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JULY 2018



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IDSA – JULY 2018

1. INDIA'S OPTIONS IN IRAN SANCTIONS

What is the issue?

- Recently US has announced sanctions on Iran and withdrawal from JCPOA.
- In this scenario India is looking at various options to ensure that its relations with both countries.

Why Iran is significant to India?

- Iran is India's third largest source of crude oil, which accounts for around 10 per cent of India total oil imports.
- Apart from this both countries have ties that go beyond energy trade, which include India's US\$500 investment in developing the Chabahar port in Iran.
- It is a strategic factor in its access to Afghanistan as well as with respect to the International North South Corridor (INSTC) which aims to facilitate linkages to Central Asia and Russia.

What will be the implication of US sanctions?

- Under the sanctions US government has made it clear that any country that continues to do business with Iran will be blocked from accessing the American banking and financial system.
- India's oil imports from Iran will be affected from the end of August 2018, as Iran offers Indian refiners a 60-day credit period on oil sales.

- The payment for cargoes loaded from the end of August will be due in November when the second tranche of sanctions will commence.
- If no agreement on an alternate mechanism for funding is reached, India may cut or stop buying oil from Iran.
- Iran had also cautioned India that the "special privileges" given to it would end if it tried to replace Iranian oil with supplies from other sources.
- The nation further hinted that India's other interests related to connectivity with Iran would also suffer, and called for a need to expedite India's investments and accelerate the execution of projects linked to Chabahar.

What are the options before India?

- Although the current US sanctions will be imposed unilaterally, that is, they are not endorsed by the UN, and hence not liable to be adhered to by any other country.
- By which India officially maintains that it is not bound to adhere to the new sanctions regime.
- This is not the first time that India has faced this predicament. As in the past, India can continue to buy oil from Iran in non USD currencies.
- If the Europeans do not succumb to US pressure, India can trade oil in euros; alternatively, it can re-introduce the rupee-rial payment mechanism used earlier.



- With regard to alternatives to Iranian oil for India, other oil producers can fill the gap if it stops or cuts its Iranian oil imports.
- Given India's huge and growing market for oil, it certainly has other alternatives to source its oil imports, and has in fact begun looking at alternate supplies, including from other Gulf producers, Canada and the US.
- Thus whatever decision taken need to be based on gaining access to oil without further hurting its energy security or economy.

2. INDO-IRAN PUZZLED RELATIONS

What is the issue?

- India's strategic relations with the US are intractably linked to the Iran genie.

What is the role of Iran in its neighbourhood?

- Between Morocco in the West and Indonesia in the East, Iran is the only other country which can truly be described as a 'regional power.'
- Besides all essential preconditions, the Islamic Republic has the political will to dominate.
- It is also the only country in the Middle East which has a say far beyond its borders.
- Either directly or through its proxies, Tehran has been influencing events in a host of countries, including Iraq, Syria, Lebanon, Palestine, Bahrain and Yemen.

- If Iranian militia took part in the successful Iraqi campaign against the Islamic State, their presence is vital for the continued survival of President Bashar al-Assad in Syria.
- Thus Tehran's cooperation or at least passive support is a precondition for the resolution of many of these problems.

How Iran has lost its relevance in the region?

- Iran's role is not always good news for the hosts as it has contributed to political instability, for instance, in Lebanon and Palestine.
- While Iran alone was not responsible for their internal problems, its support for the Hezbollah and Hamas has made internal reconciliation much more difficult and even unbridgeable.
- By carrying forward its revolutionary ideas of justice and resistance beyond its borders, Iran has annoyed, angered and intimidated many of its Arab neighbours.
- Due this Iran is increasingly seen as a hegemonic power rather than a friendly neighbour.

What are the ripples in Indo-Iran relations?

- For India, Iran seeks to renegotiate formal agreements, breaks off friendly understandings, raises the ante, and often irritates.



- Iran has never come to terms with India's vote in the IAEA and UN Security Council over the nuclear controversy, Iran's cooperation in counter-terrorism is also less exemplary.
- Iran is also complicating India's relations with countries such as Israel, Saudi Arabia and the UAE.
- Powerful segments in Iran, including its Supreme Leader, have been making unfavourable statements on Kashmir and drawing parallels with the occupied Palestinian territories.
- According to the Indian government, Kulbhushan Jadhav, who is facing a death sentence in Pakistan, was abducted from Iranian soil.
- Moreover, senior Iranian leaders have been making inflammatory statements about countries with which India has close and friendly relations.

What is the way forward?

- It is necessary for Iran and other nations to identify and shore up the convergence of interest, it is equally important to recognize differences and pitfalls.
- Above all, for Iran, its opposition to extra-regional involvement is not a matter of principle but a strategic choice, Geostrategic reality will ensure Iran's continued importance.
- But the renewal of American hostility provides India an opportunity to evaluate the strengths and weaknesses of Indo-Iranian relations.

3. CHINA'S WATER HEGEMONY

What is the issue?

- China has a complete upper riparian power to achieve water security across its Trans -Boundary Rivers.

What is the status of water crisis in China?

- The demand for water has been increasing given its large population size concomitant with economic growth and rising standards of living.
- China's per capita water supply is only 28 per cent of the world average, which is precariously below international standards for human sustainability.
- China has been historically a water scarce country with uneven distribution of its water resources since Four-fifths of the water resources in China are located in the south, but the north home to about half of the total population.
- Nearly 60 per cent of its groundwater is polluted and less than half of China's water can be treated to the point where it is safe for drinking and a quarter of surface water is so polluted that they are unfit even for industrial use.

How china makes use of its trans-boundary rivers?

- Hydropower is being promoted as the centrepiece of China's plan to expand renewable energy by 2020.
- China intends to triple its hydropower capacity to 300 GW for which the



government calls for an increase in the use of hydroelectric power.

- China, therefore, is increasingly damming trans-boundary rivers to achieve its hydropower targets.
- China has undertaken gigantic water diversion projects such as the South-North Water Transfer Project (SNWTP) to address its regional water distribution imbalance.
- The SNWTP aims to transfer some 45 billion cubic meters of water per year from central and southwest China to augment the flow of Huang He (the Yellow River) and meet the water demand in the Beijing-Tianjin region.

How China violates international water doctrines?

- China has built more dams on its rivers than the rest of the world combined and yet has no water sharing agreement or treaty with any of its neighbours including India.
- As an upstream state, China shares 42 major trans-boundary watercourses (including lakes) with its neighbouring countries.
- The upper and lower riparian nations often make incompatible claims about their rights over river waters.
- The upper riparian nations base their claim on the principle of 'absolute territorial sovereignty', meaning the right to use the river waters unilaterally regardless of lower riparian concerns.

- According to this doctrine, an upstream nation can freely utilise a river's flow within its boundaries without considering the effect on a downstream state.
- The lower riparian states, on the other hand, base their claims on 'absolute territorial integrity' which argues that upper riparian actions should not affect the water flowing downstream.

How Chinese Hydro-hegemony affects its neighbours?

- **Tibet** -The Qinghai-Tibetan Plateau extends over a vast area spanning 2.5 million square kilometres.
- This Plateau, often referred to as the 'third pole' and 'roof of the world', is home to the largest fresh water reserves outside north and south poles.
- It is the source of some of the Asia's most important river systems including the Indus, Ganga, Brahmaputra, Irrawady, Salween, Mekong, Yangtze and Huang He.
- All these rivers are trans-boundary in nature, with the exception of Yangtze and Huang He.
- **India** -China's de jure control over water resources is aided by the fact that China has made huge investments in dams and has not entered into any water sharing agreement with India.
- The YarlungTsangpo enters India after passing the Great Bend, through



Arunachal Pradesh where it is known as Siang/Dihang, then onto Assam where it is called Brahmaputra.

- Several dam projects on YarlungTsangpo assumes significance since India (as well as Bangladesh further down) will be directly affected and will have to bear externalities emanating from it.
- Lack of communication by China has created an atmosphere of suspicion and mistrust in India, especially in its north-eastern region.
- **South - East Asia** -China has built eight of the proposed 15 dams in Mekong River, with very little consultation with downstream countries.

- China's Yunnan Provincial Government is proposing one of the world's highest dams on the Salween River, which flows into Myanmar and Thailand.
- This dam would be situated in an environmentally sensitive area according to the World Wide Fund for Nature (WWF), but neither Myanmar nor Thailand have been consulted.

4. CHINESE IMPLICATIONS FOR INDIA

- **What is the issue?**
- The Chinese decision to build more dams on Yarlung/Brahmaputra River creates major concerns for India.





What is the plan of China in Yarlung River?

- According to the principle of prior appropriation, which favours neither the upstream nor the downstream State but the one that puts the water to first use, thereby protecting the right to first use of water as in the past.
- China has priority rights since it was the first to build dams on Yarlung Tsangpo.
- By building dams especially near the Great Bend, after which the river flows into India through Arunachal Pradesh.
- China could be seeking to leverage its position over the Indian state of Arunachal Pradesh.

What are the concerns of India?

- China plans to Insists that the dams are and will continue to be run-of-river projects, wherein water will be returned to the river after use.
- As such there ought to be no fears of diversion, hoarding, and release of water later.
- But these dams are large enough to be converted and used as storage dams, especially if the purpose is flood control and irrigation (as is the case with Zangmu Dam).
- In the absence of a water treaty, China depriving India of water during lean seasons becomes a possibility.

- Additionally, all hydropower projects, particularly around the Great Bend, are located in a highly volatile tectonic zone.
- Their proximity to known geological fault lines, where Indian Plate collides with the Eurasian Plate, makes them extremely earthquake-prone.

How china's decision affects India?

- The Chinese hydropower projects could convert Brahmaputra into a seasonal river implying water scarcity in India.
- Another risk is the release of flood waters during the monsoon season, which could inundate the already flooded Brahmaputra river basin in Assam.
- There is much apprehension that the Brahmaputra may lose the silt, which makes the plains in its basin fertile, because of sediment trapping in the dams.
- The disruption of natural flood cycles of the river could also adversely affect the rich geo-environmental and bio-physical settings in India's North-East.
- These multifarious factors could also severely impinge on the economy of the region.

What measures needs to be taken by India?

- Union government is in close cooperation with various State Governments including Government of Assam, which are users of the waters of river Brahmaputra.



- Around the time China started working on this dam project, India too decided to commence construction of 14 hydropower projects in Arunachal Pradesh, most of which were located lower down on Brahmaputra.
- This might be viewed as India's effort to establish its 'lower riparian right' to counter China's first use priority rights.
- Any forward movement on ensuring hydro security in the Brahmaputra basin would require a long-term understanding between the two countries.
- India's hydro-diplomacy thus faces the daunting challenge of engaging China in a sustained dialogue and securing a water sharing treaty that serves the interests of both the countries.

5. INDIA'S EXEMPTION FROM CAATSA

Why in news?

- US is set to exempt an Indian defence acquisition from Russia from CAATSA law.

What is India's S-400 deal with Russia?

- The Russian-built S-400 Triumf, is the most dangerous operationally deployed modern long-range surface-to-air missile (MLR SAM) system in the world.
- It is considered to be much ahead of the Terminal High Altitude Area Defence system (THAAD) developed by the United States.

- The mobile S-400 system can engage all types of aerial targets including aircraft, unmanned aerial vehicles (UAVs), and ballistic and cruise missiles within a range of 400 km, at an altitude up to 30 km.
- It can track 100 airborne targets, including super fighters such as the American built F-35, and engage six of them simultaneously.
- India's Defence Acquisition Council considered buying 12 units, but it was subsequently determined that five units would be adequate for India's needs.

What is the US's CAATSA law?

- The Countering America's Adversaries through Sanctions Act (CAATSA), aims at taking punitive measures against Russia, Iran, and North Korea.
- The Act primarily deals with sanctions on the Russian oil and gas industry, defence and security sector, and financial institutions, in the backdrop of its military intervention in Ukraine and its alleged meddling in the 2016 US presidential elections.
- The Act empowers the US President to impose at least five of 12 listed sanctions enumerated in Section 235 on persons engaged in a "significant transaction" with the Russian defence and intelligence sectors.
- The State Department has notified 39 Russian entities including almost all major Russian defence manufacturing and export companies/entities.



How India would have affected by this law?

- Almaz-Antey Air and Space Defence Corporation JSC, the manufacturers of the S-400 system, are in the list of 39.
- If implemented stringently, CAATSA would impact Indian defence procurement from Russia.
- Apart from S-400s, India has procurements like 1135.6 frigates and Ka-226T helicopters as well as joint ventures like Indo Russian Aviation Ltd, Multi-Role Transport Aircraft Ltd and Brahmos Aerospace.
- It would also affect purchase of spares, components, raw materials and other assistance.
- The bulk of India's military equipment is of Soviet/Russian origin including the nuclear submarine INS Chakra, the Kilo-class conventional submarine, the supersonic Brahmos cruise missile, the MiG and Sukhoi fighters, Mi helicopters, and the Vikramaditya aircraft carrier.

What are the reasons behind this exemption?

- CAATSA impacts Indo-US ties, and dents the image of the US as a reliable partner at a time when it is projecting India as a key player in its Indo-Pacific strategy.
- US administration for countries like India has favoured relief, citing the "strategic opportunity" that India presents, and also the opportunity "to trade in arms with India".

- Indeed, the US defence industry sees India as a major market, Over the last decade, deals with India have grown from near zero to \$15 billion.
- Both in term of the number and value of contracts, the US is way ahead of other major suppliers.
- The CAATSA exemption also underlines the growing defence and security cooperation that has seen India sign a logistics pact with the US.
- Also US designated India as a Major Defence Partner, and both countries coming together on Indo-Pacific strategy, the newly resurrected Quad.
- It also marks an acceptance by the US of the point of principle that as a sovereign country, India cannot be dictated on its strategic interests by a third country.

6. AVERTING INDIA FROM A GEOPOLITICAL TRAP

What is the issue?

- India made a foreign policy course-correction after realising that the strategic tilt towards the United States.
- It has not only grossly upset India's geopolitical image but also undermined national interests.

How US administration's decision affects India?

- Indian interests are being particularly affected by the US decision to link its sanctions on Iran and Russia with India, with the Countering America's Adversaries through Sanctions Act (CAATSA).



- US is forcing India to walk a diplomatic tightrope between the US, Russia and China.
- Reliability of US policies appears risky, since the US administration only act on trade benefits and not for the commitments its friends and allies.
- By which there is a lurking feeling that the US was not forthcoming in articulating clear support for India during the Doklam standoff.
- Closer military ties with the US could draw India into a larger political quagmire in terms of attracting the attention of global Islamic terrorist groups which are committed to undermining the interests of America and its allies wherever possible.
- And the process could eventually result in the US making a Pakistan out of India and the attendant loss of standing in the world as a great nation.

What are the response of India to the US moves?

- India has decided to defy the US Act and made it clear that USA's "me first approach" is not acceptable and that it would not be guided by any other country on its import of weapons.
- It has decided to go ahead with the purchase of the Triumf missile and also announced its commitment to follow UN sanctions, not US sanctions on Iran.
- India has decided to retaliate against the US by increasing import tariffs on

30 American products amounting to \$240 million.

- This is in response to the US imposing tariffs on aluminium and steel imports from India in March 2018.
- In Shangri la dialogue India spoke out strongly against "protectionism" an oblique reference to the US policy.
- While US describes India as the "fulcrum" of or "central" to US Indo-Pacific strategy, India deflected the idea by affirming the centrality of the Association of Southeast Asian Nations (ASEAN).

How India's decision affects its relations with other nations?

- India has prematurely denounced the traditionally followed multi-engagement foreign policy or a "balancing" approach in the global system.
- There has been an overwhelming impression that India is stooping to become a regional ally of the US in the latter's new strategic theatre of "Indo-Pacific" to keep the sea lanes of communication open, albeit in the pretext of countering China.
- Russia's major concern is India's decision to forego its strategic balance by joining the 'Quadrilateral' talks with the US, Australia and Japan since 2017.

What measures needs to be taken?

- India needs to be mindful of the fluid nature of the dynamics in security relationships in the Asia-Pacific.



- Indian interlocutors seeking exemptions from higher tariffs on Indian items in the US market need to understand that US is likely to agree to such a step only if he is able to make enough profits by selling US arms to India.
- India must accept the nature of reality and ‘interdependent co-arising or dependent co-origination’ to overcome problems.
- For the overall atmosphere of suspicion and mistrust to go will take time and require sustained efforts by both sides.

7. CHALLENGES IN INDO-UAE TIES

Why in news?

- In recent times UAE has emerged as India’s preferred partner in the Gulf.

What are the existing relations between India and UAE?

- The UAE is not only the largest trading partner for India in the Persian Gulf and the Middle East but also the third largest in the world.
- It is the second largest export destination and fourth largest source of imports for India.
- On the other hand, India is second largest trading partner, second largest export destination and third biggest source of imports for the UAE.
- The UAE is India’s re-export hub for the markets in Middle East and North Africa (MENA) region.
- The two sides have developed a deeper appreciation of each other as a multi-

cultural and multi-ethnic society and important members of the global and regional community.

What are the recent developments in Indo-UAE ties?

- As a part of decentralized approach UAE plans to have engagements with state leaders and officials from Tamil Nadu, Karnataka, Telangana, Maharashtra and Gujarat.
- The UAE seems to have taken a cue out of this decentralized diplomatic engagement in India to amplify and expedite business and investment opportunities.
- The two countries now have agreed to partner to undertake developmental projects in the region.
- India and the UAE to “work together in select countries of sub-Saharan Africa in areas of priority to them, particularly through capacity-building initiatives.
- It involves joint developmental projects in Agriculture, IT and ITeS, Health, Renewable Energy, Infrastructure, etc. aimed at supporting the achievement of Sustainable Development Goals.
- There exists a potential to improve current levels of trade and this is recognized by both sides.
- The two sides further “decided to examine various tariff and non-tariff barriers, and agreed to focus on encouraging trade in identified commodities and to expand access of goods and services in both markets.



- India and the UAE have “reiterated their condemnation for efforts, including by states, to use religion to justify, support and sponsor terrorism against other countries, or to use terrorism as instrument of state policy.

What are the challenges in Indo-UAE relations?

- There are concerns about the slow progress in realization of Investment fund from the UAE for infrastructure development in India.
- The progress towards realizing a full-spectrum strategic partnership faces challenges due largely to structural economic and administrative issues in India and worsening regional political situation in the Gulf.
- In India procedural issues including lack of planning, lack of complete information, bureaucratic bottlenecks continue to remain a challenge for foreign investors.

What measures needs to be taken?

- Foreign investments are critical for the Indian market and despite the significant pitch to attract investments, the progress needs to be made sooner.
- Checks and regulations are needed, better streamlining of the procedures and processes help in avoiding problems in the relations with UAE.
- There are potential to improve bilateral partnership in the hospitality, medical, education,

renewable energy and research sectors which needs be addressed by high level delegation.

- Scope for cooperation in education and research sectors too have remained underexplored and can be an important area for enhancing bilateral ties.
- The defence sector also has potential to enhance bilateral cooperation through joint exercises, training and familiarization program that should go a long way in forging better ties.

8. UK COMBAT AIR STRATEGY

Why in news?

- UK recently unveiled its Combat Air Strategy (CAS) and plan to develop a new combat aircraft, ‘Tempest’.

What is the plan on CAS?

- Under CAS the UK Ministry of Defence put out a series of policy papers outlining strategies in various areas.
- It carefully intertwines combat equipment and industry considerations at the strategic level.
- These include Innovation Strategy, Shipbuilding Strategy, MOD Science and Technology Strategy, Commercial Strategy and Defence Knowledge Strategy, these policy papers outline plans for specific fields.
- It emphasises the significance of combat air power for national objectives and the focus is only on three combat aircraft, namely, the Tornado, the Typhoon and the F35.



- The CAS basically pitches for the upgradation of the Typhoon for sustaining its operational relevance and garnering contracts for maintenance and upgrade of the F35.

What is the plan on Tempest aircraft?

- Early models of the Typhoon will start phasing out in the 2030s and their replacement by a sixth generation combat aircraft will be necessary.
- Looking at the development time and cost of the F35, it indeed is prudent to commence work now for a relevant combat aircraft capable of operation in the 2040s.
- With the Typhoon production ceasing in 2020, barring minor support to the F35, the UK combat aircraft industry would lose relevance.
- Thus the revival of the combat aircraft industry seems to be the lynchpin of the CAS and the pilot project called 'Team Tempest' the tool to help achieve the revival.
- The outline plan is to have an open architecture design in Tempest. This will allow easy integration of various subsystems.
- Additionally, to keep the development cost and time under check, the project will keep an option to retain a number of existing systems, albeit upgraded to suit the operational environment.

What are the insights for India?

- **Developmental Process** - For a complex military hardware like a combat aircraft is expensive and time-consuming, thus an international

collaborative mechanism is a necessity.

- Within the country, such high-risk projects need to be undertaken under the rubric of public-private partnership.
- The entire process needs to be audited objectively and failure to meet specific goals ought to lead to project termination.
- **Continuous Up gradation** - of current systems and making them future-ready is an economic strategy, as these subsystems can directly fit into a developing platform.
- **Promoting Economy** - Small and medium-sized local industry can effectively carry out this kind of work and this approach helps local industry to flourish besides reducing the cost and time of development.
- All platforms being designed need to have an open architecture, this facilitates plugging in of subsystems developed elsewhere and for other purposes.
- It permits faster and cost-effective integration and also helps in expansion of the dual-use technologies basket.
- Furthermore, commercial use of subsystems thus developed leads to financial offsets.

9. CURBING FAKE NEWS MENACE

Why in news?

- In recent times Social Medias are increasingly being abused to incite communal riots and spread false information.



What are the concerns with Fake news in India?

- India is a burgeoning market for social media platforms and messaging services, with close to half a billion Internet users on mobile platforms the second largest online population in the world.
- Social media and messaging services, are increasingly being abused to incite communal riots and spread false information.
- In India, as of July 1, 2018, fake information-induced mob lynching has claimed 23 lives¹ in 18 of such reported incidents.
- Social media campaigns of political parties, being executed over both official and non-official channels, can easily transgress the boundaries of ethics if it includes doctored content and fake news.
- This also runs
- the risk of inciting religious or communal riots, hoaxes and rumours.
- Security features like end-to-end encryption in messaging services enhance privacy for the users, but it also makes them susceptible to misuse.

How Social Media is being misused?

- The phenomenon of fake news has wider implications for law and order, safety and security of the citizens, and

to the democratic credentials of the country.

- Fake news, fake social media messages and campaigns have also been used to malign the reputation of organisations as well as to manipulate stock markets.
- Political parties also find these platforms and messaging applications attractive for election campaigns to distribute videos, audios, images, articles, graphics and posts.
- Targeted content or tailor made messages find acceptance among a group of voters as it is precisely relevant to their concerns, interests and preferences, and hence influences voter behaviour.

How fake news menace can be addressed?

- **Artificial Intelligence** - A simple AI solution for instance can run a content cross-check for the news story against a dynamic database of stories which demarcates legit and fake stories.
- But there are certain limitations with this technology as some of the fake content can even confuse human beings.
- **Cognitive abilities** - Human judgement and wisdom is critical to solving this problem, but it needs extensive awareness and education campaigning.



- Before sharing dubious content, users can exercise judgement to question the source and its credibility, or to check the credentials of the individual it has come from.
- Users, aware of the basic fact-checking methods and societal fallouts of the fake information they share, are better positioned to contain its proliferation.
- **Updated Information** -Network of volunteers, individuals as well as organisations, can maintain database for fact-checking and even point out the articles, posts, news content carrying falsified or fake information.
- **Collaborative Effort** - Eradicating the fake news problem calls for a collective effort of individuals, governments, social media and content platforms, and organisations producing innovative technology solutions.
- Standalone technology solutions cannot be effective, unless and until they are integrated with social causes and awareness among the masses to solve such mounting problems.

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