



**MAINS**  
365

# International Relations

Classroom Study Material 2018  
(September 2017 to June 2018)



# INTERNATIONAL RELATIONS

SEPTEMBER 2017 – JUNE 2018

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# 1. INDIA AND ITS NEIGHBOURS

## 1.1 INDIA'S NEIGHBOURHOOD RELATIONS

India by far is the largest country in terms of area, population, and economic and military capabilities, larger than all its neighbours put together. Each neighbour shares some significant ethnic, linguistic or cultural features with India but not so much with the others in the subcontinent. It is this asymmetry which **shapes the neighbourhood's perception** of India and vice versa. But India also must recognize that the asymmetry is still not of the scale that can compel its neighbours to align their interests with its own. This is the **challenge of proximity**.

Since its independence, when the subcontinent itself saw major rearrangements, India frequently has had to compete with other suitors for its neighbours' affections. This leads to either excessive and often misdirected generosity and accommodation, or harsh overreaction.

However, during the past decade there has been a visible change in India's approach to its neighbourhood and to SAARC. This is the result of a growing recognition that economic integration in South Asia is indispensable for the Indian economy as it globalizes. Since 2014, when India's neighbourhood policy was first enunciated by inviting leaders of all South Asian Association for Regional Cooperation (SAARC) countries to swearing-in ceremony, of new government, India's neighbourhood policy now seems adrift.

### Background

Important points related to India's foreign policy towards its neighbours are-

- India was termed as **Reluctant Power** throughout the period of cold war which meant it was seen to have the resources, but it did not act or manage to act.
- Initially India signed **Panchsheel agreement** with China and proceeded ahead with NAM principle. In recent past India has carried forward its relations with its neighbours with Look East Policy (now Act East) and through regional forums such as SAARC, BIMSTEC etc.
- India has followed **"Policy of Non-Reciprocity"** as part of **Gujral Doctrine, 1998** which states that India's relations with its neighbours should be based on India's regional position and not on principle of reciprocity.
- India also launched **New Neighborhood Policy, 2005** to address the need of regional integration in South Asia in the age of globalization. It focused on development of border areas, improved connectivity in the region and encouraging cultural and people to people contacts.
- In 2014 India enunciated **'Neighbourhood first'** policy by inviting leaders of all South Asian Association for Regional Cooperation (SAARC) countries to swearing-in ceremony, of new government. The policy signified:
  - India is willing to give political and diplomatic priority to its immediate neighbours and the Indian Ocean Island states.
  - It will provide support to neighbours with support in the form of resources, equipment and training.
  - Greater connectivity and integration to improve free flow of goods, people, energy, capital and information
  - Promoting a model of India led regionalism with which neighbours are comfortable.
  - To connect with neighbours through cultural heritage.

#### Gujral Doctrine

The five principles of the doctrine are:

- With neighbors like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in good faith and trust.
- No South Asian country should allow its territory to be used against the interest of another country of the region.
- No country should interfere in the internal affairs of another.
- All South Asian countries must respect each other's territorial integrity and sovereignty.
- They should settle all their disputes through peaceful bilateral negotiations.

#### South Asia Association for Regional Cooperation (SAARC)

- It is a regional organisation which was established in 1985.
- The main objective of setting up of SAARC was to promote the welfare of the people of South Asia, improve the quality of life and accelerate economic growth, social progress and cultural development in the region.
- Member countries – India, Pakistan, Bangladesh, Nepal, Sri Lanka, the Maldives, Afghanistan and Bhutan.



## Reasons for Disconnect with neighbours

- **Unfavorable Structural Challenges:** India has historical legacies of border conflict, ethnic and social tensions and India's are the dominant structural handicaps working against success of India's policy in South Asia. For example, the issues related to Madhesis in Nepal, Tamils in Sri Lanka, border and river water disputes with Bangladesh are accorded to various structural handicaps of India.
- **Lack of Consensus on Core issues of Security and Development:** South Asia is one of the only regions without any regional security architecture nor there is an effort to evolve any such architecture due to lack of consensus. India's big brotherly stature has been seen as more of a threat by other countries of the region rather than an enabling factor to cooperate for security and development of the region.
- **Impact of China:**
  - China has made foray into India's neighborhood of **alternative trade and connectivity options** after the 2015 India-Nepal border blockade (e.g. highway to Lhasa, cross-border railway lines to the development of dry port).
  - In Sri Lanka, Bangladesh, the Maldives and Pakistan, China holds **strategic real estate** and has stake in their domestic policies.
  - China already had growing presence in infrastructure and connectivity projects and now it is undertaking **political mediations** such as stepping in to negotiate a Rohingya refugee return agreement between Myanmar and Bangladesh, hosting a meeting of Afghanistan and Pakistan's foreign ministers to bring both on board with the Belt and Road Initiative (BRI), and is also mediating between Maldivian government and opposition.
- **India's Hard Power Tactics:** India has a central location in South Asia and being the largest geographically and economically, India should be expected to hold greater sway over each of its neighbors but many of its hard power tactics do not seem to work:
  - The 2015 Nepal blockade and a subsequent cut in Indian aid did not force the Nepali government to amend its constitution as intended and may have led to reversal of India's influence there.
  - Indian PM's Cancellation of visit to Male in 2015 and criticism of emergency in Maldives have also failed to yield desired changes in government and led to Maldives cancelling its participation in the Indian Navy's "Milan" exercises.
- **Political loggerheads:** For various reasons other governments in the SAARC region are either not on ideal terms with India or facing political headwinds.

### Other Related News

#### China-South Asia Cooperation Forum

- Recently 'First China-South Asia Cooperation Forum' (CSACF) was launched in Yunnan Province with an outcome document 'Fuxian Lake Initiative'.
- CSACF Secretariat will be established in Yunnan where its summit also will be held annually.
- Officials from SAARC countries (except Bhutan) — plus Myanmar and Vietnam from South-East Asia and some other countries participated in the forum.
- Its objectives state that "China and South Asian countries should further deepen interactions to consolidate cooperation; expand cooperation; materialize cooperation projects and improve cooperation quality".
- It is a **part of the BRI** and is stated to promote regional cooperation in Asia.

#### Analysis

- India's participation at the CSACF is at variance from India's boycott of the BRI, thus indicating a clear delineation between trade and sovereignty issues.
- It is also seen by some as a **Chinese alternative to SAARC** where China has not been able to move beyond observer status and partly due to SAARC's own weaknesses.
- It now can exploit the new forum to its trade and economic benefit where it can co-opt India or deal with individual nations or collectives on its own terms.
- It can also make other participant-nations feel that India is only one of them, and not bigger and powerful (unlike in SAARC) and project itself as their 'eternal friend'.

Although India is not oblivious of emerging situation and Chinese inroads in South Asia but India needs to review its approach to reviving the SAARC alongside and going beyond the CSACF.

### Related information

#### Protracted Conflict

It refers to a pattern of serious contention between two or more countries or a long period of time, punctuated by military crisis and war. Thus, India-Pakistan & India-China are cases of protracted conflict. India's protracted conflicts have been understood largely through 5 interpretive lenses-

- Sovereignty
- Alliances
- Power asymmetry
- Political values, &
- Domestic Policies

Of which the sovereignty lens is perhaps the most important.

- In the Maldives, President Yameen Abdul Gayoom has challenged India through its crackdown on the opposition, invitations to China and breaking with India's effort to isolate Pakistan at SAARC.
- In Nepal, the K.P. Sharma Oli government is not India's first choice, and both countries disagreements over Nepalese constitution, Treaty of Peace and Friendship 1950 etc.
- In Sri Lanka and Afghanistan, where relations have been comparatively better for the past few years, upcoming elections could pose the challenge for India.

### Suggestions

Many of these factors mentioned are hard to reverse but the fundamental facts of geography and shared cultures in South Asia are also undeniable, and India must focus its efforts to "Making the Neighbourhood First Again":

- **Soft Power:** Despite the apparent benefits of hard power and realpolitik, India's most potent tool is its soft power. Its successes in Bhutan and Afghanistan, for example, have primarily been due to its development assistance than its defense assistance. Considering this India's allocations for South Asia have also increased by 6% in 2018 after two years of decline.
- **Change in approach towards China:** Instead of opposing every project by China in the region, India must attempt a three-pronged approach:
  - First, where possible, India should collaborate with China in the manner it has over the Bangladesh-China-India-Myanmar (BCIM) Economic corridor.
  - Second, when it feels a project is a threat to its interests, India should make a counter-offer to the project, if necessary in collaboration with its Quadrilateral partners, Japan, the U.S. and Australia.
  - Third, India should coexist with projects that do not necessitate intervention, while formulating a set of South Asian principles for sustainable development assistance that can be used across the region.
- **Learn from ASEAN:** Like ASEAN SAARC countries must meet more often informally, interfere less in the internal workings of each other's governments, and that there be more interaction at every level of government. Further some experts have argued that like Indonesia India too must take a back seat in decision-making, enabling others to build a more harmonious SAARC process.
- **Understand limitations of neighborhood first:** India needs investments, access to technology, fulfilment of its defense and energy needs and defend its interests in international trade negotiations, besides seeking reform of the international financial and political institutions to obtain its rightful say in global governance which may not be fulfilled by its neighbors.

#### Some Recent Initiatives

##### Videsh Aya Pradesh ke Dwar

- It is an initiative recently launched by The Ministry of External Affairs from Hyderabad.
- It is a part of the **enhanced public diplomacy outreach** to take the objectives of the foreign policy to the common people.
- The Ministry will have **direct interaction with the Local Media** to communicate foreign policy priorities in **simple terms**, highlight the **benefits** accruing to the common people through diplomatic efforts and bring the domain of foreign policy closer to the people.
- It also intends to create a **pool of media professionals interested in foreign policy** and guide them on connecting with the MEA.

##### E-Foreigners Regional Registration Office Scheme (E-FRRO)

Recently, Ministry of Home Affairs launched e-FRRO in the country.

- It is a web-based application introduced by **Indian Bureau of Immigration**, aimed at **providing fast and efficient services to foreigners visiting India**.
- On the new system, the foreigners would get 27 Visa and Immigration related services in India by using e-FRRO service and obtain services through email or post without being physically present barring exceptional cases.

##### Study in India Programmes

It is launched by MHRD and its primary objective is to target foreign students by branding India as an attractive education destination.

##### Details of the Program

- Meritorious foreign students will be given fee waiver.
- Deserving students will be selected by the Institution based on their merit e.g. the top 25% student will get 100% fee waiver in tuition fee.
- The expenditure on the fee waiver will have to be **borne by the Institute concerned**, based on cross-subsidisation or through its existing funding.

No additional cash flow from Government is proposed for the same.

## 1.2. INDIA'S WATER RELATIONS WITH NEIGHBOURS

- India shares a number of Transboundary Rivers with countries like Pakistan, China, Nepal, Bhutan and Bangladesh. The country has formulated successful bilateral water-sharing treaties with its respective neighbours but still conflicts have not been resolved due to several reasons.
- Some of the treaties include Ganges (Bangladesh-India), Indus (India-Pakistan), and Gandhak, Mahakali (India-Nepal)

have a treaty-based sharing arrangement. Arrangements in Gandhak and Mahakali basins, do not incorporate a formula dividing the shared waters between the parties but rather centre on specific water withdrawals, transfers, or rights of utilization.

Some of the important river water arrangements by India in the region are-

### Brahmaputra River and India-China-Bangladesh relations

The Brahmaputra river which originates in Tibet, controlled by China (upper riparian), runs through India (middle riparian) and flows into Bangladesh (lower riparian) is important for the water security of all the three countries, but with different implications for each of them.

#### • For China:

- Brahmaputra is important to China for its hydropower development plans and addressing domestic water shortages. China is building dams and has water diversion plans along the Brahmaputra through its South-North water transport project.
- It is a source of tension between the neighbours, despite the India-China having signed several MoUs on strengthening communication and strategic trust.
- Further China is reluctant to engage in basin-wide cooperation with India and Bangladesh, but maybe open to exploring multilateral avenues based on information sharing and technical challenges.

#### • For India

- The Brahmaputra flows through only three percent of the area in India but its water is important for the population that resides in the north-east.
- India's policies as a middle riparian are different than those of China and Bangladesh. The policies also depend on China's plan to dam and possibly divert the river, its desire to establish the right over

#### South-North Water Transfer Project

Great South-North Water Transfer Project is a Chinese project of diverting Tibetan waters.

- The first phase of this project calls for building 300 kilometres of tunnels and channels to draw waters from the Jinsha, Yalong and Dadu rivers, on the eastern rim of the Tibetan plateau.
- In the second phase, the Brahmaputra waters may be rerouted northward, in what be tantamount to the declaration of water war on lower-riparian India and Bangladesh.
- Beijing has identified the bend where the Brahmaputra forms the world's longest and deepest canyon just before entering India as holding the largest untapped reserves for meeting its water and energy needs.

#### Indo Bangladesh Water cooperation

- India and Bangladesh share around 54 rivers and only have one bilateral water sharing treaty which is for Ganges.
- The **treaty on sharing of Ganges river water** was signed in 1996. The Treaty shall remain in force for a period of thirty years to be renewable by mutual consent. For monitoring the implementation of the Treaty, a Joint Committee has been set up.
- But Bangladesh allege that dry season flows has significantly declined in the Hardinge Bridge (Bangladesh) after the commission of the Farakka barrage (India) thereby severely impacting the agriculture and allied sectors of Bangladesh.
- An **Indo-Bangladesh Joint Rivers Commission (JRC)** is functioning since 1972. It was established with a view to maintain liaison in order to ensure the most effective joint effort in maximizing the benefits from common river systems.
- The JRC is headed by Water Resources Ministers of both the countries.
- Discussions have been continuing with Bangladesh for sharing of waters of Teesta & Feni rivers besides other six common rivers namely; Manu, Muhri, Khowai, Gumti, Jaldhaka and Torsa.
- There also exists a system of **Transmission of flood forecasting data** on major rivers like Ganga, Teesta, Brahmaputra and Barak during the monsoon season from India to Bangladesh.



the river and its need to generate electricity and control flooding and soil erosion in the north-eastern states by constructing dams.

- India, for its part, has built dams on the Teesta River, a tributary of the Brahmaputra, to utilise the flow of the Teesta during the dry season. This may prevent the river from supplying irrigation water to Bangladesh—the last stop on the Brahmaputra before it drains into the Bay of Bengal.
- With Bangladesh, India's concerns related to the Brahmaputra are a part of its wider relations with other countries conducted through the **Joint Rivers Commission (JRC)** and specific agreements on the Teesta and the Ganges River.

- **Bangladesh**

- Bangladesh faces the maximum potential threat to the Brahmaputra and its tributaries from the actions of its two upper riparian neighbours as its population highly depends on the river waters that originate from outside its boundaries.
- Bangladesh looks at the many river-related activities of India, like the river interlinking project, the failed Teesta agreement, the current river-diversion plans, its consumption of the Ganges river resources that have led to lower dry season flows and salinity intrusion with more caution than it does with China's dam-building plans or its lack of transparency.
- Among the three riparians, Bangladesh is the strongest advocate of cooperative multilateral management and development of the Brahmaputra basin.
- Recently, the relations between India and Bangladesh have improved and there is hope that this will lead to the signing of the agreement on the Teesta River, thus setting the stage for further positive interactions between the two countries.
- Formal identification of 10 more transboundary rivers between India and Bangladesh by the **Joint Rivers Commission (JRC)** with a plan to enable the two countries to work together to manage them was also done recently.

#### Nepal Bharat Maitri Project

- India recently extended a financial aid of Rs 99 million to Nepal.
- The grant formed a part of Nepal-Bharat Maitri Irrigation Project launched in 2017.
- Maitri project aims for the construction of 2,700 shallow tube well irrigation systems in 12 districts of the country's southern Terai region
- The project would ensure all-season irrigation facility to about 8,115 hectares of farm land, augment productivity of wheat, rice and seasonal fruits, vegetables and other crops and also help in socio-economic upliftment of families.

#### India and Nepal water Relations

- In 1954, the Kosi Agreement was signed between India and Nepal, but talks between the two governments have stalled and water rights issues have not been adequately addressed. Due to this Kosi has caused major floods in Bihar in 2008 and 2014.
- India and Nepal also signed **Mahakali Treaty** in 1996. Implementation of Pancheshwar Multipurpose Project is the centrepiece of the Mahakali Treaty. Required field investigations for the Project have been completed but mutually acceptable DPR of Pancheshwar Project is yet to be finalized and currently environmental clearances for the same are under progress.
- Pancheshwar dam has not yet been executed due to the treaties ambiguous clauses for monitoring its establishment. Further the public resentment towards the construction of this dam is very high in Nepal.
- **Sapta-Kosi High Dam Project and SUN Kosi storage cum diversion scheme, Kamla and Bagmati Multipurpose Projects and Karnali Multipurpose Project** are under various stages of discussion

#### India Bhutan Relations

- A scheme titled "**Comprehensive Scheme** for Establishment of Hydro-meteorological and Flood Forecasting Network on rivers Common to India and Bhutan" is in operation. The network consists of 32 Hydro-meteorological/ meteorological stations located in Bhutan and being maintained by the Royal Government of Bhutan with funding from India. The data received from these stations are utilized in India for formulating flood forecasts.
- A **Joint Group of Expert (JGE) on Flood Management** has been constituted between India and Bhutan to discuss and assess the probable causes and effects of the recurring floods and erosion in the southern foothills of Bhutan and adjoining plains in India and recommend to both Governments appropriate and mutually acceptable remedial measures.

## India Pakistan Relations

- India and Pakistan have several issues concerning the **construction of hydropower projects** on the western rivers (Indus, Jhelum and Chenab) that were apportioned to Pakistan after the signing of the **Indus Water Treaty** in 1960.
- The treaty, while forbidding India from materially altering transboundary flows, actually permits such projects in India on the Pakistan-earmarked Rivers. But still India's belated moves to build modestly sized, run-of-river hydropower plants have whipped up water nationalism in Pakistan.
- The Baglihar dam conflict went to International court of Arbitration and both countries have conflicts over Kishenganga, ratle projects etc. as well.

## Major Issues related to Water

- **Old Treaties:** Almost all the bilateral water treaties between India and other countries were signed during 1960s and 70s. They did not foresee the emergence of water scarcity challenges in the light of climate change and more variable rainfall patterns thus increasing water stress.
- **Regional Geopolitics:** South Asian trans-boundary issues are inextricably linked to regional geopolitics since the main trans-national river systems are circum-Himalayan and involve countries that are unequal in size and power and have been involved in wars in the last six decades.
- **India's Domestic Water Disputes:** During an International River Symposium held in Delhi in 2016 many water experts expressed concern over the effectiveness of discussing equitable water sharing arrangements and raised concerns that India's federal structure is holding up important bilateral treaties, including the Teesta agreement, despite the efforts of the Centre.
- **Absence of multilateral water sharing arrangement:** Despite concerns related to regional security due to dam building and water-diversion activities, no bilateral or multilateral water management accord exists in the South Asian region except a few exceptions.
- **Mutual Distrust:** India-Pakistan and India-China have border disputes and have also gone to war which has left a legacy of mutual distrust and suspicion among them.
- **Emerging Challenges:** The South Asian region is facing water shortage and agrarian difficulties, and it will continue to face increasing demands on energy and water with rapid industrialization. Over-extraction of groundwater, salinity and arsenic contamination etc. affect over 60 per cent of groundwater in the Indo-Gangetic plain.
- **Climate Change:** Climate change will reduce the amount of water in the various transboundary river basins and likely to change the patterns of water flow.
- **Lack of Information sharing:** The report by the Asia Foundation, **Strengthening Transparency and Access to Information on Transboundary Rivers in South Asia**, describes:
  - Transboundary water management and cooperation in South Asia as highly nationalistic, technocratic and zealously securitized with water data and information on the selected rivers are collected and held by government departments in a fragmented manner and information is not systematically collected at a 'river basin' level.
  - Also, water information is shared informally with countries who have better relations.
- **Other Issues:** Water-sharing conflicts are due to the intricate nexus between food, water and energy, water becoming a matter of national security, Politicization, Inefficient and underdeveloped water governance institutions.

## Suggestion

Water is currently treated as a zero-sum resource within and outside India. It will be nearly impossible to do anything on the domestic and transboundary front until water sharing is treated through mutual sharing, transparency and effective governance.

- **On the domestic front:**
  - There is a need to address these specific issues. Creation of a permanent dispute tribunal can solve governance issues to an extent.
  - Also, since inter-state disputes are mainly caused by dam construction on interstate rivers, there is a need to review and contain this issue wherever possible through proper checks and balances.

- **On the transboundary front:**
  - A **regional water governance institution** should be formulated having mechanisms and processes for the clear exchange of data and information. A regional transboundary water sharing policy should be drafted and implemented in this regard.
  - Since water is a state subject in India, in the case of transboundary water sharing, limited powers should be given to the States as this would lead to other national governments to interact only with the Central government.
  - Efforts should be made to de-securitize water and enhance public and institutional access to water-related data.
  - Lastly, for successful implementation of transboundary agreement-policies, legislation, resources and management practices of each country should be harmonized with each other and efforts should be taken to first stabilize internal water management and then scaled up to transboundary water management through a building block approach.
- Under the increasing need for power and stable water levels there must be **reconsideration in bilateral water-sharing treaties** in future.
- Neighboring countries need to consider **hydropower as a potential area of cooperation** with India and explore ways to share hydrological data and expand humanitarian and ecological cooperation over various rivers with India
- For **basin-wide mechanisms groupings like BCIM** (linkages between China, Bangladesh, India and Myanmar) can help in research and action on preserving and monitoring the Himalayan glaciers as a part of the region's common heritage. Freshwater is a precious commodity and a strategic asset whose importance in geopolitics cannot be underestimated.

**Note 1:** For details on Indus water Treaty please refer to India Pakistan bilateral relations.

**Note 2:** For details on India China water relations please refer to India China Bilateral relations section.

# फाउंडेशन कोर्स सामान्य अध्ययन

इनोवेटिव क्लासरूम प्रोग्राम के घटक

○ प्रारंभिक और मुख्य परीक्षा के लिए

|                         |  |
|-------------------------|--|
| <b>DELHI</b><br>11 Sept | <b>JAIPUR : 24 Aug   LUCKNOW : 18 Sept</b><br><b>AHMEDABAD : 23 July</b> |
|-------------------------|--|

- ▶ प्रारंभिक परीक्षा, मुख्य परीक्षा और निबंध के लिए महत्वपूर्ण सभी टॉपिक का विस्तृत कवरेज
- ▶ मौलिक अवधारणाओं की समझ के विकास एवं विश्लेषणात्मक क्षमता निर्माण पर विशेष ध्यान
- ▶ एनीमेशन, पॉवर प्वाइंट, वीडियो जैसी तकनीकी सुविधाओं का प्रयोग
- ▶ अंतर - विषयक समझ विकसित करने का प्रयास
- ▶ योजनाबद्ध तैयारी हेतु करेंट ओरिएंटेड अप्रोच
- ▶ नियमित क्लास टेस्ट एवं व्यक्तिगत मूल्यांकन
- ▶ कॉम्प्रीहेंसिव स्टडी मटेरियल
- ▶ **PT 365** कक्षाएं
- ▶ **MAINS 365** कक्षाएं
- ▶ **PT** टेस्ट सीरीज
- ▶ मुख्य परीक्षा टेस्ट सीरीज
- ▶ निबंध टेस्ट सीरीज
- ▶ सीसैट टेस्ट सीरीज
- ▶ निबंध लेखन - शैली की कक्षाएं
- ▶ करेंट अफेयर्स मैगजीन

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ऑनलाइन कक्षाएं भी उपलब्ध

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## 1.3. CHINA

### 1.3.1. INDIA CHINA RELATIONS

#### Why in news?

Recently the leaders of China and India held an informal summit at Chinese city of Wuhan.

#### Issues between India and China

The meeting was held in the wake of some recent and many traditional irritants between the two countries such as:

- **Border Disputes:** India and China share about 3,488-km long border, which is yet to be fully delineated and both nations have faced border incursions/intrusions. There are many contentious regions between the two countries like Arunachal Pradesh.
  - **Arunachal Pradesh and Staped Visa:** China issues stapled visa to residents of Arunachal Pradesh and had also announced “standardised” official names for six places in Arunachal Pradesh because it considers Arunachal Pradesh as part of Tibet.
- **The Dalai Lama and Tibet:** The Dalai Lama formed a Tibetan government in exile, which still functions without any real authority over the people. More recently India changed the venue of “Thank You India” programmes considering China’s concerns with this.
- **Terrorism:** While India has identified Pakistan as the biggest source of terrorism, China has blocked India’s attempt at the UN for sanctions against Jash-e-Mohammad chief Masood Azhar.
- **Chinese Initiatives:** There are many Chinese initiatives that India is suspicious about-
  - **Belt and Road Initiative:** India boycotted the Belt and Road Initiative (BRI) summit held in Beijing in 2017, which even Chinese adversaries such as

#### Tibet Issue

Tibet is bordered by Chinese Turkestan and Mongolia in the north; by China in the east; by Burma, India (Sikkim), Bhutan, and Nepal in the South; and by India (Punjab and Kashmir) in the west.

#### Tibet as a bone of contention between Indian & China

- Chinese occupation of Tibet in 1951 eliminated a buffer between the two Asian giants and transformed the border dispute into a rivalry. Further, the entry of Chinese troops in Tibet in the wake of 1956 made the problem more critical.
- Recently, China’s military build-up and infrastructure development in Tibet, as well as reported plans to divert or dam rivers that rise in Tibet and flow into India, have raised India’s anxieties in the past.
- Conversely India has been unable to assuage China’s insecurities about its possible use of the presence of the Dalai Lama in India and its large Tibetan refugee population to create trouble for China in Tibet.

#### India’s Policy on Tibet

India’s policy on Tibet has always been **consistent and principled** with following different phases:

- **From 1947-51:** India boosted the international status of Tibetan government and pressured Beijing not to move militarily into Tibet.
- **From 1954-59:** New Delhi attempted to persuade Beijing to grant Tibet a substantial degree of autonomy and to minimize its military presence in Tibet.
- **From 1962-77:** In the wake of India-China war New Delhi supported Tibetan resistance and mobilized international pressure on China in Tibet. India did not prohibit Dalai Lama from promulgating new constitution for Tibet in 1963.
- **From 1986-1999:** In 1988 India recognized Tibetan Autonomous region as part of territory of China and reiterated that it does not allow Tibetans to engage in anti-China political activities in India.
- **In 2003,** then Indian PM visited China and acknowledged inadvertently that China did not invade Tibet in 1950 and went against the position of Dalai Lama. It was done at the cost of India’s position on McMahon line and claims of Arunachal Pradesh and forgetting that Tibet participated in Simla agreement of 1914 as independent. Furthermore, China has not reciprocated to India’s concessions and considers Sikkim and Arunachal Pradesh as part of South Tibet.



- Japan and the United States attended.
- **String of pearls:** It is a Chinese policy of String of Pearls to encircle India by building ports and naval bases around India's maritime reaches such as Cocos Island in Myanmar, Chittagong in Bangladesh, Hambantota (Sri Lanka), Marao Atoll (Maldives) and Gwadar (Pakistan). India, on the other hand, has been trying to develop closer arrangements with the countries surrounding China such as Japan, South Korea and Vietnam and also with the central Asian neighbours of China.
  - **China-Pakistan-Economic-Corridor (CPEC):** India considers building of the CPEC as China's interference in India's sovereignty and territorial integrity. But China has not deterred from going ahead.
  - **Quadrilateral Dialogue:** India decided to join the revived Quadrilateral Security Dialogue (Quad), a strategic dialogue between the United States, Japan, India, and Australia with a naval component which has been opposed by China as a potential anti-Chinese alliance of democracies aimed at containing it and checking its maritime rise in the Indo-Pacific.
  - **River Water Dispute:** China has been building dams (Jiexu, Zangmu and Jiacha) in the upper reaches of the Brahmaputra which is called Tsangpo in Tibet. India has objected to it but there has been no formal treaty over sharing of the Brahmaputra water (as discussed in the following section).
  - **Nuclear Suppliers Group:** China has been blocking India's attempt to entry to NSG to build a case for Pakistan
  - **Bhutan and Nepal:** China has been critical of India's role in and its relationship with Bhutan and Nepal while India has a long tradition of cultural and trade exchanges with both Nepal and Bhutan and has a security arrangement with Bhutan for protection of its borders. India's role in Doklam (2016) escalated the situation towards armed conflict between the two countries.
  - **Trade imbalance:** Trade imbalance between the two countries is skewed in China's favour. While the bilateral trade reached \$84.44 billion in 2017 trade-deficit still remained at a high of \$51.75 billion and registering a growth of 8.55 per cent year-on-year in 2017.

#### Major Outcomes of Wuhan Informal Summit

- **Border dispute-** On the bilateral front, they decided to issue strategic guidance to their militaries to strengthen communication and enhance predictability and effectiveness in the management of border affairs.
- **Trade deficit-** Both sides addressed measures to better balance the ballooning trade deficit of about \$52 billion (of about \$84 billion bilateral trade), mostly by encouraging agricultural and pharmaceutical exports to China.

#### Why India is alarmed regarding BRI?

- **China Pakistan Economic Corridor (CPEC):** It passes through Kashmir and thus it could legitimize Pakistan's claims in PoK. This violates India's "sovereignty and territorial integrity".
- **Strategic Mistrust:** India's neighbors China and Pakistan are nuclear capable countries and have a legacy of war and boundary disputes with India.
- **Security Implications:** China is promoting its greater presence in North East India, in Bangladesh-China-India-Myanmar countries through Road Initiative and in Indian Ocean through its Belt initiative which is nothing but a disguised "String of Pearls".
- **Showcasing Military might:** The ports like Gwadar are deep enough to accommodate submarines and aircraft carriers which may be used as a military port in future.
- **New Great Game:** China's expansion into the region is being referred to as the new "Great Game" akin to Britain and Russia who jostled for influence in Central and South Asia during 19th and 20th centuries.
- **Lack of transparency:** BRI is a unilateral initiative of China and there is lack of transparency in its functioning.

#### Arguments in favour of Joining BRI

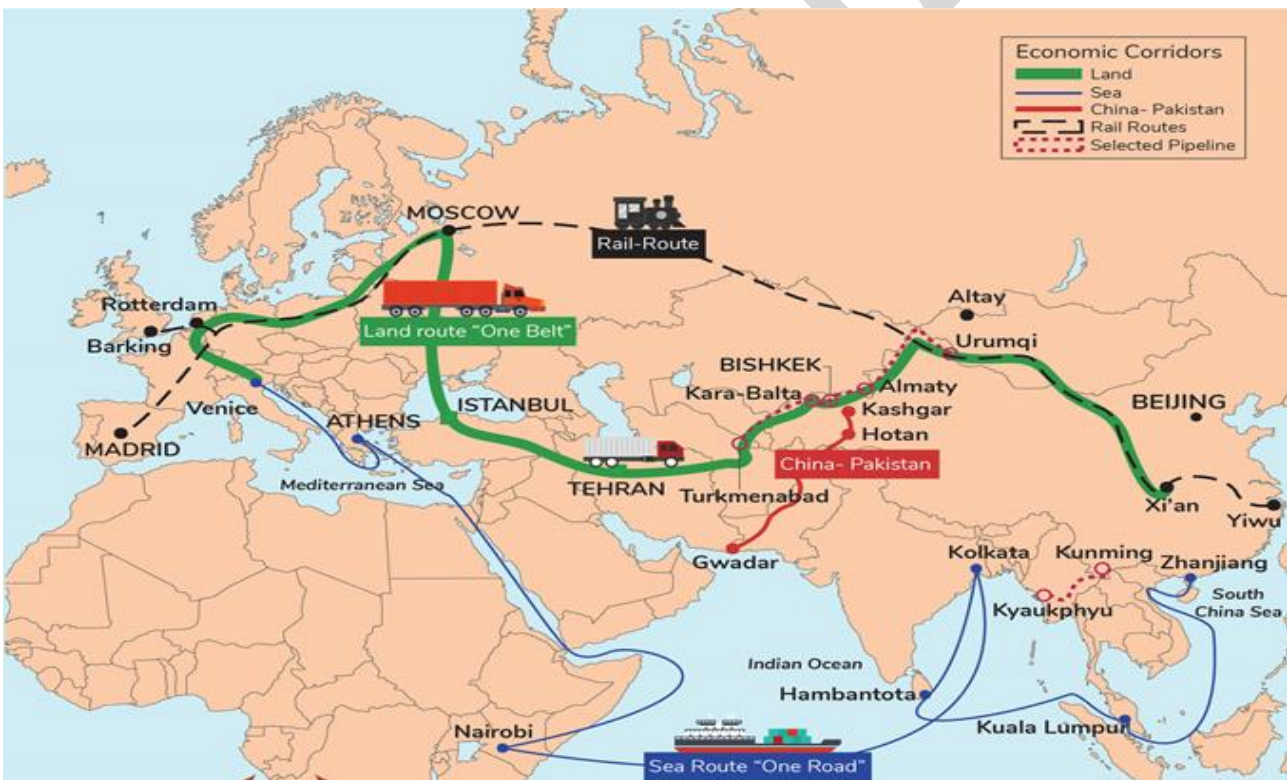
- **Economic Cooperation:** As per China's position CPEC corridor is a part of economic cooperation. It is not targeted at any third country and does not involve territorial disputes. Joining it would improve economic collaboration among the countries which may have further implications in improving the relations.
- **Trade benefits:** OBOR can open trade avenues for India not only through maritime route but also through road infrastructure.
- **Infrastructure:** It can be a win-win situation for India wherein it can get a boost on regional transport, energy security, and blue economy which are key components of BRI by encouraging geographical integration.
- **Revival of 'continentalism':** China suggests that as the Eurasian landmass deepens linkages, Asia will emerge as one economic continent and the new economic growth engine of the world.
- **Mutual Advantage:** China has the financial capital, technology to accelerate the development of other countries and India also need resources and funds for its own development.

- **Terrorism-** Both the countries recognized the common threat posed by terrorism and reiterated their strong condemnation of and resolute opposition to terrorism in all its forms and manifestations.
- **Afghanistan-** Both leaders discussed a joint economic project in Afghanistan. The proposed joint economic project in Afghanistan could be instrumental in mitigating the trust deficit between the two sides.
- **On Global Challenges-** They agreed to jointly contribute towards **sustainable solutions** for global challenges including climate change, sustainable development, food security etc. and underline the importance of **reform of multilateral financial and political institutions** to make them representative and responsive to the needs of developing countries.
- **Unresolved Issues-** Finally, they attempted to reduce the heat over unresolved issues and so-called “irritants” in the relationship, such as China’s block on **India’s NSG membership bid or the UN’s terror designation for Pakistan-based groups**, and India’s opposition to the **Belt and Road Initiative or its use of the Tibet issue**. For this, existing mechanisms of dialogue will be strengthened, not allowing broader bilateral movement to be hit.
- India also offered to host the next informal summit with Mr. Xi in India next year.

**PM’s new Panchsheel to bolster ties with China**  
 These are to be based on

- Shared vision,
- Better communications,
- Strong relationship,
- Shared thought process and
- Shared resolve

Further the need of people to people exchanges between India and China is to be emphasised through **STRENGTH strategy** i.e. Spirituality; Tradition, trade and Technology; Relationship; Entertainment; Nature conservation; Games; Tourism and Health and Healing.



**Significance**

- The change in the phrase “all areas of the India-China border region”, instead of the “on the India-China border” means china’s agreement that Doklam is very much part of India’s concerns.
- The “**early settlement**” of the border dispute was classified as a “**strategic objective**” by China in May 2015; the emphasis now was more on managing the border than resolving it.
- The opposition of terrorism in all forms assumes significance as China had earlier prevented designation of JeM Chief Masood Azhar as a global terrorist at UN.
- India and China collaborating on saving globalization, defending the WTO, promoting a multipolar world, emphasizing ‘strategic autonomy’ and Chinese resetting of ties towards Asian neighbors is also due to changing USA’s policies on trade and security.



- The informal summits may help agreement on reducing **trade deficit** between two countries, India's entry to Chinese markets in pharmaceuticals and agricultural products with simultaneous reduction of major non-tariff barriers.
- Further for the first time India and China agreed to work on a "joint economic project" in Afghanistan which assumes all the more significance considering:
  - Pakistan is already wary of India's projects in Afghanistan and considers China as an "all weather ally" but China is unwilling to get cramped up by Pakistani reservations for India.
  - India has been advocating a regional approach and the continued international assistance in Afghanistan to prevent taking over by Taliban which may have found resonance in China as well.

**Way Forward**

- In terms of India's Tibet position the opinions are divided; on one hand experts suggest that India should gradually reclaim its leverage over the Tibet, but on the other hand, some experts suggest that Tibet has changed a lot since 1959 and India should change its Tibetan strategy proactively considering factors such as its infrastructure developments (Beijing-Lhasa railway line), demographic shift in Tibet due to Beijing populating areas with majority 'Han' Chinese workers, decline in number of Tibet refugees, etc.

**1.3.2. INDIA CHINA WATER RELATIONS**

**Why in news?**

China has undertaken various projects across the border and India has been insisting on greater water cooperation between the two countries.

**Status of water cooperation between India-China**

The Trans-border rivers flowing from China to India fall into two main groups i.e. The **Brahmaputra river system** on the Eastern side, which consist of river Siang (main stream of river Brahmaputra) and its tributaries, namely Subansiri and Lohit and **the Indus river system** on the Western side consists of river Indus and the river Sutlej.

Both countries have signed various agreements and memorandums like MoU on provision of Hydrological Information of the River Brahmaputra / Yaluzangbu (2002), MoU on Hydrological Data Sharing on River Sutlej / Langqen Zangbo (in 2010, renewed in 2015), Expert Level Mechanism (ELM) to discuss interaction and cooperation on provision of flood season hydrological data, emergency management and other issues regarding trans-border Rivers (2006), etc.

**Issues in Water cooperation in India China Relations**

- **Suboptimal Cooperation:** Currently China only shares hydrological data on the Yarlung Tsangpo/Brahmaputra (YTB) and Satluj during the

**WATER POWER**  
*TIBET AUTONOMOUS REGION*



**Chinese projects in Tibet**

Tibet is an area rich in natural resources and rightly called Xizang, or "Western Treasure Land" in Chinese. China has undertaken following activities across the border:

- **Water Grab:** China is engaged in the greatest water grab in history by not only damming the rivers (Jiexu, Zangmu and Jiacha) on the plateau.
- **China's 'Gold Rush':** China's has started mineral mining or the "gold rush" as part of its wider efforts in the Himalayas to extract precious metals, rare earths and other resources from Tibetan plateau.
- **Geo-engineering Experiments:** Most rain in Tibet is concentrated in its water-rich southern and south-eastern belts along the international frontiers; the rest of the plateau is dry. Recently there are reports of China's geoengineering experiments to "trigger natural disasters such as floods, droughts and tornadoes to weaken" an enemy in the event of a war.

monsoon season.

- **Differential Approach:** In South Asia, China has been insistent in establishing greater ties with Bangladesh on flood forecasting, water technologies, and water management as compared to India.
- **Border Dispute:** The discussions over the YTB have often been overshadowed by the border dispute and there has been no progress in discussing more pressing issues of who has the right to how much water and the impact of dams and diversions on the upper reaches of the river.
- **Multilateral Approach:** China's approach to transboundary water sharing is shifting towards multilateral arrangements unlike India which prefers bilateral relations, as it has with Pakistan, Nepal, Bhutan, and Bangladesh.
  - In 2015, China signed the **Lancang-Mekong Cooperation (LMC)** framework along with five other countries as an alternative to the Asian Development Bank-led Mekong River Commission, which China never signed.
  - The LMC aligns with China's Belt and Road Initiative and focuses on land and water connectivity, besides river management.
- **Projects undertaken by China (See Box)** on Tibetan side without any transparency or information sharing framework.

### Need of Greater Collaboration

China is unmindful of the environmental desecration of sacred landscapes or the transboundary impacts of its opaquely pursued projects. Due to China's lack of concern for environment and the transboundary impacts, Siang - Brahmaputra's main artery recently turned blackish grey as it entered India. Other environmental issues due to Chinese actions include-

- **Weakening of Indian Monsoon:** Considering the climate system's global interconnections, geo-engineering experiments in Tibet can bring more rain by sucking in moisture from other regions which would potentially weaken monsoons in India and elsewhere in Asia thus opening a new interventionist frontier.
- **Threat to biodiversity:** Tibet on Chinese side and Himalayan ecosystem on Indian side are one of the world's most biodiverse regions and the reckless exploitation of their mineral and water resources has threatened fragile ecosystems.
- **Warming of Plateau:** Tibet is called the "Third Pole" due to its largest perennial ice mass on the planet after the Arctic and Antarctica but now Tibet warming is at almost three times the global average. It will have major long-term implications for the triple role Tibet plays as Asia's main freshwater repository, largest water supplier and principal rainmaker.
- **Loss of Water Flow:** Climate models suggest that major rivers running off the Himalayas, after increasing flows as glaciers melt, could lose 10-20% of their flow by 2050. This would not only reduce the rivers' capacity to produce electricity but would exacerbate regional political tensions.
- **Humanitarian Implications:** Any disaster including flash flood, landside, dam burst etc. can cause widespread loss of life, wildlife, livelihoods and basic infrastructure in not only in India's Northeast but also in Bangladesh.

### What India needs to do?

India has also undertaken multiple hydropower projects on the Brahmaputra against Chinese dam-building activities in pursuance of the **international law of 'prior appropriation'**, which states that the first user gets the rights to continue using that quantity of water. The other things that India needs to do are-

- India further needs to clearly **envision the desired end goal** and strategic outcomes for dealing with impending water conflicts.
- It also needs to de-emphasize China's role for the time being and **restrengthen its relationship with lower riparian countries** including Bangladesh and restore its image as a responsible upper riparian.
- India needs to raise the issue proactively in **informal meets** such as Wuhan Summit and also mirror its strength and firmness in negotiations with China on water rights, as it did in the case of the Doklam stand-off and in opposing the Belt and Road Initiative, rather than projecting itself as a victim.
- Further there is need to build an **Himalayan Charter** to delve on areas of mutual cooperation and create a **Himalayan Council** to work on specific issues related to the future of the Himalayas as discussed in third Himalayan Consensus summit in Nepal.

- Further there is need of improving **diplomatic communication, more transparency** by way of all-year hydrological sharing of data and exchange of information regarding infrastructural development in the area and developing effective and innovative frameworks of resource management including all stakeholders.
- **Simultaneously International pressure** needs to be mounted on Beijing to refrain from activities that cause “decline of Tibet’s natural resources” and “environmental impairment”. Asia’s ecological interests cannot be safeguarded unless China is forced to respect international environmental standards.

## 1.4. PAKISTAN

The term “**Intractable rivalry**” captures the flavour of the India Pakistan relationship over the decades, since the 2 countries became independent of British rule in 1947. At one level, it could be argued that a relationship has been managed reasonably well given the fundamental contradiction between India’s status-quoist approach to Kashmir which lies at the heart of their conflict and Pakistan’s determination to alter the status quo and obtain Kashmir. At another Indian policymaker’s inability to find there be out of the difficulty reflects the constraints imposed by major policy choices.

### 2 major Sources of conflict

- **Identity:** The partition of 1947 arose from the contrasting conception of national identity to which both the nations continue to cling. In terms of Kashmir (the most sensitive issue between the two) both the states laid their claims based on their identities. Pakistan claimed Kashmir on the basis of being an Islamic state and that majority population in Kashmir is Muslim. While India justified its claim based on its secular identity.
- **Political Systems:** The security issue surrounding Kashmir is closely related to the larger problem of 2 political systems. The internal weaknesses of both the countries made them prone to consolidate their identities with regards to other states. While India sought to protect itself from west (especially US), Pakistan did the same for India. Neither was internally stable.

Various Issues between the two countries are-

### 1.4.1. INDUS WATER TREATY

#### Why in news?

The meeting of the Permanent Indus Commission (PIC) between India and Pakistan was held in New Delhi recently.

#### More about the news

- This was the 114th meeting of the **Permanent Indus Commission (PIC)** that looks into the sharing of the Indus waters since the Indus water treaty (IWT) was signed by the two countries in 1960.
- Pakistan expressed concerns over India’s Pakal Dul (1000 MW), Ratle (850 MW) and Lower Kalnai (48 MW) projects — located in Chenab basin – contending they violated IWT.
- India’s stand is that designs of the projects are in accordance with the treaty. These are run of the river projects which is allowed under the treaty.

#### About Indus water treaty

- As per the treaty, control over three eastern rivers Ravi, Beas and Sutlej was given to India. While control over three

## THE INDUS WATER TREATY (IWT)

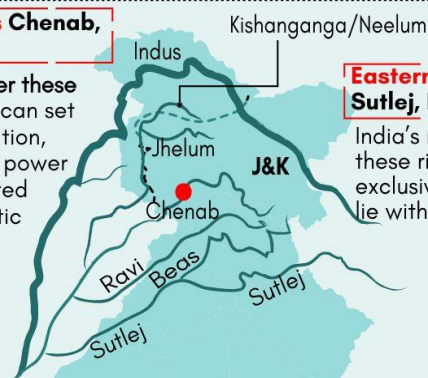
- ◆ The distribution of waters of the Indus and its tributaries between India and Pakistan is governed by the Indus Water Treaty (IWT)
- ◆ Was signed on Sept 19, 1960, between India, Pakistan and a representative of World Bank after eight years of negotiations.
- ◆ Partition of India cut across the Indus river basin, which has the Indus river, plus five of its main tributaries.

#### Western rivers Chenab, Jhelum, Indus

India’s rights over these rivers: Limited - can set up certain irrigation, run-of-the-river power plants, very limited storage, domestic and non-consumptive use, all subject to conditions

#### Eastern rivers Sutlej, Beas, Ravi

India’s rights over these rivers: All exclusive rights lie with India.



#### Indus Waters Commission a success story

- ◆ Once every five years, conducts a general of all rivers in parts. Total inspection tours so far: Over 100
- ◆ Regularly meets once a year. Total meetings thus far, including those for taking up Pak objections: Over 100



western rivers Indus, Jhelum and Chenab was given to Pakistan. It allows India to use only 20% of the water of Indus river, for irrigation, power generation and transport.

- It is said to be the **most successful water treaty** in the world. As, it has survived various India-Pakistan wars and other issues. Most disagreements and disputes have been settled via legal procedures, provided for within the framework of the treaty.
- The **Permanent Indus Commission (PIC)** was set up as a bilateral commission to implement and manage the Treaty. The Commission also solves disputes arising over water sharing. It had last met in Islamabad in March 2017.
- The World Bank's role in relation to "disputes" and "differences" with respect of IWT is limited to the designation of people to fulfil certain roles when requested by either or both of the parties.

### Drawbacks of Indus Water Treaty

- According to UNDP report titled 'Development Advocate Pakistan', the Treaty fails to address
  - Division of water during the shortage of river water flow.
  - The impact of storage of water on the Chenab river on Pakistan
- Treaty is criticised being highly technical which leads to far ranging interpretations and divergence.
- The political situation between India and Pakistan is affecting the performance of treaty. E.g. India tries to utilise every possible opportunity for water storage which Pakistan blocks due to its suspicion.

The treaty was once again in news because Indian PM recently inaugurated the state run NHPC Ltd's **Kishanganga hydro power project** in Jammu and Kashmir.

- It is a 330 megawatt **Run of the River** Hydroelectric power project located in Gurez valley of Bandipora district in north Kashmir.
- It envisages diversion of water from the Kishanganga River to a power plant in the Jhelum River basin through an underground tunnel and the discharge of the water into the Wular lake.
- The project began in 2009 but in 2010 Pakistan appealed to **Hague's Permanent Court of Arbitration** complaining that the project violated the Indus River Treaty and deprived Pakistan the water share to its power project which is under construction at Neelum valley in PoK, as the Kishanganga river flows into Pakistan.
- Pakistan is constructing its own 1,000 megawatts **Neelum-Jhelum hydropower project** with the assistance of China on its side of the river.
- Court of Arbitration ordered India to **submit technical data** of the project and allowed India to go ahead with the construction of the dam while maintaining minimum 9 cubic metres of flow of water across border.
- 12 per cent of the power generated from Kishanganga project will be given to the J&K as "royalty", apart from an extra 1 per cent for "local development", while the rest will go into the national grid.

### Significance of Kishanganga Hydroelectric Project

- It is expected to give boost to the development of the region.
- It is an assertion by India over the territory of J&K and over its resources.
- The project has a great strategic value due to India's assertion of its rights under the Indus Waters Treaty.

### Other Major Disputed Projects

| Project       | River/Tributary                                  | Location                                 | Type of Dam   |
|---------------|--|--|---|
| Pakal Dul Dam | Marusadar River, a tributary of the Chenab       | Kishtwar district of Jammu and Kashmir.  | A concrete-face rock-fill dam   |
| Ratle         | Chenab River, downstream of the village of Ratle | Doda district of Jammu and Kashmir.      | A run-of-the-river hydroelectric power station currently under construction |
| Miyar         | Miyar Nallah, a tributary of Chenab              | Near Lahaul & Spiti in Himachal Pradesh. | A Run-of-the-River scheme   |
| Lower Kalnai  | On Lower Kalnai Nalla, tributary to river Chenab | Doda district of Jammu & Kashmir.        | A gravity dam   |

### 1.4.2. PAKISTAN'S GILGIT-BALTISTAN ORDER

India recently **opposed Pakistan's order** to integrate the region of Gilgit-Baltistan into the federal structure of the country.

#### What is the dispute over Gilgit-Baltistan?

- After the first Indo-Pak war over Kashmir, the UN resolutions created a temporary ceasefire line separating the state into Indian and Pakistani administered regions pending a referendum.
- India, Pakistan and China all claim partial or complete ownership of Kashmir.
  - **India-controlled:** One state, called Jammu and Kashmir, makes up the southern and eastern portions of the region, totaling about 45% of Kashmir.
  - **Pakistan-controlled:** Three areas called Azad Kashmir(AJK), Gilgit and Baltistan make up the northern and western portions of the region, totaling about 35% of Kashmir.
  - **China-controlled:** One area called Aksai Chin in the north-eastern part of the region, equalling 20% of Kashmir.
- Hitherto **Pakistan's federal institutions had maintained** that Gilgit-Baltistan is a UN declared disputed area and her residents cannot be declared citizens of Pakistan until India and Pakistan resolve the issue of accession of Jammu and Kashmir.
- **India, unlike Pakistan, claims Gilgit-Baltistan** as a constitutional part of the country and declares the people of Gilgit-Baltistan as her citizens. In 1994, both houses of the Indian Parliament passed a unanimous resolution reiterating that Pakistani controlled parts of AJK and Gilgit-Baltistan are integral parts of India.

#### Background

- In 2009, Pakistan had passed a **Gilgit-Baltistan Empowerment and Self-Governance Order** in the Cabinet which granted self-rule to the people by creating a legislative assembly and a council but it did not provide for any constitutional means of linking it to Pakistan.
- Now Pakistan's Cabinet has approved to an executive order namely **Gilgit-Baltistan Order 2018** to replace the above order and begin legislative, judicial and administrative measures to **integrate Gilgit-Baltistan** with the rest of the federal structure of Pakistan **as its fifth province**.
- The order essentially seizes the powers of the region and entrusts Prime Minister of Pakistan with indisputable authorities vis-a-vis Gilgit- Baltistan.
- As per the previous arrangement, Pakistan's National Assembly received representation from five provinces — Punjab, Sindh, Balochistan, Federally Administered Tribal Agencies (FATA) and Khyber Pakhtunkhwa thus excluding the Gilgit-Baltistan region which remained on the Pakistani side following the war of 1947 and was governed directly from Islamabad.
- The idea of granting provincial status to Gilgit-Baltistan has gained momentum since work on the China-Pakistan Economic Corridor (CPEC) passing through the region, demanded greater coordination between the local and central-level leaders.

#### Significance of Gilgit Baltistan Order

- The order also aims to **alleviate China's concerns about the unsettled status** of Gilgit-Baltistan considering China Pakistan Economic Corridor (CPEC) passes through the disputed region.
- The order has also spread **discontent in pro Indian** and some other sections of people of Gilgit-Baltistan which want an independent republic in accordance with UN resolutions on Jammu and Kashmir which require Pakistan to withdraw from Gilgit-Baltistan and transfer control to local powers.
- Further such a measure also aims to **hide the grave human rights violations**, exploitation and denial of freedom to the people residing in Pakistan occupied territories.

**To tackle such issues and roadblocks there have been various measures both on the regional level as well as on the international level. Two of such important measures are-**

### 1.4.3. TRACK-II DIPLOMACY

#### Why in News?

India and Pakistan recently held a Track -II Dialogue in Islamabad.

#### More on News

- One of the oldest **Track-II initiatives** (referred as Neemrana dialogue) between India and Pakistan and was first held in 1991-92, in Neemrana Fort (Rajasthan).
- Current meeting was held from April 28th to April 30<sup>th</sup>, 2018, in Islamabad and the two sides discussed issues related to **Kashmir, Siachen, terrorism, cross-border firing, Sir Creek** and also **Afghanistan** but both sides did not make any official statements on the event.
- Last such Track-II dialogue between India-Pakistan was held three years back on 10<sup>th</sup> July 2015, on the side-lines of the Shanghai Cooperation Organisation (**SCO Summit in Ufa, Russia**).

#### Track I Diplomacy

Track One Diplomacy is official government diplomacy whereby communication and interaction is between governments.

#### About Track II Diplomacy

- It is also known as Backchannel Diplomacy, in which private individuals (such as former diplomats, military veterans, academicians etc.), meeting **unofficially**, can find their way to common ground that official negotiators can't and the talks under it are not codified as official statements.
- **Strengths** of Track II Diplomacy
  - Track Two parties are not subdued by political or constitutional power; therefore, they can express their own viewpoints on various issues.
  - It **involves grassroots and middle leadership** who are in direct contact with the conflict.
  - This diplomacy is not affected by electoral cycles.
- **Weaknesses** of Track II Diplomacy
  - Its participants have **limited ability to influence foreign policy** and political power structures because of their lack of political influence.
  - Track Two interventions can take **too long to yield results**.
  - It has limited ability to influence change at the war stage of a conflict.
  - Its participants **rarely have resources** necessary for sustained leverage during negotiations and for the implementation of agreements.

### 1.4.4. INTERNATIONAL SANCTIONS AGAINST PAKISTAN ON TERRORISM

#### Why in news?

- Recently Financial Action Task Force has put Pakistan on its terrorist financing watch list or the "grey list".
- US recently has placed Pakistan on a '**Special Watch List**' while also withholding USD 1.15 billion military aid and also announced re-designation of 10 countries as '**Countries of Particular Concern**' (CPC).
- India also **excluded Pakistan** from the list of SAARC member countries with which it will be connecting its **National Knowledge Network (NKN)**.

#### Financial Action Task Force

- It is an inter-governmental body established in **1989** and housed in OECD headquarters in **Paris**.
- It has **37 members** currently and India is also a member.
- Its objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for **combating money laundering, terrorist financing** and other related threats to the integrity of the international financial system.

#### More about the news

- Putting a country in "grey list" does not involve a direct legal or penal action but involve **increased scrutiny** from watchdogs, regulators and financial institutions.
- Pakistan had earlier been on the FATF 'grey list' from 2012 to 2015, following a detailed assessment by Asia Pacific Group (APG) in 2010 and lack of follow-up action by Islamabad to curb terror financing.
- Now Pakistan is required to submit an action plan to FATF to curb terror financing and money laundering by May.



- If the FATF approves the action plan in June, it will make a formal announcement about placing Pakistan on the grey list. Should Islamabad fail to submit an action plan, or if the FATF does not accept it, the group can place Pakistan on its **blacklist** or "Non-Cooperative Countries or Territories" (NCCTs), along with North Korea and Iran.
- The decision was **long overdue** given Pakistan's blatant violation of its obligations to crack down on groups banned by the **Security Council Resolution 1267** sanctions committee that monitors groups affiliated to the Taliban such as the Lashkar-e-Taiba, Jaish-e-Mohammed and the Haqqani network.

### Conclusion

India's efforts to contain Pakistan have yielded very few dividends. Also, in power terms India failed to build a powerful strategic partnership with United States that would have enhanced Delhi's position, while all along maintaining an arms-length even a decade after being offered to establish a military base in Washington (in wake of 9/11). Indian efforts from the beginning have had largely mixed results.

That said, there still remains optimism for better relations from both the sides. As the stronger and more stable of the two powers India has the capacity to prod the relationship in a more positive direction. Further, on the bilateral terms, India needs to come to terms with its own inadequacies and move away from reactive posture, that has

lead it to cling a military response which is hard for it to implement due to multiple reasons.

### About Special watch list

It is for countries that engage in or tolerate severe violations of religious freedom but may not rise to the level of the 'Countries of Particular Concern' (CPC).

### About CPC:

- A country is labeled as a CPC after it engages in or tolerates systemic, ongoing, and egregious violations of religious liberty. It is in accordance with the International Religious Freedom Act of 1998.
- The list includes Burma, China, Eritrea, Iran, North Korea, Sudan, Saudi Arabia, Tajikistan, Turkmenistan, and Uzbekistan.

### Implications for India

- **Vindication of India's stand** that Pakistan harbors terrorism on its soil. It would give India a leverage to isolate Pakistan on international forums for using terrorism as a tool for non-conventional warfare.
- The vacuum created by US could be readily occupied by China. This is a cause of concern as China has already started investing heavily in projects like **Gwadar Port** development and **China Pakistan Economic Corridor (CPEC)** that passes through POK region.
- However, India **should not over calculate the positive implications** of this withhold of military assistance to Pakistan by US as it is not cancellation but done temporarily to incentivize Pakistan to take action against terrorism. Also is only concerned about the terrorism taking place in the western border of Pakistan. Its position is still unclear on the anti-India groups like Lashkar-e Tayyiba and Jaish-e Mohammed that Pakistan operate in the eastern border.

### National Knowledge Network

- Launched in 2010 with **National Informatics Centre (NIC)** as the implementing agency.
- It aims to **interconnect all institutions of higher learning and research** with a high speed data communication network to facilitate knowledge sharing and collaborative research.
- NKN will **facilitate advanced distance education** in specialized fields like engineering, science, medicine etc. as well as enable an ultra-high speed e-Governance backbone.
- It will bridge the existing knowledge gap in the country and help the country evolve as a Knowledge Society and also spur economic activities in the Knowledge domain.
- It enables **collaboration among researchers from international educational networks** like TEIN4 and organizations such as CERN.

## 1.5. BANGLADESH

### Why in news?

The Prime minister of Bangladesh recently inaugurated Bangladesh Bhavan in Visva Bharti University, Santiniketan, and laid emphasis on the shared cultural heritage.

### Significance of Bangladesh for India

#### Geopolitical

- **Connecting North East India:** Bangladesh's location is a strategic wedge between mainland India and NE seven states. Each of these states is land-locked and has shorter route to the sea through Bangladesh. Transit agreement with Bangladesh will spur the socio-economic development of North-East India and thus help in containing insurgency.
- **Bridge to Southeast Asia:** Bangladesh is a natural pillar of Act East policy. It can act as a 'bridge' to economic and political linkages with South East Asia and beyond. Dhaka's support in BIMSTEC and BBIN initiatives complement Delhi's Southeast Asia outreach.
- **Strengthening South Asia as a regional power:** By leveraging on organizations such as the South Asian Association for Regional Cooperation (SAARC) for promoting cooperation among its member nations to economic growth and securing strategic interests.
- **Securing sea lanes of communication:** Bangladesh is a major country in the Indian ocean rim and strategically placed nearby important sea lanes. The South East Indian ocean is becoming hotbed of piracy. Bangladesh can play significant role in containing the same.
- **Fighting terrorism and deradicalisation:** Both the countries are very vulnerable to the propaganda of religion based radical outfits thus they could cooperate in deradicalisation efforts, sharing intelligence, and other counter-terrorism efforts.
- **To contain insurgency in North-East:** A friendly Bangladesh can ensure that no anti-India terror or insurgent activities can be carried out from its soil.
- **Countering China:** A neutral Bangladesh would ensure containment of an assertive China in this region, and help in Countering it's string of pearls policy.

#### Trade and investment

- **Bilateral trade:** Currently, the volume of bilateral trade between India and Bangladesh is about \$7 billion while the trade potential is at least four times the present level.
- **Investment opportunities:** There are huge opportunities for investment in defense, such as in military hardware, space technology; infrastructural development, and other areas.
  - India can expand sub regional cooperation among BBIN countries to cover initiatives in rail which would open opportunities in land ports and land customs stations, air connectivity. Efforts to integrate the region's economies with road, rail and shipping routes can yield rich dividends.
  - Recently, a tripartite MoU was also signed between India, Russia and Bangladesh for development of Rooppur Nuclear Power Plant in Bangladesh.
- **Cooperation in blue economy:** exploration of hydrocarbons, marine resources, deep-sea fishing, preservation of marine ecology and disaster management.

#### Rooppur Nuclear Power Plant

- The Rooppur NPP will be built on River Padma by Russia's **State Atomic Energy Corporation Rosatom** and the **Nuclear Power Corporation of India Limited (NPCIL)** will assist in construction, installation and infrastructural assignments and is the **first initiative under an Indo-Russian deal** to undertake atomic energy projects in third country.
- **90% of the cost** is being provided by Russia and it will implement designing, manufacturing, and supply of the equipment, construction, erection, start-up, and adjustment, commissioning.
- **India** will provide the personnel training, consultation support and participate in the construction and erection activity and non-critical materials supply to the site in Bangladesh.

#### Significance

- It will be the **first Nuclear Reactors in Bangladesh** and makes it **third country in South Asia** to have a civil nuclear plant after Indian and Pakistan.
- India's partnership with Russia in developing Rooppur NPP despite India not being a member of NSG is very significant. It enhances India's stature as a **responsible nuclear partner**.
- This is the **first time** that India will participate in nuclear power project abroad thus **boosting Make in India** initiative through manufacturing some nuclear power reactor equipment in India.
- It may also strengthen India's case for **entry into NSG and United Nation Security Council** as a permanent member.

- **Social sector development:** Bangladesh is now a role model for the developing world in poverty reduction, achieving success in health and education and fighting climate change, among others.

### Cultural

- India and Bangladesh has a shared history and common heritage, linguistic and cultural ties, passion for music, literature and the arts. Greater people to people contact would percolate to other areas like economic and trade relations especially near the border areas. It would also help in curbing hostilities and lack of trust specially Bangladesh being a smaller neighbor.

### Major points of concern

- **NRC issue in Assam:** Since the 1971 war of independence that created the state of Bangladesh, millions of Bangladeshi immigrants (the vast majority of them illegal) have poured into India. This is changing the demography of northeastern states which is causing unrest.
- **Rohingya crisis:** There are almost 11 lakh Rohingyas refugees living in Bangladesh. While India has supplied humanitarian aid to Bangladesh under 'Operation Insaniyat' for the Rohingya crisis but Bangladesh expects India to put pressure on Myanmar for repatriation of over a million of Rohingyas.
- **Border Management:** The Indo-Bangladesh border is of porous nature which provides pathway for smuggling, trafficking in arms, drugs and people.
- **China's role:** The ever increasing presence of China in India's neighborhood is a major cause of concern. The smaller countries like Bangladesh uses China card to supplement its bargaining capacity against India.
- **River disputes:** India shares 54 trans-boundary rivers, big and small. (Ganga River Dispute- concerns in Farakka barrage, Teesta River Dispute, Barak River – Tipaimukh Hydro Electric Project Dispute etc.)
- **Presence of radical groups:** Groups like Harkat-alJihad-al-Islami (HUJI), Jamaat-e-Islami, and HUJI-B fuel Anti-India sentiments in Bangladesh. Their propoganda could spill across borders too.

### Way forward

- India and Bangladesh share civilizational ties thus play a complementing role in each other's all round development, however the potential has not been adequately tapped. Though there has been many positive developments in recent years like the historic Land boundary agreement.
- India should adopt the Gujral doctrine of unilateral support to its smaller neighbours to gain their confidence especially given China's presence. India should proactively resolve the outstanding issues like

### Ganga river dispute

- In 1996, the sharing of the Ganga waters was successfully agreed upon between the two nations. However, the major area of dispute has been India's construction and operation of the **Farakka Barrage** to increase water supply to the river Hooghly.
- Bangladesh complains that it does not get a fair share of the water in the dry season and some of its areas get flooded when India releases excess waters during the monsoons.

### Tipaimukh Hydro-Electric power Project

- Bangladesh has been demanding to stop the construction of the Tipaimukh Hydro-Electric Power Project on the Barak River on the eastern edge of Bangladesh.
- Bangladesh says that the massive dam will disrupt the seasonal rhythm of the river and have an adverse effect on downstream agriculture, fisheries and ecology of the region.
- Indian government has assured Bangladesh that it will not take any unilateral decision on the Tipaimukh Hydro-Electric Power Project which may adversely affect Bangladesh.

### Teesta River water sharing issue

Teesta River originates from the Pahunri (or Teesta Kangse) glacier in Sikkim, flows through the northern parts of West Bengal before entering Bangladesh. It merges with the Brahmaputra River (or Jamuna in Bangladesh). The river is a major source of irrigation to the paddy growing greater Rangpur region of Bangladesh.

- In 1983, an ad hoc arrangement on sharing water was made, according to which Bangladesh got 36% and India 39% of the waters, while the remaining 25% remained unallocated. The transient agreement could not be implemented.
- Bangladesh has sought an equitable distribution of Teesta waters, on the lines of Ganga Water Treaty of 1996.
- In 2011 India and Bangladesh finalized an arrangement, by which India would get 42.5% and Bangladesh 37.5% while remaining 20% would flow unhindered in order to maintain a minimum water flow of the river. This agreement was not signed due to opposition from chief minister of West Bengal.

**Note:** Please refer India's water relations with neighbours for further details.

Their propoganda could spill across borders too.



Teesta water treaty. India should also help in resolving Rohingya crisis involving Myanmar and Bangladesh.

The India-Bangladesh relationship does carry strong historical and cultural overtones, but both sides also realize the immense benefits of a strong relationship. While Dhaka does have some grudges against New Delhi, it has not defined its national identity merely in terms of being anti-India, nor has it neglected historical and cultural commonalities. Significantly, Bangladesh has not been excessively dependent on any one country – ensuring that it maintains a degree of autonomy in its foreign policy – unlike some of India's other neighbours. Of late, however, it has been seen to be inching closer to China.

Bangladesh is also home to an aspirational middle class that would like to reap the dividends of a better relationship with New Delhi. Over the past decade the country has enjoyed steady economic growth, at an average annual clip of around 6 percent.

The other point that will strengthen the relationship is the fact that both countries are keen to enhance connectivity not just between them, but also with other countries in South Asia, for example, BBIN, proposals of a strong trilateral between India-Bangladesh and Myanmar, such as a gas pipeline, etc.

## 1.6. SRI LANKA

### Why in News?

- Sri Lankan Prime Minister Ranil Wickremesinghe recently visited India to boost bilateral ties.
- The agenda of the meeting was to expedite decisions on joint projects among other issues.

### India and Sri Lanka Economic relations

- **Commercial Relations-** SL is one of India's largest trading partner in SAARC.
  - Trade between the two countries grew particularly rapidly after India-SL **Free Trade Agreement came into force in March 2000**.
  - Bilateral trade in 2015 amounted to US \$ 4.7 billion. Exports from India to SL in 2015 were up by 2.1%, while exports from SL to India were up by 3.2%.
  - India is among the top four investors in SL with cumulative investments of over US\$ 1 billion since 2003.
- **Recent Developments-** SL recently allowed India to jointly develop the **Trincomalee port** (oil tanks farm) in north-eastern part of the country.
  - SL has invited Petronet LNG to set up a **liquid gas import terminal** in the country. It may help it straddle the gas sector, the dominant fuel for future economic growth.
  - SL signed an agreement with India to build 1,200 **houses in Hambantota**.
  - India has also bid to lease and manage the **Mattala airport** in Hambantota.
  - India is also helping build various road and rail projects in SL.
- Also, there has been a significant progress in implementation of **developmental assistance projects** for Internally Displaced Persons (IDPs) and disadvantaged sections of the population in Sri Lanka (SL), by India which is further in line with India's "Neighborhood First Policy".

### Areas of Concern between India and Sri-Lanka

- **Fishermen Issue:**
  - The issue of Tamil Nadu fishermen allegedly poaching in Sri Lanka's territorial waters has been an ongoing conflict, with Sri Lanka's northern fishermen repeatedly raising concerns over their falling catch and the serious environmental damage caused by trawlers originating from

### Challenges for Indian Joint Ventures in SL

- The main challenge faced by the projects undertaken by India in SL is the **delay in their completion** and implementation.
- Many of these projects, like Mattala airport, are **not seen as profitable** for India.
- Indian ventures in the country are more or less seen as **reactive to the increasing Chinese influence** in the country.
- The developmental projects cannot be dismissed as reactive per se, yet over-concentration of Indian development funding to Tamil areas has **political consequence** for bilateral relations, stemming from majority Sinhala mass-perception.

### Lessons Learnt and Reconciliation Commission (LLRC)

It was a commission of inquiry appointed by Sri Lanka in 2010 to investigate:

- the facts and circumstances which led to the failure of the ceasefire agreement,
- the lessons that should be learnt from those events and the institutional,
- administrative and legislative measures which need to be taken in order to prevent any recurrence of such concerns in the future, and
- to promote further national unity and reconciliation among all communities

India.

- The two countries have established a **Joint Working Group (JWG) on fisheries** to help resolve the dispute and in future must evolve mechanisms for sustainable fishing.
- **Devolution of power:** India stands for a “united Sri Lanka”, but wants an “early and full implementation of the 13th Amendment” that provides for devolution in the Tamil majority Northern and Eastern provinces.
- **Reconciliation process and war crimes:**
  - The UNHRC resolution on war crimes is another important issue on which both the countries have to reach an understanding.
  - India has advocated for speedy rehabilitation and ports and other facilities in friendly countries – including Pakistan, Bangladesh, and Myanmar.
  - This concerns India as China’s encroachment on its sphere of influence and eroding its commercial and cultural links with the island. resettlement of the Internally Displaced Persons (IDP).
- **The ‘China factor’**
  - China has invested heavily in Sri Lanka’s infrastructure as part of its “string of pearls” policy aimed at establishing a naval presence across South Asia by building
  - Under the previous regime, SL looked to China for economic and diplomatic backing at a time when the West was threatening to sanction Colombo for crimes committed in its conflict with Tamil separatists. China is the largest investor in Sri Lanka.
  - China’s economic dominance in SL both in terms of debt as well as investments increased.
  - Sri Lanka also recently formally handed over its southern port of Hambantota to China on a 99-year lease which had become an obvious site of the India-China geopolitical tussle on the island, has in the past witnessed protests against projects involving both countries

#### Way Forward

- Sri Lanka’s importance, for India, increases many folds due to its strategic location in the Indian Ocean, especially with the Quad talks in progression.
- On the other hand, SL clearly sees benefit from cultivating ties with both countries. But the government may find it hard to strike a balance between the competing interests of China and India, while fending off domestic concerns over economic colonization.
- Further although New Delhi’s anxiety over Chinese presence might be justified, it should avoid using the China lens to view Sri Lanka, respecting the **country’s autonomy to engage with any willing partner**. The more India treats **Sri Lanka as an equal partner**, the stronger the relationship is likely to grow.
- Even SL is now seemingly trying to balance its policy between India and China, giving India a stake in Hambantota airport, Colombo port project and a key expressway, besides preventing Chinese submarines in Sri Lankan waters in the backdrop of loans from Beijing that have pushed Sri Lanka into debt trap.

## 1.7. NEPAL RELATIONS

### Why in news?

PM of Nepal recently paid an official visit to India on a three-day official visit after Parliamentary elections in Nepal in December 2017.

### Background of India Nepal Relations

India and Nepal share a unique **relationship of friendship and cooperation** characterized by open borders and deep-rooted people-to-people contacts of kinship and culture. Under the provisions of **India-Nepal Treaty of Peace and Friendship of 1950** Nepalese citizens have availed facilities and opportunities at par with Indian citizens. Further our relations have been based on:

- **High Level exchanges:** Apart from high level visits the two countries cooperate through forums such as SAARC, BIMSTEC etc. and through bilateral institutional dialogue mechanisms like India-Nepal Joint Commission.
- **Humanitarian Assistance and Disaster relief:** India dispatched National Disaster Response Force (NDRF) teams, rescue and relief materials and extended New Line of Credit agreement for US\$ 750 mn for post-earthquake reconstruction projects in Nepal.



- **Economic:** Since 1996, Nepal's exports to India have grown more than eleven times and **bilateral trade** more than seven times. Also, there are about 150 **Indian ventures** operating in Nepal in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industries.
- **Water Resources:** Around 250 small and large rivers flow from Nepal to India forming a part of the Ganges river basin which can become major sources of irrigation and power. A **three-tier bilateral mechanism** is working since 2008 relating to cooperation in water resources and hydropower.
- **India's Development Assistance to Nepal:** India is providing substantial financial and technical development assistance to Nepal such as:
  - Assistance to Nepal in development of **border infrastructure** through upgradation of roads in the Terai areas.
  - Development of **cross-border rail links**
  - Establishment of **four Integrated Check Posts**
  - Lines of Credit for undertaking infrastructure development projects.
- **Defence Cooperation:** India has assisted Nepalese Army (NA) in its modernization through provision of equipment and training and cooperation in areas of disaster management. Further there is large scale presence of Gorkha soldiers in Indian army and both armies have been awarding honorary ranks of General to Army Chiefs of each other.
- **Power:** An Agreement on 'Electric Power Trade, Cross-border Transmission Interconnection and Grid Connectivity' was signed in 2014 to facilitate and further strengthening cross border power trade between India and Nepal.
- **Education:** GOI provides around 3000 scholarships/seats annually to Nepali nationals.
- **Culture:** GOI promotes people-to-people contacts, organize cultural programmes, and conferences and seminars. India and Nepal have also signed **three sister-city agreements** for twinning of Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya.

#### Outcomes and Assessment of Recent Visit of Nepalese PM

- The visit is termed significant since India Nepal relations have been going through turbulent phase since 2015.
- A **12-point regular joint statement**, three special statements on agriculture, rail linkages up to Kathmandu, and inland waterways, were issued during the visit which included:
  - Agreement to conduct "feasibility studies" regarding construction of a **Raxaul-Kathmandu railway** line.
  - Agreement to **operate Nepalese steamers** to transport goods and people from Nepal to other countries which is likely to enable cost-effective and efficient movement of cargo, and greatly impact the growth of business and economy of Nepal.
  - Develop the **inland waterways** for the movement of cargo, within the framework of trade and transit arrangements, providing additional access to sea for Nepal.
  - Conducting a pilot project on organic farming and soil health monitoring in Nepal
- Further the joint statement **did not mention internal issues of Nepal** such as amendments to the new constitution, inclusion of minorities, Madhesi, etc. thus helping remove the mistrust between the two countries.

#### Challenges

- India held that new **Nepalese constitution** did not address the concerns of the people of the Terai and backed a blockade by Madhesi to cripple supplies to generate pressure on Nepal.
- Nepal wants to amend **1950 Treaty of Peace and Friendship** which enjoins it to consult India before buying weapons or enter into any security relationship with a third country.
- There is a trust deficit in Nepal because of the India's **delay in implementation of various projects** in Nepal more so vis-a-vis China and its implementation of agreed-upon projects.
- India holds that it won't buy power from **dams built by China** (China's Three Gorges Corporation was given a second dam project to build in Nepal recently) and Indian companies must be involved for this to happen.



## Potential Areas of Cooperation

Although China is increasing economic cooperation with Nepal, India continues to remain Nepal's largest trading and business partner. Further, India is the only transit country for Nepal's third country trade despite having signed a transit agreement with China.

- Nepal needs massive **developmental assistance** for infrastructure development and also to implement federal provisions of new constitution through the creation of the necessary administrative infrastructure in the provincial capitals.
- **Hydel Cooperation:** Nepal's installed hydel capacity of 700 MW is much lesser than potential of over 80,000 MW. Further considering 60% of the Ganga waters come from Nepal's rivers and 80% of these flows take place in monsoon months, effective water management for both irrigation and power generation cannot be underemphasised.
- India also needs **effective delivery on the pending projects**, the remaining ICPs, the five railway connections, postal road network in the Terai and the petroleum pipeline so that connectivity is enhanced and 'inclusive development and prosperity' assumes reality.

### 1.7.1. INDIA-NEPAL FRIENDSHIP TREATY

In the context of domestic democratic transition in Nepal, there have been demands for revising the treaty. Following grievances have been expressed by various sources in Nepal:

- The Treaty belongs to a bygone era: Monarchy of Nepal sought friendship with India in order to prevent India from supporting democracy movement in its country. Also, threat from China in context of Tibet's annexation justified India's overreach. However, neither monarchy remains nor threat from China.
- Need for Equal Relationship: Some sections in Nepal complaint that India has not been treating Nepal as an equal as evident in the blockade in the border areas in 2015 as well as what is perceived as meddling in domestic politics by supporting groups such as the Madhesis.
- Sovereignty argument: Many have argued that Treaty prevents Nepal to independently pursue its strategic and economic interests with countries especially China.

#### India-Nepal Friendship Treaty

It provides for-

- An open border between the two countries
- Allows Nepali nationals to work in India without a work permit, to apply for government jobs and the civil services (except for the IFS, IAS, and IPS)
- To open bank accounts and buy property.

India had waived its rights under reciprocity as a sign of goodwill.

As part of its neighborhood first policy as well as ideas such as the Gujral doctrine India has to remain open to any ideas that reflect the popular aspirations in our neighborhood. Thus, if revision of the treaty is a popular demand in Nepal it would certainly be prudent to be open to such an idea.

Nonetheless, it has to be borne in mind that provisions such as reciprocal national treatment to citizens of both countries in the existing treaty have greatly benefitted Nepal. According to the MEA figures, nearly 6 million Nepali citizens live and work in India.

India has remained a friend to Nepal and such views have been expressed at the highest levels of government including by the Prime Minister during his recent visit to Nepal. In this context, another Himalayan neighbour can act as a template, after all India and Bhutan maintained strong ties whether under the treaty of 1949 or its revised version in 2007.

### 1.7.2. INDIA-CHINA-NEPAL TRIANGLE

#### Why in news?

China has proposed a new dialogue mechanism with Nepal that would also involve India during the visit of Nepal's Prime Minister to China.

#### What is new 2+1 Dialogue mechanism?

- **Two Plus One** format for dialogue as proposed is **different from a trilateral mechanism**. Under the Chinese proposal, **China and India can jointly conduct a dialogue with a third regional country** i.e. it is **not Nepal specific** and can be applied to **any other country in South Asia**.

### Need of such mechanism

- Nepal's developmental needs are immense and needed **meaningful and mutually beneficial economic partnership** with both its neighbours India and China which are rising in global and regional stature.
- U.S. administration has started **global trade restrictive policies** which may have adverse impact for developing and emerging economies. This kind of platform will **help mitigate the impact of such policies on countries like India and China**.
- Nepal can move from the state of a **land-locked to a land-linked country** through the development of adequate cross-border connectivity and can serve as a **bridge between two arch rivals**.
- China and Nepal have proposed developing a **multidimensional trans-Himalayan connectivity network**. Bringing India on board is essential for success of such projects related to regional connectivity.

### Changing Dynamics of India China Nepal Triangle

#### India's advantage

- Nepal geographically is surrounded by India on three sides. It is seen as a buffer state between India and China.
- **Two thirds of Nepal's global trade** is with India and over **90 per cent of their exports/imports go through India**. Millions of Nepalese live and work in India, and hundreds of thousands criss-cross the border every day. Besides Indian goods are much cheaper than Chinese exports.

#### China Card

- India's relation with Nepal has deteriorated after Nepal promulgated the new constitution in 2015. The **demand of madhesi people** who live in tarai region were **ignored** in new constitution. For almost six months there was blocked in India-Nepal border. **Continuous blockade have generated anti-India feeling in Nepal**.
- **China** provided Nepal with fuel supply at the time and after that China has offered Nepal, energy and infrastructure deals, rail links, a free trade agreement and a trade and transit treaty.
- **Through these agreements Nepal tried to send a strong message to India** that Nepal has a viable option in mobilizing support from China to counter any pressure generated from India.
- Increasing Chinese investment and co-operation with Nepal will **reduce dependence of Nepal on India**. This may have serious strategic implication for India.
- Nepal will **actively participate in China's Belt and Road initiative** ignoring the India's sovereignty contention of China Pakistan economic Corridor.
- Nepal and China are also exploring the possibility of a free trade agreement and China is also pressing for a Peace and Friendship Treaty.
- Even cooperation between Nepal Army and Chinese People's Liberation Army is also on rise, after their first joint military exercise last year.

#### Way forward

- There is a set pattern of the **Nepal flashing the China card more frequently in recent pasts**. Its neighbourhood policies vis-à-vis India and China are changing. India, therefore, has to deal with its immediate neighbours with **prudence and sensitivity** and ensure that they are not alienated.
- Nepal must act as a **bridge between two rising nations** and help bring co-operation prosperity and peace in the region.

#### Challenges in realization of such platform

- Chinese economic, military, and strategic engagement in Nepal is sharply increasing with new areas of cooperation, making India uncomfortable. **India views Nepal as its traditional sphere of influence**. Also Nepal has been trying to change the old pattern of a **heavy economic dependence on India**.
- Nepal has extended support to China's **Belt and Road Initiative (BRI)** which India has opposed staunchly.
- Nepal-China Cross Border Railway line stretching from **Keyrong to Kathmandu and from Kathmandu to Pokhara and Lumbini**, close to the Nepal-India border, **would affect India's security interests**.
- Though **China Nepal** are talking about broader connectivity, China has opened very few border points. **The Tatopani crossing, the oldest and biggest trading point** between the two countries, has been closed for three years.

## 1.8. AFGHANISTAN

India and Afghanistan have a strong relationship based on **historical and cultural links**. Since time immemorial, the peoples of Afghanistan and India have interacted with each other through trade and commerce, peacefully coexisting on the basis of their shared cultural values and commonalities.

- During the **Soviet-Afghan war (1979-89)**, India was the only South Asian nation to recognize the Soviet-backed Democratic Republic of Afghanistan. India also provided humanitarian aid to then Afghan President Najibullah's government. Following the withdrawal of the Soviet forces, India continued to provide Najibullah's government with humanitarian aid.
- In 1999, India became one of the key supporters of the **anti-Taliban Northern Alliance**.
- In 2005, India proposed Afghanistan's membership in the South Asian Association for Regional Cooperation (SAARC).
- In 2016, Prime Minister Narendra Modi was conferred with Afghanistan's highest civilian honour, **the Amir Amanullah Khan Award**.
- Recently India also supported the peace offer made by Afghanistan.

### India's contribution in institution and infrastructure building

India is **the sixth largest donor** to Afghanistan in diverse development projects in infrastructure, education and agriculture.

- India has contributed close to \$ 2 billion in institution and infrastructure development in Afghanistan. Most of India's development projects in Afghanistan can broadly be divided into Large infrastructure projects, Humanitarian assistance, Capacity building initiatives and Small Development Projects
- Some of the major projects are:
  - Construction of a 218 km road from **Zaranj to Delaram** for facilitating movement of goods and services to the Iranian border.
  - Construction of 220kV DC transmission line from Pul-e-Khumri to Kabul and a 220/110/20 kV sub-station at Chimtala,
  - Construction of **Afghan-India Friendship Dam (Salma Dam)** in Herat province.
  - Construction of **Afghan Parliament**.
- **New Development Partnership:**
  - Due to the positive impact of the projects implemented under the US\$ 2 billion development and economic assistance extended by India to Afghanistan both countries have agreed to initiate a next generation 'New Development Partnership'.
  - In this context, as per the priorities and request of the Government of Afghanistan 116 High Impact Community Development Projects will be implemented in the areas of education, health, agriculture, irrigation, drinking water, renewable energy, flood control, micro-hydropower, sports infrastructure, administrative infrastructure.

### Strategic Significance of Afghanistan

- Afghanistan is **gateway to energy rich central Asia**. Afghanistan is situated at crossroads between South Asia and Central Asia and South Asia and the Middle East.
- The massive reconstruction plans for the country offer a lot of opportunities for Indian companies.
- Afghanistan also has significant oil and gas reserves and has rich source of rare earth materials.
- Stable government in Kabul is essential to reduce terror activities across south Asia also in Jammu and Kashmir. Yet the most important goal for New Delhi remains the prevention of Pakistan from regaining its central role in Afghan affairs.
- India was the first country Afghanistan chose to sign a strategic partnership agreement with, despite the U.S. and Pakistan keen on doing so. India signed a **strategic partnership agreement** in 2011 to assist in "the training, equipping and capacity-building programs for the Afghan National Security Forces".
- India donated three **Mi-25 attack helicopters** to Afghanistan as part of the bilateral strategic partnership to counter the Taliban.
- It has also signed the TAPI pipeline project that aims to bring natural gas from Turkmenistan through Afghanistan and Pakistan to India.



## India-Afghanistan Focus Areas

### • Trade

- The bilateral trade at for the year 2016-17 was USD 800 million approximately and has immense potential to be expanded further. Despite the lack of direct land access, India is the second-largest destination for Afghan exports.
- India's main export items to Afghanistan are textiles, pharmaceuticals, tobacco, iron & steel and electrical machinery, while its imports from Afghanistan are fruits and nuts, gums and resins, coffee, tea and spices.
- India-Afghanistan also hold a Trade and Investment Show which provides a valuable platform to showcase trade and investment opportunities in Afghanistan, generates business and enhances the B2B linkages between India and Afghanistan.

### About Heart of Asia

- The Heart of Asia-Istanbul Process was launched in 2011 and the participating countries include Pakistan, Afghanistan, Azerbaijan, China, India, Iran, Kazakhstan, Kyrgyzstan, Russia, Saudi Arabia, Tajikistan, Turkey, Turkmenistan and the UAE.
- 14 member countries are supported by 16 other countries and 12 international organizations.
- The platform was floated to encourage security, political and economic cooperation between Afghanistan and its neighbours.
- It has **three key pillars**:
  - Political Consultations
  - Confidence Building Measures (CBMs)
  - Cooperation with Regional Organizations

### • Absence of Transit route through Pakistan:

- In the absence of transit route through Pakistan, India depends on other countries, including Iran, to send goods to Afghanistan even though it increases time and costs for Indian exporters.
- Major stumbling block in trade is Pakistan refusal to provide land route. Afghanistan and Pakistan signed **Afghanistan Pakistan Transit and Trade Agreement (APTTA)** in 2011 which gives each country equal access up to the national boundaries of both.
  - ✓ At present, Pakistan allows Afghan trucks carrying goods meant for India only up to its last checkpoint at Wagah, and not to the Indian checkpoint at Attari, less than a kilometers away.
  - ✓ India is keen to join APTTA and Afghanistan has backed India's readiness to be an APTTA member but Pakistan has so far rejected such a proposal.

### • Air Freight Corridor

India and Afghanistan inaugurated a **dedicated air freight corridor service in 2017**.

- The connectivity established through the Air Freight Corridor will provide Afghanistan, a landlocked country, **greater access to markets in India**, and will allow Afghan businessmen to leverage India's economic growth and trade networks for its benefit.
- It would enable Afghan farmers quick and direct access to the **Indian markets for their perishable produce**.

### • Chahbahar Port: India is also cooperating with Afghanistan and Iran for development of the Chahbahar Port which provides an alternative route to Afghanistan and Central Asia. In this context, a trilateral transport and transit agreement based on sea access through Chahbahar has been signed.

### • The 'India-Afghanistan Joint Working Group on Trade, Commerce and Investment' also explored ways to make use of the United Nations TIR (International Road Transport) Convention to boost trade between India and Afghanistan through Pakistan.

### • India hosted the 6th Ministerial Conference of **Heart of Asia (HoA)** at which the Amritsar Declaration was adopted.

- It called for immediate elimination of terrorism to help Afghanistan in its political and economic transition. State-sponsored terrorism was identified as a key challenge and members agreed upon a concerted effort to dismantle all kinds of terrorism.

### • **Afghan Culture Relations:** Afghanistan has been an important trading and craft centre for over 2000 years connecting the civilizations of Persia, Central Asia with India. As part of India's restructuring programme for Afghanistan, India has regularly aimed to take up projects that will render Afghanistan's cultural heritage sustainable.

### • **Indian Diaspora in Afghanistan:** Presently, there are estimated to be about 2500 Indians in the country. Most of the Indian Diaspora are engaged as professionals in Banks, IT firms, Construction companies, hospitals, NGOs, Telecom companies, Security companies, Universities etc.

### • **Political & Security Relations:** India provides assistance for the Afghan National Defence and Security Forces in fighting the scourge of terrorism, organized crime, trafficking of narcotics and money laundering. Further India supports an Afghan-led and Afghan-owned peace and reconciliation process.

### 1.8.1. AFGHANISTAN PEACE OFFER

#### Why in news?

Afghanistan has made an offer for unconditional talks to Taliban and offered a pact to recognise the insurgents as a legitimate party in negotiations and end the 16-year old war.

#### Background

- The Islamic Republic of Afghanistan is a landlocked country in South-Central Asia. It was ancient focal point of the Silk Road and migration. It is an important geostrategic location, connecting East and West Asia or the Middle East.
- Afghanistan consists of various ethnic and religious satraps like Pashtuns- Sunni (located in Western Frontier Province of Pakistan and Eastern Afghanistan), Hazara- Shia (Iran's side), Uzbeks and Tajiks (located in central side).
- Afghanistan has been in a state of turmoil for the last 40 years including a Soviet invasion of Afghanistan in 1979 and withdrawal in 1989.
- The Taliban came to power in 1996 and were later ousted from power by **International Security Assistance Force (ISAF)** in an effort to counter Al-Qaeda in 2001.
- The Taliban has steadily expanded its reach since U.S. and NATO forces formally concluded their combat mission at the end of 2014 and transitioned to a support and counterterrorism role even after the formation of National Unity Government (NUG).
- In current **Kabul peace process**, Afghanistan offered that in exchange for a ceasefire, the government will allow Taliban members to have a “peaceful and respectful life”, political recognition, prisoner release, passports to Taliban members and visas to their families, as well as office space in Kabul.
- Taliban rejected Afghan President Ashraf Ghani's offer of talks “without preconditions” and called for the targeting of American forces in Afghanistan as part of a “spring offensive”. According to the U.S., Afghan forces control just a little over half the territory today, down from nearly three-fourths in 2015.

#### Kabul Peace Process

- It is a gathering of 23 nations, the EU, U.N. and NATO intended to discuss security and political issues in the Afghanistan.

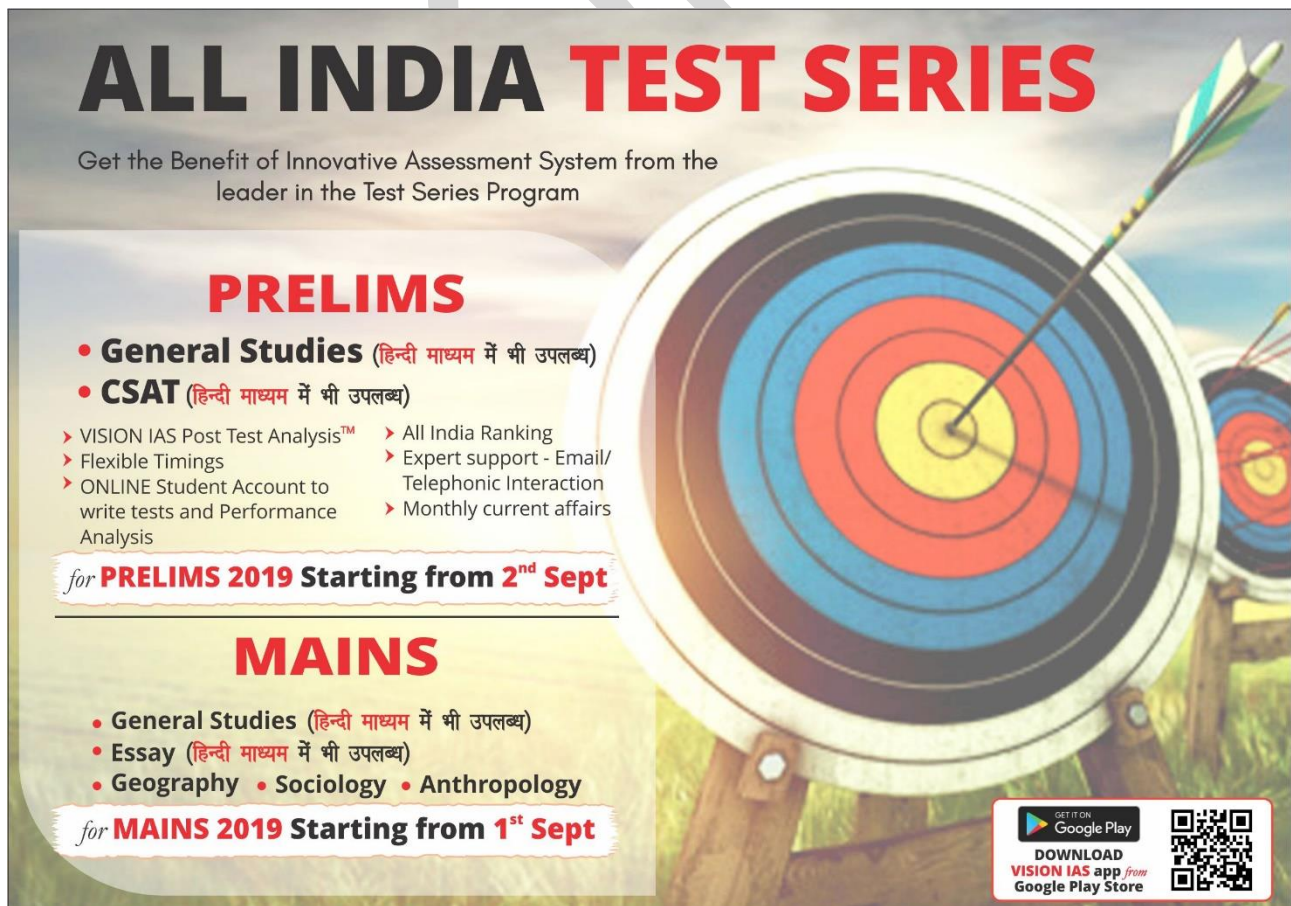
#### Challenges in Afghanistan peace process

- **Number of war and civilian casualties** due to suicide bombings are on the rise after the international coalition forces embarked on Operation Resolute Support to “advise, train and assist” the Afghan forces and not to participate in war since 2014.
- **Rise of IS:** Despite the Afghan government's claims of cracking down on militants, threats from the IS and Taliban have only grown both of which have a goal to destabilize the state that and throw the country into further chaos.
- **Failure of USA's strategy:** USA has failed to evolve a cohesive strategy regarding military aid to Pakistan, troop presence in Afghanistan, indiscriminate use of airpower or infrastructure building in the country.
- **Role of Pakistan:** Pakistan has direct links with the Taliban and its allies in the Haqqani network and provides safe havens to terrorist groups within its territory.
- **Legitimacy of the National Unity Government (NUG)** seems eroded due to conflict between Chief Executive Abdullah Abdullah and President Ashraf Ghani, corruption, lack of implementation of Electoral reforms and refusal of Taliban to talk to Afghan government which it thinks as artificial, foreign imposed and not representative of Afghan people.
- **Great Game:**
  - There is a need to stop the ‘Great Game’ for influence in Afghanistan. U.S.-Russia tensions are creating space for proxies for both on Afghan soil, and the attacks by al-Qaeda and IS-related terror groups have their roots in the larger war between Iran and the Arab world.
  - Tensions between India and Pakistan also cast a shadow over Afghanistan, with India's development assistance under attack.
  - In turn, driven by the desire to secure itself from Islamist groups, China is trying to build a rival military base in Afghanistan.

All these factors have contributed to regrouping and strengthening of Taliban which controls more than half of territory in the country.

## Conclusion

- The United Nations mission in Afghanistan has welcomed the offer and said it “strongly supports the vision for peace through intra-Afghan dialogue”.
- India supports Afghan-led and Afghan-owned peace and reconciliation process which has also gained approval from Russia and China.
- United States has also launched a **new regional strategy** wherein it has stepped up assistance to the Afghan military and greatly increased air strikes against the Taliban, in a bid to break the stalemate and force the insurgents to the negotiating table.
- But most importantly The Taliban has refused to negotiate with the government until all foreign forces leave, and still refer to themselves as a government in exile.



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## 2. INDIAN OCEAN REGION

### 2.1. INDIA-INDIAN OCEAN

#### Background

- India is a peninsular country which is surrounded by Indian Ocean on three sides. The geographical location of India makes Indian Ocean integral part of its foreign policy, security decision, trade etc.
- At present, Indian Ocean carries about half of world's container shipment, one-third of bulk cargo traffic and two-third of oil shipments. Its littoral states are densely populated with over 40% of global population which makes it an attractive market.
- It also carries 90% of India's trade by volume and 90% of oil imports.
- With the changing geopolitical equations of the world powers such as USA and China, importance of Indian Ocean has increased.

#### India and Indian Ocean

- **Geostrategic location** – Indian Ocean gives India access to the **South-Asia, South East Asia, Africa, West Asia and Oceania** which are important from the point of view of energy, economic trade and security.
  - Choke points i.e. **Strait of Hormuz, Bab-el-Mandeb, Strait of Malacca, Sunda strait and Lombok** are important for not only India but also global trade.
  - It's also important for India to counter the increasing Chinese dominance over Indian Ocean. China at present is developing several ports in Indian Ocean such as Hambantota, in Mauritius, Gwadar in Pakistan etc.
- **Economic Integration** – India is an **Emerging Market Economy** which will benefit through its trade links with **South East Asia, South Asia, Africa, West Asia and Oceania**.
  - **Africa** currently holds enormous potential for **energy exploration, mineral resources and employment opportunities for Indian diaspora**.
  - **Australia** which is the biggest nation in the Indian Ocean is already a world leader and its partnership with India would benefit Indian economy in more than one way i.e. access to **nuclear energy, new economic market for Indian goods, people to people contact** etc.
  - **South East and West Asia** is important to India for its abundant oil reserves and other mineral resources.
- **Security** – Due to possibility of terrorist attacks and increasing **presence of China in Indian Ocean** such as inauguration of first overseas military base in Djibouti, Indian Ocean has become an integral part of India's maritime policy. China also inaugurated its first overseas military base in Djibouti.
  - The new **Maritime Security Policy of 2015** highlights the need to develop **seamless and holistic approach** for greater coordination between various maritime agencies.
  - It also validates the use of Indian Navy as an instrument to secure the blurring traditional and non-traditional sea lines of communication for the purpose of economic integration.
  - The Indian Navy played a pivotal role in containing piracy on the high seas and is positioning itself as the **"net security provider"** in the broader Indian Ocean region with capacity building, joint exercises and increased multilateral exchanges.
- **Energy Security:** India is world's third largest oil importer with maximum import from West and South-East Asian countries. For this purpose, Indian Ocean is a very important medium for India's energy security.
- **Ocean Resources:** India is highly dependent upon ocean resources such as fishing and aquaculture. India is also involved in deep sea mineral exploration in Central Indian Ocean with ship Samudra Ratnakar from South Korea.
- **Emerging Geopolitics:** While India has been increasing its outreach in Indian Ocean under **SAGAR** — Security and Growth for All in the Region strategy, now it is also trying to increase its centrality in the wider **Indo-Pacific**, a concept which situates India at the very heart of the changing geopolitical transitions in the region.
- **Multilateral Cooperation:**
  - **Indian Ocean RIM Association:** India is planning to expand and further invigorate IORA's activities, from renewable energy and the blue economy to maritime safety and security, water science and greater institutional and think-tank networking.

- ✓ Earlier 21-member states of IORA had issued a strategic vision document, known as the **Jakarta Concord**, that “sets out a vision for a revitalized and sustainable regional architecture”.
- ✓ Besides maximizing the potential of trade, investment and economic cooperation in the region, the **Jakarta Concord** also aims to address non-traditional issues, such as illegal, unreported and unregulated fishing, human trafficking, drug trafficking, illegal migration and piracy.
- ✓ A **Declaration on Preventing and Countering Terrorism and Violent Extremism** was also adopted last year.
- **South Asia Cooperative Environment Program (SACEP)**

An MoU has been approved by Cabinet between India and SACEP for cooperation on the response to Oil and Chemical Pollution in the South Asian Seas Region.

- The MoU intends to promote closer cooperation between India and other maritime nations comprising the South Asian seas region.
- Indian Coast Guard (ICG) will be the nodal agency to respond to oil and chemical spills on behalf of Government of India.

#### Challenges in IOR

- Despite a decline in piracy off the coast of Somalia, the Indian Ocean has been witnessing a sudden rise in non-traditional challenges.
- **Maritime crime** has been increasing, with a record number of drug hauls in the Asian littoral in the recent years.
- Migration and **human trafficking** in South and Southeast Asia too has registered a surge in numbers. A rise in refugee movement from Bangladesh and Myanmar resulted in a humanitarian crisis of unprecedented proportions.

#### Some Recent Developments

- India and Seychelles agreed to work together on a project to develop a naval base at the Assumption Island and also a USD 100-million credit to Seychelles for augmenting its defense capabilities was also agreed upon.
- India signed a deal with Singapore to expand existing Indian access to Changi naval base.
- India also contributes to the development of Agaléga in Mauritius with dual-use logistical facilities.
- India and France, eying the Indian Ocean, have signed the “**reciprocal logistics support**” agreement as part of which warships of both the nations would have access to each other’s naval bases.
- India and the United States signed the **Logistics Exchange Memorandum of Agreement** in 2016, giving both countries access to designated military facilities for refueling and supplies.
- India also secured access to the **Port of Duqm in Oman** for military use and logistical support earlier this year. The port in southeast Oman is about 400 kilometers to Iran’s Chabahar Port, directly across the Gulf of Oman, and offers the potential to enhance India’s regional footprint.
- Now it is expanding **its outreach in Indo-Pacific** indicating that it is not merely an Indian Ocean and South Asian power, but one with capacity and intent to shape the wider Indo-Pacific, stretching from its established presence in the Indian Ocean to interests in the South China Sea, the Middle East and Africa and into the Pacific.

- **Indian Ocean Rim Association** is an International association of 21 Indian Ocean littoral states with India as a core member. Other members are – Australia, Sri Lanka, Kenya, Seychelles, Mozambique, Oman, Mauritius, Singapore, South Africa etc.
- It advocates **open regionalism and inclusivity of membership**.
- **Objectives of IORA**
  - To enhance economic association
  - To promote liberalisation and regional integration
  - To promote sustainable development and balanced regional growth.

#### South Asian Seas Programme

It is one of the 18 Regional Seas Programmes of UNEP. The South Asian Seas Action Plan was adopted in March 1995 and today enjoys the unqualified support of the region’s five countries (Bangladesh, India, Maldives, Pakistan and Sri Lanka).

#### About SACEP

- It is an inter-governmental organization, established in 1982 by the governments of South Asia to promote and support protection, management and enhancement of the **environment in the region**.
- It also serves as the secretariat of South Asian Seas Programme (SASP).
- The Governments of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka are the members of SACEP.

## Way Ahead

- The littoral countries of Indian Ocean suffer from the **asymmetry of size, high tariff and cost of investment** etc. Therefore, the littoral states should promote **regional groupings like IORA, BIMSTEC etc.** which promote inclusive and sustainable regional development.
- Challenge for India is to patiently address the **domestic concerns** of its partners and develop frameworks for military cooperation and not to take relationship with smaller countries for granted. **India, therefore, has to carefully tend these relationships with sustained political attention.**
- India should develop a more comprehensive Maritime Policy which should not only aim towards countering Chinese presence but also triggers the terror groups operating from the Indian Ocean.
- Indian Ocean Maritime Symposium which aims towards increasing maritime cooperation among navies could also be seen as an important partner to increase maritime security.
- Initiatives such as **SAGAR – Security and Growth for All in the Region** can be a good strategy to engage the regional countries and counter not only Chinese presence but also increase the economic integration and security.
- Other initiatives are -
  - Transfer of Indian made patrol vessel – Barracuda to Mauritius
  - Deployment of P-81 aircraft to Seychelles for surveillance
  - Agreement to develop connectivity infrastructure on Assumption Island in Seychelles and Agalega in Mauritius.
- Safeguard the Choke points in Indian oceans and also secure the passage for Indian diaspora living in Indian Ocean countries.
- Areas such as disaster management, technological advancement, blue economy, sustainable resource extraction, humanitarian assistance should also be explored.

## 2.2. INDIA MALDIVES

### Why in news?

- Recently the President of the Maldives declared a state of emergency.

### India-Maldives relations

- India established **formal diplomatic relations** with Maldives after the independence of Maldives from the British rule in 1966.
- India has been a friend in need of people of Maldives:
  - Operation Cactus was **India's military aid** of 1600 soldiers to Maldives to fight the armed attack of the Liberation Tigers of Tamil Eelam (LTTE) supported rebel groups in 1988 for an attempted coup.
  - India **provided bottled water** through its helicopters to Maldives when its only water treatment plant collapsed in December 2014.
  - In 2016 Commonwealth Ministerial Action Group (CMAG) meeting India prevented countries from executing punitive sanctions due to failure in creating an 'Inclusive country' and a "Genuine Democracy".

### India's stakes in Maldives

Maldives is strategically located in the Indian Ocean, and India being a major power in the Indian Ocean region has the highest stake in the stability of Maldives for various reasons like-

- Securing sea lanes of communication, Fighting piracy and sea based terrorism,
- Countering China's string of pearls policy,
- Making Indian ocean a conflict free zone and restoring its status as sea of tranquil,
- Exploring blue economy and Enhancing trade.
- Security of Indian expatriates working there.

### Maldives China FTA

- The FTA is expected to exempt over 95 percent of bilateral trade flows from tariffs while enhancing cooperation in areas including finance, medicine, tourism, and fishing.
- However, there are concerns that –
  - The FTA was rushed through Parliament in a record one hour without any debate and there was a lack of public disclosure.
  - Sino-Maldivian trade balance remains considerably in favor of China, and there are concerns that the FTA will further **increase the deficit** and push Maldives towards a **debt trap like Sri Lanka.**

### Other Projects

- Beijing is also building "**China-Maldives friendship bridge**" connecting capital and the main airport which was approved by amending the Constitution in 2015 to allow foreign ownership of land in projects with investments of more than \$1 billion for which 70 per cent of the land is reclaimed from the ocean.



- India has also undertaken projects in Maldives such as:
  - ✓ Indira Gandhi Memorial Hospital (IGMH): The 200-bed state-of the-art hospital is considered a premier institute
  - ✓ Faculty of Engineering Technology (FET) which has a capacity to train several hundred students a year in various technical/vocational disciplines and is one of the leading technical institutes in the country.
  - ✓ **India-Maldives Friendship Faculty of Hospitality & Tourism Studies**
- India has provided **liberal economic aid** and cooperated with Maldives for improving its Infrastructure.
- India shares very **close military ties** with Maldives by having two helicopter bases, integration of radars and Indian Coast Guard surveillance along Maldivian coast. India also aims to remain as a net security provider to Maldives.
- India also promotes **people to people contacts** through air connectivity, education linked scholarship programs and cultural exchanges. Indians constitute second largest expatriate community in Maldives with approximate strength of around 22000.
- Further India has naval presence in Maldives and has supported Maldives regarding difficulties emanating from climate change and sea level rise.

### Contemporary situation

- Under the current regime of Maldives, since 2013, India-Maldives relations have been deteriorating.
- Maldives' closeness to China has increased as big infrastructure projects have been given to Chinese companies and Chinese naval ships were allowed to dock in Male.
- Further Maldives has signed its first ever **Free Trade Agreement (FTA) with China**. FTA was signed even after President Yameen, during a visit to New Delhi, said that his country would sign an FTA with India first. FTA will draw the Maldives more closely into China's security net considering:
  - China already has an FTA with Pakistan, and is exploring or negotiating FTAs with Bangladesh, Sri Lanka and Nepal.
  - The Maldives has also agreed to become a partner in China's maritime silk route.
- Bilateral diplomatic relations between India and Maldives have taken a beating since Maldivian President Abdulla Yameen **declared a state of emergency in response to a** Supreme Court order quashing the conviction of former President Mohamed Nasheed and eight other opposition politicians on various charges, including terrorism.
- Maldives with China's backing has cracked down on the opposition and free speech and has asked India not to interfere in its internal matters.
- Maldives recently also asked **India to take back one of two naval Dhruv** Advanced Light Helicopter (ALH) New Delhi had gifted to Male and has cancelled work permits of many Indians indicating further deterioration of ties between the two countries while China has making inroads into it.

### India's stake and Concerns

- The first gesture of India's disappointment over the happenings in archipelago state is that despite 'Neighborhood first' policy, Indian PM skipped Maldives in his Indian Ocean Tour due to **cancellation of GMR contract** by Maldives later given to China and country's approach towards restoring democracy but this has only resulted in its tilt towards China.
- India is equally concerned over **increasing radicalization of youth** in Maldives which has security implications for India. Maldives has also decided to sell or lease an atoll to Saudi Arabia which will set up Madrasas thus aggravating Wahhabism in the country.
- The current emergency situation is also a very serious as **democratic institutions are being subverted** which would make it difficult for Indian Government to negotiate a better relation with Maldives, this calls for India's intervention in Maldives.
- But unlike India's operation Cactus, where request for intervention was from the sitting president, in the present case the demand for intervention is from opposition parties. The situation does not meet the requirements articulated by the 'responsibility to protect' doctrine, under Article 2 of the UN charter and India's traditional policy of non-intervention in the internal affairs of other sovereign countries.

### Way forward

India should involve in **political mediation** between the government and Opposition, to restore order in Maldives and facilitate conditions for the upcoming elections due in next few months. A democratic

Government would be in the best of interests for both Maldives as well as India. India must get considerable **international support** for the same.

## 2.3. INDIA-SEYCHELLES

### Why in news?

Seychelles' President Daniel Faure visited India for bilateral talks in the backdrop of **the Seychelles' parliament refusal to ratify an Indian naval base plan on the Assumption Island.**

### Areas of co operation

- India-Seychelles diplomatic relationship was established in **1976** when Seychelles got independence and the two countries share close relationship based primarily on the **twin planks of maritime security and co-operation in developmental activities.**
- India and Seychelles are working together to bolster the **island nation's need for maritime security in Indian Ocean Region (IOR) and making the IOR safe for development and trade activities.** Besides cooperation in **counter piracy and counter terrorism in high seas** are also going on which is critical for India's extended maritime security.
- Under Development cooperation several initiatives like Training **under Indian technical and economic co-operation (ITEC) Programme**, provision of patrol vessels, hydrographic surveys etc. have been taken.
- **Defence Co-operation**
  - Indian navy has deployed **maritime reconnaissance aircraft to Seychelles for surveillance of the island nation's Exclusive Economic Zone.**
  - Besides, **Joint Military Exercise Lamitye** also being conducted since **2001.**

### Importance of Seychelles for India

- Seychelles forms a crucial part of Indian Ocean Region where India is trying to increase its influence by extending economic, military and diplomatic cooperation and through strategic partnership.
- Apart from its **strategic location on international sea lanes of communication, Seychelles is a leader among SIDS group (Small Island Developing States)** which has multifold areas of convergence with India.
- It is a **leader in advancing the concept of 'blue economy'**, which covers several aspects like environment, hydrocarbons, marine economy, renewable energy and exploration of continental shelf.
- This island nation also forms **the entry gate to eastern Africa** with which India has had historical socio-commercial links and now forms a huge market for Indian firms.
- **Countering Chinese Influence**
  - China has begun making inroads into these island nations with infrastructure projects and other commercial investments.
  - Recent **Maldives India fallout regarding job visas and lease of Hambantota port by Sri Lanka to China** has made it imperative for India to actively engage with this island
- Seychelles have supported India in international fora, including **endorsing India's permanent membership of an expanded UN Security Council.**

### Importance of India for Seychelles

- India has always been there to help for the country in any crisis. Indian navy conducted **"Operation Flower Are Blooming"** in **1986** to avert a coup and helped the island achieve political stability.
- India provides **multi-dimensional assistance to Seychelles. More than 1% of population is trained under ITEC programme** of India.
- India has been instrumental in establishing **communication facilities across Seychelles** as a part of the **Pan African e-Network project** between India and the African Union.
- The **Indian Diaspora in Seychelles consists of approx 8% of the Seychelles** population which has been influential in forging **socio-cultural and economic ties** between two countries.

### Issues

- Huge Chinese investments in several infrastructure projects are diminishing Indian influence in the island nation.

- **Seychelles also offered refueling and docking facility to Chinese ships** coming from Djibouti naval base which India is apprehensive about.
- **Assumption island naval base:** The pact to build a naval base on the island had been under discussion since 2003 and was finally signed after amendments in January 2018. But national assembly of Seychelles refused to ratify the project as it would draw the country in the middle of India-China rivalry. However, now both the countries have agreed to work on the project **keeping each other's interest in mind.**

### Way Forward

- India must continue **working in area of mutual interest like counter terrorism, piracy** etc. and must work out the contentious issues with dialogue.
- India's priority should be to engage with the island nation and **counter any economic advantage that China can offer.**
- India must deploy **greater military assistance** like supply of naval equipment and training to defence forces for counter piracy and enhanced security of EEZ of the Seychelles.

## 2.4. INDO-PACIFIC

### Why in news?

India, Japan, the US and Australia have reiterated their shared commitment to the Indo-Pacific region in recent past.

### Indo-Pacific as the new Geo-Political Construct

The “Indo-Pacific” idea was originally conceived in 2006-07. The term ‘Indo-Pacific’ combines the Indian Ocean Region (IOR) and the Western Pacific Region (WP) – inclusive of the contiguous seas off East Asia and Southeast Asia – into a singular regional construct. Now it has gained eminence due to:

- **Increasing geopolitical connect:** between the Indian Ocean and the western Pacific in both the geo-economic and security dimensions is on the rise and the change in regional nomenclature from Asia-Pacific to Indo Pacific is a better representative of the same.
- **Geo-economic opportunities:** eastward shift of the world’s economic “center of gravity” towards the Asian continent and thus the Indo-Pacific is regarded as a singular and integrated geopolitical construct.
- **Growing Eminence of India:** Even though the “Indo” in “Indo-Pacific” represents the Indian Ocean and not India, the global community expects India to play a major role in terms of ensuring a maritime environment that is conducive for economic growth and development.
- **Politico-military aggressiveness of China:** In the backdrop of China’s string of pearls theory Indo-Pacific presented an opportunity to capitalise on China’s key strategic vulnerability, viz., its energy lifelines transiting the Indian Ocean and to showcase Indian Navy’s capability to moderate China’s behaviour, thereby dissuading its future aggressiveness.





### Recent Measures and Policy initiatives:

- **Australia:** In 2013, Australia released its Defence White Paper making it first government articulation of Indo-Pacific and endorsing India's centrality in the Indo-Pacific construct.
- **USA:**
  - It recently renamed its strategically important Pacific Command (PACOM) as the **U.S. Indo-Pacific Command**, indicating that for U.S. government, East Asia and the Indian Ocean Region are gradually becoming a single competitive space and India is a key partner in its strategic planning.
  - Even 2018 **National Defence Strategy** of US acknowledges Pacific challenges and signals America's resolve and lasting commitment to the Indo-Pacific.
- **Japan:**
  - Its Free and Open Indo-Pacific Strategy rests on “two oceans” — Indian and Pacific — and “two continents” — Africa and Asia and will help Japan in preparing to deal with the fast changing global and regional order and threats
- **India:**
  - In Shangri La Dialogue India embracing concept of Indo-Pacific announced that along with key partners in the region— it is committed to a “free, open, transparent, rules-based, peaceful, prosperous and inclusive Indo-Pacific, where sovereignty, territorial integrity and international law, freedom of navigation and overflight are respected.

### Future Relevance of Indo-Pacific strategy

- The relevance of the ‘Indo-Pacific’ concept will be enhanced in the future due to the **strengthening linkages** between the IOR and the WP.
- Furthermore, the growing trade and people-to-people connectivity between the IOR and WP countries may bring economic prosperity in the IOR region, and slowly **reduce inequalities** in terms of economic and human development indices.
- China's Belt and Road Initiative (BRI) and India's Act East policy may also contribute to **economic integration** of the IOR and the WP.
- Further it will also help in evolving **balance of power in Asia**, and to address the fault-lines therein, with the overarching aim of preserving regional and global stability.
- India and other partners need to demonstrate their ability to enforce UNCLOS otherwise there will be little incentive for rule breakers, like China, to adhere to the norms or respect freedom of navigation.

### Concept of Indo-Pacific from different perspectives

- **For USA**, it highlights inadequacy of the “Asia-Pacific” term (which means ‘the Asian littoral of the Pacific Ocean’) to meet its geopolitical and foreign policy objectives of maintaining its sphere of influence in face of the Chinese challenge. Secondly it aims to incorporate India into the region-wide security architecture by making it a “net security provider”.
- **For India** it means an extended eastern maritime neighbourhood in tandem with Act East Policy and Indian Navy's new maritime security strategy to the entire western and south-western Pacific Ocean.
- **China** on its part has not expressed any resentment and may use it to increase its own influence in Indian Ocean especially through BRI.
- **For Japan** it means an enhanced maritime security role in the area in cooperation with India to reduce its seaborne energy and food imports across the IOR
- **For Indonesia:** Possessing substantial potential to become a major maritime power, Indonesia is also likely to be a key player in the process of melting the IOR-WP divide, and thereby reinforcing the ‘Indo-Pacific’ construct as it has coasts facing both the oceans.

### India and APEC

In the past few years the issue of India's membership to the APEC has come under repeated discussion within the forum. Main impediments to India's entry-

- Its extra-regional status as APEC is essentially a group of 'Pacific' countries that came together in 1989 to form an economic community.
- Opposition of some participants who have held India's record on economic reforms and WTO engagement to be unsatisfactory of meriting inclusion as a member in the grouping.

### Why India should be included?

- India is Asia's third largest economy. India in APEC would help offset the now-overwhelming influence of the Chinese economy, while also embedding India in a forum that would nudge it toward further economic reform.
- Moreover, India's maritime strength and strong strategic relations with the region's major powers could be used to bring strategic balance within the grouping.
- It would further provide a flip in achieving a “free and open Indo-Pacific region.”

India, which presently has 'observer' status, has been very keen to join the economic grouping as a full member. Importantly, inclusion in the APEC might open the door for India's membership of the Trans-Pacific Partnership (TPP).

The emergence of the Indo-Pacific as a geo-strategic concept is a welcome development. However, it needs further diplomatic movement and there needs to be greater clarity on economic issues. Japan and Australia will play an important role in bolstering economic linkages and connectivity and India should also play its part in multilateral cooperation.

## 2.5. KRA CANAL

### Why in news?

China has decided to build a 100-km canal cutting Thailand into two parts.

### Details of the project

- The new Thai Canal project comprises of two portions-
  - The first portion is seen as a counter to the “Malacca Dilemma.” The canal will link the South China Sea to the Andaman Sea, connecting the Pacific Ocean to the Indian Ocean respectively.
  - The second portion is the establishment of a Special Economic Zone (SEZ). The new zone includes the addition of cities and artificial islands, which will enhance new industries and infrastructure in the region. This would make Thailand into a “logistic hub” and link Thailand to countries from all over the world.

#### Malacca Dilemma

The “Malacca Dilemma” is a term coined by Chinese President Hu Jintao (2003) on the over-reliance on the Malacca Straits where 80% of China’s energy needs (oil imports) from the Middle East, Africa etc. passes through the Malacca Straits which is also known as China’s maritime lifeline.

The closest alternatives, the **Straits of Lombok** and **Makassar**, are slower and already heavily utilized by the Very Large Crude Carriers that cannot safely navigate the Malaccan route.

Thus, China is vulnerable to a wide range of potential natural and political interference due to it being highly dependent on a chokepoint that it does not directly neighbour.

### Impact

- **Energy Security:** The Thai canal will drastically **diminish transit time** across the busiest maritime shipping route and Chinese companies are extremely interested in speeding up the project as over 80 percent of Chinese oil imports and 30% of world trade pass through the Malacca Strait.
- **Strategic Importance:** The canal will **slash 1,200 km off the route** Chinese warships by bypassing Malacca Straits to reach South Asian ports and will dramatically enhance Beijing’s ability to intervene in the region.
- **Security Architecture:** As China continues to expand its presence across the maritime domain through BRI, the establishment of infrastructure projects, like the Kra Canal, is further likely to influence the **new emerging security architecture** in the Indo-Pacific.



- Some experts also say that the Kra Canal **could benefit India and other economies** in the region whose ships ply through the region by **taking pressure off the overcrowded Malacca Straits**.

### Challenges

- The division of the isthmus will have considerable **environmental implications** on the flora and fauna of the region, and also on **tourism and fishing industry** in Thailand as the proposed canal route would run past tourist areas in the Andaman Sea that generate about 40 per cent of the total revenue from the tourism industry.
- It may also lead to an **erosion of the country's sovereignty** as was the experience of Egypt and Panama, where the development of Suez and Panama canals led to decades of foreign control.

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## 3. SOUTH EAST AND EAST ASIA

### 3.1. EAST ASIA AND ASEAN

#### Why in News?

- Recently, the 15<sup>th</sup> **ASEAN-India and East Asia summits** and many other events took place simultaneously in Manila during the summit -
  - the Regional Comprehensive Economic Partnership (RCEP) leaders' meeting
  - The ASEAN Business and Investment Summit.
  - The first meeting of the India-U.S.-Japan-Australia quadrilateral
- ASEAN also celebrated its 50<sup>th</sup> anniversary.

#### Association of South East Asian Nations

- It is a **political and economic organization** aimed primarily at promoting economic growth and regional stability among its members.
- It was **founded in 1967** by the five South-East Asian nations of Indonesia, Malaysia, Philippines, Singapore and Thailand.
- There are currently **10-member** states: Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Laos, Myanmar, Cambodia and Vietnam.

#### Regional Dynamics

- East Asia is the eastern sub region of the Asian continent which geographically and geopolitically includes Greater China (Greater China consists of Chinese mainland, Hong Kong, Macau and Taiwan), Japan, Mongolia, North Korea and South Korea.
- Considering the historical, cultural and economic linkages in the region Japanese Prime Minister Hatoyama Yukio (2009–10) even proposed the formation of an **“East Asian Community,”** the extended region, including China, Japan, and Korea as well as the members of the Association of Southeast Asian Nations.
- Recently China has been working on improving its commercial and military dominance in the region (South China Sea issue), which has increased instability in the region.
- Such uncertainties have been further exaggerated by the gradual **retreat of the US** from the region.
- There has also been a **fundamental change in India's foreign affairs** with regards to its embrace of the bigger issues of East Asia like the North Korean nuclear crisis, its Act East policy, emerging concept of Indo-Pacific thus depicting its further engagement in the region.
- India has gradually emerged as a more **dependable partner in the region** following the Doklam faceoff with China.

#### Benefits of a broader East Asian Community

- **Economic benefit:** The degree of mutual dependence in trade relations among East Asian countries (Japan, China, Korea, Taiwan and member of the ASEAN) has already exceeded the level analogous to trade dependence within the EU in the 1970s and current interdependence among NAFTA.
- It will also bring efficiency in investment and would generate financial as well as other indirect benefits for countries outside the region.
- **Political Impact:** An East Asia community would create opportunities for democratic countries, such as Japan and South Korea, to urge China's more active participation in international politics so that it gradually shares the values of free nations.
- **Regional security:** Considering tension on the Korean Peninsula and in the Taiwan Strait, among others it is vital for Japan, China and South Korea to maintain a common stance and to share a common concern for security in the East Asian region.
- **Global Implication:** An East Asia community would play a big role in instilling a sense of responsibility in Asian countries and in leading them jointly in contributing to the resolution of global issues.

#### ASEAN relevance in today's world

#### Arguments against

- There is a **palpable influence of China (and extra regional powers)** on the region which can be testified by the fact that-
  - China has a de facto veto over any decision which may directly affect Beijing's interests both in economic and security matters.
  - There has been a lack of resolve before China's repeated **acts of provocation against ASEAN** members, particularly the Philippines and Vietnam.

- There seems to be a **lack of mutual trust in terms of security** which made the members of ASEAN like Vietnam and Philippines to try to augment their defense ties with the extra regional powers.
- Also, due to **lack of coherence and consensus** among the members it has failed to negotiate on Declaration on the Conduct of the Parties in the South China Sea.
- Economically, ASEAN still grapples with 10 **different tax systems** and Indonesia continues to pursue an economically protectionist policy. Foreign ownership is still limited in Indonesia and the hiring of foreign workers is strictly controlled.

#### Arguments in favour

- The bloc's longevity as well as its relative stability—is itself a testament that one of the world's oldest regional organizations is in the right direction.
- Recently, the focus of the organization has shifted more towards economy. It is seen that despite the slowdown in global economic growth, ASEAN economies remain as among the most dynamic in the world.

ASEAN has played a crucial role of contributing to political and economic stability in the region. At the same time, dynamism and adaptability have always been the mark of effective institutions, and ASEAN will similarly need to constantly revisit the spirit of its existence vis-à-vis the region's fast-changing geopolitical configuration. For a group like ASEAN, staying relevant, whether via new ways of thinking or new solutions, is the only viable step forward.

### 3.2. INDIA-ASEAN

#### Why in News?

Recently a summit was held to mark the 25th anniversary of Association of Southeast Asian Nations (ASEAN)-India Dialogue Relations and **Delhi Declaration** was signed.

#### Highlights of the Declaration

- **On terrorism-** Both sides, for the first time, explicitly mentioned cross-border terrorism with commitment of close cooperation in areas like terror financing, people smuggling, trafficking in persons etc.
- **On Regional Comprehensive Economic Partnership-** They agreed to target a swift conclusion to the comprehensive and mutually beneficial Regional Comprehensive Economic Partnership (RCEP) in 2018.
- **Economic assistance-** Both sides will work to “further strengthen ASEAN-India economic relations through the full utilization and effective implementation of the ASEAN-India Free Trade Area.
  - Promotion of stable and sustainable growth for Micro, Small and Medium Enterprises (MSMEs) was also agreed upon.
- **Physical and digital connectivity-** They reaffirmed their commitment to enhance physical and digital connectivity in line with the Master Plan on ASEAN Connectivity 2025 and the ASEAN ICT Master plan (AIMS 2020).
- **Cooperation in Maritime Transportation** and encourage potential private sector participation in the development of seaports, maritime logistics network and maritime services.
- **Cooperation in aviation** under the ASEAN-India Aviation Cooperation Framework through cooperation on technical, economic and regulatory matters between ASEAN and India.

#### RCEP

- It is a **proposed comprehensive free trade agreement** between the members of the ASEAN and the 6 states with which ASEAN has existing free trade agreements (Australia, People's Republic of China, India, Japan, Republic of Korea, and New Zealand).
- The negotiations were launched in November 2012 at the ASEAN Summit in Cambodia.

#### Significance for India

- Can provide impetus to India's Act East Policy by effectively integrating trade in the region.
- Can open up new markets for India where it has a competitive edge like ICT.
- Competition and exposure to enhanced standards would provide an opportunity for India to improve its regulatory environment.

#### Various Indian reservations on the issue

- Dismantling import duties pushed by ASEAN members. It would mean unhindered access to Chinese products in Indian market.
- It will expose India's agriculture and industry to indiscriminate competition.
- India unwilling to cater to demands from some RCEP countries to open up procurement segment.
- In terms of generic medicine manufacturing several members have pushed provisions that go beyond TRIPS and may have adverse impact on it.

- **Preserving Marine resources** through their conservation and sustainable use in the Indian and Pacific Oceans and address threats to these resources including illegal, unreported and unregulated fishing, loss of coastal ecosystems, etc.
- **Cooperation in outer space** through ASEAN-India Space Cooperation Programme.

### India-ASEAN

After its Independence in 1947, India followed a policy of **Non-Aligned Movement (NAM)** and became a champion of decolonisation, including in Southeast Asia. However, during the 1970s, India's perceived tilt towards the Soviet Union led Southeast Asia to drift away from India as both followed different economic and political ideologies.

- In a major shift away from policies of the Cold War era, India adopted the **“Look East Policy” (LEP)** soon after economic liberalization in 1991 to increase economic and commercial ties with East and Southeast Asian nations such as China. Over the years the policy has also concentrated on building closer ties on the strategic and security aspects in the region.
- One of the major consequences of India's engagement with ASEAN has been the **ASEAN-India Free Trade Agreement (AIFTA)**, which was seen as an essential step towards deeper economic integration.
- In 1992, India became a dialogue partner across limited sectors in ASEAN and in 1995 it achieved the status of **full dialogue partnership**.
- In 1996, India was given the opportunity to appear in the ASEAN Post Ministerial Conference (PMC) and became a full member of the ASEAN Regional Forum (ARF). While in 2012 the relations were upgraded to **strategic partnership**.
- For the past few years India has joined the ASEAN “plus six”, including China, Japan, South Korea, Australia and New Zealand, to discuss the RCEP free trade agreement.
- Although there have been issues over India's stand on visas and services access, while also holding out against free trade that could give China an unfair edge in goods trade.
- The “ASEAN-India Partnership for Peace, Progress, and Shared Prosperity” in 2004 and the “Plan of Action” in 2012 highlighted the growing confluence in various areas between ASEAN and India.
- Two decades of the Look East Policy, now renamed as Act East Policy by the government, have brought some positive results for India in making ASEAN an important regional partner.

### Significance of ASEAN for India

- **In terms of Economy**
  - The bloc represents a **key trade and investment partner** for India. Over the past 20 years, ASEAN's portion of India's total exports and imports is around 9.22 percent and 8.93 percent, respectively, which is a considerable chunk.

#### Master Plan on ASEAN Connectivity 2025

- It was adopted during Vientiane Declaration in 2016 with a vision to achieve a seamlessly and comprehensively connected ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community.
- It will focus on five strategic areas to achieve this vision-
  - Sustainable Infrastructure
  - Digital Innovation
  - Seamless logistics
  - Regulatory excellence
  - People Mobility

#### ASEAN ICT Masterplan

- Launched in 2015, it has a vision to propel ASEAN towards a digitally-enabled economy that is secure, sustainable, and transformative; and to enable an innovative, inclusive and integrated ASEAN Community.

- The 4th International **Dharma-Dhamma Conference** was recently held at Rajgir in Nalanda district, Bihar as a part of the commemorative events to mark ASEAN-India 25 years of dialogue partnership.
- The theme of the conference was “State and Social Order in Dharma-Dhamma Traditions”
- It has been organised by Nalanda University, in collaboration with the Centre for Study of Religion and Society, India Foundation, Ministry of External Affairs and the Vietnam Buddhist University.

#### Trade & Economic Cooperation-

- ASEAN region & India comprise about 1/4<sup>th</sup> of the global population and their combined GDP has been estimated at over \$3.8 trillion.
- India signed a FTA in goods in 2009 and an FTA in services and investments in 2014 with ASEAN.
- Apart from this, India has a **Comprehensive Economic Cooperation Agreement (CECA)** with various countries of the ASEAN region which has resulted in concessional trade and a rise in investments.
- India's investment in ASEAN during the same period has been more than \$40 billion.
- Trade between India and ASEAN stood at \$65.04 billion in 2015-16 and comprises 10.12 per cent of India's total trade with the world.



- **Investment from ASEAN** to India has been over \$70 billion in the last 17 years accounting for more than 17 per cent of India's total Foreign Direct Investment or FDI.
- The ASEAN economies have a wide experience in manufacturing which can be utilized by India in its **Make in India** endeavor.
- **In terms of Security**
  - ASEAN platform allows India to discuss **non-traditional security** issues in Indian Ocean Region(IOR) like piracy, illegal migration, and trafficking of drugs, arms, and human, maritime terrorism, etc. which can only be resolved on a multilateral level.
  - India has also scored **several diplomatic successes** at ARF, including maintaining ties after its nuclear test of 1998, isolating Pakistan during the Kargil War, and lobbying against Pakistan's entry in the forum till 2002.
- **Connectivity** is another important issue of convergence, with India working toward formalizing its transit agreements and establishing better connectivity infrastructure with this region through land, water, and air, example- India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Project.
- The **aggressively rise of China**, both economically and militarily, has caused suspicion among the countries in the region. This provides an opportunity to India which seeks to balance China and gain cooperation in the region.

### Significance of India for ASEAN

- **Economically**, the ASEAN nations can utilize their relation with India, which is an emerging economic power. One of the objectives of the CECA signed between the two is to facilitate the more effective economic integration of the new ASEAN member states and the bridging of development gap among the parties.
- The recent **loss of US market** by the ASEAN nations can be compensated with the domestic demand in India which has been increasing with the rise of middle class in the country.
- In terms of **security challenges**, both ASEAN and India are faced with grave vulnerabilities with regard to terrorism and it is in their common interest to work together to build peace and security in the region.
- With the withdrawal of US troops from strategic locations in the region, ASEAN countries justifiably perceive India, with the largest Naval forces in the Indian Ocean and nuclear capabilities, a strategic partner **to balance China's growing power** in the region
- While East Asia is on the verge of entering a phase of lower share of working age population India is entering a phase with a higher share of working age population which can prove to be a **human resource base for East Asia**.

### Issues between India & ASEAN

- There is an **imbalance between many ASEAN nations and India** because many of them are industrialized with manufacturing bases primed for exports, while India's export sector remains weak and the government's focus has shifted to boosting manufacturing domestically.
- While the ASEAN member states have been disappointed that India does not take a proactive role in the region, India's expectations regarding a more robust support for its regional outreach too have not been met.
- India continues to **privilege bilateral partnership** rather than pursuing ASEAN as a multilateral forum.
- **India's capacity** to provide development assistance, market access and security guarantees remains limited and **ASEAN's inclination** to harness India for regional stability remains circumscribed by its sensitivities to other powers specially China.

### What India needs to do for better engagement in the region?

- **Service & Manufacturing** can be worked upon to balance trade and investment relationship by drawing on each other's inherent strength-
  - ASEAN nations like Vietnam are well-integrated with global value chains which India can use to give its own manufacturing sector a boost.
  - India can facilitate greater Indian service sector exports to ASEAN as well as supporting freer movement of people.
- **Digital technologies**- Given the reluctance of ASEAN states to take help from Chinese giants in the field (due to concerns regarding china's ability to own data), Indian IT sector may take some advantage.
- **Effective delivery of projects**- India needs to focus on more effective delivery of projects it is already committed to. Example India-Myanmar-Thailand Trilateral Highway (The plan is to extend this highway to

Cambodia, Laos and Vietnam in an attempt to project India's role in the emerging transportation architecture.)

- **Improving Connectivity-** With China having three times more commercial flights than India to Southeast Asia, improving air connectivity between India and ASEAN countries should also be high on the agenda. Besides, the Bay of Bengal can be used as an exploratory ground for the development of an India-ASEAN maritime framework.
- **Strengthening cultural connect-**Tourism too can be further encouraged between India and the ASEAN with some creative branding by the two sides.
- **Indo Pacific:** The US president recently replaced the term "Asia-Pacific" with "Indo-Pacific" which depicts the increasing importance of India, also presenting a great opportunity and responsibility on the Indian part.
- The region has become strategically important for India due to its growing importance in the world politics. And for India to be a regional power as it claims to be, continuing to enhance its relations with ASEAN in all spheres must be a priority.

### 3.3. INDIA-JAPAN

#### Why in news?

Prime Minister of Japan paid official visit to India. He participated in **12th India-Japan Annual Summit**.

#### List of MoUs/Agreements signed during the visit

At the **12th India-Japan Annual Summit**, the two countries vowed to increase mutual cooperation in the areas of manufacturing, civil aviation, science & technology, connectivity and skill development.

India and Japan signed 15 agreements to broad-base their strategic partnership and agreed to strengthen cooperation in the Indo-Pacific region where China is increasing its assertiveness

#### Highlights of Joint statement

**"Toward a Free, Open and Prosperous Indo-Pacific"**, the title of the joint statement, gave away the common concern weighing down both countries.

- **Indo-Pacific region**
  - The joint statement calls for a **"rules-based order"** in the Indo-Pacific region where **"sovereignty and international law are respected, and differences resolved through dialogue, and where all countries, large or small, enjoy freedom of navigation and overflight, sustainable development, and a free, fair and open trade and investment system"**.
- **The Chinese Belt and Road Initiative (BRI)**
  - The joint statement also took a swipe at China's OBOR initiative by **calling for transparency** in the development of connectivity and infrastructure development in the region, and reaffirmed the India-Japan project to connect Africa and Asia.
  - The joint statement also endorses the principles on which India decided to sit out the Chinese Belt and Road Initiative (BRI).
- **North Korea**
  - Displaying strategic convergence, India and Japan asked North Korea to shut down its nuclear and missile programmes.
  - The statement condemns North Korea, but for the first time, includes **"the importance of holding accountable all parties"** that helped that country develop its nuclear programme, which is not just an allusion to China, but also Pakistan.

At the summit, 15 agreements were signed to broad-base their strategic partnership. Some of the important ones are:

- An agreement was signed for open skies between India and Japan for unlimited number of flights to select cities.
- The India-Japan Investment Promotion Road map between DIPP and Ministry of External Trade & Industry (METI) to facilitate and accelerate Japanese investments in India.
- MoC between METI and the state of Gujarat on 'Japan-India special programme for Make In India' in Mandal Bechraj-Khoraj.

#### Joint inauguration of the high-speed rail project

- Indian Prime Minister and his Japanese counterpart laid the foundation stone in Ahmedabad for the country's first, 508 km high-speed **rail project between Mumbai and Ahmedabad**.
- The ambitious project is being implemented with nearly **90% financial support and technology from Japan**.
- India's decision to partner with Japan for the project is as **much about politics as it is about infrastructure** as Japan has been keen to confirm the Japanese contracts while China wins projects along its **Belt and Road** railway line is significant.

- **Terrorism**
  - A joint statement issued after the summit sought the **implementation of Resolution 1267 of the UN Security Council to counter cross-border terrorism.**
  - The clause calling for **zero tolerance** on terrorism referenced China's veto on the Jaish-e-Mohammad chief being put on the list of UN-designated terrorists.
- **Joint exercises**
  - The joint statement emphasised expansion of joint exercises in areas of **humanitarian assistance and disaster relief (HA/DR), peacekeeping operations and counter-terrorism**, which will also include joint field exercises between the Japanese and Indian land forces next year.
- **Help for Northeast**
  - Japan also stated its interest in the strategically important northeastern region of the country.
  - Japan, at present, has two infrastructure projects in Meghalaya and Mizoram and more projects are likely to be added to the list after feasibility studies.

### Analysis

- It is clear that the government has set **India-Japan** ties on an **accelerated geopolitical course** that will be a major factor in its dealings with the rest of the world, especially China, at a time when the U.S. is perceived to be retreating from the region.
- However, the strategic partnership needs stronger economic ties. Today, India-Japan trade languishes at **around \$15 billion**, a quarter of trade with China while Japan-China trade is around \$300 billion. While Japan is India's largest donor and the third largest provider of FDI, bilateral trade has steadily declined since 2013.
- The two have decided to boost defense ties given the escalating tension in the region in the wake of the nuclear test by North Korea and China's growing assertiveness in the South China Sea.
- The two sides also agreed to commence technical discussions for research collaboration in the areas of Unmanned Ground Vehicles and Robotics.
- Another major initiative is the recently launched **Asia-Africa Growth Corridor** to build connectivity for which Japan has committed \$30 billion and India \$10 billion.
- This adds a critical dimension to the '**global partnership**' between the two countries. However, to make this productive, India needs to change its style of **implementing projects abroad, most of which have been plagued by cost and time over-runs.**

## 3.4. INDIA-INDONESIA

### Why in news?

The Indian Prime minister recently visited Indonesia.

### More about the visit

- Both sides have agreed to elevate the bilateral relationship between the two countries to the level of **Comprehensive Strategic Partnership.**
- The need for "free, open, transparent, rule-based (UNCLOS), peaceful, prosperous and inclusive Indo-Pacific region" was emphasized.
- A **shared Vision on Maritime Cooperation in the Indo-Pacific** was announced to harness the opportunities and the following was agreed to-
  - Enhancing Trade and Investment Cooperation:
  - Expanding cooperation in disaster risk management:
  - Fostering tourism and cultural exchanges, etc.
- A link will be established between Andaman Nicobar and Aceh to tap the economic potentials of both areas.

### Significance of India- Indonesia relations

- **Securing sea lanes of communication-** Strategic location of Indonesia at the transition of Indian and Pacific Ocean is very important to secure the major sea lanes of communication considering the South East Indian ocean is the hotbed of piracy and smuggling of people, arms, drugs and money; illegal, unreported and unregulated fishing; and the movement of terrorists etc.



- **Strategic importance:** Recently Indonesia agreed to give access to the strategic island of **Sabang**, close to the Malacca Strait for Indian investment. This would help India to become a **net security provider in the Indian ocean region**.
- **Countering China:** China's increasing assertiveness in the region has required for greater cooperation among various players in the region.
- **India's Act East policy:** Indonesia's support will bolster its Act East Policy as it is the largest country in southeast Asia both population wise and economically. Also, India's vision of SAGAR (Security and Growth for all in the Region) matched with Indonesia's Global Maritime Fulcrum.
- **Trade and investment:** In 2017, trade between the two countries was USD 18.13 billion. India and Indonesia have agreed to triple bilateral trade to USD 50 billion by 2025. Both countries can play critical role towards promotion of blue economy and fast tracking RCEP (Regional Comprehensive Economic Partnership).
- **Countering terrorism:** Both the countries face threats of increasing religion-based terrorism. Thus, both the Country had agreed to establish interfaith dialogues to address this issue.

### Challenges in India Indonesia relations

- **Strong presence of China in the region:** Indonesia has friendship treaty with China of cold war time, hence it would not go to an extent which could concern China even after comprehensive strategic partnership.
- **Cold war era hostility:** After independence India had good relations with Indonesia as both the countries were founder of Non-alignment movement, however it deteriorated later as India tilted towards USSR and Indonesia towards USA. During Indian's war with Pakistan, Indonesia had supported Pakistan.
- **Demarcation of maritime border between the two countries in the Andaman sea** has not been completed. However, during the visit, both have reiterated to settle it soon
- **Poor Connectivity:** The potential of India Indonesia relations has been unrealized due to poor connectivity. The direct air connectivity was launched only recently.

### Way forward

- India and Indonesia can provide **complementary models for coexistence of religious minorities** with majoritarian communities in Asia based on their own tradition of coexistence. The **interfaith dialogue forum** should be promoted for it.
- India can strengthen Indonesia's democratic credentials by advocating its admission in a revived India-Brazil-South Africa forum.
- India may also invite Indonesia in the Quadrilateral security dialogue which includes Japan, USA and Australia, which focuses on the security aspects in the Indo-Pacific region.

## 3.5. INDIA-SINGAPORE

### Why in news?

Recently, the India-Singapore Bilateral Agreement for naval cooperation was signed during the second Defence Minister's Dialogue held in Delhi.

### Key Facts

- The agreement will allow Indian Navy ships logistical support, including re-fueling, at **Singapore's Changi naval base** located near the disputed South China Sea.
- The agreement covers several areas including increased cooperation in maritime security, joint exercises, temporary deployments in each other's naval facilities, and mutual logistics support.



### Significance of agreement

Apart from improving bilateral relations between India & Singapore, the agreement is important in terms of-

- **Strategic location-** The naval logistics agreement is the first for India with a country located east of Malacca, which is one of the most important shipping lane of the world.
  - **Economically,** it is considered a critical choke point for global commerce and is seen by China as vulnerability for its energy security.
  - This would allow greater Indian presence near the contested waters of the South China Sea.
- **Improving India's role in Indian Ocean-** India's presence in Chahabar port as well as in the Changi Naval base in Singapore may help India emerge as net security provider in the Indian Ocean region giving navy the ability for extended deployments in the region.
- **Broader defense ties-** This completes the agreements between the two sides in all service arms – the Air Force Bilateral Agreement was in place in 2007 while the Army Bilateral Agreement was also already in place in 2008.
- **Improving ties with East Asia-** It could also further India's efforts to interact more with Southeast Asian states in the maritime security domain especially with China increasing assertiveness in the region.

### Significance of Singapore for India:

- India and Singapore has a wide ranging relationship that is as strategic as well as economic.
- Singapore is both a **leading investment source and destination** for India. Singapore was the first country with which India signed a Comprehensive Economic Cooperation Agreement and talks for its further upgradation are going on.
- Singapore is also a **gateway to ASEAN** and the broader East. Further Singapore's Chairmanship of ASEAN this year will further take India's relations with ASEAN further and farther ahead
- Singapore has been developing **close links with Indian states** like West Bengal, Rajasthan, Andhra Pradesh, and Telangana. Hence, economic partnership is increasing.
- Both countries are seeking to explore other areas such as tourism and skill development.
- Singapore also feature in many area of India's **development priorities** with Singapore being a key partner in: smart cities, urban solutions, financial sector, skills development, ports, logistics, aviation and industrial parks.
- Singapore has been backing a greater role for India in the **Indo-Pacific region**.

The landscape in ASEAN is changing. In such a situation, Singapore's voice is likely to become even more crucial and the India-Singapore strategic partnership is likely to further strengthen.

## 3.6. INDIA-VIETNAM

### Why in News?

- Recently, Vietnamese President Tran Dai Quang paid a State Visit to India.

### More on News

- The visit also marks 45 years of diplomatic relations between Vietnam and India.
- Both inked three agreements pertaining to-
  - **Civil nuclear energy MoU** was signed between Global Centre for Nuclear Energy Partnership, India (GCNEP) and the Vietnam Atomic Energy Institute (VINATOM).
  - **Work Plan for the years 2018-2022** between the Indian Council of Agricultural Research (ICAR) and Ministry of Agriculture and Rural Development of Vietnam.
  - **MoU on Economic and Trade Cooperation** for enhancing economic relations.
- Both stressed the need for freedom of navigation, over-flight and resolving the South China Sea disputes on mandate of **United Nation Convention on the Law of the Sea. (UNCLOS)**.

### India Vietnam Relations

India and Vietnam have enjoyed close ties based on their shared history of fighting against colonial rule. In addition, there is a deep cultural connection between the two as well.

- **Strategic** - Vietnam is also an important partner in Southeast Asia and is currently the country coordinator for India with the Association of Southeast Asian Nations (ASEAN) regional bloc.

- **Defense and Security-** India has been training the Vietnamese military in operating its Russian-built Kilo-class submarines and SU-30 fighter jets.
  - After the signing of the MoU on Defense Cooperation by the two Defense Ministers in November 2009, the relations have grown from strength to strength.
  - Vietnam called on India to play a more proactive role in Southeast Asia while India on the other hand reiterated the importance of international law, especially the **United Nations Convention on the Law of the Sea (UNCLOS)**, in settling the South China Sea issue.
- **Economic-** India is now among the top ten trading partners of Vietnam. Indian companies registered 17 new projects with a total capital of US\$98.12 million in the areas of food processing, fertilizers, auto components, textile accessories etc.
- **In terms of Multilateral Cooperation,** apart from ASEAN, India and Vietnam closely cooperate in other regional forums such as the East Asia Summit, Mekong Ganga Cooperation, Asia Europe Meeting besides the UN and WTO.

#### Related Information

##### Global Centre for Nuclear Energy Partnership (GCNEP)

- It is the R&D unit under the aegis of Department of Atomic Energy (DAE).
- Established in 2010, under the aegis of Department of atomic energy.
- It promotes global nuclear energy partnership through collaborative research and training programs.

##### United Nation Convention on the Law of the Sea

- It was signed in 1984 and came into force in 1994.
- The law set the guideline for nations with respect to **their use of the world's oceans**, for businesses, environment, and the management of marine natural resources.
- The law led to introduction of Exclusive Economic Zone (EEZ) which prevents the fishermen to exploit the fish resource of other country.
- Within the EEZ, coastal countries have the right to use the marine resources within 200 nautical mile from their shore.
- The law made the provision for landlocked countries by providing right to access the sea through the territory of the neighbouring coastal country.

#### Vietnam's Importance for India

- **Act East Policy-** Vietnam is an important element of India's Act East Policy, which aims to re-invigorate its historical ties with countries in Southeast and East Asia. Also, as a member of ASEAN, it is an important enabler for India's growing trade and investment ties with the rest of Southeast Asia
- **Physical Connectivity-** With the election of a civilian government in Myanmar, there are ample opportunities for closer connectivity between India and Vietnam via Myanmar and existing transit routes in Cambodia and Laos.
- **Energy Cooperation-** India's growing economy needs energy resources and Vietnam has rich hydrocarbon reserves. India's state-owned Oil and Natural Gas Corporation (ONGC) has been searching for oil in disputed waters off Vietnam, though China objected to this.

#### India's Importance for Vietnam

- **Security Reasons-** Responding to China's aggressive posturing in the South China Sea, Vietnam has called on India to play a more proactive role in Southeast Asia.
- **Capacity Building** is another area in which India has been helping Vietnam through Line of Credit, Scholarship, conducting programs for Vietnamese defense personnel, etc.

#### Way Forward

There are yet various areas that may be improved. For example, India-Vietnam bilateral trade is a miniscule one compared to Vietnam-China bilateral trade, which is around \$70 billion. It is important to help trade and investment pick up in the bilateral context between the two. This could in turn also give fillip to the bilateral strategic engagement, making the relationship a more comprehensive one.

### 3.7. INDIA-MYANMAR

#### Why in news?

Indian Prime Minister paid his first (bilateral) official visit to Myanmar. He had visited the country in 2014 to attend the ASEAN-India Summit.



## Importance of Myanmar to India

Myanmar is one of India's strategic neighbours and shares a 1,640-km-long border with a number of north-eastern states including militancy-hit Nagaland and Manipur.

- Myanmar is at the heart of Indian government's **Act East policy** with the India-Myanmar-Thailand Asian Trilateral Highway, the Kaladan multimodal project, a road-river-port cargo transport project, and BIMSTEC.
- India is also working closely with the security forces of Myanmar to **target the insurgents** operating in the country's northeast.
- Myanmar is expected to act as the **bridge between India and ASEAN**, has risen in much significance in the context of India's Act East Policy, and good neighborhood policy.
- Better relations with Myanmar have become crucial for India with China gradually gaining confidence of countries in the region. Further India's completion of the projects with Myanmar would also prove India to be a responsible regional player, thus improving its reliability.
- In terms of **security and strategic partnership**, several deep sea ports of Myanmar, including Yangon and Dawei, can be crucial for India like Chabahar port in the west.
- Myanmar is on India's **energy security radar** on account of its "abundant oil and natural gas" reserves. Oil and gas companies ONGC Videsh and GAIL are aggressively scouting for more exploratory blocks in Myanmar.
- Myanmar like the other **CLMV countries** (Cambodia, Laos, Myanmar and Vietnam) — represents a rapidly growing economy with rising consumption, strategic location and access, rich natural resources (oil, gas, teak, copper and gemstones), biodiversity and an industrious workforce with low wages. And it offers **significant opportunities for trade in goods and services, investment** and project exports.

### MOUs signed between India and Myanmar

- Maritime Security Cooperation
- Cultural Exchange Programme for year 2017-2020
- Cooperation in Medical Products Regulation
- Cooperation in the field of Health and medicine
- Technical Agreement for providing Coastal Surveillance System
- Establishment of MIIT
- Upgradation of Women's Police Training Centre at Yamethin, Myanmar
- Sharing White Shipping Information between Indian Navy and Myanmar Navy
- In the field of elections between Election Commission of India and Election Commission of Myanmar
- Cooperation between Press Council of India and Myanmar Press Council
- Establishment of India-Myanmar Centre for Enhancement of IT-Skill

## India Myanmar Relations

- **Developmental cooperation:** India has committed highest grant-in-aid to Myanmar and is developing four major connectivity projects in Myanmar namely:
  - **Kaladan multi-modal corridor,**
  - Repair of 69 bridges on the **Tamu-Kalewa road**
  - The construction of the 120-km **Kalewa-Yargyi corridor** (both of which are part of the **India-Myanmar-Thailand trilateral highway**), and
  - The **Rhi-Tiddim** road in the Chin state bordering Mizoram.
    - ✓ The Archeological Survey of India has also recently restored the **Ananda temple**, a jewel among all **Bagan pagodas**.
- **Capacity building in Myanmar**
  - India has been actively involved in capacity building in Myanmar. Six centres imparting training in diverse subjects, from English language to industrial skills, are running successfully in Myanmar.
  - The Myanmar Institute of Information Technology set up in Mandalay with the collaboration of **IIIT Bangalore** has been a success with all its graduates finding ready employment.
  - The Advanced Centre for Agriculture Research and Education set up in collaboration with India's **ICAR** is a fine example of pooling research efforts on pulses and oilseeds.
  - With Myanmar's government emphasizing higher education and vocational training, **more Indian-assisted institutions** can come up in the country.

### Scope for cooperation between N-E India & Myanmar

- Businesses on both sides, especially SMEs in contiguous provinces, and the governments need to come up with **action plans for transforming the evolving corridors into development corridors**.
- Border trade through Tamu/Moreh and Rhi/Zhokhowthar needs to become more formalised with truly **single-window clearances and easier currency arrangements**.
- The border haats can energize exchange of local produce.
- **Cross-border bus services** can promote **people-to-people connectivity**.
- Cross-border **trade in services** can be boosted in sectors like medicine, diagnostics, or even education and training for which there is a large market.

- **Greater cooperation between Northeast India and Western Myanmar** (See Box also): Four states in the Northeast (viz. Arunachal Pradesh, Nagaland, Manipur and Mizoram) share common borders with Myanmar's Sagaing and Chin provinces. The Kaladan corridor also passes through the Rakhine state till it arrives at the Sittwe port developed by India.
- **Regional/ Sub-regional cooperation:** Myanmar's membership of ASEAN, BIMSTEC and Mekong Ganga Cooperation has introduced a regional/sub-regional dimension to bilateral relations and imparted an additional significance in the context of our "Act East" policy.
  - While Myanmar has been supportive of India's stand to various international organizations India has also supported Myanmar's association with SAARC as an observer.
- **Commercial Cooperation-** India is the **fifth largest trading partner** of Myanmar and is presently the **tenth largest investor** with major investments in oil & gas sector.
- **Defence & Security Cooperation-** Various MoUs on Border Cooperation, training, Army, Air Force and Naval Staff Talks have been signed between the two countries
- **Disaster Relief:** India has responded promptly and effectively to assist Myanmar in humanitarian relief operations following natural calamities along with financial assistance for relief and reconstruction work.
- **Land Crossing Agreement:** Recently agreement between India and Myanmar on Land Border Crossing has also been agreed which will-
  - **Facilitate regulation and harmonization** of already existing free movement rights for people ordinarily residing in the border areas of both countries increasing connectivity and social and economic interaction among the people.
  - It would allow India to leverage its geographical connections with Myanmar to **boost trade and economy of the North-East.**
  - The Agreement will **safeguard the traditional rights of the largely tribal communities** residing along the border which are accustomed to free movement across the land border.

#### Important issues between the two

- **The Rohingya crisis:** India does not directly engage with the issue of Myanmar's treatment of its Rohingya Muslim minority. But India condemned the recent terrorist attacks in northern Rakhine State in a measure of support to Myanmar. Further both sides agreed that there will be no glorification of terrorists as martyrs.
- **China factor:** As China's profile continues to rise in India's vicinity, New Delhi would like to enhance India's presence by developing infrastructure and connectivity projects in the country. India has found it difficult to counter Chinese influence in Myanmar.
- **Project Delays:** India is losing friends because of widespread discontent over **continuing delay in completion of flagship projects** — Kaladan and the India-Myanmar-Thailand trilateral highway. Conceived over a decade back, they are scheduled to be completed by 2019.
- **Inadequate public awareness** about the recent projects on IT and agriculture that our government completed on time. Officials need to develop an effective communication strategy, and a new management mechanism that fast-tracks the flagship projects.
- Despite mutual consensus on the value of **people-to-people exchanges**, actual progress is negligible due to the absence of an enabling instrument.

#### Way forward

- The various projects undertaken by India have not been completed in time. As a result, India has not got due credit. It is crucial for India to focus on **timely delivery of projects** to improve its legitimacy.
- It is essential that the two countries immediately start **negotiating transit and other agreements** for the smooth movement of goods and vehicles for optimal use of the infrastructure — even though such traffic may not flow before 2020.
- There is a need to **bridge the difference** between the matriculation system of schooling in Myanmar and India's 10+2 system for the scholarships for undergraduates to work out for the benefit of the two.
- **Commercial trade and investments** stand on narrow bases, primary agricultural and forest products from Myanmar in the case of trade, and oil and gas in case of investments. Thus, there is a strong need to expand, diversify and upgrade commercial ties in ways that also contribute to Myanmar's development needs and meet India's \$3 billion trade target set in 2012.

- There is also potential for cooperation on larger initiatives, such as the **sale of refined petroleum** products from the **Numaligarh refinery** in upper Myanmar. All this will mean that the Northeast will gain from the Act East policy.
- Indian businesses could look for avenues to invest in the power, steel, automobiles and even textile sectors in Myanmar. If called upon, India can certainly help in improving the socio-economic conditions in the area facing violence and also create employment opportunities.

### 3.7.1. ROHINGYA ISSUE

#### Why in news?

According to the UN estimates, over 400,000 Rohingya Muslims have fled Myanmar's Rakhine state into Bangladesh since August 25 when a fresh wave of violence erupted.

#### Implications for Myanmar

The nation's civilian government has justified the recent violent crackdown in Rakhine as a counterstrike against "**extremist Bengali terrorists.**" However, present crisis will have serious implication for Myanmar.

- The counter offensive significantly impacted **Myanmar's external relations**, as the world community sympathized with the Rohingya and condemned the violent acts of Myanmar's government.
- Coming soon after liberation from the military rule, the Rohingya issue has brought a **new challenge to the government of Aung San Suu Kyi.**
- The ongoing violence in Rakhine state is negatively impacting its relations with **several of its immediate neighbors**, for example Myanmar & Malaysia.

#### Implications for the Region

Apart from impinging upon Myanmar's internal security, the Rohingya crisis is also posing a security challenge to the South and Southeast Asia.

- **Humanitarian Crisis:** The most immediate implication is the humanitarian crisis that has been unfolding since the military operations began. The limited humanitarian access to the conflict areas has left many unable to access food and medical care.
- **Risk of Radicalization:** Another growing concern in the region is that if persecution of Rohingyas continues in Myanmar, it is likely that many may be pushed to radicalization and open the door for Islamist extremists to get a foothold in Myanmar.
- **Emergence of ARSA:** International Crisis Group flagged the emergence of a new insurgent group **Arakan Rohingya Salvation Army (ARSA)** - led by Rohingya emigres in Saudi Arabia, commanded by Rohingyas on the ground with international training and abreast with modern guerrilla tactics.
- **Impact on Asia Pacific:** The crisis could also adversely **impact the Asia Pacific**, which is projected to be the economic powerhouse of the near future.
- **Impact on ASEAN:** This crisis has the potential **to weaken the ASEAN organization**, which until now was considered the most successful regional organization after the EU.
- **Human Trafficking:** A large number of those escaping the violence end **up in the trafficking networks.**

#### Implications for India

Peace and stability in the Rakhine state is important for **India's strategic and economic point of view.**

- The continued violence in Rakhine state is affecting India's **Kaladan Multi-modal Transit Transport** project, aimed at developing transport infrastructure in south-west Myanmar and India's Northeast.
- Due to porous border, there are chances that **many illegal migrants** may land up in India's North East that may pose serious challenge to already fragile situation in North-East.
- As India faces an uphill task in combating the **terror threat in Northeast**, ARSA might add a new flavor to ongoing conflicts.
- Cooperation between the **ARSA and the insurgent groups of Northeast** India might open up new bases and territory (Rakhine for Northeast Militants and Northeast India for the ARSA) for both groups in their struggle for survival.
- For India, the problem is that ARSA has a **definite Pakistani link**, with some reports noting that the group may have been trained there, or even in Afghanistan.



- There have been reports of the entry of **Lashkar e Tayyba /Jamaat ud Dawa** cadres into Myanmar since the last several years.

#### Why India did not criticize the conduct of Myanmar?

- Under the **Neighborhood First and Act East policies**, Myanmar assumes a key role to connect with Southeast Asia and cut off China from the Bay of Bengal.
- Myanmar helps India tackle insurgency threats in the latter's northeastern states.
- A public condemnation of Myanmar will only push it closer to China. Myanmar is anyway dependent on Beijing's veto in the UN Security Council should the Rohingyas issue reach there.
- India is also aware of the possible role of Pakistan-based terror groups like Lashkar-e-Toiba in the 25 August terrorist attacks by ARSA.

#### Humanitarian Efforts to resolve Rohingya crisis

As per UN estimates, nearly 500,000 Rohingya Muslims have fled Myanmar's Rakhine state into Bangladesh since recent eruption of violence

- India has sent relief materials, including 62,000 food packages, to Bangladesh for Rohingya refugees from Myanmar
- China has also sent relief material for the same.
- US will provide an additional \$6 million to the UN World Food Program (WFP) to address the Rohingya crisis in Bangladesh in addition to the \$1 million provided earlier in 2017.

#### India's balancing act with Bangladesh

India has assured Bangladesh for all possible help to tackle the large influx of refugees.

- The massive rush of refugees has triggered a domestic backlash by the opposition against the Sheikh Hasina government, which is perceived to lean towards India.
- An unhelpful Indian attitude would only deplete Hasina's position in Bangladesh and strengthen her rival Khaleda Zia, who is known for taking anti-India stands.
- Like Myanmar, Bangladesh too is important to India's counter-insurgency efforts and Act East policy.
- **Operation 'Insaniyat'**: The Ministry of External Affairs has started Operation Insaniyat to provide assistance to Bangladesh in response to humanitarian crisis being faced by it due to large influx of Rohingya refugees from Myanmar.

#### Way forward

While external factors could alleviate this crisis, they cannot resolve it. The seeds for the solution lie in Myanmar itself.

- ASEAN has to play the leading role here; it needs to formulate a mechanism to deal with the crisis by equitable distribution of the refugees among member nations
- The International community can also play a role by lending financial aid to the countries who will house the refugees.
- The report by the Annan-led commission, which argues for a citizenship verification process-the Rohingyas have been stripped of citizenship under Myanmar's 1982 citizenship law-to increase the social and economic participation of the Rohingyas, may offer some useful suggestions.

### 3.8. INDIA MONGOLIA

#### Why in news?

Mongolia has launched construction of its first strategically important oil refinery funded by India in southern Dornogovi province.

#### More about the news

- Supported by a \$1 billion soft credit line from India announced in 2015, the new refinery is as part of India's effort to develop further ties with the landlocked country and help reduce its energy dependence on neighboring China and Russia.
- The refinery, planned for completion in late 2022, will be capable of processing 1.5 million tonnes of crude oil per year and will meet Mongolia's demand for gasoline, diesel, aviation fuel and liquefied petroleum gas (LPG). The refinery will process Mongolia's own crude oil, which is now sold to China.

## India Mongolia Relations

Mongolia, a large landlocked country wedged between giants China and Russia, has a population of just 3 million. Almost half its people live as nomadic stock herders.

- **Diplomatic Relation:** India established diplomatic relations with Mongolia in 1955. In 1991, India supported Mongolia's membership to Non-Aligned Movement (NAM). Mongolia along with India and Bhutan co-sponsored famous UN Resolution for the recognition of Bangladesh as an independent country in 1972.
  - In 2011, a **line of credit of US\$20 million** was announced for setting up of "Centre of Excellence for IT, Communication & Outsourcing" in Ulaanbaatar.
  - In 2015, Indian PM visited Mongolia signed a Joint Statement on 'Strategic Partnership' between India and Mongolia.
  - Further MOU on Cooperation in the field of Border Patrolling & Surveillance, MOU on cooperation between National Security Councils, Revised Air Services Agreement were also signed
- **International Cooperation:** Mongolia also supports India for becoming a **permanent member of a reformed and expanded UNSC**. Further India and Mongolia declared support to each other for UNSC non-permanent seats respectively for terms 2021-22 and 2023-24.
- **Defence Cooperation:** There is India-Mongolia Joint Working Group for Defence cooperation which meets annually. Joint India-Mongolia exercise '**Nomadic Elephant**' is held annually and India is a regular participant in the multilateral exercise '**Khan Quest**' held in Mongolia. There is also an agreement for cooperation for border patrolling between the two countries.
- **Energy Cooperation:** A Working Group for cooperation in the field of nuclear energy has been set up between the respective agencies of the two countries i.e. the DAE and the Nuclear Energy Agency of Mongolia.
- **Commercial, Economic and Technical Cooperation:** Main items of exports to Mongolia include medicines, mining machinery and auto parts, etc. Imports from Mongolia include raw cashmere wool.
- **Humanitarian Assistance:** Humanitarian assistance worth US\$20,000 for the children of herders in Sukhbaatar Aimag (severely affected by harsh winter 'Zud') was also provided in 2017.
- **Other Area:** India also offers scholarships to Mongolian students under Indian Technical and Economic Cooperation programme, also known as ITEC, and through scholarships offered by the Indian Council of Cultural Relations.

### Challenges

- **Connectivity** with Mongolia is also a big challenge for India as it is a **landlocked country** sandwiched between two giant neighbours. Only recently India and Mongolia have agreed to explore the possibility of launching direct air connectivity between New Delhi and the Mongolian capital Ulaanbaatar.
- Mongolia's is highly **dependent on China and Russia for trade and investment** which could pose challenges for India in making significant inroads into Mongolia.
- Mongolia location is in close **proximity to China's volatile regions**. Any, internal developments in China will also have implications for both Mongolia and India.
- Even domestically Mongolia is **grappling with corruption, environmental degradation, unemployment and underemployment and lack of effective women participation in economy mainly due to predominance of nomadic herding in the country**.

### Way Forward

- Mongolia plays a key role in Asian energy transportation as it falls on the crossroads of major energy supply routes.
- India also needs to factor Mongolia in its Russia policy as well, for safeguarding interests in the Asia-Pacific region. India's benign presence in Mongolia is desirable for India's future interest in Russia's resource-rich trans-Siberia and Far East.
- To preserve and promote the common heritage of Indo-Mongolian culture is important. This should serve as the basis for nurturing and pursuing future common interests.

### 3.9. NORTH KOREA

#### Why in news?

North Korea conducted its sixth and most powerful nuclear test, which it said was an advanced hydrogen bomb for a long-range missile, marking a dramatic escalation of the regime's stand-off with the United States and its allies.

#### Reasons behind N. Korea's action

- **To ensure the survival of the regime.**
  - Kim Jong-un took over in 2011 and, having seen **the outcome of western interventions in Libya and Iraq and Russian intervention in Ukraine**, is convinced that he needs a nuclear deterrent for regime survival.
  - In addition, he wants direct talks with the U.S. that will provide him recognition and lessen his dependence on China, and finally, an easing of sanctions.
  - Kim Jong-un may also be playing a **high-stakes diplomatic game for an Iran-like deal** where he could swap his country's nuclear arsenal for international recognition and economic partnership.
- **To break the US' alliance with South Korea and Japan.**
  - The ICBM capability is a credible tool to **"decouple" the US from its allies.**
  - South Korea and Japan have every reason to doubt whether the US would risk its major cities in order to come to their rescue against North Korea.
- **Desire for the reunification of Korean peninsula**
  - This is a more distant goal—North Korea, like the South, **desires the reunification of the Korean peninsula** but on its own terms.
- **Failure of nuclear Diplomacy**
  - Present crisis clearly demonstrates the failure of the nuclear diplomacy which the U.S. and other major powers were involved in for the past several years.
- **Limited Utility of Economic Sanctions**
  - Economic Sanctions will have limited utility because China accounts for 90% of North Korea's foreign trade and for China, a nuclear North Korea is a lesser threat than a regime collapse that could lead to a unified Korea allied to the U.S.
  - Sanctions work only in a country where the **rulers are responsive to their people** through some political process, not in a totalitarian regime whose primary goal is its own survival.

#### Related News

- Recently, North Korea and South Korea signed **Panmunjom Declaration** and a major issue discussed during the declaration was that the two Koreas confirmed the common goal of realizing, through **complete denuclearisation**, a nuclear-free Korean Peninsula and agreed to carry out their respective roles and responsibilities in this regard.
- In yet another event, during the **Singapore Summit** the US President Donald Trump and North Korean leader Kim Jong Un reaffirmed the Panmunjom Declaration where Chairman Kim committed to work towards complete denuclearization of the Korean Peninsula.

#### Implications for India

- For India, the most immediate concern will be any **possible diminution of the US role in Asia**, which is crucial to meeting the China challenge.
- Both the eventuality of a **North Korean-induced decoupling** and the more distant prospect of South Korea and Japan developing their own nuclear weapons have the potential to significantly alter the security role that the US plays in the region.
- Given the history of proliferation networks, some Indian analysts are also concerned about advanced **nuclear technology finding its way from North Korea to Pakistan.**

#### India's Response & its Impacts on N. Korea

- India has condemned N. Korea's actions. India has

#### Uranium bank for Low Enriched Uranium (LEU) in Kazakhstan

- IAEA will run the bank independently of any country, will purchase and store low-enriched uranium fuel for civilian reactors but not an ingredient for nuclear weapons.
- A Member State which needs to purchase LEU from the IAEA LEU Bank must have a comprehensive safeguards agreement with the IAEA in force and no issues relating to safeguards implementation.
- It will help countries to obtain fuel without domestic enrichment facilities.



aligned with UN by banning all trade with N. Korea with the exception of shipments of food and medicine. India was North Korea's third largest trade partner in 2015-16, thus the implications on N. Korea can be:

- **Impact on Trade:** This decision brought an abrupt end to a decade of growth in India-North Korea trade links. Due to loss of trade, N. Korea will face an already acute hard currency shortage. Loss of trade with India will force the country towards more dependence on China, especially when the ties between the two are not as cordial.
- **Collapse of Technology sharing links:** The Center for Space Science and Technology in Asia and the Pacific (CSSTEAP), India, was one of the few institutes in the world that provided technical training for North Korean students after the UN issued its first set of sanctions against North Korea's nuclear program in 2006.

#### Way forward to resolve the crisis

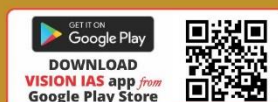
- A military solution to the North Korean issue is even more difficult and risky as Mr. Kim could use the country's nuclear arsenal in retaliation. Military action may lead to nuclearization in Japan and South Korea.
- The more honourable option for the US then is **to accept mutual vulnerability**, resume dialogue with North Korea and examine which of the latter's demands can be conceded without significantly affecting the US presence in South Korea and Japan. In this regard efforts like **Singapore Summit** and **Panmunjom Declaration** should be strengthened further to promote peace and stability and **de-nuclearizing** the region.
- **Role of China:** The only country that could reason with North Korea and persuade it to join back talks is China. China has the historical responsibility to lead the efforts to solve the crisis on the Korean peninsula, much like what the Russians did in securing the Iran deal.
- **International Actions:** International community needs to come up with various programmes to solve the increasing threat of nuclearization. For example, recently International Atomic Energy Agency (IAEA) has opened a **uranium bank for Low Enriched Uranium (LEU) in Oskemen city** of Kazakhstan to discourage new nations from enriching the nuclear fuel.

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## 4. CENTRAL ASIA

### 4.1. INDIA CENTRAL ASIA

India and the region of Central Asia have very long historical, cultural and economic connections. The famous Silk Route not only connected the people and businesses, but also let the thoughts, culture and beliefs flow freely from one region to the other.

- The Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan became independent in the 1990s. The countries were not confident about their financial and economic viability, and survival as independent states. Hence they were the last to declare their independence.
- Traditionally, Central Asia has been an **arena of "great game"**. The modern version is being played out even today. Russia, China, US, Turkey, Iran, Europe, EU, Japan, Pakistan, India, Afghanistan have substantial security and economic stakes in the region.
- India was among the first countries to recognize the five Central Asian states and established diplomatic relations with them. India now considers the Central Asian countries as part of its **'extended and strategic neighbourhood'**.
- In 2012, India announced the **'Connect Central Asia'** policy, and also announced to hold an India-Central Asia Dialogue at Track II annually in one of the republics.
- At present the five Central Asian republics account for trade of only about \$2 billion with India, compared to about \$50 billion with China that has made them a key to its Silk Road Economic Belt (SREB) initiative.
- India has four major interests in Central Asia: security, energy, trade and mutual cooperation in various realms.



#### Importance of central Asia

- **Energy security**
  - The countries of Central Asia are endowed with significant hydrocarbon and mineral resources and are close to India geographically.
  - Kazakhstan is the largest producer of uranium and has huge gas and oil reserves as well. Uzbekistan is also rich in gas, and is an important regional producer of gold along with Kyrgyzstan.
  - Tajikistan has vast hydropower potential besides oil deposits, and Turkmenistan has the fourth largest gas reserves of the world.
  - Kazakhstan and Turkmenistan — are also in the Caspian littoral, thereby promising to open the door to other energy-rich Caspian states.
- **Strategic Location**
  - Geographically, the strategic location of these countries makes them a bridge between different regions of Asia and between Europe and Asia.

#### Connect Central Asia Policy

Launched in 2012 it includes:

- Strong **political relations** through the exchange of high level visits.
- India will strengthen its **strategic and security cooperation** through military training, joint research, counter-terrorism coordination and close consultations on Afghanistan.
- India will step up **multilateral engagement** with Central Asian partners through existing fora like the Shanghai Cooperation Organization, Eurasian Economic Community (EEC) and the Custom Union.
- Long term partnership in energy, and natural resources.
- Focusing on medical field, higher education, setting up a **Central Asian e-network** with its hub in India, to deliver, tele-education and tele-medicine connectivity.
- Helping to provide a viable **banking infrastructure** in the region.
- Improve connectivity through INSTC, air services, people to people and cultural exchanges.

- India's only foreign military airbase is in Farkhor (Tajikistan), which is operated by IAF and Tajik Air Force.
- **Trade and Investment potential**
  - The economic development of Central Asia, especially in Kazakhstan, Turkmenistan and Uzbekistan, has sparked a construction boom and development of sectors like IT, pharmaceuticals and tourism.
  - India has expertise in these sectors and deeper cooperation will give a fresh impetus to trade relations with these countries.
  - There is a great demand for Indian pharmaceutical products in the region.
- **Security**
  - To tackle the challenge of terrorism, narcotics trafficking and arms smuggling.
  - Central Asia is neighboring '**Golden Crescent**' of opium production (Iran-Pak-Afghan) and is also a victim of terrorism, illegal arms trade. India is also not new to these problems on its western front. Collaboration and cooperation with Central Asia in this regard benefits the entire region.
- **To counter terrorism and radicalization:** keeping a check on the rise of radical Islamist groups that may pose a threat to India's security.
  - Religious extremism, fundamentalism and terrorism continue to pose challenges to Central Asian societies as well as regional stability.
  - The Fergana Valley remains a hot spot of fundamentalism. Central Asian republics face serious threat from illegal drug trade emanating from Afghanistan. Instability in Central Asia can spill over into India.
- **Stabilization of Afghanistan:** Central Asian nations and India can play effectively role in bringing normalcy in Afghanistan.
- **Regional cooperation:** Four central Asian Nations are part of SCO.

### Challenges

- India has not been able to take advantage of its civilizational and historical ties with the region as adequate attention was not accorded to the relations.
- **Land locked region:** Central Asian region is land locked. It has hampered India's relation with central Asia. Poor connectivity has also contributed to the below-par trade between India and Central Asia.
- Further India does not share physical borders with any of the Central Asian states. This is a huge bottleneck in promoting and expanding economic, commercial, energy, tourist links etc. with them.
- The unstable situation in Afghanistan and a highly problematic India-Pakistan relation have deprived India from the benefit of relations with Central Asia.
- **Chinese presence:** Central Asia is part of Silk Road Economic Belt (SREB) initiative.
- **Radicalism and Extremism:** Central Asia finds itself exposed and vulnerable to influences like Al Qaeda, Islamic State, Taliban, IUM, Hizb-ut-Tahrir and others. Except Tajikistan immediately after independence and Uzbekistan in 2005, the threat and risk of extremist, fundamentalist influences seeping into minds of young women and men is rapidly increasing.
- **Further region itself has its own domestic challenges such as**
  - A "youth bulge" combined with limited economic opportunities (outside of Kazakhstan);
  - Cross-border migration;
  - Serious and worsening corruption;
  - Potentially restive minority populations (such as the ethnic Uzbeks in Kyrgyzstan at the center of the summer's violence);
  - Drug trafficking;
  - Nuclear proliferation; and
  - Managing succession in autocratic states without strong government or party institutions.

### Latest development to connect central Asia:

Several significant developments have taken place in last few years.

- **Shanghai Cooperation Organization membership (discussed in the section on International Organizations):** India has become full member of SCO.
  - An important reason for India's failure to fully realize potential of our partnership with this region is the infrequent contacts between leaders of these countries.
  - Annual SCO summits will provide a forum to leaders of these countries to meet and discuss issues of bilateral and regional interest.



- The recently released National Security Strategy of the United States (US) highlights the importance of the CARs in US's counter-terrorism efforts.
  - Peace settlement in Afghanistan and cooperation in counter-terrorism will surely play an important role in Eurasian regional dynamics.
  - In this context, SCO has potential to assume a bigger role. However, its success depends on relationship between its powerful members, Russia, China and India.
  - **International North-South Transport Corridor (INSTC)**
    - India is a founding member of the International North-South Transport Corridor (INSTC), a multi-nation project to create transport and logistics infrastructure
    - India agreed to start shipping cargo along the 7,200-km International North-South Transport Corridor (INSTC) in December 2016.
  - **Chabahar port in Iran**
    - India inaugurated phase 1 of Chabahar port in Iran recently which will allow access to landlocked Afghanistan and energy-rich Central Asia through the Jawaharlal Nehru and Kandla ports on India's west coast.
    - In addition, India has built a 218km-road link connecting Delaram with Zaranj in Afghanistan, which is adjacent to Iran's border.
    - Once the Chabahar port is ready, along with INSTC it can become an important anchor for trade to and from Central Asia via Afghanistan.
  - **Ashgabat Agreement**
    - India has acceded to the Ashgabat Agreement, an international transport and transit corridor facilitating transportation of goods between Central Asia and the Persian Gulf.
  - **Turkmenistan-Afghanistan-Pakistan-India (TAPI, discussed in the following section):**
    - The other significant development, although confined to relations with only one Central Asian State and not the region as a whole, is commencement of construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.
    - The 1840 km long pipeline is expected to be completed by end 2020. India is expected to receive about 13 bcm per annum once the pipeline is completed.
  - **Eurasian Economic Union (EEU)**
    - India is negotiating a comprehensive economic partnership agreement with the Eurasian Economic Union, which include Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan.
    - India's trade with these countries stands at about \$10 billion and they have set a target to raise it to \$30 billion by 2025.
  - **Astana International Finance Centre (AIFC)** - Inaugurated recently, is positioning itself as a financial hub for Central Asia, the Caucasus, the Eurasian Economic Union, West Asia, western China, Mongolia and Europe. It has been set up with the objective of creating an attractive environment for investment,
- International North-South Transport Corridor (INSTC)**

  - It is a **7200 km long multi-modal transport project** established in 2000 by Iran, Russia and India for the purpose of promoting transportation cooperation among the Member States.
  - This corridor connects **India Ocean and Persian Gulf to the Caspian Sea** via Iran, and then is connected to St. Petersburg and North European via Russian Federation.
- Ashgabat Agreement**

India has recently joined the Ashgabat agreement.

  - It is an agreement between the Governments of Iran, Oman, Turkmenistan and the Republic of Uzbekistan, aiming to establish **international transport and transit corridor** linking central Asia with the Persian Gulf, came into force in 2016.
  - Kazakhstan and Pakistan joined the grouping in 2016. India had deposited the Instrument of Accession in April 2016.
  - The **Iran-Turkmenistan-Kazakhstan (ITK) railway** line will be the major route under the Ashgabat Agreement which became operational in December 2014 and has also been included as part of INSTC.

**Significance**

  - Ashgabat agreement also aims to **synchronize with the Eurasian railway connectivity project and International North-South Transport Corridor** encompassing ship, rail and road route for moving freight between India, Russia, Iran, Europe and Central Asia.
  - **India's trade with Afghanistan** is likely to touch \$5 billion after Ashgabat projects and INSTC comes into operation because Afghanistan is diverting its trade from Karachi to Chahbahar and Bandar Abbas port in Iran.
  - Joining the Ashgabat Agreement would make it easier for India to reach out to Central Asia's **strategic and high-value minerals** including uranium, copper, titanium, ferroalloys, yellow phosphorus, iron ore etc.

development of Kazakhstan's securities market, its integration with other internationally recognized financial institutions.

- India's economic partnership with the Shanghai Cooperation Organisation (SCO) and Central Asia is set for a boost with the inauguration in the capital of Kazakhstan, Central Asia's biggest country and a strong votary of Delhi's expanding presence in the region.
- India has also been making efforts to revive the Silk Route from the Iranian port of Chabahar to the Central Asian countries.

### Suggestions

- India uses the instrumentality of **soft power** and its ready acceptability in Central Asia to strengthen bilateral ties.
- India despite having a huge diversity has been able to counter extremist influences effectively so far because of its cultural heritage and legacy, its acceptance of diverse views and thoughts, its value based education system etc. India and Central Asia can collaborate to mutual benefit to strengthen the fabric of their social, inter-ethnic, inter-racial structures so that extremist and divisive pressures are contained and minimized.
- The **Indian Technical and Economic Cooperation (ITEC) Programme** is also an effective instrument under which young professionals of these countries undergo training and human capacity development in areas ranging from banking, remote sensing and English speaking to agriculture, rural development and information technology in the premier institutions in India.
- More energy and vigor needs to be imparted to the area of commercial and economic ties. Further chambers of Commerce as well as official government agencies need to be more active to **bridge the "information deficit"** between India and the region.
- Further **private sector participation** also must be encouraged through trade fairs and organizing single country trade fairs in major commercial and industrial centres of these countries.
- India's **Connect Central Asia Policy** also has a forward looking orientation which means it looks for a better future for India-Central Asia relations and at the same time promoting India's Geo-strategic as well as Geo-Economic interests in the region.

Both India and Central Asia are factors of peace, stability, growth and development, in the region and the world. Stronger relations between them will contribute to increased security and prosperity of these countries and the world.

## 4.2. TAPI GAS PIPELINE

### Why in News?

- Recently, work on Turkmenistan, Afghanistan, Pakistan and India (TAPI) Gas Pipeline project has been started in Afghanistan.

### About TAPI project

- The pipeline is proposed to supply natural gas by **TAPI Pipeline Company Limited (TPCL)** from Turkmenistan to India.
- The supply route runs from Galkynysh field (Turkmenistan) – Daulatabd -Herat – Kandahar – Chamman – Zhob – DG Khan – Multan - Fazilika (Pak-India Border).
- Nearly, 33 billion cubic metres of gas to be pumped annually, by the beginning of year 2020.
- The project is being funded by the **Asian Development Bank (ADB)** and transit fee would be incurred by India to Pakistan and Afghanistan.

### Asian Development Bank (ADB)

- It was conceived in the early 1960s as a financial institution that would be Asian in character and foster economic growth and cooperation.
- As a multilateral development finance institution, ADB provides:loans, technical assistance and grants.
- Its clients are member governments, who are also shareholders. In addition, it **provides direct assistance to private enterprises of developing member countries** through equity investments and loans.
- It is composed of 67 members (including India), 48 of which are from the Asia and Pacific region.
- Its top 5 shareholders are: Japan (15.6%), United States (15.6%), People's Republic of China (6.4%), India (6.3%) and Australia (5.8%)

### Significance of the Project

- It will reopen a historic route that reconnects South Asia to Central Asia.

- It will bring India and its neighbours much needed **energy at competitive pricing** and could easily supply a quarter of Pakistan's gas needs, about 15 per cent of India's projected needs, as well as Afghanistan's requirements.
- TAPI will provide an **alternative supply source of gas** with dependable reserves leading to enhanced energy security by further diversifying the fuel basket to the benefit of Indian economy.
- It may contribute to reconciliation in Afghanistan, by creating economic opportunity for the Afghan people. It could create jobs in the war-torn country thus playing a strategically crucial role for the **peace and security of the region**.
- The project also could help **to improve relations between India, Pakistan and Afghanistan** reducing chances of conflict between these two nuclear powers, further helping them find ways for cooperation.

### Challenges

- **Finance:** Nearly, 85 % of the project cost is expected to be incurred by Turkmenistan, which is currently facing economic hardship due to decline in global energy prices, further resulting into low energy export earnings.
- **Security:** The route of TAPI gas pipeline in Afghanistan and Pakistan are hotbeds of terrorism and regional conflict (Baluch separatists fighting the Pakistan army). Moreover, with the proposed withdrawal of NATO (especially US) forces from Afghanistan, further intensifies the security questions.
- **Geopolitics:** Diplomatic relations of India and Pakistan have been on unexpected rupture. Moreover, growing ambitions of China in terms of economic and military power, may put the TAPI project into jeopardy.

### Way forward

- **Larger participation:** Turkmenistan may allow India acquire stake in Upstream sector (industry finds and produces crude oil and natural gas) to ensuring that any deliberate gas supply disruption from Pakistan could be avoided.
- **Complementary projects:** Turkmenistan may also allow international oil and gas companies to acquire stakes in its onshore oil/gas fields in order to assist the TAPI project.

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## 5. WEST ASIA/MIDDLE EAST

### 5.1. INDIA WEST ASIA

India has interests in economic, political, security and strategic fields with the West Asian nations.

#### Importance of West Asia for India

India has huge stakes involved in the region such as energy, trade and safety of Indian community in the region.

- **Energy security:** 70 per cent of India's imported energy needs come from West Asia and this dependence will only increase as the Indian economy continues to grow at 8 per cent or more.
- **Security of Indian community:**
  - India is the largest recipient of **foreign remittances from west Asia**.
  - 11 million Indians working in West Asia. Therefore, stability in the region is high on India's core agenda.
- **To counter radicalization:** close cooperation is essential to counter radicalization in India.
- **Gate way to central Asia:** West Asia is gate way to land locked and energy rich central Asia.
- **Geostrategic importance:** To reduce the influence of china in west Asia and in Arabian Sea. China is continuously making in road to west Asia through OBOR initiative.

#### Challenges in west Asia

- **Political instability**

The security situation in West Asia has been continuously deteriorating ever since the onset of the Arab Spring in December 2010.

- The internal security situation in Syria, Iraq and Yemen has gone from bad to worse. The regional powers continue to fight proxy wars on sectarian lines, pumping huge amount of money and weapons to bolster their favored groups.
- The involvement of extra-regional players such as the USA and Russia in the internal conflicts in West Asia has further aggravated the situation.
- The GCC-Iran rivalry, Shia-Sunni conflict, external intervention in the region, the fear of rise of religious radicalism etc. have further contributed to instability in West Asia.
- **Terrorism:** Terrorism has emerged as the biggest security threat to the region. The rise of the Islamic State in Iraq and Syria (ISIS) is the most disturbing trend.
- **Saudi-Iran rivalry:** destabilizing West Asia and influencing West Asian geopolitics. India's close relation with Iran may antagonize Saudi Arabia. India has to balance its ties with all three regional power in west Asia-Iran, Israel and Saudi Arabia.
- **Pakistan factor:** Pakistan is very close ally of many west Asian countries especially with GCC.
- **Regional Conflicts:**





- **Arab Israel Conflict** – A comprehensive and permanent solution to the Arab-Israeli conflict should be achieved on the basis of UN Security Council resolutions, Madrid Peace conference of 1991 and the 2002 Arab Peace Initiative in Beirut.
- **Syria Issue** – There is need to preserve the unity, sovereignty, territorial integrity and stability of Syria and the importance to reach a political solution to the crisis that preserves the lives of Syrians.
- **Israel – Palestine Conflict**- Israel should end its occupation of the Palestinian “Arab” territories it seized in 1967 and dismantle all the settlements.
- **US Sanctions on Iran:** Recently US withdrew from Iran nuclear deal and has threatened to impose economic sanctions on Iran. This may weaken the dialogue mechanisms, embolden conservatives and may threaten the regional stability even more. India also has significant oil trade with Iran and stakes in connectivity through Chahbahar port and other projects.

### India’s “Look West” policy

For decades, India was a **passive player in West Asia**-a beneficiary of good relationships with multiple actors. **During the Cold War years**, India maintained close economic cooperation with both Saudi Arabia and Iran, the rival poles in regional geopolitics. In the post-Soviet world the bi-directional approach has been expanded to a tri-directional foreign policy to accommodate the three key pillars of West Asia — **Saudi Arabia, Iran and Israel**. India adopted Look West policy in 2005.

### Main features of the policy are:

- **A Secular and Non- Aligned Policy:** India’s policy towards the region will be shaped by its policy of non-alignment in the context of the region’s religious (Muslims and Jews) and sectarian (Shia-Sunni) conflicts.
- **Diplomacy at various levels:** Commitment to Diplomacy outlining closer government-to-government (G2G) relations draws attention to the vibrant business-to-business (B2B) and people-to-people (P2P) relationships.
- **Move towards India’s Non-Ideological Policy:** The seismic changes in the Middle East compelled India to revisit its Middle East policy that had been anchored on Arab socialism, secularism and Soviet friendship. India not only had to co-habit with US domination but also engage rising conservatism in the region. In practical terms this meant devising a policy that was driven more by economic calculation than political rhetoric.
- **Major emphasis on Maritime Diplomacy:** The seas surrounding West Asia have assumed a major emphasis in Look West Policy due to energy and economic security they offer now for India.

### Limitations in India’s Vision and Strategy

- On the domestic front, the bureaucratic mode of running Indian foreign policy, chronic understaffing, and multiple centers of decision making has often resulted in inefficient or **inadequate implementation of bilateral and international treaties** and agreements.
- Second, despite India’s growing stature in the Gulf, it has **not been able to attract substantial Arab investment**. Foreign direct investment (FDI) from the G.C.C. countries between 2000 and 2014 has remained stagnant, at \$3.2 billion partly due to failure of establishing Islamic banking and lack of investor’s confidence due to archaic banking rules and regulations, corruption, and lack of transparency
- India’s **“trust deficit” with Pakistan** has incapacitated India from advancing its commercial interests, including the bringing to fruition of the Iran-India-Pakistan (IPI) and Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline projects
- **China has made rapid inroads** in the Gulf by having acquired equity stakes in the region’s upstream oil and gas sector, and having successfully penetrated Arab markets. Alongside, **India’s incapacity to manage its own periphery**, South Asia, has made Gulf Arabs more inclined to seek China as a better security partner, rather than India
- **West Asia’s Domestic factors:**
  - India lacks a long-term vision to arrest the worrying menace of **Saudi Wahhabism**, the rapid spread of which has created havoc in Pakistan
  - Second, the decline of oil and gas prices, along with the rising cost of “war conditions” has led to the **slowing of Arab Gulf economies**, resulting in salary cuts, layoffs, tax levies, contracting employment opportunities, and the **nationalization of workforces** at the cost of the expatriate community.

## Change in West Asian strategic thinking

Several factors have contributed to this fundamental shift in West Asian strategic thinking.

- First, the **structural change in the global energy market** with West Asian oil and gas increasingly heading to South and East Asian markets rather than to the Trans-Atlantic markets.
- Second, partly as a consequence of this change in flows and partly owing to the fiscal stress faced by the trans-Atlantic economies, **West Asia is looking to India and other Asian powers to step in and offer security guarantees to the region.** Many GCC states have welcomed defence cooperation agreements with India.
- Third, in the wake of the Arab Spring and the mess in Egypt and Iraq, the **Gulf states find India and China to be more reliable interlocutors** than many western states.
- Fourth, under pressure from radical and extremist political forces within West Asia, most states in the region have come to value the **Indian principle of seeking and securing regional stability** as an overriding principle of regional security.

## 5.2. INDIA-IRAN

### Why in news?

President of Iran, Hassan Rouhani recently visited India.

### Significance of India-Iran relations

- **Energy security-** Iran is the third largest supplier of crude to India. It has also the world's second-largest reserves of natural gas which could be well leveraged by India.
- **Connectivity-** The **Chabahar port** is strategically important to India for a variety of reasons. (See Box).
  - India is currently involved in constructing a 560 mile long railway line linking the Iranian port with the Hajigak in southern Afghanistan which is close to **Zaranj-Delaram Highway** and also sent its first consignment of wheat to Afghanistan through the sea route connecting **Gujarat's Kandla port** to Chabahar from where the shipment will be taken to Afghanistan through a **land route**.
  - Iran is the key link to provide connectivity to Central Asia and Europe, via the **International North South Transport Corridor (INSTC)**.
- **Trade and investment-** India will set up plants in sectors such as fertilizers, petrochemicals and metallurgy in **Chabahar Free Trade Zone (FTZ)**. This will promote India's energy security while providing financial resources and employment opportunities to Iran.
  - Discussions on the exploitation of **Farzad B gas field** are underway.
  - India has been actively pursuing the **Iran-Pakistan-India (IPI)** gas pipeline project.
  - Iran is a big market for India for **India's agro-products, software services**, automobiles, petrochemical products among others, here the scale could be substantially increased. Crucially, Tehran has consistently offered New Delhi very favourable terms, including non-dollar oil sales.
- **Geopolitical-** Iran is a major player in securing stability in the overall West Asian region, especially with respect to India to maintain a balance between Shia-Sunni conflict and Arab-Israel conflict.
  - **Securing sea lanes of communication (SLoC)**, combating piracy in the Indian Ocean region. India aspires to become a net security provider in the Indian Ocean region where Iran is a major stake holder. Iran is also important in countering the string of pearls expansion of China in the Indian Ocean.
  - **Terrorism:** Iran is an important player in fighting global terror groups such as Al-Qaeda, ISIS, Taliban among others. Tackling Cyber terrorism is also very important where both the country could

### GEO-STRATEGIC PUSH

The consignment of wheat is the first of six shipments to be sent to Afghanistan over the next few months via Iran.





collaborate. Moreover, Iran can also play a major role in dealing with other organized crimes such as drug trafficking, arms dealing etc.

### Challenges

- **Political turmoil-** The present government in Iran is under considerable pressure both on the domestic front, in political as well economic areas, and in the realm of Iran's international ties. Recently it saw many protests due to various reasons such as:
  - **Economic:** Iran's economy has not been able to diversify its economy (which is heavily dependent on oil exports) and promote entrepreneurship causing consistent rise of unemployment, inflation and decline in per capita income.
  - **Political:** Iran has a **complex structure of government** and only few parts of it, like the legislature and the presidency, are elected. Fundamental authority rests with Supreme Leader Khamenei, an unelected cleric.
    - ✓ Basic **rights to free expression and protest are tightly controlled**, and candidates who are seen as too subversive are barred from running for public office. Moreover, there is political non-transparency and numerous cases of corruption.
    - ✓ People specially youths look up for modern life style, more freedom and opportunities in place of conservative Islamic rule.
    - ✓ Disenchantment with Iran's heavy military expenditure in Syria and Yemen while Iran itself facing economic crisis at home.
- **Uncertainty over the nuclear deal-** The uncertainty over the fate of the nuclear deal Tehran signed with the West in 2015 poses a big challenge to Indian foreign policy. Experts warn that a US exit from the deal would affect India's planned investments in Iran.
- **Bilateral trade-** On bilateral trade the biggest stumbling block is banking channels. The two sides are now discussing the possibility of **alternate payment mechanism**, in addition to the current channel through UCO Bank for rupee payments.
  - Indian exports to Iran have steadily declined from \$4.9 billion in 2013-14 to \$2.379 billion in 2016-17, increasing the trade deficit.
- **The Farzad-B gas and oil fields-** Another issue is the pending negotiations over the Farzad-B gas and oil fields that India has expressed its interest in.
- **India-relation with Israel & USA** - Israel, one of the closest US allies in the region, has also been vocal against the nuclear deal, and considers Iran its biggest security threat. India's relationship with the United States, and American concerns about Iran have also affected the India-Iran relationship.
- **India relation with Gulf countries-** Iran's relations with Saudi Arabia remain tense. India has reinforced its historical ties with countries on both sides of the Gulf. This may come out to be an issue.

### Other Key importance of Chabahar Project

- **Bypassing Pakistan's resistance-** India has strategically circumvented Pakistan which has opened up new opportunities for trade and transit from and to Afghanistan and enhance trade and commerce between the three countries.
- **Connectivity with Europe and Central Asia-** When linked to the International North-South Transport Corridor (INSTC), it would connect South Asia and Europe & Central Asia, which would provide Indian business better opportunities to expand in Central Asia
- **Geostrategic location-** This port is located very close (around 100kms) to Pakistan's **Gwadar Port**, which has been developed by China. Thus, the location is strategic to balance the increasing footprint of China in Asia through the policy of 'String of Pearls'.
- **Reducing transportation cost-** The distance between India's Kandla Port and Chabahar Port is quite short, thereby reducing the transportation costs of the goods and freight time.
- **Important for the stability of the region-** In the long term, the project is expected to improve the economic conditions of the region with the introduction of newer opportunities.

### International North – South Transport Corridor (INSTC)

- It is a multimodal transportation established in 2000 by India, Russia and Iran.
- It aims to link Indian Ocean and Persian Gulf to the Caspian Sea via Iran, and onward to northern Europe via St. Petersburg in Russia.
- Later INSTC was expanded to include 10 new members namely Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Ukraine, Belarus, Oman and Syria.

### International Atomic Energy Agency

- It is an autonomous international organization that reports annually to the UN General Assembly.
- It works for the safe, secure and peaceful uses of nuclear science and technology, contributing to international peace and security and the United Nations' Sustainable Development Goals.

- **Kashmir Issue-** Iran’s supreme leader Ayatollah Khamenei equated the on-going Kashmir conflict with that of Yemen and Bahrain has also created suspicion on India.

**Conclusion**

There are a large number of areas in which the interests of India and Iran coincide like connectivity, energy, infrastructure, trade, investment, security, defense, culture, people-to-people contacts among others both the countries should leverage their strengths to build a robust and mutually beneficial relationship.

**5.2.1. IRAN NUCLEAR DEAL**

**Why in news?**

USA has decided to withdraw from 2015 Nuclear Agreement with Iran and reinstate sanctions upon it.

**Background**

- The Iran deal, also known as **Joint Comprehensive Plan of Action (JCPOA)**, is an agreement reached in 2015 between Iran and six world countries - US, China, Russia, Britain, France and Germany, plus the EU (i.e. P5+Germany+EU).

| <b>AFTER TRUMP DECISION: WHAT CHANGES, WHAT REMAINS</b> |  |   |  |
|---|--|---|--|
| US sanctions  | <b>BEFORE 2015 DEAL</b><br>No Iranian goods and services imports, virtually no trade and investment by Americans in Iran | <b>UNDER THE ACCORD</b><br>Billions of dollars of Iran funds held in foreign banks unfrozen, nuclear-related sanctions lifted | <b>AFTER US PULLOUT</b><br>Nuclear-related punitive sanctions will be restored. President Donald Trump has announced |
| N - Programme   | Iran had capability to build weapons; my have needed only a few months to make bomb fuel                                 | Iran’s ability to secretly build nuclear weapons was severely compromised or eliminated                                       | All restrictions remain in place   |
| Inspections   | Some monitoring under NPT requirements, but it was far less intrusive than under the deal                                | International monitoring of uranium mines, centrifuge production  | For now, inspections will continue   |
| EU sanctions  | Extensive international sanctions, including oil embargo and limits on banking, isolated Iran                            | UN sanctions tied to Iran’s nuclear work terminated, EU ended an oil embargo  | EU sanctions remain suspended or terminated  |

- **Under the agreement Iran agreed** to completely eliminate its stock of medium enriched uranium, reduce the stock of low enriched uranium by 98% and reduce almost by 2/3<sup>rd</sup> its gas centrifuges for 13 years.
- It further sets out rigorous mechanisms for monitoring restrictions placed on Iran’s nuclear programme.
- Until 2031, Iran will have to comply with any IAEA access request. If it refuses, the commission can decide on punitive steps, including the re-imposition of sanctions through a majority vote.
- The reason sighted by the USA for withdrawal is that the deal does not target- Iran’s ballistic missile programme, its nuclear activities beyond 2025 and its role in conflicts in Yemen and Syria.
- In current scenario, the nuclear deal itself won’t be scrapped as long as Iran and the other signatories remain committed to it.

## Charges against Iran

- It was alleged that Iran was placing restrictions on the work of the **inspectors of the International Atomic Energy Agency (IAEA)**. It was reluctant to give IAEA inspectors access to military installations which were part of Iran's 'clandestine nuclear weapons programme'.

## Reactions from other countries

- Other countries part of JCPOA are not keen on breaking the consensus over it.
- Only two countries have applauded this decision — **Saudi Arabia** and **Israel**.

## Implications

- Unilateral U.S. sanction undermines **the global non-proliferation regime** and international institutions after the IAEA had observed that Iran had complied with the JCPOA.
- Coming after the rejection of the Trans-Pacific Partnership, the Paris climate change accord and the North American Free Trade Agreement, this decision further **diminishes U.S. credibility**.
- Iran is the **third-largest oil producer** in the Organization of the Petroleum Exporting Countries. Now Iran's supplies may fall by between 200,000 bpd and 1 million bpd, depending on how many other countries fall in line with Washington.
- There can be a likely **rise in oil prices** which could further lead to **volatility in financial markets** as 37% of Iranian oil reaches European destinations. The trade relations have expanded several folds after JCPOA. Exiting the agreement along with tarnishing Washington's credibility in the world especially with European countries and can **weaken the NATO alliance**.
- This would render life very difficult for the populace who might, in the absence of other avenues, take to the streets **against the regime**.

## Impact on India

- **Oil prices:** Iran is presently India's third biggest supplier (after Iraq and Saudi Arabia), and any increase in prices will hit both inflation levels as well as the Indian rupee.
- **Chabahar:** U.S. sanctions could slow or even halt the project as India has already committed about \$85 million to Chabahar development with plans for a total of \$500 million on the port, while a railway line to Afghanistan could cost as much as \$1.6 billion.
- **INSTC:** India has been a founder of the International North South Transport Corridor (INSTC) since it was ratified in 2002. Plans for INSTC sped up after the JCPOA was signed in 2015 and sanctions on Iran were lifted and New U.S. sanctions will affect INSTC if any of the countries along the route or banking and insurance companies dealing with the INSTC plan also decide to adhere to U.S. restrictions on trade with Iran.
- **Shanghai Cooperation Organization:**
  - Recently China has suggested inducting Iran into the 8-member Eurasian security organization. If the proposal is accepted by the SCO, which is led by China and Russia, India will be a member of a bloc that will be seen as anti-American, and will run counter to some of the government's other initiatives, for e.g. the Indo-Pacific quadrilateral with the U.S., Australia and Japan
  - Further it may also rile other adversaries of Iran, like Saudi Arabia, UAE and Israel, with whom India has strengthened ties in an effort to balance its West Asia policy.
- **Rules-based order:** India has long been a proponent of a "rules-based order" that depends on multilateral consensus and an adherence to commitments made by countries on the international stage and must stick to them despite adversarial behavior of some countries.
- **NSG:** Like France (EU), USA is also a strong backer of India's NSG membership. India's commitment towards JCPOA may complicate the matter as US might push India for support.
- **Non-oil trade** with Iran may not be impacted as much, as New Delhi and Tehran have instituted several measures in the past few months, including allowing Indian investment in rupees, and initiating new banking channels, between them.

USA recently withdrew from various other forums like the U.N. Climate Change treaty (Paris Accord), and the Trans-Pacific Partnership with East Asian trading partners. Such behaviour essentially means that India must handle its relations with USA a bit more strategically, as India believes in Rule based Order.



## 5.3. ISRAEL-PALESTINE

### 5.3.1. India Israel

#### Why in News?

Israel's Prime Minister Benjamin Netanyahu recently visited India.

#### Background

- Both countries **gained their independence from the UK** within months of each other, but they headed in different directions for nearly four decades - India as a leader in the NAM maintained close relations to the Arab world and the Soviet Union; Israel established close ties with the US and Western Europe.
- Although India publicly kept a distance from Israel until the late 1980's, there was in fact a great deal of bilateral activities between the two countries in the preceding years.
- Since the upgradation of relations in 1992, defence and agriculture have been the main pillars of bilateral engagement.
- The two countries recently completed **25 years of diplomatic ties** and this is only the **second visit** by an Israeli prime minister after a gap of 15 years since Ariel Sharon in 2003.

#### India-Israel Relations

- Economic and Commercial Relations-** Bilateral trade between the two countries has increased from \$200 million to more than \$4 billion (excluding defence) in last 25 years making India Israel's 10<sup>th</sup> largest trading partner.
  - Major exports from India** to Israel include precious stones and metals, chemical products, textiles and textile articles, plants and vegetable products, and mineral products.
  - Major imports by India** from Israel include precious stones and metals, chemicals (mainly potash) and mineral products, base metals and machinery and transport equipment.

## INDIA-ISRAEL AGREEMENTS

|  |   |
|--|---|
| <p><b>CYBER SECURITY COOPERATION</b></p> <p> To develop and promote cooperation in HRD through training programmes, skill development &amp; simulator-based hands-on training</p> <p>Envisages collaboration in cyber security resilience, promoting B2B cooperation and facilitating industrial summits</p> | <p><b>FILM CO-PRODUCTION</b></p> <p> Envisages a framework for encouraging all audio-Visual medial output, especially co-production of movies</p> <p>To contribute to economic growth of film, TV, video and new media production</p> |
| <p><b>ENERGY COOPERATION</b></p> <p> To explore long-term cooperative relationship and joint economic projects to enhance engagements in oil &amp; gas, including collaboration in upstream sector activities &amp; R&amp;D</p> <p>To promote institutional linkages between universities and start-ups</p>  | <p><b>MEDICINE MoU</b></p> <p> Mou between the Central Council for Research in Homeopathy, Ministry of AYUSH &amp; the Centre for Integrative Complementary Medicine, Israel</p>  |
| <p><b>AIR TRANSPORT AGREEMENT</b></p> <p> Envisages cooperative marketing arrangements, such as code share, bloc space or any other JV agreement for operating the agreed services on specified routes</p>   | <p><b>SPACE SCIENCE MoU</b></p> <p> MoU between Indian Institute of Space Science and Technology and the Technion-Israel Institute of Technology</p>  |
| <p><b>INVEST INDIA AND INVEST IN ISRAEL DEAL</b></p> <p> Will support and develop coop through exchange of info on investment opportunities, laws and regulations, policies and govt initiatives</p>   |   |

#### De-hyphenation of relation-

De-hyphenation means delink two entities and consider them as individuals.

- Now India's relationship with Israel would stand on its own merits, independent and separate from India's relationship with the Palestinians.
- This has bolstered the scope for addressing **India's national interests** effectively and diversified **access to new markets** and technologies.
- The hyphenation was a compulsion during the Cold War era, but it continued to underpin India's approach even in the subsequent period, probably out of the fear of antagonising the Arab.
- However, due to disturbances among the Arab states they were left incapable of pursuing a strong foreign policy that made it easier for India to pursue its relations with Israel.

#### Two- State Solution of Israel Palestine Issue:

It envisages an independent State of Palestine alongside the State of Israel west of Jordan river.

- 1937:** Proposed on basis of Peel Commission report but rejected by Arabs.
- 1948:** UN partition plan given with Jerusalem under international control
- Oslo Accord, 1991:** Provided the foundation for political boundaries as it stands today.
- The **Madrid Conference of 1991** was a peace conference co-sponsored by the US and the Soviet Union to revive the Israeli-Palestinian peace process through negotiations.
- UNSC Resolution 1397:** Agreed in 2000 with support from USA and becoming first UNSC resolution to agree on two state solution.

- **Agriculture-** Both have a bilateral agreement for cooperation in agriculture (India-Israel Agriculture Project).
  - **Bilateral action plan (2015-18)** aims to expand cooperation into new sectors such as dairy and water.
  - India has benefited from Israeli expertise and technologies in horticulture mechanization, protected cultivation, orchard and canopy management, nursery management, micro-irrigation and post-harvest management particularly in Haryana and Maharashtra.
  - **Israeli drip irrigation technologies** and products are now widely used in India.
- **Defence & Security-**
  - Israel is the third largest supplier of arms to India after Russia and the U.S
  - India imports critical defence technologies from Israel. There are regular exchanges between the armed forces and defence personnel.
- **Science & Technology-** There are various MoUs between the two in various fields of Science and Tech (e.g., space technology).
  - In January 2014, India and Israel held extensive discussions to establish an **India-Israel Cooperation Fund** aimed at promoting innovations through joint scientific and technological collaborations.

**Other Related News: Palestine Joins Interpol**

- Recently Interpol voted to accept the State of Palestine as a member. INTERPOL is an international organization facilitating international police cooperation. It has 192-member countries with its Headquarter in **Lyon, France**.
- Israel had contended that Palestine is not a state and that it is ineligible for Interpol membership.
- Under interim Israeli-Palestinian peace deals, a Palestinian Authority was granted limited self-rule in the occupied West Bank and the Gaza Strip.
- In 2012, the U.N. General Assembly upgraded the Palestinian Authority's observer status at the United Nations to **"non-member state" from "entity"**, like the Vatican.
- With their new presence in Interpol, the Palestinians can use Interpol to **issue international legal proceedings** against Israeli leaders and IDF (Israel Defense Forces) military officers.

**Related News**

US President has recognised Jerusalem as the capital of Israel and has decided to move its embassy from Tel Aviv to the holy city.

**What is implication of Trump's Decision on Jerusalem?**

- **Undermine USA's credibility as arbitrator:** USA's decision goes against its longstanding neutrality and its clear siding with Israel can derail its role as Peace broker in Palestine, West Asia and Afghanistan.
- **Complicates two state solution:** It may put the years of diplomatic efforts for two state solution such as Madrid Conferences and Oslo accords on the backburner.
- **Increase Religious Tensions:** The perceived harm to Muslim claims in Jerusalem will result in volatile protests across the Muslim world as Jerusalem is holiest ground not only in Judaism but also is Islam's third-holiest shrine and major Christian sites.
- **Regional Conflicts:** HAMAS has declared third Intifada and Iran and Syria have come out openly in support of Palestine adding to volatility and instability in region.

India voted against USA rather than abstaining from voting despite USA's pressure tactics. It indicates:

- It is in line with India's **non-alignment policy** and support for Palestinian cause.
- It also represents India's shift from a balancing power to a leading power on international stage. Earlier also India supported Mauritius's claim on sovereignty over Chagos archipelago and second was India getting a seat in ICJ despite US objections.
- By supporting Palestine India stayed with major groupings like SCO, BRICS and major European countries.
- India has significant interests in West Asian peace and stability as well thus necessitating such move.

**Grounds of Cooperation**

- **Israel's flexible export** policy meets Indian demands for technological transfer that have recently been an important part of governments overall developmental agenda.
- **Israel's technological prowess** remains unmatched in areas as diverse as waste management and reprocessing, desalination, agriculture, waste water recycling, health, biotechnology, and nanotechnology.
- With Russian economy and its defence industry in shambles and US and Europe's skepticism to **supply India with defence weapons** (given India's refusal to sign NPT), Israel has gained importance since both are nuclear powers who have not signed the NPT.

- **India-Israel counterterrorism cooperation** is quite robust and has been scaled up gradually over the last few years through a joint working group on terrorism. Intelligence-sharing in this realm has been the most important element of this partnership.
- India could also **benefit from Israel's close relationship with US**.
- Tourism is also a growing aspect of bilateral relationship. Every year 30-35 thousand Israelis visit India for tourism business and other purposes and about 40,000 Indians visit Israel every year mostly for pilgrimage.

#### Differences

- **Difference in terms of Iran**- Where on one hand Israel considers Iran an existential threat, India, on the other, has a historical relationship, and finds the cooperation useful for energy supplies, and an alternative route through Chabahar port to Afghanistan and Central Asia.
- **Different approach towards Arab world**- While Israel has inherent differences with Arab countries, India has significant stakes there and India's recent vote at the UN against America's move on Jerusalem was a reflection of that underlying reality.
- **Stand on China**- China is Israel's largest trading partner in Asia, there are strong technology and investment linkages.
- **In terms of Pakistan**, Israel's interest lies in keeping open the possibility of relations, while there are serious tensions among India and Pakistan.
- **Differences in terms of technology transfer**- There exist differences between India and Israel over issues related to technology transfer, end-user agreements and a proposed free trade agreement, more so given India's policy of 'Make in India'.
- The **free trade agreement (FTA)** is stuck because of the concerns from the Indian domestic industry.

#### Conclusion

- Indo-Israeli bilateral ties will increasingly be shaped by the rapidly evolving geopolitical realities in Asia and the Middle East. Israel will have to figure out its own response to this Asian flux.
- Further though the breadth and depth of India-Israel ties is no match as of now for the Sino-Israeli one, which is largely driven by trade and commerce, New Delhi should be aware that Chinese influence will only grow in the coming years. Prioritizing economic and trade ties in India-Israel ties should be viewed as a priority.

## 5.4. INDIA-UAE

#### Why in news?

- Indian Prime Minister recently visited UAE.
- He was also the guest of the honor at **World Government Summit held at Dubai**.

#### Background

- India and the UAE enjoy strong friendship based on age-old cultural, religious and economic ties between the two nations. The UAE occupies a key place in India's **West Asia policy**.
- India and UAE have last year elevated their relationship to **Comprehensive Strategic Partnership agreement** and have move beyond just buyer-seller relationship.
- Lately there have been various official visits between the two countries like the Crown Prince Sheikh Mohammed bin Zayed Al Nahyan was invited as chief guest for Republic Day.

#### Importance of UAE

- **Energy Security**: UAE is the **5th largest import source** and accounts for about 6% of our total crude imports. Agreements signed related to energy security
  - Acquisition of 10% participating interest in the offshore Lower Zakum oil and gas field

#### World Government Summit

- It is an annual event held in Dubai that brings together leaders in government for a global dialogue about governmental process and policies with a focus on the issues of futurism, technology and innovation, as well as other topics.
- It was formed in 2013 by a team of experts with the goal of improving the lives of the seven billion people.

#### MoUs Signed During Visit

- To institutionalize the collaborative administration of contractual employment of Indian workers in UAE
- For Technical Cooperation in Rail Sector
- To enhance cooperation between both the countries in financial services industry.
- To establish multi-modal logistics park and hub in Jammu comprising warehouses and specialized storage solutions.



- To operationalize the filling up of a strategic petroleum reserve cavern in Mangalore
- **Investment:** The UAE government has committed USD 75 billion towards developing Indian infrastructure.
  - Emirates Airline announced to help Andhra Pradesh develop its aviation sector
  - The NIIF entered into an agreement with a Dubai based firm for investment up to USD 3 billion.
- **Important trading Partner:** Bilateral trade with UAE stood at around USD 50 billion last year with UAE's investments in India in areas ranging from smart cities to real estate.
- **Indian Community-** More than 2.5 million Indians live in the UAE, which is among the largest number of expatriates anywhere in the world, repatriating \$13.6 billion a year to India.
- **Shared Security Concern-** The two countries have a common interest in ensuing maritime security in the Indian Ocean and the Gulf region.
  - Further, given the current state of flux in West Asia, India sees the UAE as an important partner to maintain peace and stability in the region. In this background India looks to enhance security cooperation with the Gulf countries including the UAE to counter terrorist threats and combat online radicalization.
- **Defense-** Defense exercises are increasingly undertaken. For example, 'Desert Eagle II', a ten-day air combat exercise, was held in May-June 2016 between the air forces of India and UAE
- **Maritime security-** India approved the bilateral pact on maritime education and training and a MoU to facilitate and promote maritime transport, simplification of customs and facilitation of use of existing installations for the disposal of waste.

### Challenges

- **Slow implementation process-** As far as investments are concerned, the systemic problem faced due to slow implementation of various projects from Indian side is a major obstacle.
- **Lack of commercial clarity in UAE-** Indian companies operating in the UAE also face problems due to lack of clarity in many aspects of commercial regulations, labor laws and lack of transparency on part of Emirati businesses.
- **Decrease in opportunities for Indian workers-** There is also a need to smoothen problems faced by Indian migrants due to cumbersome and strict regulations that favour the Emirati employers and at times leads to serious problems for Indian workers, especially unskilled workers.

### Way Forward

The growing engagements between India and the UAE has to be seen within the broader contexts of UAE's policy of engaging with Asia to improve economic prospects and India's search for foreign investments to expedite economic growth and address the threat of extremism and terrorism.

- **Medical tourism** can be an important area where India can attract UAE given India's high quality man power in medical sector and improving medical infrastructure in the country.
- There are further untapped potentials in the arena of **renewable energy**. The cost for production and transmission of solar energy in the UAE are a fraction to that of India and this is a priority area for the UAE government.
- India has some of the finest **higher education institutions in engineering and management** fields and given their cost-effective and world-class education, they can be a major attraction for students from UAE.
- In defense sector, there is a need to further enhance cooperation through joint training programs for Indian and UAE officers.

## 5.5. INDIA-OMAN

### Why in news?

Recently, Indian Prime Minister paid an official visit to Oman.

### More about the news

- During the meet India has secured access to the key **Port of Duqm** in Oman for military use and logistical support.
- The services of the port and dry dock will be available for maintenance of Indian military vessels.
- It is situated on the south eastern seaboard of Oman, overlooking the Arabian Sea and the Indian Ocean. It is strategically located, **near the Chabahar** port in Iran.



### India Oman Relations

India and Oman have expanded their bilateral cooperation and interactions since the establishment of their diplomatic relations in 1955 and have forged a mutually beneficial 'strategic partnership'.

- **Historical Ties:** Both the nations are bound by civilisational and historical links spanning over 5,000 years.
- **Political Relations:** Apart from regular ministerial level visits Indian PM's visit to Oman was a visit by an Indian Prime Minister after about 10 years.

- **Defence Cooperation:**

- India-Oman Defence cooperation has emerged as a key pillar of the strategic partnership between the two countries. India and Oman conduct regular biennial bilateral exercises between all three services namely Army exercise 'Al Najah', the Air Force exercise 'Eastern Bridge' and naval exercise Naseem-Al-Bahr (Sea Breeze).
- Further Oman has been extending its support to Indian Navy's anti-piracy missions and has also been collaborating on security matters, including counter-terrorism.

- **Economic & Commercial Relations:**

- Bilateral trade among the two has increased from \$3.8 billion in 2015-16 to four billion dollar in 2016-17 and is likely to be around five billion dollars during 2018.
- There are more than 2,900 **Indo-Omani joint ventures** in Oman. The India-Oman Joint Investment Fund (OIJIF) has been operational and an initial corpus of \$100 million has been fully utilized and another \$220 million has also been raised.
- Indian companies are among leading investors in Sohar and Salalah freezones and they are interested in investing in Duqm Special Economic Zone too.

#### MoUs signed in the visit

- The field of tourism cooperation
- Academic and scholarly cooperation
- Cooperation in the peaceful uses of outer space
- Cooperation between Foreign service institute, Indian Ministry of External Affairs and Oman Diplomatic Institute
- Cooperation in field of Health

#### Agreements signed on

- Legal and judicial cooperation in civil and commercial matters
- Mutual visa exemption for holders of diplomatic, special, service and official passport

#### Annexure to the MoU on military cooperation

#### Importance of Duqm Port-

**Strategically-** Duqm will be a part of India's maritime strategy to counter Chinese influence and activities in the region.

- With the **Assumption Island being developed in Seychelles and Agalega in Mauritius**, Duqm fits into India's proactive maritime security roadmap.
- To its north is the **Chabahar port** in Iran which is crucial to bypass Pakistan's restriction on movement of Indian goods to Iran and Afghanistan.
- It will also act as a **counter to the nearby Gwadar port** in Pakistan, which China is developing.

**Economically-** The Port also has a **special economic zone**, where about \$1.8 billion investments are being made by some Indian companies.

**Improving India's ties to West Asia-** Duqm can become a stepping stone for India's greater involvement with the region, which can enable India to ensure better security and safety of the 7 million strong Indian Diaspora.

- **People to People Contacts:** People-to-people exchanges have been an integral part of India-Oman strategic partnership. A notable feature of people-to-people relations between India and Oman in recent times has been the increasing tourist flow to India. India has also emerged as a preferred destination for medical and wellness tourism.
- **Energy Partnership:**
  - India has been considering to construct an underwater natural gas pipeline via Oman, the **Middle East to India Deepwater Pipeline (MEIDP)** — also known as the Iran-Oman-India pipeline. The project sought to bring Iranian natural gas to India via Oman. It has been very slow in materialising due to various obstacles such as lack of suitable technology, sanctions on Iran and objections from Pakistan.
  - In the current visit India informed Oman's ruler about the strategic oil reserve that India plans to build and invited Oman to participate in the project. The Omani side also briefed India about its own strategic oil reserve project in Ras Markaz near the port of Duqm.

## 5.6. INDIA JORDAN

### Why in News?

Recently, King Abdullah II of Jordan visited India.

### India Jordan Relations

- **Political Relations-** In 1950 the two countries established full-fledged diplomatic ties.
- **Commercial Relations-** India-Jordan trade is governed by an agreement signed in 1976. A **Trade and Economic Joint Committee** constituted under the Agreement promote and monitor the progress.
- **Defence-** Jordan has provided critical support to India during the 1991 evacuation of citizens from Iraq and also during the latest crisis in Iraq and Syria.
  - Both face the threat of extremism. Jordan has recently launched the **Aqaba process** to promote deradicalisation in which India is an active participant.
- **Cultural Relations-** There is immense interest in Jordan for Indian art and culture, especially Bollywood films.
- **Diaspora-** Jordan is home to more than 10,000 Indians, who are employed in various industries.

### MoUs signed during the visit

- Framework agreement on Defence Cooperation
- For cooperation in the field of Health and Medicine between India and Jordan
- For setting up of the next generation Centre of Excellence (COE) in Jordan.
- For long term supply of Rock Phosphate and Fertilizer/ NPK
- Visa waiver for diplomatic and official passport holders
- Cultural Exchange Programme (CEP)
- Manpower Cooperation Agreement
- Customs Mutual Assistance Agreement
- Twinning Agreement between Agra and Petra (Jordan), etc.

The exchange of bilateral visits at high political and senior official levels declined significantly after King Abdullah's productive visit in 2006. The relationship has failed to realize the huge, untapped potential.

### Importance of Jordan for India

- **To access Palestine (West Bank)** -One can visit Palestine only either through Israel or Egypt and Jordan. Due to political issues between Israel and Palestine, Jordan becomes an important connecting point with West Bank region of Palestine.
- Like India, **Jordan has special ties with both Israel and Palestine.** This can be further important for supporting India's 'De-hyphenation' policy towards the two countries.
- Both the countries share the view that nations must coordinate their positions to **fight against the misuse of religion** by groups and countries for inciting hatred and justifying terrorism. Jordan is crucial to India's effort to gather regional intelligence and enhance counter-terrorism cooperation.
- India can leverage Jordan's unique strategic location in the **Levant, with access to the Red Sea and the eastern Mediterranean.**
- Jordan also plays an important role in **India's food and energy security** through provision of fertilisers and phosphates. It also has one of the largest deposits of oil shale.

The improving relations between the two countries is a testimony to India's "Think West" policy where Jordan has an important place.



## 5.7. OTHER REGIONAL NEWS

### 5.7.1. THE KURDISH INDEPENDENCE REFERENDUM

#### Why in news?

Iraq's Kurds voted in a referendum on support for independence.

- The referendum, while non-binding, is a symbolic milestone in the Kurds' decades-long struggle to achieve statehood.
- Kurdistan is a **proto-state** located in the north of Iraq and constitutes the country's only autonomous region.
- The region is officially governed by the **Kurdistan Regional Government (KRG)**, with the capital being Erbil.



#### Who are Kurds?

- The Kurds are widely recognized to be the **largest stateless national group** in the world.
- Kurdistan is home to numerous languages, religions and political factions and is known for its **strong cultural unity**.
- After World War I, Britain and France carved up the Ottoman Empire, leaving the **Kurds scattered** mainly over four countries: Iraq, Iran, Turkey and Syria.
- They suffered persecution and were often denied the right to speak their language.
- After the U.S.-led invasion of Iraq, they managed to get a better deal in the new regime and enhanced their autonomy following Iraq's entanglement in the civil war against the Islamic State (IS).
- Kurds are an important partner for Iraq in the fight against the IS, with the U.S. also treating the **Peshmerga forces** (Iraqi Kurdistan military forces) as an ally.

#### Implications

- Any moves for independence of **“south Kurdistan” in Iraq** have geopolitical ramifications and are severely opposed by Turkey and Iran in particular, as well as Syria as all of these countries have their own Kurdish population that might also get inspired to start such movement.

### 5.7.2. ISLAMIC ALLIANCE TO FIGHT TERRORISM

#### Why in news?

Recently first meeting of **Islamic Military Alliance to Fight Terrorism (IMAFT)** was held in Riyadh.

#### Islamic Military Alliance to Fight Terrorism (IMAFT)

- It is a Saudi led coalition of 40 countries and constitutes about 60% members of Organization of Islamic Cooperation (OIC). It was announced as a 34-member group initially in 2015.
- Iran, Syria and Iraq are not part of coalition and Doha though part of the group did not participate in it in the wake of boycott led by Saudi Arabia.
- It will serve as an inter-governmental counter-terrorism alliance against spread of ISIS in the region.
- It further aims to provide military support and coordinate efforts with member countries to counter terrorism and thus aims to delink Islam from terrorism.

### 5.7.3. ASIAN PREMIUM

#### Why in news?

India would coordinate with China and other Asian countries to raise voice against the **“Asian premium”** being charged by the **Organisation of the Petroleum Exporting Countries (OPEC)**.

### About Asian Premium

- Asian Premium is the **extra charge being collected by OPEC countries from Asian countries** when selling oil.
- It has its roots in the establishment of **market oriented crude pricing** in 1986.
- There are 3 important benchmarks in global market, representing the cost of oil produced in respective geographies.
  - ✓ **Brent**: Light sweet oil representative of European market
  - ✓ **West Texas Intermediate (WTI)**: US market
  - ✓ **Dubai/Oman**: Middle East and Asian Market.
- For Europe and the US, there emerged **domestic crude markets and spot prices**. These two markets reflected the cost of crude produced in the respective geographies.
- But for Asia, there was no such indigenous market/ production location for importers except the **export-oriented Gulf markets**. Hence, the Dubai/Oman market price was taken as the marker. But it **has failed to indicate the cost of production**.
- The US and Europe had an advantage because their markets and prices were **based on future trading and reflected every trend in the crude market**. On the other hand, since Asia represented by Dubai/Oman do not have any derivative trading, doesn't have that edge.
- Hence, price charged from Asian countries remained \$1-\$2 dollar higher than that from Europe and the US. This **price differential is termed as 'Asian Premium'**.

### About OPEC

Organization of the Petroleum Exporting Countries (OPEC) is an intergovernmental organization of 14 nations, founded in 1960.

- **Headquarters: Vienna, Austria**
- Type: International cartel
- Members of the Organization:
  - **Middle East**: Iran, Iraq, Kuwait, Saudi Arabia, Qatar, the United Arab Emirates,
  - **Africa**: Libya, Algeria, Nigeria, Angola, Equatorial Guinea, Gabon
  - **South America**: Venezuela, Ecuador

India sources about 86 per cent of crude oil, 75 per cent of natural gas and 95 per cent of LPG from OPEC member nations.

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## 6. AFRICA

### 6.1. INDIA-AFRICA

India Africa relations (economic & cultural) date back to pre-colonial era and were strengthened during the national independence movement of India (due to leaders like M.K Gandhi). After India's independence the factors like the success of Gandhian non-violent methods, establishment and survival of modern ideals of secularism, development etc. in India, despite various hurdles, etc. became important models for many young African nations. However, after a few decades of aloofness, in 2000s, the ties between the continent and India remerged in importance.

In the current phase, India is becoming an increasingly important economic partner for African countries. Its ties with Africa can be traced to a strong, shared history based on the principles of South-South cooperation, people-to-people linkages and common development challenges.

In fact, the centuries-old ties between India and Africa, especially with countries in eastern and southern Africa, were firmed up due to India's consistent support **to anti-colonial and anti-racist liberation and apartheid struggles in South Africa**. Once the political battles for liberation in Africa were formally won, economic factors began to dominate India-Africa ties.

#### Importance of Africa

India has significant political, strategic, economic and maritime stakes in engaging with Africa.

- **Resource rich region-** Africa is very resource-rich and has moved from being an underdeveloped continent to having several fast-growing economies, and new democracies.
- **Economic Growth-** The economic growth of the continent that is estimated to be 3.2 per cent in 2018. It also houses six of the world's fastest growing economies as per world bank estimates. Additionally, several African countries have been providing incentives to attract foreign investors and partners in growth thus providing an opportunity for India.
- **Reform in global institutions-** India's ambition to become a permanent member of the UN Security Council makes it imperative that it engages with all 54 countries of the continent.
- **Investment opportunities for private sector-** A number of Indian multinationals already have significant interests and investments in the region, with strategic sectors including agribusiness, pharmaceuticals, information and communications technology (ICT), and energy.
  - Africa has emerged as an important market for Indian goods and services, as well as a vital element in India's quest for strategic minerals and other natural resources needed to feed its burgeoning economy.
  - India can also unleash massive possibilities in digital penetration in the continent.
- **Convergence of interest-** Two partners are aligned on the outstanding issues at the **World Trade Organization (WTO)** and are in favor of multilateral trading systems. At the Bali Ministerial in 2013 too, Africa and India had united in seeking an interim mechanism for safeguarding minimum support prices to farmers against WTO caps till a permanent solution is found and adopted.
  - **Cooperation to tackle terrorism:** India strongly advocated stepped-up cooperation through intelligence exchange and training with 54 African countries.
  - **Cooperation on climate change** between India and Africa, both who had "contributed the least to global warming".
  - There's a convergence of interest for **reforming the Security Council**. It is imperative for both sides to speak in "one voice" for Security Council reforms.
  - **Peace keeping operation:** India is the largest contributor to UN-mandated peacekeeping and other operations in Africa, with more than 30,000 personnel involved in 17 of 22 total missions in the region since 1960.
  - India provides a **useful model for democratic development**. Indeed, the world's largest democracy is increasingly responding to requests from African governments to share its democratic experience, offering training on electronic voting systems, parliamentary procedures, federal governance, and an independent judicial system to strengthen the rule of law.



## Relation between India and Africa

- **Economic:** Africa is an important trade partner for India. Trade between Africa and India has multiplied in the last 15 years. It has doubled in the last five years to reach nearly \$52 billion in 2016-17. It further has the potential to grow threefold to \$150 billion in next five years.
  - India is the fifth largest country investing in the continent, with investments over the past 26 years amounting to \$54 billion.
- **People to people contact:** There has been a welcome surge in people-to-people contacts as large numbers of African entrepreneurs, medical tourists, trainees and students have started coming to India and Indian experts and entrepreneurs have headed there.
- **Business-to-business** links between India and several African nations have become increasingly important and are driving the government-to-government relationship.
  - Indian businesses are active across geographic spaces and sectors in Africa. Agri-business, engineering, construction, film distribution, cement, plastics, and ceramics manufacturing, advertising, marketing, pharmaceuticals, and telecommunication are only some of the sectors that have Indian players.
- Indian generic drugs, due to their relatively cheap prices, are used heavily to fight HIV/ Aids in Africa.
- **African Asian Rural Development Organization (AARDO)** and Central Marine Fisheries Research Institute (CMFRI) recently held a workshop recently in Kochi that focused on food security, agriculture, and fisheries. Training was given in areas including marine fisheries development, fish stock estimation, assessment of the impact of climate change on fisheries, training in responsible marine development, and mariculture.
- **Indian foreign aid to Africa:** (Covered separately)
- **Asia-Africa Growth Corridor (AAGC):** India and Japan agreed to an economic cooperation agreement to create a “free and open Indo-Pacific region” by rediscovering ancient sea-routes and creating new sea corridors that will link the African continent with India and countries in South-Asia and South-East Asia and further counter China’s BRI project.

### About AARDO

- The AARDO is an autonomous, inter-Governmental organization established in 1962, headquarter in New Delhi.
- AARDO currently has 31 countries of the African - Asian Region under its fold.
- India is one of the Founder Members of the Organization and is the largest contributor among the members.
- The group is devoted to developing understanding among members for better appreciation of each other’s’ problems and to explore, collectively, opportunities for coordination of efforts for promoting welfare and eradication of thirst, hunger, illiteracy, disease and poverty amongst rural people.

### Asia-Africa Growth Corridor

It is an economic cooperation agreement between the and envisages closer engagement between Asia and Africa for “sustainable and innovative development” and will be anchored to four pillars.

- Development and cooperation projects in health and pharmaceuticals, agriculture and agro-processing, farming, manufacturing and disaster management;
- Building quality infrastructure and connecting institutions;
- Enhancing capacities and skills; and
- People-to-people partnership.

## Asia-Africa Growth Corridor vis-à-vis BRI

### Differences between AAGC and BRI

- The AAGC, unlike the BRI which is a unilateral initiative of China, is a bilateral initiative between Japan and India.
- The spirit of the AAGC is furthermore based on a “consultative” character where Africa has a role to play in the decision-making process on projects, which is not so much the case with the BRI.
- Furthermore, funding for the promotion of BRI projects comes essentially from Chinese banks or from Chinese government sources or through collaborative measures where Beijing holds a dominant say in project financing. This is not the case with the AAGC which intends to generate private, government, and also international funding, including from the African Development Bank.
- China’s BRI proposition is also more expansive, ambitious, and global, encompassing other continents apart from Africa and Asia.

Differences notwithstanding, both initiatives exhibit to a certain extent overlapping and competing intentions. The success of AAGC will therefore largely depend upon to what extent India and Japan can push forward this idea ahead of China's BRI.

- India and Japan need to pursue structured and pointed cooperation both in the context of Africa and the Indian Ocean Region to make the intended objectives of AAGC a success.
- But while a comparison between AAGC and China's BRI is unavoidable, AAGC currently neither poses a challenge to China's BRI, nor is its mandate as comprehensive.

Indeed, the vision of AAGC is not to compete with any other proposition per se, but to engage in more meaningful developmental partnerships, both within and outside of Africa.

- **Emerging Areas:**
  - Africa is crucial to the India-fostered **International Solar Alliance (ISA)**. Over a dozen of the ISA's 24 members are from Africa, the continental powerhouse of solar energy.
  - Now **Sub-national organizations** and **State governments** have also been crafting independent relationships with African counterparts.
    - ✓ For example, Kerala is planning on importing cashew from African countries for its processing plants that are running low on raw material.
    - ✓ Similarly, Ethiopia and South Africa are working with Kudumbashree, a self-help group movement created by the Government of Kerala aimed at eradicating poverty and empowering women, to find ways to localize and adapt the model in their respective countries.

### India's challenges in Africa

- **Political instability:** Political instability in number of African Nation may impact India's long-term investment opportunities.
- **Terrorism in Africa:** There has been an extraordinary increase in terrorist attacks by extremists connected to al-Qaida and ISIS across Africa over the recent years.
- **Africans in India:** India will have to make efforts to make African nationals feel welcome. In recent months, there has been a spate of assaults on Africans based in India. These assaults generate a negative image of India in Africa and may impact on century-old ties with the continent.
- **Lack of Coordination:** There is very little coordination between Indian State and its businesses in Africa and the role of India Inc. is limited while drafting policies. Thus, India has no coordinated Africa policy nor does there seem to be an avenue where the strengths of both actors can be leveraged.
- **Financial Limitations:**
  - In terms of cheque book diplomacy, India cannot compete with China or U.S. Some of the African countries, even the richer ones like Nigeria, expect India to bear gifts for them under India Africa Forum Summit. However, India asserts for joint endeavor for better development.
  - Further the region is affected by debilitating poverty, disease and lack of opportunities for the youth who are entering the labor market in larger numbers.
  - Resources available even from traditional donors belonging to the OECD and from multilateral financial institutions are diminishing despite **adoption of ambitious Sustainable Development Goals (SDG)** making India Africa development partnership even more important.
- **China's strong presence in the continent:**
  - India and China are competing with each other to build a stronger relationship with Africa. China even built up its first overseas military base in Djibouti.
  - While China's **aggressive economic approach** has caused it to achieve more influence in Africa than any other country, its dominance is slowly being impeded by India's growing involvement in the region.
  - The African nations are increasingly realizing that though Chinese investments are attractive, there are certain issues like:
    - ✓ Chinese companies instead of employing locals use Chinese workers.
    - ✓ It is also seen that these companies don't pay much attention to environment protection.
    - ✓ Chinese loans come with strict conditions that only Chinese technology will be utilized.
      - These concerns have mainly been raised by civil society; however, many governments have also started looking beyond China.

## 6.2. INDIA AFRICA DEVELOPMENT INITIATIVES

### Why in news?

- Recently Indian government approved the opening of 18 new Indian missions up from current 29 missions over four years (2018-2021) in Africa with an aim to expand its footprints.

### Other Related news

- The **India Development Foundation of Overseas Indians (IDF-OI)** was closed to enhance synergies in channelizing Diaspora's contributions to Government of India's flagship programmes such as National Mission for clean Ganga and Swachh Bharat Mission.
- Export-Import Bank (**Exim Bank**) has decided to provide a \$500 million credit facility to ECOWAS Bank for Investment and Development (EBID) to fund various development projects in the western-south Africa.

#### India Development Foundation of Overseas Indians (IDF-OI)

- It was set up by Government of India in 2008 as an **autonomous not-for-profit Trust**, to facilitate Overseas Indian philanthropy into social and development projects in India.
- It has largely been **unsuccessful in mobilizing funds**.

#### Economic Community of West African States (ECOWAS)

- It was established in 1975 by 15 West African countries via the treaty of Lagos to **promote regional economic integration**.
- **EBID** is an international financial institution with two funding windows to promote private sector activities and fund the development of the public sector.
- It is headquartered in Lome, Togolese Republic.

### Development initiatives between India and Africa:

- **Technical Assistance Programmes:**
  - **Indian Technical and Economic Cooperation (ITEC) program** which aims at capacity building, skill development, transfer of technology and sharing of experiences with the partner countries. Around 5000 scholarships have been offered to officials from African countries under this.
- **Pan-African e-network: Launched in 2006 this programme is a joint effort of India and African Union with an aim to provide** satellite connectivity, tele-education and tele-medicine services to the African countries by linking them with top educational institutions and super-specialty hospitals in India.
- **Techno-Economic Approach for Africa-India Movement (TEAM-9):**
  - It was launched by India in 2004 together with eight energy and resource-rich West African countries viz. Burkina Faso, Chad, Cote D'Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali, Senegal, and India.
  - The initiative aimed at engaging the underdeveloped, yet resource-wealthy countries of West Africa, which required both low-cost technology and investment to develop their infrastructure.
- **Focus Africa:** Launched by India in 2002-03, the main objective of the programme is to increase interactions between the two regions by identifying the areas of bilateral trade and investment.
- **Supporting Indian Trade and Investment for Africa (SITA):** It is an International Trade centre supported project which aims at increasing value of business transactions between India and selected East African countries (Ethiopia, Kenya, Rwanda, Uganda and Tanzania) with the ultimate objective to create jobs and income opportunities for people in East Africa.
- **Cooperation with African Development Bank (AfDB):** India joined AfDB in 1983 and has contributed to its General Capital increased and has also pledged capital for grants and loans.
- **Development Assistance:**
  - India extends development assistance through the Line of Credit extended by the Export-Import (Exim) Bank of India and the traditional technical assistance predominantly managed by the country's ministry of external affairs.
  - In **India Africa Forum Summit (2015)**, India announced a US\$ 10 billion line of credit to help financing the projects in African countries, capacity building, IT education, and higher education.
- **Training institutes: India has set up over 100 training institutes in different African countries, encompassing areas ranging from agriculture, rural development and food processing to information technology, vocational training, and entrepreneurship development.**
- **Other Initiatives:**
  - **Solar Mamas: It is group of rural women solar engineers from Africa who have been trained under Government of India-supported programme to fabricate, install, use, repair and maintain solar lanterns and household solar lighting systems in their villages.**
  - As a part of **Light up and power Africa initiative**, the African Development Bank has entered into partnership with the International Solar Alliance (ISA) to scale up solar energy in Africa.



## 7. EUROPE

### 7.1. INDIA-EU

India enjoys **traditionally good relations** with European Union and its member states. In 1962, India was the first developing country to establish diplomatic relations with European community. The **EU-India Enhanced Partnership Agreement in 1996** appreciated India's economic successes after the liberalization. Since the Lisbon summit in 2000 India has belonged to a small group of countries including US, China, Russia, Japan and Canada among others with whom the EU holds regular summits.

The **14th annual Summit** between India and the European Union (EU) was recently held in New Delhi.

#### India-EU relations

**EU-India Cooperation Agreement 1994** provides the legal framework for EU-India relations. India and the EU have been **strategic partners** since 2004.

- **Foreign Policy and Security Cooperation:** It involves Summits, regular ministerial-level meetings, and regular **foreign policy and security consultations** on counterterrorism, counter-piracy, cyber-security, and non-proliferation/disarmament.
- **Trade and Investment:**
  - The EU is India's **largest trading partner**, accounting for 13.2% of India's overall trade. The total value of EU-India trade in goods stood at €85.8 billion in 2017. Further the trade in services have almost tripled in last decade.
  - The EU is also the **largest destination for Indian exports** and a key source of investment and technologies.
  - Major EU exports to India include engineering goods, gems and jewellery and chemical and allied products. The primary EU imports include textiles and clothing, chemical and allied products and engineering goods.
  - Overall, the EU is the **second largest investor** in India, with €70 billion of cumulative FDI from April 2000 to March 2017, accounting for almost one-quarter of all investments flows into India.
  - India and EU are also negotiating an ambitious **Free Trade Agreement** or BTIA since 2007 (See Box)
- **Comprehensive sectoral cooperation and contacts between people:**

Both cooperate on a range of policy areas, including energy and climate change; environment; research and innovation; pharmaceuticals; biotechnologies; agriculture, Digital economy and Society; competition policy; macroeconomic issues, sustainable urban development; migration and mobility; and higher education.

  - EU and India remain close partners in the G20 and have developed a regular **macroeconomic dialogue** to exchange experience on economic policies and structural reforms.
  - **Energy Cooperation:**
    - ✓ EU-India energy cooperation has considerably strengthened over the past years and they now have **EU - India Clean Energy and Climate Partnership** which aims to jointly implement concrete projects, to promote access to and disseminate clean energy and climate friendly technologies and encourage research and development.
    - ✓ Energy cooperation is now ongoing on a broad range of energy issues, like smart grids, energy efficiency, offshore wind and solar infrastructure, and research and innovation.
    - ✓ Further EU and India also underline their highest political commitment to the effective implementation of the Paris Agreement and the UNFCCC despite US withdrawing from the same.
  - **Research and Development:**
    - ✓ India, participates in international **ITER fusion project** which aims to build and operate an experimental facility to demonstrate the scientific viability of fusion as a future sustainable energy source.
    - ✓ India also participates in research and innovation funding programme '**Horizon 2020**' wherein individual scientists can receive grants from the European Research Council (ERC) or the Marie Skłodowska-Curie Actions (MSCA)
  - **Environment and Water:** The EU and India also cooperate closely on the Indian Clean Ganga initiative and deal with other water-related challenges in coordinated manner.

- **City to City Cooperation:**
- ✓ There is **city-to-city cooperation** between European and Indian cities such as Mumbai, Pune and Chandigarh in a first phase and twelve more cities involved in the current phase.
- ✓ Now it is being formalized in an **India-EU Partnership for Smart and Sustainable urbanization**, which will support the Indian 'Smart cities' and 'AMRUT' initiatives to boost joint research and innovation.
- **ICT Cooperation:**
- ✓ The EU and India aim to link the '**Digital Single Market**' with the '**Digital India**'.
- ✓ A new "**Start-up Europe India Network**" initiative was launched in 2016.
- ✓ Further, an **EU-India Cyber Security Dialogue** has been set up that focusses on exchange of best practice on addressing cybercrime and strengthening cyber security and resilience.
- **Migration and mobility: The EU-India Common Agenda on Migration and Mobility (CAMM) is a fundamental cooperation agreement between India and EU. The CAMM addresses four priority areas in a balanced manner:**
- ✓ **Better organised regular migration and the fostering of well-managed mobility;**
- ✓ **Prevention of irregular migration and trafficking in human beings;**
- ✓ **Maximizing the development impact of migration and mobility; and**
- ✓ **The promotion of international protection.**
- **Development cooperation:** Over €150 million worth of projects are currently ongoing in India.

### Important Highlights of Joint Statement at Annual Summit

- **On Terrorism:** It called for “**decisive and concerted actions**” against Hafiz Saeed, Dawood Ibrahim, Lashkar-e-Taiba and Zaki-ur-Rehman Lakhvi further bolstering India’s efforts to call out Pakistan on the issue of sponsoring terror.
- **On multi-polarity:** Commitment to a “**rules-based**” international order and a “**multipolar**” world. This is significant in the context of the U.S. reversing its stand on several international deals.
- **On UN reform agenda:** Support on the three reform tracks of **peace and security, development and management reform.**
- **On the Iranian nuclear issue:** Support for the continued full implementation of the **Joint Comprehensive Plan of Action (JCPOA).**
- **On Afghanistan:** While appreciated the positive role being played by India, the two sides called for **Afghan-led and Afghan-owned national peace and reconciliation.**
- **On BTIA:** It covers effective market access in goods, services and public procurement, as well as a framework for investment including investment protection and rules that frame trade, such as intellectual property and competition.
  - Unable to set in motion the stalled negotiations, both sides agreed to “re-engage actively towards timely re-launching negotiations for a comprehensive and mutually beneficial India-EU BTIA.”

### List of Agreements signed during 14th India-EU Summit

- Implementing Arrangement between the European Commission and the Science and Engineering Research Board (SERB) for Indian Researchers
- Finance Contract of **Bangalore Metro Rail Project Phase-2-Line.**
- Joint Declaration between the Interim Secretariat of the **International Solar Alliance and the European Investment Bank.**

### Deadlock in Broad-based Trade and Investment Agreement (BTIA) India

- The deadlock is due to issues including India’s pitch for a ‘**data secure**’ status (important for India’s IT sector to do more business with EU firms) as well as to ease norms on **temporary movement of skilled workers.**
- For India **non-tariff barriers** such as sanitary and phytosanitary measures, and technical barriers to trade are also a major concern. The EU has been imposing stringent labeling requirements and trademark norms, which have dented India’s exports.
- Further in terms of trade in services, India demands strong binding promises by the EU on liberalising trade in service.

### EU

- There are differences over the EU’s demands on elimination of **India’s duties on goods such as automobiles and wines and spirits, further liberalization of** multi-brand retail and insurance and opening up of the currently closed sectors such as accountancy and legal services.
- EU is keen on finalization of an **India-EU Bilateral Investment Treaty (BIT)** before the re-launch of the FTA talks while India wants to **make ‘investment protection’** a part of the negotiations on the proposed comprehensive FTA.
- India’s model BIT and its **Investor-State Dispute Settlement Mechanism** which allows companies to seek international arbitration only when all domestic options have been exhausted has also been a contentious issue.

In the summit **3 joint declarations** - on counter-terrorism, on clean energy and climate change and on a partnership for smart and sustainable urbanisation were also adopted.

### Need to strengthen India-EU Partnership

- With the **U.S. reducing its global footprint** and China moving in to fill the vacuum, it has become crucial for both India and EU to protect their stability and security.
- Rooted in its democratic institutions and open societies, the **Indian and European world views** are quite similar which is increasingly manifested in their converging interests to ensure Eurasian connectivity plans; the protection of international legal principles such as the freedom of navigation, etc.
- Given their **commonly shared values**, both must continue to welcome each other's **leadership role** in the world.

#### Permanent Structured Cooperation on Defence (PESCO)

- It is an intergovernmental, **binding, permanent** framework and a structured process to gradually **deepen defence cooperation** within EU framework.
- The aim is to jointly develop defence capabilities and make them available for EU military operations.
- The Member states can also make the military capabilities available under PESCO for United Nations and NATO as well.
- **Significance of the PESCO** –
  - Reinforces EU's strategic autonomy and act alone when necessary.
  - Keeps national security and sovereignty of member states intact and allows them to use the military capacity developed under PESCO.
  - Strengthen operational cooperation, interoperability and industrial competitiveness among members by decreasing the different weapons systems in Europe.

So far 25 member of EU have signed the pact except **Denmark, Malta and Britain**. PESCO is also open to NATO members also who wish to take part in it. However, there is **no provision** about the inclusion of **non-EU NATO member**.

## 7.2. INDIA-FRANCE RELATIONS

### Why in News?

French President Emmanuel Macron recently visited India.

### Important Developments during the Visit

The two countries signed **14 agreements** including those in the field of education, environment, urban development and railways, etc. Important strategic engagements were-

- The **Joint Vision Statement** on the Indian Ocean Region has been laid down.
- Indian PM and the French President **co-chaired the founding conference** of the **International Solar Alliance (ISA)** and the two leaders also inaugurated a solar power plant at Dadar Kala village in Uttar Pradesh.
- The two leaders welcomed the signing of the "Agreement for the provision of **reciprocal logistics support** between their Armed Forces", which seeks to extend logistical support on reciprocal access to respective facilities for Indian and French armed forces.
- The "**Industrial Way Forward Agreement**" was signed between French utility EDF and India's NPCIL for the construction of **six nuclear reactors at Jaitapur**.

### Background

India and France have traditionally close and friendly relations. In 1998, the two countries entered into **Strategic Partnership** which is based on three pillars of defence cooperation, space cooperation and civil nuclear cooperation. Important relations between the two are-

- **Institutional Dialogue relating to strategic areas**- India-France Strategic Dialogue takes place between NSAs from both sides. Joint Working Group on Counter, Cyber Dialogue, etc. are the other active mechanisms.
- **Defence Cooperation**- Regular exchange of visits at the level of Services Chiefs takes place. The three services also have regular defence exercises, viz. Exercise Shakti (Army), Exercise Varuna (Navy), Exercise Garuda (Air Force). Also, a civil nuclear cooperation agreement was signed between the two countries in 2008 during the visit of Indian PM to France.





- **Economic Cooperation-** France is the ninth largest foreign investor in India. The trade surplus remains in India's favour for the past ten years with Indian exports to France in 2016.

### Importance of France for India

- **Partnership in the Indian Ocean-** The agreement for the provision of **reciprocal logistics support** between the two is important given the wide range of French military bases in the Indian Ocean (Djibouti, Abu Dhabi, and Reunion Island). It can be a **force multiplier** for India. The development gains importance with increasing Chinese presence in the region.
- **Partnership in ISA-** The ISA, first treaty-based international organization to be based in India, is a major **Indo-French initiative** which is a crucial step towards our commitment towards renewable energy.
- **France's support on international platforms-** France is among the countries that have consistently supported India's **permanent membership to UNSC**. Further, France support for India's inclusion in the **Wassenaar Group** is also worth mentioning. Paris was one of the only Western capitals to comment on the legitimacy of India's concerns vis-à-vis the refugee crisis in its border regions with Bangladesh.
- **Nuclear Cooperation-** After the nuclear tests in May 1998 when India declared itself a nuclear weapon state, France was the first major power to open dialogue and displayed a far greater understanding of India's security compulsions compared to other countries. It **refused to sermonize India** after the tests, and publicly opposed U.S. sanctions.
- **Defence Cooperation-** Defence cooperation with France began in the 1950s when India acquired the Ouragan aircraft and continued with the Mystères, Jaguar, Rafale, Scorpène submarines, etc.
- **Cooperation in Space and Technology** has continued since the 1960s when France helped India set up the **Sriharikota launch site**, followed by liquid engine development and hosting of payloads. Currently, other projects include joint satellite mission – TRISHNA (for eco-system stress and water use monitoring) and also accommodation of French instrument on India's OCEANSAT-3 satellite.
- **Other areas of cooperation** include their strong **condemnation of terrorism** in all its forms and manifestations including cross-border terrorism and terror-related incidents in France and India.
  - Given its expertise in the sphere of urban planning **France is also helping in the Smart Cities Mission**. The three such smart cities are Chandigarh, Nagpur and Puducherry.

### Way Forward

- Even though above specified areas provided a robust basis for engagement, it remained primarily at a **government-to-government level**. In recent years, it was clear that for a wider partnership, strengthening business-to-business and people-to-people relationships was essential. Also, the trade between India and France, although growing, is yet to reach its potential.
- As per the speculations **France intends to be India's gateway to Europe** and to make India France's first strategic partner in Asia.
- The underpinnings of global geopolitics are being rapidly altered with China's rise, the West being consumed by internal problems and Russia, the "America First" priorities of the US Administration, and growing threats to globalization. With such background India and France seek each other as desirable strategic partner.

## 7.3. INDIA GERMANY RELATIONS

### Why in news?

Recently German President, Frank-Walter Steinmeier, was on a five-day visit to India.

### Key areas in India Germany Cooperation:

Germany is the most populous country in Europe and its location at the centre of the continent gives it a natural role as a bridge between East and West Europe. It is a global-centre and a pivot for R&D and skills.

- **Strategic Partnership:** India and Germany have a '**Strategic Partnership**' since 2001, which has been further strengthened with the Intergovernmental Consultations (IGC) at the level of Head of Governments
- **India-Germany cooperation on cleaning the river Ganga:** The National Mission for Clean Ganga (NMCG) and GIZ Germany signed an Implementation Agreement for Ganga Rejuvenation in 2016 under which Germany committed €3 million for data management and capacity building to deal with the pollution.

- **Bilateral cooperation** on the issue of UNSC expansion within the framework of G-4, consultations with each other in G-20 on global issues such as climate change, sustainable development, etc. and other regional and international issues such as UN issues, International Cyber Issues, Disarmament & Non-proliferation, Export Controls, East Asia, Eurasia, etc.
- **Defence Cooperation:** India-Germany Defence Cooperation Agreement (2006) provides a framework for bilateral defence cooperation.
- **Economic & Commercial Relations:** Germany is India's largest trading partner in Europe.
  - Germany is the 7th largest **foreign direct investor** in India since January 2000.
  - An MoU on Indo-German Solar Energy Partnership was signed in 2015 under which German Government is to provide concessional loan of Euro 1 billion over the next 5 years.

#### Importance of Indo-German cooperation

- India and Germany have **complementarities** that can make them effective partners. While **German expertise** lies in engineering state-of-the-art products, the futuristic technologies require IT innovations where Germany will need India's IT expertise. India can be a market for high end German goods and in turn a source of skills.
- India can benefit from the **Small and Medium Enterprises (SMEs)** of the Germany and has thus set up a fast track mechanism to promote the cooperation among both the countries.
- Germany is phasing out its nuclear power plants and replacing them with renewable energy. Since India is also planning to meet 40 per cent of its energy requirement by renewables by 2030 there is a large scope of **bilateral cooperation in energy sector** through organisations such as International Renewable energy agency.
- Germany's support is also important for balanced agreement on **climate change**, taking into account climate adaptation and mitigation as well as finance and technology transfer.
- The two countries also share **security concerns** with Germany affected through refugee crisis and India's concerns arising from Pakistan sponsored terrorism.

#### Conclusion

- With the **rise of protectionist trade measures** in USA India and Germany both have shown commitment to an international order based on mutual respect and rules, and cooperate for free and fair trade and investment.
- Further there is a large scope of cooperation in security and counter-terrorism, innovation and science and technology, cleaning of rivers, skill development (Skill India Mission), urban infrastructure, water and waste management, clean energy, development cooperation, health and alternative medicine etc.

## 7.4. INDIA-ITALY

#### Why in news?

Italian Prime Minister Paolo Gentiloni recently paid official visit to India.

#### Highlights of Joint Statement

- The visit has been described as a **"breakthrough"** that will effectively put to rest more than five years of tensions over the Italian Marines case.
- It was decided to establish a **Joint Defence Committee** to enhance and encourage a "structured dialogue" between Indian and Italian defence firms.
- Italy supported India's **"intensified engagement"** with nuclear, missile and dual-use technology and substances-export control regimes like the Wassenaar Arrangement, the Australia Group, and the Nuclear Suppliers' Group (NSG) which strengthen global non-proliferation efforts.
- The two countries agreed to the connectivity norms based on international norms, good governance, rule of law, etc. which is seen as a challenge to China's OBOR project.

#### India-Italy relations

- Italy is India's **fifth largest trading partner in the EU** with a bilateral trade of USD 8.79 billion in 2016-17.
- Italy is one of the most important members of the European Union (EU) with "the **third largest presence of Indian community** after the UK and the Netherlands.

## 7.5. GENERAL DATA PROTECTION GUIDELINES (GDPR)

### Why in News?

The GDPR became applicable to all the European Union member states from May 2018.

### What is GDPR?

- It is **comprehensive privacy and data security legislation** by the EU, to protect personal data of its people (residents and citizens, called as data subjects, in the Regulation) and to help them control how this data is collected, processed, shared and stored.
- It mandates companies (called as data controllers and processors) to take **“freely given, specific, informed and unambiguous”** consent from the data subjects, regarding movement and use of this data. Thus, GDPR also **regulates exportation of this data outside the EU**.
- Further, **‘record’ of consent** is required to be maintained under the new regime.

### Highlights of the GDPR

- It creates **European Data Protection Board (EDPB)**, along with member states’ Data Protection Authorities (DPA), to regulate and implement GDPR and resolve disputes. It also requires firms to appoint **Data Protection Officers (DPO)** wherever applicable.
- **Data protection principles:** Personal data should be processed as per following six principles:
  - Processed lawfully, fairly and transparently
  - Collected only for specific legitimate purposes
  - Adequate, relevant and limited to what is necessary
  - Must be accurate and kept up to date
  - Stored only as long as is necessary
  - Ensure appropriate security, integrity and confidentiality
- **Governance and accountability:** It requires maintenance and enforcement of internal data protection policies and procedures, along with documentation of data breach and investigations. **Data protection impact assessments (DPIAs)** are a must for high-risk processing operations.
- **Data protection “by design” and “by default”:** This means that the design of future business operations and management workflows relating to data should be GDPR-compliant; and default collection mode must be to gather only the personal data that is necessary for a specific purpose. Data storage must use highest-possible privacy settings by default and should use **pseudonymisation or anonymization**.
- **Right to erasure of personal data:** GDPR requires organizations to completely erase data from all repositories when: (i) data subjects revoke their consent; (ii) partner organization requests data deletion, or (iii) service or agreement comes to an end. However, data **can be retained for certain legal reasons** as per few exceptions; it also provides for right to be forgotten, right to rectify data, right to data portability, etc.
- Companies are required to **report the data breach** within 72 hours to the nominated national DPA. These breaches must be disclosed to the individuals as well.
- **Exemptions/restrictions:** Following cases are not covered by the regulation:
  - Lawful interception, national security, military, police, justice
  - Statistical and scientific analysis
  - Deceased persons, subject to national legislation

- **Personal data:** any data that can be directly or indirectly associated with a living individual or his/her professional, personal and public life. This covers information such as name, photo, address – email or postal, bank details, social media posts, medical information, biometric data, IP address, political opinions, sexual orientation and so on.
- **Data controller** i.e. who owns the data: It defines how and for what purposes the personal data is processed. It is also responsible for making sure that outside contractors comply.
- **Data processor** i.e. who helps manage the data: These may include the internal groups that maintain and process personal data records or any outsourcing firm that performs all or part of those activities e.g. cloud providers.
- **Data breach:** breach of security leading to accidental or unlawful destruction, alteration, unauthorised disclosure of, or access to, personal data.
- **Pseudonymisation:** masking method to substitute identifiable data with a reversible, consistent value, where additional information is required to re-identify the original data.
- **Anonymisation:** encryption method that converts clear text data into nonhuman comprehensible and irreversible form and destroys the original identifiable data.
- **Forced consent** is when the users have to choose between consenting to their data gathering, or they giving up the use of service. This is not in accordance with GDPR.



- Employer-employee relationships (covered as per a separate law)
- Processing of personal data by a natural person in the course of a purely personal or household activity
- Conversely, an entity has to be engaged in "economic activity" (as per EU laws) to fall under GDPR.
- **Firms based outside the EU**, that provide services or goods to the EU are also subject to the GDPR. These companies may need to appoint a representative in the EU.
- It includes a **separate Data Protection Directive** for the police and criminal justice sector that provides rules on personal data exchanges at national, European, and international levels.
- Failure to comply invites penalties as huge **as €20m or up to 4% of global annual revenues**.
- It emphasizes on **simplification** of information and processes so that public can comprehend these and take actions with ease.
- **ePrivacy Regulation** for online data activities, are yet to be finalised by the EU.

### Implications for India and beyond

- It **impacts work practices of technology sector**, online retailers, software companies, financial services, online services/SaaS, retail/consumer packaged goods, B2B marketing etc.
- For Indian firms: Europe is a significant market for Indian IT/BPO/technology/pharma sectors and hence, GDPR compliance becomes priority for all Indian organisations having business there.
  - **Challenges-** According to an **Ernst & Young study**, only 13% of Indian companies are prepared for GDPR. These provisions would be a challenge for **smaller firms and young start-ups** demanding huge costs of compliance or otherwise loss of business.
  - **Opportunity-** At the same time, there is **an opportunity** for new consultancy and advisory firms to set up their operations and help other firms with GDPR compliance across the world. Also, compliance can be turned into a **competitive advantage** vis-à-vis other Asian firms.
- **India and the EU relations:**
  - One of the routes to transfer personal data outside the EU is when the EU has designated a country as providing an adequate level of data protection. Given that the EU has not accorded '**data secure country**' status to India, operations between Indian and Europeans firms may get difficult. This also has implications for **India-EU BTIA (Broad-based Trade and Investment Agreement)**.
  - GDPR provides that a legal order/judgement by a third country asking action on part of data controller/processor may not be recognized in absence of an international agreement such as the **Mutual Legal Assistance Treaty (MLAT)**. This is of concern since Germany refused to sign MLAT with India in 2015, citing its objections to India's death penalty provisions.
- **Blockchain technologies:** Decentralized nature of these technologies can help protect personal data better. Simultaneously, anonymity offered by crypto-currencies based on these technologies may contradict the compliance norms under the GDPR.
- **For consumers world over:** They will demand better laws to protect their data via campaigns against bad practices of other governments and companies that harvest on personal data without consent, thus violating Right to privacy.

## 7.6. INDIA-NORDIC SUMMIT

### Why in news?

The **first India-Nordic Summit** took place in Stockholm.

### Importance of Nordic countries for India:

- **Nordic countries support India's NSG membership**, its permanent candidature in UNSC and demands for UNSC reforms.
- India can gain from strong people-to-people contacts through education, culture, labour mobility and tourism. (Nordic Sustainable Cities Project supports the Smart Cities Program of the Government of India).
- Nordic solutions in clean technologies, maritime solutions, port modernization, food processing, health, life-sciences and agriculture; and Nordic approach to innovation systems, characterized by a strong collaboration between public sector, private sector and academia can be useful for New India.

### Other Facts

- Nordic countries include **Sweden, Norway, Finland, Denmark and Iceland**.
- India had proposed the idea of this summit.
- The only instance when Nordic Countries had held such a summit was with the then President Barack Obama of USA.
- This exercise by Delhi will be first of its kind in Europe as traditionally India has been engaged in talks with EU (European Union).

## 8. RUSSIA

### 8.1. INDIA-RUSSIA

#### Why in news?

Recently Indian PM and Russian President held an informal summit at Sochi.

#### Background of India Russia Relations

- India and Russia have enjoyed good relations since 1947 wherein **Russia helped India** in attaining its goal of economic self-sufficiency through investment in areas of heavy machine-building, mining, energy production and steel plants.
- Later India and the Soviet Union signed the **Treaty of Peace and Friendship** in August 1971 which was the manifestation of shared goals of the two nations as well as a blueprint for the strengthening of regional and global peace and security.
- After the **dissolution of the Soviet Union**, India and Russia entered into a **new Treaty of Friendship and Cooperation** in January 1993 and a bilateral Military-Technical Cooperation agreement in 1994.
- In 2000 both countries established a **Strategic Partnership**. The year, 2017 marked the 70th anniversary of establishment of diplomatic relations.

#### Outcomes of Sochi Informal Summit:

- India and Russia agreed that strategic partnership between the two has now been elevated into a "**special privileged strategic partnership**".
- Both sides further agreed to work together on **International North-South Transport Corridor (INSTC)** and BRICS and India also thanked Russia for its role in helping India gain membership to Shanghai Cooperation Organisation
- Both countries reiterated strategic and defence ties indicating that both countries are willing to hedge against the possible impact of US sanctions against Russia, under the **Countering America's Adversaries through Sanctions Act (CAATSA)**.
- India has also decided to press ahead with the procurement of five regiments of Russian-made **S-400 Triumf advanced Air Defense Systems** intended for service in the Indian military notwithstanding U.S. sanctions.
- The bilateral **Strategic Economic Dialogue** between the NITI Aayog and Russia's Ministry of Economic Development was also announced at Sochi to strengthen economic ties between the two countries.

#### Stagnation between India-Russia Relations

While the bilateral relations between the two nations appear free from blemishes, the recent shifting in geopolitical dynamics point to new equations, which can be understood with the help of following factors:

- **Growing economic relations between Russia and China:** Economic stagnation and international sanctions imposed by the US and European countries have badly hit Russian economy.
  - Russia has also made efforts for **strategic outreach towards China** since Ukraine Crisis primarily because China's opinion carries greater weight globally than India's. Recently Russia has also sold Su-30 MKK/MK2 fighters and especially the Su-35, S-400 long-range anti-aircraft missiles, which are likely to have an immediate and tangible impact on the Sino-Indian military balance and India's security.
  - Further Russia is tilting towards Pakistan as well. Russia has also started military exercise and defence trade with Pakistan.
- **Diversified Defence Procurement:** India's efforts at diversifying its defence procurement and thus bringing in other partners such as the United States, Israel, and France has also impacted the relations.
  - In the **absence of a strong bilateral economic and trade relationship**, India-Russia relations must have a robust defense ties and any downgrading of those ties could have adverse impact on the overall state of India-Russia ties.
- **India's growing proximity to the United States:** Rapidly expanding ties and growing defence relationship between India and US and, India joining quadrilateral group led by the US has led to a strategic shift in Russia's foreign policy.

#### Further/Probable Areas of Cooperation

- Despite India's diversification of defence partnerships **India's 70% defence inventory** still consists of Russian systems and when it comes to certain critical platforms such as nuclear submarines, Russia's importance cannot be understated.



- There is scope for **improvement in trade** between Russia and India if the international North-South corridor through Iran, and the Vladivostok-Chennai sea route can be operationalised.
- India can benefit from **hi-tech cooperation with Russia** in the fields of artificial intelligence, robotics, biotechnology, outer space and nanotechnology.
- It can also cooperate with Russia on upgrading its **basic research and education facilities**. There is scope for growth in the **energy sector**, beyond mutual investments. Mutual benefits in trade of natural resources such as timber, and agriculture can also be harnessed.
- On the **strategic side and economic side**, Russia is realising about its over-dependence on China and Russia has made a conscious attempt to energise his relationship with Japan, Vietnam and other Southeast Asian countries through the East Asia Summit and ASEAN. Given India's long-term association with these countries, India can help Russia in navigating these relationships.

### Conclusion

- In geostrategic terms, an India-Russia split would harden the periphery versus core competition that is taking shape. While India would be locked out of Central Asia, Russia would also end up becoming even more dependent on China. It is tough to say which state may end up with the worse of the bargain.
- Despite these strains, a strong India-Russia relationship is important because it gives extra manoeuvring space for both countries vis-a-vis other actors.
- Along with the annual summit between the two countries (19<sup>th</sup> Annual Summit scheduled in October this year), the current informal summit will be a step in India balancing its ties with Russia along with US and China in a changed geopolitical environment and rebuilding trust between the two countries albeit in an unofficial capacity.

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## 9. USA

### 9.1. THE NEW US SECURITY STRATEGY

#### Why in news?

USA has recently unveiled its New Security strategy (NSS).

#### Key Highlights

- **Indo-Pacific region** - The document explicitly includes India in its definition of the Indo-Pacific, which stretches “from the west coast of India to the western shores of the United States”.
- **Combating China and Russia** – They have been termed as "revisionist" powers determined to reshape the world according to their own ideals.
- **Budding India Alliance** - It promotes a deeper partnership with India and asks Pakistan to crack down on "transnational terrorists" operating from its soil.
- **Tilt to Bilateralism** - It favors bilateral trade deals over multi-country deals considering the countries are in fierce competition with each other.
- It asks U.N. and international financial institutions to be accommodative of US's interests rather than being detrimental to it.

#### Assessment

- In line with “**America first**” agenda the strategy focuses heavily on the US's economic engagements arguing that US's economic security is fundamental to national security.
- It also focuses on “**energy dominance**,” including tapping into the US's fossil fuels and **denies Climate change** in continuation with withdrawal from Paris climate accord.
- It emphasises **US military action** against terrorist groups like ISIS and also emphasizes the importance of cyber security and immigration enforcement.

#### Importance for India

- It recognizes India as a “**leading global power**” and “**stronger strategic and defense partner**” and seeks to increase quadrilateral cooperation with Japan, Australia, and India.
- This assessment is an upgrade from “**regional provider of security**” in 2015 and one of “**21st century centres of influence**” in 2010.
- A **pressure on Pakistan** to intensify its counterterrorism efforts, being a “responsible steward” of its nuclear assets holds importance for India Pakistan relations.
- It further **supports sovereignty of South Asian countries** indirectly referring to Belt and Road Initiative that India has kept a distance from.
- US has committed that it will encourage the **economic integration** of Central and South Asia to promote prosperity and India should also increase its economic assistance in the region.

#### Way Forward

Though the strategy is quite supportive of India, following points must be kept in mind –

- While the notion of the Indo-Pacific sounds grandiose and enticing, India must not forget that its primary area of concern is its immediate neighborhood. Securing its position here is vital before venturing elsewhere.
- India should be wary of any attempts at being pitted as a front in the U.S.'s efforts to check China's rise and jeopardise Sino-India relations.
- India needs to undertake capacity building in its own neighbourhood as China is exploring the possibility of foreign military outposts in Africa, West Asia and Indian Ocean.

### 9.2. INDIA-US PACTS

#### Why in news?

Ministry of Defense is re-examining Communications, Compatibility, Security Agreement (COMCASA) and Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA) agreements with US.

#### Background

- Three **proposed defense foundational agreements** between the United States and India—the Logistics Exchange Memorandum of Agreement (LEMOA), the Communications Compatibility and Security

Agreement (earlier referred to as CISMOA), and the Basic Exchange and Cooperation Agreement for Geospatial Intelligence—have been in negotiations for years.

- So far, India has **signed only LEMOA**. While efforts to conclude remaining two pacts are being renegotiated recently.

**Why India should sign these agreements?**

- Each of these agreements expands U.S.-India defense cooperation in a fairly modest manner, without necessitating a revolution in either side’s approach to the partnership.
- COMCASA creates the conditions for the Indian military to **receive modern, secure and net-enabled weapons systems** such as precision armament, air-to-air missiles, space systems and navigation systems that are critical components in platforms like fighter aircraft and unmanned aerial systems. Hitherto India has had to purchase more expensive commercial communications equipment, raising the overall acquisition price of a platform.
- The absence of COMCASA and BECA agreements has **affected the functionality of U.S. platforms sold to India** (such as P-8I aircraft) and limits interoperability and data sharing between their militaries.
- Apart from this, these agreements are largely about building a **foundation of trust**.

**Why India has not signed these agreements?**

- **Strategic Concerns**
  - These agreements pave the way for a military alliance and force India to **compromise its strategic autonomy**.
  - It **may antagonize China**, leaving India in a disadvantageous position vis-a-vis its border disputes with Beijing.
  - It can **jeopardize historically close security relationship** with Russia and ongoing projects. Also, the agreement will make it **difficult to integrate India's Russian origin weapon systems** on US Platform.
- **Operational Concerns**
  - Implementation of the COMCASA-
    - ✓ **Could reveal locations of Indian military assets** to Pakistan or other countries. Further, the use of American C4ISR systems could **compromise India’s tactical operational security**, enabling the US to keep track of Indian warships and aircraft as the coding and keying systems will be the same.
    - ✓ Would be **too burdensome for the Indian military**, given U.S. procedures.
  - There is **no clear need for these agreements**, given the recent ascendancy of bilateral defense cooperation and the use of workaround agreements, such as the recently renewed Fuel Exchange Agreement.

| FOUNDATIONAL AGREEMENTS |   |
|-------------------------|---|
| Basic purpose           |   |
| <b>LEMOA</b>            | Enable deployed forces to share logistics support to meet unforeseen requirements that might arise in the field or unanticipated mission requirements   |
| <b>CISMOA</b>           | Provide the legal mechanism to exchange command, control, communications, computer intelligence, surveillance & reconnaissance (C4ISR) data to a foreign country, establish secure communications channels, and exchange communications supplies & services |
| <b>BECA</b>             | Enable the sharing of a range of geospatial products, including access to mapping and hydrographic data, flight information products, and the U.S National Geospatial-Intelligence Agency’s geospatial information bank                                     |

**9.3. INDIA USA SOLAR DISPUTE**

**Why in news?**

WTO has agreed to set up a compliance panel to examine whether India has complied with its ruling in Solar Dispute or not.

**Background**

- India launched **National Solar Mission in 2011** under National Action Plan on Climate Change (NAPCC) to deploy 20,000 MW of grid connected solar power by 2022 which was revised in 2015 to be 100 GW.
- The government offered **financial support** of up to Rs.1 crore per MW to the implementing agency for setting up large solar capacities by placing orders with domestic manufacturers.
- U.S. complained to the WTO in 2013, saying the programme was discriminatory and **U.S. solar exports to India had fallen** by 90 per cent from 2011 and filed a suit in WTO.
- India lost the solar dispute in 2016, after the WTO’s highest court the **Appellate Body** upheld a ruling that Domestic Content Requirements (DCRs) under Jawaharlal Nehru National Solar Mission (JNNSM)

violated several core provisions on **national treatment and trade-related investment measures** as they favour domestic products over imported products.

- Subsequently India agreed to implement the Dispute Settlement Body (DSB) recommendations by 14 December 2017 and filed a report before DSB claiming that it had brought about changes in rules and procedures under the JNNSM and power purchase agreements no longer mandated domestic sourcing of cells and modules
- US continued to disagree with India's claims of compliance thus necessitating the setting up of the compliance panel.

#### National Treatment

Under national treatment, governments are required to treat imported products on par with the domestically manufactured products.

#### Trade Related Investment Measures (TRIMs)

It is one of the Multilateral Agreements on Trade in Goods which prohibits trade-related investment measures, such as local content requirements, that are inconsistent with basic provisions of GATT 1994.

#### Implication

- If India is found not to have complied, Washington could ask the WTO for permission to impose trade **sanctions on India** but the legal process in WTO dispute system is likely to continue for a year or more.
- Such disputes **have wider implications** not only for India but also for many developing countries that are struggling to switch to green economy. Domestic content requirements are envisaged to generate jobs to lift millions of people from abject poverty.

## 9.4. US IMPORT DUTY HIKE ON STEEL AND ALUMINIUM

#### Why in news?

US recently announced 25 per cent import duty on steel and 10 percent on aluminium.

#### Impacts of the import duty hike

##### For America domestically

- It will increase the domestic steel price by 5 per cent, leading to an **increase cost for industries** such as car and engineering.
- This may **create inflationary pressure**, leading to high-interest rates and dollar appreciation.

##### Global impact

- The largest supplier of steel and steel products to the US is China, Canada, Mexico, South Korea and Japan. These are the most affected countries; they may take retaliatory measures. These may escalate to **global trade wars**.
- These actions are **violative of the WTO rules**, they will further weaken the multilateral trade architecture.
- The US duty on steel and aluminium also mean that the **surplus would have to be dumped** in some other countries at a lower price.

##### Impact on India

- The move will not directly impact India in the short term because-
  - Indian steel and Aluminium exports to the US is less than 5% of total exports in 2017.
  - Expected growth in domestic consumption would offset any reduction in exports to the US
- However, if it escalates and other countries start doing the same then world trade will get hit and that will impact India. The Asian producers, seeing demand here, may dump their products here or create import surges.

## 9.5. US EXTRATERRITORIAL SANCTIONS

#### Why in News?

USA has recently imposed several extraterritorial sanctions targeting Russia and Iran which would have direct ramifications for India.

#### About Extraterritorial/Secondary Sanctions:

These are the sanctions that are designed to restrict the economic activity of governments, businesses, and nationals of third countries which are considered as a violation of their sovereignty and international laws.



## Recent US extraterritorial Sanctions and their potential impacts on India:

### 1. USA's withdrawal from Joint Comprehensive Plan of Action (JCPOA)

- USA imposed unilateral sanctions on Iran after its withdrawal from Iran Nuclear Deal. This has increased oil prices, foreign exchange outflows, weakened Rupee value and would affect India's oil trade with Iran which was its third **biggest source of oil in 2017**.
- It may also **affect the progress of the International North South Transport Corridor** and the **Chabahar port** in Iran which India sees as a gateway to Afghanistan and Central Asia bypassing Pakistan.
- India maintained that all the parties concerned should engage constructively to resolve the Iran issue peacefully and that Iran's right to peaceful use of nuclear energy must be ensured.
- In 2005 Tehran cancelled a long-term LNG deal favourable to India after it voted against Iran in the International Atomic Energy Agency's governing board, under US pressure.
- India was forced to significantly slash Iranian oil imports between 2012 and 2015 and paid Iran in rupees or initiated barter trade. India might have to readopt those measures now.

### More about Countering America's Adversaries through Sanctions Act (CAATSA)

- Enacted on August 2, 2017, it aims to counter the aggression by **Iran, Russia and North Korea** through punitive measures.
- **Title II of the Act** deals with sanctions on Russian interests such as its 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.
- Under the Act, the **Department of State** has notified almost all major **39 Russian entities** from defence and intelligence sector, dealings with which could make third parties liable to sanctions.

### 2. US sanctions towards Russia, Iran and North Korea using CAATSA

The US is ingeniously employing **extraterritorial sanctions to advance its geopolitical and commercial interests to boost its own arms sales**.

- CAATSA is likely to affect India's arms procurement from Russia in a number of ways -
  - India's planned procurement from Russia, particularly the **S-400 Triumf air defence system worth \$4.5 billion**, Project 1135.6 frigates and Ka226T helicopters, would **come under the immediate scanner of US authorities**.
  - It would **affect all the joint ventures (JVs)** between Indian and Russian defense companies for instance **Indo Russian Aviation Ltd, Multi-Role Transport Aircraft Ltd and Brahmos Aerospace** impacting **indigenization and self reliance efforts** of India under its Make in India programme.
  - It would also **affect India's purchase of spare parts, components, raw materials and other assistance for which Indian entities are dependent on Russia** for maintenance of existing equipment.

### Potential Impacts of these sanctions on India-US relations

- **Heighten India's traditional insecurity about the US** as a reliable partner impacting New Delhi's defence and security cooperation with Washington, for instance, US designating India as a Major Defence Partner.
- **Huge loss for the American Companies-** As per the MoD's existing **Guidelines on Penalties in Business Dealings with Entities**, reneging of any contractual obligations might attract either suspension or ban of the concerned American companies from taking part in several mega procurement contracts that is being aggressively pushed through its **newly announced Strategic Partnership (SP) model** as part of its Make in India and diversification policies.

### Way Forward

- As a sovereign country, India cannot be dictated regarding its defence cooperation or trade ties with any other nations. This was highlighted by Prime Minister at the recent Shangri La Dialogue when he mentioned that India favoured **an open and stable trade regime**. Similarly, External affairs minister emphasized that **"India followed only UN sanctions, not unilateral sanctions of any country"**.
- As these sanctions violate **international law, the UN Charter and WTO rules**, India along with other nations must use **diplomatic measures**, including taking US to the WTO dispute-resolution body and introducing a UN General Assembly resolution against unlawful extraterritorial sanctions.

- India should include provisions in its existing guidelines for penalties in business dealings, banning companies of countries resorting to extraterritorial sanctions on the lines of EU which would update a “**blocking statute**” framed in 1996 to protect European firms against US sanctions.
- The US must realize the importance of India’s military and economic growth if Washington wants a strong India defending and strengthening the liberal order in Indo- Pacific. It should work out ways in which these sanctions have little impact on India.

## 9.6. US PULLS OUT FROM INTERNATIONAL DEALS AND ORGANISATIONS

USA has recently withdrawn from many international organisation and treaties which have implications world over.

### Trans-Pacific Partnership

The US president had withdrawn from TPP trade deal last year. US had decided that it would pursue bilateral arrangements with the TPP signatories to find terms more favorable to the US.

### Impact

- Withdrawal from TPP will be a significant step in the slide towards a **more protectionist world**.
- In the Asia-Pacific, the US’s exit has triggered different responses — from calls to re-focus on the RCEP to revive the TPP with China as its new member.
- China is hoping to galvanize two regional trade proposals — the Regional Comprehensive Economic Partnership (RCEP) and the Free-Trade Agreement of the Asia-Pacific (FTAAP).
- While this may not directly affect India, it could have ramifications on trade pacts being negotiated by the country such as the RCEP.

### UNESCO

United States withdrew from the United Nations Scientific and Cultural Organization (UNESCO), accusing the body of anti-Israel bias. US had earlier withdrew from the organization in 1984 and then re-joined the organization in 2002.

- The US had cancelled its substantial budget contribution to UNESCO in 2011 in protest of its decision to grant the Palestinians full membership. U.S. laws bar funding to any U.N. agency that recognizes the Palestinian state.
- US will maintain its presence at UNESCO as an observer state.

### UN’s Global Compact on Migration

The US pulled out of **United Nation’s Global Compact on Migration**, deeming it inconsistent with its immigration policies.

- It is the **first, inter-governmentally negotiated agreement** and is framed consistent with target **10.7 of the 2030 Agenda for Sustainable Development** in which member States committed to cooperate internationally to **facilitate safe, orderly and regular migration**.
- Its main aim is to-
  - Address all aspects of international migration, including the humanitarian, developmental, human rights-related and other aspects;
  - Make an important contribution to global governance and enhance coordination on international migration;
  - Present a framework for comprehensive international cooperation on migrants and human mobility;
  - Set out a range of actionable commitments, means of implementation and a framework for follow-up and review among Member States regarding international migration in all its dimensions; etc.

### Related News

#### TPP-11

On the side-lines of **APEC summit** in Vietnam, 11 countries on the Pacific Rim have decided to go ahead with the Trans Pacific Partnership (TPP) despite the **USA’s withdrawal**.

#### Background

TPP was a free trade agreement between USA and 11 other Pacific Rim nations i.e. Australia, New Zealand, Singapore, Malaysia, Brunei, Vietnam, Japan, Canada, Mexico, Peru and Chile, and was signed in 2016. However, USA withdrew from it.

#### Details

- The agreement has now been renamed as **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPATPP)**.
- Enhanced policy space (Country-Specific) and regulatory flexibility will be provided in the new deal in terms of 'withdrawal', 'accession' and 'review' in contrast to the old deal. The chapter on Intellectual Property will also see significant change.
- The ratification process has also removed 85% cumulative GDP threshold, and now the deal will come into force if 6 out of 11 countries ratify it.

- It was prepared under the auspices of the United Nations, in September 2016, in the **New York Declaration for Refugees and Migrants**, which was adopted by 193 UN member states. The declaration is of **non-binding nature**.
- India has also signed this declaration.
- To be adopted in 2018, the compact is seen as a significant opportunity to **improve the governance on migration** and is expected to address the challenges associated with today's migration, and to strengthen the contribution of migrants and migration to sustainable development.

**Iran Nuclear Deal:** Please refer to Iran section for details on this.

#### About UNESCO

- Its aim is "to contribute to the building of peace, the eradication of poverty, sustainable development and intercultural dialogue through education, the sciences, culture, communication and information"
- It was established in 1946 and is based in **Paris**.
- It has 195 member states and ten associate members.
- Its five major programs are:
  - **Education,**
  - **Natural sciences,**
  - **Social/human sciences,**
  - **Culture**
  - **Communication/information.**

#### Need for change in UNESCO

- Due to its **limited financial resources**, it is not able to deliver crucial public goods.
- Other agencies have taken on some of the functions that UNESCO should perform, with resulting confusion, inefficiencies and accusations of bias.
- Since it handles a huge span of work apart from education, unmatched by any other UN specialized agency, it is very difficult for UNESCO to give appropriate attention to any one particular sector.
- UNESCO's particular set of sectors, especially culture and communications, make it more vulnerable to various political posturing and assertion, example- the reason for US withdrawal.

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# 10. IMPORTANT INTERNATIONAL/REGIONAL GROUPS AND SUMMITS

## 10.1. UNSC REFORM

### Why in news?

India has demanded transparency in the UN Security Council reform process at the plenary meeting of the UN General Assembly.

### More about the news

- The reform agenda has been on continuous annual consideration since 1993 but there has been a lack of consensus on the issue, primarily due to “institutional inertia”.

### Why there is a need for reforms?

- **Changing geopolitics:** UNSC still reflects the geopolitical architecture of the WW II despite the change in power relations in world. The developing nations, including India, now play a larger role in both the international economy and politics, yet are not represented in the forum.
- **Reforms Long Overdue:** It was expanded only once in 1963 to add 4 non-permanent members. Although the overall membership of the UN has increased from 113 to 193 but no change in the composition of the UNSC happened.
- **Inequitable economic and geographical representation:** Major economic and regional powers like Germany (Europe), Japan, & India (Asia) and Brazil (Latin America) are not yet a part of UNSC. Similarly, there is no permanent member from Africa, despite the fact that 75% of its work focused on Africa it has no permanent member from this region.
- **Crisis of legitimacy and credibility:** various issues including its Interventions in Libya and Syria in the guise of responsibility have put the credibility of the institution in jeopardy.
- **North South Divide:** The permanent UNSC membership of P5 today only portrays the big North-South divide in the decision making of security measures.
- **Emerging issues:** Issues such as transnational threats, deepening economic interdependence, worsening environmental degradation also call for effective multilateral negotiations for reforms yet all critical decisions are still being taken by the veto-wielding permanent members of the Security Council.

### India & UNSC Reforms

- India has adopted a multi-layered strategy to assume the highly coveted permanent seat in the Security Council consisting of two components: Maximising support in the UN General Assembly and Minimising resistance in the UN Security Council.

#### What is UNSC Reform agenda?

It entails discussions on following areas:

- Categories of membership
- The question of the veto held by the five permanent members
- Regional representation
- Size of an enlarged Council and its working methods and
- The Security Council-General Assembly relationship.

#### Arguments in favour of India's bid for membership

- India was **the founding member of UN.**
- India is the **world's largest democracy** and both **demographically and geographically** holds a significant position.
- India is the **second fastest growing economy** in the world making it an ideal destination for foreign investment and future growth.
- India has been the second largest contributor to them **UN peacekeeping operations.**
- India's elevation will also be an **acknowledgment of its rise as a global power**, ready to play a key role in the council's objectives of international peace and security.

#### Challenges to Indian Aspirations at the UNSC:

- lack of enough Indian government resources for multilateral diplomacy
- insufficient engagement with the normative aspects of many UN Security Council issues
- an over-reliance on entitlement as the bedrock of India's claims to permanent membership, at the cost of more hard-nosed realpolitik bargaining in the UN
- with India as part of G4, it seems to have limited its options to negotiate a seat for itself as great power and regional politics would circumscribe the G4 attempts to win permanent seats for all as a group.

- India hopes that its continued leadership of various Global South forums such as G 77 and NAM, would garner much needed numbers in the UNGA. This is reflected in India's strong defence of the principle of sovereignty and the constant voluble criticism of the "Responsibility to Protect."
- On the other hand, India's growing strategic partnerships with the P5, including the historic nuclear deal with the US in 2005, reiteration of historic ties with Russia, and most importantly, seeking a rapprochement with China paints a favorable picture for Indian hopes in the Security Council by the existing permanent members.
- Explicit public declarations supporting India's candidature as a permanent member in the Council are now also embodied in bilateral Joint Statements/Declarations in the last few years by most of the P5, including China.
- India has also formed the G4 with Brazil, Germany, and Japan, its "coalition of the willing", and a "collaborative strategy" to negotiate reforms of the Council.
- India has also joined the L-69, the 42-member grouping of developing countries from Asia, Africa and Latin America. India also, in late 2016, joined as a member the newly founded group of Friends on UN Security Council Reform, created to accelerate the negotiating process of Council reforms.

#### Reasons For delay in Reforms

- **Lack of Political will-** The UN's rules state that changing the composition of the P5 involves changing the UN's charter which will further require the backing of two-thirds of the General Assembly including the current P5 which is difficult to obtain due to lack of political will among them.
- **Diverging Demands:** There is a **lack of consensus** among member States and regional groups like G-4, L.69, African Group, UfC, Organization of Islamic Conference, Accountability, Coherence, and Transparency, etc.
- **Veto power-** There are various countries and groups demanding permanent membership and veto power, which the P5 are not ready to accede.

#### G-4 Nations

- It comprises of Brazil, Germany, India, and Japan and they support each other's bids for permanent seats on the UNSC.
- They recently demanded an '**early reform**' and **enhanced role for developing countries** and improvement of working methods in UNSC in order to make the Council more legitimate, effective and representatives.

#### Uniting for Consensus (UfC) or Coffee Club

- UfC is a movement to counter the bids for permanent seats proposed by G-4.
- It demands that a consensus must be reached first on the form and size of the Security Council before expanding it.
- It is led by Italy and includes Pakistan, South Korea, Canada Argentina and some other countries.

#### Conclusion

Given the current circumstances it has become crucial for the UNSC to adopt various suggested reforms to uphold its legitimacy and representativeness in the world. However, the inherent paradox, that is impeding any progress, is that for the Security Council to reform the five nations holding ultimate power have to vote to give some of it up.

Thus, for any change in the structure of the organization would require:

- Further extensive discussions and deliberations among the stake holders.
- Gradually building consensus on issues that are holding back the changes.
- A strong political will on the part of P5 and other members of UNSC.

## 10.2. COMMONWEALTH

### Why in news?

Recently London hosted the Commonwealth Heads of Government Meet (CHOGM) with the theme "Towards a Common Future" for 2018.

### More about the news

- Commonwealth Heads of Government Meeting (CHOGM) is a **biennial meeting** of heads of states of Commonwealth countries.
- The **four main goals** for the summit were:
  - **Prosperity:** Boosting intra-Commonwealth trade and investment.



- **Security:** Increasing cooperation to deal with security challenges including global terrorism, organized crime and cyber-attacks.
- **Fairness:** Promoting democracy, fundamental freedoms and good governance across the Commonwealth.
- **Sustainability:** Building the resilience of small and vulnerable states to deal with the effects of climate change and other global crisis.
- It saw the release of **Blue Charter on Ocean Governance** which emphasized fair ocean governance, more prosperous maritime and marine industries, sustainable ocean use, and secure marine space across the Commonwealth.
- **Commonwealth Connectivity Agenda for Trade and Investment**, which could together counter China's Belt and Road Initiative was announced.
- Further the **Commonwealth Cyber Declaration, Commonwealth Innovation Fund and Commonwealth Innovation Index were also announced (See Box)**
- It was also announced that Prince Charles would 'succeed' Queen Elizabeth as the head of the Commonwealth.

**Related Information****Commonwealth Cyber Declaration**

- It is the world's largest and most geographically diverse inter-governmental **commitment on cybersecurity** cooperation.

**Commonwealth Innovation Index**

- It was launched as **part of a new Commonwealth Innovation Hub** on the sidelines of the CHOGM.
- It has been **created in partnership with** the United Nations World Intellectual Property Organisation (WIPO) and its annual Global Innovation Index (GII).
- **India was ranked 10th** on the new Index, topped by the UK, Singapore and Canada.

**Commonwealth Innovation Fund**

- The Global Innovation Fund (GIF) will also host a new Commonwealth Innovation Fund (CIF) with size of 25 million pounds with financial commitments from member-countries.
- It will deploy grant, equity and debt investments **to support innovators** across the Commonwealth to accelerate the development, testing and scaling up of evidence-based and market-tested innovations.

**Issues with the Commonwealth**

- The grouping has no political or economic power, and even former immigration advantages between Commonwealth countries have also ceased to exist.
- Considering its declining importance former PM Manmohan Singh skipped two CHOGM meets, while Narendra Modi didn't attend the last one, held in Malta in 2015.
- Amidst the calls for the position of Commonwealth Head to be more democratically shared or rotated the announcement of Prince Charles as the successor has also put a dent on its democratic credentials.

**Commonwealth or the Commonwealth of Nations**

- It is a group of 53 states, all of which (except for two i.e. Rwanda and Mozambique) were formerly part of the British Empire. Further Myanmar and Aden (now part of Yemen) are the only former British colonies who elected not to join the Commonwealth
- Queen Elizabeth II is the Head of the Commonwealth.
- It was created in the early 1900s when nations began to secede from British Empire to ease the process of British decolonization.
- It was seen as a way of maintaining global unity through shared language, history, and culture despite growing independence and self-governance of former British colonies.

**Importance of Commonwealth**

- From the Indian perspective, the Commonwealth offers **opportunities to reach out to small states, that make up around 60% of Commonwealth members**. In some of these states, India has no diplomatic presence, and forging relations with these countries could **help India secure crucial votes during UN or multilateral contests it is involved in**.
- It is also a **larger network of countries** than any other, except for UN, which gives a chance for smaller countries to have their voices heard and make their projects and concerns known.
- On a geo-political scale, the Commonwealth of Nations continues to be an impressive show of the force of a **peaceful alliance**. Also, for India it provides an **excellent opportunity to give shape to a model of international co-operation** and partnership distinct from that of China.
- It also remains a great platform for **development aid, democratic values and educational opportunities**, but its relevance is unlikely to increase unless it adopts a more egalitarian and inclusive attitude to its next generation of Commonwealth citizens.



### 10.3. SHANGHAI COOPERATION ORGANIZATION

#### Why in news?

Shanghai Cooperation Organization (SCO) summit was held in Qingdao, China.

#### Key takeaways of the meet/ Qingdao declaration

- It reaffirmed the resolve to fight **terrorism, separatism and extremism** and called for a **unified global counter-terrorism front under the coordination of the U.N.** It also endorsed the demand for the **UN Comprehensive Convention on International Terrorism.**
- The SCO leaders adopted a **Joint Appeal to Youth** to counter the radicalization from extremist ideologies.
- It emphasized the importance of **comprehensive measures to reach a peaceful settlement** of international and regional conflicts.
- India **refused to endorse the ambitious Chinese Belt and Road Initiative (BRI).** Being the **lone dissenting voice against the project** in the joint declaration it said that India welcomes connectivity projects that **respect the sovereignty and territorial integrity of nations.**
- India coined **SECURE strategy** for comprehensive security in the SCO region.
- The declaration also showed its **support for the Iranian nuclear deal** and stressed on to consistently implement the **Joint Comprehensive Plan of Action on the Iranian nuclear programme.** Iran is presently an observer member of the SCO.

#### SECURE Strategy

- S- Security of citizens
- E- Economic development for all
- C- Connecting the region
- U- Uniting our people
- R- Respect for sovereignty and territorial integrity
- E- Environmental protection

#### Shanghai co-operation Organization (SCO)

- This is Eurasian **political, economic, and security organization formed in 2001** and headquartered in **Beijing.**
- It owes its origin to its predecessor **Shanghai Five.**
- Its driving philosophy is known as **The “Shanghai Spirit”** which emphasizes harmony, working by consensus, respect for other cultures, non-interference in the internal affairs of others, and non-alignment.
- **Culture has become an important element** of the SCO, attuned to the group’s search for an **inclusive Eurasian identity**
- SCO comprises eight-member states, **India, Kazakhstan, China, Kyrgyz Republic, Pakistan, Russian, Tajikistan and Uzbekistan.**
- This year meet is **India’s first participation in the summit as a full-time member.** India, along with Pakistan, became full-time members during the **Astana summit in Kazakhstan** in June 2017.
- Besides it has **4 observer states and 6 dialogue partners.**

#### Shanghai Five

- It was a multilateral forum founded by 5 countries **China, Russia, Kazakhstan, Kirghizia, and Tajikistan in Shanghai in 1996.**
- It emerged from a **series of border demarcation and demilitarization talks** between the four former Soviet republics and China.

#### Significance for India

- The SCO’s main objective of **working cooperatively against the “three evils” of terrorism, separatism, and extremism** is in consonance with India’s interests.
- With **almost half of world population** the group has potential to boost tourism sector of the country. Presently tourists from SCO countries constituted **only 6% of India’s total tourists, which can be doubled to 12%.**
- Regular participation in the meetings of **Regional Anti-Terrorist Structure (RATS)** and joint military exercises will help **enhance combat capabilities and intelligence sharing.**
- It will help revive India China relation especially after Doklam issue. On the sidelines, China agreed to again provide India **hydrological data of the Brahmaputra River in flood season** and to **import non-Basmati rice from India** which is likely to bridge the ballooning trade deficit to a certain extent.
- It can be seen as an **opportunity for the India and Pakistan to cooperate** on issues of mutual interest without bringing in their bilateral disputes.

#### Regional Anti-Terrorist Structure (RATS)

- It was established under the aegis of **SCO in 2002.**
- It is mandated for **counter terrorism activities, collecting military intelligence and security** of the SCO region.
- **The Executive Committee of the RATS** is the permanent body of the SCO based in **Tashkent.**

- It will give India **fresh leads to engage with Central Asia**. Apart from Trade with Landlocked countries like Uzbekistan through the Iranian port of Chabahar, the cultural connect and people to people engagement will be enhanced.

#### Challenges

- **India has again refused to endorse the BRI project**. Without its participation the success of project cannot be ensured. Besides, Military standoff at **Doklam damaged the India China relations**.
- **India and Pakistan** relations have always been under strain due to **Kashmir issue**. Without solving it, Mutual cooperation between them cannot be expected.
- The US has imposed sanctions on Russia under **The Countering America's Adversaries Through Sanctions Act (CAATSA)**, which affects **Indian defence purchases** from its strongest defence partner.
- The **India-US-Japan-Australia quadrilateral** has also been revived recently against the backdrop of Chinese assertiveness in the Indo-Pacific.

#### India-Afghanistan and SCO

- India following its rising profile in Afghanistan for the first time ever has been invited to join **Shanghai Cooperation Organisation (SCO) contact group meeting on Afghanistan** to discuss prevailing security situation and economic potential of the landlocked country.
- The development is viewed as acknowledgement of India's stake in the war-torn country.
- The SCO contact group on Afghanistan that became defunct in 2009 has been revived following intervention by Russian President Vladimir Putin from this year.
- SCO membership that put India into the heart of Eurasian geo-politics enabling a larger say in Afghanistan that has direct bearing on security situation here.

## 10.4. INTERNATIONAL SOLAR ALLIANCE

#### Why in news?

- International Solar Alliance has become a **treaty-based intergovernmental organization** on 6<sup>th</sup> Dec, which was marked as **Universal Energy Access Day**.

#### About ISA

- It was jointly **launched by India and France** in November 2015 in Paris on the side-lines of the UN Climate Conference (COP-21).
- Headquartered in India, its **secretariat** is located at **National Institute of Solar Energy, Gurugram, Haryana**.
- It would cater to large-scale deployment of solar energy through aggregation of demand, technology and innovation from solar rich countries lying fully or partially between the Tropic of Cancer and Tropic of Capricorn.
- It expects to facilitate the addition of 1,000 GW of solar energy by 2030.
- As of date, 46 countries have signed and 19 countries have ratified the Framework Agreement of ISA.
- Three **programmes launched** by ISA are- Scaling Solar Applications for Agriculture Use, Affordable Finance a Scale, and Scaling Solar Mini-Grids.

#### Furthermore, the ISA mandate includes:

- Promote solar technologies, new business models and investment in the solar sector to enhance prosperity.
- Formulate projects and programmes to promote solar applications.
- Develop innovative financial mechanisms to reduce cost of capital.
- Build a common knowledge e-Portal.
- Facilitate capacity building for promotion and absorption of solar technologies and R&D among member countries

#### Significance

The following aspects of India's participation in ISA augur well for India's leadership role:

- It is the **first international organisation** to be permanently headquartered in India. The opportunity to position itself in a key global leadership role in the arena of climate change, Renewable Energy and sustainable development.

- During its foundational summit, India kicked off 27 projects in 15 countries enabling it to increase the scale and reach of its global engagements.
- The International Solar Alliance is India's institutional contribution to enable the Global South to move to a low-carbon development path. It also shows India's commitment to enable developing countries to make the transition to a low-carbon economy.

India and ISA will need to ensure that solar benefits are clear, tangible and describable by users, demonstrate business models that are viable for users, suppliers and financiers and support member countries in implementing policies to upscale adoption of these business models. ISA will also need to be more flexible in finding partners, financing, outreach and capacity strengthening.

**Do not get strayed when every second is precious.  
To achieve your target take steps in the right direction  
before time runs out.**

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# 11. MISCELLANEOUS

## 11.1. QUADRILATERAL MEETING

### Why in News?

India has accepted an invitation to join the Japan-proposed, U.S.-endorsed plan for a “Quadrilateral” grouping including Australia to provide alternative debt financing for countries in the Indo-Pacific.

### Details

- It was convened around the theme of a **“free and open Indo-Pacific”**.
- The discussions focused on cooperation based on their **converging vision and values for promotion of peace, stability and prosperity** in an increasingly inter-connected region that they share with each other and with other partners.
- India highlighted its **Act East Policy** as the cornerstone of its engagement in the Indo-Pacific region.

### What is Quadrilateral?

- It is an **informal strategic dialogue** and not a military alliance like the NATO.
- It is seen as a **strategic deterrence** as well as a mechanism to provide more and better options to regional powers.

### Background

- It was Japanese Prime Minister Abe who conceived the idea of Asian democracies joining forces in 2007 the maritime democracies have a stake in securing a **rules-based global order, liberal trading system and freedom of navigation**.
- In May 2007, the four countries held the inaugural meeting of a new quadrilateral dialogue on the sidelines of an **ASEAN Regional Forum meeting**.
- Recently, though Australia had earlier withdrawn from the initiative, America clearly expressed its desire to include Australia in the India-US-Japan security collaborations.
- Adding to this, Japan went a step ahead and suggested that Britain and France too could be involved in this grouping.

### Why change in India's Policy?

- The grouping is seen as building a **strategic partnership** to deal with China's rise and its implications, which could clearly not be countered with India's 'neighbourhood first' policy.
- Further, India has tacitly accepted that the presence of “other parties” in the region makes our neighbours feel more secure. Two reasons behind the increasing feeling of insecurity among our neighbours are-
  - **Clash of economic interests**- As a growing economy, India's own needs often clash with those of its neighbours. For example, the recent concerns over Bhutan's increasing debt, 80% of which it owes to India.
  - **Delays**- The delays and cost overruns in the big projects of the region taken up by India can no longer be ignored.

### Arguments against the inclusion of Australia

- Australia had decided to exit the quad last time around in 2008, in deference to China's concerns.
- Australia's economy is heavily dependent on commodity exports to China.
- Chinese money is deeply enmeshed in Australian politics owing to lax rules related to the foreign funding of political parties.
- Unlike Japan and India, Australia has no direct dispute with China.

### Arguments against entry of Britain & France

- Even if the two have islands and military facilities in the region, they are extra-regional powers.
- Further, their reliability is also suspected if the US decides to step back.
- The European powers are still too fixated on Russia (rather than China) as the primary security threat to be of much utility to their Asian partners.

### Merit in considering Australia's entry

- Despite all its economic and political ties with China, Canberra has been very critical of Chinese activities in the South China Sea.
- Australia is mulling reforms to its political donation laws in order to limit foreign influence in its politics.
- It is a major maritime democracy in the Indo-Pacific region. India, the US or Japan, all of them frame this partnership in terms of common political values rather than as a counterweight to China—a strategy that makes a lot of sense.

- There are already three trilaterals in operation—India-US-Japan, India-Japan-Australia, and US-Japan-Australia. Coalescing them into one quadrilateral would be a logical step forward.
- The last time the quadrilateral engagement was attempted, it was successful in making China take notice as it registered protest with all the members.

### Challenges

- The inclusion of global players in the neighborhood may increase multiple regional rivalries and is expected to push unnecessary enmity between India and China further intensifying the competition in the region.
- It may come at the cost of India's leverage and independent decision making in the region.
- While all Quad participants are members of EAS, India is still not a member of APEC. This lacuna needs to be remedied if India is to contribute to Indo-Pacific region effectively.
- India is the only member of the proposed coalition that is also part of another security arrangement involving China and Russia, the **Shanghai Cooperation Organization**. India's ability to balance its interests will be tested in Quad.
- Further, like India recently objected to Chinese naval presence in the Indian Ocean, it may not be able to object to an increase in U.S. naval warships and Japanese presence there.

### Way Forward

- India must demonstrate the will to influence geopolitical outcomes in Asia and beyond. There is no doubt that the construction of quad will face many challenges, given the deep divisions in all countries on how best to deal with China.
- India has to calculate pros and cons before inviting other powers, howsoever well-meaning, into the neighbourhood.

## 11.2. IBSA DECLARATION FOR SOUTH-SOUTH CO-OP

### Why in news?

Recently, at a **Ministerial meeting of IBSA in Pretoria, South Africa**, Foreign Ministers of India, Brazil and South Africa (IBSA) adopted a declaration to contribute to greater understanding of development and South-South Cooperation (SSC).

### About the IBSA Declaration on South-South Cooperation (SSC)

The declaration calls for the following Principles and basis for South-South Cooperation:

- **SSC as a common endeavour of peoples and countries of the South.** It notes the shared histories, understanding and beliefs and developmental experiences of global south.
- **Developing Countries as developing Partners:** Developing countries engaged in SSC are not donors and recipients but developing partners.
- **Solidarity and the spirit of sharing** are the primary motivations for SSC.
- **Voluntary in nature:** SSC is voluntary in nature and not obligatory like Official Development Assistance (ODA).
- **Demand driven process:** Partner countries determine the priorities in the SSC projects. Primary responsibility towards development rests with the States themselves under their ownership and leadership.
- **Respect for national sovereignty** is at the core of SSC. It is guided by principles of respect for national sovereignty; national ownership and independence; equality; non-conditionality; non-interference in domestic affairs; and mutual benefit.
- **Complements North-South Cooperation:** South-South Cooperation serves as a complement to and not as a substitute for North-South cooperation, in supporting the acceleration of the development agenda. It calls upon the global North to honour its ODA commitments fully, scale up existing resources and commit additional resources to provide the necessary means to achieve the goals of the Paris Agreement on Climate Change as well as implementing SDGs.

### South-South Cooperation (SSC)

- South South Cooperation (SSC) is defined as the **exchange and sharing of developmental solutions among countries in the global south.**

- It is a **methodology of development** which facilitates the exchange of knowledge, experience, technology, investment, information and capacity between and among Southern countries through various agencies like governments, civil society organizations, etc. to accelerate all-round development.
- The formation of SSC can be traced to the **Asian-African Conference that took place in Bandung, Indonesia, in 1955** which is also known as the **Bandung Conference**.
- It has emerged as a parallel mechanism to support the global quest for improved quality of life across the world with increasing need of assistance in the south and north's uncertainty in providing it.
- Lately, sustained economic growth in emerging economies has fueled a shift in the global center of gravity from the North to the South and the South began looking beyond the North-South Cooperation (NSC) and Triangular Development Cooperation (TDC).

#### Significance of SSC

- In the past decade **S-S trade and investment has expanded** more quickly than N-S trade.
- Investors from the South often have important **regional know-how**, use appropriate technologies and prove more willing to take business risks in a difficult political environment.
- Further, the countries in the South have become an **additional source of official development assistance (ODA)**, thus reducing dependence on north.

#### Other Recent Developments

**UN Partnership Fund:** India has pledged an additional USD 100 million towards the **UN partnership fund** at the 2017 UN Pledging Conference for Development Activities.

- The first project from the fund is being executed in partnership with seven Pacific Island countries. The fund has also identified 15 more projects.
- India is also contributing USD 10.582 million India to various other UN programmes.
- The contribution has significantly scaled up India's support to sustainable development projects across the developing world.

#### Relevance of IBSA vis-à-vis BRICS

- Although IBSA's visibility in international affairs pales against that of the yearly BRICS Summits, the three IBSA members have identified themselves as partners because they **share a set of fundamental notions** about global order.
- All three **IBSA members are multiparty democracies** and are thus able to freely debate how to implement difficult reforms necessary to boost growth in a messy and complex political context. These matters cannot be discussed openly at BRICS Summits.
- In the same way, issues related to human rights and civil society are not mentioned when the BRICS meet. During the 2011 IBSA Summit, the Brazilian President succeeded in including the **"Responsibility While Protecting"** (a concept that seeks to qualify and refine the "Responsibility to Protect" concept)

#### INDIA-BRAZIL-SOUTH AFRICA (IBSA) DIALOGUE FORUM

- **IBSA Dialogue Forum** is an international tripartite grouping for promoting international cooperation of India, Brazil and South Africa.
- IBSA was formally established by the **Brasilia Declaration of 6 June 2003** by external affairs ministers of India, Brazil and South Africa.
- It represents three **important poles for galvanizing South-South cooperation** and greater understanding between **three important continents of the developing world** namely, Africa, Asia and South America, facing similar challenges.

#### IBSA Mechanism for Development Cooperation - IBSA Fund for the Alleviation of Poverty and Hunger

- It was set up with the objective of facilitating the execution of human development projects to advance the fight against poverty and hunger in developing countries.
- Each member country contributes **\$1 Million annually** to this fund.
- The IBSA Fund is managed by the **United Nations Office for South-South Cooperation (UNOSSC)**.
- With a **cumulative contribution of \$35mn**, IBSA Fund has thus far partnered 19 countries from the Global South for implementing 26 projects over the last decade. 62.4 percent of the IBSA Fund has been devoted to Least Developed Countries (LDCs).

The **India-UN Development Partnership Fund (UNDPF)** is a dedicated facility within the **United Nations Fund for South-South Cooperation** established in 2017.

It supports Southern-owned and led, demand-driven, and transformational sustainable development projects across the developing world, with a focus on least developed countries and small island developing states.

United Nations Office for South-South Cooperation (UNOSSC), hosted by **UNDP since 1974**, was established by the UN General Assembly with a mandate to advocate for and coordinate South-South and triangular cooperation (collaboration and partnerships between South-South-North countries) on a global and UN system-wide basis.



into the final declaration, something which it promptly failed to do several months later at the 4<sup>th</sup> BRICS Summit due to Chinese and Russian opposition.

- As emerging countries that are not yet fully integrated in today's international structures, they all **consider current structures to be unjust** and in need of reform. While the degree of rejection of some institutions differs – for example, India is far more hostile towards the Non-Proliferation Treaty (NPT) than Brazil – all three agree that they deserve more institutional responsibility, including permanent seats on the UN Security Council.
- IBSA **provides an intimate setting** undisturbed by at times strained bilateral ties – after all, relations between India, Brazil and South Africa are simply too incipient to hit any meaningful roadblocks or clashes of interest.

In conclusion, the benefits of IBSA's continued existence are too large to ignore, and policy makers in India, Brazil and South Africa should maintain it as they turn into global agenda setters.

### 11.3. FOREIGN AID TO POOR

#### Why in News?

A paper “Does foreign aid target the poorest?” was recently published.

#### Trends in ODA

- In 1970, the United Nations agreed that economically advanced countries should provide 0.7% of their gross national income (GNI) as ODA.
- The commitment was further reiterated in the **Millennium Development Goals** (2000), and now in the **Sustainable Development Goals** (SDG1- End poverty in all its forms everywhere).
- Global **ODA has grown** from around US\$40 billion in the 1960s to US\$128 billion in 2012. Nearly two-thirds of ODA comes from five G8 countries that are consistently the largest donors by volume: the US, the UK, Germany, France and Japan.
- Sub-Saharan Africa receives the greatest proportion of ODA (35% in 2011), followed by South Asia (17%).
- However, questions have been raised whether the aid really reaches the poor of the world.

#### What is Official Development Assistance (ODA)?

- It means financial or technical help given by one country's government to another country to assist social and economic development or to respond to a disaster in the receiving country.
- It can involve providing financial grants or loans, technical advice, training, equipment and commodities such as food, health, infrastructure and transport.
- Loans and credits for military purposes are excluded.

#### Need for Foreign Aid?

Developing countries need foreign aid mainly to fund their-

- **Infrastructure** - roads, classrooms, basic sanitation etc.
- **Humanitarian issues and natural disaster emergencies**- building emergency shelters providing counselling services etc.
- **National security**- recipient countries can combat terrorism with the help of foreign aid as it decreases poverty, weak institutions and corruption and can help strengthen good governance, transparency and the economy.

#### Why it does not reach the poor?

- **Foreign aid targets different goals** - and to be effective, some types of aid must be directed to relatively rich places - who nevertheless are poor by global standards. For instance, aid to develop port facilities would go toward a coastal city, even if that city was already relatively prosperous.
- **Economic reasons:** It costs more to move supplies and equipment to a remote area, hence funds are often utilized in the vicinity of developed regions rather than in remote and impoverished regions.
- There have been instances where the aid was used to **support despotic regimes**. For example, in Zaire, Rwanda, Ethiopia, etc. where the donor seeks political favors in return or because it serves the purpose of the donor nation.
- In many cases aid is also given to **support the strategic allies**, the commercial interests or political beliefs, rather than the interests of the local people.
- Most recipient countries **lack the right mechanisms to use aid** effectively and efficiently to improve their economic conditions.
- **Corrupt governments** receiving a large portion of their budget revenue from foreign aid often do not work to promote economic growth and the well-being of their people.

#### Conclusion

The aid in itself is not a growth promoter. It needs to be supported by taking various steps like-



- The governments of the aid recipient countries need to be **held accountable** for the use of aid. The political will of the recipient government to reform their institutional structures and policies is a necessary condition for aid to be effective.
- The donor countries may adopt **conditional aid policies** or recipient countries may **be punished if they fail to perform** actions they have agreed with on the aid contracts, like cutting down the overall amount of aid which would push the governments to act.
- Donors can **bypass a bad government** in a recipient country by giving aid in terms of grants directly to development projects.

## 11.4. INDIA'S SOFT POWER

### Why in news?

Ministry of External Affairs (MEA) has decided to **develop a “soft power matrix”** to measure the effectiveness of India's soft power outreach and establish linkages between India's soft power and tangible outcomes in area of diplomacy.

### Importance

- Soft power has become an **important instrument in public diplomacy** and complements official diplomacy efforts such as Act East Policy, the Connect Central Asia policy, and developing strategic aid and trade partnerships in Africa.
- Increased cultural exchanges are more likely to increase **public knowledge and appreciation** of India in foreign countries.
- Use of hard power generally carries with it mass global public disapproval whereas soft power lends itself more easily to the information era and constitutes a **country's principal asset**.
- Though the hard power of geopolitics remains prevalent, increasingly countries vie—for influence, for investment, for retention and attraction of both native and foreign human talent—in the realm of soft-power.
- **Soft power is critical** not only for a nation's role in the world, but also for purposes of identity and, ultimately, prosperity. For example: a country with reasonably radiant soft power will appear attractive to its diaspora, thereby reinforcing important links both for talent and for wealth.

### Manifestations of India's Soft power

Indian Council of Cultural Relations (ICCR) is nodal government agency responsible for India's soft power projection.

- **Incredible India Campaign:** It was conceptualized in 2002 for India's brand building and to create a distinctive identity for the country in collaboration with Ministry of Tourism.
- In 2006, the Ministry of External Affairs set up a **Public Diplomacy Division** to promote India overseas.
- **Ancient Medicine systems and Yoga** have also become increasingly popular in the developed world. **Celebration of the International Day of Yoga** on the 21st of June globally is also a very effective manifestation of our soft power outreach.
- **Efforts to reach out to Indian Diaspora** and building connections with foreign business interests and foreign aid and development programme.
- **Use of Social Media and IT** to not only connect with youth but also build “nation-brand” India. Organising campaigns for Make in India, holding trade fairs abroad and organizing events such as Raisina Dialogue has also added to presence of India as soft power across world.

#### Soft Power

- It is the ability of a country to persuade other nations of a line of thought in consonance with its goals.
- It is derived from three resources i.e. a country's culture, its political values and its foreign policy.

#### Hard Power

- It means a nation or political body's ability to use economic incentives or military strength to influence other actors' behaviors.
- It includes economic sanctions, trade embargos, physical military intervention and the actual threat of military or economic force.

#### Recommendations of Standing Committee on External Affairs

- It said that India has **lagged behind in its cultural diplomacy** and recommended that the MEA should formulate a **“comprehensive and well-structured policy”** delineating India's soft power resources and their articulation abroad.
- MEA and the ICCR should **allocate resources** to augment the country's natural historical appeal, empowering its diplomacy and foreign policy.
- **Development Partnerships** should be handled carefully and there should be timely allocations of funds for them.

- **Project Mausam and Spice Route projects** to revive India's traditional connections with the Eastern Africa and to the South East Asia and the opening the Silk Road, the ancient trade route that spanned across Asian continent and parts of Europe respectively.
- India has also exercised its soft power through growing influence of Bollywood, educational scholarships extended by MEA, extending humanitarian assistance and disaster relief to help mitigate the adverse impact of natural disasters.

### Challenges

- Since 'soft power' is perceived to be an **intangible ingredient of a state's power**, it is difficult to measure the definite impact of these measures.
- Further the soft power so far has **functioned independently of government policies**, without the backing of a focused policy or adequate backing with financial resources.
- Along with this, critics of Soft power say that soft power **cannot substitute hard power** and it helps only if the country has built up its conventional sources of economic and military power.

### Conclusion

- Overall, the limited evidence suggests that India has soft power attraction abroad, particularly among developing countries where it has made a significant effort to burnish its partnership image.
- Indian soft power is no longer limited to Bollywood or global icons like Mahatma Gandhi, its own identity as a developing country with an entrenched democracy and rising economic growth rates makes it an increasingly attractive development paradigm for other developing countries.
- Yet, its engagement has at times lacked policy coherence and efficacy. Moreover, significant capacity constraints remain particularly within the Ministry of External Affairs leading to engagements that are reactive instead of strategic and pro-active.
- Besides, soft power by itself will not suffice in the absence of palpable economic and hard power. For instance, South East Asia and Africa may have strong strategic convergences with India, and yet it is China's economic prowess that gives it the decisive edge.

#### Related Information

**Smart Power** – It refers to an integrated national strategy that effectively and efficiently **combines both hard and soft power** appropriate for the specifics of each situation, and that adjusts as the particular threat evolves.

## 11.5. INDIA'S NUCLEAR POLICY

### Why in News?

The Pokhran-II nuclear tests, carried out in 1998, recently completed 20 years.

### Main Features of India's Nuclear Doctrine

- Building and maintaining a **credible minimum deterrent**;
- A **"No First Use (NFU)"** posture; nuclear weapons to be used only "in retaliation against a nuclear attack on Indian territory or on Indian forces anywhere";
- Nuclear retaliation to a first strike will be **"massive"** and designed to inflict **"unacceptable damage"**.
- Nuclear retaliatory attacks to be authorized only by **civilian political leadership** through the Nuclear Command Authority.
- **Non-use** of nuclear weapons against non-nuclear weapon states.
- India to retain option of **retaliating with nuclear weapons** in the event of a major attack against it with biological or chemical weapons;

### Arguments in favour of NFU

**No first use (NFU)** refers to a pledge or a policy by a nuclear power not to use nuclear weapons as a means of warfare unless first attacked by an adversary using nuclear weapons.

- It **obviates the need for the expensive nuclear weapons** infrastructure that is associated with a first-use doctrine. Complex and costly command and control and sophisticated intelligence, surveillance and reconnaissance (ISR) systems are necessary for a first use posture.
- It has resulted in **major gains internationally**, including the lifting of economic sanctions and the removal of technology denial regimes, civil nuclear cooperation agreements and accommodation in multilateral nuclear export control regimes. Most of these gains will be frittered away if India opts for first use.





- It puts the **onus of escalation on the adversary**, without preventing India from defending itself
- A first use posture will deny **India the opportunity** to engage in conventional warfare below the nuclear threshold and will also **lower the nuclear threshold** and make the use of tactical nuclear weapons (TNWs) more likely.

### Arguments against NFU

- NFU implies **acceptance of large-scale destruction** in a first strike. It would be morally wrong to accept a first strike – the leadership has no right to place the population ‘in peril’;
- NFU allows the **adversary’s nuclear forces to escape punishment** as retaliatory strikes will have to be counter value in nature;
- An **elaborate and costly ballistic missiles defence (BMD)** system would be required to defend against a first strike and **escalation control** is not possible once nuclear exchanges begin.

### India’s “Credible Minimum Deterrence”

It is the second important aspect of India’s nuclear doctrine which refers to the **quantity of nuclear forces** that India needs to deter potential nuclear adversaries. Credibility is a function of how well command and control functions, from the political level to the implementing level” that demonstrates its “survivability under the worst conditions of decapitation attack. It clearly indicates that India envisages its **nuclear weapons as only a deterrent** merely for **defensive purposes** and not as a means to threaten others.

The prerequisites for the credibility of our deterrent in the context of our nuclear doctrine may be listed as follows:

- **Sufficient and Survivable nuclear forces** both in terms of warheads and means of delivery able to inflict unacceptable damage.
- Nuclear Forces must be **operationally prepared at all times.**
- **Effective Intelligence and Early Warning Capabilities**
- **A Robust Command and Control System** for which India has established a Nuclear Command Authority comprising a Political Council chaired by the Prime Minister and an Executive Council chaired by the National Security Advisor.
- The Will to Employ Nuclear Forces.
- Communication of Deterrence Capability.

### India and Nuclear Disarmament

**Disarmament** implies all actions to gradually **bring down the nuclear weapon holdings** of the Nuclear Weapon States (NWS). **Non-Proliferation**, on the other hand, includes all actions to ensure that technology and other means are **not made available to Non-Nuclear Weapon States (NNWS)**. India’s foreign policy was shaped by Pandit Nehru and nuclear global disarmament was a significant part of it. India was the **first country to call for a ban on nuclear testing in 1954.**

In 1988, the then Prime Minister Rajiv Gandhi proposed an **Action Plan to the Third Special Session on Disarmament** for a nuclear weapon free world. Its essentials were as under-

- There should be a binding **commitment by all nations** to eliminating nuclear weapons, in stages, by the year 2010 at the latest.
- All NWS must participate in the process of **nuclear disarmament**. All other countries must also be part of the process.
- To demonstrate good faith and build the required confidence, there must be **tangible progress at each stage** towards the common goal.
- **Changes are required** in doctrines, policies and institutions to sustain a world free of nuclear weapons. Negotiations should be undertaken to establish a comprehensive global security system under the aegis of the United Nations.

This remains the official line (with some modifications) in dealing with nuclear disarmament. **India’s Nuclear Doctrine**, was clearly enunciated in January 2003 wherein India pledged its “continued commitment to the goal of a nuclear weapon free world through global, verifiable and non - discriminatory nuclear disarmament.”

### What is Non-Proliferation Treaty (NPT)?

- The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is an international treaty whose objective is to **prevent the spread of nuclear weapons and technology**. A total of 191 states have joined the Treaty.
- The treaty **recognises five states as nuclear-weapon states**: the United States, Russia, the United Kingdom, France, and China
- It has three major provisions.
  - States without nuclear weapons cannot acquire them.
  - Nuclear weapon states must pursue disarmament.
  - States can access nuclear technology for peaceful purposes, such as nuclear energy, with proper safeguards.

### Why India did not sign the NPT (non-proliferation treaty)?

- If India signs the NPT India will have to give up its entire nuclear arsenal and curb further nuclear weapon tests. Given its highly unpredictable and volatile neighbourhood, India is unwilling to sign the NPT and give up its nuclear weapons.

### Comprehensive Nuclear Test Ban Treaty (CTBT)

- Treaty by which states agree to ban all nuclear explosions in all environments, for military or civilian purposes. It was adopted by the United Nations General Assembly on 1996.
- India finds CTBT a threat to national security because -
  - Nuclear weapon states have already acquired sophistication before signing treaty that is discriminatory against India.
  - It is silent on complete nuclear disarmament. India is "committed to working towards a CTBT that will promote the goal of total nuclear disarmament".
  - No time-bound disarmament schedule for nuclear weapon states
  - It would not help towards nuclear disarmament since it only banned nuclear explosive testing, but not other activities related to nuclear weapons, such as sub-critical (non-nuclear explosive) experiments, or computer simulations.

### The Fissile Material Cutoff Treaty (FMCT)

It is a **proposed international treaty** to prohibit the further production of fissile material for nuclear weapons or other explosive devices. The treaty has not been negotiated and its terms remain to be defined.

Those nations that joined the nuclear Non-proliferation Treaty (NPT) as non-weapon states are already prohibited from producing or acquiring fissile material for weapons. An FMCT would provide new restrictions for the five recognized nuclear weapon states (NWS—United States, Russia, United Kingdom, France, and China), and for the four nations that are not NPT members (Israel, India, Pakistan, and North Korea).

There are three contentious issues concerning the FMCT.

- **Regarding the definition** of the term fissile material.
- **Scope of the treaty** (what materials, facilities and countries will be covered under the treaty)
- **Verification process**: Many countries, particularly the non-weapon NPT countries, feel that without verification the treaty is really pointless

### Treaty on the Prohibition of Nuclear Weapons

The Treaty on the Prohibition of Nuclear Weapons, or the Nuclear Weapon Ban Treaty, is the **first legally binding international agreement** to comprehensively prohibit nuclear weapons, with the goal of leading towards their total elimination.

Article 1 of the Treaty prohibits States Parties from **developing, stockpiling, using, threatening to use, acquiring, transferring, and stationing** nuclear weapons. The prohibitions also extend to any form of assistance for these prohibited acts.

### Salient features

- It includes undertakings not to develop, test, produce, acquire, possess, stockpile, use or threaten to use nuclear weapons.
- The Treaty also prohibits the deployment of nuclear weapons on national territory and the provision of assistance to any State in the conduct of prohibited activities.



- The Treaty also obliges States parties to provide adequate assistance to individuals affected by the use or testing of nuclear weapons
- States parties will also be obliged to prevent and suppress any activity prohibited to a State Party under this Treaty undertaken by persons or on territory under its jurisdiction or control

### India's stand on Nuclear Weapon Ban Treaty

- Over 120 countries in the United Nations voted to adopt the first-ever global treaty to ban nuclear weapons
- India and eight other nuclear-armed nations- US, Russia, Britain, China, France, Pakistan, North Korea and Israel did not participate in the negotiations for the legally binding instrument to prohibit atomic weapons
- India also maintained that the Geneva-based Conference on Disarmament (CD) is the single multilateral disarmament negotiation forum.
- Underlining that international verification was essential to the global elimination of nuclear weapons, India had said it feels that the current process did not include the verification aspect.

### Revisiting India's Nuclear Doctrine

Ever since the release of India's nuclear doctrine, there have been occasional appeals for its review. However, such revision or review must be based on sound and valid reasons, such as:

- A legally or administratively mandated periodic review.
- Major changes in the external environment.
- A change in the adversary's capabilities.
- Emergence of new threats such as nuclear and terrorism.
- Failure of the doctrine under practical conditions.

### Factors militating against revisiting our nuclear doctrine:

- All the gains enjoyed by us in the international community by the restraint of our nuclear posture would be frittered away. These do not merely constitute intangibles but entailed the termination of sanctions, support for our entry into the multilateral nuclear export control regimes as well as our civil nuclear cooperation agreements.
- It would enormously complicate and increase the expenditure incurred by us in regard to our command and control mechanisms which would have to be reconfigured to engage in calibrated nuclear war fighting.
- It would weaken the possibility of our engaging in conventional warfare insulated from the nuclear overhang.
- It would encourage the use of tactical nuclear weapons against us under the illusion of no massive response.

## 11.6. PARADIPLOMACY

- Paradiplomacy (also referred as state diplomacy', 'continent diplomacy', 'regional diplomacy', and 'subnational diplomacy) deals with the **foreign policy capacity of subnational governments**.
- As opposed to conventional diplomatic relations that fall under the exclusive domain of sovereign nation states exercised by central governments, paradiplomacy makes space for external relations of subnational or federal units.
- The actors in paradiplomatic activity include regions, firms, social movements, separatist/subnational groups.
- **Economic paradiplomacy** related to trade and investment in particular has become an institutionalised practice across federal (USA, Canada, Belgium), quasi-federal (Spain), non-federal states (Japan) and even non-democratic states (China).
- **City diplomacy**, a strand of para diplomacy, establishes a city-to-city relationship where such cities develop their own foreign relations based on cooperative agreements.

### Advantages of Paradiplomacy

- It can bring a decentralised dimension to international debates.
- It can internationalise the domestic issues by bringing regional issues on the global stage.





- It can help in promoting trade, tourism, cultural ties and even post-conflict reconciliation
- Local political activism can get international support.
- Subnational relations can also be conducted to promote and attract investments seeking region-specific economic advantages.

### Reasons for growth of Paradiplomacy

- As **globalisation** has eroded traditional boundaries, the **Central government by itself may not be well-equipped** to meet the challenges posed by new political, economic and social forces.
- States are often better equipped than the Central government to undertake diplomatic measures in areas of trade, commerce, foreign direct investment, education, cultural exchanges and also outsourcing of business.
- There might be cases where the Central government differs with state governments on ideological and political grounds, which makes it likely that **some judgments of the central government may not be viewed in the best interest of states** and vice versa.
- Given India's size, provincial governments are often better placed to enhance diplomatic relations with other governments in their neighbourhood because of geographical, cultural, historical and economic reasons. For instance, West Bengal can have more successful paradiplomatic relations with Bangladesh and Bhutan than an MEA official stationed at the country's capital.
  - A local involvement of the Tamil Nadu government will be more prudent in tackling issues related to fishing rights for residents, reservations and/or remittances for refugees, and human trafficking. Sri Lanka's Tamil population remains sympathetic to the Tamil cause.
  - The geographical and strategic positioning of Kerala on the old sea trade route advantages the cause of paradiplomacy as increasing trade and commerce in the area could revive its old prominence.
  - Owing to Kerala's high literacy and good health services, even medical tourism in the state is bound to see a boost with the use of constituent diplomacy.

### Paradiplomacy in India

- The distribution of legislative powers between the Union and states in India is quite explicit. A threefold distribution (Art 246 and 3 lists in 7th Schedule) of legislative powers between the two is envisaged in the Indian Constitution.
- Foreign affairs, diplomatic, consular and trade representation, participation in international conferences, entering into treaties and agreements with foreign countries and implementation of treaties, agreements, and conventions with foreign countries, foreign jurisdiction and trade and commerce with foreign countries, import and export are the areas where only the Union government is competent to legislate.
- In this context, the federalisation of foreign policy is a significant development.

### What has been done to support Paradiplomacy by India?

- The MEA created a 'States Division' headed by a Joint Secretary-level official in October 2014.
- The aim of the States Division is to "serve as the Ministry's single avenue for outreach to states" and to coordinate with states and Union Territories (UT) "for further facilitation of their efforts to promote their exports and tourism and attract more overseas investments and expertise."
- To further this objective, states and UTs are required to appoint nodal officers for maintaining liaison with Missions/posts abroad.
- MEA has asked Indian ambassadors to visit state capitals to interact with local governments and explore communication channels.

### What more can be done to support paradiplomacy?

- The Centre needs to come up with effective institutional mechanisms to introduce paradiplomacy in the country.
- Consulates or consular offices can be created in individual states
- Federal foreign affairs offices can be established under the supervision of the MEA.
- Officers stationed at these regional offices can be trained to better handle security issues and can also be groomed to work to take the Centre's goals forward and not work against the national good.
- Better coordination between the MEA and local offices by means of regular consultations and bureaucratic interactions can effectively take the goal of paradiplomacy forward.

- The Centre, at a later stage, could also take steps to introduce formal legislations acknowledging the essence of paradiplomacy and its implementation in various states.

### Criticism of Paradiplomacy

- Border management being a complex issue, the Union government can ill afford to delegate this power to states in the name of globalisation and market forces.
- Most Indian states, barring only five, have either land or maritime borders with neighbouring countries.
- The historically strained relations with neighbouring Pakistan have resulted in cross-border terrorism.
- The role of Indian states in conducting diplomacy is not confined to the economic realm and can also extend to security, environment and resource management. This led to delays in resolving Teesta dispute, Land Boundary Agreement, Jaitapur nuclear power project in Ratnagiri (Maharashtra), Kudankulam Nuclear Power Project in Tamil Nadu.

### Conclusion

Paradiplomacy is still in its nascent stages in India. It will take some time and may require the emergence of dynamic leaderships at the state level to imitate the success story of Sao Paulo and Macau. Nevertheless, some states like Maharashtra, Karnataka, Andhra Pradesh, Telangana and Gujarat are already taking long strides in this direction.

## **"You are as strong as your foundation"**

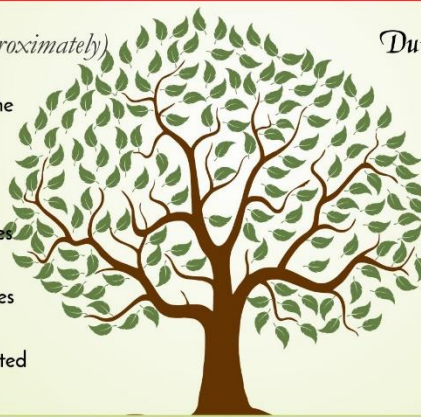
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