

ENVIRONMENT SCAN 16-31 AUG 2018

CHINA (MAINLAND)

Brig Navjot Singh Bedi

US-China Trade War. On Thursday, 23 Aug 18, the US imposed a second wave of tariffs on Chinese goods worth \$16bn (£12.4bn), and China immediately responded in kind. Mr Liu Kun, the Chinese Finance Minister said that China will continue to respond "resolutely" to the "unreasonable" US measures, if more tariffs are imposed. Both US and China have now imposed 25% tariffs on a total of \$50bn of each another's goods. An additional \$200bn of tariffs may be imposed during a third round and President Trump has also said he could slap tariffs on all \$500bn of imports from the country. As per Mr Liu Kun, the impact of the trade row on the Chinese economy had not been significant, but he said that government spending would be increased to support workers affected by the tariffs. He also said that though the value of US imports of Chinese goods isn't the same as the value of Chinese imports of US goods, yet China would take tariff measures in accordance to the situation.

Comments. The US trade deficit with China in 2017 was \$ 375.23 Bn. Talks between the US and China concluded last week without a major breakthrough. By imposing tariffs on Chinese imports, President Trump hopes to make life easier for US companies, whose goods will become cheaper within the US by comparison. Higher import duties have thus been imposed by the US on steel and aluminium, including from Mexico, Canada and the European Union. All of those countries have retaliated. Firms that rely on Chinese imports face higher costs, while exporters are worried that retaliation will make their products more expensive and reduce demand. Many US companies and industry groups have testified to the US Trade Representative's Office that their businesses are being harmed. It thus needs to be analysed whether the increased tariffs are actually benefitting the US. China plans to file a fresh complaint against the tariffs at the World Trade Organization (WTO), which adjudicates in global trade disputes.

(<https://www.bbc.co.uk/news/business-45294162>)

US North Korea Visit: China's Involvement Questioned by US President. Mr Trump had tweeted that China was "not helping" because of trade tensions with the US. A Chinese foreign ministry spokesman said this was "contrary to basic facts" and China was "seriously concerned". On Thursday, 23 Aug 18, Mr Trump called off US Secretary of State Mike Pompeo's planned trip to North Korea. He said that insufficient progress was being made in dismantling Pyongyang's nuclear programme.

Comments. After his summit with the North Korean leader in June, Mr Trump had said the country was no longer a nuclear threat. However since then, there have been several reports that North Korea is failing to dismantle its nuclear facilities. One of the most recent warnings came from unnamed US officials, who told the Washington Post that North Korea appeared to be building new intercontinental ballistic missiles. The UN's nuclear agency (IAEA) has also said North Korea is possibly continuing with its nuclear programme.

(<https://www.bbc.co.uk/news/world-asia-45307893>)

PAKISTAN

Col Arvinder Singh

Imran Khan Govt 'Almost Ready' with Kashmir Plan, Says Pakistan Minister¹.

Pakistan's Minister for Human Rights Shireen Mazari has said that PTI government in Islamabad is preparing a proposal to resolve the Kashmir conflict and will present it to the cabinet ministers and will discuss the issue with other stakeholders. Before her current position in the government, Mazari was the director general of the Institute of Strategic Studies, a think tank on defence and security issues, and also served as a professor in Quaid-e-Azam University, Islamabad.

Comments. In his first speech after winning the elections, Pakistan PM Imran Khan had said that Pakistan is ready to improve its ties with India and will resolve the core issue of Kashmir. External Affairs Minister Sushma Swaraj is also likely to meet her Pakistani counterpart on the sidelines of the UN General Assembly's in New York next month. However it is felt that there is very little possibility of any improvement in ties with Pakistan under Imran Khan as he has been propped by the Pakistani military.

Indus Waters Treaty Talks between India and Pakistan Resume In Lahore². India and Pakistan commenced crucial talks on various aspects of the Indus Waters Treaty in Lahore, the first bilateral engagement since Prime Minister Imran Khan took office. Both the countries are expected to present their reports during the talks. After the meeting, a joint notification would be issued.

Comments. The water commissioners of Pakistan and India are required to meet twice a year and arrange technical visits to projects' sites and critical river head works, but Pakistan had been facing a lot of problems in timely meetings and visits. The talks will be the first official engagement between India and Pakistan since Imran Khan became PM. The last meeting of the Pakistan-India Permanent Indus Commission was held in New Delhi in March during which both the sides had shared details of the water flow and the quantum of water being used under the 1960 Indus Waters Treaty. India and Pakistan signed the treaty in 1960 after nine years of negotiations, with the World Bank being a signatory. The treaty sets out a mechanism for cooperation and information exchange between the two countries regarding their use of the rivers. However, there have been disagreements and differences between India and Pakistan over the treaty.

Imran Khan to Skip UN Session to Focus on Pakistan Economy³. Pakistan's new PM Imran Khan will skip next month's UN General Assembly session to focus his attention on the country's economy. Foreign Minister Shah will head the Pakistani delegation set to open on September 18.

Comments. Pakistan's economy expanded at 5.8 percent in the last fiscal year, its quickest pace in 13 years, but the rupee currency has been devalued four times since December. Interest rates have been raised three times and its economy is facing a balance-of-payments crisis. The country's current account deficit, a broad measure of the imbalance between imports and exports, has soared to an alarming \$18 billion. Foreign currency reserves would cover less than two months of imports. The Pakistani rupee is shaky, tax collection is scandalously low and Pakistan has recently returned to an international gray list for failing to curb terrorism financing, making foreign transactions more complicated and expensive. It is estimated that Pakistan needs a loan of around \$12 billion to turn the corner.

NORTHEAST

1 <https://www.news18.com>

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

3 <https://www.thenews.com>.

Brig HS Cheema

China Takes the High Ground in Nepal. While a joint China-Nepal military exercise scheduled for September 15 will only involve a platoon of soldiers from each side, the manoeuvres will be warily watched in neighbouring India as yet another sign of Beijing's march to break its long-time strategic hold on the country. China and Nepal conducted their first such exercise, known as Sagarmatha Friendship 2017, last April at the Nepalese Paratraining school in Maharajgunj near the national capital Kathmandu. Those 10-day drills focused on combating terrorism and disaster management. This year's drill will take place reciprocally at Chengdu in China's southwestern Sichuan province as "Sagarmatha Friendship 2." Sagarmatha is the Nepali name for Mount Everest, the world's highest mountain which straddles the rugged Sino-Nepalese border. The military exercise comes at a time when Nepal's communist-led government is expanding relations with China on multiple fronts.

In May last year, Nepal signed a memorandum of understanding with China to cooperate with its US\$1 trillion Belt and Road Initiative (BRI). In June this year, China and Nepal agreed to build a railroad connecting Xigaze in China-controlled Tibet with Kathmandu. If built, the line would connect Nepal with China's wider network of railroads and potentially provide the landlocked nation with alternate sources and routes for fuel and other imports that would mitigate its dependence on India. Past plans to import fuel from China did not come to fruition. The MoU for the railway was signed by Nepal's Prime Minister Khadga Prasad Sharma Oli during a five-day visit to Beijing, where he met both Chinese president Xi Jinping and Premier Li Keqiang. It was Oli's second initiative to improve bilateral ties and physical connections with China after he signed a transit trade treaty with Beijing during his previous short-lived tenure as prime minister in 2016.

While Nepal openly wants to reduce its dependence on India for key imports, including fuel, it must strike a careful balance between China and India as the two great powers ramp up rivalry for influence and power across South Asia and beyond. Nepal's relations with India are still defined in part from their British colonial days. Independent India and Nepal signed a friendship treaty in 1950, which has long been the cornerstone of Kathmandu's foreign policy. The treaty established a close strategic relationship that among other things allows Nepal to import arms and ammunition via India. India remains Nepal's main foreign trading partner, with more than half of all its official imports and exports crossing the country's southern border. If prevalent smuggling and other illegal trade is accounted for, Nepal's dependence on India for its economic livelihood is even higher. Between one and two million people from Nepal work in India, often mixing with India's own Nepali communities in northern West Bengal, Sikkim and elsewhere. Their remittances are an important source of income for many impoverished villages in the Himalayan republic. Military-to-military relations between the two countries are also still strong. Seven Gorkha regiments comprised of soldiers from Nepal serve with the Indian Army. Over the decades India has supplied the Nepalese army with a wide range of weapons; many senior Nepalese officers attended military academies in India. Joint military exercises between India and Nepal are held regularly, involving far more soldiers from each country than China's Sagarmatha Friendship drills. The most recent Nepal-India joint exercise took place in June in Uttarakhand on the theme of combating insurgencies and terrorism. But Nepal's nascent military cooperation with China will bring the countries closer strategically as Nepal aims to distance itself from India. Relations with New

Delhi began to deteriorate as early as the 1970s, when Nepal, then a kingdom, pressed for substantial changes in its friendship treaty with India. Nepal strongly criticized what it called India's "annexation" of the kingdom of Sikkim in 1975. New Delhi, in contrast, regarded Sikkim as a dependent state which like other princely states needed to be integrated into India. By then, a highway had already been built linking Kathmandu with Lhasa in Tibet, creating the first proper road connection between China and Nepal and the beginnings of a strategic hedge to its relations with India. India-Nepal relations hit a nadir in August 1988, when Nepal purchased anti-aircraft guns from China that New Delhi perceived as a threat. India, also peeved at the time with trade-related issues, retaliated in March 1989 by closing the two sides' mutual border

Asia Times by Bertil Lintner AUG 26, 2018 12:33 PM (UTC+8)

Comments. Nepal and China are writing new chapter in their relationship which is being fostered primarily on economic benefits. India needs to work out more proactively so as not to lose strategic space in one of the most important neighbours. Indo-Nepal relations are very deep and are based on mutual respect, what went little ajar is mainly due to misperceptions created due to short-sighted action of India. India needs to learn its lesson fast and rework on its relations with more pragmatic approach.

Genocidal Generals of Myanmar Must Face Justice: UN. GENEVA: A UN probe has called for Myanmar's military leaders to face justice for alleged genocide and crimes against humanity against the Rohingya, but the road to a tribunal will be long and complex, with China likely to block any prosecution of its ally at the International Criminal Court. On 26 Aug a damning report by a UN fact-finding mission said members of Myanmar's armed forces, including military chief Senior General Min Aung Hlaing, should be prosecuted for their roles in violently expelling some 700,000 Rohingya Muslims into neighbouring Bangladesh. Refugees have recounted widespread stories of rape, murder and arson by security forces as they were driven from their homes the report was the most serious step towards accountability in the crisis to date but experts warn of major legal and diplomatic obstacles ahead. If legal moves for the ICC stall at the Security Council, it could consider an ad hoc or mixed tribunal similar to ones created for Rwanda, Yugoslavia, Lebanon and Cambodia.

Indian Express 29 Aug 2018

Comments. Rohingya crisis is one of the worst human rights tragedies of recent times which is going to blow up further in times to come if international community do not take any firm steps to move the refugees back. Not much of the progress has been made till now. The trail of any kind if ever takes place likely to be after a protracted period and will be delayed further due to Chinas stake and interest in the area. Also, India and other affected countries are likely to be impacted in times to come, if situation is not handled timely.

Hasina, Modi to Sit on Sidelines of BIMSTEC Summit. Prime Minister Sheikh Hasina will sit with her Indian counterpart Narendra Modi on the sidelines of BIMSTEC Summit in Kathmandu 30 Aug. The fourth BIMSTEC Summit – a meet up of the seven-nation regional economic block – is set to see the signing of an instrument on the establishment of BIMSTEC Grid Inter-connection, which will pave the way for buying and selling electricity among member states. Diplomatic sources said the memorandum of understanding (MoU) will open the door for energy cooperation among seven states of South Asia and South East Asia and will also pave away for facilitating the promotion of efficient, economic, and

secure operation of power system through the development of regional electricity networks."The BIMSTEC member states have already finalised the MoU, and now it is ready for the signature. The accord will provide a broad framework for the BIMSTEC member states to cooperate towards the implementation of grid interconnections for the trade in electricity with a view to promoting rational and optimal power transmission in the BIMSTEC region," a senior official at the foreign ministry told The Daily Star.

The main theme of the Fourth Summit is "Towards a Peaceful, Prosperous and Sustainable Bay of Bengal Region." Dhaka hosts the secretariat of BIMSTEC. After the SAARC summit, scheduled for November 15-16, 2016 in Islamabad, got stalled, India has been actively pushing BIMSTEC as an alternative to SAARC, according to diplomatic sources. Pakistan on Sept 30, 2016 announced postponement of the summit after India, Bangladesh, Bhutan, Afghanistan and Sri Lanka pulled out of the SAARC event, indirectly blaming Pakistan for creating a discouraging environment. Immediately after the postponement, India hosted the leaders of BIMSTEC [that includes Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand] during the BRICS Outreach Summit in Goa in October 2016. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) having seven Member States -- Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand -- came into being on June 6, 1997 through the Bangkok Declaration. BIMSTEC has focused intensely on trade and investment, technology, energy, transport and communications, tourism, fisheries, agriculture, cultural cooperation, environment and natural disasters, public health, poverty alleviation, people-to-people contacts, counter-terrorism and climate.

Daily Star 29 Aug 18.

Comments. BIMSTEC is definitely a success story for India but can it replace SAARC is a moot question. Various issues of common interest between partner nations is a way ahead in development of the region. BIMSTEC is moving ahead in achieving its desired goals but can it become a platform to resolve issues like Rohingya crisis.

SRI LANKA

Brig Navjot Singh Bedi

Sri Lanka Mass Grave. Skeletal remains of more than 90 people have been unearthed in the north-western town of Mannar. The remains unearthed include the skeletons of at least six children. The mass grave is the second biggest found in the north since the end of the conflict in 2009.

Comments. The town of Mannar is dominated by ethnic minority Tamils. The 26-year war between troops and separatist Tamil rebels had left at least 100,000 people dead and many missing. While Mannar town had remained mostly under army control during the civil war, Tamil Tiger rebels dominated its surrounding areas and many other parts of the district. The military had captured the entire district after ferocious battles, which ended almost 10 years ago. Who the victims were - and who killed them and when - remains unclear and a court has ordered detailed excavations at the site to be carried out.

(<https://www.bbc.co.uk/news/world-asia-45296871>)

TELECOM

Brig Navjot Singh Bedi

Making India 5G Ready. The Steering Committee constituted for identifying the 5G deployment roadmap for India has on 23 Aug 18, submitted its 5G high level forum report titled 'Making India 5G Ready' to Telecom Secretary, Aruna Sundararajan. The key recommendations and action plan for the report include spectrum policy; regulatory policy; education and awareness promotion; application and use case labs; participation in international standards; development of application layer standards; and major 5G trials. The committee has suggested that government may announce its policy by December 31 and issue necessary notifications. It has also asked for setting up a Standing Committee with five-year term to advice on building Spectrum Technology Infrastructure. For education and awareness promotion, it has suggested appointing a full time Senior Programme Coordinators (SPC) with TDSI. It has suggested for appointment of a full time SPC within IIT-Madras to implement recommendations of the Task Force.

Comments. The steering committee was constituted last year to articulate the vision for 5G in India and to recommend policy initiatives and action plans to realise this vision. It has prioritised three action plans for 5G in India -- Deployment, Technology and Manufacturing. Under Deployment, it has talked about rolling out early, efficient and pervasive 5G networks to maximise the value offered by this new technology. In technology, it has suggested for building India's industrial and R&D capacity in the design and IP dimensions of 5G. Under manufacturing, it suggested for expanding the manufacturing base in 5G for both semiconductor fabrication as well as assembly and test plants.

The High Level Forum focused on Deployment as the initial thrust area and a Steering Committee was constituted with Professor AJ Paulraj as Chair. Seven task forces were set up to study -- spectrum policy, regulatory policy, education and awareness promotion programme, application and use case labs, development of application layer standards, major trials and ; demonstration and participation in international standards. As per Mr Paulraj, "In India, 5G could be rolled out possibly by 2020. Commercial launch may happen first in the US by end of this year or latest by Q1 next year."

(<https://www.thehindubusinessline.com/info-tech/steering-committee-sets-action-plans-for-5g-roadmap-in-india/article24760115.ece>)

IRAN

Col Arvinder Singh

Iran's Parliament Gives President a Rare Rebuke⁴. Iran's Parliament summoned President Rouhani to answer questions on 27 Aug about the country's economic crisis, and then voted to reject his explanation, in a remarkable rebuke of a sitting leader. Mr. Rouhani blamed US sanctions, not government management, for his country's troubles. But after he answered five questions about economic challenges like high unemployment and the collapsing value of the national currency, a majority of lawmakers voted that they were not convinced by four of his answers. The lawmakers' vote came two days after Parliament dismissed the finance minister. In the last few weeks, the country's central banker and its labor minister have also been fired. It was not clear what impact the rebuke of Mr. Rouhani would have. Officials said the matter could be referred to the judiciary, which could, in theory, find grounds for impeachment proceedings against the president. However Khamenei, and other members of the Iranian leadership, likely believe that removing a sitting president would further destabilize the country's already precarious economy and potentially undermine support in the Islamic Republic's structure. It is more likely that those members of

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

Mr. Rouhani's cabinet are removed who are deemed responsible for Iran's economic travails, including the agriculture and industry ministers. Mr. Rouhani's allies remain the largest faction in Parliament and in a country where tensions are high and protests have cropped up in many places, the potential for civil unrest could tamp down any party's appetite for trying to remove a president and call new elections.

Comments. Elected by wide margins in 2013 and 2017, Mr. Rouhani is seen as a moderate in Iranian politics, and he campaigned on easing hostilities between his country and the West, and increasing economic opportunity. In 2015, his government struck a deal with the United States and other powers to give up elements of its nuclear program in return for the lifting of some sanctions. Unwinding of agreement could strengthen the hand of hard-liners who oppose both the deal and Mr. Rouhani's reformist agenda. His government runs many of the country's daily affairs, but the ultimate power rests with the supreme religious leader, Ayatollah Ali Khamenei, and the unelected Guardian Council.

Iran's Khamenei says Europe cannot Save Nuclear Deal, Help Economy⁵. Iran's Supreme Leader Ayatollah Ali Khamenei cast doubt on the ability of European countries to save Iran's 2015 nuclear accord with world powers and said Tehran might abandon the agreement. He cautioned President Rouhani not to rely too much on European support as he came under increased pressure at home over his handling of the economy in the face of U.S. sanctions, with key ministers under attack by parliament. He said that Tehran would not negotiate with indecent and confrontational US officials to reach a new agreement on its nuclear program and told Rouhani and his cabinet to work to solve the mounting economic problems which include the collapse of the rial currency and surging unemployment. At the same time he appeared to call on parliament not to press too much on Rouhani who has been severely grilled over economic performance. The move came only three days after lawmakers sacked the minister of economy and finance blaming him for the collapse of the plight of the rial and mounting unemployment. They had, weeks earlier, dismissed the labor minister. Another motion, signed by 70 lawmakers, aims to impeach the minister of industry, mines and business.

Comments. Following U.S. President Trump's exit from an international accord that would curb Iran's nuclear ambitions, European powers have been scrambling to ensure Iran continues to get the economic benefits needed to keep it in the nuclear deal. Rouhani won two landslide elections on a platform of economic reform and opening Iran up to the outside world, and his pragmatic supporters have a majority in the parliament. But his reputation and political influence have taken a sharp hit as his promised economic gains have failed to materialize and US sanctions have begun to bite. Iran's official unemployment rate is 12 percent, with youth unemployment as high as 25 percent in a country where 60 percent of the 80 million population is under 30. The rial has lost more than two-thirds of its value in a year.

India Expects Clarity on Iran Oil Cut After U.S. Meeting⁶. India will not completely halt Iranian oil imports and will finalize its strategy on crude purchases from Tehran after a

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

6 <https://in.reuters.com/article>

meeting with US Secretary of State Mike Pompeo and Defense Secretary Jim Mattis with India's Foreign Minister and Defense Minister on 06 Sep.

Comments. US is pushing all countries to halt oil imports from Iran after President Trump withdrew from a 2015 deal between Iran and six world powers and ordered a re-imposition of sanctions on Tehran. India, Iran's top oil buyer after China, has so far not decided on the size of any cut to Iranian imports and continues to seek a waiver from the United States. India is not going to completely stop its purchases but has already asked its refiners to prepare for a drastic reduction in imports of crude from Tehran from November.

AFGHANISTAN

Col Arvinder Singh

Pentagon Rules Out an 'Enduring,' Large Military Footprint in Afghanistan⁷. The US said that it will maintain a permanent diplomatic presence in Afghanistan, but it does not expect an endless large-scale military mission there. The ninth American commander of international forces in Afghanistan Lt Gen Austin Miller is set to take command, marking another inflection point in what has become the United States longest war. US has said that they have a permanent diplomatic and security interests in South Asia and their presence will have influence in the region.

Comments. There are about 15,000 U.S troops in Afghanistan, down from a peak of about 100,000. While officials expect that the U.S force could shrink in the future with improvement in security scenario. However US have maintained large military footprints in other nations for decades which include Japan, Germany and South Korea. US feels that Taliban, was showing signs of increased interest in negotiating a settlement to end the war as they have not succeeded in taking down and holding towns. The Trump administration is hoping that increased military pressure will help prompt peace talks, but the Taliban has refused to negotiate with the Afghan government. Meanwhile U.S. airstrikes highest in the decade continued to pound Taliban positions across Afghanistan to convince them that negotiating with the Afghan government is their only option.

One Year into Trump's Afghanistan Strategy, Little has Changed for the US in its 17 Year-Long Conflict⁸. US appears to be no closer to stabilizing the country and quelling the Taliban insurgency. The strategy has included a greater focus on defending population centers while ceding much of the remote countryside to the insurgents. It has also involved an interdiction campaign against the Taliban, with airstrikes on their narcotics labs and other revenue sources. The goal has been to pressure the Taliban to the negotiating table.

Comments. The situation on the ground tells a different story. The Taliban maintain their grip on much of the country, and the civilian death toll has reached a record high. The Islamic State has continued to carry out high-profile attacks that have killed hundreds of civilians. The changes introduced during the Trump era aren't significant enough to alter the balance

7 <https://www.washingtonpost.com>

8 <https://www.businessinsider.com>

of power in the 17-year war. The overall coalition military strength of less than 20% its maximum of a half decade ago can turn things around when 140,000 troops couldn't do so back in 2010-2012. The Taliban's control of populated areas overall, primarily in rural regions, had actually increased. The problem with the administration's strategy of ceding the more remote areas of the country to the Taliban is that the insurgents increasingly are using the rural terrain to conduct attacks within major urban areas. If the Taliban continues to increase its control of rural terrain, it will invariably put significant pressure on urban centers. This problem was on full display this month when the Taliban notched a significant symbolic victory with a bloody assault on the city of Ghazni. The August 10 attack on the strategic city caught Washington and Kabul off guard. An estimated 1,000 insurgents charged the city and surrounding districts, overwhelming Afghan local police and military officials, who temporarily lost control of parts of the city. In a five-day counterattack, Afghan forces, backed by US air power and Army Special Forces, eventually drove the Taliban from the city, but the bloodshed claimed the lives of at least 100 Afghan soldiers and police and more than 150 civilians. Another component of the US military's strategy in Afghanistan is to build up the Afghan military, train the Afghan air force, and equip it with high-end gear, such as fighter aircraft and UH-60 Black Hawk helicopters. But the Afghan air force's rapid increase in strike capability seems to be accompanied by a steep rise in civilian casualties. The US has been able to do little to prevent Pakistan from harboring Taliban fighters and fundamentally change their behavior.

Russia Postpones Afghanistan Peace Conference⁹. Russia has postponed a multilateral Afghanistan peace conference that was scheduled to take place in Moscow on 04 Sep. Russia invited 12 countries to the conference including US and Afghanistan. While Kabul and the US turned down the invitation, the Taliban said they were willing to attend. President Ghani spoke with Russian Foreign Minister to iron out the differences so that the talks with the Taliban happen in presence of the Afghan government. The summit dates have been changed to ensure Afghanistan's participation.

Comments. U.S - Russian ties are increasingly strained. Washington has eyed Russian engagement in Afghanistan and its links to the Taliban with suspicion. Moscow says it is encouraging the insurgents to abandon hostilities and engage in a dialogue with the Afghan government. The US said that as a matter of principle it supports Afghan-led efforts to advance a peace settlement and based on previous Russia-led meetings on Afghanistan, the Moscow talks are unlikely to yield any progress toward that end.

China Building First Modern Military Outpost in Afghanistan to Fight Terrorism¹⁰. China has started building a training camp for Afghan troops in a narrow corridor that connects the two countries. The corridor is a narrow strip of inhospitable and barely accessible land extending about 350km from the northern Afghan province of Badakhshan to China's Muslim region of Xinjiang, where Chinese authorities have carried out sweeping crackdowns on the Uygur ethnic minority group in recent months. The project is fully funded by China to help

9 <https://www.aljazeera.com>

10 <https://www.scmp.com/news>

Afghanistan improve counterterrorism efforts. Once the camp is completed, the PLA is likely to send one battalion to Afghanistan's isolated Wakhan Corridor. Chinese troops will provide training to their Afghan counterparts at the new camp.

Comments. It will be the first time in modern history that China has had a military presence in Afghanistan which has become increasingly important for China's own security, as well as President Xi Jinping's "Belt and Road" trade and infrastructure plan. The Afghanistan training camp is located close to Xinjiang, which Beijing sees as the main source of terrorism resulting in series of violent attacks in the region in recent years. China has extended more than US\$70 million in military aid to Afghanistan in the last three years. Beijing fears that instability in the neighboring country could threaten its growing economic interests across the region. A key function of the training base will be to strengthen anti-terrorism cooperation and military exchanges between Beijing and Kabul, which is also part of their efforts to stop separatists from infiltrating Xinjiang. Afghanistan has been an observer member of the China-led SCO since 2012.

ASEAN

Col Shyamji Yadav

Visit of External Affairs Minister to Vietnam and Cambodia (August 27-30, 2018).

External Affairs Minister, Smt. Sushma Swaraj, is on official visit to Vietnam and Cambodia from 27-30 August 2018. She held talks with her Vietnamese counterpart Pham Binh Minh and discussed measures to strengthen trade, investment, maritime and defence cooperation between the two countries. Swaraj said India and Vietnam are connected not only by the common waters but also by a shared vision for peace and prosperity.

Swaraj said India and Vietnam have agreed to further strengthen cooperation in the maritime domain, including on anti-piracy, security of sea lanes and exchange of white shipping information. They also agreed on the importance of the early conclusion of an ASEAN-India Maritime Transport Cooperation Agreement. In this context, they intend to accelerate the establishment of direct shipping routes between the sea ports of India and Vietnam.

Foreign Minister Sushma Swaraj took an indirect swipe at China's Belt and Road Initiative saying such projects are used as methods of dominance and called for transparent lending practices based on recognised international norms.

Addressing the third edition of the Indian Ocean conference in Hanoi on 27 Aug, Swaraj described India's approach on connectivity projects and maritime initiatives in the Indo-Pacific region as based on inter-dependence rather than dominance or narrow reciprocal considerations.

She said that nurturing a climate of peace and stability in the Indian Ocean Region is a priority for India's foreign policy. Swaraj said with the eastward shift of the engines of the global economy, the Indian Ocean is at the centre of the emerging "Age of Asia" and those who live in this region bear the primary responsibility for peace, stability and prosperity in the region. Swaraj said India considers the Indian Ocean Rim Association (IORA) as an important instrument for achieving peace and security in the region and India sees Association of Southeast Asian Nations (ASEAN) as central to the regional maritime architecture.

The conference had participation from several countries in Indo-Pacific region, including USA & China. External Affairs Minister Sushma Swaraj today discussed bilateral, multilateral and key international issues with her Cambodian counterpart PrakSokhonn, and the two countries signed two agreements to step up cooperation.

The first Memorandum of Understanding (MoU) is on the restoration and preservation of the world heritage site of a temple of Lord Shiva in Cambodia's Preah Vihear.

The 'Temple of Preah Vihear' dates back to the first half of the 11th century AD. Situated on the edge of a plateau that dominates the plain of Cambodia, it is dedicated to Lord Shiva.

The second MoU is on cooperation between India's Foreign Service Institute (FSI) and Cambodia's National Institute of Diplomacy and International Relations (NIDIR). India's ties are on an upswing with Vietnam and Cambodia -the two major countries in the powerful Association of Southeast Asian Nations (ASEAN) grouping.

India and Cambodia have enjoyed friendly relations for a long time. Both the countries formally established diplomatic relations in 1952. In 2000, Cambodia vowed its full support for India to become a permanent member of the United Nations Security Council.

Comments. Swaraj's comments assume significance in the wake of China increasing its footprints in the Indian Ocean, which figures prominently in President Xi Jinping's ambitious 'One Belt, One Road' initiative to build a new Silk Route. India is opposed to the 'One Belt, One Road' initiative as it includes the China-Pakistan Economic Corridor (CPEC) which transverses through Pakistan-occupied Kashmir. China has stepped up activities in the Indian Ocean as it is building ports and other infrastructure in Sri Lanka, Bangladesh and Pakistan.

The visit of EAM to Vietnam and Cambodia provided an opportunity to hold in-depth discussions with the political leadership on a wide range of global, regional and bilateral issues and advance our strategic engagement with these countries and ASEAN region. The visit is likely to help India and Vietnam to boost defence cooperation.

Ms Swaraj's visit to the two key ASEAN nations can be seen as India's attempt to balance China's rising influence in the Southeast Asian region.

India, Singapore Sign Second Protocol Amending Bilateral Trade Pact. India and Singapore on Friday signed the "Second Protocol" amending the Comprehensive Economic Cooperation Agreement (CECA) to boost trade ties between the two countries, The protocol was signed by Joint Secretary of Ministry of Commerce and Industry, Rajneesh and Francis Chong, Senior Director, Ministry of Trade and Industry, Government of

Singapore. The provisions of the Second Protocol will come into effect on September 14, 2018.

The CECA was signed on June 29, 2005 and its first review was concluded on October 1, 2007.

Both sides agreed to expand the coverage of tariff concessions, liberalise the "Rules of Origin", rationalise "Product Specific Rules" and include provisions on "Certificate of Origin" and cooperation on its verification.

Comments. Singapore is the second largest trading partner of India within ASEAN and India is the largest trading partner of Singapore in South Asia, with a bilateral trade of \$17.7 billion in 2017-18."The signing of the Second Protocol, amending CECA, will further boost bilateral trade between India and Singapore.

ASEAN Economic Ministers Meet in Singapore. Singapore is hosting the 50th ASEAN Economic Ministers (AEM) Meeting and Related Meetings wef 28 August to 1 September. The 50th AEM Meeting will deliberate on the five key thrusts of promoting innovation and e-commerce , improving trade facilitation in ASEAN, deepening services and investment integration, cultivating a conducive regulatory environment, and progressing ASEAN's external relations.

The 50th AEM Meeting will be held back-to-back with the AEM-32ndASEAN Free Trade Area (AFTA) Council Meeting and the AEM-21stASEAN Investment Area (AIA) Council Meeting, and will be preceded by the 10th Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) Economic Ministers' Meeting.

Following the 50th AEM Meeting, the ASEAN economic ministers will meet with their counterparts from Dialogue Partner countries namely Australia and New Zealand (Closer Economic Relations), Canada, China, India, Japan, Republic of Korea, Russia and the United States, as well as with private sector representatives from the ASEAN Business Advisory Council (ASEAN-BAC) and other regional business councils.

Myanmar Rejects UN Probe on Rohingya Abuses. Myanmar rejected on Wednesday (Aug 29) the findings of a UN probe alleging genocide by its military against the Rohingya.

Monday's report by a UN fact-finding mission said there was evidence of genocide and crimes against humanity "perpetrated on a massive scale".

"We didn't allow the FFM (the UN Fact-Finding Mission) to enter into Myanmar, that's why we don't agree and accept any resolutions made by the Human Rights Council," government spokesman ZawHtay said according to the state-run Global New Light of Myanmar newspaper.

He pointed to the formation of Myanmar's own Independent Commission of Enquiry, which he said was set up to respond to "false allegations made by the UN agencies and other international communities".

East Coast Rail Link and Pipeline Projects with China to be Deferred: Malaysian PM Mahathir. Two Chinese mega projects in Malaysia would be deferred, with Beijing's agreement, Prime Minister Mahathir Mohamad told a press briefing on Tuesday (Aug 21) at the end of a five-day visit to China.

He was referring to the US\$20 billion (S\$27 billion) East Coast Rail Line (ECRL) and two gas pipelines worth US\$2.3 billion. "It will be deferred until such time we can afford, and maybe we can reduce the cost also if we do it differently," Tun Dr Mahathir said. "It's all about borrowing too much money which we can't afford, can't repay, and also we don't need those projects for Malaysia at this moment," he added.

Trade deals inked on his recent inaugural trip to China included memorandums of understanding (MOUs) to promote exports of palm oil products and durians to China, and for national carmaker Proton - which is partly owned by China's Geely - to assemble and sell cars in China, moves aimed at bolstering the local economy

Malaysia's Prime Minister Dr Mahathir Mohamad on Tuesday (Aug 21) witnessed the signing of a memorandum of understanding (MoU) between Sime Darby Plantation Berhad, and China National Cereals, Oils and Foodstuffs Corporation (Cofco) on the last day of his five-day visit to China.

Cofco will be working together with Sime Darby in a joint venture to set up plants in Malaysia to produce palm oil-based products for the Chinese market,

Malaysia's Sime Darby is one of the world's largest oil palm planters by land size. Cofco is one of China's state-owned food processing and agriculture supply chain company.

Comments. Malaysian Prime Minister Mahathir Mohamad's decision to defer mega projects entered into with Chinese state-linked contractors does not seem to have dampened bilateral relations, despite earlier concerns.

It's a win (for Tun Dr Mahathir) on at least two fronts. First, he successfully cancelled the costly infrastructure projects. Second, Malaysia signed on many more trade items,"

Palm oil is a key factor in the Malaysian economy. This MOU affects the rural people, who run these plantations

<https://www.mea.gov.in>

<https://economictimes.indiatimes.com>

<http://asean.org>

<https://www.straitstimes.com>

WEST ASIA

Col Sumit Rana

SYRIA

Wage Jihad, Attack the West': ISIS Chief Baghdadi Urges in New Audio Message. It was not clear when the message was recorded, but Baghdadi appeared to criticise a \$100-million pledge by Saudi Arabia last week to help rebuild Syria's northeast.

The leader of the Islamic State jihadist group Abu Bakr al-Baghdadi called on Muslims to wage "jihad" in a purported new audio recording released on Wednesday.

He also called for attacks in the West in the Telegram message on Eid al-Adha, which comes as IS has lost most of its territory in Iraq and Syria. It is the first purported recording of the IS leader to be released since September last year.

"Those who forget their religion, patience, jihad against their enemies, and their certainty in the creator's promise lose and are disgraced," the leader said. But when they hold on to it, they are mighty and victorious, even if after a certain time."

IS overran large swathes of Syria and neighbouring Iraq in 2014, proclaiming a "caliphate" in areas they controlled. But they have since lost most of that to various offensives in both countries.

The "caliphate will remain, God willing", Baghdadi however said in Wednesday's recording, addressing followers in the Middle East, Asia and Africa.

Russia Says 63,000 Troops have Seen Combat in Syria. Russia has revealed the extent of its military involvement in Syria's war.

A defence ministry video said more than 63,000 Russian military personnel had "received combat experience" in the country since September 2015. Defence Minister Sergei Shoigu said at the end of last year that 48,000 personnel had been deployed.

The video also said Russian air force had flown 39,000 sorties, destroying 121,466 "terrorist targets" and killing more than 86,000 "militants". There was no mention of any Russian military or Syrian civilian casualties.

The Syrian Observatory for Human Rights, a UK-based monitoring group, says at least 7,928 civilians and 10,069 combatants have been killed in Russian air strikes.

Syria - Iran Agreement on Military Cooperation. On Monday, though, Iran and Syria signed an agreement on military cooperation and reconstruction in the war-torn country, with Iran's Defense Minister Amir Hatami vowing to take an active role in the reconstruction of the country's decimated forces.

The “defense and technical agreement” provides for the continued “presence and participation” of Iran in Syria, Hatami said.

TURKEY

The Turkish Lira is Diving after Moody's Warned the Worst is yet to Come for the Country's Banks. After a week out of the spotlight, the Turkish lira is once again slumping Wednesday as fears over the state of the country's fragile financial system intensify. Although still significantly stronger than a few weeks ago, the lira has slumped to 6.3 against the dollar by 9.30 a.m. BST (4.30 a.m. ET) on Wednesday, a low not seen in around two weeks.

The main catalyst for the move lower appears to be the decision of ratings agency Moody's on Tuesday to downgrade the credit rating of 20 Turkish financial institutions. In downgrading the banks, analysts from Moody's cited what they called a "substantial increase in the risk of a downside scenario," for Turkey's lenders.

"There is a heightened risk of a downside funding scenario, where deterioration in investor sentiment limits access to market funding," Moody's said, noting that "Turkish banks are highly reliant on foreign currency funding."

The note, authored by vice president/senior analyst Carlo Gori and MD/financial institutions Sean Marion, suggests that the Turkish banking sector faces a potential funding crisis.

Turkey Minister Sees 'No Economic Risk' Amid Row with US. Berat Albayrak says Ankara sees no big risk to Turkey's economy after Moody's cuts rating for 20 Turkish institutions.

Turkey's Finance Minister Berat Albayrak said his government does not see a big risk to the country's economy and financial system, amid a diplomatic fall-out with the [United States](#).

Albayrak's comments, published by Hurriyet newspaper on Wednesday, came after credit rating agency Moody's downgraded 20 Turkish financial institutions on Tuesday. "We do not see a big risk about Turkey's economy and financial system," the minister was cited as saying when he was asked about the biggest risk for 2019. He said [Turkey's](#) net public debt and household debt were low and its financial system was very strong, Hurriyet reported.

ISRAEL

Israel Says it will Keep Hitting Iran, as Tehran says it's staying in Syria. Senior diplomatic source says Netanyahu believes pushing Islamic Republic forces out of neighboring country as important as canceling nuclear deal

Israel's military will continue to target Iranian weapons and troops in Syria, a senior diplomatic source said Tuesday, as Iran signaled it would resist attempts to push its forces out of the country.

The army will continue to act with "full determination" against Iranian attempts to get troops and weaponry onto Syrian ground, the source told several Hebrew-language media outlets.

The diplomat added that Prime Minister Benjamin Netanyahu regards preventing Iranian troops from gaining a foothold in Syria as no less important than getting the Iran nuclear deal cancelled.

CAR

Air Cmde T Chand (Retd)

SCO (Shanghai Cooperation Organisation) Joint Military Exercise, "Peace Mission 2018". SCO biennial military exercise was conducted at Chebarkul town in Chelyabinsk region in Russia from 22 to 29 Aug 2018. The aim of the exercise was to expand cooperation among the member countries to deal with the growing menace of terrorism and extremism. SCO countries have been hosting Peace Mission international anti-terrorism exercises since 2007. Contingents from the member states participated in the exercise. Russia contributed maximum troops (1700) followed by China (700), India (200) and Pakistan (110). Indian contingent was composed of 167 personnel from the Indian Army which included four lady officers and 33 Indian Air Force personnel. The Indian delegation was led by Lt Gen Satish Dua, Chief of Integrated Defence Staff.

The exercise was coordinated by the Central Military Commission of Russia and involved tactical level operations in an international counter insurgency environment under the SCO Charter. The previous SCO counter-terrorism exercises were mainly conducted in the Central Asian Republics (CARs) settings. But due to the inclusion of India and Pakistan, the SCO's counter-terrorism mission has acquired a South Asian hue. Indian and Pakistanis troops participated for the first time together outside the UN missions. The final phase of the exercise simulated that a town captured by the terrorists was to be liberated by the joint teams from the participating nations. After a reconnaissance of the place through UAVs (Unmanned Aerial Vehicles), the target area was attacked by air power. Following this, armoured and mechanised vehicles accompanied by infantry attacked the town and captured it. On the sidelines of the exercise, a meeting of the heads of participating nations was held on 30 Aug. China also welcomed the participation of military personnel of India and Pakistan. The exercise provided an opportunity to defence personnel of all participants for sharing experiences and strengthening mutual trust and cooperation.

