to the cabinet by the finance ministry said that the key objective of the next budget is to continue the fiscal stabilisation and promote fiscal and debt sustainability. The paper said that the fiscal sustainability for a period of three years is needed for accelerating the economic growth and the worst is over for the country, it added. "Pakistan has managed threats to fiscal sustainability and the overall budget deficit has been brought under control now as it stood at 7.8 per cent of the Gross Domestic Product (GDP) two years back," the BSP-II summary said.

(Source:<http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/business/budget-aims-at-promoting-resource-generation-950>)

Pakistan to figure in US-India strategic dialogue

Dawn, June 1, 2010

The first India-US strategic dialogue, which begins in Washington on June 1, 2010, is also expected to focus heavily on Pakistan, as the two sides have indicated.

Two Indian ministers - Kapil Sibbal and Montek Singh Ahluwalia - arrived in Washington for the talks. External Affairs Minister S. M. Krishna arrives on Tuesday morning. State Department spokesman P. J. Crowley was the first to indicate that the US-India talks would also focus on issues that concern both India and Pakistan. Security and counter-terrorism were an ingredient of America's dialogue with both countries, Mr Crowley said, describing it as "a shared challenge that the United States, India, Pakistan, other countries have".

(Source:<http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/national/19-pakistan-to-figure-in-usindia-strategic-dialogue-160-hh-04>)

State Bank paints gloomy picture of economy

Daily Times, June 2, 2010

The State Bank of Pakistan painted a gloomy picture of the country's economic condition, saying the agriculture sector's growth was expected to remain below target and the fiscal deficit mark was going to be much higher than earlier estimates.

The report also said that the overall external current account position would remain vulnerable. The SBP revealed the figures in its third quarterly report on the country's economy. The report said the agriculture sector was expected to post a below-target growth rate, mainly due to water shortage and unfavourable weather conditions during the ongoing year. Contrary to earlier expectations that minor crops would return strong growth figures due to switch over of area from major to minor crops, recent information suggests that most of the minor crops also suffered due to lesser rains during the winter.

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\06\02\story_2-6-2010_pg1_7)

India, Pakistan resolve Baglihar issue

The Hindu, June 2, 2010

India and Pakistan have resolved at the meeting of the Permanent Indus Water Commission here the issue of water flows in the Chenab river being affected during the initial filling of the Baglihar dam in 2008. Pakistan has decided not to raise the matter further. However, the differences on the design of the 45 MW Nimoo Bazgo hydel project on the Indus river in Leh district remained. The matter will be discussed further in the next round of talks to be held in Pakistan this or the next month. "We have resolved the differences on the initial filling of the Baglihar dam (in Doda district in Jammu and Kashmir) in 2008 in a spirit of cooperation and goodwill," Pakistan's Indus Commissioner Jamait Ali Shah, who heads the country's delegation, told *The Hindu* here in an interview.

(Source: <http://www.thehindu.com/2010/06/02/stories/2010060260170100.htm>)

Punjabi Taliban preparing for major terror attack: Malik

Dawn, June 2, 2010

Interior Minister Rehman Malik claimed that the Punjabi Taliban were preparing for a major terror attack in the country and said Lashkar-i-Jhangvi was involved in the attacks on the Marriott hotel in Islamabad, the GHQ in Rawalpindi and the terror attacks in Lahore. Malik, while briefing the Senate Standing Committee, said the Punjabi Taliban are a big threat to the country and they are preparing to launch a major attack. He said the government was cooperating with the US in the Faisal Shahzad case. He further informed the committee that he had asked the Punjab government to take immediate action against the terrorists.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/news/pakistan/12-punjabi+taliban+preparing+for+major+terror+attack+malik--bi-03>)

Pak water team unhappy with India

Hindustan Times, June 3, 2010

Indus Water Commission team has returned from New Delhi dissatisfied with the information provided by the Indian side about the construction of new power projects on three rivers in Jammu and Kashmir that flow into this country. Pakistan's Indus Water Commissioner Syed Jamaat Ali Shah told reporters in Lahore that his Indian counterpart did not provide details about the dams being built on the Chenab, Jhelum and Indus rivers without taking into consideration Islamabad's objections to the projects. He said if India did not comply with the regulations of the Indus Water Treaty, Pakistan might move an international arbitration court.

(Source: <http://www.hindustantimes.com/Pak-water-team-unhappy-with-India/Article1-552750.aspx>)

US says Pakistan indispensable in Afghanistan

Dawn, June 4, 2010

Pakistan is indispensable for US success in Afghanistan, although India also has a very important role in that country, says a senior State Department official. "Because we understood we will not be able to succeed without the active support of our friends in Pakistan," said the official while explaining why President Barack Obama formulated an 'integrated strategy' for dealing with terrorism in the Pak-Afghan region. US Assistant Secretary of State for South and Central Asian Affairs Robert Blake, however, noted that the United States had "strongly welcomed the important role that India has played through its various reconstruction and development projects" in Afghanistan.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/us-says-pakistan-indispensable-for-success-in-afghanistan-460>)

NA condemns killing of Ahmadis

Dawn, June 4, 2010

It was after an apparent hesitation and a bold initiative by some women that the National Assembly unanimously condemned Friday's "barbaric massacre" of Ahmadis in Lahore. It initially appeared that the brutal gun attacks on two places of worship, which killed about 90 people and wounded 105 others, would find no mention on the opening day of the lower house's budget session as had happened in the Senate a bit earlier, for fear of possible ire of hardline Anti-Ahmadi religious groups. But PPP's former information minister Sherry Rehman would not let it go like that and called for an immediate attention to her two adjournment motions on the most deadly attack on the Ahmadi community and the Israeli commando attack on a Gaza-bound aid flotilla on Monday after Minister of State for Foreign Affairs Malik Amad Khan informed the house of Pakistan's diplomatic moves against the Israeli action.

(Source: <http://www.dawn.com/wps/wcm/connect/dawn-content-library/dawn/the-newspaper/front-page/na-condemns-killing-of-ahmadis-460>)

Qaeda threatens to kidnap Saudi royals

Daily Times, June 4, 2010

Al Qaeda has threatened to kidnap Saudi princes and ministers in order to secure the release of a female al Qaeda operative arrested by Saudi forces, al Arabiya television reported. In an audiotape played on al Arabiya, an al Qaeda regional commander threatened "major operations" against the kingdom following the arrest of Haylah Al Qassir. Qassir was believed to be responsible for recruiting women to the global militant group as well as handling money issues, the Arab satellite television channel said. "Al Qaeda is organizing cells to kidnap...princes, ministers and officials including military commanders," Saeed Al Shehri said in the audiotape. Reuters could not verify the accuracy of the recording.

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\06\04\story_4-6-2010_pg1_4)

Sri Lanka

'Differences remain over Kishanganga, Bazgo power projects'

Daily Times, June 4, 2010

Pakistan still has serious reservations over India's Kishanganga and Nimoo Bazgo power projects in Indian-held Kashmir (IHK), the Foreign Office said. FO spokesman Abdul Basit said, "We know the remarks made by our Indus Water commissioner to the media. As we have not received the agreed minutes of the meeting so far, it may not be germane for the FO to say anything at this stage. But needless to say, there have been violations of the Indus Waters Treaty by India," he said. Compromise: Basit said the country had "serious reservations vis-à-vis the Kishanganga and Nimoo Bazgo projects. As a responsible country, we will like all our differences and disputes to be resolved through the dispute-settlement mechanism as contained in the 1960 Indus Water Treaty. Rest assured, Pakistan will never compromise on its national interests".

(Source: http://www.dailytimes.com.pk/default.asp?page=2010\06\04\story_4-6-2010_pg7_21)

Sri Lanka opposition party reforms aimed at party progress

Colombo Page, May 24, 2010

Restructuring of Sri Lanka's main opposition United National Party is progressing smoothly and it is aimed at the party's progress and not at the success of individual members, a UNP parliamentarian said. Addressing a media briefing today UNP MP Gayantha Karunatileka said the Committee appointed earlier under the chairmanship of M P Joseph Michael Perera had presented its proposals to the Executive and the parliamentary members at their joint meeting.

(Source: http://www.colombopage.com/archive_10A/May24_1274711765CH.php)

Is the U.N. complicit in Sri Lankan war crimes?, Colum Lynch

Foreign Policy, May 25, 2010.

Louise Arbour, the head of the International Crisis Group, called for an internal review of the U.N.'s conduct during Sri Lanka's bloody 2009 civil war, telling Turtle Bay that the organization's abandonment of national staff in a conflict zone and its failure to speak up more forcefully about abuses made it "close to complicit" in government atrocities.

(Source: http://turtlebay.foreignpolicy.com/posts/2010/05/24/is_the_un_complicit_in_sri_lankan_war_crimes)

Sri Lankan President in-charge of country's oil exploration programme

Colombo Page, May 25, 2010

Sri Lankan President Mahinda Rajapaksa has taken over the country's oil exploration programme by taking petroleum resources under his purview. The subject was formerly vested under the Petroleum Ministry. Petroleum Minister Susil Premajayantha has said that the Gazette notification outlining the subject matters of each Minister issued after the appointment of the new government had stated that the Petroleum Resources Development Agency (PRDA), which is assigned

the task of handling the country's oil exploration activities in the country, has been vested under the President.

(Source: http://www.colombopage.com/archive_10A/May25_1274762088CH.php)

Sri Lankan Power and Energy Minister to streamline country's energy sector

Colombo Page, May 25, 2010

The Sri Lankan government is currently engaged in streamlining the country's energy sector within the next three years following the completion of the Upper Kothmale and Norochcholai coal power plants. According to the newly appointed Power and Energy Minister Patali Champika Ranawaka apart from the mega projects, the government was planning on adding 250 MW through medium scale hydropower projects, another 50 MW through wind energy and 180 MW through mini hydropower projects. Ranawaka has explained that following the completion of the Upper Kothmale and Norochcholai projects, the average cost per unit of electricity would be around Rs. 17.50.

(Source: http://www.colombopage.com/archive_10A/May25_1274765286JR.php)

Sri Lankan protesters march against proposed trade pact with India

Economic Times, May 26, 2010

Ahead of Sri Lankan President Mahinda Rajapaksa's visit to India next month, hundreds of protesters took to the streets here against a proposed comprehensive bilateral trade pact, claiming it would benefit the neighbouring country at the expense of domestic industry. The protesters, including doctors and engineers, sought assurance from Rajapaksa that he would not sign the Comprehensive Economic Partnership Agreement (CEPA) with India during his visit to New Delhi on June 8.

<http://economictimes.indiatimes.com/news/politics/nation/Sri-Lankan-protesters-march-against-proposed-trade-pact-with-India/articleshow/5977021.cms>

Child soldiers return home

Daily Mirror, May 26, 2010

The last batch of rehabilitated LTTE child soldiers, 108 boys and 90 girls were handed over to their parents yesterday by the Rehabilitation Authority, Commissioner General of Rehabilitation Brigadier Sudantha Ranasinghe told Daily News. They were minors between the ages of 12 years to 17 years. So we had to hand them over to their parents legally through the legal court procedure.

(Source: <http://www.dailynews.lk/2010/05/26/sec01.asp>)

Japan appreciates the development programmes in Sri Lanka.

Sri Lanka Broadcasting Corporation, June 1, 2010

Japan appreciates the development programmes of Sri Lanka. Japanese ambassador to Sri Lanka Konio Takashi said this when he met the Prime Minister D.M.

Jayarathne at his office. The Japanese ambassador also assured to continue to provide assistance to development programmes in Sri Lanka. The ambassador also stated that his government has decided to grant necessary assistance to supply electricity facilities from Vavuniya to Jaffna.

(Source: <http://www.slbc.lk/index.php/component/content/article/1-latest-news/3539-japan-appreciates-the-development-programmes-in-sri-lanka->)

India going for new High Commission offices in Jaffna and deep south Hambanthota

Asian Tribune, June 2, 2010

India is currently doing the groundwork to establish two new High Commissions (HCs) in Jaffna and Hambanthota. These talks, aimed at finding solutions for Tamils, are expected to commence on June 8. The June 8 & 9 meeting is already expected to be tense due to the hiccups on Sri Lanka's side as a result of the CEPA trade agreement, it was previously reported. Last month India commenced a counsel office in Jaffna as a Visa Application Centre (VAC). India expects to upgrade this VAC to the high commission status on Sri Lanka's green light.

(Source: <http://www.asiantribune.com/news/2010/06/02/india-going-new-high-commission-offices-jaffna-and-deep-south-hambanthota>)

India-Sri Lanka economic pact likely

The Hindu, June 3, 2010

The proposed Comprehensive Economic Partnership Agreement (CEPA) between India and Sri Lanka, which has been pending since 2008, will be discussed during the three-day visit of Sri Lankan President Mahinda Rajapaksa beginning on June 8. For several days now, there has been speculation in the business circles here on the CEPA and the possibility of a pact. Last week, a group of business persons demonstrated outside the office of the President against signing of CEPA.

(Source: <http://beta.thehindu.com/news/international/article445840.ece>)