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MAINSTORMING 2019

BILATERAL RELATIONS I

Shankar IAS AcademyTM

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INDEX

1. INDIA AND ITS NEIGHBOURHOOD.....3

1.1	Approval on Kartarpur Corridor	3
1.2	FATF Advisory on Pakistan	4
1.3	Pulwama Terror Attack on CRPF	5
1.4	Withdrawal of MFN Status to Pakistan	6
1.5	India-Pakistan Trade Ties	7
1.6	Shift in India's Indus Waters Policy	8
1.7	ISSF World Cup Controversy.....	10
1.8	India - China Ties: Two plus One Formula.....	11
1.9	China's Convergence with Indo-Pak Peace.....	12
1.10	India's role in Afghanistan.....	13
1.11	Rise of IS in Afghanistan	13
1.12	India's Shifting Position on Taliban.....	14
1.13	India - Bangladesh relations	15
1.14	Implications of Assam's NRC	16
1.15	Concerns with Indo-Nepal relationship	18
1.16	India – Bhutan relations.....	19
1.17	Status of Rohingyas	20
1.20	India - Seychelles Bilateral Meet	24
1.21	Geopolitical Importance of Island States	25
1.22	New Electricity Guidelines for South Asia	26
1.23	BIMSTEC Summit 2018 - Kathmandu declaration.....	28
1.24	India at SCO Summit.....	30
1.25	Challenges in concluding RCEP	31

2. BILATERAL RELATIONS.....32

2.1	Indo-US COMCASA Agreement.....	32
2.2	LEMOA Fully Operationalised	33
2.3	India-U.S. 2+2 Dialogue.....	33
2.4	India's Exemption from CAATSA.....	35
2.5	India in US's STA-1 List - Import of Dual-use Tech..	36
2.6	India's Stakes in Iran-U.S. Tussle	38
2.7	U.S. sanction waiver on Chabahar port.....	39
2.8	India-Russia Annual Summit.....	40
2.9	Concerns with Indo-S.Korea CEPA	41
2.10	India's Africa Engagement	42
2.11	Rafale Deal Controversy.....	43
2.12	Indo-Japan relations	44
2.13	Quad Talks in Singapore.....	46
2.14	India-Vietnam Bilateral Relations.....	47

2.15	India in Organisation of Islamic Cooperation's Meet	48
2.16	Saudi Crown Prince's Visit to India - Outcomes	49
2.17	India at the UNGA.....	50
2.18	Significance of UNCITRAL Deliberation.....	52

3. INTERNATIONAL ISSUES 53

3.1	US Sanctions and Iran's Nuclear Plans.....	53
3.2	Ending Separation of Immigrant Families - US.....	53
3.3	U.S.-Russia: Helsinki Summit.....	54
3.4	US Ruling on Digital Privacy	56
3.5	North American Free Trade Agreement	56
3.6	United States-Mexico-Canada Agreement (USMCA)	58
3.7	Migrant Caravan - Central American Migration	59
3.8	Changes to H1B Visa Rules	60
3.9	US - Mexico border wall issue.....	61
3.10	US Emergency Declaration	62
3.11	Free and Open Indo-Pacific strategy.....	63
3.12	Draft EU-UK Brexit deal.....	65
3.13	EU's fine on Google.....	66
3.14	Greece-Macedonia Dispute	67
3.15	Columbian Peace in Jitters.....	68
3.16	Ethiopia - Eritrea War Ends.....	69
3.17	Greece's Economic Bailout	70
3.18	Land Distribution in South Africa.....	71
3.19	Israel's "Nation State Law"	72
3.20	Singapore Summit – Korean Detente.....	73
3.21	Responding to Yemen Civil War	74
3.22	China – Taiwan Relations.....	75
3.23	Qatar's OPEC Exit	76
3.24	APEC summit and its concerns.....	77
3.25	ICJ Advisory Opinion on Chagos Archipelago.....	79
3.26	Chemical Weapons Convention Act of 2000.....	80
3.27	Elimination of Nuclear Weapons	81
3.28	Creating Charter cities	82

4. INDIA'S FOREIGN POLICY 83

4.1	India's Foreign Policy Challenges.....	83
4.2	Realigning India's Foreign Policy.....	85
4.3	India's Non-Alignment in Multipolar World.....	86

MAINSTORMING 2019

BILATERAL RELATIONS I (JUNE 2018 TO FEBRUARY 2019)

1. INDIA AND ITS NEIGHBOURHOOD

1.1 Approval on Kartarpur Corridor

Why in news?

The Cabinet approved the development of a corridor to enable smooth passage of pilgrims seeking to visit Pakistan's Kartarpur Sahib.

What is the Kartarpur corridor?

- **Kartarpur Sahib** - The gurdwara in Kartarpur stands on the bank of River Ravi, about 120 km northeast of Lahore.
- Kartarpur Sahib is revered as Guru Nanak's final resting place.
- It was here that Guru Nanak assembled a Sikh community and lived for 18 years until his death in 1539.
- **Corridor** - It is a long-standing demand from the Sikh community for easy access to the revered shrine across the border.
- The Kartarpur corridor was first proposed in 1999 when PM Atal Bihari Vajpayee took a bus ride to Lahore.
- It is now conceived as a visa-free corridor for Sikhs from India to Pakistan's Kartarpur Sahib.
- It will be developed from Dera Baba Nanak village in Gurdaspur, Punjab to Gurdwara Darbar Sahib, Kartarpur.
- The length of the corridor is about 4 km, 2 km on either side of the International Border.



How did the decision come about?

- Few months back, Punjab minister Navjot Singh Sidhu attended the swearing-in ceremony of PM Imran Khan in Pakistan.
- Pakistan's Army Chief General had then told Sidhu that Pakistan hoped to build the corridor.
- But the Indian government refused to respond to this informal proposal.
- However, the Punjab government moved a resolution in the Punjab Assembly.
- It adopted unanimously, seeking an uninterrupted corridor from Dera Baba Nanak to Kartarpur Sahib.
- Indian government has now announced that it would develop a corridor up to the International Border.
- The government also asked Pakistan to develop a corridor with suitable facilities in its territory.
- It comes at the time of the start of 550th birth anniversary year of Guru Nanak.
- The Pakistan government responded that it has already decided to open the corridor for the anniversary.

What is India's rationale?

- The announcements were a coordinated step by the two countries, despite the big chill in the relationship.
- India decided to go ahead because it did not want to be upstaged by Pakistan, which proposed it first.
- This is despite the misgivings in the security establishment with the Kartarpur corridor.
- As, it may be another attempt by Pakistan to woo the Sikh community, aimed eventually at creating unrest in Punjab.

- India could not be seen denying its Sikh community what Pakistan was ready to roll out for it.
- In all, the corridor is seen to be a big leap forward for people-to-people relations.
- It will facilitate easier access and smooth passage of Indian pilgrims throughout the year.

What next?

- Pilgrimages between India and Pakistan are governed by the 1974 Protocol on Visits to Religious Shrines.
- It includes a list of shrines in Pakistan and India open for visitors for which visas are required.
- Kartarpur Corridor, which will provide visa-free access to the shrine in Pakistan, may need a separate treaty.

1.2 FATF Advisory on Pakistan

Why in news?

FATF recently decided to continue the 'Grey' listing of Pakistan for its failure to stop funding of terrorist groups.

What is the Financial Action Task Force (FATF)?

- FATF was set up in 1989 by the western G7 countries, with headquarters in Paris.
- It 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 and European Commission are also its members.
- Saudi Arabia and Israel are “observer countries” (partial membership).
- India became a full member in 2010.

What is the present status of Pakistan?

- In June 2018, Pakistan was placed in the 'Grey' list and given a 27-point action plan by the FATF.
- This Plan was reviewed as the last Plenary in October 2018 and for the second time recently.
- In the recent plenary, India submitted new information about Pakistan-based terrorist groups, including Jaish-e-Mohammad, responsible for the Pulwama attack.
- The FATF condemned the suicide bombing of the CRPF convoy that left 40 personnel dead.
- The FATF urged Pakistan to show compliance with its action plan or face being “black-listed” by the session in October 2019.
- A black-list would mean enhanced financial scrutiny of its government, possible sanctions against its central bank, and a downgrade of its financial and credit institutions.
- Also, FATF issued a 10-point advisory to Pakistan if it wants to be out of the “grey list” of countries posing a “risk to the international system”.
- Further, Pakistan was nominated for a detailed review of its "serious deficiencies" in countering terror financing in February 2018.
- This nomination was supported by the United States, the United Kingdom, France, Germany and India.

What are the guidelines?

- The Financial Action Task Force (FATF) has laid out a 10-point action plan for compliance with its guidelines.
- **Guidelines** - Pakistan will have to take steps to ensure that **terror funding risks** are properly identified and assessed.
- Also, it will have to ensure that **supervision** is applied on a risk-sensitive basis.
- Measures are to be taken to prevent **financial institutions** from indulging in money laundering and terror funding.
- It should take action against illegal financial operations, identify cash couriers and enforce controls on illicit movement of currency.

- It has been told to improve **coordination** between the provincial and federal authorities on combating terror funding.
- Enforcing effective **prosecution and conviction** of the designated persons, entities and their affiliates are specified.
- The FATF has also sought actions demonstrating effective implementation of **targeted financial sanctions**.

What does the FATF advisory say?

- The FATF has observed that several deficiencies remain in Pakistan's legal regime in dealing with terror financing.
- Since June 2018, Pakistan has made a high-level political commitment to work with and address its strategic counter-terrorist financing-related deficiencies.
- Also, Pakistan has revised its TF (terror financing) risk assessment.
- However, it does not demonstrate a proper understanding of the TF risks posed by Da'esh (ISIS), AL-Qaida, JuD (Jamat-ud-Dawa), FIF (Falah-e-Insaniat Foundation), LeT (Lashkar-e-Taiba), JeM (Jaish-e-Mohammad), HQN (Haqqani Network) and persons affiliated with the Taliban.
- Hence, the FATF urged Pakistan to swiftly complete its action plan, particularly those with timelines of May 2019, the next deadline to show compliance.
- For this, Pakistan should continue to work on implementing its action plan to address its strategic deficiencies.
- The country should adequately demonstrate proper understanding of the terror financing risks posed by the terrorist groups and conduct supervision on a risk-sensitive basis.
- Remedial actions and sanctions should be applied in cases of Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) violations.
- Also, the country should demonstrate that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTs).
- Further, it should improve inter-agency coordination between provincial and federal authorities on combating TF risks.
- Thus, with the advisory, Pakistan must visibly demonstrate that it has taken measures to crack down on and shut down the infrastructure and finances of the terrorist groups.

1.3 Pulwama Terror Attack on CRPF

Why in news?

Nearly 40 security personnel were killed in a terror attack on a Central Reserve Police Force (CRPF) convoy in Awantipora town of Pulwama district, Jammu and Kashmir.

What is the CRPF's role?

- The basic role of CRPF is maintenance of law and order, conducting operations based on intelligence, and providing law and order support to Army operations.
- After an operation has been concluded, it is the job of the CRPF to manage angry, stone-pelting crowds.
- CRPF also deals with Left Wing Extremism and does overall co-ordination of large scale security arrangement especially with regard to elections in disturbed areas.
- It is also tasked with guarding vital Central Government installations such as Airport, Powerhouses, Bridges, Doordarshan Kendras, AIR Stations, Governors' and CMs' residence, Nationalised Banks, etc.
- Before 2005, the job of providing law and order support was with the BSF (Border Security Force) which is now tasked only with border-guarding duty.
- The CRPF is the biggest paramilitary force present in the Kashmir Valley.
- More than 60,000 CRPF personnel are deployed across the state.

What is the recent attack?

- A CRPF convoy of 78 vehicles, carrying more than 2,500 jawans, was attacked on the Jammu-Srinagar highway.
- The Pakistan-based Jaish-e-Mohammad (JeM) has claimed responsibility for the attack.
- It was carried out by a lone Jaish-e-Muhammad suicide bomber, who rammed a car carrying about 350 kg of explosives into the CRPF bus.
- JeM is also reportedly behind the 2001 Indian Parliament attack, 2016 Pathankot airbase attack that killed 7 security personnel, and 2016 Uri attack that killed 20 soldiers.

What are the concerns?

- Pakistan hold an unholy nexus between its army's General Headquarters and the Inter-Service Intelligence (ISI) Directorate.
- The Pulwama attack on our security forces marks just another step in the continuum of ISI's ongoing "Grab-Kashmir" campaign.
- Whether it is kidnappings, hijackings, terrorist strikes or other assaults on India's sovereignty, we have been found wanting in an early and coherent response, because state functionaries lack SOPs for guidance.
- The September 2016 cross-border commando raids by India into Pakistan marked a welcome change that could have conveyed strong signals of national resolve and retribution.
- However, the absence of a policy underpinning that action and its exploitation for political gains diluted the deterrent value of that action.

What should be done?

- India remain deficient in intelligence-analysis, inter-agency coordination, and, above all, a national security doctrine.
- Having created an elaborate national security framework, post Pokhran II, India has strangely shied away from promulgating a doctrine.
- Thus, apart from diplomatic and economic steps that are being initiated, there is a need to promulgate a security-cum-defence doctrine.
- Such a document will not only become the basis for strategy-formulation, contingency-planning and evolution of SOPs, but also send a reassuring message to our public.

1.4 Withdrawal of MFN Status to Pakistan

Why in news?

India has withdrawn the Most Favoured Nation (MFN) status accorded to Pakistan.

What is the MFN status?

- It offers preferential trade terms with respect to tariffs and trade barriers.
- It is a provision under the World Trade Organisation (WTO) which requires every member country to accord MFN status to all other member countries.
- Though the term suggests special treatment, in the WTO it actually means non-discrimination/treating virtually everyone equally.
- As, under WTO rules, a member country cannot discriminate between its trade partners.

What is the case with India and Pakistan?

- India accorded MFN status to all WTO member countries including Pakistan in 1996, a year after the formation of WTO.
- However, Pakistan is yet to transition fully to MFN status for India.
- It maintains a Negative List of 1,209 products that are not allowed to be imported from India.
- In addition, Pakistan permits only 138 products to be imported from India through Wagah/Attari border land route.

- Instead of MFN, Pakistan came up with a dissimilar but globally popular Non-Discriminatory Market Access (NDMA) agreement.
- The reason Pakistan has chosen to adopt the NDMA with India is the political mistrust and a history of border conflicts.
- Despite domestic demands at various instances for withdrawal of MFN status to Pakistan, India has not done it before.

How is India-Pak trade at present?

- India's trade volumes with Pakistan are notably low.
- It jumped nearly three-and-a-half times between 2000-01 and 2005-06 (from \$251 million to \$869 million per annum).
- But progress was slower in the decade that followed, with volumes rising a little over three times.
- In the 2012 Commerce Secretary level talks with Pakistan, a roadmap was agreed for facilitating trade.
- But the agreed roadmap could not be implemented since Pakistan did not notify the removal of trade restrictions through Wagah-Attari land route.
- Despite Pakistan's restrictions, India continues to maintain a substantial trade surplus with Pakistan.
- Pakistan's exports to India have consistently been about only a fourth of what it imports from India.
- The bilateral trade potential is actually high if both countries take proactive measures to exploit untapped areas of economic cooperation.

What is the likely impact of India's decision?

- Intention is to isolate Pakistan diplomatically and restrict the country's industry.
- But the impact on trade is less likely as the volumes of trade are low.
- It is negative only in terms of the bilateral relations between the two neighbours.
- Nevertheless, the stoppage of inputs like chemicals and cotton will push up costs for Pakistani industries.
- On the downside, it might give a push to the illegal trade via third countries.
- It could also drive the extremist elements to promote the rhetorics against India.

1.5 India-Pakistan Trade Ties

Why in news?

The new Pakistan administration wants the proper trade relations between India.

What is the status of India-Pak trade ties?

- Trade between Indo-Pak jumped nearly three-and-a-half times between 2000-01 and 2005-06.
- But progress was slower in the following decade.
- In 2016-17, "new exports" accounted for only 12% of India's total exports to Pakistan.

What are the existing Policy bottlenecks in Indo-Pak trade?

- **Most Favoured Nation** - Article 1 of the General Agreement on Tariffs and Trade (GATT), 1994, requires every WTO member country to accord MFN status to all other member countries.
- India accorded Pakistan MFN status in 1996, but Pakistan did not reciprocate.
- **Classifying Imports** - In 2012, Pakistan substituted a "Positive List" of a more than 1,950 tariff lines permitted for import from India, by a "Negative List" of 1,209 lines that could not be imported.
- India announced a 30% reduction in its SAFTA Sensitive list for Non-Least Developed Countries (NLDCs), including Pakistan, allowing for peak tariff on 264 items to be cut to 5% within three years.
- **Land route trade** - Through the Wagah - Attari land route near Punjab only 137 items are allowed currently, and the roadmap to address this has remained unimplemented.

- In 2014, both nations reaffirmed their commitment to expedite normal trading relations, and to provide Non-Discriminatory Market Access (NDMA) on a reciprocal basis.

What are areas which needs to be explored?

- **For Pakistan** - An influential grouping of businesses in Pakistan has recently sought a moratorium on new trade agreements, and renegotiation of the trade agreement with China.
- The 100-Day Economic Agenda of the Pakistan Business Council (PBC) has urged the new administration to increase trade with immediate neighbours such as India, Iran and Afghanistan.
- Obstacles in the way of normalising India-Pakistan trade relations, including weak logistics and customs processing, visa and travel restrictions needs to be addressed.
- **For India** - While India's electricity diplomacy with Bangladesh has broken new ground, a similar initiative with Pakistan continues to hang fire.
- Under a proposal that was actively discussed until early 2015, Pakistan wanted to hook up a portion of Lahore with the Indian side, enabling the capital of its Punjab province to draw electricity from the Indian grid.
- The idea then was to transfer 250-300 MW from India as a short-term fix for Pakistan's power crisis, and there is potential to revive it yet.

What are the ways to enhance trade relations?

- **Value chain** - Regional value chains provide big opportunities for India and Pakistan.
- They could diversify their exports and imports and intensify their integration into the global economy.
- Developing bilateral, product-specific, regional value chains in sectors such as "textile, clothing, sports goods and surgical equipment" hold the key.
- **Textiles** - While there is an existing bilateral engagement here, there is more potential for raw materials, grey fabric, blended fabric and stitched clothes.
- Surat and Tiruppur can feed Pakistan's production centre at Faisalabad and markets in Lahore.
- Similarly, there is a huge demand in India, for "salwar-kameez-dupatta" made of lawn fabric and wedding attire (shararas) produced in Pakistan.
- **Sports Goods** - Pakistan's sports goods manufacturing sector is emerging.
- Sialkot is a global manufacturing hub for professional-level goods.
- Notably, footballs manufactured here were used in the FIFA World Cup and India is already importing.
- However, manufacturers in Sialkot require quality raw materials or semi-finished products to produce these goods, which is a potential area for India.
- **Health Care** - Pakistan's surgical instruments manufacturing industry is noted for its expertise, and it is a major supplier for U.S. and Europe.
- India, on the other hand, is a large medical market which imports these instruments from these developed countries at high rates.
- Direct import from Pakistan to India in this area has a market potential of \$804 million and would make these instruments cheaper domestically.

1.6 Shift in India's Indus Waters Policy

What is the issue?

Following the terror attack in Pulwama, the government has decided to stop India's share of waters in the Indus river system from flowing into Pakistan.

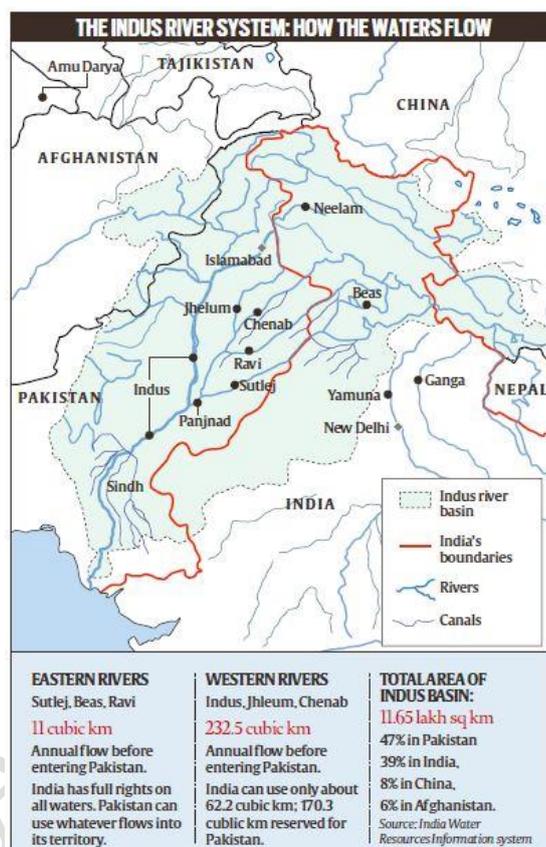
What does the Indus treaty provide for?

- The Indus Waters Treaty of 1960 governs Indus water sharing between India and Pakistan.
- The Treaty gives India full control over the waters of the three Eastern rivers - Beas, Ravi and Sutlej.
- The waters of the Western rivers - Indus, Jhelum and Chenab - flow "unrestricted" to Pakistan.

- India is allowed to make some use of the waters of the Western rivers too under the provisions spelt out in the Treaty.
- This includes use of water for purposes of navigation, power production and irrigation.
- The two countries have permanent Indus Water Commissions that meet regularly, to share information and data, and resolve disputes.

How has water sharing been?

- India - Historically, India has not been utilising its full claims, neither on the Eastern nor on the Western rivers.
- On the Western rivers specifically, there has been no strong demand for creation of new infrastructure, either for hydroelectricity or irrigation.
- This is because the demand for irrigation has gone down over the years as many farmers in J&K moved to horticulture, from traditional crops.
- So, in effect, India has been letting much more water flow to Pakistan than has been committed under the Treaty.
- Pakistan - With India's under-utilisation of its share, Pakistan has benefited more than it is entitled to under the Treaty.
- More than 95% of Pakistan's irrigation infrastructure is in the Indus basin - about 15 million hectares of land.



- It has now become the world's largest contiguous irrigation system, comprising over 60,000 km of canals.
- Three of Pakistan's biggest dams, including Mangla, which is one of the largest in the world, are built on the Jhelum river.
- These dams produce a substantial proportion of Pakistan's electricity.

What was India's policy shift in 2016?

- After the devastating floods of 2014, the need for storage infrastructure as a flood-control measure was increasingly felt.
- But more seriously, a policy shift had happened in 2016, following the terrorist attack on Army camp in Uri.
- India had temporarily suspended regular meetings of the Indus Commissioners of the two countries after the attack.
- India decided to change the status quo and use more waters of the Indus rivers, which was also a measure to hurt Pakistan's interests.
- India took up the task of revival of several projects that were either suspended or had remained on paper for several years.
- Many of these projects were in Jammu and Kashmir; others were in Punjab and Himachal Pradesh.
- Some of these projects were put on fast-track mode, declared national projects, and money was sanctioned to resume works.
- The notable ones are:
 - 800MW Bursar hydroelectric project on the Marusudar river, one of the tributaries of the Chenab, in Kishtwar, J&K
 - Shahpur-Kandi project in Gurdaspur, Punjab
 - 1,856-MW Sawalkot project on the Chenab in Jammu and Kashmir
 - Ujh project in Jammu and Kashmir

- v. Bursar will be India's first project on the Western rivers to have storage infrastructure.
- In all, more than 30 projects are under various stages of implementation on the Western rivers, having got the final approvals.
- Besides these, other measures included -
 - i. finalisation of a revised detailed project report
 - ii. granting of prompt environmental clearance
 - iii. disbursal for attractive rehabilitation packages for affected families

What are Pakistan's claims?

- Even before India's policy shift in 2016, Pakistan had been complaining of being denied its due share of waters.
- It has maintained that India had violated the provisions of the Treaty, especially in reference to many of the projects on the Indus rivers.
- It feels that the Treaty had failed to protect Pakistan's interests and India had managed to manipulate the provisions in its favour.
- Resultantly, increasing number of objections was raised by Pakistan on the projects that are coming up in India.
- These include the Rattle project, the Pakal Dul dam, and Sawalkot, among others.
- But India observes that the main objective was to delay these projects, thereby forcing a cost escalation and making them economically unviable.

What is India's recent decision?

- India has decided to exert much greater control over the waters of the Indus basin.
- However, it will continue to adhere to the provisions of the 1960 Indus Waters Treaty.
- A high-level task force was set up under the guidance of the Principal Secretary to the PM.
- This will ensure that India makes full use of the waters it is entitled to under the Treaty.

1.7 ISSF World Cup Controversy

Why in news?

India refused visa requests from two Pakistani shooters expected to participate in the ISSF World Cup in India.

What is the importance of world cups in shooting?

- Unlike other sports, shooting has multiple World Cups every year, with World Championship being the marquee quadrennial event.
- Every year there three or four stages of the in Rifle/Pistol events usually between March and August across countries.
- World Cup in the year before an Olympic Games has quota places for medal winners, adding more weight to the competition.
- The International Shooting Sport Federation (ISSF) World Cup to be held in Delhi had 16 Tokyo 2020 quota places for eight events, which will have participation of 500 shooters from 60 countries.
- The quotas were reduced to 14 after the recent controversy of denying visas for Pakistani athletes from Indian side.

What is the reason?

- Refusal to grant an entry was done in the backdrop of heightened tensions after the terror attack in Pulwama.

Patriot games

Denial of visa to Pakistani shooters has hit India's chances of hosting the Olympics with the IOC suspending all talks

- Pakistan had sought visa for G.M. Bashir and Khalil Ahmed for the men's 25m Rapid Fire Pistol competition. The Delhi World Cup serves as a qualifier for the 2020 Olympic Games



- IOC said its stand will remain until "guarantees are obtained from the govt. to ensure the entry of all participants in full compliance with the rules of the Olympic charter"

■ India aspires to host the 2026 Youth Olympics, the 2032 Summer Olympics and the 2030 Asian Games. The Indian Olympic Association has sent an expression of interest to the IOC for the 2032 Games

- At this backdrop, International Olympic Committee (IOC) sent a letter to the Indian Olympic Association.
- The IOC has declared that denial of visa is against the Olympic Charter's principles, of which non-discrimination, equal treatment of all athletes and sporting delegations and political non-interference are supreme.
- IOC also made it clear that all future international sporting events in India would be put on hold unless the host gave a written guarantee that there would be no discrimination on participation of athletes.

What are the concerns?

- There have been precedents of strong action by IOC in similar cases.
- Ahead of the 2016 Rio Olympics, the Asian Shooting Championship in Kuwait had its qualification status removed after an Israeli delegate wasn't granted a visa.
- Bans on sportspersons and interactions in international sports events will have no meaningful effect.
- India is also aspiring to host the 2026 Youth Olympics, 2030 Asian Games and 2032 Olympics.
- Thus, the recent controversy shows that India's future as a host for sporting events remain uncertain.

1.8 India - China Ties: Two plus One Formula

What is the issue?

- India-China ties have been on the upswing in recent times.
- In this context, the proposed "2 plus 1" formula ("China & India" plus "another") could further enhance the overall regional prosperity.

How has Nepal been influencing Indo-China ties?

- Nepal's ties with India had come under severe strain in 2015 due to the border blockade that choked off critical supplies.
- At that time, Nepal and its political leadership started enhancing ties with China to counterbalance India and overcome the strain.
- In fact, Nepal was proving to be a new additional thorn in the Indo-China ties, which reached its nadir during the 2017 Doklam standoff.
- Nonetheless, Indo-China ties have been improving drastically after the Wuhan summit between PM Modi and Chinese President Xi in April 2018.
- In this backdrop, the ruling Marxist leadership in Nepal quickly grasped that playing the India versus China card wasn't feasible any further.
- On that note, they are currently displaying diplomatic prudence by maintaining cordial relations with both India and China.
- Also, a Chinese delegation that visited Nepal is said to have proposed the "2 plus 1 formula" for Indo-China-Nepal talks ahead.

What are the other outcomes of Wuhan?

- The Wuhan summit opened up lines of "strategic communications" between Indian and Chinese establishments.
- The arterial flow of information exchange has meant that India and China can be joint custodians rather than rivals in managing their neighbourhood.
- "2 plus 1" which has been currently proposed by China to deal with Nepal, can possibly be extend to other international engagements too.
- This would enable Beijing and New Delhi to engage with any third country jointly and thereby eliminate any likely abrasive competition between them.

How does the future look?

- The aggressive approach of Trump against Chinese trade and geopolitical practices is likely to have forced China to reach a compromise with India.

- Nonetheless, China's new approach is likely to benefit India if leveraged properly through consistent diplomatic engagements.
- The ball is now in India's court to respond to China's two-plus one formulation and Nepal offers a perfect opening to test the same.
- The initiative would be a good indicator on whether India and China can dock their collective rise cordially, through coordinated action internationally.

1.9 China's Convergence with Indo-Pak Peace

What is the issue?

- China has been actively pursuing India's participation in its BRI project.
- In this context, if things go smoothly, the opening up of Indo-Pak cross border trade is also likely as a consequence.

How is the BRI influencing Indo-Pak dynamics?

- India has always seen China as an irritant in Indo-Pak relationship.
- But currently a number of factors might be at work in the north western region, to usher in a more positive "Indo-China-Pakistan" axis.
- **Context** - Beijing is seeking to extend "China-Pakistan Economic Corridor" (CPEC) projects to India, in order to make it more remunerative for all.
- Significantly, CPEC is part of Chinese President Xi Jinping's ambitious and expansive "Belt and Road Initiative" (BRI).
- Other countries in the region "Afghanistan, Iran, and the Central Asian Republics" have already responded very positively to the BRI.
- **Problem** - Delhi has voiced against CPEC as a matter of policy as it passes through Gilgit-Baltistan (PoK), which is a territory claimed by India.
- Further, India's long standing view that projects under BRI are economically unsustainable is another major impediment for any compromise.

How can these issues be addressed?

- Beijing led diplomacy to improve Indo-Pak ties may aid in addressing India's political concerns with CPEC.
- If China portrayed genuine neutrality on the Kashmir question, it could make it a lot easier for Delhi to become part of CPEC.
- The differences on economics of the BRI project can easily be overcome by negotiating terms on specific projects alone on a case by case basis.
- Further, despite strategic and historical reasons, Pakistan too has a lot to gain by admitting India into its infrastructural mesh.

What are the benefits for Pakistan from all this?

- Pakistan is currently undergoing a period of extreme macro-economic stress and is on the verge of seeking foreign loans to support its budgets.
- The incoming PM Imran Khan has stated that instead of borrowing international, he wants to revive the economy through indigenous means.
- Letting India export its goods to Afghanistan and Central Asia through Pakistan's territory is of the ways to boost Pakistan's economy.
- Apart from helping Pakistan earn a handsome transit fee, it will also open up more business opportunity for truckers and other industries in Pakistan.
- Pakistan had been refusing to facilitate such trade with India for long, but the current situation seems conducive for opening up.

1.10 India's role in Afghanistan

What is the issue?

India must be prepared for the potential consequences of withdrawal of American troops from Afghanistan.

What is the shift in U.S. policy?

- The U.S. had announced South Asia Strategy for Afghanistan in 2017.
- According to it, U.S. troops would remain involved in the country until conditions mandated the return of the troops.
- Also, U.S. would put Pakistan on notice for its support to the Taliban and a political settlement with the Taliban would only follow after an effective military effort.
- Finally, the strategy would focus on further developing the strategic partnership with India.
- Despite the strategy, casualties of Afghan National and Defence Security Forces (ANDSF) in May-September 2018 were higher compared to corresponding periods since 2001.
- The United Nations Assistance Mission in Afghanistan also documented more civilian deaths in the first nine months of 2018 than during the same period in 2014.
- US has also appointed a special envoy to have direct talks with the Taliban.
- This show that it has reversed its earlier position of not engaging the Taliban, until Taliban engages the Afghan government.
- However, the efforts of the special envoy too fail to deliver much on the peace process.
- Hence, the US seem to pull-out its troops and reduce its presence in Afghanistan.
- As a result, the U.S. war in Afghanistan evolved into a mission for ensuring democracy and prosperity in Afghanistan.
- Accordingly, the U.S president has suggested that regional players like Russia, India and Pakistan should be more involved in stabilising the situation.

What should be the role of India?

- The U.S. administration has welcomed Indian investment in Afghanistan, which is shown by its temporary waiver on Chabahar port development in Iran.
- The port development could pave the way for an alternate passage of facilitating easy movement of goods into the country through Iran.
- However, India cannot replace Pakistan's position geographically.
- The decision to abandon the SAARC in favour of groupings like BIMSTEC, BBIN and IORA may have provided some short-term returns for India in isolating Pakistan.
- However, it has had the effect of cutting Afghanistan loose from Indian leadership of South Asia as well.
- Thus, India's best course with Afghanistan remains its own regional strategy, not becoming a part of any other country's strategy.
- As the U.S.'s eventual pullout as Afghanistan's peacekeeper is inevitable, close bilateral consultations should be made to help Afghanistan according to its own needs.

1.11 Rise of IS in Afghanistan

What is the issue?

- A recent suicide attack carried out by the ISIS in the eastern Afghan city of Jalalabad has killed 19 people (mostly religious minorities).
- Islamic State's growing presence in the country can undo Kabul's peace moves with Taliban and other insurgents.

What is the context of the recent blast?

- **ISIS** - The IS set up its Afghan affiliate as a South Asian outpost when its so-called caliphate in Iraq and Syria came under strain in 2016.
- Afghanistan proved to be a relatively easier terrain for the IS to recruit fighters from and occupy turf due to its deserted and remote topography.
- When the government and the Taliban were fighting each other, the IS built a network in eastern Afghanistan and started targeting minorities.
- Most of its previous attacks were aimed at the Shia minority, the present one was targeted at Sikhs and Hindus.
- **Attack** - Afghanistan has a small Sikh and Hindu population totalling to about 10,000, who live concentrated in cities like Kabul and Jalalabad.
- A bus ferrying a group of Sikhs and Hindus, who were heading to meet the Afghan President Ashraf Ghani, was attacked in Jalalabad by the IS.
- The attack killed the only Sikh candidate running for upcoming elections, which speaks volumes on the current plight of minorities in Afghanistan.



How is the overall political situation in Afghanistan?

- **Backdrop** - The Afghani government has been trying to pilot a peace initiative with all the armed groups in the country in recent times.
- Taliban, which is the strongest armed group, has been responding positively although it has refused to drop arms for now.
- Significantly, in the run-up to Id last month, the government had announced a unilateral ceasefire, which drew a truce from the Taliban.
- **Challenge** - The government's effort to reign in armed groups faces its most formidable challenge in the eastern provinces due to the rise of IS.
- The IS, as per its worldwide stand of not engaging with any government has refused to respond to Afghan government's outreach.
- Contrarily, it has been increasingly attacking schools and other targets, claiming it as a response to U.S. and Afghani military operations against it.

1.12 India's Shifting Position on Taliban

What is the issue?

- India sent two former diplomats as "non-official" participants at the recent "Moscow format" multilateral meeting that included Taliban delegates.
- Indian government-nominated representatives sharing the table with a Taliban delegation for the first time is notable.

What is Afghanistan's stance?

- Afghanistan did not send delegates from its foreign ministry, but from the Afghan High Peace Council (HPC).
- They were joined by the Ambassador to Russia.
- The HPC is a government-appointed forum tasked with the peace and reconciliation process.
- India is understood to have consulted Kabul about the level of its participation.
- The Indian representatives did not make a statement at the meeting.

What was India's traditional position?

- India was among the countries that had refused to recognise the Taliban regime of 1996-2001.
- India watched Taliban's growth with concern, assessing early that it was being driven by Pakistan's army and the ISI.
- The Kandahar hijack of Indian Airlines flight IC-814 forced India to negotiate.
- At other times, it supported anti-Taliban forces in Afghanistan.
- Throughout the 1990s, India gave military and financial assistance to the Northern Alliance fighting the Pakistan-sponsored Taliban regime in Afghanistan.
- Meanwhile the 9/11 attacks and the US crackdown leading to the fall of the Taliban regime took place.
- When the Taliban re-emerged in 2006-07 to once again challenge US forces, India maintained it was not going to talk with the Taliban.

What was the further development?

- The Taliban grew in strength, and the US decided to withdraw troops by 2009.
- So the Afghan government reached out to the Taliban with a peace and reconciliation process.
- In the International Conference on Afghanistan in London in 2010, India made a quiet shift.
- It said it is for the elected Afghanistan government to draw the "red lines" - the terms for negotiating with the Taliban.
- [The red lines are the rights of the people, especially women's rights, the right to education, the democratic process all of which are enshrined in constitution.
- The "red lines" had defined the Kabul-Taliban negotiations and these will not be compromised during the talks.]
- The Afghan government had stated that the Taliban must accept the Afghan Constitution.
- It called for it to renounce violence and sever all ties with al-Qaeda and other terrorist organisations.
- This was endorsed during the International Conference. That was the first diplomatic opening.
- Although India would not directly talk to Taliban, this shift meant it was approving the outreach if the Taliban adhered to these red lines.

What is the significance of the recent move?

- Over the last couple of years, the US, China and Russia brokered reconciliation and peace talks between the Afghan government and the Taliban.
- With this, India stopped public articulation and insisting on the "red lines".
- It just insisted that the peace process be "Afghan-led" and "Afghan-owned".
- But it is felt that the current efforts as the Moscow format meeting are not being "Afghan-led"; Russians or the Americans are taking the lead.
- India's participation, however, is crucial, even though it is at a non-official level.

1.13 India - Bangladesh relations

What is the issue?

- During the last decade of Ms. Hasina's tenure as PM, Bangladesh-India engagement has intensified.
- With her recent electoral victory, India and Bangladesh must seize the opportunity to further enhance connectivity and trade ties.

What are the present areas of co-operation?

- **Connectivity** - India's 'neighbourhood policy' has focussed on Bangladesh, which has emerged as a key interlocutor in India's 'Act East Policy' and sub-regional groupings like BIMSTEC and the BBIN Initiative.

- The Padma multipurpose bridge and the Akhaura-Agartala rail link will dramatically change connectivity within Bangladesh and with India.
- Waterways are also being revived to reduce the cost of trade.
- **Cyberspace** - Bangladesh has provided cyber connectivity between the international gateway at Cox's Bazar to Agartala for faster Internet connectivity in India's northeastern States.
- **Energy** - India has also become a partner in Bangladesh's nuclear power programme, with the beginning of construction at the Rooppur nuclear power plant.
- India is poised to export around 1100 MW of power to meet the energy deficit in Bangladesh.
- Power projects totalling more than 3600 MW are under implementation by Indian companies.
- **Trade** - Bangladesh is India's largest trading partner in South Asia with an annual turnover of around \$9 billion plus an estimated informal trade of around \$8-9 billion.
- To enable more Bangladeshi exports to flow into India, duty free entry was granted in 2011 under the South Asian Free Trade Area (SAFTA).
- Also, a Special economic zone (SEZ) in Bangladesh for Indian manufacturing companies has been mooted and notified recently.
- **Credit** - Indian investment in Bangladesh has reached \$3 billion.
- To offset the economic asymmetry, India has granted Bangladesh generous lines of credit (LOCs) and grants, with commitments reaching \$8 billion.
- While LOCs flow into infrastructure and connectivity projects, grants flow into social sector development.
- Capacity building under the Indian Technical and Economic Cooperation programme was also extended.
- **Tourism** - Over a million visas are issued to Bangladeshi citizens by India annually.
- Both countries have signed Revised Travel Arrangement 2018 (RTA 2018) for further liberalizing the visa regime, including enhanced duration for employment and student visas.
- **Terrorism** - Bangladesh has denied support to Indian insurgent groups, with insurgent leaders handed over to India.
- This has progressively built trust and confidence between the two countries.

Where should the future focus lie?

- The Rohingya issue has imposed a huge economic and security burden on Bangladesh.
- India, on its part, published the draft National Register of Citizens in Assam to account genuine Indian citizens residing in Assam and to curb the flow of illegal migrants in the future.
- Thus the illegal migrant's issue, along with sharing of river waters, will require deft handling of bilateral ties between the two countries.
- Also, China's security and economic footprint has grown in South Asia and managing this will remain a challenge for both countries.
- While Bangladesh is overwhelmingly dependent on military hardware from China, India has provided a \$500 million LOC for procurement of defence-related goods from India.
- However, this momentum must be maintained and intensified.

1.14 Implications of Assam's NRC

What is the issue?

- The last date for filing claims and objections for Assam's National Register of Citizens (NRC) has been extended by the Supreme Court by 15 days from December 15, 2018.
- The outcome of the NRC exercise has implications for India's ties with Bangladesh.

Why is Bangladesh significant for India?

- According to the latest available Bangladesh government estimates of 2009, more than 500,000 Indians were working in Bangladesh.
- More recently, Bangladesh was reported to be among the highest source of remittances to India, behind the UAE, the U.S., Saudi Arabia, Qatar and the U.K.
- Many Indian citizens are securing employment opportunities in Bangladesh through MNCs, NGOs and trading activities.
- Most of them are employed in advantageous jobs in Bangladesh while Bangladeshis in India are largely employed in low-paying jobs.
- More importantly, it is to be noted that there are legal as well as illegal Indian immigrants in Bangladesh too.

What is the tussle?

- The government maintains that the NRC is an administrative task overseen by the Supreme Court, and not a political one.
- However, some members of the ruling party have been making hateful anti-migration and anti-Bangladeshi comments.
- This reflects poorly on the prevalent positive relationship between Bangladesh and India.
- Also, Indian PM has assured the Bangladesh government that those excluded from the NRC will not be deported.
- But Bangladesh has so far been silent on the issue, terming it as an 'internal matter of India'.
- Notably, Bangladesh is already at the extremes in terms of use of resources and manpower to host Rohingya refugees.
- So it would not be acceding to a request of taking back Bengali-speaking Muslims in case deportation is initiated.

How is India's 'Neighbourhood First' policy performing?

- The 'Neighbourhood First' policy of the Government of India seems to be undergoing a transformation in the recent period.
- **Nepal** - Nepal, once a time-tested ally of India, has tilted towards China.
- This is particularly since the 2015 Nepal blockade barring the entry of fuel, medicine and other vital supplies.
- Nepal now has been given access to four Chinese ports at Tianjin, Shenzhen, Lianyungang and Zhanjiang.
- This is in addition to access to its dry (land) ports at Lanzhou, Lhasa and Xigatse, as well as roads to these facilities.
- These seem to be ending India's monopoly to Nepal's trading routes.
- **Bhutan** - The India-Bhutan relationship has also been strained.
- This is witnessed ever since India temporarily withdrew subsidies on cooking gas and kerosene in 2013, constraining bilateral ties.
- The Doklam stand-off of 2017 reinforced Bhutan's scepticism towards Chinese expansionist plans across the region.
- Simultaneously, this landlocked kingdom has been underlining its aspiration to affirm its sovereignty.
- E.g. it has stepped out of India's diplomatic influence, as evidenced by its withdrawal from BBIN (Bangladesh-Bhutan-India-Nepal) motor vehicles agreement
- **Bangladesh** - With China making inroads into South Asia and India's backyard, Bangladesh has been the most trusted ally of India.
- On the security front, it has cooperated in India's crackdown on insurgents.
- With close cooperation with Border Guard Bangladesh (BGB), a number of training places and hideouts of these insurgents (in Bangladesh) has been reduced to almost zero.

- Annual bilateral trade is set to cross the \$9 billion mark, making it India's biggest trading partner in South Asia.
- In addition, Bangladesh has facilitated connectivity with the Northeast by allowing the use of Chittagong and Mongla ports.
- However, the following issues remain unresolved, being irritants in the relationship -
 - i. the Teesta water-sharing issue
 - ii. non-tariff barriers on Bangladeshi exports
 - iii. border killings
- **Others** - The India-China power play has also cast its shadow over Sri Lanka and the Maldives in the last few years.

What do these imply?

- The NRC compilation exercise has sparked a debate around its political, economic and humanitarian consequences.
- The issue threatens to disturb the equilibrium in India-Bangladesh ties.
- Any deportation of those not in the NRC list is not only politically unwise but also risk inciting unrest across the region.

1.15 Concerns with Indo-Nepal relationship

What is the issue?

Despite several attempts at a reset, ties between India and Nepal continue to be a cause of concern.

What are the recent issues between the two?

- The Nepalese Army withdrew its contingent for BIMSTEC Military exercises and instead sent only an observer mission at the last hour.
- The reason behind was India's "unilateral" announcement of the multilateral exercises without having formally proposed it to the hosts.
- It was also visible with Thailand's non-participation in the counter-terror exercises because of lack of adequate notice.

How does this benefit China?

- Nepal decided to join China for a 12-day Mt Everest Friendship Exercise in Sichuan province.
- It drives the wedge further with India, since it also focussed on anti-terrorism drills, as what BIMSTEC proposed in MILEX-18.
- New Delhi signalled its discomfiture with the volume of Chinese investment in hydropower, infrastructure and transport projects in Nepal.
- Yet, Nepal recently finalised an ambitious connectivity proposal that will eventually link Kathmandu to Shigatse by rail.
- This will give Nepali goods **access to Chinese sea-ports** at Tianjin, Shenzhen, Lianyungang and Zhanjiang and land ports in Lanzhou, Lhasa and Shigatse.

What are its other concerns against India?

- India is still blamed for the 2015 economic blockade against Nepal.
- It is also held responsible for attempts to destabilise Mr. Oli's previous tenure as Prime Minister during 2015-2016.
- General Bipin Rawat recently stated on BIMSTEC, that "geography" will ensure that countries like Bhutan and Nepal "cannot delink themselves" from India.
- This could unnerve India's smaller neighbours and with the credibility to become a responsible regional power, such statements could be misleading.

- Thus, New Delhi cannot turn a blind eye to the rebuffs, and must address them.

What could be done?

- Along with an open border, both countries have shared the deepest military links with traditionally awarding each other's Army chiefs the honorary rank of General.
- Such unique ties must not be undermined due to lack of communication.
- Modern technology and connectivity projects, as with china, could well take away geography's role as a guarantor of good relations.
- Thus, New Delhi and Kathmandu must put an end to the unseemly controversy by renewing diplomatic efforts over the issue.

What are the important bilateral projects between India and Nepal?

- For long, India has been Nepal's biggest development partner, but the project implementation pace has been bad and there were also multiple cost overruns.
- While both India and Nepal have a shared responsibility in this tardy work, the political instability in Nepal had worsened the shabby track-record.
- Hydel Projects – Despite its humongous hydro-electric potential, Nepal's installed capacity is less than 700 MW and it imports power from India.
- Over 60% of the Ganga waters come from Nepal's rivers namely - Sarda, Ghagar, Rapti, Gandak, Bagmati, Kamala, Kosi and Mechi.
- Misrepresentations have delayed India collaborated hydel projects for long, and it's imperative to resolve these issues and push these projects ahead.
- ICP - The proposal for 4 Integrated Check Posts (ICP) on the India-Nepal border to facilitate movement of goods, and people was mooted 15 years ago.
- An MOU for the same was signed in 2005 but multiple administrative and political constrains delayed construction and costs overshoot by 400%.
- As a result, only the Raxaul-Birgunj ICP has been completed and was inaugurated last week.
- Petroleum Pipeline - Motihari-Amlekhgunj cross-border pipeline has now been started after almost 15 years since the MOU was signed.
- Now, for the work to be completed within the planned 30 months, a brisk paced work and proper monitoring is needed.

1.16 India – Bhutan relations

What is the issue?

India has an enormous opportunity to transform from being Bhutan's largest developmental partner to its largest investor and business partner.

What is the changing nature of relationship?

- The Mangdechhu hydroelectric project is a 720MW run-of-river power plant being built in central Bhutan.
- It is one of the 10 hydroelectric projects planned by Bhutan to generate 10,000MW hydropower by 2020 with support from India.
- However, both sides have faced issues in getting a favourable tariff for the project, which is set to start production in January 2019.
- Bhutanese and Indian negotiators have had seven rounds of meetings so far, but have not been able to agree on a mutual tariff rate.
- However, Bhutan's tariff rate is below what new hydropower projects in India are charging and hence India has to make a final decision in this regard.
- Bhutan also wants India to start the construction of the 2,560 MW Sunkosh Reservoir project and the 2,640 MW Kuri Gongri reservoir project along with India.

- Both these projects are not only mentioned as priority projects by Bhutan but also as one of its key economic priorities.
- On the other hand, the process from the Indian side is getting slow due to the financing concerns for the projects.
- Despite that, these two mega projects will be part of a clean and reliable stabilising power source for India and contribute to its renewable energy targets.
- These projects show that Bhutan wants to convert the relationship with India from the traditional donor and aid recipient to that of investment and trade.

What are the reasons?

- While hydro projects built with India will provide the bulk of the revenue for the Bhutan government, the projects by themselves cannot generate many jobs for the Bhutanese youth.
- This is especially so because Bhutan has the highest proportion of youth to the total population in South Asia.
- The hydro projects, in the long run, will also not be enough to bridge the ever-widening trade gap or current account deficit with India.
- Hence, Bhutan made a long-standing national objective of achieving economic self-sufficiency.
- Bhutan have also made an in-principle decision to not seek more aid from India for its 12th plan period than it did in the 11th plan.
- Not only from India, Bhutan is also sharply reducing its overall grant component.

What will be the recourse?

- This development presents an enormous opportunity for India graduate from being Bhutan's largest developmental partner to Bhutan's largest investor and business partner.
- Bhutan sees India as the largest potential source of investment for its economic diversification programmes.
- India also serve as largest market for their products and services that come out of this diversification.
- Bhutan is also on the path of demanding an exemption from India's Central GST in the future.
- This is because CGST is affecting the export of Bhutanese goods to India, both in terms of price and procedures at the border.
- On the other hand, Bhutan is willing to pay the state-level GST.
- Thus the relationship of India with Bhutan should go deeper than its engagement in the hydropower sector into other dimensions of mutual interest.
- As, Bhutan remains India's closest and most reliable friend, it is now time to take this relationship to the next level.

1.17 Status of Rohingyas

Why in news?

India deported seven Rohingya immigrants who had been staying in Assam illegally to Myanmar.

Why have they been deported?

- The Rohingya Muslims from Rakhine province on Myanmar's western coast started arriving in sizeable numbers in India's northeast in late 2011.
- It was following their stepped-up persecution by the Myanmar armed forces.
- Of that, seven men were arrested in 2012 for having entered India illegally.
- They were convicted of violating The Passport (Entry into India) Act, 1920, and sent them to prison for 3 months, followed by detention pending repatriation.
- Myanmar confirmed their identities and issued them travel documents.
- The seven men requested the Myanmar embassy in India to facilitate their return.

- After reconfirming their willingness to be repatriated, India handed them over to the Myanmar authorities.

Who are illegal migrants?

- An illegal immigrant can be –
 - i. A foreign national who enters India on valid travel documents and stays beyond their validity, or
 - ii. A foreign national who enters without valid travel documents.
- In the view of the Indian government, illegal migrants “infringe on the rights of Indian citizens” and are “more vulnerable for getting recruited by terrorist organisations”.
- Section 3(2) (c) of The Foreigners Act, 1946, gives the central government the right to deport a foreign national.
- The power to identify and deport foreign nationals who are in India illegally has been delegated to state governments, Union Territories and the Home Ministry’s Bureau of Immigration.
- Illegal immigrants who are intercepted at the border while entering India unauthorised can be sent back then and there.

What is the status of rohingyas in India?

- As per Home Ministry data, there are more than 14,000 UNHCR-registered Rohingyas in India.
- However, security agencies estimate the number to be at 40,000.
- There are clusters of Rohingya population in Jammu, Hyderabad, and Delhi-NCR, besides the states of Haryana, UP, and Rajasthan.
- The UN says the Indian government has an international legal obligation to acknowledge the institutionalised discrimination, persecution, hate and human rights violations the Rohingya face in Myanmar and to provide them with necessary protection.

What is the status of other foreigners?

- As of December 2014, 28,356 foreign nationals were found to be overstaying illegally in India.
- Bureau of Immigration data show approximately 330 Pakistanis and approximately 1,770 Bangladeshi nationals have been repatriated during the last three years.
- In 2014, West Bengal had arrested 3,724 foreign nationals under various sections of The Foreigners Act, 1946, and for violating Immigration Control Rules and Regulations, followed by Tripura (1,713), Tamil Nadu (639), and Maharashtra (228).
- In 2017, the Bangladesh government verified the nationalities of 52 individuals lodged in various detention camps in Assam, and issued travel documents for their repatriation.

What are the measures taken by the government?

- India is not a signatory to the 1951 United Nations Convention and 1967 Protocol Relating to the Status of Refugees.
- It also does not currently have a national law on refugees.
- In 2011, the Union government circulated to all states and Union Territories a Standard Operating Procedure to deal with foreign nationals who claimed to be refugees.
- Some cases can be recommended by states or Union Territories to the Union Home Ministry for a long-term visa (LTV) after due security verification.
- These are cases that can be prima facie justified on grounds of well-founded fears of persecution on account of race, religion, sex, nationality, ethnic identity, membership of a particular social group or political opinion.
- LTV-holders are allowed to take up private-sector employment and enrol in any academic institution.
- Also, the Mission Mode Project on Immigration, Visa and Foreigners Registration & Tracking (IVFRT) will facilitate improved tracking of foreigners.
- It will integrate and share information captured at Indian missions during the issuance of visas, during checks at Immigration Check Posts (ICPs), and at Foreigners’ Regional Registration Offices (FRROs).

What lies ahead?

- Supreme Court is hearing Centre's order on the identification and deportation of illegal immigrants, which deals with India's obligations under international human rights conventions.
- However, India only follows non-refoulement principle in the recent case, where in it persuaded Myanmar to take illegal migrants back legally and with relevant documents.
- It did not go for the forcible return of refugees to a country where they are liable to be subjected to persecution (refoulement).
- It would also be reassuring to Bangladesh, which worried that India might push illegal rohingya refugees into their borders.

1.18 Political Turmoil in Sri Lanka

Why in news?

The Sri Lankan Parliament voted against the controversially appointed Prime Minister Mahinda Rajapaksa government in a No Confidence motion.

What events led to this constitutional crisis?

- The coalition of the United National Party (UNP) and the Sri Lanka Freedom Party (SLFP) formed the National Unity government in Sri Lanka on 2015.
- President Maithripala Sirisena is the Chairperson of SLFP and Prime Minister Ranil Wickremesinghe is the leader of UNP party.
- The coalition was formed in 2015 to oust the then-president Mahinda Rajapaksa, who many feared was becoming too powerful.
- On October 26th, 2018, Sri Lankan President Maithripala Sirisena fired his Prime Minister Wickremesinghe.
- Sirisena installed Sri Lanka's controversial former leader Mahinda Rajapakse as the country's new prime minister.
- The move plunged the island nation into an unprecedented constitutional crisis.
- President Maithripala Sirisena cited policy and personal differences between the two for Ranil's removal.
- Subsequently Mr. Sirisena dissolved the Parliament and prevented a vote on the House to test the rival camps' (Ranil's Claim to Prime Ministership) claims to majority.
- He also called for snap elections on January 5, 2019.
- Following which almost all political parties, except those aligned to the Sirisena-Rajapaksa front, petitioned the Supreme Court challenging the "illegal" action.

What was the verdict of the Sri Lanka's Supreme Court?

- Sri Lanka's Supreme Court stayed President Maithripala Sirisena's dissolution of Parliament.
- It also restrained the Election Commission from preparing for snap elections.
- Following the ruling, Speaker convened the Parliament.

What happened in the Sri Lankan Parliament?

- The reconvened Parliament conducted the floor test to determine the majority in the house.
- In the landmark vote, the Sri Lankan parliament passed a no-confidence motion against Prime Minister Mahinda Rajapaksa's government.

Island in turmoil

A timeline of events that led to a constitutional crisis in Sri Lanka

OCT. 26: The Sirisena-led UPFA withdraws from the unity government

OCT. 26: Sirisena appoints predecessor Mahinda Rajapaksa as Prime Minister

OCT. 27: President prorogues Parliament till November 16, preempting an immediate floor test

NOV. 2: 119 MPs pass resolution calling for the Parliament to be reconvened

NOV. 9: Sirisena dissolves Parliament, calls snap election on January 5

Nov. 12: Opposition parties, Election Commissioner Ratnajeewan Hoole move court against Sirisena's order

Nov. 13: SC stays the dissolution





1.19 India-Maldives Relations

What is the issue?

The President of Maldives made a three-day visit to India recently.

What are the points of engagement?

- The two countries reiterated their strong commitment to further strengthening and reinvigorating the traditionally strong and friendly relations between them.
- They have also reiterated their commitment to democracy, development and peaceful co-existence.
- **Aligning policies** - 'India-First' Policy has been re-affirmed by Maldives, thus committing to working together closely with India.
- India has announced a financial assistance package of \$1.4 billion for the Maldives in the form of budgetary support, currency swap agreements and concessional lines of credit under its 'Neighbourhood-First' Policy.
- **Maritime co-operation** - Both sides agreed to strengthen cooperation to enhance maritime security in IOR through coordinated patrolling and aerial surveillance, exchange of information and capacity building.
- **Terrorism**—Both sides reaffirmed their support for increased cooperation in combating terrorism in all its forms and manifestations both within the region and elsewhere.
- **P-2-P relations** - The Maldives is one of the very few countries with which India has a visa-free arrangement.
- This is important in facilitating people-to-people exchanges and travel between the two countries.
- **Climate** - Both sides agreed on the importance of combating the impact of climate change, especially detrimental to developing countries, and small island developing states.
- They agreed on the need to work towards strengthening the global response to climate change, through the UNFCCC and the Paris Agreement.
- **Institutional reform** - The voice and participation of developing countries in multilateral financial institutions has to be enhanced.
- Maldives reiterated support for India's candidature for permanent membership of an expanded and reformed UN Security Council.
- It has also supported India's candidature for a non-permanent seat for the year 2020-21.
- **Trade** - India has noted the expanding opportunities for Indian companies to invest in the Maldives to boost trade ties.
- Areas such as fisheries development, tourism, transportation, connectivity, health, education, information technology, new and renewable energy and communications were earmarked for enhancing bilateral cooperation.
- The two sides also signed four agreements –
 - i. Visa liberalisation for Indian investors
 - ii. Cultural cooperation
 - iii. IT and electronics cooperation
 - iv. Improving the ecosystem for agriculture business.

How does the China factor play a role here?

- The Maldives has maintained a close relationship with China, especially in financial terms, under its previous government.
- It has welcomed Chinese money for major infrastructure projects and has also signed free trade agreement (FTA) with China.
- This has ignored political moderation and closer security ties with India.
- However, it is now estimated that China's loans to the Maldives total at least \$1.3 billion, or a quarter of Maldives' gross domestic product.

- Hence the new Maldivian government is looking to India for more budgetary support to overcome the crisis and to help meet its development goals.
- Maldives is also planning to revise the FTA with China.

What should be done?

- Apart from the India-First policy of Maldives, China will continue to play an important role as an economic partner.
- However, India's role will be critical in determining the trajectory of political developments in the Maldives.
- India's patient handling of the Maldives crisis over the last few years has positioned it well.
- By coordinating its response with other like-minded regional and extra-regional players, India should underscore the options available to the Maldives if it decides to move away from China.
- The more India invests in strengthening democratic institutions in its neighbourhood, the better returns it will get in its foreign policy.

1.20 India - Seychelles Bilateral Meet

Why in news?

Seychelles President Danny Faure recently visited India for a bilateral meet.

What are the major outcomes?

- **Assumption Island** - It is one of the 115 islands constituting Seychelles archipelago.
- India plans for building a naval base here.
- The National Assembly of Seychelles recently refused to ratify the naval base.
- Given the absence of parliamentary ratification, the future of the project remains uncertain.
- But both countries now agreed to ensure mutually beneficial steps in this regard.
- **Security** - India clarified that security and strategic cooperation with Seychelles will go ahead.
- It announced several initiatives for Seychelles.
- It includes a \$100 million Line of Credit (LoC) for purchase of defence hardware.
- India also gifted a Dornier aircraft to Seychelles.
- **Developments** - India is ready to finance 3 civilian infrastructure projects under Special Grant.
- India will send officials to Seychelles to support for projects that it decides for itself.
- **Others** - Both sides would intensify cooperation on hydrographical studies of the maritime region.
- They have declared exchange of necessary oceanic maps.
- In all, both sides sealed six agreements.
- One of the agreements will twin Panjim in Goa with Victoria of Seychelles.



What is the earlier agreement on Assumption Island?

- India signed a pact to develop Assumption Island, during PM Modi's visit to Seychelles in 2015.
- The Island is leased to India for the operation of a naval base and air strip by the Indian navy.
- The deal was to include 30-year access to the base.
- It includes permission to station Indian military personnel on the ground.
- It is being financed entirely by India.

- But Seychelles retains full ownership of the facilities and sovereign rights over the island.
- Seychelles would “suspend” the use of military facilities in case if India is at war.
- This is because it is not a military base.
- It is seen as a major strategic enhancement of India’s Indian Ocean Region naval capacities.
- This would give India a foot- hold in the western Indian Ocean.
- The agreement will enable India to help Seychelles build military infrastructure.

1.21 Geopolitical Importance of Island States

What is the issue?

- Varied but simultaneous developments took place in the recent period in different corners of the Indo-Pacific.
- They are indicative of the renewed geopolitical importance of the island states.

Why are island states significant?

- At the dawn of the modern maritime age four centuries ago, control of critically-located islands became important.
- It was part of the rivalry between European powers in the Atlantic and the Indo-Pacific.
- Islands helped the replenishment of supplies, positioning of troops and ammunition, and the host ship to do repair and maintenance.
- Island dominance became the key to securing the sea lines of communication.
- The Anglo-American maritime dominance over the last two centuries helped limit the contestation for the islands.
- An exception was imperial Japan’s challenge in the decades before the Second World War.
- Today, the rise of China has brought the island states back to the centre stage of major power politics.

What are the recent developments?

- **Maldives** - The Indian PM visited Maldives recently for the swearing-in of its new president Ibrahim Mohamed Solih.
- The visit underlined the renewed warmth in the relations between the two countries.
- Under Solih’s predecessor, Abdulla Yameen, India’s relations with the Maldives rapidly deteriorated.
- The contestation between India and China in the Maldives got intertwined with the democratic struggle of the opposition parties to end Yameen’s autocracy.
- They kept demanding an Indian intervention as Yameen trampled over the parliament and judiciary, but Delhi held back.
- **Sri Lanka** - The intersection of Sino-Indian rivalry with domestic politics is also witnessed in the neighbouring Sri Lanka.
- The international community and India too was surprised at the recent decision of the Sri Lankan President to dismiss Prime Minister Ranil Wickremesinghe.
- India, the US and EU, emphasised the importance of due constitutional process and supported parliament test.
- But the Chinese ambassador in Colombo was quick to show up at the newly-installed PM Rajapaksa's office to congratulate him.
- Notably, during the decade-long rule (2004-15) by Rajapaksa, Sri Lanka seemed to steadily move closer to China’s orbit.
- Symbolising its influence, China won the strategic contracts to build the Colombo port city.
- It also got the contract for the construction of a new port at Hambantota in the southern part of the island.
- India, in turn, appeared to lose its historic primacy in the island state.

- **Papua New Guinea** - Further east, Papua New Guinea very recently hosted the forum for Asia-Pacific Economic Cooperation's annual summit.
- It brought leaders from 20-odd countries from America to China, Malaysia to Japan and Canada to Chile to this island state.
- Here too, there is rise in Chinese commercial and political presence in the last few years.
- There was also a speculation that China might be in quest of a military base in Papua New Guinea.
- So Australia and the US moved in to announce that they will fund the development of the port facilities.
- This would be developed in the Manus Island to the north-east of the main island.
- Notably, Imperial Japan had occupied Manus and built a military base there in 1942.
- Australia also joined the US, Japan and New Zealand in unveiling a project to provide electricity to 70% of the island population by 2030.
- But countries have largely failed to anticipate the intensity of China's power projection.

How does the future look for the Indo-Pacific?

- Contestation for influence in the island states of the Indo-Pacific has just begun.
- The European colonial powers could easily prevail over natives of the strategic island territories.
- But unlike then, in Indo-Pacific, today's major powers have to deal with the more complex domestic politics of the island nations.
- The ruling regimes in these islands have agency and the capacity to play one power against the other.

1.22 New Electricity Guidelines for South Asia

What is the issue?

- Union Ministry of Power issued a memo that set the rules for the flow of electricity across South Asian borders.
- The new electricity guidelines are seen as a first step towards creating a true regional market.

How has energy cooperation been?

- In the early 2000s, India tried with the SAARC countries for cross-border energy flows.
- It began to gain steam with substantial power trade agreements between India and Bhutan (2006) and Bangladesh (2010).
- These were driven by India's need for affordable power to fuel quickened growth in a recently liberalised economy.

What happened thereafter?

- The SAARC Framework Agreement for Energy Cooperation and the India-Nepal Power Trade Agreement were signed in 2014.
- These agreements imposed only few restrictions on trade.
- But it formulated an institutional structure to allow private sector participation and to facilitate market rationality in electricity commerce.
- The new government aimed for a seamless SAARC power grid, for power transmission within SAARC countries.
- E.g. offshore wind projects set up in Sri Lanka's coastal borders to power Pakistan or Nepal
- But later, in 2016, the Union Ministry of Power released certain guidelines.
- It imposed a slew of major restrictions on who could engage in cross-border electricity trade.
- They seemed to be a reaction to perceptions of increased Chinese investment and influence in the energy sectors of South Asian neighbours.

What were the concerns in 2016 guidelines?

- The guidelines prevented anyone other than Indian generators in the neighbouring country from selling power to India.
- So, many privately held companies, particularly in Nepal, that had hoped to trade with India were excluded.
- In restricting access to the vast Indian market, the economic rationale for Nepali hydropower built for export was lost.
- The requirement that the exporting generation companies to be majority owned by an Indian entity worried Bhutan.
- This created friction in joint ventures between India and Bhutan.
- Bhutan was also concerned about the limited access to India's main electricity spot markets.
- Here, Bhutan could have been well placed to profit from evening peaks in demand.
- Bangladesh sensed an opportunity to partially address its power crisis with imports from Bhutan and Nepal routed through Indian territory.
- But the guidelines complicated this by giving India disproportionate control over such trade.

How are the new guidelines?

- **Liberal** - A liberal trading regime is in India's national interest.
- So the new guidelines resolve the above issues and make the governance of electricity trade less restrictive.
- The concern that India was enabling the incursion of foreign influence into neighbouring power sectors was addressed.
- India now recognises that economic interdependency created by such arrangements have the political benefit of positioning India as a stable development partner.
- **Greener grid** - As India transitions to a power grid dominated by renewables, regional trade could prove useful in maintaining grid stability.
- A wider pool of generation sources, particularly hydropower from the Himalayas, is instrumental for a greener grid.
- Nepal and Bhutan have also, for long, recognised the potential of sustainable use of vast hydropower reserves for their prosperity.

What is the significance?

- The new guidelines could create a true regional market and lead South Asian electricity trade in progressive directions.
- Generators across the subcontinent could now compete to deliver low-cost, green energy to consumers.
- The new guidelines also, for the first time, allow tripartite trading arrangements.
- Power generated in a country is routed over the territory of a neighbour to be consumed in a third.
- Since this would soften the hard borders of South Asia, it is essentially a political vision too.
- This is a crucial move towards the evolution of complex, multi-country market arrangements.
- Such markets require the construction of regional institutions that absorb the politics and manage the technicalities of electricity trade.
- Going ahead, South Asian nations might have to build joint, independent regional institutions that offer clear and stable rules.
- In an atmosphere of regional mistrust, the new rules are a rare and recent example of political pragmatism.

1.23 BIMSTEC Summit 2018 - Kathmandu declaration

What is the issue?

- The fourth BIMSTEC summit recently concluded in Kathmandu, Nepal.
- It made notable progress in reforming the structural and procedural framework of the grouping, but concerns remain.

What are the administrative initiatives?

- BIMSTEC has so far functioned on the basis of
 - i. The Bangkok Declaration of 1997
 - ii. Outcomes of the past three summits
 - iii. The Leaders' Retreat in 2016
- So the need for a firm institutional foundation for the BIMSTEC was a long felt one.
- In this context, work has now begun on drafting a charter for BIMSTEC.
- Also, a Permanent Working Committee will be set up.
- This is to provide direction during the period between two summits.
- It will also prepare the Rules of Procedure for the BIMSTEC summits.
- Besides, the Secretariat has been promised additional financial and human resources.
- Efforts at enhancing its role to coordinate, monitor and facilitate the grouping's activities will also be taken up.
- Moreover, the institution has been handicapped due to lack of sound financial back up.
- The leaders thus took the decision to establish the BIMSTEC Development Fund.
- It was agreed to make a push to increase BIMSTEC's visibility and stature in the international fora.
- Currently, there are 16 areas of cooperation between the member states, making it too wide a spectrum.
- To address this, BIMSTEC governments will make efforts to review, restructure and rationalise various sectors.
- They will embark on identifying a few core areas for effective cooperation.
- In this exercise, Thailand has proposed a new strategy of five pillars:
 - i. Connectivity
 - ii. Trade and investment
 - iii. People-to-people contacts
 - iv. Security
 - v. Science and technology
- This will be considered, keeping in mind the individual member states' preferences to certain specific sectors.

What are the major outcomes?

- BIMSTEC comprises of India, Bangladesh, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.
- The fourth summit of the BIMSTEC was attended by leaders of the seven nations of the grouping.
- The regional grouping's Kathmandu declaration was released at the end of the summit.
- **Terrorism** - The Declaration focussed on backing of terror by state and non-state actors, and transnational organised crimes.
- It described terrorism as a "great threat" to international peace and security.
- It advocated targeting terrorists, terror organisations and networks.
- Besides, it called for identifying and holding accountable states and non-state entities that -
 - i. encourage, support or finance terrorism

ii. provide sanctuaries to terrorists

- The declaration did not name any specific country.
- But Pakistan is often accused by its neighbours, including India, of providing safe havens to terrorists.
- **Connectivity** - The declaration underscored the importance of multidimensional connectivity.
- This would be a key enabler to economic integration for shared prosperity.
- **Energy** - An MoU was signed on establishment of the BIMSTEC Grid Interconnection.
- It provides for optimisation of using energy resources in the region.
- It also facilitates promotion of efficient and secure operation of power system.

What are the concerns in the outcomes?

- There are at least six legal instruments awaiting finalisation in the BIMSTEC.
- Of this, only one, the Memorandum of Understanding on Grid Interconnection, could be inked in Kathmandu.
- It has been fourteen years since signing the framework agreement on Free Trade Area (FTA).
- However, the leaders could only renew their “commitment to an early conclusion” of FTA negotiations.
- The Thai PM urged participants to accept making BIMSTEC a Free Trade Zone by 2021 as “our common goal”.
- But this did not find a place in the summit declaration.
- The grouping had established its Energy Centre in 2009, but it was still struggling for the “early operationalisation”.
- The Kathmandu Declaration has spelt out a number of measures to secure the objective of 'connectivity'.
- However, the Motor Vehicle and Coastal Shipping Agreements are delayed and needed more time for finalisation.
- There was a call for making the BIMSTEC summit an annual affair.
- But leaders chose a “timely holding of Summit”.
- The next summit's timing will only be determined by the degree of progress ministers and officials achieve in the course of time.

What was India's role?

- The BIMSTEC Region is a meeting point for India's Neighbourhood First, and Act East policies.
- It offers opportunities for connectivity covering trade, economy, transport, digital and people-to-people.
- Indian PM thus made a strong pitch for enhanced regional connectivity.
- India also expressed its commitment to working with the members on combating terrorism and drug trafficking.
- BIMSTEC member states are largely situated between the Himalayas and the Bay of Bengal.
- They hence face frequent natural disasters such as flood, cyclone and earthquake.
- India thus called for “cooperation and coordination” in humanitarian assistance and disaster relief efforts.
- India will also host the International Buddhist Conclave in 2020.
- The BIMSTEC leaders were invited to attend the event as guests of honour.
- India expressed its commitment to enhance its national knowledge network.
- This was in reference to the field of digital connectivity in Sri Lanka, Bangladesh, Bhutan and Nepal.
- India also plans to extend it to Myanmar and Thailand.
- India would set up a Centre for Bay of Bengal Studies at the Nalanda University.
- This is to promote research on art, culture and other subjects in the Bay of Bengal.

1.24 India at SCO Summit

What is the issue?

- India is to attend the Shanghai Cooperation Organisation summit as a full member.
- The summit gives India an opportunity to showcase the kind of power it wants to be.

What are the recent geopolitical developments?

- Both India and Pakistan were admitted to the grouping last year.
- This was finalised at its summit in Astana, Kazakhstan.
- From then, world politics has undergone several tectonic shifts.
- The US has pulled out of the nuclear deal (or **JCPOA**) between the P-5+1 and Iran.
- US President and **North Korean** leader are scheduled to meet in Singapore.
- After the Doklam standoff, **India and China** have attempted to reset relations.
- An informal summit was arranged between Indian PM and Chinese President at **Wuhan**.
- The US has imposed **sanctions on Russia** under the Countering America's Adversaries Through Sanctions Act (CAATSA).
- This notably affects Indian defence purchases from its strongest defence partner.
- The **chemical attack** in Salisbury has sharply escalated Russian-western tensions.
- It led to London and Moscow expelling each other's diplomats.
- The US has delivered a public rebuke to **Pakistan** for not cracking down on terrorists.
- It also suspended military assistance to Pakistan.
- Indian PM has made historic separate visits to **Israel and Palestine**, completing their de-hyphenation.
- The India-US-Japan-Australia **quadrilateral** has been revived.
- This is particularly against the backdrop of Chinese assertiveness in the Indo-Pacific.

What is the significance of the SCO summit?

- India has challenges to address and opportunities to harvest in the SCO summit.
- **Pakistan** - The summit provides an opportunity for the Indian and Pakistani leaders.
- They could meet informally on the sidelines of a multilateral event.
- The two sides are obliged to cooperate on issues of mutual interest without bringing in their bilateral disputes.
- Signing off on joint counter-terrorism exercises will be a new form of engagement between the two militaries.
- **China** - After the Wuhan meet, the SCO summit will provide another opportunity for cooperation.
- **Russia** - Russia has been India's staunchest supporter in the SCO.
- It has lobbied hard with Beijing for years to ensure India's entry into the grouping.
- India is clear that its relationship with Moscow would not be impacted by the West's approach towards it.
- **Iran** - Iran is an observer state that has applied for full SCO membership.
- India has a powerful strategic interest in Iran's Chabahar port.
- The US administration is hostile to Iran.
- But India has been seeking to signal to US, the alignment of interests in Chabahar.

1.25 Challenges in concluding RCEP

Why in news?

Trade ministers of 16 countries met in Singapore recently to create the largest economic integration agreement under RCEP.

What is the outcome of the meet?

- India has made a case that it needs 20 years as a “grace period” to implement certain parts of the RCEP agreement, which is yet to be decided.
- India also emphasised on the inclusion of services under goods in the economic agreement, which has been accepted.

What importance does RCEP attach?

- Countries in RCEP want tariffs eliminated for nearly 10 % of the traded products to gain enhanced market access in goods.
- The reason behind this lies in the **export-oriented** nature of these countries and the prospect of a **huge market** in China and India.
- Within that, India has become a particularly attractive market with its transparent external sector policies than China.
- Also, with US turning towards trade protectionism, RCEP countries shift their attention towards sustaining their regional trade.
- Thus, a “comprehensive, high quality” agreement in the form of economic liberalisation between countries is under negotiation.

What are the challenges involved?

- **Competition** - India has a massive trade deficit with China and hence lowering or eliminating import duties may flood the Indian markets with Chinese goods.
- **Flexible Tariff** – WTO allows increase in actual applied tariffs on particular products as long as they remain its bound rates.
- India’s applied tariffs were usually lower than the bounded tariffs for most products, hence it effects tariff hikes within WTO rules.
- Such flexibilities are allowed in any of the free trade agreements (FTAs), like the RCEP.
- **Concerns on the lines of FTA** – India concluded negotiations on three FTAs, with ASEAN, Japan and Korea a decade back.
- However, India’s agriculture and manufacturing sectors are not in a position to compete against their counterparts from the FTA-partner countries.
- As a result, India has faced an ever-increasing **trade imbalance**, with the deficit stood at just over \$31 billion in 2017-18.
- The situation is no different under RPEC as trade deficit with the RPCs was \$104 billion out of India’s total trade deficit of \$162 billion the same year.

What should India do?

- India must try to extract meaningful concessions for enhancing market access for its services sector.
- It should also ensure the economic viability of small farmers and small-scale industries in the face of relentless import competition.
- With possible conclusions on negotiations by next year, the RCEP would become the largest FTA opening market for over 3 billion people.



2. BILATERAL RELATIONS

2.1 Indo-US COMCASA Agreement

What is the issue?

- A U.S. team visited India recently to sort out difference regarding “Communications Compatibility and Security Agreement” (COMCASA).
- The agreement would facilitate transfer of high-end U.S. technology to India, but there is feared that it would compromise on India’s defence secrecy.

What is the COMCASA?

- It is meant to provide a legal framework for the transfer of communication security equipment from the U.S. to India.
- This would facilitate “interoperability” between their forces and potentially with other militaries that use U.S. origin systems for secured data links.
- Importantly, the U.S. has already made some tweaks from its conventional template for agreements in this regard, for accommodating Indian concerns.
- **Significance** - COMCASA is said to be part of a set of 3 agreements that the U.S. considers vital for a functional military relationship.
- Previously, India and U.S. signed the “Logistics Exchange Memorandum of Agreement (LEMOA)”, for mutual logistic assistance between their militaries.
- Negotiations on the third agreement, “Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA)”, have not yet begun.

Why is the U.S. pushing for COMCASA?

- U.S. officials state that India’s armed forces are currently dependent on less secure, commercially available communication systems for surveillance.
- These platforms are, therefore a hindrance in real time data sharing with friendly militaries, and seamless interoperability during joint missions.
- Hence, they argue, COMCASA will facilitate the Indian military to use of high-end secured communication equipment from the U.S.
- Additionally, COMCASA is also said to be imperative if India is to get the armed version of the Sea Guardian drones from the US.

What are the stakes?

- **Benefits** - U.S. granted India the status of “Major Defence Partner” during the Obama’s time, to facilitate transfer of high-end defence technology.
- Signing of the 3 foundational agreements would underline that status, besides making the transfer of American defence technology possible to India.
- **Risks** - New Delhi is believed to be concerned about intrusive access COMCASA would grant the U.S. to Indian military communication system.
- The violation of Indian sovereignty due to visits by US inspectors to Indian bases to inspect the COMCASA-safeguarded equipment weighs heavy.
- There is also a fear that a lot of Russian-origin and indigenous Indian military platforms may not be compatible with COMCASA.
- Also, such comprehensive agreements is politically risky for the ruling BJP as even the previous LEMOA (signed in 2016), created a political storm.

2.2 LEMOA Fully Operationalised

Why in news?

It was officially announced that the Logistics Exchange Memorandum of Agreement (LEMOA) has been fully operationalised.

What is LEMOA?

- LEMOA is a tweaked India-specific version of the Logistics Support Agreement (LSA) of the U.S.
- India had concluded the LEMOA with the U.S. in 2016.
- It is one of the foundational agreements, as referred to by the U.S.

What are the foundational agreements?

- These are the agreements that the U.S. signs with countries with which it has close military ties.
- India had signed only three of these four agreements -
 - i. General Security Of Military Information Agreement (GSOMIA) in 2002
 - ii. Logistics Exchange Memorandum of Agreement (LEMOA) in 2016
 - iii. Communications Compatibility and Security Agreement (COMCASA) in 2018
- The last one remaining is the Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA).

What is the significance?

- LEMOA gives both countries access to designated military facilities on either side.
- It can be availed for the purpose of refuelling and replenishment in primarily four areas.
- These are: port calls, joint exercises, training, and humanitarian assistance and disaster relief.
- The biggest beneficiary of the LEMOA is the Indian Navy as it interacts and exercises the most with foreign Navies.
- Also, fuel exchange gets subsumed into the LEMOA and does away with the need for a separate agreement.
- So far, the three services had individual accounts from which payments were being made during military exercises.
- Under the LEMOA, the standard operating procedures (SOPs) are applicable to all three services.
- LEMOA also gains more significance following the recent signing of COMCASA.
- The COMCASA (Communications Compatibility and Security Agreement) is meant for secure encrypted communications.
- All these improve the interoperability between the militaries and allow transfer of high-end military platforms.

2.3 India-U.S. 2+2 Dialogue

Why in news?

The 2-plus-2 dialogue between India and the United States concluded recently in New Delhi.

What is the 2+2 dialogue?

- The 2-plus-2 dialogue was held between Indian External Affairs and Defence Ministers, and their US counterparts.
- The dialogue aimed to provide a positive, forward-looking vision for the India-U.S. strategic partnership.
- It also aimed at promoting synergy in diplomatic and security efforts.
- It was resolved in the meet to continue the meetings in this format on an annual basis.

What are the key outcomes?

- **Cooperation** - The Ministers committed to work together on regional and global issues.

- It was further decided to establish secure communication (hotlines) between the two Ministers of the countries.
- This would help maintain regular high-level communication on emerging developments.
- **Defense** - Strategic importance of India's designation as US's Major Defense Partner (MDP) was reaffirmed.
- It was committed to expand the scope of India's MDP status.
- India recently being offered license exception under the Strategic Trade Authorization (STA-1) was mentioned.
- It was also agreed to explore other means for expansion in two-way trade in defense items and defense manufacturing supply chain linkages.
- Significantly, the Communications Compatibility and Security Agreement (COMCASA) was signed.
- This is likely to open the way for sales of more sensitive US military equipment to India.
- It facilitates interoperability between the two countries' armed forces.
- This will give India access to function on high-end secured and encrypted communication equipment installed on US origin military platforms.
- The Ministers also announced their readiness to begin negotiations on an Industrial Security Annex (ISA).
- This would support closer defense industry cooperation and collaboration.
- The two sides also committed to the creation of a new, tri-services exercise.
- It was also agreed to increase personnel exchanges between the two militaries and defense organizations.
- Specific mention was made of a further expansion in bilateral maritime cooperation.
- The Ministers thus committed to start exchanges between the U.S. Naval Forces Central Command (NAVCENT) and the Indian Navy.
- It underscored the importance of deepening maritime cooperation in the western Indian Ocean.
- **Technology** - The unique role of technology in the India-U.S. defense partnership was acknowledged.
- It was agreed to continue the co-production and co-development of defence projects through the Defense Technology and Trade Initiative (DTTI).
- In this regard, the conclusion of a Memorandum of Intent was welcomed.
- This was between U.S. Defense Innovation Unit (DIU) and Indian Defence Innovation Organization – Innovation for Defence Excellence (DIO-iDEX).
- **Terrorism** - Intent to increase information-sharing efforts on known or suspected terrorists was announced.
- It was also decided to implement UN Security Council Resolution 2396 on returning foreign terrorist fighters.
- They also committed to enhance their ongoing cooperation in multilateral fora such as the UN and FATF.
- The countries reaffirmed their support for a UN Comprehensive Convention on International Terrorism.
- This will advance and strengthen the framework for global cooperation against terrorism.
- Both called on Pakistan to ensure that its territory is not used to launch terrorist attacks on other countries.
- Pakistan was also called on to expeditiously bring to justice the perpetrators of the Mumbai, Pathankot, Uri, and other cross-border terrorist attacks.
- India and U.S. also reaffirmed on their cooperation to ensure a stable cyberspace environment.
- **Indo-Pacific** - The aim was spelt out as advancing a free, open, and inclusive Indo-Pacific region, based on recognition of ASEAN centrality.
- Respect for sovereignty, territorial integrity, rule of law, good governance, free and fair trade, freedom of navigation and overflight was also mentioned.
- Support on sustainable debt financing practices in infrastructure development in the Indo-Pacific region was agreed.

- The common principles for the region articulated in the India-U.S. Joint Statement of June 2017 were reaffirmed.
- **Afghanistan** - The two sides expressed support for an Afghan-led, Afghan-owned peace and reconciliation process.
- Shared commitment to a united, sovereign, democratic, inclusive, and peaceful Afghanistan was reiterated.
- The U.S. acknowledged India's economic and development assistance to Afghanistan.
- **North-Korea** - India welcomed the recent U.S.-North Korea summit.
- India and U.S. pledged to work together to counter North Korea's weapons of mass destruction programs.
- **Nuke** - The United States welcomed India's accession to the Australia Group, the Wassenaar Arrangement, and the Missile Technology Control Regime.
- It also reiterated its full support for India's immediate accession to the Nuclear Suppliers Group.
- Both sides looked forward to full implementation of
- the civil nuclear energy partnership
- collaboration between Nuclear Power Corporation of India Limited (NPCIL) and Westinghouse Electric Company for the establishment of six nuclear power plants in India
- **People-to-People Ties** - The Ministers recognized the importance of increasing bilateral trade, investment, innovation, and job creation.
- The free flow of ideas and collaboration in health, space, oceans, and other areas of science and technology were also accentuated.

What are the concerns?

- While trade was addressed, India did not receive a clear-cut assurance of its GSP (Generalised System of Preferences) status being restored.
- It neither received any waivers on steel and aluminium tariffs imposed by the U.S.
- Instead, U.S. officials said that they expect India to increase imports of American oil and gas as well as aircraft.
- This is in order to wipe out the trade surplus India enjoys.
- It is unclear if the Centre has agreed to this anti-free market demand, but it remains a concern.
- The U.S.'s other demand, to "zero out" oil imports from Iran by November, is also contentious.
- It would hurt India economically at a time when the dollar is strengthening and fuel prices are going up.
- It would also have implications in terms of India's substantial engagement with Iran.
- No public statement was made on U.S.'s actions on India's investment in the Chabahar port once U.S.'s full sanctions begin in November.
- Also, U.S. officials gave no firm commitment that India would receive a waiver to purchase Russian hardware, beginning with the S-400 missile system.
- India must work with the U.S. in the coming future to ensure that the 2+2 dialogue did not benefit only the U.S.
- India needs to ensure that it does not sacrifice its regional geo-political and broader global economic interests.

2.4 India's Exemption from CAATSA

Why in news?

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

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

- The Russian-built S-400 Triumf, is the most dangerous operationally deployed modern long-range surface-to-air missile (MLR SAM) system in the world.



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

What is the US's CAATSA law?

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

How India would have affected by this law?

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

What are the reasons behind this exemption?

- CAATSA impacts Indo-US ties, and dents the image of the US as a reliable partner at a time when it is projecting India as a key player in its Indo-Pacific strategy.
- US administration for countries like India has favoured relief, citing the "strategic opportunity" that India presents, and also the opportunity "to trade in arms with India".
- Indeed, the US defence industry sees India as a major market, Over the last decade, deals with India have grown from near zero to \$15 billion.
- Both in term of the number and value of contracts, the US is way ahead of other major suppliers.
- The CAATSA exemption also underlines the growing defence and security cooperation that has seen India sign a logistics pact with the US.
- Also US designated India as a Major Defence Partner, and both countries coming together on Indo-Pacific strategy, the newly resurrected Quad.
- It also marks an acceptance by the US of the point of principle that as a sovereign country, India cannot be dictated on its strategic interests by a third country.

2.5 India in US's STA-1 List - Import of Dual-use Tech

Why in news?

- After 1½ years of negotiations, the US has eased controls on high-technology dual-use exports to India.
- The US has granted India exemption under the Strategic Trade Authorisation-1 list.

How has India-US defence ties evolved?

- India signed the civil nuclear deal with the United States in 2008.
- A key objective was to gain access to high technology.
- Notably, India had been denied access, especially from the 1970s through the 90s.
- Towards the end of Obama's presidency, the US recognised India as a "Major Defence Partner".
- It committed itself to sharing technology to the same level as its closest allies and partners.
- It also agreed to collaboration for defence co-production and co-development.

Why is the delay then?

- The US either has military alliances such as the NATO or bilateral defence treaties with other countries.
- Hence, the status of Major Defence Partner is unique to India.
- So Indian and American negotiators had to draw up the framework of what the status would entail.
- Given this, the export of defence and dual-use technology by the US is mostly a "political determination".
- This is driven by two factors namely US national security and the recipient's regional stability.
- Dual-use exports refer to an item or technology that can be put to both military and civilian use.

What is the recent move?

- India was in STA-2 list (Strategic Trade Authorisation-2), along with 7 other countries.
- These include Albania, Hong Kong, Israel, Malta, Singapore, South Africa, and Taiwan.
- India has now been elevated to the STA-1 list of countries.

What is Strategic Trade Authorisation?

- In 2009, Obama announced a comprehensive review of the US export control system.
- As part of this came the concept of Strategic Trade Authorisation (STA).
- This is a move towards a licence-free or license exemption regime.
- Accordingly, two lists were created namely STA-1 and STA-2.
- STA-1 and STA-2 established a hierarchy among those the US was willing to certify as "good countries".
- **STA-1** - STA-1 countries are America's most trusted allies.
- The STA-1 list has 36 countries including NATO allies and bilateral treaty allies like Japan, South Korea, and Australia.
- The US considers the non-proliferation controls of these countries the best in the world.
- These are also among those that are part of the four multilateral export control regimes:
 - i. The Nuclear Suppliers' Group (NSG)
 - ii. Missile Technology Control Regime (MTCR)
 - iii. The Australia Group
 - iv. The Wassenaar Arrangement
- STA-1 countries have licence-free access to almost 90% of dual-use technology.
- They are also eligible to import items for reasons of national security, chemical or biological weapons, etc.
- This is irrespective of whether the technology or item impacts regional stability or American national security.
- **STA-2** - Countries in the STA-2 list enjoy some form of licensing exemption.
- But they cannot access dual-use items/technology that may impact regional stability, or contribute to nuclear non-proliferation, etc.
- **Others** - A vast majority of countries remain outside both STA-1 and STA-2.

- They cannot access high technology from the US without specific licences.
- They have to apply for a licence for every item on the Commerce Control List (of dual-use items).

What is the significance?

- China, Pakistan, and Russia are on neither list.
- Albania is a NATO member, but is still in STA, and Israel, a major US ally, is not in STA-1.
- Given these, India joining an elite group of allies of the US is a significant move.
- India is now part of STA-1, despite not being member of all four multilateral export control regimes.
- This is thus another testament to India's non-proliferation credentials.
- India can now access 90% of defence technology and equipment for dual-use supplied by US government and its defence industry.
- It is expected to lead to greater high-technology trade and commerce.
- For Indian high-tech industry, this could open up doors for both sales and manufacturing in India.
- Third countries can also set up manufacturing units, requiring import of dual-use equipment from the US, without the license process.

2.6 India's Stakes in Iran-U.S. Tussle

What is the issue?

- Trump administration is seeking to isolate Iran in the international arena.
- This has put India in a tight spot, as it has been pursuing deep business and strategic ties with both Iran and the U.S.

How is India currently engaged with Iran and U.S.?

- **Iranian Engagement** - Iran has been a major crude supplier to India, and India is the 2nd largest buyer from Iran (China is the 1st).
- India's investment in the Iran has been increasing and recently, India committed to enhance its investments in the Chabahar Port by \$500 million.
- India is also in the process of securing Iran's Farzad -B gas field and has promised to increase its oil off-take from Iran by 25% this year.
- It has also committed to build a rail road to Afghanistan, a project that will help India circumvent Pakistan and enhance cooperation with Afghanistan.
- **U.S. Engagement** - U.S. is India's largest trading and technological partner and India enjoys a big trade surplus with it.
- Indo-U.S. defence ties have been growing in recently years and strategic engagements between them are strong.
- But recently, the ties have come under severe strain due to imposition of tariffs on Indian goods and India's engagements with China and Russia.

What is the challenge now?

- Recently, Trump administration, has asked India to cut trade ties with Iran, which is straining India to take a stand.
- Considering the situation, more than the energy security perspective, it is the geopolitical aspects of the directive that worries India.
- If India overlooks U.S. pressures and continues engagements with Iran, it risks antagonising an all powerful trade and strategic partner.
- On the contrary, if U.S. directives are adhered to, Iran might turn hostile to Indian projects on its soil like Chabahar Port and the allied transit corridors.

- Notably, Iran is already hedging the fallouts of a confrontation with U.S. by seeking to engage with EU and other powers like China.

How did India navigate the previous such situation?

- In 2012, the Obama administration wanted to maximise pressure on Iran in order to secure a deal for curtailing Iran's nuclear program.
- Back then, Obama had sent tough messages to New Delhi through discreet channels (unlike Trump's open threats), to reduce ties with Iran.
- India had then agreed to cut oil imports by 15% subsequently, but asserted its autonomy, by attending a meet with Iranian leaders in Tehran.
- India even operationalised a 'rupee-rial' mechanism, under which Iran could use some of its oil bills with India to procure India goods.
- While the current government would seek to emulate its predecessor's line on the issue, the stakes are higher this time.

2.7 U.S. sanction waiver on Chabahar port

Why in news?

The US government recently announced a waiver to its sanctions on Indian investments in Chabahar port.

How does it favour Afghanistan?

- India signed a trilateral connectivity deal in May 2016 with Iran and Afghanistan that allows it to bypass Pakistan and reach Europe and Central Asia.
- The hub of this connectivity agreement is the Chabahar Port, whose management was given to India for 18 months.
- Chabahar port represents the shortest route for Afghanistan to the sea.
- For Afghan traders, it is shorter than both Iran's Bandar Abbas port and Pakistan's Gwadar port.
- Afghan businessmen will save 50% of their shipping costs when they use Chabahar.
- India's first shipment of wheat in October 2017 through Chabahar port is an initial outcome in this regard.
- Thus, Afghanistan view Chabahar as an opportunity to liberate themselves from the control that Pakistan exercises on their movement and their businesses.
- Nearly 165 out of 500 Afghan companies are registered by the Chabahar Free Zone authority.
- Afghanistan is also planning to launch their own shipping line that will fly their national flag between Indian ports and Chabahar.

What are the concerns?

- **Sanctions list** - Some of the Iranian companies in Chabahar are managed by Islamic Revolutionary Guards that are being accused of spreading terror in West Asia.
- Hence, it is not clear how India will work with Iranian companies that are already in the sanction list of US.
- **Finance** - The Indian government was also facing major banking hurdles in funding its infrastructural works.
- It was trying to explore a rupee-riyal arrangement to hasten the port's progress as well pay for its oil purchases.
- Under this system, India and Iran did not trade in international currencies like USD and preferred to trade in their local currencies.



- **Communication** - Also, the US sanctions would prevent the use of SWIFT communication systems, which allows inter-bank transfer of funds.
- Hence India was exploring to become part of the special purpose vehicle that the EU was creating to deal with Iran that allowed trading in euros, yuan and rouble.

What are the takeaways?

- The port gives India a unique opportunity to capitalise on growing exports from current levels and embarking upon a new era of trade diplomacy with Afghanistan.
- The waiver also gives Iran more options to deal with the stringent sanctions that have been imposed by the US government after it withdrew from the P5+1 nuclear deal.

2.8 India-Russia Annual Summit

Why in news?

India-Russia annual summit was recently held in India between Indian Prime Minister and Russian President.

What are the key outcomes?

- **Defence** - The contract for five S-400 ‘Triumf’ Long Range Surface to Air Missile System was concluded.
- This agreement for the estimated \$5.43 billion is one of the biggest defence deals in the recent times.
- Deliveries of S-400 will begin in 24 months, at the end of 2020.
- As per procedure, India would pay about 15% in advance, likely through the rupee-rouble exchange.
- India resisted concluding other major defence deals with Russia on helicopters, stealth frigates and assault rifles.
- These were reportedly ready but needed further negotiations.
- **Trade** - The two leaders addressed a business summit as an attempt to diversify ties and increase bilateral trade.
- Currently at below \$10 billion, the two countries have set a target of \$30 billion bilateral trade by 2025.
- Much of the fresh momentum in bilateral engagement will come from the energy sector.
- **Others** - Apart from S-400, the two sides concluded eight other agreements as part of the summit.
- A space cooperation arrangement to put an Indian in space, and an action plan for a new nuclear plant were signed.
- Other agreements on railways and agriculture were also finalised.



<p>Done deal India and Russia inked 8 deals in a variety of sectors including railways, fertilizers and space</p> <p>BETTER CO-OPERATION: Protocol for consultations between the Ministry of Foreign Affairs, Russia, and MEA between 2019-2023</p> <p>ECONOMIC DEVELOPMENT: MoU between the Ministry of Economic Development & NITI Aayog</p> <p>FERTILISERS: Indian Potash Ltd has agreed to import up to 2 mn tonnes of fertilisers, worth ₹7,300 crore, from Russia's PhosAgro</p>	<p>MSME: MoU between the National Small Industries Corporation, India, and the Russian Small and Medium Business Corporation</p> <p>SPACE: MoU between ISRO and the Russian space agency in the field of human spaceflight</p> <p>RAILWAYS: Includes implementation of projects signed in an MoU in 2015 and railway-related education</p> <p>NUCLEAR: Action plan for prioritization and implementation of cooperation areas</p>
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What is the significance of the summit?

- India gives top priority to relations with Russia, and it has become more relevant in the rapidly changing world.
- The visit of Russian President to India reaffirmed Russia's place as India's biggest and most important defence partner.
- The S-400 is not merely military equipment for Russia but a tool for geopolitical strategy.
- The deal comes as India's assertion of “strategic autonomy” in its foreign policy and desire for multipolarity.

What is the challenge ahead?

- The announcement of the S-400 ‘Triumf’ deal could attract sanctions from the United States.

- The US's Countering America's Adversaries Through Sanctions Act penalises defence purchases from Russia, Iran and North Korea.
- The U.S. Congress has passed the conference report on National Defense Authorization Act-2019 (NDAA-19), providing a modified waiver to CAATSA.
- However, President Trump will need to grant his approval for helping India evade American sanctions.
- The U.S. said that any waiver would be considered only on a "transaction-by-transaction basis" and not on a "country" basis.
- It also clarified that under CAATSA, it is payments and not signing of deals that triggers the sanctions.
- Given this, it can have serious implications on India's relationship with the US.

What lies before India?

- India needs to stand firm on its deep engagement with Russia in the coming future.
- Accepting a waiver will implicitly commit India to reducing its intake of Russian military hardware.
- India will need to make some tough decisions on both CAATSA and on the U.S.'s proposed sanctions on Iran.

2.9 Concerns with Indo-S.Korea CEPA

Why in news?

South Korea is speeding up negotiations on expanding the existing Comprehensive Economic Partnership Agreement (CEPA) with India.

What is Indo-S.Korea CEPA?

- The Comprehensive Economic Partnership Agreement (CEPA) is a free trade agreement between India and South Korea.
- It is equivalent to a free trade agreement, and will provide better access for the Indian service industry in South Korea.
- Services include Information technology, engineering, finance, and the legal field.
- The agreement has ease restrictions on foreign direct investments. Companies can own up to 65% of a company in the other country.
- Both countries avoided issues over agriculture, fisheries, and mining and choose not to decrease tariffs in those areas.

What is the status of existing trade relations of Indo-S.Korea?

- Bilateral CEPA was implemented in 2010, South Korea's exports to India jumped from \$10.47 billion in 2010-11 to \$16.36 billion in 2017-18.
- India's exports to South Korea, however, remained sluggish and increased insignificantly from \$3.72 billion in 2010-11 to \$4.46 billion in 2017-18.
- As a result, the trade deficit between South Korea and India increased to a staggering \$12 billion in 2017-18.
- Recently India speedily cut down duties on 11 items and South Korea on 17 items, as a diplomatic necessity.

What are the concerns with existing CEPA?

- Various reports show that while Indian businesses have not been able to take advantage of the provisions of the CEPA.
- But Korean companies have increased their exports taking advantage of the lower duties.
- Moreover, much of the Indian exports to South Korea are still taking place outside the CEPA at higher duties.
- That is mostly because Indian exporters find it too onerous to meet obligations such as rules of origin, Low awareness is another reason for low utilisation.
- Recently South Korea claimed that it wants increased market access in a number of items including sensitive ones like automobiles and textile that got excluded in the original CEPA.

2.10 India's Africa Engagement

What is the issue?

- Ahead of BRICS leaders' summit in South Africa, Indian PM made visits to Rwanda and Uganda.
- This is a reflection of the intensity and significance of India's engagement with Africa.

What is the significance?

- **Rwanda** - It is one of the Africa's fastest growing economies.
- After the end of its civil war, it is moving steadily on the path of recovery and national reconciliation.
- Rwanda President Paul Kagame is chair of the African Union (an intergovernmental organization of African states).
- About 3,000 Indian nationals and PIOs live in Rwanda.
- Rwanda's only sugar refinery, only modern textile mill, and a soap and cosmetic factory are all PIO-owned.
- India-Rwanda bilateral relations have been cordial and have grown steadily over the years.
- In 1999, Rwanda officially opened its mission in New Delhi and posted a charge d'affaires.
- In 2001, it appointed its first resident ambassador in New Delhi.
- India has taken a decision to open a diplomatic mission in Kigali, the capital of Rwanda.
- **Uganda** - In Uganda, India established its diplomatic presence in 1965.
- But the ties dates back to the era when trade began across the Indian Ocean.
- Eventually a number of Indians settled in East Africa, and many made Uganda their home.
- There are over 30,000 Indians/PIOs in the country.
- Uganda is currently chair of the East African Community.
- **India - Africa** - The visit of more than 40 leaders for the 3rd India-Africa Forum Summit in 2015 was a significant event in this regard.
- The present visit to African countries takes forward India's engagement with Africa.

What are the outcomes of the visit?

- India signed two loan agreements with Rwanda worth \$ 100 million each.
- It contributes for investments in agriculture and development of special economic zones.
- With both Rwanda and Uganda, India signed defence cooperation agreements.

What is China's role?

- Chinese President Xi Jinping is also making visits to some of the African States, including Rwanda.
- China gave a loan of \$126 million to build two roads.
- China began its outreach to Africa earlier than India.
- The first ministerial meeting of the Forum on China-Africa Cooperation (FOCAC) was held early in 2000.
- Africa, in many ways, has been a learning ground for China's international role.
- Some of it includes the following:
 - China first took a proactive position on an internationally significant Sudan conflict
 - It was in Mali that China sent its first combatant unit under the UN peacekeeping framework in 2013
 - Djibouti will be the first location of the People's Liberation Army's overseas base
 - China's role in the African continent is thus noteworthy as it showcases the future of Chinese power.
 - The island has been at the centre of high profile maritime diplomacy between India and Seychelles.

2.11 Rafale Deal Controversy.

Why in news?

There are many doubts that have raised with the modified rafale deal and it needs to be addressed.

What is the deal all about?

- The governments of India and France had entered into an MoU in 2012 under which India would buy 126 Rafale twin-engine multi-role fighter aircraft.
- The price per aircraft discovered through an international bid opened on December 12, 2012, was Rs 526.10 crore.
- The manufacturer Dassault would supply 18 aircraft in 'fly away' condition.
- The remaining 108 aircraft would be manufactured in India at the Hindustan Aeronautics Limited's facilities in Bengaluru using Dassault technology that would be available to HAL under a Transfer of Technology agreement.
- That signed MoU was cancelled and the Prime Minister announced the new 'deal' on 2015.
- Under the modified deal, the number of aircrafts to be purchased was reduced to 36 from 126 aircrafts as per the previous agreement.
- All the 36 aircrafts were accepted to bought under "flyaway" condition that left out the possibility of "Make in India" component.

What are the concerns?

- The decision taken to cancel the earlier MoU and enter into a new agreement was not made public by the government.
- **Quantity** - Under the new agreement, India will buy 36 aircraft at an undisclosed price.
- The Indian Air Force has 31 squadrons now and said it needed 42 squadrons of fighter jets.
- But the government decide to buy only 2 squadrons (36 aircrafts) when the need was for 7 squadrons (126 aircrafts).
- **Price** - The government is purchasing the same aircraft from the same manufacturer under "the same configuration".
- But the price per aircraft under the new agreement is Rs 1,670 crore as disclosed by Dassault which is a three-fold increase in quoted price from the previous agreement.
- But the government claims that the price of the aircraft under the new agreement is "cheaper" by 9%.
- Still, the government is buying only 36 aircraft and not all the 126 aircraft offered by Dassault.
- **Purchase** - The new agreement was presented as an "emergency purchase".
- But the schedule of delivery of the first aircraft is stated as September 2019 (four years after the agreement) and the last only in 2022.
- This raised concerns on how the deal qualified to be an "emergency purchase".
- **Transfer of technology** - HAL has experience of 77 years and has manufactured a variety of aircraft under licence from the respective manufacturer.
- When entering into the new agreement, there was no mention of Transfer of Technology from Dassault to HAL.
- The absence of transfer of technology (ToT) component creates void on the role guaranteed for any Indian public sector company, including HAL.
- **Offset supplies** - Every defence purchase by India imposes an 'offset' obligation upon the vendor.
- Dassault has admitted that it would have an offset obligation to the tune of Rs 30,000 crore against the sale of 36 aircraft.
- HAL is a public sector undertaking and it had entered into a 'work share' agreement with Dassault on 2014, which was also qualified to be the offset partner.

- But France has disclosed that the Government of India had suggested the name of a private sector company as the offset partner and France and Dassault had “no choice” in the matter.
- Recently, Defence Minister of France laid the foundation stone for the factory of the private sector company at Mihan, near Nagpur, where the offset supplies would be manufactured.
- Dassault and the private sector offset partner had also disclosed in a press release that their joint venture “will be a key player in the execution of offset obligations”.
- However, Government of India has denied that it had suggested the name of a private partner.
- There were also recent reports of disparaging remarks made against HAL by the government which raised the doubts regarding their intention to privatising or shutting down operations of HAL.
- All these concerns warrant the need for government to order an enquiry into the matter and make details of the deal public.

2.12 Indo-Japan relations

Why in news?

India and Japan held 13th India-Japan annual summit recently.

What are the important outcomes?

- The two countries decided to enhance cooperation in defence and other strategic areas.
- They have signed five pacts covering defence exchanges, cooperation in clean energy, roads and highways, healthcare and women while vowing to take their relationship to newer level.
- Both sides reviewed the progress of several initiatives such as enhancing connectivity and ecological management in India’s north-eastern region through the India-Japan Act East Forum.
- They also reviewed the progress made on the Mumbai-Ahmedabad high-speed railway project.
- They stressed the need to work together for a rules-based and inclusive world order.
- Japan was also told that India was awaiting the investments with a 'red carpet' and not 'red tape' as rules and procedures have been eased by his government.
- Japan promised 3.5 trillion Yen (USD 35 billion or 2,10,000 crore) to India through public and private funding over the five years for various works, including building of smart cities and clean-up of the Ganga river.
- A pact was signed under which Varanasi would be developed on the pattern of Kyoto 'smart city' with the help of Japan.
- Japan also announced that as an example of Indo-Japan Cooperation, Tokyo will help India in providing financial, technical and operational support to introduce Bullet trains.
- Japan lifted ban on six Indian entities including Hindustan Aeronautics Limited (HAL) which had been imposed in the aftermath of 1998 nuclear tests.
- They also decided to speed up negotiations on civil nuclear deal that could not be concluded now.
- India reiterated that Japan was the cornerstone of India’s Look East policy, while Japan expressed its determination towards advancing the “new era in India-Japan relations”.
- While the two countries signed several agreements, the two issues worthy of highlighting pertain to economic and security matters.

What is the outcome in the economic sphere?

- The first big development was the signing of a \$75 billion currency-swap agreement, one of the largest swap arrangements in the world.
- A **currency-swap agreement** allows India to avail itself of \$75 billion from Japan in exchange for rupees in case the need arises.
- This arrangement makes eminent sense since the rupee has lost around 13% of its value against the dollar this year.



- Also, the Indian rupee has been the worst-performing Asian currency.
- Rising interest rates in the United States, higher crude oil prices, and a widening current account deficit, which is nearing the crucial level of 3% of GDP, have put the rupee under tremendous pressure.
- The Reserve Bank of India has been intervening in the markets to ensure that the rupee's fall is not any more precipitous.
- But that has meant that India has used its foreign exchange reserves.
- The on-tap availability of \$75 billion thus not only calms the frayed nerves in the markets but also makes it decidedly cheaper for Indian businesses to borrow funds.
- To be sure, this is not the first time India has had such an agreement with Japan.
- In 2008 and 2013, India signed up for similar swaps valued at \$3 billion and \$50 billion, respectively.
- The bilateral trade between the two countries has been far below expectations despite the two countries having a comprehensive economic partnership agreement (CEPA).
- The swap arrangement means the bilateral trade will likely get a boost, especially as it reduces its dependence on the dollar.

What are the outcomes in the security sphere?

- Both countries reaffirmed their desire to further deepen bilateral security and defence cooperation and institute Foreign and Defence Ministerial Dialogue (2+2).
- At present, India has this arrangement only with the US.
- This enhances the strategic dimension of the relationship between India and Japan.
- Building on the existing maritime security cooperation, the Indian Army is now conducting its first joint exercise with Japan's Self-Defence Forces.
- Cooperative research in the area of the unmanned ground vehicle (UGV) and robotics was also announced.
- There was encouragement for technological collaboration between the respective agencies of the two countries in the Joint Lunar Polar Exploration Mission.
- While China was not mentioned explicitly anywhere in the joint statement, there is no guessing what the prime motivator for both India and Japan was.
- Thus the call for a "free and open Indo-Pacific" makes it clear that this partnership is aimed at countering the biggest regional power.

What are the concerns?

- The limitations of the relationship are glaring, wherein Bilateral annual trade now stands at a pitiable \$15 billion.
- However, Japan's trade with China despite troubled political relations is now close to \$300 billion.
- Though Japan heavily invested to develop the Mumbai-Delhi industrial and rail corridors, Progress has been painfully slow.
- The Dedicated Freight Corridor between the two cities is now barely half done, even after 13 years since it was announced.
- Also, the negotiations on the purchase of an amphibious aircraft have dragged on for nearly a decade.
- This points to a deepening systemic crisis in the hands of a politically strong and bureaucratically centralised government.
- Hence, if India can't change the way it works internally, it can't do much with even the most eager external partners like Japan.

2.13 Quad Talks in Singapore

Why in news?

India will hold the official level talks on the 'Quad' Asia-Pacific formation on the sidelines of the East Asia Summit in Singapore.

What are the prospects?

- The Quadrilateral Group consists of India, Australia, Japan and the U.S.
- The Quad has a shared objective to ensure and support a “free, open and prosperous” Indo-Pacific region.
- The present meeting comes a year after it was launched in Manila during the ASEAN.
- The discussion will provide an opportunity to exchange ideas about the future of the Asia-Pacific region.
- The meeting is likely to focus on infrastructure projects and on maritime security schemes in the region.
- Building humanitarian disaster response mechanisms is also expected to be on the agenda.
- **Japan** - India and Japan have recently announced a series of joint projects.
- This is in terms of what they have called the “Asia-Africa growth corridor” in the Indo-Pacific region.
- Among the projects that they will work together on are
 - i. the Jamuna Railway bridge in Bangladesh
 - ii. other bridges in northeastern States of India
 - iii. housing, school and electricity projects in Rohingya areas in Myanmar
 - iv. an LNG plant in Sri Lanka
 - v. a cancer hospital in Kenya
- **Australia** - Australia has unveiled an ambitious \$2 billion project to fund infrastructure.
- There are plans to build maritime and military infrastructure in the Pacific region, where it is willing to cooperate with other Quad members.
- **Others** - The four countries are expected to talk about other regional developments.
- These include Maldives elections, the collapse of the government in Sri Lanka and the latest developments in North Korea.

What are the challenges ahead?

- **Objective** - Despite the potential for cooperation, the Quad remains a mechanism without a defined strategic mission.
- In 2007, when the grouping was first formed following cooperation after the 2004 tsunami, the idea was to better coordinate maritime capabilities for disaster situations.
- When revived in 2017, the grouping seemed to have become a counter to China’s growing inroads into the region.
- So Quad members still face the challenge of defining its common agenda.
- **Region** - A common definition of the geographical area encompassed is yet to be found.
- The US sees itself and India as the extremes of the Indo-Pacific.
- On the other hand, India and Japan have included the oceans up to Africa in their definition.
- The entire focus on the Indo-Pacific makes the Quad a maritime, rather than land-based, grouping.
- This raises questions whether the cooperation extends to the Asia-Pacific and Eurasian regions.
- **Maritime** - Even on maritime exercises, there is a lack of concurrence.
- E.g. India has not admitted Australia in the Malabar exercises with the U.S. and Japan, despite requests from it.
- It is felt that it would be too early to discuss “militarising” the Quad.

- India has also resisted raising the level of talks from an official to the political level.
- India is the only member not in a treaty alliance with the other Quad countries which could possibly slow down progress.
- Given all, the outcome of the Singapore meet will be judged by the ability of the group to issue a joint declaration, unlike in the last two meets.

2.14 India-Vietnam Bilateral Relations

What is the issue?

- President Ram Nath Kovind chose Vietnam as the first Southeast Asian country to visit in his capacity as the President.
- It is essential, in this context, to assess the further prospects in India-Vietnam relations.

How has Vietnam's progress been?

- Since its Doi Moi policy (domestic political and economic renewal campaign) in 1986, Vietnam has made dramatic strides.
- Being an importer of agricultural products earlier, today it is a major exporter.
- Agricultural competence has furthered its entry into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

How prospective is India-Vietnam relations?

- One of the core areas of Mr. Kovind's visit focussed on furthering cooperation in agriculture and innovation-based sectors.
- This is expected to further the potential for increasing bilateral trade to \$15 billion by 2020.
- **Health** - Vietnam has highlighted, in 2016, the importance of linking economic growth to universal health care.
- By this, 80% population would be covered by health insurance.
- India too, since 2011, has been focussing on the need to deliver accessible and affordable health insurance to weaker sections.
- Certainly, health care is an area of potential convergence for both Vietnam and India.
- Also, with India moving closer to signing the Regional Comprehensive Economic Partnership, it can get to the forefront of the services sector globally.
- So in this backdrop too, convergence in health care through joint public-private partnership agreements can be explored.
- **Foreign policy** - Internationally, Vietnam's foreign policy is characterised by 'multidirectionalism'.
- It addresses regional asymmetries in power balance by engaging across a broad spectrum of states to achieve its interests.
- Increasingly, this asymmetrical power structure in the region counteracts the rise of China.
- In turn, by bringing regional and extra-regional states together to address the shifts, it offers scope for India too.
- Within this context, Vietnam even normalised relations with the U.S., its former opponent.
- **Security** - Today, there is increasing commonality of security concerns between Vietnam and its ASEAN partners.
- This applies with Australia, India, Japan and the U.S. as well.
- This is particularly in the areas of maritime security and adherence to the United Nations Convention on the Law of the Sea.
- In this context, Asian leaders have endorsed the idea of Indo-Asia-Pacific.

- So finding compatibility between the 'Indo-Asia-Pacific' and the U.S. driven 'Indo-Pacific' necessitates a nuanced approach.
- Regional concerns of ASEAN centrality can be addressed, as well as the diverse approaches to maintaining regional stability.
- In pursuance of this, India and Vietnam have planned a bilateral level maritime security dialogue in early 2019.
- **Sub-regionalism** - Vietnam has focussed on both sub-regionalism and regionalism as the core of its priorities.
- This has helped mitigate fears of smaller members of ASEAN on centrifugal forces of China's rise.
- India too looks at both sub-regionalism and regionalism as priority avenues to pursue its foreign policy.
- The India-Vietnam Joint Statement of March 2018 reiterates the focus given to sub-regionalism and the Mekong Ganga Cooperation framework.
- However, another area is emerging, in the CLV (Cambodia-Laos-Vietnam) growth triangle sub-regional cooperation.
- So India and Vietnam can jointly explore the potential for enhancing capacity building and providing technical assistance and training within this sub-regional grouping.

2.15 India in Organisation of Islamic Cooperation's Meet

Why in news?

India's External Affairs Minister has been invited to address the Organisation of Islamic Cooperation's (OIC) meet as the "Guest of Honour".

What is OIC?

- The OIC describes itself as "the collective voice of the Muslim world".
- Its objective is to safeguard and protect the interests of the Muslim world.
- It is the 2nd largest inter-governmental organisation in the world after the UN, with a membership of 57 states in 4 continents.
- It has reserved its membership for Muslim-majority countries.
- Russia, Thailand, and couple of other small countries have Observer status.
- India is neither a member nor an observer.
- The upcoming 46th Session of the Council of Foreign Ministers of the OIC will be held in Abu Dhabi, United Arab Emirates (UAE).

What has OIC's stance on J&K issue been?

- The OIC has been generally supportive of Pakistan's stand on Kashmir.
- It has earlier even issued statements criticising the alleged Indian "atrocities" in the state.
- The 2017 session of Council of OIC Foreign Ministers had adopted a resolution reaffirming the unwavering support for the Kashmiri people in their just cause.
- Recently in December 2018 too, the OIC expressed strong condemnation of the killing of innocent Kashmiris by Indian forces in Indian-occupied Kashmir.
- It called upon the international community to play its role in order to reach a just and lasting solution to the conflict in Kashmir.

Why is the invite significant now?

- This is the first-time invitation to India to be a Guest of Honour at the Plenary of the OIC.
- At the 45th session of the Foreign Ministers' Summit in 2018, host country Bangladesh noted that India had more than 10% of the world's Muslims live.
- Bangladesh thus proposed that India be given the Observer status, but Pakistan opposed the proposal.

- So the present invite is a welcome recognition of the presence of 185 million Muslims in India and of their contribution to its pluralistic ethos.
- Especially, it comes at the time of heightened tensions with Pakistan following the Pulwama terrorist attack.
- Hence, it is seen as a significant diplomatic victory for New Delhi.
- It also signals India's improved ties with both Saudi and the UAE, and the Gulf region as a whole.
- It indicates their desire to go beyond the bilateral ties and forge a true multifaceted partnership at the multilateral and international level.

2.16 Saudi Crown Prince's Visit to India - Outcomes

Why in news?

Crown Prince Mohammed bin Salman of the Kingdom of Saudi Arabia paid his first State visit to India.

What are the key outcomes?

- **Agreements** - The following Memorandums of Understanding (MoUs) were signed during the visit:
 - i. MoU on investing in the National Investment and Infrastructure Fund of India
 - ii. Framework cooperation programme between Invest India and Saudi Arabia General Investment Authority (SAGIA)
 - iii. MoU on cooperation in the field of Tourism
 - iv. MoU on cooperation in the field of Housing
 - v. MoU for cooperation on Broadcasting for exchange of Audio-Visual Programmes
 - vi. Agreement for the Kingdom of Saudi Arabia to join the International Solar Alliance (ISA) launched by PM Modi
- **Defence** - More cooperation and collaboration in joint defence production of spare parts for Naval and Land systems as well as supply chain development was spelt out.
- **Strategic partnership** - The commitment to strengthen the 'strategic partnership' envisaged in the 'Riyadh Declaration' of 2010 was reaffirmed.
- It was agreed to elevate the existing 'Strategic Partnership' with high level monitoring mechanism by the creation of Strategic Partnership Council.
- This will be led by the Indian PM and the Crown Prince of Saudi Arabia, with support by ministerial representation.
- The council would cover the whole spectrum of security and strategic relationships.
- **Security** - A 'Comprehensive Security Dialogue' will be constituted at the level of National Security Advisors to discuss counter-terrorism, intelligence-sharing and maritime security.
- A Joint Working Group on Counter-Terrorism will also be set up to enhance cooperation in counter-terrorism efforts.
- The two sides also agreed to work together with other Indian Ocean Rim Countries for enhancing maritime security and international trade.
- **Trade** - Importance of increasing the trade volume between the two countries and eliminating export barriers was stressed upon.
- Further deepening of trade and investment cooperation was agreed upon, by aligning Saudi's Vision 2030 and 13 Vision Realization Programs with India's flagship initiatives.
- **Investments** - Saudi welcomed Indian private/public sector investments and expertise in the upcoming mega projects in Saudi Arabia.
- It has expressed its interest in investing in infrastructure projects worth about \$26 billion.
- This is beyond its already committed investments of \$44 billion for the existing joint venture with the public sector oil undertakings and public fund investments of \$10 billion.

- **Energy** - The two sides stressed on continuation of the India-Saudi Arabia Energy consultations and expressed desire to develop the bilateral trade in energy sector.
- The buyer-seller relationship in the energy-sector would be transformed to strategic partnership, focusing on investment and joint ventures in petrochemical complexes.
- It comes as an acknowledgement of Saudi Arabia as the world's most reliable supplier of oil & gas and the key supplier to India.
- Saudi Arabia also takes part in India's Strategic Petroleum Reserves (SPRs) (huge stockpiles/emergency stores of crude oil).
- Potential cooperation in the renewable energy sector in investment as well as in Research and Development was recognised.
- **Skill Development** - A Joint Working Group on Skill Development would be set up to identify areas of cooperation for mutual benefit.
- **Terrorism** - The joint statement of the two sides condemned the recent Pulwama terror attack.
- It acknowledged that disputes between India and Pakistan must be resolved bilaterally.
- It also called on states to renounce the use of terrorism as an instrument of state policy.
- The need for concerted action by the international community against terrorism was also emphasized.
- It includes the early adoption of UN Comprehensive Convention on International Terrorism, comprehensive sanctioning of terrorists and their organisations by the UN.
- **Haj** - The Crown Prince agreed to increase Haj quotas from India to 200,000, to reflect the latest census.
- He also agreed to release 850 Indians from Saudi jails after a plea from Indian PM Modi.

What is the irritant in the relations?

- India and Saudi Arabia have taken care over the past two decades to 'de-hyphenate' the relations from ties between Pakistan and Saudi Arabia.
- However, the Crown Prince's visit to Pakistan just before his visit to India, and the unrest over the recent Pulwama terror attack complicate matters.
- During his Pakistan visit, he praised Islamabad for its fight against terrorism.
- He also announced \$20 billion worth of investments, in addition to previously announced aid of \$6 billion in cash and reserves.
- Nevertheless, India-Saudi Arabia ties have been carefully built over the years, especially after the strategic partnership announced in 2010.
- So attempting to compare the outcomes of the visit to that of Pakistan only undermines the relations.

2.17 India at the UNGA

What is the issue?

- India called off the planned meeting with Pakistan in New York ahead of the United Nations General Assembly's annual session.
- In this backdrop, it is essential that India looks beyond Pakistan and engage with structural changes in the international system.

How have the roles changed?

- There was a time when the voices of both Pakistan and India mattered on the world stage.
- Pakistan was a key member of the Western alliance system in Asia.
- It rightly saw itself as a pragmatic Islamic nation capable of exercising influence in the Middle East.
- It had the prospects of acting as a bridge between America and China.
- But today, Pakistan's diminished diplomacy drags on the Kashmir issue.

- India's political voice too mattered a lot at the UN, long back, when its economic weight was rather limited.
- India is now on its growing economic prominence and expanding global footprint.
- But despite this, India seems obsessed with a few issues rather than engage with the larger international issues.

Why has India become so?

- India persists with the quest for a permanent seat at the UN Security Council, when all indications are that it is unlikely to happen.
- It has also devoted too much energy in the pursuit of the international convention against terrorism.
- However, this is unlikely to do very much in addressing India's security challenges.
- More so, the UN resolutions are honoured by nations more in breach than in observance.
- What have benefited India are key partnerships on counter-terrorism. E.g. with the US and Arab Gulf partners
- This is more workable than the endorsement of general principles under multilateralism.

Why should India look beyond Pakistan?

- India's relationship with Pakistan is not in its god phase at present.
- India blamed 'Pakistan-based entities' for the recent killing of three special police officers in Kashmir.
- The prospect of a diplomatic encounter between India and Pakistan has remained a focus in many multilateral gatherings.
- For more than two decades now, this question seems to sensationalize the Indian public interest in multilateral gatherings.
- The strained relations have deepened the inability of the two countries to engage with the larger global issues.
- So if India looks beyond Pakistan, terrorism and a UNSC seat, it could discuss much more in the UN.

What are the global issues to be resolved?

- **Sovereignty** - The foremost is balancing between the questions of sovereignty and multilateralism.
- Defending sovereignty was a key priority in India's UN diplomacy since the end of the Cold War.
- This is now being revived by the developments in regards with the decision of U.S. President Donald Trump.
- E.g. withdrawal from the Paris agreement, the UN Scientific and Cultural Organisation, the UN Human Rights Council, etc
- The essence of Trump's "America First" has been the promise to liberate US from the "globalist trap".
- He insists that he will not let multilateral organisations restrain America's pursuit of its national interests.
- Given these, sovereignty will once again be the dominant theme in this year's session.
- **Global Trade** - Trump is threatening to pull out of the WTO and choking its dispute-settlement mechanism.
- Key trading nations are already beginning to respond with proposals for reform.
- If it does not change, the WTO and the international order in trade may not survive the Trump era.
- **Middle East** - Trump is making big moves in the Middle East that breaks away from the conventional thinking on the region.
- He has ended the 2015 nuclear agreement with Iran negotiated by the Obama administration.
- He is promising to press for a change in "regime behaviour" in Iran.
- There is also effort on constructing a new Middle East Security Alliance of Arab nations threatened by Iran.

What lies before India?

- The geopolitics of the Gulf region is undergoing unprecedented change.
- This is a significant concern for India as it has massive economic and political stakes there.

- A similar issue is the world trading system and the nature of multilateralism.
- India's diplomatic engagements at the UN should be about crafting a new strategy to address these challenges.

2.18 Significance of UNCITRAL Deliberation

Why in news?

India is about to participate in the deliberations at the United Nations Commission on International Trade Law (UNCITRAL).

What is the UNCITRAL deliberations about?

- Commercial disputes are resolved not only through courts and arbitration but also through mediation.
- The deliberations will consider how these settlement agreements in disputes in international commercial transactions will be implemented by courts in different countries.
- UNCITRAL has formulated principles on which countries should recognise and enforce mediation agreements arising from cross-border disputes.
- Once formalised, countries will have a consistent framework for enforcing mediation agreements made in other countries.

How UNCITRAL draft convention works?

- The convention will link laws adopted by countries to recognise domestic mediation and extend them beyond their boundaries.
- It defines mediation as a "process whereby parties attempt to reach an amicable settlement of their dispute with the assistance of a third person (the mediator).
- Courts of a country before which a mediated settlement agreement is brought must ensure implementation of the terms of settlement.
- The courts will allow a party to a settlement agreement to rely on this agreement as a defence in cases filed on the basis of disputes already settled by the agreement.
- When the settlement agreement comes up before the court for implementation or enforcement, the court will review it on the basis of certain conditions.
- Once the agreement has been reviewed, the court must enforce the agreement on the terms agreed, Courts can decline enforcement only on these conditions.
- The importance of the draft convention is in the identification of these conditions after careful deliberation.
- Mediated settlement agreements typically don't need court assistance for enforcement since the terms of settlement have been chosen and determined by the parties.

What are the existing concerns to India in dispute resolution?

- India has lost substantial earnings as a result of international disputes being taken for resolution outside the country.
- International transactions involve the application of different laws, by virtue of the persons from different countries being involved, or their undertaking a business in a third country.
- Due to this there are various policy gap on outcomes from the mediation process involving cross-border disputes.

How this draft convention will resolve India's issues?

- Strengthening the dispute resolution policies will encourage dispute resolution in India.
- By this definitive legal framework businesses will be encouraged to consider mediation in managing and resolving disputes that arise in their commercial transactions.
- This convention comes the certainty that settlement agreements through mediation will be acknowledged as a resolution of the dispute, and will be respected and enforced.
- The convention is opportune to India and will facilitate legal reform to ease dispute resolution.



3. INTERNATIONAL ISSUES

3.1 US Sanctions and Iran's Nuclear Plans

What is the issue?

- Iran has notified IAEA of its nuclear enrichment plans.
- Iran should cooperate with Europe and China to work around U.S. sanctions.

What is Iran's stance?

- Iran said that it was in “preparatory works” to restart nuclear activities.
- This is in the event of the failure of the 2015 accord.
- In such a scenario, Iran could restart its activities without any limits.
- The preparatory works mentioned refer to steps to boost uranium enrichment capacity by producing new centrifuges.
- In addition, it had notified of a plan to restart activity at its uranium conversion facility to produce the UF₆ feedstock for centrifuges.

What are the other developments in this regard?

- France, Britain, Germany and the EU have sent a joint official request to the U.S.
- It asks for their companies to be exempt from punitive measures resulting from fresh U.S. sanctions on Iran.
- It calls for exempting European businesses doing legitimate trade in Iran from all extraterritorial American sanctions.

What are the implications?

- Iran’s notification illustrates the risks associated with the recent U.S. withdrawal from the nuclear deal.
- According to the deal, Iran can enrich uranium, but under tight restrictions.
- It would not be technically violating the agreement as long as it does not produce centrifuges.
- But the move to open a production facility could be seen as a provocative step by the remaining parties to the agreement.
- The other signatories to the deal said they remain committed to the agreement.
- But they are yet to come up with a framework to continue the deal.
- The latest Iranian announcement could pressurise the European powers.
- They are forced to come up with guarantees that the deal’s benefits will be in place even with U.S. sanctions.

3.2 Ending Separation of Immigrant Families - US

Why in news?

Trump has signed an executive order to end separation of immigrant families on the US-Mexico border.

What was the separation policy?

- This was part of Trump administration's “zero-tolerance” approach to dealing with undocumented migrants.
- It involves separating children from undocumented migrant parents.

What is the legal backing for this?

- There is no single U.S. law requiring families to be separated.
- But there are loopholes in legislations leaving way for two legal provisions:
 - i. a law against “improper entry by aliens” at the border
 - ii. a decree known as the Flores settlement
- The first law makes it impossible to suddenly deport certain vulnerable categories of migrants.

- These include families, asylum-seekers and unaccompanied minors.
- To overcome this, Bush and Obama administrations adopted the policy of “catch and release”.
- Under this, migrants would be released from custody pending their deportation case adjudication.
- Family separation was unnecessary at that time.
- But under the zero-tolerance approach, all undocumented migrants are charged in criminal courts.
- Here, the Flores settlement applies.
- This is because it limits to 20 days the length of time migrant children may be held in immigration detention.

Why is the policy reversed now?

- While their parents face charges, the children are transferred to a different location.
- Separation leads to devastating consequences for the families.
- They remain in the custody of Customs and Border Protection personnel.
- Recently, disturbing images and videos of struggling children have emerged.
- In particular, there was a disturbing audio allegedly of crying children at one such unit.
- There was widespread protest about the ethics of using children to discourage further undocumented border crossings.

What is the present order?

- The order does not end the “zero tolerance” policy.
- It still calls for criminal prosecution of immigrants crossing the border illegally.
- However, now the illegal immigrant families would be detained together.
- It also moves parents with children to the front of the line for immigration proceedings.

What are the concerns?

- There are mixed reactions to the executive order, with significant concerns being highlighted.
- The President’s Executive Order seeks to replace one form of child abuse with another.
- It may pave the way for the long-term incarceration of families in prison-like conditions.
- Instead of protecting traumatised children, it may place them in more disturbing conditions.
- It may indeed be a continuation of violation of children’s human rights.

3.3 U.S.-Russia: Helsinki Summit

What is the issue?

- U.S. President Trump recently met with his Russian counterpart Vladimir Putin at Helsinki in Finland for a bilateral.
- While it was a historic opportunity of sorts, its outcomes are uncertain.

What is the context in which the Helsinki summit took place?

- A tense cold war was fought between the blocs led by the U.S. and Russia (Soviet Union) for over 5 decades, which polarised the entire world.
- While tensions of the cold war have presently subdued, the recent summit nonetheless was an important for both the countries.
- It was an opportunity to discuss areas of shared interest, find ways to dial down mutual tensions and work together to address global issues.
- Notably, the past few years have seen a significant spike in Russia’s international confrontations with the west and the U.S.

- Despite these tensions, the threat posed by nuclear weapons and intercontinental ballistic missiles, were discussed at the Helsinki summit.
- But it's not clear whether the talks will lead to any significant change in policies due to the lack of consistency in Mr. Trump's approach.

Did the events of the 2016 U.S. presidential elections affect the summit?

- Trump openly called for bettering ties with Russia in his campaigns, and some of his campaign aides also established contacts with Russians.
- In that backdrop, allegations were rife that Russia had deployed hackers to prop up Trump's chances in the elections and weaken his opponents.
- After the elections, an inquiry was set up to probe the case, and recently, 12 Russian intelligence officials were indicted by the U.S. justice department.
- Due to the mounting evidence, Trump had earlier stated that, "while Russians might have hacked emails, it didn't influence the election results".
- Hence, even before the summit began, there were concerns that the alleged Russia interference in the presidential elections could cloud the meet.
- After the summit Trump had stated that he believes in Mr. Putin's assertion that Russia had no role in the electoral meddling.
- This u-turn implicitly means that Trump has accepted Mr. Putin's version over the one stated by the U.S. intelligence, which has caused an uproar.
- Mr. Trump could have certainly managed the summit better by addressing genuine concerns in the U.S. over allegations of Russia's election meddling.

Why is Russian engagement essential?

- The resolving the civil war in Syria, and the saving the "Iranian nuclear deal", are important areas that require Russia-US cooperation.
- **Arms Race** - Cold war triggered the massive expansion of the nuclear and other arsenal of both the US and USSR (Russia), which was a scary trend.
- In this context, "Strategic Arms Reduction Treaty" (START) was signed as a mutually declared disarmament treaty between the U.S. and Russia in 1991.
- This was subsequently renewed as "New START" in 2010 to further the cause and this renewed deal is set to expire by 2021.
- While Russia has displayed willingness to renew it, high-level talks between the U.S. and Russia are needed to seal the agreement.
- **Ukraine Crisis** - Ukraine was one of the republics within the USSR during the cold war days, and has remained a strong ally of Russia ever since till 2013.
- While it was planning to sign an association agreement with the European Union in 2013, Russia sternly objected to it, leading to tensions.
- Russia subsequently annexed "Crimea" (Russian speaking province in Ukraine) by force and declared its sovereignty over it with people's support.
- Currently, the issue remains unresolved and the various approaches adopted by the international community have come a cropper.



3.4 US Ruling on Digital Privacy

What is the issue?

A recent U.S. Supreme Court ruling has imposed limits on the ability of police to obtain cellphone data.

What is the ruling?

- It is related to law enforcers collecting location data of a tracked suspect, from cellphone companies.
- The 5-4 ruling sets a higher legal hurdle than previously existed under federal law.
- The court said police need a court-approved warrant to get the data.
- Police now obtain such data without a warrant, from wireless carriers.
- The court said this would amount to an unreasonable search and seizure under the U.S. Constitution's Fourth Amendment.
- The ruling made exceptions for emergencies like bomb threats and child abductions.

What is the significance?

- Digital data can provide a detailed and intrusive overview of private affairs.
- US court ruling throws light on the way this aspect of modern technology is being used all over the world.
- It comes as a major victory for digital privacy advocates.
- The new decision has implications for all kinds of personal information held by third parties.
- This includes email and text messages, Internet searches, and bank and credit card records.

How does this work in India?

- Central and state law enforcement agencies gain access to cellphone location data.
- Service providers, once asked, provide them with call data records.
- Apart from helping in investigation of cellphone thefts, this also helps police crack criminal cases.
- However, accessing such information is subject to certain permissions.
- The nodal officer of a service provider should be asked in written for call data records.
- Notably, only an officer of SP rank - DCP rank in a commissionerate - can write.
- There are instances where policemen illegally obtaining records have been sent to jail.

3.5 North American Free Trade Agreement

Why in news?

U.S. and Canada pulled back from a standoff regarding the North American Free Trade Agreement (NAFTA).

What is NAFTA?

- NAFTA came into effect in 1994.
- It is a successor to the Canada-United States Free Trade Agreement.
- NAFTA is a trilateral arrangement that includes Mexico.
- It led to lower tariffs on most goods and services traded among the countries.
- It encouraged big business to reorganise supply chains around the North American continent.
- This eventually made industries such as automobiles globally more competitive.
- Overall, regional trade has expanded more than three times since NAFTA came into effect.
- The agreement has also led to a range of rules on food safety, intellectual property rights and the settlement of disputes.
- It has generally deepened the political relationship among the three signatories.

What is the contention?

- There is difference of opinion on the specific benefits NAFTA has brought to the US.
- Trump continued to blame NAFTA for the trade deficit with Mexico.
- He also linked it to the loss of American jobs.
- The US President intended to sign a revised trade agreement with Mexico.
- It was conveyed that revised agreement would be signed with Canada if it was willing.
- Recently, the three countries began talks on overhauling the agreement.
- They sought to address issues around labour, environment, etc.
- Besides, changes necessitated by the expansion of new online businesses were also addressed.
- It was soon announced that a deal had been reached with Mexico that would make NAFTA more fair.
- But Canada was not showing any signs of consensus.
- It was thus said the US administration would decide whether to have Canada or sign a separate deal.
- The tussle thus threatened to lead to Canada's exclusion from the NAFTA.

What is the US-Mexico deal?

- The updated deal between Mexico and the US includes some new clauses.
- These cover intellectual property, digital trade and investor disputes.
- It was agreed that for a product to be tax-free, 75% of it must be manufactured in the two countries.
- This is a higher floor than in the existing agreement.
- The deal also says that 40-45% of every vehicle must be built by workers who earn at least \$16 per hour.
- This is to ensure that firms don't find it profitable to move production to Mexico.
- It's because wages are lower in Mexico than in the US, which might lead to skewed location preferences.

Why is Canada opposing?

- The US and Canada have been unable to agree on several issues.
- These include:
 - i. Barriers that Canada places on the import of dairy
 - ii. Canadian rules on movies, books and other media
 - iii. The mechanism to settle trade disputes
- Canada wants to ensure its publishing and broadcasting industries are not overrun by bigger US rivals.
- It also wants to ensure that dairy imports did not pull down prices for its own farmers.
- Another area of disagreement is the so-called Chapter 19 of NAFTA.
- It deals with the mechanism for dispute resolution.
- It allows the signatory countries to challenge one another's anti-dumping and countervailing duty decisions before a committee.
- The committee has members from each country that is part of the dispute.
- Notably, in the mid-2000s, the dispute resolution panels ruled repeatedly against the US.
- This eventually strengthened Canada's negotiating position.
- The US has reportedly eliminated the Chapter 19 provision in the agreement with Mexico.
- But Canada has insisted on retaining the provision.
- It is to be noted that anti-dumping or countervailing duties can be challenged at the WTO as well.

- However, the fact is that countries sometimes ignore WTO decisions.

What now?

- Despite Trump's tough stance, the US negotiators have decided to keep negotiating.
- This is primarily due to the fact that the US Congress wanted any revised deal to include both Canada and Mexico.
- This is because Canada is the major export destination for 36 US states.
- So there are demands that the decisions “do no harm” to the deal.

3.6 United States-Mexico-Canada Agreement (USMCA)

Why in news?

The U.S., Canada and Mexico arrived at a revised trade agreement, replacing the North American Free Trade Agreement (NAFTA).

What is the new deal?

- The new deal will be known as the United States-Mexico-Canada Agreement, or USMCA.
- The USMCA makes changes to the earlier NAFTA that had some concerns.
- It will thus replace the quarter-century-old North American Free Trade Agreement (NAFTA).
- USMCA does not do anything new to promote the cause of free trade among the North American nations.
- But it achieves the objective of avoiding any significant damage to the international trade system.

What are the key changes?

- **Canada** - There are changes in production quotas applied to Canada's dairy industry.
- These quotas were intended to help protect the industry by restricting supply.
- But Canada will now have to allow American dairy producers to compete against locals.
- This move will largely favour the Canadian consumers.
- **Cars and Trucks** - The goal of the new deal is to have more cars and truck parts made in North America.
- Starting in 2020, to qualify for zero tariffs, a car or truck must have 75% of its components manufactured in Canada, Mexico or the US.
- This is a substantial boost from the current 62.5% requirement.
- Starting in 2020, cars and trucks should have at least 30% of the work on the vehicle done by workers earning \$16 an hour.
- This is about three times what the typical Mexican autoworker makes.
- The move addresses the skewed location preferences problem due to the lower wages in Mexico.
- Besides these, Mexican trucks that cross the border into the US must meet higher safety regulations.
- **Dispute settlement** - The U.S. agreed to retain Chapter 19 and Chapter 20 dispute-settlement mechanisms as a compromise.
- Chapter 19 allows the 3 countries to challenge one another's anti-dumping and countervailing duties before a panel of representatives from each country.
- This will help Canada and Mexico deal with protectionist duties imposed by the U.S. against their exports.
- **Intellectual Property** - The new IP chapter contains more-stringent protections for patents and trademarks.
- These include that for biotech, financial services and even domain names.
- These updates were necessary given that the original agreement was negotiated 25 years ago.

- **Drugs** - U.S. drug companies can now sell pharmaceuticals in Canada for 10 years before facing generic competition.
- That's up from 8 years of so-called "market protection" now.
- **Review** - The USMCA stipulates that the three nations will review the agreement after six years.
- If all parties agree it's still good, then the deal will continue for the full 16 year period.

What are the concerns?

- Not all the amendments are very favourable to the prospects of free trade.
- Many are simply hard compromises that Canada and Mexico may have made just to defuse trade tensions with the U.S.
- E.g. Canada giving greater market share to U.S. dairy farmers
- Much like other free trade deals, the USMCA also attempts to micromanage trade.
- It seems to be benefitting only specific interest groups at the cost of the overall economy.
- E.g. the new labour regulations and rules of origin will add to the cost of production of goods such as cars
- This could make them uncompetitive in the global market.
- Also, the minimum wage specification will make North America a tough place to do business.
- The agreement does away with resolutions through multilateral dispute panels for certain sectors.
- So foreign investors may now have fewer protections from unfriendly local laws.

What does it mean for India?

- The agreement is potential to end up as a double-edged sword for the U.S.'s major trading partners including India.
- Mr. Trump signalled of resetting trade ties with the European Union, China, Japan and India.
- Terming India "the tariff king", he said it had sought to start negotiations immediately.
- India's trade negotiators now have the task of ensuring India's exporters the access to a largest market for its services and merchandise.

3.7 Migrant Caravan - Central American Migration

Why in news?

A trail of migrants has been moving northwards from Honduras and Guatemala, towards Mexico and the U.S., in the recent days.

Is this the first time?

- Migration of Central Americans to Mexico and the US has taken place for decades.
- They are mostly economic migrants seeking escape from poverty in places like Honduras.
- Otherwise, they are people fleeing persecution, trafficking or gang violence in the region.
- Earlier this year, a caravan from Honduras had reached the Mexico-US border travelling 3,500 km.
- It was organised by a rights group called Pueblo Sin Fronteras (people without borders).

Why is the current one unique?

- In previous such caravans (a group travelling together), members numbered in the hundreds and dissipated along the way or upon reaching the border.



- However, a migrant caravan of such a scale and organised nature, as the current one, is relatively new.
- It originally numbered fewer than 200 people, grew to 1,000 by the time it had crossed into Guatemala.
- It is now estimated to have reached more than 7,000 migrants.
- The caravan was formed in San Pedro Sula in Honduras, known for high levels of violence.
- It has also gathered momentum from media attention and support from advocacy groups.
- But so far, no group has claimed responsibility for organising it.

What is the response?

- Americans are and will probably always be a nation of immigrants.
- As President, Barack Obama took a hard line on undocumented worker deportations.
- But he took a moderate stance when it came to delaying the deportation of childhood arrivals, and policed borders with a relatively light touch.
- Contrarily, Trump has made every effort to deliver on his radical campaign promise to ban Muslims from entering the U.S.
- The recent “migrant caravan” had led to warnings from Trump.
- He had alerted border authorities about a “national emergency”.
- He has also warned of criminals crossing over, economic dislocation and job loss.
- It was also said that the US would begin curtailing aid to Honduras, Guatemala and El Salvador.
- Guatemalan President Jimmy Morales had dismissed Trump’s threats, and rejected constraints placed on foreign aid.
- The Mexican government deployed about 700 National Police officers to the border and issued warnings to the caravan’s participants.

3.8 Changes to H1B Visa Rules

What is the issue?

The U.S. government is proposing to change H1B visa rules that may have a significant impact on Indians.

What are the proposed changes?

- The H1B visa is an employment-based, non-immigrant visa for temporary workers in the U.S.
- It allows US companies to employ graduate level workers in specialty occupations that require theoretical or technical expertise in specialized fields.
- The proposed rule will require potential H1B petitioners to electronically register with U.S. Citizenship and Immigration Services (USCIS).
- This should be during a designated period, prior to petitions being filed.
- It also changes the order in which the advanced degree lottery and general H1B lottery are conducted.
- Under the proposed rule, advanced degree registrations will be selected first up to a cap of 20,000.
- After this, the regular H1Bs, up to a cap of 65,000, are selected from all the unselected registrations.
- The unselected registrations will also include those advanced degree registrations that did not get selected in the exclusive advanced degree lottery.

Whom will it benefit?

- There is a higher probability that advanced (U.S. masters and higher) degree holders will be selected in larger numbers than regular H1B applicants.
- It is aimed at awarding this popular work visa to the most skilled and highest paid foreign workers.
- The changes could also potentially bring down the costs for sponsoring companies, by reducing the paperwork of sponsors.

- Only those H1B sponsoring employers who get selected from the list of registered petitioners will be required to actually submit H1B petitions.
- This applies for both regular and advance degree categories.

What is U.S.'s rationale?

- Foreign students are a \$40 billion export market.
- So favouring students helps university budgets and America's trade balance.
- Also, foreign students on H-1Bs are more likely to secure green cards and gain US citizenship, becoming productive members of society.
- They are more likely to be upwardly mobile, switching from job to job.
- On the other hand, the IT H-1Bs are more likely to be bonded to the majors, with most profits flowing to native countries (E.g. India).

What are the implications for India?

- This will have a significant impact on Indians, as 74% of H1B petitions were on behalf of India-born workers in the fiscal year 2018.
- The two major H-1B beneficiary groups are:
 - Indian employees that work for the big IT majors in the US
 - Indian students who obtain a US Master's/Ph.D. degree and then apply for H-1B visas at US-based companies
- The proposed rules, if implemented, will dramatically tilt this competition in favour of the students.
- The new process could increase the number of H-1B holders who have advanced degrees by up to 16%.
- So the IT majors will lose heavily to a tune of over 10,000 visas each year.

3.9 US - Mexico border wall issue

Why in news?

The U.S. federal government partially shut down recently on the backdrop of the issue constructing a border wall between U.S. and Mexico.

What is a shutdown in U.S.?

- The U.S. government shuts down if the Congress does not pass –
- Appropriation bills (appropriating federal funds to government departments, agencies, programmes)
- Continuing resolutions (appropriations legislation allowing funding on a formula based on the previous year's funding)
- It also happens when the President fails to sign such bills or resolutions into law.
- The consequence is that certain parts of the government shut down and the staff that are deemed “non-essential” are sent on temporary unpaid leave.
- Only “essential” staff, such as those who deal with national security or public safety, continue to work.
- Unpaid workers receive pay retroactively after the shutdown ends.
- Shutdowns occur the most frequently when Congress and the President take stands that are mutually hostile.

What is the recent case?

- The continental border between the U.S. and Mexico stretches for nearly 2,000 miles.
- The land border reaches across four states - Arizona, California, New Mexico and Texas.



- The entire border between U.S. and Mexico extends from the Gulf of Mexico to the Pacific Ocean.
- A Department of Homeland Security report estimated that 170,000 people successfully entered the U.S. illegally from the southern border in 2015.
- There were approximately 5.6 million "unauthorized immigrants" from Mexico by 2016, according to data from the Pew Research Center.
- The U.S. President Trump first proposed a wall along the U.S.-Mexico border when he announced his presidential candidacy in June 2015.
- Recently, Trump wants Congress to approve \$5 billion for the project, but Democrats are offering only \$1.3 for border security.
- Hence, a shutdown was triggered after the U.S. President was refused funding for his border wall by the Congress.
- He also threatened to call a national emergency and urged to build the wall very quickly, even though the legality of such a step is uncertain.
- Thus, the federal government partially shut down on December 22 and if it were to last beyond January 12, it would be the longest shutdown in United States history.

What is the consequence?

- There are no official figures on how many workers have been furloughed or on a temporary leave.
- There are estimates that around 800,000 workers have been furloughed in the shutdown happened previously in U.S. (2013)
- A recent report on the current shutdown reveals that less than half [of the 800,000 impacted in 2013] are on unpaid leave, while more than half are working without pay.
- Also, the report said that, those who work can expect compensation after the funding is restored, but furloughed workers have no such guarantee.
- As of now, only essential work like mail delivery and law enforcement was being performed.
- Operations in nine federal government departments, including Homeland Security, Justice, State, and Treasury had been hit and agencies such as the Environmental Protection Agency and NASA had been impacted.

What is the economic impact?

- In the period of the shutdown, there was a mixed reaction from the markets.
- While the US Dollar Index fell by 0.5%, the S&P 500 improved by 11% after a stock market crash in December, 2018.
- The 10-year bond yields softened only marginally in the same period to 2.7%.
- Financial markets seem to have so far ignored the shutdown event risk.
- They have been focusing on hopes of a positive outcome from US-China trade negotiations and favourable policies of Federal Reserve.
- This risk may, however, come to the fore in case the issue remains unresolved.

3.10 US Emergency Declaration

Why in news?

U.S. President Donald Trump declares national emergency to build US-Mexico border wall

What is the major cause?

- Recently the federal government of US was shut down for 35 days, the longest in U.S. history.
- The tussle was over Trump's insistence on building a border wall with Mexico.
- Trump is concerned with invasion of illegal immigrants into the country with drugs, human traffickers, and all types of criminals and gangs from Mexico.

- Trump refused to sign off on Congressional appropriations bills unless lawmakers agreed to hand over \$5.7 billion to fund this plan.
- The shutdown was ended after costing around \$11 billion to the U.S. economy.
- So Trump declared emergency to bypass the Congress to pursue his motives.

How does the emergency work?

- The National Emergencies Act of 1976 of the U.S. allows the President to declare a state of emergency without approval from anyone else.
- Under the powers, the President may
 - i. seize property, commodities
 - ii. organize and control the means of production
 - iii. assign military forces abroad, institute martial law
 - iv. seize and control all transportation and communication
 - v. regulate the operation of private enterprise
 - vi. restrict travel
 - vii. in a variety of ways, control the lives of United States citizens.
- It also permits the diversion of funds from military or disaster relief budgets to tackle the “crisis” at hand.
- So the White House said the national emergency would take about \$3.6bn from the Pentagon’s military construction fund.
- It will also divert around \$2.5bn from the Pentagon’s drug prohibition programme and \$600m from the treasury’s drug forfeiture fund.
- Congress can terminate a declared emergency, but it requires a joint resolution which is a high hurdle.

Why is the decision contentious?

- **Non-issue** - Border crossings by undocumented migrants have decreased from 1.3 million in 2001 to about 40,000 in 2018 and are at an all-time low.
- He still wants to do it just be popular among the republican voters.
- **Non emergency** - While declaring, Trump admitted that he did not “need” to take the step now and was only doing so for speed, which implies that there is no emergency.
- **Precedence** - It could set a dangerous precedent for future presidents to declare emergency for less significant causes.
- The move also undermines democracy.

What next?

- The emergency declaration is likely to be challenged in court by states and others.
- Democrats who now control the House of Representatives may, under their constitutional powers, vote to terminate the emergency.
- But this would require the support of Republican-controlled Senate.

3.11 Free and Open Indo-Pacific strategy

What is the issue?

US administration is pushing the Free and Open Indo-Pacific (FOIP) strategy as its major economic initiative.

What is the aim?

- Many observers consider it as an initiative for gathering an anti-China alliance.
- The impression of the FOIP being a US-led anti-China alliance was strengthened by the existing security groupings like the Quad involving US, Japan, Australia and India.

- But the impression in itself could create exactly the same problems for it as the BRI is suffering from.
- Several critics of the BRI have argued that availability of alternative sources of financing would have reduced the dependency of smaller countries on Chinese funds.
- They further argue that a multi-country initiative such as the FOIP can make a difference.

Who will be the potential members?

- From the US perspective, members would include its military partners in the Asia-Pacific region, such as Japan and Australia, as well as a major strategic partner like India, whom the US recognises as a defence partner.
- India's inclusion in the US FOIP is inevitable, given the US' visualising of Indo-Pacific as a geography engulfing the Indian Ocean.
- Japan, Australia and India are clearly the three most important strategic allies of the US in Asia.
- Any US plan to counterbalance Chinese influence particularly the ambitious Belt and Road Initiative (BRI) requires the active support of all the three countries.

What is the problem with BRI initiatives?

- Poor Chinese diplomacy and lack of substantive engagement with partner countries.
- Opaque project financing terms
- Demand of concession in strategic autonomy
- Strong arming several small countries to unreasonable terms.

How far FOIP is similar to BRI?

- **Non-inclusiveness** - The FOIP could hardly avoid being identified as an anti-China military grouping.
- An 'inclusive' FOIP is inherently counter-intuitive for a US administration that prefers handling economic relations bilaterally.
- **Market Access** - US has announced strategic investments worth \$113.5 million in the Indo-Pacific, with particular emphasis on expanding digital connectivity, energy security and sustainable infrastructure.
- Cooperative projects were announced such as the 'Strategic Trade Authorisation Tier 1 Status' to India for export of high-technology items by American firms and LNG agreement with Japan.
- These steps indicate efforts by the US administration to secure greater market access for American businesses in key regional markets such as India and Japan.
- Such market access in recipient countries is focused on areas that can provide American businesses control over production of strategic assets like energy.
- This is exactly the same reason the Chinese investments in the BRI are criticised for.
- **America First** - While advancing 'Made in China' is a core objective of the BRI, 'America first' appears to be a similar objective for the FOIP.

Can it materialise?

- India and Japan, notwithstanding their multiple issues with China, is not keen on committing to a distinct anti-China regional agenda.
- Both of these countries need to keep working with China in their own economic and global interests.
- India has emphatically asked for an 'inclusive' Indo-Pacific, while not committing to a US-Japan-Australia infrastructure partnership.
- As an economic project, it needs to establish intentions of pursuing collective benefits for the region, as opposed to just those of American businesses.
- Otherwise, it could well turn out to be an initiative that begins looking biased in much the same way as the BRI.

3.12 Draft EU-UK Brexit deal

Why in news?

The European Union and the United Kingdom have reached on a draft divorce agreement on Britain's exit from the EU.

What is Brexit all about?

- In 2016, Brexit was announced in Britain after the referendum for exiting the European Union.
- This decision was taken due to various reasons such as -
- Limited space for Britain to negotiate trade agreements with non-EU nations.
- The trade deals with EU are more than the terms that can be made by UK with other countries.
- After the referendum, the UK and EU provisionally agreed to settle financial, strategic and political issues over a transition period of 21 months.

What does the latest draft contain?

- **Transition period** - Britain will formally exit the EU on Friday, March 29, 2019, at which point it will cease to be involved at any level in EU decision-making.
- However, the UK will stay inside the bloc's single market and remain subject to EU laws and regulations until the end of December 2020 while the two sides attempt to iron out a new trade relationship.
- During this period, all existing EU "regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures" will continue to apply within the UK, including rulings made in the Court of Justice of the EU.
- In effect, the transition period provides the two parties with additional time in which to continue negotiations.
- The transition period can be extended, by joint agreement before July 1, 2020, for an unspecified period of time if the negotiations need to be continued.
- **Irish border** – Ireland is an island to the west of Britain and has two major regions (north and south) with distinct demographic features.
- “Protestant majority Northern Ireland” (a U.K. territory) and “Catholic majority Irish Republic” (an independent country in the south), have had serious ethnic tensions within and between them.
- Since Irish Republic is an EU member, a porous border with it would mean a porous border with EU, which is not wanted by the pro-leave group in U.K.
- Thus it is agreed that there will be no hard border between Northern Ireland and the Irish Republic, at least in the short term.
- **Customs union** - If the transition period extends beyond 2020, the draft deal commits both parties to a single customs territory between the EU and the United Kingdom.
- The customs union would remove all tariffs, checks on rules of origin and quotas, and would cover all goods except fishery products.
- While part of the customs union, the UK will be bound by all EU international trade agreements.
- This would mean that countries outside the EU, such as the United States and China, would have access to the UK market under conditions set out in the EU's trade agreements.
- This provision can only be removed through the agreement of both parties, essentially preventing the UK from exiting the customs union without the approval of the EU.
- **Financial markets** - Under the draft agreement, entities established in the United Kingdom shall be treated as entities located outside the Union by the EU after the deal.
- This will give London's vast financial centre only a basic level of access to the bloc's markets after Brexit.
- Currently, inside the EU, banks and insurers in Britain enjoy unfettered access to customers across the bloc in all financial activities.
- After Brexit, Britain would get only a similar level of access to the EU as major U.S. and Japanese firms, while tying it to many EU finance rules for years to come.

- This can potentially jeopardize London's attractiveness to international financial companies.
- **Freedom of movement** - The draft document provides protections for the more than three million EU citizens in the UK, and over one million UK nationals in EU countries to continue to live, work or study as they currently do.
- Crucially, no exit visa, entry visa or equivalent formality shall be required of holders of a valid document issued for EU and UK nationals when crossing national borders within the bloc.
- **UK divorce bill** - The UK will honor all existing joint commitments to EU programs as outlined in the EU budget until 2020.
- Under this, Britain agrees to cover contributions to staff pensions and commitments to EU programs the U.K. made while a member for the funding period that runs to 2020.

Where does India's interests lie?

- The best-case scenario now is that Britain gets the draft bill through Parliament and then struggle with the complex nitty-gritty of the deal.
- Alternatively, Britain can crash out of the EU without a deal itself, which could affect everything from airline flights to food imports.
- A second referendum on leaving the EU is out of the question but that is looking increasingly likely as the other options are unable to find a permanent solution.
- For India, Brexit matters because London is the financial capital of the world and the bridgehead into Europe for many Indian companies.
- Hence for India, a second referendum that keeps Britain in the EU would be the best option.

3.13 EU's fine on Google

Why in news?

- The EU had slapped a record € 4.34-billion (\$5.04 billion) antitrust fine on Google.

What is the reason?

- The penalty is for illegally using the Android operating system.
- Google has used Android to strengthen the dominance of its search engine.
- It aimed at ensuring that traffic on Android devices go to its search engine.

How did Google do this?

- Google imposed three types of restrictions on Android device manufacturers and network operators.
- **Pre-installation** - Manufacturers were asked to preload the Google Search app and Chrome browser.
- This was as a condition for licensing Google's Play Store.
- Pre-installation of the apps can create a status quo bias among the users.
- Evidently, Google Search app is consistently used more on Android devices.
- However, it is not the case with Windows Mobile devices where users must download it.
- **Incentives** - Google offered financial incentives to large device manufacturers and network operators.
- The condition was to exclusively pre-install Google Search across their entire portfolio of Android devices.
- This significantly reduced their incentives to pre-install rival search apps.
- However, EU said that by 2014, Google had stopped the practice.
- **Tweaked versions** - Android is an open-source operating system.
- It has its code published by Google online whenever a new version is released.
- So based on this source code, developers like Android can create their own versions.
- This could be done even without getting approval from Google.

- So Google had not allowed the “forked” versions of Android to pre-install Google’s proprietary apps.
- Google’s measure had thus prevented many manufacturers from developing and selling devices based on these tweaked versions.
- E.g. Amazon’s Android fork called ‘Fire OS’
- EU now insists that Google allow the forked versions of Android.

What are the earlier instances?

- **EU** - Earlier, the EU fined Google €2.42 billion.
- This was on charges of prioritising its own services on the search platform.
- By this, Google gave itself an advantage over third-party service providers.
- **India** - The Competition Commission of India had earlier fined Google Rs 136 crore.
- It was slapped for its unfair business practices in the Indian online search market.
- The National Company Law Appellate Tribunal (NCLAT) stayed the ruling on Google’s appeal.
- Nevertheless, NCLAT asked it to pay 10% of the penalty. The tribunal will soon hear the matter.

What are the implications?

- It could bring about changes in the way the Android ecosystem functions.
- It would set a precedent for other antitrust cases against Google.

What will be the actions of India in this regard?

- Like the European Union, India, too, has a diverse, multi-ethnic, multilingual market connected by a single currency.
- Moreover, the Indian smartphone environment is dominated by the Android-based OS, just like the EU.
- India's Competition Commission would do well to follow this case and consider carefully the principles upon which the EC's actions are based.
- The Competition Commission could consider emulating the EC to induce Google to open up the indigenous Android environment.
- This would stimulate local app developers and it might provide an especially big boost to app developers in vernacular languages.

3.14 Greece-Macedonia Dispute

Why in news?

The Republic of Macedonia recently voted to change their country’s name to the “Republic of North Macedonia”.

What is the source of the dispute?

- Macedonia broke away from the former Yugoslavia in 1991 and declared independence.
- The country measures a little over 25,000 sq km, and has a population just over 2 million.
- A region of Greece bordering the Macedonian republic is also called Macedonia.
- Hence, Greece, being the neighbouring country, has objected to the adoption of this name and insisted that the name apply only to the Greek region.
- Greece also raised concerns that the adoption of this name implies the Macedonian republic’s territorial aspirations over the northern region of Greece.
- Consequently, the Greeks have been blocking the Macedonian republic’s entry to NATO and EU membership.



- Greece's objections also forced the United Nations to refer to Macedonia as the former Yugoslav Republic of Macedonia.
- Since 1991, many suggestions have been proposed and then rejected.
- But a change of government in Macedonia in 2017 finally led to the deal reached last year.
- Under the proposed agreement, the country's language will be called Macedonian and its people known as Macedonians (citizens of the Republic of North Macedonia).
- Also, under the deal, Greece said it would drop its objection to the neighbouring country's entry into the EU and NATO if the changes are formally adopted.
- The new name will be used both internationally and bilaterally, so that even the 140 or more countries that recognise the name Macedonia will also have to adopt North Macedonia.

What is the consequence?

- Though Macedonia voted in favour of the name change, the Greek Parliament still needs to vote.
- However, this will likely prove no easy task given how deeply divisive the issue remains in Greece.
- However, NATO and European leaders have welcomed the move.
- NATO strongly supports the full implementation of the agreement, which is an important contribution to a stable and prosperous region.
- Thus, Political leaders and citizens alike have shown their determination to seize this unique and historic opportunity in solving one of the oldest disputes in the region.

3.15 Columbian Peace in Jitters

What is the issue?

- Columbian peace was negotiated by outgoing president “Juan Manuel Santos” and FARC leadership (communist rebels), which ended the 50 year civil war.
- But the election of rightist Iván Duque as Colombia's next President has raised concerns on the sustainability of the deal.

What is the changing political dynamics in Colombia?

- The current election was the 1st since peace was negotiated with the FARC Marxist guerrillas in 2016.
- The poll saw ‘Iván Duque’ (a political novice) beat ‘Gustavo Petro’ (an erstwhile insurgent), by a whopping 12% margin.
- Mr. Duque's victory will consolidate the conservatives further in the Congress, where the centrists led by current president ‘Santos’ are already weakened.
- Duque's economic agenda is also clearly rightist - he proposes to cut corporate taxes and promote a better investment climate in the oil sector.
- He is a protégé of the former conservative President Álvaro Uribe, and is backed by Uribe's “Democratic Centre party”.
- Duque's team and his backers are openly cynical of the peace deal and already decry the amnesty given to the rebels.



What are the challenges ahead?

- There has been a steady marginalisation of centrist forces, leaving the field open to the extremists on both ends.
- While the peace accord provided for FARC to contest elections, violent attacks on FARC candidates forced them to withdraw from the presidential race.

- Subsequently, FARC also suspended its campaign for the congress, an action that is seen as a precursor to the total collapse of the deal.
- It is also saddening that the judicial and other institutional mechanisms to advance the objectives of the deal are still not in place.
- A return to the brutal and protracted civil war is to nobody's favour, and hence policy makers need to show more rationality for sustained reconciliation.
- In this tense political context, it is critical to appreciate the efforts of Mr. Santos who leaves behind a legacy of courage to advance a tough deal.

3.16 Ethiopia - Eritrea War Ends

What is the issue?

- Ethiopia and Eritrea have recently announced the end of the deadly “20-year war” between them, which killed over 80,000 people.
- The future looks bright, with both countries announcing the resumption of trade, diplomatic, and travel ties between them.

What is the history of the conflict?

- Eritrea broke from its federation with Ethiopia in April 1993.
- It became an independent country located strategically at the mouth of the Red Sea on the Horn of Africa, bordering crucial shipping lanes.
- **War** - In 1999, war broke out between the two countries over the control of Badme, a border town of no apparent significance.
- Massive displacements of population followed, families were torn apart, and the local trading economy was utterly destroyed.
- **Detente** - In 2000, “Agreement on Cessation of Hostilities” was signed, and later a Boundary Commission was established to settle the dispute.
- The Commission gave its ruling in 2002, awarding Badme to Eritrea, but Ethiopia demanded certain pre-conditions to accept the ruling.
- In this backdrop, Badme continued to remain under Ethiopian control and there was an effective stalemate with intermittent border clashes.
- **Peace** - Ethiopia's ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) had recently indicated its desire to end hostilities with Eritrea.
- From then on, things have moved rapidly and Ethiopia has also announced that it would fully comply with the peace agreement of 2000.



What is the likely impact of peace?

- Ethiopia is landlocked, and through the years of the war with Eritrea, it has been dependent heavily on Djibouti for access to the sea.
- The current peace deal will likely give Ethiopia access to Eritrean ports, which will help in counter balancing the dependence on Djibouti.
- For Eritrea too, peace is likely to work to its benefit, as it can divert scarce resources away from the military to other productive avenues.
- Notably, the government of President Afwerki in Eritrea has also come under international pressure for its authoritarian streak and violent means.
- Accepting peace would ease international pressure and also solve the 2015-16 refugee crisis that was precipitated due to Eritrean regime's oppressive ways.

3.17 Greece's Economic Bailout

What is the issue?

- Greece recently celebrated its exit from bailout plans that commenced in 2010.
- Nonetheless, some imminent risks persist, which Greece needs to handle.

What is the context of Greece's Bailout?

- Recently, Greek PM Alexis announced the end of Greece's third and final of the multiple bailouts since 2010, that helped the country avoid a financial collapse.
- During the 8 year period since 2010, Greece borrowed over \$330 billion from multiple lenders - IMF, European Commission and European Central Bank.
- In return, Greece undertook structural reforms, submitting itself to a controversial and painful austerity programme.
- Notably, during that phase, Greek economy shrunk by a quarter, unemployment was at 28%, and government spending was slashed heavily.
- Further, salaries and pensions of employees were also cut, and hundreds of thousands of Greeks emigrated and a third of the country fell into poverty.

What are the other aspects that haunt Greece?

- While Greece has sailed through the bailouts and is looking optimistically towards the future, the path ahead is far from clear.
- Greece owes a staggering 180% of GDP in debt and also, and has also agreed for stringent budgeting conditions to its lenders for getting bailed out.
- Notably, Greece will now need to maintain a 3.5% primary surplus (a budget surplus prior to interest payments) until 2022 and then around 2% until 2060.
- IMF has warned that such budget surpluses are rare and is especially challenging for a country with an ageing population.
- Further, with the country just emerging out after a decade of economic strife, maintaining such high budgetary surpluses might impact its growth potential.
- This in turn might affect Greece's ability pay off its debt.

What are the pending reforms?

- Many reforms were taken up during the bailout period, but a lot else remains to be done – like greater flexibility in the labour market.
- Simplified licensing processes for companies and banking reforms to reduce non-performing assets (NPA) on bank's balance sheets are other areas.
- Notably, almost half of all outstanding loans of banks are now NPAs.
- Further, the existing tax base needs to be reorganised to ensure that the bulk of the burden doesn't fall on the middle classes as it now does.

How does the future look?

- Greece's Euro zone creditors agreed in June to a softening of debt repayment terms, including extended maturity periods.
- Delayed interest payments and buffer funds to stabilise and ease the country's re-entry into financial markets are also being mulled over.
- Despite all this, the IMF has cautioned that Greece is at risk of getting stuck in a debt trap with onerous surplus conditions having to be maintained.
- These conditions imply restraints on government spending programmes that could, for instance, be used to stimulate growth.
- The country's creditors need to consider reducing the mountain of debt, so Greece stands a solid chance of emerging out completely from its downfall.

3.18 Land Distribution in South Africa

What is the issue?

- South Africa's land redistribution issue has gained focus with a recent tweet of the U.S. President.
- It is imperative at this juncture to understand this crucial issue which is worsening South Africa's inequality.

What is the recent happening?

- U.S. President recently contended that white farmers are being killed on a large scale in South Africa, and farms and lands are being expropriated.
- This has led to renewed racial tensions within and outside South Africa.
- In response, South African President Cyril Ramaphosa made it clear that South Africa was a profoundly unequal society.
- He pledged to address this inequality resulting from land dispossession during the colonial and Apartheid eras.

What is the land redistribution issue?

- The inequality of land distribution in South Africa is rooted in the colonial 1913 Natives Land Act.
- The Act reserved almost 93% of the land for the white minority in South Africa.
- It thus legalized the historical dispossession of the African population.
- The 1936 Native Trust and Land Act slightly decreased that share to 87%.
- Nevertheless, the vast inequality of land ownership persists even today.

What after democracy?

- The constitution adopted in 1994 made possible the transition from apartheid to democracy.
- It was specified that land should be restituted to those dispossessed during the colonial and Apartheid eras.
- It stipulates that there should be just and equitable compensation for expropriated land.
- This inspired the "willing-seller, willing-buyer" land redistribution policy of previous governments.
- Under such a market-based approach, the government would purchase and redistribute land to the dispossessed people.
- However, progress has been slow for many reasons.
- These include property owners' refusal to sell, exorbitant prices, and inadequate dispute resolution mechanisms.
- The slow pace of the implementation led to doubts on the effectiveness and constitutionality of the policy.

What is the current scenario?

- **Growth** - The annual growth rate of the country is poor and unemployment hovers around 25%.
- South Africa has one of the highest levels of inequality in the world.
- **Land** - 72% of farms and agricultural holdings are owned by whites.
- But notably the whites make up only 8.2% of the population.
- Black South Africans comprise around 80% of the population, but own just 4% of the land.
- Clearly, land ownership patterns remain skewed against the black majority.
- But official statistics on land holdings among racial groups are contested on their details.

Why is land distribution crucial?

- The World Bank, in its recent study, noted that inequality in South Africa was exacerbated by the
 - i. limited titling of property
 - ii. limited access to finance



- iii. weak property rights
 - iv. limited land valorization
 - v. lack of sustainable investment, etc
- WB has rated unequal distribution and access to land as South Africa's second greatest obstacle to reducing poverty, after skill deficits.
 - A well-managed system of land distribution is thus crucial to redressing the country's economic inequality.
 - Productive land use among the poor is inevitable to curb rising poverty levels.
 - It is also essential to reversing the high unemployment and inequality conditions.
 - The government is thus considering certain land policy reforms.

What are the recent proposals?

- The parliament has passed a bill in 2016 under the presidency of Jacob Zuma.
- It was aimed at ending the "willing-buyer, willing-seller" approach to land reform.
- It enabled the government to pay at adjudicator value and expropriate land for the public interest.
- In 2017, a resolution to redistribute land without compensation was backed by the parliament.
- The proposals target unutilised land, informal settlements, and abandoned inner-city buildings.
- The implications of these changes for the mining sector could be significant.

3.19 Israel's "Nation State Law"

What is the issue?

- Israel's right-wing government has piloted a "Nation State" law.
- The law is perceived as a clear attempt to legitimise the prevalent apartheid against Arabs and also undermine any peace process with Palestine.

What is the law about?

- The law lays down that "Israel is the historic homeland of the Jewish people and they have an exclusive right to national self-determination in it".
- While there are 1.8 million Arabs within Israel (20% of the population), the law seeks to strip Arabic off the national language status it currently enjoys.
- It has declared Jerusalem, "whole and united" as its capital, which is implicitly antithetic to any rational solution to the Israel-Palestine conflict.
- It also vows to "promote and encourage" the establishment and consolidation of Jewish settlements on occupied Palestine land (in the West Bank).
- Further, in what is rather symbolic, this law is set to become one of Israel's powerful "Basic Laws" that will have constitutional status.
- Hence, it can be said that, the law is the realisation of the dream of Israeli far-right groups that strongly vouched for the ethno-religious character of Israel.

What is the political situation within Israel?

- The supporters of the Bill say it is aimed to boost Israel's Jewish identity and will not discriminate against minorities.
- But strong protests by Opposition lawmakers and the Arab masses had erupted, while the bill was passed in the parliament.
- Arab MPs have called the legislation racist and a form of apartheid aimed at creating two systems within one country.
- In reality, within Israel and on the occupied 'West bank', the Arab community is already facing severe discrimination in opportunities are rights.

- While the current Israeli government's anti-minority politics is no secret, the law is seen as one that legitimises and institutionalises discrimination.
- By providing exclusive right to national self-determination only to the Jewish people and by downgrading Arabic's status, the law sends a clear message.
- Importantly, it seems to want to undo the concept of equality that the independence declaration of Israel promised to all its inhabitants.

What are the implications?

- Palestinians see eastern Jerusalem as the future capital of their nation, but the current law asserts Israeli authority over the whole of Jerusalem.
- This assertion and the expansion of Jewish settlements within Palestine's West Bank are likely to dissuade any form of genuine peace initiative.
- Hence, the law further erodes the credibility of Israel's professed support of an independent Palestinian state and its commitment to the two-nation theory.
- Israel has recently passed another law that sought to place limits on Arabs living under its authority to access Israel's High Court.
- Another law bans individual who are seeking "political action against Israeli state or prosecution of Israeli soldiers" abroad from entering school premises.
- All these laws together allow the Israeli state to institutionalise discrimination, deepen illegal settlements in Palestinian land and stifle free speech against it.

3.20 Singapore Summit – Korean Detente

What is the issue?

- U.S. president Trump and North Korean leader Kim have stunned the world by pulling off a summit at Singapore despite intense tensions a while ago.
- Presently, there are clear indications that the looming detente might seal a permanent peace in the Korean peninsula.

What were the recent flare-ups?

- Till recently, North Korea kept stepping up its weapons program through nuclear tests and also enhanced its missile capacity.
- Notably, with Hwasong 14 missile (10,000 km range) in North Korea's arsenal, Kim was said to have the capability to strike even mainland U.S.A.
- In this backdrop, a missile attack by North Korea on Guam island of U.S.A in the Pacific Ocean was also rumoured.
- In 2017, the heightened rhetoric on both sides had led to growing concerns about the possibility of a nuclear war between North Korea and U.S.
- While the UN Security Council met repeatedly, and tightening economic sanctions on North Korea, Trump was also vociferous in his threats.

How did the thaw begin?

- Mr. Kim in his New Year's address appealed reconciling with South Korea, while also stating that North Korea had sufficient nuclear deterrence capacity.
- South Korea also hosted the Winter Olympics, which provided ample opportunities for building bonhomie between the two Koreas.
- Things moved smoothly thereafter and officials of the two Koreas crossed borders for high-profile meetings, which proved fruitful.
- Kim also indicated continued restraint on testing and willingness to discuss denuclearisation of the Korean peninsula if regime safety was guaranteed.

- While the U.S. was kept in the loop throughout, there seemed to be considerable resistance from the Trump administration for any conciliation.
- A summit was planned but it was then called off unilaterally by the U.S., but persistent efforts from North Korea finally led to restarting of the summit.
- Notably, previous attempts by the U.S. to negotiate North Korea to give up its nuclear program and arms failed despite consistent negotiations.

Why is the current peace effort unique?

- Since the previous negotiations, the capabilities of North Korea has grown multiple times, while has lead to increased anxieties in its neighbourhood.
- While Kim's administration seeks regime legitimacy and security, the other stakeholders seek safety and peace.
- In this context, it is in everybody's interest to help in the success of the proposed deal, thereby making things clear.
- While the joint statement after Singapore summit was shy on detail, it carries immense potential for the future of the Korean Peninsula.
- Notably, North Korea has announced stoppage of any kind of testing and has even promised a complete elimination of its nuclear arsenal permanently.
- There is hence real promise of ending the Korean conflict between the North and South Korea – which is currently still held by the 1953 truce.
- U.S. has also called off any joint military exercise in the Korean region and lifting of economic sanctions on North Korea is also under consideration.

3.21 Responding to Yemen Civil War

What is the issue?

- A recent attack on a bus in a crowded market in southern Yemen has killed at least 45 people, most of them children.
- The rising toll on civilian lives calls for serious measures to address the Yemen civil war.

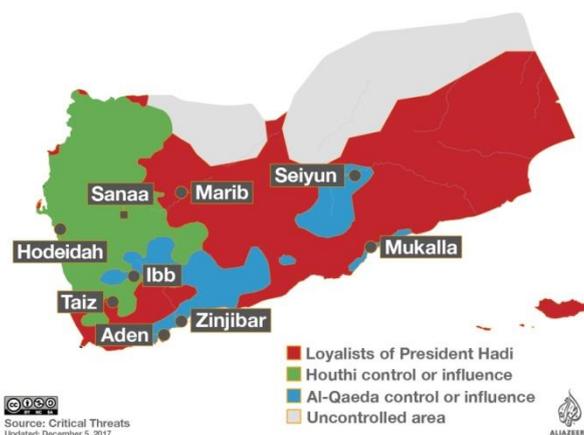
What is going on in Yemen?

- The Yemeni Civil War is an ongoing conflict that began in 2015.
- It is the tussle between two factions claiming to constitute the Yemeni government.
- One is Yemen's Shia Houthi rebels, loyal to the former President.
- They are in clashes with forces loyal to the current government.
- The Houthi forces captured huge swathes of territory, significantly the Yemen capital Sana'a.
- Al-Qaeda in the Arabian Peninsula (AQAP) and the Islamic State of Iraq and the Levant (ISIL) are also involved in the conflict.
- Saudi Arabia led military intervention in Yemen began over 3 years ago.
- A coalition led by Saudi Arabia launched military operations by using airstrikes.
- This is to restore the Yemeni government which is overthrown by Houthi.
- The Saudi-led coalition is backed by the U.S.

What are the implications?

- There is absence of a functional government in the country and the rebels are fighting the Saudi invasion.

Yemen: Who controls what



- The attacks have targeted public infrastructure, killed thousands of civilians, and displaced many more.
- The recent attack comes in the line of atrocities as part of the Saudi's military intervention.
- Ever since the air strikes, the civilian toll had been particularly rising.
- UN reports that from March 2015 to March 2017, around 16,000 people have been killed in Yemen, including 10,000 civilians.
- Saudi Arabia's use of excessive force has plunged Yemen among the poorest in West Asia.
- The military intervention had even led to a blockade, affecting food and aid supplies.
- More than eight million people are threatened by acute hunger.
- The health-care system has collapsed and people have been cut off from regular access to clean water.
- In recent years, the country has had an unprecedented cholera outbreak that killed over 2,000 people.

What is Saudi's response?

- The United Nations has called it the world's most severe humanitarian crisis.
- But Saudi Arabia has paid little attention to growing international criticism.
- Worryingly, it has not come under any serious international pressure to halt its catastrophic campaign.
- It even said the recent bus attack was "a legitimate military action".
- It only accused the rebels of using children as human shields.
- The Saudis say the Houthi rebels are backed by Iran, its regional rival.
- It also claims that its campaign has been on behalf of the internationally recognised government of Yemen.
- But ironically, Yemeni President Abdrabbuh Mansour Hadi is nowhere to be seen.
- He is reported to be under house arrest in Riyadh, the Saudi capital.

3.22 China – Taiwan Relations

What is the issue?

Taiwan's fine balance in its relationship with China is coming under stress in recent times.

What is the history and source of this tension?

- The first known settlers in Taiwan are Austronesian tribal people thought to have come from modern day southern China.
- After a brief spell as a Dutch colony (1624-1661) Taiwan was unquestionably administered by China from 1683 to 1895.
- At the beginning of the 17th Century, significant numbers of migrants started arriving from China, often fleeing turmoil or hardship.
- The descendants of these migrated people now make up by far the largest population group in Taiwan.
- Following Japan's victory in the First Sino-Japanese War in 1895, China ceded Taiwan to Japan.
- But after World War Two, the Republic of China began ruling Taiwan, after Japan surrendered it back to China.
- In the next few years, the then Kuomintang (KMT) government in China were beaten back by the Communist armies under Mao Zedong and they were fled to Taiwan in 1949.
- This group, referred to as Mainland Chinese, dominated Taiwan's politics for many years, even though they only account for 14% of the population.



How does China view Taiwan?

- After decades of hostile intentions and angry rhetoric, relations between China and Taiwan started improving in the 1980s.
- China asserts that there is only “one China” and that Taiwan is an inalienable part of it.
- China put forward a formula, known as "one country, two systems", under which both Beijing and Taipei agree that Taiwan belongs to China, while the two still disagree on which entity is China’s legitimate governing body.
- The tacit agreement underlying the formula is that Taiwan will not seek independence.
- China also stated its right to use "non-peaceful means" against Taiwan if it tried to secede from China.
- Thus, China regards Taiwan as a breakaway province which it has vowed to retake, by force if necessary.

What role does the US play?

- The US is by far Taiwan's most important friend, and its only ally.
- In 1979, US ended diplomatic recognition of Taiwan in order to concentrate on burgeoning ties with China.
- However, it later revoked and passed the Taiwan Relations Act, which promises to supply Taiwan with defensive weapons, and stressed that any attack by China would be considered of "grave concern" to the US.
- The Taiwan Travel Act aims to promote greater engagement between US and Taiwan.
- US has also sought to leverage Taiwan to pressure China in the U.S.’s ongoing trade war.

What is the position taken from the Taiwan side?

- The diplomatic shift of the U.S. towards Taiwan have predictably angered Beijing.
- China is believed to be applying overt and covert pressure to stop countries from according diplomatic recognition to Taipei.
- Accordingly, a number of African and Central American states have withdrawn formal ties with Taipei and established links with China.
- However, Taiwan did not want to jeopardise the strong trade relations between the two territories.
- In a recent referendum, the Taiwanese rejected a proposal to rename the country’s Olympic team as Taiwan, instead of the current Chinese Taipei.
- The verdict is an indication of the limited support for independence and a greater preference to maintain the status quo.

3.23 Qatar's OPEC Exit

Why in news?

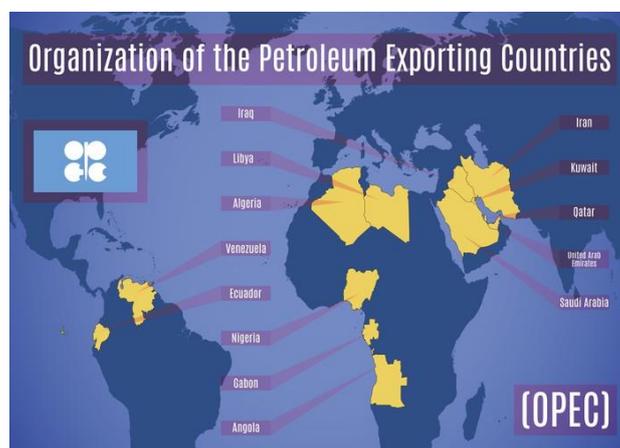
Qatar recently announced that it was walking away from the Organisation of the Petroleum Exporting Countries (OPEC).

What is OPEC?

- OPEC was initially founded in 1960 by Saudi Arabia, Iraq, Iran, Kuwait, and Venezuela. Qatar joined in 1961.
- OPEC is now a group of 15 countries that produce about 45% of the world’s oil and contain over 80% of its “proven” reserves.
- OPEC has a very big influence on global oil prices.
- It plays a crucial role in determining the economic health of many countries, including India.

What is the rationale behind Qatar's decision?

- Qatar is among the world’s smallest countries by area.



- However, it is the richest in terms of per capita gross national income (\$128,000 according to World Bank figures).
- Qatar's riches are due to its natural gas reserves, and it is the world's largest exporter of liquefied natural gas (LNG).
- So it wanted to focus on its gas industry rather than on oil, in which it was in any case a small player.
- It denies any political reasons for leaving OPEC.
- However, Qatar's broken diplomatic relationship with Saudi Arabia is to be noted.
- Notably, Saudi Arabia plays a dominant role in the OPEC, having pumped 11 million barrels per day in October, 2018.
- So Qatar feels it was pointless to put efforts, resources and time in an organisation that it was a very small player in.

Why is Qatar's regional relations strained?

- Qatar has long showed an independent mind in foreign policy.
- This includes having a close economic and diplomatic relationship with Shia Iran, Sunni Saudi's great regional rival.
- This stance does not always align with the priorities of its regional Arab neighbours.
- In June, 2017, Saudi Arabia, UAE, and Bahrain cut ties with Qatar.
- They directed Qatari citizens to leave within 14 days, and forbade their citizens from going to or staying in Qatar.
- Egypt too severed diplomatic contact with Qatar.
- All of these countries shut their airspace to Qatari aircraft, and told foreign airlines to seek permission if flying to and from Qatar.
- Saudi also sealed Qatar's only land border, and closed its ports to Qatari-flagged ships.
- It claimed Qatar had refused to end ties with "terrorists", after Doha declined to fulfil 13 demands that were presented to it.
- It included
 - i. cutting diplomatic relations with Tehran and military ties with Turkey
 - ii. shutting down the TV station Al Jazeera
 - iii. aligning with other Arab countries "militarily, politically, socially and economically"
- But Qatar said the demands amounted to surrendering their sovereignty, which it would never do.
- It has backed the Muslim Brotherhood and Hamas, but it is also part of the US-led war on the Islamic State.
- It has assisted the rebels fighting Bashar al-Assad's regime in Syria.
- Over the last year and a half, hopes of reconciliation of Qatar with its neighbourhood have dimmed.
- Doha has only deepened its cooperation with Iran and Turkey, and with political Islamist organisations.



3.24 APEC summit and its concerns

Why in news?

The U.S.-China discord at the recently held APEC summit highlights the dangers of their tariff war between the trading nations.

What are the concerns with the latest summit?

- For the first time in APEC history, the summit closed without a joint statement from the leaders.



- The economic rivalry between US and China appeared to have fractured the 21-nation summit into two segments.
- The source of the friction stemmed from the “America First” policy, under which U.S. led the charge on “unfair trade practices”.
- This was an implicit accusation that China was not levelling the playing field in global trade.
- The U.S. has been urging China so far –
- To increase market access and grant intellectual property protections for American corporations
- Cut back on industrial subsidies
- Bringing down the \$375-billion trade gap
- US also implicitly warn Pacific nations off accepting financial help from China.
- It says that the infrastructure loans, which have been deployed by China with Pacific countries, had “opaque” terms, and threatened the sovereignty of small nations and could leave them in a debt trap.
- Also, the Belt and Road Initiative of China has worried smaller Asian nations and the U.S., particularly given that China views the Asia-Pacific landscape as a means to secure economic predominance worldwide.

What are the effects?

- The trouble between the two nations began when both started taxing \$50 billion worth of the other’s imports.
- This was followed by the U.S. slapping \$200 billion of Chinese exports with a 10% tariff, to be increased up to 25% later.
- China, on its part, retaliated with a promise to impose reciprocal taxes to the tune of \$60 billion.
- The tariff war has resulted in the IMF downgrading its global growth outlook for this year and the next to 3.7%, down 0.2 percentage points from an earlier forecast.
- If this continues, eventually global supply chains may be hit, and shrinking trade volumes may cause companies to seek out new trading routes and partners.
- Institutionally, multilateral rule-making bodies such as the WTO may lose their authority which ensured a consensus-based approach in the world trade since World War II.
- This will result in an interlocking system of bilateral trade treaties and punitive sanctions networks among the trading nations.
- Despite these concerns, Australia, the US, New Zealand and Japan announced in the summit they would invest in Papua New Guinea to bring electricity to 70% of people in the country.
- The US also announced it would partner with Australia and Papua New Guinea to upgrade the Lombrum Naval Base on Manus Island, which could hand them another crucial strategic outpost in the Pacific.
- Thus, Asia will be at the heart of this war of attrition because strategic control of its high-value maritime trading routes is the key to China’s dreams of global trade dominance.
- The world is still poised on the edge of the trade war vortex after the APEC summit.
- The forthcoming G20 meeting in Argentina should offer an opportunity to pull back from this brink.

Asia Pacific economic co-operation

- It is regional economic forum of 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region.
- These 21 member countries collectively account for nearly 50% of world’s trade and about 57% of GDP.
- It was established in 1989 in order to leverage growing interdependence of Asia-Pacific region’s economies and promote free trade in the region.
- The 21 Members Economies are Australia, Brunei, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, Taiwan, Hong Kong, China, Mexico, Papua New Guinea, Chile, Peru, Russian and Vietnam.
- India is an observer of APEC since 2011 and has applied for its membership.

3.25 ICJ Advisory Opinion on Chagos Archipelago

Why in news?

The International Court of Justice (ICJ) in The Hague has said that the UK should end its control of the Chagos Islands in the Indian Ocean.

What is the dispute over Chagos Islands?

- The United Kingdom gained control of Mauritius, including the Chagos Archipelago, from France in 1814.
- **Separation** - Britain detached the Chagos Islands from Mauritius in 1965, 3 years before Mauritian independence.
- Under the 1965 agreement, Britain has maintained control of the islands in return for compensation to Mauritius and fishing rights.
- The leaders of Mauritian independence movement then agreed to the separation of the islands, fearful that if they did not do so, independence would not be granted.
- But Britain continued its administration despite Mauritius' later efforts to regain control and the UN resolutions requiring it to complete the decolonisation of Mauritius.
- **Military base** - From 1967 to 1973, some 1,500 Chagos islanders were gradually forced to leave their homes.
- This was to lease Diego Garcia, the largest island in the Chagos Archipelago, to the US for a strategic military base.
- In 2016, after several judicial challenges, Britain extended Diego Garcia's lease until 2036.
- It also declared that the expelled islanders would not be allowed to go back.
- Today, Diego Garcia hosts a major US military base and is a strategic node in US bombing campaigns in Afghanistan and Iraq.
- On the other hand, for five decades since their removal, the islanders have been fighting for their right to return.



How could the ICJ intervene in this?

- Under Article 96 of the UN Charter, the General Assembly can request that the ICJ give an advisory opinion on “any legal question”.
- In 2017, the UN General Assembly adopted a resolution, on Mauritius' petition, calling on the ICJ to deliver an advisory opinion.
- The ICJ was to decide if UK's continued administration of the Chagos Archipelago after the 1968 decolonisation process of Mauritius was lawful.
- But UK was opposed to ICJ's intervention, saying it would be inappropriate in a dispute between states that have not both consented to ICJ jurisdiction.
- Also, while ICJ advisory opinions are not binding, the ramifications of the opinion will be highly significant.
- This is because an opinion in favour of Mauritius may strengthen their position in any future negotiations.
- It might as well put significant international pressure on the UK over the status of the territory.

What is ICJ's present opinion?

- The ICJ rejected the contention that the issue did not fall within its jurisdiction, as it was a bilateral matter for the two countries.

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, according to the tenets of international law.
- ICJ is not to be confused with 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 arm of the UN, the ICC is legally and functionally independent from the United Nations.



- ICJ concluded that the decolonisation of Mauritius was not lawfully completed due to Britain's continued administration of the island.
- It said that any detachment of part of a colony had to be based on the "freely expressed and genuine will" of the people.
- So the continued administration amounted to a "wrongful act" and inconsistent with the right to the people of "self determination."
- Moreover, the U.S. base's construction led to the displacement of some 1,500 people who have been unable to return to the islands.
- It was thus noted that the original agreement had not allowed for third party involvement in the territory.
- In all, Britain has to end its administration of the Chagos Archipelago and complete the process of decolonisation of Mauritius.

What are the likely implications?

- **Mauritius** - It is a significant legal victory for Mauritius and other nations, including India that supported its case.
- **U.S.** - ICJ's advisory opinion is unlikely to impact the U.S. military base as Mauritius is committed to the continued operation of the base in Diego Garcia.
- It is prepared to enter into a long-term framework, in regards with the military base, with the parties concerned.
- **U.K.** - It said that it would examine the ICJ's advisory opinion, but stressed increasingly the security significance of the islands.
- UK maintains that the defence facilities on the island help to protect people in Britain and around the world from terrorist threats, organised crime and piracy.
- **Chagossians** - In an ideal world, Britain would be compelled to hand the islands to Mauritius, but ICJ's advisories are not always acted on.
- So the implications of the advisory opinion for the Chagossian people remains to be seen.
- Right to self determination and the respect that they deserve will have to be acknowledged through proper compensation.
- Any decisions on Chagos Islanders' future must be made by those who once inhabited them and their descendants.

ICJ Judgements and Advisory Opinions

- Contrary to judgments, and except in rare cases where it is expressly provided that they shall have binding force, the advisory opinions are not binding.
- The requesting organ, agency or organization remains free to decide, as it sees fit, what effect to give to these opinions.
- Despite having no binding force, the Court's advisory opinions carry great legal weight and moral authority.

Why is the case a complex one?

- The case is seen as having far wider ramifications beyond the two parties immediately concerned.
- It's because the dispute deals with issues of post-colonial sovereignty, legacy of colonialism and hence an imbalance of power is involved in the relationship.
- So the legitimacy of the agreements struck between colonial powers and their colonies in the final stages before independence is a debatable one.

3.26 Chemical Weapons Convention Act of 2000

What is Chemical Weapons Convention Act?

- CWC aims to eliminate an entire category of weapons of mass destruction by prohibiting the development, production, acquisition, stockpiling, retention, transfer or use of chemical weapons by States Parties.
- States Parties must take the steps necessary to enforce that prohibition within their jurisdiction.
- As a state party to the CWC India enacted Chemical Weapons Convention Act in 2000.

- Chemical Weapons convention (CWC) is also called as Convention on the Prohibition of the Development, Production, Stockpiling and use of Chemical Weapons and on their Destruction.

What are the provisions of the Act?

- The Act defines chemical weapons and empowers the Centre to set up a **National Authority**.
- The Act defines chemical weapons as toxic chemicals, including munitions and devices, specifically designed to cause death or other harm.
- The definition includes in its ambit “any equipment” specifically designed for employing chemical weapons.
- **Power of Inspection** (Section 19): This section of the act gives full power of inspection of any person who is engaged in the production, processing, acquisition, consumption, transfer, import, export or use of any toxic chemical or discrete organic chemical.
- **Enforcement Officers** (Section 9): It gives the Centre power to appoint any of its own officers, other than those of the National Authority, as enforcement officers.
- **Restriction on Transfer** of Any Toxic Chemical (Section 16): the Act contains provisions for restriction on transfer of any toxic chemical or precursor.
- The restriction clause notes that no person shall transfer to, or receive from, a state which is not a party to the Convention any toxic chemicals.
- Inspections extend to any place where any chemical weapon, old chemical weapon, or abandoned chemical weapon is located, or where a chemical weapon production facility exists.

What are the functions of National Authority?

- The National Authority will act as the “national focal point” for effective communication with organizations and other state parties on matters relating to the Convention and for fulfilling the obligations of the country.
- The Authority’s functions include regulation and monitoring the development, production, processing, consumption, transfer or use of toxic chemicals or precursors as specified in the Convention, among others.
- The Authority is also empowered to issue directions and even close down facilities which violate the Convention.
- It can also collaborate with other countries to seek or give assistance and protection against the use of chemical weapons.
- The Central Government is vested with the power to constitute a necessary Committee to overlook the functioning of the National Authority.

3.27 Elimination of Nuclear Weapons

Why in news?

UN has been observing the International Day for the Total Elimination of Nuclear Weapons on 26th September.

What is the significance of Nuclear weapons elimination day?

- The decision to observe International Day for the Total Elimination of Nuclear Weapons was taken in 2013, by the United Nations General Assembly (UNGA).
- It called for the “urgent commencement of negotiations in the Conference on Disarmament of a comprehensive convention on nuclear weapons to prohibit their possession, development, production, acquisition, testing, stockpiling, transfer and use or threat of use, and to provide for their destruction”.
- This day is observed to make people aware across the globe about the threats posed by nuclear weapons and nuclear proliferation.

How the idea of nuclear weapons changed in recent times?

- Since the US dropped atomic bombs on Hiroshima and Nagasaki during the Second World War, the international order has fundamentally changed.
- The potency of this weapon encouraged great powers like the erstwhile USSR to join the nuclear arms race, thereby increasing their nuclear stockpiles manifold.

- Historically, it has been observed that when a nation state possesses nuclear weapons, it is less likely to go to a full scale war with another state.
- The reason being that these weapons have the capability to annihilate entire populations and the radioactive residue left behind leads to hazardous health consequences on future generations as well.
- As a result, no nation state takes the risk of going to a war with a nuclear weapon state.
- The power of a nuclear weapon state actually lies in not using the weapon, but in having it because once a state uses such weapons, it can risk the wrath of the entire international community.
- Thus now nuclear weapons aren't weapons for offence, but for deterrence.

3.28 Creating Charter cities

What is the issue?

There are growing ideas on the creation of “charter cities” around the world and it needs a re-look.

What are charter cities?

- A charter city is a newly created city governed by a country other than the one within whose borders it exists.
- A developing country can host the “Charter City” in its territory by “delegating” some of the responsibilities of administration to a developed country.
- The host country is required to enact a founding legislation or a charter that lays down the framework of rules that will operate in the new city.
- It will be made as built-from-scratch city with distinct rules that foster innovation and economic growth.
- However, its residents of the charter city would remain citizens of the home country.
- These are also characterised as “start-up cities” that experiment with reforms by breaking out of the existing state system.
- With the right rules, the city will naturally grow as residents arrive, employers start firms, and investors build infrastructure and buildings.
- The charter city holds the prospect of rapidly instituting rules consistent with economic development in an area that might otherwise take decades to do so.
- It could offer almost overnight the chance of a better life for the citizens of an impoverished country for whom long-distance immigration is too costly.

What are the concerns?

- The idea of “Charter Cities” should be of interest to developing countries such as India grappling with strategies for rapid urbanisation.
- But the initiative is criticised as a disguised version of neo-colonialism, wherein developing countries will be required to relinquish sovereignty over certain territories in exchange for economic growth.
- People do not have the right to vote to decide how the city is run which goes against the basic principles of democracy and citizenship.
- Setting up of charter cities, which people could enter or leave at will, might lead to volatile migration patterns.
- After investing in new infrastructure, charter cities could see their residents leaving as new, more attractive, reforms are proposed somewhere else.
- Without deep cultural and family ties to a city, it would be easier to leave than ever before.
- Finding space for greenfield charter cities able to accommodate millions of new residents is also a challenge.
- Charter cities would also need to invest in the transport systems and infrastructure that could keep residents connected to bigger cities and it would need to be in reasonable proximity to established centres.
- The first attempt to introduce “Charter Cities” in Madagascar in 2008 collapsed when the President who favoured the idea was greeted by violent protests and finally removed in a coup.

- The next attempt, in the Honduras, also failed as the Supreme Court there, in 2012, declared the creation of “Charter Cities” to be unconstitutional.

What is the case with India?

- Given its neo-colonial trappings and poor track record, “Charter Cities”, as an idea, is fundamentally unattractive for a country such as India.
- India’s experience in creating new cities with parallel rules and governance systems has also been fraught with conflicts.
- Lavasa, a city near Pune which was developed by a private company, has been caught up in environmental disputes for many years.
- Despite the creation of Palava City in Dombivali, the residents still need quick and easy access to Mumbai in order to find some form of work.
- The Dholera Special Investment Region and Gujarat International Finance Tec-City have not really taken off.
- The various investment regions housed within the Delhi-Mumbai Industrial Corridor have also made slow progress.
- The initial idea of creating 100 new cities as “smart cities” has been reformulated as a programme for redeveloping merely a small portion of existing cities.

4. INDIA’S FOREIGN POLICY

4.1 India's Foreign Policy Challenges

What is the issue?

Beyond the domestic issues, India faces the same challenges as before in its relations with the rest of the world, which need attention.

What are the key areas of India’s foreign policy?

- **India and China** - The Asian superpower - China's - economic and geostrategic ambitions will continue to shape India’s responses.
- It may influence everything from India's relations with the neighbourhood to the US and Russia in the West and ASEAN and Japan in the East.
- Despite the Wuhan meeting and the cooling of Doklam standoff’s tensions, many differences remain, but new opportunities too.
- China is now keen to build bridges in the region and elsewhere, given its pressure of economic slowdown along with the US trade war against it.
- There is now a need for a new arrangement to replace the strategic framework formulated in 1988 during Rajiv Gandhi’s visit.
- It served both countries well for three decades but is now under strain.
- The new framework should have -
 - i. respect for each other’s core interests
 - ii. new areas of cooperation like counter-terrorism and maritime security and crisis management
 - iii. a clearer understanding of each other’s sensitivities
 - iv. settling or at least managing differences
 - v. a strategic dialogue about actions on the international stage
- **India and Pakistan** - The rhetoric, especially on the Indian side, is becoming increasingly communal.
- So the bilateral engagement is likely to remain trapped by the need for the countries to be alive to the domestic audiences' demands.
- India is still doubtful of the Kartarpur corridor decision, with concerns on secessionism in Punjab.

- There may be more small gestures to keep a minimum engagement going.
- But there is less likely to be a thaw in India - Pakistan relations for the foreseeable future.
- Agreeing to maintain the ceasefire on the LoC would be the easiest way to restore some calm.
- Also, India's insecurities from the consolidation of China-Pakistan economic and security ties through the CPEC (China-Pak Economic Corridor) need focus.
- **India and the Taliban** - The US's recent pull out of troops from Afghanistan, has caught President Ashraf Ghani off guard.
- It furthered the impression that the Trump administration was desperate to make concessions to the Taliban.
- Iran and Russia too, which consider themselves stakeholders, are likely to be concerned about this.
- Russia has tried to keep India in the frame through New Delhi's "non-official" participation in the Moscow process, but the future of that process is uncertain.
- The challenge would be for India to stay relevant in Afghanistan, with the recent developments in Taliban issue.
- **Neighbours** - India is driven by the vision of itself as the self-declared "regional superpower".
- But this is being undermined by the smaller countries in South Asia.
- They are deciding to leverage China's ambitions in the region, particularly the Indian Ocean, to their own advantage.
- India has tried to fight China's expansion by backing those political parties and leaders in these countries whom it sees as being more "pro-New Delhi".
- E.g. as in Sri Lanka and the Maldives
- However, as New Delhi has realised, even pro-India leaders in these countries do not like to take India's domination.
- In Nepal, India's promises to speed up long-pending projects have not yet succeeded in reversing the damage done by the 2015-16 economic blockade in support of the Madhesis.
- Bhutan too does not want more development assistance from India.
- It wants more trade and investment for employment, and to wean away the country from its singular dependence on hydropower exports to India.
- Much of India's problems in the neighbourhood have arisen from viewing these countries through a security prism in which China looms large.
- The key for India in the future will be to discover how to make and remain friends with these countries.
- **India and Trump's US** - India has found much to celebrate in the Trump administration.
- His open stand against Pakistan for doing nothing to rein in terrorist groups is a welcome thing for India.
- Signalling the growing strategic convergence, the two countries signed COMCASA (Communications Compatibility and Security Agreement) recently.
- This is to facilitate interoperability between their militaries, and sale of high-end technology.
- Trump also hailed India as a key player in a free and open "Indo-Pacific" over the China-dominant Asia-Pacific.
- However, on the downside is -
 - i. US protectionism on the trade front
 - ii. US visa rules hurting Indian professionals
 - iii. US's collision course with Iran impacting India's oil purchases
- Iran's issue could also adversely affect the operability of Chabahar port which India has built as an alternative route to trade with Afghanistan.

- Also, concerns with India's purchase of the S-400 air shield system from Russia that could attract US sanctions remain.
- For Indian foreign policy, the challenge would be to keep pace with the rapid changes everywhere amid the political fluidity at home.

4.2 Realigning India's Foreign Policy

What is the issue?

- The emerging multipolar world is becoming complicated for the binary choices and easy solutions.
- It is high time that India realigns its foreign policy, and its recent moves are indicative of this.

What is the emerging scenario?

- The world is facing power shifts, uncertainty and competition over geopolitical ideas and political models.
- India is at a unique geographical position at the rimland of Eurasia and at the mouth of the Indo-Pacific.
- India has slightly drifted towards the U.S. for the past decade.
- However, it is now rediscovering a posture and policy for a multipolar world.
- It is also taking greater responsibility for its own future and destiny.
- India's foreign policy is likely to be driven by a dual attention.
- It is the balance of power and order building in the continental and maritime environment around the subcontinent.

What are the recent developments?

- India is altering its approach to the Indo-Pacific and building deeper links with continental Eurasia.
- This was evident with the recent Shanghai Cooperation Organisation (SCO) summit.
- Prime Minister Modi's speech at the Shangri-La Dialogue in Singapore signals an evolving foreign policy.
- **World order** - Relationships with Russia and the US are based on overlapping interests in international and Asian geopolitics.
- It is emphasized that India would project itself as an independent power and actor across Asia.
- India would not be part of a closed group of nations or aggregate Indian power in a bloc.
- It will however chart out its own course based on its own capacity and ideas.
- India would stand on the side of principles, and not behind one power or the other.
- This is seen to be a renewed emphasis on non-alignment.
- The preferences are referred to as the "strategic autonomy".
- **China** - India-China relations is a complicated one, having "many layers".
- China's rise has undoubtedly increased the demand and space for India to increase its region-wide engagement.
- However, stability in the relationship is important for India and the world.
- **Indo-pacific** - India's role in the vast Indo-Pacific is no longer envisaged as a China-centric one.
- India does not see the Indo-Pacific Region as a strategy or as a club of limited members.
- It is nor a grouping that India seeks to dominate.
- India's engagement in the Indo-Pacific Region would rather be an inclusive one.
- It would entail pluralism, co-existence, open-ness and dialogue.
- India would prefer that the rules and norms should be based on the consent of all, not on the power of the few.

4.3 India's Non-Alignment in Multipolar World

What is the issue?

- United States agreed to grant India a special waiver from the trade sanctions on Iran.
- This instance is seen as a victory for India's skillful policy of non-alignment in the times of multipolar world.

What is India's deft diplomacy about?

- Indian foreign policy has been primarily non-aligned in character.
- During the Cold War, when the international system was largely bipolar in nature, India's skillful diplomacy made sure that it doesn't get trapped into the bipolar geopolitics.
- As a solution, the Non-Alignment Movement was conceptualized in which India was one of the leaders.
- India has always refrained from choosing or aligning completely with one side or the other.
- This gave India a much-needed maneuvering capability to build strong ties with almost all major powers in the international system.
- For instance, recently both the US and Iran were looking for India's support during their tussle after the scrapping of the Iran Nuclear deal by the Trump administration. India for its part refused to choose sides.

What multipolar world expect from India?

- The international system today is vastly different from what it used to be back in the Cold War period.
- Post-Cold War, when the international system has become multipolar, the relevance of India's non-aligned credentials have come under question.
- The global community expects India to take strong stands on global issues (often third-party issues), and even choose sides if needed.
- The great powers like the US and Russia don't want India to have the luxury of maneuvering itself in global politics.

What is the significance of India's diplomacy?

- Indo-US diplomatic relations are in a tense situation due to India's refusal to bring down its Iranian oil imports to zero.
- Amidst of these tensions India managed to win its stand over the Iran's Chabahar port, by protecting its own sovereignty.
- India has always carved out a middle path ('madhyam marg') for itself and has avoided getting into the 'Us vs Them' debate.
- This can be seen through many examples, be it choosing between the US and Russia, Israel and Palestine, or Saudi Arabia and Iran. India's track record has been to keep itself out of a position where it has to choose sides.

What are the doubts prevailing on India's diplomacy?

- When a country's power and reputation rises in the international order, the international community starts expecting differently from that state and wants it to assume greater responsibility.
- Till now, Indian diplomacy has been fairly successful in doing that but the question is for how long can India continue to move on this tried and tested path of deft diplomacy.
- The question about India's foreign policy framework is whether the path of non-alignment was taken out of a conscious 'choice' or out of 'necessity' to balance the bipolarity of the Cold War politics with the US on one side and Soviet Union on the other.
- Many experts on international relations consider the non-theorization of non-alignment policy as a missed opportunity on India's part as it would have solidified the Indian foreign policy even more concretely as well as making it well-defined and nuanced.
- Apart from this the question before India's foreign policy makers is whether non-alignment is serving India's self-interests as the non-alignment policy was product of a particular context and time.