

ENVIRONMENT SCAN: 01-15 DEC 2017

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

Brig Rajeev Kumar Bhutani (Retd)

World Political Parties Dialogue Concludes with 'Beijing Initiative'. One of the biggest meetings of global political parties wrapped-up in Beijing on 3 December 2017. It was the first major multilateral diplomacy event hosted by China after the recently concluded 19th CPC National Congress. It was also the first time the CPC held a high-level meeting with such a wide range of political parties from around the world. Over 600 delegates representing nearly 300 political parties and political organizations from over 120 countries attended the meeting. *The meeting was officially reported to be a complete success with a broad consensus reached.*

Year end - China Focus: From Follower to Leader: China Emerges at High-Tech Frontier. After years of focusing on innovation, China has caught up fast. Silicon Valley has long been considered the most viable option for starting a business in the tech sector. Now, this is beginning to change. Known as "*sea turtles*," a growing number of overseas-educated Chinese are returning to their home country, turning down opportunities in Silicon Valley to make a splash in China's emerging tech sector. As the number of Chinese students at overseas universities surged to 544,500 in 2016, the number of sea turtles also surged, with 432,500 returning to China last year, nearly 60 percent more than 2012, according to the Ministry of Education.

The reverse brain drain has benefited China's tech companies. A brilliant example is **Royole**, a company founded in 2012 by "sea turtle" Liu Zihong, a Stanford graduate. After working at IBM in New York for three years, Liu moved to Shenzhen and decided to start his own business. The 34-year-old CEO said the early days were hard but two years after its founding, Royole rolled-out one of its core products -- *the world's thinnest bendable screens that if used on an [iPad](#), would allow it to be folded into the size of an iPhone.* The company has filed more than 1,500 patents, and its products have been sold to more than 20 countries and regions. Valued at over three billion U.S. dollars, **Royole** has become one of the world's fastest-growing tech "*unicorns*," new tech companies valued at over one billion dollars.

Data from the World Intellectual Property Organization (WIPO) showed last week that China dominated top economies in patent applications in 2016, with the number surpassing the combined applications of the [United States](#), [Japan](#), the Republic of Korea and Europe. "*China is increasingly amongst the leaders in global innovation and branding,*" WIPO Director General Francis Gurry said.

China has worked to create an eco-system for innovation, including talent, investment, policy support and market environment, that fuels a cycle of innovative activity. To raise the quality and quantity of its college graduates, China lifted the college enrollment ratio from less than 10 percent in the 1990s to 42.7 percent last year. This, together with measures to attract "sea turtles" and overseas talent, ensures innovative and entrepreneurial talent for the country's high-tech sectors. Increasing R&D expenditure -- the total is second only to the United States, and government support, including financial services, subsidies and easier market access, are also advantages for China's innovators.

Large-Scale New Fund to Pool Private and State Capital for SOE Restructuring.

A new investment fund pooling state and private capital to finance SOE restructuring is set to further blur the lines between the private and the state sector in China. China Chengtong Holdings Group, a state-owned investment and asset-operating company, said it will launch the new fund to finance mixed-ownership restructuring of state-owned enterprises. Part of the restructuring process involves exchanging non-performing loans for shares, so-called debt-to-equity swaps. This enables SOEs to clean up their balance sheets and investors to either collect dividends or make a profit from reselling their shares. So far debt-to-equity swaps in China have had limited success. Mixed ownership funds are a new approach to further promote SOE deleveraging.

China is Planning to Build Refugee Camps on its Border with North Korea.

Five locations in China's north-eastern Jilin province have been identified as potential sites for refugees, in what is being seen as an indication that Beijing is preparing for a potential conflict. The sites were listed in a document that was apparently leaked from China's biggest telecommunications company, China Mobile, and then posted on social media.

Sri Lanka Formally Hands over Hambantota Port to China. Sri Lanka on Saturday formally handed over the southern sea port of Hambantota to China on a 99-year lease. Two Chinese firms, namely Hambantota International Port Group (HIPG) and Hambantota International Port Services (HIPS) managed by the China Merchants Port Holdings Company (CM Port) and the Sri Lanka Ports Authority will own the port and the investment zone around it.

Former Sri Lankan Finance Minister Ravi Karunanayaka, last year had said that the island country owed China \$8 billion. "With this agreement we have started to pay back the loans. Hambantota will be converted to a major port in the Indian Ocean," Wickremesinghe said while addressing the handing over ceremony held in parliament.

Sri Lanka received \$300 million as the initial payment for the lease which the opposition had described as a sellout. The government's grant of large tax concessions to Chinese firms have also been questioned by the opposition.

Maldives, China Sign 12 Agreements to Promote OBOR. The Maldives has signed 12 agreements with China, including a pact to jointly promote the One Belt One Road (OBOR) programme, during the ongoing visit of the island nation's President Abdulla Yameen Abdul Gayoom to Beijing. The two countries also agreed to work towards signing a free trade agreement soon.

The agreements with the Maldives is part of Beijing's continuing efforts to persuade South Asian countries to adopt the OBOR programme, and hand over infrastructure

construction projects to Chinese companies. Maldives's ties to China have risen to a new level since 2014, Yameen said.

CPEC Funds Halted: China Wants Pakistan Army to Take Over Projects?

The funding of three major road projects as part of its ambitious China-Pakistan Economic Corridor in Pakistan was expected to be finalised during the Joint Working Group (JWG) meeting held on November 20, but Islamabad was informed that the existing procedure for release of funds had been abolished and "new guidelines" would be issued from Beijing under which new modus operandi for release of the funds would be described.

While the **Chinese government had cited rampant graft** as the reason behind halting funds to the three road projects, report by global think-tank European Foundation for South Asian Studies (EFSAS) argues that Beijing is "keen to give the Pakistani Army the lead role" in CPEC projects as it sees the armed forces as "the epicentre of power in Pakistan", whose involvement would guarantee the success of the flagship venture.

The EFSAS analysis puts forth that Beijing has been alarmed by the opposition of Pakistani legislators, who have questioned the benefits of several projects under CPEC. Evidently, this has resulted in setbacks and delays which has not made Chinese investors happy.

"The Chinese are not used to such harsh disagreements which evidently would have made people in Beijing nervous over the future of its vital projects. Pakistan is a political volatile country where power is unevenly divided between the Government and the Military and a closer involvement of the Military on political issues would have desirable impacts for China...", the report said.

The involvement of the Pakistani Army would also mitigate some of China's security concerns, given that the nearly \$50-billion flagship project passes through the region of Gilgit Baltistan, which links China's restive Xinjiang region with Pakistan's insurgency-torn Balochistan province, where in October, a Chinese workers' shelter at the Pakistani port of Gwadar was attacked.

So on one hand, the decision to halt funding may seem like a punitive measure by China to reassert control over the situation. At the same time, its favourable view of Pakistani military could play a significant role in deciding who will take ownership of the CPEC projects and by extension, the security situation - the civilian government or the army.

Comments. India has an advantage over China in respect of innovation: its engineers are building Silicon Valley's most advanced technologies and leading many of its companies. With the protectionist sentiments of the Trump administration and constant anti-immigration rants, this is high time that the Indian government should create an environment so that our talented engineers can come back home with their rich experience and set up new ventures.

Sri Lanka and the Maldives have both landed in Chinese debt trap, which the latter has exploited to the hilt. Further Yameen's links with Saudi Arabia need to be carefully watched. India cannot compete with China in terms of economic leverages being offered to its South Asian neighbours. Therefore, India has to find alternative measures in the field of diplomacy to entice its neighbours, if it has to retain its influence in the neighbourhood.

As regards, funding of CPEC by China, the current deferral to release funds is temporary and China's way of conveying a diplomatic, yet strong, message to the Pakistanis; 'We will pay, but only on our terms'.

CHINA (MARITIME)

Capt (IN) Ranjit Seth

China and Maldives Sign FTA. China has made important inroads in the Maldives, where it concluded a free trade agreement in end November 17.

Maldives does not have an FTA with the country; China on the other hand has an FTA with Pakistan.. Under the FTA agreement, China will exempt its Maldivian imports, mostly fisheries products, from taxes. Maldives, on its part, would waive tariffs on its Chinese imports. On the sidelines of the signing of the FTA agreement, President Abdulla Yameen also pledged support for China's 21st century Maritime Silk Road (MSR)

Maldives Opposition party and former President of Maldives Mohammad Nasheed openly criticised the pact saying it undermined Maldives' sovereignty and is bad for the region and leaves the country in debt for China. "Already more than 70 per cent of our foreign debt is owed to Beijing, which gives it huge leverage over us, undermining Maldivian sovereignty and independence. This is not in the Maldivian national interest," he said.

India reacted by saying that it expected the Indian Ocean archipelago nation to be sensitive to New Delhi's concerns. Prime Minister Narendra Modi has not visited Maldives in the last three-and-half years after he cancelled a proposed trip in March 2015 due to the turbulent political situation at the time in that country.

Sri Lanka Hands Over Hambantota Port to China. On Saturday 09 Dec 17, Sri Lanka formally handed-over of the port of Hambantota to China on a 99-year lease.

Hambantota International Port Group (HIPG) and Hambantota International Port Services (HIPS), two new companies set up by the China Merchants Port Holdings Company and the Sri Lanka Ports Authority, will own the port. The strategic port strengthens China's ambitious plans of One Belt One Road initiative, and also upsets India's maritime security dynamics.

Hambantota, which is located on Sri Lanka's southern coast, provides access to critical Indian Ocean sea lanes. China's acquisition of Hambantota port, according to assurances given by the Sri Lankan government, is purely intended for civilian purposes.

China has similarly made important inroads in the Maldives, where it concluded a free trade agreement in end November 17.

MARITIME SECURITY & IN MODERNISATION

Capt Ranjit Seth

Submarine INS Kalvari Commissioned. The submarine INS Kalvari was commissioned by Prime Minister Narendra Modi at the Naval Dockyard in Mumbai. Defence Minister Nirmala Sitharaman, Navy chief Admiral Sunil Lanba, Maharashtra CM Devendra Fadnavis and senior officials were present at the commissioning ceremony.

The submarines are being built in collaboration with DCNS, France by Mazagon Dock Limited based on the *Scorpene* design. The boats will be equipped with anti-ship missiles and long range guided torpedoes along with modern sensor suite. It has taken 17 years to complete the first boat. The Navy will induct six such submarines by the year 2020.

Addressing the gathering Prime Minister hailed 21st century as Asia's century. PM Modi said the Government accords highest importance to the Indian Ocean region, guided by the principle of **Sagar** - Security and Growth for all in the Region. The PM stressed on the special strategic and economic significance of the Indian Ocean and his govt's emphasis on developing expertise in the maritime sector. Hailing the 21st Century as one that belongs to Asia, he said that India plays a crucial role in this region. He praised the navy for not hesitating in being the FIRST RESPONDER in times of crisis be they natural or manmade disasters at home or abroad.

PAKISTAN

Brig Deepak Malhotra

Pakistan Needs to Redouble Efforts to Confront Militants. The United States Defence Secretary, Gen James Mattis (Retd), met Prime Minister Shahid Khaqan Abbasi and army chief Gen Qamar Javed Bajwa on Monday in his maiden visit to Pakistan to reiterate the US's long standing policy belief that Pakistan needs to do more to combat militant networks operating on its soil. Mattis arrived in Islamabad a day after CIA Director Mike Pompeo warned Pakistan that if it does not eliminate the alleged safe havens inside its territory, the United States will do "everything we can" to destroy them.

Comments. Ties between the strategic allies have been strained since US President Donald Trump announced a new US policy on Afghanistan and South Asia in August. Pakistan denies that it offers safe havens to any elements of the Afghan Taliban or the Haqqani Network, saying that it has been effectively taking on all armed groups operating in the country since the launch of a major military operation in 2014. Since August, a series of high-level contacts between the two governments - including visits to Islamabad by US Secretary of State Rex Tillerson, US CENTCOM Chief General Joseph Votel and Trump South Asia advisor Lisa Curtis - have not yielded clarity on whether the two sides have been able to find

ways to work together. US could expand drone strikes in Pakistan as part of a punitive policy. It could also cut the \$778m in defence and civilian aid that it provides the country. In August, the US withheld \$255m in military spending reimbursements to Pakistan over allegations it had not acted against the Haqqani Network. As a final step, the US could revoke Pakistan's major non-NATO ally status.

Musharraf Open to Forming Political Alliance with JuD, LeT. Days after declaring himself the greatest supporter of Lashkar-e-Taiba (LeT), former president Pervez Musharraf said that he is open to forming a political alliance with the proscribed Jamaatud Dawa (JuD) and its chief, Hafiz Saeed.

Comments. Musharraf's recent comments in favour of LeT and JuD come in the wake of Hafiz Saeed's release from house arrest. USA and India have shared their "deep concerns" with Pakistan over the the release of the JuD chief, who carries a bounty of \$10 million announced by Washington for his alleged role in terror activities.

Hafiz Saeed-Backed MML to Contest Elections in 2018. Mumbai terror attack mastermind Hafiz Saeed has confirmed that his organisation Jamaat-ud-Dawah will contest the 2018 general elections in **Pakistan** under the banner of the Milli Muslim League, which is yet to be registered with the Election Commission.

Comments. The JuD chief walked free on November 24 after the Pakistan government decided against detaining him further in any other case. He was under detention since January this year. In September, while Saeed was still under house arrest in Lahore, the JuD fought by elections from NA-120 in elections prompted by disqualification of former Prime Minister Nawaz Sharif. Sharif's wife Kulsoom Nawaz later won the seat. JuD-backed candidate Sheikh Yaqoob, who was placed in 2012 on a US Treasury sanctions list of those designated as leaders of militant organisations. Yaqoob who fought the election as an independent candidate after Pakistan's Election Commission rejected Milli Muslim League's application to be registered as a political front in October over its links with the militant LeT had secured 6,000 votes.

AFGHANISTAN

Brig Deepak Malhotra

US, Afghan Airstrikes Destroy 9 Taliban Drug Labs in Afghanistan. U.S. and Afghan airstrikes have destroyed nine Taliban drug factories and labs', killing 44 suspected traffickers in a border area of southern Helmand province. The combined offensive is aimed at targeting the revenue streams of terrorists, according to officials. The airstrikes focused on a narcotics market run by the Taliban in Bahramcha, a remote, divided village on the border with Pakistan, which serves as a main center for shipping drugs from Afghanistan. As per General Nicholson the U.S. military has for

the first time engaged F-22 fighter jets in the newly launched war on Afghan drugs. It is also the first time, he said, the U.S. military is using new authority, granted by U.S. President Donald Trump in August, to curb terrorists and their revenue streams in Afghanistan.

Comments. Bahramcha is one of the villages on the largely porous border between Afghanistan and Pakistan. The region is notorious for facilitating the movement of local and foreign militants in both directions. Taliban insurgents and their leaders also use the area to get medical aid in alleged sanctuaries on Pakistani soil. The United States has spent \$8.6 billion on narcotics eradication in Afghanistan since 2002, however, the United Nations announced recently that narcotics production almost doubled this year in Afghanistan to around 9,000 tons, with a 63 percent increase in cultivation areas compared with 2016. The U.S. military estimates income generated from illicit drugs is providing 60 percent of the Taliban's funding.

IRAN

Brig Deepak Malhotra_

Chabahar Port . Iran has launched one of its major post-nuclear deal projects - the port of Chabahar - pushing further for engagement with the global community, days before the US Congress' expected decision on whether Washington will pull out of the landmark international accord. President Hassan Rouhani officially inaugurated the southeastern port in Iran's Sistan and Baluchestan province with great fanfare as officials from 17 countries attended a ceremony marking the opening of a new extension of the strategic trade corridor. At a press conference, the head of Sistan-Baluchestan's Ports and Maritime Bureau said costs for each 20-foot container were \$1,000 lower if transported through Chabahar to Afghanistan compared with the Pakistan route.

Comments. A few months after the nuclear deal with Iran went into effect in January 2016 and sanctions were lifted, India agreed to open a \$500m line of credit to develop the port - nearly half of what Iran is planning to invest. The lifting of embargoes enabled Iran to enter negotiations with India, China, and Europe on investment and supply of equipment. Once two-thirds of this capacity is realized, five other jetties will be built to increase the capacity of the port to 82-85 million tonnes. Planned completion of another under-construction multi-purpose terminal and a 610km north-south railway to Afghanistan and Central Asia will turn the port into a strategic asset to India in the face of its geopolitical rivalry with China and Pakistan. However, the burgeoning success of Chabahar and other post-sanctions deals Iran has signed are now overshadowed by United States' opposition to the nuclear deal.

NORTH EAST

Brig HS Cheema

Nepal All Set to Usher in Federal Democracy. An alliance of Nepal's main Communist party and former Maoist rebels is heading for a landslide victory and is expected to form the next government in Nepal, ousting the ruling Nepali Congress (NC), after winning 106 seats in the historic provincial and parliamentary polls. The Communist Party of Nepal-Unified Marxist-Leninist (CPN-UML) led by former prime minister K.P. Oli and the CPN-Maoist Centre led by former premier Prachanda have

forged an electoral alliance for both the landmark polls, which is seen as a turning point after two decades of conflict and political instability in Nepal. The poll outcome is expected to mark the end of Nepal's transition to federal democracy, 11 years after the end of a brutal civil war in 2006. Since then, the Himalayan nation has seen 10 Prime Ministers. According to results released by the Election Commission, the CPN-UML) has won highest number of 74 seats, followed by its alliance partner CPN-Maoist Centre, which won 32 seats, out of the total 165 seats under the first-past-the-post election system. As the Left alliance headed for a clear majority in the 275-member Parliament, Mr. Oli was being projected to succeed Prime Minister Sher Bahadur Deuba.

The ruling NC, which was the largest party in the last elections and considered close to India, was trailing at third position with 20 seats. As for Madhesi parties are concerned: Rastriya Janta Party Nepal, which won 10 seats and Federal Socialist Forum Nepal, with nine seats. The combined strength of the two Madhesi parties has reached 19. Following the adoption of the new Constitution in 2015, the ethnic Madhesi group, mostly of Indian-origin, protested for months, saying they were not getting enough territory in one of the provinces and were also facing discrimination.

Rohingya Crisis. Repatriation: India for Systematic Verification Process. Bangladesh and Myanmar should implement a systematic process of verification to facilitate the repatriation of Rohingyas and United Nations Human Rights Council (UNHRC) should help Myanmar carry out its responsibilities towards its own people. India gave the opinion in its explanation prior to the vote on a resolution at the 27th special session of the UNHRC in Geneva on 5 Dec. The resolution dealt with the human rights situation of the Rohingya Muslim population and other minorities in Myanmar's Rakhine State. The resolution was passed by 33 votes. Nine countries, including India, refrained from voting while China, Burundi and the Philippines voted against the resolution. India said the UN body should encourage the two countries to work together to restore normalcy in Rakhine. According to UN office, Saudi Arabia and Bangladesh took the floor to introduce the text of the resolution.

China Says UN Resolutions 'Cannot Solve' Rohingya Crisis. China said that a UN resolution expressing grave concern over widespread abuses committed against Myanmar's Rohingya Muslim minority "cannot help to ease the tensions and solve the problem". Beijing voted against a resolution at the UN Human Rights Council that said abuses in Myanmar indicated "the very likely commission of crimes against humanity". "It will probably complicate the issue and have some negative influence on implementing the repatriation agreement between Myanmar and Bangladesh,"

Anti-Rohingya Sentiment Growing Among Locals. Although local people came forward to help the persecuted Rohingyas taking shelter in Cox's Bazar at the initial stages, resentment is brewing among the former now as the refugees are entering the local labour market, according to a fact-finding report. The report was revealed by Sri Lanka-based rights group South Asians for Human Rights (SAHR).

Solution to Rohingya Crisis Rests in Myanmar: UN. UN Under-Secretary-General for Political Affairs Jeffrey Feltman has said the 'origins and solutions to the Rohingya crisis rest in Myanmar'. "Repatriation and reconciliation policies will fail without accountability and non-discriminatory rule of law and public safety measures to address the fears and distrust among communities in Rakhine," he said. Briefing on developments in Myanmar at UN Security Council on 12 Dec, Feltman said the United Nations can help Myanmar to defuse inter-communal tensions and create an environment for safe and dignified repatriation of Rohingya refugees. "Myanmar could

also tap the UN's capacities and experience in tackling other challenges, including democratic consolidation...We hope Myanmar will draw upon the wealth of expertise the UN can offer," he added. Feltman highlighted the bilateral agreement signed between Bangladesh and Myanmar for a comprehensive and durable solution through safe, dignified, and voluntary return in accordance with international law. "The returns must be supported by reconciliation efforts, and central to this is the implementation of the Rakhine Advisory Commission recommendations,". The Advisory Commission, established by Myanmar State Counselor Aung San SuuKyi and led by former UN Secretary General Kofi Annan, recommends that the government take concrete steps, such as ending enforced segregation of Rakhine Buddhists and Rohingya Muslims and ensuring full and unfettered humanitarian access throughout Rakhine state.

Myanmar Working Group to Visit Dhaka Dec 19. A delegation of Myanmar working group will visit Bangladesh on December 19 to ascertain the modalities for execution of the bilateral deal signed between Dhaka and Naypyidaw for repatriation of forcibly displaced Rohingya people.

ASEAN

Col Shyamji Yadav

ASEAN–India Connectivity Summit Held in New Delhi. The ASEAN–India (Association of Southeast Asian Nations-India) Connectivity Summit (AICS) was held in New Delhi. The theme of summit was 'Powering Digital and Physical Linkages for Asia in the 21st Century'. It was organized by the Ministry of External Affairs (MEA) in collaboration with AIC (ASEAN-India Centre) and CII (Confederation of Indian Industry).

Key Facts. The AICS aimed at accelerating existing connectivity prospects, evolving suitable policy recommendations, identifying issues of concern and developing strategies to enhance economic, trade and industrial relations between India and ASEAN member countries. Its main focus areas were Infrastructure, Roadways, Shipping, Digital, Finance, Energy and Aviation.

It provided common platform for policymakers, senior officials from government, investors, industry leaders, representatives of trade associations and entrepreneurs on same platform to deliberate on partnership models adopted between governments to build infrastructure linkages between India and ASEAN Countries.

It was organised as part of the celebratory events being organised to commemorate the silver jubilee of ASEAN-India dialogue partnership.

India has proposed USD 1 billion line of credit to promote sea, air and road connectivity projects with [ASEAN](#). Apart from this, India has set up a project development fund of USD 77 million to develop manufacturing hubs in Cambodia, Laos, Myanmar and [Vietnam](#). "The ASEAN India maritime transport cooperation agreement is being negotiated...An Asian India civil aviation task force has been established to see optimization of air connectivity.

"India has proposed to commit a line of credit of USD 1 billion to promote projects that support physical and digital connectivity," Gadkari said while addressing the ASEAN-India Connectivity Summit jointly organised by CII and ASEAN India Centre.

The minister said ASEAN and India have also agreed to establish a maritime transport working group among India, Myanmar, Thailand, Cambodia and Vietnam to examine the feasibility of shipping networks. Asserting that connectivity is the pathway to shared prosperity, he said better connectivity is the core factor for strengthening ASEAN-India relations.

"Connectivity projects such as the India-Myanmar-Thailand Trilateral Highway (TH), extension of TH to Cambodia, Laos and Vietnam Kaladan Multimodal Transit Transport Project are being planned and at different stages of implementation," he said.

China, Singapore Vow to Boost Military Exchanges in Latest Sign of Improved Relations. China and Singapore have pledged to step up military exchanges, including joint anti-terrorism and naval drills, in the latest sign of improved ties between the two countries. Rear Admiral Jiang Guoping, an assistant to the People's Liberation Army's chief of the Joint Staff Department, said on Monday that China was willing to further strengthen cooperation with Singapore on areas such as joint anti-terrorism and naval exercises, and personnel training, according to a statement on the defence ministry website.

Jiang said the two countries' military ties had "developed smoothly" in recent years, adding that China looked forward to taking relations to "a new level". China also supported Singapore in its role as chair of the Association of Southeast Asian Nations next year, he said. Jiang's remarks were made in Singapore as he co-hosted the sixth dialogue on defence policy being held between the defence ministries of the two countries, along with Singapore's Permanent Secretary for Defence Chan Yeng Kit. Chan was quoted in the statement as saying that Singapore looked forward to high-level exchanges and joint exercises with the Chinese military to improve defence cooperation between the two countries. He also said Singapore welcomed and supported China to continue its development and play a bigger role in regional affairs, according to the statement.

The goodwill gestures were the latest sign that relations between the nations could be getting back to normal, following Singaporean Prime Minister Lee Hsien Loong's three-day China visit in September. Their relations have been tested over the past year, with Beijing accusing the Lion City of siding with the United States over the South China Sea disputes – in which Singapore is not a claimant – and honouring an international tribunal ruling from July 2016 that dismissed most of Beijing's claims to the waters. Tensions escalated when Hong Kong customs impounded nine Singaporean armoured troop carriers being shipped back to the city state en route from training grounds in Taiwan in November last year. Hong Kong released the military vehicles after a two-month stand-off. Singapore has conducted regular military exercises with Taiwan since 1974 under the Starlight Project, which has long been a thorn in China's side. In May, ties between the two countries came under scrutiny when Lee was absent from a major summit in Beijing on China's "Belt and Road Initiative" – a plan to boost infrastructure and trade links from Asia to Africa. But observers said Lee's visit to China in September suggested relations were back on track.

RUSSIA

Col Harpreet Singh

Russia Increases Clout in West Asia. Putin's success in the region was on full display this week, with the confident and upbeat leader moving between Syria, Egypt and Turkey in a whirlwind tour, after announcing he will seek re-election for another six-year term in March.

Speaking to Russian troops on the tarmac at Hemeimeem air base in Syria, Putin declared victory over the Islamic State group and Syrian rebels and announced he had ordered a scaling down of the Russian contingent in Syria. In Egypt, he signed a deal for the construction of a nuclear reactor on the country's Mediterranean coast and sought to strengthen his relationship with a key regional power that has in the past three years bought billions of dollars in Russian weapons. And in Turkey, a NATO member, the Russian leader appeared to be on the same page with strongman Recep Tayyip Erdogan on key issues.

While declaring victory in Syria, Putin made it clear Russia is there to stay. He plans to expand the air base and turn a crumbling Soviet-era naval supply facility in Syria's port of Tartus into a full-fledged navy base capable of hosting big ships. Russia has also drafted a deal with Egypt to allow its warplanes to use bases there — a deployment unseen since the times when Egypt was a key Soviet ally in the Mideast before going to the U.S. side in the mid-1970s.

Comments. When Russia launched a military campaign in Syria two years ago, President Vladimir Putin sought to save his ally, Syria, from imminent collapse and break Russia's international isolation over a crisis in Ukraine. He achieved that and more, emerging as a key stakeholder in the Middle East who has brokered deals with many of its key players — from Iran to Saudi Arabia to Turkey and Israel. It's a regional footprint that comes with a degree of clout that even the Soviet Union, which depended on a handful of Arab allies, couldn't dream of during the Cold War era. And it was accomplished with limited resources and a lot of audacity.

Russia's bold intervention in Syria came as the United States under President Barack Obama steered clear of military engagement and found itself in a series of acrimonious disputes with key allies, including Israel and Saudi Arabia. Under the vastly inconsistent policies of Donald Trump, and in an era of an inward looking, America-first U.S. policy, Russia's maneuvers became all the more poignant on the global stage.

Vladimir Putin is determined to restore a greater role for Russia as a global power and the Middle East is really the main area where Russia has that potential, in part because the Soviet Union played that role in the Soviet period. The Russian president was frequently derided for his penchant for a 19th century-style Real politik characterized by cynical political calculus. But Putin's approach paid off in Syria, where he managed to play on the conflicting interests of regional powers and strike deals with various players. When Putin decided to intervene in Syria, President Bashar Assad was on the verge of collapse, his forces losing on all fronts. Within weeks, the Russian military had airlifted supplies needed to set up a base in Assad's heartland and launched an air campaign at the end of September 2015. Early in the campaign, Moscow found itself on the verge of a military conflict with Ankara after a Turkish fighter jet downed a Russian warplane on the Syrian border in November 2015. But just a few months later, Putin mended ties with Turkey, offering President RecepTayyip Erdogan strong support after a failed coup attempt. They struck a deal on Syria, setting up de-escalation zones that helped reduce fighting.

At first, observers were skeptical about Putin's Syria adventure given Russia's economic troubles and the overwhelming negative odds on the chaotic Syrian battlefield, where the Islamic State group, al-Qaida militants and a collection of rebels backed by Saudi Arabia, Qatar, Turkey and others were routing Assad's shrinking military. Many in the West and in Russia predicted Syria would turn into another Afghanistan — a botched Soviet intervention that led to massive losses and ended in a humiliating 1989 withdrawal after nearly a decade of fighting. Putin argued that Russia needed to intervene in Syria to fight a terror threat, but made it clear that he wasn't going to walk into a trap like the Soviet war in Afghanistan. Another reason for skepticism was the Russian military meltdown that followed the Soviet collapse. The army's vulnerabilities were highlighted by separatist wars in Chechnya and a brief 2008 war with Georgia, where the lack of modern communications and weapons, lack of coordination between various military branches and poor discipline were woefully apparent. But the Syrian campaign suddenly saw a different Russian military — one armed with sophisticated precision weapons, well-trained, neatly-dressed and proud of its mission.

Putin managed to explain to the Russian people why Syria was important and not only did he explain it, he also showed them Syria wasn't going to be Afghanistan. The war saw the combat debut of an array of Russian weapons, including long-range cruise missiles that were fired from surface navy ships, submarines and bombers. The display of Moscow's revamped arsenals also served another key goal — to show the U.S. and its NATO allies that Russia no longer exclusively relies on nuclear weapons. The new cruise missiles gave Putin a long-sought long-range precision cruise capability that only the U.S. had before.

Russia also reached out to other key players — from Iran, which staunchly backed Assad, to the Saudis, the Qataris and others who supported the opposition. It also communicated with Israel to make sure the conflict didn't hurt their friendly relationship. Russian military successes in Syria and its rapprochement with Turkey paved the way for another Putin diplomatic coup — a warming of ties with Saudi Arabia, Moscow's opponent since Cold War times when it armed Afghan fighters battling the Soviet invasion. In a first-ever visit by a Saudi monarch, King Salman visited Russia in October.

However, despite Putin's successes in the region, Russia will remain a limited great power that serves mainly as a military supplier because it lacks the resources and capability that the West has for nation building or reconstruction. The challenge for Putin is to turn the use of his military force and military weapons supplies in the Middle East to something that is a lasting success.

The lesson for India is the audacity with which Russia waded into Syria's war and stubbornly pressed its campaign despite international scorn and an outcry over resulting civilian casualties. However India's current political equations and foreign policy may not encourage it, perhaps rightly, to display similar aggressiveness in its internal and cross border disputes, as yet — but such an approach can be considered in the medium to long time frame.

Russia and China Joint Air Defense Drills. Russia and China are kicking off a series of joint air defense exercises called Aerospace Security-2017, highlighting the growing strategic partnership between the two great powers. In recent years, Russia and China have more or less set aside their differences dating back to the Soviet-era to jointly push back against the American-led liberal institutional world order.

“In 2nd Aerospace Security 2017 Russian-Chinese Anti Ballistic Missile (ABM) defence computer command post exercise (CPX) has kicked off in the Air and Missile Defence Research Institute of the Air Force Academy of the People’s Liberation Army of China, in Beijing,” reads a statement from the Russian Ministry of Defense (MOD). “In course of the exercise, the sides will practise cooperation of the Russian and Chinese Air and Missile Defence grouping to repel missile threats from third countries.” According to the Russian MOD, there “troops from operational and tactical levels are involved” in the exercise.

The Chinese Ministry of Defense offered some additional details. “The militaries of China and Russia will hold a joint anti-missile drill based on computer simulations from Dec. 11 to 16 in Beijing,” a Chinese Ministry of Defense spokesperson, said. According to the Chinese Defense Ministry, the joint Russian-Chinese missile defense drill are designed to help the two countries prepare for a surprise attack. “The drill aims to help the two sides cope with any sudden or provocative attack of ballistic or cruise missiles in the countries' territories,” reads a Chinese MOD statement.

China stated that this the second time this exercise has been run and it is “not directed at any third party”.

Comments. Russia and China have been drawing closer together over the past several years. Strategic coordination between Moscow and Beijing remains loose, but, in the larger scheme of things concerning the world order, Beijing and Moscow are on the same side.

The Russians and the Chinese have both resent American dominance of the so-called rules based international order. Both have ambitions that are stymied by the Washington. Thus, even if Moscow and Beijing do not quite see eye-to-eye on all matters, on the broad scheme of things, they can cooperate where their interests meet. Their continental entente is likely to be essentially be aimed at limiting U.S. dominance on the edges of the continent and in the world at large. Indeed, the more America pressures Russia and China on various issues in their individual relations with Washington, the closer Moscow and Beijing will move to cooperate to balance against the United States. It all comes down to the balance of power.

Russia moving closer to China will raise concerns in India, but there appears nothing much she can do about it except for carrying out its own balancing act by aligning closer to the US and its friends. The cat and mouse game is likely to continue.

CAR

Air Cmde T Chand (Retd)

Integration of Afghanistan with Central Asian Republics will Bring Peace and Prosperity to the Region. A report titled “

America, EU, Japan: Time to Reunite Afghanistan with Central Asia”, authored by S. Frederick Starr was published by the Centre for National Interest on 12 Dec 2017. The author suggested that the refusal of the major countries and financial institutions to acknowledge that Afghanistan is part of Central Asia and not simply a problematic neighbor has resulted in isolation of Afghanistan over a period of time. This view dates to tsarist Russia’s conquest of all Central Asia but not Afghanistan in the 1860s. In the 1930s Stalin closed the border, imposed Communist development

model on that part of the region it controlled, and declared Afghanistan a zone of backwardness and poverty. For all that time Afghanistan was not only a thriving part of what we now call Central Asia but it's very heart. It lay astride the route to Central Asia's biggest and closest trading partner, which was India, not China. It was also the avenue by which Buddhism came to all Central Asia. Communications and trade had all but ceased generations before Moscow invaded Afghanistan in 1979. The ensuing chaos and civil widened the gulf still further.

Following the collapse of the USSR in 1991, Russia recognised the new sovereignties in Central Asia but continued to view them as within Moscow's orbit. Russia set up a Commonwealth of Independent States and Collective Security Treaty Organization to translate that concept into reality, and now advances its Eurasian Economic Union with the same goal in mind.

After 9/11 the United States came to realise that Afghanistan and former Soviet Central Asia would benefit from closer interaction. The US State Department combined Central Asia and Afghanistan under a new Central and South Asia Bureau in 2008. Secretary of State John Kerry, when he set up America's new consultative structure in 2016, reverted to the old Soviet definition of Central Asia and excluded Afghanistan from his "C-Five plus One" consultative group. Neither the five formerly Soviet states of Central Asia nor Afghanistan is happy with this setup

The wind of change has already started. Uzbekistan, with help from the Asia Development Bank, has built a railroad into Afghanistan, and is also supplying Kabul with electricity. Kazakhstan's President Nursultan Nazarbayev, recently stated categorically that "Afghanistan is part of Central Asia and always has been," and pointed to the fact that all six countries of the region share common interests, values, histories and understandings. Kyrgyzstan and Tajikistan are both sending hydroelectric power to Pakistan via Afghanistan. Tajikistan, which shares a common official language with Afghanistan, has embraced its role as a key link in transporting exports from China to Afghanistan. Turkmenistan's most important strategic project, the export of Turkmen gas to Pakistan and India via the proposed TAPI pipeline, depends fully on close collaboration with Kabul.

In spite of security challenges emerging from Afghanistan; all five of Central Asian countries emphatically assert that Afghanistan should henceforth be treated as an essential part of Central Asia. On this point both president Ashraf Ghani and his former electoral opponent Abdullah Abdullah have repeatedly argued that Afghanistan and its five neighboring Central Asian states constitute a single cultural and historical zone and should now draw closer together politically and economically.

The author has recommended that, specifically, Japan, South Korea, the EU, and the United States should immediately include Afghanistan as a full and equal member of their consultative groups on Central Asia. The World Bank should do so as well, as should the Asia Development Bank, European Bank for Reconstruction and Development, Islamic Development Bank, and the United Nations.

He has elaborated that an important reason for the international actors to embrace Afghanistan as part of Central Asia is that that country will be key to any opening of the other Central Asian countries to trade with the Indian subcontinent and Southeast Asia. By promoting openings to the south, the new, expanded Central Asia will generate economic opportunities for the entire region that do not now exist. Moreover, a bigger window to the south will enable all Central Asian countries, including Afghanistan, to balance economic and geopolitical pressures from Russia

or China with contacts with the fast-emerging economies of the Indian subcontinent. This thought process is in line with the Indian 'Connect Central Asia Policy' and should be encouraged at all relevant forums.