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SOUTH ASIA IN JANUARY 2006

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EDITORIAL

South Asia in January 2006

PR Chari, Research Professor, IPCS

An overview of South Asia during January 2006 reveals three events of strategic significance for the region. These are the bilateral negotiations on the Indo-US nuclear deal signed by the two countries in July 2005 that is encountering unexpected difficulties; the continuing, but without progress, Indo-Pak dialogue; and the recurring internal violence throughout the region. How do we assess them?

First, it is plain that the Indo-US nuclear deal, negotiated in secrecy without consulting the several constituencies involved, has become problematical.

Second, the Indo-Pak Foreign Secretary level dialogue, intended to review the progress in various working groups concerned with specific issues, concluded their meeting after recording

the glacial progress achieved thus far, but without providing any new direction on how they might proceed in future.

Third, it is undoubtedly an unintended irony that the martyrdom day associated with the assassination of Mahatma Gandhi fell on 30 January. His essential message of truth and non-violence cannot disguise the reality that South Asia has increasingly become a very violent place, which is apparent from the conflict and bloodshed proceeding throughout the subcontinent.

How these developments would shape themselves in the coming months might be awaited with interest.

(Excerpts. Subscribe for Full Copy)

COUNTRIES & REGIONS

AFGHANISTAN: Suicide Attacks & NATO Deployment

Beryl Anand, Research Officer, IPCS

Deployment of NATO troops, debate amongst the NATO countries to send more troops and a series of suicide attacks were important issues in Afghanistan during January 2006.

The current wave of suicide attacks come ahead of the London Conference where the international community gathers to renew their support for Afghanistan.

NATO Troops Expansion

The multinational NATO troops from Canada, Australia and Denmark are expanding into the southern regions and would be responsible for security in about three-quarter of the country.

Britain has agreed to this move, in spite of knowing that southern Afghanistan is dangerous, as they do not want the country to fall back again into the Taliban's hands. The region is also a narcotics trafficking centre where levels of Islamic radical violence and drug related criminality is high.

Netherlands is expected to play a major role but the Dutch government is waiting for backing from its parliament, which is divided over the issue.

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COUNTRIES & REGIONS

BANGLADESH: Crackdown on Extremists, High Profile Visitors & Imperilled Democracy

Supriya Singh, Research Assistant, IPCS

In January 2006, the security forces continued their hunt for JMB extremists amidst prevailing political tumult and controversy over preparation of voters' lists for the coming elections. The suicide attacks in December 2005

echoed in the United States and the EU, as they sent delegations to Bangladesh to take stock of the situation.

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Indo-US Nuclear Agreement: Burns and Saran meet in New Delhi

Reshmi Kazi, Research Officer, IPCS

The Bush administration and the Manmohan Singh Government are equally optimistic about implementing the deal and forging strategic ties with each other.... However, there are several problems in implementing the agreement. The high powered campaign of the US business groups and setting aside of the CIRUS controversy by the Bush administration would help overcome the glitches that the deal faces to push it through in the US Congress. ... Much would depend on India's proposed course of action; if India votes against Iran, there will be a political uproar among the Left and other parties. But in retrospection regarding India-Iran relations will indicate that it would clearly be in India's interest to vote against Iran. A nuclear Iran that has concealed its nuclear weapons programme for 18 years while remaining an NPT signatory is certainly not in India's interests. The nuclear deal has improved India's ties with Washington and is likely to bring far more benefits to India than the Iran gas pipeline, which is attached with several ifs and buts.

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COUNTRIES & REGIONS

INDIAN ECONOMY: Soaring Corporate Profits and a Rate Hike by the RBI

Surabhi Sharma, Research Intern, IPCS

Partial liberalization of retail FDI, returning to airport modernization, Jet's acquisition of Sahara, expanding IPO scam, third quarter corporate results, special trading session for Reliance and the Sensex at 9919 are the highlights of January 2006....

FII's, the Sensex and the Rupee

The Sensex closed at 9,919 points on 31 January, just short of the magic figure of 10,000. Movements in Asian and US market markets, sterling corporate results, the Jet-Sahara deal and the RBI's revision of the growth forecast

have been positive factors contributing to the improvement in sentiment. Indian stocks have gained 5 per cent in January, the second highest rise in Asia. However, the month has also seen significant volatility. FIIs inflow has been inconsistent and domestic mutual funds were not also keen to build positions at high levels. Inflows in January till 28 January, have been on the low side, at about Rs 3439.2 crores, compared with Rs 4,450 crores in November and Rs 9,600 crores in December.

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COUNTRIES & REGIONS

SRILANKA: Attempts to Revive War and Peace

N Manoharan, Senior Fellow, IPCS

The beginning of 2006 witnessed moves towards both war and peace by the main actors in the ethnic conflict in Sri Lanka. Escalation of violence has peaked since the beginning of the ceasefire; and attempts to revive peace witnessed stepped-up momentum after a long lull.

Easy Violence, Uneasy Peace

With more than 100 people killed and several more injured, the past one month has been the bloodiest since the ceasefire was signed in

February 2002. Shockingly, even the Sri Lanka Monitoring Mission (SLMM) was not spared when its Batticaloa district office faced a bomb attack for the first time. Charges and counter-charges on 'who are responsible' for mounting casualties continue as usual. The Monitors are unable to do anything except receive complaints and convert them into statistics.

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