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MAINSTORMING 2019

BILATERAL RELATIONS II

Shankar IAS Academy™

Door No 18, Old Plot No 109, New Plot No
259, AL Block, 4th Avenue, Shanthi Colony,
Anna Nagar, Chennai 600040.



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MAINSTORMING 2019

BILATERAL RELATIONS II (MARCH 2019 TO JULY 2019)

1. INDIA AND ITS NEIGHBOURHOOD

1.1 ICJ Verdict on Kulbushan Jadhav

Why in news?

- The International Court of Justice (ICJ) has directed Pakistan to review Kulbushan Jadhav's conviction and, until then, put his death sentence on hold.
- The court has also asked Islamabad to allow New Delhi consular access at the earliest.

Who is Kulbushan Jadhav?

- Kulbushan Jadhav, 49, was arrested in Pakistan allegedly in March 2016.
- He was sentenced to death on charges of espionage and terrorism in April 2017.
- Pakistan alleges that Jadhav is a serving Indian naval officer, who was tasked by the Indian intelligence agencies to destabilize Pakistan.
- India, however, claims that Jadhav is a former Indian naval officer.
- He was running a business in Iran from where he was kidnapped and shown to have been arrested in Baluchistan.
- India also maintains that he had no links with the government.

What was the contention?

- Despite repeated attempts, Pakistan had denied India consular access to Jadhav under Article 36 of the Vienna Convention on Consular Relations. The convention deals with the arrest, detention and trial of a foreign citizen.
- India tried initiating legal proceedings against Pakistan before the ICJ for the violation of the convention on providing for consular access.
- However, Pakistan had argued that the International Court of Justice had no jurisdiction in this case.
- Later, the ICJ rejected Pakistan's argument in this regard.
- The court said it could hear the case because it involved an alleged violation of one of the clauses of the Vienna Convention.
- Notably, both Pakistan and India have ascribed to the convention and its interpretation falls under the ICJ's purview.
- The ICJ also directed that meanwhile, Pakistan should take all measures to ensure that Mr Jadhav is not executed till the final decision of the court.
- The court also said Pakistan should inform it of all measures taken in implementation of the order.
- However, this was a preliminary ruling and all issues were open for adjudication at the final stage.

What is the current ICJ verdict?

- Pakistan must undertake an "effective review and reconsideration of the conviction and sentence" of Kulbushan Jadhav.
- Pakistan is under an obligation to inform Jadhav of his rights.
- It should also provide Indian consular officers access to him in accordance with Article 36 of the Vienna Convention on Consular Relations.
- [ICJ noted that Pakistan deprived India of the right to communicate with and have access to Kulbushan Jadhav, to visit him in detention and to arrange for his legal representation.]



- However, ICJ rejected India's call on annulment of military court decision convicting Kulbhushan Jadhav, his release and safe passage to India.
- Pakistan had argued that India had failed to prove Jadhav's nationality.
- However, ICJ said that it was satisfied that the evidence was sufficient to be certain of Jadhav's Indian nationality.
- ICJ noted that there was a three-week delay in informing India about Jadhav's arrest on March 3, 2016.
- This has led to a breach of Pakistan's obligations under the convention.

International Court of Justice

- The International Court of Justice (ICJ) was established in 1945 after half a century of international conflict in the form of two World Wars.
- The ICJ functions with its seat at The Hague, Netherlands.
- It has the jurisdiction to settle disputes between countries and examine cases pertaining to violation of human rights.
- It adjudicates cases according to the tenets of international law and is the judicial arm of the United Nations.
- ICJ is different from the ICC (International Criminal Court) which is a permanent tribunal created to prosecute individuals for genocide, crimes against humanity, war crimes and the crime of aggression.
- While ICJ is the primary judicial organ of the UN, the ICC is legally and functionally independent from the UN.

What is the significance?

- The International Covenant on Civil and Political Rights (ICCPR) recognises the right to an effective defence against criminal charges, and to a fair and impartial trial.
- By denying consular access, Pakistan has stood in gross violation of both the Vienna Convention and the ICCPR.
- There is also a concern over Pakistan's sponsorship of terrorist activities along the Iran-Pakistan border.
- Given all these, the present ICJ verdict constitutes a major diplomatic and legal victory for India.
- Significantly, India has rightly chosen to go the 'international way' by fielding a formidable legal team led by the jurist, Harish Salve.
- India has been demonstrating the significant synergy between various stakeholders in this case.
- In all, India's more successful legal journey to the ICJ must now reshape New Delhi's approach to similar potentially difficult situations.

1.2 Blacklisting Pakistan under FATF

What is the issue?

- The Financial Action Task Force (FATF) is to hold its Plenary and Working Group meeting in Orlando, Florida.
- It is likely to take up a proposal to downgrade Pakistan to the blacklist on terrorist financing from its current greylist status.

What is the present status?

- Pakistan has been under the FATF's scanner since June, 2018.
- It was put under the greylist for terror financing and money laundering risks.
- This was done after an assessment of its financial system and law enforcement mechanisms.
- FATF and its partners such as the Asia Pacific Group (APG) review Pakistan's processes, systems, and weaknesses.
- This is done on the basis of a standard matrix for anti-money laundering (AML) and combating the financing of terrorism (CFT) regime.

What was Pakistan's subsequent commitment?

- In June 2018, Pakistan gave a high-level political commitment to work with the FATF and APG.



- It promised to strengthen its AML/CFT regime, and to address its strategic counter-terrorism financing-related deficiencies.
- Based on this commitment, Pakistan and the FATF agreed on the monitoring of 27 indicators under a 10-point action plan, with deadlines.
- Successful implementation of the action plan and its physical verification by the APG will lead the FATF to move Pakistan out of the greylist.
- But failure in implementation and in meeting the deadlines would result in Pakistan's blacklisting by September 2019.

What is FATF's current stance?

- There was only limited progress by Pakistan on action plan items due in January 2019.
- So FATF, in February, 2019, urged Pakistan to swiftly complete its action plan, particularly those with timelines of May 2019.
- Pakistan, recently, presented its progress on the 27 indicators in a meeting with the Joint Group of the APG.
- It was agreed that there have been improvements in the AML/CFT regime and the integrated database for currency declaration arrangements.
- But the Joint Group informed Pakistan that its compliance on 18 of the 27 indicators was unsatisfactory.
- The other gaps in progress include the following:
 - i. contradictory situations and poor coordination among stakeholders
 - ii. lack of cooperation among law enforcement agencies at various tiers of Pakistan's government
 - iii. insufficient physical action against proscribed organisations to block the flow of funds
- Pakistan was thus asked to do more to demonstrate strict action against 8 terrorist groups, and in combating money laundering.
- It must show that terror financing prosecutions result in effective, proportionate and restrictive sanctions.

What if Pakistan is blacklisted?

- Pakistan faces an estimated annual loss of \$10 billion if it stays in the greylist.
- If blacklisted, its already fragile economy will get even weaker.
- Its \$6 billion loan agreement with the International Monetary Fund (IMF) could be threatened.
- Notably, the IMF has asked Pakistan to show commitment against money laundering and terror financing.

What is India's role here?

- India is a voting member of the FATF and APG, and co-chair of the Joint Group.
- [India is represented by the Director General of India's Financial Intelligence Unit (FIU) in the Joint Group.]

Financial Action Task Force

- The Financial Action Task Force (FATF) was set up in 1989 by the western G7 countries, with headquarters in Paris.
- It acts as an 'international watchdog' on issues of money-laundering and financing of terrorism.
- FATF has 37 members that include all 5 permanent members of the Security Council, and other countries with economic influence.
- Two regional organisations, the Gulf Cooperation Council (GCC) and the European Commission (EC) are also its members.
- Saudi Arabia and Israel are "observer countries" (partial membership).
- India became a full member in 2010.

Asia Pacific Group

- In 1995 an Asia-Pacific regional office called the "FATF-Asia Secretariat" was established and funded by the government of Australia.
- It worked with countries in the Asia-Pacific to generate wide regional commitment to implement anti-money laundering policies.
- In 1997, the Asia/Pacific Group on Money Laundering (APG) was officially established as an autonomous regional anti-money laundering body.
- It was set up by unanimous agreement among 13 original founding members.
- A new secretariat was also established to serve as the focal point for APG activities, in Sydney, Australia.

- Pakistan had asked for India's removal from the group, citing bias and motivated action, but that demand has been rejected.
- But India was not part of the group that moved the resolution to greylist Pakistan in 2018 in Paris.
- The movers were the US, UK, France, and Germany; China did not oppose it.

1.3 Cancellation of Kartarpur Corridor Talks - India-Pakistan

Why in news?

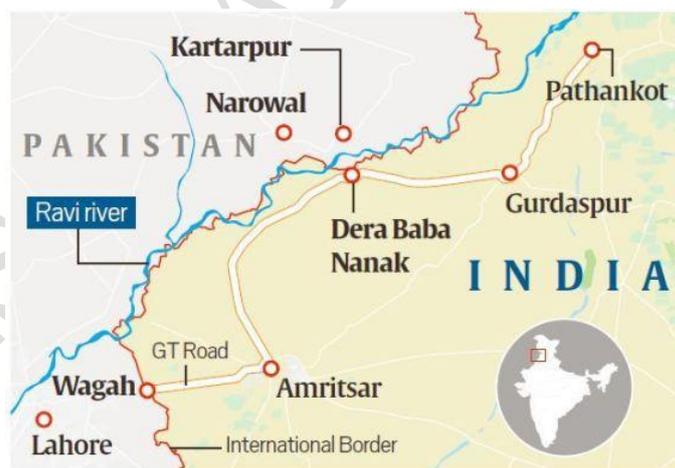
The second round of talks between India and Pakistan on Kartarpur corridor was cancelled as India called it off.

What is the corridor for?

- India and Pakistan agreed in 2018 to set up a border crossing.
- It was to link Gurudwara Darbar Sahib in Kartarpur to the Dera Baba Nanak shrine in India's Gurdaspur district.
- Gurudwara Darbar Sahib is the final resting place of Sikh faith's founder Guru Nanak Dev.
- Kartarpur Sahib is located in Pakistan's Narowal district across the river Ravi, about 4 km from the Dera Baba Nanak shrine.

Why was the talk cancelled?

- **Differences** - The first round of talks took place in the shadow of the Pulwama terror attack.
- It had revealed divergences between the two sides on all aspects of the pilgrimage corridor, which included -
 - i. number of pilgrims to be accommodated
 - ii. the security restrictions
 - iii. documentation
 - iv. mode of transport to be used by pilgrims
- Moreover, Pakistan PM Imran Khan's administration feels it should be given more credit for having cleared the Kartarpur proposal.
- It's because Indian Sikh pilgrims have demanded it ever since the Radcliffe Line left the sacred shrine on the other side of the border.
- But New Delhi refuses to acknowledge this demand.
- India has made it clear the corridor will have no connection with furthering bilateral talks on other issues.
- **Attacks** - At the base of the differences is the deep distrust between the two governments.
- Especially, the gulf has deepened in the aftermath of the Pulwama attack and the Balakot strike.
- **Security** - Security agencies have cautioned of Pakistan's military establishment using the corridor to fuel separatist Khalistani sentiment.
- [Khalistan movement is a Sikh separatist movement seeking to create a separate country called Khalistan in Punjab, as a homeland for Sikhs.]
- Reportedly, the Pakistani Cabinet constituted a ten-member Pakistan Sikh Gurdwara Prabandhak Committee (PSGPC).
- This is to facilitate Sikh pilgrims after opening of Kartarpur Corridor.
- Worryingly, the team is said to be formed with some known pro-Khalistan leaders within the Sikh community.
- The Ministry of External Affairs summoned Pakistan's Deputy High Commissioner, seeking clarifications on the "controversial elements" on the committee.
- However, Pakistan did not name the members of the committee.





- Indian government's decision now to postpone the next round of technical talks is driven mainly by these concerns.
- India said the next meeting would only be held after it receives Pakistan's response.

What could have been done?

- The cancellation of the talks reflects the distrust between the two countries.
- Pakistan's support to separatist Sikh groups goes back several decades, for which India must work to secure its border from the threat.
- But alongside, India should have opened the gates for thousands of pilgrims to travel to Pakistan.
- Modalities and technical issues, such as on the numbers, eligibility and identity proof required, should be resolved by both governments.
- Putting off meetings is hardly a constructive solution, given the proposed opening of the corridor by November to mark the 550th birth anniversary of Guru Nanak.

1.4 Capture of IAF Officer - Geneva Conventions on Prisoners of War

What is the issue?

- Indian Air Force pilot, Wing Commander Abhinandan Varthaman, was captured by Pakistan after a major aerial confrontation.
- It is imperative, in this context, to understand the provisions in Geneva Conventions on treatment of prisoners of war (PoWs).

What happened?

- The aerial confrontation began after Pakistan sent several aircrafts to the Line of Control (LoC) in retaliation for the Indian Air Force's Balakot strike on JeM camp.
- The Indian government said that IAF jets shot down an F-16 jet of the Pakistan Air Force.
- However, Pakistan's military denied the loss of any aircraft.
- Wing Commander Abhinandan had to eject over the LoC after his MiG-21 was shot by a Pakistani plane.
- He then eventually landed in Pakistan-occupied Kashmir and was taken into custody by the Pakistan Army.
- The Ministry of External Affairs works through diplomatic and official channels and demands the safe and immediate return of the Indian pilot.
- Meanwhile, various amateur videos were on circulation in which Wing Commander Abhinandan was seen being manhandled by a crowd in PoK.
- India strongly objected to Pakistan's vulgar display of an injured personnel, in violation of norms of International Humanitarian Law and the Geneva Conventions.

What are the Geneva Conventions?

- The 1949 Geneva Conventions are a set of international treaties - four conventions, with three protocols added on since 1949.
- The conventions ensure that warring parties conduct themselves in a humane way with -
 - i. non-combatants such as civilians and medical personnel
 - ii. combatants no longer actively engaged in fighting, such as prisoners of war, and wounded or sick soldiers
- PoWs are usually members of the armed forces of one of the parties to a conflict who fall into the hands of the adverse party.
- Article 3 of the Geneva Convention on Treatment of PoWs deals with every kind of situation that may arise for a captive and captor.
- All countries are signatories to the Geneva Conventions.
- **Authority** - The Geneva Conventions have a system of "Protecting Powers" who ensure that the provisions are being followed by the parties.



- In theory, each side must designate states that are not party to the conflict as their “Protecting Powers”.
- In practice, the International Committee of the Red Cross (ICRC) has been mandated under the conventions to ensure the application of the law.
- ICRC visits prisoners, both military and civilian.

Is the convention applicable in the present conflict?

- Both India and Pakistan have been careful not to term the confrontation a war.
- India has specifically said that its airstrikes were a “non-military” intelligence-led operation.
- Nevertheless, both sides are bound by the Geneva Conventions.
- As, the provisions of the conventions apply at the following times:
 - i. in peacetime situations
 - ii. in declared wars
 - iii. in conflicts that are not recognised as war by one or more of the parties
- This means the IAF officer is a prisoner of war, and his treatment has to be in accordance with the provisions for PoWs under the Geneva Conventions.

What is prohibited under the convention?

- According to the provisions, the nations should avoid the following acts:
 - i. Violence to life and person, in particular, murder of all kinds, mutilation, cruel treatment and torture
 - ii. taking of hostages
 - iii. outrages upon personal dignity, in particular, humiliating and degrading treatment
 - iv. the passing of sentences and the carrying out of executions without previous judgment pronounced by a regularly constituted court
- Any unlawful act or omission by the Detaining Power causing death or seriously endangering the health of a prisoner of war is prohibited.
- It will be regarded as a serious breach of the present Convention.
- Particularly, physical mutilation or medical/scientific experiments which are not justified medically and not in PoW's interest are prohibited.
- Likewise, PoWs must at all times be protected, particularly against acts of violence or intimidation and against insults and public curiosity.
- Any acts of vengeance against prisoners of war are prohibited as per Article 13 of the Convention.
- The responsibility for the "humane" treatment of PoWs lies with the detaining power, and not just the individuals who captured the PoW.

What rights is a PoW entitled to?

- Article 14 of the Convention lays down that PoWs are entitled to, in all circumstances, respect for their persons and their honour.
- In captivity, a PoW must not be forced to provide information of any kind under physical or mental torture, or any other form of coercion.
- Refusal to answer questions should not invite punishment.
- A PoW must be protected from exposure to fighting.
- Use of PoWs as hostages or human shields is prohibited.
- A PoW has to be given the same access to safety and evacuation facilities as those affiliated to the detaining power.
- Access to health facilities, prayer, recreation and exercise are also written in the Convention.



- The detaining power has to facilitate correspondence between the PoW and his family, and must ensure that this is done without delays.
- A PoW is also entitled to receive books or care packages from the outside world.

What about the release of prisoners?

- Parties to the conflict “are bound to send back” or repatriate PoWs, regardless of rank, who are seriously wounded or sick, after having cared for them until they are fit to travel.
- The conflicting parties are expected to write into any agreement they may reach to end hostilities and for the expeditious return of PoWs.
- Parties to the conflict can also arrive at special arrangements for the improvement of the conditions of internment of PoWs, or for their release and repatriation.
- E.g. at the end of the 1971 war, India had more than 80,000 Pakistani troops who had surrendered to the Indian Army after the liberation of Dhaka
- India agreed to release them under the Shimla Agreement of 1972.
- During the Kargil War, after intense diplomatic efforts, Pakistan returned Flight Lieutenant Nachiketa, who was captured after ejecting from his burning Mi27.
- In the present case, Pakistan can decide to send Wing Commander Abhinandan unilaterally, or negotiate his release with India.

1.5 Need for Conflict De-escalation Mechanisms - India & Pakistan

What is the issue?

- India and Pakistan was at a near stand-off following the recent Pulwama terror strike.
- This calls for assessing the effectiveness of communication channels between them as a conflict management mechanism.

Why is communication crucial at war times?

- Talking to one’s adversary in the midst of a war, a limited war or even hostility is often viewed as undesirable in the public mind.
- But the long history of warfare and India’s own experience in dealing with past crises has proved otherwise.
- Talking to one’s adversaries is a crucial requirement for de-escalation and for bringing the two sides back from the brink.
- Such talks are often done cautiously and diplomatically via the ‘back channel’, away from media attention.
- It focusses on de-escalation, meeting the aims behind the war-talk and achieving an honourable exit from the tussle.
- E.g. during the Kargil conflict, politically appointed interlocutors had conducted discreet discussions on de-escalatory measures
- Even the two Cold War rivals had to keep talking to each other through the worst years of their rivalry to de-escalate tensions.

What happened after the Pulwama incident?

- In the recent Pulwama terror strike on a CRPF (Central Reserve Police Force) convoy, nearly 40 security personnel were killed.
- Following this, there was a military encounter between India and Pakistan..
- As learnt, there were hardly any pre-existing/dedicated channels of communication between the two countries then.

Why was there a communication breakdown?

- For the most part of the United Progressive Alliance (UPA) -I and II governments, there was an established mechanism.

- Backchannel conversations took place by special envoys appointed by the respective Prime Ministers.
- But the current Bharatiya Janata Party-led government decided to discontinue that time-tested and useful practice.
- So there were apparently no back-channel contacts between India and Pakistan during the above-mentioned crisis.
- Also, the ones that were in place were not put to use too.
- The conversation at the Director General of Military Operations (DGMO) level is the highest military contact that currently exists between India and Pakistan.
- It has often played a de-escalatory role, but it was not activated during the crisis.
- Pakistan did not have a National Security Adviser (NSA) or an equivalent official.
- So unlike previous years, there were no NSA-level talks either.
- The two High Commissioners were too called back to their home countries for consultations.
- It is during crisis periods that envoys should stay put in their respective High Commissions.
- This would help find ways of defusing tensions and relaying messages and options back to their governments.
- Unfortunately, India and Pakistan chose to do the exact opposite.
- In all, very little bilateral conversation actually took place to de-escalate the crisis.

What are the risks involved?

- In the absence of bilateral conflict de-escalation mechanisms, the nuclear-armed countries could head towards serious conflict.
- Perhaps, the government wanted to keep decision-making during the crisis in its sphere, to ensure maximum political mileage from it.
- India might have chosen to not communicate for the political utility of the ‘teaching Pakistan a lesson’ rhetoric.
- But it is to be noted that when the hostile parties do not talk to de-escalate tensions, others tend to step in.
- Outsourcing conflict management to third parties, especially in the absence of one’s own mechanisms, is likely to lead to disaster.

What does it call for?

- New Delhi and Islamabad must keep lines of communication open at all times, especially during crisis times.
- There is a need to reinstate/re-establish high-level backchannel contacts with interlocutors in Pakistan.
- The two sides should also urgently put in place dedicated bilateral conflict de-escalation mechanisms.

1.6 Suspension of Cross-LoC Trade

Why in news?

India recently suspended the cross-LoC trade, alleging misuse of the facility by individuals linked to terrorist groups.

What is the government's rationale?

- The Union home ministry has decided to suspend trade across the Line of Control (LoC) between J&K and Pakistan-occupied Kashmir (PoK) at two locations - Salamabad and Chakan-da-Bagh.
- The government’s contention was that this trade was being misused by locals on both sides of the border.
- Trade channels are being exploited for sending illegal weapons, narcotics and fake currency into India.
- The zero-tariff barter system is also being violated in the form of under-invoicing and exchange of third party items such as California almonds.
- Reportedly, government officials identified at least 10 militants who were essentially residents on the Indian side of the LoC.

- They were using trade openings to cross over to PoK and joining terror outfits such as Hizbul Mujahideen.
- Under the garb of local trade such individuals were assisting militants and separatists within Kashmir.
- Given these concerns, the decision to suspend the cross-LoC trade seems justified.
- But in terms of the Kashmir policy, this move seems to be yet another misstep by the government.

Why is cross-LoC trade significant?

- The cross-LoC trade, started roughly a decade ago, gains significance given its nature and origin.
- Being in the form of barter trade, it allows locals on both sides of the LoC to trade without the international trade requirements.
- It was conceived as one of the confidence-building measures between India and Pakistan, following the 2003 India-Pakistan ceasefire along the LoC.
- The idea was to allow locals, who often have strong family and cultural ties across the LoC, to mingle.
- It was believed that the socio-cultural interconnectedness with barter trade would lead to a more structured economic and political coming together of the region.
- Trade created an atmosphere of trust that was more conducive to allow for a thaw at a higher political level.
- Since trade commenced in 2008, employment to the order of more than 1.6 lakh days had been created for the local population.
- The volume of trade over the decade has crossed Rs. 6,000 crore.



Why is suspending trade inadvisable?

- The government had recently decided to close the national highway between Udhampur and Baramulla to civilian traffic for two days a week.
- This move, to facilitate troop movement, had already caused a lot of unrest in the region.
- Now, stopping exchange of goods and putting at risk the livelihood of the people on both sides of the LoC seems a less effective idea.
- The solution to violations of trade agreement is to enforce the rules stringently, and not to stop exchange of goods altogether.
- Also, security concerns could be addressed through greater scrutiny by border patrol officials, in-depth background checks and better intelligence.
- Suspending the trade abruptly serves little purpose apart from further antagonising and alienating the locals.
- It is better that the government consider revoking the suspension of cross-LoC trade.

1.7 Belt and Road Initiative Forum

What is the issue?

- The second BRI (Belt and Road Initiative) forum recently concluded in Beijing, China.
- With India's decision to skip the Belt and Road Forum (BRF), here are its outcomes and the takeaways for India.

What were the concerns with BRI?

- The BRI is a giant connectivity initiative by China to revive the ancient Silk Road across Eurasia and Africa.
- Since 2017, India, the U.S. and other countries have raised many concerns over the project.

- They had been critical of the lack of transparency with which many of the BRI projects were negotiated with governments.
- Sri Lanka, the Maldives, and Malaysia had second thoughts on some of the infrastructure projects over fears of a “debt trap”.
- There have also been allegations of corruption in BRI projects.
- The European Union had expressed that the BRI ran counter to their agenda for liberalising trade.
- It said that BRI pushed the balance of power in favour of subsidised Chinese companies.

What are China's commitments now?

- Chinese President Xi's address to the BRI forum signalled Beijing's acknowledgement of the concerns on the project.
- He made a commitment on “transparency and sustainability” of BRI projects.
- Also, greater debt sustainability in the “financing model” of the Belt and Road under new guiding principles was promised.
- China had agreed to renegotiate terms on projects, reached out to regional organisations like the Arab and African forums and the EU.
- It is hoped that China will build an infrastructure financing network that is equitable and transparent, especially for smaller states.



What are the key takeaways for India?

- Mr. Xi's words on transparency and inclusivity are welcomed by India.
- But they do not address India's main concern over the BRI, the CPEC.
- India's objection to the China-Pakistan Economic Corridor (CPEC) is that it runs through parts of Pakistan Occupied Kashmir.
- Citing “sovereignty” concerns, India has, for the second time, not officially participated in the BRF.
- India's decision to skip the BRF may have led to the exclusion of the BCIM Economic corridor from the list of projects under BRI.
- [The 2800 km BCIM (Bangladesh–China–India–Myanmar) corridor proposes to link Kunming in China's Yunnan province with Kolkata.
- It passes through nodes such as Mandalay in Myanmar and Dhaka in Bangladesh before heading to Kolkata.]
- Instead, South Asia is covered by three major undertakings listed under the BRI:
 - i. China-Myanmar Economic Corridor (CMEC)
 - ii. Nepal-China Trans-Himalayan Multi-dimensional Connectivity Network, including Nepal-China cross-border railway
 - iii. China Pakistan Economic Corridor (CPEC)
- However, India has abandoned its sharp rhetoric against the BRI this time compared to 2017.
- China too had issued statements saying it would not allow the decision to affect the bilateral relationship.
- This was an indicator that both would be guided on the issue by the Wuhan (summit) spirit than by the deep differences over the BRI.

1.8 Italy in Belt and Road Initiative

Why in news?

Italy is negotiating a preliminary deal to become a part of China's Belt and Road Initiative (BRI).

What is the rationale?

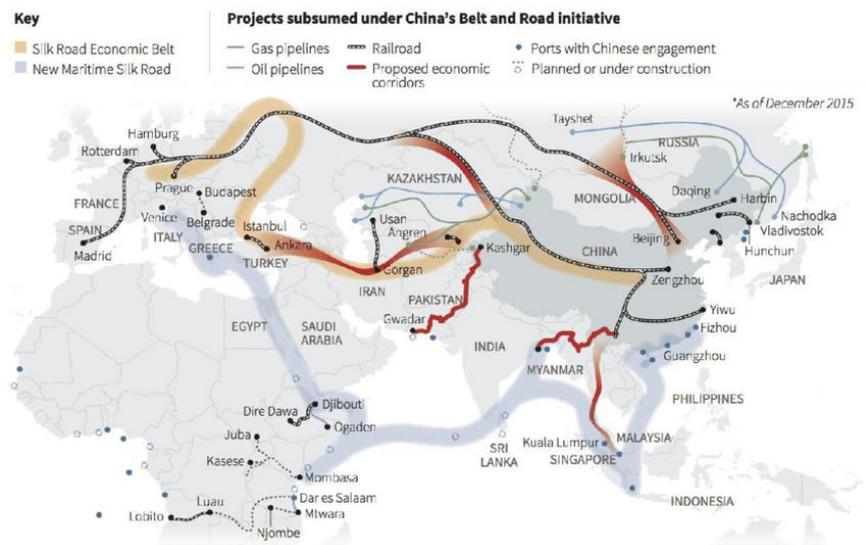
- Italy is facing difficulties in balancing its growth targets with the EU's stringent fiscal norms.
- These tensions surfaced in recent negotiations with Brussels that led to a revised Italian budget.
- So Italy is counting on its BRI endorsement to boost investments, given recent reductions in Chinese outflows into the EU.

What is China's BRI plan?

- On its inception in 2013, the BRI envisaged linking about 65 countries along a modern Silk Road.
- China aimed at transformation into a high-income economy and the renminbi's elevation into a global currency.
- As of now, the BRI is expanded to over 80 countries, mostly least developed and developing economies.
- This is attributed largely to the informal nature of the deals that China negotiates with partner-states.
- It comes with attractive loan terms, without much political commitments.
- With all this, Beijing ultimately seeks to bolster its Made in China 2025 industrial policy.

Reviving the Silk Road

Announced by Chinese President Xi Jinping in 2013, the Silk Road initiative, also known as China's Belt and Road initiative, aims to invest in infrastructure projects including railways and power grids in central, west and southern Asia, as well as Africa and Europe.



What is the implication of Italy's move?

- The opaque nature of BRI deals has raised concerns that recipients would be pushed into a debt trap.
- Italy, an EU founder-member, will be the first major developed economy to participate in the BRI.
- Its proposed endorsement of the BRI highlights the dilemmas within the EU.
- The engagement is likely to boost China's global ambitions.
- In turn, this highlights the difficulties facing the EU and the U.S. in formulating a concerted response to counter China's growing might.
- Moreover, it comes at a moment of increasing concern in European capitals, especially Paris and Berlin.
- The compulsion to counter Chinese mergers and acquisitions of European firms to protect EU's strategic economic sectors is increasingly felt now.

What lies ahead?

- China's phenomenal economic expansion since joining the WTO in 2001 has almost altered the global landscape.
- So attempts to block Chinese businesses by promoting protectionism may prove short-sighted.
- Instead, Western democracies should increasingly work towards their commitments on a rules-based open and free global competition.

1.9 Gaining from the US-China Trade War

What is the issue?

- US President Donald Trump has taken the US into a trade war with China.
- In this context, early evidence suggests some gains for India from the trade war, calling for taking forward the momentum.

What should India's approach be?

- In a China-India comparison, the Chinese economy is bigger and the Chinese policy establishment is more capable.
- China has graduated to making sophisticated goods, such as computer equipment, which India does not make.
- India's exports, so far, look more like those of a developing country.
- Consequently, India may expect that the US-China trade war might not yield significant gains for India.
- However, to assess the developments associated with the US-China trade war, India should focus on the US import of goods from both countries i.e. China and India.

What is India's and China's share in this regard?

- India does well on services exports to the US, but the US-China trade war is primarily about goods.
- The latest data, for the month of May 2019, shows that India's exports to the US were \$5.6 billion, and China's exports, \$39.3 billion.
- On the other hand, the total import of goods into the US was \$220.8 billion.
- Notably, India's value in this is much smaller than that of China.

How has the trade war changed the proportion?

- The highest ever value of China's share in US imports was in September 2015, at 23.87%.
- From that high, there has been a decline to 17.78% in the latest data, which was May 2019.
- Just one year prior to this, in May 2018, China's share was 21.5%.
- From the peak of September 2015, until the latest reading of May 2019, China's share in US imports has declined by 6.09 percentage points.
- This is a notable change.
- In comparison, over this period, India's share in US imports went up from 1.92% to 2.54%, a gain of 0.62 percentage points.
- In other words, about a tenth of the share lost by China has come to India.

How does the future look?

- Most global trade takes place within multinational firms. When Walmart grows deep roots in India, Walmart will export more from India.
- So, for India to do well in exporting, it needs global firms to commit to India, on a greater scale, and also needs Indian multinationals to flourish.
- However, these effects will necessarily reflect slowly.
- When a US-China trade war erupts, in the short run, global firms do not change course by much.
- But in the medium term, boards of global firms are constantly looking at the countries in which they operate.
- They also make changes based on their judgement about the countries that offer a better economic environment.

What lies before India?

- For India to make the best of this situation, the country needs to become more of a mature market economy.
- It should play fair by the rules of the game of globalisation.

- India needs to make policies keeping in mind the priorities of the boards of global firms that are grappling with the problem of their over-exposure to China.
- To improve India's attraction as an FDI destination, India needs to relook at issues of labour law, infrastructure, and taxation.
- Of these, tax policy and tax administration is a major concern for global operations.
- For India to be integrated into global supply chains, goods should seamlessly move into India, and then get re-exported.
- This requires removing all customs duties, establishing a goods and services tax (GST) -on-imports and having zero-rating of exports.
- It also requires well-structured operational procedures and a well-behaved tax administration.
- The use of raids and imprisonment deters private persons from operating in India.
- India now has the highest income tax rate for corporations in the world and a source-based taxation system.
- This needs to shift to a residence-based taxation system and an income tax rate for corporations (all-inclusive) of 20%.
- In all, India's stance in international relations should emphasise the gains from a ruled-based world of open borders, where there is a low risk of new barriers to globalisation coming up.

1.10 High Court Order on Sri Lankan Refugees

What is the issue?

- A recent order of the Madurai Bench of the Madras High Court directed 65 refugees from Sri Lanka to apply for Indian citizenship.
- This has again brought into focus the need for the two countries to resolve the long-pending refugee problem.

What is the current refugee presence?

- The Sri Lankan refugee problem concerns the future of about 95,000 refugees in Tamil Nadu who fled Sri Lanka between 1983 and 2012, during the civil war.
- Of them, around 60,000 are housed in 107 State government-run camps with substantial financial assistance from the Centre.
- The rest are called non-camp refugees who live on their own, but are required to report to the local officials at periodical intervals.
- Notably, Tamil Nadu provides accommodation to the largest number of refugees among States.

What is the recent case about?

- The case before the Madurai Bench of the Madras High Court concerned 65 "stateless persons."
- They arrived in Tamil Nadu in 1983-85 period following the anti-Tamil *pogrom* (organized massacre of a particular ethnic group) of July 1983 in Sri Lanka.
- They were mostly put up at a refugee camp in Tiruchi.
- Their ancestors were indentured labourers who were taken to Sri Lanka during the British Raj to work in tea plantations.
- Their main demand now is that they should be regarded on a par with repatriates covered under the *bilateral agreements of 1964 and 1974*.
- They did not want to be mixed up with the Tamil refugees from the Northern and Eastern Provinces of Sri Lanka.

What is the Centre's stance?

- The Union and State governments labeled these refugees as "illegal migrants" as they had entered India without valid documents.



- The Centre maintains that the petitioners could not demand citizenship as a right even if they fulfilled the eligibility criteria.
- The authorities, however, assured the refugees in the early 1990s that they would not be forcibly deported.

What is the recent order?

- The Madurai bench of the Madras High Court agreed that granting citizenship was within the “exclusive executive domain” of the Centre.
- However, it asked the petitioners to apply for Indian citizenship.
- This is considered a moral victory for the petitioners as the judiciary has agreed, in principle, with their contention.

What is the significance?

- 10 years have lapsed since the end of the civil war in Sri Lanka.
- But, the absence of a policy along with other factors has resulted in the slow pace of voluntary repatriation of refugees from Sri Lanka.
- Now, the court ruling has created an opportunity for the Centre to resolve the Sri Lankan refugee problem once and for all.
- The problem is not just about granting or refusing citizenship but also about the absence of a comprehensive migration or refugee policy in India.
- Notably, there are over 2.25 lakh refugees in India, including around 1.08 lakh Tibetans and 18,000 Rohingya.
- **Citizenship Bill** - The case of the refugees from Sri Lanka is unique vis-a-vis other South Asian countries.
- These refugees are excluded from the ambit of a Bill recently tabled in Parliament to amend the Citizenship Act of 1955.
- [Only non-Muslims from Bangladesh, Pakistan and Afghanistan were covered in the Bill.
- The Citizenship Amendment Bill lapsed, but the government is firm that it will enact it.]

What are the difficulties faced by refugees?

- **Studies and employment** - Estimatedly, 60% of the people in the Sri Lankan refugee camp, including 90% of the minors, were born in Tamil Nadu.
- There are a number of opportunities here for young refugees to pursue higher studies, barring medicine.
- However, qualified persons have not been able to get regular employment, as major companies are reluctant to hire refugees.
- To seek employment in other countries, these refugees require Sri Lankan passports, which they can secure only in that country.
- This process being difficult, some refugees have attempted to leave Tamil Nadu illegally. Such attempts have invariably failed.
- **Identity** – The crisis of identity is another intimidating problem faced by any refugee.
- In this case, questions such as ‘Whether they belong to India or Sri Lanka?’, ‘If the country where they were born, raised, educated and married is not theirs, then where is home?’ remain.

Why do refugees prefer going back?

- Nearly, 28,500 refugees, all living in camps, are “stateless persons” and entitled to get Sri Lankan citizenship.
- The Easter Sunday blasts temporarily halted the incremental repatriation, which resumed recently.
- Not every refugee living in Tamil Nadu is keen on acquiring Indian citizenship, as many wish to go back.



- Some have decided to go back, even though the Sri Lankan economy, the livelihood opportunities and access to quality education remain weak there.
- An encouraging factor, however, is that the North, especially Jaffna, and hill country areas dominated by the Tamils are relatively safe.
- There are also political compulsions for the refugees to return.
- The prolonged civil war has had adverse demographic impact on the Tamils in Sri Lanka.
- This has a direct bearing on the numerical strength of elected representatives of Tamils in Sri Lanka's Parliament (follows proportional representation system).

Bilateral agreements of 1964 and 1974 - India and Sri Lanka

- There were a series of bilateral agreements between India and Sri Lanka in 1964 and 1974.
- Under this, Sri Lanka agreed to provide citizenship to a total of 3,75,000 Indian Tamils.
- It was also agreed that India would provide citizenship and 600,000 would be repatriated to India.
- A total of 506,000 people applied for Indian citizenship and 470,000 applied for Sri Lankan citizenship under these agreements.
- The process of granting Indian citizenship was very slow, and in 1982, about 86,000 applications for citizenship to the Indian High Commission were pending.
- A further 90,000 people who had been issued with Indian passports still remained in Sri Lanka.

What lies ahead?

- The Tamil National Alliance in Sri Lanka and the Indian government should discuss the refugee problem.
- Sri Lanka has said that it favours the return of the refugees; this intent has to be followed up with action.
- The authorities in the Tamil Provinces in Sri Lanka should ensure that there are no illegal occupants of lands belonging to the refugees.
- The governments of the two countries should plan ways of speeding up voluntary repatriation of Tamil refugees, along with a package of assistance.

1.11 Extension of Ban on LTTE

Why in news?

The Centre recently extended the ban on the Liberation Tigers of Tamil Eelam (LTTE) for another 5 years under the Unlawful Activities (Prevention) Act, 1967 (UAPA).

What is the UAP Act?

- The Unlawful Activities (Prevention) Act, 1967 (UAPA) is India's primary anti-terror law.
- It provides for effective prevention of certain unlawful activities of individuals and associations.
- It helps deal with terrorist activities, and for matters connected therewith.
- Section 3 of the UAPA deals with the declaration of an association as unlawful.
- It specifies that notifications by the government making such a declaration shall specify the grounds on which it is issued.
- The notification shall also contain such other particulars as the Central government may consider necessary.

What is the recent decision?

- The ban on LTTE is extended under sub-sections (1) and (3) of Section 3 of the UAPA with immediate effect.
- The notification noted that LTTE's continued violent and disruptive activities are prejudicial to the integrity and sovereignty of India.
- It continues to adopt a strong anti-India posture as also continues to pose a grave threat to the security of Indian nationals.
- Organisations banned by the Ministry of Home Affairs (MHA) under Section 3 of the UAPA are listed in the First Schedule of the Act.
- The latest version of the list contains 41 entries, including, apart from the LTTE, Khalistani terrorist organisations, Pakistan-based terror groups, Islamic State or Daesh, and Indian Mujahideen.

- It also includes some Northeastern militant organisations, Kashmiri separatist organisations, Maoist groups, and the Students Islamic Movement of India (SIMI).

Who are the LTTEs?

- The Liberation Tigers of Tamil Eelam (LTTE) was founded in 1976 by Velupillai Prabhakaran.
- The goal of the organisation was creating an independent Tamil Eelam out of Sri Lanka.
- With this motive, the LTTE constantly clashed with the Sri Lankan military.
- In the early 1980s, it launched a full-scale nationalist insurgency in the north and east of the country.
- It carried out a string of major terrorist attacks against both military and civilian targets.

How has India and LTTE been?

- India's relationship with the LTTE had been complex.
- It has ranged from providing support to the guerrillas initially to sending the Indian Peacekeeping Force (IPKF) to support Sri Lanka from 1987 to 1990.
- The LTTE pioneered suicide bombing as a weapon of terror.
- In 1991, an LTTE suicide bomber killed former Indian PM Rajiv Gandhi in an attack on Indian soil.
- India first banned the LTTE after the assassination of Rajiv Gandhi; the ban was last extended for five years in 2014.

How is the terrorist orientation?

- Among the other high-profile assassinations carried out by LTTE was that of the Sri Lankan President Ranasinghe Premadasa in 1993.
- The LTTE is also said to have freely used women and children in combat.
- At its peak, the LTTE covered over three-quarters of Sri Lanka's northern and eastern provinces.
- The organisation was finally crushed in a military offensive by the government of President Mahinda Rajapaksa in 2009.
- The LTTE was designated as a terrorist organisation by 32 countries, including, besides India, the U.S., Canada, and the EU.
- The US designated the LTTE as a Foreign Terrorist Organisation (FTO) in 1997.

1.12 Developments with the Indo-Pacific - New MEA Division

What is the issue?

- India recently set up an Indo-Pacific division in the Ministry of External Affairs (MEA).
- In this backdrop, here is an overview of the rationale and significance of the move as well as India's priorities and challenges in the region.

What constitutes the Indo-Pacific?

- The term Indo-Pacific has been gaining focus in Indian policy circles for some time now.
- This has now achieved an operational clarity with the Indian vision clarified by the PM at the Shangri-La Dialogue in June 2018.
- Accordingly, for India, the geography of the Indo-Pacific stretches from the eastern coast of Africa to Oceania.
- In other words, it spans from the shores of Africa to that of the Americas, including in its fold the Pacific Island countries.



How has India's Indo-Pacific engagement been?

- India's Act East policy remains the bedrock of the national Indo-Pacific vision.
- Evidently, the centrality of ASEAN is embedded in the Indian narrative of Act East.

- India has been an active participant in mechanisms like the Indian Ocean Rim Association (IORA), in ASEAN-led frameworks, in BIMSTEC and the Mekong-Ganga Economic Corridor.
- India has also been convening the Indian Ocean Naval Symposium, in which the navies of the Indian Ocean Region (IOR) participate.
- It has boosted its engagements with Australia and New Zealand and has deepened its cooperation with the Republic of Korea.
- Through the Forum for India-Pacific Islands Cooperation, India is stepping up its interactions with the Pacific Island countries.
- Besides, India's growing partnership with Africa is evident from the convening of mechanisms like the India-Africa Forum Summits.
- Also witnessed is India's multi-layered engagement with China as well as strategic partnership with Russia.
- These underline its commitment to ensuring a stable, open, secure, inclusive and prosperous Indo-Pacific.

What are India's key priorities in this regard?

- India views the Indo-Pacific as a geographic and strategic expanse, along with the 10 ASEAN countries connecting the two great oceans.
- Inclusiveness, openness, and ASEAN centrality and unity, therefore, lie at the heart of the Indian notion of Indo-Pacific.
- Security in the region must be maintained through dialogue, a common rules-based order, and freedom of navigation.
- Besides, unimpeded commerce and settlement of disputes in accordance with international law are also the priorities.
- More connectivity initiatives, with respect for sovereignty, territorial integrity, good governance, transparency, and sustainability should be promoted.

What is the new rationale for the MEA division?

- The term Indo-Pacific has been gaining prevalence in recent days.
- Major regional actors such as the U.S., Japan and Australia are articulating their regional visions, by including 'Indo-Pacific' in their official policy statements.
- E.g. the renaming of the U.S. Pacific Command to U.S. Indo-Pacific Command
- The Free and Open Indo-Pacific concept was unveiled by Japanese Prime Minister Shinzo Abe in 2016.
- Australia released its Foreign Policy White Paper in 2017 that detailed Australia's Indo-Pacific vision centred on security, openness and prosperity.
- Given these, it was becoming imperative for India to operationalise its Indo-Pacific policy.

What is the significance?

- The setting up of the Indo-Pacific wing is a natural corollary to the priorities and vision of India in the Indo-Pacific region.
- It gives strategic coherence to India's Look East policy.
- The wing will integrate Indian Ocean Rim Association (IORA), ASEAN region and the Quad to the Indo-Pacific table.
- The integration of the IORA means that attention will continue to be focused on the Indian Ocean Region.
- This can be a result of the growing Chinese footprint in the Indian Ocean and Chinese diplomacy in the region.
- Also, now, there is increasing visualising of the ASEAN region as a part of the wider Indo-Pacific.
- This shows an evolution in the region's thinking, opening new possibilities for India's engagement with the grouping.
- Given India's stakes in its immediate neighbourhood, the new wing facilitates a more focused and integrated approach.

What are the tasks ahead?

- There are still challenges for India, especially on integrating the Quad which got revived in 2017 with its larger Indo-Pacific approach.
- The new MEA division should also move beyond security and political issues and articulate a more comprehensive policy.
- Commerce and connectivity will have to be prioritised if India is to take advantage of a new opening for its regional engagement.
- It will be challenging to maintain a balance between the interests of all stakeholders, simultaneously with an emphasis on “inclusiveness.”
- Importantly, there are differences between India’s vision and the U.S.’s strategy for the Indo-Pacific.
- Alongside this lies China’s and Russia’s viewing of the Indo-Pacific with suspicion and the geopolitical tensions between China and U.S.
- The new division will have to effectively manage these, in giving shape to India’s diplomatic priorities in the Indo-Pacific.

Shangri-La Dialogue

- The Shangri-La Dialogue (SLD) is an inter-governmental security forum.
- It is held annually by an independent think tank International Institute for Strategic Studies (IISS).
- It is attended by defence ministers, permanent heads of ministries and military chiefs of 28 Asia-Pacific states.

1.13 Foreign Policy Challenges and Priorities for India

What is the issue?

- The new geo-political developments at the global level poses varied challenges for India.
- In such an unpredictable global environment and with resource constraints, India needs to realign its foreign policy priorities.

What are the new global developments and challenges?

- U.S. President Donald Trump’s election and the unpredictability in U.S. policy pronouncements.
- The trade war between the U.S. and China which is becoming a technology war.
- Brexit and the European Union’s internal priorities and preoccupations.
- Erosion of U.S.-Russia arms control agreements and the likelihood of a new arms race covering nuclear, space and cyber domains.
- The U.S.’s withdrawal from the Iran nuclear deal and growing tensions between Saudi Arabia and Iran.
- Besides all these is India’s principal foreign policy challenge of dealing with the rise of China.

What is India’s redefined neighbourhood?

- As in 2014, in 2019 too Indian PM Modi began his term with a neighbourhood focus, but redefined it.
- In 2014, all South Asian Association for Regional Cooperation (SAARC) leaders had been invited for his swearing-in.
- After the Uri attack in 2016, India’s stance affected the convening of the SAARC summit in Islamabad.
- For the second term, leaders from the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) countries along with Kyrgyzstan was invited.
- This shift highlighted a new neighbourhood emphasis.

Can Pakistan be totally ignored?

- A terrorist attack (Uri) cannot be ruled out and it would definitely attract retaliation.
- But despite good planning there is always the risk of unintended escalation after such attacks.
- E.g. the recent Balakot strike and the downing of an Indian Air Force (IAF) MiG-21



- In the absence of communication channels between India and Pakistan, the U.S., Saudi Arabia and the UAE played a role in this regard.
- They ensured the quick release of the IAF pilot, Wing Commander Abhinandan Varthaman, thereby defusing the situation.
- Clearly, the turn of events suggests that it would be better to have some kind of dialogue with Pakistan than outsourcing crisis management to external players.
- In other words, it is not a wise option for India to ignore Pakistan altogether.

What should India's priorities be?

- Translating India's natural weight in the region into influence was easier in a pre-globalised world and before China's assertiveness.
- But today, the process is more complex.
- Relations with countries in India's periphery will always be complex and need calculated political management.
- This is irrespective of how India defines its neighbourhood.
- Given all, it is preferable to work on the basis of generating broad-based consent rather than dominance.
- This necessitates using multi-pronged diplomatic efforts and being generous as the larger economy.
- India also needs a more confident and coordinated approach in handling neighbourhood organisations including –
 - i. SAARC
 - ii. BIMSTEC
 - iii. the Bangladesh-China-India-Myanmar Forum for Regional Cooperation
 - iv. the Bangladesh, Bhutan, India, Nepal Initiative
 - v. the Indian Ocean Rim Association
- This strategy should preferably be in tandem with bilateralism, as India's bilateral relations comes with significant advantages.

How can China be managed?

- India largely followed the old policy since the Rajiv Gandhi period, in the context of relations with China.
- This largely focusses on growing economic, commercial and cultural relations.
- On the other hand, differences on the boundary dispute are dealt through dialogue and confidence-building measures.
- It was believed that such measures would create a more conducive environment for eventual negotiations.
- The underlying assumption was that with time, India would be better placed to secure a satisfactory outcome.
- But apparently, the reality has proved otherwise and the gap between the two country was widening.
- This was evident in the Doklam stand-off where the assumption behind the policy followed for 3 decades could no longer be sustained.
- The informal summit in Wuhan seemed to have restored calm but did not address the long-term implications of the growing gap.
- Meanwhile, there is the growing strategic rivalry between the U.S. and China.
- India no longer have the luxury of distance to be non-aligned.
- At the same time, the U.S. is an inconsistent partner and never has it been more unpredictable than at present.
- Given these, how India manages its relations with the U.S. will be closely watched by China and Russia.

What lies before India?

- The harsh reality is that India lacks the ability to shape events around it on account of resource limitations.

- So, employing external balancing to create a conducive regional environment will also require building a new domestic consensus.
- The new challenges require domestic decisions in terms of expanding the foreign policy establishment.
- India needs to ensure far more coordination among the different ministries and agencies than has been the case so far.
- The focus on the neighbourhood and shaping events here is certainly desirable for India to look beyond.
- However, the fact that China too is part of the neighbourhood add to India's foreign policy challenges.

1.14 Indian Ocean Region - China's Strategy and India's Response

What is the issue?

- China's engagement in the India Ocean Region poses new challenges for India.
- It is high time that India makes strategic partnerships, going beyond the current defensive mindset.

What are the recent exercises by India?

- A series of bilateral exercises with regional navies were conducted in the Indian Ocean.
- In April, 2019 in their biggest and most complex exercise, Indian and Australian warships held drills in the Bay of Bengal.
- This was followed by a much-publicised anti-submarine exercise with the U.S. Navy near Diego Garcia.
- Very recently, the Indian Navy held a joint exercise 'Varuna' with the French Navy off the coast of Goa and Karwar.
- Alongside, two Indian warships participated in a 'group sail' with warships from Japan, the Philippines and the U.S. on return from a fleet review in Qingdao, China.



What is the geo-political drive?

- **China** - The trigger for India's increased engagement at sea is the rapid expansion of China's naval footprint in the Indian Ocean.
- China has commercial investments in Pakistan and Sri Lanka.
- Beyond this, it has also established a military outpost in Djibouti, a key link in its Belt and Road Initiative (BRI).
- Reports also suggest that People's Liberation Army (PLA) was planning an expansion of its logistics base for non-peacekeeping missions.
- This raises the possibility of an operational overlap with the Indian Navy's areas of interest.
- It is anticipated that Djibouti could be a future where China would control key nodes covering important shipping lanes in Indian Ocean.
- This would in turn allow the PLA's Navy (PLAN) to dominate the security dynamic.
- **South Asia** - South Asian navies too have been making their presence felt in the seas of the Indian subcontinent.
- Sri Lanka has expanded engagement with Pacific powers which includes the Royal Australian Navy and the U.S. Navy.
- With China's assistance, Pakistan is becoming an increasingly potent actor in the northern Indian Ocean, a key region of Indian interest.
- Beijing has also been instrumental in strengthening the navies of Bangladesh and Myanmar.



- In these circumstances, India has had little option but to intensify its own naval engagements in South Asia.

What seems to be China's strategy?

- **Submarine** - China's expanding submarine engagements in Indian Ocean indicate its strategic ambitions in India's neighbourhood.
- Reportedly, PLAN has been studying the operating environment in the Indian Ocean.
- This comes in the context of a larger endeavour to develop capabilities for sustained operations in the Indian Ocean Region.
- As a result, the Indian Navy's recent bilateral exercises have focussed on under-sea surveillance and anti-submarine warfare.
- **Less sightings** - Despite the above developments, notably, Chinese submarine sightings are said to have decreased in recent times.
- With the Wuhan summit, it is believed that India and China are on a collaborative path.
- Also, India is silent on China's continuing aggression in the South China Sea.
- Indian warships were sent for the Chinese fleet review in Qingdao.
- All these largely suggest a conciliatory stance.
- **China's strategy** - Nevertheless, reduced visibility of Chinese submarines does not necessarily prove absence.
- Chinese submarines are quieter, craftier and stealthier than earlier.
- As suspected, PLAN could be on a quest to master undersea 'quieting' technologies.
- **South Asia focus** - China has been downplaying its strategic interests in South Asia.
- It is concerned that too much talk about its growing naval power could prove detrimental to the cause of promoting the BRI.
- The concerns raised at the recent BRI summit on Chinese 'debt traps' has led Beijing to revise some of its infrastructure projects.
- India's refusal to participate in the BRI may have also prompted China to rethink its economic and military strategies in Indian Ocean.

How is China's engagement in African region?

- China hasn't indicated any change of plan in West Asia and the east coast of Africa.
- Most of China's energy and resource shipments originate there.
- Chinese investments in port infrastructure in Kenya, Sudan, Tanzania and Mozambique have grown at a steady pace.
- In response, India has moved to deepen its own regional engagement, seeking naval logistical access to French bases in Reunion and Djibouti.

How significant are partnerships now?

- Despite the bilateral and trilateral naval engagements, India hasn't succeeded in leveraging partnerships for strategic gains.
- India's political leadership is reluctant to militarise the Quadrilateral grouping or to expand naval operations in the Western Pacific.
- Consequently, the power-equation with China remains skewed in favour of China.
- Indian Navy's regional strategy seems to be a mere 'risk management' tactic, with limited approach to shape events in littoral-Asia.
- For long, the Indian Navy has played a prominent role in the fight against non-traditional challenges in the Indian Ocean.
- These include Indian Navy's -



- i. contribution to the counter-piracy mission off the Somalia coast
- ii. humanitarian assistance and disaster relief (including in cyclone-hit Mozambique)
 - However, a paucity of assets and capacity has forced the Navy to seek partners willing to invest resources in joint security endeavours.
 - In all, partnerships are vital to the Indian Navy, especially in deterring Chinese undersea deployments in South Asia.

1.15 Geopolitical Challenges in South-Asia

What is the issue?

- The nature and dynamics of South-Asian geopolitics are undergoing a radical transformation.
- India needs to see through many balancing acts to deal with the regional tensions.

What is the geo-political scenario in South-Asia?

- South Asia has been one of the world's most volatile regions and hitherto dominated by the United States.
- The region is now at a transformative stage with far-reaching implications for the states in the region, including India.
- Russia and China are jointly and individually challenging the U.S.'s pre-eminence and influencing the smaller countries in the region.
- The resultant geopolitical competition for space, power and influence is undoing the traditional geopolitical certainties in South-Asia.
- History shows that a favourable unipolarity or a balanced multipolarity with some amount of great power contribution is generally better than unbalanced multipolarity.
- Unbalanced multipolarity when combined with a situation of power transition (the case now with South-Asia) might be destabilising.

How does the China pivot work here?

- U.S.'s role as the regional pivot and power manager is becoming a thing of the past with China gradually taking the spot.
- Regional geopolitics, from Iran to Central Asia and from the South China Sea to the Indian Ocean region, is increasingly being shaped by China.
- When new powers are on an ascendance, its neighbours tend to recalibrate their policies and old partnerships and alliances.

What are the other features of this regional power play?

- **Trust deficit** - There is a presence of an extreme trust deficit among the various actors in the region.
- There is, for long, the trust deficit between India and Pakistan, and China and India.
- But beside this, trust deficit exists between even seemingly friendly partners such as the U.S. and India, Russia and China.
- This is also the case with traditional partners such as Iran and India, and Russia and India.
- This, when combined with some unresolved conflicts, misunderstandings or a crisis, could easily lead to more conflicts and friction.
- **War talk** - The rising war talk in the region is yet another contemporary feature of the Southern Asian regional sub-system.
- The possibility of a military conflict between Iran and the U.S. could draw many more countries in the region into it.
- This could, in turn, lead to widespread instability.
- Besides these, there are other issues that sustains the unrest conditions in the region, which include -
 - i. the potential for India-Pakistan border skirmishes

- ii. an escalating China-U.S. trade war
- iii. many proxy and cold wars in Afghanistan and West Asia

What lies before India?

- India has to adopt some balancing acts which is perhaps the most appropriate strategy, given the current circumstances.
- **U.S.** - Getting too close to the U.S. will provoke China, and vice versa.
- India will have to balance between its innate desire to get closer to the U.S. and the need of not excessively provoking China.
- **West Asia** - India would have to take care of its energy and other interests (including the Chabahar project) with Iran.
- At the same, it has to ensure that these do not alienate the U.S., Saudi Arabia and Israel.
- Notably, Iran's share in India's energy imports is steadily decreasing.
- However, alienating Iran might not suit India's strategic interests in the longer run.
- **Russia-China** - Dealing with the Russia-China partnership will be crucial for India's continental strategy.
- This applies to the issues of arms sales, the Afghan question, and checking Chinese dominance of the region.
- India should be clever enough to exploit the not-so-apparent fissures between China and Russia.
- A related concern is the growing relationship between Pakistan and Russia, which India must deal with by smart diplomacy rather than outrage.
- **Pakistan-China** - Pakistan is advocating a policy of revision or modification, and China is a rising superpower and an already status quoist power.
- China could potentially be persuaded to check Pakistan's revisionist tendencies.
- This again requires a great deal of subtle effort from India to convince China that it has great stakes in regional strategic stability.
- Notably, despite the sharp differences and unavoidable strategic competition, China and India share a stake in the region's stability.
- **Afghanistan** - If India is serious about having a say in Afghanistan's future, it would need to enact several balancing acts there.
- This involves managing between Russia and China, China and Pakistan, the Taliban and Kabul, and the Taliban and Pakistan.
- In a constantly changing Afghan geopolitical landscape, the contents of India's interests should also evolve.
- In all, engaging in a delicate balancing game is undeniably the need of the hour.

2. BILATERAL REALTIONS

2.1 India-Russia Defence Relations - US Concerns

What is the issue?

- India-Russia defence relation has been a cause for concern for the United States.
- In this context, here is how India's defence ties with Russia evolved and an assessment of its inevitability.

How did Russia evolve as India's defence partner?

- In early 1966, India's Atomic Energy Establishment started a feasibility programme on naval nuclear propulsion.
- Homi Bhabha initiated the programme.
- This was primarily on the expectation that the US Atomic Energy Commission (USAEC) would assist in India's quest to develop marine propulsion.

- [Marine propulsion would demonstrate India's impressive capabilities in the field of nuclear energy.]
- However, the U.S. was wary of sharing its naval reactor technology with other states. Thereupon, the programme languished for almost 15 years.
- India's nuclear scientists and the Indian Naval engineers struggled to design and develop a viable reactor system for naval propulsion.
- In addition, the sanctions regime imposed after the 1974 Peaceful Nuclear Explosion in India made the task more difficult.
- Having technological challenges with the indigenous efforts, Indian government turned to Russia for assistance.
- In the early 1980s, Russia agreed to help India's indigenous nuclear submarine programme.
- It also agreed to leasing India its first nuclear submarine.
- This led to the beginning of Indo-Russian cooperation in naval nuclear submarines.
- So clearly, the idea and inspiration for naval nuclear propulsion for the Indian Navy came from the technological progress made by the US.
- However, its implementation was done with the help of Russia.

What was the U.S.'s role in this regard?

- U.S. was not very happy with the collaboration between Russia and India on nuclear submarines.
- Indian Navy was prepared to take over its first nuclear submarine from the Soviet Union in 1987.
- But, the US put immense pressure upon Russia to defer the lease.
- So in November 1987, even when the process of transfer was almost complete, Soviet naval high command barred the Indian crew from boarding the submarine.
- It resulted in a major diplomatic standoff between New Delhi and Moscow.
- However, during the cold war, the US' disapproval of the Indo-Russian nuclear submarine cooperation was primarily based on nuclear non-proliferation and arms control policy.
- The necessity to maintain a strategic balance in South Asia was also a priority then.
- Eventually, after the end of the cold war, Indo-US relations entered into a period of strategic embrace.
- So, Washington largely ignored the technological partnership between New Delhi and Moscow thereafter.

What are the recent developments?

- In March 2019, India signed an Intergovernmental Agreement (IGA) with Russia.
- It was agreed to lease another of its Akula-Class attack nuclear submarines (SSN).
- The nuclear submarine will join the Indian Navy in 2025.
- India had earlier leased an Akula-class SSBN from Moscow in 2012.
- Rechristened as Chakra in the Indian fleet, it will continue to serve the Indian Navy until the commissioning of the new Akula submarine (2025 likely).

What are U.S.'s present concerns?

- India's Intergovernmental Agreement (IGA) with Russia has invited serious concern from the U.S.
- Indo-US relations have strengthened significantly in the last quarter of a century.
- U.S. has also made significant presence in India's defence market, which was once an exclusive preserve of the Russian defence industry.
- The resultant market competition and the rising tensions between U.S. and Russia have made things hard for India.
- As U.S. attempts to punish Russia through sanctions, it has increasingly become intolerant of India's arms deals with Russia.



How does the future look?

- Continued Russian assistance is vital to India's indigenous nuclear submarine programme.
- Therefore, the US' disapproval will only marginally affect India's decision-making.
- The concerns are unlikely to give in to the US demands for revising India's defense relationship with Russia.
- India also has a more considerable geostrategic interest in this regard.
- If India gives in to U.S. demand, it would further push Russia to strengthen ties with China.
- Notably, an independent Russia is essential to keep Asia's geopolitics in balance.
- In all, Indo-Russian defence cooperation, especially in the naval nuclear domain, will continue to prosper irrespective of US concerns.

2.2 Trump on Kashmir Issue

What is the issue?

- US President Donald Trump has said that Indian PM Modi had asked him to mediate on Kashmir and that he "would love to help".
- Trump's claim has since been refuted by the Ministry of External Affairs spokesperson and the External Affairs Minister.

What is Trump's rationale?

- There could be several reasons for Trump trying to wade into Kashmir.
- Earlier in 2019, he claimed to have defused the India-Pakistan standoff that arose from the Pulwama attack.
- The US is also said to have played a part in the release of an Indian Air Force pilot who was captured across the LoC.
- The US also played a role in forcing China to agree to the designation of Jaish chief Masood Azhar as a "global terrorist".
- Most recently, Trump took credit for the arrest of Lakshar terrorist Hafiz Saeed.
- Besides, it was the US again that defused tensions and persuaded India away from a war with Pakistan after the 2001 Jaish-e-Mohammad attack on Parliament.
- Perhaps, the US President thinks that if his Administration succeeded in bringing Taliban for negotiating with Afghanistan, it can do the same with India and Pakistan too.

Why is India reluctant to mediation?

- India has always shown mistrust to outsiders meddling in India's internal affairs.
- It has strongly felt the need to protect its secular nationhood project.
- Jawaharlal Nehru, who took Pakistan's invasion in 1947 to the United Nations, was quick to realise his mistake.
- The UN missions flowing from the resolutions were not in line with India's preferences.
- E.g. the Dixon Mission led to the Dixon Plan of 1950 calling for partition of some areas of J&K between India and Pakistan, plus a plebiscite in the Valley
- This strengthened India's determination to not go with international mediation on the Kashmir issue.

What is India's present stance?

- India has now reiterated this longstanding position that there is no room for mediation in Kashmir or on any other India-Pakistan issue.
- It has also emphasized that all outstanding matters between the two countries would be resolved through bilateral dialogue.
- However, this is possible only when Pakistan ends cross-border terrorism in India.



- Moreover, the 9/11 attack on the U.S. ushered in the UNSC-backed international legal regime against terrorism.
- After this, India has looked increasingly to the world for help in dealing with Pakistan.
- Nevertheless, this was only on one issue, which is putting an end to the terrorist groups that flourish on Pakistani territory.
- The objective is to put pressure on the Pakistan Army and political leadership to desist from permitting anti-India terrorist activity on its territory.

What is Pakistan's view?

- The framework for bilateral resolution of problems between India and Pakistan was written into the 1972 Simla Agreement.
- It was again reiterated 27 years later in the Lahore Declaration in 1999.
- Nonetheless, Pakistan has continued to believe in “internationalisation” of the Kashmir issue.
- It sees this as its best bet towards reversing J&K’s accession to India.
- Pakistan has thus used every global forum to criticise India’s “illegal occupation” of Kashmir.
- Now, Pakistan PM Imran Khan has welcomed Trump's offer of mediation, saying Kashmir will not be resolved bilaterally.

What is the way forward?

- How the new issue would impact the present uneven and unpredictable relations with the United States remains to be seen.
- The response from both sides could now be to put aside the issue quietly and move ahead.
- For New Delhi, it may be time to recognise that Mr. Trump’s comments are a sign of new realities in international diplomacy.
- The government should pursue the issue through diplomatic channels with the U.S. government.
- Moreover, international interest in Kashmir has usually found expression when there is a vacuum in India-Pakistan engagement.
- Given this, it is crucial that India extend its diplomatic efforts to mend bilateral ties with Pakistan.

2.3 US Secretary of State Visit to India

Why in news?

US Secretary of State visited India recently.

What is the current situation?

- For nearly two decades, India and USA had steadily **narrowed their multiple differences** inherited from the Cold War.
- They have **expanded the ambit** of their bilateral and multilateral cooperation.
- However, differences once again dominate the public narrative today which may include,
 1. Trade and market access
 2. Cross border data flows
 3. India’s purchases of oil from Iran
 4. Purchase of advanced weapons from Russia.
- Although the divergence between the two nations is disturbing, it is worth remembering four important factors.

What the factors are all about?

- **India is not alone in facing sudden difficulties with USA** - Many of America’s leading economic and political partners face similar challenges.



- **This is not the first time that India is facing a crisis-like situation with US** - Over the last quarter of a century, we have had many issues including Kashmir, South Asian security, India's rejection of the Comprehensive Test Ban Treaty, Delhi's 1998 nuclear tests etc.
- Political suspicion and bureaucratic resistance in both capitals were relentless.
- Yet many of these difficulties were done away through engagement and sustained negotiations.
- **Opportunity in disguise** - The current dynamic situation between India and US is also an opportunity for taking a fresh look at the relationship that has seen some stagnation in recent years.
- It is also a moment to set some ambitious targets for the future.
- So, the current problems should not be considered as alarming ones.

How were the issues addressed in the past?

- Within a few weeks of India's Nuclear tests and American sanctions in May 1998, both the parties began a series of **conversation on the differences** over nuclear proliferation.
- The dialogue between the two leaders eventually led to the historic **civil nuclear deal** which was signed in 2005.
- This **deal facilitated** the lifting of most technology sanctions against India, the integration of India into the global non-proliferation order and the expansion of bilateral defence and security cooperation.
- Even when struggle arose in India to build a domestic consensus, the then US President was prepared to help move the negotiation forward at all critical junctures.

How different is the situation now?

- This time though, India will have to deal with a **very different US President**.
- He believes that America is being exploited by other countries.
- He insists on **fair trade and reciprocity** in US partnerships.
- But **India too is a very different country** from what it was in 1998.
- It has a **much bigger economy**.
- India is **interconnected** with the rest of the world as never before and has big stakes in consolidating the partnership with the US.
- Unlike the nuclear negotiation, where the real internal stakeholders were few, trade talks involve many government agencies, state governments and the business community.

What should be done?

- The key is to keep the negotiations going and make progress wherever one can.
- It is essential for modernising the partnership with the US so as to secure India's interests.

2.4 India-US Trade Differences

What is the issue?

- US Commerce Secretary Wilbur Ross criticised India's trade practices as being unfair and market access barriers as overly restrictive.
- This brings to the fore the differences between India and the U.S. in the trade sphere, which warrant an assessment.

What were Ross's remarks?

- American technologies and expertise could play an important role in developing India's economy.
- But businesses had to grapple with difficult trade barriers and regulations in India.
- India was at number 13 in the list of US export markets because of its "overly restrictive market access barriers".
- India's average applied tariff rate was "the highest of any major world economy".



- Ross noted that it was “especially unusual” that the US had a trade deficit with India in the services sector too.
- As, the U.S. has services surplus with most countries; in the case of India, the deficit is largely due to IT services.
- The criticism was in line with President Trump’s repeated claims that India is a “tariff king” and imposes “tremendously high” tariffs on American products.

How is India’s tariff structure in real?

- India’s tariffs used to be high until about the late 1990s.
- But the peak customs duty on non-agriculture products has come down steadily since.
- It is down from 150% in 1991-92 to 40% in 1997-98, 20% in 2004-05 and, finally, to 10% in 2007-08.
- According to World Trade Organisation (WTO) data, India’s average applied tariff is now around 13.5%.
- This is not much higher than those levied by economies such as South Korea and Brazil.
- There are even plans to move towards ASEAN tariff rates progressively (approximately 5% on average).
- Despite this long term trend, over the last 5 years, there has been a move by the government to increase duties on a number of items.

What were the positive remarks?

- Alongside the tough talk on “unjust” trade barriers, there were also indications of a softening of US stance on some differences.
- Reportedly, there is a possibility of putting on hold the final decision on Generalized System of Preferences (GSP) till the new government takes office in India.
- The US had earlier announced the possibility of withdrawal of incentives to Indian exporters under the GPS.

How significant is GSP for India?

- The GSP allows duty-free entry for over 3,000 products from designated beneficiary countries.
- India has been the biggest beneficiary of the GSP regime.
- India has accounted for over a quarter of the goods that got duty-free access into the US in 2017.
- Exports to the US from India under GSP amounted to over 12% of India’s total goods exports to the US that year.
- The US goods trade deficit with India was \$22.9 billion in 2017.
- India has stated that the withdrawal of these duty benefits under GSP would not impact its exports to the US.
- However, small exporters have asked for continuation of the programme.

What are the other key disputes?

- Seven disputes between India and US are at various stages of the Dispute Settlement Mechanism under the WTO.
- These pertain to:
 1. poultry and poultry products from the US
 2. countervailing duties against India’s export of steel products
 3. measures against import of solar cells and modules under the National Solar Mission
 4. the US’s Sub-Federal Renewable Energy Programmes
 5. US measures concerning non-immigrant visas
 6. India’s export promotion schemes
 7. US tariff hike on steel and aluminium products

What is the way forward?

- The Indian government attempts to arrive at a “balanced” package.

- It aims at addressing American concerns as well as protecting the interests of the Indian public. But it has largely been unsuccessful.
- So New Delhi and Washington need to make a more determined attempt to sort out issues, starting from scratch if required, with tariffs.
- Indian government will need to revisit some of its decisions like data localisation requirements and new e-commerce regulations.
- On the other hand, the U.S. must show some flexibility on India's price caps on coronary stents and other medical devices.
- The U.S. must understand the cultural differences over the labelling of non-vegetarian dairy products.
- Where a compromise is not possible, the governments should be ready to push back on unreasonable demands.

2.5 India's Retaliatory Tariffs on U.S. Imports

Why in News?

India has decided to impose retaliatory tariffs on 29 goods imported from the U.S., from June 16, 2019 onwards.

What necessitated this decision?

- The tariffs on the 29 goods, including walnuts, apples, and some pulses, were initially announced in June 2018.
- This came as retaliation to U.S. President Trump's decision in March, 2018 to impose higher import tariffs on Indian aluminium and steel.
- India has repeatedly asked for exemption from these higher tariffs, but it was not effected.
- However, negotiations continued for about a year, and India repeatedly extended the deadline for retaliatory tariff imposition.
- Another issue is over granting India duty-free imports for certain items under the U.S.' Generalised System of Preferences (GSP).
- The talks over this too has not brought any favourable outcomes.
- Also, under a U.S. ultimatum, India had to terminate its imports of vital crude oil from Iran.

What are the likely implications?

- If implemented, 29 items imported from the US will face higher duties, cutting benefits to U.S. exporters.
- The tariffs will place a burden of \$220-290 million on the U.S.
- Notably, this is about the same amount imposed by U.S. on India in 2018 on steel and aluminium.
- For India, given the robust market and sound economic fundamentals, it may not bring in any untoward effects.
- Moreover, the imposition of increased import tariffs on agricultural commodities will help domestic farmers.
- The withdrawal of GSP will not make much difference either, as Indian exports are all geared to take this challenge.

What is the way forward?

- The decision indicates that India is, at least for now, done with a more conciliatory stance with the U.S.
- The counter-tariffs have now lent the Indian side a bargaining chip.
- However, India has much at stake in ensuring that economic ties with its largest trading partner continue.
- This should not end as a result of timely irritants due to the current U.S. administration's unconventional approach to trade and tariffs.
- So, the Indian government has to review with flexibility some of its decisions.

- These include the data localisation requirements and the new e-commerce regulations that have become concerns for the U.S. side.
- On the other hand, India has to convey its U.S. counterparts the importance of market access for Indian services exporters being free of new, restrictive visa curbs.

2.6 Impacts for India on Termination of GSP

Why in news?

- USA has announced that it intends to “terminate” India’s designation as a beneficiary of its Generalized System of Preferences (GSP).

What does GSP means?

- Generalized System of Preferences (GSP), the largest and oldest US trade preference programme.
- It is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries.
- India has been the biggest beneficiary of the GSP regime and accounted for over a quarter of the goods that got duty-free access into the US in 2017.

What is USA’s recent decision on GSP?

- United States intends to terminate India’s and Turkey’s designations as beneficiary developing countries under the Generalized System of Preferences (GSP) program.
- The decision is taken as India no longer comply with the statutory eligibility criteria of the USA.
- US administration refers India as a “very-high tariff nation” and demanded for a “reciprocal tax” on goods from India, and is in line with Washington’s concerted attacks on India’s trade stance.
- The US had launched an eligibility review of India’s compliance with the GSP market access criterion in April 2018.
- But India has implemented a wide array of trade barriers that create serious negative effects on United States commerce.
- Despite intensive engagement, India has failed to take the necessary steps to meet the GSP criterion.

What are the reasons behind USA’s action?

- India-U.S. trade tensions escalated last year when the U.S. took two consecutive decisions to increase import tariffs on steel and aluminum, and place India’s eligibility for GSP benefits under review.
- Shortly after, India said it would impose retaliatory tariffs on imports from the U.S. and even notified the list of items on which these would apply.
- Meanwhile, the U.S. stood fast on not exempting India from its tariff hikes, with Mr. Trump complaining about India’s high import tariffs several times.
- India, for its part, postponed the deadline for the imposition of the retaliatory tariffs six times; the latest deadline is on April 1.
- Washington’s decision to review India’s GSP status stemmed from complaints from American medical and dairy industries, both of which said India was not providing “equitable and reasonable access to its market”.
- India has said it had tried hard to cater to most of the U.S. demands and reach an understanding, but key points of difference, especially regarding India’s cultural concerns to do with dairy products, could not be accommodated.
- Given this, and the fact that the U.S. has been expressing discontent over India’s policies to do with data localization and FDI rules in e-commerce, the decision to withdraw the GSP status has been made.

What will be the impacts for India?

- USA’s announcement to “terminate” GSP could be a big blow for India’s competitiveness in items groups such as garments, engineering, and intermediary goods in the American market.



- It bears emphasis that while the actual amounts at stake are relatively small, with even India's proposed tariffs on the U.S. amounting to just \$900 million, the impact on small industries in the country could nevertheless be significant.
- Export bodies have already said that such industries would lose their market share in the U.S. without fiscal support to help them maintain their edge.

What is response of Indian Government?

- Following the U.S. announcement, Union Commerce Ministry responded that the GSP benefits amounted to only \$190 million while India's total exports under GSP to the U.S. stood at \$5.6 billion.
- Indian officials have stressed that talks on the issue would still continue during the 60-day period after which the GSP decision would come into effect.
- The other option the government can exercise is to impose retaliatory tariffs on U.S. goods.
- The government's efforts to downplay the impact of the withdrawal of GSP status and express readiness for more talks, however, suggest it is not keen to take a decisively strong stance.

2.7 U.S. Ends Waiver for India on Iran Oil

Why in news?

It was recently announced that the U.S. would not renew exemptions for India from its sanctions for importing oil from Iran.

What was the exemption on?

- The US sanctions on Iran was in relation to the US withdrawing from the nuclear deal with Iran, the Joint Comprehensive Plan of Action (JCPOA).
- The sanctions restrict sales of oil and petrochemical products from Iran, and led entities to end their deal with Iran's energy sector.
- But US had granted waivers, known as Significant Reduction Exceptions (SRE), last November for 6 months until May 2, 2019.
- It was offered to 8 countries - India, China, Japan, South Korea, Taiwan, Turkey, Italy and Greece.
- Nevertheless, the US insisted that these countries reduce oil imports from Iran to zero eventually, allowing only limited imports.

How crucial is oil import to India?

- India is currently the world's third-biggest oil consumer.
- It meets more than 80% of its crude oil requirements and around 40% of its natural gas needs through imports.
- Moreover, domestic oil and natural gas production has been declining for the last few years.
- But the energy needs of the economy have grown.

How dependent is India on Iranian oil?

- India is Iran's top oil buyer after China.
- Iran was the fourth largest supplier of oil to India in 2018-19 when India imported 23.5 million tonnes from Iran.
- Of India's total \$128.7 billion import of Petroleum, Oil and Lubricants (POL), Iran accounted for close to 9%.

What are the implications of the US's move?

- The U.S. has made it clear that Indian companies that continue to import oil from Iran would face severe secondary sanctions.
- These include being taken out of the SWIFT international banking system and a freeze on dollar transactions and U.S. assets.

The possible implications for India include the following:

- any spike in global crude oil prices will widen the trade deficit and current account deficit, especially in the absence of the Iranian balancing factor
- rupee could be impacted if the trade and current account deficits were to widen
- an increase in the import bill will tend to put more pressure on the rupee
- on the revenue side, higher oil prices mean more revenue for the states as tax is ad valorem
- for the Centre, though, higher oil prices may not materially impact the fiscal math as the duty rates are fixed
- the expenditure impact would primarily be on account of fuel subsidy outlays
- there could be impact on inflation depending on crude price movement and government's decision on passing it on to the consumer

DEPENDENCE ON IMPORTS			INDIA'S IMPORTS (FY '19)		
Year	% Import Dependency (Crude Oil)	% Import Dependency (Natural Gas)	Country	Value of Imports (\$ bn)	Share in total
2015-16	80.6	40.7	Saudi Arabia	22.4	17.4
2016-17	81.7	44.5	Iraq	20.6	16.0
2017-18	82.9	45.3	UAE	12.3	9.6
2018-19*	83.3	47.0	Iran	11.6	9.0
			Nigeria	9.5	7.4
			Qatar	8.6	6.7
			Venezuela	6.6	5.1
			Kuwait	5.8	4.5
			USA	4.7	3.7

*(April-October/Provisional data)
Source: Ministry of Petroleum and Natural Gas

Figures for 11 months; total P.M. imports \$ 128.7 bn
Source: CMIE

How prepared is India?

- The US move comes at a time when the price of the Indian crude basket has been rising.
- But India has said the country is “sufficiently prepared” to deal with the impact of the ending of the waiver.
- In the past several months, India has worked hard to significantly diversify its energy sources in preparation for this situation.
- Indian refiners have almost halved their Iranian oil purchases since November, when the sanctions came into effect.
- Indian refiners are increasing their planned purchases from the Organisation of the Petroleum Exporting Countries (OPEC).
- Purchases from Mexico and even the US are also being planned to make up for the loss of Iranian oil.
- E.g. India imported crude from the US for the first time two years ago; first US crude consignment reached Paradip in October, 2017
- Since October 2017, four PSUs have placed orders for 11.85 million barrels.
- Indian companies have also contracted 8mn metric tonnes per annum of liquified natural gas (LNG) and ethane condensate from the US.

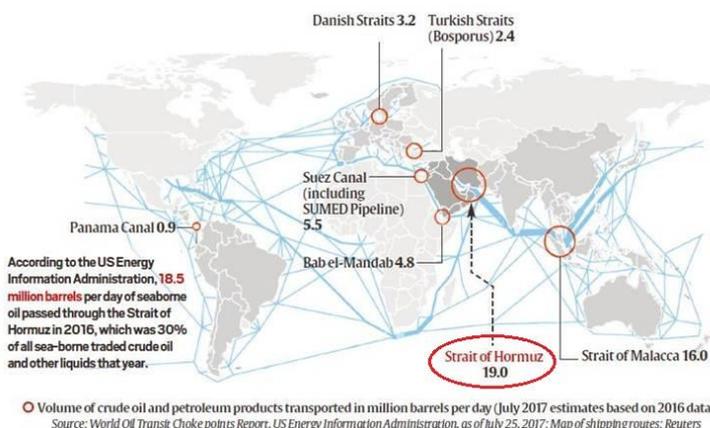
What are the challenges ahead?

- There are other substitute crude suppliers for India including Saudi Arabia, Kuwait, Iraq, Nigeria and the US.
- But the concern is that they do not offer the attractive options that Iran does, including 60-day credit, and free insurance and shipping.
- So the challenge now is to secure an alternative supplier at competitive terms in an already tightening global situation.
- The projected drop in Iranian exports could further squeeze supply in a tight market.
- This is added by the fact that the US has also sanctioned Venezuela.
- Also, the OPEC and allied producers including Russia have voluntarily cut output.
- All these have pushed up oil prices more than 35% this year.
- Iran** - India and China could show a degree of defiance while cutting back on their exposure to Iranian crude.
- But India's ties with Iran are significant and historic, and New Delhi will work hard to maintain some links.
- So estimatedly, India may maintain around 100,000 bpd (barrels per day) of Iranian imports paid for using a rupee payment system.

What is Iran's response?

- Soon after the US announcement, Iran threatened to close the Strait of Hormuz.

- It is a neck of water between Iran's southern coast and the northern tip of the sultanate of Oman.
- The Strait of Hormuz is the lane through which a third of the world's seaborne oil passes every day.
- However, Iran cannot legally close the waterway unilaterally because part of it is in Oman's territorial waters.
- But ships pass through Iranian waters, which Iran's Islamic Revolutionary Guards Navy controls.
- Massive stakes give Iran leverage here, but closing the Hormuz Strait may lead to serious consequences.
- Notably, the US too has said that closing the Hormuz Strait would amount to crossing a "red line". [The seven choke points in the map above are critical nodes of the world's energy security grid.]
- This is one reason why Iran has not acted on its threats to close the Strait in 40 years of its hostility with the West.



2.8 US Supreme Court Order on Gujarat Fishermen Case

Why in news?

The US Supreme Court recently ruled in favour of a group of fishermen and a Gujarat village panchayat in a suit against the International Finance Corporation (IFC).

What is the power project in dispute?

- The case relates to alleged pollution caused by a Gujarat-based power plant partly funded by the IFC.
- It is a coal-fired power plant near Mundra port in Gujarat's Kutch district, with a capacity of 4,150 MW.
- It is the country's first to deploy energy-efficient supercritical technology.
- It results in 40.5% higher energy efficiency compared to other coal-based power technologies.
- It was initially conceived by Power Finance Corporation Limited and awarded in 2007 to Coastal Gujarat Power Limited, a subsidiary of Tata Power.
- It reached full generation capacity in March 2013 and since then, is selling power to utilities in Gujarat, Maharashtra, Haryana, Punjab and Rajasthan.
- **Funding** - Of the estimated project cost of \$4.14 billion, \$450 million was funded in 2008 by IFC.
- Other contributions include -
 - i. Asian Development Bank - \$450 million as loan
 - ii. Export Credit Agency of Korea - \$800 million as loan
 - iii. CGPL - raised around Rs 1.5 billion from Indian banks through debt



What are the fishermen's concerns?

- The company had first got clearance for a closed-cycle cooling system in the Mundra plant.
- But it got government clearances modified and installed boilers with an open cooling system.
- The plant thus operates a cooling technology that requires three times more water than the system it got clearance for.



- Reportedly, the outfall canal of the plant discharges hot and saline water at a rate of 600 million litres/hr into the sea.
- The complainants have alleged that it has affected marine life as well as groundwater sources.
- With marine life near the coast affected, fishermen are forced to sail farther in search of fish.
- The company also dredged the coast and seafloor for their outfall channel.
- It has also deposited sand near a well, a source of drinking water, and the water in the well has turned saline since.
- Complainants add that coal dust and fly-ash from the plant are damaging date palms and chikoo trees.

Who filed the complaint?

- The plant is located near Tragadi village in Mandvi taluka, and Navinal village in neighbouring Mundra taluka in Gujarat.
- Tragadi has a colony of fishermen in an area known as Tragadi-Nal while Navinal is rich in agriculture and horticulture.
- In 2010, Tragadi fishermen and Navinal residents came together under the aegis of fishermen's organisation Machimar Adhikhar Sangharsh Sanghathan (MASS).
- They complained to the company about the damage caused to the environment.
- The fishermen demanded that the plant switch to the closed-cycle cooling system, but the company refused.

What happened then?

- In 2015, a suit was filed through EarthRights International against IFC in the Federal District Court for the District of Columbia.
- They contended that the funding agency should be held responsible for air, land and water pollution caused by the plant.
- Arguing that the IFC internal audit had found environmental violations, they sought damages and injunctive relief.
- But IFC claimed absolute immunity from such litigation under the US International Organisation Immunities Act (IOIA), 1945.
- [IOIA grants international organisations such as the World Bank and the WHO the same immunity from suit as foreign governments enjoy.]
- The district court ruled in IFC's favour, and on challenge, the Court of Appeals for the district also upheld it.

What is the current verdict?

- Later, on challenge, the US Supreme Court reversed the Appeals Court judgment.
- The court held that IFC's claim for absolute immunity from the suit filed is not valid.
- It ruled that IFC enjoyed only "restrictive immunity" in activities abroad.
- It also remanded the matter back to the lower court for adjudication on damages. The case has now gone back to the US district court.

3. INTERNATIONAL ISSUES

3.1 Masood Azhar as Global Terrorist

Why in news?

The United Nations has designated Jaish-e-Mohammed leader Masood Azhar as a "global terrorist".

What is the UN terrorist designation?

- The UNSC 1267 Committee of the UN Security Council was established as a result of resolution 1267 (in 1999).
- It is also known as the AlQaida and Taliban Sanctions Committee.



- The Committee comprises all 15 members of the UNSC and decides unanimously and secretly.
- It was established for the purpose of overseeing the implementation of sanctions measures imposed on Taliban-controlled Afghanistan for its support of Osama bin Laden.
- Eventually the committee has been modified and strengthened by subsequent resolutions.
- Now, if an individual/organisation is included in the 1267 list, it helps in restricting their movement, financial penalties and assets freeze among others.

Why is it significant?

- The JeM chief had been behind many attacks on India including the 2001 Parliament attack, 2016 Pathankot airbase attack and the recent Pulwama attack.
- Masood Azhar's listing as a designated terrorist is a success for India's quest to bring the Jaish-e-Mohammad chief to justice.
- China's opposition to the listing has long been a thorn in India's side.
- Beijing's veto of the listing three times between 2009 and 2017 had driven a wedge in India-China relations.
- The designation now comes as a recognition to India's efforts and those of its partners in the Security Council.

What are the concerns?

- There is much disappointment, however, as the final listing made no mention of Mr. Azhar's role in any of the attacks against India.
- It neither mentioned his role in directing insurgency in Jammu and Kashmir.
- A specific reference to Pulwama attack, which was in the original proposal, was also dropped.

What are the challenges?

- Masood Azhar is one of about twenty 1267-sanctioned terrorists who have Pakistani nationality, and more are based there.
- But Pakistan's actions against others on the 1267 list have been far from effective, and in many cases obstructionist.
- E.g. Hafiz Saeed, the 26/11 mastermind and Lashkar-e-Toiba chief, roams free, addresses rallies, and runs a political party without any government restrictions.
- Likewise, LeT's operations commander Zaki Ur Rahman Lakhvi was granted bail some years ago.
- These are despite the UNSC sanctions mandating that funds and assets to the sanctioned individuals must be frozen.
- With Masood Azhar listed as a global terrorist, India must now work to ensure the mandated sanctions.

What lies ahead?

- Constant focus from New Delhi and a push from the global community are essential in Masood Azhar's case.
- It must be ensured that he is starved of funds, arms and ammunition as mandated.
- Besides, prosecution in Pakistan for the acts of terror he is responsible for is also a priority.
- Global terror financing watchdog Financial Action Task Force will also be watching Pakistan's next moves closely.
- FATF will decide soon if Pakistan has to be placed in "blacklist" or continue on the "greylist".
- In all, both financial and political pressure should be maintained on Islamabad.
- This is imperative to bring the hard-fought designation of Masood Azhar to its logical conclusion.

3.2 U.S.-Turkey Relations - F-35 Fighter Jet Programme**What is the issue?**

- The U.S. recently terminated Turkey's participation in the F-35 fighter jet programme in response to Turkey's purchase of the S-400 missile defence system from Russia.

- The US said that the sale by Russia violates the 1987 Intermediate-Range Nuclear Forces (INF) Treaty, leading to a crisis in US-Turkey relations.

What is the INF Treaty?

- This is a landmark agreement which has been credited with curtailing the arms race in Europe towards the end of the Cold War.
- The INF Treaty was signed between the United States and the Soviet Union in 1987.
- Under this, both powers agreed to destroy two categories of lethal missile systems from their own stocks as a means to decelerate the nuclear arms race.
- There was a considerable build-up of missiles capable of carrying nuclear warheads by both sides in their European spheres of influence.
- As this threatened the security of the entire continent, an expansive treaty as that of the INF was felt necessary.
- The treaty came to fruition after years of negotiations during the leadership of US President Ronald Reagan and Soviet leader Mikhail Gorbachev.
- The treaty provided for the elimination of intermediate-range and medium-range missile stocks.
- Importantly, it also allowed verification by observers from both sides, thus leading to the dismantling of 2,619 missiles in 3 years.

What happened after 1991?

- After the collapse of the Soviet Union in 1991, the successor state of Russia remained bound by the INF obligation.
- However, the end of bipolarity in global geopolitics diminished the treaty's utility.
- The rise of other military powers, especially China, led to calls for converting the INF into a multilateral agreement.
- This effort was made by both the US and Russia at the United Nations General Assembly in 2007, but it did not deliver results.
- In February 2019, the Trump administration announced that the US was suspending its participation in the treaty.
- This was a reaction to what the U.S. believed as Russia's building of a prohibited missile.

What is the F-35 programme?

- The Joint Strike Fighter programme (F-35 programme) is described as the "arms deal of the century".
- The F-35 programme is an international weapons contract between the US and its allies.
- It is aimed at developing "fifth-generation" fighter jets.
- The signatories to the deal contributed capital for the research and development of the F-35 jet.
- The contract partners of the US in this treaty are categorized based on the quantum of their investment in the program.
- Level 1 partner UK pledged \$2.2 billion to the program, followed by Italy and Netherlands at Level 2 with around \$1 billion.
- Finally, Turkey, along with four others at Level 3, made contributions between \$100-200 million.
- Based on the levels, the participant countries were offered technological transfers, training of pilots, and prospects for local manufacturing.

How is the U.S.-Turkey relations?

- Turkey and the US have been strategic allies since the Cold War, and both are members of the North Atlantic Treaty Organisation (NATO).
- NATO is, notably, a military alliance that was formed in 1949 to counter the Soviet influence.



- However, in the recent past, Turkey has drifted away from the US over serious differences in forging alliances as part of the Syrian War.

What is the U.S.'s present decision?

- Turkey recently acquired the S-400 missile system from Russia.
- [It is an advanced anti-aircraft system capable of defending against stealth aircraft that can evade radars, much like the F-35.]
- The US is concerned that this might jeopardise non-disclosable information regarding the F-35 jets.
- It fears that Russian engineers who would arrive in Turkey to install the S-400 might get access to such sensitive data.
- It could provide Russia access to the technological secrets underpinning NATO's most sophisticated weapon systems.
- So the U.S. announced to terminate Turkey's participation in the F-35 fighter jet programme.
- It also threatens to impose economic sanctions on Turkey under the Countering America's Adversaries Through Sanctions Act (CAATSA).
- It is estimated that the decision to cancel the F-35's sale to Turkey would ensure losses of between \$500-600 million for the US.
- For Turkey, it would result in losing out on manufacturing opportunities, and its pilots would have to cease their training in the US.

How does the future look?

- America, under the Obama administration, refused to sell Turkey the Patriot anti-missile system.
- [Patriot (MIM-104) is a long-range, all-altitude, all-weather air defence system to counter tactical ballistic missiles, cruise missiles and advanced aircraft.
- Turkey considered this essential for its air defence in the context of the Syrian civil war.]
- So, Turkey's decision to acquire the Russian systems emanated in part from this earlier U.S. refusal.
- Turkey's forced ejection from the F-35 project now could also turn out to be counterproductive.
- Reportedly, Turkey is planning to buy advanced Sukhoi fighter jets (the Su-35 and/or the Su-57) from Russia to compensate for the loss of the F-35 planes.
- However, it could only further complicate the issue of NATO interoperability.

3.3 War Crimes and ICC

Why in news?

The Congolese warlord Bosco Ntaganda was recently pronounced guilty of war crimes and crimes against humanity (CAH) by the International Criminal Court (ICC).

What is the story behind?

- These convictions are related to the 2002-03 ethnic conflict in the Democratic Republic of Congo (DRC).
- After a 2006 indictment by the Hague court, it took seven more years for him to surrender and months more before the trial could start.
- The conviction follows the ICC's 2012 sentencing of Thomas Lubanga, the first to be pronounced guilty pertaining to atrocities in the Congo.

What are some other recent cases?

- In **2014**, the ICC charged the **Kenyan President** of crimes against humanity, relating to the death of hundreds in the 2007 post-election ethnic violence.
- This ruling convicted the former Vice President of DRC in 2016 and handed an 18-year sentence.
- In **2019**, former **President of Ivory Coast** was acquitted of crimes against humanity.



What are the challenges for ICC?

- Many African countries feel that they are being **selectively targeted**.
- The ICC faces a **strong resistance** to prosecute the war crimes committed in Iraq and Afghanistan.
- Some countries like Burundi, the Philippines are **quitting** the ICC.
- The **surge of nationalism** around the world is a **challenge to enforce accountability** transcending domestic and regional borders.
- The **refusal of major states** to bring themselves under the court's jurisdiction has dampened the hope to ensure that serious atrocities committed by elected representatives do not go unpunished.

3.4 US's Action on Bench and Switch Scam

Why in news?

The US has taken stringent measures on those who use "bench-and-switch" scheme to manipulate the process of acquiring an H-1B visa.

What is an H-1B visa?

- The H-1B is a visa category that lets US employers recruit skilled foreign nationals in "specialty occupations" where there is a lack of American workers.
- According to the US Code of Federal Regulation, such occupations require theoretical and practical application of a highly specialized body of knowledge.
- It also requires attainment of a bachelor's or higher degree in a specific specialty as a minimum for entry into the occupation.
- Since such jobs are meant to be temporary assignments, getting the H-1B requires going through a lengthy process.
- The duration of stay under this visa is 3 years, extendable to 6 years; after which the visa holder may need to reapply.
- Employers must generally withhold Social Security and Medicare taxes from the wages paid to employees in H-1B status.

Why is H-1B visa process lengthy?

- A prospective employer first has to submit a Labor Condition Application (LCA) for Non-immigrant Workers to the Department of Labor.
- Next, if the LCA is approved, the employer proceeds to submit Form I-129 to the Department of Homeland Security.
- Finally, if the United States Citizenship and Immigration Services approves the application at that stage, the H-1B visa is granted.
- This prolonged procedure often takes several months until potential employees can know for sure whether their application has been favorably processed or not.
- Legitimate hiring agencies specializing in H-1B workers help connect employers with prospective employees.
- They typically take a part of the worker's salary for a period of time as well as charge a service fee.

What is the Bench and Switch scam about?

- The bench-and-switch scheme has been used by staffing companies in order to cut back on waiting time and to score an unfair advantage in getting the H-1B visa.
- Under this, a staffing agency engaging in this practice makes H-1B applications for its foreign worker clients without first securing jobs for them.
- The agency creates fake data about its clients to defraud the various authorities in the visa process.
- At face value, submitted documents (false service contracts, statements of work, and employment-verification letters) lead the authorities to believe that such a "specialty occupation" exists and that the applicant has already secured employment.

- Thus, by manipulating the process, a “bench” of fraudulently authorized foreign workers is created.
- These can be “switched” to actual employers when they are in need, without them actually going through the time-consuming process ridden with formalities.
- The IT sector, which has a greater demand for persons with specialized skills, is especially fraught with this scam.

What was the government response?

- American investigating agencies cracked down two IT staffing companies running “bench-and-switch” scheme, that led to the arrest of four Indian-Americans.
- According to the US Justice Department, the perpetrators face a maximum potential penalty of 5 years in prison and a \$250,000 fine.

3.5 Iran-US relations - Nuclear Deal

What is the issue?

- Iran announced that it had breached the limits for stockpiling low-enriched uranium set by the 2015 nuclear deal, which was a 300-kg cap.
- Later, it also announced that it would breach another crucial term of the deal - the enrichment limit, which was set at 3.67% purity cap.

What is the recent development?

- Iran wanted to have talks with U.S. regarding the nuclear deal with the aim of saving it.
- But U.S. was not open for talks.
- Iran even turned to other signatories to save the deal, but they were feared of the U.S. sanctions on them.
- So, with the nuclear deal being a crucial bargaining card with it, Iran decided to use that as a pressure tactic.
- It said that from July 7, 2019, it will enrich uranium in any desirable amount it wants.

Why is Iran breaching the terms?

- These steps come in the wake of increasing tensions between the U.S. and Iran following the **shooting down of an unmanned U.S. drone** over the Strait of Hormuz in June, 2019.
- The current crisis was set off when **U.S. unilaterally pulled out of the nuclear deal** in 2018.
- **U.S. reimposed the sanctions on Iran** against foreign companies doing business with Iran and against countries buying Iranian oil.
- Over the past year, most foreign companies that had promised investments in Iran pulled out of the country fearing American sanctions.
- **Iran’s oil exports dropped** when countries started cutting back on Iranian imports, including India.
- Inflation has soared to 35%, and Rial, the Iranian currency, has fallen by 70% since early 2018.
- Given these, Iran decided to confront the U.S. and put pressure on other signatories to take bold steps to save the deal.
- In May 2019, Iran gave a 60-day deadline to other signatories to fix the deal and vowed to keep unspent enriched uranium and heavy water with itself.
- As the deadline was almost over, Iran has announced that it has breached the uranium stockpile limit and later the enrichment limit too.

What is the U.S.’S reaction?

- These steps have angered the U.S., with its President issuing fresh threats.
- The U.S. President first ordered a **retaliatory strike on Iran** and then **rescinded it**.
- Had this strike taken place, it would have become the first act in a major military confrontation between the U.S. and Iran.

- Other signatories to the deal have also expressed concern over Iran's move.
- This endangers the very survival of the agreement.

Iran Nuclear Deal

- It is also called Joint Comprehensive Plan of Action (JCPOA).
- In 2015, Iran agreed a long-term deal on its nuclear programme called JCPOA with a group of world powers known as the P5+1.
- P5+1 - the US, UK, France, China, Russia and Germany.
- It came after years of tension over Iran's alleged efforts to develop a nuclear weapon.
- Under the accord, Iran agreed to limit its sensitive nuclear activities and allow in international inspectors in return for the lifting of crippling economic sanctions.
- It is implemented by International Atomic Energy Agency (IAEA).

What are the possible implications?

- The chaos could have spread to the entire West Asian region with Iran attacking strategic American, Saudi and Emirati targets around the Gulf.
- Iran could have blocked the Strait of Hormuz in an effort to choke off the supply of Gulf oil to the international market.
- Iranian allies in Lebanon, Iraq and Syria might have launched attacks against American troop concentrations as well as against U.S. ally Israel.
- This could have dragged the U.S. into its third major war in the region.
- In order to maintain its stand with the populace, Iran could have further heightened the political temperature in the Persian Gulf.
- In all, if taken to its logical conclusion, this scenario can turn out to be catastrophic for the entire West Asian region as well as for the international economy.
- Oil supplies from the Persian Gulf are likely to be greatly reduced if not totally eliminated sending oil prices sky-rocketing, especially threatening the vulnerable economies of the global South.
- It is now for the countries involved to negotiate and find an amicable solution.

3.6 U.S Iran Air Strike

Why in news?

US President decided to pull back from air strikes on Iran.

What is the reason for escalation between them?

- Iran shot down an Unmanned American drone.
- Iran maintains that the US aircraft was downed in Iranian territory as it violated Iranian airspace.
- U.S maintains that the incident occurred in international airspace over the Strait of Hormuz.

What is the strategic position of Strait of Hormuz?

- Strait of Hormuz passes between **Oman and Iran**.
- Through this strait, one-third of the world's seaborne oil shipments move.
- It is within Iran's range.

What is the US's stance?

- US decided to pull back from air strikes on Iran.
- US President does **not seem to be in favour of launching an open conflict** with Iran which could be prolonged and disastrous.
- Iran has ballistic missiles, proxy militias and a relatively vibrant navy.
- U.S does not want to take a risk unless there are provocations from Iran targeting American lives.
- On the contrary, US President's National Security Adviser has threatened Iran with war several times.





- The current state of tensions between Iran and U.S is seen as a product of the adviser's **maximum pressure tactic**.

What is US's maximum pressure tactic?

- A year ago, US President pulled the **U.S. out of a nuclear deal** with which Iran was fully compliant, setting off the escalation.
- His plan was **to squeeze the Iranian economy** and force Tehran to renegotiate for a "better deal" on the nuclear issue, missile programme and regional activism.
- A year later, the U.S. and Iran are on the **brink of a war**.
- If he continues with the pressure tactics, tensions will stay high, the Strait of Hormuz would be on the brink.

What is Iran's stance?

- Iran is ready to **take limited risks**.
- Its actions such as the threat to breach the uranium enrichment limits set by the nuclear deal and the downing of the American drone suggest **to break the stranglehold of the sanctions**.
- What Iran wants the most is relief from the sanctions.

What can be done?

- US could seize the moment **to assure Iran** that his primary goal is **engagement**, not conflict.
- Instead of sticking to a policy that has proved to be counter-productive and risky, Mr. Trump could offer Tehran some reprieve in return for its remaining in the nuclear deal.
- This could be followed up by a **fresh diplomatic opening**.

3.7 Issues with USA's Policy on Drug Vigilance

Why in news?

US recently highlighted the fraud concerning generic drugs manufactured overseas, especially in India.

What are the issues with drug manufacturers?

- Allegations of widespread fraud concerning generic drugs manufactured overseas, were recently highlighted in the U.S.
- Much focus was on the contamination found in one drug made by Ranbaxy.
- For instance, the Ranbaxy saga unfolded 14 years ago, since then, several pharmaceutical companies, both foreign and local, generic and innovative, have been implicated in similar or worse behaviour.
- Notable examples include those of Martin Shkreli's Turing Pharmaceuticals, which hiked the price of a drug to 5,000%, and Purdue Pharmaceuticals, a company currently implicated for causing the opioid crisis.

What are the concerns with USA's action in this regard?

- USA's Food Safety Modernization Act (FSMA) has a provision to conduct global inspections.
- One objective in thus empowering the Food and Drug Administration (FDA) was to work with regulators of foreign countries and create a universal Current Good Manufacturing Practice (CGMP) system for drugs.
- Instead, the FDA has positioned itself as a 'global regulator'.
- For example, in a recent statement, it mentioned that it inspects all brand-name and generic manufacturing facilities around the world based on information from whistleblowers or out of concern for drug safety.
- Arguably, this amounts to regulatory overreach as there is no international instrument standardizing American CGMP practices as the global standard.
- In 2018, out of the 4,676 human pharmaceutical sites inspections that the FDA conducted worldwide, 61% were of foreign-based facilities.
- Similarly, out of 1,365 human drug CGMP surveillance inspections conducted, 55% were conducted at facilities outside the U.S.



- The FDA's publicizing of its 'global vigilante experience' paints a picture of foreign-manufactured drugs as 'defective' or 'contaminated' while not fully acknowledging some of the regulatory failures within America.
- US doesn't have a proper scale to measure defectiveness of a drug, this provides a loophole, enabling the regulator to cherry-pick and treat all instances of non-compliance as egregious violations.

What lies ahead for India?

- USA's strategy of raising fears of 'contaminated' foreign generics has successfully prejudiced Americans against valid generic drugs, even though they have remained a viable option.
- For India, the discussion in the U.S. is notable not only because it houses generic manufacturing facilities but also because India is a nation on the verge of breaking into the innovation market.
- Thus, it is time India took a more robust role to ensure public availability of facts on both the importance of generics and their limitations.
- The country needs to create strong voices and partnerships that can highlight the benefits and pitfalls alike to create a robust space for innovation that can coexist with access to medication.

3.8 Proposal on Muslim Brotherhood as Foreign Terrorist Organisation

Why in news?

The White House recently said that a proposal to designate the Muslim Brotherhood as a Foreign Terrorist Organisation was being worked out.

What were the earlier developments in this regard?

- The statement was linked to a meeting between Presidents Donald Trump and Abdel Fattah al-Sisi of Egypt.
- During the meet, the Egyptian leader had urged the U.S. to impose sanction on the Muslim Brotherhood, which opposes his government.
- Also recently, the U.S. designated Iran's Islamic Revolutionary Guard Corps (IRGC) as a Foreign Terrorist Organisation (FTO).
- The designation imposed economic and travel sanctions on IRGC and on organisations, companies, and individuals that have links to it.

What is a Foreign Terrorist Organisation?

- Section 219 of the United States Immigration and Nationality Act provides for the designation of an organisation as an FTO.
- It authorises the Secretary of State to designate an organization as an FTO if s/he finds that -
 - i. the organization is a foreign organization
 - ii. the organization engages in terrorist activity or terrorism
 - iii. it threatens the security of U.S. nationals or the national security of the country
- FTO designation plays a critical role in US's fight against terrorism, by curtailing support for terrorist activities and pressuring groups.
- Currently, 67 terrorist organisations figure on the State Department's list of FTOs.
- These include Hamas, Hezbollah, al-Qaida and its regional branches, the Islamic State and its regional operations, Jundallah, Boko Haram, and the Colombian FARC.
- Several organisations based in Pakistan and Afghanistan, which directly threaten India, are also on the list.
- These include the Jaish-e-Mohammad, Lashkar-e-Taiba, Hizb ul-Mujahideen, Haqqani Network, and Lashkar-e-Jhangvi.
- The Indian Mujahideen, LTTE, and Harkat-ul Jihad al-Islami-Bangladesh are also on the list of 67 FTOs.

Who are the Muslim Brotherhood?

- Muslim Brotherhood is a movement that was founded in Egypt in 1928 by a schoolteacher named Hassan al-Banna.

- He preached that an Islamic religious revival would help Muslim nations improve their situation and defeat their colonial masters.
- Hassan al-Banna was not specific about the kind of Muslim revivalist government he was advocating.
- But his ideas travelled all over the world, and inspired a large number of Islamist groups and movements.
- It reached across political movements and parties as well as powerful missionary and charitable initiatives.
- Among others, Jordan, Iraq, Kuwait, Bahrain, Morocco, Turkey and Tunisia have large parties that trace their origins to the Brotherhood.
- Not all of today's movements and organisations call themselves the Muslim Brotherhood, however.

How about their terrorist orientation?

- In the 1940s, the Egyptian Muslim Brotherhood created an armed wing.
- In 1948, one of its members killed the Prime Minister, Mahmoud Fahmy el-Nokrashy Pasha.
- Hassan al-Banna denounced the killers as “neither Brothers nor Muslims”.
- In the 1960s, the Brotherhood formally announced they were only “preachers”.
- There is a broad consensus now that the Egyptian Brotherhood, as an organisation at least, has not undertaken violent action since then.
- However, after the military takeover in Cairo in 2013, some factions of it have broken off and carried out violence against the government.
- These include Hasm and Liwa al-Thawra which have already been designated as FTOs by the US.
- Hamas, an offshoot of the Muslim Brotherhood, designated as an FTO, carries out bombings and rocket attacks on Israeli civilians.
- Ayman al-Zawahiri, the fugitive leader of al-Qaeda, is a former member of the Egyptian Brotherhood.
- Given these, President Al-Sisi accuses the Brotherhood, as a whole, of supporting and carrying out terrorism.
- But the Brotherhood has strongly criticised al-Qaeda and violent undertakings of other factions.
- All over the world, Muslim Brotherhood movements have been advocating democratic elections.
- This has put them in the crosshairs of both authoritarian ruling regimes as well as militant Islamists.

3.9 Designation of Islamic Revolutionary Guard Corps as FTO

Why in news?

The US Secretary of State recently announced the U.S.'s intent to designate the Islamic Revolutionary Guard Corps (IRGC), including its Quds Force, as a foreign terrorist organisation (FTO).

Who are the IRGC and Quds Force?

- The IRGC was set up in 1979 after Ayatollah Khomeini's Islamic Revolution as an ideologically-driven branch of the armed forces of Iran.
- The aim was to protect the newly established Islamic system from hostile foreign powers and internal dissensions.
- The IRGC is today a 125,000-strong force with ground, naval, and air wings.
- It is tasked with internal and border security, law enforcement, and protection of Iran's missiles.
- It controls the Basij militia, a semi-government paramilitary force estimated to have up to a million active members.
- The elite Quds Force or Quds Corps is an elite wing of the IRGC, reporting directly to Supreme Leader Ayatollah Ali Khamenei.
- It has perhaps 10,000-20,000 members, and carries out unconventional warfare beyond Iran's borders.
- It often works with non-state actors such as the -



- i. Hezbollah in Lebanon
- ii. Hamas and the Palestinian Islamic Jihad in the Gaza Strip and West Bank
- iii. the Houthis in Yemen
- iv. Shia militias in Iraq and Syria

Why is IRGC designated so?

- IRGC, part of Iran's official military, has engaged in terrorist activity or terrorism since its inception 40 years ago.
- Its support for terrorism is foundational and institutional, and it has killed US citizens.
- The Iranian regime is responsible for the deaths of at least 603 American service members in Iraq since 2003.
- This accounts for 17% of all deaths of US personnel in Iraq from 2003 to 2011.
- This is in addition to the many thousands of Iraqis killed by the IRGC's proxies.
- IRGC is also responsible for taking hostages and wrongfully detaining numerous US persons, several of whom remain in captivity in Iran today.
- Besides, IRGC, mainly through Qods Force, has the greatest role among Iran's actors in directing and carrying out a global terrorist campaign.
- In recent years, IRGC Qods Force terrorist planning has been uncovered and disrupted in many countries.
- These include Germany, Bosnia, Bulgaria, Kenya, Bahrain, and Turkey.

What is the contention now?

- The designation of IRGC as an FTO highlights that Iran is an outlaw regime that uses terrorism as a key tool of statecraft.
- This makes it fundamentally different from any other government.
- But notably, this is the first time that the United States has designated a part of another government as an FTO.
- Designating a foreign military as an FTO may put the U.S. troops, particularly in the neighbouring Iraq, at risk.

What is Iran's stance?

- Iran's President Hassan Rouhani condemned the United States as the real "leader of world terrorism".
- He said that America has used terrorists as a tool in the region while the Guards have fought against them from Iraq to Syria.
- Iran asserted that the Revolutionary Guards had sacrificed their lives to protect the people of the country.
- In retaliatory action, Iran named the United States Central Command (CENTCOM) as a terrorist organisation and the US government as a sponsor of terror.

What are the possible implications?

- The designation will impose sweeping economic and travel sanctions on the IRGC and on organisations, companies, and individuals that have links to it.
- Businesses and banks around the world will now have to ensure that companies with which they conduct financial transactions are not connected to the IRGC in any material way.
- Iran-U.S. relations plunged after Trump pulled out of the 2015 nuclear deal between Iran and six world powers.
- It also got affected after Trump reimposed sanctions on the country in May 2018.
- With the present designation, Iran has threatened to resume its suspended nuclear work.
- The IRGC commanders have warned that US bases in the Middle East, and US aircraft carriers in the Gulf are within the range of Iranian missiles.

- Iran has also threatened to disrupt oil shipments through the Strait of Hormuz in the Gulf if the US tries to strangle its economy.
- In all, the US action is bound to raise tensions in the Middle East.

3.10 Swiss-EU Treaty

Why in news?

Switzerland and the European Union (EU) are about to face a battle in the share trading, owing to a row over a stalled partnership treaty.

What do the new rules mean?

- The EU's decision will effectively **prevent EU-based banks and brokers from trading** on Swiss exchanges.
- In the new Swiss regime, **foreign exchanges are required to get Swiss permission** to host trading in Swiss stocks.
- But, trading venues outside the EU can carry on as before.

Who would be affected by Swiss ban?

- **Pan-European stock trading platforms** will not be able to host trading in Swiss equities.
- **Foreign trading venues**, including stock exchanges and so-called multilateral trading facilities will be affected.
- Switzerland will let them host trading in Swiss-registered companies (**only if** the foreign venues' regulations do not curb trading of Swiss stocks in Switzerland).
- **Markets outside the EU will not be affected.**
- Once **Brexit** takes effect, British share trading platforms could be certified provided their regulation does not interfere with trading on Swiss markets.

What could happen to violators?

- Wilful and negligent violations of the Swiss rules could result in **criminal charges**.
- Sanctions – Target foreign trading venues, their management or board of directors.
- **Intentional violations** – Imprisonment of up to 3 years or a fine.
- **Negligence** – Punished with a fine.

Why is the EU-Swiss treaty so controversial?

- The Swiss/EU deal would have **Switzerland routinely adopt changes** to single market rules.
- It would also create a more **effective platform to resolve trade disputes** and open a path to new trade deals such as an electricity union.
- The pact would be an **over-arching accord** above a patchwork of separate deals that already govern bilateral Swiss/EU ties.



European Union (EU)

- The European Union (EU) consists of a group of countries that **acts as one economic unit** in the world economy.
- Its official currency is the **euro** and 19 of its 28 members have adopted the currency.
- The EU **began as the European Coal and Steel Community** in 1950 and had just six members: Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.
- It became the European Economic Community (EEC) in 1957 under the Treaty of Rome.
- Upon the formation of the European Union in 1993, the EEC was incorporated and renamed as the European Community (EC).
- In a 2016 referendum, the U.K. voted to leave the EU. Brexit has been challenged repeatedly.

1. This pact emerged after Swiss voters in 1992 rejected plans to join the European Economic Area.
2. These individual agreements were crafted when Switzerland still aimed to join the EU, a goal it has since dropped.

- But the trade deal has become tangled up in **domestic politics in Switzerland**.

How long might the standoff last?

- **In theory** – Indefinitely, but both sides have said they are open to talks to break the logjam.
- **In effect** – The next deadline for Switzerland to sign the treaty and start the ratification process is the end of October.
- But Swiss officials say there is no point signing a deal that is doomed to fail in parliament or get shot down by voters under the Swiss system of direct democracy.

3.11 Libyan Crisis

Why in news?

The Tripoli based government of Libya has decided to launch a peace initiative.

What is the post-independence history of Libya?

- Libya is mostly desert and oil-rich country in northern Africa.
- Libya gained independence in 1951.
- Colonel Gaddafi seized power in 1969 and ruled for four decades until he was toppled in 2011 following an armed rebellion assisted by Western military intervention.
- The civil war in Libya may lead to a new migrant crisis from Africa.
- Libya has the largest oil reserve in Africa and one of the largest oil producers in the world.
- Instability in Libya may increase oil prices globally.

What is the political status of Libya?

- Libya has been torn by violence and political instability since long-time ruler Muammar Gaddafi was toppled and killed by rebels in 2011.
- Today there are two governments in Libya, one based at Tobruk and the other in the capital Tripoli.
- The capital city Tripoli was captured by the Prime Minister Fayez al-Sarraj is called the Government of National Accord (GNA)
- It has international recognition.
- The self-styled Libyan National Army (LNA), commanded by
- Mr. Haftar, backs the Tobruk government.
- Egypt, Saudi Arabia and the UAE are backing Mr. Haftar's forces.
- Turkey and Qatar backs the Tripoli based government.

What is the need of the peace talk?

- The recent tipping point of the crisis was the attempts by **Mr Haftar** led LNA to oust the government of **Mr. al-Sarraj (GNA)** and to capture Tripoli.
- The U.S. had also taken a favorable view.



- Hundreds of people have already been killed, but both sides have refused to agree to a ceasefire despite international calls.
- So the UN recognized Tripoli based government (GNA) has decided to launch a peace initiative aimed at stabilizing the war torn country.
- The Tripoli based government has proposed setting up a national peace forum with help from the UN, to be followed by simultaneous presidential and parliamentary elections.

What needs to be done?

- The world powers, including the U.S., Britain and their Gulf allies should look beyond their narrow geopolitical interests and use their influence to establish order in the country.
- Prime Minister al-Sarraj's offer could be a new beginning only if a ceasefire is reached, and respected, by all sides.

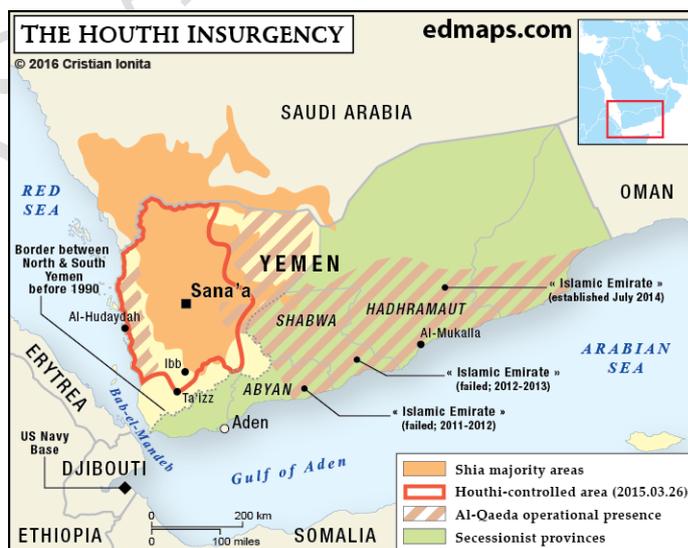
3.12 Yemen - Ceasefire Broken

Why in news?

- Renewed clashes broke out between Houthi rebel fighters and Saudi-backed pro-government forces in Yemen.

What is the recent happening?

- The tussle in Yemen is essentially between Yemen's Shia Houthi rebels loyal to the former President and the forces loyal to the current government.
- [The former is Ali Abdullah Saleh and the latter is Present Abdrabbuh Mansour Hadi.]
- The two factions claim to constitute the Yemeni government.
- Following the December 2018 ceasefire agreement, Houthi rebels were withdrawing from three of Yemen's ports.
- But while the withdrawal was under way, Houthis, who are reportedly getting support from Iran, allegedly carried out a drone attack on a Saudi pipeline.
- In retaliation, Riyadh launched airstrikes on Sana'a, the capital city of Yemen controlled by the rebels.
- The attack killed at least six civilians, including children.
- Yemen now risks falling back to the pre-ceasefire days of conflict.
- Fighting is broken out in parts of the government-controlled south too.



How has Saudi's role been?

- Saudi Arabia started its Yemen military campaign in March 2015 with the goal of driving Houthis out of territories they captured.
- Four years of war have devastated the country of Yemen.
- According to the UN, at least 7,000 civilians have been killed.
- Thousands of others have died due to disease, poor health care and malnutrition.
- The blockade Saudi Arabia imposed on Yemen steadily worsened its hunger problem and health-care crisis, and is now on the brink of a famine.
- Even when the ceasefire was holding, the Saudis did not halt bombing Yemen.
- Saudi Arabia appears to be frustrated that it is not able to defeat the Houthis even after years of heavy bombing.



- The Houthis, on their part, continue to provoke the Saudis through cross-border rocket and drone attacks, both affecting the Yemenis severely.

Why is the recent attack so dangerous?

- The resumption of hostilities is more dangerous in the regional angle.
- Tensions are already on the rise in West Asia over the U.S.-Iran standoff.
- The U.S. had earlier warned against possible attacks by either Iran or Iran-backed militias against American interests or its allies in the region.
- U.S. has also deployed an aircraft carrier and a bomber squad to the Gulf.
- Immediately after the pipeline was attacked, the Saudis blamed Iran for ordering it.
- Both Iran and the Houthis have refuted this allegation.
- Whatever the case be, the incident and subsequent Saudi airstrikes show how the Yemeni conflict is entangled with the rivalry between Iran and Saudi Arabia.

What is the way forward?

- Moving ahead, the Hodeida model should be replicated elsewhere in Yemen.
- Hodeidah is the city wherefrom Yemen's government and Houthi rebels agreed on the first phase of a withdrawal.
- The ceasefire took effect in this Red Sea port city and both the rebels and government forces showed compliance till the rebels pulled out recently.
- It is only safe if the parties to the conflict continue talks under international mediation.
- For this to be achieved, the Houthis should decouple themselves from the regional politics.
- They should stay focussed on resolving differences with the government and rebuilding the war-torn country.
- Importantly, Saudi Arabia should get out of Yemen.

3.13 Sudan - Bashir's Ousting and Military Rule

Why in news?

The power transition crisis in Sudan has led to a violent crackdown on pro-democracy protests.

What is the ongoing crisis in Sudan?

- Sudanese dictator Omar al-Bashir was toppled in April, 2019 after a months-long popular uprising.
- Military intervention ejected Bashir from power, and in turn, a Transitional Military Council (TMC) took power.
- Currently, the protesters are demanding a transfer of power to a transitional civilian government, followed by free and fair elections.
- But the military generals used the crisis to concentrate more powers in their own hands.
- Angry protesters continued a sit-in in front of the Defence Ministry in Khartoum, Sudanese capital.
- The talks between pro-democracy activists and the military rulers collapsed.
- So paramilitary groups unleashed deadly violence to break the sit-in, killing at least 100 people and injuring hundreds.
- The Rapid Support Forces (RSF) threw the dead into the River Nile and reportedly, 40 bodies have been pulled from the river in Khartoum.
- The RSF are the paramilitary troops notorious for atrocities committed in the impoverished western province of Darfur in the early 2000s.

How does the future look?

- After the crackdown, Lt. General Abdel Fattah al-Burhan, the military ruler, has offered to hold elections in 9 months, upturning an earlier plan of a 2-year transition.

- But there is no immediate plan to transfer power to a civilian transitional government, a key demand of the protesters.
- So unsurprisingly, protesters have rejected the military's offer.
- At present, Sudan's generals enjoy regional and international support too.
- The UN Security Council could not even condemn the violence as China, backed by Russia, blocked the move.
- Saudi Arabia and the United Arab Emirates, which offered financial aid to the people as soon as Mr. Bashir was removed from power, also support the generals now.
- This gives the military rulers a sense of impunity even when they unleash murderous paramilitaries on peaceful protesters.
- So it is evident that the military will not easily give up power any time soon.

What is the way forward?

- If the military wants to keep its grip on power, there could be more bloodshed as the protesters are defiant.
- It will have to necessarily build a more oppressive regime, as in Egypt after the 2013 coup.
- So the other, wiser option is to compromise, resume talks with the protesters and facilitate a quick and orderly transition to civilian rule.
- Arab countries as well as the UN should put meaningful pressure on the military council to pay heed to popular demands.
- They should also hold those responsible for the recent massacre accountable.

3.14 Protests in Hong Kong - Extradition Bill

Why in news?

Lakhs of protesters marched the streets of Hong Kong in the biggest protest since the Umbrella Revolution of September-December 2014.

What is the political status of Hong Kong?

- Hong Kong, at roughly 1,100 sq km, is smaller in size than Delhi, and is home to an estimated 7.4 million people.
- It was a British colony from 1841 until sovereignty was returned to China in 1997.
- Hong Kong is now part of China under the "one country, two systems" principle.
- Under this, the city of Hong Kong remains a semi-autonomous region with the Basic Law (the city's mini-constitution) for 50 years.
- This ensures that Hong Kong keeps its own judicial independence, its own legislature and economic system.
- It has its own laws and courts, and allows its residents a range of civil liberties.
- [The Umbrella Revolution/Umbrella Movement/Occupy Movement refers to a series of sit-in street protests in Hong Kong in Sep-Dec 2014.
- It was triggered over a decision regarding proposed reforms to the Hong Kong electoral system, and is largely a movement for democracy and autonomy.]

What is the extradition agreement status?

- Extradition agreement refers to arrangement in regards to surrender of person(s) accused of a crime.
- Hong Kong has entered into extradition agreements with 20 countries, including the UK and the US.
- When the extradition agreements for Hong Kong was finalised, Taiwan and mainland China were excluded.



- This was because of the different criminal justice systems that existed in those regions.
- China has steadily tried to deepen its influence in this regard, but an extradition agreement with it has never been reached.

What is the recent extradition Bill?

- The Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 was proposed by Hong Kong's government in February, 2019.
- Carrie Lam, who became Chief Executive of Hong Kong in 2017 as the candidate favoured by Beijing, is pushing for the amendments.
- The Bill will allow the local government to extradite a suspect to places with which the city has no formal extradition accord.
- In effect, this would allow suspects accused of crimes such as murder and rape to be extradited to mainland China to face trial.
- Once the law is changed, Hong Kong will also handover to China individuals accused of crimes in Taiwan and Macau.
- [Macau, like Hong Kong, is a Chinese special administrative region with significant autonomy.
- Taiwan is seen as a sovereign state but its sovereignty is highly contended, and it has a tense relationship with China.]
- The government says that the proposed amendments would plug loopholes in the criminal justice system.
- The current shortfalls allow criminals evade trial elsewhere by taking refuge in Hong Kong and allow the city to be used by criminals.
- The government has assured that, under the bill, the courts in Hong Kong would make the final decision on extradition.
- Courts can specify that only certain categories of suspects would be liable.
- They can also lay down that individuals accused of political and religious offences would not be extradited.

What are the protesters' concerns?

- Despite government assurances, there is a firm concern that China would use the changed law to target political opponents in Hong Kong.
- Protestors highlight China's flawed justice system and thus there is a fear that extradited suspects would likely face torture.
- Also, there is a concern that the provision would deal another blow to Hong Kong's already declining autonomy.
- It would further erode the freedoms people enjoy under the Basic Law.
- [There are already instances of disqualifying elected lawmakers, banning activists from running for office, prohibiting political parties and expelling foreign journalists.]
- The recent march included people from the business community, lawyers, students, members of religious groups, and even housewives.
- The issue thus brings to light the tensions between the Hong Kong's Beijing-appointed elite rule, and the expectations of civil society and pro-democracy movement.
- In all, the Bill could affect Hong Kong's reputation as an international finance centre and also its judicial system.

What is the global reaction?

- The Human Rights Watch and the International Chamber of Commerce have warned against changing the law.
- A body of the US Congress has said that the amendment would make Hong Kong vulnerable to Chinese "political coercion".
- The UK and Canada as well have expressed concern over the potential impact on their citizens in Hong Kong.

- The EU has also sent a diplomatic note in this regard.
- But China has criticised the alleged “politicisation” of the Hong Kong proposal, and the “interference” in China’s internal affairs.
- Moving forward, Beijing should reach out to the people of Hong Kong, alleviate their fears and concerns, and assure them of their guaranteed rights.

3.15 St. Petersburg International Economic Forum – Russia-China Relations

Why in news?

The 23rd St. Petersburg International Economic Forum (SPIEF) was recently held in St. Petersburg, Russia.

How is the relation with the U.S.?

- St. Petersburg International Economic Forum is Russia’s annual investment gathering.
- The meet took place in the backdrop of heightened tensions between the U.S. and Russia and China.
- Unsurprisingly, it was boycotted by the U.S. Ambassador to Russia, Jon Huntsman.
- His absence was ascribed to the prevailing environment in Russia for foreign entrepreneurs.
- This is particularly in regards with the detention of U.S. private equity investor Michael Calvey on allegations of fraud.
- Conversely, the Chinese telecommunications equipment manufacturer Huawei signed an agreement with Russia’s principal mobile operator to start 5G networks.
- This came after Washington blacklisted Huawei, prohibiting it from selling technology to the U.S.
- The U.S. also barred domestic firms from supplying semiconductors to Beijing.



What are the geopolitical irritants in this regard?

- The rift between the West and Russia began with Moscow’s annexation of Crimea in 2014 and the stand-off in eastern Ukraine that continues.
- Russia’s tensions with the U.S. and some EU countries are also due to their opposition to the 1,200-km-long *Nord Stream 2 gas pipeline* from Russia to Germany.
- U.S. plans to export liquefied natural gas to Europe, which is partly the reason why it objects Russia’s initiative.
- Thwarting Russia’s ambition to dominate the region’s energy market is also one of U.S.’s objectives.
- Another more sensitive issue is U.S. Special Counsel Robert Mueller’s inquiry into possible Russian meddling in the 2016 U.S. presidential election.

What is the new Russia-China bonhomie?

- Russian President Putin and his Chinese counterpart Xi Jinping made it clear that the tensions with the West had only drawn them closer.
- Amid the tensions, both leaders emphasised that bilateral relations were at a historic high, marked by increased diplomatic and strategic cooperation.
- Notably, China participated in Russian military exercises on its eastern border recently, marking a watershed.



- Also, Moscow and Beijing, hostile rivals of the Cold War era, have for a while been adopting common positions at the UN Security Council on critical international issues.
- Bilateral relations are also guided by pragmatism.
- Russia appears realistic about the growing Chinese economic influence in Central Asia.
- This is primarily driven by China's massive infrastructure investments under the Belt and Road Initiative.
- For Russia, Chinese cooperation would also prove critical for its plans to exploit the *Northern Sea Route* along the Arctic as an alternative transportation hub.
- Besides, international sanctions have not been very effective in isolating Russia.
- European states, notably Germany, recognise the importance of engaging with Russia to contain Mr. Putin's expansionist aims.
- Equally, President Donald Trump's "America first" policy is compelling potential rivals to make common cause.

3.16 Impeachment of the U.S. President

Why in news?

- The recent investigation report of Special Counsel Robert Mueller concluded that Russia interfered in the 2016 U.S. elections, favouring Mr. Trump.
- With this, signs of taking up impeachment proceedings against the U.S. President are seen in the US Congress.

What are the grounds for impeachment?

- As per the US Constitution, the President can be removed from office by the Congress.
- It can be done for "treason, bribery, or other high crimes and misdemeanours."
- But exactly what all these mean is unclear.
- As per various observations, the following were suggested at different periods -
 - i. an impeachable offence was whatever a majority of the House of Representatives considers it to be at a particular moment
 - ii. Congress could look beyond criminal laws in defining "high crimes and misdemeanours"
- Historically, it can encompass corruption and other abuses, including trying to obstruct judicial proceedings.

How is impeachment carried out?

- The term impeachment is often interpreted as simply removing a president from office, but that is not strictly accurate.
- Technically, it refers to the 435-member House of Representatives approving formal charges against a president.
- The House effectively acts as accuser - voting on whether to bring specific charges.
- An impeachment resolution, known as "articles of impeachment," is like an indictment in a criminal case.
- A simple majority vote is needed in the House to impeach.
- The Senate then conducts a trial.
- So, House members act as the prosecutors and senators as the jurors.
- The chief justice of the U.S. Supreme Court presides over the trial.
- A two-thirds majority vote is required in the 100-member Senate to convict and remove a president from office.

What is the proof of wrongdoing?

- In a typical criminal court case, jurors are told to convict only if there is "proof beyond a reasonable doubt."
- However, impeachment proceedings are different.

- The House and Senate can decide on whatever burden of proof they want.
- There is no agreement on what the burden should be.

What is the Supreme Court's power?

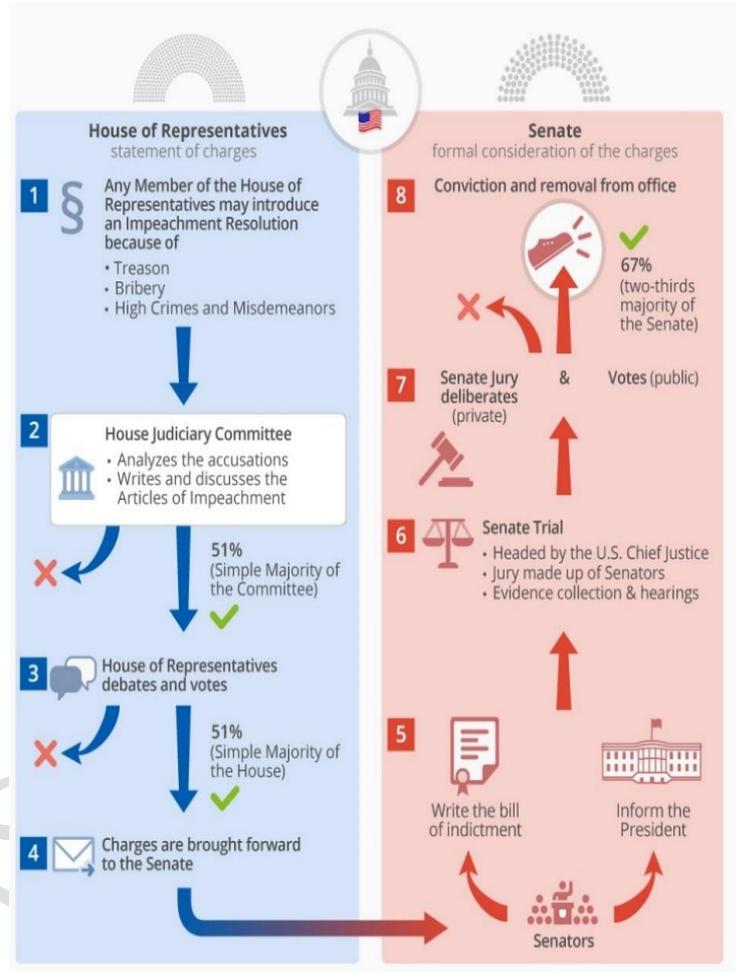
- America's founders explicitly rejected making a Senate conviction appealable to the federal judiciary.
- They clearly decided this as a political process and it is ultimately a political judgment.
- In other words, the Supreme Court cannot overturn the impeachment.

Had there been successful impeachments before?

- No U.S. President has ever been removed from office as a direct result of impeachment and conviction by the Congress.
- President Nixon quit in 1974 rather than face impeachment.
- Presidents Andrew Johnson in 1868 and Bill Clinton in 1998 were impeached by the House.
- But both stayed in office after the Senate acquitted them.

What are the present chances of impeachment?

- Right now, there are 235 Democrats, 197 Republicans and 3 vacancies in the 435-member House.
- Going by simple majority, the Democratic majority could vote to impeach Trump without any Republican votes in the House.
- The Senate now has 53 Republicans, 45 Democrats and two independents who usually vote with Democrats.
- Conviction and removal of a president would require 67 votes in Senate (two-third majority).
- So for Trump to be impeached, at least 20 Republicans and all the Democrats and independents would have to vote against him.
- In case if a Senate conviction removes Trump from office, it would elevate Vice President Mike Pence to the presidency for the remaining term.



3.17 US Executive Privilege - Robert Mueller's Report

Why in news?

The US White House invoked executive privilege to block the release of Special Counsel Robert Mueller's report.

What is executive privilege?

- Executive privilege is a legal principle that allows the president to refuse to comply with demands for information.
- E.g. congressional subpoenas (a writ ordering a person to attend a court)
- Executive privilege is not explicitly mentioned anywhere in the Constitution.
- But the Supreme Court has said that it is "fundamental to the operation of government and inextricably rooted in the separation of powers under the Constitution."
- It is generally used to keep private the nature of conversations the president has with advisers, or internal discussions among executive branch officials.

- The idea is that the White House operates more effectively if the president and his aides can have private, confidential conversations.
- The Court had held that president's right to privacy in his communications must be balanced against Congress' need to investigate and oversee the executive branch.
- But it is also widely understood that executive privilege cannot be used to cover up wrongdoing.

How effective can its use be?

- An executive privilege claim is particularly weak when Congress has invoked its power to remove a president through impeachment.
- In the impeachment context, virtually no part of a president's duties or behaviour is exempt from scrutiny.
- If the requisite documents are not produced, Congress can vote to hold administration officials "in contempt of Congress".
- It can then go to court and ask a judge to issue an order forcing them to comply.
- The judge would then decide the merits of an executive privilege claim.

What is the current dispute?

- The Special Counsel Robert Mueller's report relates to investigations into Russian interference in the 2016 presidential election.
- The report concluded that Russia interfered in the elections, favouring Mr. Trump.
- Recently, the US's House judiciary committee voted along party lines to hold the US attorney general Mr Barr in contempt of Congress.
- This was after he failed to hand over a more complete version of the Mueller's report as well as the underlying documents.
- The move escalated a constitutional clash between the Democratic-controlled House of Representatives and Republican President Trump.
- There were differences over the House's powers to investigate the President, his administration, his family and his business interests.

What is Trump's stance?

- Trump is obstructing the Congress on multiple probes, criticising the investigations as "presidential harassment."
- In an unusual move, he is even suing to stop the release of some materials that lawmakers want.
- The executive privilege is a tool which Trump could use as investigations close in on him.
- It is hard to be certain if Trump can withhold the report and underlying evidence through this.
- To prevail in court the White House will need to be more specific about which documents are protected by executive privilege.

3.18 Al-Shabab Attack in Somalia

Why in news?

A fierce gunbattle began after al-Shabaab terrorists bombed a hotel in the heart of Somalia's capital, with notable death tolls.

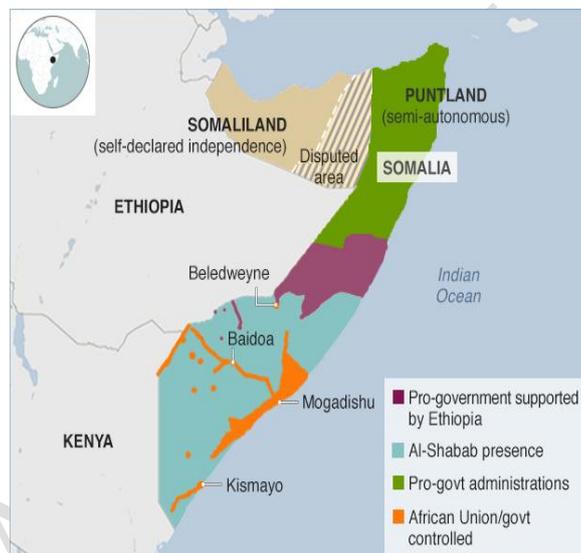
Who are the al-Shabaab?

- Al-Shabaab translates as 'The Youth' in Arabic.
- It started as the extremist youth wing of the now-defunct Islamic Courts Union (ICU).
- ICU was a grouping of sharia courts that seized control of a large portion of Somalia, including the capital Mogadishu, for some months in 2006.
- The ICU retreated after intense repression by Somali and Ethiopian troops.

- But the hardline Islamists joined together in groups such as al-Shabaab and Hizbul Islam to keep fighting.
- Over the years, foreign jihadists, including those from Western countries, have travelled to East Africa to join the al-Shabaab.
- The group is estimated to have 7,000-9,000 fighters as of at the end of 2017.
- It has been banned by the United States and the United Kingdom.

What is al-Shabaab's objective?

- Al-Shabaab has imposed a strict Wahhabi version of Islam in the areas under its control.
- E.g. its fighters have stoned to death women accused of adultery, and punished alleged thieves by cutting off their limbs
- In 2012, al-Shabaab leader Ahmed Abdi Godane had “pledged obedience” to Ayman al-Zawahiri, the emir of al-Qaeda.
- The group is believed to have also established links with Boko Haram in Nigeria and al-Qaeda in the Islamic Maghreb which is active in the Sahara.
- Al-Shabaab had considered offering allegiance to the Islamic State at the height of the terrorist group’s power in 2014-15.
- But only a small splinter group ultimately did it.
- Al-Shabaab is currently led by Ahmed Umar alias Abu Ubaidah, on whom the US has put a bounty of \$6 million.



What is the recent attack for?

- Somalia descended into chaos in the early 1990s, and the cycle of violence and terrorism has been going on since then.
- Al-Shabaab is trying to take back control of the Somalia capital Mogadishu from a Western-backed government.
- In the current attack, Hotel Maka Al-Mukarama in central Mogadishu was bombed by the al-Shabaab terrorists.
- The attack was in line with the al-Shabaab tactic of assaulting high-profile targets in East African countries.
- Days earlier, the US forces in Somalia had intensified airstrikes against al-Shabaab.
- The efforts by the Americans have seen the killing of over 50 al-Shabaab fighters in at least 6 airstrikes over the past week of the attack.

3.19 UN Blacklisting of Hamza Bin Laden

Why in news?

United Nations Security Council’s (UNSC) Sanctions Committee blacklisted Hamza bin Laden, the son of slain Al-Qaeda chief Osama Bin Laden.

Who is Hamza bin Laden?

- Hamza bin Laden is the 30-year-old son of slain Al-Qaeda chief Osama Bin Laden.
- In 2015, Hamza was introduced by Osama Bin Laden’s successor Ayman al-Zawahiri in an audio message.
- The US-based Brookings Institution claims that Hamza was with his father (Osama) in Afghanistan, prior to 9/11 attacks.
- Hamza is also said to have spent time with his father in Pakistan after the NATO invasion of Afghanistan in the aftermath of 9/11 attacks.



- Now, in the light of the Islamic State occupying the centre stage in the terrorist world, Hamza is seen as a fresh face.
- Al Qaeda thus seems to bank on him to increasingly inspire the youth to join militancy.

What does UNSC blacklisting mean?

- The blacklisting of Hamza would mean that he is subjected to a travel ban, freezing of his assets along with an arms embargo.
- His entry or transit in any of the countries that are UN members will not be allowed in accordance with the travel sanctions.
- Freezing of assets requires all UN member governments to immediately freeze funds, financial assets or any economic resources that come under direct or indirect ownership of the designated individual.
- The arms embargo prevents Hamza from acquiring arms and ammunition.
- All UN member countries are directed to block the channels that might directly or indirectly facilitate the sale of arms to the Al Qaeda leader.
- In addition to this, all member states are required to prevent the transfer of arms, ammunition, spare parts and other related articles, to Hamza.
- Non-material support in the form of technical advice, assistance, logistic support, or training in relation to military activities is also prohibited.

What are the other measures?

- Hamza bin Laden's Saudi citizenship was revoked after his blacklisting by the UNSC's Sanctions Committee.
- The U.S. government, as a part of its 'Rewards for Justice' programme, had announced a bounty of \$1 million for any information that leads to the capture of Hamza.
- The Security Council also described Hamza as the "most probable successor" of Al Qaeda's present chief Ayman al-Zawahiri.

3.20 Trump on Golan Heights

Why in news?

U.S. President Donald Trump recently said that the U.S. should back Israeli sovereignty over the Golan Heights, seized from Syria in 1967.

What is the significance?

- In December 2017, Trump decided to recognise Jerusalem as the capital of Israel and to move the US Embassy to the city.
- This was welcomed by the Israel but was offensive to Palestinians and many Arab political and religious leaders.
- The Golan announcement now much reflects the Jerusalem decision.
- This is likely to further complicate Trump's long-awaited plan to resolve the Israeli-Palestinian conflict.

What is the Golan Heights?

- The Golan Heights is a hilly 1,200 square kilometre plateau that overlooks Lebanon and borders Jordan.
- The claim over the Golan Heights is disputed between Israel and Syria.
- More than 40,000 people live on the Israeli-occupied Golan, and more than half of them are Druze residents.
- The Druze are an Arab minority who practice an offshoot of Islam.
- Many of its adherents in Syria have long been loyal to the Assad regime in Syria.

Why is the Golan area contentious?

- The Golan Heights were part of Syria until 1967.
- In 1967, Israel captured most of the area in the Six Day War, occupying it and annexing it in 1981.
- After annexing the Golan, Israel gave the Druze the option of citizenship, but most rejected it and still identify them as Syrians.
- About another 20,000 Israeli settlers also live there, many of them working in farming and tourism.
- The unilateral annexation by Israel was not recognised internationally, and Syria demands the return of the territory.
- Syria tried to regain the Heights in the 1973 Middle East war, but the effort was thwarted.
- Israel and Syria signed a peace agreement in 1974 and the Golan had been relatively quiet since.
- In 2000, Israel and Syria held their highest-level talks over a possible return of the Golan and a peace agreement.
- But the negotiations collapsed and subsequent talks also failed.



Why do the countries claim Golan?

- Both sides covet the Golan's water resources and naturally fertile soil.
- Also, given the civil war in Syria, Israel considers the plateau as a buffer zone between Israeli towns and the instability in Syria.
- Israel also fears that Iran is seeking to establish itself permanently on the Syrian side of the border in order to launch attacks on Israel.
- Iran is, notably, an ally of Syrian President Bashar al-Assad.
- Syria, for its part, insists that the part of the Golan held by Israel remains an occupied territory and thus demands its return.

What is the current UN arrangement there?

- A United Nations Disengagement Observer Force (UNDOF) is stationed in camps and observation posts along the Golan.
- This is supported by military observers of the United Nations Truce Supervision Organization (UNTSO).
- Between the Israeli and Syrian armies is a 400-square-km "Area of Separation".
- This is often called a demilitarized zone in which the two countries' military forces are not permitted under the ceasefire arrangement.
- The Separation of Forces Agreement of 1974 created two lines of separation.
- Behind the Alpha Line to the west of the area of separation, Israeli military forces must remain.
- Behind the Bravo Line to the east of the area of separation, Syrian military forces must remain.
- Extending 25 km beyond the "Area of Separation" on both sides is an "Area of Limitation".
- Here, there are restrictions on the number of troops and number and kinds of weapons that both sides can have.
- There is one crossing point between the Israeli and Syrian sides.
- Until the Syrian civil war broke out in 2011, this was used mainly by UN forces, a limited number of Druze civilians and for the transportation of agricultural produce.

Who controls the Syrian side of the Golan?

- Before the outbreak of the civil war in Syria, there was an uneasy stand-off between Israeli and Syrian forces loyal to President Bashar al-Assad.

- But in 2014 anti-government Islamist rebels overran Quneitra province on the Syrian side.
- The rebels forced Assad's forces to withdraw and also attacked the US forces in the area, forcing them to pull back from some of their positions.
- The area remained under rebel control until the summer of 2018.
- Then, Assad's forces returned to the largely ruined city of Quneitra and the surrounding area following a Russian-backed offensive.
- A deal that allowed rebels to withdraw was made.

What is the current military situation?

- Assad's forces are now back in control of the Syrian side of the Quneitra crossing which reopened in October 2018.
- The United Nations forces are still carrying out restoration works in certain areas.
- Israel signalled that it would not impede the Syrian army's return to Quneitra.
- But it has repeatedly expressed concern that Assad may defy the U.N. armistice or let his Iranian and Lebanese Hezbollah allies deploy there.

3.21 Pakistan and IMF Programme

Why in news?

Given its poor state of economy, Pakistan is in the process of making a deal with the International Monetary Fund (IMF).

How strained is Pakistan's economy?

- Pakistan's economy has been ruined in the last 8 months, and almost every indicator has deteriorated substantially.
- It is marked since Imran Khan became Prime Minister and his party, the Pakistan Tehreek-e-Insaf (PTI), formed the government.
- Inflation, at 9.4%, is at its highest level in five-and-a-half years and is likely to rise to double digits for the months ahead.
- The rupee continues to lose value every other day, which adds to further inflation especially with the oil price on the way up.
- The fiscal deficit is about to hit more than 6% of GDP.
- Even a cut in development expenditure will not stop this trend, as defence spending and interest payments continue to rise.
- Pakistan's exports, stuck at around \$26 bn for years, despite the 35% devaluation of the rupee over one year, have barely recovered.
- Besides, the government owes power producing companies huge amounts of money and the debt continues to accumulate.
- Interest rates are also going up making the cost of business even more uncompetitive.
- The GDP grew by 5.8% in the last fiscal year, the highest in 13 years.
- But the State Bank of Pakistan recently lowered the expectations of GDP growth for the current fiscal year to an 8-year low, to around 3.5%.
- This was reduced further by the IMF and the World Bank to a dismal 2.9% for the current fiscal year.
- It is expected to fall further over the next 3 years.
- By all accounts, Pakistan's economy is in a dismal state.

What is the key reason?

- A major reason for the worrying state of economy is the mismanagement and incompetence of the government.

- It was almost certain that whichever party would have won the elections of July 2018, it would ask the IMF for a major structural adjustment loan.
- But Mr. Khan's said he would rather commit suicide than go to the IMF.
- Mr. Khan's strategy was to run to a few of Pakistan's friends asking for money, and to not go to IMF.
- A non-IMF policy and programme was preferred as a better option in August, 2018.
- The newly-elected government thus did not do what it should have done.
- But the incompetence of the government did not allow for reforms to be undertaken, and has only made matters far worse.
- By not submitting to the IMF then, they now have no option but to submit almost a year later.

What is the recent happening?

- Asad Umar, Finance Minister of Pakistan, attended the Spring meetings of the International Monetary Fund (IMF) and the World Bank in Washington.
- He was unable to finalise an IMF deal when he was in Washington.
- Also, due to the poor performance in running the economy, he has been demoted to be the petroleum minister.
- Dr. Abdul Hafeez Sheikh, a former Adviser under General Musharraf, has been named the adviser on finance.
- At a moment when Pakistan's economy is facing a major crisis, it also has no finance minister now.
- Whoever will take the new job will have to face challenges they may neither be prepared for nor experienced enough to deal with.

What next?

- The IMF deal is now a certainty given the poor state of economy.
- Failing at alternatives to revive its economy, Pakistan has to find ways to convince the IMF now that Pakistan needs it.
- So although the finance minister has been replaced, there is probably no need for a replacement.
- It's so because when the IMF implements its strict conditionalities and adjustment programme the finance minister becomes redundant.
- The country is supposedly to 'agree' to the terms.
- The finance minister is then simply the bearer, and the new finance Adviser will fit this role.

What is the likely effect of IMF's programme?

- If finalised, this will be the 13th IMF rescue package for Pakistan's governments in less than four decades.
- [One of the stumbling blocks to the deal this time has been the IMF's insistence that Pakistan reveal the financial deals made with China.
- It demands details including financial loans, as well as the \$60 billion China-Pakistan Economic Corridor.]
- The new IMF programme is the biggest Pakistan is expecting to receive, likely to be between \$6-\$10 bn.
- However, this is going to make things far worse for all Pakistanis.
- This is true especially for the working people already dealing with prospects of a marked economic slowdown and high inflation.
- Defence spending will remain a matter of 'national security' and not be touched.
- But the IMF will further cut the minuscule development expenditure left.
- It will ensure austerity, stabilisation and will cut the growth rate further.
- It will insist on further devaluation, causing greater inflation, and will insist on raising utility prices.
- In every respect, the people of Pakistan will face the prospects of fewer jobs, and rising prices.

- They will have to cope up with an economy which is now the worst performer in all of South Asia.
- If Pakistan takes the IMF loan or not, it is sure to be amidst troubles and challenges for some time.

3.22 Arrest of Julian Assange

Why in news?

WikiLeaks founder Julian Assange was convicted by a London court of breaking bail terms of 2012.

What is the case all about?

- Julian Assange is the head of the anti-secrecy website WikiLeaks.
- Mr. Assange made international headlines in early 2010 when WikiLeaks published a classified U.S. military video.
- It showed a 2007 attack by Apache helicopters in Baghdad that killed a dozen people, including two Reuters news staff.
- Mr. Assange was facing charges related to theft of classified information from government computers, conspiring with former U.S. Army intelligence officer Chelsea Manning.
- In 2012, authorities from Sweden wanted to question him as part of a sexual assault investigation.
- To avoid being extradited to Sweden, Mr. Assange took refuge in Ecuador's London embassy in June 2012.
- Sweden dropped that investigation in 2017, but Mr. Assange broke the rules of his original bail (2012) in London.
- Eventually, he had eluded authorities in the U.S. and the U.K. for nearly 7 years, to escape arrest.
- Now, Ecuador President Lenin Moreno withdrew his country's grant of asylum to Mr. Assange that was on for 7 years.
- Ecuador had earlier limited Mr. Assange's Internet access.
- Asylum was withdrawn after repeated violations to international conventions and daily-life protocols by Assange.
- Mr. Assange was thus arrested by British police and carried out of the Ecuadorean embassy, paving the way for his possible extradition to the U.S.

Why is the arrest disputed?

- His arrest has renewed a global debate on balancing between freedom of expression (or the right to information) and national security concerns.
- There exists a question if Mr. Assange is a "journalist" and WikiLeaks a "news organisation" in the traditional sense.
- But Whistleblower and former Central Intelligence Agency contractor Edward Snowden had condemned the arrest as "a dark moment for press freedom".
- He said that the charges pressed by the U.S. against Mr. Assange are incredibly weak.
- WikiLeaks was producing things that people ought to know about those in power.
- It had opened up the space for holding people in power accountable.
- So despite the disputes, Mr. Assange's indictment is seen to pose a threat to all journalists.
- This could suppress whistle-blowers everywhere and ultimately weaken democracy itself.

What is the dilemma now?

- Sexual assault charges against Mr. Assange have become less significant than the issues that link nation states with the Official Secrets Act.
- Jess Phillips, a UK MP, argued that Mr. Assange's case made it clear that women's rights are still secondary to political games.

- She emphasised that the first and most pressing case he should answer is the one where he has delayed and therefore denied possible justice to two Swedish women.
- A Swedish lawyer representing the alleged rape victim too said she would push to have prosecutors reopen the investigation.
- Jess Phillips thus called for the U.K. government to support his extradition to Sweden before even considering any pressure from the U.S.
- The UK government will now have to decide on Mr. Assange's extradition.

3.23 Arab Spring 2.0 - Protests in Algeria and Sudan

What is the issue?

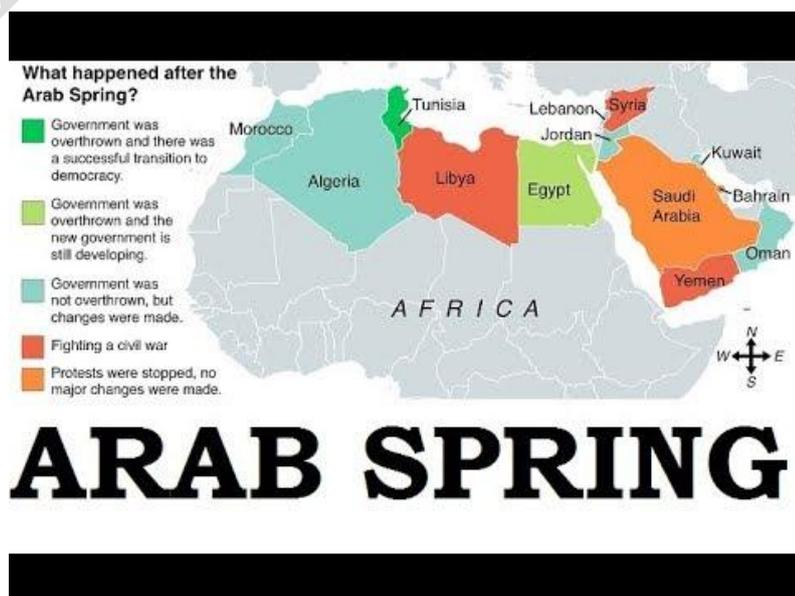
- The recent protests in Algeria and Sudan have entered a critical phase in which protesters and militaries are at a stand-off.
- With this, there is a possibility that protests could move to other Arab countries as well, resembling the earlier Arab spring.

What was the Arab Spring?

- Arab spring refers to a series of uprisings in the countries of the Arab region in 2011, leading to the ousting of several dictators.
- Protests broke out in Tunisia in late 2010 and spread to other countries including Tunisia, Egypt, Yemen, Libya, Bahrain and Syria.
- There were hopes that the Arab world was in for massive changes and expectations that the old autocracies would be replaced with new democracies.
- But Tunisia was the only country where the revolutionaries outwitted the counter-revolutionaries.
- They overthrew Zine El Abidine Ben Ali's dictatorship, and the country transitioned to a multi-party democracy.
- Except Tunisia, the country-specific stories of the Arab uprising were largely tragic.

What led to the Arab spring?

- The Arab uprising was originally triggered by a combination of factors.
- The rulers had been in power for decades, and there was popular longing for freedom from their repressive regimes.
- Also, the economic model based on patronage was crumbling in those countries.
- The key driving force behind the protests was a pan-Arabist anger against the old system.
- So, though the revolutionaries' targets were their respective national governments, the protests were transnational in nature.
- This is the very reason why the spirit spread quickly from Tunis to Cairo, Benghazi and Manama.



Is Arab Spring 2.0 in the making?

- The negative impact due to repressions after the Arab Spring did not kill the revolutionary spirit of the Arab youth.
- This is now being showcased in the protests in Sudan and Algeria with similar anti-government demonstrations.

- **Algeria**, whose economy is heavily dependent on the hydrocarbon sector, took a hit after the post-2014 commodity meltdown.
- GDP growth slowed from 4% in 2014 to 1.6% in 2017, and youth unemployment soared to 29%.
- This economic downturn was happening when Mr. Bouteflika was missing from public engagement, after being paralysed by stroke in 2013.
- But when he announced candidacy for this year's presidential election, seeking another five-year term, it infuriated the public.
- In a matter of days, protests spread across the country, which culminated in his resignation on April 2, 2019.
- **Sudan** is also battling a serious economic crisis leading to protests. Click [here](#) to know more on Sudan's case.
- Protesters in both countries demanded regime change, like their comrades in Egypt and Tunisia did in 2011.
- So both Abdelaziz Bouteflika and Omar al-Bashir who had ruled Algeria for 20 years and Sudan for 3 decades respectively had to quit.
- This has revived memories of the Tunisian and Egyptian uprisings earlier, suggesting an Arab Spring 2.0.
- Like in the case of 2010-11, the 2018-19 protests are also transnational.
- They spread from Amman (Jordan) to Khartoum (Sudan) and Algiers (Algeria) in a matter of months.

What are the key driving factors now?

- The pan-Arabist anger against national governments remains the main driving force behind the protests.
- **Old order** - Most Arab economies are now beset with economic woes.
- The rentier system Arab monarchs and dictators built is in a bad shape.
- Arab rulers for years bought loyalty of the masses in return for patronage, which was then granted by the fear factor.
- But this model is no more viable.
- **Oil prices** - Having touched \$140 a barrel in 2008, the price of oil collapsed to \$30 in 2016.
- This impacted both oil-producing and oil-importing countries.
- Producers, reeling under the price fall, had cut spending; both public spending and aid for other Arab countries.
- The aid that non-oil-producing Arab economies such as Jordan and Egypt were dependent on started to dry up.
- In May 2018, there were massive protests in Jordan against a proposed tax law and rising fuel prices.
- Demonstrators left the streets only after Prime Minister Hani Mulki resigned.
- His successor had to withdraw the legislation and King Abdullah II made an intervention to freeze the price hike.

What keeps the revolutions from succeeding?

- In all these countries, the counter-revolutionary forces are so strong.
- So protesters often stop short of achieving their main goal of putting an end to the old order.
- Revolutionaries manage to get rid of the dictators, but the system they built survives somehow and sometimes in a moral brutal fashion.
- A key counter-revolutionary factor is the guardians of the old system, either the monarchy or the army.
- E.g. After the 2011 protests, in Egypt, the army made a comeback
- It further tightened its grip on the state and society through violence and repression.
- In Jordan, the monarch always acts as a bulwark against revolutionary tendencies.
- The second counter-revolutionary factor is the geopolitical actors.

- E.g. In Libya, the foreign intervention removed Muammar Qaddafi, but the war destroyed the Libyan state and institutions
- It ultimately left the country in the hands of competing militias and is yet to recover from the anarchy triggered by the intervention.
- In Syria too, with foreign intervention, the protests first turned into an armed civil war.
- Soon, the country itself became a theatre of wars for global players.
- In Yemen, protests turned into a sectarian civil conflict, with foreign powers taking different sides.
- In Bahrain, Saudi Arabia made a direct military intervention, on behalf of its rulers, to violently end the protests in Manama's Pearl Square.

How does the future look?

- Similar counter-revolutionary factors now play at Algeria and Sudan as well.
- In Khartoum, protesters are demanding an immediate handover of power to a civilian government.
- But in both countries, the army let the Presidents fall, but retained its grip on power, despite pressure from protesters.
- They clearly do not seem to be bringing in a regime change.
- Sudan faces the heat of geopolitical intervention as well.
- As soon as the military council directly took power, Saudi Arabia, the U.A.E. and Egypt offered support to the military.
- It is to be seen if the mass movements meet their revolutionary goals.

3.24 Dealing with Defeat of the IS

Why in news?

Syrian Democratic Forces recently declared the total elimination of so-called caliphate and 100% territorial defeat of ISIS.

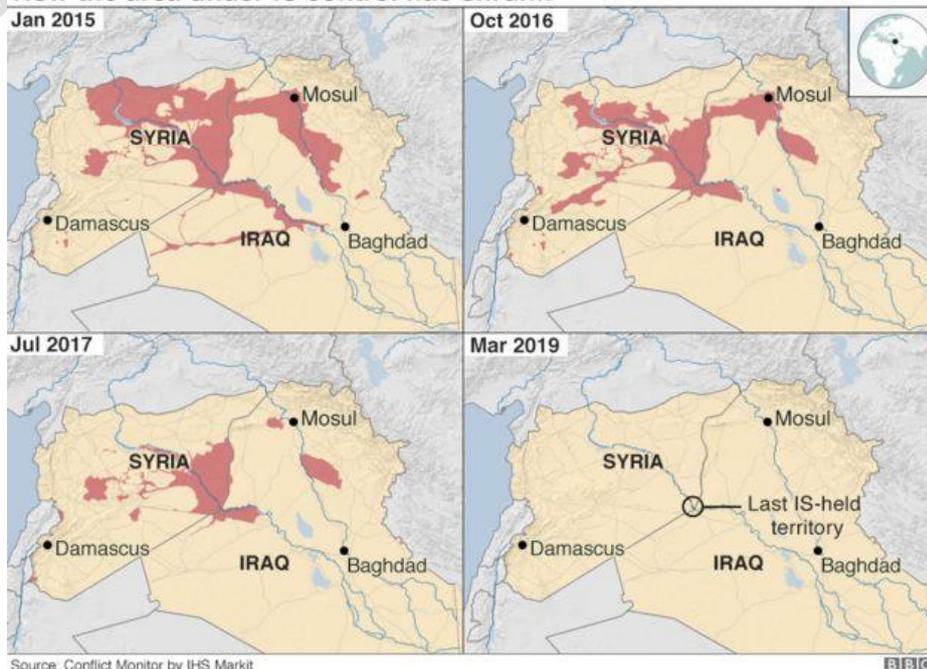
How did the ISIS evolve?

- ISIS (Islamic State of Iraq and Syria) has been in Iraq since the 2000s.
- For a long time it held no territory at all, but it was a no less deadly or destructive force then.
- Starting in 2014, it took large swathes of territory in Iraq and Syria.
- At one time, it was literally the size of Great Britain.
- This was the time when it declared itself the Caliphate i.e. the region or rule of a chief Muslim ruler.

How significant was the territory for ISIS?

- ISIS collected taxes from millions of people in the territory it controlled.
- This allowed ISIS to become the world's richest terrorist group.
- It used that safe haven to make a number of innovations.
- This included learning how to

How the area under IS control has shrunk



manufacture their own weapons, their own rockets and mortars, making ISIS self-sufficient.

- So the territory under its hold was crucial to the height they reached as a terrorist organisation.
- The loss of territory means they no longer have the ability to collect taxes.
- They would also no longer have the most visible symbol of their brand which allowed them to recruit tens of thousands of foreign fighters.

Does loss of territory mean IS's defeat altogether?

- When coalition forces liberate an area, there's an intermediate period when fighters retreat and there are no attacks.
- But after coalition forces withdraw, it becomes an area of insecurity.
- In 2011 American troops pulled out of Iraq, and IS was considered defeated then.
- At that point, CIA estimated that the group had just 700 fighters.
- Now, it has tens of thousands of fighters, and continues to exist as a physical insurgency in Iraq and Syria.
- Evidently, ISIS lives on and today it is much stronger, deadly and destructive than it was in 2011.
- It has lost its territory but it still has thousands of ISIS fighters just in Iraq and Syria, and many more outside Iraq and Syria.

How prevalent is its influence?

- **Outside Iraq and Syria** - ISIS's presence is strong and growing in Afghanistan, in the Philippines and in West Africa.
- E.g. ISIS's Khorasan province (in East Asia in the Philippines) and ISIS's West Africa province are groups that are robust on the ground
- According to a recent United Nations report, in Afghanistan, ISIS has 2,500 fighters.
- There is enough evidence to suggest that there is connective tissue between these affiliates and ISIS's core group in Iraq and Syria.
- **Money** - Reportedly, some of the ISIS operatives that were caught fleeing ISIS's last territory in Syria were carrying huge amounts of cash, like \$20,000.
- There are also reports that ISIS has invested some of its cash in local businesses.
- **Leader** - Abu Bakr al-Baghdadi is the Caliph of the Islamic State.
- He is the person to whom every fighter pledges his allegiance.
- He is learnt to be somewhere in Iraq and Syria, and continues to remain an important symbol for the group.

What about India?

- India is in many ways an example of countering radicalisation.
- India has the third largest Muslim population in the world.
- Yet, only less than 100 persons have travelled to join the group in Iraq and Syria.
- Low numbers clearly point to the fact that despite the difficulties, India manages the issue in the right way.
- But reports suggest that the Khorasan province must be looking at India.
- ISIS is always pushing a narrative of Muslim victimhood.
- So there is also the Rohingya issue which must be attractive to ISIS.
- But the irony is that ISIS's message has been most receptive amongst Muslims that have experienced little or no discrimination themselves.
- [E.g. Huzayfah, the Canadian recruit profiled in Caliphate, was treated well in Canada but decided to join the group
- In contrast, Muslim communities that have experienced real trauma and discrimination have been mostly immune to ISIS recruitment.



- E.g. Rohingya Muslim, and Uighur Muslims from China have largely been immune to ISIS influence, with little exceptions
- This is where probably the ISIS propaganda falls flat.]
- There have been ISIS flags on certain occasions in Kashmir too.
- The extent of ISIS's support in Kashmir Valley is unclear and the amount of coordination with ISIS's central organisation is unknown.
- However, denying the presence outright would not be correct and there is a need for India to take a cautious approach in this.

3.25 US-Taliban Peace Talks

Why in news?

- The longest round of peace talks yet between the US and the Taliban ended recently.
- It marks a shift in stands of the stakeholders and offers hopes for an ending to the prolonged war in Afghanistan.

Why the talks now?

- The war in Afghanistan, the second longest armed conflict in American military history after Vietnam, has claimed thousands of lives on all sides.
- Afghan civilians, US-led coalition troops, and those belonging to insurgent groups have been affected.
- The wars in Afghanistan and Iraq have together cost the American taxpayer almost \$6 trillion since 2001.
- So eventually, the US has realised the futility of the military option.
- The need to stop the ceaseless fighting has become the top priority for all parties.
- Back in 2011, then Secretary of State Hillary Clinton had spoken of the need to distinguish between the "good" and "bad" Taliban.
- The view in favour of holding talks has only strengthened since then.

Why is the shift in Taliban's stance?

- The Taliban have been grappling with the emergence of the ISIS in Afghanistan.
- The ISIS is in direct conflict with both the Taliban and the US-backed Afghan government.
- However, the Taliban is keen to demonstrate to the Afghan people that it seriously wants to govern them.

How did the talks evolve?

- In 2018, the administration of US President Donald Trump asked the State Department to explore the possibility of talks with the Taliban.
- This signalled a major paradigm shift in American policy towards the Taliban.
- Zalmay Khalilzad, the former American ambassador to Afghanistan, was appointed the special US envoy to initiate the peace process.
- Reaching out to the Taliban, a framework peace deal was agreed "in principle" in January 2019.
- The current talks are directed towards materialising this framework.

What is the significance?

- At the close of these talks, both sides agreed to an "agreement in draft" on two of the most critical areas central to American interests-
1. a commitment by the Taliban to not allow anti-American activities on Afghan soil
 2. a time-bound withdrawal of American troops
- The US special envoy Zalmay Khalilzad expressed his sense of achievement on Twitter.

- The talks and the statement indicate a change in the US policy on the Taliban from an armed invasion to peaceful negotiations at present.
- Moreover, the Taliban delegation for the talks was chaired by Mullah Baradar, a co-founder of the Islamist movement and one of its most senior leaders.
- He was released by Pakistan last year after almost a decade of incarceration.

What are the unresolved concerns?

- **Afghan government** - The Taliban have from the beginning been firm that they would not talk directly with the Afghan government.
- The Taliban consider the Afghan government to be a US puppet.
- However, with the current negotiations, a change in the Taliban's attitude could perhaps be expected now.
- With the upcoming talks, the two sides are expected to discuss the possibility of a complete ceasefire after the US troops' departure, definitively ending the war.
- **Freedom** - During their government from 1996 to 2001, and in many of the areas that they controlled, the Taliban enforced a highly puritanical form of Islam.
- They have banished women from public life, restricted their access to schools, and banned music and television.
- After the Taliban's ouster from power, Afghanistan has taken steps towards providing to its people constitutional freedoms.
- The government has created the conditions for an independent media and an increased role for women.
- It is now widely feared that the return of the Taliban would destroy these hard-won achievements which are still in the evolving phase.
- Despite these, a political arrangement with the Taliban is a price that the government is now willing to pay.
- However, this is only on the assurance that Afghanistan will not be allowed to become a terrorist threat to the West again.

What does it mean for India?

- Afghanistan is a strategic investment for India, and India has made significant contributions to the rebuilding of the country.
- However, it has not been India's principle to differentiate between 'good' and 'bad' terrorists.
- So in effect, India rules out direct negotiation with the Taliban.
- India's participation in the Moscow talks with Taliban last year was only in a 'non-official capacity'.
- Most likely, Taliban will have a major say in the government of Afghanistan at least for the foreseeable future.
- But India's strategic presence in Afghanistan stands on a much lower footing compared to that of Pakistan.
- It was, notably, Pakistan's intelligence wing that in many ways created the Taliban, and which continues to influence its leaders.
- So once the Americans withdraw fully and the Taliban take over the country in a direct or indirect capacity, India will have a tough time.

3.26 African Continental Free Trade Agreement

What is the news?

African Union (AU) members have signed the African Continental Free Trade Agreement (AfCFTA) for goods and services at the 12th AU Summit.

What is the situation?

- Of the 54 countries that have signed AfCFTA, 27 have ratified it.
- Actual cross-border free trade could start by July 2020.



- The AfCFTA would be world's largest FTA.
- This would create an African Common Market of 1.2 billion people and a GDP of over \$3.4 billion - metrics are comparable to India's.

What are the hurdles?

- AU's ineffectiveness - in dealing with the continent's myriad problems such as decolonisation, underdevelopment, etc.,
- The AU's grand plans have been spectacular flops, so may be the AfCFTA.
- Political, organisational and logistical challenges to the AfCFTA - the national economies in Africa are weak with a low manufacturing base.
- They also lack competitiveness and mutual complementarity.
- Countercyclical attitude of the AfCFTA towards the ongoing global protectionist trends as seen in the U.S.-China trade conflict, Brexit, etc.
- Reversal of globalisation - Commodity prices are stagnant and globalisation is often being reversed.
- With Africa accounting for only 3% of global trade, there's a question whether the AfCFTA can defy the contrarian global tendencies.

What are the reasons to be optimistic?

- There are strong global headwinds like cooling Chinese ardour for Africa, greater collective self-reliance through African economic integration makes eminent sense.
- The AU Commission has prepared an extensive road map towards the AfCFTA with the preliminary work on steps such as tariff reduction, elimination of non-tariff barriers, etc.,
- The logistical and financial networking challenges across the continent can be overcome with stronger political will.
- Informal trade across national borders is already a fact of African life.
- So, by adopting the AfCFTA, African leaders are only following the economic logic.
- There is a surge in consumer base, it would make the proposed AfCFTA even more important.

What is the Indian angle?

- Africa is India's important economic partner with nearly a 10th of our global trade.
- India is Africa's third largest trading partner. India's exports to Africa have upwarded recently.
- India needs to anticipate the AfCFTA's likely impact on its interests and try to influence it to enhance India-African economic ties.
- African economies becoming more formalised and transparent would be in India's interest.

What India can do?

- India can help the AU Commission prepare the requisite architecture.
- It can also identify various African transnational corporations which are destined to play a greater role in a future continental common market and engage with them strategically.
- Therefore, the cross-linkages of a three million strong Indian diaspora spread across Africa can also be very valuable.

African Union

- The African Union (AU) is a continental body consisting of the 55 member states that make up the countries of the African Continent.
- It was officially launched in 2002
- It is successor to the Organisation of African Unity (OAU, 1963-1999).
- Vision - An Integrated, Prosperous and Peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena.

4. INTERNATIONAL ORGANISATIONS

4.1 India and Arctic Council

Why in news?

India was re-elected as an Observer to the Arctic Council in its recent ministerial meeting at Rovaniemi, Finland.

What is the Arctic Council?

- The Arctic Council is an intergovernmental forum for discussing and addressing issues concerning the Arctic region.
- These include scientific research, and peaceful and sustainable use of resources in the region.
- The Council was established by the 8 Arctic States through the Ottawa Declaration of 1996.
- These are Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the US.
- Besides these, 6 organisations representing the indigenous people of the Arctic region is granted the status of permanent participants.
- All decision-making happens through consensus between the eight members, and in consultation with the permanent participants.

What are the objectives?

- The Arctic Council is not a treaty-based international legal entity like the UN bodies or trade or regional groupings like NATO or ASEAN.
- It is only an intergovernmental 'forum', to promote cooperation in regulating activities in the Arctic region, a much informal grouping.
- The six working groups each deal with a specific subject.
- Through this, the Arctic Council seeks to evolve a consensus on the activities that can be carried out in the Arctic region.
- It is driven by the overall objective of conserving the pristine environment, and biodiversity.
- The interests and well-being of the local populations are also its focus.



Who are the other participants?

- India had been given the Observer status in 2013, along with 5 other countries - China, Italy, Japan, South Korea, and Singapore.
- India, along with 12 other countries now, has the Observer status in the Arctic Council.
- 13 other intergovernmental and inter-parliamentary organisations like the UN Environment Programme, UN Development Programme and 12 other NGOs also enjoy the Observer status.
- The Observer status is granted to entities that support the objectives of the Arctic Council.
- Those which have demonstrated capabilities in this regard, including the ability to make financial contributions, are included.
- The Observers are not part of the decision-making processes.
- They are invited to attend the meetings of the Council, especially at the level of the working groups.
- The renewal of Observer status is just a formality.
- The status, once granted, continues until the Observer engages in any activities that run counter to the objectives of the Council, and there is a consensus on this.

What is India's role in the Arctic?

- India is one of the very few countries to set up a permanent station in the Arctic for the purposes of scientific research.

- The polar regions offer some unique opportunities to carry out research related to atmospheric and climate sciences.
- The Himadri research station, located in Ny Alesund, Svalbard in Norway, was started in 2008.
- The Goa-based National Centre for Antarctic and Ocean Research (NCOAR) is the nodal organisation coordinating the research activities at this station.
- The station has been used to carry out a variety of biological, glaciological and atmospheric and climate sciences research projects.
- [Besides, India's first permanent station in Antarctica was set up way back in 1983.
- India has almost 3-decade experience in carrying out scientific research in the polar regions of Antarctica.
- India is now among the very few countries which have multiple research stations in the Antarctic.]

Why is it significant to India?

- The Arctic Council does not prohibit the commercial exploitation of resources in the Arctic.
- It only seeks to ensure that it is done in a sustainable manner.
- So countries with ongoing activities in the Arctic hope to have a stake in the commercial exploitation of natural resources there.
- India could derive some commercial and strategic benefits, given the fact that the Arctic region is rich in some minerals, and oil and gas,
- With some parts of the Arctic melting due to global warming, the region also opens up the possibility of new shipping routes.

4.2 G-20 Summit 2019 - Osaka Declaration

Why in news?

The annual G-20 summit for 2019 was recently held in Osaka, Japan. The Osaka Declaration of G-20 leaders summed up the key outcomes of the meet.

What are the key takeaways?

- **Terrorism** - The joint statement gave very low priority to terrorism, but the Financial Action Task Force (FATF) got due prominence.
- It welcomed the *UNSC Resolution 2462*, which stresses the essential role of the FATF.
- FATF's crucial role in setting global standards for preventing and combating money laundering, terrorist financing and proliferation financing was noted.
- The declaration called for the full, effective and swift implementation of the FATF standards.
- India has been quite active at the FATF with Pakistan's grey-listing, and China will now hold the chair after the US.
- **Anti-corruption** - The Osaka declaration stressed on economic offenders as part of the anti-corruption theme.
- It noted that the countries would work on a scoping paper on international cooperation dealing with "serious economic offenders" and recovery of stolen assets.
- It committed to intensify efforts to combat foreign bribery and to ensure that each G-20 country has a national law in force for criminalizing foreign bribery as soon as possible.
- The issue has notably been portrayed by the Indian government as a priority objective.
- **Climate change** - Signatories to the Paris Agreement on climate change reaffirmed their commitment to its full implementation.
- It reflected their common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.



- The declaration emphasized the importance of providing financial resources to assist developing countries for both mitigation and adaptation.
- **Climate Change - U.S.** - The U.S. is isolated on climate change for the last two summits since its withdrawal from the Paris climate agreement.
- However, it was able to make its way to get its position reflected in the G-20 statement for the first time.
- [It is quite unprecedented to have a country's position reflected in a multilateral joint statement, especially at the G-20.]
- In the statement, the US reiterated its decision to withdraw from the Paris Agreement as it feels it to be disadvantageous to American workers and taxpayers.
- However, the U.S. reaffirmed its strong commitment to promoting economic growth, energy security and access, and environmental protection.
- The US's position as a world leader in reducing emissions was mentioned in the declaration.
- Notably, US's energy-related CO₂ emissions fell by 14% between 2005 and 2017 even as its economy grew by 19.4%.
- This was largely due to the development and deployment of innovative energy technologies.
- **India's priorities** - India's primary concern on terrorism was not given due prominence at G-20 this year.
- But its concerns on black money, cross-border flow of data, Belt and Road Initiative (BRI) and significance of FATF were given due importance.
- India will now have to start thinking about its agenda for 2020, especially since it is going to shape the agenda in 2022 as host of G-20.
- **Quality infrastructure** - The declaration stressed the importance of maximising the positive impact of infrastructure and gave prominence to "sustainability of public finances".
- The mention on impact takes into account environmental and social factors, all of which point towards China's Belt and Road Initiative (BRI).
- The criticism against the Chinese BRI mainly includes unsustainable financing and poor environmental considerations.
- **Trade** – The presence of the challenge of trade protectionism across the world was acknowledged at the summit.
- The G-20 leaders thus committed to ensure a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment.
- Taking note of the growing risks to the global economy, the leaders also called for a reform of the World Trade Organization (WTO).
- The declaration highlighted the need for carefully calibrated macroeconomic and structural policies designed to country-specific circumstances.
- This is particularly to address excessive current account imbalances and mitigate the risks to achieving the G-20 goal of strong and inclusive growth.
- Besides, the declaration called for the IMF to expedite its work on its resources and governance reform on a priority basis.
- It also urged the IMF and the World Bank Group to continue efforts to strengthen borrowers' capacity in the area of debt recording, monitoring and reporting.

UNSC Resolution 2462

- The UN Security Council recently adopted the Resolution 2462, which was initiated by France.
- It is intended to update existing resolutions and adapt them to new forms of financing of terrorism and new challenges in this field.
- In this regard, it calls upon countries to prevent and counter the financing of terrorism, especially in its new forms.
- It also calls for enhancing the traceability and transparency of financial transactions.
- Resolution 1373 was the first comprehensive resolution imposing obligations on all states to respond to the global threat of terrorism.
- It was adopted in 2001, in response to the September 11 terrorist attacks in the US.
- Resolution 2462 also affirms the Resolution 1373 and in particular, its decisions on countries to prevent financing of terrorist acts and to refrain from providing any of support in that regard.

- G-20 further said that it would intensify its efforts for a consensus-based solution on tax challenges arising from digitalisation with a report by 2020.

4.3 G-20 Summit 2019 - Bilateral Meets

What is the issue?

- The annual G-20 summit for 2019 was recently held in Osaka, Japan.
- Here are the outcomes of the key bilateral meets held on the sidelines of the G-20 summit.

What were the U.S.-China trade negotiations on?

- U.S. President Donald Trump and China's leader Xi Jinping met on the sidelines of the G20 Summit.
- **Trade Talks** - It was announced that trade talks between the two countries resumed.
- Notably, the trade negotiations broke down some weeks ago.
- This was after the Chinese side said that it could not accept some provisions that had been tentatively agreed to in an incomplete draft.
- Mr. Trump now clarified that the U.S. would not impose any new tariffs on Chinese exports while the talks were underway.
- Meanwhile, China had agreed to resume broad purchases of American farm products and other goods.
- The new developments will delay the imposition of 25% tariffs on some \$300 billion in Chinese imports.
- **Huawei issue** - Trump allowed U.S. companies to sell their equipment to Huawei, Chinese telecom giant.
- [Chinese technology giant Huawei's ambitious 5G rollout in the US was recently hampered by the Trump administration.
- It was accused that Huawei was doing espionage at China's behest.
- The U.S. thus blacklisted Huawei, prohibiting American companies from selling equipment to Huawei.
- It barred the use or installation of Huawei 5G technology-equipped devices in critical infrastructure and offices related to security establishment.
- The US has also been lobbying with friendly nations to boycott Huawei 5G rollout in those countries.
- Japan and Australia have already barred Huawei from rolling out 5G technology there.
- The move was a major blow to Huawei, which relies on chips and other equipment from the United States.
- India has not yet committed to U.S.'s call for a ban on Huawei plan to rollout 5G in the country.
- India maintains that the decision would be taken considering its own business and security interests.]

What are the key takeaways of Modi-Trump meet?

- The U.S. President Donald Trump and Indian PM Modi met on the sidelines of the G-20 Summit.
- **Tariffs** - Modi and Trump directed officials to resolve trade issues that have cropped up in last one year.
- The dispute over tariffs began in 2018 when the U.S. hiked tariffs on import of aluminium and steel from many countries including India and the EU.
- This was followed by ending the General System of Preferences (GSP) for certain Indian items such as textiles and jewellery.
- In response, recently, India hiked tariffs on certain items imported from the US.
- The Indian response is likely to hurt farmers producing and exporting apples, almonds and lentils.
- Notably, Trump believes these farmers in US countryside are his supporters and core constituency.
- **Defence and S-400** - India's S-400 and other defence deals with Russia have been an irritant for the Trump administration.
- Under its Countering America's Adversaries Through Sanctions Act (CAATSA), the US imposed sanctions on countries purchasing arms from Russia.

- India has sought a waiver for its S-400 deal but the request is still pending with the Trump administration.
- The US president stressed that defence deals between the two countries should go forward, but he did not raise the issue of S-400 missile system.
- This signals that the U.S. administration is not ready to mix India-US bilateral ties with Russia.
- **Iran issue** - After Trump came to power, the U.S. withdrew from the multilateral nuclear agreement with Iran and imposed fresh sanctions on it too.
- The U.S. administration has been pushing the Indian government for stopping oil imports from Iran, which is a key supplier of crude oil to India.
- Moreover, India has strategic interests in Iran, where it has invested heavily in Chabahar port.
- In his meeting with Trump, Modi pressed for the need to maintain stability in the gulf region, given India's energy dependence and diaspora presence.
- Trump assured at the summit that the US was trying its best to ensure stability in the region, a major takeaway for India.

4.4 ASEAN Summit Highlights

Why in news?

The 34th ASEAN Summit was recently held in Thailand's capital Bangkok.

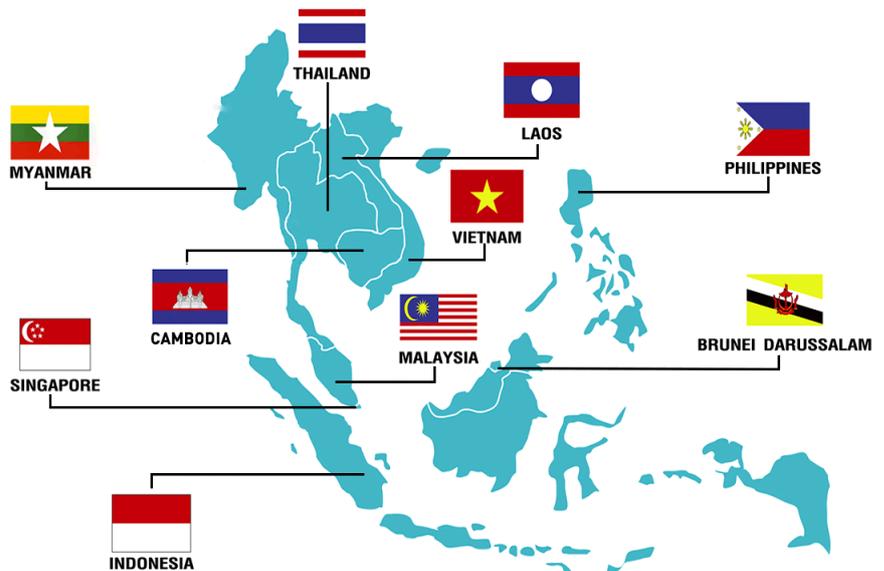
What is ASEAN?

- The Association of Southeast Asian Nations (ASEAN) is a regional intergovernmental organization of countries in Southeast Asia.
- Its objective is to promote intergovernmental cooperation and facilitate economic, political, security, military, educational, and socio-cultural integration.
- ASEAN was established in 1967 in Bangkok, Thailand.
- It came consequent to the signing of the ASEAN Declaration (Bangkok Declaration) by the founding members of ASEAN.
- [These are Indonesia, Malaysia, Philippines, Singapore and Thailand.]
- It, now, also includes Vietnam, Brunei, Myanmar (Burma), Cambodia, and Laos, totalling to 10 members.
- ASEAN's six FTA partners are India, China, Japan, South Korea, Australia and New Zealand.

What are the key outcomes of the summit?

- **Indo-Pacific Outlook** - Ten leaders of the ASEAN member states have agreed to adopt the ASEAN Outlook on the Indo-Pacific concept which was led by Indonesia.
- There are 5 main points related to the Outlook - the background and reason behind, the key elements, objectives, principles, and areas of cooperation.
- The outlook reflects the centrality and strength of ASEAN in respecting peace and dialogue culture and strengthening cooperation.
- The outlook on the Indo-Pacific issue has come amidst the current global developments in the region.
- **BIMSTEC** - With the Indo-Pacific strategy, ASEAN has reserved a special place for India's BIMSTEC grouping as one to connect with.
- This will be the first sign of acceptance in the region of India's renewed interest in BIMSTEC.
- Notably, India has put in more diplomatic energy into BIMSTEC in recent years.

- This comes as an effort to redefine India's neighbourhood eastwards, for better connectivity and economic and strategic engagement.
- **Marine debris** - The Bangkok Declaration on Combating Marine Debris in the region was endorsed at the summit.
- Efforts will be taken to significantly reduce and prevent the amount of marine debris, particularly from land-based activities.
- Leaders also agreed to –
 - i. encourage integrated land-to-sea approaches to prevent and reduce marine debris
 - ii. strengthen their respective legislation
 - iii. intensify regional and international cooperation, including dialogs on policies and exchanges of information
- In this regard, ASEAN will promote inter-sectoral coordination among ASEAN sectoral bodies.
- This is to address the multidimensional negative and far-reaching impact of marine debris.
- Leaders also agreed to promote an innovative solution to raise plastic costs.
- Strengthening research capacities and applications of scientific knowledge to combat marine debris were also discussed.



What is China's stake in the region?

- China does not like the notion of Indo-Pacific, and prefer calling it Asia-Pacific.
- ASEAN also gave a prominent space to the UN Law of the Sea and freedom of navigation.
- Despite being a signatory to UNCLOS (United Nations Convention on the Law of the Sea), China has built artificial islands in the Spratly Islands.
- It is also on the way to militarising them.
- These seas and islands are heavily contested between China, Taiwan, Philippines, Vietnam, etc.
- The US and its allies have been running freedom of navigation operations (FONOPs) in these seas for some time now, as a show of resistance to China's domination.

4.5 ASEAN Summit - RCEP Negotiations

Why in news?

- The ASEAN summit was recently held in Bangkok, Thailand.
- Leaders of the ASEAN grouping have committed to concluding negotiations for the Regional Comprehensive Economic Partnership (RCEP) by the end of 2019.

What is RCEP?

- The Regional Comprehensive Economic Partnership is the free trade agreement (FTA) being negotiated under the ASEAN (Association of South East Asian Nations).
- It includes 10 ASEAN members and 6 FTA partners of ASEAN (India, China, Japan, South Korea, Australia and New Zealand).

- [The ASEAN member countries are Thailand, Indonesia, Malaysia, Singapore, Philippines, Vietnam, Brunei, Myanmar (Burma), Cambodia, Laos.]

What is the recent decision?

- Leaders of the ASEAN have committed to conclude negotiations for the RCEP free trade agreement by the end of 2019.
- Some like the Malaysian Prime Minister suggested that countries not ready to join the RCEP could join it at a later date.
- This, in particular, includes India along with Australia and New Zealand.
- Such a move would allow a smaller 13-member RCEP to go ahead.
- However, other leaders insist that all 16 members must agree on the final RCEP document.
- In this line, it was agreed in the summit to send a three-member delegation to India to take forward the talks.

What is India's stance?

- Six years into negotiations on the finalization of RCEP, India's continuing concerns include -
 - i. opening its markets for cheaper goods from countries like China and South Korea
 - ii. ensuring that RCEP countries open their markets for Indian manpower (services)
- India has a trade deficit with as many as 11 of the 16 RCEP countries.
- Also, India is the only one among them that is not negotiating a bilateral or multilateral free trade agreement with China at present.
- So, negotiators have agreed to India's demand for differential tariffs for its trade with China vis-à-vis the others.
- But India has also made tagging the "Country of Origin" on all products a point of contention in RCEP negotiations.
- Despite these concerns, India has reiterated its commitment to making RCEP work.

What lies ahead?

- India's Commerce Ministry has begun consultations with stakeholders from industries in this regard.
- It has engaged think tanks and management institutes to develop a consensus in favour of signing the RCEP.
- In the coming days, India will have to keep up intense negotiations to materialize RCEP.
- Importantly, there are global uncertainties and challenges to multilateralism and the international economic order today.
- So making RCEP function would show India's standards in regional trade and investment potentials, which are key for economic growth.

4.6 Emerging Significance of BIMSTEC

What is the issue?

- Leaders from the BIMSTEC, Kyrgyz Republic and Mauritius are invited for the swearing-in ceremony of Indian Prime Minister.
- In this context, here is an overview on the role and significance of BIMSTEC in India.

What do these imply?

- **BIMSTEC** (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) - The invite signals a major outreach to India's neighbourhood in the Bay of Bengal.
- Last time, the PM had invited the SAARC leaders.
- The then Pakistan Prime Minister Nawaz Sharif's attendance had raised hopes of a new beginning in the bilateral ties.

- This time, SAARC's exclusion is clearly aimed at keeping Pakistan out of New Delhi's engagement with its neighbours.
- **Kyrgyzstan** - By inviting the Kyrgyz Republic leader, India is displaying an outreach to the Shanghai Cooperation Organisation (SCO).
- India became a member in SCO along with Pakistan in 2017.
- India thus wants to leverage its membership to advance its strategic objectives in Central Asia.
- **Mauritius** Prime Minister Pravind Jugnauth is one of the most well-placed People of Indian Origin in the world.
- Since Indian PM has invested diplomatic capital in outreach to the Indian diaspora since 2014, this invite is seen as a natural choice.

Why is BIMSTEC so significant?

- BIMSTEC comprises of Bangladesh, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan, besides India.
- New Delhi's engagement with BIMSTEC rose from the ashes of SAARC (India, Pakistan, Bangladesh, Bhutan, Sri Lanka, Maldives, Nepal, and Afghanistan).
- In October 2016, following the Uri attack, India gave a renewed push for BIMSTEC, although it had existed for almost two decades.
- India had long felt that the vast potential of SAARC was being under-utilised.
- Opportunities were being lost due to either a lack of response and/or an obstructionist approach from Pakistan.
- So BIMSTEC had emerged as an alternative regional platform.
- With 5 five countries from SAARC and two from ASEAN, BIMSTEC is a bridge between South Asia and Southeast Asia.
- It thus offers scope for discussions on sub-regional cooperation.
- Nevertheless, SAARC summit has only been postponed, and not cancelled.
- The possibility of revival remains, and so, the success of BIMSTEC does not render SAARC pointless.

Why the region matters?

- The Bay of Bengal is the largest bay in the world.
- Over one-fifth (22%) of the world's population live in the seven countries around it.
- These countries have a combined GDP of close to \$2.7 trillion.
- Despite economic challenges, they have been able to sustain average annual economic growth rates of 3.4% - 7.5% from 2012 to 2016.
- The Bay also has vast untapped natural resources.
- One-fourth of the world's traded goods cross the Bay every year.

How could India benefit?

- As the region's largest economy, India has a lot at stake in BIMSTEC.
- It is a natural platform to fulfil India's key foreign policy priorities of 'Neighbourhood First' and 'Act East'.
- A key reason for India's engagement is the vast potential that is unlocked with stronger connectivity.
- About 45 million people live in landlocked North-eastern states.
- They will have the opportunity to connect via the Bay of Bengal to Bangladesh, Myanmar and Thailand.
- This opens up new possibilities in terms of development.
- From the strategic perspective, the Bay of Bengal is a funnel to the Malacca straits.
- In this context, the Bay has emerged a key theatre for an increasingly assertive China in maintaining its access route to the Indian Ocean.

- Given these, it is in India's interest to consolidate its internal engagement among the BIMSTEC countries.
- The BIMSTEC invite is an effort to reach out diplomatically to the neighbourhood, diaspora and the China-Russia-led regional grouping of Central Asian countries.
- The future course of the move depends on the progress New Delhi makes with these groupings.

4.7 ASEAN's Reclamation of Indo-Pacific

What is the issue?

The Association of Southeast Asian Nations (ASEAN) is intending to reclaim its position in Indo-Pacific region.

What is the current situation?

- The **geopolitical contestation** between China and the U.S. is escalating in the Indo-Pacific region now.
- So, it has become **imperative for the ASEAN** to underscore its centrality in the emerging regional order.
- The ASEAN member states have finally managed to articulate a collective vision for the region in its **non-binding document**.
- It is titled as "The ASEAN Outlook on the Indo-Pacific".

What the document is about?

- It underlines the need for an **inclusive and rules-based framework** to generate momentum for building strategic trust and win-win cooperation in the region.
- It says that the **rise of material powers** (economic and military) **requires avoiding** the deepening of mistrust, miscalculation and patterns of behaviour based on a zero-sum game.

What is its significance?

- It could **complement existing frameworks** of cooperation at the regional and sub-regional levels.
- It could **generate tangible and concrete deliverables** for the benefit of the region's peoples.
- Despite **individual differences and bilateral engagements** ASEAN states have with the U.S. and China, the regional grouping can now claim to have a common approach as far as the Indo-Pacific region is concerned.
- Though there were **divisions among ASEAN member states** in the run-up to the summit, they still managed to come up with this document.

What is the significance of the China Sea?

- South China Sea is an increasingly **contested maritime space**, claimed by China, the Philippines, Vietnam, Indonesia and Malaysia.
- So, it is interesting that these ASEAN members have agreed to push for a quick conclusion of a Code of Conduct in the region.
- It has been pushed into articulating its formal response after other major regional players began laying their cards on the table.

Who are the regional players trying to influence?

- **United States of America (USA)** – U.S. Free and Open Indo-Pacific (FOIP) strategy report which focusses on preserving a FOIP in the face of a more "assertive China".

The Association of Southeast Asian Nations (ASEAN)

- ASEAN is a group of 10 member countries that encourages political, economic, and social cooperation in the South East Asian region.
- **Members** – Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.
- **1 Observer** – Papua New Guinea.
- **Objectives** – As per the ASEAN Declaration,
 1. To accelerate the economic growth, social progress and cultural development in the region.
 2. To promote regional peace and stability.
- **Fundamental goals** – Cooperative peace and shared prosperity.

Zero-sum game

- In game theory and economic theory, a zero-sum game is a mathematical representation of a situation in which each participant's gain or loss of utility is exactly balanced by the losses or gains of the utility of the other participants.
- If the total gains of the participants are added up and the total losses are subtracted, they will sum to zero.

- **Japan** – Released its Free and Open Indo-Pacific concept in 2016.
- **Australia** - Released its Foreign Policy White Paper in 2017, detailing its Indo-Pacific vision centred around security, openness and prosperity.
- **India** – Indo-Pacific vision was shown at the Shangri-la Dialogue, 2018.
- India even setup an Indo-Pacific wing in the Ministry of External Affairs (MEA) earlier this year.

Why was ASEAN reluctant to engage before?

- ASEAN had the **perception** that it may **antagonise China** if it engages with the Indo-Pacific discourse.
- But there was soon a realisation that such an approach might allow others to shape the regional architecture and marginalise the ASEAN.

What is the framework of the outlook?

- It doesn't see the Indo-Pacific as one continuous territorial space.
- It emphasises **development and connectivity**, underlining the need for maritime cooperation, infrastructure connectivity and broader economic cooperation.
- The ASEAN says, it would seek to avoid making the region a platform for major power competition.
- Instead its frame of reference is **economic cooperation and dialogue**.
- **Aim of ASEAN's approach**– Placating China by not allowing itself to align with the U.S.'s vision for the region completely.

What is India's stance?

- India has **welcomed the ASEAN's outlook** as it sees "important elements of convergence" with its own approach towards the region.
- India is trying to carefully calibrate its relations with the U.S. and China in this region.
- On the sidelines of the recent G-20 Summit in Japan, India held discussions on the Indo-Pacific region with U.S. and Japan, with a focus on improving regional connectivity and infrastructure development.

4.8 Shanghai Cooperation Organisation – Bishkek Declaration

Why in news?

The Shanghai Cooperation Organisation's (SCO's) Heads of State summit was recently held in Bishkek, Kyrgyzstan.

What is SCO?

- The Shanghai Cooperation Organisation (SCO) is a permanent intergovernmental international organisation formed in 2001 in Shanghai, China.
- Currently, the SCO comprises 8 member states, namely India, Kazakhstan, China, Kyrgyzstan, Pakistan, Russia, Tajikistan, and Uzbekistan.
- [India and Pakistan were inducted into SCO in 2017.]
- The 4 observer countries are Afghanistan, Belarus, Iran and Mongolia.
- The 6 dialogue partners are Azerbaijan, Armenia, Cambodia, Nepal, Turkey, and Sri Lanka.
- The Heads of State Council (HSC) is the supreme decision-making body in the SCO.
- It meets once a year and adopts decisions and guidelines on all important matters of the organisation.
- The SCO Heads of Government Council (HGC) meets once a year –
 - to discuss on the organisation's multilateral cooperation strategy and priority areas
 - to resolve current important economic and other cooperation issues
 - to approve the organisation's annual budget
- The SCO's official languages are Russian and Chinese.
- The deliberations of SCO are divided into two portions –

- i. restricted format which is meant for the members
 - ii. expanded format in which observers also join the members
- The next summit is to be held in Russia.

What are the key outcomes?

- The Bishkek Declaration was finalised in the summit.
- Member countries signed 14 decisions at the summit, including cooperation in sports, healthcare and environment.
- The anti-narcotic strategy and the programme of action was amongst one of the documents signed.
- Discussions regarding terrorism, regional cooperation, Afghanistan, and economic issues were carried out during the summit.
- SCO urged the global community to work towards a consensus on adopting the Comprehensive Convention on International Terrorism (CCIT).
- It also emphasised the need to launch multilateral talks, at the Conference on Disarmament, on an international convention to combat acts of chemical and biological terrorism.
- SCO called for the international community's joint efforts to counter attempts to involve young people in terrorism, separatism and extremist activities.
- The members committed to counter the use of information and communications technology to undermine political, economic and public security in the SCO countries.
- Opportunities for economic cooperation had a special focus, and SCO countries committed to strengthening economic cooperation.
- Countries also committed to supporting the World Trade Organisation structure.
- Also, building more people-to-people ties, tourism and cultural bonds within the grouping was stressed upon.
- On the sidelines of the summit, some cooperation agreements between SCO and UN-specialised agencies were also signed.
- **Afghanistan** - On Afghanistan, the Bishkek declaration stressed on an inclusive peace process led by "Afghans themselves".
- **India** reiterated its long-held stand towards the peace process in Afghanistan.
- It held the view that Afghanistan should be led, owned, and controlled by Kabul.
- Indian PM Modi also touched upon the topics of connectivity, especially the north-south corridor, Chabahar port and renewable energy.
- He also introduced the acronym HEALTH (during the SCO session) which denotes –
 - i. **H**ealthcare Cooperation
 - ii. **E**conomic Cooperation
 - iii. **A**lternate Energy
 - iv. **L**iterature and Culture
 - v. **T**errorism-free society
 - vi. **H**umanitarian Cooperation
- **India-Pakistan** - Prime Minister Modi and his Pakistani counterpart Imran Khan failed to hold substantive talks at the summit.
- Nevertheless, the occasion provided a setting for them to exchange what India called the "usual pleasantries" at the least.
- Beyond the summit, the two countries are committed to engaging at several other levels, including the SCO Regional Anti-Terrorist Structure.
- Pakistan leads the effort to coordinate between the SCO and the UN Office on Drugs and Crime.

- **Besides** these, India opposed to China's Belt and Road Initiative.
- The summit declaration has mentioned only the other countries in a paragraph praising the project.
- On the sidelines of the summit, Mr. Modi held bilateral meetings with Chinese President Xi Jinping and Russian President Vladimir Putin.

How significant is SCO to India?

- The Shanghai Cooperation Organisation is becoming vital to India's Eurasia policy.
- SCO is also a platform for alignments on issues such as energy security, connectivity and trade.
- Besides, India has been indicating, for some time now, the little use for SAARC.
- So, the SCO provides the only multilateral platform for it to deal in close proximity with Pakistan and Afghanistan.
- Going ahead, India's strategy of balancing the competing interests of SCO and other such multilateral groupings will be tested.

4.9 India's Role as UNSC Non-Permanent Member

What is the issue?

- India recently won the unanimous support of all countries in the 55-member Asia-Pacific Group at the UN in support of its bid for a non-permanent seat at the UNSC for a 2-year term in 2021-22.
- India must leverage this latest opportunity to project itself as a responsible nation.

How has India's presence in the UNSC been?

- India's representation in the UNSC has become rarer.
- India has already held a non-permanent seat on the UNSC for 7 terms.
- In total, India has been in the UNSC for 14 years.
- This represents roughly a fifth of the time the United Nations (UN) has existed.
- India is to re-enter the Council now, after a gap of 10 year (the previous time, in 2011-12, followed a gap of 20 years).
- This is significant given the geopolitical developments in the Asian region and the world.

How disturbed is the Asian region?

- India finds itself in a troubled region between West and East Asia.
- This region is highly disturbed with insurgencies, terrorism, human and narcotics trafficking, and great power rivalries.
- The Gulf is in turmoil.
- Though the IS has been defeated, Iraq and Syria are not going to be the same as before.
- Surviving and dispersed IS foot soldiers are likely preparing new adventures, many in their countries of origin.
- The turbulence in West Asia is echoed in North and South Asia as well. E.g. -
 - i. the nuclear and missile tests by the Democratic People's Republic of Korea
 - ii. Afghanistan's slow but unmistakable separation from the support provided to groups such as the Haqqani network, the Taliban, and al-Qaeda
- Other problems in Asia include -
 - i. the strategic mistrust or misperception
 - ii. the unresolved borders and territorial disputes
 - iii. the absence of a pan-Asia security architecture
 - iv. the competition over energy and strategic minerals



How is the world order changing?

- The western world is now consumed by primitive, almost tribal instincts.
- It is disregarding the universal values it once espoused as western values.
- The western world is currently grappling with the rise of new nationalism.
- The kind and supportive international system that followed the Cold War has all but disappeared.
- At the beginning of this century, the words 'national interest' had acquired almost a negative connotation.
- They are now back in currency.
- Fear, populism, polarisation, and ultra-nationalism have become the basis of politics in many countries.

How has the UN role been?

- Despite the above, the world is in a better place today than when the UN was first established.
- The record on maintaining international peace and security, one of the prime functions of the UNSC, has been positive.
- However, the world has been distracted from its other shared goals, especially international social and economic cooperation.
- Although coordination between 193 sovereign member nations will be difficult, it is well worth trying.
- The permanent members (P-5) as also other UN members must consider this to reform the UN Security Council.

What should India's priorities be?

- India's growing importance in the global stage due to its consistent economic performance is largely unrecognised by the great powers and other countries.
- So, India should once again become a consensus-builder, instead of being detached as it has become to be.
- India's singular objective as a non-permanent member should be to help build a stable and secure external environment.
- In doing so, India will promote its own people's prosperity, regional and global security and growth, and a rule-based world order.
- It could emerge a partner of choice for developing and developed countries alike.
- There is a deficit of international leadership on global issues, especially on security, migrant movement, poverty, and climate change.
- Given this, India has an opportunity to promote well-balanced, common solutions.

What is the way forward?

- **Rules-based global order** - As a member of the UNSC, India must help guide the Council away from the threat of invoking the principles of humanitarian interventionism or 'Responsibility to Protect'.
- There is a fragile and complex international system, which can become even more unpredictable and conflict-ridden.
- So, India should work towards a rules-based global order.
- Sustainable development and promoting peoples' welfare should become its new drivers.
- **Terrorism** - Multilateral action by the UNSC against terrorism and terrorists has not been possible because of narrowly defined national interest.
- India should push to ensure that the UNSC Sanctions Committee targets all those individuals and entities warranting sanctions.
- **Cooperation** - India has good relations with almost all the great powers.
- Given this, India must lead the way by pursuing inclusion, the rule of law, constitutionalism, and rational internationalism.

- A harmonized response is crucial for dealing with global problems of climate change, disarmament, terrorism, trade, and development.

4.10 India's non-permanent seat at UNSC

Why in news?

India has been backed by 54 nations of Asia-Pacific Group for United Nations Security Council (UNSC) non-permanent seat.

How are countries elected?

- Each year, the **General Assembly elects** five non-permanent members out of a total of 10, for a two-year term.
- These **10 seats** are distributed among the regions thus:
 1. 5 for African and Asian countries (3 are for Africa and 2 for Asia);
 2. 1 for Eastern European countries;
 3. 2 for Latin American and Caribbean countries;
 4. 2 for Western European and other countries.
- The Africa and Asia Pacific group takes turns every two years to put up an **Arab** candidate based upon an informal understanding.
- Terms beginning in **even-numbered years** select 2 African members, and one each within Eastern Europe, Asia-Pacific, and Latin America and the Caribbean.
- Terms beginning in **odd-numbered years** consist of 2 Western European and Other members, and one each from Asia-Pacific, Africa, and Latin America and the Caribbean.
- Irrespective of whether a country is a “clean slate” candidate and has been endorsed by its group, it needs to **secure the votes of two-thirds of the members** present and voting at the General Assembly session.
- **Formal balloting** takes place at elections to all the main UN bodies.
- The 55-member Asia-Pacific Group gets to nominate one of its members for the June 2020 elections to a non-permanent seat on the UNSC for two-year term of 2021-2022.
- India has been nominated for this term.
- India has already held a non-permanent seat on the UNSC for **seven terms**.

How are countries elected among Asian contestants?

- There is no formalised a system of rotation of seats as per the region, as followed in Africa.
- The Asia-Pacific grouping often seen contests. Last year, there was a contest between Maldives and Indonesia.
- When contested, the elections for non-permanent seats can be fraught and can go on for several rounds. In 1975 and 1996, India lost the contest to Pakistan and Japan respectively.

What is the significance?

- The development is significant as **Pakistan and China**, with which India has had diplomatic challenges at the UN, supported the move.
- This endorsement means that India has a “**clean slate**” **candidature** i.e. there is no other contestant from the group for the elections.

Why is India keen to hold the seat?

- India has been keen because it wants it to coincide with the **75th anniversary of Independence in 2022**.
- It will also be hosting the **G-20 meeting** in New Delhi in that year.