

## ENVIRONMENT SCAN 01-14 FEB 2019

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

Brig RK Bhutani (Retd)

**U.S.-China Trade Deal: The Visible Trend.** The self-imposed March 1st deadline for Washington and Beijing to reach a sweeping trade agreement is just 14 days away. China seems eager to get a deal. After a late-January round of negotiations, described in relatively positive terms by both, China placed another large order for American soybeans. Prior to that, Beijing had reduced the retaliatory tariff on U.S. automobile exports from 40 percent to the 15 percent levied on other countries' exports and announced it was stiffening the penalties for intellectual property theft.

The United States imports more goods from China than any country in the world—roughly \$500 billion in 2017. Right now, the U.S. Customs Service is collecting additional duties of 10 percent on \$200 billion in imports from China and 25 percent on another \$50 billion. If no deal is reached by March, the 10 percent tariffs will also rise to 25 percent.

China does not import enough goods from the U.S.—\$130 billion total in 2017. But Beijing retaliated with an equivalent 25 percent tariff on \$50 billion in American exports in the first round of this fight, and tariffs of 5 percent to 10 percent on another \$60 billion in the second round. The Chinese authorities also have many other ways to make life miserable for companies operating in China or trying to export there, for example, some American firms have reported shipments being held up in Chinese ports and having to undergo far more extensive inspections than before.

Reportedly, China has loosened restrictions on foreign investment in some sectors but extensive restrictions remain in place for several other important sectors. More recently, Chinese officials accelerated the process for adopting a new foreign investment law that would codify efforts to strengthen and better protect foreign intellectual property and prohibit forced technology transfers by joint venture partners. While welcoming those steps, U.S. negotiators want Beijing to go further in leveling the playing field for American exporters and investors and reducing subsidies and other support for Chinese state-owned enterprises.

In 2015, in spite of President Barack Obama having extracted a promise from President Xi to stop cyber theft of American technology, November 2018 update of Section 301 (of the Trade Act) report, while noting progress in some areas, claimed that the frequency of cyber intrusions had increased in recent years.

As part of any trade deal, U.S. negotiators want a tough enforcement mechanism that includes the ability to use tariffs. Beyond outright theft, including through cyber attacks, the Section 301 investigation identified two main mechanisms that China uses to force American firms to transfer technology or intellectual property:-

- (a) Foreign ownership restrictions or demands from joint venture partners;
- (b) and administrative licensing and approvals for opening or operating a business in China.

(c) Many companies also report “facing vague and unwritten rules” when they try to do business in China, and that local rules often diverge from national rules and are “applied in a selective and non-transparent manner.” But companies are often reluctant to complain publicly or report such practices to U.S. officials because they fear retaliation from Chinese authorities.

The most effective way to address the problems that American and other foreign investors face in China would be to **reduce the restrictions** on entry into the Chinese market, which would in turn reduce the leverage that Chinese officials, both locally and nationally, wield over them. But Beijing is likely to insist on maintaining at least some restrictions in what it views as strategic industries, problems are likely to persist through behind-the-scenes pressure.

**Comments.** It is unlikely that Chinese will reduce restrictions on entry in to the Chinese market. Indian pharmaceuticals and IT companies also face huge problems. It is virtually impossible that negotiators will be able to resolve all these issues in just a few weeks. While the Trump administration thinks it has an edge because the Chinese economy is slowing and the trade war is inflicting pain, the costs of escalation for the American economy would be significant as well. It is not clear that Trump—already looking ahead to the 2020 election—is as sanguine, despite his pronounced affinity for tariffs.

So the likely outcome is an interim deal, whereby China buys some more stuff—soybeans, natural gas — and passes the new foreign investment law while the parties agree to keep negotiating. In this scenario, it is likely that neither side fully lifts its retaliatory tariffs, but neither side imposes new ones, either. That probably won’t make **farmers and American companies** paying the cost of all these tariffs happy, but it’s better than no deal.

*(<https://www.worldpoliticsreview.com/articles/27414/a-u-s-china-trade-deal-is-coming-but-how-big-will-it-be>)*

**Trump’s Tough Line on China brings Tokyo, Beijing Together.** Tokyo and Beijing are in the middle of their own “Wuhan spirit, as both countries with a bitter history strive to lower temperatures between them. This year, Chinese President Xi Jinping is expected to visit Japan twice - for the G-20 summit in June and a second bilateral summit later this year. This comes after Japanese PM Shinzo Abe made his first trip to China in late 2018, easing an eight year chill.

After Abe's visit to China, the two nations also agreed to work together in third countries. Like India and China, who are currently collaborating to train Afghan diplomats together, Japan and China agreed to build a connectivity project in Thailand. Reportedly, a planned rail project may not go through, but a road project is on track, which will be a first.

Both officials and strategic analysts in Tokyo agree that US- China trade tensions and Washington's tough line on China have been major contributory factors to China's changed stance. A Japanese foreign ministry official said, "a few years ago there were no handshakes, no dialogue, only demarches." China, he said, softened its line because of several reasons. One of them being "they realised PM Abe is here to stay, so it was better to deal with him."

(<https://timesofindia.indiatimes.com/world/china/trumps-tough-line-on-china-brings-tokyo-beijing-closer/articleshow/67921338.cms>)

**US Angers China after Sailing Two Warships Close to Disputed South China Sea Islands.** Two guided-missile destroyers traveled within 12 nautical miles of Mischief Reef in the disputed Spratly Islands.

The operation was the latest attempt to counter what Washington sees as Beijing's efforts to limit freedom of navigation in the strategic waters, where Chinese, Japanese and some Southeast Asian navies operate.

(<https://www.telegraph.co.uk/news/2019/02/11/us-angers-china-sailing-two-warships-close-disputed-south-china/>)

## **CHINA (MARITIME)**

Capt KK Agnihotri

### **Freedom of Navigation Operation (FONOPS) by US Warships in South China Sea.**

Two U.S. Navy guided-missile destroyers transited within 12 nautical miles of Mischief Reef in the Spratly Islands on 11 Feb 19, which is one of seven features in the Spratlys that China converted to artificial islands beginning in 2014. The two vessels were USS *Spruance* and USS *Preble*. The US Navy's 7th Fleet statement said that the goal of the operation was "to challenge excessive maritime claims and preserve access to the waterways as governed by international law. It was further reiterated that the United States will fly, sail and operate wherever international law allows.

**Comments.** This transit follows FONOPS by USS *McCampbell*, an *Arleigh Burke*-class guided missile destroyer, within 12 nautical miles of features in the Paracel Islands in Jan 2019. The U.S. Navy conducts these operations in the South China Sea and elsewhere against a range of countries, including U.S. allies which have excessive maritime claims in US viewpoint. In 2017, maritime claims by 22 countries in Asia and elsewhere were the subject of freedom of navigation operations. As Per 2016 decision of Hague-based International Court of Arbitration, Mischief Reef is part of the Philippines' continental shelf and is not entitled to any territorial waters (12 NM). The feature is claimed by China, Taiwan, Vietnam, and the Philippines. China has occupied the feature since 1995. Mischief Reef is one of three artificial islands in the Spratlys — along with Woody Island in the Paracel Islands — which has a Chinese airfield capable of operating bombers and transport aircraft of the PLA Air Force and PLA Navy Air Force. Mischief Reef also housed a range of military facilities, including point defense AD systems, communications facilities, possible ammunition storage depots, and hangars capable of accommodating eight combat aircraft and five larger aircraft.

Last year (2018), a PLA Navy warship attempted to intercept a U.S. Naval destroyer during a freedom of navigation operation near Gaven Reef in the Spratly Islands, and closed to within 40 feet, nearly causing a collision.

**Pakistan Hosts Aman 2019 Multinational Naval Exercise Off Karachi: 02 Chinese Ships Participate.** The sixth Pakistan-hosted multinational maritime naval Exercise, Aman 2019, was held at Pakistani Naval base of Karachi from 08-12 Feb 19. Naval ships

and observers from 46 countries including China, Russia and the US participated in the five-day exercise. The joint exercises were conducted over two phases viz. harbour and sea. Harbour activities included seminars, discussions and demonstrations. A three-day international maritime conference was also held on the theme of "Global geopolitics in transition and rethinking maritime dynamics in the Indian Ocean region." Maritime activities included high-end warfare drills at sea, such as naval gunfire, anti-piracy, operations, combined anti-submarine exercises, communications, boarding and air defense. PLA Navy, which has participated in all previous Aman exercises, sent two warships - Kunlunshan LPD and the Luomahu supply ship.

**Comments.** The concept of exercise was to develop responses, tactics, techniques and procedures (RTTPs) against non-traditional threats through tactical warfare planning, and enhance interoperability among navies at different levels of technological power. Starting 2007, Exercise Aman has regularly been conducted every two years (Aman 2015 was not held due to certain constraints in Pakistan).

## **PAKISTAN, IRAN AND AFGHANISTAN**

Col Karan Singh, VSM

**Afghan Peace Talks with Taliban in Moscow.** The Taliban attended peace talks at Moscow with Afghan politicians and hailed it as "very successful," despite disagreements over women's rights and the group's demand for an Islamic constitution in the war-torn country.

**Comments.** The two-day gathering in Moscow was attended by Taliban leaders with Afghan politicians including former President Hamid Karzai. No Afghan government official was invited to the conference. The Taliban delegation was headed by Sher Mohammad Abbas Stanikzai, who made a rare appearance in front of media. All parties have agreed to support the Doha peace talks with American negotiators.

Taliban has so far maintained his stand for not negotiating with Afghan Government and as a result the Afghan Government representatives were not present at Moscow Conference. However, Taliban interacting with Afghan politicians is Taliban's most significant engagement with Afghan leaders in years and this is seen as precursor to involvement of Afghan Government in talks. Zalmay Khalilzadhas publicly stated and maintained stand that the Afghan peace talks should have Afghan Govts approval and is hopeful that the present talks are preliminary to final talks wherein Afghan Govt will have to be involved. He expects the Peace process to take shape before Presidential election in Jul 19.

The Taliban has also announced a 14-member team to meet American negotiators this month in Doha which includes five former Guantanamo Bay inmates and a high-profile militant Anas Haqqani, who was captured in 2014 and whose older brother is deputy Taliban leader and head of the Haqqani Network. The Afghan has denied any move to release him so far.

The Moscow conference was striking from Taliban's stand perspective as it had women leader during the peace process among Afghan politicians and Taliban was engaging

media which they had banned in their rule of Afghanistan. The next meeting is scheduled in Doha in later part of February 19.

**U.S. Revives Secret Program to Sabotage Iranian Missiles and Rockets.** White House has accelerated a secret program to sabotage Iran's missiles and rockets, according to current and former administration officials, who described it as part of an expanding campaign by the United States to undercut Tehran's military and isolate its economy (AFP report).

**Comments.** The program has never been publicly acknowledged by US. In last month alone, two Iranian attempts to launch satellites have failed. The open source data reveals that the covert programme was created under President George W. Bush, to slip faulty parts and materials into Iran's aerospace supply chains. The program was active early in the Obama administration, but had eased by 2017, and was reinforced in 2018

Iran had two consecutive failures of satellite launch in Jan 15 and Feb 05. Those two rocket failures (Iran's Jan. 15 launch was announced and the other, an unacknowledged attempt, on Feb. 5). The failure rate of Iranian satellite launch has been exceptionally high at 67% compared to a 5 percent failure rate worldwide for similar space launches. However, few aerospace experts have also opined that these failure could be the result of normal malfunctions or the primitive stage of Iran satellite programme.

The images of the Feb 05 launch were picked up by commercial satellite owned by U.S. companies. The images from the launch site suggest a rocket launch occurred last week. A satellite launch attempt was also expected in recent weeks based on statements from Iran's government. An image taken by Digital Globe's Worldview 3 Earth observation satellite on Feb. 5 showed launch preparations at the site in full swing in Iran's Semnan's province and another pass over the same launch base on Feb. 6 produced an image showing burn scars at the circular launch pad, and a nearby stream of runoff, likely from post-launch wash-down activities. Analysts believe the launch likely carried the Dousti microsatellite aboard a Safir booster, a smaller version of Simorgh rocket that faltered during a launch Jan 15.

**Iran Inaugurates Medium-Range Ballistic Missile.** An Iranian news outlet says the elite Revolutionary Guard has inaugurated a surface-to-surface ballistic missile it claims has a 620-mile range. Report by the semi-official Fars news agency, close to the Guard, says a ceremony marking the inauguration was held in an underground missile factory described as an "underground city."

**Comments.** The ceremony coincided with the 40th anniversary of the 1979 Islamic Revolution. The report said the missile, dubbed Dezful, is a version of the Zolfaghar missile that has a 700-kilometer (430-mile) range and a 450-kilogram (992-pound) warhead. Iran has one more Qiam 1 missile with range of 700 km. Iran occasionally announces military achievements that cannot be independently verified and it appears are more aimed at political mileage.

Iran's missile programme took off by importing a North Korean missile known as the No Dong, which it renamed the Shahab-3, or Shooting Star-3. The missile has range of about

800 miles. The No Dong's powerful engine eventually became the first-stage propulsion unit for most of Iran's long-range missiles and for all of its space launchers.

## **NORTHEAST**

Brig HS Cheema

**Days After Calling Bharat Ratna a 'Victory for Humanity', Bhupen Hazarika's Son Turns Down the Award.** Amidst growing anger over the contentious Citizenship (Amendment) Bill, the son of late Bhupen Hazarika on Monday refused to accept the Bharat Ratna award. Hazarika was posthumously awarded Bharat Ratna on the eve of India's 70th Republic Day. Bhupen Hazarika's son Tej Hazarika has informed that the family will return the award to mark their protest against the contentious Citizenship (Amendment) Bill, 2019. Notably, Tej Hazarika, the son of the late singer-composer Bhupen Hazarika, had on January 27 described the government's decision to confer the country's highest civilian award on his father as a victory for humanity and diversity.

The Citizenship (Amendment) Bill was passed by the Lok Sabha on January 8. On 9 Feb 2019, Prime Minister Narendra Modi had assured that the Citizenship (Amendment) Bill does not cause any harm to Assam and its neighbouring states. "The Citizenship (Amendment) Bill 2016 is not for Assam or northeastern states. It is for the whole country. The Bill is a national commitment considering the plight of the persecuted minorities in Pakistan, Afghanistan and Bangladesh. The passage of the Bill will ensure that those who were left out during the Partition and who still love India more than their lives are accommodated in the country. It is the responsibility of India to accept those people," the PM had said. "I am here to assure you that the Bill will not harm Assam or any other state in the region. The Bill will only allow those persecuted minorities to apply for citizenship. There is no question of granting citizenship without verification," PM Modi had said while addressing a public rally at Changsari near Guwahati.

<https://www.timesnownews.com/india/article/bhupen-hazarika-son-tej-hazarika-bharat-ratna-citizenship-amendment>

**Comments.** After a long spell of unrest and turmoil due to various reasons the North Eastern states of India saw a peaceful time in last year or so. The Citizen amendment bill has created a major resentment in the region which necessitated PM to go to Assam to assuage the feelings of the masses since BJP govts in North East states got isolated and large number of regional parties and political functionary have resented such amendment as it contradicts the NRC process being undertaken to identify and deport illegal migrants in North east states. Present move of family of late Bhupen Hazarika's family to return the award clearly reflects the sentiments of local people.

**'Optimist' FM Hopes for Teesta Water Solution.** Foreign Minister of Bangladesh AK Abdul Momenon 9 Feb expressed optimism that Bangladesh and India will gradually resolve the water-sharing issues of all common rivers, including the Teesta, saying the two countries have already solved some big issues. The foreign minister made the remarks while briefing reporters after his return from India.

The foreign minister raised the issue at the 5th meeting of the Joint Consultative Commission (JCC) between Bangladesh and India held at the Jawaharlal Nehru Bhavan in New Delhi on 8 Feb 2019. Foreign Minister Momen and Indian External Affairs Minister Sushma Swaraj co-chaired the JCC meeting. In response, the Indian external affairs minister assured that they would work for the early conclusion of the Teesta water-sharing agreement, according to Bangladesh High Commission in New Delhi. Responding to a question, Momen said he sought India's support for quick repatriation of Rohingyas and to implement the development roadmaps of Prime Minister Sheikh Hasina apart from his discussion on economic diplomacy which is emerging as a foreign policy priority for Bangladesh. "We need partnership and cooperation from all." He reiterated that uncertainty and various problems, including radicalisation, might emerge in the country if Rohingyas repatriation is delayed and they stay in Bangladesh for a longer period. "This problem should be resolved as quickly as possible." Responding to another question, the foreign minister said India would not deport any Rohingya to Bangladesh but would send them to their country of origin -- Myanmar. "The Indian government will not send anyone to Bangladesh if they are Rohingyas and not Bangladeshi citizens. They will send them to their country of origin, not to Bangladesh," he said.

**Daily Star:** <https://www.thedailystar.net/frontpage/news/optimist-fm-hopes-teesta-water-solution-1699873>

**Comments.** India and Bangladesh are moving towards solving major issues through dialogue and mutual cooperation a major win- win situation for both countries. However, India needs to be careful and must fulfill its promises specially on economic issues in time bound manner as agreed or this bonhomie may not continue forever. India also needs to do more on Rohingya crisis as it could destabilise the peace in the region.

**Eminently Beneficial for India and Nepal, the Real Reason Why, Six Months After it Was Finalised, India is Sitting on the EPG Report.** The Eminent Persons Group (EPG) mandated to review past bilateral treaties between India and Nepal and provide recommendations completed its work in June last year. But it is still under wraps. It was Nepal's idea to set up a group made up of notable people from India and Nepal to come up with a mutually acceptable plan to reset bilateral ties in keeping with the times. Nepal has for a long time wanted to revise some of its treaties with India, particularly the 1950 Treaty of Peace and Friendship. Signed 70 years ago, the Treaty of Peace and Friendship needs revision because it was signed by Prime Minister Mohan Shumsher Jung Bahadur Rana whose sole intention was to perpetuate his clan's hold on power, rather than protect the national interest. The protocol was also askew, since it was signed on India's behalf by its ambassador in Kathmandu and not Prime Minister Jawaharlal Nehru. Nepal also had issues with Clause 7, which states: 'The governments of India and Nepal agree to grant, on a reciprocal basis, to the nationals of one country in the territories of the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.' Being a much smaller country, Nepal wants this changed and also wants to ensure that its gigantic and militarily stronger southern neighbour respects the Treaty. India has blockaded its border with Nepal several times, using ambiguities in Clause 5, which states: 'The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the

security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.”

In February 2016, the formation of the EPG was suddenly expedited because of New Delhi's need to mend its ties with Nepal after the Blockade. This should offer us clues as to why India is now reluctant to receive the report painstakingly negotiated and drafted in nine meetings over two years. Nepal had wanted the report submitted to Narendra Modi when he was in Nepal for the BIMSTEC Summit in August last year, but India refused saying that it would not discuss any bilateral issues during a multilateral forum. The suspicion is that the Modi government does not agree with some of the content of the joint report which recommends that the 1950 Treaty be replaced with a new one proposing a 'smart and regulated' border and consider the proportionate sizes of the two countries on the issue of national treatment for citizens. These 'concessions' to Nepal apparently have displeased hawks in India's ruling BJP, which fears they may be used against it by the opposition ahead of India's 2019 general election.

India thinks Nepal can be made to wait, and this could be the mindset prompting Modi to haughtily ignore the report. This dangerous, colonial era mindset of not giving a sovereign country equal respect has had, and will continue to have, foreign policy consequences for India in its neighbourhood. India surely does not want such an image as it advances towards becoming a regional superpower

**Nepali Times:** <https://www.nepalitimes.com/here-now/eminently-beneficial-for-india-and-nepal/>

**Comments.** The article reflects certain amount of negative mind set of authors at the same time tells upon the apathy and not handling the delicate issue by concern officials. It would be better that a proper mechanism of conveying facts put into place as also India needs to work out mechanism to carry out rebuttal and give actual facts in Nepali media. India Nepal relations are going through rough times and need to be handled with due care.

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

Col Arvinder Singh

### **Tokyo Protests over South Korean Lawmaker's Remarks on Japan's Emperor<sup>1</sup>.**

Japan on 12 Feb lodged a complaint with Seoul and demanded an apology after a South Korean lawmaker said that the Japanese emperor should apologise over the issue of "comfort women" who were used in military brothels. South Korea's National Assembly Speaker said in an interview that Japanese Emperor Akihito, "as the son of the main culprit of war crimes", should apologise to women forced to work in Japan's military brothels before he steps down at the end of April.

**Comments.** Relations between Japan and South Korea, both US allies, have soured because of an intensifying row over their wartime history. That includes Japan's 1910-45 occupation of the Korean peninsula and its use of "comfort women" from Korea who were forced to work in its wartime brothels. Relations between the two East Asia neighbours have also deteriorated since South Korea's top court ruled last year in favour of South

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<sup>1</sup><https://www.channelnewsasia.com>

Koreans seeking compensation from Japanese firms for wartime forced labour. South Korea also complained after a Japanese patrol aircraft made what Seoul described as an "intimidating" pass over one of its warships last month, adding to the tension between the two.

**India, Maldives Ease Visa Rules for Better People to People Ties<sup>2</sup>.** India and Maldives on 12 Feb exchanged diplomatic notes for the implementation of a visa facilitation agreement to boost people to people contacts between the two countries. The agreement was signed during Maldivian President Solih's visit to India in December. The exchange of diplomatic notes follows signature on the agreement by the President after the union cabinet's approval. The agreement will be effective from 11 March after all formalities including information being provided to all immigration offices, border points and customs authorities have been completed.

**Comments.** This agreement will provide a very liberal visa regime for Maldivian nationals to visit India for tourism, business, education and medical purposes. It also makes it easier for Indians to travel to Maldives for business purposes. This agreement will facilitate greater people to people contacts which was one of the decisions taken during the meeting between Prime Minister Narendra Modi and President Solih in December.

**The Maldives Counts the Cost of its Debts to China<sup>3</sup>.** Over the past two months, the Maldives has been struggling to establish the full scale of its exposure to Chinese debt, most of which is in the form of sovereign guarantees on Chinese loans to companies. Finance ministry data show that these guarantees amount to \$935m, on top of the \$600m directly owed to Beijing by the government. Nasheed, a key adviser to new president Solih and himself a former president, believes that hitherto unreported guarantees could bring the total exposure as high as \$3bn — an unaffordable sum, in a country of 400,000 people where gross domestic product in 2017 was \$4.9bn. The new government is planning to ask China to reduce the sums owed, as well as amending the interest rates and repayment schedules for them.

**Comments.** The Chinese investment boom in the Maldives got under way in 2014, when Xi Jinping made the first ever visit by a Chinese head of state to the archipelago. Beijing's growing interest in the Maldives, despite the country's tiny population, reflects its strategic location. With 1,200 islands stretching over a latitudinal distance of 850km, the Maldives claims an exclusive economic zone of 859,000 Sq km in a section of the Indian Ocean that touches the main shipping route between China, the oil suppliers of the Middle East and Europe. But while China has portrayed its Maldivian projects as an example of how its Belt and Road Initiative can drive development in smaller countries, the new government in Male is taking a darker view. The controversy around recent Chinese investment in the Maldives is part of a worrying recent pattern for Beijing, in which newly elected governments have sought to cancel or amend supposedly unfavorable deals with China agreed by their predecessors. **Pakistan** - \$62bn CPEC plan has come under pressure since last year's election. The new government has decided to scrap plans for a \$1.6bn Chinese-built power plant. **Myanmar** - Chinese port project at Kyaukpyu, two years after awarding contract was dramatically reduced to \$1.3bn, from the \$9bn originally planned.

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<sup>2</sup><https://www.ndtv.com>

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

Myanmar is also resisting pressure from Beijing to allow work to resume on a Chinese-backed hydro power dam in its north. **Sri Lanka** - Hambantota was handed over to a Chinese state company on a 99-year lease, sparking domestic controversy. **Malaysia** – New government suspended four Chinese projects worth about \$23bn, followed by cancelling three China-backed oil and gas pipelines worth more than \$3bn in Sep 18.

**Pentagon Seeks Sustained Engagement with Sri Lanka**<sup>4</sup>. Amid the increasing Chinese influence over the strategically important Indo-Pacific region, US Indo-Pacific Command chief has advocated sustained US engagement with Sri Lanka, despite the political and ethnic turmoil in the island nation, posing a challenge to their ties. He told the Senate's Armed Services Committee during a Congressional hearing that Sri Lanka remains a significant strategic opportunity in the Indian Ocean, and our military-to-military relationship should continue to strengthen and it is in America's interests to continue military collaboration and cooperation with Sri Lankan Forces.

**Comments.** The United States Indo-Pacific Command (USINDOPACOM) cooperation with the Sri Lankan military centers on building capacity in maritime security and maritime domain awareness, humanitarian assistance and disaster relief as well as humanitarian de-mining, medical assistance, and peacekeeping operations. Increasing navy-to-navy engagement with Sri Lanka will be a USINDOPACOM focus in 2019. The recent transfer of an excess US Coast Guard cutter to Sri Lanka in August 2018, along with additional platforms from Japan and India, provide the Sri Lankan Navy greater capabilities to contribute to regional maritime domain awareness initiatives. It is good opportunity for India also to sustain engagement with Sri Lankan navy, and construct a multi-lateral approach to capacity building with like-minded partners to rapidly enhance the Sri Lankan Navy's capabilities against growing influence of China.

**IAF in Talks with Russia for Urgent MiG 29 Purchase**<sup>5</sup>. Indian Air Force, which is facing an acute shortage of combat aircraft, is in advance talks with Russia for an urgent procurement of MiG 29 fighters that can be delivered at a relatively short notice. The plan to acquire 21 additional aircraft to make a new squadron of MiG 29 jets that were first purchased in the 1980s has been discussed in detail last month and is expected to cost the Indian exchequer less than Rs 6,000 crore. This would come to Rs 285 crore per jet that would include weapon systems, training and other supporting equipment required for a new squadron. The negotiations are being carried out under the government-to-government pact with Russia. The talks have gained strength as the AF faces a depleting fighter squadron strength that has now dwindled to just 31 against the sanctioned strength of 42. Even with the 36 Rafale jets on order, the strength is expected to nosedive over the next three years as several legacies MiG 21 and 27 squadrons go offline.

**Comments.** The MiG 29s, if procured, will cost significantly lesser than the Rafale fighter jets that have been contracted at over Rs 1,611 crore per jet. However, the fighters are of an older generation and will not be produced afresh as the fighters have been lying mothballed and the plan is to have them upgraded to the latest standard that would include air-to-ground capabilities, extended range and a new avionics and weapons package. The AF currently operates three squadrons of the Russian fighter jets that are

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<sup>4</sup><https://www.theweek.in>

<sup>5</sup><https://economictimes.indiatimes.com>

being upgraded in-house at its Base Repair Depot. While the multi-role jets have been operating since the 1980s, the air force had signed a Rs 3,850 crore deal in 2008 to upgrade the entire fleet and give it a life extension. The Indian Navy too operates the naval version of the MiG 29, with the jets being the primary weapon of the INS Vikramaditya aircraft carrier. The navy has a total of 45 of the MiG 29K/KUB fighters in service, the last of which were ordered in 2010.

**Great Firewall Fears as Russia Plans to Cut itself off from Internet<sup>6</sup>.** Russia is planning to temporarily disconnect from the internet as part of what it says is an experiment to test its cyber defense capabilities. The planned disconnection is intended to analyze the country's preparedness for a draft law mandating a "sovereign" internet. Under the draft law, all internal internet traffic would be carried within the country's own networks. Any traffic that leaves Russia would be forced to go thorough registered exchange points, subject to regulation by the state communications regulator Roskomnadzor. Ostensibly the goal of the legislation is to protect the Russian internet from the US, which has an offensive cyber security strategy and lists Russia as one of the major sources of hacking attacks.

**Comments.** It is felt that the creation of a Russian intranet is a further step towards a goal of duplicating the Great Firewall of China to restrict the access of the country's internet users to content deemed harmful by the authorities. Russia has already moved to block WebPages run by opposition figures and Russian human rights group. Russia feels that western countries could just push a button to disconnect Russia from the global internet and Putin has previously called the internet a "CIA project".

**Russia Stages Mock Attack on Norwegian Radar Station, Jams GPS<sup>7</sup>.** A flight of 11 Su-24 'Fencer' strike aircraft took off from their air base at Kola Peninsula, flying out over the Arctic Barents Sea and formed into an attack profile aimed directly at a nearby Norwegian outpost. Only at the last possible moment did they veer away. The target of the Russian attack aircraft was Vardo, Norway's northernmost town which is a fishing village built on a small island in the Barents Sea. It's an ideal vantage point from which to observe the concentration of Russian military facilities built on the nearby Kola Peninsula. It also sits under the direct flight-path intercontinental ballistic missiles (ICBMs) would take if launched against the United States, which is why Vardo is home to a powerful radar system designed to track rocket launches and objects in space. Norwegian Intelligence Service revealed that Russia staged two such practice attack runs last year and were intended to intimidate. Russia is reportedly also jamming GPS signals in Norway's far north, after several similar incidents last year.

**Comments.** Moscow was letting Norway know in no uncertain terms that it was unhappy with its recently enhanced military co-operation with NATO and the US and was also actively asserting territorial claims over much of the Polar regions as the Arctic ice retreats.

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<sup>6</sup><https://www.theguardian.com>

<sup>7</sup><https://www.news.com.au>

**Senate has uncovered no direct evidence of conspiracy between Trump campaign and Russia<sup>8</sup>.** After two years and 200 interviews, the Senate Intelligence Committee of US is approaching the end of its investigation into the 2016 election, having uncovered no direct evidence of a conspiracy between the Trump campaign and Russia, according to both Democrats and Republicans on the committee. Though they said that the pattern of contacts between Trump's team and Russia they uncovered was troubling.

**Comments.** The Senate committee report may not be the "last word" on what happened during 2016 elections, the Mueller probe is generally viewed as more extensive and likelier to surface the truth.

## TELECOM & IT

Brig Navjot Singh Bedi

**Proposal to Isolate Russian Internet.** On 12 Feb 19, Russian lawmakers backed a bill, in its first reading, by 334 votes to 47, that could cut off Russia's internet traffic from foreign servers. The bill reportedly aims to put in place "defence mechanisms to ensure the long-term stable functioning of internet networks in Russia" if the US takes action in cyberspace to threaten them. It proposes creating a centre to "ensure and control the routing of internet traffic" and would require Internet Service Providers (ISPs) to install "technical measures to withstand threats". Reportedly the measures outlined in the bill could cost more than 100 billion rubles (\$1.5 billion) per year, from both public and private coffers. The authors of the bill were however unable to estimate the long-term costs say what threats it would repeal or even explain how it would work.

**Comments.** Russia has possibly mooted this bill to ensure the security of its networks after President Trump unveiled a new American cyber security strategy last year that said Russia had carried out cyber attacks with impunity. If passed, the law could make it possible to cut Russia off from the global web, or to initiate an internet blackout in a region if it is rocked by unrest or opposition. Internet freedom activists however say the bill is another censorship bid following previous efforts in Russia to control global social networking platforms and block the Telegram messenger service. As per the activists, though the bill claims to address external threats, it would just be another law that "permits limiting rights and freedoms on the internet" in Russia. This shows the seriousness which nations have accorded to the realm of Cyber Warfare and is an indicator of the shape of things to come.

(<https://telecom.economictimes.indiatimes.com/news/lawmakers-back-bill-to-isolate-russian-internet/67973560>)

**WRC-19: Critical for India's Future 5G Competiveness.** Trial of the first commercial 5G services are already here and the coming years will see launch all over the world. The integration of the technology into our lives and work has the potential to impact Indian communities and boost the country's economy even more than previous generations. To build the best possible 5G networks, access to millimeter wave (mmWave) spectrum is needed. The use of this range in mobile networks is a chance to offer performance levels that haven't been possible before. A new report from the GSMA, "The Socio-Economic

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<sup>8</sup><https://www.nbcnews.com/politics/congress/senate>

Benefits of mmWave 5G”, looks at the impact of mmWave 5G across industries and continents. This study is done over a 15-year period, 2020-2034, and assumes mmWave bands are successfully identified at WRC-19 and are made available in a timely manner at the national level. The GSMA study concludes that by 2034 mmWave spectrum will help increase \$565 billion in global GDP and \$152 billion in tax revenue. This equals 25% of the overall value created by 5G. The Asia-Pacific region is expected to have a particularly large influence on the nature of the economic benefits.

**Comments.** MmWave 5G is expected to generate the greatest share of the total contribution of 5G enabled by mmWave to the GDP, \$212 billion. India’s contribution will play an important role in this.

As 4G continues to have a positive impact, smartphone connections are expected to reach 1.1 billion by 2025. 5G builds on this momentum and the GSMA forecasts India to have around 5% adoption by end of 2025. The speed, reach and quality of these 5G services will be dependent on access to the right amount and type of spectrum, and under the right conditions and prices.

(<https://telecom.economictimes.indiatimes.com/tele-talk/wrc-19-critical-for-india-s-future-5g-competiveness/3425>)

**Thailand Launches Huawei 5G Test Bed.** Thailand launched a Huawei Technologies 5G test bed, even as the United States urged its allies to bar the Chinese telecoms giant from building next-generation mobile networks. The 5G test bed in Thailand, the United States’ oldest ally in Asia, will be Huawei’s first in Southeast Asia. Mr Pichet, Thailand’s minister clarified that it’s cooperation with Huawei on the test bed does not mean Thailand is not concerned about security issues. He further stated that this 5G test bed project is a testing period for the country; “We can make observations which will be useful to either confirm or disconfirm the allegations.” The 5G test site is in Chonburi, the heart of the Thai military government’s \$45 billion economic project - the Eastern Economic Corridor (EEC)- about 90 km southeast of Bangkok. Vendors like Nokia, Ericsson and Thai telecoms operators have also set up 5G labs at the site. U.S. Embassy spokesperson in Bangkok said the US “advocates for secure telecoms networks and supply chains that are free from suppliers subject to foreign government control or undue influence that poses risks of unauthorized access and malicious cyber activity”.

**Comments.** Huawei has previously set up a cloud data centre worth \$22.5 million in Thailand’s EEC, a centerpiece of the government’s policy to boost growth in the country that has struggled to attract foreign investors besides the Chinese. Ties between the United States and Thailand have cooled since the Thai military took power in a 2014 coup. Relations between Bangkok and Beijing, on the other hand have, warmed in recent years as evident from a pickup in defense trade and Chinese investment. Huawei, the world’s top producer of telecoms equipment and second-biggest maker of smartphones, has been facing mounting international scrutiny amid fears China could use its equipment for espionage, a concern the company says is unfounded. Huawei, which gets nearly half of its revenue from outside China, says it has secured more than 30 commercial 5G contracts globally. But it has not yet signed a 5G contract in Thailand. Huawei is in talks with telecoms operators, to secure local partnerships ahead of a national rollout scheduled

for December 2020. Possibly for Thailand, security concerns over Huawei's equipment would have been analysed in context to its competitive pricing versus that by U.S. firms

*(<https://telecom.economictimes.indiatimes.com/news/thailand-launches-huawei-5g-test-bed-even-as-us-urges-allies-to-bar-chinese-gear/67897174>)*

## **UNITED STATES OF AMERICA**

Gp Capt GD Sharma, VSM (Retd)

Venezuelan economy depends on export of oil alone. It holds largest oil reserve more than Saudi Arabia. The Latin American country has the world's largest known reserves of oil estimated at more than 300 billion barrels - bigger than Saudi Arabia's 266 billion barrels its oil production has fallen from the 3 million barrel per day decade ago to merely 1.5 million barrel per day in Jan 2019. This has been mainly caused by the US sanctions. US has known dislike for the socialist system of Venezuela and is dabbling in its internal politics. It supports the interim government headed by the opposition leader Juan Guaido. He is the head of the opposition-controlled Venezuelan congress. Many Latin American states including US and Canada have recognised the new dispensation. Why US is interfering is not point of concern for India but, what matters is that US has imposed sanction on oil sale by Venezuela. Before the sanctions, Venezuela used to ship over 500,000 bpd of crude oil to the United States, its largest cash market, followed by India then China. Venezuela is its fourth-biggest crude supplier to India, behind Iraq, Saudi Arabia and Iran.

Since new U.S. sanctions began January 28 as state-run oil company seeks to replace deliveries to the United States and Europe that were disrupted by payment restrictions. Venezuelan oil minister was in India. He wanted India to double its purchase. Obviously this will be on lower and competitive rates then, why should India not buy it. Indian refineries mainly private refiners like reliance and Essar oil could absorb a large portion of those barrels, but it is still unclear how cash sales would be effected without using the U.S. or European bank systems after April 28, the deadline set by the U.S. Treasury. US has warned countries including India to against buying oil from Venezuela. Venezuela is also open to barter arrangements with India using oil as payment, this would be repeat of system followed for buying oil from Iran. Only hitch is that unlike Iran how barter will work with Venezuela will have to be worked out.

US sanctions have contributed to one percent in price rise of the oil in the crude market. It hurts India's growth. US is our strategic partner but of late, its sanctions have started hurting. These sanctions may look after US strategic interests but, these are hurting the strategic interests of its allies and partners.

Meanwhile Major European nations joined the United States in recognizing opposition leader Juan Guaido as Venezuela's interim president. Hence, it is expected that problem will get resolved before long and hopefully will not hurt India.

India has not taken any political stand on the issue of Venezuela being its internal matter. However, like Iran India will have no option but to circumvent US sanctions till removed and continue its relationship with its energy partners including Iran, Venezuela and the US.

This not to say that we are opposed to US but, the fact that our energy security cannot be compromised by any external action least of all by our own strategic partner regardless of the US NSA's recent warning on oil purchase from Venezuela .

## **WEST ASIA**

Col Shyamji Yadav

### **Syria**

**U.S. Backed Syrian Force Launches 'Final Battle' against Islamic State<sup>10</sup>.** The U.S.-backed Syrian Democratic Forces (SDF) began an assault against the final Islamic State enclave in eastern Syria on 09 FEB, aiming to wipe out the last vestige of the jihadist group's "caliphate" in the SDF's area of operations.

The enclave is close to the Iraqi border and comprises two villages, though Islamic State (IS) also still has territory in the part of Syria that is mostly under the control of the Russian- and Iranian-backed Syrian government.

The SDF had handled the last 10 days "patiently" as more than 20,000 civilians were evacuated from the besieged IS enclave. Senior SDF official Redur Xelil told Reuters the force hoped to capture the area by the end of February, but cautioned that IS would continue to pose "great and serious" security threats even after that.

U.S. government's top experts strongly believe IS leader Abu Bakr al-Baghdadi is still alive and possibly hiding in Iraq.

**Withdrawal of U.S. Forces in Syria Likely to Start in 'Weeks'.** The United States is likely just weeks away from starting the withdrawal of ground troops from Syria ordered by President Donald Trump, the top U.S. commander overseeing American forces in the Middle East said.

U.S. Army General Joseph Votel, head of the U.S. Central Command, cautioned that the exact timing would depend on the situation in Syria, where U.S.-backed fighters have launched a final assault against Islamic State enclaves near the Iraqi border.

The U.S. military has already started withdrawing equipment from Syria. Asked whether the withdrawal of America's more than 2,000 troops would begin in days or weeks, Votel said: "Probably weeks. But again, it will all be driven by the situation on the ground."

**Comments.** Many current and former U.S. officials who have warned of the risk of a resurgence by Islamic State unless the United States and its allies can keep pressure on the group following the U.S. withdrawal. They say Islamic State still has enough leaders, fighters, facilitators and financial resources to fuel a menacing insurgency. But a clear U.S. plan on how to keep up the pressure has yet to be articulated. It is also unclear whether the United States will be able to satisfy the security concerns in Syria of its NATO ally

<sup>9</sup> <https://www.reuters.com/article/us-mideast-crisis-usa-syria>

<sup>10</sup> <https://www.reuters.com/article/us-mideast-crisis-usa-syria>

Turkey without sacrificing the interests of U.S.-backed Kurdish fighters there. Ankara sees the Kurdish militia as terrorists.

Washington views the Kurdish militia as loyal partners in the fight against Islamic State, whose help will likely continue to be needed to prevent the group's resurgence. The Pentagon's own internal watchdog released a report last week warning about the risks still posed by Islamic State. It cautioned that, absent sustained pressure, the group would likely resurge in Syria within six to 12 months and retakes some limited territory.

## Iraq

The acting United States defense secretary, Patrick M. Shanahan, arrived in Baghdad early Tuesday for an unannounced visit with Iraqi leaders to discuss the American troop presence in the country and the fight against the remains of the Islamic State.<sup>11</sup>

Mr. Shanahan's trip coincides with plans for an American troop withdrawal from Syria and questions about whether some of those troops could instead be based in Iraq, which would be used as a base for operations in Syria.

**Comments.** There are currently about 5,200 American troops in Iraq, engaged primarily in training the Iraqi military and sometimes helping Iraqi troops by providing reconnaissance and air support in their fight against Islamic State fighters in Iraq. Although there has been a drastic drop in the number of Islamic State attacks in Iraq, there are still at least one or two every day.

Among several competing ideas for the United States forces coming to Iraq from Syria, commanders seem to favour leaving several hundred special operations forces near the Syrian border so they can have easy access to Syria. But things were complicated by Mr. Trump's statement that he wanted to keep American forces in Iraq to keep an eye on Iran.

The antagonism is hardly surprising, as Iran has been actively lobbying in Iraq and reaching out to both Shiite and Sunni Muslims on a variety of issues. The Iranians are eager to avoid any increase in the United States troop presence in Iraq or having more American troops posted near its border. Currently, only a few small contingents of Americans are active in eastern Iraq, where they are helping the Iraqi Army fight pockets of Islamic State resistance.

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<sup>11</sup> <https://www.nytimes.com/2019/02/12/world/middleeast>