

**MAIN STORMING**

**International  
Relations  
(2016-Main Exam)**

**(PART 1 OF 2)**



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## India-Russia Relations

### 1. What are the problems and prospects of the India-Russia relation and how to rejuvenate it?

- Russia is a longstanding, time-tested, partner and are a key pillar of India's foreign policy.
- Both countries have up-graded their relationship from "strategic partnership" to "special and privileged strategic partnership" in 2010.
- Relations between India and Russia have been based on defence acquisition, hydrocarbons, nuclear energy, space cooperation, trade and commerce, science and technology, culture and people to people ties.

### Current Problems

- The rapidly expanding ties between India and USA after the nuclear deal in 2008.
- The growing defence relationship between India-US. Russia is still the largest supplier of defence equipment(70%) but its share in overall imports has progressively declined.
- India's decision to sign the three "foundational" defence Agreements with US has surfaced as a cause of serious concern for Russia.
  1. Logistics Support Agreement (LSA),
  2. Communications Interoperability and Security Memorandum of Agreement (CISMOA)
  3. Basic Exchange and Cooperation Agreement (BECA) for Geo-spatial Cooperation,
- Russia feels that India is virtually entering into a military alliance with USA, which will severely **restrict Russia's ability to share sophisticated defence technology** with it.
- The frequency and comfort level in meetings between Modi and Obama are perceived to be higher than with Putin.
- Russia's defence agreement with Pakistan.

### Opportunities

- Modi and Putin need to give much greater personal attention to building and strengthening the India-Russia partnership and should not delegate this work to Foreign Ministers or Foreign Offices.

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- The significance of defence exports for Russia has grown considerably over the last few years, as the prices of oil and gas, on which it is heavily dependent, have declined precipitously.
- India should quickly conclude some visible, high-ticket, defence deals with Russia. The import and progressive manufacture in India of KAMOV-226 helicopters, can be a game changer.
- Modi and Putin need to have a frank conversation about India's growing relations with USA.
- Modi should make Putin appreciate that India's expanding ties with USA are neither at the expense of Russia nor are they in any way directed against Russia or detrimental to its interests.
- Strategically India-US relations are designed to provide greater political space as well as maneuverability for India's relation with China.
- On issues of strategic interest to Russia like Ukraine, Crimea, Syria, Georgia, etc., India has always expressed understanding of Russian position.
- Modi also needs to sensitize Putin of the potential damage that Russia's supply of lethal armaments like MI 35 attack helicopters and SU 35 aircraft to Pakistan can have on relations with India as all such equipment is ultimately used by Pakistan against India.
- Oil and gas and the nuclear energy sector have shown commendable progress over recent months. Momentum in these areas needs to be sustained and further stepped up.
- Bilateral trade has continued to perform far below potential. Bilateral trade needs to be brought to a decent level of USD 30 billion by 2025 as against the current level of below 10 billion.
- India's membership in the Shanghai Cooperation Organisation (SCO) will provide a valuable opportunity for the two countries to strengthen their partnership.
- India's potential participation in the Eurasian Economic Union will be a win-win proposition for all members of the grouping.
- The agreement on the construction of the Chabahar seaport, associated rail-road linkages and development of the International North-South Transport Corridor will spur ties between India and Russia as well as with Central Asia and Afghanistan.

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## Need of the hour

- Both countries should strengthen bilateral ties in the spheres of strategic, political, security, nuclear energy, hydrocarbons, defence procurement, academia and people to people relations.
- India and Russia are natural allies. It is in the interest of both countries to have vibrant relations. The responsibility for this devolves upon Modi and Putin.
- Both are charismatic and decisive leaders. Their track records prove that they have the vision and capacity to once again achieve heights in bilateral relations earlier witnessed during the Soviet times.

## 2. Whether the old and time-tested India-Russia ties have any relevance now?

### The drift away

- Moscow's big shift towards Beijing has caused worries and its decision to forge defence cooperation with Islamabad has sown confusion and doubts in New Delhi.
- Russia is upset with India's defence procurement policy and is unable to digest the fact that the United States is overtaking Russia in the Indian weaponry market.
- The two countries have substantially moved away from each other, as can be seen from the divergent courses of their foreign and defence policies.
- Russia would be worried about Modi's 'Make in India' campaign and the proposed Indo-US Defence Trade and Technology Initiative (DTTI).
- Western Sanctions have provided Russia a strong impetus to establish an axis with China, especially in energy.
- Russia is unnecessarily sowing the seeds for misunderstanding by forging military ties and selling weapons to Islamabad.

### Relevance

- The strategic partnership with Russia cannot be wished away so easily. Russia is still politically, diplomatically and militarily important for India.
- A country with large stockpiles of strategic bombers and a veto power in the UNSC acts as a useful counterweight against global hegemony.

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- Here, India needs to be mindful of the risk of relying totally on the US, which could restrict access to civil-military technologies and snap all cooperation should India decide to lift its self-imposed moratorium on nuclear weapons testing.
- New Delhi also cannot ignore the geostrategic calculations, where the US can never replace Russia politically and operationally in case of a national crisis.
- Moscow, in the past, effectively checkmated any misadventure by China or Pakistan to undermine India's territorial integrity.
- Russia's diplomatic support to India in the context of the issue of Kashmir cannot be lost sight of, especially when the traditionally strong US-Pakistan relationship and China-Pakistan nexus still persists.
- Energy diplomacy can replace the waning defence business and bring rationality to Indo-Russian relations.
- India also should not forget Russian assistance in civil nuclear and civilian space programmes, especially when others had shunned nuclear commerce with India.
- Russia could refurbish India's strategic assets, and it has a strong scientific and technological base that can be taken advantage of by India, particularly in Space sector.
- India's Gem & Jewellery Export Promotion Council (GJEPC) struck a deal with the world's largest diamond mining company, Alrosa of Russia, for sourcing rough diamonds directly for the diamond processing industry in India.
- India needs to find more diligent ways to reboot the relationship with Russia and make it more relevant for changing times.

### **3. Emerging Russia-China relation forms a key component in determining the evolution of the balance of power in the world. What are the implications for India? What are the strategies to be followed by India to protect its national interests?**

Moscow and Beijing openly coordinate positions on these issues,

1. In the UN Security Council.
2. In RIC, SCO, and BRICS.
3. Have military, economic, energy, and social ties.
4. Have similar interests and priorities in Central Asia and Middle East.
5. Present an alternative viewpoint to the Western-dominated global discourse.

Post-Cold War Sino-Russian relations are a reflection of tactical pragmatism in both countries. As long as the glue binding Russia and China is their shared interest in

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balancing the US, atleast for the next few years, China and Russia will remain close partners, creating all the necessary preconditions for transforming this tactical proximity into a strategic partnership.

## Implications for India

- India will find its strategic options increasingly constrained if a Sino-Russian strategic partnership emerges.
- In the event of Russia and China becoming closer to one another, India will have to either cooperate with Russia and China, or balance against them by drawing closer to the US.
- If the growing relationship develops into a Russian dependency on China, then closer coordination between Russia and China in multilateral fora like BRICS, SCO, and RIC, would constrain India's options.
- If Russia starts supplying high technology to China in the military sphere, India's security could be compromised. There is also the possibility of Russia growing closer to Pakistan because of China's influence.

## Strategies to be followed by India to protect its national interests

- Deepen its relationship with Russia, because Russia is an important balancer for India vis-à-vis China;
- Within the framework of the excellent military relationship with Russia, India needs to impress upon Russia that it should not transfer technology to China that could prove to be detrimental to India's security in the long run.
- Promote mutually beneficial trilateral cooperation between Russia, China and India that could contribute towards reduction of mistrust and suspicion between India and China;
- Similarly, pursue policies that will increase China's dependency on India;
- Finally, develop closer ties with the United States aimed at developing a new trilateral—US-Russia-India—that could balance any moves towards a strategic partnership between China and Russia.

## 4. Discuss the Russia-Pakistan Rapprochement and implications for India-Russia relations?

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- Islamabad and Moscow have traditionally been constrained by their respective partnerships with Washington and Delhi.
- In the last couple of years, however, Islamabad and Moscow have started moving closer to each other, because of differences between Washington and Islamabad and the growing closeness between Washington and New Delhi.

## Russia's Motives

- Russia regards Pakistan to be a necessary part of any long-term solution in Afghanistan, as it is a key to a stable Afghanistan particularly to convince Pakistan to moderate the Taliban and to subdue radical Islamic forces within Pakistan.
- Pakistan has a large and influential Muslim country and Russia has a large Muslim population of its own.
- With the drawdown of US troops from Afghanistan, Russia hopes to create strategic space for itself in the region. Russia's turn towards Pakistan to fit with its own pivot to Asia, through which it wants to play a bigger role in the Indo-Pacific region.
- Russia is also of the view that building better relations with Pakistan will partially counter any alignment between India and the US and could help impede India from getting too close to the US.
- With India diversifying its basket of arms, Russia believes that it is justified in looking for new markets for its arms and technology.
- Russia wants a land route, which will give it access to the warm-water ports in the Arabian Sea: Pakistan is best placed to meet such demand. This could also open up new opportunities for the landlocked countries of Central Asia.
- Since the Ukraine crisis, Russia has been isolated in the international sphere and has few friends left. Russia now tries to reach out to new friends and partners who can help it challenge the West.

## Pakistan's Motives

- Pakistan wants to build better relations with Russia to increase its leverage with the US.
- Given the recent tensions between the US and Pakistan and between the US and Russia, Pakistan wants to prove to the US that it has other strategic options which might not necessarily be liked by US.

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- It is also seeking to **reduce its dependence on the US**, given their differences over Afghanistan, killing Osama Bin Laden in Abbottabad in Pakistan and the USA's use of drones against terrorists in Pakistan.
- The **growing closeness between India and the US** has also prompted Pakistan to look for new friends and partners.
- Pakistan would also like to **drive a wedge in the traditional relations between Russia and India** by improving ties with Russia and by playing on Russia's insecurities vis-à-vis India's improved relations with the US.
- For **obtaining military supplies and technology from Russia**, which it judges to be of much superior quality to what it receives from either China, Turkey, or Ukraine.
- Pakistan **seeks commercial gains** from improved relations with Russia. Eg/- The Lahore-Karachi pipeline, develop its infrastructure help modernise Pakistan Steel Mills.
- Russia may also join Tajikistan and Kyrgyzstan in the CASA-1000 energy project, providing Afghanistan and 12 Pakistan with electricity.
- Russia's natural resources and technology are an added incentive for Pakistan in its industrialisation goals.
- Relations between Russia and Pakistan are born out of both countries' close ties with China.
- Russia also aims to benefit from the China-Pakistan Economic Corridor (CPEC).

### Implications for India-Russia relations

- Despite its newfound closeness to Russia, **Pakistan is unlikely to jeopardise its relationship with the US**. After all, it continues to **receive vast amounts of military aid and financial assistance from the US**.
- Given Russia's special relationship with India, it again seems **unlikely that Russia will jeopardise its relationship with India over Pakistan**.
- While fears of a **China-Russia-Pakistan axis** and subsequent geostrategic encirclement of India may be overblown, **India must remain alert** to ward off any such possibility.
- It should do this by deepening and broadening its relationships with all three countries involved, as well as the US.
- Even though Russia has lost out on a few major contracts in recent times, it remains one of India's major arms suppliers India still buys around \$2 billion worth of military equipment from Russia every year.

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- The two countries also share deep historical ties and India was one of the few countries, which did not openly criticise Russia over its policies in Ukraine and Crimea.
- The two countries are also partners in several multilateral forums like the BRICS, RIC and the SCO.
- India has expressed concern about media reports of the proposed sales of high-end military equipment to Pakistan and joint military exercises with it.
- However, it seems that while Russia understands India's concerns, it believes that having better ties with Pakistan will ultimately also benefit India.
- If Russia improves its leverage over Pakistan, Russia might be able to persuade Pakistan not to act against India and to play a constructive role in Afghanistan.
- If Russia does go ahead with deepening its military ties with Pakistan and gets more aggressive in selling defence equipment to Pakistan, this could prove detrimental to the growth of Indo-Russian ties.

### 5. Discuss the Recent Defence Deals signed between India and Russia during BRICS summit.

- India and Russia put up an emphatic display of deep bilateral ties, setting aside recent discord, and came out strongly against terror.
- Both sides signed 16 important deals including one on S-400 missile systems, a game-changer in countering airborne threats.
- Defence production and acquisition agreements were announced after the summit between Prime Minister Narendra Modi and President Vladimir Putin.
- Apart from the Inter Governmental Agreement on the missile system — worth nearly Rs 39,000 crore — Russia, in a show of “special and privileged strategic partnership”, also agreed to sell Kamov 226T helicopters and four Krivak class stealth frigates to India.
- The Kamov 226T helicopters will be manufactured by Hindustan Aeronautics Ltd (HAL) and Rostec State Corporation of Russia under a joint production plan.
- “The agreements on manufacturing of Kamov 226T helicopters, construction of frigates and acquisition and building of other defence platforms are in synergy with India’s technology and security priorities. They also help us achieve the objectives of Make in India,” Prime Minister Modi said after the exchange of agreements.

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- In his statement, President Vladimir Putin highlighted Russia's "stable" approach to ties with India and said his government will ensure steady energy cooperation with India to support the expanding Indian economy.
- Both countries will be working on joint development of Sukhoi super jets and passenger aircraft.
- Before beginning official statements, both the leaders started the ground laying work for Units three and four of Kudankulam Nuclear Power Plant by pressing a button.

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## India –US Relations

### **1. Discuss the LSA, CISMOA, BECA and the Future of the US-India Defense Partnership and its implications.**

Three fairly modest defense cooperation agreements will set up a foundation for the future trajectory of U.S.-India defense ties. The agreements clearly puts emphasis on building interoperability and capacity of the emerging partners through joint military exercises, training, and defence equipment sales.

#### **The Logistics Supply Agreement (LSA)**

- The LSA—the most talked about of the three agreements—would set a framework for the two countries to share military logistics.
- Under the reciprocal agreement, both New Delhi and Washington would have the ability, but not the obligation, to **assist each other's armed forces with simple military logistics**.
- For the U.S. Navy, for example, logistics support from India would be a valuable asset, helping it better project power in the Indian Ocean.

#### **The Communication and Information Security Memorandum of Agreement (CISMOA)**

- CISMOA, meanwhile, would allow the United States to supply India with its proprietary encrypted communications equipment and systems, allowing secure peacetime and wartime communication between high-level military leaders on both sides.
- CISMOA would extend this capability to Indian and U.S. military assets, including aircraft and ships.

#### **The Basic Exchange and Cooperation Agreement (BECA)**

- BECA would set a framework through which the United States could share sensitive data to aid targeting and navigation with India.

#### **Implications**

- The rapid global power shift from the West to Asia, rise of an assertive China and its territorial claims, and the emerging non-traditional security challenges have created

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geopolitical and geostrategic flux in Asia where the US increasingly expects India to play the larger role of a “net security provider”.

- The US believes that these foundational agreements will facilitate a strong defence and strategic partnership between the two countries and also help India build its defence capabilities to play such a role.
- The renewal of the U.S.-India defense framework combined with continued technology cooperation under the Defense Technology and Trade Initiative (DTTI), has invigorated bilateral defense cooperation.
- US have described the **U.S.-India defense partnership as an “anchor of global security.”**
- The United States is increasingly taking the lead, asking New Delhi to move faster on some issues than it may be comfortable, such as **joint patrols in the Indian Ocean and South China Sea.**
- Anxieties persists in New Delhi that signing these agreements may
  - ✓ Erodes India’s military independence;
  - ✓ Erodes its historically close security relationship with Russia,
  - ✓ jeopardizing ongoing projects;
  - ✓ antagonize China,
  - ✓ leave India in a disadvantageous position vis-a-vis its border disputes with Beijing;
  - ✓ CISMOA allows the United States undue insight into Indian operational practices.

## **2) Discuss the background of India’s National Solar Programme and US filing case in WTO.**

- India’s national solar programme, which was launched in 2010, aims to “establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible”.
- To incentivize the production of solar energy within the country, the government under the programme agrees to enter into long-term power purchase agreements with solar power producers, effectively “guaranteeing” the sale of the energy produced and the price that such a solar power producer could obtain.
- Thereafter, it would sell such energy through distribution utilities to the ultimate consumer.

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- However, a solar power producer, to be eligible to participate under the programme, is required compulsorily to use certain domestically sourced inputs, namely solar cells and modules for certain types of solar projects.
- In other words, unless a solar power producer satisfies this domestic content requirement, the government will not ‘guarantee’ the purchase of the energy produced.

### US Complaint

- In 2013, the U.S. brought a complaint before the WTO arguing that the domestic content requirement imposed under India’s national solar programme is in violation of the global trading rules.
- Specifically, US said, India has violated its “national treatment” obligation by unfavourably discriminating against imported solar cells and modules.
- In other words, India was discriminating between solar cells and modules which were otherwise identical on the basis of the national ‘origin’ of the cells and modules, a clear violation of its trade commitment.
- India principally relied on the ‘government procurement’ justification, which permitted countries to derogate from their national treatment obligation provided that the measure was related to “the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or use in production of goods for commercial sale”.
- India also argued that the measure was justified under the general exceptions since it was necessary to secure compliance with its domestic and international law obligations relating to ecologically sustainable development and climate change.

### WTO Verdict

- The panel concluded that India, by imposing a mandatory domestic content requirement, had violated its national treatment obligation.
- In so far as the government procurement derogation was concerned, the panel found that the product being subject to the domestic content requirement was solar cells and modules, but the product that was ultimately procured or purchased by the government was electricity.
- The domestic content requirement was therefore not an instance of “government procurement”.

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- Finally, the panel found that since India failed to point out any specific obligation having “direct effect in India” or “forming part of its domestic legal system”, which “obligated” India to impose the particular domestic content requirement, the general exception was not available to the Indian government in the instant case.
- The ruling, however, has come under intense criticism, particularly from environmentalists, as undermining India’s efforts towards promoting the use of clean energy.

### **3) Discuss the latest development in the dispute between India and US solar case in WTO.**

- India lost its appeal at the World Trade Organization in a dispute over solar power failing to overturn a US complaint that New Delhi had discriminated against importers in the Indian solar power sector.
- WTO’s appellate body upheld the rulings which stated the Indian government’s power purchase agreements with solar firms were “inconsistent” with international norms.
- The US had filed the complaint before the global trade body, in 2014, alleging discrimination against American firms.
- In February 2016, the WTO panel found in favour of the US in a dispute challenging India’s “localisation” rules discriminating
- The case assumes significance as India recently dragged the US to the WTO over America’s “domestic content requirements”(DCR) and subsidies provided by eight states in the renewable energy sector
- Under WTO rules, countries are not allowed to discriminate against imports and favour local producers, but in the past five years countries keen to support their own manufacturers have frequently resorted to local content requirements, while keeping a sharp eye out for their use by others.
- The case assumes significance as India recently dragged the US to the WTO over America’s DCR and subsidies provided by eight states in the renewable energy sector.

#### **Earlier developments**

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- India has moved the World Trade Organization's dispute settlement system, complaining about subsidy provided by eight US states in the renewable energy sector.
- The development is seen as retaliation to the American complaint at the multilateral body against the government's domestic content requirement for solar cells and modules under the National Solar Mission.
- India is contesting the WTO panel's order in the solar mission case filed by the US, which had said the policy was "inconsistent" with global norms.
- India requested consultations with the US regarding the alleged domestic content requirements and subsidies provided by eight states — Washington, California, Montana, Massachusetts, Connecticut, Michigan, Delaware and Minnesota.
- India charged that the measures are inconsistent with WTO's agreement on Trade-Related Investment Measures (TRIMs agreement) and the agreement on Subsidies and Countervailing Measures (SCM agreement).
- **Reason:** They provide less favorable treatment to imported products than to domestic products, and because the subsidies are contingent on the use of domestic over imported goods.

#### 4) What are the critical challenges to the Indo-US Strategic Partnership?

- The resilience of the Taliban in Afghanistan, IS in West Asia and shifting informal alliances bolster Pakistan and pose a great challenge to Indian national security and both country's strategic partnership.
- Lack of adequate support from China and Russia to Indian and American efforts to combat terrorism.
- In the initial years of the war against terror, Washington did put pressure on Pakistan to refrain from anti-India terror activities.
- Islamabad took money, material and military equipment from the US and passed it on to those groups whose targets were Americans and Indians.
- While the US openly backed India in the recent spate of terror attacks in Kashmir, condemned the Uri attack and appeared supportive of the Indian Army's surgical strike against terror bases across the LoC, Washington is not prepared to come down hard on Pakistan.

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- US policy-makers and strategic analysts repeatedly make the point that Pakistan's stability is important and Pakistan's help in fighting terror is indispensable.
- China, on the other hand, consistently extends its protection to all kinds of criminal and terrorist activities indulged in by the Pakistani establishment.
- While India expects more from the US to tackle Pakistan-backed terrorist activities, US perhaps expects more from India in handling China.
- The US finds it difficult to restrain Chinese expansionist policies in the Asia Pacific.
- The Indo-US joint statements on developments in the South China Sea and the Indo Pacific region are welcome developments. But clearly, there is no well defined project.
- It is a fact that China is a bigger economic partner of the US and Pakistan is a major non-NATO ally. Compared to these, the Indo-US strategic partnership is a new and ongoing project.
- China (a nuclear weapons power) fully protects Pakistan (another nuclear weapons & armed Islamic country) in the latter's persistent use of terror as an instrument of state policy.

### 5) Discuss Indo-US Civil Nuclear Cooperation.

- In 2005, the US agreed in principle to support civilian nuclear cooperation with India.
- Ever since its 1974 nuclear test, India had been denied such technology, which would insulate it from huge variations in global energy prices.
- From the US side, the deal required a modification of domestic legislation, and a special waiver from the Nuclear Suppliers Group.
- New Delhi, in turn, agreed to segregate its civilian and weapons-related nuclear programmes, bring additional facilities under international safeguards, and introduce nuclear liability legislation consistent with the 1997 Convention on Supplementary Compensation for Nuclear Damage, or CSC.
- There's also a spat over whether the US, or International Atomic Energy Agency, should track equipment sold to India, but that, most experts say, is just a bargaining chip.
- India's nuclear liability law, international nuclear equipment suppliers argue, doesn't comply with CSC, which India has signed, but not ratified.

### The Law

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- India's Civil Liability for Nuclear Damage Act, 2010, will make sure that victims of a nuclear accident can get quick compensation, without having to prove the plant operator was negligent, and irrespective of who was at fault.
- In return, the liability of operators was capped at 300 million Special Drawing Rights – then, about Rs 1,500 crore.
- Then in opposition, the BJP forced the introduction of several amendments to CLNDA that aren't consistent with CSC – hence the problem.

## The Catch

- There are, equipment suppliers say, a couple of problems. Section 17b of CLNDA says the plant operators — in India's case, the public sector NPCIL — can claim compensation from their equipment suppliers if the accident resulted as a result of “equipment or material with patent or latent defects”.
- And Section 46 makes both suppliers and operators liable to be sued by accident victims, over and above the Rs-1,500-crore cap.
- Together, suppliers say, these laws leave them vulnerable to open-ended criminal action and tort-law compensation claims for any damages.
- This is unfair, they say, because after a contractually-agreed time-frame, it is the operator — not the supplier — who ought to spot and rectify defects and therefore be liable.
- Prior to CLNDA, NPCIL contracts with Indian vendors did absolve them of civil liability except where specified in the contract, which was limited in terms of value and time frame.

## The Law Elsewhere

- In the US, the law allows victims to file damages claims against operators, suppliers and designers.
- However, when US firms started selling abroad, they pushed for the concept of legal channelling, which left only operators liable.
- The Paris Convention, 1960, and the Vienna Convention, 1963, say no one other than operators can be held responsible.
- In 1997, the CSC came with some reforms, setting up an international liability fund.
- The major suppliers of equipment to India are all signatories to these conventions. CLNDA is in violation of these.

## Nuclear Insurance Pool

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- The India Nuclear Insurance Pool is a risk transfer mechanism formed by GIC Re and 4 other PSUs who will together contribute a capacity of Rs 750 crores out of a total of Rs 1500 crores.
- The balance capacity will be contributed by the Government on a tapering basis.
- The pool will cover the risks of the liability of the nuclear operator under Section 6(2) of the CLND Act and of the suppliers under Section 17 of the Act.
- Justifying setting up of the insurance pool of Rs 1,500 crores, the ministry said there were about 26 insurance pools operating around the world in countries such as France, Russia, South Africa and the US.
- The India Nuclear Insurance Pool has been instituted to facilitate negotiations between the operator and the supplier concerning a right of recourse by providing a source of funds through a market based mechanism to compensate third parties for nuclear damage.
- It would enable the suppliers to seek insurance to cover the risk of invocation of recourse against them.

### **6) Analyze the explanation given by Government of India regarding finalizing Indo-US Nuke deal.**

The government made it clear that India's liability law will not be amended as it released the understanding reached with the US under which foreign suppliers of equipment for nuclear reactors cannot be sued by the victims in case of a mishap.

The External Affairs Ministry released information in the form of 19 Frequently Asked Questions (FAQs) and acknowledged that as a "matter of policy", Nuclear Power Corporation India Limited (NPCIL) "would insist that the nuclear supply contracts contain provisions that provide for a right of recourse consistent with rule 24 of Civil Liability for Nuclear Damage (CLNDA) Act".

The risk to the suppliers in such a scenario is mitigated by the creation of the 'India Nuclear Insurance Pool', described as a risk transfer mechanism. "It would enable the suppliers to seek insurance to cover the risk of invocation of recourse against them," said the FAQs. The definition of a 'supplier' was also spelled out, which could apply to Indian or US firms, and even NPCIL.

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Further, the FAQs made it clear that the suppliers are not covered under Section 46 of the CLND Act, which channels liability exclusively only to operators and that no civil suit related to nuclear damage can be brought under other acts.

The MEA's paper argued that section 46 cannot be applied to suppliers as Parliament had explicitly refused to add the term through the rejection of two amendments seeking the same, at the time of the vote of the CLND Bill. "It is a well-settled principle of law that every statute is to be interpreted in accordance with the intention of the legislature or maker of the statute," asserted the FAQs, referring to two judgments within last 10 years.

While the executive cannot predict how the court will react, the memorandum and FAQs cite the legal precedence through case laws and legislative history.

Incidentally, the FAQs also make clear that while the operator can be sued under laws as per section 46, it would be for "matters other than the civil liability for nuclear damage".

Besides, section 46 does not allow victims to move foreign courts against either the operator or supplier, as it will be against the "basic intent of the law to provide a domestic legal framework for victims of nuclear damage to seek compensation".

Also, operators and suppliers cannot be asked to pay more compensation, beyond the cap of ₹1,500 crore, if their contracts are drawn up on the basis of CLND Act.

If the liability exceeds Rs.1,500 crore, then the government can "bridge the gap" up to an amount of Rs.1,110 crore. "Beyond Rs.2,610 crore, India will be able to access international funds under the CSC once it is a party to that Convention," explained the document.

Regarding the creation of the nuclear insurance pool, while five State insurance companies will contribute Rs.750 crore, the rest will be given by the government "on tapering basis".

The pool mechanism will allow for both operators and suppliers to take out policies. "Operators and suppliers instead of seeing each other as litigating adversaries, will see each other as partners managing a risk together", which the document said was "as important for Indian suppliers as it is for US or other suppliers".

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To deal with the criticism that this method would shift the financial risk onto the government and therefore taxpayers, the FAQs claimed that “there is no extra burden”. The NPCIL has already taken out a bank guarantee of Rs.1,500 crore. Now, it will take out a policy of the same amount and pay the same amount of premium.

In the end, the government noted that it was up to the companies to decide if this was commercially viable, even though it had been part of some of the meetings of the Contact Group.

## **7) Discuss the US-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region.**

- Seeking to enhance their strategic cooperation, India and the US agreed to a “new vision” for Asia Pacific by deciding to advance their shared security concerns in the region.
- To support regional economic integration, the two countries decided to promote accelerated infrastructure connectivity and economic development, including by enhancing energy transmission and encouraging free trade and greater people-to-people linkages.
- As part of the understanding, the two sides will “oppose” terrorism, piracy and the proliferation of weapons of mass destruction within or from the region.
- The White House later said in a statement that to support regional economic integration, India and the US will promote accelerated infrastructure connectivity and economic development in a manner that links South, Southeast and Central Asia, including by enhancing energy transmission and encouraging free trade and greater people-to-people linkages.
- Regional prosperity depends on security. Both countries affirm the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea.
- Both countries call on all parties to avoid the threat or use of force and pursue resolution of territorial and maritime disputes through all peaceful means, in accordance with universally recognised principles of international law, including the United Nations Convention on the Law of the Sea.
- Both countries will oppose terrorism, piracy, and the proliferation of weapons of mass destruction within or from the region.

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- Both countries will also work together to promote the shared values that have made our countries great, recognizing that our interests in peace, prosperity and stability are well served by our common commitment to the Universal Declaration of Human Rights (UDHR).
- Both countries commit to strengthening the East Asia Summit to promote regional dialogue on key political and security issues, and to work together to strengthen it.
- In order to achieve this regional vision, we will develop a roadmap that leverages our respective efforts to increase ties among Asian powers, enabling both our nations to better respond to diplomatic, economic and security challenges in the region.
- As part of these efforts, the United States welcomed India`s interest in joining the Asia Pacific Economic Cooperation forum, as the Indian economy is a dynamic part of the Asian economy.
- Over the next five years, Both countries will strengthen our regional dialogues, invest in making trilateral consultations with third countries in the region more robust, deepen regional integration, strengthen regional forums, explore additional multilateral opportunities for engagement, and pursue areas where we can build capacity in the region that bolster long-term peace and prosperity for all.

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## India and EU

### **1. Why Britain exited from EU?**

The people of Britain voted for a British exit, or Brexit, from the EU in a historic referendum on Thursday June 2016.

European Union was originally formed with six nations in 1957. Today, it is a gigantic transnational entity of 28 countries, including the U.K., which joined only in 1973. Though part of EU, Britain has traditionally had a 'eurosceptic' stand. It continues to use the Pound as its currency, while most EU nations have moved to Euro. Neither does it participate in the Schengen border-free zone, which allows passport-free travel in EU.

Many people in Britain believe that EU is making inroads into British sovereignty was impacting daily life. Some key issues are:

#### *Immigration*

As EU's membership expanded, more Europeans, especially from poorer EU nations, started migrating to U.K. using the "freedom of movement" clause. The anti-immigration parties argue this puts a severe strain on national resources and add up to welfare expenditure. The pro-EU members argue that EU migrants contribute more to the national economy than they take out.

#### *Security*

The Remain side argued that in the era of international terrorism and criminality, cooperating with the EU will make the U.K. safer, while the other side said that the security risk will in fact increase if the U.K. does not have control over its borders.

#### *Employment*

The Remain side argued that as three million jobs are tied to the EU there could be a jobs crisis if the U.K. leaves the EU; Brexiteers claimed that there will be a jobs boom without the fetters that EU regulations impose.

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## *Trade*

On trade, the Remain side said that access to the single European market, free of tariffs and border controls, is critical for the U.K. as 45 per cent of its trade is with the EU. The Leave side said that the EU needs British markets and individual trade deals with European countries can be easily negotiated.

## *Economy*

Remain argues that leaving the EU will put the dominance of London, the Europe's financial centre, at risk as banks will move out, whereas the Brexiteers argue that London's status is unassailable as it is already a global power base.

## **2. What are the impacts of Brexit on India?**

- The impact on India's exports will happen in two ways:
  1. Decline in demand for India's goods and services because of Brexit-induced growth slowdown in the UK and EU,
  2. Unfavorable exchange rate movements.
- Rupee may depreciate because of the double effect of foreign fund outflow and dollar rise.
- This will increase petrol and diesel prices to an extent.
- The government then may want to reduce additional excise duty imposed on fuel when it was on a downward trajectory. This will increase fiscal deficit, unless revenue increased
- Prices of gold, electronic goods, among others will increase.
- Cheaper rupee will make Indian exports, including IT and ITeS, competitive.
- Before Brexit, British universities were forced to offer scholarships and subsidies to the citizens of the UK and EU. Brexit frees up funds for the other students and more Indian students might be able to get scholarships.
- Reduction in pound value will reduce travelling cost to the UK and will make it a good travel destination.
- Britain's decision to leave the EU has forced many to sell their risky assets and rush towards safe haven investment option like Gold. Gold prices in India had breached Rs 32,000 per 10-gram level.

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## 3. **What is Rafale deal? Discuss the problems and the current position of the deal.**

- The Union government cleared the deal with France for buying 36 Rafale fighter jets in flyaway condition at a cost of ~ €7.8 billion.
- Rafales are twin-engine **Medium Multi-Role Combat Aircraft (MMRCA)** manufactured by Dassault Aviation, Rafale fighter jets are considered as ‘omnirole’ aircraft because they are capable of performing a wide-range of combat roles such as air supremacy, aerial reconnaissance, ground support, anti-ship strike, nuclear deterrence etc.

### **Rafale deal**

- India has heavy and light-weight combat aircraft in its fleet. It has been looking for medium-weight fighter jets since 2001. The Defence Acquisition Council had kickstarted the bidding process to buy 126 aircraft in 2007.
- Rafale and Eurofighter Typhoon were shortlisted and Rafale was declared lowest bidder in January 2012
- The original plan included buying of 126 aircraft, of which 18 are in fly-away condition and the rest of them to be made in India under transfer of technology at the Hindustan Aeronautics Limited.

### **Problems in the deal**

- Initial bid neglected some important items to keep the bid low. The additional procurement to make the aircraft to full military configuration increase the cost
- The French were demanding for a 5% annual hike, for inflation while Indians insisted on 1.25%
- There were **problems in 50 % offset clause** in the agreement. It means that the French manufacturer should invest 50% of the deal value in India for goods and services. This move was to promote “Make in India” program.
- The French manufacturer agreed to provide guarantee only to the 18 aircraft it sends in running conditions and not for rest manufactured by HAL with its technical assistance.
- Dassault had reservations about the infrastructure facilities in HAL.

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- The change in government in both the countries since 2011 has also stalled the process. The new government felt that the procurement was expensive and aimed at scaling down the number of aircraft.

## Current situation

- These problems led to changes in the initial deal. The 126 aircraft are scaled down to 36 aircraft and all of them to be delivered in running condition. After the price and offset clause issues being sorted out the deal is about to be signed

## Why is the deal important?

- India's current strength of fighter squadron is lesser than its sanctioned strength. Hence this procurement is necessary
- In the course of this deal, India has neglected the traditional partner Russia's MiG and U.S' Lockheed. Hence it will be difficult to initiate the deal from the scrap with these providers if the Rafale deal did not materialize.
- India is the first foreign buyer of Rafale aircraft. Hence it is necessary for the French too, to end this deal to win the future procurements from other countries.

## 4. Discuss the position of FTA talks between India and EU.

- The FTA talks have been deadlocked since 2013 after 16 rounds of negotiations.
- During the meeting, the EU is also likely to raise its concern over what it called India's "**unilateral termination**" of existing Bilateral Investment Treaties (BITs) with "a significant number of" EU-member countries.
- EU Member States do not have the possibility to renegotiate the BITs with India; the unilateral termination of the existing BITs by India would entail serious consequences.
- It would create a gap in investment protection and consequently discourage EU enterprises from further investing in India.
- India has inked 83 BITs, including with several EU member countries.
- India had put on hold new BITs as investors have dragged the South Asian nation to international courts with an aim to seek huge compensation for "losses" suffered due to reasons such as changes in government policies.
- In December 2015, the Cabinet approved a new model BIT text. The revised model BIT will be used for re-negotiation of existing BITs and negotiation of future BITs

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and investment chapters in Comprehensive Economic Cooperation Agreements/  
Comprehensive Economic Partnership Agreements/FTAs.

- The India-EU FTA talks, officially called the broad-based Bilateral Trade and Investment Agreement, have been stalled since 2013 as the negotiators failed to arrive at a compromise solution to address the demands of both the sides.
- The EU's key demands include India to drastically cut or eliminate duties on automobiles and wines and spirits.
- While India's main demands pertain to **data security status** (crucial for India's information technology sector to do more business with the EU firms) and easier temporary movement of skilled professionals.

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## East Asia

### **1. Discuss the evolving strategic and economic partnership between India and Japan.**

India-Japan partnership has witnessed several significant strides, especially since 2006, from 'global partnership' to '**strategic and global partnership**'. In 2014, it was upgraded to a '**special strategic and global partnership**'.

Following Prime Minister Shinzo Abe's visit to India in December 2015, both countries signed a joint statement on '**India-Japan Vision 2025**'.

Both countries have strong mutual commitment to such ideals as

- Democracy.
- Rule of Law.
- Human Rights.
- In working towards a regional order.
- Cooperation in economic and security fields.
- Signed Comprehensive Economic Partnership Agreement (CEPA).
- Freedom of navigation in Seas in Asia-Pacific region.
- To maintain peace and stability in Asia.

#### **Security cooperation between India and Japan.**

- Malabar naval exercises
- The triangular dialogue between the **US, Japan and India** has been meeting since 2011 (upgraded to the ministerial level).
- The broadening partnership between **India, Japan and Australia** is an important step to promote peace and stability in the region.

#### **Bright prospects of cooperation**

- In the sphere of defence production and transfer of technology.
- Both countries are expected to sign an agreement on civil nuclear cooperation soon.
- The sale of Japanese US-2 amphibious aircraft will materialize in due course.

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## Japanese involvement in several infrastructure projects

- Eastern and Western dedicated Freight Corridor,
- The Delhi-Mumbai Industrial Corridor,
- The Chennai-Bengaluru Industrial Corridor,
- Metro projects in Chennai, Bengaluru, Delhi, Mumbai-Ahmedabad high speed railway,
- Setting up of several Japanese industrial townships,
- Contributions of the Japanese ODA to several sectors of the Indian economy.

## **2. Why Japan provides her maximum Overseas Development Assistance (ODA) to India?**

- ODA is a low-interest and a long-term loan offered by Japan to developing nations including India.
- India was one of the first countries to receive Japanese ODA loan in 1958.
- In 2007, India became the largest recipient of Japanese ODA loan when Japan had to cut the ODA loan to China owing to people's demand.
- Japan's ODA Charter stipulates that the country will halt its ODA loan to countries that violate human rights, do not promote democracy, invest hugely in defence, or are involved in proliferation of weapons of mass destruction.

## **Twin purposes**

1. Gaining their goodwill.
  2. Maintaining presence in their market through Japanese-funded projects.
- **Japan's entrepreneurial interest** - as ODA was mostly a "tied aid" under which the recipient countries had to *buy technical equipments for Japanese funded projects* from the Japanese companies.
  - Major portion of Japanese loan to India goes to *infrastructure development projects*.

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## *China factor*

- Japan wants to lower its presence in China in view of growing tension between the two countries over disputed territories in the East China Sea.
- China will become an **ageing society** in the next 20 to 30 years, and in that scenario the *consumption of Japanese manufacturing products will decrease*.
- So Japan wants to shift their productions to India which still has a large youth population and a growing middle class.

## **Infrastructure deficit**

- The infrastructure in India remains poor, they believe that it will hamper the flow of their goods from one corner of India to another.
- This explains why Japan has been extending loans for infrastructure development projects in India, including road and railway corridors.
- Japan also wants to make India its export hub to reach out to the West Asian economies and to minimize the shipping costs.

## **What is India's dilemma to join a tripartite security agreement involving Japan and the US to counter China?**

‘Rising China’ is certainly a security challenge for the US, Japan and India at many levels and most countries find it difficult to deal with China.

Still, a ‘**tripartite security agreement**’ or building an alliance to tackle China is surely **not recommendable**.

1. While China remains one of the significant trading partners for the US, Japan and India, it equally connects with the three on a range of complex regional and global issues and politics.
  2. China is not only the second largest economy in the world today, but also a permanent member of the UN Security Council (UNSC).
- Politically, India does not have any specific reservations on a ‘tripartite security agreement.’

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- Yet, from India's perspective, it may not be a correct stride to enter into such an agreement.
- This kind of 'tripartite security agreement,' however, may help in tackling trans-national and non-traditional security issues at the regional and global level.
- For years, India's foreign policy has been on **the path of 'non-alignment'** and India is not known for taking side or entering into any political or security centric alliance or agreement.
- India must continue with its traditional posture, without really entering into any needless security agreement or alliance.
- India must have its own independent approach to deal with a 'Rising China', and should not enter into a security agreement or alliance which may complicate the China-India relations further.

### What is Asian "security diamond" as proposed by Japanese Prime Minister Shinzo Abe?

- **Asian Security Diamond** which Shinzo Abe had mooted is a strategy whereby "Australia, India, Japan, the US state of Hawaii forming a diamond to safeguard maritime commons stretching from Indian Ocean to the Western Pacific."
- Abe desired that four democratic countries should collaborate and cooperate to maintain status quo in the South and East China Seas and Indian Ocean.
- It was blandly termed "**the quadrilateral dialogue**", with no announced agenda.
- By September 2007, when the four democracies plus Singapore brought their navies together for exercises in the Bay of Bengal, close to China's sea lanes to the Middle East, it appeared that the cooperation among the naval forces would develop further that would protect the common objective of maintaining peace and status quo in the India -Pacific region.
- China worried over this development, began to use its coercive diplomacy to check these developing ties.
- China realised that such a development would not allow it to go ahead with its policy of expansionism.
- China not only lodged protests but also began its policy of creating problems for India (Borders dispute, VISA problem) and applied pressure on Australia to ensure that they withdraw from the quadrilateral dialogue.

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- Hence there was little progress on this concept mainly due to cautious approach of India and Australia.
- While US, India and Japan on the one hand, and US, Australia and Japan on the other hand continued to cooperate, the four powers did not work jointly for the maintenance of peace and stability in these two regions as that could antagonise China.

### Discuss India's position regarding its nuclear policy.

- India is not a signatory to either the Nuclear Non-Proliferation Treaty (NPT)(1968) or the Comprehensive Test Ban Treaty (CTBT)(1996), but did accede to the Partial Test Ban Treaty in October 1963.
- **India blames NPT as discriminatory** one, as it *allows the status quo* of the existing nuclear weapons states whilst preventing general nuclear disarmament.
- India's loss of territory to China in a brief Himalayan border war in October 1962, provided the New Delhi government impetus for developing nuclear weapons as a means of deterring potential Chinese aggression. China became nuclear in 1964.
- India first tested a nuclear device in 1974 (code-named "Smiling Buddha"), which it called a "peaceful nuclear explosion."
- The test used plutonium produced in the Canadian-supplied CIRUS reactor, and raised concerns that nuclear technology supplied for peaceful purposes could be diverted to weapons purposes (dual purpose).
- India's dual use of nuclear technology stimulated the Nuclear Suppliers Group's formation, which put a ban on world countries to have nuclear trade with India.
- In 1998, as a response to the continuing tests, the United States and Japan imposed sanctions on India, which have since been lifted.
- India has a declared nuclear **no-first-use policy** (no-first use against non-nuclear states) and is in the process of developing a nuclear doctrine based on "**credible minimum deterrence**."

### India's Justification

- India has consistently attempted to pass measures that would call for full international disarmament.

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- However they have not succeeded due to protests from those states that already have nuclear weapons.
- In light of this, India viewed nuclear weapons as a necessary right for all nations as long as certain states were still in possession of nuclear weapons. India stated that nuclear issues were directly related to national security.

### Why India-Japan Nuke deal is important to India?

- The nuclear deal has been a sensitive subject between Delhi and Tokyo for the past five years.
- In 2005, the United States spearheaded the effort to recommence international nuclear commerce with India.
- US urged the **International Atomic Energy Agency (IAEA) and the Nuclear Suppliers Group (NSG)** to consider Delhi's excellent nuclear non-proliferation and safety credentials and make an exception for the South Asian country despite its refusal to accede to the Non-Proliferation Treaty.
- Japan holds an important position in international nuclear commerce.
- Over the years, **Japan has developed expertise** in manufacturing several critical reactor components of high quality and become a key node in the supply chains of at least three of the major nuclear vendors, namely the French firm Areva and the American firms General Electric and Westinghouse.
- Among the major players, only Russia's Rosatom and China's two major state-run nuclear vendors - China General Nuclear Power Group (CGN) and China National Nuclear Corporation (CNNC) - are independent of Japanese components.
- As per Japan's strict export controls stipulating end-user certification and other conditions, US and French nuclear firms would first need the permission of their Japanese suppliers before doing business with India.
- Tokyo's consonance on nuclear cooperation with India thus achieved a greater import, not to mention the symbolic value India put on such an agreement as an indicator of its nuclear normalization.
- Earlier two sides merely **signed a memorandum of understanding** means that Japan has only agreed to the principle that it can conclude a civil nuclear cooperation agreement with India, that it will make an exception to its rule of not conducting nuclear commerce with a state that is not a signatory of the NPT.

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## **Discuss the prospects of Indo-Japan nuclear cooperation deal.**

- Japan and India are likely to sign a civil nuclear cooperation pact during a visit to Japan by Indian Prime Minister [Narendra Modi](#).
- The two leaders last December-2015 reached a basic agreement for cooperation in the peaceful use of nuclear energy, but they stopped short of signing the agreement, citing outstanding technical and legal differences.
- Japan, the only country to have suffered a nuclear attack, has been demanding additional non-proliferation guarantees from India, which has a nuclear weapons programme, before exporting nuclear reactors.
- India and Japan have been negotiating the nuclear energy deal since Japan's ally, the United States, opened the way for nuclear commerce with India, which has shunned the global Non-Proliferation Treaty (NPT).
- The two countries have reached a basic agreement during the working level negotiations that Japan would halt cooperation immediately if India conducted a nuclear test.
- A final deal with Japan would benefit US firms. India has already given land for nuclear plants to GE-Hitachi - which is an alliance between the US and Japanese firms - and to Toshiba's Westinghouse Electric Company.

## **What are the key infrastructure projects undertaken by India as part of its 'Act East policy and their likely future advantages?**

Though there is more to the India-ASEAN integration such as the people-to-people connectivity, cultural exchange, etc., but physical infrastructure is critical as a catalyst for other interactions including economic (trade and investment).

The 'Act East' policy is expected to provide an impetus to the infrastructure projects under implementation from India's northeast and India's eastern seaboard.

The key infrastructure projects include

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- a) The **India-Myanmar-Thailand Trilateral Highway** running from Moreh in Manipur to Mae Sot in Thailand via Mandalay in Myanmar,
- b) The **Kaladan Multi-Modal Transit Transport Project** connecting Lawngtlai in Mizoram to Sittwe Port in Myanmar,
- c) The **development of the Sittwe Port.**
- d) **Rih-Tiddim and the Rih-Falam road project** to enhance connectivity and border trade with Myanmar.
- e) Moreh will be an important point of entry of two Asian Highways - AH-1 and AH-2. Once the various nodes such as Dawei are developed, the **Mekong-India Economic Corridor** (MIEC) will link India with the Mekong countries (Cambodia, Laos, Myanmar and Vietnam or CLMV) via Dawei and Bangkok.
- f) The **Stilwell Road**, starting from Ledo in Assam, is awaiting restoration would provide a seamless transportation link between Ledo and Kunming (Yunnan Province, China) via cities in Myanmar.
- g) The **Bangladesh, China, India and Myanmar (BCIM) Economic Corridor** would link the four countries, with Kolkata to Kunming Highway (K2K) constituting an important element of the corridor.
- h) The **Trans-Asian Railway would provide a Delhi-Hanoi rail link.**
- i) New airports and possible links to Southeast Asia present further possibilities. All this will change the way we look at not only our neighbourhood but also the Northeastern parts of our country.

### **Which countries in Southeast Asia are strategically important for India, and why?**

- India has always considered Southeast Asia as a region of high economic and strategic priority.
- By initiating the Look East Policy (LEP) in 1992, India further reinforced the significance of countries of Southeast Asia in its foreign policy and strategic planning.
- Without being selective, LEP focuses on all ten-member countries of the Association of Southeast Asian Nations (ASEAN).
- In fact, Phase II of the LEP aims to look even beyond Southeast Asia to strengthen ties with Japan, South Korea, Australia and New Zealand- countries that fall in the wider East Asian region.

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- India has also undertaken sub-regional initiatives, such as, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Mekong Ganga Cooperation (MGC).
- Both the BIMSTEC and MGC aim to engage the mainland Southeast Asian countries - Cambodia, Laos, Myanmar, Thailand and Vietnam.
- It would be naïve to grade countries of the region in terms of their strategic importance for India. India's linkages with Southeast Asia encompass numerous aspects including culture, diaspora, defence cooperation, economic ties and India's own developmental and security concerns.
- Each of these factors contributes to the strategic significance of countries in the region for India.
- For instance, while Vietnam has traditionally been a close friend on defence issues, Singapore is an equally important partner.
- By virtue of being a maritime neighbour and biggest country in terms of size, population and economy, Indonesia has always been a priority country.
- India has also maintained cordial relations with Malaysia and the Philippines over the years.
- Cambodia, Laos, Myanmar, Thailand and Vietnam are critically important for development and security of India's north-eastern states.
- Transport linkages and religious tourism has further enhanced their importance.
- Additionally, India has had multilateral linkages with Southeast Asian countries through a number of institutional mechanisms, such as, the ASEAN Regional Forum (ARF), East Asia Summit (EAS) and ASEAN Defence Ministers Meeting (ADMM) Plus.

### **Discuss India's shifting diplomatic calculus over BIMSTEC and discuss India's strategic interests in these sub-regions.**

- BIMSTEC was established almost two decades ago by few countries from South Asia and Southeast Asia to reconnect and reintegrate the two regions.
- With connectivity being a major objective of the sub-regional forum, Asian Development Bank (ADB) has undertaken a study to help promote and improve transport infrastructure and logistic among the BIMSTEC countries.

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- New Delhi gives BIMSTEC its most high-profile global exposure since its inception by inviting BIMSTEC leaders to the BRICS outreach summit.

## Strategic interests

- The strategic salience of the BIMSTEC forum for India can be ascertained when seen through India's sub-regions.
- The BIMSTEC connects three important sub-regions of India — Nepal and Bhutan in the Himalayan sub-region; Sri Lanka and Bangladesh in the Bay of Bengal sub-region; and Myanmar and Thailand in the Mekong sub-region.
- BIMSTEC is the only forum that brings together India's strategic peripheries (South, East and North) under one single grouping.
- Furthermore, it also keeps geopolitical concerns at bay as regional players such as **China and Pakistan are not members of BIMSTEC**.
- The progress of BIMSTEC could help regional integration of the entire north-eastern Indian Ocean region with the Bay of Bengal at the centre.
- India's strategic interests in these sub-regions have been growing over the recent years both as a result of India's own domestic interests as well as because of enhanced Chinese influence and presence in these geo-strategic sub-regions.
- The China factor has emerged as a major area of geopolitical concern in India's engagements with the nations in these sub-regions.

## India-China-BIMSTEC

- Even as India and China have not engaged in direct military confrontation for decades since their border conflict in 1962, their strategic competition has been increasingly shaping the regional dynamics of the BIMSTEC region. China is a key member in BRICS.
- It would be interesting to see how India and China view their roles in the BIMSTEC theatre.
- While engaging BIMSTEC in BRICS outreach provides an opportunity for the two Asian giants to work together in a sub-region where both have overlapping strategic interests, strategic mistrust and Beijing's ties with Islamabad would remain a roadblock in building a common vision for the BIMSTEC region.

## Maritime Security

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- India has a trilateral maritime security initiative with Sri Lanka and Maldives that aims to enhance maritime security in the Indian Ocean.
- Five BIMSTEC nations form key littorals of the Bay of Bengal.
- All the BIMSTEC nations increasingly turn to the Bay's resources for economic development.
- New Delhi can propose a similar maritime security initiative with the BIMSTEC nations for mutual maritime security in the Bay.

### **Discuss the Strategic thrust India is giving to Vietnam ties and the developments during recent PM Modi's visit to Vietnam.**

- India has always considered Vietnam as a vital link in its Look East or Act East policy.
- During the cold war, ideological affinities and colonial experiences brought them closer.
- Post-Cold War, they have found new convergences and commonalities in a wide range of areas including trade, investment, economic assistance, counter terrorism and cooperation in defence, energy and maritime security.
- Both countries upgrading their Strategic Partnership to a Comprehensive Strategic Partnership.

### **South China Sea**

- ✓ When China's assertive maritime activities rapidly increased in the South China Sea area, the bilateral agreement tended to assume greater significance.
- ✓ In 2011, Vietnam was very keen to get India's cooperation in resource development in the South China Sea and signed an agreement with New Delhi's Oil and Natural Gas Corporation.
- ✓ In the face of China's open criticism and resistance, India first withdrew from the project but later decided to continue the project.
- ✓ Even at that time India expressed its views strongly supporting freedom of navigation in international waters including the South China Sea and freedom of access to resources in accordance with well recognised principles of international law.

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## Recent visit by Modi to Vietnam

Both have identified three major areas for cooperation.

### **a) Defence cooperation**

- India has extended a \$500 million line of credit to assist Vietnam to procure more military hardware from India.
- Both countries also signed a contract for building offshore patrol vessels by L&T and Vietnam Border Guards under a \$100 million line of credit India had earlier agreed to extend to Vietnam.
- India also announced a grant of \$5 million for the construction of an Army Software Park at the Telecommunication University in Nha Trang.

### **b) Economic engagements**

- Both countries have set target of trade to \$15 billion by 2020.
- India has urged the Vietnamese private companies to take advantage of the various investment facilities offered by the India under the Make in India programme.
- Vietnam promised to create more favourable conditions for Indian investment particularly in the energy sector.
- Indian investments are of the order of \$1 billion in the area of food processing, fertilisers, sugar, auto components, information technology and agro-chemicals.

### **c) China factor**

- With **indirect reference to China** and the recent verdict given by the UN Arbitral Tribunal, both countries reiterated their firm commitment to maintaining freedom of ocean navigation and over flight , and unimpeded commerce based on international law.
- Both countries called upon all countries to resolve disputes through dialogue and peaceful means without resorting to force.
- In recent years, Vietnam has forged close cooperative relations with Japan and the US who shares Hanoi's concerns over China's building artificial islands in the South China Sea. Modi's visit has served to show India's position on the issue as well.

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## India and West Asia

### 1) Who is winning the “Great Balancing Game” between Pakistan, India, Saudi Arabia, and Iran?

As a part of “Great Balancing Game”, the arch-rivals India and Pakistan are maneuvering for position amid shifting Middle Eastern and Asian conflicts in which Iran and Saudi Arabia are jockeying for political, diplomatic, and military supremacy.

#### India

- India is a rising economy in Asia with its huge market attracting global investment, but this industrialization can only be sustained with a secure energy base.
- That is a motive for India’s broad political, economic, and strategic engagement with Iran, but New Delhi also wants to strengthen geo-strategic ties with Gulf countries, tap into their petro-industry, and loosen their historically strong political relations with Pakistan.
- India is trying to enhance its engagement with Saudi Arabia in intelligence-sharing and security cooperation.
- During the visit of the Indian Prime Minister, a joint statement declared, “The two leaders expressed strong condemnation of the phenomenon of terrorism in all its forms and manifestations, irrespective of who the perpetrators were and of their motivations.”
- For India, this statement was a big victory in its narrative of Pakistan as a supporter of cross-border terrorism.

#### Pakistan

- The priority which dictates Pakistan’s political engagement in the Middle East, other than religion, is its national security vis-à-vis India.
- There is a natural reluctance to bolster political ties with countries that enjoy strategic and defense partnerships with India.
- However, this priority has been joined, if not overtaken, by the need to negotiate the tension between Saudi Arabia and Iran.
- With Riyadh expecting a show of support, Pakistan joined the 34-country Islamic alliance and participated in the Northern Thunder military exercise.

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- At the same time, due to geopolitical realities and a sensitive sectarian balance, Pakistan cannot afford to have a strained relationship with Iran. So it has refused to join the Saudi-led military intervention in Yemen.
- It was in this environment that Iran's President Hassan Rouhani visited Pakistan in late March-2016 . He was welcomed warmly but chances of strategic or security agreements were shattered by the arrest of an Indian spy, Kulbhushan Yadav, allegedly carrying an Iranian visa.

### Iran

- Locked in a political turf war in the Middle East with Saudi Arabia and its other Gulf allies, Tehran needs security and defense partners to consolidate its regional standing.
- The current crises in the Middle East and Pakistan's decision against involvement in the Saudi-led intervention in Yemen opened up space for Tehran to make inroads within Pakistani ranks. This in turn might push Saudi into a more conciliatory approach to the Islamic Republic.
- But the expectations from President Rouhani's visit were met by the concerns of the Pakistani security establishment, exacerbated by the exposure of the Yadav spy case, with India's role in developing the Iranian port of Chabahar as a strategic asset.
- The failure of Rouhani to win any public show of agreements may push Tehran to reconsider its diplomatic strategy as well as the pursuit of investment and trade links.

### Saudi Arabia

- Since the ascent of King Salman to the throne, Saudi Arabia has adopted an aggressive and pro-active foreign policy against Iran, trying to isolate Tehran in the region.
- The kingdom is also aware of its own economic difficulties and a pressing need to find new markets for its petro-exports.
- India's rapidly-industrializing economy, needing energy resources and investment, is an ideal opportunity.
- Getting a share in the Indian energy market would both meet Riyadh's economic objectives and balance New Delhi's strategic relationship with the Islamic Republic.
- Yet, mindful of Pakistani reservations, Saudi Foreign Minister Adel al-Jubeir is also emphasizing that Riyadh's relationship with India will not be at the expense of long-standing ties with Pakistan.

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## Balancing game - Winners and Losers

- For Pakistan, a stronger Indo-Saudi partnership is a much bigger concern than India-Iran ties. That perspective probably buttressed the decision to expose the “Indian spy” Yadav during President Rouhani’s visit. Islamabad might risk pushing India and Iran closer with the humiliation, but it also signaled to Saudi Arabia an appreciation of the region’s security and political dynamics.
- If successful, the display will balance the Indian drive to lure Saudi investment, tapping into the petroleum industry and encouraging some distance from Pakistan.
- Significantly, while Prime Minister Modi’s visit brought the agreement on sharing intelligence and combating terrorism, it failed to get any significant defense deal that might have worried Pakistanis.
- The winner so far might be Saudi Arabia. The kingdom has managed to get into the Indian market and serve a large portion of New Delhi’s energy needs at the expense of Iran, while maintaining its relationship with Pakistan.
- The counter-terrorism agreement with New Delhi can be framed as a concern with Iran, rather than Islamabad, especially with Pakistan as part of the Saudi 34-nation “Islamic Alliance”.
- The dispatch of the Saudi Speaker of the al-Shura Council to Pakistan, immediately after the Indian Prime Minister’s visit, reaffirms that message.
- Still, India can claim an opening with Riyadh. So the biggest losing in the balancing game appears to be Iran.
- Tehran’s strategic partner India is moving into the arms of Saudis. The Islamic Republic has not had any success in drawing away Saudi’s ally Pakistan. And all of this occurs as Iran is drawn more and more into the morass of the Syrian civil war.

## 2) Growth of ISIS poses a severe threat to oil supplies from Iraq. What should be India's approach to ensure energy supplies from Iraq?

- ISIS has lost control over major oil fields in Iraq since mid-2015, and although it still controls some parts of Iraq, the oil trade in eastern Syria is now one of the only means it can make money from oil.
- The main oil-producing regions of Iraq are still under the control of Baghdad and despite security and financial problems the crude production has grown substantially over the last five years, reaching 4.4 mbd in the third quarter of 2015 as against 2 mbd

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earlier. Hence, as of now and also most likely in the future, Iraqi oil exports will continue.

- The growth in production is partly due to the Iraqi Government's attempt to generate more income, which is needed for reconstruction as well as to contain ISIS. The recent low price has also added pressure to an already severely constrained economy.
- Currently, Iraq is India's second largest crude oil supplier with 17.01 million tonnes and, in fact, for a while in mid-2015 had replaced Saudi Arabia as India's top crude supplier. The Saudi oil supplies to India in 2015 stood at 19.56 million tonnes.

### **3) India's rise as a major player in world politics and economy, Saudi Arabia came to realize the importance of maintaining strong ties with India. Comment.**

- Saudi Arabia has remained an important partner for India in the Gulf region.
- Recent PM Modi's visit brings the India-Saudi relationship further closer from where it stood when the Delhi Declaration of 2006 and Riyadh Declaration of 2010 were issued.
- In the past, the relationship has been inhibited by a number of historical factors such as the Kashmir issue, Pakistan factor, regional and global politics.
- In recent decades, with India's rise as a major player in world politics and economy, Saudi Arabia came to realise the importance of maintaining strong ties with India.
- India has been a natural choice for an economic and developmental partnership in Saudi Arabia's efforts to diversify its relationships by engaging various Asian countries.
- Saudi Arabia's ties with Pakistan and India's links with Iran have remained two important factors affecting the India-Saudi Arabia relationship.
- While Riyadh feels uncomfortable with India's growing relationship with Iran, India expects the Kingdom to restrain its ally, Pakistan, from allowing its territory being used by terrorists targeting India.

### **On terrorism**

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- The rise of terrorism has been a concern for both India and Saudi Arabia, especially the surge of terrorism in West Asia and beyond since the outbreak of the Arab Spring.
- Saudi Arabia has been targeted by the Islamic State (IS) militants operating from neighbouring Iraq and Syria.
- The IS has also declared its intention to capture Mecca and Medina, thereby throwing a direct challenge to the Kingdom.
- India is continuously suffering from the menace of terrorism perpetrated by Pakistan.
- Thus, security cooperation and intelligence sharing have also been an important element of the partnership that the two countries are forging. This has led them to sign agreements on intelligence sharing and terror financing during Modi's visit.

## **Bilateral trade**

- Bilateral trade has significantly increased reaching around USD 40 billion in 2014-15.
- Both sides signed an agreement to promote investment and Saudi Arabia has shown interest in investing in India's infrastructure sector.
- Saudi Arabia is the largest oil supplier for India.
- Saudi Arabia is a major player in regional politics. It has experienced both internal and regional security challenges in the wake of the Arab Spring.
- Saudi Arabia favours military intervention in countries like Syria and Yemen, while India calls for restraint and resolution of the crises through dialogue.
- Despite their political differences over regional issues, both countries are building cooperation on issues of mutual interest such as terrorism, piracy, security cooperation, intelligence sharing, etc.

## **4) Discuss the current relation between India and Iran.**

- India has been looking forward to renew its relationship with Iran, especially as the bilateral has faced some serious challenges following the US-India Strategic Partnership and the Indo-US nuclear deal. The recent nuclear deal with Iran has provided India an opening for India.
- India is Iran's second largest crude oil importer after Beijing. Iran exported oil to India at a subsidized rate even during problematic times.

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- India unfortunately pursued a few strategies against Iran during the sanctions period. Under the pressure from the US, India even voted against Iran at the IAEA. India also backed out from the pipeline project.
- India's transfer of USD 6.4 billion – part payment of total sum owed to Iran that was held up due to sanctions earlier this year could be as a stepping stone for the bilateral relationship.
- The May 2016 dialogue, the first New Delhi-Tehran bilateral meeting in 15 years signifies a clear strategy for India's interest in Iran.
  - ✓ The highlight, however, has been the understanding on the Chabahar port.
  - ✓ India has promised investment worth USD 50 million towards setting up of industries including aluminium and urea plants;
  - ✓ exchange of cultural programmes,
  - ✓ speakers, interactions between think-tanks,
  - ✓ encouragement of foreign trade;
  - ✓ Cooperation in science and technology.

### 5) What is the importance of Chabahar to India?

Chabahar is a strategic port from the perspectives of India, Pakistan, Iran and Afghanistan. Other than the easy access from the western coasts of India, it plays several significant roles.

- 1) By having an access to the port, India can save one-third of its time to reach Central Asia.
- 2) The link between Afghanistan and India could be built bypassing Pakistan, which could help in building up the already set relationship between Kabul and New Delhi on security ties and economic interests.
- 3) If Iran builds Chabahar as a transit hub for immediate access to markets in northern regions of the Indian Ocean and Central Asia, it would help India in gaining access to those markets directly.
- 4) India's previous relationship with Iran with New Delhi being the second largest buyer of Iranian oil will work as an add on to fasten the process.
- 5) Through Chabahar India can use the road access to four cities in Afghanistan - Herat, Kandahar, Kabul and Mazar-e-Sharif. This will help India further develop its trade with Afghanistan.

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- 6) If Chabahar functions in full swing, Chinese developed Pakistan's Gwadar would take a back seat.

## 6) What are the challenges to the India-Iran relationship?

1. **Chabahar Port:** whether India can follow up on all the promises, especially in the context of the Chabahar Port. In the aftermath of the sanctions, a number of countries including China are wooing Iran, and India will have to up the game and be prompt in implementation.
2. **Balancing ties with Saudi Arabia** will be a tough task, especially after the increased hostility between both countries in the aftermath of the recent OIC summit at Istanbul. The cause for this, was a statement largely Saudi driven which was critical of Iran for promoting terrorism, but also interfering in Saudi Arabia's affairs and attacking Saudi missions in Iran.
3. **US-Policy:** while the Obama administration has been pragmatic in its approach towards Iran, which has played a positive role in further strengthening India-Iran ties, it remains to be seen whether a new US Government (Democrat or Republican) is as open towards Tehran.

## 7) Discuss the evolution of ISIS and its threat to India.

- Osama Bin Laden sponsored the Al-Qaeda in Iraq (AQI) was for the USA to shift attention from him and to focus on AQI. In 2006, the USA invaded Iraq crippling the work of the AQI, and making it ineffective. And subsequently in May 2, 2011 Osama Bin Laden was killed.
- It is against the ineffectiveness of AQI that the Islamic State of Iraq and Syria was formed.
- The Islamic State came into existence during the early days of the US invasion of Iraq.
- A member of the inactive AQI known as Abu Bakr al-Baghdadi established the ISIS.
- In 2007, AQI broke ties with ISIS following Abu Bakr al-Baghdadi's disobedience against the former AQI leader, Abu Musab al-Zarqawi.
- While Al-Qaeda's central organisation emerged from an alliance between ultraconservative Saudi Salafism and radical Egyptian Islamism, ISIS was born of an unholy union between an Iraq-based Al-Qaeda offshoot and the defeated Iraqi Baathist regime of Saddam Hussein, which has proved a lethal combination.

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- Till date, ISIS adheres to a doctrine of total war, with no constraints. Unlike the Al-Qaeda Central, ISIS does not rely on theology or ideologies to justify its actions and attacks.

## Goal of ISIS

- To make a vast state in the Eastern Mediterranean that would cover Lebanon, Israel, Yemen, Jordan, Iran, Palestine, etc.
- To make all Muslims in the world come under one Sunni Islamic state ruled by the Sharia law.
- To project ISIS leader, Abu Bakr al-Baghdadi as the promised Caliph by Prophet Mohammed.
- To kill all Shia Muslims in Iraq, Syria and other Islamic states.
- To fight US army in Iraq, other European countries, the Syrian and Iraqi government, Christians, moderate Sunni Muslim leaders and innocent civilians.

## The Impacts of ISIS on India

- ISIS is involved in radicalisation and recruitment of vulnerable youth from various countries, including India.
- The "caliphate" map which the IS released, includes India as part of province of Khurasan of the 'Islamic caliphate'.
- In an e-book released online on jihadist platforms in November, the IS stated that "It would now expand into India, Pakistan, Bangladesh and Afghanistan."
- ISIS 's action showing interest in South Asia seems to have spurred the Al Qaeda leadership also to try to re-energise their activities in the sub continent.
- For India, an area of concern also is large number of expatriate workers in the Middle-East. Even if the IS is not very active in India, its tentacles can be felt if they undertake some action against the Indians there.
- There is also fear of recruitment among the Indian Muslim youth working in the Middle-East.
- The Kashmir centric Pakistani groups such as Lashkar-e-Taiba(LeT) and Harkat-ul-Mujahdeen(HuM) tried to project themselves as fighting for the larger cause of Islam may be reinforced with ISIS.

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- While the theatre of activities of the IS has only been in Middle East so far, there are indications that it is trying to increase its footprints to other areas, including South Asia.

## 8) What are the fundamental principles behind the stand taken by Russia, China and India on the Syrian crisis?

- Russia, China and India have taken respective principled stand on the crisis in Syria based on their core national interests, and not only in Syria but the region as a whole.
- Also, the upheavals in the Arab World in 2011-12 and the international reaction to help usher in new regimes too has been a contributing factor towards their stand.

### Russia's Position

- For Russia, Syria is one of the most trusted and strategic allies in the region.
- Syria is a huge market for Russian weapon systems including the latest air defence systems like S-300 and S-400.
- The port in Tartus in Syria is the only naval base of Russia in the Mediterranean and is therefore of strategic importance.

### China's position

- China has strong economic ties with Syria.
- It has vetoed all UNSC resolutions on Syria, fearing a repeat of Libya type of situation.
- China is monitoring the situation in Syria closely, and may re-assess its stand on Syria.

### US's position

- The US has put Syria on its list of state sponsors of terrorism since 1979.
- The Cold War between the US and the Soviet Union contributed to the hostile US perceptions of Syria.
- The Syrian military presence in Lebanon and Syrian support to the radical/terrorist Palestinian. US have been giving financial support to the anti-Assad rebels since 2010. In August 2011, after the uprising began in Syria, President Barack Obama called on Assad to step down.
- The diametrically opposite Russian-American policies in Syria have a wider context. In the West Asian region, Syria, Iran, Hizbollah organisation in Lebanon, the

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Palestinian resistance groups of Hamas and Islamic Jihad constitute an anti-Israel, anti-US front.

- Removing Assad and replacing him by an amenable successor would have served to diminish this front; and more particularly, the Iranian influence in the region.
- As the things stand today, the US and Russia have been coordinating their policies on Syria. Among the anti-Assad rebels, the extreme Al-Qaeda affiliated groups are the most powerful and may emerge as the post-Assad regime.
- The US and Russia are equally and genuinely concerned about this possibility.

### India's position

- India does not have any major strategic interests in Syria. Neither does it have any major trade linkages or diaspora.
- The factors that could be influencing India's stand on Syria are its opposition to external intervention in a country and may be partly by the fact that Syria is Iran's key ally.
- India obviously wants to move forward with Iran, key to many of India's core interests in the region, i.e. energy, transit to Central Asia, etc.
- India has common understanding with BRICS nations regarding Syrian issue.
- It has strongly expressed deep concerns on the continuing and unabated violence, and has called upon all sides in Syria to abjure violence and resolve all issues peacefully.

### 9) Do India's Ties with Palestine is under change?

- The Modi government's Palestine policy had come under scrutiny because of increased high-level interactions with Israel.
- The Modi government has been reiterating the importance of relations with Israel while at the same time insisting that there has been no change in India's Palestine policy.
- Modi's meeting with Abbas in New York puts to rest doubts about any imminent changes in India's policy of voting in favour of Palestinian-related resolutions at the UN.
- In 2014, India voted in favour of each of the 14 such resolutions moved in the UNGA. All these resolutions criticised Israeli settlement activity in the occupied territories

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and supported the work of the UN Relief and Works Agency (UNRWA) for Palestinian Refugees, among others.

- Israel on its part views these resolutions as ‘outrageous’ and funding the ‘defamation and de-legitimisation’ of Israel. Therefore, it would seem that India and Israel will continue to ‘agree to disagree’ as regards India’s voting pattern in the UN on Palestine-related issues for the foreseeable future.
- Further, the Modi government did not desist from sponsoring the resolution – ‘Right of the Palestinian People to Self-Determination’ – which India had been sponsoring since 1998, albeit with some breaks in between. India did not sponsor this resolution in 2001, 2005 and in 2010, though it did support the resolution during these years.
- India, however, abstained at the UN Human Rights Commission (UNHRC) on July 1, 2015 on a resolution welcoming the report of the Commission of Inquiry established a year ago to investigate violation of international humanitarian and human rights law in the ‘Occupied Territories’ during ‘Protective Edge’. The resolution, among other requirements, urged Israel and its antagonists to cooperate with the International Criminal Court in its ‘preliminary examination’ of the issue.
- India’s stance then was welcomed by some Israeli analysts who termed it as a ‘major change’ in its policy position. Others, however, rightly contended that the abstention related to a conflict involving Hamas (designated as a ‘terrorist organisation’ by the US, EU, Egypt, among others) and pointed out that India still voted against Israel when it came to resolutions at the UNGA.
- In effect, India’s voting pattern at the UN on issues relating to Israel and Palestine did not register any perceptible change in 2014. This further substantiates the view that there has not been any change in India’s Palestine policy as a result of the change in government.

### **10) What are the recent developments between India-Israel?**

- President Mukherjee's first State visit to Israel on October, 2015 symbolizes the changing dynamics of India-Israel relations as well as is part of India’s wider re-engagement strategy viz. West Asia.
- This visit symbolizes the changing dynamics of India-Israel relations as well as is part of India’s wider re-engagement strategy viz. West Asia. India established diplomatic relations with Israel in 1992 and since then the relationship has evolved into a multi-dimensional partnership.

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- The two countries are engaged in a range of issues of bilateral interest including cooperation in agriculture, science & technology, education, etc. The visit will further cement bonds of cooperation between the two sides and enhance mutual understanding.
- India's Israel policy has been always under the cloak of secrecy, restricted mostly to hi-tech military cooperation, but this veil is being gradually lifted especially due to the active efforts of the new Indian Government under Modi Administration.
- India is now engaging more openly with Israel with respect to the technological cooperation in agricultural sector, renewable energy, water management, as well as continued Israeli support in capability building of Indian defence forces.

### Military

- Israel is one of the largest suppliers of military hardware to India and most of the cooperation is in the niche sectors.
- Both countries have shared history of facing terrorism from their respective neighbourhoods and this aspect has played a vital role in bringing them together in sharing security concerns and expertise. India has often described Israel as India's reliable partner.
- The relationship between these two countries has flourished despite India's continued support to the Palestinian cause.
- India-Israel defence cooperation is moving beyond the traditional buyer-supplier relationship, the armed forces of India and Israel are likely to hold the first-ever joint exercise since diplomatic relations were established between the two countries in 1992.
- Israel and India collaborate closely in combating terrorism with 'Mossad' and other agencies working with the Indian Intelligence agencies on a regular basis. However, these ties are rarely mentioned in public domain.
- Joint exercises between the militaries of the two countries will send a signal that India and Israel are taking their strategic and Defence ties to a new level.

### Agri and S&T

- The current visit however sought to push the envelope of the bilateral relationship further, by expanding cooperation in the field of agriculture, science & technology, education, etc.

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- Cooperation with respect to agricultural sector is important for India as making agriculture profitable to farmers is a matter of great importance.
- Agriculture employs roughly 50 per cent of country's labour force but contributes only up to 16 per cent of the GDP. Farmers in India are yet to benefit from the technological advancements shaping country's services and manufacturing sector.
- Introduction of better crop varieties and advanced farming techniques have a potential of transforming the lives of rural communities across India.
- Israel's expertise in water resource management and cultivation of arid land can be crucial in helping India ensure food security for more than 1.2 billion people.
- India has not only adopted Israeli technologies like drip-irrigation but successfully introduced new crops with the help of Israeli experts to the region, such as an olive plantation in Rajasthan.

## Bilateral trade

- Bilateral trade between the two countries has had a healthy growth from US\$ 200 million in 1992 (comprising primarily trade in diamonds), bilateral merchandise trade has diversified and reached US\$ 5.19 billion in 2011.
- However, the past few years have seen a decline in total trade due to the global economic recession. In 2014, the bilateral trade stood at US\$ 4.52 billion.

## 11) Discuss India's position in supporting the Palestine cause.

- India's solidarity with the Palestinian people and its attitude to the Palestinian question was given voice through our freedom struggle by Mahatma Gandhi.
- India's empathy with the Palestinian cause and its friendship with the people of Palestine have become an integral part of its time-tested foreign policy.
- In 1947, India voted against the partition of Palestine at the United Nations General Assembly.
- India was the first Non-Arab State to recognize PLO as sole and legitimate representative of the Palestinian people in 1974.
- India was one of the first countries to recognize the State of Palestine in 1988. In 1996, India opened its Representative Office to the Palestine Authority in Gaza, which later was shifted to Ramallah in 2003.

## UN Resolutions

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- India always played a proactive role in garnering support for the Palestinian cause in multilateral fora.
- India co-sponsored the draft resolution on “the right of Palestinians to self-determination” during the 53rd session of the UN General Assembly and voted in favour of it.
- India also voted in favour of UN General Assembly Resolution in October 2003 against construction of the security wall by Israel and supported subsequent resolutions of the UNGA in this regard.
- India voted in favour of accepting Palestine as a full member of UNESCO. At the United Nations General Assembly on November 29, 2012 the status of Palestine was upgraded to a non-member state. India co-sponsored this resolution and voted in favour of it.

### Positive Contributions

- Apart from the strong political support to the Palestinian cause at international and bilateral levels, India has been contributing, since long time, material and technical assistance to the Palestinian people.
- With the Government of India’s aid, two projects were completed in the field of higher education i.e. Jawaharlal Nehru Library at the Al Azhar University in Gaza city and the Mahatma Gandhi Library-cum-Student Activity Centre at the Palestine Technical College at Deir Al Balah in the Gaza Strip.
- Under India-Brazil-South Africa (IBSA) Forum’s assistance, an Indoor Multi-purpose Sports Complex has been constructed in Ramallah.
- Al Quds hospital in Gaza is in the process of reconstruction and the process of building a rehabilitation centre in Nablus has started.

### India’s Stand

- India believes that the solution should be based on the relevant U.N. Resolutions, the Arab Peace Plan and the Quartet road map resulting in a sovereign, independent, viable and united State of Palestine living within secure and recognized borders, side by side at peace with Israel.

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- India also calls for an end to the expansion of Israeli settlements in occupied Palestine and for an early and significant easing of restrictions on the free movement of persons and goods within Palestine.
- India has voted along with other countries in favour of a UNHRC probe into Israel's offensive on Gaza.
- Beyond the recognition for Palestinian self-determination ties have been largely dependent upon socio-cultural bonds, while economic relations were neither cold nor warm.
- India provides \$10 million relief to Palestine annually.

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## International Organisations

### 21) Was the Non-Aligned Movement ever relevant for India?

- Non-Aligned Movement (NAM) was highly relevant for India and its foreign policy interests during the bipolar era of the Cold War and that it has, since the 1990s, lost this relevance in a unipolar international order.
- NAM played an important role in furthering many of the causes that India advocated:
  - ✓ Decolonization
  - ✓ End to apartheid,
  - ✓ Global nuclear disarmament,
  - ✓ To usher in of new international economic and information orders.

#### Irrelevant

- Generally it is a fact that NAM was more or less irrelevant for India in terms of helping to protect and promote its security and interests – the principal criterion by which the utility of a multilateral group should be measured.
- NAM's lack of utility for protecting and promoting India's security and interests is clearly demonstrated by the diplomatic positions adopted by member countries during the various wars in which India has been involved.
- In the light of such lack of support from NAM members for India at critical moments in its history, it is astonishing that the dominant view so far has been that NAM was deeply relevant for India during the Cold War years.

#### NAM's usefulness

- In 1970s and 1980s NAM served as a forum to channel India's deep dissatisfaction with the international order, characterised as it was by economic, political, and nuclear hierarchies.
- Through NAM that India articulated the call **for a new international economic order** that would cater for the special needs of the developing countries.
- Through NAM India articulated the call for a **new world information and communication order** to provide a greater voice for developing countries in global communications.

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- NAM also served as a forum for India to articulate its views **on global nuclear disarmament** and the discriminatory nature of the global nuclear order at the centre of which stood the Nuclear Non-Proliferation Treaty.

## Current scenario

- Most NAM countries have integrated themselves to varying degrees within the liberal economic order and have benefited from it.
- India today is a member of the G20 and its rising economic profile has contributed to the greater resonance of Indian popular culture around the world.
- In addition, India has declared itself as a nuclear weapons power and has for all practical purposes abandoned the call for global nuclear disarmament.
- The only dissatisfaction with the international order that India continues to nurture is with respect to a permanent seat on the UN Security Council. Even in this case, India has sought to alleviate itself by gaining verbal assurances from almost all the countries of the world.
- Since the end of the Cold War, India has become a key member of various multilateral groupings:
  - ✓ **BASIC** (Brazil, South Africa, India and China) for protecting and promoting its interests on climate change;
  - ✓ **G4** for pushing through reforms of the UN Security Council; G20 for managing the world economy;
  - ✓ **BRICS** (Brazil, Russia, India, China and South Africa)
  - ✓ **IBSA** (India, Brazil and South Africa) to enhance economic coordination with countries that are similarly placed;
  - ✓ **ASEAN**-centred institutions, the Shanghai Cooperation Organisation,
  - ✓ **Russia-India-China** grouping for pursuing political and security interests.
- These engagements in multiple forums for varying economic, political and security purposes have made the **Non-Aligned Movement “largely incidental” to India’s pursuit of its national interest** since the end of the Cold War.

In sum, the Non-Aligned Movement was not relevant for promoting India’s important national interests during the Cold War years. And since the end of the Cold War, India’s increasing integration with international economic, political and security structures has led to NAM losing even its earlier limited usefulness as a vehicle for articulating India’s dissatisfaction with the international order.

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## 22) What is 'multi-alignment' and how it is different from 'non-alignment'? Is India moving towards 'multi-alignment' in the current context?

### Nonalignment

- ✓ It meant not joining one of the two Cold War camps.
- ✓ Neither the United States nor the Soviet Union was an enemy or rival or threat or challenge to India.
- ✓ India saw benefits in maintaining good relations with both sides.
- ✓ India thought that the preaching of good sense by a dispassionate friend to both would make them realize the need to shed their fear and other conflict-associated emotions and begin to tread the path of peace and amity so necessary for the good of the world.
- It was and proved to be an appropriate policy but only until mid-1971 when we had to contend only with a much weaker Pakistan and, in the 1960s, along with Pakistan a diplomatically isolated, albeit militarily more powerful, China.
- Nonalignment gave way to partial alignment when the global correlation of forces changed radically with the United States and China coming together against the Soviet Union.
- United States made it clear that it would no longer come to India's help or seek to in any way deter China in the event of China imposing another war on India.
- This led to the Indo-Soviet Treaty of 1971, a diplomatic understanding to deal with the eventuality of China initiating another war against India in a circumstance when the United States would interestedly watch the unfolding drama.
- In effect, India became aligned with the Soviet Union between 1971 and 1991 to deal with the China challenge, but did not extend that alignment to the global Cold War struggle between the United States and the Soviet Union.
- In other words, even as India aligned with the Soviet Union to deal with the China threat, it did not range itself against the United States. This, in effect, enabled our decision makers and their civil society mouthpieces to claim that India continued to remain nonaligned.

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## Multi-alignment

- If nonalignment meant not taking sides between the parties to a conflict and preaching to them the virtues of peace and amity, multialignment would mean aligning with both or all parties (blocs) to a rivalry or conflict or struggle for influence.
- Such an idea, however clever it may sound, is not practicable as policy.
- As for the current context, the US-China, US-Russia, China-Japan, China-Russia and India-China relationships are all marked by elements of both rivalry and cooperation. None has become a purely rivalrous or conflictual relationship. Under these circumstances, the question of alliance does not arise.
- Instead, what we are witnessing is each of these countries hedging its bets by engendering a degree of cooperation and coordination of policies with potential allies while at the same time endeavouring to forge a working and mutually profitable relationship with its potential rival or challenge.
- Such behaviour cannot be described as acts of alignment with all parties. And such behaviour is likely to change when the battle lines get drawn.
- Countries then will have to willy-nilly either choose one of the sides or remain neutral or nonaligned. They will not be able to align with all the sides.
- As far as India is concerned, if China emerges as one of the sides in a new 21st century geopolitical struggle for power and influence, India's policy choice will be determined by a combination of factors including the status of the border dispute, China's alliance with Pakistan, and China's ideas on the Asian order.

### 23) What is Trans-Pacific Partnership? Will TPP affect ASEAN's RCEP? What are the impacts on India?

- The Trans-Pacific Partnership (TPP) is a free-trade agreement being negotiated between countries of the Pacific rim including Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States of America and Vietnam.
- The US administration under President Barack Obama seems to have prioritised the TPP as the **economic component of its "rebalancing" to Asia strategy**.
- Analyst have suggested that the TPP would compete with existing and proposed free trade arrangements in Asia and pose a challenge to the economic unity between the

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ASEAN (Association of Southeast Asian Nations) states.(Some are members of the TPP).

- The ASEAN itself is involved in negotiating a large trade agreement – the Regional Comprehensive Economic Partnership or the RCEP.
- The RCEP involves negotiations between 16 countries - the 10 members of the ASEAN and six regional partners (India, Japan, China, South Korea, Australia and New Zealand).
- With TPP spearheaded by the U.S. and RCEP led by China, there has been a lot of attention lately on how the two countries are using the FTAs to benefit themselves and keep each other out of their respective regional economic arrangements.

## TPP & RCEP

- There is clearly an overlap in the membership of these two trade agreements not necessarily antagonistic.
- The TPP seeks to vastly reduce tariff levels among member countries and standardise policies on various issues including safeguarding intellectual property rights.
- The ambit of the RCEP is not quite as vast. The two can therefore be seen as different rungs on a free-trade agreement ladder.

## Impacts of TPP on India

- US had welcome India's participation in the TPP, India has not made any official statement on the issue suggesting such a move.
- According to Commerce ministry, TPP is likely to indirectly impact India's exports in several industrial sectors such as textiles, plastics, leather, clothing, cotton and yarn, besides the country's regime on investment, labour standards, intellectual property rights (IPR), government procurement and State-owned enterprises (SOE).
- TPP has set very high standards than WTO for the international trading regime.
- The Indian government will have to consider improving the country's standards in areas such as labour laws
- The investor-State dispute settlement mechanism adopted by the TPP was also a concern from India's point of view.
- TPP standards were higher than that of the WTO norms, including on IPR and possible ever-greening of patents, which could hurt India's pharma sector.

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- Several Indian export sectors such as cotton and yarn could be affected as trade may be diverted to the TPP region due to its benefits of low or nil duties.

### 24) Why there is need to reform the UN Security Council according to the 'contemporary realities'. What are these 'contemporary realities'?

- UN is a product or a reflection of the power hierarchy of the world after WW-II.
- The UNSC of the P5 (victorious allied powers) and 10 other non-permanent members, and the latter contains all the member states.
- The Security Council, especially the P5 countries with veto power in the council, take important decisions related to the maintenance of peace and security in the world.
- The power of veto tacitly given to them by the principle of great power consensus has been institutionalised in the UN Charter as they emerged as the most powerful military and 'moral' authority after the Second World War.
- Initially, the P5 were the only countries that had the military and economic power to enforce any order in the international system just after the Great War.
- Both the realists and the idealists for their own reasons supported the constitution of the United Nations in the current form as they had seen the failure of the League of Nations because of lack of US support.
- Both agree on the point that an international organisation should have the powerful countries in the core decision-making and executive organs as only their participation and support can enforce any order in the international system.
- After the Great War, the axis powers (Japan, Germany, and Italy) were destroyed and most of the Asian, African and Latin American states were colonies of the victorious powers or some other European countries.
- So, the primacy of allied and other powers in the United Nations system was in tandem with the 'contemporary realities'.
- The world has seen changes and many new states have emerged since the end of the Second World War.
- World countries now vie for a more just and democratic world order. They feel that the United Nations should reflect the following 'contemporary realities' which is structured on the basis of the post-Second World War realities:
  - a) The aspirations for a multilateral world — the rise of other major economic and military powers — India, Brazil, Japan, Germany, South Africa and others.
  - b) The democratic aspirations of the people—the UN needs to be more democratic.

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- c) Rise of regionalism—each region wants its representation in the system.

## 25) What is India's case for a permanent membership? Who supports and opposes India's bid to become a permanent member? How can India become a permanent member?

India wants a permanent membership to the UNSC for two reasons.

1. The veto power, which India could use to defend its interests, says against Pakistan.
2. The sheer prestige associated with permanent membership of a multilateral forum. India's elevation will also be an acknowledgment of its rise as a global power, ready to play a key role in the council's objectives of international peace and security.

India also believes that the UNSC, which was constituted in 1945 after the World War II, does not reflect the geopolitical realities—the emergence of a multipolar world order largely thanks to the rise of developing economies like China, Brazil and India.

Also, India is the largest contributor to the UN Peacekeeping Operations (UNPKO), with nearly 180,000 troops serving in 44 missions since it was established.

India is also among the highest financial contributors to the UN, with the country making regular donations to several UN organs like the United Nations Democracy Fund (UNDEF).

### Supporter to India's bid

- India's candidature as a potential permanent UNSC member has received support from a vast majority of nations.
- At several public occasions, four of the five permanent members have supported India's bid.
- China is the only permanent member that has been ambiguous in its support for India, owing to its close ties with Pakistan.
- Other member states, like the United Arab Emirates (UAE), Singapore, Malaysia and the whole of the African Union have also endorsed India's bid.

### And who opposes?

- India's nuclear-armed rival Pakistan has been leading the opposition to its inclusion in the UNSC's list of permanent members.

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- Other countries, part of an interest group called the “Uniting for Consensus” (UfC), also curiously called “The Coffee Club”, formed in 1995, are opposed to India (and the G4’s bid,- India, Japan, Brazil and Germany)) for permanent seats.
- Italy, Pakistan, Mexico and Egypt were founder members of the UfC.
- The list also includes Argentina, South Korea, Spain, Turkey and Indonesia.

### To become a permanent member

- For now, it seems like an uphill task (unless China comes on board soon).
- The reform of the Security Council can only take place if two-thirds of UN member states vote in favour, along with an affirmative vote from all the permanent members, who enjoy the veto power.
- Effectively, even if India secures the support of two-thirds of UN members, who are present and voting, it would still need the five permanent members to not use the veto and thereby, prevent the adoption of the reform process.

### 26) UN General Assembly’ recently decided to choose the path of text-based negotiation for carrying out Security Council reforms. What was the rationale behind the US and Russia not contributing to the text?

- The decision of the UN General Assembly to adopt text-based negotiations on the “question of equitable representation on and increase in the membership of the Security Council and related matters” is significant because it has established that a majority of the nations agree on the principle of reform.
- Also, it has helped clarify the positions of particular nations and/or groups of nations on this important subject.
- Considering the preponderance of the Security Council in the UN system, the will of the majority to reshape it is now a given and will exert some moral pressure on the permanent members of the Security Council to consider this issue more seriously.
- The main focusing issues:
  - ✓ Issues of categories of membership;
  - ✓ the question of the veto;
  - ✓ regional representation;
  - ✓ size of an enlarged Security Council and working methods of the Council; and
  - ✓ The relationship between the Council and the General Assembly.

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- This, however, is no guarantee of expansion of the Security Council as the decision will require a yes-vote from the permanent members for an amendment of the Charter to this effect.
- The US and Russia were explicit in not supporting text-based negotiations as they are not open to having too many nations (on a regional basis) in the Council.
- They would like to have a say in having countries of their preference in the Council
- . So if India were to go it alone, it may stand a better chance of getting the US and Russian support.
- This still leaves out China, which is unwilling to consider the case of any other country but two African nations. So, the 'reform' is still a long way off.

### 27) What is India's approach towards the Indo-Pacific region?

- The term "Indo-Pacific" has gained currency in recent times, largely due to statements regarding the United States' Rebalance to Asia strategy and an acknowledgement of linkage between the Indian and Pacific Oceans.
- However, as far as India is concerned, this linkage between the Indian Ocean and the Pacific traversing the waters of Southeast Asia is nothing new.
- In 2004, the Indian Maritime Doctrine alluded to "the shift in global maritime focus from the Atlantic-Pacific combine to the Pacific-Indian".
- Therefore, beyond the Indian Ocean, the Western Pacific has for some time now been identified as falling within the ambit of India's security interests.
- The focus on maritime issues is evident from the increase in maritime exchanges led by the Indian Navy with countries, such as, Vietnam, Singapore and Japan.
- India's approach to the region is exemplified by its evolving Look East Policy, beginning with economic engagement with Southeast Asia and now expanding to strategic cooperation beyond Southeast Asia.
- The US' Rebalance to Asia no doubt highlights the importance of the "Indo-Pacific" concept and generates much speculation regarding the interaction between the US, its regional allies, India and China.
- It has been identified as a realm of great power rivalry by many. However, for India the region's importance is neither a new development nor is it dictated by a shift in the American focus.

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28) What is the objective of US' pivot to Asia? Is it a strategy to contain china? What is India's interest in it and what India should do?



- Asia vis-à-vis Asia-Pacific is the central focus in American foreign policy strategy currently.
- While most countries in Asia vis-à-vis in Asia-Pacific, such as Australia, Japan and smaller South-East Asian countries do hold strategic relevance to America's broader Asian strategy, it is perhaps India that tops currently the priority list in its strategic calculus.
- Among the countries in Asia, India has frequently been seen as a pro-Western country by many in the US, there has been greater focus on India in the US strategic circles in the last decade.
- The Indo-US relationship has seen greater ascendancy on every account, be it at the economic front or on various strategic issues.
- On Asia-Pacific policy as well, greater convergence of interest has emerged between the two recently.
- The recent set of events in the South China Sea, where the Chinese seem to be gaining ground as a central power, the ever-increasing vitality of the Indian Ocean in terms of energy resources, routes and power rivalry, and the non-traditional security threats in Asia-Pacific including terrorism, are some of the factors that have prompted the Americans to renew the focus on Asia vis-à-vis Asia-Pacific afresh, while taking India seriously.

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- This renewed American focus is a result of the post-Afghanistan strategy, where it seems to focus its military resources more towards the Asia-Pacific.
- With India's growing influence in Asia vis-à-vis the Asia-Pacific region, the US sees India as an alternative to the growing Chinese power and hegemony in the Asia-Pacific and in the broader Asian geo-politics.
- Indian economy is also seen in the American diplomatic circle as a beneficial economy for greater Trans-Pacific Partnership (TPP).
- In these emerging situations, India must take serious note of the American strategy, and prioritize its foreign policy not only towards individual powers but also towards the sub-regional bodies and respective sub-regions.
- Indian interest does not always have to converge with the American strategy.
- Rather, Asia's emerging situation and its various regional facets and politics should be the priority in India's foreign policy approaches. That calls for some reordering of priorities.
- South China Sea, Indian Ocean and Afghanistan are indeed vital regions for India and require robust attention. But the (sub) regional bodies like the ASEAN, APEC, ASEM, SCO and the SAARC needs equal priorities.
- The geo-politics of the current century is more than a zero-sum game. Power rivalry and competing cooperation are the two most important aspects of Asian politics today.
- It would be best for India to aim for pan-Asian leadership at the regional level without conceding much of an option to others, at least not to a power like China.

### **29) India recently is increasing its engagement with the Island nations of the Pacific?**

#### **What is India's interest in Pacific region?**

A new element of India's Act East policy has been the extension of India's Look East policy beyond the ASEAN, with emphasis on strengthening ties with 14 Pacific island countries. The 14 prominent Pacific island countries are: Fiji, Papua New Guinea, Kiribati, Cook Islands, Nauru, Tuvalu, Tonga, Solomon Islands, Samoa, Niue, Vanuatu, Palau, Marshall Islands and Micronesia.

Although these islands are geographically remote, they are strategically significant from New Delhi's point of view as they sit astride **important sea lines of communication** through which important maritime trade is conducted.

#### **FIPIC Summit**

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- India hosted the second Forum for India-Pacific Islands Cooperation (FIPIC) Summit at Jaipur in August 2015.
- The first FIPIC Summit was held in Fiji in November 2014 which Prime Minister Narendra Modi had attended.
- India's engagement of the Pacific Islands should not be seen as a counter to China (even as six of them have relations with Taiwan), but as a means to increase trade and investment with these countries.
- Currently, the annual trade between the Pacific islands and India is about \$300 million only, with imports pegged at a mere \$100 million.
- Papua New Guinea and Fiji are particularly important to India and there is an urgent need to improve connectivity.
- India has extended its support to the Pacific island countries in the field of space and ocean development, dealing with natural disasters, etc.
- India offers free of charge visa to the nationals of the Pacific island countries. In turn, India seeks their support for its own position on climate change and reform of the United Nations.
- India is also a dialogue partner of the Pacific Islands Forum (PIF) formed in 1999. India was admitted as a dialogue partner in 2002.

## 30) What is anti-dumping? What is the role of the WTO in Anti-dumping?

- **Dumping the product** – If a company exports a product at a price lower than the price it normally charges on its own home market.
- In other words, 'Dumping' occurs when a country's business lowers the sales price of an export to gain unfair market share. It usually drops the price below what it would sell for at home. It may even push it below its actual cost to produce.
- **Anti-dumping Agreement** – Its focus is on how governments can or cannot react to dumping, it disciplines anti-dumping actions.

### Advantages

- The primary advantage of trade dumping is the **ability to permeate the market** with product prices often seen as unfair.
- The main advantage of dumping is **selling at this unfairly competitive lower price**. A country subsidizes the exporting business to enable them to sell below cost.

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- The country is willing to take a loss on the product to **increase its comparable advantage** in that industry. It may do this because it wants to create jobs for its residents. It often uses dumping as an attack on the other country's industry. It hopes to put that country's producers out of business, and dominate that industry.

## Disadvantages

- The problem with dumping is that it's **expensive to maintain**. It can take years for dumping to work. Meanwhile, the cost of **subsidies can add to the export country's sovereign debt**.
- The second disadvantage is **retaliation by the trade partner**. It can **lead to trade restrictions and tariffs**.
- The third is **censure by international trade organizations** like WTO and EU.

## Role of the WTO

- Most countries are members of the WTO. Member countries adhere to the principles laid out during negotiations of the GATT multilateral trade agreement. Countries agree that they won't dump and that they won't enforce tariffs on any one industry or country. Therefore, to install an anti-dumping duty, WTO members must prove that dumping has occurred.
- The WTO is specific in its definition of dumping. First, a **country must prove that dumping harmed its local industry**. It must also show that the price of the dumped import is much lower than the exporter's domestic price.
- The WTO gives three ways to calculate this price:
  1. The price in the exporter's domestic market.
  2. The price charged by the exporter in another country.
  3. A calculation based on the exporter's production costs, other expenses, and reasonable profit margins.
- **The disputing country must also be able to demonstrate what the normal price should be**. When all these have been put in place, then the disputing country can institute anti-dumping tariffs without violating the GATT multilateral trade agreement.

## 31) Discuss the recent initiative by India to probe against dumping?

### Antidumping in rubber

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- India has started a probe into the alleged dumping of a certain kind of rubber from six countries – China, South Korea, Russia, South Africa, Iran and Singapore following a complaint from Reliance Industries.
- The move is aimed at protecting domestic players in the sector against cheap imports.
- India has found sufficient prima-facie evidence of dumping of the product from China.
- The period of investigation would be the period between April 2015 and March 2016.
- The product in question is mainly used in the manufacture of tyres. It is also used to manufacture golf balls, various elastic objects and to coat or encapsulate electronic assemblies, offering high electrical resistivity.

## Anti-Dumping Probes

- Countries start anti-dumping probes to determine whether their domestic industries have been hurt because of a surge in cheap imports. As a counter measure, they impose duties under the multilateral regime of World Trade Organization.
- The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

## On Steel products

- India had imposed an anti-dumping duty for six months on import of hot-rolled (HR) steel products from six nations, including China and South Korea, to shield domestic manufacturers.
- The move had come after it extended the minimum import price (MIP) on select steel products, but removed safeguard duties from 37 others.
- There were 173 products under MIP, which were cut to 66 last week. Products that had safeguard or antidumping duties were removed from the new list. The range of prices, \$341 to \$752 a tonne, was not changed.
- This was followed by removal of safeguard duty from another 37 products, such as flat-rolled and HR steel.
- However, steel manufacturers have termed the move inadequate. The pruning of the list for MIP, the conditional safeguard duty on select products, and inadequate anti-dumping duty did not help protect against cheaper import, they stated.

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- The global commodity markets continue to slump, especially for steel prices, following a glut in supply from Chinese steelmakers and a drop in global demand due to low economic activity.

## 32) What are the concerns and opportunities for India at RCEP?

Negotiations for the regional comprehensive economic partnership (RCEP), which could make India a part of one of the largest proposed free trade blocs in the world, are gaining momentum.

### Concerns regarding RCEP

- Unbridled competition from China could be a nightmare come true for an Indian industry already reeling under the burden of a growing bilateral trade deficit which now accounts for nearly half the country's total trade gap
- At the meeting of trade ministers in Laos early August, [India gave up a long-held position of providing different levels of market access to different members](#). It had earlier opted for a three-tier structure in which it offered tariff elimination on 42.5 per cent of traded goods to China, Australia and New Zealand (the countries with which India doesn't have FTAs), followed by 65 per cent to South Korea and Japan with which it has FTAs. The highest level of 80 per cent was to 10-member Asean.
- New Delhi did make a brave attempt to move away from a zero-duty regime to one of low tariffs, where duties would be reduced but not eliminated, by moving a proposal in the Jakarta meeting in July, but it was rejected.
- The proposal not only went against RCEP's idea of a free trade bloc, but was also not in line with India's trade pacts with ASEAN, Japan and South Korea, where tariffs are being eliminated on a wide range of products

### Advantages of RCEP

- Gains on the goods front would be limited as it already has FTAs with Asean, Japan and South Korea where commitments to eliminate tariffs on a large number of items have been made. Australia and New Zealand, which don't have free trade pacts with India, already have low tariffs on goods. The increase in India's imports from these regions far outstrip the rise in exports
- The Chinese market is big, but it is not a big attraction for Indian industry

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- **India can gain from a deal with RCEP in the area of services.** Hence it has been insisting that services would be part of a single undertaking and not carved off as a separate agreement as was done in the case of the FTA with Asean

Since India is not a part of TPP or TTIP , RCEP has been said to be very important for India so that it is not excluded from all major regional trade pacts. However both TPP and TTIP are facing oppositions and are not to be ratified soon. India, therefore, need not feel threatened by other trade blocs while it is negotiating the RCEP. Nor should it fear losing market access in the RCEP region in the absence of a deal, as it already has FTAs with most member countries

### **33) What does SCO membership actually hold for India? Pursuing the goal of multi-polarity apart, are there direct potential gains for India?**

For India, the SCO has been about increasing its political, economic and security stakes in Central Asia. That's why New Delhi keenly pursued its formal entry into the grouping despite critics at home challenging the wisdom of joining a Chinese-led body as a junior member with a lesser political voice.

#### **Potential gains**

- Would open a new opportunity to reconnect with Eurasia.
- Benefit from SCO's focus on fight against 'three evils' combating terrorism, separatism and extremism.
- Could benefit from stepping up cooperation especially by tapping into the existing SCO processes such as the Regional Anti-Terrorist Structure (RATS) that shares key information and intelligence on movements of terrorists and drug-trafficking.
- Participation in the SCO's **counter-terror exercises** and annually conducted military drills could benefit our armed forces understand the operational tactics of other militaries which could also instill greater confidence at the regional level.
- SCO could offer India with some unique opportunities to get constructively engaged with Eurasia to address shared security concerns, especially for **combating terrorism** and **containing threats posed by ISIS and the Taliban**.

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- vi. More critically, a presence in the forum is essential to ensure that inimical forces do not manipulate the body to take up anti-India stands in this critical region comprising of Muslim populated states.
- vii. Can gain information such as on drug-trafficking control, cyber security threats, public information, mass media, educational, environmental, disaster management and water related issues of Eurasia that we know little about.
- viii. It provides additional latitude for securing India's energy interests – to invest in oilfields with an eye to get its way on the pipeline routes.
- ix. India would be able to seek mutually beneficial partnerships with SCO members in human capacity building, technology, education, health and policy convergence in regional trade and financial institutions.
- x. India could bring to the SCO its techno-economic expertise, markets and financial commitment.
- xi. Can render value addition in terms of contributing towards the civilian reconstruction process in Afghanistan, which is most critical for ensuring sustainable peace and stability in the SCO region.
- xii. India can surely gain from access to Central Asia's minerals and energy, as also market access to Russia and ultimately Europe.

### **34) What are the challenges and concerns India have towards SCO membership?**

- i. SCO is a Chinese dominated organization which is trying to use it for its geo-political and geo-economic advantage.
- ii. India would not want to view its membership of SCO as a political riposte to the West. It has legitimate interests in Central Asia independent of the quality of ties between Russia and China and the US.
- iii. All other member countries have endorsed China's "One Belt, One Road" (OBOR) and India has not yet given its consent to be a part of OBOR.
- iv. India's major concerns has been the China-Pakistan Economic Corridor (CPEC), which passes through the Pakistan-occupied Kashmir (PoK) Being in the SCO, India would not be able to stay out of China's proposed connectivity and infrastructural projects.
- v. India and Pakistan's joining may aggravate the differences.
- vi. China which is sensitive to Pakistani views, would not have allowed a preferential decision in favour of India in SCO.

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## 35) Discuss the objective of formation of AIIB.

- The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank envisaged to "promote interconnectivity and economic integration" in Asia.
- Headquartered in Beijing, China, the Bank has 57 Prospective Founding Members including India.
- In June 2015, the startup capital of \$50 billion was increased to \$100 billion. The Bank has aroused different reactions from each part of the world.
- The foreign policy and economic concerns that underlie the establishment of the AIIB include the need to bridge the infrastructure investment gap of \$8 trillion in the East Asian region.
- The AIIB, with its initial capital of \$100 billion to be invested in energy, transportation, rural and urban development and logistics becomes significant in light of the investment gap.
- Other major reasons for China to promote the Bank include the under-representation of non-western economies in existing global financial institutions, and the need to channel surplus Chinese capital into overseas investment.
- Beijing argues that because 75 per cent of the seats and shares in the AIIB are reserved for Asian countries, the imbalance in representation of non-western economies in the existing international financial system will get addressed.
- This is an attempt to attend to a broader Chinese foreign policy agenda of playing a more proactive role in global institutions.
- Finally, infrastructure investment via the AIIB is to serve as a vehicle to drain surplus capital - estimated at \$137 billion in the second quarter of 2015 - as well as to address concerns of regarding the capacity of construction material.

## 36) What are the regional and global Responses to AIIB?

### Regional Responses

- The AIIB has received mixed reactions in major Asian countries.
- The Philippines has decided to hold off its decision to participate in the AIIB citing the non-binding nature of the Articles of Agreement (AOA).
- Japan is not participating in the AIIB to avoid a potential negative impact on Tokyo-Washington relations.

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- Vietnam and India, on the other hand, have decided to participate in the AIIB citing their infrastructure demands.
- The regional response to the AIIB is significant. The Philippines, Vietnam, India and Japan each have territorial disputes with China. It is possible that negotiating opportunities might present themselves as these countries balance their territorial disputes with their growing economic relations with Beijing.
- The AIIB is also a new platform for Taiwan to advance its bid for international recognition. Taiwan submitted its bid to join the AIIB and it was rejected on grounds of nomenclature. This is in tune with Beijing's policy of strictly opposing any representation of Taiwan as an independent state.
- The rejection of Taiwan on grounds of nomenclature, as opposed to compromises in other international organisations such as the ADB or WTO, is a clear indication that Beijing's political concerns trump the economic agenda in the establishment of the AIIB.
- This raises concerns that the AIIB will serve as tool for China to pursue its geopolitical ambitions, particularly in the light of regional territorial disputes. It would, therefore, be significant to observe the AIIB's response to Taiwan's bid for ordinary membership in 2016.

### Global Responses

- The EU's response to the AIIB reflects the willingness of member-states such as UK, Germany and France to engage more closely with Beijing as well as to encourage China to assume a more significant role in multilateral institutions.
- As members, they do have a potential role to shape the Bank from within. However, the divergence in stances taken by EU members regarding membership bids reflect the need for a coordinated response.
- The US had refused to join the AIIB and is also said to have lobbied against the bank, leading to an increasingly isolated position as key US allies joined the Bank. The establishment of the AIIB is viewed as an erosion of US' influence in the region.
- Washington's concerns about the AIIB presenting a challenge to the existing financial institutions, and on whether or not it would meet standards of governance and environmental safeguards, were addressed during Chinese President Xi Jinping's US visit in November 2015.

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- In a joint statement released by the White House, the US acknowledged China's contributions to the financial infrastructure in Asia and beyond, reflecting a nuanced change in Washington's position in an attempt to perhaps mitigate some of the political costs it incurred due to non-participation as well as attempts to dissuade its regional and European allies from joining the Bank.
- The establishment of the AIIB highlights China's attempt to shape the international financial architecture in a manner that is economically beneficial to the region and also serves to portray China as a responsible stakeholder in the international system.
- Simultaneously, the regional and global responses reflect the complexity involved in each country's decision-making process on participate in the AIIB; and the decisions are informed by both economic and political considerations vis-à-vis their respective bilateral relations with China.

### **37) What was the need to create NDB bank when we have World Bank and IMF?**

- In 2008 when Global recession affected most part of the world and India was one of them. At that time India initiated the idea of creating a bank with five developing countries or you can say five emerging power of the world to fight with these kind of crisis in future.
- BRICS is an answer to the US led World Bank and IMF which has some harsh and biased policies towards poor nations specially eastern countries.
- BRICS countries has 40% of world population and 20% of economic output yet it has only 11% of voting right at the IMF and US doesn't want to change this status quo despite of several logical attempts by BRICS nations.
- BRICS will also help in reducing the dependency on US dollar.
- Till now, huge dependency on dollar was ultimately filling the Federal Reserve Bank (America's central bank).
- IMF and World Bank also don't ask for collateral from the countries while giving the loans instead they ask poor nations to change their economic planning according to them which ultimately benefits the US and UK.

### **38) What the problems and benefits will India get from BRICS-NDB?**

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## Benefits

- India and China both are talking a lot to grow trade among each other but rivalry between them has shown declining figures in trade from past few years. So, coming together in BRICS these two countries will try to sort out their differences and increase the business and trade activity.
- Since, we all know about Middle East crisis and instability in west Asia and India is the third largest importer of energy supply and India and Russia is talking about gas pipeline from Russia to India from 2005 so this project also can take off.
- With the major shift in policy World Bank has stopped funding for coal projects in developing countries and instead they are supporting poor countries so that they can make them dance on their tunes. India is largely dependent on coal energy but can't fund for it so BRICS will help India in this major sector also.
- NDB could urge countries to adapt solar energy panel and cleaner energy methods and will provide cheaper loans for these kind of projects.
- To improve the durability of NDB bank trade among these countries should be healthy so it will improve trade.
- The bank could focus on utilizing its funds on climate projects and educate poorer countries on climate change policy.

## Problems

- China is taking advantage of this bank to advance it's own projects.
- China has the biggest economy so it will dominate in policy making.
- China can pressurize BRICS to make Yuan it's official currency.

But these things can be easily handled if India works with proper diplomatic approach by making such policies that every single member countries have equal rights.

## **39) Discuss the prospects and implications of AIIB to the world countries.**

The financial crisis of 2008 was a telling blow to the Anglo-Saxon control on the global financial system. The Asian Infrastructure Investment Bank (AIIB) proposed by China is now threatening the traditional hegemony of Western-dominated global financial institutions.

- The US had expressed doubts over the "standards" to be followed by the AIIB and wanted its allies and partners to stay away.

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- But many US allies and partners have joined the AIIB. These include European allies like Austria, Denmark, Germany, France, Italy, Luxembourg, Norway, Switzerland and the UK; allies from the Asia-Pacific — Australia and South Korea; as well as US allies from the Gulf — Saudi Arabia, Jordan and Turkey.
- Japan is the only major US ally from Asia that is yet to join the AIIB.

## Implications

- It underscores the lack of American influence in persuading allies and partners to stay out of an institution that would not be dominated by the Anglo-Saxon financial powers.
- The US posture was to try and influence the AIIB to adopt “appropriate” standards and practices by pressuring from the outside. It had hoped to have its allies with it on this.
- Unfortunately, most of them felt otherwise, with the dominant view being standards are better influenced while being inside.
- The response also shows that many Western countries are happy to work with China in reshaping the global financial architecture.
- The prospective European members of the AIIB appear to have overcome their inhibitions regarding China.
- Austria, Denmark, Norway, Germany, France and Switzerland are traditional donors to less-developed and poor countries. They have always insisted on development funding being “tied” to not only economic performance, but also track records in human and social development, including political and institutional reforms.
- The traditional Western donors criticised China’s “no strings attached” policy of lending to poor countries in Sub-Saharan Africa for ignoring conditions that the West felt were important for aid.
- With several China “critics” joining the AIIB, including Norway, with whom China had severed high-level ties after Chinese dissident Liu Xiaobo was awarded the Nobel peace prize in 2010, the wheel has turned full circle.

## Asian expectation

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- The AIIB is aiming for a corpus of \$50 billion for addressing physical infrastructure needs of Asian countries. There are various expectations from the bank.
- The fact that least-developed Asian countries with pronounced infrastructure deficits — Bangladesh, Cambodia, Myanmar, Laos and Nepal — are among the founding members, points to the possibility of the AIIB responding sympathetically to their needs.
- For middle-income Asian countries that do not avail concessional lending from the Asian Development Bank (ADB) and the World Bank, the AIIB is a viable alternative.
- The expectation in this regard is that the AIIB's loans would have lower interest rates than those from the ADB and World Bank.

## **40) Is AIIB challenges the western dominated World financial institutions? What is China's strategy and implications for India?**

### **Challenging World financial institutions**

- The financial competition from the AIIB is a cause for worry for the World Bank, IMF and the ADB.
- Although the AIIB will have a smaller initial corpus than all these institutions, coupled with the New Development Bank (NDB) established by the BRICS countries, it will challenge the monopoly of institutions dominated by the US and its allies in the global lending sphere.
- The ADB, dominated heavily by Japan, the core US ally in Asia, will face strong competitive pressures if China, India and its other major Asian borrowers shift to the AIIB.
- This will not only imply financial competition, but also the erosion of the strategic influence of the US-Japan alliance in the region. The US concern with the AIIB is therefore obvious.

### **China's strategy**

- China has firmly established its ability to reorganise the global financial architecture.
- China now contemplates bigger constructs through ideas like the Free Trade Area for the Asia-Pacific and the Maritime Silk Road and AIIB success encourages China to conceive other global trade and financial initiatives.

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## Implications to India

- India has been strategically wise in being a founder member of the AIIB. This would enable it to contribute effectively to the decision-making in the AIIB. Joining both the NDB and the AIIB are rational choices.
- Like other large emerging markets and developing countries, India was hardly ever able to influence decisions significantly at the IMF, World Bank and the ADB, as it lacked the room for doing so.
- Staying beholden to these institutions without the ability to influence them is hardly a sensible choice.
- The AIIB gives China, India and other developing countries the historical opportunity to enter and reform a bastion where they have been traditionally denied entry.
- With major Western countries willing to play ball, a pragmatic approach focusing on cooperation can make the AIIB a powerful institution and an agent for changing the global financial balance of power.