

ENVIRONMENT SCAN – 02 MAR 2015

UNITED STATES Gp Capt GD Sharma, VSM (Retd)

US Pushes India to ink Contentious Defence Pacts. A recent media report revealed that after a round meeting between India's defence production secretary, G Mohan Kumar and US undersecretary of defence Frank Kendall, under the aegis of newly signed Defence Trade and Technology Initiative (DTTI) US official said that, if India did not sign the three pacts e.g. Logistics Support Agreement (LSA), Communication Interoperability and Security Memorandum Agreement (CISMOA) and Basic Exchange and Cooperation Agreement for Geo-Spatial Cooperation (BECA) with United States it would become "an issue" at some point in the future". The United States officials stressed inking of three key pacts that have been pending since long time.

It raises the question why these agreements were not signed earlier and should these be signed now?

These agreements were proposed by the United States long ago when India sought to induct US weapon platforms such as C130J and C-17 ac. CISMOA and BECA reportedly would enhance the capacity of military equipment bought from the US.

In absence of CISMOA agreement, the equipment / platforms were sold without encrypted communication, Identification of Friend and Foe (IFF) and advanced secret communication equipment. IAF however decided to induct without the add on equipment as it could mean compromising confidential equipment codes encryption with an external force which may also share the technology with other militaries of the world. Our forces removed the CISMOA-induced gaps on the American platform -- notably, speech secrecy kit by India's state-owned Electronics Corporation of India Ltd (ECIL), IFF interrogator and transponder by BEL and HAL respectively, mobile satellite system by Avatel and fingerprinting kit by BEL. Since the security concerns still remain, our own encryption codes/ keys frequencies/ could be shared between Indian and US Forces these could be shared on required basis. Hence we still may not sign the CISMOA with United States for Inducting equipment and platforms with add on Equipment. But this will always remain a hurdle in transfer of technology.

As regards to the Basic Exchange and Cooperation Agreement for Geo-Spatial Cooperation Agreement (BECA), this would facilitate our access of US satellites for Spatial data, it would not compromise any security but, will enhance the capacity of our forces hence, we may sign the BECA if we want to access US satellites for information.

The Logistic support Agreement (LSA) on the other hand has no security implications. Under this agreement, US agrees to provide Logistics Support, Supplies and Services (LSSS) to the military forces in return for the reciprocal provision of logistics support, supplies and services by such governments or organizations to the US military forces. It covers only the non-lethal supplies and allows the participants to exchange food, water, clothing, medical services, billeting (accommodation), transportation including airlift, petroleum, oils, lubricants, storage services, communication services, base operations support, use of facilities, training services, spare parts and components, repair and maintenance services, and air and sea port services includes landing and berthing facilities.

India's concerns were - could LSA compromise India's independent foreign policy? Whether India has to provide basing rights under this agreement? What are the benefits that India will accrue through this agreement? And, finally, how it will affect the evolving India-US strategic relationship?

At present, the US has signed such agreements with over 80 countries around the world, including NATO member countries and some South Asian States. The signing of the agreement does not give US blanket right to use our facilities but, permission to use can be refused if we so feel even after we have signed the agreement. With our limited capacity we may not need US facilities any time but how we can become major player in the region on our own without cooperation and support by a major power and United States is the best among them. Former Prime Minister, Dr. Man Mohan Singh have aptly envisioned our future role while laying the foundation stone of the building National defense University, "We are well positioned to become net provider of the security in our immediate region and beyond".

Our effort to seek transfer of high end technology from US probably will not take place as US law requires the country to sign these three pacts before agreeing to transfer sophisticated military technology and weapons. Our government is also the intent of doing away with hitches that US officials have repeatedly described as obstacles to larger transfer of technology and weapons to India and eventually to move forward in our make in India campaign.

RUSSIA

Col Anadi Dhaundiyal

Ruble Rebounds. The Russian rouble has recorded its biggest monthly gain since the early 1990s amid higher oil prices, an easing of the fighting in eastern Ukraine and a less intensive foreign debt repayment schedule as it claws back some of the losses it sustained during panic on currency markets last year. The rouble climbed 11.5 percent in February to 61.7 against the U.S. dollar. That is the biggest monthly gain for over 20 years, business daily Vedomosti reported Friday citing Bloomberg data. Over the same period the rouble rose by 13.2 percent to 69 versus the euro. The rebound comes after the rouble lost about 40 percent of its value against the dollar last year amid dramatic volatility that peaked in December. The rouble dropped another 18.7 percent against the dollar in January. There is growing recognition among market participants both outside and inside Russia that Russian authorities have strong preference for weaker rouble,” Deutsche Bank said in a note to investors on 27 Feb 15.

10% Pay Cuts. The Russian president has ordered salary cuts of 10 percent for all members of his administration, Vladimir Putin’s press secretary, Dmitry Peskov, who is also deputy head of the administration, has told reporters on 27 Feb 15. In December 2014, President Vladimir Putin had ordered a one-year freeze on civil servants’ pay in various state offices, reacting to the then sharp fall of the Russian national currency caused by a plunge in oil prices.

Gas Supply in Ukraine and DPR. On 17 Feb 15, Kiev suspended gas supplies into the volatile eastern Ukrainian regions of DPR i.e. Donetsk and Luhansk, prompting Russia's energy giant Gazprom to supplant deliveries into Donbas. Hours later, Naftogas announced the resumption of gas deliveries into Donbas, although the region's two breakaway republics' leadership disputed that claim. Russian President Vladimir Putin said on 24 Feb 15 that Kiev's standing balance covered only three to four days of gas supplies. If no new funds are received from Kiev, then naturally we cannot continue delivering gas to Ukraine” Sergei Kupriyanov, a spokesman for Gazprom, said on 25 Feb. Russia may deliver gas free of charge to eastern Ukraine if necessary, Kremlin spokesman Dmitry Peskov said on 26 Feb 15. Ukrainian gas storage facilities currently have more than eight billion cubic meters of gas

Arctic Threats to Russian Security. Russian Defense Minister Sergey Shoiguon stated on 25 February that wide range of threats and challenges to Russia's security are emerging lately in the country's Arctic zone. Defense Ministry is evaluating the requirement to focus on developing

military infrastructure in the area. Russian Defense Minister Sergey Shoigu stated that late in 2014, the Joint Strategic Command was formed on the basis of the Northern Fleet and Military troops deployment in Chukotka will make it possible to enhance safety of the Northern Sea Route's traffic and respond timely to potential military threats in the area.

AFRICA

Col Ajay Ramdev

UN -The Malian Government- Rebels Ceasefire Deal.

As part of UN-sponsored peace process, Malian government and the rebels agreed to an "immediate cessation" of hostilities. The deal signed on 19 Feb 2105, was agreed between the Malian government and an alliance of six armed groups. According to the terms of the truce, both sides agreed to "tackle the causes of lasting tensions in the region".

French and African troops had intervened in Mali in January 2013 to stop the southern advance of Al-Qaeda-linked fighters on the capital, Bamako. They were eventually expelled from towns across the north, but both local Tuareg rebels and other Islamist militant groups have remained active, since then. Forty UN peacekeepers have lost their lives in northern Mali - most of them since the talks began in July 2014.

Rebels are seeking more autonomy for the north, a region they call Azawad. Mali's leaders have rejected autonomy but say they are willing to consider devolved local powers.

The agreement to cease hostilities was the last chance to save the Algiers talks. It came after the United Nations Security Council threatened Arab and Tuareg rebels and pro-government militias with sanctions.

Comments. Western governments are keen for a lasting peace in Mali, fearing Islamist militants will again profit from the unrest in the north to gain a foothold, two years after French troops intervened to drive them out.

However, analyst are skeptic whether the peace truce will survive for long since, Mali's government says it will not discuss northern autonomy, but will talk about devolving more local authority, whereas, Rebels are seeking a form of local government, including some form of federalism, with local parliament and security.

Malian President Ibrahim Boubacar Keita is also under pressure over security and faces criticism from southerners unwilling to give concessions to rebels who they blame for a crisis when Islamist militants swept the north.

The test of the truce will be whether it is respected on the ground as none of the fighting parties have been disarmed.

LATIN AMERICA

Col Ajay Ramdev

US-Cuba - 2nd Round of Dialogue. In the second round of talks between the two countries in Washington, since a rapprochement in December, diplomats say they have made progress to restore full relations between the two countries. The two sides discussed issues pertaining to opening of Embassies in the two capitals. Also Cuba hopes it will be removed from US terror list.

The Obama administration wants US embassy to be opened in the Cuban capital. It also wants Cuba to take steps to improve human rights and internet access, stop human trafficking and take steps to improve civil relations.

However, Cuban negotiators want to see their country removed from the United States list of state sponsors of terrorism. Remaining on the list makes it impossible for Cubans to conduct banking and other business transactions in the US.

The head of the US delegation hoped that the embassies issue could be resolved before a regional summit in Panama on 10 April, where Presidents Barack Obama and Raul Castro might shake hands in a symbolic sign of improved relations at the summit.

Comments. Both sides are optimistic that the embassies issue could be resolved in time for the Summit of the Americas. Officials in Washington say they are reviewing Cuba's status, but have yet to make a decision. They have warned that many disagreements still remain. Speaking at a news conference, Secretary of State John Kerry drew a line between the opening of embassies and the presence of Cuba on the terror list.

In the wake of December's deal, the US has relaxed some trade and travel restrictions, but a major economic embargo remains in place. However, it will be long and tricky for both countries to

arrive at a mutually acceptable solution, as Cuba wants removal from the terror list to precede opening up of embassies.

China's growing influence in Latin America. According to estimates published by the China-Latin America Finance Database, loans by China's state-owned banks to Latin American countries rose by 71% to \$22bn (£14bn) in 2014. Over the past decade, China's state-owned banks have provided about \$119 billion in loans to Latin America.

Researchers say that China is now the biggest lender to the region, even overtaking organizations such as the World Bank and the Inter-American Development Bank. Much of this money has flown into four natural resource-rich Latin American nations - Argentina, Brazil, Ecuador, and Venezuela. Despite Latin America's economy facing headwinds on the back of a commodity price slump, China has continued to grant loans to the region, thus presenting significant credit risks for the country's banks.

As per estimates, Brazil alone received \$8.6bn, it was followed by Argentina with \$7bn, Venezuela with \$5.7bn and Ecuador with \$821m. While these countries have received 90 percent of all Chinese funds in the region since 2005, the money has mainly ended up in sectors such as infrastructure, mining, and energy.

Year wise Chinese lending to Latin America in past five years is given below:-

2014: \$22.1bn

2013: \$12.9bn

2012: \$3.8bn

2011: \$17.8bn

2010: \$37bn

Comments. Analyst believes that Chinese finance is particularly popular with Latin American governments because it "comes with few strings attached". However, they warn that China's mounting financial commitments to the region also carry considerable risk. China is heavily invested in countries with poor credit ratings and a history of default.

China is throwing its weight - and money - around in Latin America. It plans to spend \$250 billion in the region over the next decade - but this cash comes with strings attached and could do more harm than good.

“China may tacitly require that Chinese companies have a hand in some projects, but has avoided meddling in domestic policy,”. Since 2007, Chinese state banks have loaned Venezuela more than \$50bn, which the Latin American nation has invested in mining, energy, infrastructure and housing projects.

IRAN

Capt (IN) Ranjit Seth

Nuclear Deal In the Offing. Top of Form

The P5+1 countries and Iran may be on the verge of signing a landmark nuclear accord that many believe will diminish Tehran's route to a nuclear weapon. Details are scarce as even the text of the implementation agreement for the Joint Plan of Action signed in Geneva in November 2013 weren't public. The emerging deal would impose uranium stockpile and enrichment limitations on Iran, and Tehran would have to submit to a restrictive verification and inspection regime for a period of 10 to 15 years. In return, sanctions on Iran would be lifted and its status as a uranium-enriching nation would be formalized under international law.

Significantly, an agreement or treaty will moderate the country's policies by reintegrating Tehran into the international mainstream. Yuval Steinitz, Israel's minister of intelligence stated that Iran's future moderation may be the justification for the US accepting a 10- to 15-year deal, which is five to 10 years shorter than what negotiators were initially aiming for.

In the US, conservatives believe "An unstated assumption of Obama's Iran policy is that Washington and Tehran share a strong interest in defeating the Islamic State (ISIS) and stabilizing the Middle East," (Michael Doran, a senior fellow at the Hudson Institute and a senior director in the National Security Council under president George W. Bush.) "All previous presidents have recognized a potential overlap between Iranian and American interests, but have seen Iran's support for terrorism and subversion, and its opposition to the American role in the Middle East, as huge impediments to exploiting this potential," Doran said.

The European Union's foreign policy chief Ms Frederica Mogherini said an Iran nuclear deal was possible, "A good deal is at hand if the parties will keep cooperating as they did so far and if we have enough political will from all sides to agree on a good deal and sell it domestically".

US Secretary of State John Kerry has said that Iran is "forever" banned from building a nuclear weapon under an existing international treaty and that there is no reduction of restrictions in the deal that permits Iran to build a nuclear weapon. The aim is to have a deal, which by limiting enrichment and destroying centrifuges would ensure that it would take Iran at least a year to gather the fissile material to build a bomb. That would give the international community ample time to ward off the threat.

There were still obstacles to overcome before a March 31 deadline, and any deal will face harsh opposition from hardliners in both Iran and the US. It would also strain already-tense U.S. relations with Israel, whose leaders oppose any agreement that doesn't end Iran's nuclear ambitions. Israeli Prime Minister Benjamin Netanyahu may be expected to strongly criticize the deal in an address to Congress.

Military Exercises. The Iranian Revolutionary Guard Corps concluded its three-day large-scale military exercise Great Prophet 9 with a combined air-naval-ground exercise in the Persian Gulf and Strait of Hormuz. IRGC Navy Commander Brigadier General Ali Fadavi said that a "new strategic" weapon was tested during the exercise and that; "...this new weapon has a very determining role in boosting our naval power to counter the threats posed by the Great Satan, America." Bottom of Form

SYRIA

Col RS Kang

ISIS Kidnaps 220 Christian Assyrians in Northern Syria. The ISIS has kidnapped at least 220 people from the villages inhabited by Christian Assyrians in northeastern Syria in an attack that lasted for three days. The kidnappings occurred when ISIS managed to seize 10 villages inhabited by the Christian Assyrians near the city of Al-Hasakah, which was mostly controlled by the Kurds.

US Authorities Arrest 6 Bosnians for Supporting ISIS in Iraq and Syria. US authorities announced on Saturday, that 6 Bosnian immigrants have been arrested on suspicion of supporting ISIS in Iraq and Syria, stressing that they were using coded languages on social media websites and sending money and military equipment.

The authorities arrested them on suspicion of having links with terrorist activities related to ISIS in Iraq and Syria. They were allegedly sending money and military equipment shipped by brokers to Turkey.

IRAQ

Col RS Kang

ISIS Militants Destroy Artifacts from Ancient Assyrian Era Nineveh. The ISIS group elements have demolished the Mosul museum and smashed its ancient artifacts and sculptures, according to a video released by supporters of the group on Thursday. The video, which was published by supporters of the ISIS group, has shown a group of men attacking and destroying ancient statues and sculptures dating to the ancient Assyrian era in the Mosul museum.

Noteworthy, the Mosul museum was built in 1952 and it contained some of the oldest cultural and religious artifacts of the Chaldean and Assyrian civilizations and that which have a great cultural and historical significance.

ISIS attack on Iraqi-Saudi border foiled. An ISIS attack on a Saudi-Iraqi border has been foiled, leaving a number of attackers dead and wounded, while others fled.

Ministry spokesman Brigadier General SaadMaan said in a statement “A force of the 5th Brigade in the border guard foiled an attack by ISIS elements MahfourNgenh station in Anbar.” Maan added, “A number of ISIS elements were killed and wounded, while others fled.”

11 Suicide Bombers Including a Chinese Killed in Al-Baghdadi. Anbar Provincial Council announced on Friday, that joint forces represented by the local police, the Army and the tribesmen have managed to regain control over the residential complex in al-Baghdadi and free dozens of families, after 11 ISIS suicide bombers, including a Chinese, were killed.

The spokesman for the provincial council chairman, Solaiman Qubaisi said in statements, “15 ISIS suicide bombers took advantage of the military forces withdrawal and broke into the complex.” Qubaisi added, “This came after the withdrawal of the 27th Brigade of the 7th Division of the Iraqi Army from the residential complex to be replaced by another force, according to reports in the district. ISIS took advantage of this loophole to launch its attack.”

Iraq Bombs Kill Dozens in Attacks North of Baghdad. At least 37 people have been killed by car bombs targeting a crowded market and Shia militia checkpoints north of Baghdad, Iraqi authorities have said.

The first bombs exploded on Saturday near the market in the town of BaladRuz, 45 miles (70km) north-east of Iraq's capital, killing 11 people and wounding 50, police and hospital officials said.

Samarra and surrounding areas have been under constant attacks by ISIS extremists, who hold about a third of Iraq and neighbouring Syria in its self-declared caliphate. Clashes between Iraqi security forces and Islamic State militants followed the attack around Samarra, 60 miles (95km) north of Baghdad.

The attacks came as the country's prime minister, Haider al-Abadi, vowed to punish Isis militants who smashed rare and ancient artefacts in the northern city of Mosul. The militants hold Iraq's second-largest city and the surrounding Nineveh province.

INDIAN INFLUENCE IN CENTRAL ASIA

Air Cmde T Chand (Retd)

In spite of government's efforts to promote its "Connect Central Asia" policy formulated in 2012, Indian influence in the Central Asian Republics (CARs) has not grown when compared to other competing nations especially China. The Times of Central Asia has published a well researched article titled "Does India still have a chance in Central Asia" written by Calum Heaton on 26 Feb 15 highlighting various aspects of this situation urging present government to pay more attention to this region. Geographically, India is hemmed in by other countries including the Afghanistan and Pakistan which further inhibits its accessibility to the Central Asia market. Much of its trade relies on the Iranian port of Chabahar in order to access the Central Asian Republics. However the countries of Central Asia are already having good relations with India for mutual benefit. A successful partnership has been encouraged by high demand for Kazakh uranium, joint training exercises with the Tajik Air Force and contracted development of the Kyrgyz IT industry. Turkmenistan is likely to lead the growing friendship with India through the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

Possibility of enhancement of Indian influence in the region is likely to grow as India is poised to join SCO this year. Expansion of Eurasian economic Union including more CARs in its fold,

spread of New Silk roads in the region and likely end of Iran's isolation in near future is likely to offer new opportunities for enhancement of Indian influence in this region.