

ENVIRONMENT SCAN 01-15 JUL 2018

CHINA (CONTINENTAL)

Brig Rajeev Bhutani (Retd)

China Hits Back as US Escalates Trade War with New \$200 Billion Tariff List.

The Trump administration pushed ahead with plans to impose tariffs on additional \$200 billion in Chinese products by [releasing](#) a list of targets. Items on the proposed list of goods include consumer products such as clothing, television components and refrigerators as well as other high-tech items, but it omitted some high-profile products like mobile phones. The tariffs could take effect after public consultations end on August 30.

The US said it had no choice but to move forward on the new tariffs after China failed to respond to the administration's concerns over unfair trade practices and Beijing's violation of American intellectual property rights, such as by forcing American firms to hand over technology.

High-level talks between the two countries starting in May failed to deliver a breakthrough to head off a trade war. Reacting to the "totally unacceptable" Washington list, the commerce ministry in Beijing said it would be forced to take "countermeasures".

The Trump administration on 6 July, imposed 25 percent duties on \$34 billion in Chinese imports. The first round of tariffs covered Chinese products ranging from farming plows to machine tools and communications satellites.

China immediately retaliated with duties on the same value of US goods, including soybeans and cars. In addition, the US is considering separate duties on a further \$16 billion in Chinese goods, after a public hearing later this month. China has vowed to retaliate dollar-for-dollar to any further US tariffs.

The president last month asked the US Trade Representative's office to identify \$200 billion of Chinese goods that could be hit with 10 percent tariffs. The initial US tariff list focused on Chinese industrial products in an attempt to limit the impact on American consumers. By expanding the list, the administration is beginning to hit products that US households buy, including such things as electric lamps and fish sticks.

Comments. In the near term, India could benefit by reducing its trade deficit with China by supplying some of the items, which the US is importing to China. One such example is Soybean and Soymeal. However, in the long term, trade balance with China can be

achieved only when our manufacturing sector is expanded and is able to produce items cheaper than China as labour in India will work out to be cheaper than China.

[\(https://www.telegraph.co.uk/business/2018/07/10/us-escalates-trade-war-new-200-billion-china-tariff-list/\)](https://www.telegraph.co.uk/business/2018/07/10/us-escalates-trade-war-new-200-billion-china-tariff-list/)

India Says Won't Gang Up Against China in Indo-Pacific. At the maritime dialogue in Beijing on 13 July, India told China that it is for free and open Indo-Pacific region and does not believe in ganging up against Beijing in the area as the two countries held their second maritime affairs dialogue. The Indian delegation was led by Pankaj Sharma, Joint Secretary (Disarmament and International Security Affairs) in the Ministry of External Affairs, while the Chinese delegation was represented by Wu Jianghao, Director General at the Department of Asian Affairs of the Ministry of Foreign Affairs of China.

The revival of so-called quad - an idea of anti-China bloc comprising the US, Japan, India, and Australia in the Indo-Pacific - has been a cause of concern for China, which has become increasingly assertive in the international waters. Even though India has never openly admitted being a part of the grouping, it has held talks with the other three, much to China's discomfort.

Comments. It is in line with Prime Minister Narendra Modi's address at the Shangri-La Dialogue in Singapore where he said New Delhi "does not see the Indo-Pacific Region as a strategy or as a club of limited members".

<https://www.ndtv.com/india-news/india-says-wont-gang-up-against-china-in-indo-pacific-1882875>

To Keep an Eye on India and CPEC, China Launches Two Satellites for All-Weather Ally Pakistan. China launched two remote sensing satellites on 8th July, for its all-weather ally Pakistan, which other than monitoring the progress of the strategic \$50 billion China-Pakistan Economic Corridor (CPEC), will also keep an eye on India. The satellites — PRSS-1 and PakTES-1A — were launched from the Jiuquan Satellite Launch Centre in northwest China at 11:56 am using a Long March-2C rocket.

The PRSS-1 is China's first optical remote sensing satellite sold to Pakistan. It is the 17th satellite developed by the China Academy of Space Technology (CAST) for an overseas buyer.

A scientific experiment satellite, PakTES-1A, developed by engineers of the Pakistan Space and Upper Atmosphere Research Commission (Suparco), was sent into orbit using the same rocket.

The launch of the two satellites marks yet another space cooperation between China and Pakistan since the launch of PAKSAT-1R, a communication satellite, in August 2011. Pakistan currently has five satellites in space and lacks heavy-duty launchers and satellite fabrication facilities.

The PRSS-1 will be used for land and resources surveying, monitoring of natural disasters, agriculture research, urban construction and providing remote sensing information for the CPEC under the Belt and Road Initiative (BRI) of the Chinese government. The satellite, which has a designed life of seven years, is equipped with two panchromatic/multispectral cameras, with a resolution up to a metre and a coverage range of 60 km. When the satellite flies over Pakistan, it can send back real-time images.

Comments. India is way ahead of Pakistan in space technology, with 43 operational satellites in space. It also has the radar imaging satellites with all-weather surveillance capability.

[\(http://www.india.com/news/world/to-keep-an-eye-on-india-and-cpec-china-launches-two-satellites-for-all-weather-ally-pakistan-3157257/\)](http://www.india.com/news/world/to-keep-an-eye-on-india-and-cpec-china-launches-two-satellites-for-all-weather-ally-pakistan-3157257/)

China Enhances Influence on Pak's Communications security with new project. A China-built optic-fibre communications project was inaugurated in Islamabad by the country's caretaker prime minister, Nasirul Mulk on 13 July. The \$44 million project, meant to enhance Pakistan's telecommunications quality, has been financed to the extent of 85% by China Exim Bank. It has been built by Chinese telecommunications giant Huawei. The 820-km-long optic-fibre cable will also enable China to closely monitor the day-to-day functioning of Pakistan's security forces and even watch its dealings with Taliban. Mulk said, "This project has been implemented under the China-Pakistan Economic Corridor and will foster the telecom sector in the northern areas." Pakistani media, including the newspaper Dawn, have in the past expressed concern that Chinese censorship systems might affect the free flow of information in Pakistan because the new cable network is now connected to China.

Comments. A part of Pakistan's incoming and outgoing internet traffic had earlier "landed" in India, and thereafter it was routed to various destinations. The new cable would change the situation, with the traffic flowing through China.

[\(https://timesofindia.indiatimes.com/world/china/china-enhances-influence-on-paks-communications-security-with-new-project/articleshow/64981531.cms\)](https://timesofindia.indiatimes.com/world/china/china-enhances-influence-on-paks-communications-security-with-new-project/articleshow/64981531.cms)

PAKISTAN

Col Arvinder Singh

Nawaz Sharif Is Arrested on Return to Pakistan, Amid Turmoil and Bloodshed¹ . Former Prime Minister Nawaz Sharif and his daughter and political heir Maryam were arrested at the Lahore airport Friday night on corruption charges as they returned to the country in an attempt to rally their beleaguered party days before national elections. The arrests came the same day the election campaign took a deadly turn. More than 130 people, including a candidate from another party, were killed in two militant attacks elsewhere in Pakistan. High drama surrounded the arrests as the authorities blocked roads, shut down mobile and internet service and deployed thousands of officers to thwart supporters of the Sharifs from reaching the airport. The police arrested at least 600 workers of Mr. Sharif's political party, PML-N, on security-related charges in the past several days. They were transferred to Adiala Prison on the outskirts of Rawalpindi.

¹ <https://www.nytimes.com>

Comments. The Sharifs were convicted in absentia last week and sentenced to lengthy prison terms in connection with their ownership of expensive properties in London, a case they say was manufactured by their political foes and the country's powerful military. Mr. Sharif, a three-time prime minister who has been shadowed by corruption accusations throughout his career, is also concerned about cementing a legacy as a champion of civilian governance and opponent of the military's overarching role. The elections will be intensely competitive, and despite conviction of Nawaz Sharif, the PML-N could be positioned to lead a fragile coalition government. But if the election outcome tilts heavily in favor of P.T.I, the results will be challenged by other major parties. However it is certain that Pakistan is entering another period of prolonged political instability. The arrest of Nawaz is a scenario many in his party and the army likely wanted to avoid, but neither Nawaz's camp nor the army was able to find compromise. The army appears to have been keen on securing Nawaz's conviction before the elections, to damage his party. Nawaz had no choice but to return, as he is only able to appeal after surrendering to authorities. A spike in violence has added to the sense of political turmoil. Militants, breaking a lull in attacks over the past several months, have targeted candidates in a series of recent assaults, including two on Friday. A candidate and at least 127 others were killed in a suicide bombing at a campaign event in southwestern Pakistan. The Islamic State claimed responsibility for the attack.

India and Pakistan to be Part of Anti-Terror SCO Drill in Russia². Militaries of India and Pakistan will be part of a mega anti-terror drill in Russia next month which is being organized by SCO with an aim to expand cooperation among the member countries to deal with terrorism and extremism. Around 200 Army and Air Force personnel from India will be participating in the exercise scheduled from August 20-29 at Russia. The exercise will be joined by all SCO member countries including Russia, China, Kyrgyz Republic, Kazakhstan, Tajikistan and Uzbekistan. The broad objective of the exercise is to boost cooperation among the SCO countries to deal with challenge of terrorism and extremism.

Comments. India has been pressing for global action against Pakistan for allowing terror safe havens in its territories and it will be interesting to see how New Delhi push its demand to pile up pressure on Islamabad at the SCO platform. It will be for the first time since Independence that India and Pakistan will both be part of a military exercise, though the armies of the two nations have worked together in UN peacekeeping missions. India and Pakistan were admitted as observers of the grouping in 2005 and they were admitted as full members of the bloc last year.

Pakistan Elections 2018: What do the Opinion Polls Predict?³ As Pakistan heads for general elections on July 25 the opinion polls have predicted the following about the

² <https://economictimes.indiatimes.com>

three major players -- Pakistan Muslim League-Nawaz (PML-N), Pakistan Tehreek-e-Insaf (PTI) and Pakistan People's Party (PPP). **Punjab:** Sharif is still king – but PTI is gaining ground. The opinion polls show that Nawaz Sharif's PML-N continues to be the party of choice for voters in Punjab. But significantly, former cricketer Imran Khan's PTI has narrowed the gap in Punjab. The PML-N vote has barely increased by 2 per cent to hover at just around 50 per cent, but the PTI has made an impressive gain from 19 per cent in 2013 to 30 per cent in 2018. **Sindh:** It continues to be PPP territory. The voter preference for PPP remained unchanged from last year at 44 per cent. PTI and PML-N have voter preferences of fewer than 10 per cent in the province. **Khyber Pakhtunkhwa:** is firmly behind Imran Khan. 57 per cent respondents said they would vote for PTI, an increase of 10 per cent from last year. Only 9 per cent of respondents said they would vote for PML-N, down from 2017's 10 per cent. **Balochistan:** A mixed bag but PPP may have the edge; the PML-N's popularity has declined. PPP is being preferred by 36 per cent of voters in and PTI by 12 per cent voters, a figure which was 21 per cent in 2017. The PML-N is not in the top three parties in voter preference.

Comments (Overall Mood of the Voter): PML-N, PTI are neck and neck. Overall, the PTI has gained ground but PML-N is still ahead in terms of voter preference. While 26 per cent respondents said they would vote for Sharif's party, PTI was close behind at 25 per cent. PPP is a distant third at 16 per cent. In another survey, PTI has actually moved ahead of PML-N, with their voter preferences at 30 and 27 per cent respectively.

IRAN

Col Arvinder Singh

Iran Nuclear Deal: US Rejects EU Plea for Sanctions Exemption⁴. The US has rebuffed high-level pleas from the European Union to grant exemptions to European companies from its sanctions against Iran except in very specific circumstances. It said exemptions would only be made if they benefited US national security. The EU fears that billions of dollars' worth of trade could be jeopardized as a result of Washington's new sanctions.

Comments. The strict sanctions were imposed in May after President Donald Trump withdrew from the 2015 international agreement on Iran's nuclear programme. The US withdrawal meant sanctions that were in place prior to the agreement were re-imposed. Its opposition to the deal is at odds with that of France, Germany and the UK, which have pledged their commitment to it. Some of Europe's biggest firms rushed to do business with Iran after the nuclear deal took effect three years ago. In 2017, EU exports to Iran (goods and services) totalled €10.8bn (£9.5bn; \$12.9bn), and imports from Iran to the bloc were worth €10.1bn. The value of imports was nearly double the 2016 figure. Now, European businesses are worried that their ties with the US could be damaged if

3 <https://www.timesnownews.com>

4 <https://www.bbc.co.uk>

they continue doing Iranian deals. But earlier this year, the EU began reviving legislation that it said would allow its companies to continue doing business with Iran. The so-called "blocking statute" was introduced in 1996 to circumvent US sanctions on Cuba but was never used. An updated version of the measure should be in force before 6 August, when the first sanctions take effect.

Inside Israel's Raid to Seize Nuclear Documents in Iran⁵. Israeli agents covertly extracted documents detailing Iran's nuclear program in a dramatic 6½-hour operation in Tehran in January, removing a trove of materials that included partial designs for a nuclear warhead. The Israeli team secretly reached the warehouse holding the materials and broke in during a tight time window when it knew the building would be unguarded, the officials said. To avoid drawing attention to the nondescript facility, Iran hadn't posted full-time guards, they said, but rather relied on alarm systems that the Israeli agents disabled. The Israeli operation was first revealed by Prime Minister Benjamin Netanyahu at an April press conference in which he declared that the stolen documents proved Iran had lied for years in claiming it didn't have a nuclear-weapons program. In a lengthy briefing at a security facility here last week, senior Israeli intelligence officials disclosed additional details about the operation. Those include specifics on how the documents were removed from Iran; the existence within the documents of the warhead designs, for which Israel said Iran got unspecified foreign assistance; the operation of a secret explosives-testing facility that international inspectors had long searched for in vain; and a scramble by Iranian officials to keep their nuclear program alive after international inspectors concluded it had been suspended. The officials declined to say precisely how the agents broke into the safes, or the route they then used to exit Iran. They said the stash is enormous, running to some 50,000 pages of printed material, plus 183 computer disks with additional files. The new materials include more than a dozen photographs of what Israeli intelligence officials said was the explosives chamber at Parchin, as well as reports on experiments conducted there.

Comments. The disclosure of the new details can prompt the IAEA to demand new inspections of sites in Iran and draw out further explanations of the program's parameters from Iranian officials.

Is Iran Moving in the Direction of (Another) Revolution?⁶ Three days of protests in Tehran's Grand Bazaar, with hundreds of angry shopkeepers taking to the streets against the sharp fall in the value of the Iranian currency, have been suppressed by the regime. The sentiments which drove the protests are still very prevalent. The regime used excessive force to quell the demonstrations. However, the regime has only bought time before more protests will break out because it has failed to address the crumbling Iranian economy. Moreover, Iranian's frustrations are exacerbated when they see that their leaders have no solutions to end their hardships. Iranians' anger against the regime is at all time high which was clearly echoed when people shouted slogans against Iran's ultimate authority, the Supreme leader, Ayatollah Ali Khamenei, and other top officials,

5 <https://www.wsj.com>

6 <https://intpolicydigest.org>

calling them thieves who should step down. At the core of this dissatisfaction is the government's decades-long disregard for the economic prosperity of the citizenry. What the Iranian regime is failing to understand is that one of the main catalysts for the Iranian Revolution of the late 1970s was economic dissatisfaction. The Islamic Revolution won the hearts and minds by making grand promises like equal educational opportunities, a healthy and robust economy based on the values of "Islamic banking," creating new youth employment opportunities, freedom of speech, freedom of the press, as well as good relations with the Muslim world based on the principles of good governance. Now Iranians question how many of these promises have been realized 39 years after the revolution. So, it won't be a surprise if history repeats itself. The protests are driven by disaffected young people in rural areas, towns, small cities and larger urban centers. The current unrest has a broader base than the 2009 green movement.

Comments. Since the nuclear deal, Iran's economy improved to some extent but the benefits have not filtered down to ordinary people. Almost all the economic growth has been concentrated in the oil industry. Lack of access to finance, raw materials and foreign markets have been a major impediment. The Iranian rial has lost 40% of its value since last month when President Trump pulled out of Iran's 2015 nuclear accord. The country is experiencing its worst drought in 50 years, leaving electricity output from hydropower plants at a bare minimum. Capital outflow surpassed inflow and last year Iran had a capital account deficit of \$11 billion and unemployment is above 11%. The purchasing power parity is far below neighboring Turkey and countries like Mauritius and Equatorial Guinea, Iran's economy is fragile and is quickly moving into a death spiral. Although Iran boasts the world's second largest reserves of oil and gas, Iran needs to integrate it with the global economy and shift the government's priorities to improving economic conditions. It is very important that the Iranian regime abandon its policy of expansionism in the Middle East. Moreover, Iran needs to change its foreign policy, especially toward its Arab neighbors, the European Union and countries with which it doesn't have diplomatic relations, like the United States so that Iran can also benefit from the regional and world economic orders. If Iran doesn't act quickly to end its economic isolation, most likely it will become the Venezuela of the Middle East.

AFGHANISTAN

Col Arvinder Singh

NATO Issues Declaration on Afghanistan⁷NATO allies wrapped up the two-day Heads of State and Government summit in Brussels and issued a declaration pledging to continue support to Afghanistan in its quest for peace. In a joint statement on the declaration, NATO allies also pledged to continue funding Afghan forces through 2024 and said that the alliance is committed to sustaining its presence in Afghanistan until the conditions change on the ground. The NATO chief also expressed his support to Ghani's efforts for peace and national reconciliation in the country. At the same time NATO

⁷ <https://www.tolonews.com>

believes that a political solution to the conflict with the Taliban, based on national consensus, will be essential in order to achieve sustainable stability and security. The alliance also said that it strongly supports the Afghan government's unprecedented offer of unconditional peace talks with the Taliban. The NATO declaration stated that regional actors and Pakistan have a significant role to play in Afghanistan achieving peace.

UK to Send 440 More Non-combat Troops⁸. The UK is to send 440 more non-combat troops to Afghanistan. The commitment to NATO's mission in Afghanistan will take the total number of UK troops in the country to 1,090. Around half of the troops will deploy in August and the remainder will follow by February 2019.

Comments. At the height of the war, NATO had more than 130,000 troops from 50 nations in Afghanistan. The UK had 9,500 personnel and 137 bases in Helmand province alone. As of last month, the number of NATO personnel stood at 16,000 from 39 countries, operating mainly from Kabul and focusing on training and assisting the army and police. NATO asked Britain to deploy more troops a year ago. In September of last year, the US committed an extra 3,000 troops to support Afghan forces. Ahead of the summit, US president Donald Trump hit out at his NATO allies for failing to spend enough on defense. Sending another 440 British troops will make the UK the third biggest contributor to the NATO train, advise, and assist mission in Afghanistan. The US leader's main objection is that a number of member states have not increased their defence budgets to the target of 2% of economic output.

Pompeo Makes Surprise Stop in Afghanistan and Says Trump's Policy There is Working⁹. Secretary of State Michael R. Pompeo made a previously unannounced visit to Afghanistan on 09 Jul and offered support for the Kabul government's peace talks with Taliban insurgents. He told reporters that the United States was willing to sit down with the Taliban to negotiate but that talks would have to be Afghan-led. He said President Trump's open-ended deployment of nearly 15,000 American troops was helping to pacify the country 16 years after the United States invaded, and that the administration's aggressive strategy is setting the conditions to produce a safer, more secure Afghanistan.

Comments. Pompeo's quick, heavily guarded visit reflected the country's continuing instability and deteriorating security as it gears up for parliamentary elections this summer. Although the Taliban has been unable to regain the country it once controlled, it has proved resilient and resurgent, launching a series of high-profile attacks. The militants now control roughly half of Afghanistan. Civilian casualties, despite a recent temporary ceasefire, continue at record levels. A total of 1,692 civilians killed in first half

8 <https://www.bbc.com>

9 <http://www.latimes.com>

of 2018 despite June's truce between the government and the Taliban. Elections are scheduled for the fall, and Afghans are fearful of widespread violence as in the past.

At Least 15 Killed in 2 Attacks in Afghanistan as Islamic Scholars Debate Taliban War¹⁰. At least 15 people were killed on 10 Jul in two separate attacks by militants in Afghanistan as Islamic scholars gathered in Saudi Arabia to discuss the legitimacy of the Taliban's war against the U.S.- backed government of President Ashraf Ghani. One of the attacks, by a suicide bomber, happened near a government security checkpoint on the outskirts of the eastern city of Jalalabad, where 12 people, including security forces and civilians, were killed. The second strike targeted government civil servants in Ghazni province.

Comments. Taliban unleashed a number of attacks in the country in the past 24 hours ahead of a two-day meeting of international Islamic scholars that began on 10 Jul in Saudi Arabia. The Afghan government expects the gathering to term the Taliban insurgency and use of suicide attacks in Afghanistan as unlawful, as similar meetings have done recently in Kabul and Jakarta. Meanwhile, the Taliban urged the kingdom and the clerics to back the group in its war against U.S.-led troops in the country, pledging to continue its insurgency until all foreign troops leave.

ASEAN

Col Shyamji Yadav

China Eyes Early Conclusion of Regional Free Trade Area Deal Amid Escalating Tariff War With US. China hopes to conclude talks on the ASEAN-led 16-nation Regional Comprehensive Economic Partnership (RCEP) soon amid an escalating trade spat with the United States. Chinese Ambassador to ASEAN Huang Xilian told journalists in an interview after an event to mark the 15th anniversary of the ASEAN-China Strategic Partnership.

Negotiations for the RCEP were launched in 2012 between 10 members of ASEAN and its six major trading partners - Australia, China, India, Japan, New Zealand and South Korea - with the aim of creating an integrated market of more than three billion people. The Asian Development Bank has estimated that the agreement will increase gross domestic product in the region by around US\$644 billion (S\$876.9 billion) by 2025 through freer movements of goods, services, investment and labour.

Trade between ASEAN and China hit an all-time high of US\$514.8 billion last year, up 13.8 per cent year on year, according to China's Ministry of Commerce as quoted by Xinhua. China's exports to the South-east Asian grouping rose by 9 per cent year on year to US\$279.1 billion in the past year, while its imports from ASEAN climbed by 20 per cent to US\$235.7 billion. Vietnam, Malaysia and Thailand were China's largest trading partners in the region last year.

Comments. India would get greater market access in other countries in terms of goods, services and investments. However India needs to be cautious while negotiating the pact as India already has trade deficit with 10 member countries including China. Strength of domestic manufacturing is weak and India would not be able to take advantage of such free trade agreement.

10 <https://www.washingtonpost.com>

Delhi-KL Ties Ruffled by Request to Extradite Controversial Preacher. A tussle between India and Malaysia over the extradition of controversial Islamic preacher Zakir Naik has cast a cloud on bilateral ties. Malaysian Prime Minister Mahathir Mohamad on July 6 ruled out sending Dr Naik to India, arguing that he could become a "victim".

In January, New Delhi lodged a formal request with the Malaysian government to extradite Dr Naik to India to face charges of inciting and financing terrorism and promoting enmity between different religious groups.

Dr Naik left India in July 2016, soon after he found himself under increased scrutiny following reports that at least two of the terrorists behind the attack on Holey Artisan Bakery cafe in Dhaka the same month were "inspired" by him.

Comments. India is one of Malaysia's top 10 trading partners, with bilateral trade valued at more than US\$13 billion (S\$17.8 billion). The two countries have also been engaging closely in the defence sector, and demonstrated a shared strategic vision to maintain open seas and freedom of navigation in their neighbourhoods. The two countries have also been cooperating closely on counter-terrorism since they announced a strategic partnership in 2010. Malaysia has deported six individuals accused of supporting Khalistani terrorism. Refusal to extradite Dr Naik will certainly have an impact on bilateral ties.

Rohingya Refugees Reject UN-Myanmar Repatriation Agreement. In June, the Myanmar government announced it had reached an agreement with the UN that would quicken the process of repatriating the Rohingya. But the resulting memorandum of understanding was kept secret by its signatories. After the text of the MoU leaked online, Rohingya leaders and activists say it fails to address the key concerns of the community and have rejected the agreement.

Although the community has lived in Myanmar for generations, a 1982 law stripped the Rohingya of their citizenship and made most of them stateless. In the Buddhist majority country Rohingya Muslims are now identified as interlopers from Bangladesh. Myanmar's government refers to them as Bengali, not Rohingya.

UK-based Rohingya rights activist Tun Khin said that it had been unethical on the parts of the Myanmar government and the UN agencies not to involve the refugee community before drafting the agreement.

"The Rohingya have the right to know about the details of the agreement relating to the process of repatriation, restoration of the citizenship rights, rehabilitation, reintegration and rebuilding of their bulldozed homes and their future. Our community members are extremely angry and disappointed to know of the details of the MoU, after it has leaked. They are also angry because the Burmese government did not make the the details of the agreement public," Tun Khin, president of Burmese Rohingya Organisation UK.

Comments. Rohingya have long been seeking a guarantee from the Burmese government of restoration of their citizenship rights before they return. The plan to repatriate the Rohingya is not likely to meet with much success if this key demand is not accepted.

Myanmar Negotiating with Chinese Consortium on Deep-Sea Port Project in Rakhine State. Myanmar is negotiating with a Chinese consortium to carry out a strategic deep-sea port in Kyaukphyu, western Rakhine state, as part of the planned special economic zone in the region, the negotiation between Myanmar's Commerce Ministry and the China International Trust and Investment Corporation (CITIC) is expected to reach an agreement soon.

The Kyaukphyu deep-sea port project represents part of the economic corridor of China's Belt and Road Initiative.

A consortium of six group companies, led by China's CITIC, won tender in December 2015 for the implementation of two projects - an industrial park and a deep sea port on 1,737 hectares of land, two of the three components of the project of the Kyaukphyu Special Economic Zone.

The CITIC Consortium will form project joint ventures together with Myanmar local enterprises for the construction and operation of the two projects which will be implemented under the framework of the "Myanmar Special Economic Zone Law" promulgated by Myanmar government in 2014.

The deep-sea port project consists of the Madae Island Terminal and Yanbye Island Terminal, totally with 10 berths. It also includes the road and bridge connecting the industrial park and deep sea port. The deep sea port project will be constructed in four phases, with total construction duration of 20 years.

After the completion of project, the expected annual capacity of the deep sea port will be 7.8 million tons of bulk cargo and 4.9 million TEU containers. With the increased container throughput, the deep sea port may update to the complete container terminals, with the annual capacity of 7 million TEU containers.

By the year of 2025, 90 per cent of the project managers' positions will be undertaken by Myanmar local people. Once in full operation, the two projects will bring approximately US\$10 billion (S\$13.6 billion) in annual GDP growth for Myanmar.

According to the plan, Myanmar government will accumulatively receive US\$15 billion of tax revenue from the two projects during the whole concession period. When the concession period is expired, both projects will be handed over to the Myanmar government.

Comments. The project would be beneficial for the economic growth of the country, particularly for that of Rakhine state. The Special economic Zone development would improve local people's employment and livelihood as more than 100,000 new jobs will be created for local people every year.

<https://www.straitstimes.com/asia/se-asia/china-eyes-early-conclusion-of-trade-talks-amid-escalating-tariff-war-with-us>

<https://www.straitstimes.com/asia/south-asia/delhi-kl-ties-ruffled-by-request-to-extradite-controversial-preacher>

<https://www.theguardian.com/world/2018/jul/06/rohingya-refugees-reject-un-myanmar-repatriation-agreement>

<https://www.straitstimes.com/asia/se-asia/myanmar-negotiating-with-chinese-consortium-on-deep-sea-port-project-in-rakhine-state>

NORTHEAST

Brig HS Cheema

Bangladesh's New Military Deal with China. A new contract has been signed that will see China deliver 23 units of Hongdu K-8W intermediate training jets to the Bangladesh Air Force (BAF). The deal was sealed on June 20 at the Bangladesh Air Force Headquarters in Dhaka. BAF did not disclose the total amount of the deal, but a source told *The Diplomat* that it's more than \$200 million. The light attack-cum-jet trainer is now being used by the People's Liberation Army Air Force (as its domestic variant, the JL-8), Pakistan Air Force, Egyptian Air Force, Myanmar Air Force, and Bangladesh Air Force, among others. This deal marks the second phase of Bangladesh's K-8W fleet. Bangladesh has been using this aircraft since September 2014, when the [first batch of four units of K-8Ws](#) was inducted into the service. BAF sources say that the K-8Ws will be replacing the aged Cessna T-37s fleet. There are also plans to buy 16 units of the Russian Yak-130 to replace the T-37. Why the K-8W? In 2010, Myanmar purchased [50 units of the K-8W](#), which put the BAF under pressure to also buy more training jets to advance its capability and quantity. The K-8W will prepare pilots to operate the service frontline fleet of China-made Chengdu and Mig-29 fighters.

The criticism started as Bangladesh currently has fewer than 45 fighter jets but has 51 jet training aircraft. The new fleet of K-8Ws will increase the number of trainers. However, the BAF source said that a large number of old training jets will be retired soon, so this procurement is no "fun" but a very "timely need." According to the [publicly available](#) data of Forces Goal 2030, the BAF will set up an advance fighter pilot training unit named "105 Advance Jet Training Unit." The unit will consist of three training squadrons, which will provide advanced training to the pilots selected for operating fighter jets. Overall, Forces Goal 2030 plans to make the [Bangladesh Air Force](#) a technologically advanced, well-trained, and well-equipped force that can deter any threat to Bangladeshi airspace. These plans emphasize strengthening both air power and air defense capabilities. To efficiently perform the increasing duties and responsibilities, the air force is being divided into two separate commands, "Southern Air Command" and "Northern Air Command." Two new airbases have been already set up — one at [Cox's Bazar](#) and Bangabandhu airbase at Dhaka, with plans to modernize and expand the Cox's Bazar air base. A new air base and a maritime air support operation centre (MASOC) are being set up under Southern Air Command at Barisal to ensure maritime security. Another air base is under construction at Sylhet.

The Diplomat by Shakil Bin Mushtaq June 27, 2018.

Comments. Bangladesh and Myanmar both have a major issue pertaining to Rohingya refugee crisis. The crisis may result into military action in near future. Both countries are arming their armed forces and contracting armaments from same source China. On the other hand, India needs to take a note of increased military capabilities of its neighbour's.

Myanmar To Follow Malaysia, Will Ask China To Downsize Port Project Under Its One Belt One Road Initiative. China is building a special zone in Kyaukpyu, located on Myanmar's Indian Ocean coast, at a cost of \$10 billion. The project includes a 1,000-hectare industrial park and a port, which once complete will be the country's largest."Lessons that we learned from our neighboring countries, that over investment is not good sometimes," the portal quoted Myanmar's Planning and Finance Minister Soe Win as saying in an interview."The main thing is to get good revenue," Soe said, adding, "So at the end of the day, we may be able to repay all the debt regarding the project."Chinese-led projects taken up under BRI have pushed many countries into a debt trap, Sri Lanka being a case in point. Myanmar's external debt at the end of 2017 was \$9.6 billion, 40 per cent of which is owed to China. Malaysia, which recently saw the first change of power since independence from Britain, has suspended the construction of the \$20 billion East Coast Railway Link being built by the Chinese under the initiative. The suspension of work comes after the newly elected government in Malaysia said it wants to renegotiate the terms of the deal signed with China.

Swarajya Staff 08 July.

Comments. China is aggressively following its well-orchestrated policy to offer soft loans for various infra projects in our neighbourhood which in longer run put these countries in debt trap. If projects are not getting through it is reported that China resorts to bribe the recipient leadership. India needs to watch all such projects and may render valuable advice with requisite technical and economic viability of these projects details so that these countries may be in position to take a well-informed decision as also provide alternative to develop these projects.

Rajnath Talks Security, Pledges Stronger Ties with Bangladesh. Indian Home Minister Rajnath Singh is on three days visit to Dhaka where he has extended the government of Prime Minister Sheikh Hasina his country's commitment to further strengthen ties. He assured of strengthening bilateral relationship on the basis of friendship, trust and understanding for the mutual benefit of the people of the two countries. In return, his Bangladesh counterpart also assured the same at the meeting between the two home ministers in Dhaka, says a press release of the Indian High Commission in Bangladesh. During the meeting, all security related matters of interest including terrorism, capacity building and increased cooperation between security agencies were discussed. Among other issues that were discussed was border management, countering illegal activities like fake currency, drug and human trafficking,

consular issues. Both ministers noted the significant progress made in bilateral ties “under the dynamic leadership of Prime Minister Narendra Modi and Prime Minister Sheikh Hasina”. With Bangladesh’s parliamentary election just five months or so down the road, the visit of Indian home minister is being heralded of high importance. Visiting Indian Home Minister Rajnath Singh on 14 July inaugurated the world's largest state-of-the-art visa centre in Dhaka with modern facilities, promising shorter waiting times for applicants. Singh inaugurated the integrated centre at Jamuna Future Park (JFP) along with his Bangladeshi counterpart Asaduzzaman Khan Kamal, reports bdnews24. Indian High Commissioner Harsh Vardhan Shringla, who was also present, told the media that this is the largest Indian visa centre in world located in a spacious 18,500 square feet commercial area.

Star online report 15 July

Comments. Home Minister visit to Bangladesh is of immense relevance since the country is going for elections soon. It is in our interest that present ruling party comes back for another term.

Nepal China to Meet by End July to Finalise Transit Transport Agreement (TTA).

Nepali and Chinese officials have scheduled a meeting here in the capital city at end of this month to finalise the protocol of transit transport agreement (TTA). Officials of both the countries had recently met in Beijing to expedite the exchange of protocol to bring the TTA into force. However, the Chinese side had presented a different proposal than the draft of protocol exchanged between the two countries. A delegation of Nepali officials led by Commerce Secretary Chandra Kumar Ghimire had held a meeting with Chinese officials last week, but during the discussion, the Chinese side proposed delivering Nepal-bound cargoes imported from third countries at Kyirong. The Nepali side had proposed utilising any sea or land port of China as a gateway port for third-country trade from northern neighbour and sought a multimodal transport facility. But taking a step forward, the Chinese side floated the idea of Nepali traders conducting third-country trade from any of its port and that it would ensure trans-shipment facility to Kyirong, as Nepal and China are planning to connect Kathmandu and Kyirong by rail. The transit protocol has defined the transit operation modality, import and export procedures, and mode of transport and customs clearance, among others. The trans-shipment facility to Kyirong will be proposed. Transit facility from China could be instrumental in the long run if the country is able to develop next generation infrastructure to connect with the northern neighbour under the Belt and Road Initiative of the government of China, according to experts. Experts have said that the TTA with China could provide an additional window for trade in case the supply situation via India gets disrupted for any reason. However, commercial trade via China will not be economically viable unless robust connectivity — road and rail — are put in place. Nepal and China had signed TTA during Prime Minister KP Sharma Oli’s visit to China on March 21, 2016. Oli was the prime minister back then too. Through TTA, the northern neighbour had principally agreed to provide transit (railways/roadways and sea/land

ports) for Nepal's third-country trade. However, the agreement will come into force only when both the governments sign and exchange the protocol of TTA. Till date, the country has been allowed to use two ports of India — Kolkata/Haldia and Visakhapatnam — as gateways for third-country trade.

A version of this article appears in print on July 15, 2018 of The Himalayan Times.

Comments. India is going to lose its monopoly to support Nepal a land locked country once China provides the alternative transit facility. Now there will be a competition however transportation through India will still be more economical. India needs to build and provide better connectivity in Nepal to ensure its continued footprint and hold.

RUSSIA

Col Harpreet Singh

Trump Putin Summit. President Donald Trump will meet with Russian President Vladimir Putin in Helsinki, Finland on July 16, making US allies even more nervous about the growing closeness between Washington and Moscow. The meeting comes just days after Trump hurled insults at countries like Germany at the NATO summit.

The four-hour meeting will be one of the most anticipated summits in years — and the widely held opinion is that Putin will come out of it with the upper hand. Yet Trump is planning to go ahead with the talks in Helsinki despite the charges against 12 Russian intelligence officers handed down by special counsel Robert Mueller. On July 13, Mueller delivered a sensational indictment that accuses the Kremlin of a deeply penetrating attack on American democracy. Mueller and his hand-picked team of prosecutors have filed ten indictments covering 32 individuals and three businesses, earned five guilty pleas, have two criminal cases headed to trial and sentenced one person to prison.

White House spokeswoman Lindsay Walters pointed out that there was no allegation in the document unveiled by Deputy Attorney General Rod Rosenstein that any Americans knew they were corresponding with Russians or that any US citizen had committed a crime. She also said there was no indication that the conspiracy had changed the result of the election.

And the Russian reaction was on predictable lines. "Washington is struggling to reanimate old 'fake news' about alleged 'Russian interference in the US presidential election in 2016,' " said a statement issued by the Russian Foreign Ministry. "Obviously, the purpose of this bogus story is to spoil the atmosphere before the Russian-American summit," the statement said, before adding with a Machiavellian twist that instigators of the intrigue would sooner or later be held accountable for the damage they "continue to inflict on American democracy."

Comments. The two leaders are likely to discuss election meddling, the war with Syria, and the North Korean threat — but the most important outcome of the meeting may be something almost no one is talking about : the extension of the New START nuclear treaty between the United States and Russia, which expires in 2021.

It is improbable that Trump would take the meeting without administering a public dressing down of Russian President Vladimir Putin before the cameras over accusations of a staggeringly broad election-meddling operation in 2016. But if the US President's own comments during his current trip to Europe or his past behaviour are any guide, he will make only a ritual complaint to a leader he has often treated as a hero.

There may be some immediate reactions on the election meddling - the US administration will move in the coming days, for instance, by sanctioning the GRU intelligence officers named in the indictment, who are highly unlikely to ever travel to the United States for a day in court. But the administration's tepid initial reaction hardly heralds a showdown between Trump and Putin in Finland.

Such low expectations mean that a summit that was always going to be mysterious -- given the oddness of Trump's relationship with Putin and the suspicion of critics that he is beholden to the Russian leader in some way -- is now going to be deeply surreal. Despite demands by critics to ditch the talks, Trump, who has chased a stand-alone meeting with Putin for months, simply has too much invested in the encounter to cancel it.

Russia – The Real Winner of the World Cup. Football fans from all over the world have thronged Russia for the FIFA World Cup. They sang, danced and partied through the night in a sea of Mexican sombreros, Peruvian ponchos, Icelandic Viking helmets and, of course, Russian tricolours. Even the normally stern-faced Russian police officers were cracking smiles.

The stunning new stadiums, free train travel to venues and the absence of crowd violence has impressed visiting supporters. Russia has come across as friendly and hospitable: a stark contrast with the country's authoritarian image. The foreign fans are pleasantly surprised.

Even former footballers are full of praise. "This is the one of the best World Cups I have seen in the last 40 years," said Germany's Lothar Matthaus. "Thank you Mr President. Thank you Russia."

Moscow has denied any connection to the death of Dawn Sturgess, who was recently exposed to Novichok in Amesbury. In their coverage, state media here have suggested that Britain has used the incident to spoil Russia's World Cup triumph.

Comments. The 2018 World Cup has been seen as a public relations triumph for Russia, but beyond the football concerns remain about the country's commitment to democracy, human rights and the international order. However, for now, Russians are using praise from foreign football fans to try to discredit allegations against their country.

The economy also appears to have got a boost through this tourism, though the exact status will be known some time later. Much will depend on the wider geopolitical game Russia is currently playing. And here, too, it appears President Putin is winning as he meets Donald Trump for a summit in Helsinki. With Russia under western sanctions, that is a diplomatic coup for Moscow.

Russia's New Hypersonic Missile. Russia has successfully tested a hypersonic missile, which can be launched from warplanes and will likely be ready for combat by 2020. Russia has tested the weapon, dubbed "Kinzhal," meaning "dagger." The last successful test was carried out earlier this month against a target nearly 500 miles away. Russia successfully tested the air-to-ground hypersonic missile three times. The

hypersonic missile was tested 12 times on a Russian MiG-31 fighter jet, but work is currently underway to mount the missile on a strategic bomber.

The U.S. is currently unable to defend against hypersonic missiles. "We don't have any defence that could deny the employment of such a weapon against us," Air Force Gen. John Hyten, commander of U.S. Strategic Command, told the Senate Armed Services Committee in March. This means that, as of now, the U.S. has to rely on deterrence against these so-called hypersonic weapons, he said. Both Russia and China are aggressively pursuing hypersonic capabilities.

Earlier Putin had touted his nation's hypersonic weapons as "invincible" during a state-of-the-nation address. The Russian president bragged in March that his country had a new nuclear-powered missile with unlimited range. Trump said he would discuss reducing nuclear weapons when he meets Putin in Helsinki.

Comments. The newly announced weapons are a significant addition to the Kremlin's arsenal that could create new fears over a budding arms race. This will certainly give Moscow a bargaining chip in the impending Trump Putin meet.