

ENVIRONMENT SCAN 16-31 JUL 2018

CHINA (CONTINENTAL)

Brig Rajeev Bhutani (Retd)

Chinese Space Station in Argentina: China Expands Its Reach in Latin America. A \$50 million satellite and space mission control station (450-ton device) has been built by the Chinese military in Argentina. The station began operating in March, playing a pivotal role in China's audacious expedition to the far side of the moon.

For much of the past decade, the United States has paid little attention to its backyard in the Americas. The primacy over Latin America that Washington had largely taken for granted since the end of the Cold War was being challenged by a cadre of leftist presidents who governed much of the region — including Brazil, Argentina, Venezuela, Ecuador, Uruguay and Bolivia — and wanted a more autonomous region.

All the while (Since 2008), China has been discreetly carrying out a far-reaching plan of its own across Latin America. It has vastly expanded trade, bailed out governments, built enormous infrastructure projects, strengthened military ties and locked up tremendous amounts of resources, hitching the fate. As the price of oil and other commodities tanked in 2011, several countries in the region suddenly found themselves on shaky ground. China came to their aid, striking deals that further cemented its role as a central player in Latin America for decades.

Trade between China and countries in Latin America and the Caribbean reached \$244 billion last year, more than twice what it was a decade earlier. Since 2015, China has been South America's top trading partner, eclipsing the United States.

More significantly, China has issued tens of billions of dollars in commodities-backed loans across the Americas, giving it claim over a large share of the region's oil — including nearly 90 percent of Ecuador's reserves — for years.

In Argentina, a nation that had been shut out of international credit markets for defaulting on about \$100 billion in bonds, China became a godsend for then-President Cristina Fernández de Kirchner. And while it was extending a helping hand, China began the secret negotiations that led to the satellite and space control station in Patagonia. Argentine officials say the Chinese have agreed not to use the base for military purposes. But experts contend that the technology on it has many strategic uses. American intelligence and defense officials are of the view that China has developed sophisticated technology to jam, disrupt and destroy satellites in recent years. According to them, China is deploying these capabilities to blunt American military advantages,

which are in many ways derived from space. Antennas and other equipment that support space missions, like the kind China now has in Patagonia, can increase China's intelligence-gathering capabilities, experts say. The Argentine government was in crisis mode in 2009. Inflation was high. Billions of dollars in debt payments were coming due. Anger was swelling over the government, including its decision to nationalize \$30 billion in private pension funds. And the worst drought in five decades was making the economic situation even more bleak.

Enter China, which stepped forward to brighten the outlook. First, it struck a \$10.2 billion currency swap deal that helped stabilize the Argentine peso, and then promised to invest \$10 billion to fix the nation's dilapidated rail system.

In the middle of all this, China also dispatched a team to Argentina to discuss something that had nothing to do with currency fluctuations: Beijing's ambitions in space.

The Chinese wanted a satellite-tracking hub on the other side of the globe before the launch of an expedition to the far side of the moon, which never faces the Earth.

If successful, the mission, scheduled to launch this year, will be a milestone in space exploration, potentially paving the way for the extraction of helium 3, which some scientists believe could provide evolutionary clean source of energy.

Comments. India has to be watchful about China's predatory tactics in its own backyard and take counter measures or take initiatives elsewhere. Nepal, Sri Lanka, Bangladesh, Myanmar and Maldives are being targeted by China to increase its strategic influence. Space is an arena, where China is competing with India, particularly after our successful MARS mission and will be monitoring our space missions.

<https://www.nytimes.com/2018/07/28/world/americas/china-latin-america.html>

Facebook Quietly Sets up Chinese Subsidiary. Facebook has quietly set up a subsidiary in China, as it attempts once again to penetrate the country following its 2009 ban. A Facebook spokesman said the US tech giant was setting up an "innovation hub" in Zhejiang, eastern China, to allow it to "support Chinese developers, innovators and start ups".

"We have done this in several parts of the world – France, Brazil, India, Korea – and our efforts would be focused on training and workshops that help these developers and entrepreneurs to innovate and grow," the spokesman added. The subsidiary has registered capital of around \$30m (£23m), according to the filing.

Comments. Knowing the influence of Facebook on social media, we should keep a close watch on their innovative and developmental activities in our country and regulatory mechanism should be in place to put curbs, whenever required.

<https://www.telegraph.co.uk/technology/2018/07/24/facebook-quietly-sets-chinese-subsidiary/>

Trump Offers \$12bn in Aid to Farmers Hurt by Trade War. The Trump administration on Tuesday said it would pay up to \$12bn (£9bn) to help US farmers weather a growing trade battle with China, the European Union and others, in a clear signal the president is determined to stick with tariffs as his weapon of choice in the conflict.

The move is to cushion the blow for a politically important constituency – rural and agricultural states that supported US President Donald Trump by wide margins in the election but have been targeted by China's retaliation to his trade tactics.

Mr. Trump's trade policies have become central in several rural-state US Senate races ahead of congressional elections in November, as Democrats there try to keep hold of several seats that Republicans have targeted.

To that end, the relief package is intended to serve as only a temporary boost to farmers as the United States and China negotiate over trade issues, officials said. "This obviously is a short-term solution that will give President Trump time to work on a long-term trade policy," said Sonny Perdue, the secretary of the US Department of Agriculture.

The aid will be financed through the USDA's Commodity Credit Corporation and thus will not require congressional approval. The CCC has broad authority to make loans and direct payments to US growers when prices for corn, soybeans, wheat and other agricultural goods are low.

Farmers have been a particular target in the current clash over trade policy as other countries seek to retaliate for Trump's duties on Chinese goods as well as on steel and aluminum imports from the European Union, Canada and Mexico. Those affected economies have in turn targeted US agricultural products, including soybeans, dairy, meat, produce and liquor.

The United States exported \$138bn in agriculture products in 2017, including \$21.5bn of soybeans, the most valuable export. China alone imported \$12.3bn of US soybeans last year, according to the USDA.

The news lifted shares of farm equipment companies on the prospect that farmers will have more money to spend on tractors and other farm gear. Deere & Co jumped 3.1pc, while Caterpillar gained more than 1pc and AGCO Corp rose 0.6pc. Soybean futures, hit hard by China's retaliatory tariffs, rose 1.2pc and hit their highest in two weeks as traders bet farm aid would improve demand, reducing a current surplus supply.

Comments. US – China trade war gives India an opportunity to balance its trade with China, particularly in respect of agricultural products and frozen meat.

<https://www.telegraph.co.uk/business/2018/07/24/trump-offers-12bn-aid-farmers-hurt-trade-war/>

CHINA (MAINLAND)

Brig Navjot Singh Bedi

Tax on Chinese Imports. Last week, the US had listed \$200bn (£150bn) worth of additional Chinese products it intends to place tariffs on as soon as September. The list named more than 6,000 items including food products, minerals and consumer goods such as handbags, to be subject to a 10% tariff. It is still under public consultation, to last until the end of August. However even before this proposed tariffs could be put in place, the US president said he is ready to intensify his trade war with China by slapping tariffs on all \$500bn of imports from the country.

The US also wants China to stop practices that allegedly encourage transfer of intellectual property - design and product ideas - to Chinese companies, such as requirements that foreign firms share ownership with local partners to access the Chinese market.

Comments. Technology goods like semiconductor chips are though assembled in China yet they're found in consumer products used in everyday life such as televisions, personal computers, smartphones, and cars. According to the Petersen Institute of International Economics more than 90% of the products on the US tariffs list are made up of intermediate inputs or capital equipment. These are items that one needs as raw material to make other products - so it could have a knock-on effect on many other goods too. Thus the price of goods all across the world is likely to be affected and consumers will end up paying more for these products. European stock markets fell in light of this trade war and other global stock markets may also be affected.

<https://www.bbc.co.uk/news/world/asia/china>
<https://www.bbc.co.uk/news/business-44898629>

Deepening Trade Ties between China and Israel. Chinese investment in Israel is continuing to boom, at the same time as a growing number of Israeli firms are entering the Chinese marketplace. In 2016 China's direct investment in Israel almost tripled to \$16bn (£12bn), according to a report in the South China Morning Post newspaper. Meanwhile, the Jerusalem Post predicts that China will overtake the US as the number one source of overseas investment in Israel.

Comments. Over the past two decades the Israeli economy has established itself as a leading hub of technological development. Chinese firms want to get their hands on that technology, at the same time as Israeli companies want better access to the giant Chinese marketplace. So while the US is slapping tariffs on Chinese exports and talking tough, Israel is happily encouraging his country's firms to accept Chinese investments. In light of considerable Indo Israel defence ties, this development needs to be watched closely.

(Dave Gordon Business reporter, Tel Aviv, Israel - <https://www.bbc.co.uk/news/business-44697662>)

ICT/CYBER - CHINA

Brig Navjot Singh Bedi

UK Criticises Security of Huawei Products. A UK government report into Huawei's broadband and mobile infrastructure equipment has concluded that it has "only limited assurance" that the kit poses no threat to national security. The investigation revealed shortcomings in the Chinese firm's engineering processes, which it said "have exposed new risks in UK telecoms networks" and "significant work" was required to tackle the issues. In response, Huawei acknowledged there were "some areas for improvement".

The report was written by the Huawei Cyber Security Evaluation Centre (HCSEC), which was set up in 2010 in response to concerns that BT and others' use of the firm's equipment could pose a threat. The body is overseen by UK security officials, including ones from spy agency GCHQ. It also highlighted that a visit to Shenzhen in 2017 had revealed the company was failing to keep proper watch over the use of third-party components. Security expert and former consultant to GCHQ Alan Woodward said that it's difficult not to conclude that Huawei appears to be falling short in doing what is required to enable the UK government to confidently give the green light to use its equipment in critical areas. He added that an earlier warning given by GCHQ's National Cyber Security Centre (NCSC) about using equipment from another Chinese firm ZTE had highlighted that Beijing had passed new laws giving it the right to interfere with its products.

Comments. Huawei is the world's biggest producer of telecoms equipment and is a major supplier of broadband and mobile network gear in Britain. This news comes as the US steps up efforts to ban Huawei's equipment from its country's networks. Australia is also considering banning the firm from being involved in its planned 5G network, over concerns that Beijing could force the firm to hand over sensitive data. If the UK cannot be totally confident in the assuring the security of any equipment it should not be placed in our critical infrastructure. Likewise the Gol may consider putting in place checks and measures to ascertain the security of the telecom equipment being supplied by firms, especially for critical projects.

(<https://www.bbc.co.uk/news/technology-44891913>)

SRI LANKA

Brig Navjot Singh Bedi

Sri Lanka is a Key Component of Maritime Silk Road: China. The Chinese Ambassador Cheng Xueyuan remarked that Sri Lanka is a key component of the 21st Century Maritime Silk Road with Hambantota Port and Colombo Port City as the two flagship projects of the pragmatic cooperation between China and Sri Lanka under the Belt and Road Initiative (BRI). In a statement, he said that they believed that China-Sri Lanka economic and trade cooperation would inject new vigour to Sri Lanka's economic and social development, enable development achievements to better benefit our two peoples, and let ordinary people get more sense of gain. He said Sri Lanka also attaches great importance to the China International Import Expo (CIIE) and will send a high-level delegation to China. In November 2018, China will hold the first China International Import Expo (CIIE) in Shanghai.

Comments. CIIE is the world's first expo themed on import and is a major policy measure of China to further open its market to the world. In the coming 15 years, China is expected to import 24 trillion USD worth of goods. Being in the immediate neighbourhood of India, these developments need to be closely watched and Indian presence in various projects in the island nation should be ensured.

(<http://www.dailymirror.lk/article/SL-a-key-component-of-Maritime-Silk-Road-China-153306.html>)

PAKISTAN

Col Arvinder Singh

Imran Khan Set to be PM, Nawaz Sharif's Party to Sit In Opposition¹. The official results of the Pakistan general elections have given victory to Imran Khan's party Tehreek-e-Insaf thereby breaking the dynastic hold in Pakistan. However Mr Khan will have to stitch an alliance to form a coalition government. Pakistan's National Assembly comprises a total of 342 members, of which 272 are directly elected. A party can only form the government if it manages to clinch 172 seats in total. Out of 272 elected seats the halfway mark is 137 for a simple majority. PTI has won 115 seats. PML-N and PPP have won 64 seats and 43 seats respectively. MMA, an alliance of multiple religious parties, has managed to win 12 seats, whereas MQM-P has garnered just six seats. PML-Q, a fraction of the original PML, and the newly formed Balochistan Awami Party (BAP) have won four seats each, while Sindh-based Grand Democratic Alliance (GDA) has won only two. 13 Independent candidates have also triumphed in the National Assembly polls, which are expected to play an important role in government formation, just like the smaller parties as PTI has fallen short of the magic number. PML-N and other parties have accused the military of rigging the elections. The PML-N initially rejected the results, but by 27 Jul its leaders appeared to accept that Mr Khan would be the next prime minister. Although Imran Khan appeared likely to fall short of the 137 seats needed for a majority in the National assembly, his better-than-expected results mean he should have no problems forming a government with a handful of small coalition partners. During a presidential style address on 26 Jul, Imran Khan offered to investigate opposition claims of rigging and vowed to improve relations with India and Afghanistan, while calling for "mutually beneficial" ties with the US. In his address Imran Khan indicated that he would be open to talks with India on Kashmir. **Punjab:** PML-N, which has ruled Punjab for two consecutive tenures, has again managed to emerge as the single largest party winning 129 seats in the polls. However, PTI managed to come a close second with 123 seats. With neither having the required strength of 149 in a 295-

1 <https://www.ndtv.com/world-news>

member House, the 28 Independents, most of who parted ways with the PML-N before the polls and contested independently could play kingmaker in Pakistan's most populous and politically most important state. Both PML-N and PTI have announced that they will form a government and both parties are said to be in talks with the independents. **Sindh:** PPP got a clear majority by winning 74 seats in the house of 131, even as it lost its position elsewhere in the country. It is followed by PTI with 22 seats and MQM by 16. GDA, a coalition of five political parties, has won only 11 seats in the provincial Assembly. **Khyber Pakhtunkhwa:** PTI has become the first party in decades to be re-elected to rule Khyber Pakhtunkhwa province for a second consecutive term. It has won 66 seats of the total 97 on which the elections were held. MMA is a distant second with only 10 seats. The PPP has won four seats in the provincial assembly while six Independents have also won. **Balochistan:** the newly-formed Balochistan Awami Party (BAP) is on top with 15 seats but failed to get a majority in the House of 51 members. MMA is the second largest party with nine seats. However, Balochistan National Party and Independents have won five seats each while PTI received four. PML-N could manage only one seat. Any party that wishes to form the government will need support from smaller parties and the Independents.

Comments. The new government will compete for influence over foreign policy with Pakistan's powerful military, which has ruled for much of the nation's history. Khan has courted right-wing religious leaders and has been highly critical of the American invasion and conduct in Afghanistan. He has long criticized the U.S. for drone strikes in Pakistan, taken a hard line against India and expressed support for China's \$60 billion infrastructure program. He led a relentless anti-graft campaign and was seen as military's top choice for prime minister despite his denials. The kind of pan-Pakistan mandate he has received was last seen in the 1970s, for Zulfikar Ali Bhutto. It is widely believed that election outcomes are always pre-determined, and the victor always has the blessings of the country's military establishment. However there are still questions to grapple with. Will these elections be a harbinger of political stability or will this be a short-lived experiment toward a mid-term election? Will the military be happy letting the PTI rule over the Centre, KP and Punjab? And how will the other parties conduct themselves vis-à-vis the PTI?

Implications for India.² India responded on PTI victory that the new Pakistan government should work constructively to build a safe, stable and secure South Asia free of terror and violence and desires that a prosperous and progressive Pakistan at peace with its neighbors. Khan has said that Pakistan was ready to improve its ties with India and his government would like the leaders of the two sides to resolve all disputes, including the "core issue" of Kashmir, through talks and If India take one step towards us, we will take two. The New Delhi-Islamabad ties have nose-dived in the last few years over cross-border terrorism. Relations worsened after terror attacks by Pakistan-based groups on several military bases in India. The victory of Khan, an ardent nationalist who frequently attacked India in speeches during his campaign rallies, has serious security implications for India. India is wary that he will be a harbinger of more conflict and tension on the disputed and heavily militarized border. Indians view Pakistan through two interrelated prisms- military dictatorship and terrorism. From these lenses, Khan's victory is not a democratic triumph but a win for the forces which are most threatening to India. The meddling of the Pakistani army and ISI with democratically elected governments and public institutions makes Indians dismiss any possibility of genuine democratization in Pakistan. Khan has sold himself to voters as a agent of change who will sweep Pakistan free of corruption and dynastic misrule. But in India he is painted as a lackey of the military-dominated "deep state" which is the de facto arbiter of Pakistan's destiny as the military dominates all the core institutions and processes, including the transfer of power from one set of the elite to another. India feels that peace with undemocratic Pakistan is

2 <https://asia.nikkei.com/Opinion/India>

impossible as long as its state and economy are captive of military. Terrorism plays into this dynamic. Khan has been derided by critics as 'Taliban Khan' for teaming up with radical jihadist, sectarian and religious conservative parties and candidates in the run-up to his election victory. He has expressed sympathy for the Afghan Taliban as well as the mujahedeen or holy warriors waging insurgencies in Indian-administered Kashmir. In order to galvanize the votes of conservative Pakistanis, Khan has defended the notorious blasphemy laws that victimize non-Muslim minorities and has also benefited from the fielding of numerous Islamist candidates who cut into the vote share of his rivals. His first speech after winning the election referred to human rights abuses being committed by the Indian army in Kashmir and how Kashmir, a favorite cause of Islamists, is the "core issue" for him. Khan's ascent could represent a tipping point in India-Pakistan relations, and not for the better. However ineffective in influencing the international behavior of the Pakistani military, mainstream civilian politicians who served multiple terms as prime ministers like Benazir Bhutto and Nawaz Sharif at least acted as minimal checks on the anti-Indian tendencies of the Army. A unified civil-military lineup under Khan with an overarching anti-India outlook deprives India of opportunities to bolster moderate elements inside the Pakistani governing edifice and politically blunt the security threat posed by extremists. One of the reasons for the Sharif's repeated political downfalls at the hands of Pakistani military was his effort to try dialogue and normalization of ties with his Indian counterparts. As the prime minister of a shaky coalition government, Khan knows the cost of deviating from the military's line on India and Kashmir. India worries that Khan will give voice to and popularize what the ISI and the Pakistani Army top brass cannot say openly- that the state of Pakistan will never settle for peace with India unless the latter relinquishes Kashmir. An unstable coalition government is exactly what the Pakistani military wanted in order to keep Khan under limits and carry on with business as usual. There is a possibility that Khan may feel suffocated by Pakistan's military top brass as he tries to carve out his own autonomy. At some point, every civilian Pakistani leader has experimented with outreach to India, only to be cut short by the military. Khan could also float his own trial balloon to negotiate with India to fortify his own position as a statesman.

IRAN

Col Arvinder Singh

Iran's Currency Plunges to Record Low as US Sanctions Loom³. Iran's currency has plunged to another record low, dropping past 100,000 rials to the US dollar, as Iranians brace for August 7 when the United States is due to reimpose the first batch of sanctions on their economy. On 29 Jul the Iranian rial plunged to 111,500 against one US dollar on the unofficial market, down from about 97,500 rials on 28 Jul.

Comments. The rial has lost about half of its value since April because of a weak economy, financial difficulties at local banks and heavy demand for dollars among Iranians who fear the effects of sanctions. Iran's government tried to fix the rate at 42,000 in April, and threaten to crack down on black market traders. But the trade continued amid public worries about a prolonged economic downturn. On August 7, Washington is expected to reimpose sanctions on the purchase or acquisition of US dollars by the Iranian government, Iran's trade in gold and precious metals, and on the direct and indirect sale, supply and transfer of goods. On November 4, 2018, a second set of sanctions is expected to start on industries such as shipping, oil, petrochemicals and the energy sector. The US will pursue efforts to reduce Iran's sale of crude oil. Iran's oil exports could fall by as much as two-thirds, putting oil markets under huge strain amid supply shortages elsewhere in the world. Tensions between the US and Iran have been at an all-time high in recent days after a senior Iranian military commander hinted on 26

³ <https://www.aljazeera.com>

Jul that Iran is prepared to launch a war and wage a campaign of terror against the United States. He was responding to an explosive tweet from Mr Trump. The US President responded back to Iranian President Rouhani to never ever threaten US again or Iran will suffer consequences the likes of which few throughout have suffered.

As US Sanctions on Iran Loom, India Must Ready a Plan that Suits its Needs⁴ .

India needs an Iran plan at the earliest, else it might find itself in a very tricky situation in November when the Trump Administration intends to implement full-blown sanctions on Tehran. The problem for India is complicated by Washington's ambiguity on what exactly does it expect from a partner country like India. This is important for India because annually Iran is its third-largest supplier of crude oil. While the gap between Iran and the first two—Iraq and Saudi Arabia—is significant, there are advantages that Iranian crude brings to the table that India simply cannot overlook. In 2017-18, India imported about 22 million tonnes (mt) of crude from Iran. So, a sudden closing of the tap will have big ramifications. The US sent a high-level official team to India recently to explain the details of its sanctions' plan. All that the US team could convey behind closed doors is India must show 'significant reduction' in its oil imports from Iran. But what does 'significant' constitute? This isn't clear. This isn't the first time that the US has imposed sanctions on Iran. But the Obama Administration conveyed a clear sense on what quantum of reduction will keep the ball at play on both ends. While the architecture of the sanctions regime is unlikely to be very dissimilar, however President Trump's political approach is going to be unpredictable and aggressive. So, for starters, India should begin by addressing this at a political level to come up with a mutually acceptable number. The Indian financial sector has already started to take measures to shut out its exposure to Iran and safeguard transactions. Within the oil sector itself, Indian private entities are quite clear that they will not trade with Iran under US sanctions. So, the larger economic environment does not support exposure to Iran. Yet, India can't just do away with Iranian crude and also, politically, cannot easily yield space to the US in the backdrop of historically strong Indo-Iranian relations. India sent a team of senior officials to the European Union to find a way out through alternate trading arrangements in euro. It appears that EU hasn't drawn up a concrete plan yet, despite being hugely critical of the Trump.

Comments. So it's clear that India will have to make its own plans, also because it cannot completely align itself with Russia and China on this issue. At the same time, India must impose a high strategic cost to its political positioning on Iran. It has successfully done so in the past with the Bush and Obama Administrations. The approach with Trump cannot be the same and must operate on two levels. First, the economic side, which must be guided by a clear political objective to obtain a waiver from the US to do business with Iran. In order to be in a position to make this argument by November, India will need to signal a willingness to reduce oil trade with Tehran. This leads us to the second level, which must cast the overall political approach. While India should signal willingness to reduce oil trade with Iran, it must not allow Washington the comfort to think that it will go with the US all the way. India's must carry stiff conditions—from regulating global prices to cornering larger strategic gains elsewhere, because any concession on Iran has a direct bearing on India's regional strategic environment, particularly Afghanistan and Pakistan. It's important for India not to be diffident or defensive, but proactive in setting the terms with the US on Iran instead of playing the guessing game like most of Europe.

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

AFGHANISTAN

Col Arvinder Singh

Newest U.S. Strategy in Afghanistan for Retreat⁵. The Trump administration is urging American-backed Afghan troops to retreat from sparsely populated areas of the country, thereby ensuring the Taliban will remain in control of vast stretches of the country. It is meant to protect military forces from attacks at isolated and vulnerable outposts, and focuses on protecting cities such as Kabul and other population centers. It will effectively ensure that the Taliban and other insurgent groups will hold on to territory that they have already seized, leaving the government in Kabul to safeguard the capital and cities such as Kandahar, Kunduz, Mazar-i-Sharif and Jalalabad.

Comments. The retreat to the cities is a searing acknowledgment that the American-installed government in Afghanistan remains unable to lead and protect the country's sprawling rural population. After the declared end of combat operations in 2014, most American troops withdrew to major population areas in the country, leaving Afghan forces to defend remote outposts. Many of those bases fell in the following months. The strategy depends on the Afghan government's willingness to pull back its own forces as some Afghan commanders have resisted the American effort to do so, fearing local populations would feel betrayed. Of Afghanistan's 407 districts, the government either controls or heavily influences 229 to the Taliban's 59. The remaining 119 districts are considered contested. Hundreds of Afghan troops are being killed and wounded nearly every week many in Taliban attacks on isolated checkpoints. Over the last year alone, the number of Afghan soldiers, police, pilots and other security forces dropped by about 5 percent or 18,000 fewer people.

Taliban had Meeting with US Official in Doha: Taliban Official⁶. The Taliban held their first direct contact with a US official in a preliminary discussion about future peace-talks on Afghanistan, a Taliban senior official said today. The official described as "useful" a meeting with Alice Wells, the US's top diplomat for South Asia. The meeting was held in Qatar, where the Taliban have maintained a political office since 2013. US officials neither confirmed nor denied the meeting.

Comments. Taliban have been demanding direct face-to-face talks with US and wanted a time frame for the withdrawal of the roughly 15,000 US and NATO troops still in Afghanistan. Taliban knows that they will not gain recognition unless concerns with US are resolved. Until now, Afghan President Ashraf Ghani's national security team has said it is ready to hold talks with the Taliban at any time and that their allies, including the United States, should participate only as observers.

Afghanistan: Gunmen Kill and Wound Staff at Midwife Training Centre⁷. Gunmen stormed a midwife training centre in the eastern Afghan city of Jalalabad, fighting security forces for several hours and killing several staff. Nearly 70 people, including

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

6 <https://www.newsbytesapp.com>

7 <https://www.theguardian.com/world>

students and teachers, were inside the centre at the time of the attack on 28 Jul 18. Some of the people inside the centre escaped while others the gunmen took others hostage. One attacker was wearing a suicide vest and blew himself up. The other was killed by security forces. There was no immediate claim of responsibility for the attack but Islamic State, which has a stronghold in Nangarhar, has carried out most of the recent assaults in the Jalalabad.

Comments. Jalalabad has been the scene of several attacks in recent months that have killed dozens, as US and Afghan forces continue offensive operations against Isis and Taliban militants. Government buildings, including hospitals and medical facilities, are a common target for insurgents. Midwives have been attacked in the past for providing reproductive health services to women, though such attacks are rare. Islamist groups and many ordinary Afghans also oppose women working outside the home.

UNITED STATES OF AMERICA

Gp Capt GD Sharma, VSM (Retd)

President Trump and President Putin in a Summit at Helsinki on 16 Jul 18. Its implication to India. In the post cold war era, the relations between Washington and Moscow has fallen to their lowest level now with Russia facing US sanctions for Ukraine & Crimea interventions and for meddling in the US elections in 2016 . However, this animosity is not visible at the leadership level. President Trump accordingly scheduled an informal summit with President Putin at Helsinki on 16 Jul18, with an aim to improve the ties between them and even to seek clarification on issues particularly on Russian meddling in the US elections from the Russian leadership. There were however, low expectations from the summit and true to this, the meeting did not bring out any improvement in ties between US and Russia In fact, it has sharpened the differences between them. After the summit, Trump is facing a lot of criticism in America for presenting his own country in poor taste. At the personal level however, the meeting showed lot of bonhomie between the two leaders.

Implications to India. Russia along with Iran and North Korea are facing stringent economic sanctions by US which are based on federal law passed by the US congress viz; 'Countering America Adversaries through the Sanctions Act' (CAATSA). This law empowers US administration to impose sanctions on Iran, North Korea and Russia and all those business entities of other countries that do business with these countries. India is facing strains due our relationship with both Iran and Russia. From Iran, India imports nearly 10% of our oil and gas import, besides our investment on Chahbahar port for linkage with Central Asia and Afghanistan. As regards to Russia, we have heavy dependence for import of weapon and weapon spares especially since nearly 60-65% Of our weapons are of Russian origin. In addition, India has finalised purchase of five regiments of S-400 Ballistic missiles defence and final agreement is at anvil. We are hopeful that US will take note our sensitivity and find ways to accommodate our concern though specific exemptions. But unlike in the past, US congress is expected to follow strict sanction regime despite's many in US administrations appreciate our concerns.

While, the recent revelation of seizure of atomic weapon literature by Israel will also cast its effects, we are hopeful that that on Iran, we may be able to convince US as Iran does provide a valuable link with Afghanistan where US is deeply involved. But, there are apprehensions on Russia in view of strong adversarial U.S relations with Russia after Ukraine, Crimea, Syria interventions and finally alleged interference in US election which

has been confirmed by the Special Counsel who was investigating the US intelligence Findings on Russian interference of US elections 2016.

Though it is a tall order, India is hopeful that President Trump after displaying bonhomie with President Putin will be able to persuade US congress to soften their stand with respect to the India and grant specific exemptions on sanctions. This arrangement existed during the previous US sanction regime on Iran prior to concluding of the **Joint Comprehensive Plan of Action** (JCPOA) between the P5+1 and EU in April 2015, In case US ignores Indian concerns, its fall out on India U.S. relations would be negative. Indian Foreign affairs Minister has already categorically stated with respect to Iran. Similarly, Indian stance on purchase of S400 has been stated by the defence minister. U.S. thus must appreciate that its stance on Iran and Russian sanctions hits at root of our strategic autonomy hence will not be acceptable.

2+2 Strategic Dialogue between India and US has been Postponed to 06 Sep 2018 at New Delhi. Finally, U.S. Secretary of State Mike Pompeo and Defence secretary James Mattis will meet with their counterparts at New Delhi for strategic dialogue. Earlier twice postponements and likely operation of US sanction law against Russia and Iran “Countering US adversaries through Sanction act (CAATSA) has created impression to the strategists as well as to the Government of India that, has US changed its stance with respect of India? Consequent to this, both nations tried to woo each other to ward off this impression. US offered to sell 24 armed Guardian drones (Predator UCAV) of course after signing of CISMOA which is believed to be moderated by making CISMOA applicable to only US supplied defence equipment. This would take care of the reservation of Indian armed forces, who feared loss of classified info on our communication and operations. On the other hand India, sought to buy 24MH-60 helicopters for our navy as well as National Advanced Surface to Air Missile (NASAM). Latter is jointly made by U.S. Raytheon with a Norwegian company. The U.S. missile system contrary to DRDO’s BMD which is under development is known to be effective against the Cruise missiles, aircraft and Drones at a medium range. DRDO developed BMD is meant for the ballistic missile threat with maximum range of 5000km.Both together will give a sound area defence to the protected area. As per the news paper report, NASAM is slated to be deployed in the capital to give impregnable defence to Delhi just like Washington and Moscow. One is now really not sure when DRDO will offer its product to the services but surely NASAM could be jointly deployed with the Russian S-400 missile system when imported.

Even though India will assess U.S. stance in 2+2 dialogue, before going ahead with the steps to purchase helicopters and the missile system. It seems that we have misconception about American strategic stance which is not likely to change due President Trump’s trade war. U.S. has officially declared India Strategic Defence partner and deals with India similar to its NATO allies in the strategic sense hence, our misconception about change in American Strategic stance is misconceived.

RUSSIA

Col Harpreet Singh

New Ocean Opening up Around the North Pole: Russia Leads the Global Scramble.

A global battle is emerging over the Arctic Ocean. Over the past three decades, global warming has contributed to the melting of the Arctic, which is warming twice as fast as the rest of the world. But while much of the globe sees this as an encroaching disaster, five Arctic nations stand to benefit from it. As the ice continues to melt, the US, Canada,

Denmark, Norway and Russia see a chance for new trade routes and potentially lucrative deals in untapped natural resources.

Arctic could contain as much as 90 billion barrels of oil and 47 trillion cubic metres of natural gas. The US Geological Survey estimates that the Arctic region holds 30 per cent of the world's undiscovered natural gas, and 13 per cent of its oil. On top of this, the US Government Accountability Office estimates that around \$1 trillion in minerals like gold, zinc, nickel and platinum lie in the region. While these resources remain difficult to access, global warming is rendering them more and more accessible every year.

Also as the ice turns to water, new shipping routes are opening up. In summer, the region is more navigable, cutting weeks off the trips between Asian and Western markets.

The big question is that who does the ocean belong to? In 2007, a Russian-led polar expedition planted a Russian flag on the sea bed directly underneath the North Pole. "The Arctic has always been Russian," declared Artur Chilingarov, one of the polar explorers. Prior to the 2018 NATO summit, [Chatham House Research Fellow Mathieu Boulegue urged the organization to develop a stronger military presence in the region](#). "As NATO does not have a clear, united strategy for the Arctic or the Black Sea, both regions will face heightened risks as the Kremlin further builds up its military capabilities," he wrote. "These risks include restricted freedom of access and operation in this contested environment due to Russia's strengthened air defence and interdiction capabilities.

Comments. Under international law, which is governed by the United Nations, each country can claim up to 200 nautical miles (370 kilometres) off its coast — what's known as an "exclusive economic zone" (EEZ). Beyond that, everything is up for grabs — provided a country can prove to the UN that the outer zone belongs to them. So far, Norway and Iceland are the only two countries that have submitted claims that have been approved by the United Nations.

But it's when countries' claims overlap that the problems arise. Russia, Denmark and Canada have submitted overlapping claims that are still waiting for approval. Greenland, an autonomous country owned by Denmark, has the nearest coastline to the North Pole. In 2014, Denmark claimed an area of 895,000 square kilometers extending from the Greenland border into the limits of Russia's 200-mile EEZ. Russia remains unwilling to concede to the smaller nation.

Russia. Russia has more bases north of the Arctic Circle than all other countries combined, and is building more with distinct military capabilities. The Kremlin is publicly holding military exercises and building bases in the Arctic region, in its bid to send a message to the rest of the world that it's willing to do whatever it takes to take ownership of the region. The same year it annexed Crimea, Russia carried out extensive military exercises in the region for the first time since the end of the Cold War. It forms part of Mr Putin's mission to restore Russia to its "great power" status.

US. President Donald Trump has been surprisingly quiet on the Arctic front. The issue failed to get a mention in his National Defense Strategy, which was released earlier this year. It also wasn't raised during his Helsinki summit meeting with Vladimir Putin. That's not to say the conflict isn't on America's radar. But apart from some isolated Alaskan outposts, the US is relatively isolated from the North Pole

China. China is now attempting to get in on the new trade routes by making it a part of its international Belt and Road Initiative. Earlier this year Beijing issued a White Paper detailing its Northern Sea Route plans. Beijing is ultimately wishing to take advantage of the opening sea route as a shortcut to trade with Europe, which would slash travel times, and with those costs.

India. At the moment India does not seem to have any interest in the arctic region as its supply lines through the Indian Ocean are much shorter. However there is a case to explore possibility of a trade route through the Arctic Ocean, as China is doing, if only to show presence as a future global power. Having an alternate strategic option for India, in the unlikely event of, say, Pakistan developing a future capability of blockading the Gulf of Aden/Strait of Hormuz might also be useful. India should keep in mind that as the Arctic ice continues to melt, the value of the arctic region will only increase.

Source. <https://www.news.com.au>

ASEAN

Col Shyamji Yadav

10th Edition of Delhi Dialogue Held in New Delhi. The 10th edition of Delhi Dialogue (DD X) was held in New Delhi and was hosted by Union External Affairs Minister Sushma Swaraj. The theme for this edition was “Strengthening India-ASEAN Maritime Cooperation”.

It was organised by Ministry of External Affairs (MEA) in partnership with the Research and Information System for Developing Countries (RIS). It saw participation of political leadership, policy makers, senior officials, diplomats, business leaders, think-tanks and academicians from India and ASEAN member states. Chief Ministers from North-Eastern states were also invited to participate in the event.

External Affairs Minister Sushma Swaraj, delivering the keynote address at the 'Delhi Dialogue' in the presence of 10 delegation heads of ASEAN countries, said a common, rules- based order must be followed in the region that takes into account the equality of all, irrespective of size and strength.

She said "Our vision of the Indo-Pacific not only involves physical inter connectivity but also entails building bridges of trust, based on mutual respect, giving due regard for sovereignty and territorial integrity, consultation, transparency, viability and sustainability. The Indo-Pacific must be a free, open and an inclusive region. We must follow a common, rules-based order that takes into account the equality of all, irrespective of size and strength. It should allow use of common spaces on sea and in the air”.

Swaraj, in her remarks, also said India was ready to strengthen cooperation with ASEAN in areas of Humanitarian Assistance and Disaster Relief (HADR), search and rescue operations, anti piracy, counter terrorism, counter proliferation and collaborate on maritime domain awareness.

"We will also work towards ecologically sustainable development of ocean resources in a collaborative framework.

"We are working on specific proposals to set up a regional high-capacity fiber-optic network, supplemented by national rural broadband networks and digital villages in remote areas. We have offered USD 1 billion Line of Credit, to help finance these and other connectivity projects with ASEAN," Swaraj said.

Delhi Dialogue is premier annual event to discuss politico-security, economic and socio-cultural engagement between India and the Association of Southeast Asian Nations (ASEAN). It has been held annually since 2009. It is aimed at finding a common ground and expanding the scope of cooperation between India and ASEAN nations.

Comments. Swaraj's comment on Indo-Pacific assumes significance as India has been working with ASEAN towards evolving regional security architecture and Asian countries such as Malaysia, Philippines and Indonesia have disputes with China over the South China Sea.

India-ASEAN engagement is deep-rooted. Boost towards infrastructure and connectivity can make a qualitative shift to India's economic engagement with ASEAN.

RCEP Talks: India Seeks Concessions on Services. India is committed to the Regional Comprehensive Economic Partnership (RCEP), but needs to see concessions on services, a high-ranking official from its Commerce Ministry said on Friday (July 20).

The ASEAN-led RCEP is an ambitious trade pact being negotiated between the 10 members of ASEAN and its six major trading partners - Australia, China, India, Japan, New Zealand and South Korea. Collectively, the 16 countries account for about half the world's population, 30 per cent of its economy and trade, and a quarter of global exports.

Speaking at the 10th edition of the Delhi Dialogue on Friday, Commerce Secretary Rita Teatota said the RCEP made sense for India only if it gets concessions on a service which includes the movement of workers and professionals.

Comments. India has been wary of opening its markets to China with which it already has a huge trade deficit of US\$51 billion (S\$69.5 billion) in the 2016-17 fiscal year.

It is seeking a services deal that will allow millions of the country's skilled professionals to work in RCEP member countries.

Indonesia Lobbying to Maintain US Trade Ties. Amid an escalating global trade war triggered by the United States, Indonesia is going against the grain by lobbying Washington in a bid to maintain its trade ties with the world's largest economy.

Leading a business delegation to the US capital last week is Indonesian Trade Minister Enggartias to Lukita. It includes representatives from, among others, the Indonesian Chamber of Commerce and Industry (Kadin), and organisations representing Indonesian exporters, importers, biofuel producers, textile producers as well as producers of key exports including tyres, palm oil, steel and aluminium.

Mr Enggartias's key focus for the trip is to discuss the review of US preferential trade tariffs, which Indonesia has enjoyed for decades, as well as explore new opportunities for local businesses in the US.

After a meeting between Mr Enggartias and US Secretary of Commerce Wilbur Ross on Tuesday, both countries agreed to lay out a road map to boost bilateral trade to US\$50 billion (S\$68.2 billion) in the next few years, from nearly US\$26 billion last year.

According to Indonesia's Trade Ministry, two-way trade between Indonesia and the US reached US\$25.92 billion in 2017, with Indonesia exporting US\$17.79 billion worth of goods and commodities, while it imported US\$8.12 billion, resulting in a surplus of US\$9.67 billion.

While the US is among Indonesia's biggest trading partners, Indonesian goods and commodities accounted for only 0.88 per cent of overall American imports in 2017, according to Geneva-based International Trade Centre.

Comments. In April last year, the Trump administration released a list of countries with which it has considerable trade deficits. Indonesia, South-east Asia's largest economy, was ranked 15 out of 16 countries. Indonesian steel, meanwhile, is part of the supply chain of American companies, including Boeing. The Trump administration's move to impose 25 per cent import duties on steel will eventually push up aircraft production costs in the US.

Actually, American consumers and entrepreneurs are the main beneficiaries of the the US' preferential tariff scheme, called the Generalised System of Preferences (GSP) facility. Therefore, US may reviewing the eligibility of Indonesia, along with India and Kazakhstan, for the GSP based on concerns over compliance with services and investment criterion.

UN Security Council Urges Myanmar to Ease Rohingyas' Safe Return. The United Nations Security Council on Monday (July 23) urged Myanmar to step up efforts for Rohingya refugees to return to the country safely and voluntarily. During a closed-door meeting, the 15 council members called for more social and economic development aid and facilitating the return of Rohingya refugees and internally displaced persons to their homes in Rakhine state.

The UN envoy for Myanmar, Christine Schraner Burgener, said the government was favorable toward a return to Rakhine for the hundreds of thousands of Rohingyas who fled the area.

Comments. Tensions remain in Rakhine between Rohingyas - a Muslim minority - and the Buddhist majority. Govt should create an atmosphere so that they come back voluntarily, safe, in dignity and in a sustainable manner.

(www.straitstimes.com/asia/se-asia
www.currentaffairs.gktoday.in)

WEST ASIA

Col Sumit Rana

SYRIA

At least 300 White Helmets are still trapped in Syria, rescue worker warns as Assad calls Israel's evacuation operation to save them 'criminal'.

- (a) Some 300 White Helmets volunteers are stuck after failed evacuation to Jordan.
- (b) Fighting between ISIS and the Syria regime caused them to be left behind.
- (c) Israel rescued 800 members and families for resettlement in the West yesterday.
- (d) White Helmets said that the evacuees were 'surrounded in a dangerous region'.
- (e) The first responders were prevented from reaching an evacuation point in an escape operation yesterday.

(f) Up to 800 White Helmets rescue workers were successfully evacuated to Jordan but not everyone made it, the volunteer group told **CNN**.

Israel shoots down Syrian fighter jet as military claims it had infiltrated its airspace.

(a) Two Patriot missiles were launched at a Syrian fighter jet, Israeli military said.

(b) The Israeli Defence Forces said it had 'monitored the advance of the fighter jet'.

(c) It's the first time that Israel has shot down a manned Syrian fighter jet since 2014 .

(d) Syrian military sources accused Israel of firing at a warplane carrying out operations against jihadists, over Syrian territory.

More than 180 people are killed in ISIS suicide blasts and gun attacks in government-held city in Syria's south.

(a) Syrian Observatory for Human Rights said at least 180 people were killed today.

(b) Seemingly coordinated attacks included multiple suicide blasts in Sweida city.

(c) The attacks were the deadliest to hit government territory in many months

(d) Northeast of Sweida city, jihadists launched simultaneous assaults on villages.

- (e) At least 38 IS fighters were also killed, including the suicide attackers.
- (f) Islamic State said in a statement that it had carried out the suicide blasts and gun attacks, which are the deadliest to hit government territory in many months.
- (g) The coordinated attacks - the worst in recent months - had all the hallmarks of the militant group and were reminiscent of its horrific assaults that spread mayhem over the past years in Syria, already ravaged by civil war.
- (h) The suicide bombings in the city of Sweida, a provincial capital populated by Syria's minority Druze, were apparently timed to coincide with attacks by a militant group linked to IS on a number of villages in the province, also called Sweida.

Britain brings in 1,100 refugees from Syria in three months - but none are Christians despite their suffering in seven-year civil war.

- (a) 1,100 Syrian refugees brought into Britain in first three months of this year.
- (b) All arrivals were Muslims despite Christians' suffering and persecution by ISIS.
- (c) Only 11 of the 4,832 Syrians invited to settle here last year were Christian.
- (d) Barnabas Fund charity obtained figures under Freedom of Information laws.

TURKEY

Erdoğan rebuked for claiming Israeli officials have 'Hitler spirit'. Netanyahu calls Turkey a 'dark dictatorship', in diplomatic spat over new law defining Israel as a Jewish state.

Turkey's president, [Recep Tayyip Erdoğan](#), has said that "Hitler's spirit" was resurgent among Israeli officials, while Israel's prime minister, Benjamin Netanyahu, said Turkey

was becoming a “dark dictatorship” as the two regional powers clashed over a new law defining Israel as a Jewish state.

At a meeting with lawmakers from his Justice and Development (AK) party on Tuesday, Erdoğan condemned the [nation state law passed in the Knesset last week](#), which he said mirrored the Nazi obsession with Aryan racial purity.

Turkey to place US pastor under house arrest after over 600 days in prison Andrew Brunson, on trial for alleged espionage, was released due to health issues after US policymakers threatened sanctions.

An American pastor whose imprisonment for more than 600 days has [tested relations between the US and Turkey](#) has been released from jail and placed under house arrest, in an apparent concession to repeated demands by American policymakers who called the man’s detention a disgrace and threatened sanctions against Ankara.

The US secretary of state, Mike Pompeo, welcomed Andrew Brunson’s release from prison – but said the decision did not go far enough.

Trump threatens 'large' sanctions on Turkey unless US pastor released. Administration escalated pressure after a court placed Andrew Brunson, on trial for terrorism charges, under house arrest.

Donald Trump has threatened to slap “large sanctions” on Turkey unless Ankara frees an American pastor whose detention has further strained relations between the Nato allies.

The Trump administration escalated its pressure campaign the day after a Turkish court allowed Andrew Brunson to be transferred to house arrest after 21 months in detention. He is on trial on terrorism charges.

SAUDI ARABIA

Saudi King Says Peace Conditional on Yerushalayim, Refugees. Saudi Arabia has reassured Arab allies it will not endorse any Middle East peace plan that fails to address Yerushalayim’s status or refugees’ right of return, easing their concerns that the kingdom might back a nascent U.S. deal which aligns with Israel on key issues.

King Salman's private guarantees to Palestinian Authority President Mahmoud Abbas and his public defense of long-standing Arab positions in recent months have helped reverse perceptions that Saudi Arabia's stance was changing under his powerful young son, Crown Prince Mohammed bin Salman, diplomats and analysts said.

This in turn has called into question whether Saudi Arabia, birthplace of Islam, can rally Arab support for a new push to end the Israeli-Palestinian conflict with an eye to closing ranks against mutual enemy Iran.

"In Saudi Arabia, the king is the one who decides on this issue now, not the crown prince," said a senior Arab diplomat in Riyadh. "The U.S. mistake was they thought one country could pressure the rest to give in, but it's not about pressure. No Arab leader can concede on Jerusalem or Palestine." Palestinian officials told Reuters in December that Prince Mohammed, known as MbS, had pressed Abbas to support the U.S. plan despite concerns it offered the Palestinians limited self-government inside discontinuous territory, with no right of return for refugees claiming displacement by the Arab-Israeli wars of 1948 and 1967.

Such a plan would diverge from the Arab Peace Initiative drawn up by Saudi Arabia in 2002, in which Arab nations offered Israel normal ties in return for a statehood deal with the Palestinians and full Israeli withdrawal from territory captured in 1967.

Independent analyst Neil Partrick said King Salman appears to have reined in MbS' "politically reckless approach" because of the importance of Yerushalayim to Muslims. "So MbS won't oppose Kushner's 'deal', but neither will he, any longer, do much to encourage its one-sided political simplicities," said Partrick, lead contributor and editor of "Saudi Arabian Foreign Policy: Conflict and Cooperation." Kushner and fellow negotiator Jason Greenblatt have not presented a comprehensive proposal but, rather, disjointed elements, which one diplomat said "crossed too many red lines."

NORTHEAST

Brig HS Cheema

Ahead of Citizen Registry Final Draft, Police in North-East on Alert. Several north-eastern states which share borders with Assam have kept their police forces on alert to thwart possible infiltration of illegal immigrants after the final draft of NRC is published in Guwahati on July 30. The National Register of Citizens (NRC) is being updated to identify illegal immigrants in Assam bordering Bangladesh. Assam is the only state in the country having an NRC which was first prepared in 1951. The National Register of Citizens (NRC) is being updated in Assam with March 24, 1971 as the cut-off date for

legitimate claim to Indian citizenship in Assam. The first draft of the NRC was published during the intervening nights of December 31 and January 1, containing 1.9 crore names out of a total application of 3.29 crore people. The Centre has already sent over 22,000 central paramilitary troops in order to beef up security in Assam and adjoining states in view of the publication of the final draft of the NRC. The Home Ministry has also asked the Assam government not to take any action against those whose names do not figure in the NRC.

All India | Press Trust of India | Updated: July 28, 2018 08:16 IS

Comments. The NRC being prepared by the Assam Govt is a major litmus test of the Govt. It is going to be very difficult to take action against those identified as illegal immigrant as Bangladesh is not going to accept them back. Also, seeing the prevailing socio- Economic situation in the neighbouring country those identified are not going to move back on their own. For them only best possible option is to leave the state and merge in other parts of the country. Thus, this will result into a major law and order problem not only for Assam but for the other states as such. With rampant corruption in Govt machinery it will also result into further exploitation of those identified. Assam is facing a major population inversion and primary reason for the same is illegal immigration and it is a matter of time that the actual habitants of the state are going to be minority and this will further fuel the ongoing unrest in the region.

Suu Kyi Loses Control of Once Hopeful Peace Process. A third round of the so-called Panglong 21 peace talks ambitiously aimed at ending Myanmar's decades-old civil war came to an inconclusive close on July 16. Aung San Suu Kyi, took over government in April 2016 with high hopes of achieving peace to the debilitating civil conflicts. But the problems and restraints she has inherited from previous military-propped President Thein Sein and the legal limitations on her office that deprives her of command control over the autonomous military have militated against the success of what is widely viewed as her National League for Democracy-led government's signature policy nearly two years into her personalized peace try, Suu Kyi now appears to have been side-lined by the military, known as the Tatmadaw, which continues to flex its lethal force on the country's various raging battlefields. As with the previous Panglong 21 rounds held in August-September 2016 and May 2017, the recently concluded third meeting held in mid-July saw the Tatmadaw loom large over the proceedings.

The military again showed little or no interest in changing the 2008 constitution, which gives the Tatmadaw immense powers it has pledged to defend against amendment, to pave the way for the federal union ethnic armed groups see as essential for lasting and meaningful peace. The military's unyielding position was on full display at Panglong 21's third round. Commander-in-Chief Senior General Min Aung Hlaing said in an opening speech that the military, not any ethnic armed group or even political party, is the true representative of all Myanmar's people. The inclusion of political parties in Min Aung Hlaing's statement caused a backlash that went far beyond the ranks of the country's many ethnic armed groups.

Since former army general Thein Sein first announced his peace process in 2011, fighting has actually intensified across the country to levels not seen since the restive 1980s. The KIA in particular has borne the brunt of fierce new Tatmadaw offensives, including hitherto unseen aerial assaults. The KIA and its allies among the ethnic Wa, Palaung, Kokang, Shan, Arakanese and minorities in eastern Shan State, which together represent 80% of all non-state armed groups, were allowed entry to the talks only as observers, not participants.

The Tatmadaw and Suu Kyi's government continue to insist that they sign a so-called Nationwide Ceasefire Agreement (NCA) before any substantial political talks towards autonomy-devolving federalism can be held. The government contends that ten ethnic armed organizations have so far signed the NCA. Of those groups, however, only four – the Karen National Union, the Democratic Karen Buddhist Army, the Restoration Council of Shan State and the New Mon State Party – actually have armed forces. The other six are small local militias or nongovernmental organizations (NGOs) of little or no political significance. The strongest armies, the KIA, the Ta'ang National Liberation Army (TNLA), the United Wa State Army (UWSA) and the Arakan Army, as well as their allies among the ethnic Shans and Kokang, have refused to sign the NCA and are unlikely to do so as it would be tantamount to surrender before the federal union they envisage is forged.

China, on the other hand, is now widely viewed as the only outside actor that matters. That is hardly surprising given that China is Myanmar's most powerful neighbour with deep geo-strategic interests across the country, including vital oil and gas pipelines that run from Myanmar's western coast to China's land-locked southern Yunnan province and an envisioned deep-water port that opens onto the Indian Ocean. Peacemaking is only one of several cards that China is playing in Myanmar to achieve its strategic aims. The others are trade, investment, infrastructure development and soft-power diplomacy in the form of all-paid "friendship visits" to China for Myanmar politicians, journalists and academics. Despite a widely held belief among many Western peacemakers, China is not pressuring ethnic armed groups under its sway in the country's north to sign the NCA. Chinese mediators who have met armed groups' leaders on several occasions have only urged them to avoid fighting close to China's shared border with Myanmar. Cognizant of the NCA's many shortcomings, Chinese mediators have instead encouraged certain armed groups to reach other agreements with central authorities, including even possible bilateral peace accords.

At the same time, China is playing a double game by allowing the UWSA to acquire sophisticated Chinese-made weaponry that it then often shares with certain of its ethnic armed allies. Observers say the discreet weapon transfers reflect Beijing's view that only strong and well-armed ethnic groups can make the Tatmadaw reconsider its inflexible, hard-line stance. China's hidden hand in Myanmar's wars has not surprisingly made the fiercely nationalistic Tatmadaw suspicious of its motives. Sources with access to the Tatmadaw's leadership assert this has made top generals more determined than ever to keep Myanmar's elected government out of the peace picture. That likely explains Min Aung Hlaing's reference to political parties as representing only "a particular walk of life", while emphasizing the military's leading, supposedly unifying role.

China's approach is undoubtedly more sophisticated than that deployed by mostly sidelined Western peacemakers, many of whom lack even a basic understanding of Myanmar's complex ethnic issues and conflicts. Suu Kyi also appears to have lost her grip by calling in her closing July 16 speech for patience and a new strategic vision to build a framework for peace – again without providing details of what that vision would and should entail

By ***Bertil Lintner*** Chiang Mai, July 20, 2018 6:24 PM (UTC+8), *Asia Times* 22 July.

Comments. A very well-articulated news article which clearly brings out the limitations of Suu Kyi first democratically elected govt. Its inability to resolve the major issue of gaining complete control of Myanmar is evident. The military still commands and calls the shot in resolving conflict situation in the country. The direct interference of China in all matters to save guard its strategic economic interests further complicates the issues. The peace in the country in near future appears to be distant possibility. Peace process

not making its way is also a matter of serious concern to India as India shares the boundary with Myanmar presently under control of dissident groups on whom the Myanmar Govt has little hold. These groups provide shelter to the various Indian insurgent groups and also indulge in weapons smuggling, drug trafficking in a big way. To ensure peace on Myanmar border the question is whom India should engage with. India needs to make a serious process of engagement with various stake holders keeping its strategic interest in mind and also has to strengthen its security infrastructure on its borders. India also needs to watch the activities of China in this country carefully.

China, Bhutan Discuss Border Issues, Doklam Plateau. Beijing: China on 24 July discussed the vexed boundary issue, including the Doklam plateau, with Bhutan during Chinese Vice Foreign Minister Kong Xuanyou's three-day visit to Thimpu. India and China were locked in an over two-month long military stand-off near their boundary in the Doklam plateau, contested by both Beijing and Thimpu. The stand-off began in June when Indian troops stalled road building by the Chinese Army in the area, citing the disputed status of the region and its close proximity to India's artery in the northeast. Chinese Foreign Ministry spokesperson Geng Shuang said Mr Xuanyou was in Bhutan from July 22 to July 24 and was accompanied by China's envoy to India, Luo Zhaohui. "During his visit, he met the fourth and fifth kings (Jigme Singye Wangchuck and Jigme Khesar Namgyel Wangchuck) of Bhutan and its Prime Minister (Tshering Tobgay). He also held talks with Bhutan's Foreign Minister (Dmacho Dorji)," Mr Geng said. "The two sides exchanged views on China-Bhutan ties, boundary issues and reached many agreements," he added. China has no diplomatic ties with Bhutan with which it has a border dispute. The Doklam plateau is a part of the disputed border where the boundaries of India, China, and Bhutan meet. China has offered 269 square kilometres of area in the western sector to Bhutan in lieu of 100 square kilometres in Doklam. Bhutan refuses to accept this. "The two sides should continue to push forward the border negotiations, abide by the principled consensus reached, jointly safeguard peace and tranquility in the border areas, and create positive conditions for the final settlement of the border issue," said the Chinese Foreign Ministry. In June 2017, New Delhi objected to Chinese road building in Doklam because of the disputed status and its proximity to the Siliguri Corridor which links India's northeast to the rest of the country. The stand-off ended in August after both sides retreated from the point of the face off

World | Indo-Asian News Service | Updated: July 24, 2018 17:05 IST

Comments. China will make all out efforts to persuade Bhutan to resolve boundary dispute as per their strategic interest. This visit is align with this effort, at the moment Bhutan is towing India and is ensuring that her interest is safe guarded but the question is how long? This entirely depends open India's handling its relations maturely and do not indulge in internal politics of Bhutan. India must learn its lessons from Nepal relation issue.