

## ENVIRONMENT SCAN 15-30 NOV 2018

### **CHINA (Geo-Strat, Geo-Politics & Geo-Economics)**

Brig RK Bhutani (Retd)

**China not Seriously Considering U.S. Treasuries as Trade War Weapon.** Trade and economic analysts have often said China could slow its purchases of U.S. Treasuries or sell off its holdings to pressure Washington into a deal.

Cui Tiankai, China's ambassador to the United States said that he does not believe Beijing is seriously considering using its massive U.S. Treasury debt holdings as a weapon in the U.S.-China trade war, citing concerns that such a move would destabilize financial markets. He added, "I don't think anybody in Beijing is thinking seriously about this. It could backfire," he added.

China is the largest foreign holder of U.S. Treasury debt, with \$1.15 trillion on Sept. 30, according to the latest Treasury data, compared with \$1.19 trillion a year earlier. As of Monday, there was about \$15.97 trillion of total public Treasury debt outstanding.

Cui said China's Treasury holdings were a good example of the economic interdependence between the United States and China -- a relationship that he said would be nearly impossible and dangerous to untangle.

*(<https://uk.finance.yahoo.com/news/china-not-seriously-considering-u-treasuries-trade-war-221847291--business.html?guccounter=1>)*

**US-China Trade War: Deal Agreed to Suspend New Trade Tariffs.** US President Donald Trump and his Chinese counterpart Xi Jinping have agreed to halt new trade tariffs for 90 days to allow for talks.

At a post-G20 summit meeting in Buenos Aires, Mr Trump agreed not to boost tariffs on \$200bn (£157bn) of Chinese goods from 10% to 25% on 1 January.

**What are the Details of the US-China Accord?** It says the US tariffs on Chinese goods will remain unchanged for 90 days, but warns: "If at the end of this period of time, the parties are unable to reach an agreement, the 10 percent tariffs will be raised to 25 percent."

The US says China agreed to "purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other products from the United States to reduce the trade imbalance between our two countries".

Both sides also pledged to "immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft"

According to the US, China has also signalled it will allow a tie-up between two major semiconductor manufacturers which Chinese regulators have been blocking. The White House statement said China was "open to approving the previously unapproved Qualcomm-NXP deal".

The US also says Beijing agreed to designate Fentanyl as a controlled substance. The opioid - much of it thought to be made in China - is driving a huge rise in drug addiction in the US.

Chinese Foreign Minister Wang Yi told reporters after the talks that "the principal agreement has effectively prevented further expansion of economic friction between the two countries". He hailed "new space for win-win co-operation", while Chinese state TV said negotiations would continue.

**Comments.** This is not a suspension of the trade war but a suspension of the escalation of the trade war. Mr. Trump appears to have an upper hand as he has ensured supply of agricultural products, particularly Soybean to China so as to retain support of the farmers' lobby in the US. China has got a breathing space as its economy is completely export-oriented.

*(<https://www.bbc.com/news/world-latin-america-46413196>)*

**China has 'Stern' Words with US over Ship in South China Sea.** The U.S. guided-missile cruiser USS Chancellorsville sailed near the Paracel Islands on Monday to challenge China's "excessive maritime claims," the U.S. Pacific fleet said in a statement.

China foreign ministry spokesman, Geng Shuang, told a daily news briefing that the U.S. ship had entered Chinese waters without permission and China had made its position known with its "stern representations."

The Chinese army said it had sent ships and planes to watch the U.S. ship and to warn it to leave.

The Chancellorsville's voyage was the latest in what the United States calls freedom of navigation operations aimed at challenging what it sees as Chinese activity limiting freedom of movement in the strategic waters.

*(<https://www.yahoo.com/news/china-stern-words-us-over-101744848.html>)*

## **KASHMIR**

Col Harpreet Singh

**Jammu and Kashmir Assembly Dissolved.** Governor Satya Pal Malik dissolved the state Assembly after the staking of claims by rival coalitions — Sajjad Lone of the People's Conference aligning with the BJP and PDP rebels on one hand, and Mehbooba Mufti of the PDP forming a grand coalition with the National Conference and Congress on the other. The attempts to form a coalition had gathered steam in the past few days, as the six month validity of Governor's Rule was coming to an end. In the event of inability to form a government, Governor's Rule would have given way to the promulgation of President's Rule.

**Comments.** The governor's decision to dissolve the state Assembly reflects the enduring political uncertainty in Jammu and Kashmir. This is particularly true for the Kashmir Valley, where rival mainstream political parties — the Congress, NC and PDP continue to grapple with the BJP's determined push in the region, against all odds.

After the breakup of the BJP-PDP alliance in June this year, the BJP was trying to cobble up another coalition in the state with Lone and some rebels within the PDP. What threw the spanner in the BJP's works was the extraordinary compromise that was demonstrated by the regional rivals – PDP and NC — with the blessings of the Congress. Till a few days ago,

such a compromise would have been unimaginable, and unviable, but the success of the Panchayat polls which saw over 70% voting seemed to spook NC and PDP, both of which had boycotted the polls. In emerging political scenario, both the PDP and National Conference sensed a political opportunity to decisively shut the BJP out of the Valley. The potential arrangement would have worked in every party's favour. The PDP would have been able to wash its hands off the 'unpardonable' sin of holding Kashmir's doors open for the BJP in the first place, and regain its lost credibility. The National Conference would have further burnished its claim of being the only pole of power capable of taking on the BJP in the Valley. More importantly, both the PDP and National Conference would have been able to thwart the efforts to prop up a third regional political force in the Valley.

Source. <https://www.firstpost.com/politics/jammu-and-kashmir-assembly-dissolved-bjp-faces-massive-task-to-reclaim-lost-ground-credibility-in-state-5596771.html>

## NORTHEAST

Brig HS Cheema

**Aung San Suu Kyi to be Stripped of Freedom of Paris Award: Mayor's Office.** Paris city will strip Aung San Suu Kyi of her honorary freedom of the French capital over her failure to speak out against a crackdown on Myanmar's Rohingya minority, a mayor's spokeswoman said on 28 Nov. Mayor Anne Hidalgo decided to revoke the honour because of the "multiple violations of human rights recorded in Myanmar and the violence and persecution by Myanmar's security forces against the Rohingya minority". A UN rights team found evidence of widespread murder, rape, torture and arson and called for top generals to be prosecuted for genocide, war crimes and crimes against humanity. Suu Kyi's supporters argue that she has no powers to rein in the army. She has already been stripped of her honorary Canadian citizenship and her Amnesty International's "Ambassador of Conscience Award".

[https://www.timesnownews.com/international/article/aung-san-suu-kyi-to-be-stripped-of-freedom-of-paris-award-mayors-office/323899?utm\\_campaign=fullarticle](https://www.timesnownews.com/international/article/aung-san-suu-kyi-to-be-stripped-of-freedom-of-paris-award-mayors-office/323899?utm_campaign=fullarticle)

**Comments.** International community is putting pressure on Aung San Suu Kyi and Myanmar Govt to take action against its Military leadership who are considered to be responsible for Rohingya genocide. These actions are unlikely to give any credible impetus to put on trial the perpetrators since Aung San Suu Kyi and her Govt has no control over Military junta. Such more actions may turn out to be counterproductive and further weaken the first democratic Govt of Myanmar.

**Supreme Court Dismisses Pleas of 350 Army Men Challenging FIR Against Armed Forces Members.** The Supreme Court on 30 Nov dismissed three petitions filed by over 750 army personnel challenging its decision in July 2016 to dilute AFSPA on the grounds that it must not give officers the right to use "excessive or retaliatory" force. The petitioners argued that the verdict, given in a Manipur fake encounter killing case, put the lives of security officers at risk and exposed them to criminal prosecution for carrying out counter-insurgency operations. The Centre, too, came out in support of the officers, arguing that the verdict has had a "demoralising" effect on soldiers fighting terrorism in Jammu and Kashmir. But a bench of justices MB Lokur and UU Lalit rejected Centre's stand and told solicitor general that the issued should be "debated" and "discussed" to evolve a mechanism so that "soldiers do not shirk fighting terrorism.

In July 2016, the top court asked for a thorough probe into the alleged killings in Manipur and held that "excessive or retaliatory" force by the armed forces was not permissible under AFSPA. It also noted that democracy would be in grave danger if citizens were killed merely

on suspicions. In 2017, the top court ordered CBI for investigation into 97 alleged cases of extrajudicial killings by the Indian Army, Assam Rifles and the Manipur Police in insurgency-hit Manipur. In August this year, while seeking an update on the CBI probe, the bench hit out at the agency for not arresting the officers in murder cases. The court also commented that CBI was letting “murderers” roam free. It was this comment that provoked the filing of the petitions by the soldiers. In its submission, the Centre said that armed forces were operating in an “altogether different situation” in disturbed areas, and a balance has to be struck. The court said this was not its job but was that of the government. “Who has stopped you from coming out with a mechanism? Why do you require our intervention? These are issues which you have to discuss, not the courts. When there is a loss of life, even in an encounter, should not the human life demand that it should be looked into an investigation should be done?” Justice Lokur asked. Advocate Aishwarya Bhati, appearing for the soldiers from the army, told the bench that the plea should be heard along with the main matter, which relates to alleged extrajudicial killings in Manipur. But the bench disagreed with her contention and said the two issues were separate. Bhati contended the directions in the Manipur encounter case on AFSPA were contrary to an earlier verdict of the top court. The bench, however, retorted that the judges were forced to pass orders because the Centre had failed to give an assurance that action would be taken against members of armed forces. “If no action is taken at all by the authorities under the Army Act, you cannot say that no investigation can go on,” the bench said. Bhati clarified the petitioners were not asking for complete immunity but protection as they were facing “proxy war” in AFSPA areas. “Today, we are not giving any clean chit to either side,” the court remarked, adding that CBI’s final investigation report would be subject to a court’s scrutiny.

<https://www.hindustantimes.com/india-news/sc-dismisses-pleas-of-army-men-challenging-lodging-of-fir-against-members-of-armed-forces-in-afspa>

**Comments.** The stand taken by Supreme Court is going to have long term effect on the way Armed Forces carry out CI ops. It is extremely important that Govt and Senior Military leadership take due notice of strictures passed by Supreme Court and come with new directives and Acts so as to protect the legitimate rights of Armed forces personnel’s who have to operate in a very difficult operational situation. At the same time the pressure put on the officers and men on ground to give results need to be looked into. The unit citations and award system may be looked into so as to check undue pressures and temptations by few which may result into avoidable casualties. The CBI investigations on court orders must be looked into by concerned authorities and all assistance provided to affected personnel so that they can defend their cases. The ground realities now under which investigation will progress will be different since the units and formations of these cases would have moved. The eye witnesses are also likely to get hostile and so is the local police attitude hence the military leadership has to ensure due justice is provided and individuals are not left to fend themselves.

**Asia Pacific Summit Kicks off at Nepal.** The ‘Asia Pacific Summit-2018’ has officially kicked off in Kathmandu on 30 Nov. Heads of states and governments from six countries along with distinguished guests from other countries are participating in the two-day conference. The summit is being organised by Universal Peace Federation, a South Korea based “inter-religious” organisation. The Asia Pacific Summit, theme for this year is ‘Addressing the Critical Challenges of Our Time: Interdependence, Mutual Prosperity, and Universal Values’, and is being held in Kathmandu from November 30 to December 3. On 2 Dec 18 the NGO conferred Prime Minister KP Sharma Oli with ‘Leadership and Good Governance Award’. The award carries a purse of US\$ 100,000. PM Oli at the programme announced that the prize money will be used in the sector of Nepali youth and children. The Nepal government has been criticised by the opposition and people from various sections of the society in social

media for being involved with an organisation whose founder has been enmeshed in controversies for promoting Christianity in the country. The estimated price of holding the summit is Rs. 200 million. Initially the government was co-hosting the summit, but following a backlash from the main opposition—the Nepali Congress—the government is now only a ‘supporter’.

During this summit Prime Minister KP Sharma Oli held the meeting with the former Prime Minister of Pakistan, Yousaf Raza Gillani where he said that Nepal would facilitate the 19th SAARC Summit in Pakistan. Nepal, as the current Chair of SAARC, would play a role to hold the coming SAARC Summit in Pakistan. Although the 18th SAARC Summit decided to hold the next summit in Pakistan, a misunderstanding between India and Pakistan has delayed the proceedings. According to PM’s Advisor on Foreign Affairs, Rajan Bhattarai, former Prime Minister of Pakistan said the Pakistani people and political parties were committed to SAARC and ready to host the summit.

**<http://kathmandupost.ekantipur.com/news/2018-11-30/draw-the-line.html>**

**Comments.** Present Nepal govt has been criticised by opposition and various social organisations for getting involved in conducting a summit in coordination with an NGO which is involved in promoting a particular religion. Nepal PM is using this platform to raise the issue of conducting SAARC summit with Pakistan is a cause of concern for India. These activities of present Govt clearly gives out its stance of how relations are going to be with India in times to come. India needs to take due note of this and work out its strategy accordingly.

## **JAPAN, MALDIVES, SRI LANKA**

Col Arvinder Singh

**In First Japan-America-India Meet, PM Modi Calls Partnership "JAI".<sup>1</sup>** The leaders of the US, Japan and India met jointly on 30 Nov for the first time and called for open navigation in Asia, a show of unity with China clearly in mind. The first trilateral meeting between Japan, America and India on the sidelines of the G- 20 summit was termed as “JAI” by the PM Modi. The three leaders exchanged views on the Indo-Pacific and agreed that free, open, inclusive and rules-based order is essential for the regional peace and prosperity. The leaders also agreed to the central role of ASEAN and they also agreed to work on maritime and connectivity issues and to synergize efforts in this regard.

**Comments.** The meeting lasting around 15 minutes was more about symbolism than planning strategy, but it comes as all three share concerns on China's rising clout. US and Japan are both strategic partners of India and all the three nations are dedicated to democratic values. Their coming together is a great opportunity to meet common concerns of the region and the three countries can work together to promote and reach out to all the stakeholders to explain the benefits of Indo-Pacific strategy and their advantages to these countries. Modi and Abe both met separately with Chinese President Xi Jinping. Trump met Xi for talks focused on trade disputes. India, despite decades of territorial disputes with China, has historically shied away from joining alliances with major powers. Tensions have also been easing between Japan and China, with Abe in October paying the first official visit in seven years by a Japanese premier to Beijing.

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

**India and the Maldives: Back on Track.**<sup>2</sup> With a new government under President Solih, the Maldives appears ready to get its relationship with India back on track. PM Modi made his maiden visit to the Maldives for the swearing in ceremony of Solih. A joint statement signed by the two leaders noted the importance of maintaining peace and security in the Indian Ocean and being mindful of each other's concerns and aspirations for the stability of the region, a clear reference to recent controversies in their relationship. Following tradition and highlighting India's importance to the Maldives, the new president will be visiting India on 17 Dec. Within a few days of Modi's visit, a number of Maldivian ministers and officials visited India, including Foreign Minister, Finance Minister and Economic Development Minister showing signs of a fresh beginning. The two ministers discussed defense and security cooperation and scheduled the next meeting of the Defense Cooperation Dialogue between India and the Maldives in the first half of December 2018. The foreign minister also noted that the Maldives has asked India for a Dornier aircraft and the MEA has also promised that it would be delivered soon. India is considering providing up to \$1 billion in loans to the Maldives to help it pay down its debt to China, but only if the island nation agrees to distance itself from Beijing by offering low-interest loans over several installments in exchange for stronger security ties, including the permanent deployment of Indian military personnel in the island nation. However, the Maldives government has denied this. The countries are expected to iron out the details before Maldivian President Solih, visits India in December.

**Comments.** With a new government in the island nation, there is much hope in India that New Delhi and Male will be able to undo some of the damage under the previous regime. India has promised significant help to deepen and expand the partnership while helping to prevent Maldives from falling into a possible debt trap with China. However, like in India's relations with other smaller neighbors, the key question is one of delivery. India has to be mindful of the fact it is competing with China in many of these projects and India will be judged against China's accomplishments. The India's ability to match China in providing economic and infrastructural assistance is open to question. While dealing with smaller neighbors, India also needs to become a lot more magnanimous, thus creating greater confidence. India has a great opportunity in the Maldives to demonstrate that it can learn from its previous errors.

**Looking For "Dignified Exit", Lanka President may not Dissolve Parliament**<sup>3</sup>. Sri Lankan President Sirisena is considering dropping an attempt to dissolve parliament, possibly easing weeks of political deadlock. The president might now rescind the order, effectively pre-empting a court ruling that is expected to overturn his decision anyway. Sri Lanka's top court stayed the dissolution order pending a hearing on its constitutionality that starts on 04 Dec, allowing parliament to resume meeting. Rajapaksa, a former president, has lost two confidence votes in parliament but has refused to resign. The crisis has deepened as the parliament has voted to halt payment of ministers' salaries, a move to pressure the disputed government of Rajapaksa. Separately the country's Appeal Court has begun a hearing on a petition signed by 122 legislators that challenged Rajapaksa's authority to hold office after he lost the no confidence votes earlier this month.

**Comments.** The impasse is unlikely to break before a court ruling on whether President Sirisena's 09 Nov decision to dissolve parliament was constitutional. The Supreme Court is expected to announce its decision as early as 07 Dec. Foreign countries have yet to recognize the new government. The impasse has also pushed the island's currency to record lows, caused turmoil on its stock and bond markets, and raised fears it may not be able to service debts to finance reconstruction following a 26-year civil war that ended in

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<sup>2</sup><https://thediplomat.com>

<sup>3</sup><https://www.ndtv.com>

2009. Amidst the brewing crisis that pits two rival politicians in a battle to be prime minister, the final verdict stands to affect the island's economy because one contender leans towards India as the other favors China.

## **TELECOM & IT**

Brig Navjot Singh Bedi

**Chinese Firm Plans to Provide Free Worldwide WiFi with 272 Satellites.** A Chinese internet technology firm, LinkSure Network is planning to launch a constellation of 272 satellites by 2026 with an aim to provide free WiFi service worldwide. People could use their mobile phones to search for internet services provided by the constellation and browse the internet, even in regions where telecom networks do not cover. It will invest 3 billion Yuan (USD 431.4 million) into the plan. The satellite will be launched from Jiuquan Satellite Launch Centre in Northwest China's Gansu province next year, and by 2020 there will be 10 satellites in space.

**Comments.** According to the data from the UN, by the end of 2017, there were still 3.9 billion people not connected to the internet. Due to diversity and complexity, some infrastructure facilities of telecom networks cannot be installed at some places, and therefore, satellite constellations might be an alternative. Currently, many companies, including Google, SpaceX, One Web and Telesat, have already launched plans to use satellites to provide free internet access. China is also building the Bei Dou Navigation Satellite System (BDS), stated to be rival to the US' Global Positioning System (GPS). It will be the fourth global satellite navigation system after the US GPS system, Russia's GLONASS and the European Union's Galileo. India too is building its navigational system called the Indian Regional Navigation Satellite System (IRNSS), with an operational name of NAVIC. However data protection safeguards will need to be taken prior to using such services.

*(<https://telecom.economictimes.indiatimes.com/news/chinese-firm-unveils-plans-to-provide-free-worldwide-wifi-with-272-satellites/66880280>)*

**RCom-R Jio Spectrum Trading Deal.** The Supreme Court allowed Reliance Communications to sell its spectrum to Reliance JioInfocomm, rejecting the telecom department's objections and providing huge relief to RCom, which will now be able to complete the transaction and pare off its debt of Rs 46,000 crore. The court directed RCom's unit, Reliance Realty, to furnish a corporate guarantee of ₹1,400 crore to the Department of Telecommunications in the next two days. It directed DoT to approve the spectrum deal within seven days of receiving the corporate guarantee.

**Comments.** RCom had closed its wireless business in 2017, weighed by debt of ₹46,000 crore, falling revenue and widening losses. The company has been locked in a legal tussle with DoT over spectrum-related dues worth ₹2,947.68 crore. The government had refused to clear the spectrum sale until its dues were covered by bank guarantees and it had challenged a pledge of land to cover the amount. The spectrum trading transaction will now be completed. RCom expects to get ₹18,000 crore from sale of spectrum, telecom towers, switching nodes and fiber assets to Jio and some real estate to Canadian asset management firm Brookfield. The company has completed sale of fiber assets and switching nodes for ₹5,000 crore, while the rest are pending. RCom wireless assets that will eventually go to Jio include 122.4 units of 4G airwaves across the 850, 900, 1800 and 2100 MHz bands and over 43,000 telecom towers housed under Reliance Infratel. This will further consolidate RJio's position in the telecom field.

*(<https://telecom.economictimes.indiatimes.com/news/sc-allows-rcom-spectrum-trading-deal/66877615>)*

**Companies Developing 5G Technologies.** More than half or 54% of all companies have started developing 5G technologies with 16% already partially deployed, according to a survey on state of 5G by Key sight Technologies. 46% of respondents said that they are investing in 5G to secure market leadership. Moreover, 98% of the survey respondents reported that 5G is going to have significant impact, with the most respondents (63%) mentioning improved network reliability and latency as key efficiencies that 5G will bring. More than two thirds of respondents said they are actively seeking 5G-capable testing solutions to support and accelerate the development of 5G technologies.

**Comments.** Companies are investing in 5G technologies due to customer demand. The biggest benefits of 5G would be faster networks and greater IoT enablement. This auger well for the roll out of 5G and similar impetus must be maintained at the national level.

*(<https://telecom.economictimes.indiatimes.com/news/more-than-54-companies-developing-5g-technologies-survey/66603473>)*

## **PAKISTAN, AFGHANISTAN & IRAN**

Col Karan Singh, VSM

**China Refuses Assistance on Balance of Payment.** China has refused assistance on financial assistance to Pakistan to meets its Balance of Payment liabilities.

**Comments.** Pakistan had asked for \$ 3 Bn from China during visit of Prime Minister Imran Khan last month on which China had not committed during visit. China has now conveyed its refusal for direct financial assistance, however has offered assistance in term of FDI and other long terms investment to assist economy. It has also been reported that post refusal by China now State Bank of Pakistan is negotiating \$2 billion worth of commercial loans with Beijing. No inputs are available from UAE also on deferred oil payment post Pakistan PM visit. The IMF team is anticipated to visit Pakistan in the mid of January 2019 to conclude the \$8 billion bailout program. The IMF team has already received briefings from the relevant organizations and ministries. The requirement for Balance of Payment has been quoted at \$ 12 Bn. The situation definitely gives IMF leverage to force Pakistan to accept its terms and may also assist US in pressurizing Pakistan in his assistance for talks with Taliban in Afghanistan.

**Kartarpur Corridor to Connect Gurdwara Darbar Sahib with Dera Baba Nanak.** Prime Minister Imran Khan laid the foundation stone of the 4-km Kartarpur corridor on 28 Nov. The corridor is expected to be completed by next year. The corridor will link Gurdwara Darbar Sahib in Pakistan's Kartarpur to Dera Baba Nanak shrine in India's Gurdaspur district to facilitate visa-free movement of pilgrims from both the countries.

**Comments.** Gurdwara Kartarpur Sahib was established by the first Sikh Guru where Guru Nanak Dev is said to have died. This was first proposed by former prime minister Atal Bihari Vajpayee when he visited Lahore as part of peace initiative with Pakistan. The corridor is located in Shakargarh in Narowal district of Pakistan's Punjab province and according to devotees, it is believed that Guru Nanak Dev spent more than 18 years of his life there. Located on the banks of the Ravi River, the site is about three-four kilometres from Pakistan border. This was constructed by Amarinder Singh's grandfather Maharaja Bhupinder Singh of Patiala between 1921 and 1929. There has been apprehension on this may be used for pushing terrorist in Punjab where the intelligence input have been suggesting increase in militant activities.

**Top Taliban Commander killed in US Airstrike in Helmand Province.** A top Taliban commander has been killed in a US airstrike carried out in Afghanistan's southern Helmand Province, according to the NATO-led 'Resolute Support' mission.

**Comments.** Abdul Manan was the Taliban "shadow governor" for Helmand province in the south, a key territory for the group, which also gave him control over a large part of the group's finances. Manan's death is being considered as the greatest loss for the Taliban since 2016 when the group's leader, Akhtar Mansour, was killed in a US drone strike in western Pakistan.

British troops were based for eight years at Helmand before ground troops were withdrawn in 2014. Large parts of the province are now back under Taliban control. This killing may impact progress of ongoing talks between US and Taliban.

## RUSSIA

Col Harpreet Singh

**Russia Seizes Ukrainian Ships.** The Russian-Ukrainian dispute over maritime access through the Kerch Strait escalated on 25 Nov when paramilitary forces from the Russian Federal Security Service (FSB) disabled, boarded and captured two small Ukrainian naval vessels and a tugboat attempting to pass through the strait. Six of the 24 Ukrainian crew members detained by Russia were injured in the forced boarding. The strait, positioned at the eastern end of Crimea, connects the Sea of Azov with the Black Sea. The Ukrainian government in Kiev immediately denounced the Russian actions and accused Moscow of military aggression. Ukrainian President Petro Poroshenko also declared that a state of martial law would begin on 28 Nov and last for 30 days (but could be subsequently extended). Ukraine and Russia requested an urgent meeting of the U.N. Security Council.

According to Russia, its annexation of Crimea in 2014 invalidated the 2003 agreement with Ukraine over the use of the Sea of Azov and the Kerch Strait. With control of the Crimea, Russia argues that the waters around the Kerch Strait are effectively its territorial waters. However, Kiev and most of the rest of the world does not recognize the Russian takeover of Crimea, and Ukraine insists on its right to pass through the strait and the sea without interference. A few months ago, Ukraine announced that it would build a naval base on the Sea of Azov by the end of the year, raising tensions. Recently, Russia has intensified its interference with Ukrainian maritime traffic in the area.

Meanwhile Trump cancelled his meeting with Putin, on the sidelines of the G-20 summit, citing this incident.

**Ukraine and Russia Build Naval Presence in Sea of Azov**  
The Ukrainian navy currently has 66 combat and auxiliary naval units, and around 11,000 servicemen. In comparison, Russia's Black Sea Fleet has more than 2,800 different vessels and 25,000 servicemen.



**Comments.** The biggest current risk is the escalation of this skirmish into a broader military confrontation between Russia and Ukraine. Both countries are already embroiled in a semi-frozen conflict in the Donbas region of eastern Ukraine, so escalation there is already a distinct possibility. Given Ukraine's limited naval capabilities, however, Kiev can do little in response to Russia at sea — any attempt by Ukraine to force its claim on the Sea of Azov and the Kerch Strait would fail. And the threat of wider escalation appears relatively contained because the Ukrainians haven't shown any signs of preparing a military riposte.

For Ukraine, access to the Sea of Azov is critical for economic and security reasons. Without unhindered traffic through the strait, it would effectively lose maritime access to key ports such as Mariupol. But other motives — both global and domestic — could lie behind Ukraine's latest naval foray into the disputed waters. Given its military weakness in comparison to Russia, especially on the seas, it is in Kiev's interest to highlight Russian aggression to the rest of the world — and particularly to the European Union and the United States. A U.S. rapprochement with Russia that leaves it in control of Crimea and leaves Russian-aligned forces in control of much of the Donbas in eastern Ukraine would be a disaster for Kiev. And mere days before U.S. President Donald Trump was expected to meet with Russian President Vladimir Putin at the G-20 summit in Argentina, Ukraine is pressing its maritime claims and highlighting Russia's belligerence. However, it might not have expected Russia to go so far as to board its vessels and capture its sailors. Declaring martial law also serves to intensify the spotlight on Russia's actions and Ukraine's position.

For Ukraine, the payoff from this maritime move could lead either to additional EU and U.S. pressure on Russia through new sanctions or to new direct assistance, especially in the form of military equipment or increased NATO forays into the Black Sea. NATO could also step up efforts to build up the Ukrainian navy, but given the force's current state, that would entail providing support, training and equipment for years. And the degree to which Russia enforces its claims also matters in the Western response — the more belligerent it appears in denying Ukrainian access and the firmer it responds to Ukraine's attempts to press its claims, the risk of drawing more EU and U.S. pressure rises.

In addition, domestic motivations could be playing a part in the Ukrainian gambit and the subsequent declaration of martial law. Presidential elections are set for March 2019, and Poroshenko, who doesn't appear to be doing too well in the polls, is at serious risk of losing. Some in the opposition have decried the declaration of martial law as a ploy by the president to either delay or manipulate the election. The extent of martial law restrictions is unclear so far, and not every measure possible under the law will necessarily be enacted. Some provisions allow the government to limit and regulate media, including telecommunications, radio and the press. They also permit a postponement of presidential elections, creating the possibility that martial law could be used for political advantage. The measures the government enforces, therefore, will indicate whether a domestic political agenda, as well as national security interests, are motivating it to magnify a skirmish with Russia.

Whatever Kiev's reasoning, the weekend's events are taking their toll on the fragile Ukrainian economy. Its currency, the hryvnia, dropped as much as 1.6 percent against the U.S. dollar on 26 Nov, and the country's borrowing costs rose to their highest level since a bond sale last year. Yakiv Smoliy, governor of Ukraine's central bank, reportedly met with representatives from the country's major banks on Nov. 26 to reassure them about Ukraine's financial stability. The country has been under an International Monetary Fund reform program since 2015. So far, the IMF has not indicated that martial law would put the program

in jeopardy. However, it will probably keep a close eye on the economic policy decisions that Kiev makes while under martial law to see whether they deviate from the IMF program.

Source. <http://www.stratfor.com/>

**India-Russia Strategic Economic Dialogue.** India and Russia agreed to increase cooperation in using technologies such as blockchain and artificial intelligence, according to the joint statement released by the two countries after the first India-Russia Strategic Economic Dialogue held last week at St Petersburg. The summit was led by Niti Aayog vice chairman Rajiv Kumar and minister of economic development of the Russian Federation Maxim Oreshkin.

The dialogue focussed on five core areas – transport infrastructure, agriculture and agro-processing sector, small & medium business support, digital transformation and frontier technologies, and industrial and trade cooperation. The event followed a meeting between Prime Minister Narendra Modi and president of the Russian Federation Vladimir V. Putin in October. The two countries have agreed to increase two-way investment to \$30 billion (INR 2096.25 Cr) by the year 2025.

It was decided that the next round of the Strategic Economic Dialogue will be held in India in July/August in 2019.

**Comments.** In September, India approved a Memorandum of Understanding (MoU) brought out by BRICS (Brazil, Russia, India, China and South Africa) for exploring research in distributed ledger technology such as blockchain, and see where it could be implemented for operational efficiency. The first India-Russia Strategic Economic Dialogue seems a step in the right direction and in line with govt's Digital India policy.

Source. <https://inc42.com/buzz/india-russia-agree-to-partner-on-blockchain-ai-projects-at-st-petersburg-summit/>

**India-Russia Joint Military Exercise.** The joint military exercise between India and Russia, 'INDRA 2018' aimed at combating insurgency under the aegis of United Nations (UN) began on 18 Nov 18, in India. The joint exercise is being conducted at Babina Field Firing Ranges, Babina Military Station in Uttar Pradesh. The training exercise was conducted over eleven days saw participation from company-sized contingents of the 5th Army of the Russian Federation and a Mechanised Infantry Battalion of India including induction and de-induction of the Russian contingent.

The main aim of the exercise is to practice joint planning and conduct to enhance the interoperability of the two armies in the peacekeeping, enforcement environment under the aegis of the United Nations. The main focus of the exercise was on training on enhancing team building, special tactical level operations such as cordon and search, house intervention, handling and neutralisation of improvised explosive devices and integrated employment of force multipliers. The primary focus of the tactical field exercise was to share best practices amongst the militaries and work on the existing skills of the troops to equip them to deal with exigencies at hand. The topics chosen for the exercise are both live and contemporary affecting both the nations alike. The training was supervised by a joint directing panel comprising of senior officials of both the national contingents.

The tenth counterterrorism exercise in the series of Exercise INDRA is aimed at sending a strong message to the world with intent of appreciation of interoperability between Indian and Russian Armies for joint tactical level operations in the peacekeeping environment.

**Background.** In October 2017, the first-ever tri-services joint exercise was held between the Indian and Russian Armed Forces in the Eastern Military District of Russia. Prior to that, the exercise was conducted as a single service exercise alternately between the two countries. In 2017, the exercise was upgraded to involve all the three Services of the Armed Forces-Army, Navy and Air Force. The exercise has been held regularly since 2003.

**Comments.** The exercise is in line with the military cooperation with Russia.

**Source.** <https://www.jagranjosh.com/current-affairs/india-russia-conduct-joint-military-exercise-indra-2018-1542189590-1>

## **ASEAN**

Col Shyamji Yadav

**NE India, ASEAN Ties Take Wings; Direct Flights from March.** By March 2019, six international cities, which include ASEAN destinations of Singapore, Kuala Lumpur, Yangon and Bangkok will have direct flights to Guwahati, which in turn will become the hub of air connectivity, adding places like Dhaka and Kathmandu too.

Addressing an audience of nearly 300 Corporates, policy-makers, representatives of trade associations, gathered at the 3rd ASEAN-India Business Summit, organized by AIBC (ASEAN India Business Council), Ashutosh Agnihotri, Commissioner and Secretary to the government of Assam, said, “the bidding for the first phase of air routes has already been done “.

Expressing his view on facilitating stronger ASEAN India trade ties, Dr Sapam Ranjan Singh, Chairman of Tourism Corporation of Manipur Limited, said, “there’s a huge untapped potential here, with the current trade between the two economies at a mere 3 per cent of the total ASEAN trade. The two areas that need our urgent attention are Connectivity and Regulatory Systems.”

Manipur specifically, is looking at targeted investments with focused opportunities in the areas of wellness, ecotourism, and organic agricultural products. Rajat Sethi, advisor to Manipur CM Biren Singh, said.

**Comments.** It can be seen as the first clear push to tourism and other economic exchanges and a way past the bottleneck of connectivity, this move will be a game-changer in so far as making NE the fulcrum of India’s Act East policy.

Ending the geographical isolation of the North East region and transforming it into a bridgehead for India to the booming ASEAN markets, has been a key element in India’s Act East force and with this Guwahati shall become the hub of connectivity of Assam with ASEAN countries

**ASEAN Experts to Meet on Military Medicine in Lucknow.** A four-day meeting of experts in military medicine from ASEAN countries, being co-chaired by India and Myanmar, is being held at Lucknow from 02 Dec.

The objective is to establish better cooperation amongst the Association of Southeast Asian Nations (ASEAN) countries for civil support by military operations other than war, especially humanitarian assistance and disaster response missions.

There will be expert working group on military medicine, 4th bilateral talks between India and Myanmar, a table-top exercise and planning for field training exercises encompassing broad themes.

The central theme of the event is towards establishing preparedness and response mechanisms to manage mass casualties and outbreak of infectious diseases resulting from large-scale disasters as also to facilitate synergy, better understanding, increase capability of the combined operations amongst the Armed Forces of ASEAN member states and ASEAN Plus countries.

RCEP countries acknowledge “substantial progress” in final stages of talks as agreement pushed to next year. Prime Minister Narendra Modi called for early conclusion of the Regional Comprehensive Economic Partnership (RCEP), saying it should be a high quality comprehensive and balanced pact.

Modi participated in the second RCEP Leaders Summit in Singapore with his counterparts from other member countries.

The conclusion of the agreement has been pushed to next year with the crucial issues of goods, services including easier movement of professionals and, investment still being negotiated.

Consensus could not be reached on ecommerce, competition and investment chapters during the recent Inter Ministerial Meeting.

Noting that negotiations on goods and services market access and on investment Reservation Lists have “advanced significantly”, leaders of the member countries said in the Joint Leaders’ Statement “We are determined to conclude a modern, comprehensive, high quality and mutually beneficial RCEP in 2019.”

**Comments.** Sectors including textiles, steel and food processing have apprehensions that removal of duties would lead to flooding of Chinese goods in the Indian market. But without any Free Trade Agreement (FTA), India has a trade deficit of \$63.12 billion in 2017-18 with China as compared to \$51.11 billion in the previous year.

India has a trade deficit with as many as 10 member countries, including China, South Korea and Australia, of the RCEP grouping. RCEP is significant for India as trade deficits is only for goods. "India would get greater market access in other countries not only in terms of goods, but in services and investments also." It would also help India achieve its goal of greater economic integration with countries east and south east of India through better access to a vast regional market ranging from Japan to Australia. ASEAN also sees the accord as a catalyst for deepening the partnership with India. RCEP would also help India in its 'Act East' policy, this is important because India is not a party to two either the Asia-Pacific Economic Cooperation or the Trans-Pacific Partnership. The RCEP would, hence enable India to strengthen its trade ties with Australia, China, Japan and South Korea, and reduce the potential negative impacts of TPP on the Indian economy.

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## WEST ASIA

Col Sumit Rana

### SYRIA

**US-Led Coalition Announces Death of ISIS Leader in Syria.** The U.S.-led coalition fighting the Islamic State in Syria and Iraq (ISIS) announced that a strike on Sunday killed Abu al Umarayn, a high-ranking leader who was involved in the murder of a former U.S. Army official.

Al Umarayan was killed in the drone strike alongside "several other ISIS members," the coalition announced. The ISIS leader in 2014 was involved in the beheading of U.S. Army Ranger Peter Kassig, whose death was captured in a video certified as authentic by U.S. officials.

### ISRAEL

**Netanyahu: Police Recommendations to Indict me are 'Nothing'.** Prime Minister Benjamin Netanyahu shrugged off the police's recommendation to charge him with various corruption offenses on Sunday.

"They already decided and leaked a year ago that these would be the recommendations, so what's new?" he said to a packed room of cheering Likudniks in Ramat Gan at a party Hanukkah event. "We couldn't have expected a different result from a process that was infected from the start."

Netanyahu accused the police of having a "conflict of interest" because departing Police Chief Insp.-Gen. Roni Alsheich and others accused him and his wife of trying to sabotage the probe by allegedly hiring private investigators to track police detectives, which he called "crazy claims."

### TURKEY

**Erdogan Demands Saudis Extradite Suspects In Khashoggi Killing.** Erdogan says Saudi refuses to help Turkish prosecutors seeking information including whereabouts of Khashoggi's body. Turkish President Recep Tayyip Erdogan demanded on Saturday that Saudi Arabia extradite suspects in the killing in Istanbul of columnist Jamal Khashoggi, saying the kingdom was not cooperating

At a summit of the Group of 20 in Buenos Aires, the Turkish leader took a firm tone on Saudi Crown Prince Mohammed bin Salman (MBS).