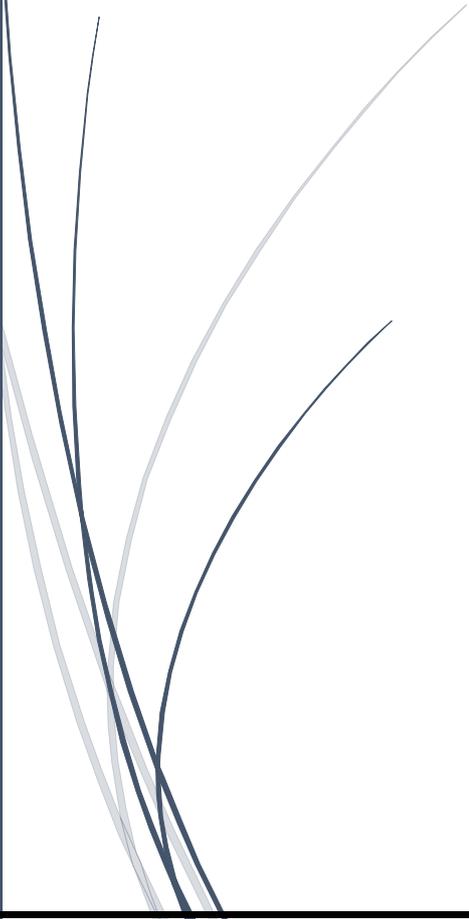




India and the World

Current Affairs for OAS Mains 2019



OBEJCTIVE IAS
www.objectiveias.in

Contents

1. India- Taiwan
2. Malabar Exercise
3. India-UAE
 - a. Reciprocating Territory
4. India- Bangladesh
5. India-Bhutan
 - a. Gujral Doctrine
6. India-Pakistan
 - a. Vienna Convention
 - b. Kulbhusan Case in ICJ
 - c. ICJ
7. India-Nepal
 - a. Kalapani Issue
8. Mission SAGAR
 - a. Operation Samudra Setu
9. PIO vs OCI
10. USTR takes India off from Developing Country List
11. India-Japan
12. India-France-Australia triologue
 - a. Indian Ocean RIM association
13. India-Angola
 - a. India-Africa Forum Summit
14. India-Finland
 - a. Geological Survey of India
15. India-Israel
16. India-Sri Lanka
17. India-Malaysia
18. Hormuz Peace Initiative
 - a. Strait of Hormuz
19. India-Germany
20. India-RECP
21. India-China
 - a. Wuhan Summit
22. Saudi ARAMCO attack
23. Eastern Economic Forum

India and Taiwan Think Tanks Join Hands for Indo-Pacific Cooperation

On October 7, 2020 at the Yushan Forum, the Taiwan-Asia Exchange Foundation (TAEF), a leading think tank from Taiwan, signed a memorandum with India's **National Maritime Foundation (NMF)** in order to foster cooperation in the Indo-Pacific region as part of **Taiwan's South bound policy**.

- The memorandum's aim is to conduct joint research and expand cooperation in maritime affairs and regional development.
- As a part of this partnership, both organizations will set up a joint task force to deepen bilateral dialogue.
- Taiwan based forums would hopefully persuade Indian policymakers to give more weight to Taiwan-Indian cooperation on regional issues.
- **Indo Pacific Regional Dialogue:** In 2018, Indo-Pacific regional dialogue was first conceptualized. The main objective of the Indo-Pacific regional dialogue is to review India's opportunities and challenges in the Indo-Pacific region.

India and Taiwan

- India has not formally recognised Taiwan (Republic of China) so far. This means that India is formally adhering to **One China policy**.
- On the other hand, India and Taiwan in 2018 already signed a bilateral investment agreement. India-Taiwan trade ties have expanded since and Taiwanese firms are prominent investors in India, although India and Taiwan do not maintain formal diplomatic relations.
- In May 2020, two members of the Indian Parliament virtually attended the newly elected President Tsai's swearing in ceremony and praised Taiwanese democracy, thereby sending what some have termed a warning message to China and signaling a strengthening of relations between the India and Taiwan administrations.
- Also, in July 2020, Indian government appointed a top career diplomat, as its new envoy to Taiwan.

New Southbound Policy

- The New Southbound Policy aims to observe and deepen interaction with partner nations, expand collaborative efforts, and promote mutually friendly environments to further economic, industrial, technological, educational, cultural and tourism partnerships.
- The partner countries under the policy are the **10 ASEAN members, plus Australia, Bangladesh, Bhutan, India, Nepal, New Zealand, Pakistan and Sri Lanka**.

- Taiwan named India as one of its New Southbound Policy target countries in 2016.

National Maritime Foundation

- The National Maritime Foundation (NMF), in New Delhi, is a non-governmental, non-political maritime think-tank, which aims to undertake studies and analyse various issues of concern in the maritime domain with a view to formulate and present options for a vibrant and evolving national maritime policy.
- The Indo- Pacific Regional Dialogue, the apex level conference of the Indian Navy, is organized by the National Maritime Foundation as the Navy's Knowledge Partner.

Taiwan-Asia Exchange Foundation

- Founded in 2018, the Taiwan-Asia Exchange Foundation (TAEF) is the first policy-oriented think tank in Taiwan with a focus on Southeast Asian and South Asian affairs.
- In the spirit of the New Southbound Policy (NSP), the goal of the TAEF is to promote comprehensive ties between Taiwan and the 10 ASEAN countries, six South Asian states, through cooperation and exchanges in three major fields – including think tanks, non-governmental organizations (NGOs) and young leaders – to consolidate a sense of regional community in Asia and establish long-term cooperative partnerships.

Australian Navy to join Malabar Exercise

On October 19, 2020, the Government of India announced that the Australian Navy will join the Malabar exercise that is to be conducted in November 2020. This means that all the four Quad countries are to participate in the exercise.

- The exercise will be a first for the “Quad,” the Pacific cooperation between Japan, India, Australia and the U.S.
- The exercises, which will take place both in the Bay of Bengal and the Arabian Sea, demonstrate a change of stance for the first time since 2007 when Australia participated in Malabar but was dropped in subsequent editions after serious objections were raised by China that even issued a formal demarche alluding to a military front directed towards it.

Significance of Australia's Inclusion in Malabar Exercise

- Earlier, India had concerns that it would give the appearance of a “quadrilateral military alliance” aimed at China.

- India and Australia are wary of China's assault on maritime security and freedom of navigation in the Indo-Pacific region. Inclusion of Australia in Malabar exercise along with strengthening the idea of 'Quad' can therefore promote rule-based, open, free and inclusive Indo-Pacific. This has led to a convergence of mutual interest in many areas for a better understanding of regional and global issues.
- Exercise Malabar also showcases the deep trust between four major Indo-Pacific democracies and their shared will to work together on common security interests.
- The Malabar EXERCISE has the potential to be a complex, "high-end" war-fighting exercise, integrating forces and developing complex air and maritime interoperability.
- Each of the four countries already conducts annual bilateral air and maritime exercises with the other three partners, so Malabar can quickly move past the "getting to know you" phase and into the "multidomain war-fighting" phase. As a result, Malabar has the potential to provide a robust deterrent message to China.
- Both, India and Australia are expected to conclude the long-pending **Mutual Logistics Support Agreement (MLSA)** as part of measures to elevate the strategic partnership.

Malabar Exercise

- It is an annual trilateral naval exercise between the navies of India, Japan, and the USA which is held alternately in the Indian and Pacific Oceans.
- It began as a bilateral naval exercise between India and the **USA in 1992** and was expanded into a **trilateral format with the inclusion of Japan in 2015**.
- While India, the US and Japan have been conducting the Malabar series of exercises annually, the **2007 edition** marked a significant expansion with the participation of Australia and Singapore.
- Other exercises between India and Australia are **Pitch Black** and **AUSINDEX**.

India – UAE Defence Co-Operation through Joint Production

A webinar between India and UAE was held on the theme of "Indian Defence Industry Global Outreach for Collaborative Partnership: Webinar and Expo India – UAE Defence Cooperation" to boost defence exports.

The seminar was organized on, October 27, 2020 under the aegis of Department of Defence Production, Ministry of Defence, MoD, through the Society of Indian Defence Manufacturers, SIDM.

About the Co-operation

- India-UAE Webinar was part of the series of webinars being organized with friendly foreign countries to boost defence exports and to achieve defence export target of \$5 Billion in coming 5 years.
- India-UAE agreed to strengthen the cooperation in defence further through joint production and mutual trade.
- India-UAE are emphasizing on openness and inter-linkages in order to make companies a part of the global supply chains. In this way, foreign companies could have a role in Indian defence manufacturing ecosystem as well.

Importance of UAE for India

- **Energy Security:** UAE is strategically important for India's as it is located at Strait of Hormuz which is world's most important oil artery. Also, after United States of America imposed sanctions on Iran, India needs countries like United Arab Emirates to import crude oil.
- **Diaspora:** Indians living in UAE contribute to Indian economy through large remittances.
- **Investments:** Emirates has one of the largest Sovereign Funds across the World and it seeks to invest fund in the National Infrastructure and Investment fund of India.
- **Cooperation against Terrorism:** Security India also need United Arab Emirates to contain Terrorism and Radicalization because UAE is influential nation in Middle East and Muslim World.

UAE Declared 'Reciprocating Territory' by India

The Ministry of Law and Justice declared the United Arab Emirates to be a "reciprocating territory" **under Section 44A of the Civil Procedure Code, 1908**. The notification also declared a list of courts in the **UAE to be "superior Courts"** under the same section.

What is a 'reciprocating territory'?

- **'Reciprocating territory'** means any country or territory outside India which the Central Government may by notification declare to be a reciprocating territory for the purposes of Section 44-A of Civil Procedure Code, 1908.
- It means the orders passed by certain designated courts from a 'reciprocating territory' can be implemented in India as if they were passed in India. The courts so designated are called **'superior Courts'**.
- The mechanism for conferring such a status to foreign civil decrees has been outlined in Section 44A of the CPC, 1908.

- Apart from UAE, the other countries declared to be “reciprocating territories” are: United Kingdom, Singapore, Bangladesh, Malaysia, Trinidad & Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong, Papua New Guinea, Fiji, and Aden.

Significance of the Decision

- The decision is believed to help **bring down the time required for executing decrees** between the two countries.
- One of the main objectives of the Code is **to bring the insolvency law in India under a single unified umbrella** with the object of speeding up the insolvency process.
- The Code provides that where any corporate debtor commits a default, a financial creditor or an operational creditor may initiate the corporate insolvency resolution process in respect of such corporate debtor in the manner as provided under the Code.
- Indian **expatriates in the UAE would no longer be able to seek safe haven** in their home country if they are convicted in a civil case in the UAE. This declaration will expedite the process of enforcement of civil judgments through Indian courts, thereby encouraging investment and increased economic activity.

What does Section 44 of the CPC say?

- Under the CPC, direct enforceability of a foreign decree finds its genesis under **Sections 13, 14 and 44A**.
- In turn, Section 44A can only be invoked if there is a decree passed by a superior court of a country/territory outside India, which the Centre may declare to be a reciprocating territory for the purposes of the said Section.
- However, the scope of the Section is restricted to decrees for payment of money not being sums payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

Which UAE courts are now “Superior Courts”?

According to the Gazette notification, the following UAE courts have been identified–

- Federal Court
 - Federal Supreme Court;
 - Federal, First Instance and Appeals Courts in the Emirates of Abu Dhabi, Sharjah, Ajman, Umm Al Quwain and Fujairah;
- Local Courts
 - Abu Dhabi Judicial Department;

- Dubai Courts;
- Ras Al Khaimah Judicial Department;
- Courts of Abu Dhabi Global Markets;
- Courts of Dubai International Financial Center.

Indian – Bangladesh Naval Exercise Bongosagar

The second edition of Indian Navy – Bangladesh Navy Bilateral Exercise Bongosagar was conducted in Northern Bay of Bengal on October 03, 2020.

Exercise Bongosagar

- Exercise Bongosagar, whose first edition was held in 2019, is aimed at developing inter-operability and joint operational skills through the conduct of a wide spectrum of maritime exercises and operations. In this edition of Exercise Bongosagar, ships from both navies participated in surface warfare drills, seamanship evolutions and helicopter operations.
- The major participating warfare from India includes - **INS KILTAN**, an indigenously built Anti-Submarine Warfare Corvette and **INS KHUKRI**, an indigenously built Guided-Missile Corvette.
- Bongosagar exercise was followed by the 3rd edition of **IN – BN Coordinated Patrol (CORPAT)** in Northern Bay of Bengal from 4 to 5 October 2020, wherein IN and BN units undertook joint patrolling along the International Maritime Boundary Line (IMBL).
- Conduct of CORPATs has strengthened understanding between both the navies and instituted measures to stop conduct of unlawful activities.

Significance of the Exercise

- The exercise reflects the priority that Indian Navy accords to Bangladesh Navy. Also, it is a part of vision of Indian Prime Minister - **SAGAR (Security and Growth for All in the Region)**.
- India and Bangladesh have a close, long-standing relationship covering a wide spectrum of activities and interactions, which has strengthened over the years. The people of India and Bangladesh also share close cultural bonds and a shared vision of democratic society and a rules-based order.

Security and Growth for All in the Region (SAGAR)

- Security and Growth for All in the Region (SAGAR) is India's policy or doctrine of maritime cooperation in the Indian Ocean region.
- On 12 March 2015, the Prime Minister of India had first taken reference to SAGAR in a speech and elaborated on it in five points

- seeking a climate of trust and transparency;
- respect for international maritime rules and norms by all countries;
- sensitivity to each other's interests;
- peaceful resolution of maritime issues; and
- increase in maritime cooperation.
- Through SAGAR, India seeks to deepen economic and security cooperation with its maritime neighbours and assist in building their maritime security capabilities. For this, India would cooperate on the exchange of information, coastal surveillance, building of infrastructure and strengthening their capabilities.
- It is in line with the principles of the **Indian Ocean Rim Association**.

Indian Ocean Rim Association (IORA)

- IORA is established in 1997 in Ebene Cyber City, Mauritius.
- It was first established as Indian Ocean Rim Initiative in Mauritius on March 1995 and formally launched in 1997 by the conclusion of a multilateral treaty known as the Charter of the IORA for Regional Cooperation.
- It is based on the principles of Open Regionalism for strengthening Economic Cooperation particularly on Trade Facilitation and Investment, Promotion as well as Social Development of the region.

Indo-Bangla MoU on Feni River

The Union Cabinet has approved a MoU between India and Bangladesh on the withdrawal of 1.82 cusecs of water from the Feniriver by India. The drawn water will be used for drinking water supply scheme for Sabroom town in Tripura.

Feni River Dispute

- The Feni river, which forms part of the India-Bangladesh border, originates in the South Tripura district, passes through Sabroom town on the Indian side, and meets the Bay of Bengal after it flows into Bangladesh.
- There was no water-sharing agreement between the countries on the Feni previously.
- The dispute over the sharing of the river water has been long-standing. It was taken up between India and Pakistan



(before the independence of Bangladesh) in 1958 during a Secretary-level meeting in New Delhi.

Significance of the MoU

- The present supply of drinking water to Sabroom town is inadequate and also the ground water in this region has high iron content. Given this, the MoU terms would benefit a population of over 7000 in the town.
- **Other Projects on Feni River:** In Tripura, a 150-metre long, 4-lane bridge across the Feni is being built between India and Bangladesh. It is expected to be completed by March 2020 at an estimated expenditure of Rs 73 crore. Once ready, it would connect Tripura with Chittagong port in Bangladesh, which is only 70 km away from the Indo-Bangla border. It would also play an important role in the proposed economic corridor through India, Bangladesh, China and Myanmar (BCIM).

India- Bangladesh River Water Sharing Agreements

- India shares 54 transboundary rivers, big and small with Bangladesh.
- In August 2019, India and Bangladesh held a water secretary-level meeting of the Joint Rivers Commission (JRC) in Dhaka.
- There, it was agreed to collect data and prepare water-sharing agreements for seven rivers. These are Manu, Muhuri, Khowai, Gumti, Dharla, Dudhkumar, and Feni.
- In this regard, an MoU was signed between the two countries during Bangladesh PM Sheikh Hasina's visit to India.
- The Cabinet approval now on this is ex-post facto i.e. has retrospective effect.

India- Bangladesh to Open New Trade Connectivity Route

India and Bangladesh will open a new chapter in regional connectivity from September 3, 2020 by expanding the scope of inland water transport mechanism that would enable them to boost trade in the region.

Indo-Bangladesh Protocol (IBP) routes

- In May, 2020, India and Bangladesh signed the addendum to the Protocol on Inland Water Transit and Trade (PIWTT). The number of **Indo-Bangladesh Protocol (IBP) routes** were increased from eight to ten. This includes the **Sonamura- Daudkhandi stretch of Gumti River** and the operationalisation of the **Rajshahi-Dhulian-Rajshahi routes** with the extension up to Aricha.
- Inland Water Authority of India has been discussing with Bangladesh Inland Water Transport Authority for the early operationalization of the newly added

PIWTT route 9 & 10. The first pilot movement on this route is likely to be conducted on September 3, 2020.

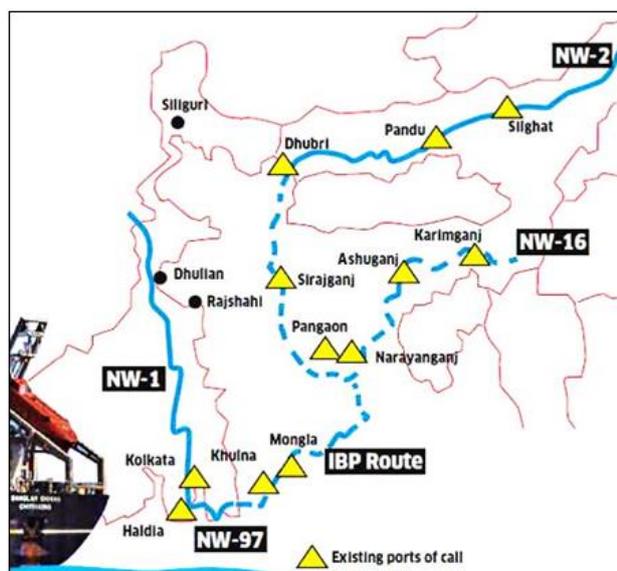
- The decision to add new protocol routes and inclusion of new routes and addition of new ports of call to facilitate trade between the two countries was taken in October 2018 which has now been operationalised.

Newly Added Routes

- Among the newly added ports of call, Dhulian, Maia, Kolaghat, Sonamura and Jogigopha are on the Indian side while Rajshahi, Sultanganj, Chilmari, Daudkandi and Bahadurabad are on the Bangladesh side.
- Further, two more extended Ports of Call – Tribeli (Bandel) and Badarpur on Indian side and Ghorasal and Muktarpur on Bangladesh side – have been included through this addendum. With this the total number of ports of call is now eleven and two extended Ports of Call in both the countries.
- The two countries have also agreed to introduce trade between Chilmari in Bangladesh and Dhubri in India through the use of shallow draft mechanized vessels.

Impact of the Protocol Route

- The operationalization of the new protocol route will greatly facilitate the bilateral trade, with improved reliability and cost effectiveness for the business community and the people of both the countries.
- Excellent connectivity provided by the existing and the newly added protocol routes is all the more pertinent in the present Covid-19 scenario as it will be instrumental in providing economical, faster, safer and greener mode of transport for traders and business communities of both the countries and will also have environmental benefits for the region.
- The Sonamura-Daudkhandi route will improve the connectivity of Tripura and adjoining states. The Rajshahi-Dhulian route will augment infrastructure in Bangladesh and reduce transportation cost of stone chips to Bangladesh.
- Inclusion of Jogigopha in India and Bahadurabad in Bangladesh as new Port of Call will provide connectivity to Meghalaya, Assam and Bhutan. Currently there are six ports of call each in Bangladesh and India.



- This initiative will allow export of stone chips and other Bhutanese and North East cargo to Bangladesh and easy access for the traders to the hinterland of Bangladesh.
- The agreement will allow Inland vessels of both the countries to ply on the designated protocol route and dock at Ports of Call in each country, notified for loading and unloading of cargo. It will help boost bilateral trade and connectivity between the two countries.

Protocol on Inland Water Transit and Trade (PIWTT)

- The Protocol for Inland Water Trade & Transit (PIWT&T) was signed between India and Bangladesh in 1972 to provide inland waterways connectivity between the two countries for bilateral trade as well as to improve the connectivity to North East States of India through waterways. In the FY 2019-2020, approx. 3.5 MMT of cargo was transported between India and Bangladesh on the protocol routes.

Bangladesh to Construct Monument for Martyred Indian Soldiers in 1971

- Bangladesh will construct a monument in the memory of Indian soldiers martyred in the 1971 Liberation War against Pakistan, coinciding with the **50th anniversary of the country's independence**.
- The government has selected 3.5 acres of land at frontier **Ashuganj** of Brahmanbaia district bordering **Agartala**.
- The site which has been selected has historic significance Indian army fought Pakistanis some decisive wars in 1971 along with our freedom fighters in Ashuganj.
- The construction of the monument was expected to begin by this year and is expected to complete in the next two years while its abstract architectural design was aimed to reflect the bonding between the two neighbours.
- Bangladesh earlier felicitated Indian soldiers and veterans and posthumously honoured the then Prime Minister Indira Gandhi and several other distinguished Indians for their role in 1971.
- Bangladesh has National Martyr's Memorial on the outskirts of Dhaka where ceremonial homage is paid for all the 1971 martyrs.
- The war in 1971 began after the sudden crackdown at midnight on March 25 that year in erstwhile East Pakistan by Pakistani troops and ended on December 16 as Pakistan conceded defeat and unconditionally surrendered in Dhaka to the allied forces comprising Bengali freedom fighters and the Indian Army.

India in the War

- India entered the war after Pakistan launched “Operation Chengiz Khan” striking 11 Indian airfields. The Operation also included artillery strikes on Indian positions in Kashmir. The war lasted between India and Pakistan for 13 days.

India hands over 10 Railway Locomotives to Bangladesh

On July 27, 2020, India handed over 10 Broad-Gauge (BG) locomotives to Bangladesh, aiming to help handle the increasing volume of passenger and freight train operations in the neighbouring country. Such initiatives indicate furtherance of the Indian foreign policy that has come to be known as '**Neighbourhood-First Policy**'.

Previous Railway Co-operations

- In 1996, Indian Railways had exported ten meter gauge locomotives from its Varanasi-based production unit – Diesel Locomotive Works (DLW) – to Bangladesh. About 40 Broad Gauge locomotives were exported over the years from 2001 to 2014. In 2016-17, India also exported 120 passenger coaches.
- Already there are two passenger trains running between India and Bangladesh. They are **Bandhan Express** connecting Kolkata and Khulna and **Maitree Express** connecting Kolkata and Dhaka.

Strengthening Ties between Two Nations

- India and Bangladesh have close trade ties. However, the trade was greatly affected due to COVID-19 crisis. But the COVID pandemic had not slowed down the pace of bilateral cooperation. Despite the pandemic, cooperation between India and Bangladesh is stronger than ever in core areas relating to connectivity.
- In the month of July particularly, several significant developments have taken place like - Trial runs for India-bound cargo through Chattogram (Chittagong) were concluded successfully; Tata Motors' first parcel rake containing 51 ace trucks reached Bangladesh; A parcel train carrying chillies from Andhra Pradesh reached Bangladesh; over 100 freight trains operated between the two countries ferrying FMCG products etc.

Significance

- The move will improve mobility solutions in Bangladesh for **both intra-country and inter-country movement**.

- These locomotives will help handle the increasing volume of passenger and freight train operations in Bangladesh. This will open up new opportunities for our businesses.

Future Projects

- A total of 17 railway sector projects are part of letter of credit (LoC) assistance extended by India to Bangladesh (Of these 17 railway sector projects, nine have been successfully completed), with a commitment of \$2.44 billion. India has offered all LoCs to Bangladesh at a rate of interest of one per cent a year, which have to be repaid over 20 years with a moratorium for five years
- To further strengthen rail connectivity in the region, one new rail link, between Agartala in India and Akhaura in Bangladesh is being constructed & financed under Grant Assistance of India.

India begins Trans Shipments to North East through Chittagong port of Bangladesh

- India began its trial trans-shipment of goods from India to the North East through the Chittagong port of Bangladesh on July 21, 2020.
- India and Bangladesh signed an agreement to transit goods to north east via ports of Bangladesh. In 2019, India and Bangladesh had signed a MoU (Memorandum of Understanding) for goods for Northeast India transiting via Bangladesh's ports - a small but significant opening up of both Bangladesh's ports under the broader economic relationship between the two countries.
- Indian transshipment goods will enjoy a stay of 28-day free-stay at the ports of Bangladesh according to international transshipment agreement.

India-Bhutan Opens a New Trade Route

On July 16, 2020, India and Bhutan opened a new trade route between **Jaigon in West Bengal** and **Pasakha in Bhutan**. The new trade route is through Ahllay near Pasakha in southeastern Bhutan.

Significance of the New Trade Route

- The new route for Pasakha Industrial Estate in Bhutan will decongest vehicular traffic along the Jaigaon-Phuentsholing route and boost bilateral trade & commerce.
- It is especially beneficial for the movement of heavy vehicles like trucks and industrial raw materials from India into Bhutan.
- Bhutan is India's closest partner and friend and given the excellent bilateral relationship between our two countries and keeping in view the ongoing COVID-

19 pandemic situations as well, this access to Ahlay should further facilitate trade and commerce between two countries.

- Apart from opening and identifying more border trade points, India is also conducting a feasibility study for a rail link between the two neighbouring countries - between Mujnai in West Bengal and Nyoenpaling in Bhutan.
- These efforts will further have a positive effect on the trade growth with North Eastern States of India.
- India had recently proposed to build road in Yeti territory of Bhutan which China claimed recently. The road will also help India access Tawang in Arunachal Pradesh quickly. The road will reduce distance between Guwahati and Tawang by 150 kilometres.
- This is amongst the many efforts to woo Bhutan away from Chinese influence. China has been trying to establish diplomatic relations with Bhutan, the only country in India's neighbourhood that is not part of the China's Belt & Road Initiative (BRI).

India-Bhutan Trade and Transit Agreement 1972

- The first India-Bhutan Trade and Transit Agreement which established a free-trade regime between the two countries was signed in 1972.
- Since then, the Agreement has been renewed five times. The last Agreement was renewed on November, 2016.
- The Agreement also provides for duty-free transit of Bhutanese exports to third countries. It also allows for free trade and commerce between India and Bhutan and the pact provides for about 21 entry or exit trade points between India and landlocked Bhutan. This includes 10 trade points with Land Customs Stations (LCS) at the Indo-Bhutan border.
- One-third of Bhutan's exports to India are electricity. It also exports Portland cement, dolomite, timber, and wood products, potatoes, cardamom, and fruit products.
- Bhutan imports mineral products, machinery and mechanical appliances, electrical equipment, base metals, vehicles, vegetable products, plastics, and other articles from India.

India and Bhutan Sign MoU on Environment Cooperation

Indian government has approved an MoU between India and Bhutan for environment protection and cooperation.

- It will enable establishment and promotion of closer and long-term cooperation between the two countries in the field of environment protection and

management of natural resources based on equity, reciprocity and mutual benefits, considering the applicable laws and legal provisions in each country.

- The MoU will cover air quality, waste, chemical management, climate change and other areas and will remain in force for 10 years from the date of signing.

Impact

- The MoU shall facilitate exchange of experiences, best practices and technical knowhow through both public and private sectors and shall contribute to sustainable development.
- It provides the possibility for joint projects in areas of mutual interest. However, no significant employment generation is envisaged.

Kholongchhu Indo-Bhutan Joint Venture Hydro Power Project

- The hydropower sector is the flagship area of India-Bhutan bilateral cooperation.
- A concession agreement for the 600 MW Kholongchhu Indo-Bhutan joint venture hydroelectric project was signed which paves the way for the commencement of its construction and other related works.
- It is the first Joint Venture Hydroelectric Project between India and Bhutan and is expected to be completed in the second half of 2025.
- It will be implemented by Kholongchhu Hydro Energy Limited, a joint venture company formed between Druk Green Power Corporation (DGPC) of Bhutan and Satluj Jal Vidyut Nigam Limited (SJVN) of India.
- The 600 MW run-of-the-river project is located on the lower course of the Kholongchhu River in Trashiyangtse district in eastern Bhutan.
- Earlier the 720 MW Mangdechhu hydroelectric project was jointly inaugurated by both countries in August 2019.

Operational Hydropower Projects

- Four hydroelectric projects of bilateral cooperation totalling over 2,100 MW are already operational in Bhutan (336 MW Chukha HEP, 60 MW Kurichhu HEP, 1020 MW Tala HEP and 720 MW Mangdechhu HEP).

Prime Minister of India visits Bhutan

- PM paid two day visit to Bhutan on 17th-18th August 2019. This was his first visit to Bhutan after being re-elected as the PM.

Key Highlights of the Meeting

- The PM congratulated the people of Bhutan for its graduation to the category of a **Middle-Income country** while simultaneously preserving its rich cultural heritage and precious environment, in line with Bhutan's unique development philosophy of '**Gross National Happiness**'.
- Both sides emphasized the importance of **hydro-power development** for mutual benefit. The two leaders inaugurated the recently completed **720 MW Mangdechhu Hydroelectric Plant** which took the joint hydro power generation level to 2000MW. They agreed to expedite other projects which include Punatsangchhu-1, Punatsangchhu-2, Kholongchhu and the Sankosh Reservoir hydroelectric project.
- The facility for **use of Indian-issued RuPay cards** was launched in Bhutan for further **integration of the economy**.
- Both inaugurated the **Ground Earth Station of the South Asian Satellite** in Thimphu. South Asian satellite was launched by India in 2017 which has resulted in improving the reach and cost-effectiveness of Bhutan Broadcasting Service, while also enhancing its disaster management capacities.
- India announced the **enhancement of quantum of subsidized LPG** to Bhutan from the present 700 MT to 1000 MT per month.
- The following **MoUs** were signed during the visit:
 - MoU on establishment of Satcom Network for the utilization of South Asia Satellite.
 - MoU for peering arrangement between National Knowledge Network (NKN) and Druk Research and Education Network (DrukREN) of Bhutan.
 - MoU on aircraft accident investigation.
 - Four MoUs on academic exchanges and on enhancing relations in areas of legal research and education.

Areas of Cooperation between India and Bhutan

- India and Bhutan enjoy **strong people-to-people network** and **people-centric bilateral ties**. The **cultural and spiritual homogeneity** linked through **Buddhism** further makes both the countries **natural partners**. **Open borders**, close alignment and consultation on foreign policy and regular, open communications on all strategic issues are the hallmark of the relationship that has maintained its consistency for the past many decades. This partnership can be enhanced in following domains:
- Youth of the two countries can partner in education and high technology areas for taking India-Bhutan relations to newer heights.
- India can learn how Bhutan has blended development with natural resource preservation showing a phenomenal example of sustainable development.

- Bhutanese economy stands apart from the world as it is oriented towards pursuit of happiness rather than material accumulation.
- New chapters of bilateral engagement can be carved in the field of space and digital and emerging technologies.

Areas of Concern between India and Bhutan

- Even minute sudden policy reversals by India vis-à-vis Bhutan leads to erosion of Bhutanese confidence. For example, India's sudden change in its power purchasing policy, rigid rates and refusal to allow Bhutan to join the national power grid and trade with third countries like Bangladesh have been detested by Bhutan.
- Too much trade, transport and tourism from India could put Bhutan's environment at risk due to which Bhutan proposed to levy entry charges on Indian tourists. India's proposal of BBIN (Bangladesh, Bhutan, India and Nepal) Motor Vehicle Agreement was put on hold by Bhutan citing concerns about its environmental impact.
- Bhutan has been witnessing regular high profile visits from strategic powers like China and the US which is of concern to India.
- India needs to set a calibrated policy for Bhutan which is shaped more by a 'giving' attitude rather than reciprocity shaped on **Gujral Doctrine**. In a world of growing options, it remains in India's and Bhutan's best interests to make each other's concerns a top priority.

Gujral Doctrine

- The Gujral doctrine is a five-point roadmap which seeks to build trust between India and its neighbours and to remove immediate quid pro quos in a diplomatic relationship.
- The theory says that India, as a bigger country of South Asia, **should give one-sided concession to her small neighbours** and have cordial relations with them.

Facts about Gujral Doctrine:

- With neighbours such as Bhutan, Bangladesh, Nepal, Maldives, and Sri Lanka, India must not seek reciprocity but offer and must accommodate what it can in good faith and trust.
- No South Asian country should permit its territory to be used against the interest of another south Asian nation and respect each other's territorial integrity and sovereignty.
- Countries should not interfere in the internal affairs of one another.
- They should settle all their disputes via peaceful bilateral negotiations.

India Downgrades Diplomatic Ties with Pakistan

India has summoned Pakistan to cut staff at its New Delhi mission by half and said it plans to do the same at its mission in Islamabad on a reciprocal basis, signalling a further downward spiral in ties.

Reasons for Downgrade

- **Violation of Vienna Convention:** While referring to the recent abduction at gunpoint of two Indian officials in Pakistan who were subjected to barbaric and ill treatment at the hands of Pakistani agencies, India said that the behaviour of Pakistan and its officials is not in conformity with the Vienna Convention and bilateral agreements on the treatment of diplomatic and consular officials.
- **Obstruction of Diplomatic Work:** India also alleged that Pakistan has engaged in a sustained campaign to intimidate the officials of the Indian High Commission in Islamabad from carrying on their legitimate diplomatic functions.
- **Acts of Espionage:** While highlighting the activities of the two officials caught red-handed and later expelled last month as a glaring example, India expressed concern about the activities of officials of Pakistan High Commission. It said that the Pakistani officials have been engaged in acts of espionage and maintained dealings with terrorist organizations.
- **Support to Terrorism:** India also alleged that Pakistan promotes a larger policy of supporting cross-border violence and terrorism.

Impact

- India has taken the decision to reduce the staff strength in the Pakistan High Commission in New Delhi by 50%. It would reciprocally reduce its own presence in Islamabad to the same proportion. This decision is to be implemented in seven days.
- Pakistan on its part registered a protest at Indian action, and categorically rejected it and strongly condemned the baseless allegations made by India as a pretext to seek 50% reduction in the staff strength.
- India and Pakistan have 110 people working at their respective missions. Now, the strength will come down to 55.

Conclusion

- The last time the two countries cut staff in their diplomatic missions in New Delhi and Islamabad by half was during heightened tensions in the aftermath of the terrorist attack on the Indian parliament on 13 December, 2001. The recent move seems to underline New Delhi's view that if Pakistan does not

make efforts to mend ties, India will not make unilateral moves to befriend Pakistan.

Vienna Convention on Diplomatic Relations (1961)

- It is an international treaty that defines a framework for diplomatic relations between independent countries.
- It specifies the privileges of a diplomatic mission that enable diplomats to perform their function without fear of coercion or harassment by the host country. This forms the legal basis for diplomatic immunity.

Vienna Convention on Consular Relations (1963)

- It is an international treaty that defines a framework for consular relations between sovereign states. It codifies many consular practices that originated from state custom and various bilateral agreements between states.
- Consuls have traditionally been employed to represent the interests of state's or their nationals at an embassy or consulate in another country.
- The Convention defines and articulates the functions, rights, and immunities accorded to consular officers and their offices, as well as the rights and duties of "receiving States" (where the consul is based) and "sending States" (the state the consul represents).

ICJ Stays the Execution of Kulbhusan Jadhav

On 17 July, the International Court of Justice (ICJ) stayed the execution of Kulbhusan Jadhav by Pakistan.

- The ICJ in a 15-1 decision, directed Pakistan to stay his execution and allow him consular access and fair trial. The only country opposed to the verdict was Pakistan.
- ICJ president judge also directed Pakistan to review and reconsider the death sentence awarded to Jadhav under the provisions of the **1963 Vienna Convention**.
- The **International Covenant on Civil and Political Rights (ICCPR)** recognises the right to an effective defence against criminal charges, and to a fair and impartial trial, in which the accused is represented by a lawyer of his choice.
- Jadhav could now be tried once again in either a civilian or a military court, but with proper legal assistance provided to him.

India's Arguments in the ICJ

India highlighted Pakistan's violation of Article 36 of the Vienna Convention on Consular Relations which deals with the arrest, detention and trial of a foreign citizen. India highlighted two compelling arguments in the case at the ICJ:

- **Illegal Arrest Process, Coercion and Lack of Intimation:** The arrest of Mr. Jadhav was not accompanied by an immediate notification to Indian consular officials in Pakistan. There was a delay of over three weeks before India was informed, and it was during this period that Mr. Jadhav was coerced into signing a 'confession taken under custody' without adequate legal representation.
- **Denial of Consular Access:** Neither Mr. Jadhav nor consular officials were allowed any communication between each other. Also Pakistan failed to inform Mr. Jadhav the rights he enjoyed under the convention.

This can be seen as a victory for India as these were the main arguments on which India had based its case.

Background of the Issue

- According to Pakistan, it arrested Kulbhushan Jadhav from Balochistan in 2016 and accused him of terrorism, spying, and fomenting trouble in Balochistan. He was sentenced to death by a Pakistani military court in 2017.
- According to India, Jadhav is an Indian national who had been kidnapped by Pakistani agents from Iran, where he had gone on a business trip after retiring from the Indian Navy.
- After Jadhav's capture by Pakistan India's repeated requests through its high commission in Islamabad to meet Jadhav were denied by Pakistan in violation of the provisions of the **1963 Vienna Convention**.
- In May 2017, India approached the ICJ, which restrained Pakistan from executing Jadhav till the adjudication of the case.

Vienna Convention on Consular Relations

- The Vienna Convention on Consular Relations of 1963 is an international treaty that defines a framework for consular relations between independent states.
- A consul performs two functions: protecting in the host country the interests of their countrymen, and furthering the relations between the two states.
- Article 36 of this treaty states that "foreign nationals who are arrested or detained be given notice without delay of their right to have their embassy or consulate notified of that arrest.

International Court of Justice (ICJ)

- The ICJ is the principal judicial body of the UN. Established in 1946 to replace the Permanent Court of International Justice.
- It has two primary functions: To settle legal disputes submitted by States in accordance with established international laws, and to act as an advisory board on issues submitted to it by authorized international organizations.
- The International Court of Justice is composed of 15 judges elected to nine-year terms of office by the United Nations General Assembly and the Security Council.

Strain in Indo-Nepal Ties

In the past few weeks Nepal's Prime Minister has brazenly and aggressively taken on India. From pushing ahead with amending a map that includes disputed territories with India, to claiming there is a ploy on in New Delhi to unseat him. He has been unabashed in his belligerence which many in the power corridors of both the countries see as stemming from the confidence of having China's backing.

Causes of Strain in the Relationship

- **Kalapani Dispute:** After India inaugurated the Darchula-Lipulekh link road, Nepal immediately protested, and said the road violated the status quo of the region, which it described as "unresolved". Subsequently, Nepal enacted the controversial Constitutional amendment bill, replacing the country's map in the national emblem which includes Indian territories of Kalapani, Lipulekh and Limpiyadhura.
- **Deployment of Armed Forces:** Nepal has created new posts at Indo-Nepal border and in an unprecedented move it has installed security forces to man the border. It has deployed armed police force at most of the 15 border outposts along the Indo-Nepal border in Uttarakhand's Pithoragarh and adjacent areas. Some skirmishes and fatalities were also reported from Bihar border which shows that the relationship between two countries has taken a nosedive.
- **Citizenship Amendment Bill:** The Citizenship Amendment Bill, which was endorsed on June 21 by Nepal's Parliament, has brought in a seven-year waiting period for a foreigner married to a Nepali man and seeking citizenship in the Himalayan country. At present, there is no waiting period and the person is eligible to apply for citizenship the moment she gives up her original passport.
- **Demonetisation:** The sudden 2016 demonetisation also irked Nepal which was left with large volumes of demonetised currency, while India continuously delayed the exchange. The stand-off, in a sense, continues, with Nepal

demanding that India take back demonetised currency worth Rs 7 crore from its central bank.

- **Anti-India Bias:** Today in Nepal, there is a brand of nationalism which is really a mask for anti-India sentiment. Politicians use it for personal gain, and it is deeply ingrained in the bureaucracy, academia and the media.
- **China Factor:** While China's interest in Nepal is around a decade old, the watershed moment was the Madhesi agitation and subsequent Nepal blockade of 2015, widely viewed as being backed by India. This blockade created a wave of resentment against New Delhi. Despite the 'roti-beti ka rishta' between the two countries, Nepal – mainly the hill regions and the elites of the Kathmandu valley – have viewed India with suspicion for what they see as its 'big brother' attitude. The blockade only accentuated that, and thus began Kathmandu's far more steep and defined turn towards the other big neighbour – China.

Analysis

- At the base of the rift is the lack of diplomatic manoeuvring to allow a step back from the brink. While New Delhi contends that it was willing to discuss matters "at a mutually convenient date" i.e. post COVID-19 pandemic, Nepal alleged that the India has rejected two dates suggested by the Nepal, and has routinely dismissed requests from the Nepal Ambassador for a meet with the Foreign Secretary. It also contended that while denying Nepal audience, India has participated by videoconference in bilateral and multilateral meetings with other nations and organisations.
- Nepal's purposeful manner in pursuing the amendment at exactly the same time as the India-China border stand-off bolsters the belief among some in India that it is working with confidence borne from Beijing's backing.
- Regardless of the truth of those accusations, or who is more responsible for the downslide in ties, the speed with which the constitutional amendment was passed has left little space for diplomacy now.

Conclusion

- Whether or not there is anything concrete to these murmurs, the story of China's growing influence on Nepal is real and long, but in the last few years, this has become far more obvious, pervasive and overwhelming. It has heralded a troubled phase in India-Nepal relations, often described in textbooks as "unique", "time-tested" and cemented by "common heritage, culture, civilisation, history and geography".
- It is imperative that the two nations should resolve their issues through dialogue, discussions and deliberations, lest they face more serious consequences. Moreover, with the apparent collusion of Nepal with China,

escalation of current strain in relationship can become a security nightmare for India.

- Therefore, an alacrity is needed to manage the fallout of Nepal's recent controversial steps, on the lines of once celebrated "special" relationship between the two countries.

India and Nepal Fight Over Kalapani

Opening up of Lipulekh pass for Kailash Mansarovar has led Nepal lodge protest with India claiming Kalapani area in Pithoragarh district of Uttarakhand as its own territory. The new route passes through Kalapani.

Cause of the Dispute

- The Kalapani region derives its name from the river Kali. Nepal's claims to the region is based on this river as it became the marker of the boundary of the kingdom of Nepal following the **Treaty of Sugauli signed between the Gurkha rulers of Kathmandu and the East India Company** after the Gurkha War/Anglo-Nepal War (1814-16). The treaty was ratified in 1816.
- According to the treaty, Nepal lost the regions of Kumaon-Garhwal in the west and Sikkim in the east. According to Article 5, the King of Nepal gave up his claims over the region west of the river Kali which originates in the High Himalayas and flows into the great plains of the Indian subcontinent.
- According to the treaty, the **British rulers recognised Nepal's right to the region that fell to the east of the river Kali**. Here lies the historic origin of the dispute.
- According to Nepal's experts, the **east of the Kali river should begin at the source of the river**. The source according to them is in the mountains near Limpiyadhura, which is higher in altitude than the rest of the river's flow.
- Nepal claims that a land mass, high in the mountains that falls to the east of the entire stretch starting from Limpiyadhura downwards, is theirs.
- India on the other hand says the **border begins at Kalapani which India says is where the river begins**. While Nepal's claim of the territory east of Kali is based on the Limpiyadhura origin, India says the river actually takes the name Kali near Kalapani.
- The dispute is mainly because of the **varying interpretation of the origin of the river** and its various tributaries that slice through the mountains.



Strategic Importance of Lipulekh Pass

- The region juts into the Himalayas and is connected to the other side of the mountain range through the Lipulekh pass, which has been used for centuries by **Hindu and Buddhist pilgrims and tourists on their way to Kailash Mansarovar.**
- The nearby markets have been used by various mountain communities. The **Himalayas have several passes that connect the Gangetic region** with the Tibetan plateau but Lipulekh is strategically located as it is nearest to the heart of the Indian state or the National Capital Region and can be of particular concern in case of an armed conflict with China.
- The importance of Himalayan passes with the Tibetan plateau was amply highlighted in the 1962 war. During that war, Chinese forces used the pass of Se La in Tawang and reached the Brahmaputra plains in the east. The military defeat in the east clearly demonstrated that weakly guarded passes were a major vulnerability of Indian military preparedness against China. In comparison to Se La which was somewhat fortified, Lipulekh was vulnerable.

Analysis of the Conflict

- **India and China were in clear violation of Nepal's concerns** during the 2015 Lipulekh agreement between India and China which renewed India's Mansarovar pilgrimage connection. Neither side consulted Nepal or sought its opinion before that agreement that boosted pilgrimage and trade to Tibet.
- Some in India ask **why Nepal was silent** through the time that the road was being built, and has objected to it now. But Kathmandu has pointed out that it has brought up its concerns on the border issue several times, including in November 2019, when Delhi put out its new political map of India to show the bifurcation of Jammu & Kashmir.
- Though Nepal has been steadfast in citing the Sugauli treaty as the foundation of its territorial claims, on occasion, **some of the new generation leaders have spoken against the treaty.** This shows that the Nepali claim based on the Sugauli treaty is not consistent either.
- Despite the open border with India and the people to people contact through the hundreds of thousands of Nepali people who live and work in this country, the levels of distrust in Nepal about India have only increased. For its part, **India perceives Nepal to be tilting towards China** under the leadership of Prime Minister K P Oli and his Nepal Communist Party.

Kalapani

- Kalapani is a region located in the easternmost corner of Uttarakhand's Pithoragarh district.

- It shares a border on the north with the Tibet Autonomous Region of China and Nepal in the east and south.
- The region resembles a slice of cake wedged in between Lipyadhura, Lipulekh and Kalapani.
- The area is in India's control but Nepal claims the region because of historical and cartographic reasons.
- The area is the largest territorial dispute between Nepal and India consisting of at least 37,000 hectares of land in the High Himalayas.

Other Territorial Disputes with Nepal

- **Susta**, is another disputed territory which lies eastern border of Nepal.
- In eastern Susta, the Narayaniriver forms the Indian-Nepali border. But several large floods have re-shaped the river, causing a 14,500 hectare Indian encroachment into Nepal.

India launches Mission Sagar

India launched Mission Sagar as part of the government's outreach initiative towards five Island nations in the Indian Ocean amidst the ongoing COVID-19 pandemic.

Mission SAGAR

- As part of the Government of India outreach amidst the ongoing COVID-19 pandemic, Indian Naval Ship Kesari has departed for **Maldives, Mauritius, Seychelles, Madagascar and Comoros**, to provide Food Items, COVID related Medicines including HCQ Tablets and Special Ayurvedic Medicines with Medical Assistance Teams embarked, on 10 May 20.
- This deployment as 'Mission Sagar', is in line with India's role as the **first responder in the region** and builds on the excellent relations existing between these countries to battle the COVID-19 pandemic and its resultant difficulties.
- The deployment is in consonance with the **Prime Ministers vision of Security and Growth for All in the Region (SAGAR)** and highlights the importance accorded by India to relations with her neighbouring countries and further strengthens the existing bond.
- The operation is being progressed in close coordination with the Ministries of Defence and External Affairs, and other agencies of the Government of India.

Operation Samudra Setu

- Indian Navy has launched Operation "Samudra Setu" - meaning "Sea Bridge", as a part of national effort to repatriate Indian citizens from overseas.

- The Government has been closely monitoring the situation with respect to effect of COVID-19 pandemic on our citizens abroad. The Indian Navy has been directed to make suitable preparations for their evacuation by sea.
- The Indian Mission in Republic of Maldives is preparing a list of Indian nationals to be evacuated by Naval ships and will facilitate their embarkation after requisite medical screening.
- The ships have been suitably provisioned for the evacuation operation. The evacuated personnel would be provided the basic amenities and medical facilities during the sea-passage. In view of the unique challenges associated with COVID-19 stringent protocols have also been stipulated.
- This operation is being progressed in close coordination with Ministries of Defence, External Affairs, Home Affairs, Health and various other agencies of the Government of India and State governments.

India's Ban on OCI Sparks Panic

Thousands of Overseas Citizen of India (OCI) cardholders have been forced to cancel trips to India owing to the recent ban on their entry by the GOI and are apprehensive they will not be able to get back in the event of an emergency. Dozens managed to get last minute-flights before the ban on visa-free entry to OCI cardholders came into effect.

OCI Card holders

- The Overseas Citizenship of India (OCI) is an immigration status permitting a foreign citizen of Indian origin to live and work in the Republic of India indefinitely.
- The OCI was introduced in response to demands for dual citizenship by the Indian diaspora, particularly in developed countries.
- It was introduced by The Citizenship (Amendment) Act, 2005 in August 2005. It was launched during the Pravasi Bharatiya Divas convention held in Hyderabad in late 2005.

A PERSON OF INDIAN ORIGIN (PIO)	PIO VS OCI	OVERSEAS CITIZEN OF INDIA (OCI)
<ul style="list-style-type: none"> ➤ Means a foreign citizen (except a national of Pakistan, Afghanistan, Bangladesh, China, Iran, Bhutan, Sri Lanka and Nepal) ➤ A foreign citizen whose one of the parents/ grandparents/ great grandparents was born and a permanent resident of India. ➤ Who is a spouse of a citizen of India or a PIO 		<p>A foreign national, who was eligible to become citizen of India on 26.01.1950 or was a citizen of India on or at anytime after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 is eligible for registration as Overseas Citizen of India (OCI). Minor children of such person are also eligible for OCI. However, if the applicant had ever been a citizen of Pakistan or Bangladesh, he/she will not be eligible for OCI.</p>
<p>BENEFITS</p> <ol style="list-style-type: none"> 1. PIO card holders do not require a visa to visit India for a period of 15 years from the date of issue of the PIO card. 2. They are exempted from registration at FRRO/ FRO if their stay does not exceeds 180 days, In case if the stay exceeds 180 days, they shall have to register with FRRO/ FRO within the next 30 days 3. They enjoy parity with NRIs in economic, financial and educational benefits 4. All future benefits that would be exempted to NRIs would also be available to the PIO card holders 		<p>BENEFITS</p> <p>OCIs are entitled to a multipurpose, multiple entry, lifelong visa allowing them to visit India at any time, for any length of time and for any purpose</p> <ul style="list-style-type: none"> ➤ Exempted from police reporting for any length of stay in the country ➤ Have also been granted all rights in the economic, financial and education fields in parity with NRIs except, the right to acquisition of agricultural or plantation properties

USTR Takes India off Developing Country List

The office of the United States Trade Representatives (USTR) has updated its list of developing and least-developed countries, removing India from the list of countries that are designated as developing.

USTR List of Developing and Least-Developed Countries

- In the **Uruguay Round Agreements Act (URAA)**, the US Congress had amended the Countervailing Duty (CVD) law in order to confirm US obligations under the World Trade Organisation (WTO) Agreement on Subsidies and Countervailing Measures (SCM).
- Under this SCM agreement, countries that had not yet reached the status of a developed country were **entitled to special treatment for purposes of countervailing measures**.
- This meant that imports from the member countries included in the list by USTR were subject to **different thresholds for determining if countervailing subsidies** are “de minimis” (too trivial or minor to merit consideration) and whether import volumes are negligible.
- Further, as per the Tariff Act of 1930, Congress delegated the responsibility to designate those WTO members whose imports would be subject to these

special thresholds **to** the USTR. USTR is also required to publish this list of designations and update it if necessary in the Federal Register.

Impact of the Decision

- The U.S. government has changed an administrative rule making it **easier for it to impose countervailing duties (CVDs) on goods from India** and certain other countries.
- For the purposes of the de minimis threshold, there will be **no distinction between developing and least-developed countries**, since both such countries will be subject to the same threshold.
- Until February 10, 2020, India was on the USTR's list of developing countries, making it eligible for preferential treatment against CVD investigations and de minimis thresholds. It will **no longer get this benefit**.

USTR Criteria for de minimis Standard

The USTR used the following criteria to determine whether a country was eligible for the 2% de minimis standard:

1. Per capita Gross National Income or GNI
2. Share of world trade
3. Other factors such as Organisation for Economic Co-operation and Development (OECD) membership or application for membership, EU membership, and Group of Twenty (G20) membership.

Reasons to take India off the List

- India, along with Brazil, Indonesia, Malaysia, Thailand and Vietnam were taken off the list since they each have at least a 0.5% share of the global trade, despite having less than \$12, 375 GNI (the World Bank threshold separating high income countries from others).
- India was taken off the list also because – like Argentina, Brazil, Indonesia and South Africa – it is part of the G20.
- Given the global economic significance of the G20, and the collective economic weight of its membership (which accounts for large shares of global economic output and trade), G20 membership indicates that a country is developed.

US Protests Against Developing Country Status for India

In July, 2019 US asked the WTO to rethink its classification of developing countries (which can avail of special trade protections). It threatened to pull out from the WTO if the trade body does not treat the US fairly.

US' concerns

- US targeted India and China in particular for “taking advantage” of the US by classifying themselves as “developing countries” at the WTO.
- Even many rich economies are claiming to be “growing” rather than “grown” economies. India and China, as per the US, are fastest growing major economies in the world and do not deserve a ‘developing country’ tag.
- US pointed out that nearly 2/3rd of the 164 WTO members classified themselves as developing countries.

Matter of choice

WTO allows member countries to classify themselves as "developed" or "developing". However, other members can challenge the decision of a country to be classified as "developing". Only the "least-developed countries" status is designated by the UN. Countries in the three lists:

Developing	Developed	Least-developed Countries
India	U.S.	Afghanistan
China	European Union	Bangladesh
Russia	Japan	Bhutan
Brazil	Canada	Myanmar
South Africa	Australia	Nepal
South Korea	New Zealand	South Sudan

Benefits enjoyed by a Developing Country Status

- Allows countries to seek partial exemptions from the WTO's rules for free and fair trade between countries.
- Allows countries to impose higher tariffs on imports from other countries.
- Offers more subsidies to local producers in order to protect their domestic interests. For example, India can provide larger input subsidies and MSP as compared to developed nations.
- Get a longer time to implement global initiatives and more flexibility in adopting measures to boost international trade.
- Developed countries find this to be unfair on their producers who are put at a relative disadvantage.

Justifications for 'Developing' Tag for India

- **India and China cannot be bracketed:** Countries like China, Singapore, South Korea, and Hong Kong are way ahead in economic prosperity than India, and that putting India on the same scale cannot be justified.

- **Per Capita Income:** As per the 2017 World Bank figures, the per capita national income in India was \$1,800, while other countries like Singapore, South Korea, and China reported per capita national income of \$54,530, \$28,380, and \$8,690, respectively.
- **Human Development Index:** India ranked at 130, while China, South Korea, Singapore, and the US rank at 86, 22, 9 and 13, respectively.
- **Poverty Prevalence:** In 2018 HDI rankings India had 21.2 per cent poor population (living on \$1.90 a day as per 2011 PPP), China had 7.9 per cent population in the category, while Singapore and South Korea had almost negligible poor population.
- **Economic structure:** India employed around 41.6 per cent of the population in agriculture, while China, South Korea, Singapore and the US had 16.4 per cent, 4.8 per cent, 0.1 per cent and 1.6 per cent population that depended on agriculture.
- Indian government believes that the country should be transformed as a developed nation, moving on from the developing nation tag and this would be approximately achieved when India completes 100 years of independence in 2047.

WTO Classification of Countries

- There is no WTO definition of “developed” and “developing” countries. Members announce for themselves whether they are “developed” or “developing” countries.
- However, other members can challenge the decision of a member to make use of provisions available to developing countries.
- When a WTO member announces itself as a developing country it does not automatically mean that it will benefit from the unilateral preference schemes of some of the developed country members. Rather, it is the preference giving country which decides the list of developing countries that will benefit from the preferences.
- The WTO recognizes as least-developed countries (LDCs) those countries which have been designated as such by the United Nations. There are currently 47 least-developed countries on the UN list.

World Bank Classification of Countries

The World Bank classifies the world’s economies into four income groups, high, upper-middle, lower-middle, and low based on their Gross National Income (GNI) per capita which are revised every year.

- **Low-income countries:** GNI less than \$1,035 GNI per capita
- **Lower middle-income countries:** GNI per capita between \$1,036 and \$4,085

- **Upper middle-income countries:** GNI per capita between \$4,086 and \$12,615
- **High-income countries:** GNI per capita more than \$12,615

The list of the **least developed countries (LDCs)** is decided upon by the United Nations Economic and Social Council and, ultimately, by the General Assembly, on the basis of recommendations made by the Committee for Development Policy.

India-Japan Foreign Ministers' Strategic Dialogue

On October 7, 2020, India and Japan held the 13th India-Japan Foreign Ministers' Strategic Dialogue. Both the countries signed a **Memorandum of Cooperation (MoC)** on cybersecurity including 5G network, Internet of Things (IoT), Artificial Intelligence, Critical Information Infrastructure etc.

Significance of the MoC

- It will enhance cooperation in areas of mutual interest, which include capacity building in the area of cyber space, protection of critical infrastructure, sharing information on cybersecurity, developing joint mechanisms for practical cooperation to mitigate cyber threats etc.
- It will attract stakeholders in the Indian 5G sector as it gets ready to open up for international operators.
- The MoC emphasized on a strong partnership between the two countries in the difficult situation posed by the Covid-19 pandemic.
- With Covid-19 and trade tensions between China and the United States threatening supply chains, Japan has mooted the Supply Chain Resilience Initiative (SCRI) as a trilateral approach to trade, with India and Australia as the key-partners.
- Such cooperation is also beneficial for India in the meanwhile when the Chinese companies are not allowed to participate in the 5G arena in India due to recent Indo-China tensions.

Recent Indo-Japan Co-operations

- In 2014, India and Japan upgraded their relationship to '**Special Strategic and Global Partnership**'.
- The India-Japan **Comprehensive Economic Partnership Agreement (CEPA)** that came into force in August 2011 covers trade in goods, services, movement of natural persons, investments, Intellectual Property Rights, custom procedures and other trade related issues.
- An **India-Japan Digital Partnership (I-JDP)** was launched during the visit of the Prime Minister of India to Japan in October 2018, furthering existing areas of cooperation as well as new initiatives within the scope of cooperation in S&T/ICT, focusing more on **Digital ICT Technologies**.

- India and Japan signed a logistics agreement known as the **Acquisition and Cross-Servicing Agreement (ACSA)** that will allow armed forces of both sides to coordinate closely in services and supplies.
- In 2019, India and Japan held the **first-ever ministerial-level 2+2 dialogue**. This dialogue involves the Defence and Foreign Ministers on both sides and is seen as an endorsement of the special strategic partnership between India and Japan.
- Both countries are also part of the **Quadrilateral Security Dialogue (QUAD)**.
- India and Japan defence forces organize a series of **bilateral exercises** namely, **JIMEX, SHINYUU Maitri, and Dharma Guardian**. Both countries also participate in the **Malabar exercise with the USA**.

Comprehensive Economic Partnership Agreement

- A Comprehensive Economic Partnership Agreement (CEPA) is a free trade agreement between two countries.
- CEPA between India and Japan was signed on 16th February, 2011 and came into force from 1st August of the same year.
- Apart from accelerating business activities, the deal aimed to eliminate tariffs on 90 percent of Japanese exports to India, such as auto parts and electric appliances, and 97 percent of imports from India, including agricultural and fisheries products, until 2021.

Acquisition and Cross-Servicing Agreement

- It allows both navies to access each other's military bases for logistical purposes (India will be able to access the Japanese naval base in Djibouti and the Japanese navy can dock at the Indian naval base at Andaman and Nicobar).
- ACSA will enable food and logistics interoperability between the two countries.

India-Japan Defence Agreement

On September 9, 2020 India and Japan signed an "**Acquisition and Cross-Servicing Agreement (ACSA)**". Japan becomes the sixth country with which India has such an arrangement, after the United States, France, Singapore, South Korea, and Australia.

About the Agreement

- According to the agreement, supplies and services can be exchanged during joint exercises and training missions, United Nations peacekeeping operations, humanitarian relief operations, operations to cope with disasters, and evacuation of nationals of India and Japan from overseas territories as well as visits to each other's ports.

- The pact covers food, water and transportation supplies and airlift, petroleum, clothing, communications and medical services, as well as services for maintenance and repair.
- The agreement will remain in force for 10 years. At the end of 10 years, it will be automatically renewed unless either party decides to withdraw from it.

Other Involvements

- The two nations, agreed that the strong and enduring partnership between the two countries will play a critical role in charting the course for the global community in the post-Covid world.
- They reviewed the status of ongoing cooperation, including the **Mumbai-Ahmedabad High Speed Rail project**, under the framework of the **India-Japan Special Strategic and Global Partnership**.

Importance of the Agreement

- The pact will enhance the interoperability between the armed forces, resulting in further expansion of bilateral defence engagement under the Indo-Japan special strategic and global partnership.
- It will help India and Japan to coordinate medical supplies, airlifting and communication and will further enhance the depth of defense cooperation and contribute to peace and security in the Indo-Pacific region.
- The agreement comes at a time when India is locked in a tense military stand-off with **China at eastern Ladakh** and the ongoing row between Japan and China over the **disputed Senkaku/ Diaoyu islands**.
- India is also expanding overall strategic cooperation with Japan in the Indo-Pacific region under the framework of four nation coalition '**Quad**'.

Similar Agreements with Other Countries

- In June, 2020, India and Australia sealed a similar **Mutual Logistics Support Agreement (MLSA)** while resolving to scale up their overall defence cooperation.
- India has been signing MLSAs with countries primarily eyeing deeper maritime cooperation which is important considering China's rapid military expansionism in the Indo-Pacific, Indian Ocean and South China Sea.
- The pacts signed with the US and France provide for accessing various crucial bases by Indian military in Djibouti, Guam and the Reunion Islands among others.

Japan-India Coordination Forum

- Japan-India Coordination Forum (JICF) established in 2017, for the Development of North-Eastern Region, is a part of the Indo-Japan strategy to contain China's marauding moves in the region.
- The JICF is set up to focus on connectivity, road development, especially inter-State roads and major district roads, disaster management, food processing, organic farming, and tourism.
- This new initiative takes precedence as representation from the various N.E States like Mizoram, Sikkim, Assam, Manipur, Arunachal Pradesh, Tripura, and Nagaland apprised the Central government of the incursions of the Chinese into various regions.

First India-France-Australia Trilateral Dialogue

The first India-France-Australia Trilateral Dialogue was held virtually on September 9, 2020 with a focus on enhancing cooperation in the Indo-Pacific Region. It was decided in the meeting that such dialogues will be held annually now onward.

Discussion Points

- Various Economic and Geo-strategic Challenges in the Indo-pacific, particularly in context of Covid-19.
- The countries agreed to building on the strong bilateral ties sharing with each other and synergise their respective strengths to ensure a peaceful, secure, prosperous and rules-based Indo-Pacific Region.
- Cooperation between the three countries on trilateral and regional level on Marine Global Commons and potential areas
- Increasing cooperation between the three countries at through multilateral organizations also such as ASEAN, IORA and Indian Ocean Commission.
- Various reforms in the regional institutions.
- The three countries also had an exchange on the priorities, challenges and trends in regional and global multilateral institutions, including the best ways to strengthen and reform multilateralism.

Impact of the Dialogue

- **Maritime Security:** Maritime security is an area where all three countries have strong interests. Such meeting could yield initiatives in the areas of humanitarian assistance and disaster relief, maritime domain awareness, mutual logistics support, capacity building.
- **Counter China:** China has been rapidly expanding military and economic influence in the Indo-Pacific region and is engaged in hotly contested territorial disputes with several countries in both the South China Sea and the East China

Sea. Such trilateral cooperation will help to take on China's aggressive policy in the region.

- **Logistics:** India has logistics agreements with both countries. The logistics agreement provides for easier access to supplies of goods and services.

Way Forward

- Being part of the East Asia Summit, Indian Ocean Rim Association and BIMSTEC gave India a variety of multilateral mechanisms through which to engage with the countries in the region, but the **emergence of bilateral, trilateral and quadrilateral mechanisms** offers India a host of new perspectives on the region. And there's no shortage of takers, particularly European ones, for this sort of mechanism.

Indian Ocean Rim Association

- The Indian Ocean Rim Association (IORA) is a dynamic inter-governmental organization, established on 7 March 1997. It is aimed at strengthening regional cooperation and sustainable development within the Indian Ocean region through its 22 Member States and 10 Dialogue Partners.
- The members of the bloc include India, Australia, Bangladesh, Iran, Kenya, Comoros, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, Somalia and South Africa.
- The United Arab Emirates is the current Chair of IORA from October 2019-2021. The Vice-Chair will be the People's Republic of Bangladesh which would take Chair as from October 2021-2023.

India-Angola Joint Commission Meet

India and Angola held the first Joint Commission Meeting on September 8, 2020 in which two sides agreed to diversify their trade relationship and discussed cooperation in health, pharmaceuticals, defence, agriculture, food processing, digitization and telecom. The 2nd session of the Angola-India Joint Commission would be held in New Delhi in 2022.

Agreements Signed

- India and Angola, signed three agreements during the Commission meet-
 - Agreement on visa exemption for holders of diplomatic, official and service passports
 - Cooperation in the field of Health,
 - Cooperation between the Ministry of External Relations of Angola and Sushma Swaraj Institute of Foreign Service.

- Both sides also agreed to encourage Indian investments in Information Technologies and telecommunications and cooperate in the field of space so as to benefit the Angolan health and education sectors.
- India offered to share India's expertise to support the Angolan Government's economic diversification plans through capacity building, infrastructure development in key areas of health, education, solar electrification, mining, agriculture, fisheries, food processing, while also leveraging Angola's strengths in the petroleum and diamonds sector.

Significance

- The meeting between India and Angola set the way forward for intensification of bilateral economic relations through partnership in trade & investments, agriculture & food processing, diamond trading, pharmaceuticals, IT & Telecommunication, oil and natural gas.
- Angola is not a member of **India-Africa Forum Summit**, which is held once in three years. Therefore, these bilateral meeting are very important for India to deepen the relation and explore more raw materials from these bounty regions.

Importance of Angola for India

- Oil resource of Angola is the main advantage for India, as Angola is the second largest crude oil supplier in the sub Saharan desert. Nigeria is first.
- GAIL imports LNG (Liquified Natural Gas) from Angola. As India predominantly aims on oil resources of Angola, it naturally is facing trade deficit with the country because of the major barriers in trade like issue of work permits, complicated procedures in business visas and language barrier etc.
- India has extended the RITES (Railway India Technical and Economic Consultancy services) project in Angola.

India-Africa Forum Summit

- The India–Africa Forum Summit (IAFS) is the official platform for the African-Indian relations. It was first held from April 4 to April 8, 2008 in New Delhi. It was the first such meeting between the heads of state and government of India and 14 countries of Africa chosen by the African Union. Libya and Egypt's heads of state did not attend.
- Rising oil and food prices were the top concerns for the African and Indian leaders during the summit. India has pledged to support at the level of health and education-related projects in Africa

India-Finland Cooperation in Geology and Mineral Resources

The Union Cabinet, chaired by the Prime Minister, on September 02, 2020, has approved Memorandum of Understanding (MoU) for cooperation in the field of geology and mineral resources between India and Finland.

Bilateral Cooperation

- The MoU between the two countries aims to provide a framework and a platform to promote and foster cooperation in the fields of geology, and mineral resources between the Participants for mutual economic, social and environmental benefit; and share experiences on geological data management and information dissemination to promote exploration and mining, in the areas of geology and mineral resources.
- The agreement was signed between Geological Survey of India, Ministry of Mines, and Geological Survey of Finland, Ministry of Employment and the Economy, Finland.

Significance of the Understanding

- This understanding will facilitate cooperation in the field of geology, training, mineral prognostication and suitability analysis, 3/4D modeling, Seismic and other Geophysical surveys finalised with the intent of reinforcing and strengthening scientific links between the two Organisations.
- The objectives of the survey are to be achieved by ground, marine and air-borne surveys, **multi-disciplinary geo-scientific, geo-environmental, geo-technical and natural hazards studies.**

Importance of Finland to India

- Finland and India have traditionally enjoyed warm and friendly relations. Finland sees India as a market for its products and a **favourable investment destination** for its high technology industries. India views Finland as an important member of the European Union (EU) and a **repository of modern technology.**
- **Major export** items from **India to Finland** are Electronic goods, mineral fuels and mineral oils, cotton including accessories, pharmaceuticals & fine chemicals, machinery and instrument, coffee, rubber etc. On the other hand major imports **to India from Finland** are electrical machinery and equipment, nuclear reactors, boilers, paper and paper board, pulp of wood or of other fibrous cellulosic material, etc.

Geological Survey of India

- Geological Survey of India (GSI) is a premier geo-scientific organisation of the Government of India for creation and updation of national geoscientific information and mineral resource assessment.
- It was founded in 1851, for conducting geological surveys and studies of India, and also as the prime provider of basic earth science information to government, industry and general public, as well as the official participant in steel, coal, metals, cement, power industries and international geo-scientific forums.
- It is headquartered in Kolkata, West Bengal, and has six Regional offices located at Lucknow, Jaipur, Nagpur, Hyderabad, Shillong and Kolkata and State Unit offices in almost all States of the country.
- Presently, Geological Survey of India is an attached office to the **Ministry of Mines**.

India and Israel Sign Cultural Agreement

- On 20th August 2020, India signed a cultural agreement with Israel, which outlines a three-year programme of cooperation for 2020 to 2023, to strengthen the strategic bilateral relations through promoting people to people exchange.
- The agreement was signed between Israel's Foreign Minister and India's Ambassador to Israel, at the foreign Ministry in Israel.

Strengthening Partnership

- This agreement is one of a series of agreements which will be followed by the signing of a water agreement in India. This agreement is based on the cultural agreement signed between India and Israel on 18th May, 1993.
- Also, Israel stated that the strategic relationship between India and Israel is on a qualitatively different trajectory since the historic visit of Indian Prime Minister to Israel in July 2017. The agreement will give further impetus to enhance people-to-people relations.

Key Features of the agreement

Cultural Ties

- This cooperation will contribute to the development in relation between India and Israel.
- This will also contribute to raise awareness among youth about the history and culture of the people of both countries.

- This will promote cooperation and strengthen the mutual understanding and friendship between the two countries.
- This will promote the cultural ties through exchange of heritage and archeology with the support of Israel Antiquities Authority (IIA) and Archaeological Survey of India (ASI)

Arts and Literature

- Literary fest and book fairs will be organised under this program to promote the translation of famous works in prose, poetry and other literary works of other languages.
- This also includes exchange programmes for students through scholarship, participation of films and filmmakers in the international film festivals and sports related interactions among youths.
- Both the countries have agreed on exchange of culture, art experts, performing arts festivals, plastic arts, photography and design, architecture, museums and exhibitions, music, dance, and theatre by enabling annual visits of experts, artists, producers and curators.

Other Agreements

- Israel's Ambassador to India signed an agreement with Uttar Pradesh to cooperate in the water utility on the Indo-Israel Bundelkhand water project.

Journey of Military and strategic ties between India and Israel

- India and Israel have increased co-operation in military and intelligence ventures since the establishment of diplomatic relations. In 2016, Israel became the **second-largest source of defense equipment for India**, after Russia.
- In 1997, Israel and India negotiated the first weapons deal between the two nations, involving the purchase of **Barak 1** vertically-launched **Surface-to-Air (SAM) missiles** from Israel.
- India purchased three **Phalcon AWACS**, fitted with IAI radar equipment mounted on Russian IL-76 transport aircraft, in 2003.
- In 2008, **India launched a military satellite TecSAR for Israel** through its Indian Space Research Organisation.

Visit of Sri Lankan PM to India

Prime Minister of India held delegation-level talks with his Sri Lanka counterpart Mahinda Rajapaksa, who came to India for a five-day visit.

Highlights of the Visit

- In their talks, the two leaders deliberated on ties between the two nations and resolved to further deepen anti-terror cooperation and boost trade and investment ties.
- Security and counter-terrorism dominated talks between India and Sri Lanka.
- India also asked Sri Lanka to expedite the reconciliation process for the Tamils of the island.
- India also pushed the Sri Lankan side to expedite clearances for two big infrastructure projects that India is undertaking – the Mattala airport in Hambantota and the Eastern Container Terminal off Colombo which India is developing together with Japan.

Past Irritants in India-Sri Lanka Ties

- **Ethnic conflict of Sri Lanka and India:** India pursued a range of policy approaches over the past three decades, none of which succeeded in achieving a peaceful settlement of Sri Lanka's ethnic conflicts (between Sinhalese and Tamils) or ensuring minority rights. Past interventions have in fact helped deepen the conflict and led to significant mistrust of India's intentions among large parts of the Sri Lankan public.
- **Tamil Nadu Factor and India's Dilemma:** Over 70 million Tamils in Tamil Nadu have kin, community, and cultural ties with the Tamil community in Sri Lanka. This means that India's policy decisions on matters involving Sri Lanka have to take into consideration Tamil Nadu's likely reactions to the effects such decisions may have on the Sri Lankan Tamil population.
- **Fishing Disputes:** Recent contentions have risen over the Palk Strait, a strait between the southern tip of India's state of Tamil Nadu, and the northern tip of Sri Lanka, in which fishermen from both nations compete for limited resources.
- **Human Rights Issues and India:** India was one of the twenty-four countries which voted for the US-sponsored UNHRC resolution in 2012 which pulled up Sri Lanka for its poor human rights record and sought an early political resolution to overcome its ethnic divide. It was an unprecedented act.
- **China - Sri Lanka Axis and India's Concerns:** China and Pakistan's strategically-oriented influence on Sri Lanka's defence and economic activities have also worried Indian policymakers. The supply of defence equipment to a Sri Lankan military at war provides one of the major in-roads for China and Pakistan to expand strategic influence within Sri Lanka. China's strategic clout in Sri Lanka is increasing every day. This has serious connotations for India's national security and maritime security.
- **Organisation and Grouping:** Sri Lanka wants to see "cooperation and progress in SAARC," whereas India believes that all efforts to strengthen regional

cooperation should be channelled to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

US has shut out top Sri Lanka general

- The United States has put travel restrictions on Sri Lanka's Chief of the Army Staff, Lt Gen Shavendra Silva, for alleged war crimes committed during the last days of the war with the Liberation Tigers of Tamil Eelam (LTTE) in 2009.

Reason for Travel ban

- Lt Gen Silva commanded the 58th Division of the Sri Lankan army during the final stages of the war. Investigations by the United Nations have implicated the division in alleged serious violations of international humanitarian and human rights law.

India's Position

- The Sri Lankan foreign ministry has said that the concerns raised by foreign entities are "unwarranted and unacceptable".
- Since the General's elevation last year, India has hosted Sri Lanka's top political leadership on multiple occasions.
- Even as it has pressed the Sri Lankan leadership to move forward on the reconciliation process with the ethnic Tamil minorities, India has not taken an adversarial position on the allegations of human rights violations.
- Rather, it has chosen the more pragmatic approach of engaging with the Sri Lankans, keeping in mind its own strategic and national interests.

India's Curbs on the Import of Malaysian Palm Oil

India has restricted palm oil imports after Malaysia commented on its policy towards Kashmir and criticised India's internal policy decisions. India has cut import duty on **crude palm oil** (CPO) and **refined, bleached and deodorised (RBD)** palm oil, and also moved RBD oil from the "free" to the "restricted" list of imports.

Indian Grievances

- While curbing oil imports has been under discussion since the Budget presented in July 2019, the move has been construed as retaliation against Malaysia's Prime Minister Mahathir bin Mohamad, who has criticised India's internal policy decisions such as the revocation of the special status for Jammu and Kashmir and the new citizenship Act.

- Malaysia has also been sheltering since 2017 the Islamic preacher Zakir Naik, who is wanted by India on charges of money laundering, hate speech, and links to terror.

Trade Dynamics

- India imported 64.15 lakh metric tonnes (MT) of CPO and 23.9 lakh MT of RBD in 2018-19, the bulk of which was from Indonesia.
- The trade restrictions on refined palm oil **could spark a price war** on various levels. Malaysia will now have to compete with Indonesia, the world's largest palm oil producer, on crude palm oil. Indonesian crude palm oil generally costs less than the Malaysian variety.
- Malaysia's palm oil shipments to India have indeed seen a **precipitous fall** in the past couple of months, according to data released by the Malaysian Palm Oil Board. This decline could have severe repercussions in the Southeast Asian country, as exports of palm oil to India had surged in recent times.

Impact of this Decision

- **Setback to Malaysia:**Indonesia and Malaysia together produce 85% of the world's palm oil, and India is among the biggest buyers. Both Indonesia and Malaysia produce refined palm oil; however, Malaysia's refining capacity equals its production capacity – this is why Malaysia is keen on exporting refined oil. In 2018, Malaysia exported 25.8% of its palm oil to India. If India does not issue licenses for importing refined oil, Malaysia will have to find new buyers for its product.
- **Benefit to Corporates:**The CPO that India imports contains fatty acids, gums and wax-like substances. Refining neutralises the acids and filters out the other substances. Removing and processing, this entire process increases the value of a barrel of crude oil by about 4%. The decision to restrict imports of refined oil will benefit Indian corporate refiners.
- **On Farmers:**Restricting refined oil imports will not help farmers directly, as they are not involved in the process of refining. However, the restrictions have caused refined palm oil prices to increase. If prices continue to hold, farmers will get a better realisation for their crop.

India attends Hormuz Peace Initiative

India was a key participant at a special meeting in Tehran on Hormuz Peace Initiative, which seeks stability in one of the world's busiest and strategically located shipping lanes amid escalating US-Iran tensions.

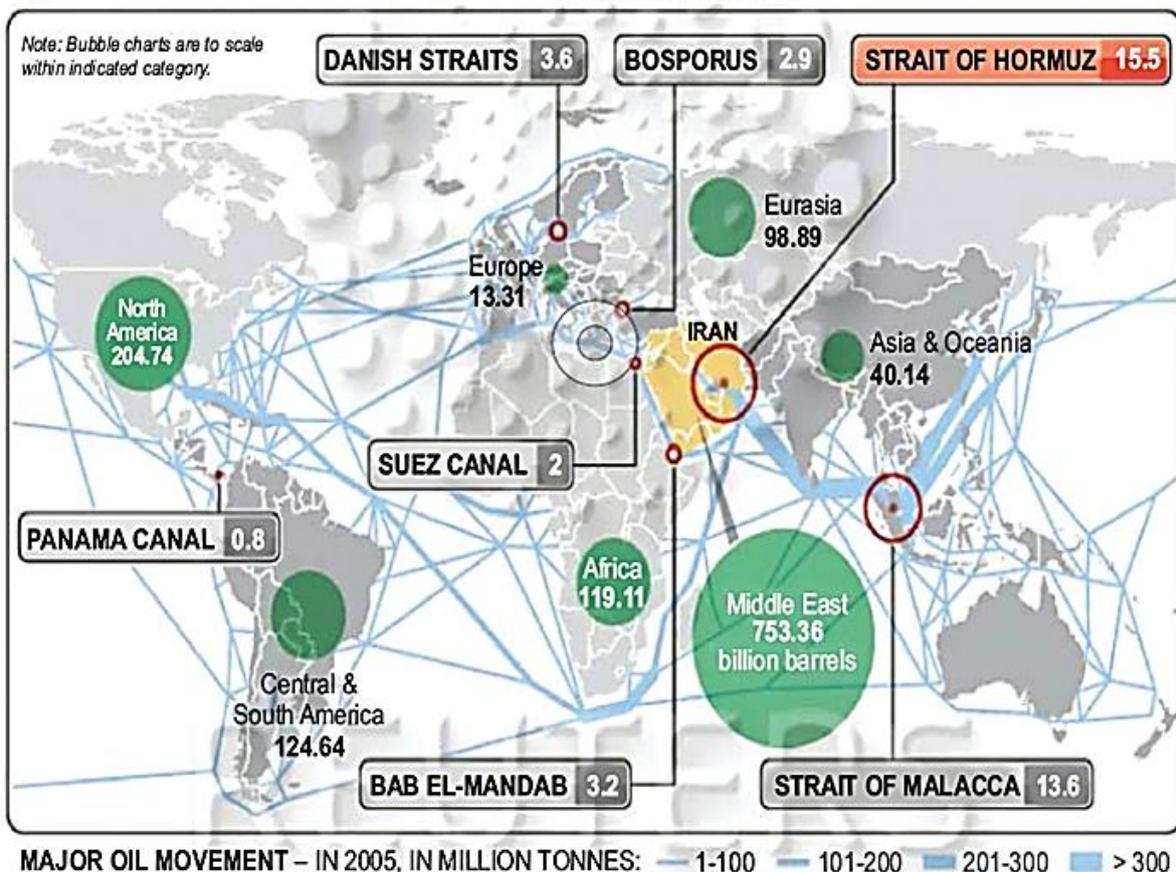
What is the Initiative?

- The initiative, led by Iran to stabilise the Strait of Hormuz, the gateway for a significant amount of global oil supplies.
- It saw participation from key regional players including Oman and India besides Afghanistan and China.
- The January 6-7 meeting reviewed the latest developments in the Persian Gulf region and evaluated the regional cooperation plans under the 'Hormuz Peace Endeavor' (HOPE), proposed by Tehran.
- Two-thirds of the oil and half the liquefied natural gas India imports come through the strait between Iran and Oman. As much as 18 million barrels of oil pass through the Strait of Hormuz every day, accounting for one-third of the global oil trade. A third of the world's LNG trade also passes through the strait.

OIL TRANSIT CHOKEPOINTS

About half of the world's oil production is moved by tankers on fixed maritime routes. The blockage of a chokepoint, even temporarily, can lead to substantial increases in energy costs

○ OIL TRANSIT CHOKEPOINTS Million of barrels of oil moved per day, 2009 ● PROVED OIL RESERVES Billion barrels (2010)



Strait of Hormuz

- The strait lies between Oman and Iran
- It links the Gulf with the Gulf of Oman to the south and the Arabian Sea beyond.
- It is 21 miles (33 km) wide at its narrowest point, with the shipping lane just two miles (3 km) wide in either direction
- The UAE and Saudi Arabia have sought to find other routes to bypass the Strait, including building pipelines

Why does it matter?

- Almost a fifth of the world's oil passes through the Strait - some 17.4 million barrels per day (bpd) versus consumption of about 100 million bpd in 2018.
- OPEC members Saudi Arabia, Iran, the UAE, Kuwait and Iraq export most of their crude via the Strait
- Qatar, the world's biggest liquefied natural gas (LNG) exporter, sends almost all of its LNG through the Strait

Political Tensions

- The United States has imposed sanctions on Iran aimed at halting its oil exports.
- U.S. waivers which had allowed continued sales of Iranian oil to eight countries - China, Greece, India, Italy, Japan, South Korea, Taiwan and Turkey - expired on May 2.
- Iran has threatened to disrupt oil shipments through the Strait of Hormuz if the United States tries to strangle its economy. The U.S. Fifth Fleet, based in Bahrain, is tasked with protecting commercial shipping in the region.

German Chancellor Calls for Fresh Attempts at EU-India Trade Deal

German Chancellor, Angela Merkel visited India as part of fifth round of **Inter-Governmental Consultations (IGC)**. IGCs are held at the level of Head of Governments which allows for a comprehensive review of cooperation and identification of fresh areas of engagement. The chancellor's talks with Indian Prime Minister focused on trade, investment, regional security and climate change.

Highlights of the Visit

- Germany and India signed 17 agreements and five joint declarations of intent in fields spanning space, civil aviation, maritime technology, medicine, yoga and education.

- India has invited Germany to take advantage of opportunities in defence sector in the upcoming defence corridors in Uttar Pradesh and Tamil Nadu.
- Germany expressed desire to deepen efforts to restart negotiations between the European Union (EU) and India on the Bilateral Trade and Investment Agreement (BTIA).
- Both agreed to continue cooperation to expedite reforms in the UNSC and World Trade Organisation (WTO) dispute settlement system.
- Germany expressed its readiness to provide 1.1 billion dollar to India for green urban mobility under a German-Indian partnership.
- Both agreed to conduct joint research on the development and use of Artificial Intelligence (AI) and to identify best possible approaches on cyber security.

Importance of Indo- German Ties

- **Strategic Relation:** India and Germany have a '**Strategic Partnership**' since 2001.
- **UN Reforms:** Both are members of G-4 along with Brazil and Japan. The G4 nations support each other's bids for permanent seats on the United Nations Security Council.
- **Bilateral Trade:** Germany is India's largest trading partner in Europe. Indian exports to Germany focus on the textile sector, followed by chemical products, electrical engineering products, metal and leather goods and foodstuffs.
- **Revival of BTIA:** Germany's role in reviving the India-EU free trade talks i.e BTIA will be very crucial.
- **Investment:** In December 2018, German direct investment in India total around 11.4 billion US dollars. India can be a hot destination for German companies to invest and contribute in 'Make in India' program.
- **Terrorism:** Germany supports India-led movement for the adoption of Comprehensive Convention on International Terrorism.
- **NSG Membership:** Germany has supported India's membership bid in the Nuclear Suppliers Group (NSG).
- **Science and Technology:** Germany is India's second most important research partner worldwide, after the United States.
- **Renewable Energy:** Germany, despite being among the countries with the least sunshine hours in the world, is one of the largest solar power producers across the globe. Both countries have been collaborating in Green Energy Corridors Programme since 2015. Germany can further play an active role in India led International Solar Alliance.

Challenges

- **Economic Liberalization:** Germany and European Union are sceptical about India's trade liberalization measures.
- **Labour Laws:** Germany and EU bat for more liberal labour regulations.
- **Kashmir Lockdown:** Germany is concerned about Kashmir lockdown and the rights of minorities in India and has begun to cast a shadow over the "shared political values" (freedom and the rights of minorities) with India.
- **Technical Issues in Trade Regulation:** India had recently celebrated remarkable improvements in the ease of doing business, indicating its willingness to remove bureaucratic hurdles. However, technical regulations in trade like testing requirement are real burden for German Companies.

Way Forward

- In multipolar world order, convergence of India and Germany will be a win-win situation for both the countries due to uncertainties created by US policies and increasing assertiveness of Sino-Russian political axis. Post-Brexit, Germany will become a more important player in European Union. Therefore, engaging Germany is not just about India's bilateral relations with it but it is also about collaborating with the Germany led EU as a whole.

India Pulls Out of RCEP

On 4 November, 2019, India decided not to join the Regional Comprehensive Economic Partnership (RCEP) trade deal in the RCEP Summit in Bangkok as it did not get any "credible assurance for India on market access and non-tariff barriers". The rest 15 countries decided to move ahead at the insistence of China.

Reasons for India's Withdrawal from the Deal

- **Ongoing Economic Slowdown:** India's economy is passing through a difficult time and the rate of GDP growth has been slowing down for five consecutive quarters. As the industry is reeling under pressure and the government is grappling to deal with the domestic economic situation, a massive free trade pact like RCEP would have exposed the Indian businesses and agriculture to unequal competition from countries with deep pockets.
- **Trade Deficit:** Of the 15 RCEP countries, India has serious trade deficits with at least 11. India's trade deficit with these countries has almost doubled in the last five-six years. Given the export-import equation with the bloc, a free trade agreement with the grouping would have increased it further.
- **Industries' and Farmers' Concerns:**

- Manufacturing sector in India is in crisis as the sector has seen contraction in recent months and the manufacturing output grew at its slowest pace in two years.
- Even the services sector is not doing well and is witnessing back-to-back monthly slowdown since July-September 2017. China and ASEAN countries have robust service sector, and a free entry to these players may damage the lone saviour of Indian economy, the service sector.
- In agriculture, domestic players dealing in dairy products, spices -- chiefly pepper and cardamom, rubber, and coconut would face dumping from the South Asian spice majors. Vietnam and Indonesia have very cheap rubber to export and Australia and New Zealand would have gained free access to India for their dairy products.
- **Bitter Experience with Free Trade Agreements:** The Niti Aayog, in 2017, had published a report that pointed out that free trade agreements have not worked well for India after analysing multiple free trade agreements that India signed in the past decade. Among those were FTA with Sri Lanka, Malaysia, Singapore, and South Korea. It also found that FTA utilisation by India has been abysmally low between 5 and 25 per cent.
- **Overarching Presence of China in RCEP:** RCEP has come up as a Chinese game plan to save its manufacturing industries from crumbling.
 - As per Niti Aayog, China has changed the trade equation with the ASEAN countries after inking ASEAN-China FTA in 2010. ASEAN-6 (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) had a trade surplus of \$53 billion in 2010 which turned into a trade deficit of \$54 billion in 2016.
 - China is the largest exporter to almost all countries of the group, including India. Of India's \$105 billion trade deficit with RCEP countries, China accounts for \$53 billion.
- **India's Conditions Not Accepted:** India wanted a key clause to be included in the RCEP pact for auto-trigger mechanism as a shield against sudden and significant import surge from countries, which was not agreed to by the members.

India's stand is a mixture of pragmatism, the urge to safeguard interests of the poor and the effort to give an advantage to India's service sector. While not shying away from opening up to global competition across sectors, India made a strong case for an outcome which is favourable to all countries and all sectors.

Regional Comprehensive Economic Partnership (RCEP)

- The RCEP agreement is being negotiated among 10 ASEAN members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore,

Thailand, and Vietnam) and their six trade partners – Australia, China, India, Japan, Korea and New Zealand.

- The agreement aims to cover issues related to goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

India – China Informal Summit

During 11-12 October, the Prime Minister of India and the President of the People's Republic of China held their Second Informal Summit in Mamallapuram, Tamil Nadu.

Highlights of the Summit

- Both leaders reiterated the consensus reached during the **Wuhan Summit** that India and China are factors for stability in the current international landscape and that both side will prudently manage their differences and not allow differences on any issue to become disputes. India and China share the common objective of working for a peaceful, secure and prosperous world in which all countries can pursue their development within a **rules-based international order**.
- Both leaders expressed that **terrorism** continues to pose a **common threat** and recognized the importance of **joint efforts** for **strengthening the international framework** against training, financing and supporting terrorist groups throughout the world and on a non-discriminatory basis.
- Highlighting the ancient bilateral relations, the two leaders agreed on establishment of **sister-state relations** between **Tamil Nadu and Fujian Province**, establishing an academy to study links between Mahabalipuram and Fujian province on the lines of the experience between Ajanta and Dunhuang.
- They designated **2020 as Year of India-China Cultural and People to People Exchanges** and agreed that the 70th anniversary of the establishment of India-China relations in 2020 will be fully utilized to deepen exchanges at all levels.
- The two leaders have decided to establish a **High-Level Economic and Trade Dialogue** mechanism with the objective of achieving enhanced trade and commercial relations, as well as to better balance the trade between the two countries.
- They also agreed on the importance of concluding negotiations for a mutually-beneficial and balanced Regional Comprehensive Economic Partnership.
- They also appraised the practice of Informal Summits in a positive light as providing an important opportunity to deepen dialogue and to promote mutual understanding at the leaders' level in line with the '**Wuhan Spirit**' and the '**Chennai Connect**'. Chinese President invited Indian Prime Minister to visit China for the 3rd Informal Summit which was accepted by India.

First Informal India-China Summit/ Wuhan Summit

- The first informal meeting between the Indian Prime Minister and Chinese President was held in Wuhan, China in April 2018, against the backdrop of the Doklam standoff in 2017.
- At the Wuhan informal summit, the two leaders had strategic communication on China-India relations and major international issues of shared interest.
- The two leaders made clear three points:
 - China and India should see each other as positive factors in the changing international landscape.
 - The development of China and India is an important opportunity for each other.
 - China and India should view each other's intentions in a positive, open and inclusive light.

Informal Summits and Formal Summits

Following points explain the importance of informal summits over formal summits:

- **Supplementary to Formal Summits:** Informal Summits act as supplementary exchanges to annual Summits and other formal exchanges such as the G20 Summit, EU-India Summit and the BRICS Summit etc.
- **Agenda-less and Free Communication:** Informal summits allow for "direct, free and candid exchange of views" between countries, something that may not be possible to do through formal bilateral and multilateral meetings that are agenda driven, where specific issues are discussed, and outcomes are more concretely defined.
- **Diplomatically Important:** Informal summits allow discussion on wide-ranging issues and are considered to play bigger roles in diplomatic dialogue than formal exchanges. For example, India and China during Wuhan Summit discussed boundary question, bilateral trade and investment, terrorism, economic development and global peace.
- **Provide Impromptu Opportunities:** Informal Summits may not take place on a fixed annual or biennial schedule; they are impromptu in the sense that they take place when a need for them is perceived by the concerned nations. For example, in November 2018, Indian Prime Minister attended the ASEAN-India Informal Breakfast Summit in Singapore, Informal Summit with Russia in Sochi etc.
- **Strategically Important:** Also these summits provide opportunity to countries to achieve thaw in their bitter disagreements, for example, Wuhan Summit revived indo-China relations after the Doklam crisis.

Saudi ARAMCO Attack

- On 14 September 2019, drone attacks targeted a major Saudi Aramco oil processing facility, the Abqaiq oil processing facility in Buqyaq, and oilfield in eastern Saudi Arabia, sparking a huge fire at one of the sites. It is the largest crude oil stabilization plant in the world.
- The attack affected nearly 50% of the country's global supply of crude and has resulted into a cut in the country's oil output by 5.7 million barrels every day which is estimated to be more than 5% of the global oil supply.
- The Houthi rebel group based in neighbouring Yemen claimed responsibility for the attack, but the United States, a key Saudi ally, blamed Iran for it. However, Iran has denied any involvement in the attack.

Impact of the Attack

On the World

- **Increase in Oil Prices:** Disruption in crude supplies after the attack led to increase in Brent crude prices across the world.
- **Aggravates Global Crisis:** The world economies are already reeling under the pressure due to US-China trade war and the attack would further add uncertainty to the smooth transition of the global economy.
- **Hurts Saudi Economy:** Saudi Arabia is bogged down in a five-year war in neighbouring Yemen and the recent attack has affected dollar denominated Saudi government and state backed Aramco's bonds.
- **Increased Sanctions on Iran:** US ordered a major increase in sanctions on Iran following the attack which will vitiate the already undergoing efforts of European nations to salvage the 2015 Iranian nuclear deal.

On India

- **Hampers Economic Revival:** The surge in crude prices comes at a time when RBI is easing monetary policy to fight a slowdown in the Indian economy amid a weak domestic and global demand. Higher oil trade bill would dent India's immediate fiscal stimulus.
- **Diversion of Funds to Safe Havens:** US and Saudi Arabia have planned a response to the attack which range from tougher sanctions to an all out attack on Iran. Inflamed fears about Middle East tensions and worsening relations between Iran and the US have powered safe-haven assets, with gold up 0.92%, thus triggering outflow of funds from emerging economies like India and China.

- **Pushes Deficits:** The attack has resulted in larger capital outflows and weakening of Indian currency which will manifest in higher CAD and fiscal deficit and affected other emerging economies like South Africa.

India's Role in West Asian Crisis

- **Leading the Peace Process**
 - The deteriorating regional security situation urgently calls for a peace process led by India to address the differences between Saudi Arabia and Iran by promoting mutual trust and dialogue between the two estranged Islamic neighbours.
 - India could take up the two theatres of ongoing conflict—Syria and Yemen—with the two regional enemies, particularly to arrange ceasefires and delivery of immediate humanitarian assistance. This would call for accepting non-interference in domestic matters and non-reference to sectarian divisions.
- **Focusing on Mutual Synergies:** Areas of cooperation between the two rivals need to be focused which include: energy cooperation, food security, combating extremism, cross-sectarian dialogue, and political issues of common concern such as Afghanistan, Palestine, counter-radicalization, etc.
- **Collaboration with other Behemoths for Dialogue:** To promote this dialogue, India could partner with a group of influential nations, such as China, Japan, Russia and the European Union, all of which have substantial ties with the regional players and high stakes in regional stability.

Giving shape to this new security arrangement that will pull the Gulf countries together in an architecture that embraces the principal regional and extra-regional players will be one of the most important and exciting challenges for Indian diplomacy.

Eastern Economic Forum

Indian PM has been invited by Russian President as the Chief Guest at the Eastern Economic Forum (EEF) meeting to be held between 4–6 September in Vladivostok, Russia. The summit will focus on economic cooperation between India and Russia in the area of Russian Far East.

Russian Far East and its Significance for India

- The Russian Far East comprises the eastern Russian **territory between Lake Baikal in eastern Siberia and the Pacific Ocean**. The macro-region borders two oceans, the Pacific and the Arctic.
- As part of its '**Pivot to Asia**' strategy, Russia is inviting foreign countries to invest in this region.

- The Far East is **rich in natural resources**. The macro-region extracts 98% of Russian diamonds, 80% of stannary, 90% of borax materials, **50%** of gold, 14% of tungsten, and 40% of fish and seafood.
- India can cooperate with Russian Far East in the field of energy investment, tourism, agriculture, diamond mining and alternative energy for mutual benefit.
- India, one of the largest importers of timber, can find ample timber resources in the forest resources in the region.
- Russian Far East is witnessing decline in population. India can be of help to Russia in providing workforce in sectors like agriculture and construction without engaging in permanent settlement, which could be beneficial for India in engaging its demographic dividend. This will also help in balancing Russian concerns over Chinese migration into the region.
- Far East has the potential to become an anchor in deepening India-Russia cooperation; more so considering that India has expanded the scope of its '**Act East policy**' to also include Russia.

Steps to be Taken for Facilitating Collaboration with the Far East

- **Para diplomacy:** Indian States should be encouraged to develop relations with Far East.
- **Promoting Mid-sized Businesses:** There is immense potential for mid-sized and small businesses who should be assisted to overcome language and cultural barriers so that they successfully adopt local business practices.
- **Boosting Connectivity:** Governments must expedite and explore feasibility of **Chennai-Vladivostok sea route** that would allow India access to Russia's Far East in 24 days, compared to the 40 days taken by the current route via Suez Canal and Europe.

Eastern Economic Forum (EEF)

- The EEF was established by Russian government in 2015 to support the economic development of Russia's Far East and to expand international cooperation in the Asia-Pacific region.
- The EEF serves as a platform for the discussion of key issues in the world economy, regional integration, and the development of new industrial and technological sectors, as well as of the global challenges facing Russia and other nations.

OBJECTIVE IAS

www.objectiveias.in