

ENVIRONMENT SCAN 01-15 OCT 2018

CHINA (CONTINENTAL)

Brig Rajeev K Bhutani (Retd)

US-China Trade War may be Good for Beijing. Donald Trump, the US President, fired the first warning earlier this year by taxing key Chinese exports including solar panels, steel and aluminium. The most significant escalation rolled in with new tariffs affecting \$200 billion worth of items, effectively taxing half of all goods coming into the US from China. Beijing has retaliated each time in kind, most recently slapping tariffs of five to ten per cent on \$60 billion of American goods. China has pledged to match the US shot-for-shot.

Experts say if Beijing can play its cards right, US trade war pressures could positively support China over the long term by lowering the inter-dependence of the two economies:-

(a) For instance, the US implemented in April a seven-year ban on exports to Chinese telecom firm ZTE after learning it didn't abide by a previous settlement agreement for violating trade sanctions. ZTE announced weeks after it planned to "cease major operating activities" because of financial consequences from the ban. Trump later tweeted he was working with Mr Xi to get ZTE back on its feet; the ban was lifted.

(b) That a Chinese company could be tanked by one decision indicates an unhealthy level of interdependence. Along those lines, it would be equally disastrous for the US if China started blocking shipments for items manufactured in the country crucial to American supply chains like parts for Apple's iPhone.

(c) According to Damien Ma, an economist and associate director at the Paulson Institute, a think tank, the trade war could "force China to build a more vertically integrated supply chain within the country." Doing so would allow China control from beginning to end, whether assembling widgets or dealing with more advanced technologies. This is not lost on Mr Xi. "Internationally, it's becoming more and more difficult [for China] to obtain advanced technologies and key know-how," he said this week. "Unilateralism and trade protectionism are rising, forcing us to adopt a self-reliant approach; this is not a bad thing."

(d) To properly do this, however, China needs to move away from supporting its wasteful, inefficient state-owned enterprises (SOEs) and support the private sector. While that's easier said than done, Beijing has long known it would have to allow economic growth to mature away from manufacturing and exports and toward services sectors.

(e) A report released this week by the European Central Bank that simulated the impact of the trade war suggested the US would suffer from the brunt of diminished trade and deteriorating business and consumer confidence, whereas China could supplement lost trade with the US by selling to other countries.

China Mocks US with Proposal to Sell American Aircraft Carriers to Beijing to Close Trade Deficit. China is not backing down as tensions escalate with the US, issuing a mock-proposal yesterday that the trade deficit would be easily closed if America sold expensive military equipment to Beijing.

"If the US sold four Ford-class aircraft carriers priced at \$15bn (£11.4bn) each, it would easily make up for the \$60bn trade deficit with China," said the editorial in The People's Daily, a Chinese state media outlet and Communist party mouthpiece.

The jibe hits at a sensitive area for the US and other Western nations long concerned with protecting intellectual property and preventing improper technology transfer to China lest Beijing gain a competitive advantage.

Comments. From the aforesaid mocking article, it is apparent that presently China is feeling the pinch. It will take tremendous time for China to switch over the trade from the US to other countries and if the US can coordinate with the EU then China's problems will only increase and not diminish. Reforming its SOEs is a great problem for China.

(<https://www.telegraph.co.uk/news/2018/09/29/us-china-trade-war-may-good-beijing/>)

(<https://www.telegraph.co.uk/business/2018/10/12/china-mocks-us-proposal-sell-american-aircraft-carriers-beijing/>)

'Aggressive' Chinese Warship Forces US Destroyer off Course in South China Sea Confrontation. The USS Decatur guided-missile destroyer was conducting what the US Navy calls a "freedom of navigation operation" on Sunday, when it passed within 12 nautical miles of Gaven and Johnson reefs in the remote Spratly Islands.

The 12-mile distance is commonly accepted as constituting the territorial waters of a landmass. China claims nearly all of the South China Sea, though Taiwan, the Philippines, Brunei, Malaysia and Vietnam all claim parts of it. Beijing claims all of the Spratlys and has built a number of military installations on the islands.

During the operation, a Chinese Luyang destroyer approached the USS Decatur in "an unsafe and unprofessional manoeuvre in the vicinity of Gaven Reef in the South China Sea," said Commander Nate Christensen, US Pacific Fleet spokesman.

The Chinese ship then conducted a series of "increasingly aggressive manoeuvres, and warned the Decatur to depart the area," he added. The Chinese "destroyer approached within 45 yards of Decatur's bow, after which Decatur manoeuvred to prevent a collision."

In a statement, the Chinese Ministry of Defence said that its ship had "given a warning to leave" to the vessel after she entered the area "without permission."

"The US has repeatedly sent warships into the territorial waters near Chinese reefs and islands in the South China Sea," it said. The behaviour "gravely threatens China's sovereignty and security, gravely damages relations between China and the US and their militaries, and gravely injures regional peace and stability."

(<https://www.telegraph.co.uk/news/2018/10/02/chinese-warship-heads-us-destroyer-south-china-sea-confrontation/>)

US Moves to Limit Nuclear Sale to China. US President Donald Trump's administration will limit sales of Washington's civil nuclear technology to China out of concerns that it is being diverted for military and other unauthorized purposes, a top official said.

"The administration concluded that a change in US civil nuclear cooperation with China is necessary to strike an appropriate balance between long-term risks to US national security

and economic interests and the impact to the US nuclear industrial base,” an administration official told the media on Thursday.

The administration official said China was “actively pursuing our advanced nuclear technology for diversion to military use in its third-generation nuclear power submarine, in the development of a nuclear-powered aircraft carrier and in strategic dual-use nuclear-powered platforms, such as small modular reactors and floating nuclear power plants deployable in the South China Sea”.

(<https://www.india.com/news/world/us-moves-to-limit-nuclear-sales-to-china-3377169/>)

KASHMIR

Col Harpreet Singh

Terrorist MannanWani Killed in Kashmir. MannanWani, a top militant commander of Hizbul Mujahideen was operating from South Kashmir, the hotbed of current militancy. Since the last 15 days, there was an intelligence input that Mannan would be travelling to north Kashmir to crossover to the other side of the border. During this time, Mannan’s father was regularly called for questioning. Homes of his relatives were also being raided.

A joint team of army’s 30 Rashtriya Rifles and Special Operations Group (SOG), the counter insurgency wing of Jammu and Kashmir Police, had laid a siege around few houses in Shatgund. Inside a house was MannanWani. At around 2 in the night on October 11, the cordon was laid. By the first beam of morning Mannan and his associate were killed. No picture should come out, the men on ground were ordered by the top officials after Mannan was killed. “We carried Mannan’s corpse in a body-bag from the encounter site to keep his face concealed. Otherwise, after any encounter, the locals identify the militant and spread the news, making the task tough for us,” a police official said. However, the OGW’s in the area had already informed the locals about the presence of militants. Soon after the first gunshots, people surrounded the encounter site and hurled stones to hinder the operation. Many pelters were injured during the clashes.

By the time the body of Mannan and his associate was taken to the police station, government had ordered closure of schools and colleges in north Kashmir. “We made sure that there are no gatherings, protests or stone throwing incidents,” the police official said. Confusion was created among the people. Rumours about Mannan’s killing were in the air but police officials maintained that “the news is baseless”. In certain areas of north Kashmir, rumour was spread that a lunatic man had been killed and not Mannan. “Before breaking the news of Mannan’s death, restrictions were put in place,” the top police official said. “We didn’t want the situation to look extraordinary. The internet was not shut in the entire valley, which is usually done after such encounters.”

Mannan’s family got to know about his killing in the afternoon. The body wasn’t handed over to family in the police station, which is the regular procedure. The body was brought in an armoured vehicle and was handed over to the relatives in nearby Chandigam village. Restrictions were put in place at the only road leading to Lolab valley. Only local residents were allowed to move towards Lolab. Even the journalists were not allowed to witness the funeral. The reporters were told by the police that there were strict orders that the press should not be allowed. It was only after Mannan’s burial, scribes were allowed to visit his home. No photographer was allowed to attend the funeral. “The images from the funerals keep the militants alive,” a police official said. Moreover, a rumour was spread that the funeral would be held the next day.

Mannan's writings were making him popular. "It was not the gun that was disturbing us, but Mannan's write-ups were becoming instrumental in propagating the message of militants. It was luring more youth towards militancy," the top police official said. The militant leadership wanted Mannan to be in the safe zone so that he would keep doing his work untroubled, the police say. "Once on the other side of the LoC, Mannan's writings would have been an important tool for militants," the police official says.

Comments. Wani, 29, was a PhD scholar in Geology at Aligarh Muslim University when he picked up the gun in January. He gained popularity as soon his gun-wielding picture went public. He was becoming the new face of militancy in Kashmir. The militant commander was spreading his "agenda" by his writing. His two articles, where he had justified his decision of choosing the gun, had become immensely popular. The surging admiration for Mannan was worrying the security agencies. They feared his death would create a law and order situation, like the one created after the killing of Burhan Wani who was killed in July 2016.

In 2016, when Burhan was killed his picture lying on a stretcher with blood stains on his t-shirt and his face had gone viral on social media minutes after the encounter. It was the trigger point, outraging the people. Before Mannan's encounter ended, police had planned the aftermath and executed it in an exemplary manner. This should set in place the template for future operations.

Source. <https://www.news18.com/news/india/rumours-ambiguity-no-pictures-how-cops-kept-kashmir-from-erupting-after-mannan-wanis-killing-1908407.html>

J&K Urban Local Body Polls: Three phases End Peacefully. After the first and second phases, the third phase of the Jammu and Kashmir urban local body elections began across 300 polling stations at 6 am on 13 Oct 18 amid stringent security measures. As many as 365 candidates were in the fray for this phase. A thick security blanket had been thrown around the polling stations, while security forces were conducting area domination exercises to ensure an incident-free election.

Out of the 300 polling stations, 241 stations – 222 in the Kashmir Division and 19 in Jammu Division – had been categorised hypersensitive. Ninety-six wards of eight urban local bodies, comprising a total electorate of 1,93,990 electors, took part in the third phase.

The turnout in the three phases has been nearly 41% but only 6.7% of electorate in Kashmir region have voted, while the voting percentage is over 68% in the Jammu region.

Comments. The low turnout in valley and high turnout in Jammu region clearly indicated the deep divide between the two regions. Whether the polls should have been held at all in such a scenario is a question which no one may be able to answer at this stage.

Source. <https://indianexpress.com/article/india/jk-urban-local-body-polls-third-phase-voter-turnout-security-militants-live-updates-5400168>

INDIAN OCEAN REGION

Col Arvinder Singh

US Warns Against any Attempt to Undermine Democratic Process in Maldives¹. US has warned against any attempt to undermine the democratic process in the Maldives, saying it will take appropriate steps against any such move. The warning was delivered on 10

¹ <https://economictimes.indiatimes.com>

Oct by a top American diplomat, on a visit to the Maldives, during a meeting with leaders and officials of the country. At her meeting with President-elect Solih, Wells pledged American support for his government and noted that the United States expected a peaceful and timely transfer of power.

Comments. The outgoing Maldivian President Abdulla Yameen has filed a petition in the Supreme Court challenging the election results in which he was defeated. It is critical that the will of the Maldivian people is respected and all countries including India should support Maldivian initiatives to strengthen democracy, improve governance, root out corruption, enhance security, promote economic development and bilateral trade and protect the environment.

Sri Lanka Rejects US Claims, Says no Chinese Military Base at Port². Sri Lankan Prime Minister Wickremesinghe has rejected US claim that China might set up a "forward military base" at a strategic port it has leased to the communist nation, describing it as "imaginary". He said that the Hambantota Port is a commercial joint venture between our Ports Authority and China Merchants - a company listed in the Hong Kong Stock Exchange and there are no foreign naval bases in Sri Lanka. His comments came days after US Vice-President Mike Pence alleged China of using "debt diplomacy" to expand its global influence and said that Hambantota may soon become a forward military base for China's growing blue-water navy.

Comments. Last year, Colombo had leased the Hambantota port to Beijing for 99 years after it failed to repay a Chinese loan of USD 1.4 billion for the project. China gaining the control of the port has raised concerns that the country could use the harbor for military purposes. The deepwater port, which is near a main shipping route between Asia and Europe, is likely to play a major role in China's Belt and Road Initiative (BRI). Lankan Navy's Southern Command is being relocated in the Hambantota port to control security and Sri Lanka is also concluding a commercial agreement that would see the Airport Authority of India (AAI) taking over the control of the Hambantota airport, which was built with high interest commercial loan from China.

India, UK to Increase Joint Navy Training³. Enhancing their strategic relationship, India and the UK are planning to increase the joint training between their navies through carrier battle group operations. The UK has also offered to provide training to other Indian forces, including the army, which can be useful to India in its conflict at the borders.

Comments. A carrier battle group consists of an aircraft carrier and its escorts, which together define the group. This is a prelude to the first deployment of UK's latest aircraft carrier, the HMS Queen Elizabeth, in the Strait of Malacca. A new aircraft carrier the Queen Elizabeth is in the US doing its sea trials and is having the first F-35s fly from it. The joint training will be comparing practices and techniques of carrier battle groups, which will be happening when new carrier (Queen Elizabeth) is fully operational. The two navies are discussing types of cooperation on carrier battle groups. UK wants to play a greater role in the Indian Ocean Region as it is important that the Indian Ocean and South China Sea remain open to trade, navigation.

Indian Navy Acquires Deep Submarine Rescue Capabilities⁴. Enhancing its operational capabilities; the Navy has inducted its first deep submergence rescue vehicle which is deployed to rescue downed or disaster-struck submarines at high sea. DSRVs are used for

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

³ <https://economictimes.indiatimes.com>

⁴ <https://www.business-standard.com>

rescue of personnel in downed submarines, they are also deployed for various other missions including to lay cables on the sea bed. The DSRV which was inducted can be mobilized from the naval base in Mumbai to nearest mounting port by air, land and sea. The second DSRV is expected to be inducted at Visakhapatnam in 2019.

Comments. India has joined a select group of countries that have the capability to locate and rescue "distressed submarines". At present, the US, China, Russia and a few other countries have the capabilities to deploy DSRVs.

10th Anniversary Celebration of Indian Ocean Naval Symposium to be Held in November⁵. Chiefs of Navies, heads of Maritime agencies and representatives of 32 member and observer nations are expected to attend the 10th anniversary celebrations of the Indian Ocean Naval Symposium, known as IONS on 13- 14 Nov in Kochi. In line with the vision of Prime Minister Narendra Modi, the theme for the seminar is SAGAR "Security and Growth for All in the Region".

Comments. IONS was an extremely significant regional maritime security initiative launched by India on February 14, 2008 under the aegis of the Indian Navy. IONS seek to increase maritime co-operation among navies of the littoral states of the Indian Ocean Region (IOR) by providing an open and inclusive forum for discussion of regionally relevant maritime issues. Apart from India, whose CNS was the first head of the organization during 2008-10, the Chairmanship of IONS has been held over the years by member nations such as the UAE, South Africa, Australia, Bangladesh and Iran. In the last ten years, the IONS had grown very significantly and boasts today of a membership of 32 nations, inclusive of eight observer-members, grouped in four clusters - South Asian Littorals, West Asian Littorals, East African Littorals, South East Asian and Australian Littorals.

NORTHEAST

Brig HS Cheema

New Digital Law in Bangladesh ‘Will Hit Press Freedom and Silence Dissenters’. Bangladesh passed its much-debated Digital Security law on 8 Oct 18, despite protests from different quarters. Journalists and rights activists fear that the new law will further curb press freedom in the South Asian nation. The law, which incorporates the British colonial-era Official Secrets Act with new provisions empowering police to make arrests without a warrant, can be used against anyone deemed a dissenter. The Act carries provisions for heavy jail terms – up to 14 years – for secretly recording state officials, spreading “negative propaganda” about the country’s liberation war or about Sheikh Mujibur Rahman, who is known as the “father of the nation”, among other things.

Asia Times 10 Oct18

Comments. The new Digital Security Act is a tool ripe for likely abuse by the Govt Agencies and may violate Bangladesh obligations under international law to protect free speech. The law may pose a big threat and create a sense of insecurity among journalists, particularly among investigative journalists. Bangladesh is going for elections soon and such laws may be manipulated for unfair gains as the same cannot be brought to notice by media to public.

COAS Bring Reforms in Nepal Army Give First Press Conference in Decade. Chief of Army Staff Purna Chandra Thapa on 13 Oct 18, said that the Nepali Army was keeping a close eye on sporadic anti-constitutional activities of separatist forces in the country. This

⁵ <https://www.business-standard.com>

was the first press conference held by the army chief in almost a decade. Major highlight of the press briefing was: -

- (a) The Nepali Army works as per the mandate given by the constitution and respects the civilian government.
- (b) The Nepal Army consists of 96,000 personnel. Many have lately started questioning the relevance of such a big workforce, since the country is not at war or facing armed conflict. Thapa further said, "We are ready to restructure the institution and preparing Vision 2030, the document would touch upon the issue of restructuring the institution.
- (c) "There is peace in the country at the moment and we are willing to support the government in development of physical infrastructure".
- (d) "NA have a zero-tolerance policy towards corruption."
- (e) COAS, acknowledged that the 'military court was not working as actively as it should have been'. "We are aware of this and are formulating plans to make it more powerful to protect the NA's image."
- (f) Nepal Army was is on assisting the government in border security, a task that is currently being performed by the Armed Police Force. "But whatever we do, we don't like being micromanaged."

<https://thehimalayantimes.com/kathmandu/nepali-army-chief-holds-first-press-meeting-in-a-decade/>

Comments. Nepal Army is going to see major changes under new regime and under new Army Chief. Indian Army and Nepal Army have very close links there is a point in case to utilise the same and give more impetus to further deepen our relationship at equal platform. Nepal Army has also been given opportunity to train and equip it by China India need to take due notice of the same.

India under Fire as it Deports Rohingya Muslims to Myanmar. India has deported seven Rohingya Muslims to Myanmar, despite last-minute appeals that doing so put them at risk. The men had been detained since 2012 for immigration violations. Earlier in the day, the Supreme Court refused to step in to stop their deportation. At least 700,000 Rohingya have fled to neighbouring Bangladesh to escape violence in Myanmar in the past year. UN officials have accused Myanmar's military of ethnic cleansing. The army says it has been tackling insurgents. The seven men deported on 4 Oct18, had been interred in a detention centre in India's Assam state. They were handed over at the Moreh border crossing in neighbouring Manipur state. Last year India announced it would deport its entire Rohingya population, thought to number about 40,000. This number includes some 18,000 Rohingya registered as refugees by the UN. Despite the international pressure on Myanmar, India is actively pursuing a good relationship with the country's army officials.

https://www.bbc.com/news/world-asia-india-45743951?intlink_from_url=https://www.bbc.com/news/topics/c302m85q5vzt/myanmar&lin

Comments. It is a welcome step in which India has been able to deport seven Rohingyas back to its country. This will now set a precedent to deport other immigrants back though it will be a long haul for the concerned officials primarily due to unwillingness of these people to move back due to safety and local conditions being adverse for their survival. India also

needs to ensure that Myanmar government ensures the safety and civic rights of those deported.

TELECOM & IT

Brig Navjot Singh Bedi

TRAI Cuts Porting Time within A Circle to Two Days. The telecom regulator has called for speeding up the mobile number portability (MNP) process —which allows customers to keep the same number anywhere in the country — by halving the processing time of porting requests within a circle down to two days. The processing time for porting requests from one circle to another has been retained at four days. In its draft amendment regulations, 2018, aimed at making MNP more efficient and hassle-free for mobile users, the Telecom Regulatory Authority of India (TRAI) has also mandated two sets of financial disincentives for failures on the part of telcos in sticking to porting request processing timelines. A telco will have to shell out a peak penalty of “Rs 5,000 per contravention” of rules requiring it to share customer details with MNP service provider within 24 hours of a customer submitting a porting request, besides texting the customer about the process being initiated. The penalty doubles to Rs 10,000 per violation for “wrongful rejection” of porting requests by a telco.

Comments. Dissatisfied mobile phone users will now be able to change operators faster while keeping the same number. Demand for porting requests, have peaked after the closure of (fringe players) Aircel, Telenor India and Reliance Communications amid heavy demand from customers of these companies to move to other operators. As per TRAI “porting code mismatch” and “invalid/expired codes” constituted nearly 45% of the grounds on which MNP porting requests were rejected by telcos between April 2017 and May 2018. Thus these financial disincentives will help in faster compliance by Telcos.

(<https://telecom.economictimes.indiatimes.com/news/trai-cuts-porting-time-within-a-circle-to-2-days-to-fine-telcos-for-flouting-rules/65953368>)

Foreign Telecom Gear Makers Decry Local Sourcing Mandate. Foreign equipment makers have criticised the Indian government making local sourcing of 36 telecom products compulsory for all centrally sponsored schemes, saying there’s no business case for expanding their domestic production. For now, the telecom department’s notification applies only to government procurement, but that too is damaging prospects of the likes of China’s Huawei and ZTE, Finland’s Nokia and Sweden’s Ericsson that dominate the world’s second largest telecom market and supply products for state-run projects as well. The latest notification on PMA overrides the previous one of 2012 and is more categorical in that it specifically includes all central government funded projects and all public-sector enterprises. Domestic equipment makers, however, are all backing the preferential market access (PMA), seen as crucial to efforts to boost local manufacturing, curb imports and create more jobs in the South Asian nation.

Comments. The government is one of the largest buyers in any market and India is no exception. PMA was restricted to small government procurements, but now PMA is spreading all over the government. The preferential market access (PMA), is crucial to efforts to boost local manufacturing, curb imports and create more jobs in India. Successful implementation of PMA could be extended to the private sector, as economies of scale come about and supporting ecosystem would be established in the country. This however might not find favour among overseas players. Telecom infrastructure manufacturing is however complex and needs to be carefully evaluated. For India to truly realize the potential of local manufacturing, it is critical to establish a mature ecosystem backed by sustainable supply chain and robust business demand.

(<https://telecom.economictimes.indiatimes.com/news/foreign-telecom-gear-makers-decry-local-sourcing-mandate/66002455>)

Draft National Policy on Electronics (NPE). The draft National Policy on Electronics (NPE) was released by the Ministry of Electronics and IT on 10 Oct 18. The IT ministry looks to create a USD 400 billion electronics manufacturing industry by 2025 with mobile devices segment accounting for three-fourths of the production. The aim of the policy is to promote domestic manufacturing in the entire value-chain of ESDM (Electronic System Design and Manufacturing) for economic development to achieve a turnover of USD 400 billion by 2025. According to the draft, the government plans to end modified special incentive scheme with schemes that it will find easier to implement such as Interest Subsidy and Credit Default Guarantee etc. Modified Special Incentive Package scheme (M-SIPS) was launched in 2012, which provided for capital subsidy of 25 per cent for Electronics Industry located in non-SEZ area and 20 per cent for those in SEZ areas. As per the draft document, as on 30 Sep 18, 265 applications with proposed investment of Rs 61,925 crore have been received under M-SIPS, out of which 188 applications with proposed investment of Rs 40,922 Crore have been approved and the investment of Rs 8,335 Crore has been made by 139 applicants. The proposal includes increasing tax benefits on expenditure incurred on research and development, enhancing rate of duty drawback for electronics sector, reimbursement of State levies and other levies for which input tax credit is not available, allowing duty free import of second-hand capital goods for electronics hardware manufacturing etc.

Comments. The proposed policy aims to double target of mobile phone production from 500 million units in 2019 to 1 billion by 2025 to meet the objective. This (USD 400 billion turnover) shall include targeted production of 1.0 Billion mobile handsets by 2025, valued at USD 190 billion (approximately Rs 13 lakh crore), including 600 Million mobile handsets valued at USD 110 Billion (approximately Rs 7 lakh crore) for export. The current NPE in place had proposed creation of 200 Electronic Manufacturing Clusters (EMCs) by 2020 that will house entire ecosystem for development and production of specific category of products. According to the draft, 20 Greenfield EMCs and three brownfield EMC projects have been sanctioned with the project outlay of Rs 3,898 crore, including Rs. 1,577 crore from the Government of India. The policy proposes to push development of core competencies in all the sub-sectors of electronics including electronic components and semiconductors, defence electronics, automotive electronics, industrial electronics, strategic Electronics etc. The draft proposes suitable direct tax benefits, including inter-alia investment-linked deduction under Income Tax Act for electronics manufacturing sector, for setting up of a new manufacturing unit or expansion of an existing unit. This proposal if correctly implemented will not only give a fillip to the telecom sector but will also generate avenues of employment and propel India in the league of telecom manufacturing nations.

(<https://telecom.economictimes.indiatimes.com/news/draft-electronics-policy-aims-400-billion-manufacturing-ecosystem-turnover-by-2025/66157600>)

RUSSIA

Col Harpreet Singh

S-400: India Missile Defence Purchase in US Crosshairs. India has signed a deal with Russia to acquire the S-400 air defence missile system, despite the possibility such a move could trigger US sanctions. Indian Prime Minister Narendra Modi and Russian President Vladimir Putin announced the \$5bn deal in Delhi on 12 Oct 18.

The S-400 is one of the most sophisticated surface-to-air defence systems in the world. It has a range of 400km (248 miles) and can shoot down up to 80 targets simultaneously, aiming two missiles at each one. India is the third foreign nation to purchase the state-of-art weapon system after China and Turkey.

US President Donald Trump has indicated some punitive action against India for S-400 deal with Russia. Under the CAATSA law, only President Trump has the power to give a waiver. But during an interaction with journalists at the White House after the deal, Donald Trump said India would find out what action the US took against it for defence deal with Russia "sooner than you think". This was the first reaction from US President Donald Trump since India and Russia signed S-400 deal. This was also the first instance when Donald Trump spoke publicly on CAATSA sanctions."India is going to find out, aren't they," Donald Trump said while responding to a question about India-Russia S-400 deal. Asked about the timing of US decision on India-Russia deal, Trump said, "You will see sooner than you think."

Donald Trump's comments came in sharp contrast to earlier remarks by US Secretary of State Mike Pompeo and Defence Secretary James Mattis. Both had argued for a waiver to India. Mattis had testified before a Congress committee favouring a waiver as the US views India a key ally to counter the growing stature of China in regional and global strategic affairs. However, White House officials were reported to have argued that the presidential waiver was for the purchase of spare parts of the defence equipment already procured by countries from Russia. They also cited the example of China.

Earlier, China became the first country to be sanctioned under CAATSA for its purchase of S-400 missile defence system. The US has imposed the Equipment Development Department (EDD). It works under China's Central Military Commission headed by President Xi Jinping. The EDD is responsible for procurement of defence equipment for China from other countries. The China example being cited by the White House officials and the comments of President Donald Trump suggest that the US has changed its stand on extending a waiver to India for S-400 deal. US embassy in New Delhi had also said previously that the CAATSA was aimed at penalising Russia and not meant to hamper the military capabilities of the allies.

The Trump administration is yet to deliver any punitive action against Ankara.

Comments. The S-400 is an important boost to India's defence because its air force is facing a shortage of squadrons. The deed having been done, everyone is now bracing for what might follow. India went in for the purchase of the S400 missile system from Russia, knowing full well the possible implications of this deal – falling foul CAATSA. But even as many in India fear the worst the hope is that the Trump administration will give India a waiver in order to keep the strategic relationship which has been blossoming for some time.

Washington has put several Russian firms under sanctions. But US President Donald Trump has the power to provide waivers to some countries. India was hoping to secure one, but recent statements from some Trump administration officials have sent mixed signals. Defence Secretary Jim Mattis and Secretary of State Mike Pompeo also failed to mention the waiver during their visit to Delhi in September. Delhi's decision to go ahead with the deal also signals an attempt to inject a greater degree of balance in its foreign policy. India had to assure Russia that it still values Moscow as an important defence and strategic partner and signing this deal was a demonstration of that. Given the high degree of unpredictability associated with the Trump administration, Delhi needed to hedge its bets. This is a Catch-22 situation for Delhi with it having to walk the diplomatic tightrope between a trusted but waning

partner [Russia] and a growing yet temperamental partner [US]. Backroom negotiations with Washington may result in a US waiver, but it may not be easy because the US has its own Catch-22 situation to deal with.

Clearly, India took a calculated risk by going ahead with the S400, despite the threat of CAATSA. Given the growing strategic convergence between the US and India, and the fact that Trump has been somewhat well disposed towards India, there is reasonable chance that he might agree to a waiver for India. To not do so would jeopardise the entire strategic partnership between the two countries. After India signed on two of the three 'foundational agreements' – LEMOA and COMCASA – imposing sanctions would mean tearing up these agreements. This is so because unlike some other countries, which have floated Special Purpose Vehicles to evade the CAATSA, in India's case, the S400 is being procured for the Indian Air Force. If either the IAF or the Ministry of Defence in India was to now become a sanctioned entity, it would sound the death knell for the strategic relationship between the US and India. Having painstakingly built up the defence partnership, Washington would want to insulate its burgeoning defence trade with India through some kind of a solution.

But India needs to tread carefully. Take, for instance, the petroleum minister's announcement that India will continue to buy oil from Iran, defying the US sanctions. Coming as it did soon after the S400 deal, this statement was like throwing fuel on fire.

Source. <https://www.bbc.com/news/world-asia-india-45757556>

India-Russia Sign Eight Pacts. Besides the S-400 deal, India and Russia signed eight pacts in areas ranging from defence, railways nuclear energy, space and economy. A crucial MoU was signed between Indian Space Research Organization (ISRO) and the Federal Space Agency of Russia 'ROSCOSMOS' on joint activities in the field of human spaceflight programme Gaganyaan.

Cochin Shipyard has inked a pact with Russian firm United Shipbuilding Corporation (USC) to boost water transportation in India. In the field of agriculture, a pact was signed between Russia's PhosAgro the world's leading producer of phosphate-based nutrients and Indian Potash Ltd. The Indian company has agreed to import up to 2 million tonnes of fertilisers worth USD 1 billion (over Rs 7,300 crore) from PhosAgro, over the next three years.

The two sides are also looking at the possibility of building a gas pipeline from Russia to India to supply energy. An MoU was also signed between India's Atal Innovation Mission (AIM) and Russia's SIRIUS to further the Interaction between young people of India and Russia, especially schoolchildren.

During the summit, PM Modi said that India and Russia are committed to cooperating in the fight against terrorism. President Putin also said the two countries have agreed to step up cooperation in combating the menace of terrorism and drug trafficking. India and Russia condemned cross-border terrorism and providing safe havens to terrorists as they called for a "decisive" response to the menace of international terrorism without any "double standards". In a joint statement issued after the 19th India-Russia annual summit, the two countries agreed to "converge their efforts" to eradicate terrorist networks, their sources of financing, arms and fighters' supply channels, to counter terrorist ideology, propaganda and recruitment. PM Modi also invited Russia to set up a dedicated defence industrial park in India as he looked to expand ties with Moscow.

While committing to promote green development and low-carbon economy, India and Russia Friday asked all countries to fully implement the Paris Agreement on climate change. In a

joint statement issued after the 19th India-Russia annual summit between Prime Minister Narendra Modi and Russian President Vladimir Putin, both the nations also asked developed countries to provide financial and technological support to developing economies to enhance their capability in mitigation and adaptation.

“The sides committed to further promote green development and low-carbon economy, in the context of sustainable development and poverty eradication,” the statement said.

Comments. The summit between the two countries has gone well. Russia seems to be assuaged that the defence partnership between both nations will continue especially with India’s bold stance to go ahead with the S-400 deal. It is a move by India which should largely check Russia’s recent overtures to Pakistan, at least in the short term.

Source. <https://www.hindustantimes.com/india-news/putin-visit-to-india-live-india-russia-summit-2018/story-TOM3D5RI3DfDGu7Wa6m3YO.html>

ASEAN

Col Shyamji Yadav

Operation Samudra Maitri: India's Assistance to Earthquake and Tsunami affected areas in Indonesia. India launched 'Operation Samudra Maitri' to assist victims of earthquake and tsunami in Central Sulawesi Province of the Republic of Indonesia following Indonesia's acceptance for international aid.

The warships—Tir, Sujata and Shardul—were in Singaporean waters when they were asked to head to Palu in Indonesia. They carried 30,000 litres of bottled drinking water, 1,500 litres of packed juices, 500 litres of milk and 700 kilograms of biscuits, among other relief materials. India also dispatched a C-130J plane, which carried a field hospital from Agra, and a C-17 heavy-lift aircraft with NDRF load, mainly comprising tents, generators & medicines.

Comments. As part of Prime Minister Narendra Modi’s vision of SAGAR (Security and Growth for All in the Region), the Indian Navy has also been involved in assisting countries in the IOR with EEZ Surveillance, Search and Rescue, other capacity-building and capability-enhancement activities. The diversion of three Indian Navy warships to tsunami-hit Indonesia may be only to provide swift humanitarian assistance. But the move also brings the focus back on the larger strategic significance of India-Indonesia maritime cooperation. Barely two months ago, INS Sumitra became the first Indian warship to dock at the strategically located Sabang deep-sea port in Indonesia, which was indicative of the tightening strategic clinch between two close maritime neighbours.

India is also assisting in the development of Sabang, which can be seen as part of India’s act East policy and overall strategy to counter China’s growing maritime footprint in the region.

32nd Edition of India – Indonesia Coordinated Patrol (IND-INDO CORPAT), 11Oct – 27 Oct. Indian Naval Ship Kulish, a Kora class missile corvette, and an Indian Dornier (naval maritime time patrol aircraft) from Andaman and Nicobar command entered Belawan harbour, Indonesia for the 32nd edition of India – Indonesia coordinated patrol (IND-INDO CORPAT).

Comments. This deployment is expected to contribute towards the Indian Navy’s effort to forge strong bonds of friendship across the seas and consolidate inter-operability. The Coordinated Patrol while reflects the shared concerns between the two countries for a

peaceful Indian Ocean for the benefit of international community, it also enhances mutual understanding and inter-operability between the two navies.

The visit seeks to emphasize India's peaceful presence and solidarity with friendly countries towards ensuring good order in the maritime domain, consolidate interoperability and strengthen existing bonds of friendship between the two countries.

Japan Military Joins Historic Philippine War Games. Japanese troops stormed a beach in the Philippines on Saturday (Oct 6) in joint exercises, KAMANDAG 2, with US and Filipino troops that marked the first time Tokyo's armoured vehicles rolled on foreign soil since World War II.

The small Japanese contingent played a humanitarian support role in the drill after US and Filipino marines made an amphibious landing to retake Philippine territory from a "terrorist" group. As part of the training evolution, U.S. and Philippine fixed wing assets also provided aerial surveillance of the beach in support of the landing.

After the amphibious landing, U.S. and Philippine Marines conducted follow-on live-fire military operations in urban terrain training, fire and movement drills, and fire team attacks, with the aim of amplifying their proficiency in counterterrorism operations.

KAMANDAG is an acronym for the Filipino phrase "Kaagapay Ng Mga Mandirigma Ng Dagat," which translates to "Cooperation of Warriors of the Sea," highlighting the partnership between the United States and Philippine militaries.

Comments. KAMANDAG 2 was a 10-day training exercise designed to improve U.S.-Philippine interoperability, increase readiness, strengthen multinational partnerships, and enhance the ability of U.S., Philippine, and Japanese forces to respond to crises.

This exercise provided a good opportunity to enhance their capability to respond quickly to HADR, humanitarian assistance and disaster relief, missions. It provided Japan an opportunity to strengthen relationships with U.S. and Philippine forces. KAMANDAG 2 will increase overall U.S. and Philippine readiness, improve combined responsiveness to crises in the Indo-Pacific region, and strengthen both countries' decades-long partnership

<https://www.hindustantimes.com>

<https://www.marines.mil>

<https://www.financialexpress.com>

SCO (SHANGAI COOPERATION ORGANISATION)

Air Cmde T Chand (Retd)

SCO(Shanghai Cooperation Organisation) Heads of Government Meeting at Dushande. The seventeenth meeting of the SCO Council of Heads of Government was held in Dushanbe on 11-12 October 2018. Prime Ministers of Tajikistan, Kazakhstan, Uzbekistan, Kirgizstan, Russia and China; Foreign Ministers of India and Pakistan attended the meeting. The meeting was chaired by the Prime Minister of Tajikistan. SCO Secretary-General, Director of the the SCO Regional Anti-Terrorist Structure (RATS), Chairman of the Board of SCO Business Council and representative of the SCO Interbank Association; representatives of SCO Observer States Afghanistan, Iran, Mongolia and Belarus also participated in the meeting.

The nine pages long statement issued after the meeting touches upon several issues of common concerns⁶. Need for multilateral approach and open trade under WTO rules find a prominent place in the statement. Reaffirming their support for the Belt and Road Initiative (BRI) of China, the Heads of the delegation of Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan and Uzbekistan, noted the efforts taken towards its joint implementation. India maintained its known stand of disapproval of the BRI projects. Necessity of countering international terrorism also found a place in the joint statement.

The Heads of delegation supported to expand the practice of applying national currencies in mutual settlements between the SCO Member States. A positive assessment was also given to the accession of "Habib Bank Ltd." of Pakistan to the SCO Interbank Consortium and continuation of the process of increasing number of the participants of the Consortium. The Heads of delegation welcomed the establishment of the Silk Road University of Tourism in Samarkand and called for the establishment of cooperation between the University and interested higher education institutions as well as relevant structures of the SCO Member States. The next Meeting of the Council of the Heads of Governments (Prime-Ministers) of the SCO Member States will be held in 2019 in Uzbekistan.

⁶JOINT COMMUNIQUÉ on the results of the seventeenth meeting of the Council of Heads of Government (Prime Ministers) of the Member States of the Shanghai Cooperation Organization dated 12 October 2018.
<http://eng.sectsco.org/news/20181012/471136.html>