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Classroom Study Material

# **INTERNATIONAL RELATIONS**

October 2016 – June 2017

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# 1. INDIA AND ITS NEIGHBOURS

## 1.1. CHINA

### 1.1.1. INDIA-CHINA

As big economic and military powers, India and China are key strategic players in the world. Both nations have several similar attributes and problems including large population, huge rural-urban divide, rising economy and conflict with neighbours.

#### Major irritants

- **Border Disputes**

- ✓ India and China share about 3,488-km long border, which is yet to be fully delineated. Immediate fallout of the several unresolved territorial claims by both nations, border incursions/intrusions have been a major stumbling block to improving relations between India and China.

- **The Dalai Lama and Tibet**

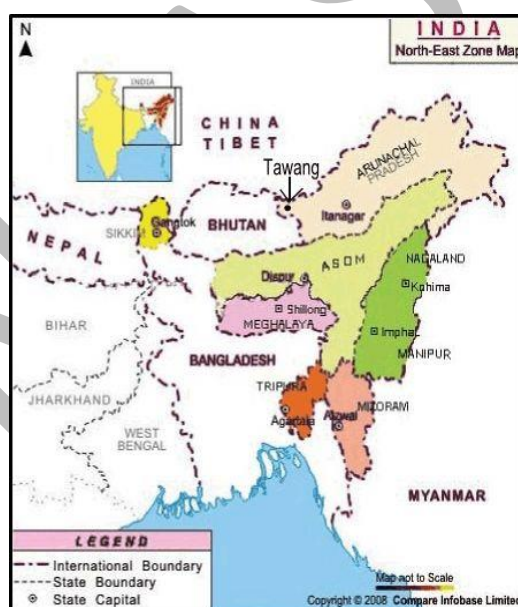
- ✓ The Dalai Lama formed a Tibetan government in exile, which still functions without any real authority over the people.
- ✓ Protests are often staged by Tibetans against China in India and many other countries.
- ✓ China recently opposed to the Dalai Lama's visit to Arunachal Pradesh, particularly Tawang, which it considers as Southern Tibet.
- ✓ China considers that the visit of the Dalai Lama will have a negative impact on Sino-Indian ties and accused New Delhi of breaching its commitment on the Tibet issue.
- ✓ Dismissing China's concerns, Indian government had responded and termed Dalai Lama's visit to Tawang as purely "religious".

- **Arunachal Pradesh and Stapled Visa**

- ✓ Upping its ante against India, China began the practice of issuing stapled visa to residents of Arunachal Pradesh and Jammu and Kashmir.
- ✓ China stopped the practice of issuing stapled visa for the residents of Jammu and Kashmir. But it continues for people living in Arunachal Pradesh.
- ✓ China has for the first time announced "standardised" official names for six places in Arunachal Pradesh. The official names of the six places using the Roman alphabet are Wo'gyainling, Mila Ri, Qoidêngarbo Ri, Mainquka, Bümo La and Namkapub Ri.

- **String of pearls**

- ✓ China has an undeclared policy of String of Pearls to encircle India. This involves building of ports and naval bases around India's maritime reaches.
- ✓ China is present at **Cocos Island in Myanmar, Chittagong in Bangladesh, Hambantota (Sri Lanka), Marao Atoll (Maldives) and Gwadar (Pakistan)**. Interestingly, China is the only other country than India to have a fully functional embassy in Male.





- ✓ India, on the other hand, has been trying to develop closer arrangements with the countries surrounding China.
- ✓ India has been able to forge friendly relationships not only with Japan, South Korea and Vietnam but also with the central Asian neighbours of China.
- **River Water Dispute**
  - ✓ Brahmaputra River water sharing is the major flashpoint between India and China. 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.
- **Nuclear Suppliers Group**
  - ✓ China has been blocking India's attempt to entry to this exclusive club on one or the other pretext. Observers say that China is building a case for Pakistan by blocking India's entry.
- **Terrorism**
  - ✓ While India has been unequivocal in condemning terror outfits and identified Pakistan as the biggest source of terrorism, China has defended Pakistan at every single forum.
  - ✓ China has blocked India's attempt at the UN for sanctions against Jash-e-Mohammad chief Masood Azhar.
- **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.
- **Bhutan and Nepal**
  - ✓ China has been critical of India's role in and its relationship with Bhutan and Nepal. India has a long tradition of cultural and trade exchanges with both Nepal and Bhutan.
  - ✓ India has a security arrangement with Bhutan for protection of its borders.
- **Trade imbalance**
  - ✓ While China is India's largest trade partner, concerns about trade imbalance between the two countries remain, with the imbalance skewed in China's favour.
  - ✓ The total India-China bilateral trade in 2016 amounted to \$70.8 billion.
  - ✓ India's trade deficit with China mounted to a whopping \$46.56 billion in 2016.

#### Cooperation between India and china

- Both are members of the **BRICS grouping** of emerging economies, which is now establishing a formal lending arm, the **New Development Bank**.
- India also was a founding member of the China-backed **Asian Infrastructure Investment Bank**.
- The two sides are ready to continue cooperation under the framework of Shanghai Cooperation Organization. China welcomed India's full membership of **Shanghai Cooperation Organization**.
- Both countries have advocated democratization of international institutions such as **World Bank, IMF**, etc.
- China and India have similar stand during **WTO negotiations**. In the Doha Round of World Trade Organisation (WTO) negotiation, India and China coordinated their stands on several issues.
- The two sides support a **comprehensive reform of the United Nations**, including recognizing the imperative of increased participation of developing countries in UN's affairs and governance structures, so as to bring more effectiveness to the UN.

- India and China are member of G-20 grouping
- **UN summits on environment:** China and India, being the main targets of criticism by the US and its friends, have so far successfully coordinated their strategies in the environmental summits.

### 1.1.2. INDIA-CHINA BORDER DISPUTE

Former Chinese special envoy Dai Bingguo said that the border dispute between China and India can be resolved if **New Delhi accepts Beijing's claim over strategically vital Tawang region in Arunachal Pradesh.**

- Dai Bingguo suggested that flexibility from India over the **"eastern boundary" in Arunachal Pradesh could yield flexibility from China over "other areas", that is, the western boundary in J&K.**

In terms of length, India shares 3,488 kms of border with China. The Sino-Indian border is generally divided into three sectors namely: (i) The Western sector, (ii) The Middle sector, and (iii) The Eastern sector.

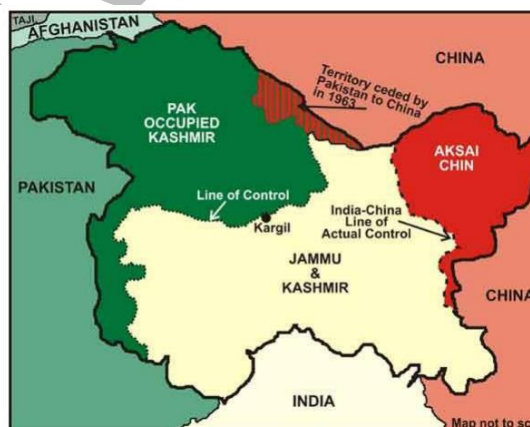
#### The Western Sector

The Indian boundary with China in the western sector is about 2152 km long. It is between Jammu and Kashmir and Xinjiang (Sinkiang) province of china.

#### Aksai Chin

The territorial dispute over Aksai Chin can be traced back to the failure of the British Empire to clearly demarcate a legal border between its Indian colony and China.

- As two borders between India and China were proposed during the time of the British Raj – the **Johnson's Line and the McDonald Line.**
- The **Johnson's line shows Aksai Chin to be under Indian control** whereas the **McDonald Line places it under Chinese control.**
- India considers the Johnson Line as the correct, rightful national border with China, while on the other hand, China considers the McDonald Line as the correct border with India.
- The line that separates Indian-administered areas of Jammu and Kashmir from Aksai Chin is known as the **Line of Actual Control (LAC)** and is concurrent with the Chinese Aksai Chin claim line.
- China and India went to war in 1962 over disputed territory of Aksai Chin. India claimed this was a part of Kashmir, while China claimed it was a part of Xinjiang.



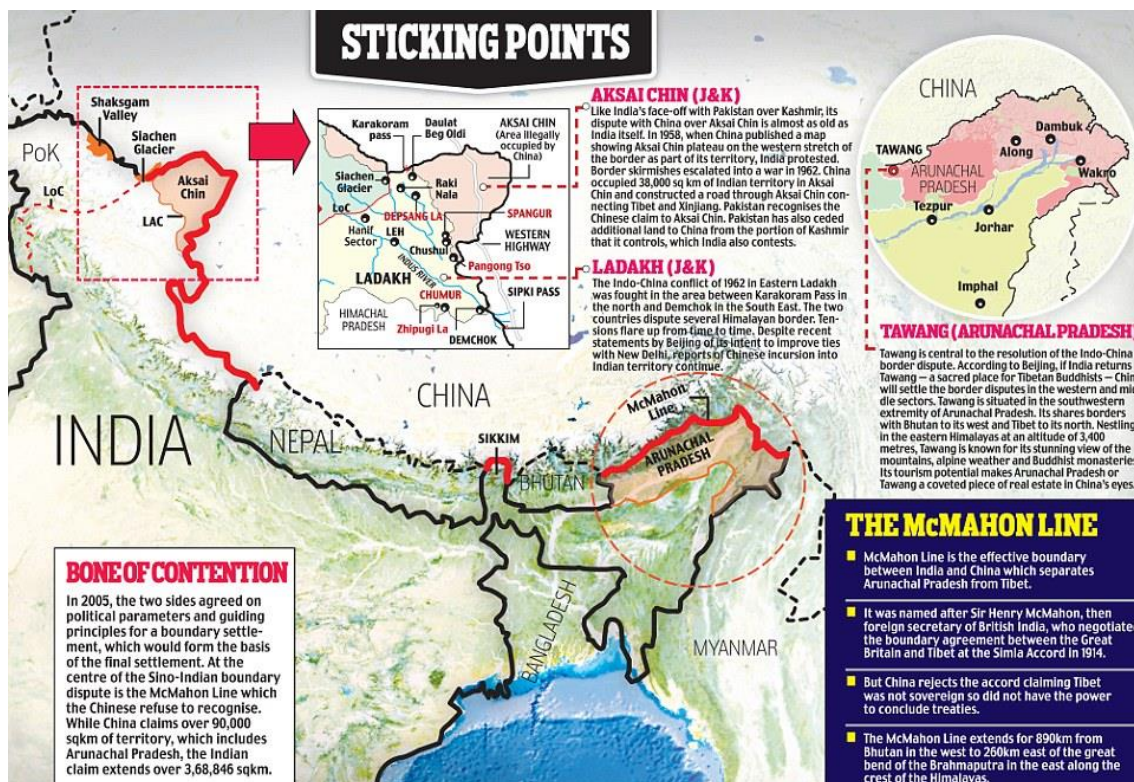
#### The Middle sector

The middle sector boundary is about 625 km long which runs along the watershed from Ladakh to Nepal. The states of Himanchal Pradesh and Uttarakhand touch this border with Tibet (China).

#### The Eastern Sector

The boundary in the eastern sector is 1,140 km long and runs from the eastern limit of Bhutan to a point near the **Talu Pass at the trijunction of India, Tibet and Myanmar.** This line is called

the **McMahon Line** after Henry Mc Mahon, a British representative who signed the 1913-14 Shimla Convention.



- The boundary was established along the Himalayan crest of the northern watershed of the Brahmaputra, except where the Lohit, Dihang, Subansiri, and Kemang rivers break through that watershed.
- China considers the **McMahon Line illegal and unacceptable** claiming that **Tibet had no right to sign the 1914 Convention held in Shimla** which delineated the Mc Mahon line on the map.

**Special Representative Talks on the border issue**

- China and India appointed **Special Representatives to discuss the boundary question in 2003.**
- In 2005, the two sides agreed on political parameters and guiding principles for a boundary settlement, which would form the basis of the final settlement.
- India and China have held 19 rounds (the latest of which was in April 2016 between NSA Ajit Doval and Yang) of Special Representative Talks on the border and there has yet to be an exchange of maps.

**1.1.3. CHINA-PAK AXIS**

China and Pakistan describe their friendship as being **'higher than the mountains, deeper than the oceans, sweeter than honey'**.

- China is Pakistan's great economic hope and its most trusted military partner.
- Pakistan lies at the heart of China's geostrategic ambitions, from its take-off as a global naval power to its grand plans for a new silk road connecting the energy fields of the Middle East and the markets of Europe to the mega-cities of East Asia.



### Cooperation in Key areas

- **UNSC and NSG Membership:** China opposed India's admission into the Permanent Membership of the UNSC and India's membership of the Nuclear Suppliers Group. Whereas, it insisted Pakistan to be admitted to NSG forgetting its reputation as a nuclear proliferator.
- **Infrastructure investment:** China has been investing in the China-Pakistan Economic Corridor, which will connect Kashgar in China's Xinjiang province with the port of Gwadar in Pakistan.
- Pakistan has been given military and nuclear arms support by China in the past besides economic support.
- **Terrorism:** China's has been shielding Pakistan's terrorist outfit chief, Massod Azhar from being listed as a 'Global Terrorist' by the UN.
  - ✓ It does not go along with China aspiring to be a Superpower and claiming to be a 'responsible stakeholder' in global security.
- **Military cooperation:** China is not only a part of the overall Pakistan problem for India but now with the CPEC as the prized strategic objective of China, the stakes for China to encourage Pakistan's military adventurism against India gets considerably raised.
  - ✓ China's military cooperation with Pakistan will involve bolstering the Pakistani navy.
  - ✓ Pakistan's planned acquisition of eight submarines from China as one of the "biggest and most significant" markers of their relationship.
  - ✓ In October 2015, Pakistan had announced its decision to acquire eight Type 41 Yuan-class diesel-electric submarines, half of which may be built in Pakistan while the other half would be made in China and transferred.

### Analysis

- Terrorism emanating from Pakistan and the China-Pakistan axis working against India are two of the major geo-political challenges facing the country.
- India has had serious objections to the very nature of the China-Pakistan axis and to China investing in infrastructure in disputed territories of Pakistan occupied Kashmir. However, India cannot remain hostage to its single minded strategy of isolating Pakistan which has had no effect on China, Russia or the US.

### Way forward for India

- Both India and China want a new international status that commensurate with their size, strength and potential.
- To restore a semblance of equality in the relationship it is necessary to build up economic and security capabilities and begin to close the power gap with China.
- Such cooperation between the two countries could allow them to rebalance global influences and develop a better negotiating position in the world.
- India's foreign policy formulations and perspectives on China and Pakistan need no longer be considered as separate foreign policy planning domains but viewed as one hyphenated strategic entity.
- Now's the time for India to join hands with Japan, the US and the EU to promote alternatives to Chinese economic exploitation.
- A serious weakness of India's diplomacy is its weakness in the subcontinent.
  - ✓ Most of its neighbours have been adept at playing the "**China card**" against India's alleged "**hegemony**", and China has been quick to exploit this to its advantage.

- ✓ Its strategy has been to bottle up India in the subcontinent, but India can defeat this strategy of China by **mending fences with the neighbours** and by convincing them that it has no hegemonic ambition.

#### 1.1.4. ONE BELT ONE ROAD (OBOR) SUMMIT

China organized a grand two-day OBOR summit to showcase its plans to build a network of trade routes- One Belt, One Road (OBOR)-that will connect Asia, Africa, the Middle East and Europe.

- The One Belt, One Road or the Belt and Road Initiative (BRI) forum in Beijing was attended by 29 heads of state or government and by official delegations from some 100 countries.
- All of India's neighbours, except Bhutan, sent high-level delegations for the summit.
- China has positioned the One Belt One Road (OBOR) as a project of immense economic sense to the world and a 'project of the century'.

##### About OBOR

- The initiative comprises of the Silk Road Economic Belt and 21 Century Maritime Silk Road.
- The initiative was proposed by President Xi Jinping in 2013.
- It aims to boost connectivity and trade across Asia, Africa and Europe. Three main goals of China are:
  - Economic diversification
  - Political stability and the
  - Development of a multipolar global order

##### India's objection to OBOR

India has stayed away from the Belt and Road Initiative (BRI) summit, making its concerns public.

- One, the B&RI's flagship project is the China-Pakistan Economic Corridor, which includes projects in the Gilgit-Baltistan region, ignoring India's "**sovereignty and territorial integrity**".
- India claims that China has not only been insensitive to its sovereignty, but has never fully explained its plan for the Belt and Road (formerly called One Belt One Road) initiative. There is a **lack of transparency in China's agenda**, indicating that New Delhi believes the B&RI is not just an economic project but one that China is promoting for political control.
- Two, the B&RI infrastructure project structure **smacks of Chinese neo-colonialism**. The projects could push smaller countries on the road into a crushing debt cycle, destroy the ecology and disrupt local communities.

##### Analysis

India's decision to skip the meeting came after a year of bilateral discord over China's stubborn opposition to India's entry into the NSG and a UN ban against Pakistan-based terrorist group Jaish-e-Muhammad leader Masood Azhar.

- The decision to not attend even as an observer, however, effectively closes the door for diplomacy. It stands in contrast to countries such as the U.S. and Japan, which are not a part of the B&RI but sent official delegations.
- There have been arguments within India that, by boycotting the Beijing meet, India was denying itself unending benefits of something as big as OBOR.
- India may also face some difficult choices in the road ahead, because as a co-founder of the **Asian Infrastructure Investment Bank** and as a member of the **Shanghai Cooperation Organisation (from June 2017)** it will be asked to support many of the projects under the B&RI.

- Given the **endorsement from the UN Secretary General**, who said the B&RI is rooted in a shared vision for global development, India should not simply sit out the project.
- India & Japan come up **with Asia Africa Growth Corridor (AAGC)** to counter China's OBOR.

### Benefits for India

- **Firstly**, India has been isolated in this endeavour to oppose and boycott the Chinese initiative. All its neighbours as well as many other regional countries, except Bhutan, have been a part of OBOR. Isolation on the regional platform can hurt India's interests in the long run, especially when countries like US & UK also joined **Belt Road Forum** in Beijing.
- Secondly, the primary goal of this project is to integrate the rich European economy with that of China, not about CPEC and Pakistan, which are just sideshows of the ambitious scheme. India lacks the resources to match China's ambitious plan for Eurasia but it is directly affected by it. Isolating itself might mean giving up on a big opportunity to help the infrastructural shortcomings that India is facing right now.
- Thirdly, the two sides can cooperate on projects that are not sensitive if historical issues cannot be immediately solved, it said, adding that the steady and sound development of bilateral relations will benefit not only the two countries and peoples, but also the region and beyond.
- Fourthly, it has the potential to improve trade links between India and China and other countries.

### Way forward

India must actively engage with China to have its particular grievances addressed, articulate its concerns to other partner countries in a more productive manner, and take a position as an Asian leader, not an outlier in the quest for more connectivity.

### 1.1.5. CHINA-PAKISTAN ECONOMIC CORRIDOR

China opened a new international trade route from the newly built Gwadar port connecting Central Asia, South Asia and the Middle East by seeing off an export ship to Middle East and Africa.

#### Why is this important?

The Gwadar port is the showpiece of the China-Pakistan Economic Corridor (CPEC) project, which Beijing sees as a crucial link that will help it in its drive to become a world power.

#### CPEC and Pakistan

- CPEC investment is expected to exceed all FDI in Pakistan since 1970.
- Over 7 lakh direct jobs likely to be created by CPEC in Pakistan.
- It will enhance the cooperation between China and Pak.
- Few Pak groups have expressed concern that Beijing could eventually use CPEC to boost its trade with India.

#### About CPEC

The China-Pakistan Economic Corridor (CPEC) is a 3,218-km route consisting of highways, railways and pipelines that will connect Gwadar port to Xinjiang in China. The CPEC is crucial for China's 'One Belt, One Road' initiative that aims to connect China to Europe and Asia.

#### The Baloch Angles

- People in Balochistan, the Pakistani province in which Gwadar is located, are against the CPEC because they claim that the CPEC's benefits will not flow to them. Balochistan is in the throes of a popular movement for self-determination that is gathering intensity.

- Secondly, according to Baloch National Movement, CPEC is not an economic project. Pakistan and China together are building a military infrastructure in Balochistan's coastal areas. The purpose is to strengthen their military supremacy in the region which will undermine the stability of the region.
- Thirdly, as CPEC gets implemented in Balochistan, there is a fear of a massive inflow of migrants from different areas of Pakistan which will change the demography of Balochistan and reduce the Baloch people to a permanent minority in their historic homeland.

### India's Concern

- Despite China's willingness for India to be a part of the overall initiative of One Belt One Road Forum, New Delhi is extremely reluctant to participate because CPEC, which is part of Belt and Road plan, passes through the disputed Pakistan Occupied Kashmir ignoring India's claims over the area.
- India fears that the CPEC, passing through the Pakistan-controlled Kashmir, would serve the purpose of granting legitimacy to Pakistan's control over the region, and by promoting the construction of the corridor, China intends to meddle in the Kashmir dispute.
- Apart from the sovereignty issue, any construction work by China in the disputed area includes security issues for India. Indian security experts fear after gaining access to Gwadar port, the Chinese will find it easy to sail into the Indian Ocean.
- China's maritime presence in Gwadar Port can be highly detrimental to India's maritime and economic strategy because India also imports oil from the same region and it can play as a strategic positioning for China, i.e. in case of any confrontation between India and China if China opts to block this route it can impact India immensely.
- That CPEC assets in PoK are not used militarily against India during war is a further source of concern for the security establishment.

### Potential benefits for India

- The argument flowing from this example is that intertwining Bangladesh China India Myanmar (BCIM) corridor and CPEC would contribute to optimizing the "logic of India-China regional cooperation".
- In addition, India should explore the possibility of CPEC being expanded with one of its branches including the Indian states of Punjab and Jammu & Kashmir.
- Also articulated has been the possibility of India participating in CPEC if Pakistan were to grant it overland access to Afghanistan and Central Asia.
- Within J&K, there is popular speculation on the potential advantages likely to accrue once CPEC is operationalised on the other side of the Line of Control (LoC). CM Mehbooba Mufti highlighted the significance of developing Kashmir as a nucleus of intra-regional trade and energy cooperation between South and Central Asia.

### Way forward

- As the "new trespass" unfolds, India must not lose an opportunity to communicate its concerns to the international community. It also needs to muster efforts to ensure that its territorial position is not diluted further in order to avoid past situations such as Tibet and Aksai Chin.
- Currently, there is little that India can do to stall CPEC except for diplomatically articulating its objections and make it "un-implementable". But it is unlikely that diplomatic statements alone will cause the project's deferment.
- The fate of CPEC, projected as the pivotal flagship project from the OBOR stable, is quite crucial. In the face of India's reservations, the failure of CPEC to take off would mean a loss of repute for China and Pakistan, something which both countries would try hard to avoid.





### 1.1.6. ONE CHINA POLICY

#### Why in News?

- India hosted a three-member, all-female delegation of parliamentarians from Taiwan, in February 2017. The visit was free of any major announcements or headlines. Nonetheless, it carried an abundance of geopolitical context at a time Beijing's "One China Policy" (OCP) has attracted greater scrutiny from China.

#### What is One-China policy?

The **One-China policy** refers to the policy or view that there is only one state called "China", despite the existence of two governments that claim to be "China".

- As a policy, this means that countries seeking diplomatic relations with People's Republic of China (PRC, Mainland China) must break official relations with the Republic of China (ROC, Taiwan) and vice versa.
- The One China policy is different from the "**One China principle**", which is the principle that insists both Taiwan and mainland China are inalienable parts of a single China

#### What is the 'One China' principle?

- The principle affirms Chinese sovereignty over Taiwan and is the cornerstone of bilateral diplomatic relations between Washington and Beijing.
- Any country that wants to establish political and diplomatic relations with China must agree to adhere to this principle and not recognise Taiwan as an independent country.
- Currently, 21 states recognize Taiwan as a sovereign country.
- In practice, the 'One China' principle is a stabilisation mechanism that preserves the status quo over Taiwan's political status while allowing it to function as an independent economic, civic and administrative entity.
- Since 1979, Taiwan has had to negotiate its 'international living space' but it has largely honoured the 'One China' principle.

### Chinese reaction

- China's Foreign Ministry warned that any change in the one-China policy, if pursued by India, will impair ties between Beijing and New Delhi. Inviting female delegates from Taiwan was tagged as "playing with fire" by the Chinese.
- Taiwan's first woman president, Tsai, is a supporter of Taiwan's independence from China. She spoke about the increasing importance of India in her country's foreign policy.
- By having closer ties with India, Tsai (Taiwanese President) Tsai hopes to put pressure on the mainland by tying India and Taiwan closer.
- Beijing is likely to treat a challenge to the 'One China' principle as a direct challenge to its sovereignty.
- One reason China is so sensitive about Taiwan is its geopolitical vulnerability. It doesn't want other powers to dictate or change the rules of engagement on its seafloor.

### Way forward

- With the backdrop of CPEC and increasing ties between Pakistan and China, Taiwan plays a strategically crucial role between both the countries.
- Senior diplomats of India have also suggested the government to go further still, by including defence ties in the expanding political and economic portfolio of India-Taiwan relations.
- However, despite the meetings and visits being more frequent than before, it would be premature to expect New Delhi to upgrade the defence relationship openly in the foreseeable future given Beijing's sensitivities in the matter.
- India increasingly sees Taipei as an important economic and political partner to help it counter the China-Pakistan nexus.

### 1.1.7. SOUTH CHINA SEA DISPUTE

#### Why in News?

- The People's Liberation Army (PLA) Navy commemorated the 70th anniversary of the recovery of the Xisha and Nansha Islands, the Chinese names of **Paracel and Spratly islands in the South China Sea (SCS)**
- Some of the latest satellite images of the islands, released in a report from the Center for Strategic and International Studies (CSIS), show that China now appears to have installed large anti-aircraft guns and weapons systems as well.

#### Background

- In compliance of the **Cairo Declaration and Potsdam Proclamation**, China in November-December 1946 designated officials to proceed to the islands by four warships to take over the islands, illegally occupied by Japan.\*
- The Spratly Islands are located to the East of Vietnam & west of the Philippines and Malaysia. The region is important because of its fisheries and possible oil and gas reserves.

- The **Cairo Declaration 1943**, cemented China's status as one of the four allied Great Powers and agreed that territories taken from China by Japan, including Manchuria, Taiwan, and the Pescadores, would be returned to the control of the Republic of China after the conflict ended.
- Similarly, in **July 1945**, the leaders of the major Allied countries fighting Japan in World War II met in **Potsdam**, Germany to issue the conditions by which the Japanese were to surrender to the Allies.

- The seven new islands were constructed by dredging sand onto reefs, an effort by China to boost its claim to all of the Spratly Islands in the South China Sea. It has also built ports, Runways and radar facilities on the manmade islands.

### Concerns of International Community

- China's development in the region is seen as threatening to other nations that occupy territory in the chain of islands to the east of Vietnam and west of the Philippines and Malaysia.
- The United Nations Conference on Trade and Development estimated that about half of the world's annual merchant fleet tonnage—passed through the South China Sea in 2010. Any tension in the region may immensely affect the international trade and economy.
- Another economic security concern could arise not from conflict, but from an outright Chinese takeover of the region. China has demonstrated a desire to control all of the passage through what it considers its sphere of naval power. This predilection is in direct opposition to the U.S.-backed global standard of free passage through the high seas.

### India offers Tsunami Early warning system to countries in South China Sea

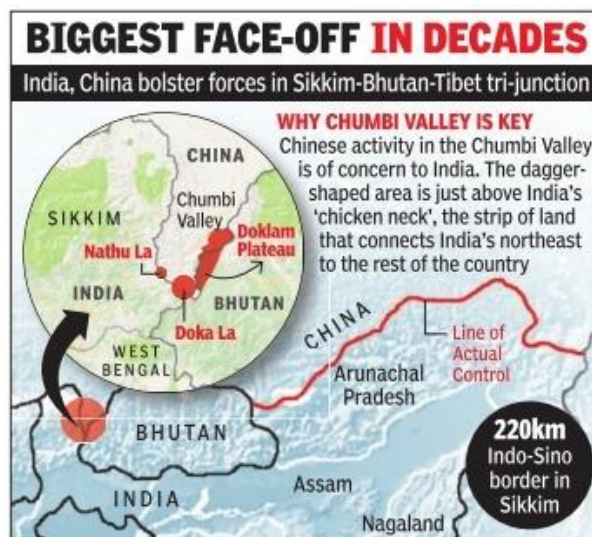
- India is looking to have South China Sea countries such as Vietnam, Malaysia and Philippines use the tsunami early warning-system developed by India.
- As part of a soft-diplomacy effort, India is looking to have South China Sea countries such as Vietnam, Malaysia and Philippines use the tsunami early warning-system developed by India.
- Also, the step can be seen as a part of India's "Act east policy" where India intends to improve infrastructural capabilities of its north eastern neighbours (ASEAN countries).
- China in the past had warned India to stay away from the hotly-contested waters, over which Brunei, Malaysia, the Philippines, Taiwan and Vietnam have counter claims.
- China contends that it has already started work on such system and feels that India's proposal should be a part of its system.

A **Tsunami Warning System (TWS)** is used to detect **tsunamis** in advance and issue warnings to prevent loss of life and damage. It is made up of two equally important components: a network of sensors to detect tsunamis and a communications infrastructure to issue timely alarms to permit evacuation of the coastal areas.

### 1.1.8. FACE-OFF IN DOKLAM PLATEAU

Indian troops intervened to block the path of Chinese People's Liberation Army soldiers engaged in **building road-works on the Doklam plateau (Donglong)**, a strategically vital 269 sq. km. patch of Bhutan's territory that Beijing laid claim to in the 1980s.

- This is the **first time that India used troops to protect Bhutan's territorial interests.**
- The tri-junction stretch of the boundary at Sikkim, though contested, has witnessed far fewer tensions than the western sector of the India-China



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boundary even as India and Bhutan have carried on separate negotiations with China.

### Background

- The Doklam dispute flows from the territorial dispute between Bhutan and China, which dates back to the 1950s when China published maps claiming vast portions of the Bhutanese territory.
- In 1998, both countries for the first time signed a peace agreement promising to 'Maintain Peace and Tranquility on the Bhutan-China Border Areas'. This was also an official recognition that the two have unsettled territorial issues, including the Doklam plateau, which require a peaceful settlement.
- In the early 1990s China is understood to have made Bhutan a **"package deal"** under which the Chinese agreed to renounce their claim over the 495-sq.-km disputed land in the **Pasamlung and Jakarlung valleys to the north**, in exchange for a smaller tract of disputed land measuring **269 sq. km, the Doklam plateau**.



### India's concern about road building

The construction of a new road through the Chumbi valley would further endanger the **"Chicken's Neck"** - the narrow Siliguri corridor links the north-east with the rest of India.

- India is vulnerable in this corridor as it is the only access point to the northeast. The Corridor is about 500 km from the **Chumbi Valley**.
- India has conveyed to the Chinese government that the latter's construction of road in the disputed **Doklam area** 'would represent a significant change of status quo with serious security implications for India.'
- India has also rejected Chinese interpretation of the **1890 Sino-British Treaty**, pointing out that the road construction by China would undermine India's security.
- For Chinese troops to transgress over non-finalised borders in Sikkim and into Bhutanese territory is unprecedented, and is a **violation of agreements with Bhutan from 1998 and 1999** as well as with India in 2012 to maintain the status quo, and causes special worries for the future.
- India's military presence in **Doklam gives it the ability to snap vital road** — and in the near future, rail — links between Lhasa and the Nathu-La region in the event of war.
- In recent time, China appears to have escalated **its pressure on Bhutan**. The aim of the pressure is well known: **To persuade Bhutan to cede Doklam**, through which China has built a road linking **Lhasa to the Nathu-La pass** and is in the process of driving a railway line, for two other disputed enclaves.

### Chinese reaction to latest Face-off

China has said that Indian forces **had intruded into the Donglang or Doklam** — an area, which according to Chinese interpretation lies undisputedly on its side of the boundary in the Sikkim border area.



- Following the tensions, Chinese authorities have closed the **Nathu La pass to Kailash Mansarovar pilgrims**.
- China served notice on India to withdraw its forces, which had allegedly “trespassed” into its territory, as a precondition for a “**meaningful dialogue**” with New Delhi.
- China has justified the construction of a road in the Sikkim sector, saying the area undoubtedly” is located on its side of the border **as per the 1890 Sino-British Treaty**.
- China has long desired an independent Bhutanese stand without Indian advocacy and interference on the boundary issue. Chinese academia often dubbed India’s interference as hegemony in South Asia.
- Beijing finds itself in a strange position in not having diplomatic ties with neighbouring Bhutan, which has lately widened its foreign relations with 53 countries, including Japan.
- By challenging Bhutanese security, Beijing hopes to put **a strain on the India-Bhutan “special relationship”**.

#### Deterioration of India-China relation

India-China relation has deteriorated continuously since the Mr. Xi’s 2014 visit to India. The stand-off comes after a series of setbacks to bilateral ties.

- Delhi has expressed disappointment over **China’s rejection of its concerns on sovereignty** issues, and refusal to corner **Pakistan on cross-border terrorism** or help India’s bid for **Nuclear Suppliers Group membership**.
- In turn, India’s spurning of the **Belt and Road Initiative** and cooperation with the U.S. on maritime issues has not played well in China
- **Dalai Lama visit to Tawang** was strongly protested by the China and it accused India for fuelling secessionist in Tibet.
- India is also working with **Japan, South Korea and the US** to contain China’s power in the Indian Ocean, provoking warnings from China’s Foreign Ministry.

#### Way forward

These issues have to be **addressed through sustained dialogue**. In the immediate term, however, talks must focus on defusing the tensions at the tri-junction.

- China has made the withdrawal of Indian troops a precondition for dialogue. This would be unacceptable to India, unless the PLA also withdraws its troops and road-building teams.
- Apart from its own commitments to the **status quo**, Beijing must recognise the special relationship **India and Bhutan** have shared since 1947, the friendship treaty of 2007 that commits India to protecting Bhutan’s interests, and the close coordination between the two militaries.
- India needs to rise to this challenge. It must take a firm stand in the current Doklam standoff to demonstrate its commitment to its ally.
- Its influence over Bhutan is a finite commodity, inherited by historical contingency. Once lost, it would be near impossible to replenish, especially when competing against a richer and more powerful Beijing.
- The Indian government must see that Bhutan’s sovereignty is no trivial matter, and ensure that Bhutan’s sovereignty must be maintained as that is the basis for the “**exemplary**” **ties between New Delhi and Thimphu**.

## 1.2. BHUTAN

India and Bhutan have had long-standing diplomatic, economic and cultural relations. Bhutan-India relations are governed by a friendship treaty that was renegotiated only in 2007, freeing Thimphu's external relations from New Delhi, but still subjecting the Himalayan nation's security needs to supervision.

### India-Bhutan treaty of Friendship time line

- On August 8, 1949 Bhutan and India signed the Treaty of Friendship, calling for peace between the two nations and non-interference in each other's internal affairs. However, Bhutan agreed to let India **"guide" its foreign policy** and both nations would consult each other closely on foreign and defence affairs. The treaty also established free trade and extradition protocols.
- India re-negotiated the 1949 treaty with Bhutan and signed a new treaty of friendship in 2007.
- The new treaty replaced the provision requiring Bhutan to take **India's guidance on foreign policy** with broader sovereignty and **not require Bhutan to obtain India's permission over arms imports.**
- Under the 2007 India-Bhutan Friendship Treaty, the two sides have agreed to **"cooperate closely with each other on issues relating to their national interests."**
- Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other

### Commercial Relation

- India is Bhutan's largest trading partner.
- India and Bhutan have signed an Agreement on Trade, Commerce and Transit on 12th November 2016, which provides for a free trade regime between the two countries aimed at boosting the bilateral trade for mutual benefit.
- The Agreement also aims at facilitating Bhutan's trade with countries through an improved procedure for containerised cargo, striving towards use of electronic means to facilitate the movement of transit cargo, additional entry/exit points in India, etc.
- In 2015, bilateral trade reached Rs8,550 cr. Imports from India were Rs5,374cr accounting for 79% of Bhutan's total imports. Bhutan's exports to India stood at Rs3,180 cr (including electricity) and constituted 90% of its total exports. One-third of Bhutan's exports to India is electricity.
- One-third of Bhutan's exports to India is electricity. Other items of export include minerals such as ferro-silica (the Bhutanese have been complaining that these exports have been declining), cement and dolomite.
- The Government is planning to build a mini dry port in the border town of Phuentsholing to promote exports, that are plagued by logistical difficulties due to the difficult terrain and poor connectivity. Bhutan sources the majority of its import requirements from India.
- India has also provided financial assistance to Bhutan's five-year development plans since 1961, last year committing Rs.4,500 crore for the period up to 2018.

### Hydropower Cooperation

- Hydro-electric power generated by Bhutan's run-of-the river dams is the economic bedrock of the India-Bhutan relationship.
- India has helped finance the dams through a combination of aid and loans and buys the excess electricity at very low prices.

- Three hydro-electric projects (HEPs) totaling 1416 MW, (336 MW Chukha HEP, the 60 MW Kurichu HEP, and the 1020 MW Tala HEP), are already exporting electricity to India.
- In 2008 the two governments agreed to further develop a minimum of 10,000 MW hydropower generation capacities by 2020 and identified ten more projects.

### Importance of Bhutan

- Bhutan in a **buffer state** between India and china. Bhutan shares a 470 km long border with China.
- **Strategic importance:** The Chumbi Valley is situated at the trijunction of Bhutan, India and China and is 500 km away from the “Chicken’s neck” in North Bengal, which connects the northeast with rest of the country.
- **To contain insurgency in North-East:** Bhutan has in the past cooperated with India and helped to flush out militant groups like United Liberation Front of Asom (ULFA) and National Democratic Front of Bodoland (NDFB) from the Himalayan nation.
- **To check Chinese inroad in Bhutan:** China is interested in establishing formal ties with Thimphu, where it does not yet have a diplomatic mission. Bhutan is strategically important for both India and China. Chinese territorial claims in western Bhutan are close to the Siliguri Corridor.
- Bhutan is also the only country in the region that joined India in its boycott of Chinese President Xi Jinping’s marquee project, the **Belt and Road Initiative**.

#### 1.2.1. BBIN MVA INITIATIVE

The Bangladesh, Bhutan, India and Nepal (BBIN) motor vehicle agreement was rejected by the National Council (NC), the upper house of the **Bhutanese Parliament**.

The agreement had earlier been approved by the National Assembly, the lower house of Parliament, though it had received a great deal of criticism by the opposition.

India, Nepal, Bhutan and Bangladesh signed a landmark Motor Vehicles Agreement (MVA) for the Regulation of Passenger, Personnel and Cargo Vehicular Traffic among the four South Asian neighbours in 2015.

#### Reasons cited by Lawmakers of Bhutan

- The BBIN MVA is not much of help to Bhutan in economic development as Bhutan’s trade is mostly with India and both nations already allow free movement of vehicles across their border.
- Bhutan suspicion has been that the pact to streamline movement of passenger and cargo transport will overwhelm the smallest country in south Asia with **traffic, tourists and pollution**.

#### Significance of BBIN for India

- For India, the BBIN MVA is of particular significance for its **neighbourhood diplomacy**.
- India’s PM had been a persistent advocate of the BBIN paradigm – partially to demonstrate that an efficient regional pact in the South Asian context could be possible without the presence of Pakistan.
- The MVA agreement between sub-groupings of four SAARC nations Bangladesh, Bhutan, India and Nepal (BBIN) would have paved the way for a seamless movement of people and goods across their borders for the benefit and integration of the region and its economic development.

- The BBIN framework was seen as a conducive model of sub-regional co-operation in the area of Connectivity which involves transport as well as energy.
- India's plan to single out Pakistan by implementing the pact has suffered a jolt by Bhutan rejection.

### India's take on Bhutan's decision

- India has asked the Bhutanese government to reconsider the pact. However, the reconsideration can be done only after a year, as per the procedure there.
- New Delhi is now exploring various options to operationalize the agreement. For the time being, it has been decided that the pact will be implemented only amongst those countries which have ratified it- India, Bangladesh and Nepal.

## 1.3. PAKISTAN

### 1.3.1. INTERNATIONAL COURT OF JUSTICE (ICJ)'S INTERIM RULING IN JADHAV CASE

The International Court of Justice (ICJ) stayed the execution of Kulbhushan Jadhav, who was sentenced to death by a Pakistan military court on the charge of spying, till its final decision.

- The Court said that India should have been granted consular access to Kulbhushan Jadhav as per the Vienna Convention.
- Pakistan should now inform the court about the steps it takes to implement the order.
- The ICJ judges are clear that these provisional measures are binding and create international legal obligations for the country to which they are addressed.

#### The Vienna Convention on Consular Relations of 1963

It is an international treaty that defines a framework for consular relations between independent states.

- A consul normally operates out of an embassy in another country, and performs two functions: (1) protecting in the host country the interests of their countrymen, and (2) furthering the commercial and economic relations between the two states.
- Pakistan and India have accepted the Vienna Convention of 1963. However, Pakistani authorities repeatedly refused Indian consular access to Kulbhushan Jadhav.

### Background of Kulbushan Jadhav's case

Kulbushan Jadhav was allegedly arrested in the Chaman area of Balochistan on the Pakistan-Afghanistan border on March 3, 2016.

- India denied that he had any links to its government but said that he was running a business in the Iranian port city of Chabahar after a "premature retirement" from the Navy.
- India believed that Kulbhushan Jadhav was kidnapped from Iran and his subsequent presence in Pakistan has never been explained credibly.
- Kulbhushan Jadhav was **sentenced to death** in a **Field General Court Martial on April 10, 2017** after three-and-a-half months of trial after he was found guilty on charges of espionage.

### India Approach to the International Court of Justice (ICJ)

- India had dragged Pakistan to **the International Court of Justice (ICJ)** on May 8, 2017 for refusing consular access to Jadhav and for **violating the Vienna Convention on consular relations**.
- India accused Pakistan of violating the Vienna Convention and conducting a "farical trial" for convicting Jadhav without a "shred of evidence".



### India's argument at ICJ

Following are the main arguments made by India in the Kulbhushan Jadhav case:

- Kulbhushan Jadhav has not got the right to get proper legal assistance and the right to consular access.
- The execution of the death sentence cannot be done while this court is hearing the appeal. Else, it will be a violation of the **Vienna Convention**.
- Jadhav was kidnapped from Iran where he was involved in business activities after retiring from the Indian Navy.

### Pakistan's argument at the ICJ

At the May 15 hearing convened by the International Court of Justice (ICJ), Pakistan identified three problems with India's request and called for its dismissal.

- There is no **"urgency"** in this case as the date on which Jadhav will be executed has not yet been fixed;
- The ultimate relief sought by India, that is, a **"reversal"** of Jadhav's conviction, is unavailable; and
- The court **lacks jurisdiction**.
- Also, Pakistan argued that Vienna Convention provisions not intended to apply to a 'spy' involved in terror activities.

#### International Court of Justice (ICJ)

- It is the principal judicial organ of the United Nations (UN). It was established in June 1945 by the Charter of the United Nations
- Its role is to settle, in accordance with international law, legal disputes submitted to it by States and to give advisory opinions on legal questions referred to it by authorized United Nations organs and specialized agencies

### Analysis

India has achieved its immediate objective in approaching the ICJ, which has outlined provisional measures that enjoin Pakistan to take all steps needed to ensure that Mr. Jadhav is not executed pending adjudication of the matter.

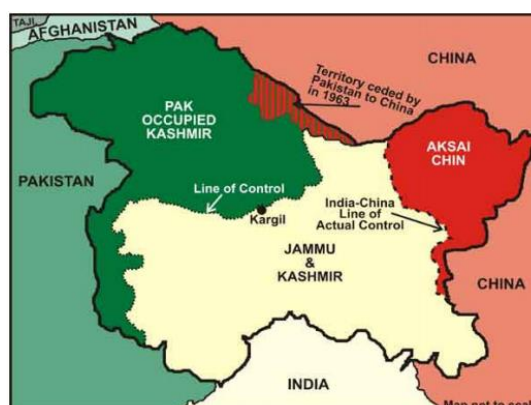
- It may appear to be a complete victory for India on the questions of **jurisdiction, urgency and the core charge that Pakistan violated the Vienna Convention**. However, this is a preliminary ruling and all issues are open for adjudication at the final stage.
- As an immediate consequence, Pakistan is now under an obligation to grant consular access to Mr. Jadhav.
- India will have to leverage the moral and diplomatic advantage it has obtained through this ruling to help Mr. Jadhav prove his innocence before a civilian court and win his freedom.

### 1.3.2. UN MILITARY OBSERVER GROUP IN INDIA AND PAKISTAN

Jose Ramos-Horta has called upon India to allow the U.N. Military Observer Group in India and Pakistan (**UNMOGIP**) to play a role in de-escalating tension over the Kashmir issue.

#### Background

- After the partition of India and Pakistan in 1947, **Jammu and Kashmir** remained independent. Pakistan started persuading the Maharaja of Kashmir to join Pakistan on **sectarian lines**.



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- After failed negotiations **Pakistan attacked Kashmir in 1948**. Due to threat from Pakistan the then Maharaja of Kashmir ceded its territory to India.
- India in response to the attack by Pakistan went to **United Nation's General Assembly** to lodge a complaint against aggressive stance by Pakistan.
- In the above connection UNGA appointed **United Nation's Commission on India and Pakistan** (UNCIP) which was later expanded to include **Military advisors and a group of Military Observers**, after which it came to be known as **United Nation's Military Observer Group in India and Pakistan**.
- UNCIP's military observers arrived in 1949 with a mandate to
  - To accompany local authorities in their investigation.
  - Gather information
  - Prepare report accurately, impartially and correctly
- Under Karachi Agreement, UNCIP was to observe ceasefire line with the help of local commanders on both sides after India-Pak War of 1947.
- UNMOGIP could be terminated only by the decision of **United Nation Security Council**. It has the task to oversee the **strict observance of ceasefire of December 1971** and report to UNGA.
- India has restricted the activities of the observers on Indian side but continue to provide **accommodation, transport and other facilities to UNMOGIP**.
- India in 2014 had asked UNMOGIP to wind up its work in Kashmir and earlier this year the MEA spokesperson had reiterated that the UNMOGIP did not have the mandate to monitor situation in Kashmir.
- India has contended that the U.N. mission's mandate, set up in 1948 had lapsed in 1971 after the ceasefire line changed to Line of Control (LoC), and the Shimla agreement.
- India believes that Kashmir issue is India's **internal matter** and it doesn't want external interference.
- However, Pakistan continues to facilitate UNMOGIP and had in 2015 announced through **70<sup>th</sup> session of UNGA** that it is willing to find **amiable solution**.

#### Way Forward

- India's adamant stance on Kashmir and the existing tension between Indian and Pakistan could be resolved through dialogue.
- UN through its statement has also put forward that it has no role to play in Kashmir issue and **its mandate is restricted till Line of Control**. UN has thus clarified that it doesn't want to intervene in internal matters. Therefore India should also soften its stance towards UNMOGIP and try to find solution through dialogue.
- Experts are of the view that presence of **an unbiased international observer** would help to **reduce tensions** between two military groups as solution was found by United Nation's Observer Group in **Timor**.
- UNMOGIP has been observing the developments between both the countries since **1948** therefore it is well acquainted with the situation. Thus making it competent to resolve the issues.
- The tension in the Kashmir is also because of the **unfulfilled aspirations** of the people, which make people to resort to violent means of protest. Government provides people with channels to voice out their grievances.
- India is aspiring to be a permanent member of **United Nations Security Council**. Thus facilitating UNMOGIP will put forward India's resolve to tackle Kashmir Issue and establish peace and increase its chances of becoming a **permanent member**.

### 1.3.3. INDUS WATER TREATY (IWT)

India has constituted a high-level task force under Principal Secretary to Prime Minister to decide on measures to be taken to ensure full utilisation of its share of river waters under the Indus Water Treaty.

#### About the Indus Waters Treaty

The Indus Waters Treaty, brokered by World Bank, was signed by the then-Indian Prime Minister Jawaharlal Nehru and Pakistani President Ayub Khan on 19 September 1960.

- It administers how Indus River and its tributaries would be utilized.
- India governs Beas, Ravi, and Sutlej; Pakistan governs Indus, Chenab, and Jhelum.
- However, India is allowed to use 20% of Indus water for irrigation, power-generation, and transportation.
- The treaty has set out mechanism for the exchange of information about the rivers through **Permanent Indus Commission**.
- Disputes have to be referred to **seven member arbitral tribunal** called the "**Court of Arbitration**".

#### Permanent Indus Water Commission

- It is a bilateral commission set up under the **Article VIII of Indus Water Treaty**. It was formed to act as first tier of bilateral review platform to monitor implementation of treaty, exchange of data on water usage and any work impinging the water flow, drainage etc.
- It comprises of representatives from both India and Pakistan.
- PIWC meets at least once a year.

#### Disputes over western rivers

- Pakistan has lodged a fresh complaint with World Bank over a run-of-the-river project on Kishanganga River in Jammu and Kashmir demanded setting up of a Court of Arbitration. It has also raised a dispute over construction of **Ratle Dam** over Chenab River. Pakistan has been flagging concerns over the designs of some other Indian hydroelectric projects: 1000 MW Pakal Dul, , 120 MW Miyar, and 48 MW Lower Kalnai.
- India had taken strong exception to the World Bank's decision to set up a Court of Arbitration to look into Pakistan's complaint against it over Kishenganga and Ratle hydroelectric projects in Jammu and Kashmir.
- Meanwhile, World Bank has paused the separate processes initiated by India and Pakistan under the Indus Waters Treaty to allow the two countries to consider alternative ways to resolve their disagreements.

#### 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.

### Way forward

- The Political situation which is affecting the treaty negatively should be resolved through either **international arbitration** or through **bilateral dialogue**.
- To resolve the water dispute **political will** from both the countries is important.
- The Technical aspects of the treaty should be answered through **bilateral meetings and discussion** involving experts from both the countries. Thus reaching **consensual solutions** to complicated situations.
- Water is important for both the countries. The **global warming** and **climate change** is melting the glaciers Tibetan Plateau which will impact Indus river water system in future. Therefore both the countries should **aim to reduce water wastage and develop sustainable river development plans**.

## 1.4. BANGLADESH

### 1.4.1. INDIA-BANGLADESH

India's links with Bangladesh are civilisational, cultural, social and economic. There is much that unites the two countries - a shared history and common heritage, linguistic and cultural ties, passion for music, literature and the arts.

#### Importance of Bangladesh for India

- **Geopolitical Importance of Bangladesh**
  - ✓ Bangladesh's location is a strategic wedge between mainland India and Northeastern seven states of the Indian Union.
  - ✓ Each of these states is land-locked and has shorter route to the sea through Bangladesh.
- **Success of Act-East policy**
  - ✓ Bangladesh is a natural pillar of this policy. It can act as a 'bridge' to economic and political linkages with South East Asia and beyond.
- **Socio-economic development of North-East**
  - ✓ Transit agreement with Bangladesh will spur the socio-economic development of North-East India.
- **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.
- **To reduce the influence of china**
  - ✓ A 'neutral' Bangladesh also ensures containment of an assertive China in this region, including along the strategic sea-lanes of the Bay of Bengal. It will also help to counter China's One Belt One Road (OBOR) strategy. .

#### Major Irritants with Bangladesh

- **Illegal migration:** 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.
- **Border Management:** The Indo-Bangladesh border is notorious for smuggling, apart from trafficking in arms, drugs and people.
- **China relations:** Bangladesh uses China card to supplement its bargaining capacity against India.
- **Water-sharing:** India- Bangladesh share 54 trans-boundary rivers, big and small.

- **Presence of anti-India groups:** Despite a crackdown by the Sheikh Hasina government, the continuing presence of anti-India forces across the border like **Harkat-al-Jihad-al-Islami (HUJI)**, the recently banned political outfit **Jamaat-e-Islami**, and HUJI-B whose links to al Qaeda.

#### 1.4.2. WATER SHARING DISPUTES

##### 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

###### About Teesta

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.

###### Importance of the Teesta agreement

The success of the deal on the Teesta is considered to be a political necessity for both governments.

- The deal will help New Delhi get more political leverage, which, it thinks, is necessary to check the rising influence of an extra regional power – China – in the Bay of Bengal region.
- India's perceived refusal to give Bangladesh its share of the river waters and deny that country's rights has fuelled a lot of **anti-India sentiments in Bangladesh**. India is being accused of being a regional bully.



- For Sheikh Hasina, the deal will support her chances to retain power in the 2018 general elections in Bangladesh by projecting her as a leader who can secure her country's interests and not a 'pawn' in the hands of India.
- The anger in Bangladesh against India has led many influential sections of the people - the Bangladesh Nationalist Party (BNP) and a large section of the powerful bureaucracy, military and civil society - to call for deepening ties with China.
- BNP has been inimical to India's interests and its ally, the Jamaat-e-Islami, has been vociferously anti-India.

### India's Position

On the Teesta River, Indian PM reiterated government's strong resolve to conclude the water sharing treaty. However, the central government is not willing to go ahead with the agreement without taking West Bengal CM on board.

### 1.4.3. BANGLADESH'S PM VISIT TO INDIA

Prime minister of Bangladesh Sheikh Hasina paid official visit to India. India and Bangladesh signed 22 agreements on various domains like Defence, Nuclear energy, Cyber Security etc.

**Following are the list of agreements:**

#### Defence related agreements

India and Bangladesh signed an umbrella agreement on defence cooperation.

- It would enhance military cooperation with Bangladesh, where China wields considerable influence.
- Around 80% of Bangladesh's military equipment is brought from China, including strategic purchases like submarines.
  - ✓ MoU on Defence Cooperation Framework.
  - ✓ MoU for extending Defence Line of Credit of USD 500 million. It will allow Bangladesh to buy \$500 million worth of Indian defence equipment, and has been planned to chip away dependence on China.

#### Other MoUs

- Cooperation in the peaceful uses of outer space.
- Extending the 3rd Line of Credit (LoC)
  - ✓ India announced a new line of concessional credit of \$4.5 billion for implementation of development projects in Bangladesh.
- Cooperation in the area of Cyber Security.
- Establishing Border Haats across border.
- Agreement for the regulation of Motor Vehicle Passenger Traffic along the Khulna-Kolkata route.

#### Agreement on civil nuclear energy

The framework agreement on civil nuclear energy will provide for setting up nuclear reactors in Bangladesh by India.

- Agreement in peaceful uses of nuclear energy.
- Arrangement for the exchange of technical information and co-operation in the Regulation of Nuclear Safety and Radiation Protection.
- Inter-Agency agreement on cooperation regarding Nuclear Power Plant Projects in Bangladesh.

#### Development of Sylhet city with financial aid from India

India and Bangladesh signed a Memorandum of Understanding (MoU) for the sustainable development of **Sylhet city with financial aid from India.**

- Under the project, India will provide aid for the construction of a five-storey School Building, a six-storey cleaner colony building; and for some development work at a total cost of around Taka 240 million.
- The signing was the follow-up of an earlier MoU of 2013 for the implementation of sustainable development projects in socio-economic sectors of Bangladesh.

## 1.5. AFGHANISTAN

### 1.5.1. INDIA-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 recognise 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).
- Recently, Prime Minister Narendra Modi was conferred with Afghanistan's highest civilian honour, **the Amir Amanullah Khan Award**.

#### 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 four categories:
  - ✓ 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**.

#### Strategic Significance

- 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 had promised, in a strategic partnership agreement signed in 2011 to assist in “the training, equipping and capacity-building programmes 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 Trade

- During April-December 2016-17, the bilateral trade was to the tune of \$590.1 million with India's exports to Afghanistan being \$377.2 million and imports from Afghanistan worth \$212.9 million. However, it is still far below potential.
- 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.
- Despite the lack of direct land access, India is the second-largest destination for Afghan exports.

### No 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 kilometre 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.

### Recent initiatives

- India and Afghanistan inaugurated a **dedicated air freight corridor service**.
  - ✓ 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 Chabahar was signed in the presence of the leaders of the three countries in Tehran in May 2016.

- The 'India-Afghanistan Joint Working Group on Trade, Commerce and Investment' meeting discussed 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.

#### 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.

### 1.5.2. GLOBAL CONFERENCE ON AFGHANISTAN

Russia recently hosted peace conference on Afghanistan on to discuss ways of ending conflict in Afghanistan and establish durable peace.

- Moscow invited Iran, Pakistan, India, China and five Central Asian States. US was not part of the conference.
- It would be the third conference on Afghanistan arranged in Moscow in the past five months.

#### Russia's role in Afghanistan

Russia's pursuit of "great power" status and its growing concern over terrorism and narcotic drugs have pushed it to re-enter the Afghan conflict.

- Russia now believes the **Taliban is a "legitimate stakeholder"** in the conflict that must be engaged, and is the "lesser evil" than **Islamic State/Da'esh forces in Afghanistan**.
- Moscow established links with the **Taliban** to coordinate efforts against Daesh in Afghanistan.
- Unlike India and Afghanistan, which believe Pakistan is part of the problem, and voiced their concerns at the Moscow conference, Russia and China believe it is part of the solution.
- Russian policymakers have extended their hand to the Taliban for the following four strategic reasons.
  - ✓ First, by maintaining ties with the Taliban, Russia reminds the West not to ignore Moscow's interests in discussions of the Afghanistan agenda at regional and international platforms.
  - ✓ Second, by supporting the Taliban, Russia intends to strengthen barriers to US interests in the region.
  - ✓ Third, Russia feels a threat from the Islamic State (ISIS) in Afghanistan and in the Middle East, particularly its expansion to the north of Afghanistan into Central Asia and Russia.

- ✓ Fourth, Afghan opium is another headache for Moscow. Afghanistan supplies 90 percent of the world's illicit opiates, which are mostly being produced in territory controlled by the Taliban.

### Role of China

Beijing has traditionally been a reluctant dealmaker, preferring to stick to business instead. Of late, it has overcome this pragmatic inhibition, first by joining the Afghan peace process and now increasingly focussing on West Asia.

- Both China and Russia have been active in the West Asian theatre. Having vetoed U.S.-sponsored sanctions against Syria.
- Beijing has also been reaching out to and balancing the various adversaries in the region such as Israel, Saudi Arabia and even Iran, and increasingly talking the language of reconciliation.
- Chinese interest in Afghan reconciliation stems not only from a security/terrorism angle but also more significantly to ensure the sustainability of OBOR given its importance in providing access to Central Asia.
- China has found a new ally in Russia which is keen to work with China, even as a junior partner, to scuttle western interests.

### India's stand in Afghan Peace process

India has been a major development partner of Afghanistan and has been favouring an Afghan-led and Afghan-owned peace process for the war-ravaged country.

- India favours cooperation among countries of the region for peace, stability and development in Afghanistan.
- India supports an Afghan led and Afghan owned national reconciliation process within the framework of the Afghan constitution.
- India took a hard line, opposing the dominant view from Russia, China and Pakistan to involve the Taliban in reconciliation efforts.
- Russia's support to the Taliban will have numerous implications for the future of Afghanistan. It will weaken the central government in Kabul, which may result in the situation like Syria.

## 1.6. SRI LANKA

### 1.6.1. India-Sri Lanka

India is Sri Lanka's closest neighbour that has ethnic links to its most significant minority. India has a huge influence in the island nation's political, economic, social and cultural consciousness, and its world view.

#### Contentious Issues between India-Sri Lanka

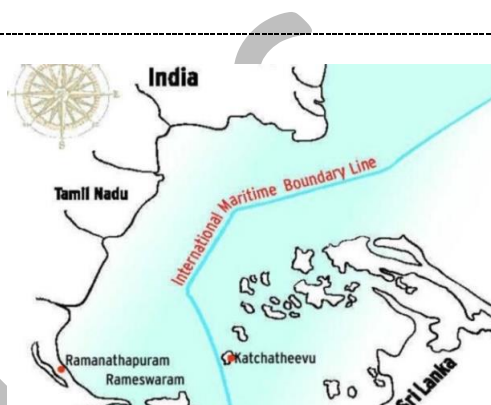
- **Fishermen Issue** The fishermen issue continues to be a **major irritant** in the Indo-Lanka ties.
- **Devolution of power:** India stands for a "united Sri Lanka", but wants an "early and full implementation of the 13th Amendment" that provides for devolution in the Tamil majority Northern and Eastern 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 resettlement of the Internally Displaced Persons (IDP).
- **Pro-china tilt**
  - ✓ Sri Lanka is part of China's Maritime Silk Road. China is also modernizing **Hambantota port in Sri Lanka**.
  - ✓ China also attaches **centrality to Sri Lanka to amplify its Maritime Silk Road**.
  - ✓ Sri Lanka has decided to clear the stalled **\$1.4 billion Colombo Port City**, which had China as a partner. China and Sri Lanka have decided to redefine the Colombo Port City project by making it an **international financial outpost** in the Indian Ocean

### 1.6.2. FISHERMEN ISSUE

The historic waters between India and Sri Lanka have become a battleground between the Tamil fishermen on both sides.



- Sri Lanka accuses Indian fishermen of straying into its territorial waters, while the latter maintain they are only fishing in their traditional areas, especially around **Katchatheevu, an islet** ceded to Colombo in 1974.
- 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 India.
- Both countries are separated by the **International Maritime Boundary Line (IMBL)**. Often, fishermen from both sides cross over to the other side for bottom trawling fishing expeditions and that results in arrests and, on many occasions, shootings.

#### Katchatheevu Island

- One of the major reasons complicating the issue is of Katchatheevu Island. India ceded the uninhabited island to its southern neighbour in 1974 under a conditional accord.
- In 2009, the Sri Lankan government declared Katchatheevu Island as sacred land owing to a Catholic shrine's presence on the piece of land.

#### Way forward to end conflict

- **Sustainable fishing and alternate livelihood**

The solution cannot be extra deployment of Navy and Coast Guard. The underlying cause needs to be addressed.

- ✓ There is a glaring need for **institutionalisation of fishing in Indian waters** by the government of India so that alternative means of livelihood are provided.
- ✓ Government will have to mark up a comprehensive plan **to reduce the dependence of Indian fishermen on catch from Palk Bay**.
- ✓ Without arriving at a settlement on **sustainable exploitation of the marine resources** that would end the use of bottom trawlers from Tamil Nadu, India and Sri Lanka will not be able to ensure incident-free fishing in the strait.
- ✓ Indian fishermen, who invoke traditional rights to justify their incursions, want a three-year phase-out period before they end trawling.

- ✓ But unless they take to **deep-sea fishing, and inland alternatives**, India's fishermen will be locked in a conflict with their Sri Lankan counterparts as well as with a hostile Sri Lankan Navy.
- **Institutional mechanism**
  - ✓ The two countries agreed on establishing a **Joint Working Group (JWG) on fisheries to help resolve the dispute**.
  - ✓ A hotline between the Coast Guards of India and Sri Lanka, convening of the JWG once in three months, and meetings of the fisheries ministers every half-year were the components of the mechanism to be put in place.
- Indian Navy or Coast Guard should join the Sri Lankan Navy **in jointly patrolling the international boundary to prevent trespassing**.

### 1.6.3. TRADE AND INVESTMENT RELATION

India is Sri Lanka's largest trading partner globally, while Sri Lanka is India's second largest trading partner in the SAARC. Indian exports to Sri Lanka were US\$ 4,268 million while Lankan exports to India stood at just US\$ 643 million in 2015.

- The **India-Sri Lanka Free Trade Agreement of 1998** was followed by efforts towards a Comprehensive Economic Partnership Agreement (CEPA) to liberalise trade in services and investment starting in the mid-2000s.
- However, the CEPA negotiations dragged on for nearly a decade in the face of increasing opposition within Sri Lanka, particularly by the business community and certain interest groups such as the medical lobby.
- With the new momentum in closer bilateral ties, India is pushing for a new trade pact called the **Economic and Technological Cooperation Agreement (ETCA)**.
- New Delhi is keen to enter the services sector in Sri Lanka, but there are apprehensions in the country that the strong Indian companies could uproot local businesses.
- Sri Lanka's opposition has criticised the proposed trade deal with India as an attempt to "**foreignise**" the country's economy and demanded that the shortcomings in the existing FTA should be sorted out before concluding the deal.

#### Recent development

India and Sri Lanka signed a Memorandum of Understanding (MoU) for '**Cooperation in Economic Projects**', which outlines the agenda for bilateral economic cooperation in the foreseeable future.

The "areas of scope and cooperation" incorporate the mutual agreement both Colombo and New Delhi have reached on the different projects. They are:

- **India to assist Sri Lanka in the enhanced usage of Natural Gas:** To set up a Liquefied Natural Gas (LNG) fired 500 Megawatts capacity LNG Power Plant as well as LNG Terminal/Floating Storage Regasification Unit (FSRU) in Kerawalapitiya.
- To carry out a Feasibility Study on the proposed Petroleum Refinery Joint Venture by Ceylon Petroleum Corporation and the Indian Oil Corporation referred to above.
- **Infrastructure development:**
  - ✓ To make joint investments in the development of Port, Petroleum Refinery and other industries in Trincomalee.
  - ✓ To set up Industrial Zones/Special Economic Zones in identified locations in Sri Lanka.
  - ✓ To develop Dambulla-Trincomalee road as an Expressway through joint investments by India and Sri Lanka.

- ✓ To develop railway sector in Sri Lanka including new projects of track upgradation and purchase of rolling stock, and
- ✓ To encourage Indian companies to invest in a Container Terminal in Colombo Port, considering that majority of transshipment in Colombo Port is related to India.

#### 1.6.4. INDIA-SRI LANKA: ANALYSIS

India's Sri Lanka policy has been centred on **economic cooperation and security concerns**, and far less on political matters.

Enhanced economic and development ties are welcome and crucial for the neighbouring countries, but they should not bypass robust engagement on traditional political concerns in the island nation, where scores of Tamils and Muslims in the north and east are yet to return to normal lives eight years after the civil war ended.

##### Way forward to enhance engagement

- India should explore the potential for **generating livelihoods in the war-battered northern economy** where agriculture and fisheries, its key drivers, are facing a crisis. Resolving the long-standing **Palk Bay conflict between fishermen of both countries** is central to this
- While 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.

## 1.7. NEPAL

### 1.7.1. INDIA-NEPAL

The relationship between the two countries is bound by history, geography, economic cooperation, socio-cultural ties and people-to-people relations. As close neighbours, 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**.

##### Significance of Nepal for India

- **Strategic importance:** Nepal is a buffer state between India and China.
- **Internal security:** Nepal shares a long open border with India. There is alleged link between Naxalits and Maoist in Nepal.
- **Socio-economic development** of bordering states especially Bihar and Uttar Pradesh.
- **To counter terrorist activities** close to border areas: Many hard core terrorists had been apprehended in Nepal close to India's border.
- Nearly 30 lakh Nepalis (some 10 per cent of Nepal's population) are employed in India; this includes some 50,000-60,000 soldiers.

##### Major irritant in bilateral relations

- Nepal has accused that India is interfering in its internal political matters.
- **Nepal-China relation:**
  - ✓ India is worried about Nepal growing close relation with China. China has taken a firm step to extend the Silk Road Economic Belt to South Asia, by working out a blueprint of connecting Nepal with the Eurasian transport corridor.
  - ✓ China-Nepal relations have **political and strategic implications** for India.

- ✓ Nepal had signed **Transit agreement** with China mainly aimed at reducing Nepal's overwhelming economic dependence on India.
- ✓ At present 98 per cent of Nepal's third country trade goes through India and to the port of Kolkata.
- ✓ Nepal and China concluded a 10-day military drill as India's influence on its Himalayan neighbor continues to ebb and flow.
- ✓ There is a set pattern of the Kathmandu regime using the China card whenever it runs into difficulties with its own people and India lends support to the Nepali people's cause.

### Analysis

Nepal is a challenge for the Indian government not only for the China factor but also for how to deal with its ethnic question- the controversy between the Nepali and *Madhesi* (Indian origin Nepalese of the *Terai* region) identities.

- India's relation with Nepal has deteriorated after Nepal promulgated the constitution. For almost six months there was blocked in India-Nepal border. Continuous blocked have generated **anti-India feeling in Nepal**.
- The Nepal government called it an undeclared blockade by India — it systematically raised the **anti-Indian nationalism sentiment**; and it tried to cozy up to China and use it as an alternative source of supplies.
- In the past decade, China has been making significant inroads in terms of influence into the South Asian subcontinent, largely through loans and infrastructure projects.
- India has yet to evolve a credible response to this Chinese push towards South Asia. China will readily and deftly exploit India's flip-flops towards its neighbours in this push. India, therefore, has to deal with **its immediate neighbours with prudence and sensitivity** and ensure that they are not alienated.

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## 2. ASEAN

### 2.1. INDIA-ASEAN

#### History and Evolution of the India-ASEAN Relations

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 liberalisation 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.
  - ✓ Its initial framework was signed on 8 October 2003 in Bali, Indonesia and the final agreement was signed on 13 August 2009, coming into effect from 1 January 2010.
  - ✓ The FTA reduced tariff barriers to trade between India and the ASEAN countries, and included specific provisions for services trade and investment facilitation.
- India was accorded full **ASEAN Dialogue Partner Status in 1995**, followed by its membership in the ASEAN Regional Forum. The India-ASEAN Relations soon broadened its cooperation into political as well as security arenas. India also joined the East Asian Summit (EAS) in 2005.
- ASEAN has been a **strategic partner** of India since 2012. India and ASEAN have 30 dialogue mechanisms which meet regularly.
- India's engagement with the ASEAN and wider Asia-Pacific region has acquired further momentum following the enunciation of the **‘Act-East Policy’ (AEP)** at the 12th ASEAN-India Summit and 9th East Asia Summit in Myanmar in November 2014.
- Under the AEP, India not only expected to bolster its economic engagements with the region; it yearned to emerge as a **potential security balancer as well**.
- **Commerce, Culture and Connectivity** are the three pillars of India's robust engagement with ASEAN.
- Enhancing the connectivity in all its dimensions – physical, digital, economy, institutional and cultural- has been at the heart of India's strategic partnership with ASEAN.

#### East Asia Summit (EAS)

- The East Asia Summit is the premier leaders-led forum in the Asia-Pacific. Since its inception in 2005, it has played a significant role in the strategic, geopolitical and economic evolution of East Asia.
- Apart from the 10 ASEAN Member states, East Asia Summit includes India, China, Japan, Republic of Korea, Australia, New Zealand, United States and Russia.
- India, being a founding member of the East Asia Summit, is committed to strengthening the East Asia Summit and making it more effective for dealing with contemporary challenges.

#### Importance of ASEAN for India

- **Economically:** With a total population of 1.8 billion and a combined GDP of \$3.8 trillion, ASEAN and India together form an important economic space in the world.



- **Geopolitically**
  - ✓ India expects to benefit geopolitically as well from its rejuvenated affinity with ASEAN and other regional countries.
  - ✓ India has attempted to demonstrate its ability to play a dynamic role in the region. India sent a strong signal to China by mentioning the importance of maintaining freedom of navigation in the **South China Sea**.
- **Maritime Importance: Freedom of navigation in the South China Sea** is essential for India in order to ensure that its sea-bound trade continues uninterrupted.
  - ✓ Sea lanes are “life lines of global trade.” India supports freedom of navigation based on United Nations Convention on the Law of the Sea (UNCLOS).
  - ✓ ASEAN is important for extending cooperation in areas such as maritime security including freedom of navigation, drug trafficking and cybercrime.
- **Security Aspect:** There are diverse areas on which India and ASEAN are jointly working, e.g. non-traditional security threats such as terrorism, human and drug trafficking, cybercrimes and piracy in the Malacca Straits, etc.
- **Connectivity Aspect**
  - ✓ ASEAN-India connectivity is a matter of strategic priority for India as also the ASEAN countries.
  - ✓ While India has made considerable progress in implementing the India-Myanmar-Thailand trilateral highway and the Kaladan multimodal project, issues related to increasing the maritime and air connectivity between India and ASEAN and transforming the corridors of connectivity into economic corridors are under discussion.
  - ✓ The highly underdeveloped NE States of India, which lie at the gateway to a region offering unlimited economic opportunities, will witness an economic transformation.
- **Energy security**
  - ✓ ASEAN countries, particularly Myanmar, Vietnam and Malaysia can potentially contribute to India’s energy security.
  - ✓ Oil and natural gas deposits in the South China Sea region.

#### Trade relation with ASEAN

- Trade between India and ASEAN stood at US\$ 65.04 billion in 2015-16 and comprises 10.12% of India’s total trade with the world.
- The ASEAN-India economic integration process has got a fillip with the creation of the ASEAN-India Free Trade Area in July 2015, following the entry into force of the ASEAN-India Trade in Services and Investment Agreements.
- Investment flows are also substantial both ways, with ASEAN accounting for approximately 12.5% of investment flows into India since 2000.
- The ASEAN-India Free Trade Area has been completed with entering into force of the ASEAN-India agreements on trade in service and investments on 1<sup>st</sup> July 2015.
- Conclusion of a balanced Regional Comprehensive Economic Partnership (RCEP) Agreement will further boost our trade and investment ties with the region.

#### Important Issues Highlighted by PM during the EAS

The two most significant issues highlighted by PM Modi during his address at EAS were: Recommending strongest action against those states that use terrorism as an instrument of state policy and outlining India’s principled stand on the South China Sea issue.

- PM Modi commented that most countries in the South Asian region were pursuing a peaceful path to economic prosperity “But, there is one country in **India’s neighbourhood whose competitive advantage rests solely in producing and exporting terrorism.**”
- For India’s principled stand on the South China Sea issue, he said that the lanes of communication passing through the sea were “**main arteries of global merchandise trade**”.
- India supports freedom of navigation and over flight, and unimpeded commerce, based on the principles of international law, as reflected notably in the UNCLOS.

## 2.2. ACT EAST POLICY

### Why in news?

India’s ‘Act East’ policy, upgraded from the ‘Look East’ policy in 2014, serves as a platform for deepening and strengthening its relationship with ASEAN and the East Asian economies.

### What is Act East?

- India's Act East Policy focuses on the extended neighbourhood in the Asia-Pacific region.
- The policy which was originally conceived as an economic initiative, has gained political, strategic and cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation.
- India has upgraded its relations to strategic partnership with Indonesia, Vietnam, Malaysia, Japan, Republic of Korea (ROK), Australia, Singapore and Association of Southeast Asian Nations (ASEAN) and forged close ties with all countries in the Asia-Pacific region.
- India has been actively engaged in regional fora such as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Asia Cooperation Dialogue (ACD), Mekong Ganga Cooperation (MGC) and Indian Ocean Rim Association (IORA).
- Connectivity projects, cooperation in space, S&T and people-to-people exchanges could become a springboard for regional integration and prosperity.

The **Objective of "Act East Policy"** is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to the States of North Eastern Region including Arunachal Pradesh with other countries in our neighbourhood. **The North East of India has been a priority in our Act East Policy (AEP).**

### Steps Undertaken

India has pushed a host of trans-national projects that seek to weave the region together, like:

- The **Tamu-Kalewa-Kalemyo sector of the India-Myanmar-Thailand Trilateral Highway** is a work in progress and is expected to create a new dynamic in India’s multi-faceted ties with the region.
- India has set up an Indian mission to the ASEAN in Jakarta, and has set up an ASEAN-India Centre which is housed in New Delhi.
- India shares its expertise in capacity building projects in Southeast Asian countries through the three funds - the \$50 million ASEAN-India Cooperation Fund; the \$5 million ASEAN-India Green Fund; and the ASEAN-India Science and Technology Fund.
- India is also set to launch a Tracking and Data Reception Centre in Ho Chi Minh City in Vietnam, which would make remote sensing data available from the RESOURCESAT and OCEANSAT for applications in disaster management and mineral exploration for ASEAN countries.
- The **ASEAN-India Plan of Action for the period 2016-20** has been adopted in August 2015 which identifies concrete initiatives and areas of cooperation along the three pillars of political-security, economic and socio-cultural.
- The ASEAN-India Agreement on Trade in Service and Investments has entered into force for India and seven ASEAN countries from 1 July 2015.

### From Look East to Act east

The transformation from “Look East Policy” (LEP) to Act East Policy (AEP) is not merely of terminology. The AEP has gone way far and wider than the LEP. Various crucial features of the policy are:

- Under rapidly changing geopolitical realities, defined by the assertive rise of China, AEP has imparted greater vigour to India’s ties with ASEAN. Relations, which were stagnating, are again **assuming renewed vitality**.
- India has now recognized that the success of AEP will be determined by its contribution to security and **economic development of Northeast India**. And thus, many efforts have been in the direction.
- The relations with ASEAN now encompass **security, strategic, political, counterterrorism, and defence** collaboration in addition to economic ties. Cooperation to curb terrorism, especially in face of rising influence of Islamic State has assumed priority.
- In terms of economic advances, due to end of negotiations on the Trans-Pacific Partnership agreement, India is keen to conclude talks on the **Regional Comprehensive Economic Partnership (RCEP) agreement**. The implementation of the Free Trade Agreement on Investment and Services between ASEAN and India in 2016 will promote the development of all member countries.
- The policy has sought to significantly expand its geographical coverage beyond ASEAN alone, to include other countries like Japan, Australia, Pacific Island nations, South Korea, and Mongolia. The expanse is much wider than the LEP.
- India has signed various agreements with Japan and are together collaborating in many projects like constructing a high-speed railway, cooperation on the Delhi-Mumbai Industrial Corridor, as well as joint participation in the Malabar exercises and defence cooperation etc.
- The government has also sought to rejuvenate ties with countries that have been neglected in recent years, including Australia, which saw the first visit by an Indian prime minister in 28 years; Fiji (the first visit in 33 years) and Mongolia, which hosted the Indian prime minister for the first time ever.
- In terms of South China Sea, India has firmly articulated its principled position of freedom of navigation, maritime security, expeditious resolution of dispute according to international law and the UN Convention on the Law of the Sea, developing a Code of Conduct, and settlement through dialogue and peaceful means.
- Closer cooperation in combating terrorism, collaborating for peace and stability in the region and promotion of maritime security based on international norms and laws are being pursued.

### Way forward

- With ‘Make in India’ emerging as a key campaign for manufacturing, developing new global value chains in partnership with the economies of ASEAN would bring benefits to both sides.
- However, at the same time, with the proximity of these countries to vibrant East Asian supply chains and rising FDI from other investors, India should take care to cement its position in the region.
- In Indo Pacific Asia, in the years to come, India would be expected to play a significant role upholding the security and stability of the region, which India needs to get ready for.

## 2.3. MYANMAR

### 2.3.1. INDIA-MYANMAR

India and Myanmar have traditionally had much in common, with cultural, historical, ethnic and religious ties, in addition to sharing a long geographical land border and maritime boundary in the Bay of Bengal.

#### Importance of Myanmar for India

- **To tackle insurgency in North-East**
  - ✓ Myanmar is central to Northeast India's security as "a large number of cross-border ethnic groups and insurgents from Northeast India have military bases in Myanmar.
  - ✓ In 2015, Indian troops reportedly crossed into Myanmar territory to target a National Socialist Council of Nagalim (Khaplang) military camp.
  - ✓ Myanmar has reiterated its resolve not to allow its territory to be used against India.
- **Act-East policy**
  - ✓ Myanmar's importance lies in its geo-strategic location at the tri-junction of east, south-east and south Asia.
  - ✓ Myanmar is strategically important to India as it is the only ASEAN country that shares a border with India.
  - ✓ In geopolitical terms, New Delhi sees Myanmar as a buffer state with China.
  - ✓ Myanmar is a crucial link to Bangladesh-China-India-Myanmar Economic Corridor.
- **Energy security**
  - ✓ 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.
- **Trade and investment opportunities**
  - ✓ The Myanmar economy is moving away from a centrally-planned superstructure to a market-led framework.
  - ✓ 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.
  - ✓ India is presently the ninth largest investor with an approved investment of US\$ 730.649 million by 22 Indian companies.
  - ✓ India's engineering sector is eyeing the Myanmar market to create a bigger presence for engineering exports.
- **Economic development of North-East**

India's security and development, prosperity and progress; particularly of the North Eastern States, are closely entwined with the course of internal dynamics in our immediate North-eastern neighbour of Myanmar.
- **Regional cooperation**



- ✓ **ASEAN:** Myanmar is only ASEAN country which shares a land border with India.
- ✓ **BIMSTEC:** Myanmar became a member of BIMSTEC in December 1997. Myanmar is a signatory to the BIMSTEC Free Trade Agreement.
- ✓ **Mekong Ganga Cooperation:** Myanmar is a member of the Mekong Ganga Cooperation (MGC) since its inception in November 2000.
- ✓ **SAARC:** Myanmar was given the status of observer in SAARC in August 2008.

### Flagship Projects

**Kaladan Multi-Modal Transit Transport Project:** The Kaladan Multi-Modal Transit Transport Project is a project that will connect the seaport of Kolkata with Sittwe seaport in Myanmar by sea; it will then link Sittwe seaport to Lashio in Myanmar via Kaladan river boat route and then from Lashio on to Mizoram in India by road transport.

### Benefits for India

- Current route from North East to Kolkata port via chicken neck faces heavy traffic; this project will **reduce distance from Kolkata to Mizoram by approximately 1000 km** and cut travelling time to 3-4 days for transport of goods
- Apart from development of North-East region, this route is necessary in case of any conflict with China as the present route, i.e., chicken neck could be blocked by China in conflict situation.
- The access to the sea that the project provides its Northeastern states could boost their economies.
- It would strengthen India's trade and transport links with Southeast Asia.
- It not only serves the economic, commercial and strategic interest of India but also contributes to the development of Myanmar and its economic integration with India.
- It will be instrumental for "act-east policy".
  - **India-Myanmar-Thailand trilateral highway**
- India's renewed commitment to complete the 3,200-km India-Asean trilateral highway that extends from Moreh in India to Mae Sot in Thailand via Mandalay, Myanmar.
  - Indian Navy will set up **meteorological facilities and impart training for the Myanmar Navy.**
- This fits into India's overall effort **to boost strategic cooperation under the 'Act East' policy** and will help offset increasing Chinese presence in its neighbourhood.
- Both India and Myanmar have been trying to strengthen their defense collaboration over the past few years, with a focus on **the maritime domain.**
- In addition to a land border, both countries also share a long maritime boundary in the strategically significant **Andaman Sea and Bay of Bengal** where they face common challenges, which include not just a rising China but illegal fishing and smuggling.
- India is also in a position to assist a less developed but growing Myanmar Navy with some capacity-building.

### Obstacles in greater engagement with Myanmar

- India is losing friends because of widespread discontent over **continuing delay in completion of flagship projects** — Kaladan (that will connect Kolkata with Sittwe port in Myanmar) and the India-Myanmar-Thailand trilateral highway. Conceived over a decade back, they are scheduled to be completed by 2019.



- There is **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.

### 2.3.2. ROHINGYA ISSUE

The UN human rights office said that Myanmar's security forces had committed mass killings and gang rapes of Rohingya Muslims and burned their villages.

#### Reason for present crisis

Since October-2016 Myanmar's army has carried out "**clearance operations**" in the north of the western state to root out insurgents accused of deadly raids on police border posts.

#### Challenges of crisis

- At least 69,000 Rohingya have fled to neighbouring Bangladesh, alleging rape, murder and torture at the hands of security forces.
- A large number of those escaping the violence end up in the **trafficking networks**.
- The crisis, if left at its current precarious stage, risks spiraling out of control and will have **security and economic implications for its neighbours**.
- The persecuted Rohingya Muslims are likely **to provide fertile recruiting grounds for extremists**. There are reports of increasing radicalisation in the community.
- Bangladesh fears that Islamist hard-liners, who staunchly support the Rohingya Muslims, are trying to exploit the situation for their political benefits.
- Some sections of the Rohingyas have formed **armed guerilla groups in Rakhine to fight Myanmar's Army** and operate along the mountainous border.
- Despite Myanmar's transition towards democracy, the country's government refuses to address the issue. **Aung San Suu Kyi** has chosen the path of political expediency in the face of **strong anti-Muslim sentiment in the Buddhist majority country**.

#### Steps being taken to address Migration crisis

- Aung San Suu Kyi, established a nine-person commission in August 2016, led by former UN Secretary-General Kofi Annan, to discuss options for resolving the ethnic strife in Rakhine state.
- Advocacy groups like Human Rights Watch, the Arakan Project, and Fortify Rights, a Southeast Asia-based advocacy group, continue to appeal to major international players to exert pressure on Myanmar's government.
- The United States and other global powers have urged the central government in Myanmar to do more to protect ethnic minority groups from persecution.

#### About Rohingya

- More than one million people in Myanmar identify as Rohingya, a predominantly Muslim group living mainly in Rakhine State on the country's western coast.
- **Myanmar is a multicultural society with 135 communities**. But the country's **1982 Citizenship Law**, which was promulgated by the erstwhile military junta, does not recognise the Rohingyas as one of the "**national races**".
- These people lack documentation to satisfy the constitutional requirement that their ancestors settled in the country before 1823.
- UN has often described **Rohingyas as one of the most persecuted minorities in the world**.

### Way forward

- The Rohingya crisis is, first of all, a **political issue in Myanmar**. The ultimate solution lies in the granting citizenship and ensuring equal rights in their ancestral home.
- Until a permanent solution is found in Myanmar, it is the responsibility of refugee hosting countries, including Bangladesh, to ensure that Rohingya people can live with basic human rights and dignity.
- **China and India** share a border with Myanmar and also have vested economic interests owing to trade and investment ties. They should use creative diplomacy to persuade Myanmar to resolve the Rohingya crisis.
- International community also needs to play more proactive role in resolving present crisis. Due to lack of economic interest in Myanmar, **western world is not very enthusiastic to resolve the crisis and deals it as internal problem of Myanmar**.
- ASEAN should play a key role in working out a solution with Myanmar's leaders.
- Recently, Dhaka announced a plan to relocate the refugees to **Thengar Char, an uninhabited island in the Bay of Bengal**, some 60 km off the mainland. The island, about 30,000 hectares in size, is often flooded during monsoon. The plan has come under attack from human rights groups as well as the UN.

## 2.4. INDIA-SINGAPORE

Prime Minister of the Republic of Singapore Mr. Lee Hsien Loong visited India recently.

### Significance of Singapore for India

- India and Singapore has a wide ranging relationship that is as strategic as well as economic.
- 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 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.

During the visit the following agreements were signed:

- MoU in the field of Industrial Property Cooperation between Department of Industrial Policy and Promotion (DIPP) and Intellectual Property Office of Singapore.
- MoU on Collaboration in the Field of Technical and Vocational Education and Training between the National Skill Development Corporation and ITE Education Services, Singapore.
- MoU on Collaboration in the Field of Technical and Vocational Education and Training between the Government of Assam and ITE Education Services, Singapore.
- The agreements were signed for "smart cities drive" and "skill India program" during the bilateral visit as Singapore has expertise in both the fields.

### 2.4.1. INDIA-SINGAPORE: DTAA

India signed a third protocol with Singapore to amend the bilateral **double taxation avoidance agreement (DTAA)**, in a move to check tax evasion.

#### Main points about protocol

- The India-Singapore DTAA at present provides for residence-based taxation of capital gains of shares in a company. The Third Protocol amends the DTAA with effect from April, 2017 to provide for **source based taxation of capital gains** arising on transfer of shares in a company.

- It will allow India to levy capital gains tax on investments coming from Singapore.
- The tax rate will be half the prevailing Indian rate for the next two years and rates will be equated by April 2019.
- For first 2 years, India and Singapore will share the taxes on such gains equally and from third year onwards, all such taxes will accrue to India.

#### Significance of protocol

- It is a significant step to plug another loophole **on black money**.
- This amendment effectively closes one route of laundering domestic black money by **“round-tripping”**. Regulators have long suspected rich Indians routing money through these tax jurisdictions, and channeling money back to India.
- This is in line with India’s treaty policy to prevent **double non-taxation**, curb revenue loss and check the menace of black money through automatic exchange of information
- This is a taxpayer friendly measure and is in line with India’s commitments under **Base Erosion and Profit Shifting (BEPS) Action Plan** to meet the minimum standard of providing Mutual Agreement Procedure (MAP) access in transfer pricing cases.

- A DTAA is a tax treaty signed between two or more countries. Its key objective is that tax-payers in these countries can avoid being taxed twice for the same income. A DTAA applies in cases where a tax-payer resides in one country and earns income in another.
- The **DTAA** was a major reason for a large number of foreign portfolio investors (FPI) and foreign entities to route their investments in India through Singapore.
- DTAA with Singapore, Mauritius and Cyprus give full exemption on capital gains to investors as there’s no cap gains in contracting countries. These agreements were misused for round tripping black money.
- To curb revenue loss and check menace of black money through automatic exchange of information, India recently revised treaties with Mauritius and Cyprus and joint declaration was signed with Switzerland.

## 2.5. INDIA-VIETNAM

Nguyen Thi Kim Ngan, Chairwoman of National Assembly of Vietnam, paid official visit to India.

#### Background

- The traditionally close and cordial relations between India-Vietnam have their historical roots in the common struggle for liberation from foreign rule and the national struggle for independence.
- Vietnam is an important regional partner in South East Asia. India and Vietnam closely cooperate in various regional forums such as ASEAN, East Asia Summit, Mekong Ganga Cooperation, Asia Europe Meeting (ASEM) besides UN and WTO. Also relations with Vietnam have been given importance under the Act East Policy.
- India is now among the top ten trading partners of Vietnam. In 2014, the two sides decided to make economic cooperation a strategic thrust in the India-Vietnam Strategic Partnership.
- Vietnam is pushing for stronger ties with India. The two countries have explored together for oil in the South China Sea since 2014 when the overseas subsidiary of India’s state-run firm ONGC and PetroVietnam Exploration Production Corp. signed an agreement for exploring three oil blocks despite China’s objections.

#### List of agreements

- **Civil nuclear cooperation agreement:**
  - ✓ Vietnam is the 14th country with which India signed the civil nuclear deal.
  - ✓ The two countries had earlier in 1986 signed a pact in the civil nuclear field limited to training. However, the new agreement is broad based and encompasses research on reactors.

- MoU was signed between Air India and Vietjet Aviation Company for promotion of traffic between Vietnam and India and sharing of best practices in airline operation, ground handling procedure and management.
- Another MoU was signed between India's Energy Efficiency Services Limited (EESL) and Vietnam Electricity (EVN) on developing a partnership to jointly work in **the area of energy efficiency**.
- A **parliamentary cooperation** agreement was also signed between LS Speaker Sumitra Mahajan and Ngan.

#### Other areas of cooperation

- Vietnam extended invitation to India to explore energy in South China Sea and supported India's multilateral membership plans.
- Highlighting India's importance as a regional power, Vietnam has urged New Delhi to intensify economic engagement with Southeast Asia.
- **Defence cooperation:**
  - ✓ In a further boost to its growing defence ties with Vietnam, India has agreed to train the southeast nation's Sukhoi-30 fighter pilots.
  - ✓ A memorandum of understanding was signed on peacekeeping as well as exchange of delegations.

## 2.6. INDIA-INDONESIA

Indonesian President Joko Widodo paid official visit to India. This is his first visit after assuming power in 2014.

#### Outcomes of the visit

India and Indonesia, the world's most populous Muslim nation decided to expand their defence and maritime security ties and resolved to deal with terrorism.

- A joint communiqué on combating illegal and unregulated fishing.
- A joint statement said the two leaders condemned terrorism in all forms, saying there must be **"zero tolerance"** of acts of terror.

#### Indonesia's Importance for India

- Indonesia is a strategic partner of India since 2005 and an important trade partner in ASEAN (about US\$ 16 billion two way trade) and also a major target for outward investment (about US\$ 15 billion).
- A strong multi-dimensional relationship with Indonesia is a vital element of **India's Act East policy**.
- Indonesia with its size, population, strategic maritime location and natural resources, is a **latent Asian power**.
- They have also decided to give a major boost to their trade and investment ties by focusing on the areas of oil and gas, renewable energy, information technology and pharmaceuticals.
- Indonesia is the world's largest archipelago, straddling the Indian and Pacific Oceans. It can potentially control **all the straits linking the southern Indian Ocean to the South China Sea**.
- India needs to look for partners who can play a **stabilising role in the Indo-Pacific region** as China is showing its naval muscle in the South China Sea and its strategic and commercial reach through 'One Belt One Road'
- Indonesia and India can provide complementary models for coexistence of religious minorities with majority communities in Asia based on their own traditions of coexistence
- India could also learn from Bali about a more 'simple' Hinduism that is relatively free from caste and sectarian divisions.

- **South China Sea dispute:** The two sides called for resolving the issue through peaceful means and in accordance with the universally recognised principles of international law, including the **United Nations Convention on the Law of the Sea (UNCLOS)**.
- Both sides reiterated support for reforms to the U.N. and its principal organs, including the Security Council, with a view to making the global body more democratic, transparent and efficient.
- **Defense cooperation:** Both sides wanted early convening of the Defence Ministers' Dialogue and the Joint Defence Cooperation Committee meetings to upgrade the agreement on defence to a bilateral defence cooperation agreement.

## 2.7. INDIA-TAIWAN

The three-member Taiwanese parliamentary delegation visited India. Taiwan is represented in New Delhi by a **"Taipei Economic and Cultural Centre"** and India has an **"India-Taipei Association"** in Taiwan.

### Importance of bilateral relation

Greater cooperation between India and Taiwan could prove critical in helping New Delhi and Taipei achieve their economic goals at home and their strategic aims in the region.

#### A. Economic Security

- **India and Taiwan have complementary economic structures.** Taiwan is known for hardware manufacturing while India has an established software industry.
- Taiwan has long been a world leader in high-tech hardware manufacturing, and is able to contribute to the **"Make in India", "Digital India" and "Smart Cities" campaigns.**
- Trade between the two countries reached \$5.91 billion in 2014. But Taiwan's share of trade with India is around 1% of its global trade.

#### B. Strategic interest

India and Taiwan **share similar values and there are no serious disputes between the two countries.** On the strategic security front, both India and Taiwan have concerns about China's growing assertiveness in the region.

- Taiwan has a better understanding of **China's strategic depth because** of their close geo-strategic proximity and linguistic and cultural ties. A closer relationship with Taipei will help understand Beijing's strategic thinking.
- Strategically, both the countries have security threats from China.
- India has a long-standing territorial dispute with China. On the other hand, experts have opined that Beijing can use military power to annex Taiwan if their "one-China policy" comes under threat, considering it a breakaway from mainland China.
- Additionally, they share a common interest of preventing China from making South China Sea its exclusive zone.
  - ✓ Through this, Taiwan can further consolidate its identity as an independent state and India can ensure freedom of **navigation in the South China Sea through** which 50 per cent of its trade takes place.
  - ✓ India can further expand its **oil and gas exploration activities in the region.**

#### New Southbound Policy of Taiwan

Taiwan's new government under President Tsai Ing-Wen has launched the "New Southbound policy" which aims to energise Taiwan's ties with ASEAN, Australia, New Zealand and India.

- Apart from increased bilateral trade, it is also aimed at people-to-people contact in the fields of tourism and culture.
- **India's 'Act East Policy' with this policy** presents a chance to consolidate an already existing relationship.



- Taiwan believes that **India's presence in the region will provide some sort of balance.**

#### Obstacle in full development of relations

- Taiwan still does not have **full diplomatic relations with India** and other important countries – due to the One China policy.
- India has followed the **“One China Policy”** for decades, and places restrictions on the official-level exchanges with Taipei.

#### Chinese reaction to visit

- China considers Taiwan a **breakaway province**, which could be reunited by force if necessary.
- China opposes any diplomatic relations as well as political contacts with Taipei by countries which has diplomatic relations with it.
- China has lodged a protest against India for hosting a Taiwanese parliamentary delegation and asked it to deal "prudently" with Taiwan-related matters.
- China has maintained that countries that have diplomatic relations with it should follow **'One China' policy.**

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## 3. CENTRAL ASIA

### 3.1. 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.
- 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 \$1.6 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.
- **Strategic Location**
  - ✓ Geographically, the strategic location of these countries makes them a bridge between different regions of Asia and between Europe and Asia.
  - ✓ 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.
- Two of these countries — Kazakhstan and Turkmenistan — are in the Caspian littoral, thereby promising to open the door to other energy-rich Caspian states.
- **Regional cooperation:** Four central Asian Nations are part of SCO.

### Challenges

- **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.
- The key constraint India faces is the lack of direct access to Central Asia.
- 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.

### Latest development to connect central Asia

Several significant developments have taken place in last few years.

- **Shanghai Cooperation Organization membership:** 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.
- **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 plans to develop Chabahar port in Iran, 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, it can become an important anchor for trade to and from Central Asia via Afghanistan.
- **Ashgabat Agreement**
  - ✓ The Union Cabinet has given its approval for India to accede 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):**
  - ✓ 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 on Dec 13, 2015

- ✓ The 1800 km long pipeline is expected to be completed by end 2019. India is expected to receive about 13 bcm per annum once the pipeline is completed.
- **Eurasian Economic Union (EEU)**
  - ✓ India is speeding up the signing of a free trade agreement (FTA) with the Eurasian Economic Union, which include Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan. India's trade with these countries stands at about \$10 billion.
- India has also been making efforts to revive the Silk Route from the Iranian port of Chabahar to the Central Asian countries.

### 3.2. INDIA-KAZAKHSTAN

- India and Kazakhstan inked a deal for a renewed long-term supply of natural uranium (between 2015-2019), and a wide-ranging defence cooperation pact besides a railway cooperation agreement to boost connectivity to realise full economic potential.
- After this Kazakhstan will emerge as the biggest source of Uranium for India, besides Australia and Canada.
- **Kazakhstan** was one of the first countries with which India launched civil nuclear cooperation through a uranium purchase contract.
- Further the upgradation of the MoU on defence ties, the agreement on defence and military-technical cooperation would further widen the scope of bilateral defence cooperation.

#### Political Cooperation

- India was one of the first countries to recognize the independence of Kazakhstan. Diplomatic relations were established in February 1992.
- The India-Kazakhstan Inter-Governmental Commission (IGC) established in 1993 has been the main institutional mechanism in developing bilateral trade, economic, scientific, technological, industrial and cultural cooperation.
- After Kazakhstan became independent in 1992, various high-level visits have taken place between both the countries from both the sides.
- Recently in 2009 A 'Joint Declaration on Strategic Partnership' was adopted during the visit of President Nursultan Nazarbayev, as the President at the Republic Day.
- Kazakhstan is supportive of India's permanent membership of UNSC and full membership of SCO and India supported Kazakhstan's candidature for non-permanent membership of UNSC for 2017-18.
- Joint Working Groups have been established in the areas of Counter Terrorism, Trade & Economic Cooperation, Military & Military Technical Cooperation, Information Technology, Hydrocarbons and Textiles.

#### Economic Cooperation

- Kazakhstan is India's largest trading partner in Central Asia as their bilateral trade during April-Dec 2015 stood at US\$ 412.39 million.
- An MoU for establishment of joint business council was signed between FICCI and Chamber of International Commerce during the visit of Prime Minister of India to Kazakhstan.
- An Agreement between ONGC Videsh Limited and KazMunaiGaz on the purchase of 25% stake in the Satpayev Oil Block in the Caspian Sea and the Uranium Agreement have been a crucial step forward.

### Cultural Cooperation

- India and Kazakhstan are multi-ethnic, multi-cultural and multi-religious secular states.
- The regular contacts between academic and strategic communities have played a significant role in strengthening cooperation between India and Kazakhstan.

### Way Forward

- Kazakhstan, the biggest oil and gas producer in Central Asia, also has advocated for an “Asian Energy Strategy” to adopt a comprehensive approach to energy security, with a greater thrust towards energy efficiency and environment protection.
- The government’s outreach to its extended neighbourhood is expected to fetch results in terms of strengthening India’s position the regional geopolitics and in terms of securing India’s energy concerns.

## 3.3. SHANGHAI COOPERATION ORGANISATION (SCO)

Recently, the Shanghai Cooperation Organisation (SCO) Summit took place in Kazakhstan’s Astana.

- India and Pakistan inducted as full members of the SCO at the summit.
- Its 2015 summit in Ufa, Russia, the SCO formally adopted a resolution which started the procedures to admit India and Pakistan into the grouping.

### Importance of India’s membership for SCO

India’s entry into the China-dominated SCO is seen as a major milestone as it is expected to increase the **group’s heft in regional geopolitics and trade negotiations** besides giving it a pan-Asian hue.

- With the expansion of the grouping, the SCO will now represent over **40% of humanity and nearly 20% of the global GDP.**
- India, as the largest economy in southern Asia, has much more to offer for the economic development of Central Asian countries.
- India’s inclusion offers a huge potential for development and expands the influence of the organisation in international and regional affairs in various fields, especially in **security, geopolitics and the economy.**
- Experts say India’s inclusion may **even bring down Beijing’s overarching influence over the SCO.**

### Importance of SCO’s membership for India

Becoming a full member of the body will strengthen India’s position in Central Asia. It will also help the country’s aim to **regional integration; promote connectivity and stability across borders.**

- **Defence cooperation:** As an SCO member, India is expected to have a bigger say in pressing for concerted action in dealing with terrorism as well as on issues relating to security and defence in the region.
- **Energy security:** India is also likely to get greater access to major gas and oil exploration projects in Central Asia as many of the SCO countries have huge reserves of oil and natural gas.
- **Counter-terrorism:** India is also keen on deepening its security-related cooperation with the SCO and its **Regional Anti-Terrorism Structure (RATS)** which specifically deals with issues relating to security and defence.



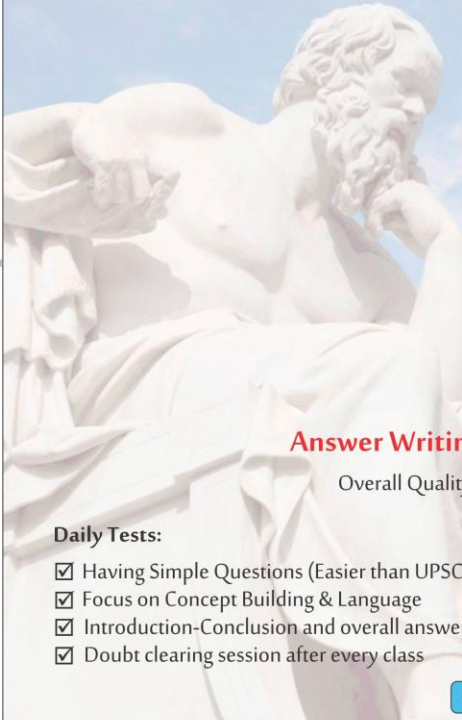
- **India- Pakistan relation**

- ✓ The SCO membership offers a platform for **India to engage Pakistan in a wider regional setting.**
- ✓ The entry of India and Pakistan into SCO **may help boost anti-terrorism cooperation** between the two countries and provide a platform to resolve their differences.

However, the mandate and composition and current scenario are cited by many as limiting factors for the significance attached to SCO by India:

- The SCO will be the second regional grouping after SAARC to have both India and Pakistan. This in itself can limit the effectiveness of SCO as has been the case with SAARC.
- On the issue of terrorism China and India have different attitude vis a vis Pakistan, hence SCO membership might not help India in addressing concern in this context.
- In terms of connectivity, India has not joined China's ambitious One Belt, One Road project and has concerns over China-Pakistan Economic Corridor (CPEC). The Central Asian countries as well as Russia view Chinese connectivity project favourably. In all likelihood, China would use the SCO as a vehicle to promote its massive connectivity and infrastructure project, and put more diplomatic pressure on India.
- The vision of SCO shared by Russia and China involves a 'new order', clearly aimed at the West. As a result, the SCO has been often called the "Anti-NATO", meant to counterbalance U.S. and Europe power structures. It would seem incongruous to reconcile this with India's close military ties with the U.S.

While in the context of current developments full membership of SCO seems to be of limited value, its long-term value cannot be ignored given India's long quest for it. With subtle diplomacy and resolute action India can counter the limitations and turn the membership into an opportunity. In this sense SCO provides another avenue for extending India's influence.



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## 4. WEST ASIA/MIDDLE EAST

### 4.1. 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 favoured 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.
- **Pakistan factor:** Pakistan is very close ally of many west Asian countries especially with GCC.
- **Shia- Sunni divide** may impact internal security of India.
- India's close relation **with Israel** is another sore point with west Asia.
- 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.

#### 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.

#### 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 over-riding principle of regional security.

## 4.2. CHINA WEST ASIA POLICY

Over the years China has built strong economic ties with countries in West Asia, while staying clear of the region's several crises and hostilities.

China built ties with West Asian nations based on three principles — **secure energy supplies, expand markets for finished goods and find investment opportunities** — while leaving the U.S.'s primacy in the region unchallenged.

- It is one of the top buyers of oil from Saudi Arabia and a key trading partner of Israel. For Iran, Beijing remained a trusted ally even during the time of sanctions.
- China's economic ties with West Asia assumed greater significance after Mr. Xi unveiled the One Belt, One Road initiative.
- West Asia plays a major role in this Silk Road revival plan, which the Chinese believe will fortify their global standing.

## Political engagement

Of late, China has shown a greater interest in expanding its engagement with the region beyond the economic sphere.

- Its relationship with Iran has already acquired strategic dimensions.
- It is one of the supporters of the Bashar al-Assad regime in civil war-stricken Syria.
- In the UN Security Council, China, along with Russia, has consistently vetoed U.S.-backed resolutions on Syria, while at the same time offering to broker peace between rival factions.
- China and Russia have been active partners preventing “regime change” in Syria, which is also strongly backed by Iran.
- China has also recognised Palestine as a state and offered support for the Palestinians.
- The Chinese have also urged Saudi Arabia and Israel to work together to attain peace.

All this indicates that China is ready to end its strategic reluctance in dealing with West Asia and **to adopt a gradualist proactive policy** that suits its profile as a fast-rising global power. There’s a growing consensus in Beijing that the **passive foreign policy** of the rising years has to be upgraded to a pro-active approach that suits the country’s big power ambitions.

### China-Iran

Iran is vital for China’s continued rise. Its strategic location connecting West Asia and Central Asia is key to **President Xi’s One Belt, One Road initiative**. Iran offers immense investment opportunities for Chinese companies in several areas, particularly in energy and infrastructure.

- From China’s point of view, Iran is among the most stable countries in the region. And it’s the only major country in West Asia where the **U.S. has practically no influence**. So it’s natural for China to see Tehran as a vehicle entry into West Asia.
- During Iran’s isolation era, China adopted a **dual approach**: it supported UN resolutions against Iran’s nuclear programme while expanding economic and security cooperation with Tehran.
- Security ties also flourished at a time when international negotiations on Iran’s nuclear programme were going on.
- It repeatedly **vetoed the resolutions** prepared by Western powers demanding the ouster of Syrian President Bashar al-Assad, an ally of Tehran.
- Chinese President Xi Jinping was the first world leader to visit Iran after sanctions were lifted following the nuclear deal.
- Both countries have agreed to enhance security cooperation through intelligence sharing, counter-terror measures, military exchanges and coordination. Beijing would also support **Iran’s full membership in the Shanghai Cooperation Organisation**.

### China-Saudi Arabia

- In 2015, Saudi Arabia was China’s largest source of oil. Beijing has also sold intermediate range ballistic missiles and DF-21 ballistic missile system to Riyadh.
- With energy, and infrastructure investments by China as the centre, the two countries signed agreements and letters of intent worth around \$65 billion involving investment, energy, space and other areas.

Closer ties with Riyadh have not diluted China’s strong relationship with Iran, Saudi Arabia’s archrival, highlighting Beijing’s non-zero sum approach to the region.

## China-Israel Ties

Israeli Prime Minister Benjamin Netanyahu and Chinese President Xi Jinping announced an **“innovative comprehensive partnership”** between both countries.

- China’s focus in the “partnership” is on maximising absorption of Israel’s technology in hi-tech and other advanced domains.
- That dovetails well with the ‘Made in China-2025’ strategy of transitioning China’s manufacturing to the advanced level by leveraging the Internet, Big Data and robotics among the key tools.
- Israel hopes to participate in the Belt and Road Initiative — fast becoming a litmus test defining the health of any nation’s ties with China.

## 4.3. RECENT VISITS

- Prime Minister of Qatar Sheikh Abdullah bin Nasser bin Khalifa Al Thani paid official visit to India where several agreements w.r.t. visa free travel, combating cybercrime and port management etc were signed.
  - ✓ Qatar is the largest supplier of LNG to it, accounting for 66 per cent of the total imports in 2015-16.
  - ✓ Indians form largest expatriate community in Qatar. There are over expatriate 630,000 Indians in Qatar.
- Mohammed bin Zayed bin Sultan Al-Nahyan, crown Prince of Abu Dhabi was the chief guest for the Republic Day. India and UAE signed various agreements on comprehensive strategic partnership, cooperation in defence industry, cooperation in SMEs etc.
  - ✓ UAE is a significant contributor to India's energy security and was the fifth largest supplier of crude oil in 2015-16.
  - ✓ UAE is an important trading partner for India in the Gulf region with bilateral trade last year at \$50 billion. It has \$4 billion in investments in areas ranging from smart cities to real estate.
- Palestinian President Mahmoud Abbas visited India recently. India and Palestine signed various MoUs on Agricultural Cooperation, Cooperation in Health Sector etc.
  - ✓ In 1947, India voted against the partition of Palestine at the United Nations General Assembly.
  - ✓ India was the first Non-Arab State to recognize Palestine Liberation Organisation (PLO) as sole and legitimate representative of the Palestinian people in 1974. India was one of the first countries to recognize the State of Palestine in 1988.
  - ✓ In 1996, India opened its Representative Office to the Palestine Authority in Gaza, which later was shifted to Ramallah in 2003.
- Turkish President Recep Tayyip Erdogan paid official visit to India. This was Erdogan’s first visit to India as the Turkish President. The two countries have agreed to increase bilateral trade from the present \$6.5 billion to \$10 billion by 2020. Both sides also agreed on cooperation in the fields of IT, pharmaceuticals, health and tourism.
  - ✓ As Turkey deals with a messy neighbourhood in the Middle East, Erdogan has a desire to find new partners like India that can boost Turkey’s economic prospects and lend its foreign policy greater depth.
  - ✓ For India, Turkey is an important regional player that must be factored into India’s current recalibration of its Middle East policy.



- ✓ India hopes that sustained contact will refresh the relationship in a way that reflects shared concerns and is not hyphenated with ties with Pakistan — as India has been able to do with the UAE and Saudi Arabia.
- Israeli President, Reuven Rivlin, was in India on a six-day visit to India. Various agreements were signed in the areas of cyber security, civil aviation, renewable energy etc.
  - ✓ Israel has emerged as a key partner for India in the spheres of **security and defence**.
  - ✓ In **agriculture**, 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.
  - ✓ **Political relations** between both the countries are friendly and in recent years, ties have expanded to areas such as **science and technology, education and homeland security**.
  - ✓ Bilateral merchandise strengthened between the two countries from 1992-2011. It has stagnated around \$4.5 billion.
  - ✓ 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.

#### 4.4. CONFLICT IN SYRIA RUSSIAN-TURKISH PEACE INITIATIVE FOR SYRIA

The UN Security Council has unanimously approved a resolution supporting a Russian-Turkish peace initiative for Syria, including an ongoing ceasefire and talks in late January 2017 in Kazakhstan.

- The resolution aims to pave the way for the new talks under the aegis of key Syria government backers Russia and Iran, and of Turkey, which backs rebel groups.
- The resolution approved also calls for the **“rapid, safe and unhindered” delivery of humanitarian aid throughout Syria**.
- Nearly 50,000 people died in the conflict in 2016, according to the Britain-based Syrian Observatory for Human Rights.

##### Background

The unrest in Syria was started alongside a string of revolutions in the middle east, known as the **Arab Spring**. It started in Syrian town of Dara'a, where young boys were tortured for putting anti-government graffiti on their school building. From here, the conflict has devolved from **peaceful protests** against the government in 2011 to a **violent insurgency** that has drawn in numerous other countries. Other event which compounded the crisis:

- **Civil war** of government against its people where government found to have used **nerve agent SARIN**.
- **Religious war** pitting Assad's minority Shia Alawite sect, aligned with Shiite fighters from Iran and Hezbollah in Lebanon, against Sunni rebel groups.
- **Proxy war** featuring Russia and Iran against the United States and its allies.
- **Rise of ISIS** is facilitated due to **increasing radicalization** and **instability in IRAQ**.
- **Failure of 2012 Geneva Communique**: It envisages a formulation of **transitional governing body** with full executive powers on the basis of mutual consent.

- **Refusing humanitarian access** to civilians in need by the warring parties.

### Prospect of recent peace initiative

The coming together of Russia, Turkey and Iran to discuss a diplomatic solution to the Syrian crisis is a welcome development.

- Washington has been kept out from recent peace initiative.
- Russia and Iran have direct leverage over the regime in Syria, while Turkey still helps several militant groups. Besides money and arms, the militants need Turkey's help for any communication with the other side.
- There is a reason for Turkey coming forward for talks.
  - ✓ President Recep Tayyip Erdogan appears to have realised that his **anti-regime Syria policy has backfired**.
  - ✓ Turkey faces severe security challenges, from both Islamic State jihadists and Kurdish militants.
  - ✓ If Syria remains at war and the instability spawns more radical militia groups, it could worsen Turkey's security problems, while Kurds on the Syrian side could grow in strength.

## 4.5. QATAR DIPLOMATIC CRISIS

Saudi Arabia, Egypt, the United Arab Emirates, Yemen, Libya, Bahrain, and Maldives severed their ties with Qatar, accusing it of supporting terrorism.

### Reason of present crisis

- **Issue of Terrorism:** Saudi Arabia has accused the Qataris of supporting terrorist groups like al-Qaeda and the Islamic State and of meddling in the **internal affairs of neighbouring Gulf States**.
  - ✓ The fault-lines came out in the open when Qatar welcomed the rise of the **Muslim Brotherhood** in Egypt after the fall of the Hosni Mubarak regime in 2011.
  - ✓ Saudi Arabia accused Qatar of supporting what it described as **Iranian-backed militants** in its restive and largely Shi'ite Muslim-populated **Eastern region of Qatif and in Bahrain**.
- **Ties with Tehran:** The other key issue is Qatar's relations with Iran, with which it shares the world's largest gas field.
  - ✓ The Saudis are upset with **Qatar's Tehran ties**, at a time when they are trying to rally Sunni countries behind themselves to counter Tehran's influence.

#### What do Qatar's neighbours want?

In return for ending the restrictions, Qatar's neighbours had presented the 13-point list of demands to Qatar on 22 June. They had told the emirate to:

- Curb **diplomatic ties with Iran** and close its diplomatic missions.
- Stop all funding for individuals or organisations designated as terrorists by Saudi Arabia, the UAE, Egypt, Bahrain, the United States and other countries.
- **Shut down Al Jazeera and other Qatar-funded news outlets.**
- **Close a Turkish military base** and halt joint military co-operation inside Qatar.
- End interference in other sovereign countries' internal affairs.
- Pay reparations and compensation for loss of life caused by Qatar's policies.
- **Align with other Arab countries militarily, politically, socially and economically.**

### What is Qatar's response?

Qatar rejected a list of "non-negotiable" demands, saying it would not agree to any measures that threatened **its sovereignty or violated international law** and has sought to **internationalise the issue**.

### Impact of present crisis

The Saudi-led bid to isolate Qatar could have **far-reaching economic-political consequences**.

- **Fight against Islamic State:**

- ✓ Qatar is an **economic powerhouse in the Gulf** and hosts the headquarters of the US military's Central Command. The air war command for the **US-led fight against the Islamic State in Iraq and Syria is also in Qatar**.
- ✓ So any prolonged attempt to isolate the country would not only have **economic consequences but also complicate the fight against the IS yet more**.

- Oil prices rose after the moves against Qatar, which is the biggest supplier of liquefied natural gas (LNG) and a major seller of condensate - a low-density liquid fuel and refining product derived from natural gas.

- Qatar is dependent on imports by land and sea for the basic needs of its population of 2.7 million, and about 40% of its food came in through the land border with Saudi Arabia. Hence, **Qatar may face food shortage**.

- Qatar's stock market has lost about 10%, or about \$15bn (£12bn), in market value since the start of the crisis, and the credit rating agency **Moody's has downgraded Qatar's rating from stable to negative**.

- There are also signs that this may be the precursor **to a larger conflict with Iran**. This is a troubling scenario for the world and for India in particular with its commitment to build connectivity and shore up oil reserves.

### Impact on India

India has "**vital stakes**" in **peace and stability in the Gulf**. It asked countries in the region to resolve the Qatar crisis through constructive dialogue and well-established international principles of mutual respect.

- **Expatriate community**

- ✓ The region is home to about 8 million Indians. Indians are the largest expatriate community in Qatar, the same way they are in Saudi Arabia and the UAE — the two key countries who are in the opposite camp.
- ✓ An economic blockade could also affect Indian community in Qatar as much as its other residents.

- **Remittance**

- ✓ The Indian diaspora in the region remits around USD 40 billion a year. These funds are immensely valuable as they help India manage its current account deficit.

- West Asia is among the key destinations for Indian engineering exports, accounting for 13% of India's total engineering exports.

- **Energy security**

- ✓ New Delhi is the second largest buyer of Qatari liquefied natural gas (LNG), after Japan. India's Petronet LNG, as part of a long-term deal, imports 8.5 million tons of LNG from Doha every year.

- Middle Eastern oil accounted for 65 per cent of India's overall imports.

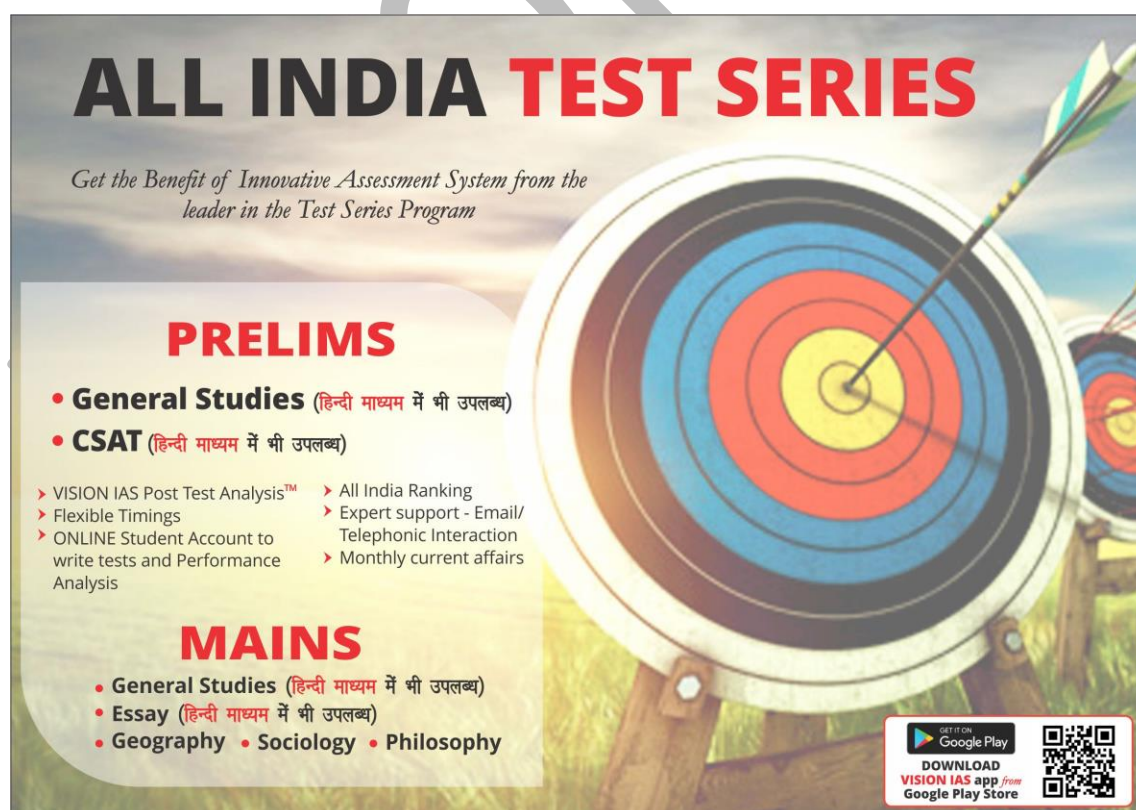
## 4.6. TURKEY REFERENDUM

A **constitutional referendum** was held in Turkey in April on whether to approve proposed amendments to the Turkish constitution.

- The draft constitution that significantly increases the powers of Turkish President has been approved by a narrow margin of just over 51% votes.

### Important Changes in the constitution

Before Referendum Constitution	After Referendum Constitution
Parliamentary system governance	Presidential system of governance
President holds symbolic powers. Prime minister and government are the active executor.	The President of the Republic is the head of the State. The executive power shall be exercised by him. He appoints and dismisses vice-presidents and ministers.
President not aligned with any political party and cannot be any a party leader.	President can be member of political party.
Elections for the Grand National Assembly of Turkey shall be held every four years.	Elections for National Assembly and presidency shall be held every five years and on the same day.



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## 5. AFRICA

### 5.1. INDIA-AFRICA

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.
- **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 Organisation (WTO)** and are in favour 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 \$72 billion in 2014-15.
  - ✓ 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 generic drugs, due to their relatively cheap prices, are used heavily to fight HIV/ Aids in Africa.
- Recently the Cabinet approved MoU for the triennium 2015 – 2017, between India and the African Asian Rural Development Organization (AARDO). The capacity building programs in the field of rural development will be organized every year during the triennium at various Institutions in India.
- **Indian foreign aid to Africa**
  - ✓ In 2006, India launched its flagship aid initiative in Africa by constructing the \$125 million Pan-African e-Network, the continent's largest tele-education and telemedicine initiative. The network links 47 African countries with schools and hospitals in India through satellite and fiber-optic links.
  - ✓ Among the most important technical assistance programmes are the **Indian Technical and Economic Cooperation (ITEC) Programme** and the **Special Commonwealth African Assistance Programme for Africa (SCAAP)**. Under ITEC and SCAAP, some 1,000 African experts are given short-term training in India every year in a number of technical fields - from public administration to agricultural research and computer literacy.
  - ✓ India has offered a new line of credit worth \$10 billion to strengthen economic cooperation.
  - ✓ Besides, India will offer grant assistance worth \$600 million, which will include \$100mn for the India-Africa development fund and \$10mn for an India-Africa health fund. India has also announced 50,000 scholarships to African students to pursue their studies in India.
  - ✓ 152 lines of credit have been extended by the Exim Bank of India to 44 countries for a total amount of nearly \$8 billion.

### 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.

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.

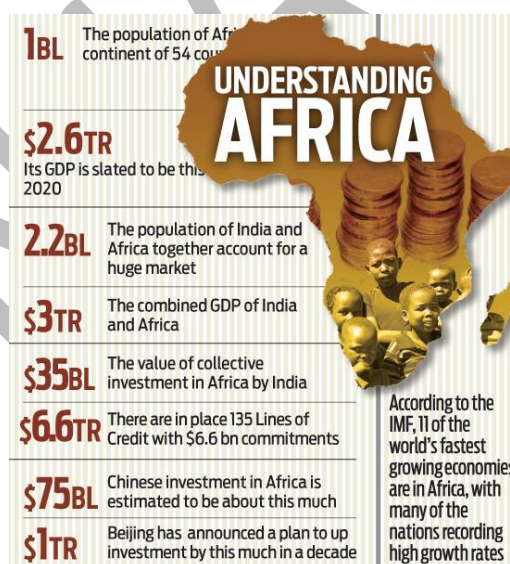
## India's challenges in Africa

- **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.
- **China strong presence in the continent:**
  - ✓ India and China are competing with each other to build a stronger relationship with Africa.

## 5.2. CHINA VS INDIA IN AFRICA

- African continent is increasingly becoming the next theatre of global attraction and competition because of natural resources, demography and socio-economic development.
- To harness the opportunity various countries including China have made huge investments in the continent.
- This growing **Sino-Indian involvement** has been economically beneficial and has resulted in widespread investment and development, with African leaders welcoming the competition.
- An increasing competition between India and China for new markets, agricultural land and access to natural resources.
- 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.
- India has focused on emphasizing its cultural and historical ties to enhance the development of its trade relations with resource-rich countries like Zimbabwe, Ethiopia and Sudan.
- The success of India's soft power strategy has been evident in countries like **Sudan**, where Indian corporations have attained near complete control of the local oil and natural gas industry.
- The same trend is occurring in **Zimbabwe** where China's dominance in the energy and resource sectors is being challenged by private and state-owned Indian enterprises.
- The US\$ 4 billion takeover of **Zimbabwean steelmaker Zicosteel**, by **India's Essar Group**, was hailed by the Zimbabwean Government as the largest foreign direct investment deal in Zimbabwe in recent decades.
- 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.



India needs to harness this opportunity. India already enjoys the good will of African people due to historical ties and Indian company's practices of employing local workers and skilling them.

### 5.3. INDIA-EAST AFRICA

Vice-President paid official visit to Rwanda and Uganda, in a bid to strengthen ties with the East African countries. This was the first high-level visit to Uganda from India since 1997 and first high-level visit to Rwanda.

#### India-Rwanda

- India and Rwanda have concluded a bilateral air services agreement enabling direct flights between the two countries.
- The other two MoUs pertained to the setting up of an entrepreneurial development centre in Rwanda and exemption of visa for entry of diplomatic and official passports.

#### Highlights of VP visit

- Vice President launched the **India-Rwanda Innovation Growth Program** as a major Science and Technology initiative
- The Vice president reiterated India's decision to open a **resident Indian Mission in Rwanda** highlighting that this will further cement the strategic partnership.
- Rwanda has about 3,000 people from Indian community.
- Vice president also paid tribute to the victims of the **1994 massacre** at the Kigali Genocide Museum

#### President of Rwanda visit to India

Mr. Paul Kagame, President of Rwanda paid a visit to India

#### During the visit the following documents were issued/exchanged

- Declaration of Strategic Partnership between India and Rwanda.
- Signing of Framework Agreement on International Solar Alliance by Republic of Rwanda.
- MoU between Rwanda Police and Gujarat Forensic Sciences University
- Grant of US\$ 2 million of medicines and cash grant of US\$ 1 million for purchase of medical equipment.
- GoI assistance for Line of Credit of US\$ 81 million for a road project.

#### India- Uganda

Both sides agreed to cooperate in the vocational training, space technology and peaceful uses of atomic energy.

- As goodwill gesture the Vice President presented medicines worth US\$ 2million and medical equipment worth US\$ 1million to Uganda.
- India supports some development projects in Uganda, including a **tele-medical center** at the national referral hospital that is connected to 11 hospitals in India.
- India is one of the largest trade partners of Uganda. Bilateral trade is estimated to around US\$ 615 million.
- There is, at present, a 30,000-strong Indian community in Uganda that is heavily invested in the economy of the country.

#### India-Kenya

Mr. Uhuru Kenyatta, President of the Republic of Kenya paid a State Visit to India.

#### Highlights of the visit

- India announced a \$100 million Line of Credit to Kenya for agricultural mechanization.

- Mr. Kenyatta invited India to engage more intensely at **COMESA (Common Market for Eastern and Southern Africa)**.
- India invited Kenya to join the framework agreement of the **International Solar Alliance (ISA)**.
- India offered its expertise in the area of LED smart street lighting and LED bulbs for domestic use.
- **Defence cooperation**
  - ✓ In maritime surveillance, security, sharing of white shipping information and joint hydrographic surveys.
  - ✓ India has also invited Kenya to participate in exhibitions like Aero-India and DEFEXPO.
  - ✓ As members of the Indian Ocean Littoral States, both sides emphasised the importance of further consolidating the security and defence cooperation between the two countries.
- **UN Security Council Reform**
  - ✓ Kenya staked claim for Africa at the proposed expanded UN Security Council, even as it supported India's campaign for UN reform.

#### East African Community (EAC)

- The East African Community (EAC), comprising **Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan**, has emerged as one of the most successful of Africa's Regional Economic Communities.
- Having established a customs union, it is building a single market and wants to set up a monetary union.
- EAC is market of **168 million consumers and have a combined GDP of \$161 billion.**

#### Trade and investment potential in Kenya and EAC

- Bilateral trade, valued at **\$4.23 billion in 2014-15**, has the potential for rapid growth if Indian companies are willing to be active in a competitive market.
- Diverse sectors opportunities in Kenya, such as energy, pharma, textiles, agriculture and financial services
- The Indian government and India Inc. need to devise a trade and industrial cooperation strategy to upgrade existing links with the East African Community (EAC).

### 5.4. 2ND ANNUAL MEETING OF AFRICAN DEVELOPMENT BANK (AFDB)-2017

Recently the 52nd Annual Meetings of the African Development bank was held in Gandhinagar, Gujarat.

#### About the meeting

- This was the first time that the Annual Meetings of AfDB were being held in India.
- Reflecting the significance of agriculture in Africa and in the Bank's development work, the 2017 Annual Meetings was held on the **theme: "Transforming Agriculture for Wealth Creation in Africa."**

#### About AfDB

- The African Development Bank Group (AfDB) or Banque Africaine de Developpement (BAD) is a **multilateral development finance institution**.
- It was founded in 1964 and comprises three entities: The African Development Bank, the African Development Fund and the Nigeria Trust Fund.
- Its **mission is to fight poverty and improve living conditions** on the continent through promoting the investment of public and private capital in projects and programs that are likely to contribute to the economic and social development of the region.

- The meeting in Gandhinagar is the fourth time that the Annual Meetings of AfDB are being held outside Africa. The next meeting of AfDB is scheduled to be held in Busan, South Korea in 2018.
- India joined the African Development Bank (AfDB) in 1983. It is a non-regional member of the Bank.

#### Importance of meeting for India

- It is seen as a **logical follow-up to the India-Africa Forum Summit** in New Delhi in 2015.
- After India's boycott of China's Belt and Road forum, there will be a keenness to understand the government's approach to its own connectivity, infrastructure and developmental projects, particularly in geographies where it competes with Beijing.

## 5.5. ASIA-AFRICA GROWTH CORRIDOR

The Indian and Japanese governments unveiled a vision document for the Asia Africa Growth Corridor, proposed by the two countries'.

#### What is Asia-Africa Growth Corridor (AAGC)?

The AAGC is an attempt 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.

- The project stakeholders hope the sea corridors will be **"low-cost" and have "less carbon footprint"** when compared to a land corridor.
- Japan's contribution to the project will be its **state-of-the-art technology** and ability to build quality infrastructure, while India will bring in **its expertise of working in Africa**.
- The guiding principles of the AAGC will be **to ensure sustainability** through respect for **sovereignty and territorial integrity** as well as boosting regional economic connectivity through the use of **responsible debt financing practices**.
- It will have special focus on the following geographies: Africa, India and South Asia, Southeast Asia, East Asia and Oceania.

#### Four key elements

It envisages closer engagement between India and Africa for **"sustainable and innovative development"**, and will be anchored to four pillars.

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

#### More inclusive

The AAGC is seen as India and Japan's counter to China's Belt and Road Initiative. Unlike China's One Belt One Road (OBOR) project the Asia Africa Growth Corridor is conceived as a more **open and inclusive programme** that will be based on **more consultations and keep people as the centre piece** rather than just trade and economic ties.

- China concentrates on **infrastructure and cheque-book diplomacy**, whereas India promotes a broader spectrum of cooperation projects and programmes focussed on the **development of Africa's human resources**.



- **China goes solo**, while India is desirous of **working with other willing nations** to assist Africa as per the latter's priorities.
- Unlike OBOR which entails development of a **land corridor**, AAGC will essentially be a **sea corridor linking Africa** with India and other countries of South-East Asia and Oceania.

### Analysis

India has a long history of development cooperation in Africa in capacity building and contributing towards development of social sector through several unique programmes such as Pan Africa e-Network.

- China is rapidly expanding its footprint in Africa. In such situation, India and Japan do not have the luxury of time. Unless results become visible in the short term, questions may arise about the credibility of their joint approach.
- An urgent need exists for them to increase the scope of their development projects, create synergy among themselves, engage proactively with other willing partners, and thus turn the concept of the AAGC into a viable reality.

**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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## 6. EUROPEAN UNION (EU)

### 6.1. INDIA-EU

India is one of the 10 countries that the European Union (EU) has chosen as strategic partners in the international community—a reasonable choice since India is the most populous democracy in the world. The 1994 EU-India Cooperation Agreement, the legal framework for EU-India relations, boosted political, economic and sectorial cooperation.

- The EU is India's largest trading partner.
- The two-way trade in goods between India and the EU stood at \$ 98.5 billion in 2014-15, and India received \$24.91 billion in Foreign Direct Investment (FDI) equity inflows from EU between April 2012 and May 2015.
- Trade between the two countries would likely swell if the countries could firm up the long-pending Free Trade Agreement, officially known as the Broad-based Investment and Trade Agreement (BTIA).

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

India and the European Union continue to struggle to conclude a bilateral Free Trade Agreement even a decade after the negotiations were first launched in 2007. The BTIA negotiations have remained deadlocked over growing differences regarding greater market access sought by both sides for merchandise exports.

#### EU's main Demands

- EU has been keen on reducing or abolishing tariffs in several sectors, including in the automobile and wine and spirits sectors
- India's import duty on cars are between 60 and 120 per cent as against the EU's 10 per cent.
- The EU is keen that India should adopt stringent IP protection standards even if that means going beyond the WTO specified standards.
- **Model Bilateral Investment Pacts:**
  - ✓ India has done away with older BITs for over 50 countries, including those in the EU, and has asked these countries to sign the new ones based on the new model. The previous BITs with these countries expired on 1<sup>st</sup> April, 2017.
  - ✓ EU has also been pressing India to extend old BIT by six months, saying absence of the treaties could adversely impact the trade ties and FTA talks.
  - ✓ The most contentious issue in the model BIT is the **Investor-State Dispute Settlement Mechanism** as it allows companies to seek international arbitration only when all domestic options have been exhausted.
  - ✓ The removal of taxation from the purview of BITs has also come in for criticism from foreign partners.
  - ✓ Given the experiences of major European companies such as Vodafone and Cairn, who are battling the imposition of retrospective taxes by India, the EU is deeply concerned about the protection of its investments in India.

#### India's main demands

- India's main demands include data security status (crucial for India's information technology sector to do more business with the EU firms), easier temporary movement of skilled professionals and seamless intra corporate movement.

- The EU should do away with their non-tariff barriers that seem to have been erected mainly to protect some of their local firms but not as much for better safety or quality.
- India has also sought agricultural market access in the EU as well as disciplining of Sanitary and Phytosanitary (norms related with plants and animals) and Technical Barriers to Trade.

## 6.2. INDIA-FRANCE

Prime Minister Narendra Modi paid official visit to France. It was the first direct meeting between PM and newly elected French President Emmanuel Macron.

### Highlights of the visit

Both leaders discussed ways to enhance the strategic ties, countering terrorism and climate change.

- India and France agreed to further deepen cooperation to **tackle the challenge of terrorism and extremism.**
- India and France agreed to work for the **implementation of the landmark Paris climate agreement.**
- PM Modi also appreciated the positivity of President Macron towards the **International Solar Alliance.**

### India –France relation

- **Trade and investment**
  - ✓ France is India's 9th largest investment partner.
  - ✓ France is also a key partner in India's development initiatives in areas like defence, space, nuclear and renewable energy, urban development and railways.
- **Strategic partnership**
  - ✓ In 1998, France was also the **first country** with which India established a **strategic partnership**, which has since been accorded to more than 30 countries.
  - ✓ This special relationship has always centered around three crucial areas: **Nuclear, space and defence.**
- **Nuclear cooperation**
  - ✓ Following India's peaceful nuclear explosion in 1974, the United States and Canada terminated their nuclear engagements with India, but **France supplied us with fuel for the Tarapur nuclear plant.**
  - ✓ Similarly, when the United States and others imposed sanctions on India after the **nuclear tests in May 1998, France proved the exception.** In fact, the then French president Jacques Chirac publicly supported New Delhi and opposed US sanctions.
  - ✓ Soon after the **India-specific waiver was granted by the Nuclear Suppliers Group (NSG)** in 2008 to engage in civil nuclear trade, **France was the first country to sign a civil nuclear agreement with India.**
  - ✓ France has decided to construct six EPR (nuclear reactors) of 1,600 MW each in India.
- **Defence cooperation**
  - ✓ France was the **first country** with which India conducted a **joint naval exercise called 'Varun'** after the 1998 nuclear tests.
  - ✓ Similarly, the IAF's first bilateral exercise in 2003 with a foreign counterpart, **'Garuda I', was once again with the French Air Force.**
- **Cooperation in space technology**

- ✓ India-French cooperation in space technology began nearly 60 years ago, when France provided India the technology to start producing the **Centaure sounding rockets domestically**.
- ✓ The first Indian Satellite Telecommunication Experimental Project (STEP) was undertaken during the 1970s by using **French satellite Symphonie**, followed by “Ariane Passenger Payload Experiment” (APPLE).
- ✓ In fact, **Arianespace was the preferred agency for launching large Indian satellites, particularly the INSAT and GSAT series.**
- ✓ French organizations like **EADS Astrium and Indian commercial arm Antrix** have found it mutually beneficial to work to market Polar Satellite Launch Vehicle capabilities together in the West.

### 6.3. INDIA AND GERMANY

Prime Minister Narendra Modi paid official visit to Germany. The Prime Minister and Ms. Merkel held the **fourth round of the Inter-Governmental Consultations (IGC)** to set a road map for the bilateral strategic ties.

#### Background

- **NSG membership:**  
Germany has supported India’s membership bid in the Nuclear Suppliers Group.

- **UNSC reforms**

- ✓ The two Leaders commended the steadfast efforts of the **G-4** and other reform oriented countries and groups in moving forward the discussions towards initiation of text-based negotiations on the Security Council reform agenda at the ongoing **Inter-governmental**

The agreements signed include nine joint declaration of intent and three memorandum of understanding:

- JDI on cooperation in the field of **digitalization, empowerment and economic impact.**
- Agreement on collaboration on training of Indian skill development officers and cluster managers.
- JDI for the establishment of a Indo-German Centre for Sustainability.
- JDI on cooperation on cyber policy.
- JDI on continuation of cooperation in the field of advanced training of corporate and junior executives from India.
- JDI on Indo-German Development Cooperation between the Ministry of Finance and BMZ (Federal Ministry for Economic Cooperation and Development).
- JDI on cooperation in vocational education and skill development for machine tools.
- Agreement on cooperation in health sector.
- Cooperation in alternative medicine between the AYUSH and BMG (Federal Ministry of Health).
- JDI on collaboration between Foreign Service institutes between the Ministry of External Affairs and the German Foreign Office.
- JDI on cooperation in railway safety.
- JDI on cooperation for sustainable urban development.

**Negotiations (IGN)** at the UN.

- ✓ Both countries reiterated their full support to each other’s candidatures for a permanent seat in a reformed and expanded UN Security Council.
- **Strategic cooperation**
  - ✓ India and Germany are committed to close coordination, bilaterally and with partners, in the G20, the United Nations and other multilateral fora, to address existing and emerging challenges to international security, global economic stability and growth.

- **Terrorism**

- ✓ India and Germany together has also vowed to counter the challenges posed by those who encourage, support and finance terrorism. They also called for the earlier adoption of Comprehensive Convention on International Terrorism.

### Importance of Germany for India

Germany is the 4th largest economy in the world with a GDP of US \$ 3.5 trillion and contributes about 20 percent of the European Union budget.

- Germany, **India's largest trading partner in the EU**, is also an important interlocutor as the India-EU discussions on a Free Trade Agreement are nearing the finish line.
- Germany is currently also one of the **leading foreign direct investors in India**, with around 1,800 German companies operating in India.
- India and Germany have been **strategic partners** since 2000.
- Germany and India are exploring joint projects for **connectivity and development in Africa and the Indian Ocean Region (IOR)** and will also discuss the "common questions" both countries share about China's Belt and Road Initiative
- India has ambitious programmes in **renewable energy**. In this area, India and Germany have a bright future.

## 6.4. INDIA-UK

- UK's PM Theresa May offered **frequent registered traveller scheme** for Indians travelling to Britain for business.
- The UK is also planning to restrict immigration through "work and study routes" which will have an impact on Indians being hired by British firms.

### About the traveller Scheme

- Under the scheme, Indian nationals frequently visiting to the U.K. and contributing to growth in both countries will have a 'significantly easier' entry process including fewer forms to be filled, access to the EU-EEA passport controls, swifter passage through airports.
- It will give a boost to trade and investment in both the countries and strengthen ties between two nations.

### About the Immigration Scheme

#### As per the proposal

- Immigration system will be re-looked if it provides the right incentives for businesses to invest in British workers.

#### About EU-EEA

- The European Union (EU) is an economic and political union of 28 countries. It operates an internal (or single) market, which allows free movement of goods, capital, services and people between member states.
- The EEA includes EU countries and also Iceland, Liechtenstein and Norway. It allows them to be part of the EU's single market.
- Switzerland is neither an EU nor EEA member but is part of the single market - this means Swiss nationals have the same rights to live and work in the UK as other EEA nationals.

#### Current UK's Immigration scheme

- United Kingdom presents one of the toughest immigration regimes around the globe.
  - Broadly, the U.K. visa statutes for immigrants have been classified into tier system - Tier-1 and 2.
- Tier 1** takes care of the highly esteemed emigrants who can really contribute to U.K.'s economy.
- Eligibilities are assessed on basis of point based evaluation of migrant profiles.
  - It is mandatory to secure 95 marks in point assessment and 100 marks if migrant filing is under another qualified visa class.
- Tier 2** includes trained workers under different classes.



- From December 2016, landlords renting out property to people with no right to be in the UK will be committing a criminal offence and could go to prison.
- Immigration checks will be a mandatory requirement for those wanting to get a licence to drive a taxi.
- From 2017, banks will have to do regular checks to ensure they are not providing essential banking services to illegal migrants.

#### Prospective impacts of the Immigration Scheme

- The tightened immigration will "ensure gaps in the UK's labour market.
- The crackdown will affect students from India planning to study in the UK; their numbers are already at an all-time low.

### 6.4.1. CHAGOS ARCHIPELAGO DISPUTE

The British Foreign Secretary has sought Indian assistance in resolving current tensions between UK, US and Mauritius over the future of the US military base Diego Garcia, and the Indian Ocean Chagos Archipelago.

#### About the Chagos Islands

- The Chagos Islands- referred to by the British as the British Indian Ocean Territory, but which is not recognised as such by Mauritius- is home to the **US military base Diego Garcia**.
- In the 1960s and 1970s, inhabitants were removed from the islands.
- Mauritius has repeatedly asserted that the Chagos Archipelago is part of its territory and that the UK claim is a violation of UN resolutions banning the dismemberment of colonial territories before independence.
- In 2015, the **Permanent Court of Arbitration** unanimously held that the marine protected area (MPA) which UK declared around the Chagos Archipelago in April 2010 was created in violation of international law.
- The British believe that ensuring the future of Diego Garcia would be in **India's security interest in the region too**.



#### India's Position

- India made it clear that it has a long-standing and principled position on this subject. India conveyed that it is for **Britain and Mauritius to reach an amicable solution on this matter bilaterally**.
- The approach by the U.K. is seen by the Indian side as a **positive move, signalling Britain's eagerness to partner with India on security matters in the region**.

### 6.5. OTHER VISITS

- **Ukraine:** Mr. Stepan Kubiv, Deputy PM of Ukraine, paid visit to India.

- ✓ Ukraine commended India for not supporting Russia's claims over the Crimean peninsula and wanted to partner modernization plans of Indian armed forces.
- ✓ The visit from Ukraine is significant as the last major visit from Ukraine was by President Viktor Yanukovich in 2012 in Delhi.
- **Poland**
  - ✓ Recently, Vice President of India paid official visit to Poland.
  - ✓ India and Poland signed an agreement on the exchange of IT in the agriculture sector.
  - ✓ Poland assured India of its support in NSG membership and a permanent seat in the UN Security Council.
  - ✓ Poland is India's largest economic partner in Central Europe. Bilateral trade has grown 25% in last one year.
  - ✓ Indian investments in Poland amount to USD 3 billion and Polish investments are of 600 million USD.
  - ✓ Poland supported India's membership in Missile Technology Control Regime (MTCR).
  - ✓ India finds several Polish technologies of great relevance in its national Development Programs particularly in the areas of food processing, coal mining, green & renewable energy as well as in education.
- **Portugal:** Prime Minister of Portugal Antonio Costa attended the 14th Pravasi Bharatiya Diwas as the chief guest in Bengaluru.
  - ✓ India and Portugal inked seven pacts to expand bilateral engagement in a wide range of areas including renewable energy, start ups, agricultural trade, information technology etc.
  - ✓ Recognizing the importance of the Central role of UN in combating terrorism, the two leaders exhorted the international community to effectively implement the measures enumerated by the **1267 UN Sanctions Committee**.
  - ✓ The joint statement said both sides called for strengthening cooperation in combating terrorism in a **spirit of 'zero tolerance'**, underlining that States should not support any terror entity including 'non-state actors' on any grounds.
- **Cyprus:** Mr. Nicos Anastasiades, President of the Republic of Cyprus paid a state visit to India from April 25-29, 2017. India and Cyprus signed four agreements, including on air services, merchant shipping, agriculture, etc.
  - ✓ Cyprus supports India in its bid to enter the UN Security Council as a permanent member and as NSG member.
  - ✓ Cyprus also wants to help India to facilitate the Free Trade Agreement with the European Union.
  - ✓ Cyprus is the eighth largest investor to India with cumulative FDI of over \$8.5 billion. However, it was considered as a tax haven to route investments and India had blacklisted it as a non-cooperative country.
  - ✓ India and Cyprus had in November, 2016 signed a revised treaty for the avoidance of Double Taxation and the Prevention of Fiscal evasion.
  - ✓ Since then, India has also removed the tag of notified jurisdictional area or blacklist of Cyprus.
- **Spain:** Prime Minister recently paid official visit to Spain. The visit of Prime Minister is the first visit by an Indian Prime Minister to Spain in nearly 30 years.
  - ✓ Spain is India's seventh largest trading partner in the European Union. Two-way trade totaled USD 5.27 billion in 2016.
  - ✓ Spain is the 12th largest investor in India.

## 7. USA

### 7.1. PM MODI VISIT TO USA

PM Modi paid official visit to US. This was the fourth visit of PM to US and first direct official meet with President Donald Trump.

India-U.S. bilateral relations have developed into a "global strategic partnership", based on shared democratic values and increasing convergence of interests on bilateral, regional and global issues.

#### Highlights of the visit

The joint statement released by India and US can be seen as a renewed interest of Trump administration to actively engage with India not only in bilateral but also in global issues.

- **Defence cooperation**
  - ✓ US has cleared the sale of **22 unmanned Guardian drones** to India, with the deal being termed as a **"game changer"**. The deal, estimated to be worth \$2-3 billion, has been approved by the State Department.
- **Maritime security and data sharing**
  - ✓ Both leaders announced their intention to **'build on the implementation of the "White Shipping" data sharing arrangement**. The agreement allows countries to share data on maritime traffic and domain awareness.
  - ✓ Noting the importance of the upcoming MALABAR naval exercise, the leaders determined to expand their engagements on shared maritime objectives and to explore new exercises.
- **Terror and Pakistan**
  - ✓ In a joint statement, the leaders called on **Pakistan to ensure its territory** is not used to launch terrorist attacks on other countries.
  - ✓ They further called on Pakistan to **"expeditiously bring to justice perpetrators" of the 26/11 Mumbai, Pathankot**, and other cross-border terrorist attacks by Pakistan-based groups.
  - ✓ The US State Department moved to make **Hizb-ul-Mujahideen leader Syed Salahuddin a Designated Global Terrorist**, a move that was welcomed by India.
  - ✓ US also committed to **UN Comprehensive Convention on International Terrorism**, an Indian initiative.
- **Climate change**
  - ✓ Climate change, which was a major component of Mr. Modi's engagement with Mr. Obama, **did not come up in the joint statement with Mr. Trump**.
  - ✓ Mr. Trump had announced that the US would be **pulling out of the landmark Paris accord, pointing fingers at India and China**.
- US support for **India's permanent membership of the UN Security Council**, membership of the **Nuclear Suppliers Group, the Wassenaar Arrangement, and the Australia Group has been reiterated**.
- **North Korea**
  - ✓ Dealing with North Korea is **now a component of India-US cooperation**, and the statement obliquely blamed China and Pakistan in this context.
  - ✓ The two leaders **condemned the country's "continued provocations"**.

- **U.S. LNG for India**
  - ✓ Foreign Secretary told that from next year liquefied natural gas (LNG) from US will start flowing to India.
- **On Afghanistan**
  - ✓ Mr. Trump welcomed “further Indian contributions to promote Afghanistan’s democracy, stability, prosperity, and security”.
  - ✓ Recognizing the importance of their respective strategic partnerships with Afghanistan, the leaders committed to continue close consultations and cooperation in support of Afghanistan’s future.
- **On China**
  - ✓ The statement recognized India and US as two **“democratic stalwarts in the Indo-Pacific region”**—a clear hint towards building a coalition of democratic countries against non-democratic forces (read China) in the region.
  - ✓ **South China Sea:** Joint statement “reiterates the importance of respecting freedom of **navigation, overflight, and commerce throughout the region,**” a significant toning down of the language that possibly reflects Mr. Trump’s current ties with Beijing.
- India and the US have signed a MoU to collaborate in the fields of developmental activities and aid in third world countries. The MoU has been signed between the Millennium Challenge Corporation (MCC), and Development Partnership Administration (DPA) of the Ministry of External Affairs of India.
- **On economic front**
  - ✓ The insertion of an entire section titled **“Increasing Free and Fair Trade”** is a veiled attempt at putting the **Trump administration’s concerns on bilateral trade** on the front burner - for example, with references to **“balancing the trade deficit”, “protecting innovation”, and “increasing market access”** in areas where American industry has been most critical of Indian policy.
  - ✓ The President’s daughter will lead the U.S delegation to **Global Entrepreneurship Summit (GES)** later this year. GES is a key foreign policy initiative of former President Barack Obama to bring together global entrepreneurs and innovators, **and India will be hosting its next edition.**

**Millennium Challenge Corporation (MCC):** MCC is a US agency providing eligible countries with grants to fund country-led solutions for reducing poverty through sustainable economic growth.

**Development Partnership Administration (DPA):** DPA looks after implementation of India’s development cooperation programmes with partner countries.

## Conclusion

PM Modi and President Trump exceed the muted expectations for their first meeting.

- Mentioning North Korea, West Asia and Afghanistan, the statement talks of a **“growing strategic convergence”** between the two countries and a shared vision on world affairs.
- An emphasis on the need for **Pakistan to stop attacks on India launched from its soil**, and for **China to forge its Belt and Road Initiative** taking into account **India’s concerns on territorial and sovereignty issues.**
- However, while the two leaders were able to establish a **common understanding of global issues**, the joint statement indicates that **many bilateral issues are yet to be resolved.**

## 7.2. DEFENCE RELATIONS

Recognising India's status as a '**Major Defence Partner**' the U.S. has made changes in its export control laws that will benefit India by facilitating smoother transfer of technologies and arms.

### Significance

- It "institutionalises the progress made to facilitate defence trade and technology-sharing with India to a level at par with that of the United States' closest allies and partners.
- The new rule "**creates a presumption of approval**" for Indian companies seeking to import Commerce Department-controlled military items, except Weapons of Mass Destruction-related goods.
- This means that only under the **rarest circumstances will India be denied licenses**.
- The new rule also amends the law so that companies will not need a license at all after becoming a **Validated End User (VEU)**.
- Both sides reviewed the progress in defence ties in recent years, and welcomed the progress achieved under the **Defence Technology and Trade Initiative (DTTI)** intended to promote opportunities for co-production and co-development of weapon systems and platforms.
- In the past two years, some major agreements were signed:
  - ✓ The Defence Framework Agreement in 2015, which laid a blueprint for collaboration between the defence establishments
  - ✓ The logistics support agreement **Logistics Exchange Memorandum of Agreement (LEMOA)**.
  - ✓ LEMOA is one of the four 'foundational agreements' that the U.S. enters into with its defence partners. With LEMOA, India has signed two of the four. The General Security Of Military Information Agreement (GSOMIA) was signed in 2002.
  - ✓ Communications and Information Security Memorandum of Agreement (CISMOA) and Basic Exchange and Cooperation Agreement (BECA) for Geospatial Intelligence are the two pending ones. No timeline has been set for discussing these.

## 7.3. INDIA-US VISA DISPUTE

- In March 2016, India dragged the US to WTO's dispute settlement body against the latter's measures imposing increased fees on certain applicants for L-1 and H-1B visa categories.
- India has stated that the move would impact Indian IT professionals.
- India has alleged that the US is violating its obligations under **General Agreement on Trade in Services (GATS)** as well as the GATS Annex on Movement of **Natural Persons Supplying Services**, to not discriminate against or between non-US service providers.

### Congressional Research Service (CRS) report

- A Congressional report has warned American lawmakers that if visa dispute between India and US moves to formal settlement phase, it could possibly result in WTO-authorized trade retaliation against the U.S.
- CRS said India contends, among other things, that the 2010 and 2015 fee increases do not comply with "**most-favoured-nation (MFN) treatment**" under the **GATS**.
- In its analysis, CRS noted that the petition fees increases mandated by the 2010 and 2015 acts are "**arguably protectionist**" because they "may exceed" the government's cost in processing a visa applicant
- It also could be a **punitive measure** targeting certain employers perceived by some Members of Congress as abusers of the foreign worker visas.



### What is the H1-B visa programme Bill?

- The Bill prohibits companies from hiring H1-B employees if they employ more than 50 people and more than 50 per cent of their employees are H1-B and L-1 visa holders.
- The Bill encourages companies to recruit American workers.
- It explicitly prohibits replacement of American workers by H1-B or L-1 visa holders.
- Earmark 20% of H-1B visas for small and start-up employers.
- Strict audit and vetting by Department of Labor to clamp down on fraud or misuse.
- Prohibit spouses of H-1B visa holders from working in the US.
- Give preference to students educated in the US for H-1B visas rather than computerized lottery system.
- Crack down on outsourcing companies that import workers for temporary training and then send them back home to do the same job
- The Bill seeks to increase the minimum salary of H1-B visa holders to \$1, 30,000 per annum.
- Currently, firms need not go through extensive paperwork if the potential H1-B employee has an equivalent of a Master's degree or higher and is paid at least \$60,000 annually. The Bill aims to do away with the Master's degree exemption (as "they are easily obtained by foreign workers").

#### What is a H1-B visa?

The H1-B visa is a non-immigrant visa given by US to employ skilled workers from other countries for various specialised fields of occupation for a certain period of time.

- US issues 85,000 H1-B visas every year, a sizeable chunk of the applicants are Indians.
- The biggest beneficiaries of H-1B visas are Indians, followed by the Chinese. In 2014, 70% of total H-1B petitions approved were from Indians.
- Nearly 86% of the H-1B visas issued for workers in computer occupations go to Indian workers.

### How does this affect India?

Given the fact that India's IT companies are a major beneficiary of these visas, the move would have a big impact on their costs and earnings.

- Indian outsourcing firms such as Infosys, Wipro, Tata Consultancy Services will be badly hit.
- Indian students migrating to the states for pursuing a higher degree and tech companies that send their workers on off-site projects will be among the most affected by the changes to the visa policy.
- Apart from visa curbs, US had also recently hiked the visa fee for certain categories of the H1-B and L1 visas.

### Impact on US economy

- The Indian IT industry believes that this Bill does not address the root cause of the problem – shortage of STEM skills (or those in the areas of Science, Technology, Engineering and Math) in the U.S.
- Similarly, unless skill-based criteria are used in addition to wage-level restrictions, numerous U.S. firms will struggle to fill mid-level jobs with qualified Americans.
- If IT companies within this group are impacted by onerous new restrictions, they would likely prefer to entirely offshore their operations to India. Ironically, that could lead to job losses for American workers.

## 7.4. OTHER IMPORTANT DECISIONS

Donald J. Trump took oath as the 45th President of the U.S. He issued many executive orders that will have major global ramifications. Following are some **of his executive orders**:

### 7.4.1. TRANS-PACIFIC PARTNERSHIP (TPP) TRADE DEAL

The US president has signed an executive order formally withdrawing the country from TPP trade deal. US would pursue bilateral arrangements with the TPP signatories to find terms more favourable 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.

- The TPP accord was negotiated by former President Barack Obama's administration but never approved by US Congress.
- It had been the main economic pillar of the Obama administration's "**pivot**" to the **Asia-Pacific region to counter China**.
- Its signatories are Australia, Vietnam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Brunei. They together represent 40 percent of the world economy.

### 7.4.2. BAR ON REFUGEES AND VISITORS

- President announced that his administration had banned, for 90 days via executive order, travellers from seven nations: **Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen**. The move does not affect US allies like Pakistan, Saudi Arabia etc.
- This is halting of immigrants from certain countries temporarily until more exhaustive procedures for extensive vetting are in place
- It also placed on hold indefinitely **the U.S.'s asylum programme for refugees from Syria**, and suspended entry of all refugees to the U.S. for 120 days.
- The reason behind the move is to ensure that those approved for refugee admission do not pose a threat to the security and welfare of the United States
- The number of people to be admitted under the **refugee programme in 2017 has been cut to 50,000, less than half** of the previously planned figure of 1,10,000.

#### Impact

- This could damage **America's reputation as a melting pot of immigrants**, a beacon for bright minds and a humane force against authoritarian excesses across the world.
- The move also indicates refusal **to share the responsibility to deal with the world's worst refugee crisis**.
- The order will probably have **wider fallout in the economic sphere**.
- Top executives of Silicon Valley have criticized this as they fear it will create barriers to bringing talent to US
- This could serve as another excuse for increased terror recruits.
- Preferential treatment for Christian refugees makes a bogeyman of Muslims, a retrograde action that will exacerbate **anti-Americanism worldwide**.

## 8. JAPAN

### 8.1. INDIA-JAPAN

Prime Minister Modi visited Japan at the invitation of Prime Minister of Japan Abe. The two Prime Ministers held wide-ranging consultations.

#### Background

- India and Japan, motivated primarily by shared concerns about China, have been developing a closer defence partnership defined by regular maritime exercises and high-level political consultations.
- Amid growing competition between the United States and China in Asia, the often-overlooked relationship between two secondary powers – India and Japan – has quietly developed into a close security partnership over the past 16 years.
- **Complementarities** between the two countries
  - Japan's ageing population (23% above 65 years) and India's youthful dynamism (over 50% below 25 years);
  - India's rich natural and human resources and Japan's advanced technology;
  - India's prowess in services and Japan's excellence in manufacturing;
  - Japan's surplus capital for investments and India's large and growing markets and the middle class.
- The signing of the historic India-Japan Comprehensive Economic Partnership Agreement (CEPA) and its implementation from August 2011 is expected to further accelerate growth of trade, economic and commercial relations between the two countries.
- Japan has been extending bilateral loan and grant assistance to India since 1958. Japan is the largest bilateral donor to India. Japanese ODA supports India's efforts for accelerated economic development particularly in priority areas like power, transportation, environmental projects and projects related to basic human needs. For example
  - New Delhi metro network.
  - The Western Dedicated Freight Corridor (DFC),
  - the Delhi-Mumbai Industrial Corridor with eight new industrial townships,
  - the Chennai-Bengaluru Industrial Corridor (CBIC)
  - India's primary exports to Japan have been petroleum products, chemicals, elements, compounds, non-metallic mineral ware, fish & fish preparations, metalliferous ores & scrap, clothing & accessories, iron & steel products, textile yarn, fabrics and machinery etc.
- Japanese FDI into India grew exponentially from US\$ 139 million in 2004 to all time high of US\$ 5551 million in 2008. Currently FDI from Japan to India was US\$ 1.7 billion during January-December 2014. Japanese FDI has mainly been in automobile, electrical equipment, telecommunications, chemical and pharmaceutical sectors.

#### Outcomes of the visit

- **Synergising the partnership:** Both countries undertook a **comprehensive review of the Special Strategic and Global Partnership** as outlined in the "India and Japan Vision 2025" and acknowledged the significant progress in bilateral relations over the past two years.
- **Building stronger partnership for stable and safe world-**
  - ✓ **Emphasis on rising importance of Indo-Pacific region-** stressed the core values of democracy, peace, the rule of law, tolerance, and respect for the environment in realising pluralistic and inclusive growth of the region.

- ✓ **Consolidation of security and defence cooperation-** two Defence Framework Agreements concerning the Transfer of Defence Equipment and Technology and concerning Security Measures for the Protection of Classified Military Information.
- ✓ **Deepening bilateral security and defence dialogues,** through the “2+2” Dialogue, Defence Policy Dialogue, Military-to-Military Talks and Coast Guard-to-Coast Guard co-operation.
- **Partnership for prosperity-**
  - ✓ **A dedicated task force** to be set up comprising representatives of both countries to develop a concrete roadmap for phased transfer of technology and “Make in India.”
  - ✓ **Cooperation on the human resource development** in the manufacturing sector in India through “Manufacturing Skill Transfer Promotion Programme.”
  - ✓ The two Prime Ministers noted the growing collaboration between India and Japan in the **modernisation and expansion of conventional railway system in India.**
  - ✓ To build upon **cooperation in the field of smart cities** to develop smart islands by initiating consultations to identify technologies, infrastructure, development strategies and management processes facilitating development of smart islands in an efficient and effective manner.
- **Cooperation for a cleaner and greener future-**
  - ✓ Recognised the importance of access to reliable, clean and affordable energy and welcomed the **Japan-India Energy Partnership Initiative** laid by the Japan-India 8th Energy Dialogue held in January 2016.
  - ✓ Signed the **Agreement for Cooperation in the Peaceful Uses of Nuclear Energy** which reflects a new level of mutual confidence and strategic partnership in the cause of clean energy, economic development and a peaceful and secure world.
- **Foundation of a Future-oriented Partnership-**Both the countries signed the following MoUs-
  - ✓ MOU between JAXA and ISRO concerning Cooperation in the Field of Outer Space
  - ✓ MoU between Ministry of Earth Sciences (MoES), Republic of India and The Japan Agency for Marine-Earth Science and Technology (JAMSTEC) on **Mutual Collaboration in Marine and Earth Science and Technology.**
  - ✓ MoU between National Investment and Infrastructure Fund Limited and Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development
  - ✓ MoU between Textiles Committee, Ministry of Textiles, GoI and Japan Textiles Products Quality and Technology Centre (QTEC) in the Field of Textiles
- **Investing in people for durable partnership** by enhancing people to people contacts and in other areas of cooperation. Both countries signed several Memorandum of Cooperation (MoC) such as MOC between the Ministry of Skill Development & Entrepreneurship of India, Government of India and Ministry of Economy, Trade and Industry of Japan, Government of Japan on the Manufacturing Skill Transfer Promotion Program.

## 8.2. INDO-JAPAN NUCLEAR DEAL

India and Japan signed landmark civil nuclear deal in November 2016 which came into force in July, 2017. It enables Japan to export nuclear power plant technology as well as provide finance for nuclear power plants in India.

### Significance

- The Agreement is a crucial determining factor as the **US-based reactor vendors**, as well as other global nuclear reactor manufacturers have **alliances with Japanese companies** and

source the most critical equipment in a reactor — **the calandria or reactor vessel** — from Japanese heavy forging major Japan Steel Works (JSW). Now, after agreement India has direct agreement for Cooperation in Peaceful Uses of Nuclear Energy with Japan.

- The pact is a major achievement for India as it is Japan's **first civilian nuclear cooperation pact** with a country that has not signed the nuclear Non-Proliferation Treaty. The negotiations began in June 2010.
- The agreement confirms India's position in front of the world as a responsible nuclear nation which uses nuclear energy peacefully.
- The pact is in line with Japan's ambition to create a world without nuclear weapons.
- The **Indo-Japan nuclear pact** is crucial for energy-starved India to access sensitive technologies to generate clean electricity.
- It will boost India's strategy to pursue a low-carbon growth model in decades to come. It was formally enunciated in the Intended Nationally Determined Contribution announced at COP-21 in Paris late last year and ratified by the government on October 2, 2016.
- The deal took many years because India was reluctant to limit its option to carry out more atomic weapons' tests in case the need arose. And Japan was uncomfortable with India having a nuclear weapons programme outside the nuclear non-proliferation regime.

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## 9. AUSTRALIA

### 9.1. AUSTRALIAN PM VISIT TO INDIA

Australian PM Malcolm Turnbull paid a state visit to India.

- India and Australia have several commonalities, which serve as a foundation for closer cooperation and multifaceted interaction.
- Both are strong, vibrant, secular and multicultural democracies.
- They both have a free press and an independent judicial system; the English language is an important link.
- Cricket is a significant element in awareness at the popular level.

#### Bilateral relations

##### • Trade and investment

- ✓ Indian investment in Australia was AU\$ 10.9 billion in 2014, and Australian investment in India was AU\$9.8 billion.
- ✓ After hitting a peak of \$18 billion in FY' 12, India-Australia trade had fallen and remained stagnant at the level of \$12-13 billion between FY' 14 and FY' 16.

#### Highlights of the visit

India and Australia inked 6 pacts

- Combatting International Terrorism and Transnational Organized Crime
- Cooperation in Civil Aviation Security
- Environment, Climate and Wildlife.
- Cooperation in Sports.
- Implementation arrangement between ISRO and Geoscience Australia on Cooperation in Earth Observation and Satellite Navigation.

#### Comprehensive Economic Cooperation Agreement (CECA)

- In a bid to expedite the implementation of Comprehensive Economic Cooperation Agreement (CECA) for boosting trade and investment ties, India and Australia have decided to soon hold the next round of negotiations on it.
- Negotiations began in May 2011 on the proposed India-Australia Comprehensive Economic Cooperation Agreement (CECA) aimed at opening up bilateral investment as well as trade in goods and services. So far nine rounds of talks have been held with the last one being in September 2015.

#### Major obstacles in CEPA

- India has been reluctant to agree to Australia's demands to drastically reduce/eliminate duties on wine, dairy, pharmaceuticals, fresh fruits and meat.
- Australia has not taken a final call on India's demands to eliminate duties on textiles, automobile components and fresh fruits as well as ensure more market access - including easier mobility to a larger number of high-skilled professionals - in the services sector.
- **India- Australia nuclear deal**
  - ✓ India and Australia signed the civil nuclear deal in September 2014.
  - ✓ Australian parliament had cleared legislation for the supply of uranium to India in 2016 and now "commercial negotiations" for it are going on.
  - ✓ Australia has about 40 per cent of the world's uranium reserves and exports nearly 7,000 tonnes of the yellow cake annually.
  - ✓ While there is interest in Australian companies to be part of India's nuclear market, there are concerns in that country over safety regulations in India.
- **Security**
  - ✓ India and Australia have a long history of shared security interests, both within and beyond the Indo-Pacific region.

- ✓ India and Australia both border the Indian Ocean and have a shared interest in the maintenance of freedom of navigation and trade.

## 9.2. THE 457 WORKING VISA CHANGES

Australia abolished a visa programme used by over 95,000 temporary foreign workers, majority of them Indians, to tackle the growing unemployment in the country.

- The programme, known as 457 visa, allows businesses to employ foreign workers for a period up to four years in skilled jobs where there is a shortage of Australian workers.
- The 457 visa programme is the route many Indians use to find employment in Australia.
- According to a new rule, Australian visa will be provided in two variants: a short-term two-year entry allowance and a medium term 4-year entry allowance.
  - ✓ Under the new reforms, the applicants must be **permanent residents for at least four years** - three years longer than at present - and must be committed to embrace "**Australian values**".
  - ✓ Prospective citizens will have to pass a **standalone English test**.

### Analysis

- Indian government has warned that the move could have an impact on negotiations on the free trade agreement - Comprehensive Economic Cooperation Agreements (CECA) - between both countries.
- New visa regime shows the rise of protectionist measures in developed world to curb the movement of skilled labour. New Zealand has also tightened its visa conditions for skilled migrants.
- Earlier this month, the UK banned the issue of a short-term 'Tier 2' visa, which was primarily being used by Indian IT service companies to send engineers to work on projects in the UK.
- Analysts believe the protectionist moves by the big nations will have a big impact on the margins of Indian IT service companies, which have already been narrowing.

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# 10. 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 Homruz, 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** – After the **attack on Mumbai** and increasing **presence of China in Indian Ocean**, Indian Ocean has become an integral part of India's maritime policy.
  - 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.

## 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.

## Indian Ocean Rim Association

The Indian Ocean Rim Association (IORA) held its first summit meeting in Jakarta on 5-7 March on the 20th anniversary of its formation.

- The theme of conference was **“Strengthening Maritime Cooperation for a Peaceful, Stable and Prosperous Indian Ocean.”**

## Outcomes of summit

The 21 member states issued a strategic vision document, known as the **Jakarta Concord**, that “sets out a vision for a revitalized and sustainable regional architecture”.

- The Jakarta Concord is a strategic document which sets the ways and means to strengthen the regional architecture in the Indian Ocean Rim and elevate IORA as a regional cooperation.
- 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.**
- The Summit adopted the **Declaration on Preventing and Countering Terrorism and Violent Extremism.**
- IORA developed its **first Action Plan setting out short term, medium term and long-term flagship initiatives for 2017-2021.**

## 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** which promote inclusive and sustainable regional development.
- 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.

- **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.

- 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.

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# 11. INDIA-PACIFIC ISLANDS

## Background

- Pacific Ocean is the largest ocean of the world. With about 46% of total water surface it is bounded by 41 sovereign states and 22 non independent states.
- It is geopolitically important as major world economies such as USA, China, Russia, Indonesia and Australia share their boundary with Pacific Ocean.
- It is rich in marine resources and accounts for 71 per cent of the world's ocean fishery catch.
- There are hundreds of Islands spread across Pacific Ocean with a population of over 2.3 million people of which Fiji is the largest island.
- India which mostly has stakes in Indian Ocean is now expanding towards Pacific Ocean which also has vast hydrocarbon exploration avenues such as in Vietnam.
- Therefore India is also seeking to build its relations with Pacific Ocean Islands through Forum for India-Pacific Islands Cooperation.
- At present Pacific Islands are most vulnerable group of Islands in the world due to climate change and global warming. According to the World Risk Report five Pacific Countries are among the top 20 countries with highest average annual disaster losses scaled by GDP.

## India's Role in Pacific Islands

- The FIPIC initiative marks a serious effort to expand India's engagement in the Pacific region.
- India is also a dialogue partner of the Pacific Islands Forum (PIF) formed in 1999. India was admitted as a dialogue partner in 2002.
- India's relations with PICs are part of the extended 'Act East' policy.
- The exploitation of hydrocarbon resources in the Pacific area off the coast of countries such as Vietnam has attracted Indian participation.
- India has had a long history of cooperation and close engagement with Fiji, which has a large population of Indian origin.
- India has offered its Navy's direct support and capacity building, especially for coastal surveillance and hydrographic surveys, to gain a better understanding of maritime zones and strengthen security of EEZs.
- India has offered its capability in Space technology to help in inventory of land and water resources; fish zoning; forest resources management; coastal and ocean studies; weather and climate change; and, disaster management support.
- On trade, besides the FIPIC Trade Office in New Delhi, India is to support the development of micro, small and medium enterprises and will extend support for purchase of machinery for coconut processing and enhancing rice and sugarcane yields. India will also improve market access for Small Island Developing States.
- In the field of health, India will focus on developing capacity for health services. Generic drugs from India are presently supplied through third countries at a higher cost. India is ready to set up a pharmaceutical manufacturing plant and distribution centre in the Pacific Island region and has offered a Line of Credit for this project.

## Forum for India Pacific Islands Co-operation (FIPIC)

Recently a conference on sustainable development between India and Pacific islands was hosted by Ministry of External Affairs.

### About the conference

- The conference is being held **under the framework of the Forum for India Pacific Islands Co-operation (FIPIC)**, with The Energy and Resources Institute (TERI) as its key knowledge partner.
- It focused on issues such as the blue economy, adaptation-mitigation practices for climate change, disaster preparedness, health, the International Solar Alliance as well as finding practical solutions to Nationally Determined Contributions (NDC) implementation.
- It will facilitate the exchange of knowledge and experience, and initiate public-private partnerships and collaborations for the benefit of all participating countries.

### Major challenges faced by PIC

- Presence of large economies such as US, Russia, Australia, China etc. and **unequal utilisation of resources**.
- Many disputes due to **overlapping EEZ** such as South China Sea. East china sea etc.
- Highly vulnerable to **climate change, global warming and natural disasters**.
- The islands are spread over a **vast area** which makes development of infrastructure difficult.

### Way Forward

- India's engagement need to be consistent in the region as India's involvement has neither been colonial nor dominant in the region as compared to other countries.
- Indian diplomatic representation is weak and many of the PIF members are covered by small non-resident Indian missions which are not able to make frequent visits. More frequent visits are required, which implies strengthening our Missions covering the region.
- The PIF countries face significant development challenges and threats from global warming induced rise in sea levels and extreme weather events. Transport, communications, renewable energy, health services, fisheries ("blue" economy), and agro-based industries are areas where India can make an impact.
- Initiatives such as **Business Accelerator for Forum for India - Pacific Islands cooperation (FIPIC) will** prove successful to promote trade and investment and increase business from both the sides.
- There is demand for services of Indian experts and for training of personnel in India in a wide variety of fields. More opportunities could be provided for students from these countries to study in India.
- FIPIC consist of 14 counties which have overlapping exclusive Economic zones with a fairly large area of the ocean. At present there is an annual trade of about 300 million dollars which can be further strengthened.
- India's strong relations with Fiji, which has considerable influence in the region could help counter the growing Chinese influence.
- The support of these countries is key to India's attempt to become a permanent member of the UN Security Council

### About FIPIC

- FIPIC was formed in November 2014, to strengthen India's relationship with the Pacific Island Countries.
- The first FIPIC summit was held at the level of Heads of Government in November 2014 in Suva, Fiji, followed by the FIPIC-II summit held in August 2015, in Jaipur, India.
- India hosted the second summit of the Pacific Islands countries, **Forum for India-Pacific Islands Cooperation (FIPIC)**, in Jaipur, as part of a strategy to expand its presence in the region which is important from an economic and geostrategic standpoint.
- The summit in Jaipur underlined the **growing geostrategic importance of the 14 South Pacific islands** that lie at the centre of a **key maritime route** rich in resources and **one of the largest voting blocs in the United Nations**.

# 12. RUSSIA

## 12.1. INDIA-RUSSIA

### India's concerns with Russia

- **Russia-china relation**
  - ✓ India's concerns vis-à-vis its once "trusted strategic partner" include its present tilt towards China with which India has a difficult relationship mainly due to an unsettled border dispute and Beijing's close ties with Pakistan.
- **Russia –Pakistan relation**
  - ✓ Last year, Russia held its first ever military exercises with Pakistan, raising concerns in India.
  - ✓ Russia did not back India's demand to name two Pakistan-based terror groups as perpetrators of terrorism against India last year at the Goa BRICS summit did not go down well with India.
- **Issue of Terrorism**
  - ✓ There are divergences between New Delhi and Moscow on terrorism emanating from Pakistan and Afghanistan as well with Russia favouring a role for the **rebel Taliban in a future Afghanistan** against the rise of the Islamic State in the war-torn country.

### Russia's concerns with India

- On its part, Russia has been concerned at the rapidly warming ties between India and the US including the recent signing of a military logistics agreement.

### Convergence of interests

- Both India and Russia have now realized that in their quest for global power status, it is imperative that they restore the climate of intimate friendship.

### Importance of India for Russia

- A market for its goods to bypass Western sanctions imposed after its power push in Ukraine.
- The forthcoming Transatlantic Trade and Investment partnership driven by the US will also force Russia to eye markets beyond Europe. India is a natural partner.
- Despite its renewed friendship with China, Russia will soon find itself in competition with it as Beijing regards itself as the new G2 along with the US.
- India can help provide the multi-polarity that Russia fiercely seeks.

### Importance of Russia for India

- It can meet its abundant energy requirements at a cost-effective price.
- Despite expanding its defence purchases from the US, Israel and Europe, India still needs to collaborate with Russia to master future technology including for space.
- It improves India's bargaining power when it negotiates arms sales with the West.
- Russia can be a major market for Indian industry such as pharmaceuticals, manufactured goods, dairy products, bovine meat and frozen seafood.
- Geopolitically, Russia continues to be a balancing force against any designs China and Pakistan may have in our region.

## 12.2. RUSSIAN PRESIDENT VISIT TO INDIA

- The Russian President visited India for the 17th bilateral summit between India and Russia.
- PM Modi highlighted the “special and privileged strategic partnership” between India and Russia by quoting that, “An old friend is better than two new friends.”

### Key Highlights of the Bilateral Summit

- **Cross Border Terrorism-** Condemned unequivocally and sealed a deal on ‘information security’ to counter terrorism, drug trafficking and other illegal cross-border activities.
- **Defence Sector-** Agreement to buy Russia’s most advanced S-400 ‘Triumpf’ anti-missile defence system, to manufacture Kamov-226T utility helicopters and four improved Krivak or Talwar class stealth.
- **Regional Integration and Trade-** Emphasize on implementation of the International North-South Transport Corridor (INSTC).
- **Infrastructure and Technology-** Russian Direct Investment Fund (RDIF) to invest in a sub-fund under the National Infrastructure Investment Fund (NIIF) of India.
- **Nuclear Power Project-** Modi and Putin both jointly declared the second unit of Kudankulam Nuclear Power Plant (Units 5 and 6).
- **Russian Largest FDI in India-** Russian oil firm Rosneft and United Capital Partners signed an agreement to acquire Essar Energy Holdings Ltd’s refining and retail assets at \$10.9 billion, making it Russia’s largest foreign direct investment in India.

## 12.3. PM MODI VISIT TO RUSSIA

Prime Minister Narendra Modi was in St Petersburg for the **18th India-Russia annual summit** as well as the St Petersburg International Economic Forum.

### St Petersburg Declaration

- Marking 70 years of diplomatic ties, India and Russia signed the **St Petersburg Declaration**.
- The Declaration was signed following the annual bilateral summit between Prime Minister Narendra Modi and Russian President Vladimir Putin.

#### MoUs/agreements signed during the PM visit to Russia

India and Russia reaffirmed their “**special and privileged strategic partnership**” and signed five pacts.

- The **program of cultural exchanges between** the Ministry of Culture of the Russia and the Ministry of Culture of the Republic of India for 2017-2019.
- The General Framework Agreement for the construction of the **third stage of the Kudankulam NPP (KK5 & KK6) along with the Credit Protocol**.
- Agreement between the Federal Service for Intellectual Property (Rospatent) and the Council of India on Scientific and Industrial Research on **granting access to Rospatent experts to the Indian Digital Library of Traditional Knowledge (TKDL)**.
- The contract between JSC (Russian Railways) and Indian Railways on the preparation of the justification for the implementation of the **high-speed service at the Nagpur-Secunderabad section**.

### Important points of St Petersburg Declaration

- Stating that the economies of India and Russia complement each other in the energy sector, it said that they would “**strive to build an 'Energy Bridge'** between our states and expand bilateral relations in all areas of energy cooperation, including **nuclear, hydrocarbon, hydel and renewable energy sources and in improving energy efficiency**”.
- It also stated that both countries were interested in launching **joint projects on exploration and exploitation of hydrocarbons in the Arctic shelf of Russia**.

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- Regarding the **new world order**, the Declaration said both India and Russia "regard the establishment of the **multi-polar global order in international relations** as a reflection of natural and inevitable process of evolution of interstate relations in the 21st century".
- Russia reaffirmed its support for **India's bid for permanent membership in the UN Security Council and the Nuclear Suppliers Group**.
- **Both countries strongly condemned terrorism** in all its forms and manifestations.
- They urged all countries and entities to "work sincerely to disrupt terrorist networks and their **financing, and stop cross-border movement of terrorists**" and called for "early conclusion of negotiations on the **Comprehensive Convention on International Terrorism** to strengthen the global counter-terrorism normative and legal framework to combat this scourge".
- **On defence cooperation**, it said both countries upgrade and intensify this cooperation, "through **joint manufacture, co-production and co-development of military hardware** and military spares, with increasing reliance on the adoption and sharing of future technologies.
- They also would work on development of **high speed railways, dedicated freight corridors**, and application of newer technologies for efficient rail transport.
- **On connectivity**, it said this must be strengthened based on **dialogue and consent of all parties concerned with due respect to sovereignty**, while reiterating their commitment to build effective infrastructure for the **International North South Transport Corridor and implementation of the Green Corridor**.

## 12.4. RUSSIA PAKISTAN RELATIONS

### Why in news?

India has expressed its concern over growing Russia-Pakistan ties at the 22<sup>nd</sup> India-Russia Inter Governmental Commission, after the Russia and Pakistan held joint military exercise.

### Background

- The relationship between India and Russia has seen a change over the last few years. This is because of India's expanding ties with **USA** especially its growing defence relationship with USA.
- India's foundational defence agreements with USA i.e. **Logistics Support Agreement (LSA), Communications Interoperability and Security Memorandum of Agreement (CISMOA) and Basic Exchange and Cooperation Agreement (BECA)** have also erred Russia. However, Russia still remains the biggest supplier of defence equipment.
- Russia is improving its relations with **Pakistan** to ensure better participation by Pakistan in ending **Civil War in Afghanistan**. The Russia-Pakistan improved relationship is not pleasing for India which has also been voicing out its inhibition.

### Russia- Pakistan Relations

- Historically, the relations between Pakistan and Russia have has its ups and down.
- Pakistan was a newly formed state at the time of cold war in 1947. Owing to its infancy, there was a need to develop **human resources**, increase **military assets** and resolve **constitutional problems**. For this it needed **financial support**.
- Pakistan during this period weighed USA's support more than Russia's. Therefore it eventually signed **SEATO (1954)** and **CENTO (1955)** explicitly showing allegiance to **Western Bloc**. Thus making Pakistan and Russia **Cold War rivals**.
- However, only recently in November 2014 Russia lifted its **self-imposed arms embargo on Pakistan** and signed a landmark **military cooperation agreement**. This move has given a positive turn to Russia-Pak relations.



- **Counter Terrorism**
  - Both the countries share a common threat i.e. Islamic State of Iraq and Levant.
  - Establishment of **Joint Working Group on Counter Terrorism, Joint Working Group on Strategic Stability and Inter Governmental Joint Commission** with Russia
  - Increased coordination on **combating Narcotic Trade**.
  - Handing over of **Chechen Terrorist** by Pakistan to Russia.
- **Economic Relations** - There is also improvement in **trade and investment**. The volume of trade in 2003 was 92 million dollars which increased to 542 million dollars in 2012.
- Russia which currently faces several sanctions after its aggression in Ukraine, is set to find **new market** for its defence equipment in Pakistan.
- Russia is also looking to improve the links with **Central Asia** for which **peace in Afghanistan** is important. Pakistan's role in establishing resolving civil war in Afghanistan through dialogue with Taliban is crucial.
- Pakistan has offered Russia to use the new **Gwadar port**.

### Way Forward

- Russia's change in stance is evident of its re-energised role in Afghanistan. It can be seen as a positive step towards establishing peace in the neighbourhood.
- This will also help India to utilise peaceful Afghanistan and develop its proposed **International North South Corridor** and link with Central Asia. Further this will also boost bilateral ties and increase regional connectivity.
- However, India should explore other sector of cooperation with Russia such as **pharmaceuticals, agriculture, food processing** etc. to improve its trade prospects and achieve the bilateral trade target of 30 billion dollars by 2025.
- The **General Framework Agreement** for Kundankulam is still pending, India should move fast to safeguard its energy needs.
- The link between the think tanks from both the countries should be revived as this will ensure training and raising a new generation of **Indologists in Russia**.
- Changing Geo-Political situation across Asia makes it important for India to balance its ties between US and Russia well, to maintain its **leadership role in South-Asia**.

## 13. IMPORTANT INTERNATIONAL/REGIONAL GROUPS AND SUMMITS

### 13.1. BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) celebrated its 20th anniversary on June 06, 2017.

#### About BIMSTEC

- The BIMSTEC comprises **India, Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, and Thailand.**
- The **permanent secretariat** of BIMSTEC was established in **Dhaka in 2014.**
- The BIMSTEC region is home to around 1.5 billion people which constitute around **22% of the global population.**
- BIMSTEC is a **sector-driven cooperative organization, starting with six sectors**—including trade, technology, energy, transport, tourism and fisheries.
- It expanded to embrace **eight more sectors**—including agriculture, public health, poverty alleviation, counter-terrorism, environment, culture, people to people contact and climate change—in 2008.

#### Importance of BIMSTEC for India

India is a founder-member of BIMSTEC. India has been clearly signaling its renewed interest in BIMSTEC. With the South Asian Association for Regional Cooperation (SAARC) faltering badly due to Pakistan's support to cross-border terrorism, India seems to be giving prominence to BIMSTEC.

- BIMSTEC, in fact, is a **bridge between South Asia and Southeast Asia**, and India is the prime mover behind the recent moves on this regional grouping.
- Energising it would also accelerate **India's Act East policy.**
- The other advantage is that it would give impetus to India's domestic goal of **developing the northeastern region**, which is the country's geographical **gateway to the East and South-East Asia.**
- The ongoing **India-Myanmar-Thailand Trilateral Highway** and the **India-Myanmar Kaladan Multimodal Transit Transport Project** are expected to further augment connectivity and economic cooperation in the sub-region and beyond.
- India is keen for a **Motor Vehicle Agreement between India, Myanmar and Thailand**, as has been forged by Bangladesh, Bhutan, India and Nepal (BBIN) and signed in June 2015. Such an agreement will **facilitate the movement of goods, services and people** between these countries and boost productivity and trade.
- India is already the lead country for **four priority sectors**, namely, transportation and communication, environment and disaster management, tourism, and counter-terrorism and trans-national crime.

#### Potential of BIMSTEC

BIMSTEC indeed has huge potential to emerge as a grouping that can accelerate the process of regional integration, security cooperation, and inclusive growth in this region.

- In the last five years, BIMSTEC member states have been able to sustain **an average 6.5% economic growth trajectory** despite global financial meltdown.

- The free trade agreement being negotiated by the seven-nation will help in elimination of non-tariff measures and give a big push to trade in the region.
- The BIMSTEC region has a huge amount of **untapped natural, water, and human resources**, from hydropower potential in the Himalayan basin to hydrocarbons in the Bay of Bengal.
- BIMSTEC, unlike SAARC, is an **“issue-free relationship”** where all countries are looking for cooperation in development processes. Also unlike SAARC, BIMSTEC has **no written charter and thus more flexible**.
- With five countries that also belong to SAARC and two that belong to ASEAN, BIMSTEC can serve as **the bridge between South Asia and Southeast Asia**.
- Further, with rich history of maritime commerce across the Bay of Bengal and being high-end tourist destination there exist enormous possibilities for regional economic cooperation among the members of the BIMSTEC and **SAARC (minus Pakistan)**.

### Challenges for BIMSTEC

In 1998, the regional group proposed entering a **free trade agreement (FTA)** with India and Thailand, two main partners, pushing for **‘Look East’ and ‘Look West’ programmes**, respectively. But, the BIMSTEC free trade agreement remained a pipe dream.

- Issues of **refugee issues and ethnic tension** among BIMSTEC member countries would pose a challenge to the grouping.
- Despite its huge potential in terms of enhancing regional cooperation between parts of South and Southeast Asia, **BIMSTEC has long suffered from lack of resources and proper coordination among member states**.
- So far, BIMSTEC has held only **four summit meetings in last two decades**.

### Conclusion

The idea of BIMSTEC as a bridge between South and Southeast Asia is a compelling one, owing largely to the failed narrative of SAARC. To achieve true potential of BIMSTEC requires early conclusion of FTA and regular high-level summits.

## 13.2. ITI-DKD-Y CORRIDOR

India is actively working with Asian countries to establish a railway network, starting from Dhaka to Istanbul, which would cover a 6,000-km journey across five countries - **Bangladesh, India, Pakistan, Iran and Turkey**.

- India already has connectivity with Bangladesh and Pakistan. But there is a proposal to extend this linkage to Istanbul (Turkey).
- This proposed **“Trans-Asian Railway (TAR)”** or the **“ITI-DKD”** (Istanbul-Tehran-Islamabad; Delhi-Kolkata-Dhaka) corridor will be 6,000 km long, covering Dhaka-Kolkata-Delhi-Amritsar-Lahore-Islamabad-Zahedan-Tehran- Istanbul.
- There is also a proposal to extend this corridor to **Yangon (Myanmar)**. Thus, the **“ITI-DKD-Y”** corridor could become one of the major international rail corridors in the world.
- The feasibility studies of the strategic route connecting the capitals of the countries have been done by the **United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)** as part of its **Trans-Asian Railway (TAR)** project for an integrated freight network across Europe and Asia.
- A meeting was organised in New Delhi by the UNESCAP with the Ministry of Railways and Organisation for Co-operation between Railways, to deliberate on the concept and remove bottlenecks.

## 13.3. WORLD TRADE ORGANIZATION

### 13.3.1. WTO DIRECTOR GENERAL VISIT TO INDIA

WTO Director General Roberto Azevêdo visited India. During the visit, India flagged number of issues pending in WTO to be resolved before **December 2017 Ministerial Conference (MC) in Argentina**.

- Commerce Minister highlighted the need to ensure that the processes on outstanding issues- including arriving at a **permanent solution to the issue of public stock-holding for food security purposes**- of the WTO's Doha Round negotiations are completed before the December 2017 Ministerial Conference (MC) in Argentina.
- India will send an expert team to the World Trade Organisation headquarters in Geneva to ensure that negotiations on **food security issues and the proposed global services pact are expedited**.

#### India's opposition to inclusion of new issues:

India is against introduction of **'new issues'** into the formal agenda of the WTO-level negotiations on liberalisation of global trade without consensus among all the WTO Members. The issues that have been identified for inclusion in the WTO are **electronic commerce and investment**.

#### A. Electronic commerce issue

- Their inclusion has been supported by the **International Chamber of Commerce (ICC) and the B-20** (Business 20, representing the business groups of G-20 countries).
  - ✓ The ICC and B-20 tabled a proposal in September 2016 for the adoption of a "WTO package" on e-commerce.
  - ✓ This proposal speaks of **promoting micro, small and medium enterprises (MSMEs) through the better adoption of e-commerce**.
  - ✓ The proposal argues that an effective e-commerce environment would level the playing field between large and small businesses, thus enabling the latter to overcome the hurdles in accessing markets.
  - ✓ The WTO Director General has given strong endorsement to e-commerce. He has pointed out that the increase in Internet penetration (43% of the global population).
  - ✓ In 2015, Internet penetration in the least-developed and low income countries was 12.6% and 9.4%, respectively. Even for the low middle income countries, the figure was below the global average.
- Due to **huge disparities in Internet penetration** between developed and developing countries the likely beneficiaries from e-commerce would be developed countries.

#### B. Investment issue

- The focus is on **the investor state dispute settlement process**, using which investors can sue their host states in private international panels.
- India has opposed the **attempts** by some rich countries to work towards a global investment agreement at the WTO-level that would incorporate a contentious **Investor-State Dispute Settlement mechanism**.

### 13.3.2. TRADE FACILITATION IN SERVICES (TFS) AGREEMENT

India has asked WTO for expediting the negotiation process for a global services pact.

- India had submitted to the World Trade Organisation (WTO) a legally-vetted proposal for a **Trade Facilitation in Services (TFS) Agreement**.

### Trade Facilitation in Services (TFS) Agreement

The proposed pact is similar to the **WTO's Trade Facilitation Agreement (TFA) in Goods** that recently came into force, and aims to ease customs norms to boost global goods trade.

- The proposed TFS, among other things, aims to ensure **portability of social security contributions and cross-border insurance coverage to boost medical tourism.**
- India had specified that the proposed TFS pact is also **about 'facilitation,'** that is "making market access 'effective' and commercially meaningful and not about 'new' (or greater) market access."
- TFS, among other things, aims to **ease norms for movement of skilled workers across borders.**
- The TFS agreement will address the key issues that are pertinent to facilitating trade in services, such as **transparency, streamlining procedures, and eliminating bottlenecks.**
- India argued that the draft legal text covering **Mode 1 (cross-border services), Mode 2 (consumption abroad) and Mode 4 (movement of short-term services providers or natural persons)** is based "on a careful mix of certain mandatory obligations, and those qualified as 'to the extent practicable,' or as 'endeavor' obligations."
- India argued that it provides for **special and differential treatment provisions** under which developing countries are offered transition period while least-developed countries are exempted from undertaking any commitments arising out of the TFS agreement.
- Several developing countries said that it would impose burdensome commitments on them.
- Major industrialized members such as the European Union (EU), Canada, Switzerland, Australia and New Zealand, among others, welcomed the Indian proposal.

#### 13.3.3. GLOBAL INVESTMENT AGREEMENT

India, along with Brazil, Argentina and some other nations, has rejected an informal attempt by the European Union (EU) and Canada to work towards a global investment agreement at the WTO.

- The EU and Canada have inked an investment pact that has incorporated the contentious **Investor-State Dispute Settlement (ISDS) mechanism.**

#### What is Investor-State Dispute Settlement (ISDS) mechanism?

- The ISDS mechanism has become contentious as it permits companies to drag governments to international arbitration without exhausting the local remedies.
- It also allows companies to claim huge amounts as compensation citing losses they suffered due to reasons, including policy changes.

#### India's Position

- International arbitration tribunals can only be used when all local options have been exhausted for settling disputes between a corporate and a government.
- It also held that such provisions (ISDS mechanism) could be a part of bilateral agreements but they can't be allowed in a multilateral agreement.

### 13.4. INTERNATIONAL CRIMINAL COURT

- Burundi, South Africa and Gambia have quit ICC. Kenya and Uganda now, intend to follow the suit. Russia also formally withdrew from the **International Criminal Court (ICC)** in the backdrop of court publishing report recognising the annexation of Crimea as a military conflict between Russia and Ukraine and classified it as an occupation.



**ICC: Areas of Concern**

- **Lack of Jurisdiction-** ICC does not have jurisdiction over some of the most powerful nations in the world such as US, Russia, China and Israel.
- **Narrow Mandate-** It does not investigate rights violations of five permanent members of the UN Security Council: the US, Great Britain, France, Russia and China.
- **No free authority-** its authority is dependent on the cooperation of the international community.
- Politicized Prosecution and Unaccountable Prosecutors despite having safeguards in place against politically motivated prosecutions.
- **Ambiguity between State Sovereignty vs Universal Jurisdiction-** Ambiguities arise in the relationship between the legal and political underpinnings of the ICC because the Court is weakened by policies that remain dominated by a sovereign model, despite operating principally within a universalist legal framework.

**About ICC**

- It is the world's first legal body with permanent international jurisdiction to prosecute genocide, crimes against humanity and war crimes.
- The 124-member ICC is based in The Hague.

**What needs to be done?**

- There are many ambiguities in Rome Statute which needs to be removed.
- Support from permanent members of the UN Security Council which holds veto powers over the cases of the ICC.
- Focus on increasing the capacity of the ICC to ensure that it can conduct its existing investigations and cases effectively.
- A clear action plan with proper funding mechanism.
- Strengthening investigation and prosecution with transparency and accountability measures.
- Support for participation and effective representation of the victims.

**13.5. UN HUMAN RIGHTS COUNCIL**

Russia lost its bid to retain a seat on the UN Human Rights Council due to allegations of war crimes in relation to its policies in Syria.

**Why is it important?**

It was the first time since the UNHRC's creation a decade ago that one of the Security Council's five permanent members failed to be elected to the council.

**Possible Impacts after ousting Russia**

- It is unlikely to create any significant change in Russian foreign policy toward Syria.
- It may further fuel already tense relations between Russia and the West, particularly the United States, and worsen the human rights situation in Russia itself.
- Russia's ousting from the UNHRC is inconsistent with Saudi Arabia's successful reelection to the council. Despite harsh criticism regarding Saudi Arabia's actions in the Yemeni civil war,

**About UN Human Rights Council**

- The council is 47-member body in based in Geneva.
- It was created in 2006 to promote human rights globally.
- Members of the council work to engage countries on improving human rights.
- They make decisions ranging from exposing violations to recommending that the Security Council make a referral to the International Criminal Court.
- The council doesn't have the authority to take action but can exert significant pressure on the violating country and set up special rapporteurs with the mandate to investigate and report human-rights abuses.

the country kept its place on the Human Rights Council. It underscores the use of human rights as a tool of Western intervention

## 13.6. UNCITRAL

The United Nations Commission on International Trade Law (UNCITRAL) recently completed 50 years of establishment. Its celebration was hosted by India.

### About UNCITRAL

- It is the core legal body of the United Nations system in the field of international trade law.
- UNCITRAL was established in 1966 with a recognition that “international trade cooperation among States is an important factor in the promotion of friendly relations and, consequently, in the maintenance of peace and security”.
- Its business is the modernization and harmonization of rules on international business.
- There are 60 members in UNCITRAL elected for six years- 14 from Asia, 14 from Africa, 10 Latin American and Caribbean, 8 Eastern European and 14 western European and other states.

### Role of UNCITRAL

Trade means faster growth, higher living standards, and new opportunities through commerce. In order to increase these opportunities worldwide, UNCITRAL is formulating modern, fair, and harmonized rules on commercial transactions. These include:

- Conventions, model laws and rules which are acceptable worldwide
- Legal and legislative guides and recommendations of great practical value
- Updated information on case law and enactments of uniform commercial law
- Technical assistance in law reform projects
- Regional and national seminars on uniform commercial law

Its **key achievements** can be summarised as under:

- **United Nations Convention on the Recognition and Enforcement of Arbitral Awards 1958**, or the **New York Convention**, which seeks to provide common legislative standards for the recognition of arbitration agreements and enforcement of foreign and non-domestic arbitral awards.
- It formulated and brought into force the **United Nations Convention on Contracts for the International Sale of Goods**, which provides a modern, uniform and fair regime for contracts for the international sale of goods. This has brought certainty in commercial exchanges and decreasing transaction costs.
- **The United Nations Convention on the Carriage of Goods by Sea** establishes a uniform legal regime governing the rights and obligations of shippers, carriers and consignees under a contract of carriage of goods by sea.
- For dispute resolution, it formulated and brought into force the **UNCITRAL Arbitration Rules** in 1976, 1980 and 1982. Further, the **UNCITRAL Model Law on International Commercial Arbitration** is designed to assist States in reforming and modernizing their laws on arbitral procedure, and covers all stages of arbitration.
- **UNCITRAL Model Law on International Commercial Conciliation 1985**, provides uniform rules in respect of the conciliation process to encourage the use of conciliation and ensure greater predictability and certainty in its use.

## UNCITRAL and India

- India is a founding member of UNCITRAL.
- India is only one of eight countries that has been a member of UNCITRAL from its inception, and has recently been re-elected for a term of six years
- UNCITRAL's conventions and its model legal texts have formed the basis of new enactments in India and amendments to a wide array of our commercial legislation ranging from
  - ✓ the Arbitration and Conciliation Act 1996,
  - ✓ the Information Technology Act, 2000 and
  - ✓ the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 etc.
- UNCITRAL's seminal model law on international commercial arbitration 1985 has formed the bedrock of India's Arbitration and Conciliation Act, 1996.

## 13.7. TIR CONVENTION

The Union Cabinet has given its approval for India's accession to the Customs Convention on International Transport of Goods under cover of TIR Carnets (TIR Convention) and for completion of necessary procedures for ratification, for its entry into force.

### Benefits from Convention

The Convention will help Indian traders to have access to fast, easy, reliable and hassle free international system for movement of goods by road or multi-modal means across the territories of other contracting parties.

- By joining the convention, the need for inspection of goods at intermediate borders as well as physical escorts en route shall be obviated due to reciprocal recognition of Customs controls.
- **Customs clearance can take place at internal Customs locations** thereby avoiding clearances at Border Crossing Points and ports that may often be congested.
- The TIR Convention facilitates trade and international road transport by **permitting customs-sealed vehicles and containers to transit nations without them being generally inspected at border crossings.**
- **TIR's single transit document also significantly reduces the risk of presenting inaccurate information**, while only approved transporters and vehicles are allowed to operate.
- Compliance with the Convention shall **ensure enhanced security in the supply chain** as only approved transporters and vehicles are allowed to operate in terms of the Convention.
- As the TIR Carnet represents **a guarantee for Customs duties and taxes and traffic in transit**, there is no need for payment of such taxes and duties en route.
- The TIR carnet also serves as a Customs declaration, and hence it precludes the **need to file multiple declarations satisfying national laws of the different transiting countries.**
- The TIR Convention can be an instrument for movement of goods along the **International "North-South" Transport (INSTC) Corridor** and would be helpful in boosting trade with the Central Asian Republics and other Commonwealth of Independent States (CIS), particularly using ports in Iran like the Chabahar port.
- India's participation in TIR may also facilitate trade with **its eastern and western neighbours.**

### About TIR

The Customs Convention on International Transport of Goods under cover of TIR Carnets, 1975

(TIR Convention), is an international transit system under the auspices of the **United Nations Economic Commission for Europe (UNECE)** to facilitate the seamless movement of goods within and amongst the Parties to the Convention.

- India will be the **71st signatory to this international transit system**.
- The two countries which signed TIR before India were **Pakistan (2015) and China (2016)**.

### 13.8. COMMISSION ON THE LIMITS OF THE CONTINENTAL SHELF (CLCS)

India will- for the first time in two decades- not have a member in a prestigious, U.N. scientific body, **Commission on the Limits of the Continental Shelf (CLCS)**.

- The CLCS has five-year tenure and elections are due in June for the 2017-2022 term.
- Rasik Ravindra is India's current member of the CLCS.
- Ministry of External Affairs (MEA), which formally nominates Indian candidates, chose to nominate a person to another U.N. body, called the International Tribunal for the Law of the Sea (ITLOS).
- In CLCS, the sitting members from the Asia-Pacific region are **China, Japan, South Korea, Pakistan, Malaysia and India**, and all countries, except India, are learnt to be sending candidates for both posts.
- India became a signatory to the UNCLOS in 1982 and has had continuous representation in CLCS, ITLOS and the International Seabed Authority (ISA) since their inception in 1997, 1996 and 1994 respectively.

#### Implications of this move

Not having an Indian in this 21-member group would mean that China and Pakistan would likely "grab" two of the five seats allotted to the so-called Asia-Pacific group.

#### Why membership of CLCS is important for India?

- It is a prestige to have member in scientific body.
- A membership of the commission allows India **to gauge the scientific strength of claims by countries** to parts of the seabed that, like territorial waters, are often hard to demarcate. Such information is privy only to participants.
- India has had disputes with several neighbours- Pakistan, Bangladesh and Sri Lanka- over how the continental shelf (the seabed under the Arabian Sea, the Indian Ocean and the Bay of Bengal) can be fairly distributed.
- India has huge interest in CLCS and applied for extending the **Exclusive Economic Zone (EEZ) up to 350 nautical miles from the existing 200 nautical miles**.

#### About CLCS

**Commission on the Limits of the Continental Shelf (CLCS) is one of the three institutions created under the 1982 United Nations Convention on the Law of the Sea (UNCLOS)**. The other two institutions are the International Tribunal for the Law of the Sea (ITLOS) and the International Seabed Authority (ISA).

- The purpose of the CLCS is **to facilitate the implementation of the UNCLOS** in respect of the establishment of the **outer limits of the continental shelf beyond 200 nautical miles (M) from the baselines** from which the breadth of the territorial sea is measured.
- To consider the data and other material submitted by coastal States concerning the outer limits of the continental shelf in areas where those limits extend beyond 200 nautical miles.

- To provide scientific and technical advice, if requested by the coastal State concerned during preparation of such data.

### 13.9. EURASIAN ECONOMIC UNION (EAEU)

India is set to formalise a free trade agreement with the Eurasian Economic Union.

#### Significance of FTA for India

- Trade between India and the five Eurasian countries stands at about \$11 billion.
- The FTA is expected to open up a huge market with a trade potential of \$37 to 62 billion.
- The Eurasian market could open up new export opportunities for Kerala in medical tourism, IT and IT-enabled services, besides traditional sectors like spices, marine products, coir and rubber.

#### About Eurasian Economic Union

- The Eurasian Economic Union comprises Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan.
- The Eurasian Economic Union has an integrated single market of 183 million people and a gross domestic product of over 4 trillion U.S. dollars (PPP).

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## 14. MISCELLANEOUS

### 14.1. INDIA'S ASYLUM POLICY

#### Why in News?

- With the government highlighting human rights abuses in Balochistan, conversations about India's asylum policy have arisen.
- Also the Rohingyas, an ethnic group from the Rakhine state in Myanmar, are seeking shelter in India.
- India has one of the largest refugee populations in South Asia, but is yet to enact a uniform law that addresses the issue of asylum.

#### State of refugees in India

- At the end of 2015, according to the United Nations refugee body, there were 2, 07,861 persons of concern in India, of whom 2, 01,281 were refugees and 6,480 asylum seekers.
- India has, over the years, offered shelter to Tibetans, the Chakmas of Bangladesh, Afghans and ethnic Tamil refugees from Sri Lanka.
  - ✓ **Tibetans who arrived between 1959 and 1962**, were given adequate refuge in over 38 settlements.
  - ✓ **The Afghan refugees fleeing the civil war in the 1980s** live in slums across Delhi.
  - ✓ **The Rohingyas**, an ethnic group from the Rakhine state in Myanmar, are one of the most persecuted groups in the world. **Over 13,000 Rohingya refugees** are registered with the United Nations High Commissioner for Refugees (UNHCR) in India.

#### Difference between asylum seeker and refugee

- According to the UNHCR, the UN refugee agency, **asylum seekers** are individuals who have sought **international protection** and whose claims for refugee status have not yet been determined, irrespective of when they may have been lodged.
- **Refugees** are individuals recognised under the **1951 Convention** relating to the Status of Refugees, its 1967 Protocol, the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa, those recognised in accordance with the UNHCR Statute, **individuals granted complementary forms of protection, or those enjoying temporary protection.**

#### How are the entry of refugees and asylum seekers determined in India?

- India has **not signed** the **1951 United Nations Refugee Convention** on the Status of Refugees, or its 1967 Protocol that stipulates the rights and services host states must provide refugees.
- **The Passport (Entry of India) Act, 1920, The Passport Act, 1967, The Registration of Foreigners Act, 1939, The Foreigners Act, 1946, and The Foreigners Order, 1948**, are consulted by Indian authorities with regard to the entry of refugees and asylum seekers.
- Refugees have been **accorded protection** by the judiciary (National Human Rights Commission vs State of Arunachal Pradesh, 1996).
- In addition, **the Supreme Court has held that** the right to equality (Article 14) and right to life and personal liberty (Article 21) extend to refugees.
- In December 2015, a Private Member's Bill called the Asylum Bill, 2015, was introduced in Lok Sabha to provide for the establishment of a legal framework to consolidate and harmonise India's refugee policies. The Bill is yet to be taken up for consideration.

#### Reasons for India not signing the UN Convention:

- It can upset the demographic balance in the country as the borders around South Asia are porous.

- Due to the influx of refugees, it can put pressure on the local infrastructure as seen presently in the case of the European Developed countries.
- The convention provides 34 freedom and rights to the refugees; these are in confrontation with the rights enshrined in the Constitution.

### Way forward

Adoption of a uniform asylum law for all refugee communities would allow for the codification of India's best practices with respect to asylum, which would eliminate the need to revisit its historical policies each time it faces a new question of refugee protection. A national asylum law would also reduce the need for parallel mechanisms, and put in place a structured system for asylum management in the future.

## 14.2. EVACUATION POLICY

At present, India does not have a comprehensive evacuation policy to evacuate Indian stranded in conflict zone.

- India has conducted more than thirty evacuation operations across Africa, Asia, and Europe, including its largest-ever civilian airlift of 110,000 people from the Persian Gulf in 1990.
- However, given the lack of **formal doctrine or emergency plan**, the success of India's missions has mostly been due to individual sacrifices of officials from its diplomatic corps, flagship carrier and armed forces.
- US, UK, and the NATO have institutionalized non-combatant evacuation operations (NEO) doctrine. Among the developing countries, Brazil too has institutionalised a standard operating procedure (SOP).

### Why need for comprehensive policy?

- The increasing size and complexity of the diaspora requires the government to expand capacity and improve procedures.
- More than **11 million Indians now reside abroad and 20 million travel internationally every year**.
- As political instability rattles the **West Asian region**, which hosts more than **seven million Indian**.

### What needs to be done?

- First, the government **needs to build on its rich experience** in conducting such operations. Studying India's history, best practices and lessons learned will help institutionalize them.
- Second, **an inter-ministerial committee** should prepare a manual with guidelines that establish a clear chain of command and division of competencies
- Third, India's diplomatic cadre must be given **specific training** to operate in hostile environments.
- Fourth, the success of future operations will also rely on New Delhi's willingness to work together with **friendly governments**.
- Fifth, the government will have to assign **a greater role to its armed forces**, in particular by strengthening the Navy and Air Force's capacity to operate in tandem with civilian authorities.
- Sixth, to minimize redundancies, the government must **institutionalise a permanent inter-ministerial coordinating mechanism for emergency evacuations**, incentivize inter-agency cross-posting of officials dealing with diaspora affairs, and encourage State governments to create regional contingency plans.

- Seventh, to avoid cost inflation and delays, **government must establish a permanent civil reserve air fleet that pools aircraft from all** Indian airlines based on pre-established requisition and reimbursement process.
- Eighth, **invest in new technologies to better monitor the diaspora's profile and mobility.**
- Finally, the government must expand efforts **to manage public opinion** and be able to conduct a quiet diplomacy that is crucial to safely extricate Overseas Indians from conflict zones.

### 14.3. PROTECTIONISM IN DEVELOPED NATIONS

#### Why in news?

- Various events around the globe including the **Britain's decision to quit from the European Union, USA withdrawing from Trans Pacific Partnership, various visa disputes etc** are a reflection of the increasing protectionist tendencies.

#### What is Protectionism?

- Protectionism refers to the government actions and its policies that restrict international trade. They are often undertaken with the intent of protecting local businesses and jobs from foreign competition.
- Typical methods of protectionism are tariffs and quotas on imports and subsidies or tax cuts granted to local businesses.
- The primary objective of protectionism is to make local businesses or industries more competitive by increasing the price or restricting the quantity of imports entering the country.

Protectionism and a retreat from international cooperation is clearly not the answer, but policy makers minimize the underlying mistrust of globalization and multilateralism at their peril.

#### Effects on India

- According to Arvind Subramaniam if the world was to become protectionist, our exports cannot grow at 25 per cent, which means our growth will suffer quite a bit.
- The changes in the norms of H1B Visa, people in India aspiring to go to United States as well as the ones already living there will be highly effected.
- Such protectionist steps might highly impact the dreams and aspirations of students seeking educational and job opportunities in those countries.
- In terms of outsourcing of work, to create more job opportunities back home, these countries might start cutting the number of outsourced jobs. Similarly, it might also impact the FDI and FII investments in India.
- Such situation also calls in focus the question of the security of diaspora. Due to increasing protectionist stances of the government, their citizens have also developed xenophobic tendencies. This has resulted in attacks on the foreign nationals living in these countries.
- The overall impact would be seen in terms of lowering GDP and growth percentage of the developing nations like India, who depend immensely on these developed countries for their technology and financial needs.

#### What can be done?

- Countries such as India should opt for measures to compensate for growth-friendly revenue and spending measures in a budget-neutral way.

- Growth-friendly fiscal consolidation should continue by reorienting public expenditure away from untargeted subsidies, especially on food and fertilizers, towards capital and social spending.
- In emerging markets and developing economies like India, improving access to health and education through well-designed social transfers and better-targeted spending will create a larger and more productive labour force.
- A number of steps need to be followed to restore faith in the system in order to contain the protectionist tendencies, like:
  - Improving the rules shaping international trade,
  - Developing a shared vision for effective regulation of technology, and
  - Ensuring the IMF and multilateral development banks (MDBs) are prepared to help prevent and respond to crisis.
  - The IMF can and should do more to hold countries accountable

#### Way forward

- A multilateral approach to addressing imbalances will be far more effective and less draconian than any unilateral or regional solution. And additional reforms to the international trading system are needed, including faster resolution of disputes between countries, increased transparency, and improved technical assistance to developing countries.
- In order to promote sustainable and inclusive growth, policymakers must focus on tangible changes that are responsive to the challenges we face.
- Ultimately the long-term solution is an urgent need to bring back the confidence in globalisation and multilateral approach.

## 14.4. MODEL BILATERAL TREATY

### Why in News?

In December 2015, the government of India released a draft for New Model Bilateral Investment Treaty. Many Treaties have already been signed as per the new guidelines.

### Background

- India had a Model BIT, 2003, that formed the basis for conducting subsequent BIT negotiations between India and other countries for many years.
- Towards the end of 2011, India received its first adverse award in relation to a BIT in the White Industries Australia Limited V. Republic of India case. India has also received numerous ITA notices from various investors and under various BITs.
- The 260th report of Law Commission was presented with a view to assist the Government of India in achieving a balanced negotiating text that takes into consideration the protection of Indian investors investing abroad, as well as safeguarding the regulatory powers of the State.
- The government released the Model Bilateral Investment Treaty which serves as the prospectus for the other countries to understand the kind of rules that govern Indian bilateral trade agreements.

#### Bilateral Investment Treaty

- A BIT is an agreement between two countries that help formulation of rules for foreign investment in each other's countries. BIT offers protection to foreign investor by holding the host state accountable for exercise of their regulatory power through an independent international arbitration mechanism.
- India signed its first BIT with UK in the year 1994.

Bilateral Investment Treaty between India and Cambodia is the **first Bilateral Investment Treaty** in accordance with the text of the Indian Model BIT, approved by the Cabinet in December 2015.

- The revised model BIT will be used for re-negotiation of existing BITs and negotiation of future BITs and investment chapters in Comprehensive Economic Cooperation Agreements (CECAs)/ Comprehensive Economic Partnership Agreements (CEPAs) / Free Trade Agreements (FTAs).

### Objective of the 2015 Model

- To provide appropriate protection to foreign investors in India and Indian investors in the foreign country, in the light of the relevant international precedents and practices, while maintaining a balance between the investor's rights and the Government obligations.

### Importance

- India's bilateral investment treaty (BIT) programme is part of a larger trade and investment agenda of the Indian government to boost investor confidence and increase investment flows into and out of the country.
- A BIT increases the comfort level and boosts the confidence of investors by assuring a level playing field and non-discrimination in all matters.

### Features

- In its new Model BIT, there is an "enterprise" based definition of investment which essentially "equates investment, with an enterprise incorporated in the host state. The earlier 1993 model had an "assets based definition"
- The 'Most Favoured Nation' clause has been completely removed from the new Model Treaty. This step has been taken owing to the lesson from the White Industries case where the obligation arose not directly under the India-Australia BIT but by importing a provision from the India-Kuwait BIT, using the most-favoured nation clause.
- A non-discriminatory treatment through due process has been introduced in the model treaty.
- There is a clause for a refined **Investor State Dispute Settlement (ISDS)** provision requiring investors to exhaust local remedies before commencing international arbitration.
- The model treaty links Fair and Equitable Treatment to customary international laws to avoid any broad interpretation for possibility of misuse.
- The model treaty has, to a great extent, toned down investor obligations. It has also abandoned the possibility of India to launch counter-claims against the investor, compared to earlier drafts of the treaty.
- In terms of transparency, the model treaty has a provision on transparency in arbitral proceedings. There will be pressure on the government to be transparent about why and how the government has attracted investor claims.
- The model excludes matters such as government procurement, taxation, subsidies, compulsory licenses and national security to preserve the regulatory authority for the Government.

The **ISDS mechanism is contentious** as it enables companies to drag governments to international arbitration without exhausting the local remedies and seek massive amounts as compensation citing losses due to reasons, including policy changes.

### Criticism

- There are several ambiguities regarding the Model BIT. For example, what should India's objectives in bilateral negotiations be? Disputes arising from broad and vague BIT commitments can be costly and/or impractical to pursue.



- BITs are a great opportunity to project a country's image as a jurisdiction that offers stability and certainty and respects the rule of law. In this regard, the effectiveness of the current model is hampered by a fundamental drawback i.e. its overly enthusiastic support of the Indian judicial system.
- The 2015 model BIT also appears reactionary due to the removal of the 'most favoured nation' clause, which is a standard element of the typical BIT basket. The model, thus, also excludes taxation from its purview, clearly in reaction to the government's tax disputes with firms such as Vodafone, Nokia, and Cairn.

This new model ought to have targeted the economy and investor profile that India wishes to venture into and attract over the next decade. Due to 'Make in India' policy of the government, government is keen on making India 'a global manufacturing hub'.

## 14.5. INDIA AS A SOFT POWER

- India's soft power is based upon its vast heritage going back thousands of years.
- India is placed **34th in terms of Soft Power** as per the second annual list of nations with the greatest magnitude of 'soft power released by London-based PR outfit Portland Communications.

### What is Soft Power?

The concept of **soft power** was developed by **Joseph Nye of Harvard University**.

- According to him, soft power is the ability of a country to persuade others to do what it wants without resorting to force or coercion.
- Soft power is the ability to shape the preferences of others through appeal and persuasion.
- Soft power lies in a **country's attractiveness** and comes from **three resources: its culture** (in places where it is attractive to others), **its political values** (when it live up to them at home and abroad), and **its foreign policies** (when they are seen as legitimate and having moral authority).
- Though slower to yield results, soft power is a less expensive means than military force or economic inducements to get others to do what we want.
- **Hard power encompasses military and economic means while soft power is about culture and values.**
- Soft power is a strategy used, in working to persuade by constructing and mobilizing networks, developing and communicating compelling narratives, establishing international norms, building coalitions, and drawing on the key resources that endear one country to another.
- Soft power is important economically, politically and diplomatically, establishing the prestige of a nation.

### Why Soft Power has enjoyed rapid growth and popularity?

- Soft power strategies are an **appropriate response to the changing nature of foreign policy**, which is driven by power diffusion and the digital revolution.
- Using soft power resources can be much **more cost-effective than hard power tactics**.
- Collaboration has become the most effective approach to shaping major global outcomes. In contrast, unilateral action has become increasingly difficult, costly, and open to challenge. **For example:** The heavy economic cost borne by Russia following the annexation of Crimea.

### India as a Soft Power

- India boasts an amazing variety and wealth of soft power resources. Its spiritualism, Yoga, movies and television soaps, classical and popular dance and music, its principle of non-violence, democratic institutions, plural society and cuisine have all attracted people across the world.
- **Indian philosophy** has captivated Western minds since the 1960s.
- **The Indian cinema** has long drawn huge audiences in significant parts of Asia, Africa, and beyond.
- The impressive participation around the world **on International Yoga Day**
- India has sophisticated systems of philosophy, psychology, medicine, science, social thought and spirituality, containing a wealth of wisdom and transformative ideas for this new era of information technology.
- India has an elaborate and integrated artistic culture of music, dance, painting, poetry, sculpture and architecture, covering human creativity in all its diverse forms.
- Indian soft power has enormous influence in the world – from religious and spiritual aspects to popular culture and its IT-related expertise, crucial in today's increasingly digitized world.

### However there are few areas to be worked on

- **Cultural institutes:** India needs to invest more in its equivalent cultural institute, the **Indian Council for Cultural Relations (ICCR)**, or create a newer, more youth-oriented institute.
  - **Germany** has the **Goethe Institute**, **China** has its **Confucius institutes**, and **France** has the **Alliance Francaise**.
  - These are non-profit institutions with **branches in all major cities throughout the world**, as well as **major universities**, where they offer individuals the chance to learn foreign languages and attend cultural events such as movie showings and cooking classes.
- **Museums:** India's National Museum does not feature on lists of top museums throughout the world.
  - There is a need for a world class museum in India.
  - The museum should be a repository for South Asia's treasures, but also seek artifacts from all over the world.
  - The museum should cater to both an international and domestic audience.
- **Sports: India should invest more in sports.**
  - As a large, topographically diverse country, it should encourage both domestic and international visitors, especially newly monied middle class types, to partake in activities that they would otherwise have to fly to Europe or Americafor.
  - **For example**, like Iran, India can develop a major skiing culture, attracting would-be skiers from neighboring, warmer third-world countries in the Middle East and Southeast Asia.
- **Tourism:** India should do more to draw tourists to beautiful but relatively unvisited sites such as the Sun Temple in Orissa, the ruins of Hampi in Karnataka, or the Spiti Valley in Himachal Pradesh.
  - India should **go beyond the image of just the Taj Mahal and Rajput forts**.
  - Increase tourism and draw tourists to all the states.
- **Cinema:**

- India makes more movies a year than any other country. Yet, India has done little to convert this love of its movies into a desire for people to go to India or learn more about it **(like the way Japan has used anime to promote itself throughout the world)**.
- India needs better, more consistent marketing.

### Conclusion

Without soft power, hard power lacks its intellectual and cultural edge. While soft power provides the ideas and motivation, hard power gives the tools and weapons for the soft power to expand.

## 14.6. SPACE DIPLOMACY

First South Asian satellite (GSAT-9), funded entirely by India, has been launched recently by ISRO. With this, India has placed itself uniquely in space diplomacy by giving a boost to neighborhood first policy.

### Importance of space diplomacy for India

- **Peaceful and prosperous neighborhood** – This launch has given strong signal about India's neighborhood policy paving the way for sustained collaboration.
- **Space revenue** – There is lot of scope for space revenue for India due to its launch capabilities as well as many countries including Indonesia, Kazakhstan etc. seek to cooperate with India's ISRO in space matters.
- **Reducing rising Chinese influence in space** – China has been using space as a potent tool for diplomacy through establishment of Asia-Pacific space cooperation by China along with Pakistan, Bangladesh and other countries, setting up space academy in Sri Lanka etc.
- **Keeping pace in global space race** – With more than 60 countries trying their hands in space missions, majority of countries being Asian, India has rightly seen collaboration in space as one of the major determinants of foreign policy in future
- **Cooperation for social problems** – India has emerged as a leader in societal applications of space technology and thus we can cooperate in the area of capacity building of other countries on integrating space to solve problems of land, water, forests, crop etc.

#### About South Asia satellite

- It is 2,230kg geosynchronous communications and meteorology satellite, launched as a gift for South Asian countries.
- Its benefits include mapping natural resources, telemedicine, IT connectivity, DTH connectivity, more predictable weather forecasting and quick response to natural disasters.
- All the SAARC countries excluding Pakistan are part of this project. Thus it is named as South Asia Satellite and not "SAARC Satellite"
- Other important points:
  - first Indian satellite to use an electric propulsion
  - 4<sup>th</sup> consecutive success of GSLV cryogenic upper stage indicating better future capability.

## 14.7. UNSC REFORM AND INDIA

### Context

During the 71st session of the UN general assembly, 2016, **meeting of** intergovernmental negotiations on Security Council reform **was held, where member state rose to acknowledge the urgent need for reform.**

### Past Reform and Initiatives

- **Increase in the non-permanent members:** In 1965, their number in UNSC increased from six to ten.

- **General Assembly Resolution 67/62 (1992):** It highlighted the three major criticisms raised as regards the Council:
  - ✓ Lack of equitable representation.
  - ✓ Unresponsiveness towards new political realities
  - ✓ Domination of Western states.
- **General Assembly resolution 48/26 (1993):** It established an Open-ended Working Group (OEWG) to discuss SC reform, which led to the formation of a Working Group to Inter-Governmental Negotiation (IGN) in 2009, and the Group of Friends on Security Council Reform.
- **Group of four [G4]: India, Brazil, Germany and Japan** constitute the G4, which support each other's bids for permanent seats on the United Nations security council.
- **Razali reform plan:** Under the plan, the UNSC would have **five new permanent members without veto powers**, besides four more non-permanent members taking the council's strength to 24.

### Need of UNSC reforms

- The UNSC, created in the post-war context, doesn't actually reflect the changes that have occurred in the international system after the end of the cold war.
- The world has witnessed a redistribution of power and emergence of new power centres, along with a transformation from the era of colonialism to that of post-colonial independent states
- The geopolitical rivalry among the permanent members has prevented the UNSC from coming up with effective mechanisms to deal with global crises.
- The Indian position is that this "democracy deficit in the UN prevents effective multilateralism" in the global arena.
- Complex global scenario: modern peace and security considerations stretch far beyond inter-state armed conflicts now, which a greater participation and coordination among member states.
- Lack of representation: there is no permanent member from Africa continent.

### India's argument for UNSC seat

- India is among the founding members of United Nations.
- It is the world's largest democracy and Asia's third largest economy.
- The Indian army is the largest contributor to the UN peacekeeping mission since the inception of the mission.
- India is also among the highest financial contributors to the UN, with the country making regular donations to several UN organs like the United Nations Democracy Fund (UNDEF).
- With its initiatives like Non Aligned movement, historically India's foreign policy has been aligned with world peace, and not with conflicts.
- It's relatively trusted by the Muslim states, and the Security Council could probably use someone other than China that can negotiate in the Middle East.

### Challenges to reform

- **Uniting for consensus (UFC):** nicknamed as **coffee club**, it is a 13-member group that, opposed expanding permanent membership, fearing that their regional rivals would be selected to the new permanent seats.
- It suggested the creation of **a new category of elected membership** with longer terms than the current two years as their opposition to Razali plan.

- **UN losing its legitimacy:** many of the policy makers in the country still entertain doubts about the wisdom of India seeking greater space in an institution that is losing its legitimacy.
- **India performance at multilateral institution:** India has been accused as stumbling block by many during negotiation in multilateral institutions
- **Status-quo of P-5 member:** they are opposed to any major changes in their respective position.

#### Way forward

- **Speeding reform process:** G4 have offered to initially forgo veto powers as permanent members in a reformed security council as a bargaining chip to get the reform process moving.
- Expanding only the non-permanent categories, as suggested by UFC, would only worsen "the imbalance of influence" in the council and does "grave injustice to Africa's aspirations for equality"
- The permanent members should realise that a more democratic and representative security council would be better-equipped to address global challenges
- Meaningful reform of the council to make it more representative and democratic is inevitable to enable it to take a comprehensive, coordinated and coherent approach to peace and security, sustainable development, and human rights challenges.

## 14.8. BILATERAL MILITARY EXERCISES

India is leveraging bilateral military exercises to further strategic cooperation.

- The Army has conducted exercises with 18 countries during the three-year period, including the current year, and Indian military personnel attended training and courses in 34 countries.

#### Significance of Such Exercises

- **Confidence building measure (CBM)**
  - ✓ Participation in international level military exercises is an indication of the **highest level of trust and confidence between the member nations.**
  - ✓ It is a key **confidence building measure (CBM) and an indication of the faith reposed by India** on another nation or a group of member nations.
- **To promote bilateral Army-to-Army relations**
  - ✓ On the operational side, military exercises enable militaries **to understand each other's drills and procedures, overcome language barriers, and facilitate familiarisation with equipment capabilities.**
  - ✓ It also facilitates understanding and familiarisation with new technologies that other countries may be utilising and enables **on-the-job training of each other's crews.**
  - ✓ This is particularly useful in the event of **joint operations whether in war or in operations other than war (OOTW) - humanitarian aid, disaster relief, anti-piracy, etc** – when nations come together for a common cause.
- **'Strategic signalling'**
  - ✓ Perhaps, the most important advantage of joint military exercises is 'strategic signalling'.
  - ✓ A joint exercise with one or more nations serves the purpose of **signalling to a third country of the influence** we have in the region and a demonstration of our resolve to further our diplomatic objectives.



- **Nation's soft power**
  - ✓ On the intangible side, military exercises promote **brotherhood and camaraderie between soldiers and militaries**.
  - ✓ Besides goodwill, it is a tool for projection of a **nation's soft power – culture, language, customs, beliefs, food habits and lifestyle**.
- **Spirit of bonding and friendship**
  - ✓ Soldiers all over the world have almost similar rank and organisational structures, which helps establish a unique spirit of bonding and friendship between their communities irrespective of the country of origin.

### Recent military exercises

- **Surya Kiran:** The Surya Kiran exercise with Nepal is underway at Pithoragarh in Uttarakhand.
- **Al Nagah-II:** Al Nagah-II exercise with Oman is underway at Bakloh in Himachal Pradesh.
- **Bold Kurukshetra exercise:** The Bold Kurukshetra exercise with Singapore is an armoured exercise under way at the Babina field firing range in Uttar Pradesh.
- **Nomadic Elephant 2017:** The twelfth edition Indo-Mongolian Joint Military Exercise Nomadic Elephant 2017 has begun at Vairengte in Mizoram.
- **SIMBEX** - It is an annual bilateral naval exercise conducted by the Indian Navy and the Republic of Singapore Navy (RSN). India and Singapore conducted **Singapore India Maritime Bilateral Exercise (SIMBEX) in the contentious South China Sea**.
- **CORPAT** - The Indonesian Navy and the Indian Navy have been participating in coordinated patrol (CORPAT) twice a year since 2002 to keep this vital part of the Indian Ocean Region safe and secure for commercial shipping and international trade. The 29th series of India–Indonesia CORPAT has begun at Port Blair under the aegis of Andaman and Nicobar Command.
- **Indo-Thailand/SIAM BHARAT** - This is the second such exercise to be held between the Indian Air Force and the Royal Thailand Air Force. It was **Humanitarian Assistance and Disaster Relief (HADR) Table Top Exercise 2017** held in Chiang Mai, Thailand. The aim of the bilateral exercise is to **evolve SOPs for planning and executing relief missions** during unforeseen natural calamities like Tsunami, earthquakes, cyclones, floods etc.

## 14.9. NUCLEAR DISARMAMENT

The United Nations' highest court rejected nuclear disarmament cases filed by the Pacific nation of the Marshall Islands against Britain, India and Pakistan.

### Reasons for rejection of the case

Marshall Islands had failed to prove that a legal dispute over disarmament existed between it and the three nuclear powers. The court rejected it saying it that it lacks jurisdiction.

### Arguments for Nuclear disarmament.

- **Strategic excuse**, most nations equipped with nuclear weapons claim that they rely on them for strategic defense, and they are vulnerable to various attacks without these destructive weapons which is not true in multipolar world.

### Nuclear facts

- There are 16,400 nuclear weapons on Earth today.
- Five states are declared as nuclear weapon zones under the Non-Proliferation Treaty: US, UK, France, Russia and China.
- Many other countries have been suspected of developing nuclear weapons including India, Pakistan, Israel, Iraq, Iran, Libya, Syria and Korea.
- The only nuclear bombs ever to be used were by the US against Japan in 1945.

- **Economically**, nuclear weapons programs divert public funds from health care, education, disaster relief and other vital services. It is time to redirect money towards meeting human needs.
- **Environmentally**, nuclear weapons are the only devices ever created that have the capacity to destroy all complex life forms on Earth.
- **Security concerns**, nuclear weapons pose a direct and constant threat to people everywhere. Far from keeping the peace, they breed fear and mistrust among nations.
- **Humanitarian Issues**, the abolition of nuclear weapons is an urgent humanitarian necessity. Any use of nuclear weapons would have catastrophic consequences.
- **Nuclear Terrorism** – There is danger that nuclear weapons in politically unstable countries like Pakistan or Russia may fall into the hands of rogue terrorist elements.

#### About NPT

- Non-Proliferation Treaty or NPT, is an international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy, and to further the goal of achieving nuclear disarmament and general and complete disarmament.
- It came into being in 1970. In 1995 it was extended indefinitely.
- The treaty recognises five permanent UNSC members: **the US, Russia, the UK, France and China.**
- Four UN member states have never joined NPT: **India, Israel, Pakistan and South Sudan.**

#### India's Stand on Nuclear disarmament

India attaches the highest priority to nuclear disarmament and shares common concerns with the co-sponsors, that the international community has not been able to take forward multilateral nuclear disarmament negotiations.

#### United Nations step towards disarmament

- Recently, UN general assembly's disarmament and security committee voted for negotiations to begin next year on a new international treaty to prohibit nuclear weapons.
- The new multilateral treaty will for the first time provide a comprehensive approach to prohibiting activities such as the use, deployment, production, transporting, stockpiling and financing of nuclear weapons.
- It will also extend the NPT's nuclear disarmament obligation by creating a clear, unequivocal legal obligation to eliminate existing arsenals that will apply to non-NPT as well as all NPT states.

#### Way Forward

- Nuclear disarmament will create moral suasion for nuclear weapons states to disarm, and establish an international norm prohibiting nuclear weapons' development, possession and use.
- The states having nuclear weapons should participate fully in the negotiations to come out with a better policy formulation for the world.

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