

ENVIRONMENT SCAN – 07 DEC 2015

CHINA, UNITED STATES, RUSSIA, AFGHANISTAN, PAKISTAN, MYANMAR, AFRICA, ASEAN

Zuma says China-Africa Co-operation 'Win-Win': South African President Jacob Zuma says closer ties between Africa and China will be a "win-win" co-operation. In his closing remarks at a major summit between China and Africa in Johannesburg, he said both sides wanted to "prosper together".

On Friday, Chinese President Xi Jinping announced \$60bn (£40bn) of assistance and loans for African states. He said the momentum of rapid growth in Africa was "unstoppable". He also proposed that China-Africa ties be upgraded to "a comprehensive strategic co-operative partnership". Mr Xi said China firmly supported Africa's pursuit of independent sustainable development. He said African countries should be allowed to address regional affairs in an independent way.

\$60bn of Chinese assistance is indeed unprecedented. A heady cocktail of debt relief, aid and preferential loans offered by the Chinese President Xi Jinping has nailed China's commitment to African development. But make no mistake. This is about business. China is taking a gamble on future African growth by unlocking the "bottlenecks" to development, as President Xi described them. These include a lack of infrastructure, skilled personnel and access to funds. That requires investment in education and structural reforms,.

Africa provides not only a huge market place for Chinese goods and services but it also offers strategic opportunities. As China expands its international ambitions as a UN peacekeeper and a wealthy "patron" helping to bankroll African growth and "African Solutions to African Problems" what will China expect in return?

Loyalty - not least when it seeks to protect its interests when it uses its vote on the UN Security Council, and the continued "fraternity" that President Jacob Zuma referred so warmly in his closing speech. Mr Xi also said China was ready to play "a constructive role in promoting political settlement of Africa's hot-spot issues", but did not elaborate.

China's announcement of grants, loans and development funds was widely anticipated, although the figure exceeded expectations. The Forum on China-Africa Co-operation (Focac) was the

second time China has brought together African leaders since the forum was launched in Beijing in 2000.

China's Xinhua says U.S. OPM Hack was not State-Sponsored: China's official Xinhua news agency said an investigation into a massive U.S. computer breach last year that compromised data on more than 22 million federal workers found that the hacking attack was criminal, not state-sponsored.

White House spokesman Josh Earnest would not comment on the results of the U.S.-Chinese talks but called the dialogue "an important step" toward addressing longstanding U.S. concerns about Chinese cyber espionage. However, U.S. officials have said privately they believe Chinese government entities were behind the breach, which involved the compromise of sensitive personal data submitted to OPM by applicants for U.S. government security clearances, as well as field reports generated by security investigators.

One reason U.S. officials are reluctant to accuse the Chinese government publicly of hacking American security clearance data, officials and private experts have said, is that this is the sort of spying done by most if not all major foreign intelligence agencies including U.S. agencies.

Shortly before Chinese President Xi Jinping visited the United States, Chinese officials told their American counterparts that Beijing had detained at least two hackers who breached U.S. computer networks. Reuters reported in October that Chinese officials told their U.S. counterparts that one suspect was involved in the OPM breach.

OPM's director resigned in July in the aftermath of the agency's disclosure that it had fallen victim to two cyber attacks.

Top U.S. and Chinese officials convened this week in Washington for the first round of cyber security talks following the signing of a bilateral anti-hacking accord in September. The two sides reached a broad agreement on the joint fight against cyber crimes, and will set up a hotline for these issues, according to Xinhua and CCTV, China's state-operated national broadcaster.

The next meeting is scheduled for June, Xinhua said.

Foreigners Drawn in as Fear and Loathing Grip China's Finance Industry:

A widening regulatory probe into some of China's biggest brokerages has set nerves jangling in a

financial industry still recovering from a summer of turmoil, with fear of becoming entangled in investigations spreading among foreign investors.

People working at domestic securities firms report an ugly mood after news in the past week of increased scrutiny of the sector by authorities. A nervous inertia is slowing new business as staff are encouraged to report their bosses or colleagues for corruption.

"It's creating a very dog-eat-dog environment," said a partner at a Chinese mutual fund. "People collect evidence on their bosses, because if they get rid of their boss, it means that they can get promoted faster". Foreigners operating in China or investing in the mainland through Hong Kong are also worried about becoming entangled in the widening regulatory net.

"Everyone is absolutely terrified of China," said a director at an international brokerage in Hong Kong, echoing the sentiment of many in the industry contacted by Reuters. Most did not want to be identified due to the sensitivity of the issue.

The crackdown on the securities industry - from hedge funds and institutional fund managers to brokers and banks - began after the mid-year equity market crash wiped around 40 percent off mainland share prices, which Beijing blamed partly on "malicious" short-selling and insider trading.

Authorities have revealed little about the specific reasons for the probes, but three sources told Reuters they believed some of the investigations involved suspicions of insider trading relating to trades by China's "national team" - the big brokerages and fund managers dragooned into buying stocks as part of unprecedented measures to prop up the market.

Brokers, consultants and lawyers said foreign investors operating in China were becoming increasingly reluctant to speak publicly on market issues in case they attract adverse attention from regulators. While they welcome the need to investigate and prosecute rule breakers, they say a lack of legal recourse in China creates the fear about being caught up in the net.

Chinese corruption investigators typically cast a wide net, often dragging in dozens of the primary target's business associates. That unnerves many investors.

UNITED STATES

Gp Capt GD Sharma, VSM (Retd)

Obama Seeks War Authorization. Obama recently addressed his countrymen to allay the fear germinating in general public that ISIS is expanding its area of operation to America and even to Europe after a radicalized couple in a shooting spree in California killed 14 and wounded 21 US citizens. Terror Attacks in Paris and Britain strengthen this impression especially as ISIS has taken credit for it.

Current American policy allows armed air support to the Iraqi and Kurdish forces and similar support to the Free Syrian rebels in Syria with no involvement of ground forces other than some for training and intelligence. Pursuing this strategy, US has launched over 8,000 airstrikes against the group over the past 16 months in Iraq and Syria, killing upwards of 20,000 fighters, according to U.S. estimates. Despite this, group has not capitulated and it still continues to influence and attract the young volunteers from across the world especially from the west. President Obama while is still against deployment of ground forces in Iraq and Syria has sought war authorization from the congress. This has received stiff resistance from members of US congress who find it broad based and not specific as the draft allows for certain ground combat operations including hostage rescues and use of special forces to liquidate the ISIS leadership as well as, use of US forces for intelligence collection, targeting operations for the drone strikes and planning and giving assistance to the local forces. Hence while the plan still does not suggest the large scale employment of US ground forces in its fight against ISIS, it has substantially expanded from earlier position which started initially with air campaign then advanced to training and assistance role to the local forces and now has sought enlargement of the scope with involvement of specialized US ground forces in Iraq and Syria.

It is true that ISIS is facing heat now especially with Russian applying full force including employment of T-90 tanks which probably are manned by Russians themselves, may be, this pressure has forced ISIS to expand its terror campaign beyond Middle East through sympathizers and followers in Europe and America as has been demonstrated by recent terror attacks. Hence ISIS seems to be in what in disarray now, a greater push by the coalition can bring results. Congress understands this well and could give war authorization to President Obama.

RUSSIA

Col Anadi Dhaundiyal

Russian Aircraft Shot Down. Turkish warplanes shot down a Russian Su-24 attack aircraft on 23 Nov 15 after the jet reportedly violated Turkish airspace for 17 seconds.

Russia has deployed S 400 Triumf air defence missiles at its air base in the Syrian region of Latakia and deployed Sukhoi Su-30 Flanker heavy fighter jets for bombing escort. Russia has also assigned the flagship of the Black Sea Fleet, the guided missile cruiser Moskva to support the air grouping with its modified S-300 air defense units off the coast of Latakia.

Comments.

(a) The duration of 17 seconds indicate, at the max 7 kms over Turkey at mach 1.5 by the bomber. Judging that the ejected pilot was shot by the Free Syrian Army, the aircraft would have flown along the Turkish IB. The 17 seconds could not have been a deep penetration since no bombing took place by the bomber.

(b) Since air to air missile was used, why did Turkish aircrafts arm themselves with AAMs? Whom did they fear, for them to arm before take off, unless it was premeditated?

(c) Did the Turkish ac take off after incursion? How the fast take off happened after incursion? Distance of Russian ac from Turkish airfield? In war, decision to fire at enemy ac is taken by field commanders, but in peace time opening fire is a political decision. Since Turkey is not at war, did the politicians clear the firing, at within 17 seconds? Or did the missile get fired after the 17 seconds?

IS Threat in Thailand. Russia's intelligence agency Federal Security Service (FSB) has warned Thai authorities of the presence of Syrians aiming to target Russians in Thailand.

Comments. IS has reasonable motive for targeting Russians across the world.

Bombings Against IS. Russian air force, using over 60 acs, has struck nearly 1,500 targets all over Syria over the past nine days, the military said, its bombers now flying under cover of strategic Su-30 fighter jets following the downing of a plane by Turkey last week.

(a) Russian air contingent carried out 431 sorties and bombed 1458 targets in several regions of Syria, without mentioning whether any of them were affiliated with the Islamic State jihadist group.

(b) Among the targets was a "command post" near the town of Khnaifess in the Homs region, and a "large ammunitions stockpile" near Morek in Hama region, which was captured from the Syrian army in early November.

(c) The airstrikes also "destroyed a large militant base" at a strategic location near Kassab in Latakia region, leading to Syrian army "taking the high ground," the ministry said.

(d) Some 40 large trucks and cisterns "used to transport oil" were destroyed during strikes on two groups of vehicles near Aleppo and Raqqa, while elsewhere 12 oil pumping stations and eight oil fields were targeted.

Comments. Russian bombings will serve the dual purposes of attacking the ISIS as well as consolidating the position of Syrian/ Shiite troops .

Russia – Turkish Relations.

(a) Russia has accused Turkish President Erdogan of running a "family business" after his son-in-law has allegedly been linked to smuggling ISIS oil.

(b) Berat Albayrak, President Erdogan's son-in-law, who was appointed energy minister earlier this month, The Times reported that three years later Mr Albayrak became the CEO of Calik Holding, a government friendly conglomerate with an interest in energy and oil. Mr Albayrak, as per a book published by journalist Tolga Tanis, also managed Powertrans, a company that trucks oil from Iraq's autonomous Kurdish region.

(c) Russia's defence ministry on Saturday accused the United States of turning a blind eye to the trafficking of oil into Turkey from Syrian areas under Islamic State control, after US called the amounts involved insignificant. US officials estimated the IS group's income from oil at \$1.0 million to \$1.5 million per day, but hope that renewed US, British and French air strikes have cut that. They stated that it is sold on the war zone black-market within Syria and neighbouring Iraq.

(d) Putin has said that Turkey 'will regret' downing Russian bomber in Syria. In a state of the nation speech, he said that "if anyone thinks Russia's reaction will be limited to trade sanctions, they are deeply mistaken". "We'll remind them again what they did - they will regret it." He also said that probably Allah alone knows why they did it. "And evidently Allah decided to punish the ruling clique in Turkey, by depriving it of any reason or logic."

Comments. Due to the Turkish downing of Russian bomber and absence of Turkish apology, Mr Putin has not been available to receive telephonic call from the Turkish President.

Russia - Iran. Russia has begun deliveries of its advanced S-300 anti-aircraft missile systems to Iran, presidential aide Vladimir Kozhin was quoted on 03 Dec 15.

Comments. The move is a follow up post Iran signing the Nuclear deal.

Spill over of Russia- Turkey Tensions. Escalating tensions between Russia and Turkey have spread to the Caucasus, a volatile region where both powers have long contested each other's influence. The two sides are squaring off over the ongoing conflict between Armenia and Azerbaijan, two tiny former Soviet republics that have been at loggerheads since a six-year war over an ethnic Armenian enclave in Azerbaijan called Nagorno-Karabakh ended in 1994.

(a) Armenia, a Russian ally, now controls Nagorno-Karabakh. Russia maintains a military base in Armenia, which experts say has had a stabilizing influence.

(b) Azerbaijan is an ethnically Turkic, Muslim country with a 1,100-mile pipeline that brings oil to Turkey via Georgia, bypassing Russia and undercutting Moscow's influence in the region's energy sector.

(c) Azerbaijan has recently increased its cross-border raids and shootouts against Armenian forces.

(d) On 26 Nov 15 Turkish Prime Minister Ahmet Davutoglu stated "Turkey will do everything possible to liberate the occupied territories of Azerbaijan,"

Comments.

(a) Azerbaijan's bolder stance reflects Turkish backing in the region.

(b) If things develop into a proxy war in the Caucasus, this is something very serious and something very scary."

AFGHANISTAN

Capt Ranjit Seth

PM to Visit Afghanistan. Prime Minister Narendra Modi will soon visit Afghanistan, with New Delhi and Kabul quietly working on probable dates. Unlike his other foreign tours, the PM's visit to Afghanistan is likely to be a low-key affair, ostensibly due to security concerns.

India is likely to formally announce the visit just days before the PM commences his tour, which will send a strong signal about India's long-term commitment to security and development of war-ravaged Afghanistan.

Construction of both Afghan Parliament complex in Kabul and Salma Dam in heart province of Afghanistan is nearing completion. The projects are among the several projects India embarked upon to mark its support to development in Afghanistan.

The Heart of Asia. The brief and informal meeting between Prime Minister Narendra Modi and his Pakistan counterpart Nawaz Sharif seems to have led to a thaw in bilateral relations. India had officially accepted Pakistan's invite for the conference but was yet to decide on the level of representation. Now Foreign minister Sushma Swaraj would visit Islamabad

The Heart of Asia series of conferences started in 2011 and are aimed at bringing together regional countries to promote peace and prosperity in Afghanistan. The participating countries include Afghanistan, Azerbaijan, China, India, Iran, Kazakhstan, Kyrgyzstan, Pakistan, the Russian Federation, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan. The conference also has 17 supporting member countries including the United States, Canada, the U.K., and 11 international and regional organizations, including the UN, SCO, SAARC, OIC, and NATO.

Afghanistan Blames Pak at UNGA. At the Plenary Session on the Situation in Afghanistan, Mahmoud Saikal, Afghanistan's Permanent Representative told the United Nations in a strongly worded statement that Pakistan was using terrorists as "violent proxies". He blamed Islamabad's "unnecessary anxiety" over its ties with India for a sharp spike in civilian and military casualties that made 2015 the bloodiest year since 2001.

"External support to the Taliban and other terrorist groups is primarily motivated by regional rivalry, with excessive and unnecessary anxiety and suspicion of one state over its rival's otherwise ordinary relations with Afghanistan. This has resulted in an unsavoury policy of using violent proxies in pursuit of political objectives, which has created a significant trust deficit

between Pakistan and Afghanistan and provides oxygen for terror to breathe." Hitting out strongly, the Afghanistan rep blamed "foreign" orchestrators for this year's ferocious attacks. The latter had taken advantage of three factors, including the withdrawal of international forces, and the strong belief of the terrorists that their attacks would make the political system collapse. Lack of coordination of Pakistan's untimely counter- terrorism operations with Afghanistan, allowing part of international terrorists to enter Afghan soil; and Kabul's preoccupation with its 2014 political transition, involving two rounds of elections, which slowed down governance were the other two reasons he listed. "Alongside these threats, in 2015 Afghanistan continued to face regular attacks across the Durand Line by Pakistani security forces in clear violation of our sovereignty and territorial integrity."

NATO To Keep 12,000 Troops In Afghanistan. NATO will keep troops in Afghanistan for an extra year in 2016 to prevent the country again becoming a terrorist safe haven. NATO'S resolute support advice and training mission was supposed to end this year but Taliban battlefield successes, especially their recent brief capture of the northern city of Kunduz, prompted a radical re-think. Troop numbers will be "12,000 approximately," in line with current strength. The alliance ended combat operations at the end of 2014, leaving in place the Resolute Support mission. The 28 NATO allies were also reviewing how to provide fresh funding for the Afghan armed forces for the period 2017-20, after they had put up USD 4.0 billion previously.

PAKISTAN

Lt Col Anil Gorshi, SM**

India and Pakistan Hold National Security Advisor Level Talks in Bangkok: National Security Advisers of India and Pakistan held a secret meeting in Bangkok discussing a range of issues including Peace and Security, Terrorism and Kashmir.

This meeting was agreed on by Prime Minister Narendra Modi and Pakistan Prime Minister Nawaz Sharif when they met in Paris last week. Bangkok was chosen as it was a convenient location for both sides. The Foreign Secretaries of both countries accompanied the NSAs.

The talks/discussion covered 'peace and security', terrorism, Jammu & Kashmir, tranquility over line of control. The meeting continued for about 4 hours. The NSA meeting builds on the Ufa declaration on NSA Level dialogue. The NSAs will also meet again to carry forward the constructive engagement.

Indian Foreign Minister Sushma Swaraj is also all set to travel to Pak on Tuesday for an Afghan Conference.

Analysis. The Important aspects of India Pak NSA level talks in Bangkok is that the Kashmir Separatists have been left out. No importance has been extended to them by both countries.

India was willing to address all outstanding issues with Pak bilaterally through peaceful means. There is a requirement to have necessary environment but Pakistan continued support to terrorism has prevented the same.

A Constructive relationship between two countries is good for stability of the region. UN Secretary General Ban Ki Moon said improved relation between India and Pak could create a more conducive environment for the two nations.

The US has said it has no role to play in Kashmir issues and it is for India and Pak to address the problem through mutual dialogue.

MYANMAR

Gp Capt GD Sharma, VSM (Retd)

Myanmar Military Establishment May Consider Easing their Veto on Ang San Suu Kyi Becoming President.

Even after winning the landslide victory by National League of Democracy (NLD) party it is still not known who would be the next President of Myanmar. The present Myanmar military drafted constitution bars high office to those nationals whose relations are foreign nationals. Accordingly, Ang San Suu Kyi whose late husband and her sons are British nationals does not meet the norms for the office of the President. The situation suffers from dichotomy as while the election laws permit such a person to contest the elections but, denies the high office to the winner.

NLD has won 57.95% seats in the House of Representatives and 60.27% seats in house of nationalities of the parliament hence, by itself NLD would not be able to amend the constitution with 25% military appointees and some 15% seats held by other minor parties. Amendments to the constitution can be made only with the approval of more than 75 percent of the parliament. Occupying less than their intended 75 percent of the legislature weakens the position of the

elected representatives. Thus, changes in constitution can only be brought about with support from the Army.

Since NLD win in 1990 elections when SuuKyi was denied the power, she has mellowed down now and has so far avoided confrontation with the Army. This approach has borne fruit as well as with the existing political environment of reforms, this time, there appears to be no obstacle in transfer of power to NLD as President Thein Sein, Senior general AungHlaing and Parliament Speaker, all have assured of peaceful transfer of power to NLD. Even former General Than Shwe, who had usurped the power in 1990 after NLD last election landslide victory, has supported SuuKyi this time. Regarding SuuKyi occupying the high office of President, there is a positive comment by the Army Senior general too, who hinted that this may become possible in time to come.

AFRICA

Brig Jai Singh Yadav, VSM

Lake Chad: Triple Suicide Bombs Kill 27. On 04 Dec three suicide attacks by three women have hit an island on Lake Chad, killing at least 27 people and injured 80. The blasts, on the island of Koufoua on the Chadian side of the lake, struck a weekly market. No group has said it was behind the attacks, but the region is under a state of emergency after attacks by the Boko Haram militant group. This year thousands of people fleeing the Islamist fighters sought safety on the island.

Chad has played a key role helping Nigeria recapture areas seized by the group in northern Nigeria. But as Boko Haram lost territory it stepped up attacks away from its Nigerian strongholds and into remote areas of Chad, as well as neighbouring Niger and Cameroon. At least 17,000 people, mostly civilians, have been killed since 2009, when the group launched its violent uprising to try to impose Islamist rule in northern Nigeria, according to Amnesty International.

China-Africa Co-operation 'Win-Win'. South African President Jacob Zuma says closer ties between Africa and China will be a "win-win" co-operation. In his closing remarks at a major summit between China and Africa in Johannesburg, he said both sides wanted to "prosper together". On Friday, Chinese President Xi Jinping announced \$60bn (£40bn) of assistance and loans for African states. He said the momentum of rapid growth in Africa was "unstoppable". He also proposed that China-Africa ties be upgraded to "a comprehensive strategic co-operative

partnership". Mr Xi said China firmly supported Africa's pursuit of independent sustainable development. He said African countries should be allowed to address regional affairs in an independent way.

Comments. \$60bn of Chinese assistance is indeed unprecedented. A heady cocktail of debt relief, aid and preferential loans offered by the Chinese President Xi Jinping has nailed China's commitment to African development. But make no mistake. This is about business. China is taking a gamble on future African growth by unlocking the "bottlenecks" to development, as President Xi described them. These include a lack of infrastructure, skilled personnel and access to funds. Investment in education and structural reforms are also required.

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ASEAN

Brig Jai Singh Yadav, VSM

27th ASEAN Summit Meeting. Association of Southeast Asian Nations (ASEAN) gather in the Malaysian capital Kuala Lumpur on 21-22 Nov for a landmark summit that marked a new era for the region. Prime Minister Najib Tun Razak of Malaysia, Chair of ASEAN for 2015, presided over the 27th ASEAN Summit and announced the ASEAN's vision beyond 2015. During this Summit, the Leaders of ASEAN also engaged with the Heads of Government of China, Japan, the Republic of Korea, India, Australia, New Zealand, Russia and the United States. PM Modi also attended the summit.

One of the Anticipated Highlights in this Summit is the Declaration by ASEAN Leaders on the Establishment of the ASEAN Community. This is considered a momentous milestone in ASEAN's history since its founding in 1967. The ASEAN Community is the realization of the vision of the ASEAN Leaders for the regional grouping to build and achieve community status by 2015. According to the Secretary-General of ASEAN, H.E. Le Luong Minh, "Through the collective will and strong commitment of all Member States, with the launch of the ASEAN Community, ASEAN will become a full-fledged politically cohesive, economically integrated, socially responsible Community." He added that "With a sense of belonging and identity among

its citizens, the ASEAN Community has contributed significantly to the peace and stability in the region, towards greater regional prosperity that will ensure that all ASEAN peoples and the broader global community will have more opportunities and reap the benefits of ASEAN integration."

Together with the launch of the ASEAN Community, the ASEAN Leaders also issued the Kuala Lumpur Declaration on ASEAN 2025: Forging Ahead Together. The ASEAN's post-2015 vision charts the path of the ASEAN Community in the next ten years. It articulates ASEAN's goals and aspirations as the regional grouping enters the next phase of consolidation, further integration and stronger cohesiveness as a Community.

Shanghai Cooperation Organisation to Strengthen Ties with ASEAN. The Shanghai Cooperation Organisation (SCO) expressed on 02 Dec its strong commitment to work closely with ASEAN through the Secretariat-to-Secretariat level and beyond and highlighted the importance of continued support from Dialogue Partners, friends and other external partners, including from the Member States of the SCO, for ASEAN in this endeavour.

SCO is looking forward to working closely with ASEAN Member States and the ASEAN Secretariat especially in areas of common interests such as counter-terrorism, illegal drug trafficking and illegal immigration. Possible cooperation in the areas of economy, finance and environment were also brought up by Secretary-General Mezents.