

# ENVIRONMENT SCAN – 13 APR 2015

## CHINA Col C Madhwal, VSM

Ahead of PM Modi's Visit, China Says Arunachal Pradesh Dispute is 'Huge'. Ahead of Prime Minister Narendra Modi's trip to Beijing next month, China has described the "huge dispute" of Arunachal Pradesh as an "undeniable fact." Arunachal Pradesh shares a 1,126 km border with China and 520 km border with Myanmar. China claims Arunachal Pradesh as part of southern Tibet, a stand firmly refuted by India.

"There is a huge dispute in the eastern border of China-India border. This is an undeniable fact," said a spokesperson for the Chinese Foreign Ministry today. In February, China issued a strongly-worded statement and lodged an official protest against PM Modi's visit to Arunachal Pradesh.

Last year, Chinese President Xi Jinping's visit to India for talks with Mr Modi was overshadowed by a massive stand-off between Chinese and Indian troops in Ladakh. Both leaders vowed to work together to resolve the border row that has defied a solution after 18 rounds of high level talks over the last decade, the most recent of which was held late last month in Delhi. Ajit Doval, the National Security Advisor, led the negotiations for India.

China lays claim to more than 90,000 sq km (35,000 square miles) of Arunachal Pradesh. India says China occupies 38,000 square km (14,600 sq miles) of its territory on the Aksai Chin plateau in the west, which was annexed by China in the 1962 war.

India and China will Focus on Maintaining Peace Along Border: 7th Annual Defence Dialogue. Maintaining peace along the disputed border will continue to be the focus of the armed forces; India and China said on Friday amid new reports of Chinese incursions in Ladakh and a day after Beijing said a "huge dispute" in Arunachal Pradesh was an "undeniable fact".

The separate statements came after senior defence officials and military officers from both sides met in Beijing on Friday for the 7th annual defence dialogue.

The meetings, led by defence secretary RK Mathur from the Indian side, were kept low-key and little was shared about the agenda of the discussions. Indian diplomats declined to share details of the meetings and China too kept mum. The silence was symptomatic of the unease that exists

between the two nuclear-armed militaries — engagements between the personnel have been sporadic and mired in the legacy of the 1962 war.

The two armies have had only four joint exercises, which experts say were very basic anti-terrorism drills. The third exercise, in fact, was held in China in 2013 after a gap of five years as India had called off bilateral exercises in 2008 following the controversy over Beijing issuing a stapled visa to senior Indian officer from Arunachal Pradesh. The fourth was held in Pune last November.

The annual defence dialogue was co-chaired by Mathur and Deputy Chief of General Staff Admiral Sun Jianguo. A late night cut-and-dry statement issued by the Indian embassy said China's senior most military officer, Fan Changlong, vice-chairperson of the Central Military Commission, was likely to visit India later this year. The Central Military Commission is headed by President Xi Jinping. It added that the next installment of the bilateral "hand-in-hand" army exercise will be held in China this year.

Indian and Chinese Military Officers Could Soon Train Together. Weeks before Prime Minister Narendra Modi visit's to China, the two countries will discuss whether officers from either side could train at military training academies in each other's country. Indian military training establishments allow mid-level officers from "friendly foreign countries" - like USA, Sri Lanka, Africa, Philippines, Vietnam etc - to train alongside Indian officers in their courses. Indian officers too train at foreign military schools.

The move to have Chinese and Indian officers train with each other is seen as effort to foster better understanding between the two armed forces. It will be keenly watched by Moscow, Japan and even the US. The modalities will be discussed during the 7th Annual Defence Dialogue (ADD) in Beijing led by Defence Secretary R. K Mathur.

Besides, the proposal to allow officers to train with each other, officials from the two countries will also finalise setting up four meeting points along the India-China border in Leh to quickly resolve stand-offs. The meeting points identified are - Track Junction, Pangang Tso Lake, Demchock and Chumar.

They are also expected to discuss the expansion of the scope the annual military exercise, 'Hand in Hand', between India and China. The armies have carried out four such exercises in the past, primarily focused on counter-terrorism. "There is a possibility that the two militaries may exercise looking at different scenarios, which could involve the Navy and Air Force," a top

Defence Ministry official said. Finally, the two sides will also discuss how to better implement the Border Defence Cooperation Agreement or BDCA, which was agreed upon in October 2013 after a series of transgressions by Chinese troops, one of which resulted in a stand-off for over a month leading to heightened tension between the neighbours.

The BDCA aims to defuse border flare-ups. China and India had both agreed to curb aggressive patrolling in disputed border areas and also not to tail each other's patrols.

China Plans to Build Rail Link With Nepal Through Mount Everest. China plans to build a 540-kilometre strategic high-speed rail link between Tibet and Nepal passing through a tunnel under Mt Everest, a move that could raise an alarm in India about China's growing influence in its neighbourhood.

"A proposed extension of the Qinghai-Tibet Railway to the China-Nepal border through Tibet would boost bilateral trade and tourism as there is currently no rail line linking the two countries," state-run China Daily reported on Thursday.

The rail line is expected to be completed by 2020. However, there has been no word on the cost of the project. The 1,956-km long Qinghai-Tibet railway already links the rest of China with the Tibetan capital Lhasa and beyond.

Wang Mengshu, a rail expert at the Chinese Academy of Engineering, said that engineers will face a number of difficulties once the project begins.

"If the proposal becomes reality, bilateral trade, especially in agricultural products, will get a strong boost, along with tourism and people-to-people exchanges," he said.

Such a plan could see a tunnel being built under Mount Everest, the China Daily said.

"The changes in the elevation along the line are remarkable. The line is probably have to go through Qomolangma so that worker may have to dig some very long tunnels," Mr Wang said. Qomolangma Mountain is the Tibetan name for Mt Everest.

Restrained by rugged Himalayan mountains with its "remarkable" changes in elevation, trains on the line would probably have a maximum speed of 120 kmph.

Mr Wang said that the project is being undertaken at Nepal's request and that China has begun preparatory work. Losang Jamcan, Chairman of the Tibet Autonomous Region, told Nepalese President Ram Baran Yadav during his visit to Tibet's provincial capital Lhasa last month that

China plans to extend the Tibet railway to Kermug, the Chinese town nearest to Nepal border where a border trade port has been built.

Besides Nepal, China had earlier announced plans to extend its Tibetan rail network to Bhutan and India. During his recent visit to Nepal, Chinese Foreign Minister Wang Yi had asked the officials to conduct a feasibility study to extend the rail network to Kathmandu and beyond, the report said. China has been scaling up its ties with Nepal much to the displeasure of India to stem the flow of Tibetans travelling through Nepal to meet the Dalai Lama in Dharamshala. Beijing recently increased its annual aid to Nepal to USD 128 million from the previous USD 24 million.

**Indian Railways to Build Station Near Chinese Border.** Indian Railways will soon set up a station in Arunachal Pradesh near the India-China border, Defence Minister Manohar Parrikar said today.

"A draft of the MoU (Memorandum of Understanding) is ready and will be signed soon," Mr Parrikar said, adding he has spoken in detail about the project to Railway Minister Suresh Prabhu.

The Defence Minister said that the "gravity" of the border issue between China and India has come down as far as Arunachal Pradesh is concerned.

**More Men or Better Technology? Government Rethinking Strategy to Counter China.** India is said to be re-thinking a decision made two years ago to raise a mountain strike corps to guard the hilly northern borders with China. Sources said the government is now weighing whether it will make more sense to invest in better technology rather than raise an 80,000 strong force at considerable expense.

The Manmohan Singh government of the Congress had hastily cleared the raising of the corps after repeated transgression by Chinese troops in Ladakh in 2013, one of which lasted for over a month. The Mountain Strike Corps, or the Panagarh based 17 Corps, would add on about 80,000 men at a cost of Rs. 64000 crore to be spent over eight years.

The corps headquarters have come up at Panagarh in West Bengal; a few battalions have come up as well.

For the last two years, no separate funds have been allocated to the Indian Army to raise the corps and neither has border infrastructure been built to house troops. The Indian Army has been forced use war reserves to raise and equip the corps.

Sources told NDTV that plans to reposition troops in the northern command were put on hold temporarily because the existing infrastructure was found to be "incapable of absorbing more troops."

"Are we preparing for wars of the past or wars of future? Wars of the future will depend on disruptive technologies. The emphasis should be on modern means of combat and not bayonet to bayonet or muzzle to muzzle war," Major General B K Sharma (retd) , who heads Centre for Strategic Studies at the United Services Institute.

The Chief of Integrated Defence Staff and the National Security Council Secretariat have asked the government whether it wants a huge army or then a small but smart army with a focus on technology and non-contact fighting capabilities.

Besides, questions have also been raised about the huge cost by way of salaries and pensions, for the Indian Army. Already, manpower accounts for nearly 90 per cent of the Army's budget.

"Going by the average budget allocations, there may come a time when the Army finds itself unable to set aside money for capital expenditure, therefore, force accretion should be thought through," a top Defence Ministry official said.

Obama: China 'using muscle' to dominate in South China Sea. The US is concerned China is using "sheer size and muscle" to strong-arm smaller nations in the row over the South China Sea, Barack Obama says.

The US president's comments came amid heightened focus on Beijing's construction of artificial islands in disputed areas of the sea. On Thursday a US think tank released images showing land reclamation work on a reef claimed by the Philippines. China says the work is needed to safeguard its sovereignty.

China claims almost the whole of the South China Sea, resulting in overlapping claims with several other Asian nations including Vietnam and the Philippines. They say China is illegally reclaiming land in contested areas to create artificial islands with facilities that could potentially be for military use.

Images have emerged of work in multiple areas in the Spratly islands, which several nations claim. The most recent images, from the Centre for Strategic and International Studies, showed

work on Mischief reef. The think tank published before-and-after satellite pictures showing man-made islands with runways and harbours, and Chinese vessels dredging sand on to the reef.

Asked about the issue during a visit to Jamaica, Mr Obama said the views of smaller claimant nations had to be considered. "Where we get concerned with China is where it is not necessarily abiding by international norms and rules, and is using its sheer size and muscle to force countries into subordinate positions," he said.

"We think this can be solved diplomatically, but just because the Philippines or Vietnam are not as large as China doesn't mean that they can just be elbowed aside."

Photo: CSIS's Asia Maritime Transparency Initiative/DigitalGlobe

Hours earlier, China gave one of its most detailed comments on the issue at a foreign ministry daily press briefing. Spokeswoman Hua Chunying said that China had "indisputable rights" to the Spratly islands, and that it was only "protecting the country's national sovereignty and maritime rights". The construction was to serve troops protecting the area and civilian activity such as search and rescue operations, scientific research and commercial fishing, she said.

"The structures... do not affect, nor are they targeted at, any particular country," she said, adding that China would "continue to strengthen" its activities in the area.

In recent days, several senior US officials have weighed in on China's land reclamation work, warning it raises regional tensions. The commander of the US Pacific fleet, Adm Harry Harris, said in a speech in Australia last week that China was "creating a great wall of sand with dredges and bulldozers". He said that work to date had created more than 4 sq km (1.5 sq miles) of artificial land mass.

US Navy Lt Cmdr Wilson VornDick wrote in an analysis on the CSIS website: "It appears that China's building projects are part of an expansive territorial grab or to make China's disputed Nine-Dash Line claim a reality."

The Nine-Dash line is a boundary which China uses to demarcate its claims in the South China Sea. It is not recognised outside China. The row has already led to conflict. When China placed an oil rig in waters claimed by Vietnam last year, anti-China riots erupted.

The Philippines has filed a complaint with UN's Permanent Court of Arbitration - but China says it will not engage with the case.

## RUSSIA

Col Anadi Dhaundiyal

Exercise Joint Warrior. Exercise Joint Warrior featuring NATO 55 warships, 70 aircraft and 13,000 sailors, soldiers and airmen from 14 countries joined in Europe's largest war games off the coast of Scotland this weekend, amid concern Russia has stepped up naval missions in the area. The Royal Navy practiced hunting enemy submarines months after a real Cold War-style alert when a suspected Russian sub was spotted in the area. While the MoD in London said the maneuvers were not a response to any single nation, NATO commanders confirmed the massive exercise was partly a show of alliance strength to reassure members feeling threatened by Vladimir Putin's aggression in Ukraine.

Unsafe Intercept. After a Russian fighter jet intercepted an RC-135U a U.S. reconnaissance plane in an "unsafe and unprofessional manner" earlier this week, the United States is complaining to Moscow about the incident. The RC-35U provides strategic electronic reconnaissance information to the president, secretary of defense, Department of Defense leaders and theater commanders, according to the Air Force. On 07 Apr 15, a U.S. RC-135U was flying over the Baltic Sea when it was intercepted by a Russian SU-27 Flanker. The Pentagon said the incident occurred in international airspace north of Poland. The U.S. crew believed the Russian pilot's actions were "unsafe and unprofessional due to the aggressive maneuvers it performed in close proximity to their aircraft and its high rate of speed.

Russian Ruble Vs US Dollar.

The ruble has recovered 16 percent in 2015, and more than 55 percent since December 16 when it was nearly 80 rubles to a US dollar. In the week that ended on April 3, the Russian Central Bank spent \$5.5 billion propping up the ruble.

EU Unity. Greek Prime Minister Alexis Tsipras visit to Moscow has raised concerns that the former communist party youth activist might become the latest in a succession of European leaders to align with the Kremlin. Cracks in the EU for extending or widening the sanctions already have appeared. The leaders of the Czech Republic and Hungary openly espouse pro-Russian tendencies, while Moscow has signed a deal with Cyprus that allows Russian warships to

use Cypriot ports located just a few miles from the British military base at Akrotiri. At the same time Moscow has been allegedly funding a number of European anti-establishment parties, such as France's right-wing Front National, which is reported to have received millions of pounds in donations.

**Putin Returns Nazi-Looted icon to Greek Prime Minister.** In a sign of a blossoming friendship, Russian President Vladimir Putin has on 09 Apr 15 given visiting Greek Prime Minister Alexis Tsipras an historic Greek icon stolen by Nazis during the German occupation of Greece as the two countries mulled a series of economic projects. Putin's spokesman Dmitry Peskov said Putin presented the icon depicting St. Nicholas and St. Spyridon to Tsipras following talks on 08 Apr at the Kremlin. The icon was stolen by a Nazi officer when Greece was under German occupation in the Second World War, and was recently bought by an unidentified Russian man from the officer's descendants.

Greece's international creditors are watching Tsipras' visit to Russia with concern amid speculation that Greece might seek aid from Russia, as a bargaining chip with Western creditors. Speaking on 09 Apr, Tsipras reaffirmed his opposition to Western sanctions slapped on Russia last year and said his government helped block proposals to strengthen the sanctions. "Greece could become a bridge between the EU and Russia," he said. Tsipras said he and Putin have found a way to resume Greek agricultural exports, which were blocked last year under Russia's ban on Western food in retaliation to the EU sanctions. Putin said Wednesday it could be done by setting up joint ventures. Tsipras also confirmed the two countries have agreed to look into the possibility of extending a Russian gas pipeline to Greece and encourage Russian companies' participation in the privatization of Greek industry.

**Russia Ready to Offer Greeks Cash in Return for Assets.** Kremlin could provide cash-strapped Greeks a credit line and discounted energy supplies as Alexis Tsipras meets with Putin. Russians are reportedly ready to consider the question of providing Greece discounts on gas: the price for which is tied to the cost of oil which has significantly fallen in recent months. Russia could potentially be eyeing stakes in Greek gas company DEPA, train operator Train OSE and sea ports in Athens and Thessaloniki. Greece has invited Russian companies to explore natural gas and oil reserves off the country's eastern coast. In return, Greece has indicated it is willing to support the Kremlin's new pipeline plan through Turkey, known as "Turkish Stream". Two months of EU bullying and reproof have failed to cow Greece. Any deal that goes far enough to assuage Greece's justly-aggrieved people must automatically blow apart the austerity settlement already fraying in the rest of southern Europe. The necessary concessions would embolden populist

defiance in Spain, Portugal and Italy, and bring German euroscepticism to the boil. Grexit would lead to an “irreparable loss of global prestige for the whole EU” and crystallize Europe’s final fall from grace.

Russian Fast-Food “Let’s Eat at Home!” Rival to McDonald's. Russian famous film directors brothers Nikita Mikhalkov and Andrei Konchalovsky wrote to Vladimir Putin to promote import substitution and create alternatives to Western fast-food chains such as McDonald’s and therefore seeking state support for creating a patriotic Russian rival restaurant chain. Arkady Dvorkovich, a deputy prime minister has been asked to “examine and support” the proposal.

They requested state backing for the launch because of its "social-political character", estimating it would cost 971.8m roubles (£12.5m). The “Let’s Eat at Home!” proposal suggests opening 41 cafes in Moscow and Kaluga regions, which will be supplied by local factories and kitchens. The menu will feature 30 to 40 per cent of dishes made from “regional produce”. McDonald’s, which first opened in the Soviet Union in 1990, has suffered a number of setbacks recently.

Brazil- Russia Relations. Moscow may buy Scipio-01 radar from Brazil’s Mectron for the Russian YAK-130 jet trainer. This may be conditional to Brazil buying Russia's Pantsir-S1 air defense system. Moscow hopes the Pantsir deal, worth an estimated \$1 billion, would be signed this year. The surface-to-air missile batteries would bolster Brazil's defenses ahead of the 2016 Olympic Games in Rio de Janeiro and cement a strategic defense partnership with Russia, in defiance of Western sanctions. Western losses in Russia are Brazil's gain as Brazil sees pork exports to Russia amid Moscow's bans on western food. Russian agriculture minister has stated that it has found alternative suppliers to replace nearly 100 percent of the products affected by the food ban. Russia in August 14 had imposed a one-year ban on imports of meat, fruit, vegetables, milk and dairy imports worth about \$9 billion annually from countries that had leveled sanctions against it over Moscow's role in the Ukraine crisis. The ban has seen Moscow seek out alternative suppliers in Latin America, Asia and former Soviet states, as well as push for more domestic agricultural development.

## PAKISTAN

Lt Col Anil Gorshi, NM\*\*

US Approve USD 952 mn Sale of Helicopters Missiles to Pak. The US approved sale of US\$ 952 million worth of attack helicopters, missiles and other defence equipment to Pak to help the country with its counter terrorism operations.

US supported the deal saying that it would 'not alter' the military balance in the region.

Notification for the proposed sale of the AH-IZ Viper attack helicopter and AGM 114 R Hell fire 11 missiles and associated equipment, training and logistical support has been sent by Defence Security Cooperation Agency to Congress.

Analysis. The sale of helicopter and weapon system will provide Pak with Military Capabilities in support of its Counter Terrorism and Counter Insurgency Ops in South Asia.

This deal would also contribute to the foreign Policy and national security of the United States by helping to improve the security of a country vital to US foreign policy and national security goal in South Asia.

This sale will equip Pak with "Precision Strike" enhanced survivability aircraft that Pak can operate at high altitude. By acquiring this capability Pak will enhance its ability to conduct operation in North Waziristan Agency, the federally administered Tribal Area and other remote and mountainous area in all weather day and night environments.

This proposal of defence eqpt by the US is to be implemented over a period of five and half year involving technical support, trg by Americans.

Pakistan Debate Military Involvement in Yemen. Saudi Arabia has asked Pak for fighters Jets, ground troops and naval warships to join its campaign against Houthi rebels in Yemen.

In Pakistan's Parliament it was debated whether to join the Saudi led Military intervention in Yemen.

Pak has regularly voiced support for the Saudi mission but has not so far committed to take material part against Houthis. Pak has brought out any violation of Saudi Arabia territorial integrity would elicit a strong response from Pak.

Foreign affair Sartaj Aziz with several high ranking military personnel visited Saudi Arabia "to give Peace a chance."

Analysis. Muslim majority Pakistan is a long time ally of Saudi Arabia. In 1971 Pak was the first to recognise independence of UAE. Pakistan is also a major recipient of Saudi aid. Pak is trying to balance the issue by keeping alliance with Saudi Arabia and relations with Iran. Pak

military is also engaged in organising ops as against TTP) with 170,000 troops committed to fight in addition to war eqpt.

Pak has around 1.5 million active soldiers and reserves. One third of them are tied up with operations along Afghanistan. Bulk of the forces in a face off with nuclear armed India. Other are executing the Govt's counter terrorism plan.

The PM Nawaz Sharif feels joining Saudi led coalition, could influence a Sectarian Conflict in Pak where around fifth of the population is Shiite. Attack on Shiite are increasing, further it will destabilize the Pak nation of 180 million people.

## MIDDLE EAST

Col RS Kang

ISIS has released a video showing militants using power tools and bulldozers to deface and destroy ancient monuments in the Assyrian city of Nimrud in northern Iraq, before the site is leveled with explosives. Damage to the site was first reported in March, but the undated video lays bare the full scale of destruction, as the city is completely demolished. ISIS has previously attacked a number of other Assyrian sites in Iraq and destroyed countless manuscripts, books and other artefacts as they are deemed un-Islamic and blasphemous.

The video depicts men using angle grinders, pneumatic drills and sledgehammers to break priceless stone friezes, some of which have been in situ for more than 3,000 years. The ancient city of Nimrud was founded in the 13th century BC. The head of UNESCO has previously called the destruction a war crime. As the stone blocks crash to the ground the attackers can be heard shouting "Allahu Akbar".

ISIS Group Attacks Iraq's Largest Oil Refinery. The jihadist group claimed it broke into the Baiji oil refinery but the Iraqi army said the site, which has been the scene of fierce battles since the IS group swept across the region last year, remained under its control. The ISIS group militants attacked the large complex from three fronts: Al-Bujwari village to the south, the housing compound for refinery employees to the west and one of the smaller plants producing derivatives to the east.

20 jihadist fighters were killed in raids by the Iraqi air force, although that figure could not be verified. DAESH (ISIS) is trying to send the message that they are everywhere but in fact they

are defeated and cannot advance. The Baiji refinery once produced some 300,000 barrels of refined petroleum products per day, meeting 50 percent of the country's needs.

Peshmerga Forces Kills more than 18 ISIS Elements in Mosul. The Kurdish Peshmerga forces repelled an attack by ISIS militants west of Mosul, noting that more than 18 of them were killed in the attack. The attack was repulsed when ISIS offensive was launched on gatherings of the Peshmerga forces in Hirdan area in Zammar district west of Mosul, sparking clashes between the two sides. The ISIS militants used a number of suicide bombers and trapped vehicles in the attack. Two elements of the Peshmerga forces were wounded.

Russians Fighting for ISIS in Iraq and Syria. General Sergei Smirnov, deputy chief of the Federal Security Service (FSB), has said that nearly 1,700 Russian nationals have joined the Islamic State group to fight in Syria and Iraq, pointing out that, “The actual figure is likely to be even higher.” Smirnov also added that the majority of Russians who are fighting alongside the ISIS group are coming from North Caucasus region, including places like Chechnya and Dagestan, where there are many extremist sleeper cells.

ISIS Kidnaps Children in Mosul. The ISIS organization militants kidnapped nearly 120 children from their schools of the south and west of Mosul areas. The children abducted were aged between 12-15 years from their schools in Qayyarah, Shoura ,Badush and Baaj district south and west of the city of Mosul. The abducted children were reported to have been taken to unknown locations.

## BANGLADESH

Col Amit Sinha

With Eye on Polls, Modi Government may Delink Assam from Indo-Bangladesh Land Boundary Agreement. The Indo-Bangladesh Land Boundary Agreement (LBA) involves Assam, Bengal, Tripura and Meghalaya on the Indian side. As agreed upon through several rounds of negotiations started during UPA-II, Assam was set to lose land — around 268 acres — in the final arrangement. Assam giving up land is part of settling a disputed 6.1 km stretch that's been with Bangladesh since Partition. This is an emotive issue in Assam's often polarized and volatile politics and BJP's Assam unit has always opposed the land loss. After UPA-II reached an agreement with Dhaka on the border, BJP in Assam had taken to the streets and made it into a matter of Assamese pride.

New Delhi has taken up the issue of keeping Assam out of the border agreement and that Dhaka is open to considering such an adjustment if New Delhi feels that's the only way to seal the deal.

The current thinking, officials said, is aimed at working out a deal that allows Prime Minister Narendra Modi to visit Bangladesh in June and operationalise the border agreement. The Land Boundary Agreement was signed by Modi's predecessor Manmohan Singh in 2011 but is yet to be ratified. Parliamentary okay via a constitutional amendment Bill is required for ratifying the boundary agreement.

Officials said the Bill may be tabled in Parliament when the budget session reconvenes on April 20 after the current recess. The Bill has already been cleared by the Standing Committee on External Affairs, which recommended it be tabled at the earliest.

**Bangladesh-China Trade and Investment Corridor.** Bangladesh stands to gain much from China by way of higher exports and investment, as the Asian economic giant looks to deepen ties with its South Asian neighbours. In the next five years, China is expected to invest \$500 billion in different countries, import goods worth \$10 trillion, and export goods worth \$20 trillion. More than 400 million Chinese nationals are expected to visit other countries during the period.

“Given geographical proximity, we see a huge potential in trade and investment from China to Bangladesh,” said Abrar A Anwar, Chief Executive Officer of Standard Chartered Bangladesh. He spoke at a discussion on “Bangladesh-China trade and investment corridor: importance, potential and outlook”, co-organised by SCB and The Daily Star at the newspaper's office in Dhaka.

Anwar said the country has a huge opportunity to deepen ties with China, as the Asian economic giant has already opened its economy to trading partners under its planned 21st Century Maritime Silk Route Economic Belt. At present, China is Bangladesh's largest trading partner. In fiscal 2013-14, trade volume between the two countries stood at around \$8.29 billion. The trade balance though is heavily tilted in favour of the Asian giant: last fiscal year, Bangladesh imported goods worth \$7.54 billion and exported goods worth \$746.2 million.

The lack of adequate industrial land, power and energy is a major barrier to attracting foreign investment, he said. The government has selected five sites for special economic zones, with another 14 in the pipeline, he said, adding that one special economic zone is expected to go to Chinese investors.

Bangladesh is the right place for industries leaving China because of the cost competitiveness the country offers, he said, adding that China can shift its industries to Bangladesh as the country has a vibrant workforce and enjoys duty benefits to Western markets.

Comments. China is in the process of extending footprints in South East Asia. India needs to create conditions favourable for investments so as to woo investments in India.

## US TO CONTINUE DEPLOYING MISSILE DEFENCE SYSTEMS IN EUROPE IN SPITE OF FRAMEWORK AGREEMENT WITH IRAN

Air Cmde T Chand (Retd)

On 2 April 2015 the nuclear deal talks between P5+1 and Iran came to a conclusion and at a press conference held by Federica Mogherini, (High Representative of the European Union for Foreign Affairs) and Mohammad Javad Zarif (Minister of Foreign Affairs of Iran) it was announced that the seven nations had reached an agreement on a framework deal. Thereafter on 08 Apr US Assistant Secretary for Arms Control Frank Rose said at the Center for Strategic and International Studies that the US will continue opposing Russian requests to curb its deployment and development of missile defense systems in Europe. Russia has been requesting legally binding assurances from the US to guarantee that its missile defense architecture is not aimed at Russian strategic ballistic missiles. In recent years, the US has taken significant steps in deploying ballistic missile defense systems throughout Europe under the European Phased Adaptive Approach. The program includes the deployment of Aegis ballistic missile defense-capable ships deployed in the Mediterranean Sea and Aegis Ashore interceptor sites in Romania and Poland, scheduled for completion by 2017 and 2018.

All these years the US has been stating that the systems in Europe were to counter the Iranian threat. On 13 Apr 2015, Russia's Foreign Ministry Non-Proliferation and Arms Control Director Mikhail Ulyanov referred to the US missile defense developments as unrestricted and unilateral and further asserted that US ballistic missile developments in Europe have come at the expense of Russian security interests. Many analysts have believed all along that the European Phase Adapted Approach of Missile Defence System deployment was aimed at countering the Russian missiles and the stated Iranian missile threat was only a smokescreen. This now seems to be proving to be true. The development also shows that the US and its NATO partners has put high trust on the missile defence systems against Russian and not Iranian missiles.