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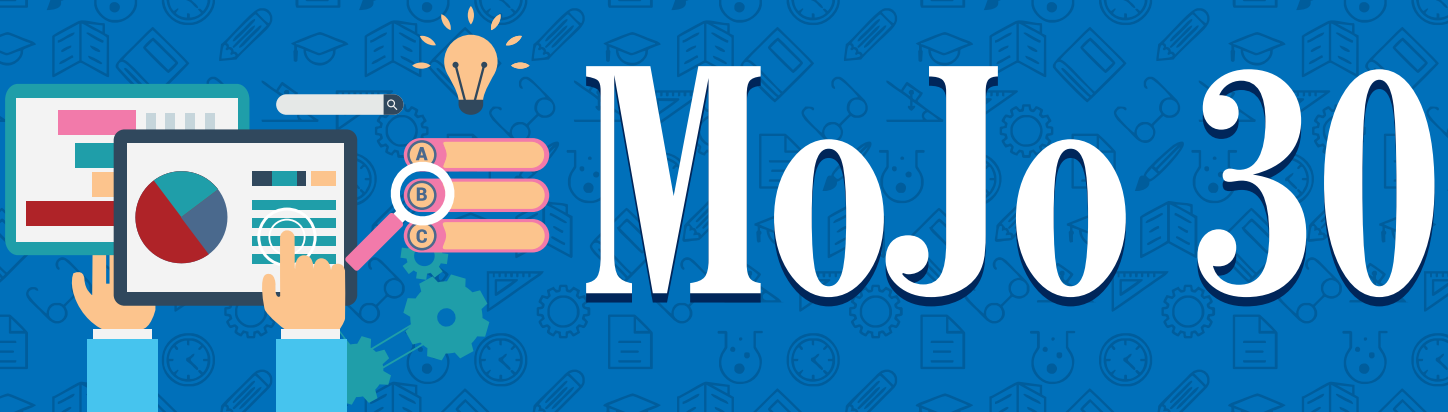
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Index

Reviving SAARC to deal with China	2
Taking down BRICS.....	5
Pakistan's CPEC Obsession: Boon or Bane?.....	7
China opposes U.K.'s citizenship offer	11
In an uncertain world, a seat at the global high table.....	13
The great Indian strategic debate - editorials - Hindustan Times.....	17
India's trade deficit with China reduces to USD 48.66 bn in FY20.....	19
Keeping a close watch on recent developments in Hong Kong, says India at UN.....	21
Oli faces the heat	23
Mapped: How China has raised its clout in India's neighbourhood.....	24
Avoid miscalculation, says China.....	27
With economic measures, India seeks to turn tables on China.....	29
Decoupling from China.....	31
Beijing's Soft Diplomacy in West Asia in Times of COVID-19.....	33
'Era of expansionism is over, this is era of development': PM takes dig at China.....	37
PM Modi has made his choice.....	39
New Delhi urges states to shun China, use domestic power equipment.....	41
PM visits Nimu in Ladakh to interact with Indian troops.....	43
Amid India-China standoff, Japan signals strong support for New Delhi.....	46
First China, now Pakistan: How Modi govt is battling on two fronts.....	47
U.S. stance on CAATSA unchanged.....	50
Ethiopia's bloody mayhem.....	52
More sabre-rattling, more isolation.....	55
In stand-off, keeping an eye on the nuclear ball.....	59
Days of disengagement: On India-China LAC standoff.....	63
Chinese aggression could reset power projection in Asia.....	66
India must stand up for Tibet.....	68
Xi is burning bridges with his aggressive nationalism policy.....	70
Why Eurasia should matter to India.....	72
China sees Indo-Pacific idea in terms of balance of power, not for advancing common interests.....	74
China's hegemonic ambitions mean that Beijing's focus is now on building Chinese century.....	77
'World must not allow China to instigate territorial disputes': Michael Pompeo.....	80
Reform the WHO but do not undermine it.....	81
Indian Navy Completes "Operation Samudra Setu".....	83
Nepal blacks out Indian news channels.....	90
None gains: The Hindu Editorial on U.S. withdrawal from WHO.....	92
First five re-printed volumes of Mongolian Kanjur Manuscripts released.....	95
Australia offers safe haven to Hong Kongers, sparking China fury.....	101
India explores options to bar Chinese firms from Ladakh solar project.....	104
China, U.S. in new spat over Uighur crackdown.....	106

REVIVING SAARC TO DEAL WITH CHINA

Relevant for: International Relations | Topic: SAARC and India

Closeup of a SAARC Flag. | Photo Credit: [Getty Images/iStockphoto](#)

As India-China border tensions continue to fester, a hegemonic China, as part of its global expansionism, is chipping away at India's interests in South Asia. This should be a major cause for concern for New Delhi. China's proximity to Pakistan is well known. Nepal is moving closer to China for ideational and material reasons. China is wooing Bangladesh by offering tariff exemption to 97% of Bangladeshi products, and has intensified its ties with Sri Lanka through massive investments. According to a Brookings India study, most South Asian nations are now largely dependent on China for imports despite geographical proximity to India.

Several foreign policy experts argue that India's strategic dealing with China has to begin with South Asia. In this regard, it is important to reinvigorate SAARC, which has been in the doldrums since 2014. In the last few years, due to increasing animosity with Pakistan, India's political interest in SAARC dipped significantly. India has been trying hard to isolate Pakistan internationally for its role in promoting terrorism in India. However, as Professor S.D. Muni argues, Pakistan is not facing any isolation internationally. India started investing in other regional instruments, such as BIMSTEC, as an alternative to SAARC. However, BIMSTEC cannot replace SAARC for reasons such as lack of a common identity and history among all BIMSTEC members. Moreover, BIMSTEC's focus is on the Bay of Bengal region, thus making it an inappropriate forum to engage all South Asian nations.

One way to infuse life in SAARC is to revive the process of South Asian economic integration. South Asia is one of the least integrated regions in the world with intra-regional trade teetering at barely 5% of total South Asian trade, compared to 25% of intra-regional trade in the ASEAN region. While South Asian countries have signed trade treaties, the lack of political will and trust deficit has prevented any meaningful movement. According to the World Bank, trade in South Asia stands at \$23 billion of an estimated value of \$67 billion. India should take the lead and work with its neighbours to slash the tariff and non-tariff barriers. There's a need to resuscitate the negotiations on a SAARC investment treaty, pending since 2007. According to the UN Conference on Trade and Development, intra-ASEAN investments constitute around 19% of the total investments in the region. The SAARC region can likewise benefit from higher intra-SAARC investment flows. Deeper regional economic integration will create greater interdependence with India acquiring the central role, which, in turn, would serve India's strategic interests too.

There are two major domestic challenges that India faces in revitalising SAARC. First, to reap political dividends at home, and for ideological reasons, there has been an unrelenting top-dressing of anti-Pakistan rhetoric and Islamophobia on the Indian soil. There's also a recurrent use of the 'Bangladeshi migrant' rhetoric. Such majoritarian politics influences foreign policy in undesirable ways. It dents India's soft power of being a liberal and secular democracy, which gives moral legitimacy to India's leadership in the region. This divisive domestic politics fuels an anti-India sentiment in India's neighbourhood. Second, the economic vision of the Modi government remains convoluted. It's unclear what the slogans of *atma nirbharta* (self-reliance) and 'vocal for local' mean. The government's economic advisers contend that this does not mean autarky. On the other hand, the Prime Minister and his Ministers are stating that India needs to cut down its dependence on imports, thus signalling a return to the obsolete economic philosophy of import substitution. If this marks sliding back to protectionism, one is unsure if India will be interested in deepening South Asian economic integration.

Prime Minister Narendra Modi did well by reaching out to SAARC leaders earlier this year, but such flash in the pan moments won't help without sustained engagement.

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Views are personal*

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

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TAKING DOWN BRICS

Relevant for: International Relations | Topic: BRICS, IBSA and India

By Rahul Mishra and Raj Kumar Sharma

Facing international backlash and simmering domestic discontent due to his mishandling of the [COVID-19 pandemic](#), Chinese President Xi Jinping seems to have made a tactical move of whipping up nationalist sentiments in his country. In order to deflect domestic and international pressure on Beijing, Xi has opened almost all possible contentious fronts, including the South [China](#) Sea dispute and the ongoing border stand-off with India.

China's untimely and unnecessary belligerence has already affected the outcomes of the World Health Assembly and the Russia-India-China Summit — two key multilateral forums. Next in line is the BRICS grouping, especially if Beijing further escalates border tensions with India. The recent border clashes between the Indian and Chinese soldiers and the COVID-19 episode have already sharpened fault lines in BRICS.

Established in 2009, BRICS represents the collective voice of the Global South with Brazil, Russia, India, China and South Africa as its members. After its establishment more than a decade ago, BRICS became the first-ever compact non-Western, inter-continental multilateral club. It was lauded as a unique experiment to bring together politically, economically and culturally diverse countries who share a range of concerns and interests with regard to the functioning of the western liberal international order. BRICS has been driven by the idea to challenge, if not dismantle, western hegemony and bring new ideas on the table for global governance.

However, China's recent actions — from the South China Sea incursions to encroachment in Indian territory — attest to the view that China is firmly attached to its Middle Kingdom hegemonic identity, and cares little for the Global South. The People's Liberation Army's actions against the Indian Armed forces have dented BRICS' image — the action is contrary to the grouping's emphasis on equality of states in international politics.

For minor tactical gains on the ground, China has strategically lost India. The border stand-off would push Delhi closer to the West, mainly Washington and its allies, signs of which are already emerging. For instance, India recently aligned with the US to oppose the expansion of Special Drawing Rights at the IMF. It seems India has taken this position to counter China's influence in the IMF. Interestingly, Delhi's action goes against the BRICS' demand to reform the Bretton Woods institutions and oppose their domination by the west.

The New Development Bank (BRICS Bank) has also not lived up to the expectations of developing countries as it has failed to extend any financial assistance to them in fighting COVID-19. In stark contrast, the World Bank and IMF have swiftly moved and provided a financial safety net to several countries which has boosted their credentials at the cost of NDB. In April 2020, IMF head Kristalina Georgieva said that 102 of the agency's 189 member nations are seeking assistance from it to combat the pandemic.

Within the BRICS, China does not enjoy the trust of other member countries. For instance, while Russia does seem to support China at international forums, this is more due to strategic compulsions rather than a conscious choice. Russia has been trying to safeguard its sphere of influence in the post-Soviet space from China's vigorous push through its Belt and Road Initiative (BRI). Moscow's relations with the US and the EU have deteriorated after the Crimean

crisis, thereby leading to its greater dependence on China. In Brazil too, there has been a social media backlash against China, while its education minister insinuated a link between the COVID-19 pandemic and China's plan for world domination.

African people have suffered racial discrimination in China during the COVID-19. This is a sensitive issue for the African community, to which South Africa cannot remain oblivious. In India, public opinion has turned against China leading to a boycott China campaign. It would be difficult for the Indian government to conduct business as usual with China anytime soon.

The BRICS is mainly portrayed as a grouping of fast-emerging economies with huge market potential. The COVID-19 pandemic might change that perception by knocking down exports and inducing a slowdown in BRICS markets. Brazil, Russia and India are among the top COVID-19 infected nations. In fact, BRICS economies were sluggish even before the pandemic and the trend is likely to continue. The economic basis to keep BRICS intact is likely to face severe strains.

Health diplomacy is another area where the BRICS countries could have cooperated but have failed to do so. India, Russia, and China have sent medical assistance to other countries based on their bilateral relations and interests. BRICS, or the Global South for that matter, hardly figured in their priority list. Brazil, India, and China have enormous manufacturing capabilities which could have been utilised to ensure that poorer countries get early access to the vaccine. Instead, they have their own vaccine development programmes. Russia and China are going solo, while Indian pharmaceutical companies are collaborating with the US, the UK, Australia, South Korea and Israel for developing and distributing the vaccine. A BRICS collaboration for a COVID-19 vaccine could have been a shot in the arm for the grouping.

Recent Chinese actions are creating a rift between China and other BRICS members. Rather than taking BRICS members along and working with them during the COVID-19 pandemic, China has taken the unilateral path to domination, thereby subverting solidarity between nations of the Global South. This would have long-term implications, including creating doubts over the efficacy of BRICS and similar platforms like the SCO and RIC.

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PAKISTAN'S CPEC OBSESSION: BOON OR BANE?

Relevant for: International Relations | Topic: India - Pakistan

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Since its inception, the China-Pakistan Economic Corridor (CPEC) has evoked a lot of interest among the policymakers, analysts, and strategists around the world. While the ruling elite in Pakistan considers it a boon that would transform Pakistan's future, many analysts have viewed it as a Chinese game-plan to turn Pakistan into a permanent colony, a rentier-cum-client state. Others in Pakistan have called it a debt trap and a neocolonial ploy. Senator Tahir Mashhadi, chairman of the Senate Standing Committee on Planning and Development of Pakistan, has termed CPEC as "another East India Company in the offing".¹ Some have also argued that despite the obsession with CPEC, the economic relations between Beijing and Islamabad would remain "low-profile" even though "closed, secretive" cooperation on sensitive security matters will continue".²

The secrecy that shrouds the terms of reference, specifically involving the rate of interest and other conditionalities of the Chinese loans to fund CPEC, makes this project even more controversial. Other than Punjab the optimism of the federal government is not shared by the rest of the provinces. It almost bypasses the Khyber Pakhtunkhwa Province and seeks to exploit the resources of Balochistan without passing on the benefits to its people. Little wonder, the Baloch people consider CPEC as a Pakistan (Punjab)-China joint colonial project to benefit only the Punjabis of Pakistan and therefore, the Baloch insurgents, fighting for their rights, have episodically targeted both Chinese and Punjabis in their territory. At the popular level, the arrogant behaviour displayed by Chinese workers employed in various projects has led to local reprisals even in Punjab.

Started in 2013, the CPEC, the flagship project under China's Belt and Road Initiative (BRI), received a major boost in April 2015 when China initially pledged US\$ 46 billion towards project implementation over a period of 15 years. This was later increased to US\$ 62 billion. A major share of it (US\$ 35 billion) was marked for energy production (of about 17 GW in all and 10 GW by 2020) to help Pakistan tide over its existing energy shortfall of about 4.5 GW and usher in an era of industrialisation and development.³

Five years later, Pakistan has an additional aggregate of 5.918 GW of power harnessed majorly from its coal-fired plants, and also partly from hydro, solar and wind power. As per the estimates given by the Pakistan Planning Commission, the total expenditure has been about US\$ 9.309 billion, out of which, as per the State Bank of Pakistan (SBP) figures, China has invested upward of US\$ 6 billion during 2015-2020. In other infrastructure projects, mainly involving roads, investment to the tune of about US\$ 4.3 billion has been made.⁴

Though the country is now energy surplus, the unit cost of power production is too high for the local people to afford. There have been reports of large-scale corruption. While setting up coal-fired plants in Sahiwal and Port Qasim, the Chinese company had manipulated the cost figures for setting up their plants.⁵ The main motive of Chinese companies has been to squeeze as much profit as possible out of Pakistan, rather than helping out an all-weather friend.⁶ The power companies are selling power at a high price, especially in Karachi where it is Pakistani Rupee or PKR 17.69 per unit.⁷

Observers in Pakistan hold the view that CPEC has come as a gift to the Chinese state-owned enterprises. They profit from tax relaxation and have been assured of good returns from the

CPEC projects through sovereign guarantees. They also have easy access to financial capital through banking facilities and other incentives. Therefore, local industries have found it hard to compete with their Chinese counterparts.

For China, apart from such investments with assured returns, the extension of the Karakoram Corridor till the seaport of Gwadar in Balochistan Province is of significant strategic relevance. It connects the energy-deficient region of Xinjiang in western China with the energy-rich regions in western Asia through this port. Thus, Gwadar is being termed as a “gateway” to the CPEC and a state-owned Chinese company, Overseas Port Holding Company, has taken this port on lease for 40 years. It will retain over 91 per cent of the revenue from its marine operations and 85 per cent of the revenue from the management of an adjacent free-zone.⁸ Access to a deep-sea port is also of tremendous strategic significance for a country seeking to enhance its influence in the Indian Ocean and secure uninterrupted supply of oil from the Gulf.

Moreover, the Chinese are also reportedly working towards settling hundreds of thousands of their citizens in the Gwadar Port. The China-Pakistan Investment Corporation (CPIC) Global, a construction company tasked with developing real-estate in the port area, has already bought the 3.6 million square foot International Port City and will build a \$150 million gated community for the Chinese professionals in the proposed new financial district in Gwadar.⁹ The prospects of settling Chinese citizens who would work in these projects has made the local population angry. This has resulted in anti-China protests and also attacks against Chinese engineers and projects.¹⁰ There are also periodic protests against CPEC both inside Balochistan and also by Baloch diaspora in the West.¹¹

Pakistan’s repayment obligations under the CPEC agreement include payment of debts and guaranteed rates of return on equity for investors (17 per cent interest for power projects), which have already added to the current account deficit. Speaking in Karachi, the Consul General of China bared it all when he said: “...where this money will come from if Pakistan does not have it...it will be borrowed, and from a business point of view, the investor invests to make money.”¹² As of now, Pakistan does not have the capacity to repay loans taken from China due to rapid depletion of foreign exchange reserves which has already contracted for the fiscal year 2019-20. According to the International Monetary Fund (IMF) estimates, the annual debt repayment for CPEC-related investment and government-to-government loans would reach \$3.5 billion by 2024-25. Once the Chinese investors begin repatriating profits, it “could add up to a significant level given the magnitude of the FDI”.¹³ It is being estimated that both repayments and profit repatriation, “could reach about 0.4 per cent of GDP per year over the longer run”.¹⁴

According to one estimate, Pakistan will end up paying US\$ 90 billion to China over a span of 30 years and average annual repayment of CPEC could range between US\$ 2.0–5.3 billion with an average payment of US\$ 3.7 billion.¹⁵

In the initial years, the CPEC projects did contribute to Pakistan’s growth due to a rise in domestic consumption. For example, the demand for cement, smaller machinery and other products increased because of the work on energy and road infrastructure projects. But this also led to an increase in the import bill since big machinery and other goods were imported, resulting in a deficit in the balance of payment. The import-driven economy, artificially, kept the value of rupee strong. Once this phase was over, the economy came under huge stress.

Pakistan’s growth witnessed a decline of around 1.9 per cent during 2018-19. The World Bank has projected a negative -1 per cent GDP growth for Pakistan in the upcoming fiscal year 2020-21.¹⁶ The government has been forced to devalue the currency and reach out to the IMF for a bailout. Considering Pakistan’s economic situation, the IMF has asked Pakistan to clarify the debts it owes to China as it did not want the bailout package to be used for repaying the Chinese

loan.[17](#).

The COVID-19 pandemic has further exacerbated Pakistan's economic woes. According to the Economist Intelligence Unit (EIU), Pakistan's GDP will grow only at about 2.9 per cent in the next financial year 2020-21.[18](#) Due to such downturn, it would not be possible for Pakistan to pay the debt it has incurred due to the CPEC projects and it may look for deferment, which is likely to increase its external dependency and turn it into China's client state, for all practical purposes.

Interestingly, despite being 'iron brothers', China rejected the Imran Khan Government's request to renegotiate some of the Chinese projects as per his campaign promises. Rather, it, possibly, reached out to the Pakistan military to tell Imran not to do so. Even as Imran Khan did not push China to renegotiate some of the deals, China refused to reschedule its debt and renegotiate power purchase agreements (PPAs), "which form the heart of CPEC today".[19](#)

Pakistan has raised a Special Security Division (SSD) comprising 9,000 Pakistan Army soldiers and 6,000 para-military personnel for the security of the CPEC projects and individuals working on it.[20](#) These security measures come with a price tag. Pakistan has to foot the bill and "the cost is going to be exorbitant".[21](#) The federal government in 2017-18 financial year allocated PKR 1.8 billion, in 2018-19 it was PKR 4.5 billion,[22](#) and in 2019-2020 it was PKR 5.8 billion as security expenditure for the CPEC projects.[23](#)

Already local people are angry that CPEC has not generated employment opportunities for them. Chinese companies have employed Chinese workers in their projects. Media has reported some clashes between the local police and the Chinese engineers. In one such case in Khanewal in 2018, the Chinese engineers and other officials clashed with the local police when they were denied permission to leave the camp without being accompanied by a security squad. The Chinese workers responded by snapping power supply to the police camp within the project premises.[24](#) There have also been reports of Chinese traffickers luring Pakistani women to China with sham marriages for prostitution and are charging fees ranging from \$12,000 to \$25,000 per woman.[25](#)

The CPEC project has further empowered the Pakistan military. In April this year, Lt. Gen. (Retd.) Asim Saleem Bajwa, a former military spokesperson, was appointed as Special Assistant to Prime Minister Imran Khan to deal with the negative narratives surrounding the CPEC project.

Undeterred by criticism and concerns expressed by the analysts worldwide, Pakistan and Chinese officials are now finalising new infrastructure projects worth billions which include the railway project ML-1 with an estimated cost of \$7.2 billion.[26](#) Even an agreement has been signed for investment in the Diamer-Bhasha Dam (DBD) project. Given Pakistan's economic situation, repaying these loans would be difficult. The external debt of the central government has increased from PKR 11 trillion in June 2019 to PKR 11.23 trillion in February this year.[27](#) According to the World Bank, the rupee depreciated by 7.3 per cent in March this year and real GDP growth is projected to contract by 1.3 per cent.[28](#) The total public debt to GDP ratio stood at 72.1 per cent.[29](#) All these will have implications for Pakistan's debt situation in future. As it stands today, Pakistanis are likely to find their enthusiasm about CPEC turn into an economic nightmare.

Views expressed are of the author and do not necessarily reflect the views of the Manohar Parrikar IDSA or of the Government of India.

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CHINA OPPOSES U.K.'S CITIZENSHIP OFFER

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Return to normality: An employee removing pro-democracy stickers at a restaurant in Hong Kong on Thursday. AP/Kin Cheung

China warned Britain on Thursday it could retaliate with “corresponding measures” for London’s decision to extend a broader path to citizenship for the residents of Hong Kong.

Britain’s offer came in response to a sweeping new security law that China unveiled for the former British territory this week.

Hong Kong was under U.K. jurisdiction until it was handed over to China in 1997 with a guarantee that Beijing would preserve the city’s judicial and legislative autonomy for 50 years.

The Chinese Embassy in London stressed that “all Chinese compatriots residing in Hong Kong are Chinese nationals”.

‘Breach of basic norms’

The British plan covers almost three million Hong Kongers who either have a British National Overseas (BNO) passports or are eligible to apply for one.

The Embassy said these people were Chinese nationals as well. “If the British side makes unilateral changes to the relevant practice, it will breach its own position and pledges as well as international law and basic norms governing international relations,” it said in a statement.

“We oppose this and reserve the right to take corresponding measures,” it said.

Beijing has never publicly raised the possibility of offering Britons either Chinese citizenship or broader residence rights.

Britain had sought closer relations with China after ending its decades-long membership in the European Union this year.

Prime Minister Boris Johnson’s government also irritated the U.S in January by allowing private Chinese company Huawei to unroll Britain’s speedy new data network. But Britain is now studying ways to cut Huawei out of its system entirely and build up an alliance of European and Asian providers that reduces China’s dominance in the field.

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IN AN UNCERTAIN WORLD, A SEAT AT THE GLOBAL HIGH TABLE

Relevant for: International Relations | Topic: UNO and its various Agencies

India will be [back in the United Nations Security Council](#) (UNSC) for a two-year term beginning January 1, 2021 at a critical time in the history of the UN. It is hoped that by then COVID-19 will have subsided, a U.S. President will have been elected, and the contours of a new world order may have emerged. India is serving for the eighth time and has a record of contributing to some of the seminal resolutions of the UNSC. As a consequence of the long debate on the expansion of the UNSC, many countries which have never served on the Council have begun to claim their turn. Earlier, India, Japan, Pakistan and some others used to get elected more frequently. Compared to the retiring members, the newly elected members are more politically significant. India's reputation for taking balanced positions and consensus building will be welcomed by the other members.

The basic contest for the non-permanent seats takes place in the respective regional groups and their sub-groups. Voting in the General Assembly is to fulfil the requirement of countries having to secure a two-thirds majority of the member states. If there is regional endorsement, all countries, except those with any grievance against the candidates, vote for them and they sail through easily. But regional endorsement is becoming difficult as countries inscribe their names years in advance and those squatting countries have to be persuaded to vacate the place through various means. Last time, it was Kazakhstan which vacated the place for India; this time, it was Afghanistan. India could not have got the endorsement without such gestures from friendly countries. It must have taken some deft activity by our mission to accomplish these feats.

Editorial | [At the high table: On India's U.N. Security Council win](#)

Voting in the General Assembly is not without its own excitement. The two-thirds majority is assured, but the competition is to secure all the votes cast. But no one gets that as the ballot is secret and adversaries may vote against the candidates. For instance, out of the 192 votes cast, India got 184 and no one will ever know the eight countries that did not vote for India. But it is a matter of concern that there are so many countries with grievances against India. In the order of the number of votes received by each one, the countries elected were Mexico, India, Norway, Ireland and Kenya. Since there was no endorsement in the African Group, Kenya had to go for a second round against Djibouti. Kenya was the favourite of the West and Djibouti was supported by China and the Islamic states. In the Western European and Others Group, Canada lost to Ireland in a contentious contest.

One special feature this year was the COVID-19 effect. Ambassadors were allowed to enter the General Assembly Hall one by one to cast their ballots instead of the simultaneous voting that usually takes place. The campaign was also unconventional — it took place through Zoom conversations and the sharing of brochures and pamphlets rather than through meetings at bars and restaurants serving haute cuisine around the UN. The candidates may also have saved money as this is normally an occasion for splurging.

Though India's success was assured, the new Permanent Representative of India, T.S. Tirumurti, who has a formidable reputation for multilateral skills, produced an impressive multimedia presentation with memories of India's sterling role in the annals of the UN. Asked for his reaction to the victory, he said, "In the COVID and the post-COVID world, India will continue

to provide leadership and a new orientation for a reformed multilateral system.” How far the UN will be able to reform itself in the new situation remains uncertain. The expected changes after 9/11 never materialised because of vested interests and traditional positions. The UN did not succeed in either defining terrorism or in adopting the Comprehensive Convention on International Terrorism. Counter-terrorism will be one of the highest priorities for India at the UNSC.

Also read | [India will be Security Council President for August 2021: U.N.](#)

India's election as a non-permanent member has understandably ignited the hope that its quest for permanent membership of the Council may succeed. Nothing is farther from the truth. Operating within the provisions of the Charter is one thing and seeking to amend the Charter to add new permanent members is quite another. The debate has thrown up many ideas, but till today, none of the proposals has the possibility of securing two-thirds majority of the General Assembly and the votes of the five permanent members. It is fairly certain that no expansion of the permanent members will take place under the existing provisions of the Charter. We may blame the permanent members for being adamant about protecting their privileged positions, but the fact is that a majority of the UN members are against the privileges of the permanent members, particularly the veto. India's performance in the Council may earn it respect, but it will not lead to its elevation to permanent membership as the opposition to any expansion is not India-specific.

India will have a higher profile at the UN for the next two years as the non-permanent members have a collective veto over every resolution in the Council. Permanent members can prevent adoption of resolutions by themselves, but they need at least nine votes to get a resolution passed. India will also have a rare peep into the consultations chamber of the UNSC, which is closed to non-members of the Council. It is there that hard negotiations take place without any public record, characterised by arm-twisting and threats of veto. The pressure of work of the mission will also increase because India will get involved in many issues in which it may not have any direct interest. Since India does not have a veto, it shall have to proceed cautiously not to offend anyone, lest they should go against it when a matter of vital interest for the country comes up in the Council.

Also read | [India's UNSC non-permanent seat: Modi thanks global community](#)

India's mission in New York has earned a reputation that it is next only to the permanent members in influence. But whether it will be able to deal with traditional challenges in novel ways will depend on the turns and twists in an uncertain world.

T.P. Sreenivasan has served at the ambassadorial level at India's missions to the UN in New York, Nairobi and Vienna. He was also the head of the UN Division in the Ministry of External Affairs

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THE GREAT INDIAN STRATEGIC DEBATE - EDITORIALS - HINDUSTAN TIMES

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

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For over two decades, ever since the process of rapprochement began between India and the United States (US) after the 1998 nuclear tests, there have been two clear views within the Indian polity and strategic community. One suggested closer ties between India and the US. Advocates of this view pointed to US power; the advantages that India could extract for its economic development; the convergence in democratic values; and the fact that the US can act as an insurance policy in the face of a rising China. The other school of thought pointed to the US track record of undermining Indian interests and its close ties with the Pakistan military; and argued that proximity will undermine India's "strategic autonomy", and deepen New Delhi's disputes with Beijing.

All governments have chosen a middle way till now, even as they have tilted towards the first view. Recognising the benefits of closer ties with the US, New Delhi has deepened economic and military links with Washington. But it has been careful not to enter any formal alliance; been hesitant to institutionalise structures such as Quad; retained its independent positions on issues such as trade; and deepened its economic ties with China. Each time tensions with China erupted, a familiar question was asked. Is China's behaviour a result of India-US proximity, or is India-US proximity a result of Chinese behaviour?

Chinese aggression at the Line of Actual Control in the last two months, and the brutal clash on June 15 which left 20 Indian soldiers dead, have now answered the question. China will be India's greatest strategic threat in the coming decades. Whether India desires it or not, it will end up as one of the frontline states which will have to step up to contain Chinese power, not because of a third power, but because its own interests are at stake. This will mean India has no choice but to deepen its partnerships with other countries, particularly the US. And it will reduce links with China. But even as there is greater strategic clarity, walking down this path comes with responsibility and costs. It may lead to even greater Chinese aggression, and open up the prospect of an adverse two-front situation. It will mean making difficult trade-offs, since US interests do not always converge with Indian interests. It will also mean building internal economic capabilities, ensuring social peace, and evolving a cross-party consensual position. India's choice has been made; it now has to stay the distance.

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INDIA'S TRADE DEFICIT WITH CHINA REDUCES TO USD 48.66 BN IN FY20

Relevant for: International Relations | Topic: India - China

Exports to China in the last financial year stood at USD 16.6 billion, while imports aggregated at USD 65.26 billion, the data showed

India's trade deficit with China fell to USD 48.66 billion in 2019-20 on account of decline in imports from the neighbouring country, according to government data.

Exports to China in the last financial year stood at USD 16.6 billion, while imports aggregated at USD 65.26 billion, the data showed.

The trade deficit between the countries was at USD 53.56 billion in 2018-19 and USD 63 billion in 2017-18.

The main imports from China include clocks and watches, musical instruments, toys, sports goods, furniture, mattresses, plastics, electrical machinery, electronic equipment, chemicals, iron and steel items, fertilisers, mineral fuel and metals.

New Delhi has time and again raised concerns over widening trade deficit with China.

The government is taking steps such as framing technical regulations and quality norms for several products to cut dependence on China for imports.

It has also imposed anti-dumping duties on several goods which are being dumped in the domestic market at below the average prices from China with a view to guard domestic players from cheap imports.

As many as 371 products have been identified for technical regulations. Out of these, technical regulations have been formulated for 150 products worth about USD 47 billion of imports.

Over 50 quality control orders (QCOs) and other technical regulations have been notified in the past one year including on electronic goods, toys, air conditioners, bicycle parts, chemicals, safety glass, pressure cooker, items of steel, electrical items such as cables.

China accounts for about 14 per cent of India's imports and is a major supplier for sectors like mobile phones, telecom, power, plastic toys, and critical pharma ingredients.

Similarly, foreign direct investment (FDI) from China into India too has dipped to USD 163.78 million in 2019-20 from USD 229 million in the previous fiscal, according to the data.

India had received USD 350.22 million FDI from the neighbouring country in 2017-18 and USD 277.25 million in 2016-17.

During April 2000 and March 2020, New Delhi attracted FDI worth USD 2.38 billion from China.

In April, the government tightened FDI norms coming from the countries which share land border with India. As per the amended FDI policy, a company or an individual from a country that shares land border with India can invest in any sector only after getting government approval.

Top sectors which saw maximum FDI from China during April 2000-March 2020, are automobile (USD 987.35 million), metallurgical (USD 199.28 million), electrical equipment (USD 185.33 million), services (USD 170.18 million), and electronics (USD 151.56 million).

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KEEPING A CLOSE WATCH ON RECENT DEVELOPMENTS IN HONG KONG, SAYS INDIA AT UN

Relevant for: International Relations | Topic: India - China

The protests were held just a day after China imposed the new national security legislation on the semi-autonomous region

India has been keeping a close watch on the recent developments in Hong Kong, said Rajiv Kumar Chander, the country's ambassador and permanent representative to the UN in Geneva, on Wednesday, and urged the global body to address related concerns 'seriously and objectively'.

"Given the large Indian community that makes the Hong Kong Special Administrative Region of China its home, India has been keeping a close watch on the recent developments. We have heard several statements expressing concerns on these developments. We hope the relevant parties will take into account these views and address them properly, seriously and objectively," Chander said at a press briefing at the UN body in Geneva.

Thousands of Hong Kongers, who saw new dawn with the Chinese imposed restrictions over their autonomy and precious civil and social freedoms, turned out in protest in the busy shopping district of Causeway Bay but were met with a heavy security presence. Police fired pepper spray into the crowd, kettled and dispersed protesters and deployed water cannons.

As per media reports, some 200 people, including a man who was holding a black independence flag, and soon afterwards a woman with a sign reading "Hong Kong Independence" were arrested by the city police.

The protests were held just a day after China's elite Standing Committee imposed the new national security legislation on the semi-autonomous region in the lead-up to July 1 -- the 23rd anniversary of the handover of Hong Kong from British rule to China -- and dramatically broadens the powers of local and mainland authorities to investigate, prosecute and punish dissenters.

In vague language, the legislation criminalises secession, subversion, terrorism and collusion with foreign powers. People convicted of such crimes can face sentences of up to life in prison.

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OLI FACES THE HEAT

Relevant for: International Relations | Topic: India - Nepal

A beleaguered Oli has tried to blame India and some Nepalese leaders for conspiring to bring his government down

K.P. Sharma Oli's position as Nepal's prime minister may have become untenable after a rebellion in the ruling Nepal Communist Party (NCP). Former PM Prachanda, who co-chairs the party with Oli, and other top leaders want him to quit the leadership of both the NCP and the government. Oli seems unpopular, perhaps because of his inept handling of the covid-19 pandemic. An economic slowdown may have taken a turn for the worse. He recently sought China's help to stay in power. Now Pakistan's Imran Khan is reported to be joining hands with China's Xi Jinping to save Oli's government.

A beleaguered Oli has tried to blame India and some Nepalese leaders for conspiring to bring his government down. In what seemed like an attempt to distract people from holding him to account, he even stoked nationalist sentiments by redrawing Nepal's political map to include territories claimed and controlled by India. If Nepalese politics is free of external pressure, Oli's government could soon fall. But Beijing's sway in Kathmandu is seen to have risen in recent times. New Delhi needs to stay alert in guarding our strategic interests in the Himalayan region.

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MAPPED: HOW CHINA HAS RAISED ITS CLOUT IN INDIA'S NEIGHBOURHOOD

Relevant for: International Relations | Topic: India - China

Over the past decade, China has strengthened its economic and military ties with India's neighbours in South Asia, which could pose a challenge for India

As India battles China, trouble in another part of India's northern neighbourhood has flared up. Nepalese Prime Minister Khadga Prasad Oli has accused India of hatching a [conspiracy](#) to topple him for publishing the country's [new map](#) that depicts disputed territories as parts of Nepal.

Even as some strategic experts warn of a [Chinese hand](#) behind the strain in India-Nepal ties, they warn that growing Chinese influence in the region could pose a challenge for India in the rest of South Asia as well.

"China is behaving how emerging superpowers generally tend to behave—they try to flex muscles and project power—all of which China is trying to do at the moment," says Happymon Jacob, associate professor of disarmament studies at Jawaharlal Nehru University (JNU). "When that happens, states around that emerging power will either stand up against it (like India) or jump on the bandwagon (like other smaller south Asian countries)."

Several South Asian countries are benefiting hugely from Chinese "generosity", said Jacob. India simply doesn't have the economic wherewithal to match that, he added.

Over the past decade, China has replaced India as the major trading partner of several South Asian countries. For instance, the share of India's trade with Maldives was 3.4 times that of China's in 2008. But by 2018, China's total trade with Maldives slightly exceeded that of India. China's trade with Bangladesh is now about twice that of India. China's trade with Nepal and Sri Lanka still lags India's trade with those countries but the gap has shrunk.

A more significant way in which China exerts its influence in the region is through investment, loans, and grants. According to the American Enterprise Institute's China Global Investment Tracker, China has committed around \$100 billion in the economies of Afghanistan, Bangladesh, the Maldives, Pakistan, Nepal and Sri Lanka. China is now the largest overseas investor in the Maldives, Pakistan, and Sri Lanka.

Their database shows that Chinese investment is concentrated in hard infrastructure – power, roads, railways, bridges, ports and airports. Nearly 80 percent of Chinese investments in South Asia have been in the energy and transport sectors, according to the tracker.

Beyond hard infrastructure, China has also invested in the financial systems of these countries. For instance, Beijing has taken stakes in the Dhaka and Karachi stock exchanges and cultivated trade in yuan between China and Pakistan.

Critics have raised concerns that China's interests in the region go beyond economics. The opacity and the nature of Chinese investments have fuelled such concerns. China is accused of extending excessive credit with the intention of extracting economic or political concessions when countries cannot honour their debts. This raises fears that China's credit to its South Asian partners, particularly through the Belt and Road Initiative (BRI), could be a strategic

disadvantage for India.

Such fears were amplified after Sri Lanka had to lease out its Hambantota Port to China for 99 years, after being unable to service its debt.

There is economic rationale for China in building alternative access to the Arabian sea to facilitate trade, but India must be watchful, especially if China is building military bases which could threaten India, said Jacob of JNU in reference to China's flagship China-Pakistan Economic Corridor (CPEC).

Data from Stockholm International Peace Research Institute ([SIPRI](#)) shows that over the past decade, Chinese arms sales across South and Southeast Asia grew from \$386 million in 2008 to \$1.3 billion in 2016 before falling to \$759 million in 2018. China is the biggest arms supplier to Pakistan and Bangladesh today.

Experts have argued that Beijing is helping strengthen the navies of Pakistan, Bangladesh, and Sri Lanka to enhance its footprint in the Bay of Bengal and the Indian Ocean. Some strategic experts see this as part of an encirclement or 'string of pearls' strategy to contain India by building a network of military and commercial facilities in India's neighbourhood.

"As countries grow in power and capacity they start becoming ambitious," says Jabin Jacob, associate professor in the department of international relations and governance studies at Shiv Nadar University (SNU). "Not everything in China has been a well laid out strategy but as their power and capacity grows, they are beginning to grow ambitious about their presence across the globe."

So while China may not have planned such a strategy from the outset, India should take such concerns more seriously as China grows in power, he suggests.

Some researchers argue that the nature of the relationship between China and South Asian nations is complicated, and caution against extrapolating too much from the current levels of cooperation.

Smaller South Asian countries generally view China as a "fallback option" to finance their infrastructure projects and not necessarily as a partner of first choice, said a 2019 report by Nilanthi Samaranyake, director of the Strategy and Policy Analysis programme at CNA, a Washington-based non-profit research organisation. The leaders of these countries largely still see India as the dominant power in South Asia, suggesting that Chinese economic activity, while welcome, will not necessarily translate into major military or strategic gains, wrote Samaranyake.

"These countries are also learning from their experience with China," says Jacob of SNU. "They are learning to play India and China against each other which gives them greater agency. This means that China doesn't have a free hand but this also means India does not have a free hand."

In 2014, the Modi government made an impressive start with its neighbourhood-first policy but six years on it is battling resentment in the region. While India's understaffed diplomatic cadre and slower economic growth have been limiting factors, the inability to handle the sensitivities of its neighbours may have also contributed to the turbulence in the neighbourhood.

The threat of Chinese presence in South Asia can be tackled more effectively if India changes course in its dealings with its neighbours and becomes more sensitive to their concerns, says

Jacob of SNU.

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AVOID MISCALCULATION, SAYS CHINA

Relevant for: International Relations | Topic: India - China

China on Friday warned India against making “a strategic miscalculation with regard to China”, in a sharp reaction to Prime Minister Narendra Modi’s surprise visit to Ladakh to meet Indian troops.

China also described Mr. Modi’s comments on “expansionism” as being “exaggerated and fabricated”, underlying the tense state of relations. “China has demarcated boundary with 12 of its 14 neighbouring countries through peaceful negotiations, turning land borders into bonds of friendly cooperation. It’s groundless to view China as ‘expansionist’, exaggerate & fabricate its disputes with neighbours,” Ji Rong, the spokesperson of the Chinese Embassy in New Delhi, said on Twitter.

Against ‘complication’

In Beijing, the Chinese Foreign Ministry reacted to Mr. Modi’s visit by saying India should not “complicate” the situation along the border. “China and India are in communication with each other through military and diplomatic channels,” Foreign Ministry spokesperson Zhao Lijian said at a daily press briefing, when asked about the visit. “Neither side should make any move that may complicate the border situation.”

Mr. Zhao warned India to “avoid a strategic miscalculation with regard to China”.

“I would like to stress that China hopes that India will work with us, follow faithfully the important consensus reached between the two leaders, abide by the agreements reached between the two governments, strengthen communication and coordination on properly managing the current situation through diplomatic and military channels, and jointly uphold peace and stability in the border areas,” he said.

“At the same time, we need to see that China and India, both major developing countries, bear the historic mission of accelerating national development and rejuvenation,” the official said. “China and India should follow the important consensus reached by the leaders of the two countries and uphold overall bilateral relations,” he said.

Mr. Lijian also warned against “artificial barriers” that would hurt economic relations, in reference to India’s recent moves on the trade and investment front, from banning 59 Chinese apps to announcing a halt to highway projects.

On Minister for Road Transport and Highways Nitin Gadkari’s remarks on July 1 to keep Chinese firms away from highway projects, Mr. Zhao said: “In recent days some politicians in India have kept issuing irresponsible remarks that are detrimental to China-India relations. It calls for concerted efforts on both sides to maintain China-India relations. Artificially setting up barriers for such cooperation not only violates WTO rules, but also hurts India’s interests.”

He said China would “take all necessary measures to safeguard the legitimate rights of Chinese businesses”.

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WITH ECONOMIC MEASURES, INDIA SEEKS TO TURN TABLES ON CHINA

Relevant for: International Relations | Topic: India - China

At a protest in Ahmedabad calling for a ban on products from China.PTI-

India is considering a range of economic measures aimed at Chinese firms amid the border tensions. The move to ban 59 Chinese apps may be just the start, with other measures likely to follow if tensions along the Line of Actual Control (LAC) continue, without disengagement.

On Friday, Power Minister R.K. Singh said India would not import power equipment from China — worth \$2 to \$3 billion annually — while Minister for Road Transport and Highways Nitin Gadkari said on July 1 Chinese companies would not be allowed to take part in road projects. Reports have said the government is considering trade and procurement curbs targeting China. The government is also increasing scrutiny of Chinese investments in many sectors, and weighing a decision to keep out Chinese companies from 5G trials.

The moves could potentially cost Chinese companies billions of dollars. The message from Delhi is it cannot continue trade and investment relations as normal, if China does not agree to return to the status quo of April before its incursions along the LAC began.

The Chinese government has hit out at the measures, while state media have widely criticised calls in India to boycott Chinese goods. China is itself no stranger to such moves, having frequently deployed economic countermeasures, from restricting market access to boycotting goods, in the midst of its own disputes, with countries ranging from South Korea and Japan to the Philippines.

China's state media spearheaded a boycott of South Korean goods in 2016 and 2017, when Seoul deployed the U.S. Terminal High-Altitude Area Defense missile system. China then placed curbs on outbound tourism to South Korea, and closed almost 90 Korean-owned Lotte Mart stores in the mainland. In 2010, China began restricting exports of rare earths elements to Japan — a key ingredient for many electronics industries — following a collision near disputed East China Sea islands. Two years later, mass protests were organised by China over the islands issue, which led to boycotts of Japanese brands. With the Philippines, a dispute over the Scarborough Shoal in the South China Sea in 2012 led to China curbing imports on bananas.

China's leverage

In all those relationships, China had particular leverage that it used to inflict immediate economic pain. In the India-China economic relationship, where trade is lopsided in China's favour, both sides have different levers that they could turn to, but options are tilted in China's favour because China is far less dependent on India's market than India is on Chinese imports.

India's biggest lever is its market. For TikTok, one of the 59 apps banned, India is the biggest overseas market with more than 100 million users. While the parent company ByteDance reported modest earnings of \$5.8 million in 2018-19, its first full year in India, a source close to the company told the Chinese finance magazine *Caixin* that ByteDance "is anticipating a loss of more than \$6 billion, most likely more than the combined losses for all the other Chinese companies behind the other 58 apps banned in India."

If India does have leverage that could hurt potential revenues of Chinese companies, the problem for New Delhi is China could inflict immediate economic pain should it choose to. In 2019-20, India's imports from China accounted for \$65 billion out of two-way trade of \$82 billion. India relies on China for crucial imports for many of its industries, from auto components to active pharmaceutical ingredients (APIs). Between 70% to 90% of APIs come from China.

Industry representatives have expressed concern over delays in customs clearances. If China curtailed exports to India, consequences would be more serious.

India faces difficult choices and needs to be selective in its measures, said former Foreign Secretary Shyam Saran. "You have to choose areas where you don't get hurt more than they do," he told *The Hindu*. "TikTok is a good candidate as India is their largest market. Telecom is another. This is a huge market for Huawei."

Whether India's measures will influence China's behaviour on the border will ultimately depend on Beijing's calculus, and whether its perceived gains from the current border stand-offs outweigh the potential costs of losing a key market.

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DECOUPLING FROM CHINA

Relevant for: International Relations | Topic: India - China

Written by Rory Horner

There is a growing clamour in India for boycotting trade with [China](#) amidst recent political tensions between the two countries. Such a possible move, however, is a major cause of concern for India's pharmaceutical industry as well as for people in India, and globally, who rely on the country's world-renowned supply of medicines.

Trade boycotts or bans are especially costly when production is organised through global supply chains, as is the case with the pharmaceutical industry. Although India is the third largest producer of finished drugs in the world, it relies significantly on China for supplies of active pharmaceutical ingredients (APIs), the key components in making medicines. An estimated 70 per cent of API requirements of India's pharmaceutical industry are sourced from China. For some drugs, such as paracetamol and ibuprofen, this dependence is almost 100 per cent. This import reliance has been fuelled by environmental controls in India and competition with China, which has higher volumes of production and lower costs. Given this, restricting or banning the import of APIs would cause significant disruption to the Indian pharmaceutical industry which had \$40 billion in revenues in 2018-19, according to Pharmexcil.

Such a prospect is especially of concern to potential patients. A severe contraction of Indian pharmaceutical production and its almost \$20 billion worth of annual exports, would affect access to medicines both in India and globally. The impacts would be especially high in low and middle-income countries which have become increasingly dependent on affordable medicines supplied by India. In many African countries, in fact, India supplies almost 50 per cent of the medicines in value terms and even higher percentages in terms of volume.

Some in India have invoked swadeshi to justify a trade boycott of China, pointing to the earlier transformative shift of India's pharmaceuticals from a foreign-dominated industry to one controlled by Indian firms. True, the market share of foreign-owned multinationals in India fell dramatically from 80-90 per cent in 1970 to 50 per cent by the early 1980s, and down to 23 per cent today. Also, the prices of medicines in India fell from being amongst the highest in the world to amongst the lowest.

But the domestically-owned pharmaceutical industry did not take-off through an abrupt decoupling from foreign multinationals, or a complete boycott or ban on imports. The 1970 Indian Patent Act, which removed product patent protection in pharmaceuticals, is widely lauded for facilitating the growth of India's industry. India also benefited from the 1973 Foreign Exchange Regulation Act (FERA) and the subsequent New Drug Policy (1978), which restricted — but did not ban — the activities of foreign multinationals in the country. Thus, a series of policy initiatives succeeded in tilting the balance in favour of Indian-owned firms.

During the initial phase of the [COVID-19 pandemic](#), many feared that China's supply of APIs to India would decline due to China's lockdown. Although those fears have not been realised, the Indian government has moved to promote more API production in the country. In March, the government announced Rs 3,000 crore to develop three bulk drug parks, as well as Rs 6,940 crore to manufacturers of 53 bulk drugs over the next eight years. Planning ahead towards greater domestic production of APIs, as well as reduced dependence on China, is an understandable and sensible policy objective. Despite relative decline in recent decades, India has a stronger starting point than most countries given the continued presence of some API

production capabilities. Indian firms have capacities, for instance, to produce COVID-19 treatments, including Remdesivir.

Other countries are also seeking to reduce their reliance on China for APIs, most notably the US. It has longstanding concerns over the health security implications of such reliance, including the possibility of China restricting its export of medicines during a crisis. This May, the Trump Administration announced a \$354 million contract to a new company, Phlow Corp. for manufacturing generic medicines and pharmaceutical ingredients. Hence the US is also seeking greater self-reliance, but this is without immediate boycott. In fact, even in the context of the US-China trade war, the US has excluded pharmaceuticals and some related products from tariff increases.

Reducing dependence on China will not be easy to achieve. In India, any decoupling from China must be strategic, with significant policy support, and it will take time for a paced indigenisation. An ad hoc or reactive decoupling could disrupt the production of a wide range of medicines which currently require ingredients from China. [Dexamethasone](#), a steroid which a UK study recently found significantly improves survival rates from COVID-19, is one notable example. Others include painkillers, such as paracetamol and ibuprofen, as well as antibiotics, such as penicillin.

Thus, in the short run, boycotts or bans would be counter-productive for Indian industry, while also affecting access to much needed medicines to India's citizens and beyond. In the long run, however, reducing dependence on China would be strategically prudent.

The writer is senior lecturer, Global Development Institute, University of Manchester.

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BEIJING'S SOFT DIPLOMACY IN WEST ASIA IN TIMES OF COVID-19

Relevant for: International Relations | Topic: India- West Asia

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The coronavirus disease (COVID-19) that emerged from Wuhan in China in December 2019 has engulfed almost every country in the world. Critics accuse the Chinese Government of hiding information and mishandling the deadly virus. Some countries, led by the United States (US), have even called it the “Chinese virus”.¹ They have also accused the World Health Organisation (WHO) of collaborating with China and providing misinformation about the spread of the virus. However, most of the countries have avoided getting into the politics of it. The European Union (EU) had to tone down its report on China’s state-backed “global disinformation campaign” on the issue, as it feared that China might retaliate by withholding the much-needed medical supplies.² The West Asian (or the Middle East) countries too have largely stayed out of the blame game and remain neutral.

With the US revitalising its domestic petroleum production through fracking and reducing dependency on the West Asian sources, it is likely to be a relatively less valuable customer than China. Today, Beijing is one of the region’s lead trade partners, importing about 40 per cent of its crude from the countries in West Asia.³ Furthermore, China’s Belt and Road Initiative (BRI) and the capacity to invest and build infrastructure in developing countries, including in the health and education sector, have heightened the expectations among countries of the region. They view China as a potential source for diversifying their revenue streams amid apparent US retrenchment.

Besides, the way China has managed to control the outbreak and move towards economic recovery – while the European powers and the US and Russia have struggled – makes it a more attractive development partner amid the ongoing pandemic. The West Asian countries have in general been supportive of China especially as it struggled to contain the spread of the virus. On several occasions, the Burj Khalifa tower in the United Arab Emirates (UAE) was lit up with China’s national flag and the slogan “Wuhan Jiayou” (stay strong, Wuhan).⁴ Saudi Arabia, Qatar and Kuwait had initially donated medical supplies worth millions to China.⁵ In a surprising move, Turkey even ordered its local factories that normally manufactured clothing to produce antibacterial suits for supply to China.⁶

Meanwhile, in order to regain trust and portray itself as a benign pillar of international cooperation, China has resorted to soft diplomacy including in West Asia. Beijing is helping countries in the region to strengthen their healthcare infrastructure and has also provided medical and humanitarian supplies.

President Donald Trump’s unilateral decision to withdraw US from the Joint Comprehensive Plan of Action (JCPOA) or the Iran nuclear deal in May 2018, and the subsequent adoption of a “maximum pressure” policy against Iran, has provided Tehran with an opportunity to strengthen its ties with Beijing to escape global economic isolation. Iran considers China as one of its few trade outlets and a powerful ally in the international community. Whereas for China, Tehran is singularly crucial for strengthening BRI in the region.⁷

Iran was among the first countries to express its sympathies and send millions of medical masks to China.⁸ It also strongly condemned international criticism of the WHO and what it considered

as groundless accusations against China.⁹ This speaks volumes about the nature of the relationship between the two countries.

The coronavirus soon unleashed havoc in Iran, making it the worst-affected country in the region. As of June 30, 2020, there were 227,662 confirmed cases and 10,817 deaths officially reported in the country.¹⁰ China expressed its support by supplying humanitarian goods and services,¹¹ which assumes symbolic significance as the US attempts to bar Iran's request for a \$5 billion loan from the International Monetary Fund (IMF).¹² China had also asked the US to ease sanctions on Iran, stating that they hamper Tehran's ability to respond to the humanitarian crisis within the country and also makes it difficult for the United Nations (UN) and other international relief organisations to deliver aid.¹³

Similarly, Turkey, the second worst-hit country in the region, with 199,906 confirmed cases and 5,131 fatalities as of June 30,¹⁴ too has been looking to strengthen its strategic ties with China through trade and investment, and security and defence cooperation.¹⁵ Given the tensions with the European Union (EU) and the US, and also to reduce its reliance on the North Atlantic Treaty Organisation (NATO), Turkey has been looking for increased economic and political cooperation with other major powers like Russia and China. For Beijing, Turkey's strategic location renders it a vital component in BRI's global framework. At present, China provides essential supplies and other services including video conferencing between the medical experts of the two countries to share their experiences. Turkey is also reportedly using a "special drug" sent by China for patients suffering from the virus, cutting their time in intensive care from 11-12 to four days.¹⁶

However, the issue of Chinese treatment of its Turkic-speaking Uyghur Muslim population could continue to pose a challenge for the China-Turkey bilateral ties. It is reported that Uyghurs and other Turkic communities in China's mass detention camps have limited or no access to healthcare or sanitation, leaving them extremely weak from malnutrition. This puts them at a much higher risk of infection from the virus.¹⁷ However, for now, both countries appear to be dealing with this issue amicably, keeping in mind their respective interests.

China has been helping the West Asian countries that have limited capacity to manufacture essential medical supplies. Iraq, Lebanon, Syria and Palestine have been provided ventilators, facemasks, swabs, test kits and protective gears for their doctors and paramedics. China has reportedly vowed to resist any attempts to cut off these exports.¹⁸

In Iraq, which has the world's fifth-largest oil reserves and a strategic geopolitical location, China seems to have found the key as regards its aim to dominate trade across Asia and Europe. Iraq also serves as a bridge between Chinese shipping lanes in coastal countries like Israel, Turkey and several Gulf states.¹⁹ China has built a new Polymerase Chain Reaction (PCR) laboratory in Baghdad and has sent medical experts to the country to help contain the pandemic.²⁰ The joint fight against COVID-19 will likely enhance cooperation and strengthen their strategic partnership.

The COVID-19 challenge has also provided China with an opportunity to further strengthen its ties with one of the US' closest allies, Israel. Beijing has sent shipments of medical supplies²¹ and has fostered a partnership with Israel's SmartAID healthcare company to set up laboratories and boost testing capacities in West Bank and Gaza to around 3,000 tests per day.²² Israel is a strong and technologically the most advanced country in the entire region. It remains a potential partner for China in areas like research and development, infrastructure projects, and science and technology. However, its stronger alliance with Washington limits its ties with Beijing despite cooperation on COVID-19. The US has expressed concerns about possible security consequences of increased cooperation between Israel and China.²³ In the past, such concerns

had forced many Israeli companies to withdraw from dealing with Chinese firms.²⁴ China's inflammatory rhetoric on Israel's annexation of the Palestinian territories may become a source of tension in the future. Recently, the Chinese envoy to Israel stated that "all illegal acts" and "unilateral initiative aimed at legalizing settlement should be stopped immediately."²⁵ Though the Israeli Government did not issue an immediate response, it may not stay quiet in the long run.

In the wake of COVID-19, China is also collaborating with other Gulf Cooperation Council (GCC) countries. For example, China and Saudi Arabia have signed a deal worth more than \$264 million in which China agreed to provide nine million testing kits and build at least six major laboratories in Saudi Arabia to increase its capacity to test 50,000 people per day for coronavirus.²⁶ Moreover, China has expressed sincere gratitude to the UAE for protecting the health of its nationals during the outbreak.²⁷ The country hosts more Chinese nationals than any other country in the Gulf region. Beijing has also provided medical and humanitarian assistance to Abu Dhabi. It is planning to run clinical trials, without naming the vaccine, on the COVID-19 patients in the UAE in future.²⁸ Interestingly, both the UAE and Saudi Arabia are close allies of the US in the region.

In this time of crisis, when the US is engaged in dealing with several domestic issues, it seems to have little time for its allies and partners. President Trump's public attitude towards America's traditional allies in the region has not been entirely commensurate to their status. Meanwhile, China, with its deep pockets and alternative policy approaches, has been proactive in filling the space, challenging the American hegemony in world affairs. Beijing's non-interference policy is a bonus for the leaders in the region.

China needs allies and markets to expand its economy. The COVID-19 crisis has given it an opportunity to further engage the West Asian countries where basic health infrastructure has been seriously affected by the pandemic. Providing medical assistance especially to conflict-prone countries such as Iraq, Lebanon, Syria and Palestine is part of China's new soft diplomacy in the region, which is being heavily publicised by the Chinese state media's Arabic-language outlets active in the region.²⁹

China is also using the BRI ports and corridors to provide medical support to the countries in the region, for instance, the railway routes connecting Shanghai to Tehran and also Port Khalifa in Abu Dhabi. China has touted this as the "Health Silk Road".³⁰ It was in December 2015 when China's National Health Commission first issued the guidelines for this initiative. Under the "Health Silk Road", Beijing aims to improve health cooperation with the BRI countries. The objective is to increase the supply of Chinese drugs and other medical products across the globe. It also seeks to send health professionals to provide technical assistance and conduct training programmes in developing countries, and fund construction of hospitals and support capable pharmaceutical companies in building factories abroad.³¹ Countries like Iran, Turkey, Israel, Saudi Arabia and the UAE could become much-valued pieces of this project.

In the Chinese perception, Israel is considered as the bridge to the US.³² Similarly, Turkey is the gateway to Europe and countries like Iran, Saudi Arabia and the UAE are pivot countries in China's global partnership network.

However, in West Asia, efforts to retain China's attention reveals deeper insecurities about maintaining a relationship that is still fragile but considered as significant in times of COVID-19. While countries in the region will continue to follow a multi-vector foreign policy to expand their revenue streams, they are least likely to view China as a power that can replace the US in the region. China's soft diplomacy in West Asia, particularly in times of pandemic, is more or less a way to improve its global image and recast itself as a responsible actor at relatively low cost,

rather than a sign of any deeper commitment towards the region.

Views expressed are of the author and do not necessarily reflect the views of the Manohar Parrikar IDSA or of the Government of India.

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'ERA OF EXPANSIONISM IS OVER, THIS IS ERA OF DEVELOPMENT': PM TAKES DIG AT CHINA

Relevant for: International Relations | Topic: India - China

NEW DELHI: Ramping up New Delhi's verbal offensive against China, Prime Minister Narendra Modi on Friday slammed Beijing saying the "era of expansionism is over" as he made it clear that India would stand its ground in the face of tensions between the two countries.

During a surprise visit to Leh, the headquarters of the Indian Army's 14 Corps, Modi also paid tributes to the bravery of 20 Indian army personnel killed in a clash with Chinese troops in Ladakh's Galwan Valley on 15 June saying India's enemies had seen the "fire and fury" with which its armed forces responded to challenges.

Modi's remarks came against the backdrop of signs that world opinion was further crystallizing against China. "Had a good talk with FS Shringla. Appreciated his briefing on the situation along LAC, including GOI's policy to pursue peaceful resolution. Japan also hopes for peaceful resolution through dialogues. Japan opposes any unilateral attempts to change the status quo," Satoshi Suzuki, Japanese ambassador to India, said in a Twitter post after a conversation with foreign secretary Harsh Vardhan Shringla.

The comment is seen as one of the strongest after US President Donald Trump was quoted by a White House spokesperson on Thursday as saying that "China's aggressive stance along India-China border fits with a larger pattern of Chinese aggression in other parts of the world. Tensions spiked in May, between India and China, who share 3,488 kilometre long border that has not been formally demarcated since their 1962 war. India says that China has been obstructing its patrols along the border, is squatting in its territory and has raised the levels of friction by amassing thousands of troops, artillery, heavy vehicles and air support, a charge Beijing denies. Many rounds of talks at the military and diplomatic levels on de-escalation and disengagement, have not yielded any results on the ground as yet.

In New Delhi on Friday, India stepped up its diplomatic offensive against the Chinese move, with Shringla briefing the ambassadors of the US, France, Germany and Russia besides Japan.

In Leh, in his speech to the Indian Army, Air Force and the paramilitary Indo-Tibetan Border Police personnel at Nimu, Modi said "the age of expansionism is over, this is the age of development. History knows that expansionist forces have either lost or were forced to turn back."

Though he did not mention China even once by name, the target of Modi's remarks was clear. Given China's move to claim territorial waters in the South China Sea and East China Sea besides engaging India in a military standoff over its moves to change the status quo on the Line of Actual Control, it was clear Modi's message was intended for Beijing.

In his speech, Modi also said India was committed to peace and friendship but this commitment to peace should not be seen as India's weakness. "The weak can never accomplish peace, the brave do," he said. "After every attack India has made a strong comeback," Modi said. India believes in peace and friendship, he said but "We also know that the weak cannot accomplish peace, the brave do."

Praising the armed forces Modi said: "Your courage is higher than the heights where you are

serving today."

Seemingly stung by Modi's comments, Ji Rong, spokesperson for the Chinese embassy in New Delhi in a twitter post said "China has demarcated boundary with 12 of its 14 neighboring countries through peaceful negotiations, turning land borders into bonds of friendly cooperation. It's groundless to view China as "expansionist", exaggerate & fabricate its disputes with neighbours."

Chinese foreign ministry spokesman Zhao Lijian added:"India should avoid a strategic miscalculation with regard to China," during a briefing earlier in the day in Beijing.

Later in the day, Modi visited soldiers injured in the 15 June clash in hospital before concluding his visit to Leh. "You gave them (the enemy) a fitting response," he said praising their valour. On his arrival in New Delhi, Modi headed straight into a meeting of the Cabinet Committee on Security that was attended by the ministers of home, defence, external affairs and others.

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PM MODI HAS MADE HIS CHOICE

Relevant for: International Relations | Topic: India - China

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On Friday morning, Prime Minister (PM) Narendra Modi shaped India's future foreign policy and security doctrine for years to come. First, by making an unscheduled, surprise visit to Ladakh at a time when the border stand-off with China, because of Chinese aggression, continues, he sent out a symbolic and political message, both within and outside the country, that India will stand up to defend its territorial integrity, in all circumstances.

But, more importantly, while speaking to soldiers in the frontlines, PM Modi sent out a clear and unambiguous substantive message to China that India, and the rest of the world, will challenge its "expansionism". By suggesting that either expansionists lose or are forced to mend their ways, the PM was telling China that the era of patience with its predatory tactics is over. By mentioning that India seeks peace — but peace comes from strength and India has done and will do what it takes to build its strength — the PM was telling China not to think that its assessment of the asymmetry of power between the two countries will make India retreat in the face of aggression. By repeatedly highlighting the bravery of soldiers and honouring them, the PM was preparing the Indian armed forces, as well as the rest of the country, for the challenges that may lie ahead. And by acknowledging Ladakh as India's pride, the people of Ladakh as patriots, and the sites of Ladakh as having witnessed Indian bravery, he was laying an unequivocal claim to the region — all of it — as Indian territory, which is not up for negotiation.

In the face of Chinese attempts to change the status quo at the Line of Actual Control, and the lack of substantive movement through negotiations at the military and diplomatic level, India had a choice. One option was to underplay the incursions, keep the issue in cold freeze, and slowly normalise the India-China relationship. The other option was to recognise the threat, decide to take on the adversary irrespective of potential costs, and reframe the entire framework of the relationship to impose costs on China. PM Modi has made his choice by picking the second option. It is now up to China to decide whether it wants to risk an escalatory spiral at the border and beyond at this juncture, or whether it is willing to restore the status quo and make peace. PM Modi has made it clear that while India hopes for the latter, it is prepared for the former.

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NEW DELHI URGES STATES TO SHUN CHINA, USE DOMESTIC POWER EQUIPMENT

Relevant for: International Relations | Topic: India - China

New Delhi: Union Power and Renewable Energy Minister Raj Kumar Singh on Friday urged state governments to not use Chinese equipment and technology in the strategic power sector.

The union government wants to impress upon the state governments to procure all power sector equipment and materials from within India that has sufficient domestic capacity and testing of imported equipment in certified and accredited laboratories designated by the Union Power Ministry.

Speaking at the states' power and renewable energy ministers' video conference, Singh said that import replacement is a priority, and that the power sector, being strategic and essential in nature, is vulnerable to cyberattacks.

India's economic strategy against China as part of a broad response to Chinese aggression in Ladakh, includes subsidising finance for promoting local power equipment usage and prior-permission requirements for imports from countries with which it has a conflict.

Of 71,000 crore of power equipment imported in 2018-19 in the conventional space, Chinese equipment accounted for nearly a third or around 20,000 crore. India is looking at enabling manufacturing all power sector equipment in India over the next three years.

In other development, India's reform linked electricity distribution company (discom) loan package for clearing outstanding dues will now cover losses till June, with the package corpus expected to reach 1.25 trillion, Singh said.

As part of the union government's strategy to bring India's battered economy back on track, a 90,000-crore liquidity injection for the fund-starved state owned electricity discoms for losses up to 31 March, was announced to combat the economic disruption from the coronavirus lockdown. The package's scope and ambit will now be expanded after the states and union territories requested the union government to extend the package for covering discom losses till June, in the same meeting.

Some states weren't able to access it, said Singh as their borrowing limits will need to be relaxed. A proposal has been mooted for the same, he added.

This will require the states to acquire debt without breaching their Fiscal Responsibility and Budget Management Act (FRBM) limits. To support India's transition period towards the next generation power sector reform' pathway; the union power ministry has requested the 15th Finance Commission (FFC) for the need for a recalibration of borrowing limits for states under the FRBM Act.

The states also requested a reduction in interest rates for these loans, which is under examination, said Singh.

With at least 10 states losing about a third of the power supplied to their consumers in distribution losses, their overdues have not only hit power producers, but have also contributed to stress in the banking sector.

The other issues discussed in the meeting were the draft Electricity (Amendment) Bill, 2020 and the 3.5 trillion proposed distribution reform scheme—tentatively named— Samarth—that is to end on 31 March 2026.

Singh said that the amendments to the Act were discussed and some misconceptions which were there, were 'by and large' answered.

This bill has become another flash point in the Centre-state relationship, with a growing chorus of states including Telangana, Jharkhand, West Bengal and Tamil Nadu opposing some measures.

"The minister stated that various state /UT governments and other stakeholders have given various suggestions on the proposed Electricity Amendments Bill,2020, and the suggestions made during the meeting were noted while their mis-founded apprehensions were clarified," the ministry said in a statement.

The reform measures proposed by the Centre are intended to help improve the financial health of the power sector and implement the direct benefit transfer (DBT) scheme for better targeting of subsidies, promoting retail competition, payment security mechanism and introducing financial discipline. The proposed amendments have also pitched for a cost reflective tariff and setting up an Electricity Contract Enforcement Authority to enforce power purchase agreements (PPAs).

"This is a consultation process that is going on," Singh said and added that his ministry will consult states, with the bill only to go to the Parliament after thorough consultation.

The union government also plans to launch a new variant of the Kisan Urja Suraksha evam Utthan Mahabhiyan (KUSUM) scheme, that was announced in the budget to improve farmer income and reduce dependence on diesel pumps. This will involve, solarisation of agricultural feeders with the aim of subsidy burden on account of agricultural connection for irrigation, to be taken care of in three and a half years.

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PM VISITS NIMU IN LADAKH TO INTERACT WITH INDIAN TROOPS

Relevant for: International Relations | Topic: India - China

Prime Minister Shri Narendra Modi travelled to Nimu in Ladakh to interact with Indian troops earlier today. Nimu is surrounded by the Zaskar range and is on the banks of river Indus. The Prime Minister met the top leadership of the Indian Army and later interacted with personnel of the Army, Air Force and ITBP.

Tribute to the valour of the soldiers

Prime Minister paid rich tributes to the valour of our Armed Forces, stating that their courage and devotion to Mother India is unparalleled. He stated that Indians can go about their lives peacefully because they know that our Armed Forces are standing firm, protecting the nation.

Prime Minister said that due to the exemplary bravery of the Armed Forces in the recent weeks, the world has taken note of India's strength.

Remembering the sacrifice at Galwan Valley

Prime Minister remembered all the proud sons of Mother India who made the supreme sacrifice at the Galwan Valley. He said that those who were martyred belong to all parts of India and epitomize our land's ethos of bravery.

He affirmed that be it Leh-Ladakh, Kargil or the Siachen Glacier, be it the high mountains or the icy cold water that flows in the rivers, these are testimony to the gallantry of India's Armed Forces. The enemies of India have seen the fire and fury of our forces, said the Prime Minister.

Prime Minister also paid homage to two Matas: to Mother India and to the Mothers of all those brave soldiers and security forces of India who serve India with unparalleled diligence.

Our commitment to peace is not our weakness

Prime Minister spoke at length about how the virtues of peace, friendship and courage have been a part of India's culture since time immemorial. He recalled that India has always given a befitting reply to anyone who has tried to disturb the prevailing atmosphere of peace and progress.

He affirmed that India is committed to peace and friendship but this commitment to peace should not be seen as India's weakness. Today India is becoming stronger, be it in naval might, air power, space power and the strength of our army. Modernization of weapons and upgradation of infrastructure has enhanced our defence capabilities manifold.

Prime Minister recalled that Indian soldiers had a long history of bravery and competence in global military campaigns, including in the two World Wars.

Era of development

Prime Minister said that the time for expansionism is over. This is the era of development. He

recalled that it is this mindset of expansionism that did great harm.

He added that in the last few years, several steps have been taken for the wellbeing of India's forces and furthering India's security preparedness. This includes ensuring availability of modern weaponry, increased border infrastructure, border area development and expanding the roads network. He further shared that expenditure on border infrastructure has been enhanced three times.

Prime Minister also mentioned the efforts to strengthen the national security apparatus and to ensure the well-being of our armed forces. He highlighted recent initiatives of the government such as creation of CDS, construction of a grand National War Memorial, fulfilment of OROP after decades and steps to ensure the well-being of the families of the armed forces personnel.

Homage to the culture of Ladakh

During the interaction, Prime Minister recalled the greatness of Ladakh's culture as well as the noble teachings of Kushok Bakula Rimpoche. He described Ladakh as a land of sacrifice and a land that has given several patriots.

Prime Minister affirmed that the people of India are inspired by the teachings of Gautama Buddha, for whom courage was linked to conviction and compassion.

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AMID INDIA-CHINA STANDOFF, JAPAN SIGNALS STRONG SUPPORT FOR NEW DELHI

Relevant for: International Relations | Topic: India - China

NEW DELHI: In a strong gesture of support to India and an equally powerful message to China, Japanese ambassador to India Satoshi Suzuki on Friday said Japan was opposed to any unilateral action to change the status quo along the India-China border.

"Had a good talk with FS Shringla. Appreciated his briefing on the situation along LAC, including GOI's policy to pursue peaceful resolution. Japan also hopes for peaceful resolution through dialogues. Japan opposes any unilateral attempts to change the status quo," Suzuki said in a Twitter post after a conversation with Indian foreign secretary Harsh Vardhan Shringla.

Japan is one of the members of the "Quad" — a group which also includes India, the US and Australia -- that has been keen on ensuring the Indo-Pacific region remains free from any kind of dispute.

In a statement on 18 June, the Japanese foreign ministry had said: "The Government of Japan's position is that it is closely monitoring the situation, as it may have an impact on regional stability. The Government of Japan hopes that this situation will be resolved peacefully through dialogue between the concerned parties."

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FIRST CHINA, NOW PAKISTAN: HOW MODI GOVT IS BATTLING ON TWO FRONTS

Relevant for: International Relations | Topic: India - China

India has fought four wars with China and Pakistan since it gained freedom from British rule in 1947

The Indian military has been talking about a two-front war with neighbors Pakistan and China for decades to keep politicians focused on defense spending. Now that scenario is looking ever more realistic, with conflicts flaring on both its disputed borders.

Talks earlier this week between top Chinese and Indian army commanders in the Ladakh region ended without a major breakthrough, the second such attempt to cool things down since 20 Indian soldiers and an unknown number of Chinese troops were killed on June 15 in their worst clash in four decades. Around the same time, weapons and explosives were recovered and two suspected terrorists were killed after a 15-hour gun battle some 660 kilometers (410 miles) away in south Kashmir, officials said.

India has fought four wars with China and Pakistan since it gained freedom from British rule in 1947, but it has never had to defend both borders at the same time. Indian military officials are growing concerned that China and Pakistan might gang up on New Delhi at a time when Prime Minister Narendra Modi's government is faced with surging coronavirus infections.

"New Delhi is clearly under great pressure, whether from Covid-19, along the Line of Control in Kashmir, or from China," said Ian Hall, professor of international relations at Griffith University in Queensland, Australia, and author of 'Modi and the Reinvention of Indian Foreign Policy.' "We have seen relations with both Islamabad and Beijing worsen over the past few years, and the result is that both have decided to escalate things during the pandemic, when the Modi government is stretched and distracted."

The Indian military is huge and contingencies are always kept in mind, said a senior security official who wasn't authorized to speak to the press. But despite the planning, the need to commit resources to two fronts at the same time would stretch the armed forces.

It's an eventuality India's army chief has warned of, urging the government -- including its diplomatic corps -- to be prepared to step in to avoid it.

Stretched Resources

"As far as two front war is concerned it is a possibility," General Manoj Mukund Naravane, India's Chief of Army Staff, said in May. "A country does not go to war with its armed forces alone. It has other pillars like diplomatic corp and other organs of government which will come into play to make sure that we are not forced into a corner where we will have to deal with two adversaries at the same time and in full strength."

Indian and Chinese troops remain deployed eyeball-to-eyeball along the country's northern boundary, the unmarked and contested Line of Actual Control, which saw tensions rise in early May. Both sides have amassed thousands of troops, artillery guns and tanks at multiple locations.

The army said Wednesday more diplomatic and military talks were planned "to ensure peace and tranquility" after military level negotiations ended without a clear outcome. In Beijing Foreign Ministry spokesman Zhao Lijian told reporters China hoped the two sides would "keep up close communication through military and diplomatic channels, and ease the situation and lower the temperature along the border."

At the same time, India's 742-kilometer (460 miles) Line of Control with Pakistan has become equally active and tense. Indian troops have faced regular cross-border firing and engaged in counter-terror operations in the hinterland.

India's army said it killed 127 "terrorists" in the first six months of the year, about 30% higher from a year ago, according to a senior security official who asked not to be identified, citing rules for speaking with reporters. The incidents of cross-border firing recorded by the Indian military also doubled in 2020 compared to 2019, the official said.

Pakistan's foreign ministry in a statement Wednesday blamed India for more than 1,500 "cease-fire violations" including deaths and injuries of civilians on their side of the Kashmir frontier this year.

Some military formations which normally move to Jammu & Kashmir to bolster the counter-insurgency operations along the Pakistan border in the summer months have now moved to the India-China border.

"The Indian Army is a well-led professional force organized, equipped, trained, experienced and motivated to take on any commitments that it may be called for, be it internal or external," Indian Army spokesperson Colonel Aman Anand said in response to questions.

Under Pressure

Collusion between Pakistan and China to keep India's western and northern borders on simmer at the same time is difficult to prove but cannot be ruled out, said Vipin Narang, associate professor of political science at MIT and author of 'Nuclear Strategy in the Modern Era: Regional Powers and International Conflict.'

"But my general sense is that Pakistan may feel like it needs to show resolve at home and to India in Jammu & Kashmir" after India changed the province's constitutional status in August last year, Narang said. Islamabad may "also be opportunistically taking advantage of India's distraction and focus on the LAC."

The clash with "China is obviously a major embarrassment for India. What are India's choices? It can't attack China and throw them out and they know it," said Mahmud Durrani, a retired lieutenant general and national security adviser in Pakistan. "The fallout of that can be that to prove their strength and muscles, they are going to do something with Pakistan -- the smaller partner of China. They will do something to prove to its people that 'we are still strong'."

Durrani said a "connection between the strategic movements between China and Pakistan" could also "be a possibility."

Whichever way it plays out, "it could be a very tense and bloody summer for India on both of its disputed borders," Narang said.

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

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U.S. STANCE ON CAATSA UNCHANGED

Relevant for: International Relations | Topic: India - USA

New equipment: The Defence Acquisition Council recently approved the procurement of 21 MiG-29 jets. [file photo](#)

Despite a change in the ground realities following the deadly clash between India and China along the Line of Actual Control (LAC) last month, the U.S.'s message to countries, including India, on sanctions for the purchase of Russian arms has not changed. This message was reiterated in the context of India's planned jet fighter deal with Russia at an estimated Rs. 18,148 crore.

"We urge all of our allies and partners to forgo transactions with Russia that risk triggering sanctions under the Countering America's Adversaries Through Sanctions Act (CAATSA)," a State Department spokesperson told *The Hindu*.

Last week, the Defence Acquisition Council approved the procurement of 21 MiG-29 fighter jets for the Indian Air Force (IAF), an upgrade for 59 of these Russian aircraft and the acquisition of 12 Su-30 MKI aircraft. Defence Minister Rajnath Singh had discussed defence cooperation with Russia while on a visit to Moscow two weeks ago.

The State Department spokesperson said a decision had not been made regarding the specific transaction. "We are aware of reports regarding India's planned defense purchase from Russia. We cannot prejudge whether a specific transaction would result in sanctions. The Secretary of State has not made any determination regarding the significance of any transaction involving India." The statement was made in response to a query from *The Hindu* on whether the U.S. position had shifted due to the conflict between India and China. "There are strict criteria for considering a waiver, and each transaction is evaluated on a case by case basis," an unnamed State Department official told *Janes* (a defence and security magazine) on June 26.

'Monitoring situation'

The U.S. was continuing to "closely monitor" the situation and supported a "peaceful resolution", the spokesperson said.

The U.S. itself has become increasingly wary of China, with which it has an extensive but increasingly strained economic relationship. Two American aircraft carriers recently entered the South China Sea and conducted exercises on July 4, the U.S. Independence Day. "Our military might stands strong and will continue to stand strong, whether it's in relationship to a conflict between India and China or anywhere else," White House Chief of Staff Mark Meadows told *Fox News* on July 6.

Indian and U.S. bureaucrats are scheduled to meet at the India-U.S. Foreign Office Consultations on Tuesday afternoon (India time). The CAATSA issue was not on the agenda, but the U.S. was free to raise any issues, said an Indian official.

The U.S. President was given the authority in 2018 to waive CAATSA sanctions on a case by case basis for fiscal year 2019. However, U.S. officials have repeatedly stated that India should not assume it will get a waiver. These remarks were made in the context of India's planned purchase of the S-400 Triumf missile defence system from Russia for about \$5 billion.

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ETHIOPIA'S BLOODY MAYHEM

Relevant for: International Relations | Topic: Africa, African Union (AU) and India

Ethiopian Oromo musician and song writer, Haacaaluu Hundeessaa, performs at Millennium Hall in Addis Ababa, Ethiopia on July 15, 2018. | Photo Credit: [REUTERS](#)

The gruesome death of at least 80 protesters following the cold-blooded murder of Ethiopian political singer Haacaaluu Hundeessaa shows that tensions in Ethiopia continue to fester. The iconic musician, who belonged to the largest but highly marginalised Oromo ethnic community, was killed on June 29. Haacaaluu, a cultural icon, used to sing about the enduring nature of state-sponsored Oromo marginalisation.

Since 2015, there have been protests in Oromia, sparked by the decision to extend the administration of the capital into Oromia Region, the territory of the Oromos. They subsequently morphed into a broader resistance against the autocratic Ethiopian People's Revolutionary Democratic Front (EPRDF) regime and left hundreds of people dead.

The expression of dissent has become more normalised from 2018. Months after Prime Minister Hailemariam Desalegn tendered his resignation in February that year, the government lifted the state of emergency and eased its repressive measures. Thousands of political prisoners were released and bans against prominent government critics in the media and other sectors were lifted. The most significant concession was the EPRDF coalition's decision to appoint the new Prime Minister from the Oromo People's Democratic Organisation (later called the Oromo Democratic Party), one of its constituents. The current incumbent, Abiy Ahmed, the 2019 Nobel Laureate for Peace, is the first Oromo to be appointed to the nation's highest office in years.

Comprising a third of the population, the Oromos are challenging the Tigrayans, who make up a mere 6% but continue to wield political power and influence disproportionate to their number. The Amharas, the second largest ethnic community, have rallied behind the Oromos, setting aside mutual differences, to demand greater political representation and better opportunities. The growing assertiveness of the two numerically largest groups has predictably provoked a backlash from the traditional power elites. Mr. Abiy's cabinet overhaul and the removal of the heads of the army and intelligence services soon after he assumed office were criticised as targeting the Tigrayans.

Meanwhile, commentators began to speculate whether the continued eruption of violence was an unfortunate corollary to the new dawn of freedom in 2018. Last November, over 70 people were killed when a prominent media mogul alleged that he was under threat of attack by the security forces. Amid this internecine conflict, Mr. Abiy is keen to promote his version of an inclusive Ethiopian national identity as distinct from the ethnicity-based model of federalism as per the 1995 constitution. To that end, he disbanded the EPRDF, which represented the four major ethnic communities, in November 2019 and launched the Prosperity Party, risking the alienation of not just the Tigrayans but also the Oromos who once backed his ascent. This bold move, and the substitution of the state-driven developmental approach with economic liberalisation, can bear fruit only through a strict enforcement of the rule of law.

Last week's deadly protests following Hundeessaa's murder symbolise the Oromo's fury that one of their own should have been cruelly removed from their midst when the traditional fault-lines in Ethiopian society are being redrawn. Mr. Abiy was awarded the Nobel Prize for brokering the historic 2018 peace agreement with neighbouring Eritrea, ending a two-decade military stand-off. His reputation for promoting reconciliation at home would have been tested next

month, but that general election has been postponed indefinitely in view of the COVID-19 pandemic. In order to reassure the citizens of Ethiopia, Mr. Abiy must shed the General's instincts in him that critics suspect. He must expeditiously bring to justice those behind the tragic shooting of Haacaaluu which has led to a bloody mayhem.

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MORE SABRE-RATTLING, MORE ISOLATION

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

The Philippines invoked the dispute settlement mechanism of the UN Convention on the Law of the Sea (UNCLOS) in 2013 to test the legality of China's 'nine-dash line' regarding the disputed Spratlys. In response, the Permanent Court of Arbitration (PCA) at The Hague decreed in its July 12, 2016 judgment that the line had "no legal basis." China dismissed the judgment as "null and void."

The South China Sea (SCS) is important not just to its littoral countries. It has been a transit point for trade since early medieval times, contains abundantly rich fisheries, and is a repository of mineral deposits and hydrocarbon reserves.

The PCA award undermined the Chinese claim. It held that none of the features of the Spratlys qualified them as islands, and there was no legal basis for China to claim historic rights and to the resources within the 'nine-dash line'. The UNCLOS provides that islands must sustain habitation and the capacity for non-extractive economic activity. Reefs and shoals that are unable to do so are considered low-tide elevations.

The award implied that China violated the Philippines Exclusive Economic Zone (EEZ). It noted that China had aggravated the situation by undertaking land reclamation and construction, and had harmed the environment and violated its obligation to preserve the ecosystem. China dismissed the award as "a political farce under the pretext of law."

Given the power equations, the Philippines did not press for enforcement of the award and acquiesced in the status quo. Not one country challenged China, which agreed to settle disputes bilaterally, and to continue work on a Code of Conduct with countries of the ASEAN.

Given that their economic ties with China are deepening, it may appear that the ASEAN countries are bandwagoning with China. In reality, there is growing discontent. While avoiding military confrontation with China, they are seeking political insurance, strengthening their navies, and deepening their military relationships with the United States.

Vietnam has added six Kilo-class, Russian-origin submarines to its navy. France, Germany and the Netherlands, respectively, have supplied Formidable-class stealth ships to Singapore, patrol boats to Brunei Darussalam, and corvettes to Indonesia. Japan is partially funding the upgradation of the Indonesian coast guard. Indonesia and the Philippines are in early stages of exploring procurement of the BrahMos missile from India. The other ASEAN countries that have shown interest are Thailand and Vietnam.

Growing Chinese muscularity in the SCS is visible in the increased patrolling and live-fire exercising by Chinese naval vessels; ramming and sinking of fishing vessels of other claimant countries; renaming of SCS features; and building of runways, bunkers, and habitation for possible long-term stationing of personnel on the atolls claimed by China.

Chinese exploration and drilling vessels compete aggressively with those of other littoral countries in the disputed waters. Petronas has been prospecting for oil in the Malaysian EEZ. A Chinese spokesperson claimed in early June that its own survey vessel in the same area was conducting "normal activities in waters under Chinese jurisdiction."

The festering regional resentment against China resulted in the unmuting of the ASEAN response to the growing Chinese footprint in the SCS at its 36th Summit on June 26, 2020.

China might have overreached by showing its aggressive hand prematurely. There is a growing chorus of protest against China. Having Vietnam, Japan and the U.S. riled up about its actions is nothing new for China. The Philippines and the ASEAN beginning to protest is new, even if their criticism is restrained. This does China little credit, and points to its growing isolation.

Indonesia protested to China about Chinese vessels trespassing into its waters close to the Nantua islands, towards the south of the SCS. The Philippines protested to China earlier this year about violations of Filipino sovereignty in the West Philippine Sea. It also wrote to the UN Secretary General (UNSG) in March disputing China's claim of "historic rights in the South China Sea." Two months later, Indonesia too wrote to the UNSG on this issue. It expressed support for compliance with international law, particularly the UNCLOS, as also for the PCA's 2016 ruling.

President Rodrigo Duterte said he had not followed up on the PCA judgment because the Philippines could not afford to fight China. Yet, when a Chinese firm bid to develop the Subic Bay, this was disallowed on the grounds that the use of archipelagic waters was exclusively reserved for Filipinos and that foreign investment regulations prohibited foreign equity for the utilisation of marine resources in archipelagic waters. Another recent decision, to extend the Visiting Forces Agreement with the U.S. for six months "in light of political and other developments in the region," as expressed by the Philippines Foreign Secretary, is a strategic setback for China. Only this June, the Philippines commissioned a beaching ramp on the Pag-Asa Island. A Filipino C-130 landed on its runway, which is being repaired. The Philippines is about to induct its first missile-capable frigate, built in South Korea, into its navy.

A complicating factor for China is Russia's growing military and economic equities in the SCS. Russia and Vietnam have a defence cooperation relationship, which they are committed to strengthening. China has objected to Rosneft Vietnam BV prospecting within the Chinese defined 'nine-dash line.' Rosneft has also been invited by the Philippines to conduct oil prospecting in its EEZ.

From India's perspective, foreign and security policy in its larger neighbourhood covers the entire expanse of the Asia-Pacific and extends to the Persian Gulf and West Asia. India straddles, and is the fulcrum of, the region between the Suez and Shanghai, between West and East Asia, and between the Mediterranean and the SCS. The SCS carries merchandise to and from India. It follows that India has a stake in the SCS, just as China has in the Indian Ocean.

India must continue to actively pursue its defence diplomacy outreach in the Indo-Pacific region: increase military training and conduct exercises and exchanges at a higher level of complexity, extend Humanitarian Assistance and Disaster Relief activities, share patrolling of the Malacca Strait with the littoral countries, etc. The Comprehensive Strategic Partnerships that India has concluded with Australia, Japan, Indonesia, the U.S., and Vietnam could be extended to Malaysia, the Philippines, Thailand, and Singapore.

India must also buttress the military capacity of the tri-service Andaman and Nicobar Command. According to one of its early Commanders-in-Chief, Lt. Gen. Aditya Singh, the manner in which the 368 islands, have been neglected "can only be termed as criminal." These have immense geo-strategic value, as they overlook Asia's maritime strategic lifeline and the world's most important global sea lane. In this time of turbulence, India cannot afford to continue undervaluing one of its biggest assets.

Jayant Prasad, a former diplomat, served as Director General of the Institute for Defence

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IN STAND-OFF, KEEPING AN EYE ON THE NUCLEAR BALL

Relevant for: International Relations | Topic: India - China

Despite domestic and external challenges, there is now growing evidence that the People's Republic of China (PRC) continues to expand its nuclear arsenal, which is worrisome but at the same time, not be surprising. China is pursuing a planned modernisation of its nuclear arsenal because it fears the multi-layered missile defence capabilities of the United States. It is arming its missiles with Multiple Independently Targetable Re-entry Vehicles (MIRVs) capabilities to neutralise America's missile shield. China's DF-31As, which are road mobile Intercontinental Ballistic Missiles (ICBMs), are equipped with MIRVs and potent penetration aids.

Also read: [Ladakh face-off | India set for more talks on LAC](#)

The Peoples Liberation Army Rocket Force (PLARF) also fields a range of Medium Range Ballistic Missiles (MRBMs) and Short-Range Ballistic Missiles (SRBMs). The PRC's ballistic missile tests in 2019 were the highest among the designated Nuclear Weapon States (NWS). China's Lop Nur was the site of Chinese sub-critical testing since the PRC adopted a moratorium on hot testing in 1996, enabling China to miniaturise warheads and develop new designs that have been progressively integrated into its nuclear arsenal. The PRC also sits on a sizeable inventory of fissile material. China, according to the International Panel on Fissile Materials (IPFM) is estimated to possess 2.9+-0.6 metric tonnes of Weapons-grade Plutonium (WGP) compared to India's is 0.6+-0.15 tonnes of WGP.

Also read: [Ladakh face-off | Tense standoff continues along LAC](#)

China's expansion is cause for concern because even as the U.S. and Russia are attempting to reduce the size of their respective arsenals, the PRC is on an expansionist mode. The Stockholm International Peace Research Institute (SIPRI) observes that China's nuclear arsenal has risen from 290 warheads in 2019 to 320 warheads in 2020.

This increase might not seem large relative to the size of the nuclear arsenal of the U.S. and Russia but it indicates a gradual shift toward a larger arsenal. This presents India with challenges because New Delhi has to contend with a nuclear-armed Pakistan as well. The Indian nuclear arsenal, according to the SIPRI, stands at roughly 150 nuclear warheads with the Pakistani slightly ahead with 160 warheads. The Chinese state mouthpiece, *Global Times*, has recently called for a 1,000-warhead nuclear arsenal, underlining the motivation of the PLA and the hard-line factions of the Communist Party of China (CPC) to match U.S. and Russian nuclear force levels.

Also read: [After Chinese pullback, Indian troops also move 1.5 km away from Galwan Valley clash site: official](#)

While these numbers are important, what is equally, if not more, consequential for New Delhi is what China's nuclear modernisation and diversified nuclear capabilities are likely to do for conventional military escalation along the China-India boundary. The conventional military balance between Indian and Chinese forces along the Line of Actual Control (LAC) presents significant challenges for Indian decision-makers. Given the variegated and highly sophisticated nature of Chinese nuclear capabilities relative to India, they give Beijing considerable coercive leverage. Beijing could commit further aggression under the cover of its nuclear arsenal.

Indeed, the PRC has already engaged in nuclear signalling with set piece videos, which have been doing the rounds on social media platforms. The message is clear to New Delhi from China's leadership: we have presented you with a *fait accompli*; accept it and move on. Beijing is communicating that an escalatory response from New Delhi will incur punitive responses with China mounting aggressive military action at several points along the LAC. However, this time it will be more consequential, unlike the last in March-April when the Peoples Liberation Army (PLA) mounted a rapid tactical offensive to occupy small territory at Pangong Tso and caught the Indian Army by surprise. Notwithstanding efforts to de-escalate particularly at Patrolling Point 14 (PP-14) in the Galwan River Valley, Hot Springs and Gogra, Chinese ground units have consolidated their position in the Pangong Tso area and the entire stretch of the LAC. To be sure, India is doing the same, but the Fingers 4 to 8 in Pangong Tso, where the PLA is entrenched, is a serious potential flashpoint as the Indian Army is locked in an eyeball-to-eyeball confrontation against its Chinese adversary. It could become a staging ground for further PLA ingress, notwithstanding Indian defensive preparations, triggering hostilities that widen to the Karakoram and Arunachal Pradesh. The Chinese nuclear arsenal could serve as an instrument of coercion under which the PRC could press ahead with a limited aims war.

Also read: [Chinese troops shift 2 km from Galwan Valley clash site](#)

Consequently, Indian decision-makers need to be aware of the PLARF's land-based missile forces. The PRC is believed to base a part of its nuclear arsenal in inland territories such as in the Far-Western Xinjiang Region, which is close to Aksai Chin. China's land-based missiles are a primarily road mobile and could play a key role in any larger conventional offensive the PLA might mount against Indian forces along the LAC.

Korla in Xinjiang is believed to host DF-26 IRBMs with a range of 4,000 kilometres, which can potentially strike targets across most of India. Their mobility gives them a high degree of survivability. The DF-26 IRBMs can be armed with either a conventional or nuclear warhead. Since the IRBMs could be either conventional or nuclear tipped, assessing Chinese trip-wires will make things tricky as the PLARF's conventional and nuclear forces are likely to be embedded together, presenting challenges for both the Indian civilian and military leadership.

Thus, conventional escalation between Chinese and Indian forces along the LAC must factor the role of nuclear weapons and their impact on military operations executed by the Indian Army and the Indian Air Force. India's Strategic Forces Command (SFC) needs to be on a heightened state of alert to ward off Chinese nuclear threats and brinksmanship as well as geared to support India's conventional forces.

While escalation of the current stand-off between Indian and Chinese forces is not inevitable, it would be a terrible mistake on the part of the Indian government to ignore the possibility, because it might not come from New Delhi but Beijing.

Whatever the outcome of the current crisis, New Delhi should start seriously assessing its extant nuclear doctrine and redouble efforts to get a robust triadic capability for deterrence.

Harsh V. Pant is Director Studies at the Observer Research Foundation (ORF), New Delhi.
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DAYS OF DISENGAGEMENT: ON INDIA-CHINA LAC STANDOFF

Relevant for: International Relations | Topic: India - China

After [two months of stand-off along the LAC](#), news that [India and China are discussing a full disengagement](#) must be welcome relief. But it must be tempered by caution until all details of the plan to de-escalate troops and tensions are clear. The conversation between the Special Representatives, [India's NSA Ajit Doval and Chinese Foreign Minister Wang Yi](#), on Sunday, which led to the announcement, has given hostilities a necessary pause. While the statements made in New Delhi and Beijing were not identical in language, they largely conveyed a consensus to restore peace and tranquillity at the LAC. The next step will be to see their agreements carried out and to ensure that Chinese troops withdraw as promised on each of the three points discussed: Galwan, Hot Springs and Gogra. This is easier said than done, as it was during a disengagement verification operation by the Indian troops that the Galwan clash is believed to have occurred. After this, similar exercises will have to be undertaken for other points along the LAC. Disengagement and de-escalation must be accompanied by defined “end-points” for troops to withdraw to, to ensure they do not reoccupy positions vacated. Monday's statements have also set out a course of engagements — these include diplomatic and military parleys, meetings of the Working Mechanism for Consultation and Coordination on India-China Border Affairs, and further talks between the Special Representatives. The government should inform the country about the progress as well as considered measures such as “buffer zones”, the patrolling-free period, and the reasons for the decision to pull back Indian troops in the areas of disengagement. The government must also continue to work towards its stated goal of restoring the “status quo ante” or the position of troops to the situation in April, before the mobilisation began. Else, Prime Minister Modi's strong words at Leh last week will have little meaning.

With disengagement under way, there are other important steps to consider. This was the first time the LAC has seen such casualties in over four decades, and the governments cannot put aside the violent Galwan clash. For this a full inquiry is needed of the build-up to the clash and the circumstances surrounding the deaths of 20 Indian soldiers. The government must consider whether it will continue its course of economic counter-measures against China, including the banning of apps, investment restrictions, and an import slowdown. There is also the question of whether high-level contacts, such as the informal summit between Mr. Modi and Chinese President Xi will be resumed; the leaders have not communicated directly during this crisis. As a process to restore peace begins, restoring “status quo ante” in bilateral trust may be more difficult for the foreseeable future. But, in small steps over time, India and China must return to a more balanced relationship.

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CHINESE AGGRESSION COULD RESET POWER PROJECTION IN ASIA

Relevant for: International Relations | Topic: India - China

Not just India but others too are re-assessing the China threat and altering their stance accordingly

Amid reports that a tentative disengagement is in the offing along the Line of Actual Control (LAC), as India and China reaffirm their commitment to “not allow differences to become disputes”, debate in India has already moved on to the nitty-gritty of square kilometres and inches. Though most would not know the difference between the Galwan Valley and the Hot Springs areas if shown on a map, the confidence with which the two sparring sides are making claims and counterclaims is quite remarkable. If we could rise above our partisan divide and look at the big picture, we would see not only the complexion of Sino-Indian relations having been completely altered, but also global political realities rapidly evolving in directions few would have envisioned a few months ago.

There is no doubt that ground realities along the LAC will find themselves altered after this crisis, both as a result of Chinese shenanigans and the Indian response to them. Chinese salami-slicing along the territorial boundaries had been going on for decades, and for long India was a mute spectator to those tactics. Now, as the consequences of our past inaction come back to haunt us, many are exhibiting a faux outrage.

What is of greater consequence today is that India has finally signalled that it is willing to cast aside older assumptions that have underlined its China policy. This process began much before the Galwan crisis of last month. It was reflected in India’s steadfast opposition to China’s Belt and Road Initiative, in the revival of the Quad, in taking open positions on freedom of navigation and maritime order, and in rapidly building border infrastructure. Yet, the power differential meant New Delhi had to manage China in a manner that allowed for the possibility of engagement and accommodation.

The road from Doklam to Galwan has been a tough one. It made clear to New Delhi that for Beijing mechanisms—formal or informal—are an end in themselves. The martyrdom of Indian soldiers was perhaps the price that we had to pay as a nation to come to terms with the real nature of Chinese expansionism. What India and the world are facing is not an ordinary rising power troubled by the shackles of the existing global order. We are facing an expansionist authoritarian state bent on shredding the international system to pieces to create an order in its own image. There can be tactical compromises with such a regimented state, but not strategic convergence, as many of our policymakers had long been trying.

It is this shift in mindset that the past few weeks seem to have ushered in India. Trade and cultural exchanges will not change the fundamental nature of the Communist regime in China. New Delhi’s decision to exclude Chinese companies from critical strategic sectors, government tenders and high-end technology is the beginning of a long-term process of trade and technology decoupling from China. Much like along the LAC, this too will be a long haul, but there seems to be hardly any alternative, and perhaps, just perhaps, the shock of the recent incidents will propel our political establishment to speak in one voice on the challenge posed by China.

Prime Minister Narendra Modi’s address to the nation and beyond during his visit to Ladakh last

week was one of the clearest articulations of this new resolve. He cast aside India's traditional sloganeering gobbledygook by squarely underscoring the point that India's quest for peace should not be viewed as a sign of weakness, and that India is committed to preserving its sovereignty. He made it clear that Chinese expansionism will have to be dealt with head on. This message for China could not have been clearer.

The larger global environment has also been evolving to India's advantage. Modi's pro-active diplomacy of the past few years has made it possible for him to demand and get support from India's global interlocutors at a difficult time. And China's own actions have made a robust push-back a real possibility. The US has deployed two of its aircraft carriers to the South China Sea's waters, and Japan has conducted naval drills with India at a time of high Sino-Indian tensions. These are signs of how major powers around the world have rallied to India's side. From Australia to the Association of Southeast Asian Nations member states, all are responding to Chinese aggression with alacrity. There is a better understanding around the world today of the challenge India faces in managing an overtly hostile China. Even Russia, which is shaping a close relationship with China, has responded much more favourably to Indian concerns than expected. This is as much a function of the changing global realities as it is of New Delhi making it clear to the rest of the world that it remains ready to fight its own battles.

Yet, this is not the end; it is just the beginning of a new era, one in which new terms of engagement are being set by powers big and small. New Delhi too will have to take the current recalibration of its ties with China to its logical conclusion. China's recent actions have clarified Indian choices. Indian policymakers can either go in for radical measures in an attempt to narrow the power differential with China, or decide to bumble along, much like their predecessors, until the next Doklam or Galwan crisis erupts. And erupt it will, because that's in the very nature of Chinese power aspirations. New Delhi will have to drop all sentimentality for a clear-eyed assessment of Beijing's logic of power, and formulate an appropriate response.

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INDIA MUST STAND UP FOR TIBET

Relevant for: International Relations | Topic: India - China

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The Dalai Lama marked his 85th birthday on Monday. He has now lived for 61 of those 85 years as a treasured guest of India, and has added value, in both tangible and intangible ways, to Indian public life, its soft power and its global reputation. The Dalai Lama is a symbol of an oppressed community which had to flee its homeland because of China's territorial aggression; he is representative of the great Gandhian tradition of non-violence; he is a religious and spiritual icon who has inspired hundreds of thousands of people, outside his own community, to seek the true meaning of life; and he is a living reflection of the shared Buddhist heritage of India and its independent neighbour for centuries, Tibet.

But it is equally true that India's hospitality has been often tempered with geopolitics. The fear of antagonising China has often meant that Indian governments — including the current dispensation — have been inconsistent in their approach to Tibet. From recognising Chinese suzerainty over Tibet to giving the Dalai Lama a home and collaborating with the United States in encouraging a rebellion, from deploying the "Tibet card" sporadically to refusing to even engage with the Tibetan leader, India's approach, to Tibet, has, for too long, been subject to its dynamic with China at any particular point.

It is now time to evolve a consistent approach. China, of course, sees Tibet as a "core interest" — an ever expanding circle to make its redlines clear. India has sought to respect this. But clearly, China has no hesitation in attacking India's core interest, of which territorial integrity is at the top. Delhi now needs to shed its hesitation, not just because Tibet is a "card", but is intertwined with the values of freedom and peace central to the vision to resist China. Delhi must take the following steps. One, honour the Dalai Lama with the Bharat Ratna. Two, speak up for Tibetan rights at international platforms. Three, deepen linkages with the new generation of Tibetan activists who are at the forefront of the new resistance. Four, rebuild links with all Tibetan sects, some of which have got caught in the web of bureaucratic battles in India. And most important, declare that India will respect the wishes of the Dalai Lama on his succession — making it clear that China will not have its way in installing a puppet Dalai Lama. Taking on "an expansionist" China must begin from a commitment to Tibet where it first displayed imperial ambitions.

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XI IS BURNING BRIDGES WITH HIS AGGRESSIVE NATIONALISM POLICY

Relevant for: International Relations | Topic: India - China

China is already in conflict with all major powers of the world now, including India

On Friday early morning, when most of us were not fully awake, Prime Minister Narendra Modi's convoy departed for Palam Airport in New Delhi. He soon flew to Leh near the India-China border. He checked the preparations at the border post in Neemu. He met jawans of the Army and Air Force, along with personnel of the Indo-Tibetan Border Police, to take stock of the situation. He also met the injured soldiers at the Leh Sainik Hospital.

The prime minister's visit in these uncomfortable times gives a clear message not only to the soldiers, but also to other countrymen, and to the world that India will not bow down to any pressure. This tour was very important in view of the grief and anger across the country after the clashes in Galwan Valley, where 20 Indian soldiers were killed.

China also took his visit very seriously. The prime minister was still in Leh when a Chinese foreign ministry spokesman issued a statement that negotiations were going on to resolve the border issue and, in this situation, no one should act in a way wherein the situation worsens.

Was China going on the defensive, or giving us advice? Whatever the motive, the prime minister's visit achieved the desired objectives, and may prove to be a roadblock to Beijing's ambitions. China is already in conflict with all major powers of the world; now a confrontation with the elephant can hurt the dragon's ambitions.

Here, we should also remember the steps taken by Australian Prime Minister Scott Morrison. He said the world was moving towards a similar situation seen in the 1930s, and increased Australia's defence spending for the next decade by 40%. But, what happened in the 1930s? The Great Recession, beginning in America, affected people globally, followed by World War II in 1939.

I am not saying that we are heading towards World War III, but China's aggressive ambitions have definitely reversed global diplomacy. China has always had a bittersweet relationship with India, Taiwan, Vietnam and Japan. Now, Australia has also become wary of Chinese aggression.

The policy of aggressive nationalism adopted by super ambitious Chinese leader Xi Jinping is probably not good for his country either. Until a few weeks ago, many countries, including Canada, the UK, New Zealand and Germany, were interested in friendship with China, but the situation has changed rapidly.

The world has become suspicious of Beijing after the repression of people in Hong Kong and Xinjiang, the covid-19 pandemic and its South China Sea policy.

British Prime Minister Boris Johnson recently made a statement in parliament against China, and showed solidarity with the agitating citizens of Hong Kong. He even proposed to give British citizenship to 3 million Hong Kong residents. The US House of Representatives, too, unanimously passed the Hong Kong Autonomy Act to impose heavy fines and sanctions on banks that conduct business with officials involved in suppressing supporters of democracy in

Hong Kong.

German Chancellor Angela Merkel had already warned Beijing, whereas France and Japan have also extended support to India after the Galwan incident.

Canadian Prime Minister Justin Trudeau, who is considered to be a supporter of Beijing, finds himself in an awkward situation. Canadians, who regarded China as an emerging superpower, are also shocked by its attitude—one survey showed that China's popularity in the country has declined by more than 20%.

It is wrong to think that Huawei or other Chinese companies will always win contracts with state support. Huawei is facing resistance in the US and Europe. In this changing world, where data is most important, it is not yet clear how Chinese corporations are using our data after tempting everyone with their discounted prices. India has banned 59 Chinese apps based on this logic. Chinese companies have also been deprived of many contracts. If this trend picks up in some other parts of the world, Beijing will surely be forced to rethink its policies.

US President Donald Trump wants to continue with this policy. Joe Biden, who is going to challenge him in the November election, is also promising the same.

We are approaching a situation where powerful countries in the West, as well as in Asia, are becoming increasingly suspicious of China, while Latin American, African and East European nations, besides a few small Asian countries, are indebted to China's largesse through grants. This equation can worsen if China and Russia write a prelude to the Second Cold War. However, many experts consider it to be too far-fetched.

But, one thing is clear. China's aggressive attitude has put a complete stop to rewriting a magnificent chapter of human history. It is a well-known fact that from the first century AD to 1820, India and China occupied almost half of the world's gross domestic product (GDP).

Together, the two countries could have revived their past glories, but China's aggression is throwing a spanner in the works.

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WHY EURASIA SHOULD MATTER TO INDIA

Relevant for: International Relations | Topic: India - Central Asia

Written by Sarang Shidore

The recent [China](#)-India clash marks a whole new level of Chinese aggression in the region. Some have argued that this prepares the ground for New Delhi finally overcoming its “strategic autonomy” doctrine and forging a true alignment with Washington. Countering China, however, requires a much subtler grand strategy that factors in a major ongoing geopolitical development — the rise of Eurasia.

A core geopolitical trend over the past five years has been an accelerating strategic competition between the US, Russia, and China. Often portrayed as a triangular contest, this competition is turning into a bipolar face-off with Russia and China forming a compact that spans bilateral and multilateral diplomacy, energy ties, trade in defence items, critical technologies (such as 5G), and growing joint military exercises.

Russia has repeatedly been written off in the West over the past two decades, and each time it has surprised the naysayers. Russia looms large on India – much of India’s defence hardware is still imported from there, it is an increasing source of India’s hydrocarbon imports, and the two countries have joint projects in nuclear energy that extend to third countries.

The logic of Eurasia, however, extends well beyond the Chinese-Russian compact. It is increasingly drawing in Iran. Russia and Iran have been de facto allies on the Syrian battlefield. Beijing’s economic ties with Tehran are strong, and Iran is a vital component of the Chinese Belt and Road Initiative. The three powers have recently deepened their ties with a joint military exercise in the Gulf of Oman. It helps greatly that all three have an adversarial relationship with the US.

Central Asia is the centroid of the new Eurasia. China feeds off its plentiful energy reserves and provides substantial investments in return. Russia, on its part, maintains military bases there and is the destination for many Central Asian migrants. The Shanghai Cooperation Organisation (SCO) and the Collective Security Treaty Organisation (CSTO) are its key security institutions. Western powers are notable for their near-total strategic absence in Central Asia, except Afghanistan.

It is not Eurasia, however, but another geography that makes far greater headlines in India – the Indo-Pacific. The Indo-Pacific has been given more than rhetorical teeth with the ambitious Quad initiative of four powers concerned with the rise of China – the US, Japan, Australia, and India. India is uniquely positioned in the Quad, in that it is its only member outside the US “hub-and-spoke” alliance system in Asia. That gap is being made up with the signing of vital military-to-military interoperability agreements between Washington and New Delhi, of which COMCASA is the most significant.

Neither the Indo-Pacific nor Eurasia are marked with a formalised security pact (though the CSTO comes close). Formal, binding alliances are not in fashion in Asia. Yet, there are sufficient hooks now in place for coordinated responses within emerging and adversarial quasi-blocs in any future crisis.

Eurasia and the Indo-Pacific, however, do have their internal faultlines. Wariness persists in the China-Russia compact, especially from the vantage point of Moscow, the increasingly junior

partner in this informal alliance. China and Russia both compete and cooperate in Central Asia. Beijing's treatment of Uighurs is alienating some Central Asians. In the Indo-Pacific, India and the US have serious differences on trade, immigration, and Afghanistan. Japan worries about American abandonment in the eventuality of a war with China. Yet, the logics of Eurasia and the Indo-Pacific are sufficiently distinct and divergent such that those actors positioned in the crossroads of both are increasingly under pressure — such as India.

Washington's Indo-Pacific strategy does not seem to account adequately for the rise of Eurasia. US interests in Asia lie primarily in the western Pacific and the South China Sea. Both regions are far from the core of the Eurasian theater.

It is not an accident that China has escalated its aggression in the region in India that is closest to Eurasia and furthest removed from the core of the Indo-Pacific. It is also a zone that abuts Pakistan. A nightmare scenario for India could be Pakistan increasingly integrated within the Eurasian geopolitical logic. Pakistani long standing links with China and Islamabad's warming ties with Moscow make such an outcome plausible. US equities in Islamabad still act as a brake. But that is not a guarantee for the future.

Deep security interoperability substitutes for alliances in today's world. By this standard, India has already abandoned its strategic autonomy doctrine with respect to Asia and aligned with Washington. The US would like India to act toward its maritime south and east in its grand strategy. Eurasia's rise is, however, forcing India to reckon with its north and west. But a hostile Eurasia is arguably more damaging to Indian interests than an unstable Indo-Pacific. Clarifying its approach to Eurasia is India's urgent task.

The border clashes with China are likely only the first glimpse of a strategic bind that India is being forced into. It requires a response far more nuanced than placing most bets on the Indo-Pacific. Bolstering deterrence and simultaneously walking the talk on multi-alignment may be the answer. This means re-centering Eurasia — repairing fraying relations with Iran, striking a hard geopolitical bargain with Russia, and perhaps even the unspeakable, outreach toward Pakistan. Is New Delhi up to the challenge?

The writer is a researcher and consultant in geopolitical risk and energy transitions based at the University of Texas.

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CHINA SEES INDO-PACIFIC IDEA IN TERMS OF BALANCE OF POWER, NOT FOR ADVANCING COMMON INTERESTS

Relevant for: International Relations | Topic: India - China

In the wake of [China](#)'s behaviour on our northern border, India needs to look carefully at other areas of potential conflict. The Indian Ocean is an obvious one. In his keynote address at the Shangri-La Dialogue in Singapore in June 2018, our prime minister presented India's Indo-Pacific vision. It is rooted in our historical associations with this region, and our understanding of its seminal importance in building prosperity in this century. The clarity of our approach was captured thus: "Inclusiveness, openness and [ASEAN](#) centrality and unity, therefore, lie at the heart of the new Indo-Pacific. India does not see the Indo-Pacific Region as a strategy or as a club of limited members. Nor as a grouping that seeks to dominate. And by no means do we consider it as directed against any country."

China is not a littoral state in the Indian Ocean. Nor, historically speaking, did it have a naval presence. Barring a brief three decades between 1405 and 1433, when the Ming Yongle Emperor sent the Zheng He Expeditions into the Indian Ocean, Chinese naval activity was limited to the East China Sea, the Bohai Sea, the Yellow Sea, and the South China Sea which Angela Schottenhammer, a scholar on maritime history, loosely labels the "China Seas". This by no means suggests that China did not play an important part in Indian Ocean trade; it is to merely posit that such trade, especially beyond the Malacca Straits, was mainly carried on by Arab, Indian and Persian traders. Nonetheless, in today's context, China is the second largest economy and the world's largest trading nation. The sea-lanes of communication in the Indian Ocean are vital to her economy and security. China should have equal access under international law and in accordance with international practice.

China could have been expected to welcome the Indo-Pacific approach which gives her both legitimacy and respect in the Indian Ocean. She has, instead, opted to undermine it. After the initial put-down by China's Foreign Minister in March 2018 who described the idea of the Indo-Pacific as akin to "sea-foam in the Pacific or India Ocean..... (that) soon will dissipate", the rhetoric has sharpened. China now alleges that this is an American-led plot to "contain" China's rise.

[Opinion | Indian resistance to China's expansionism would be a definitive moment in Asia's geopolitical evolution](#)

After the founding of the People's Republic in 1949, China was initially focussed on the consolidation of the "homeland". Its horizons broadened as its economy went global, and the consequent challenge was encapsulated by President Hu Jintao in November 2003 to party cadres as China's "Malacca Dilemma". They imagined that others would block the Malacca Straits to "contain" the Chinese. From that point forward, China has strategised to dominate not just the Malacca Straits, but the ocean beyond it. The PLA Navy (PLAN) made its first operational deployment in the Gulf of Aden in 2008; in December 2009 retired PLAN Admiral Yin Zhuo referred to a possible overseas base or facility; in 2010 a China State Oceanic Administration report alluded to plans to build aircraft carriers.

By 2012 China was ready to make the move into the Indian Ocean. A Maritime Rights and Interests Leading Group was established inside the Communist Party. The Report to the 18th Party Congress in the same year saw the first official reference to "building China into a sea-

power nation". The plan was presented as the 21st Century Maritime Silk Road in Jakarta in October 2013, carefully wrapped in terms of trade and finance, in order to disguise its dual purpose. While some Chinese scholars advanced the idea of building a "harmonious ocean", in May 2014 three Chinese researchers affiliated to the China Naval Research Institute laid out the real game-plan in their article, "The Strategic Scenario in the Indian Ocean and the Expansion of Chinese Naval Power". Acknowledging that US hegemony and India's regional influence in the Indian Ocean posed challenges to the Chinese plan, the authors laid out the inherent deficiencies that China needed to overcome, namely that (a) it is not a littoral state; (b) its passage through key maritime straits could be easily blocked; and (c) the possibility of US-India cooperation against China. They suggested that these deficiencies might be overcome by (1) carefully selecting sites to build ports — Djibouti, Gwadar, Hambantota, Sittwe and Seychelles were specifically named; (2) by conducting activities in a low-key manner to "reduce the military colour as much as possible"; and (3) by not unnerving India and America by cooperating at first, then slowly penetrating into the Indian Ocean, beginning with detailed maritime surveys, ocean mapping, HADR, port construction and so on. The Chinese have moved precisely along those lines.

Opinion | [Reducing dependence on China would be prudent for India's pharmaceutical industry, but it must be strategic](#)

While the official establishment continues to deny that the BRI has military or geo-strategic intent, a Chinese scholar at Jiao Tong University has recently acknowledged that the dual-use ports are likely to support future projection of military power. China has conveniently forgotten its assurance, in the Defence White Paper (1998) that she "does not station any troops or set up any military bases in any foreign country". The PLA's new base in Djibouti is the prototype for more "logistics" facilities to come. More port construction projects that are commercially unviable but have military possibilities, like Gwadar and Hambantota, are being offered to vulnerable countries. Chinese "civilian" vessels routinely conduct surveys in the EEZ of littoral states. In January 2020 the PLA Navy conducted tripartite naval exercises with Russia and Iran in the Arabian Sea. They have the largest warship building programme in the world.

The Indo-Pacific idea might potentially derail their carefully crafted plans. It is inclusive, participative and evolving through open discussion; the Maritime Silk Road by contrast is a Chinese fait accompli. After initially disparaging the idea, they now wish to cause alarm by raising fears about Great Power "strategic collision" caused by the so-called American-led "containment" strategy. This is the classic Chinese ruse of deflecting attention from the real issue on hand, their efforts to dominate the Indian Ocean. It is important to look past their propaganda. In September 2019, Vice Foreign Minister Le Yucheng said: "We are firmly against attempts to use the Indo-Pacific strategy as a tool to counter the BRI or even contain China". China still thinks in terms of balance of power while speaking about a Community with a Shared Future of Mankind. It should re-consider its position and view the Indo-Pacific idea as an instrument for advancing common interests, and not make it a source of conflict or tension.

This article first appeared in the print edition on July 7, 2020 under the title "The Indian Ocean front". The writer is a former Foreign Secretary and Indian ambassador to China

Opinion | [China's past border tactics, especially in Central Asia, offer India a clue](#)

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CHINA'S HEGEMONIC AMBITIONS MEAN THAT BEIJING'S FOCUS IS NOW ON BUILDING CHINESE CENTURY

Relevant for: International Relations | Topic: India - China

Former foreign secretary Nirupama Rao, who has also served as Indian ambassador to [China](#), reminded us the other day about an important change in Beijing's perceptions of Asia. China once used to talk about the "Asian century". Its current focus is on building the "Chinese century".

The deepening conflict between India and China is bound to complicate the prospects for an Asian century, as well as the Chinese century. As China privileges nationalism, it is bound to compel its Asian neighbours to do the same.

Delhi remembers very well the meeting between India's then Prime Minister [Rajiv Gandhi](#) and the Chinese leader Deng Xiaoping in Beijing at the end of 1988. Deng offered a long and warm handshake to Rajiv Gandhi, the first Indian prime minister to travel to China after the 1962 war. Underlining the importance of normalising relations between the two neighbours, Deng emphasised the centrality of India-China cooperation in realising the dream of the Asian century.

The idea of an Asian century has a longer lineage, but it is Deng who gave it a contemporary meaning. The idea of Asian unity was among the many transcendental political notions that emerged in the late-19th and early-20th centuries as the eastern civilisations struggled to rediscover themselves amidst the domination of the West. Pan-Asianism, Pan-Islamism, and Pan-Arabism provided tremendous inspiration for the people of Asia and the Middle East. But all of them crashed against the rocks of nationalism and irreconcilable contradictions among the multiple nations they were trying to unite.

Opinion | [China sees Indo-Pacific idea in terms of balance of power, not for advancing common interests](#)

The current president of China, Xi Jinping continues to talk about Asian unity. But for a very different purpose. For Deng, Asian unity was central to his strategy of rebuilding China. At home, he was determined to heal the scars from Mao's blood-letting under the Cultural Revolution that lasted from the mid-1960s to the 1970s. Deng also put an end to Mao's external adventurism that destabilised the neighbouring states in the name of promoting revolution.

Deng rightly saw peace on its frontiers and cooperation with the rest of the world as a precondition for modernising China. Xi has a very different objective. He is leading a country that has emerged as a great power, thanks to the sweeping reforms under Deng. For Xi, Asian unity is about getting Beijing's neighbours to acquiesce in China's regional primacy.

Xi is not the first Asian leader to deploy a high-minded ideal for the pursuit of national interest. Japan did much the same between the two world wars of the last century when it presented its colonial expansion as building the Asian century. Imperial Japan's attempt at folding the rest of Asia into its "co-prosperity sphere" is seen by many as the predecessor of China's current effort to tie its neighbours into the Belt and Road Initiative.

Russian communists and the Communist International promoted by them brought together the nationalist leaders in Asia and the Middle East, a hundred years ago, at the "Congress of the

Peoples of the East” at Baku. The surging ambition to build an anti-imperialist front evaporated amidst the compulsion of the Asian nations to fight different imperial powers.

Opinion | [Why Jagat Mehta would have seen Xi in the Mao mould, not Deng](#)

While some Asian nations fought Japanese occupation and imperialism, others saw Japan as an ally in liberating their nations from the clutches of European imperialism. Asian unity and solidarity was even harder after the Second World War, in the era of decolonisation.

Although there has been much romanticisation of the 1947 Asian Relations Conference in Delhi and the 1955 Asia-Africa conference in Bandung (Indonesia), both the events underlined multiple faultlines within the newly independent countries. The 1962 war between India and China and the deep suspicion of the CCP among China’s neighbours made the idea of Asian unity or century largely irrelevant to the politics of the region in the 1960s and 1970s.

It was only in the 1980s, when China under Deng opened up to the world, shed its revolutionary ideology, actively sought economic cooperation with the West and its neighbours that it became possible to imagine Asian unity in any practical sense. India’s own economic reforms at the turn of the 1990s and its Look East Policy reinforced the notion of Asian unity and the idea of shared prosperity.

At the centre of all this was the Association of South East Asian Nations which demonstrated the high growth path to its larger neighbours — China and India. It also provided a platform for Asia-wide political consultations and economic integration. At the heart of [ASEAN](#)’s success was the shared understanding that nationalism must be tempered in favour of regionalism.

The dissipation of great power contestation in Asia after the collapse of the Soviet Union, the new wave of economic globalisation, and the rapid economic growth in China and the region helped renew the idea of the Asian century.

In an unfortunate paradox, the phenomenal rise of China may have created the very conditions for the demise of the Asian century. That China has become far more powerful than all of its Asian neighbours has meant Beijing no longer sees the need to evoke Asian unity. As it seeks to surpass the [United States](#) and emerge as the top dog in the world, it is no surprise that Beijing’s imagination has turned to the construction of a Chinese century.

Although China has every right to claim Asian primacy, others are not obliged to accept it. That brings us back to deeply entrenched Asian nationalism that fought against imperial powers and refused to accept the diktat of the superpowers during the Cold War.

If powerful nationalism is driving China to seek more territory from its neighbours and dominate the region, equally intense nationalist forces in Asia will react against the CCP’s assertive policies. India’s decision to walk out of the China-centric regional economic order (the [RCEP](#)) last year, its standing up to the People’s Liberation Army in Ladakh and the announcement of the first steps towards digital dissociation from China underline New Delhi’s political will to resist the negative consequences of a Chinese century.

To be sure, an India that is smaller in economic size than China will pay a price for being the first to challenge the Chinese century. But Delhi may be strong enough to extract a cost from Beijing which is discounting the enormous power of the nationalist sentiment that the CCP is unleashing in China’s neighbourhood.

This article first appeared in the print edition on July 7, 2020 under the title “Once upon

an Asian century". The writer is Director, Institute of South Asian Studies, National University of Singapore and contributing editor on international affairs for [The Indian Express](#)

Opinion | [Indian resistance to China's expansionism would be a definitive moment in Asia's geopolitical evolution](#)

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'WORLD MUST NOT ALLOW CHINA TO INSTIGATE TERRITORIAL DISPUTES': MICHAEL POMPEO

Relevant for: International Relations | Topic: India - China

Washington: The Chinese Communist Party has an "enormous credibility problem", US Secretary of State Michael Pompeo on Wednesday said that the world should not allow [Beijing](#) to instigate territorial disputes.

Pompeo made these remarks while reacting to Chinese filing a boundary dispute with Bhutan at a meeting of the Global Environment Facility.

"From the mountain ranges of the Himalayas to the waters of Vietnam's Exclusive Zone, to the Senkaku Islands, and beyond, Beijing has a pattern of instigating territorial disputes. The world shouldn't allow this bullying to take place, nor should it permit it to continue," [Pompeo](#) said.

Chinese recently laid claims over Sakteng wildlife sanctuary situated in Eastern Bhutan.

Bhutan's foreign ministry issued a demarche to the Chinese embassy in New Delhi for the claims made by Beijing over Sakteng Wildlife sanctuary.

On Tuesday, the Royal Bhutanese Embassy in India said that the boundary between Bhutan-China is under negotiation and has not been demarcated.

"The CCP has an enormous credibility problem. They failed to tell the world the truth about this virus, and now hundreds of thousands of peoples all across the world are dead. We need the truth; we still need the truth. We need to open up," Pompeo said during the briefing.

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

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REFORM THE WHO BUT DO NOT UNDERMINE IT

Relevant for: International Relations | Topic: UNO and its various Agencies

The US decision to quit the world's top public health organization reflects poor judgement. The WHO has been woefully behind the corona curve, but reforms should be the way ahead.

Nearly three months after the US halted its funding of the World Health Organization (WHO), and more than a month after saying it would quit membership of the international public health body, US President Donald Trump's administration has formally notified the United Nations of its withdrawal. Unless this decision is reversed by a new occupant of the White House after the US presidential election in late 2020, America will no longer be a member of the WHO by this time next year. This is a highly unfortunate turn of events, especially at a time the world needs global cooperation at its best to fight a pandemic that threatens us all. Covid-19 rages on, and efforts to snuff it out must not fall victim to political mud-slinging across the globe. The US is the world's hardest hit country, and its leader has been pointing fingers at others for its misfortune. Along with China, where the disease first emerged, the WHO has been at the receiving end of Trump's fury. Among other things, the US president has accused the organization of helping China cover up the origins of the virus that causes covid-19. He has also called for WHO reforms. While the body has denied the US allegations, it has also been woefully behind the corona curve. Regardless of the politics at play, there seems a clear case for changes that could help turn the health body more effective in keeping the planet's population as healthy as possible.

The WHO got off to a poor start by taking inordinately long to declare the covid outbreak a pandemic. Verifiable signs had emerged not just of its highly contagious nature by mid-January, but also of its spread beyond China. But the WHO dithered in raising a global alarm until it was too late; it could have advised a closure of borders, for example, but did not. Given its stature and authority on such matters, charitable critics put that down to an inherent sense of caution. It did not want to exceed the evidence it had, they said. The WHO's failure that is currently in the news is its apparent playing down of the danger of airborne viral infections. All along, its safety guidelines had laid emphasis on contact as a mode of corona transmission for people to guard against. Sneezes and coughs, the WHO had warned against, but it was only this week that it partially acknowledged the peril of virus particles staying suspended in the air for prolonged periods, especially in spaces with poor ventilation. This came after an open letter from some 200 scientists urged it to widen its warnings.

Yet, none of that justifies abandoning the WHO. It has a vital role in gathering information from across the world and advising health authorities on covid-19. Its rejection by the world's richest and most powerful country should worry us. If authoritarian governments appear to wield undue influence over the organization, there must be a way for democracies to fix such a problem. For one, executive authority at the WHO needs to shift from political appointees to healthcare technocrats who command global respect for their work. For another, the WHO's operations need greater scrutiny. As of now, Ethiopia's former health and foreign minister Tedros Adhanom Ghebreyesus heads the body, and WHO critics have hinted of Addis Ababa being beholden to Beijing for investment inflows. Whatever the truth of these charges, the WHO ought to be restructured. If this will take broader UN reforms, we should embark on these too.

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INDIAN NAVY COMPLETES “OPERATION SAMUDRA SETU”

Relevant for: International Relations | Topic: Indian Diaspora

Operation *Samudra Setu*, which was launched on 05 May 2020 as part of the national effort to repatriate Indian citizens from overseas during the COVID-19 pandemic has culminated after successfully bringing 3,992 Indian citizens back to their homeland by sea. Indian Naval Ships *Jalashwa* (Landing Platform Dock), and *Airavat, Shardul and Magar* (Landing Ship Tanks) participated in this operation which lasted over 55 days and involved traversing more than 23,000 kilometers by sea. Indian Navy has previously undertaken similar evacuation operations as part of *Operation Sukoon* in 2006 (Beirut) and *Operation Rahat* in 2015 (Yemen).

The COVID-19 pandemic has had significant impact on ships and seafarers due to the compact environment and forced ventilation systems onboard ships. It was in these trying times and difficult conditions that the Indian Navy took up the challenge to evacuate our distressed citizens from overseas.

The greatest challenge for the Indian Navy was to avoid any incident of outbreak of infection onboard the ships during the evacuation operation. Rigorous measures were planned and medical/ safety protocols unique to the operating environment of ships were implemented. These were strictly followed onboard the ships undertaking *Op Samudra Setu* resulting in the safe return of 3,992 of our citizens to their homeland.

Op Samudra Setu was undertaken utilising Indian Naval ships best suited for the operation, catering for COVID-19 related social distancing norms vis-à-vis medical arrangements and carrying capacity. Ships used for the operation were specially provisioned and the Sick Bay or the clinic onboard was especially equipped with COVID-19 related equipment and facilities. Women Officers and military nursing staff were also embarked for the women passengers. Basic amenities and medical facilities were provided to all evacuees during sea passage on these ships. One of the expectant mothers who undertook passage on *Jalashwa*, Mrs Sonia Jacob, also gave birth to a baby boy within a few hours of reaching Kochi on International Mother's Day.

Indian Naval ships *Jalashwa, Airavat, Shardul and Magar* steamed more than 23,000 kilometres during *Op Samudra Setu* and undertook the evacuation operation in a smooth and coordinated manner. Details of the evacuation are as follows: -

Ship

Date Embarked

Port of Embarkation

Number of Citizens

Date Disembarked

Port of Disembarkation

Jalashwa

8 May

Mal

698

10 May

Kochi

Magar

10 May

Mal

202

12 May

Kochi

Jalashwa

15 May

Mal

588

17 May

Kochi

Jalashwa

1 June

Colombo

686

2 June

Tuticorin

Jalashwa

5 June

Mal
 700
 7 June
 Tuticorin
 Shardul
 8 June
 Bandar Abbas
 233
 11 June
 Porbandar
 Airavat
 20 June
 Mal
 198
 23 June
 Tuticorin
 Jalashwa
 25 June
 Bandar Abbas
 687
 1 July
 Tuticorin

Along with other Government agencies, the Indian Navy has also been at the forefront of national efforts to assist our citizens. Indian Naval IL-38 and Dornier aircraft have been used for ferrying of doctors and COVID-19 related material across the country. Indian Naval personnel also innovated various customised equipment such as Personnel Protection Equipment *NavRakshak*, hand-held temperature sensors, assisted respiratory system, 3-D printed face shield, portable multi-feed oxygen manifold, ventilators, air-evacuation stretcher pod, baggage disinfectants etc. Most of these innovations were carried onboard the ships

undertaking *Op Samudra Setu* and niche equipment was also provided to host countries from where evacuation was undertaken.

Indian Navy utilised its amphibious sea-lift ships for *Op Samudra Setu*, which has reinforced the flexibility and reach of these multi-faceted platforms. Whilst *Jalashwa, Magar, Airavat and Shardul* were undertaking *Op Samudra Setu*, another Landing Ship (Tank) *Kesari* undertook 'Mission SAGAR', carrying 580 tonnes of food aid and medical stores including ayurvedic medicines to Maldives, Mauritius, Madagascar, Comoros Islands and Seychelles, covering over 14,000 km in 49 days. One medical team each was also deployed at Mauritius and Comoros Island as part of the mission.

The 3,992 Indian citizens evacuated during *Op Samudra Setu* were disembarked at various ports as indicated in the table above and entrusted to the care of respective state authorities. This operation was undertaken by the Indian Navy in close coordination with Ministry of External Affairs, Home Affairs, health and various other agencies of the Government of India and State Governments.

VM/ MS

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1 June

Colombo

686

2 June

Tuticorin

Jalashwa

5 June

Mal

700

7 June

Tuticorin

Shardul

8 June

Bandar Abbas

233

11 June

Porbandar

Airavat

20 June

Mal

198

23 June

Tuticorin

Jalashwa

25 June

Bandar Abbas

687

1 July

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NEPAL BLACKS OUT INDIAN NEWS CHANNELS

Relevant for: International Relations | Topic: India - Nepal

Nepal will not allow foreign TV channels that indulge in the character assassination of its leaders and will seek legal remedies against such news outlets, a senior Minister of the government of Prime Minister K. P. Sharma Oli said on Thursday evening.

The announcement was accompanied by simultaneous blacking out of all Indian news channels, barring Doordarshan, across Nepal.

“We do not want to interfere in affairs of the media. Not just foreign but even domestic TV channels will be regulated if they are found to be airing offensive content or are indulging in character assassination [of Nepalese citizens and leaders] and are found to be disrespectful of Nepal’s sovereignty. Nepal will also seek political and legal remedies against such channels,” said Minister of Communication and Information Technology Yubaraj Khatiwada, in response to a question regarding certain Indian channels airing objectionable content on Prime Minister Oli and the Chinese Ambassador to Kathmandu Hou Yanqi.

Apart from Mr. Khatiwada, several prominent Nepalese leaders also condemned Indian media outlets.

Though major Indian news channels have been stopped from being aired in Nepal, the final policy is yet to become clear as more official statements are expected.

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NONE GAINS: THE HINDU EDITORIAL ON U.S. WITHDRAWAL FROM WHO

Relevant for: International Relations | Topic: UNO and its various Agencies

On July 6, when the number of novel coronavirus cases and deaths in the U.S. reached over 2.8 million and nearly 0.13 million, respectively, the U.S. officially notified the United Nations of its intention to [withdraw membership from the World Health Organization](#). This comes after President Donald Trump announced on May 29 his [decision to halt funding](#) and pull out of the global health body. After accusing [WHO of being "China-centric"](#) on multiple occasions, this unfortunate development is one more attempt by Mr. Trump to deflect blame for gross mismanagement of the crisis. In a May 18 letter, he officially [demanded that the WHO make "major substantive improvements"](#) in 30 days while charging that the global body lacked "independence" from China, was slow to respond to the threat, and had "repeatedly made inaccurate or misleading claims" about the virus. Since the decision has apparently been taken without the approval of Congress, and as the withdrawal will become effective only on July 6 next year, there is a possibility that Congress or courts might reverse the withdrawal. Already, Democratic challenger Joe Biden has promised to revoke it if elected President. There is much at stake and unsurprisingly Congress is already under pressure from academia and medical associations to reject the withdrawal. The capricious decision to withdraw from WHO will have dire consequences for global public health. The departure of the U.S. will be a significant blow to the WHO in terms of loss of technical expertise and, according to Mr. Trump, an annual funding of about \$450 million.

The pandemic has clearly brought to the fore several shortcomings and weaknesses in the global health body. For instance, the 2005 revision of the International Health Regulations made it mandatory for countries to notify the WHO of all events that may constitute an international public health emergency and to "respond to requests for verification of information regarding such events". Yet, the WHO has limited power to ensure compliance by member States, including limitations in independently verifying member states' official reports. If the U.S. was majorly involved in the 2005 IHR revision, it will now have no role to play in strengthening the WHO. It will lose a seat at the table to determine the virus strain to be used for developing influenza vaccines (flu killed over 34,000 people in the U.S. in 2018-19), and have no access to new influenza virus samples for research. With no more U.S. scientists embedded in the WHO in key roles, including outbreak response teams like the one that visited Wuhan, it will lose out on health intelligence that will compromise the country's response to international disease outbreaks. In the end, none gains from a further weakened WHO.

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FIRST FIVE RE-PRINTED VOLUMES OF MONGOLIAN KANJUR MANUSCRIPTS RELEASED

Relevant for: International Relations | Topic: India - Central Asia

The Ministry of Culture has taken up the project of reprinting of 108 volumes of Mongolian Kanjur under the National Mission for Manuscripts (NMM). The first set of five volumes of Mongolian Kanjur published under the NMM was presented to the President of India Shri Ram Nath Kovind on the occasion of Guru Purnima, also known as Dharma Chakra Day, on 4th July 2020. A set was then handed over to His Excellency Mr. Gonching Ganbold, Ambassador of Mongolia to India by the Minister of State (Independent Charge) of Ministry of Culture and Minister of State (Independent Charge) of Ministry of Tourism, Shri Prahlad Singh Patel in presence of Minister of State for Minority Affairs, Shri Kiren Rijju.

It is expected that all the 108 volumes of the Mongolian Kanjur will be published by March, 2022.

The Prime Minister of India, Sh. Narendra Modi in his address on the occasion of Dharma Chakra expressed:

“On this day of Guru Purnima, we pay homage to the Lord Buddha. On this occasion, the copies of the Mongolian Kanjur are being presented to the Government of Mongolia. The Mongolian Kanjur is widely respected in Mongolia.”

The National Mission for Manuscripts was launched in February 2003 by the Government of India, under the Ministry of Tourism and Culture, with the mandate of documenting, conserving and disseminating the knowledge preserved in the manuscripts. One of the objectives of the mission is to publish rare and unpublished manuscripts so that the knowledge enshrined in them is spread to researchers, scholars and general public at large. Under this scheme, reprinting of 108 volumes of Mongolian Kanjur has been taken up by the Mission. It is expected that all the volumes will be published by March, 2022. This work is being carried out under the supervision of eminent Scholar Prof. Lokesh Chandra.

Mongolian Kanjur, the Buddhist canonical text in 108 volumes is considered to be the most important religious text in Mongolia. In the Mongolian language ‘Kanjur’ means ‘Concise Orders’- the words of Lord Buddha in particular. It is held in high esteem by the Mongolian Buddhists and they worship the Kanjur at temples and recite the lines of Kanjur in daily life as a sacred ritual. The Kanjur are kept almost in every monastery in Mongolia. Mongolian Kanjur has been translated from Tibetan. The language of the Kanjur is Classical Mongolian. The Mongolian Kanjur is a source of providing a cultural identity to Mongolia.

During the socialist period, xylographs were consigned to flames and monasteries were bereft of their sacred scriptures. During 1956-58, Professor Raghu Vira obtained a microfilm copy of the rare Kanjur manuscripts and brought them to India. And, the Mongolian Kanjur in 108 volumes was published in India in 1970s by Prof. Lokesh Chandra, former Member of Parliament (Rajya Sabha). Now, the present edition is being published by the National Mission for Manuscripts,

Ministry of Culture, Government of India; in which every volume will have a list of contents indicating the original title of the sutra in Mongolian.

Historical interaction between India and Mongolia goes back centuries. Buddhism was carried to Mongolia by Indian cultural and religious ambassadors during the early Christian era. As a result, today, Buddhists form the single largest religious denomination in Mongolia. India established formal diplomatic relations with Mongolia in 1955. Since then, the overwhelming relationship between both the countries has now reached a new height. Now, the publication of Mongolian Kanjur by the Government of India for the Government of Mongolia will act as a symbol of cultural symphony between India and Mongolia and will contribute to furtherance of bilateral relations during the coming years.





NB/AKJ

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is spread to researchers, scholars and general public at large. Under this scheme, reprinting of 108 volumes of Mongolian Kanjur has been taken up by the Mission. It is expected that all the volumes will be published by March, 2022. This work is being carried out under the supervision of eminent Scholar Prof. Lokesh Chandra.

Mongolian Kanjur, the Buddhist canonical text in 108 volumes is considered to be the most important religious text in Mongolia. In the Mongolian language 'Kanjur' means 'Concise Orders'-the words of Lord Buddha in particular. It is held in high esteem by the Mongolian Buddhists and they worship the Kanjur at temples and recite the lines of Kanjur in daily life as a sacred ritual. The Kanjur are kept almost in every monastery in Mongolia. Mongolian Kanjur has been translated from Tibetan. The language of the Kanjur is Classical Mongolian. The Mongolian Kanjur is a source of providing a cultural identity to Mongolia.

During the socialist period, xylographs were consigned to flames and monasteries were bereft of their sacred scriptures. During 1956-58, Professor Raghu Vira obtained a microfilm copy of the rare Kanjur manuscripts and brought them to India. And, the Mongolian Kanjur in 108 volumes was published in India in 1970s by Prof. Lokesh Chandra, former Member of Parliament (Rajya Sabha). Now, the present edition is being published by the National Mission for Manuscripts, Ministry of Culture, Government of India; in which every volume will have a list of contents indicating the original title of the sutra in Mongolian.

Historical interaction between India and Mongolia goes back centuries. Buddhism was carried to Mongolia by Indian cultural and religious ambassadors during the early Christian era. As a result, today, Buddhists form the single largest religious denomination in Mongolia. India established formal diplomatic relations with Mongolia in 1955. Since then, the overwhelming relationship between both the countries has now reached a new height. Now, the publication of Mongolian Kanjur by the Government of India for the Government of Mongolia will act as a symbol of cultural symphony between India and Mongolia and will contribute to furtherance of bilateral relations during the coming years.



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AUSTRALIA OFFERS SAFE HAVEN TO HONG KONGERS, SPARKING CHINA FURY

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

PM Scott Morrison says his govt was suspending its extradition pact with the city and extending the visas of 10,000 Hong Kongers already in the country

SYDNEY : Australia offered pathways to permanent residency for thousands of people from Hong Kong on Thursday in response to China's crackdown on dissent, drawing a furious reply from [Beijing](#).

Prime Minister Scott Morrison said his government was suspending its extradition agreement with the city and, in addition to extending the visas of 10,000 Hong Kongers already in the country, threw open the door to thousands more wanting to start a new life Down Under.

Morrison said the decisions were taken in response to China's imposition last week of a tough new security law in Hong Kong, which he said "constitutes a fundamental change of circumstances" for the semi-autonomous territory.

"Australia is adjusting its laws, our sovereign laws, our sovereign immigration programme, things that we have responsibility for and jurisdiction over, to reflect the changes that we're seeing take place there," he said during a press conference.

China's embassy in Canberra shot back quickly, condemning the steps as "a serious violation of international law... and a gross interference in China's internal affairs".

"China strongly deplores and opposes the groundless accusations and measures" announced by Australia, it said.

"We urge the Australian side to immediately stop meddling in Hong Kong affairs," it said.

Foreign Minister Marise Payne said China's moves in Hong Kong were discussed earlier Thursday with Australia's so-called "Five Eyes" security partners -- New Zealand, the United States, Britain, and Canada.

Morrison's announcement came a day after China opened a new office in Hong Kong for its security agents to oversee implementation of the law targeting acts of subversion, secession, terrorism and foreign collusion.

The law, which followed sometimes-violent pro-democracy protests, is the most radical change in Hong Kong's freedoms since Britain handed the city back to China in 1997 under an agreement designed to preserve its way of life for 50 years.

China has bristled at widespread global criticism of the law and Australia's move to provide safe haven to some Hong Kong citizens was expected to worsen already rising tensions between the two.

Beijing in recent months has imposed tariffs on some Australian imports and impeded trade in other key commodities in response to Australian steps to counter Chinese interference in the

country.

China, Australia's biggest trade partner and a competitor for influence in the Pacific, was notably infuriated when Canberra led calls for a probe into the origins of the coronavirus pandemic.

New Zealand is also reviewing its relationship with Hong Kong because of the new law, Foreign Minister Winston Peters said, "including extradition arrangements, controls on exports of strategic goods, and travel advice".

Morrison brushed aside questions about whether the challenge over Hong Kong would likely lead to further Chinese retaliation.

"We will make decisions about what's in our interests, and we will make decisions about our laws and our advisories, and we will do that rationally and soberly and consistently," he said.

Under the new measures, 10,000 Hong Kong citizens and residents in Australia on student or temporary work visas will be allowed to remain in the country for an additional five years.

"If you're a temporary visa holder, your visa will be extended to an additional five years from today, in addition to the time you've already been in Australia, with a pathway to permanent residency at the end of that period," Morrison said.

The five-year visa and possible permanent residency were also offered to Hong Kong entrepreneurs or skilled workers who wish to relocate to Australia in the future.

"If there are businesses that wish to relocate to Australia, creating jobs, bringing investment, creating opportunities for Australia, then we will be very proactive in seeking to encourage that," he said.

The move echoed Australia's response to the 1989 Tiananmen Square crackdown when Canberra offered refuge to thousands of Chinese students and their families.

But it contrasts with the current conservative government's policy of restricting immigration.

Morrison said he did not expect a rush of new visa applications from Hong Kongers, in part due to coronavirus travel restrictions.

And he added that it would be "very disappointing" if China tried to prevent Hong Kong citizens from taking advantage of the offer.

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INDIA EXPLORES OPTIONS TO BAR CHINESE FIRMS FROM LADAKH SOLAR PROJECT

Relevant for: International Relations | Topic: India - China

State-run company SECI will sign a 35-year power purchase agreement with successful bidders

NEW DELHI : India is exploring ways to bar Chinese firms from participating in a mega 7.5 gigawatts (GW) solar project in [Ladakh](#) including a 900-km strategic transmission link to transport surplus power to other parts of the country, said two people aware of the development.

This comes amid India's effort to leverage its growing power sector market to prepare an economic response against China following the recent clashes in Ladakh, which led to the killing of 20 Indian Army personnel. Hostilities between the Himalayan neighbours have since dialled down a notch though India continues to upgrade border infrastructure.

A foreign firm is allowed to participate in the tender for the solar project either on a stand-alone basis, or as a member of a consortium. State-run Solar Energy Corp. of India ([SECI](#)) is running the selection process for setting up the 7.5GW of grid connected solar projects in Leh and Kargil districts, and will sign a 35-year power purchase agreement (PPA) with the successful bidders. Bids can be submitted until 31 July.

"The tender is yet to be finalised. While it is an international competitive bid, whatever is needed to discourage Chinese firms from getting involved in this critical project will be done. We are working on it," said a senior government official, requesting anonymity.

The solar project is planned to be set up in blocks of 2.5GW each, and will supply power to the residents of Leh and Kargil districts, besides defence establishments, during harsh winters, while transmitting surplus power to the rest of India. "A lot of things will have to be taken into consideration," said another government official, also requesting anonymity.

A senior SECI official said that it has not "received any directions" from the government. "We can't comment on whether India is banning Chinese companies from participating in this tender. As on date, the bid is open to all global players."

Emailed queries to spokespersons of India's ministry of new and renewable energy on Monday remained unanswered.

India is strategically trying to develop the Union territory of Ladakh and resolve grid connectivity problems in the region. The plan is to build 23GW grid connected solar projects, of which 2.5GW each will be set up in Zaskar sub division and Taisuru block of Kargil district, and 5GW in Hanley Khaldo area of Nyoma sub-division in Leh district.

India's economic strategy against Beijing is part of a larger response to Chinese aggression in Ladakh. India is evolving a strategy not use Chinese equipment and technology in the power sector, and subsidising finance for promoting local power equipment usage and prior-permission requirements for imports from countries with which it has a conflict. The plan also involves procuring equipment and material locally and increase domestic capacity.

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CHINA, U.S. IN NEW SPAT OVER UIGHUR CRACKDOWN

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Under lock and key: A file photo of a detention facility in the Kunshan Industrial Park in Artux in the Xinjiang region. AP

China said on Friday it will impose tit-for-tat measures after the U.S. slapped sanctions on Chinese officials for their involvement in a crackdown on Muslim minorities, raising tensions between the superpowers.

The two countries have traded barbs and sanctions on a slew of issues since President Donald Trump took office, from trade to more recent spats over the coronavirus pandemic, a security law in Hong Kong, and Chinese policies in the far west regions of Tibet and Xinjiang.

The latest Chinese response followed a U.S. announcement of visa bans and an assets freeze on three officials, including Chen Quanguo, the Communist Party chief in Xinjiang and architect of Beijing's hardline policies against restive minorities.

"The U.S. actions seriously interfere in China's internal affairs, seriously violate the basic norms of international relations, and seriously damage China-U.S. relations," Foreign Ministry spokesman Zhao Lijian said in a briefing.

Reciprocal measures

"China has decided to impose reciprocal measures against the relevant U.S. institutions and individuals who behave badly on Xinjiang-related issues," Mr. Zhao said, without providing details about the sanctions.

Secretary of State Mike Pompeo said on Thursday the U.S. was acting against "horrific and systematic abuses" in Xinjiang including forced labour, mass detention and involuntary population control.

Visa restrictions

The back-and-forth over Xinjiang comes just days after the two countries imposed visa restrictions on each other over their disagreement on Tibet.

Chinese Foreign Minister Wang Yi on Thursday blamed the rising tensions on "McCarthy-style paranoia" in the United States.

Witnesses and human rights groups say China has rounded up more than one million Uighurs and other Turkic Muslims in Xinjiang in a vast brainwashing campaign aimed at forcibly homogenising minorities into the country's Han majority.

Mr. Pompeo in a conference call with reporters Thursday called the situation "the stain of the century" and has previously drawn parallels with the Holocaust.

China counters that it is providing education and vocational training in a bid to reduce the allure

of Islamic radicalism following a spate of deadly violence.

The Uighur Human Rights Project, an advocacy group, hailed the sanctions and urged other countries to follow suit. "At last, real consequences have begun. This comes at the 11th hour for Uighurs," said the US-based group's executive director, Omer Kanat.

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INDIA MOVES UP A RANK TO BECOME SECOND-LARGEST SOURCE OF FDI FOR UK

Relevant for: International Relations | Topic: India - UK

[India](#) invested in 120 projects and created 5,429 new jobs in the [UK](#) to become the second-largest source of foreign direct investment (FDI) after the US in 2019, according to new UK government figures released on Friday.

The Department for International Trade (DIT) inward investment statistics for 2019-2020 found India moving up from its previous third-largest spot, representing an overall 4% FDI increase for the UK on 2018-2019 with 1,852 new inward investment projects in the 2019/2020 financial year.

The US remains the number one source of FDI for the UK, delivering 462 projects and 20,131 jobs, followed by India, Germany, France and [China](#) and Hong Kong. Australia and New Zealand were responsible for 72 projects and the Nordic and Baltic region 134, an increase for both regions.

The number of Indian projects at 106, resulting in a job creation figure of 4,858 last year contrasts with 120 projects and 5,429 jobs for this year.

"During the COVID-19 crisis, we have been working with India to keep supply chains open and keeping trading routes alive and as we emerge from COVID, it is vitally important we don't move to protectionism," said UK International Trade Secretary Liz Truss, addressing the annual India Global Week 2020 virtual summit on Friday.

"On the trade side, we are not letting the grass grow under our feet and the UK and India are carrying on negotiations virtually given the current crisis," she said, in reference to a planned virtual India-UK Joint Economic and Trade Committee (JETCO) summit this year.

The latest UK FDI figures show that while the number of new jobs as a direct result of foreign investment has declined – a global trend as seen in other FDI reports this year – the number of jobs safeguarded by FDI increased by 29%.

DIT said it worked closely with existing investors to safeguard 26% more jobs compared to 2018-2019, demonstrating the broad range of support DIT delivers for the UK economy by promoting investment.

"These figures further demonstrate the resilience of the UK economy and the work of the government to continue to build and attract inward investment into the UK.

Developing key sectors such as advanced manufacturing, life sciences and renewable energy will help us to rebound post-pandemic and build on our attractive business environment across the UK for investors around the globe," added Truss.

All the regions of England, Wales and Northern Ireland saw an increase in the number of projects each nation attracted, though Scotland saw a decline on the number of projects from the previous year.

This story has been published from a wire agency feed without modifications to the text.

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SOFT POWER CAN BE EFFECTIVE

Relevant for: International Relations | Topic: India - China

Prime Minister [Narendra Modi](#) recently sent a subtle message to [China](#) from Nimmu that ‘the era of expansionism is over’. Nimmu is located along the Yargal-thang plain where the Mughal-Ladakh army fought a fierce war (the battle of Basgo) in 1679 against the expansionist Qing Empire led by Mongol-Tibetan troops. Together, they gave a bloody nose to the Mongol-Tibetan army and pushed them back beyond Demchok and [Pangong Tso](#) to Tashigang.

The Chinese threat to Ladakh has once again become ominous. The Chinese Communist Party’s (CCP) is asserting itself on the lines of the “Sino-centric” idea of the “middle kingdom”.

Beijing seems still operating on its “Li” concept that functioned on a ritualistic tributary system of the “core” dominating the “peripheries” through myriad forms of relationships. After imposing itself on Xinjiang, Tibet and Inner Mongolia, Beijing thinks Ladakh too falls within the pale of Chinese glaxis – hence, adding it on the list of territory to be grabbed through a slower build-up game.

China is strangely behaving exactly the way previous classical empires like the Greeks, Romans, Persians, British, French and Russians behaved. They had sought territorial expansion, established colonies, and vassal and buffers states.

The British Empire created “inner and outer” territory and “buffers zones” to mitigate a potential direct threat and to protect its mercantile interests. The Russian Empire opened out to capture Eastern European, Central Asian and Far Eastern spaces simply for the glory of the Czar.

More recently, the Soviet Union and the [United States](#) sought ideological goals for global domination. The Soviets created a “sphere of influence” around friendly socialist states to serve as buffers against the West and China. Mikhail Gorbachev eventually had to give them up because of the economic load. But Vladimir Putin is still trying to protect Russia’s “near-abroad” while retrieving its hold over Crimea.

The Ukraine conflict is all about Russia securing a buffer against the West and to protect its energy market in Europe. The Americans continue to their global outreach through friends and allies.

But, China’s never-ending penchant for grabbing land along the “Middle Kingdom” with modern tools is frightening. Unlike previous empires that suffered diminishing returns, China, unfortunately, has the resources and ability to expand further and the willingness to support its faltering clients such as North Korea and Pakistan.

Beijing is using North Korea as an ideological (communist) buffer against South Korea, Japan and the US. In South Asia, it tries to neutralise India’s traditional friends to make them its own friendly buffers against New Delhi. There may be many such sinister designs, but the most manipulative expansionist policy that Beijing pursues is to seek its reunification agenda with Taiwan but tacitly discourage any serious inter-Korean and India-Pakistan rapprochement.

India’s trodden path to its historical greatness had its roots in the practice of its “Rajamandala” idiom – a circle of sacred and friendly space or an Indic world order which was metaphysically embedded in unity through peace. Unlike China’s tributaries federation, the Indian model revolved around the core (centre) rather than on the periphery (boundary). Even “China-des”

formed a component of the Indian political and spiritual disposition, at least until the reign of King Harsha.

We have failed to bring in Mount Kailash in our strategic thought process. Only the opening of the Himalayan gateways can help us regain our soft cultural frontiers/buffers.

India should never compare its outreach with the Chinese-style sphere of influence that works on competitive and aggressive behaviour along with other supportive value chain activities. Instead, India should prudently employ its own historical strength and links with adjacent peoples and the land.

More often than not, the law of attraction in India's case always worked in a reverse way. Instead of chasing others, people, societies and nations across the world always found their own ways to connect with India.

As China opts for expansionism, India should aptly redeploy its long-cherished realist wisdom and adaptability strategy — the hallmark of its diplomacy.

In 2015, Prime Minister Narendra Modi was seen sifting through these ancient tracks to achieve his foreign policy goals. He has since been on a drive to deal even with China in a nonconventional way but in vain.

The recent Galwan military standoff has complicated our ties with China, deepened suspicions and misgivings.

Clearly, the old mechanisms are unlikely to work. The improved commercial ties have failed to build trust. The dispute-handling model has created more friction and fuelled domestic outrage.

A path forward to deal with China demands returning to the strategic fundamentals. Possibly, the solution lies more in culture than in politics or the military. After all, China and India are not ancient enemies.

The challenge for India is also to reach out to the over 600 million estimated Chinese followers of Dharma – India is the land of Buddha Amitabha. This could spring many surprises, just as in Europe before — perhaps even lead to the eventual demise of the CCP.

Reframing the relationship with China needs to be grounded on the shared historical and cultural awareness of each other, as also on the collective wisdom of ordinary citizens on both sides. This may prove to be an effective, evolutionary way. Only then can a harmonious balance with China can be restored.

A new mode of diplomacy should embed in it a samvad, like a “cultural middle”, that can avoid conflicts and work out conciliation, while at the same time uphold India's integrity. But this would require New Delhi to do away with its usual narrow tactical pursuits that are often devoid of any strategic goals.

The writer, a former ambassador, is an expert on the Himalayan affairs

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WHY BUILDING ECONOMIC BRIDGES IN THE NEIGHBOURHOOD MATTERS

Relevant for: International Relations | Topic: India - China

At a time when it is increasingly worried about growing Chinese economic and strategic relationships in the region, India is missing a “costless” trick. As the numbers show, it can trade a lot more within the region, both in terms of exports and imports. This piece focuses more on India’s imports from South Asia, because larger and more sophisticated economies usually open up their markets before their smaller and less industrialised trading partners do. In effect, the former provide the latter with an “early harvest”. Indeed, India has accepted such “asymmetric” liberalisation, and, in 2012, provided unilateral duty-free access to its market for the least developed countries from South Asia (Afghanistan, Bangladesh, Bhutan, Maldives and Nepal). Can India take any measure to follow up on such liberalisation, and try to increase its \$4.6 billion imports from South Asia? Incidentally, its exports to the region were \$24.6 billion. (This note should not be confused as an attempt to balance bilateral exports and imports, which makes little sense in economic terms.)

However, trade is an autonomous, private sector driven activity, based on the principle of comparative advantage. So how does the “Can-India-import-more-from-South-Asia” question become valid? It becomes valid when there are artificial barriers to trade, which affect one set of countries more than others.

India’s trade regime, like that of many other countries in South Asia, discriminates against fellow South Asian countries, as pointed out in the World Bank report — A Glass Half Full: The Promise of Regional Trade in South Asia. An index of overall trade restrictiveness developed in the report is two to nine times higher for Indian, Nepalese, Sri Lankan and Pakistani imports from South Asia than for imports from the rest of the world. This is also reflected in the calculation of potential intra-regional goods trade, which was estimated at \$67 billion versus actual trade of \$23 billion in 2015.

India can focus on three broad sets of measures to encourage imports from South Asia.

One, encourage the Indian private sector to invest more in the neighbourhood. This is perhaps the measure with the highest long-run payoffs for both India and its neighbours. Trade and investment are intimately linked, especially in the form of cross-border value chains. By investing in neighbouring countries, Indian firms can help accelerate regional value chains, which will increase regional trade in parts and components. Such opportunities can arise in sectors like IT services, tourism, spices, garments, leather products, agriculture products, to name just a few. Likewise, firms from neighbouring countries can invest in India, to create the same positive impact on regional trade and value chains.

Two, keep improving the hard and soft infrastructure that enables trade and investment. Trade costs between countries in South Asia are disproportionately high. The average trading cost between country pairs in South Asia is 20 per cent higher than among country pairs in [ASEAN](#), and it is cheaper for India to trade with Brazil than with Pakistan. To address this, India could accelerate its border post upgrading programme, but the soft measures are as important. These include introducing electronic data interchange, risk management systems and single windows at more locations along India’s borders. The eventual goal should be to have seamless clearance of imports at the borders, with only random (say 2-3 per cent) checking of consignments. This system will work best if both exporting and importing county authorities are

on the same page, sharing data electronically, and setting up agreed and preferably harmonised systems for cargo clearances.

Three, take pro-active steps to help neighbours address India's non-tariff measures (NTMs). NTMs are policy measures other than tariffs that affect trade, and include quotas, sanitary regulations, and licensing. Even though NTMs are legitimate and are imposed by all trading nations, border authorities can create burdens for traders in their implementation; even if implemented efficiently, NTMs can be more difficult to tackle in poor capacity environments. India could undertake campaigns and workshops in exporting countries to disseminate information about its NTMs, and also listen to concerns about its NTMs from exporters. While such sessions have been done on a somewhat ad-hoc basis, as in Sri Lanka, they could be made more systematic and regular.

Another positive step could be for India to help with capacity building for standards and testing, so that exporters from neighbouring countries can more easily certify their products as conforming to Indian standards. For instance, the Bureau of Indian Standards (BIS) has been providing technical support to the Bangladesh Standards and Testing Institution to help in standardisation and conformity assessment. The BIS has similarly worked with its counterparts in Nepal and Afghanistan. Such capacity building support could be made more systematic and intensive.

The importance of these measures should not be underestimated. Size and capacity asymmetry make its neighbours view India with suspicion and mistrust. A more pro-active India, seeking to encourage imports and build economic bridges in its neighbourhood — a win-win for all sides — will generate much goodwill in the region. So far, India imports more from the seven other South Asian countries than [China](#) (\$4.6 billion vs \$3.6 billion), but it could be only a matter of time before it is overtaken, even in this regard.

A stated intention to increase imports from South Asia will go down well with India's neighbours. And as trade and cross-border investment are interlinked and mutually beneficial, it will be good for India as well.

The writer is Senior Visiting Fellow, Centre for Policy Research, New Delhi, and former Lead Economist, World Bank

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IN INDIA-CHINA CRISIS, AN INDIA-US BONANZA IN VIEW

Relevant for: International Relations | Topic: India - China

Experts say India could finally end equivocation about openly aligning itself with the long-eager United States, although there will still be disagreements -- which, paradoxically, are now mostly due to Washington

WASHINGTON : A border clash has plunged ties between [India and China](#) to their lowest point in decades. But one beneficiary looks clear -- the US-India relationship.

Experts say India could finally end equivocation about openly aligning itself with the long-eager United States, although there will still be disagreements -- which, paradoxically, are now mostly due to Washington.

Secretary of State [Mike Pompeo](#) told reporters that China "took incredibly aggressive action" in a hand-to-hand battle in the remote Himalayas on June 15 that killed 20 Indian soldiers.

The hawkish Pompeo characterized the violence as part of a broader strategy by Beijing to challenge all of its neighbors.

Jeff M. Smith, a research fellow at the conservative Heritage Foundation who has written a book on the India-China rivalry, said the United States is known to offer border intelligence to India, which is now likely to pick up the pace on defense acquisitions.

But Smith said that India has asked the United States to be publicly circumspect -- in part to show the domestic audience that New Delhi does not need help.

India also does not want "to feed Chinese propaganda narratives that this is all a component of the China-US rivalry and that India is working at America's behest," Smith said.

Michael Kugelman, a South Asia expert at the Woodrow Wilson International Center for Scholars, cautioned that neither India nor China wanted a complete rupture and said that both still saw some common interests, especially in international organizations.

"But make no mistake: This current India-China crisis is a watershed for the geopolitics of Asia, and the US-India relationship will be one of the main beneficiaries," he said.

"Previous Indian concern about antagonizing China if it moves closer to the US is starting to melt away."

The United States has been seeking warmer ties since the 1990s with India, which insisted during the Cold War on being "non-aligned" on the global stage.

President Donald Trump has appeared to form a bond with Prime Minister Narendra Modi, a fellow nationalist who warns of the threat of radical Islam, and the pair have held two joint mega-rallies.

But Trump, his eyes at home ahead of elections, has also taken action detrimental to India, including last year kicking it out of a preferential trade status under which it had exported billions

of dollars in goods.

Trump, citing the coronavirus pandemic, more recently has suspended high-tech visas and threatened to expel international students, moves with significant impacts on Indians.

India is happy to see Trump's tougher stances on China as well as historic adversary Pakistan but also feels demands, especially on trade, said Aparna Pande, director of the Hudson Institute's Initiative on the Future of India and South Asia.

"It is a semi-transactional relationship. It is not a strategic relationship, as it was in earlier years," she said.

Trump, who has frequently sparred with Western allies, may not even want a more committed relationship with India, she said.

"I wouldn't say there is as much reluctance on the Indian side. That has calmed down," Pande said.

"The two are closer than they have ever been. But are the two ready to take that extra step?"

In another recent shift, US lawmakers, mostly Democrats, have openly criticized India on human rights, including Modi's revocation of autonomy and controls on the internet in Muslim-majority Kashmir.

Anthony Blinken, a close aide to presidential candidate Joe Biden, said that the Democrat, if he defeats Trump, would seek to "strengthen and deepen" the relationship with India. But Blinken shared concerns on freedoms.

"You're always better engaging with a partner, and a vitally important one like India, when you can speak frankly and directly about areas where you have differences," Blinken said at the Hudson Institute.

Trump has stayed mum on rights and has offered, with little detail, to mediate between India and China.

But John Bolton, Trump's former national security advisor who recently published an explosive memoir, doubted Trump understood the border situation.

"He may have been briefed on it, but history doesn't really stick with him," Bolton told Indian news channel WION.

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INDIA TO INVITE AUSTRALIA FOR NAVAL DRILL, RISKING BEIJING'S IRE

Relevant for: International Relations | Topic: India - China

New Delhi is expected to clear the way next week for a formal invitation to Australia following final government clearance and consultations with the U.S. and Japan

India plans to invite Australia to join the annual Malabar naval exercise that has so far included just Japan and the U.S., in a move that could risk China's ire.

The decision to include Australia in the drills -- the first time all members of the regional grouping known as the Quad will be engaged at a military level -- comes as Beijing and New Delhi are caught up in their worst border tensions in four decades. The exercise will bring together the navies of India, Japan, Australia and the U.S. in the Bay of Bengal at the end of the year, according to senior Indian officials who asked not to be identified, citing rules.

New Delhi is expected to clear the way next week for a formal invitation to Australia following final government clearance and consultations with the U.S. and Japan, the officials said.

"The timing of India potentially letting Australia into Malabar would be especially significant at this juncture," said Derek Grossman, researcher at the Washington-based RAND Corporation who worked in the U.S. intelligence community for more than a decade. "It would send a significant message to China that the Quad -- U.S., Australia, Japan, and India -- are de facto conducting joint naval exercises, even if not technically conducted under the auspices of a Quad event."

China has been uncomfortable with the informal coalition of four democracies, which was first formed in 2004 to help nations in the Indo-Pacific after the tsunami and revived in 2017. Post the coronavirus pandemic, the grouping has been coordinating efforts every month with Vietnam, South Korea and New Zealand.

Indian Navy Spokesperson Commander Vivek Madhawal declined to comment.

Australian Defense Minister Linda Reynolds' media team on Thursday didn't immediately provide a response to queries about possible participation in the exercises.

Strengthening Ties

While the Malabar exercises between U.S. and Indian navies were instituted in 1992, they have been more regular since 2004 with other Asian nations joining in the annual event. China had objected to the only other time Australia participated in the drills along with India, Japan, U.S. and Singapore in 2007.

India's inclusion of Australia this year follows a defense agreement and upgrading ties to a Comprehensive Strategic Partnership. The Mutual Logistics support agreement announced in May by Prime Ministers Narendra Modi and Scott Morrison allows access to each other's bases and ports. India has a similar agreement with the U.S.

Canberra's inclusion in the games was "only a matter of time" given improving defense and economic ties, according to Biren Nanda, former Indian High Commissioner to Australia and

senior fellow at Delhi Policy Group. Australia's merchandise trade with India for the year ended June 2019 was A\$21.1 billion (\$14.5 billion), according to Australia's Department of Foreign Affairs and Trade.

"There's no direct relation between inviting Australia and what's happening at the Sino-Indian border," said Nanda in a phone interview. "This was a natural progression. Yet the question will be raised: how would the Chinese regard this? And they will react negatively. Just like they had done earlier."

Weaponized Quad

China objected to Japan's inclusion in the U.S-India annual Malabar event in 2015 with the then foreign ministry spokesperson Hong Lei warning "relevant countries" to not "provoke confrontation and create tension" in the region. Five years later, with an assertive China pushing neighbors across the Asian seas, Nanda expects a similar response.

Yet, there may be more acceptance to the idea of "like-minded democracies that seek to keep the Indo-Pacific free and open" amid India's rapidly souring on China ties, purely out of frustration, said Rajeswari Pillai Rajagoplan, distinguished fellow at New Delhi-based Observer Research Foundation and author of 'Clashing Titans: Military Strategy and Insecurity Among Asian Great Powers.'

Although India and China are now in the process of disengaging along their 3,488 kilometer (2,167 mile) unmarked boundary in the Himalayas after high-level military and diplomatic talks, the deadly clashes that followed the months-long standoff in the Galwan valley was a blow to relations between the nuclear-armed neighbors.

"Especially after Galwan, there's a growing realization in New Delhi's elite circles that its increasingly difficult to trust China. They have broken more than four decades of agreements. Good trade ties are no guarantee of peace," said Rajagoplan. "They have time and again tried to interfere in other nations' foreign policy. But there's an agreement in India that China should not have a say in who our friends are."

With Washington indicating its willingness to back the region through an increased force deployment in Asia, the Malabar exercises may take on more importance.

"The Quad has always been a security platform but didn't have a military context to it," said Rajagopalan. "The Malabar exercises may give it just that thanks to China upping its ante and threatening the region's security."

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

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CHINA, IRAN CLOSE TO REACHING TRADE AND MILITARY PARTNERSHIP

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Iran and China have quietly drafted a sweeping economic and security partnership that would clear the way for billions of dollars of Chinese investments in energy and other sectors, undercutting the Donald Trump administration's efforts to isolate the Iranian government because of its nuclear and military ambitions.

The partnership, detailed in an 18-page proposed agreement obtained by *The New York Times*, would vastly expand Chinese presence in banking, telecommunications, ports, railways and dozens of other projects. In exchange, China would receive a regular — and, according to an Iranian official and an oil trader, heavily discounted — supply of Iranian oil over the next 25 years.

Joint military training

The document also describes deepening military cooperation, potentially giving China a foothold in a region that has been a strategic preoccupation of the United States for decades. It calls for joint training and exercises, joint research and weapons development and intelligence sharing — all to fight “the lopsided battle with terrorism, drug and human trafficking and cross-border crimes.” The partnership — first proposed by China's leader, Xi Jinping, during a visit to Iran in 2016 — was approved by President Hassan Rouhani's Cabinet in June, Iran's Foreign Minister, Mohammad Javad Zarif, said last week. If put into effect as detailed, the partnership would create new and potentially dangerous flashpoints in the deteriorating relationship between China and the U.S.

It represents a major blow to the Trump administration's aggressive policy toward Iran since abandoning the nuclear deal reached in 2015 by President Barack Obama and the leaders of six other nations after two years of gruelling negotiations.

Renewed U.S. sanctions, including the threat to cut off access to the international banking system for any company that does business in Iran, have succeeded in suffocating the Iranian economy by scaring away badly needed foreign trade and investment. But Tehran's desperation has pushed it into the arms of China, which has the technology and appetite for oil that Iran needs. Iran has been one of the world's largest oil producers, but its exports, Tehran's largest source of revenue, have plunged since the Trump administration began imposing sanctions in 2018; China gets about 75% of its oil from abroad and is the world's largest importer, at more than 10 million barrels a day last year. NY Times

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MALABAR MOMENT

Relevant for: International Relations | Topic: India - China

Delhi's reported openness to Australia's participation in India's annual naval exercises with the US and Japan hopefully marks the end of its incredibly slow adaptation to a rapidly changing maritime environment in the Indo-Pacific littoral. In inviting Australia, Delhi is also hopefully putting away its needless defensiveness on choosing its partners for security cooperation. Way back in 2007, the Indian Navy invited the maritime forces of Japan, Australia and Singapore to join its annual bilateral Malabar naval exercises with the [United States](#). On the face of it, having a five-nation naval exercise in the Bay of Bengal seemed sensible, to optimise the costs of conducting so many separate bilateral exercises with India's partners. It turned out to be anything but.

In Delhi, all hell broke loose as [China](#) objected to the exercises and its media began to describe them as the first step towards the creation of an "Asian NATO". The defence minister of the UPA government, AK Antony, got hot under the collar at the political storm the Bay of Bengal exercises had triggered. The Left parties, which were a major part of the Congress-led UPA coalition, who were generally opposed to engagement with the West, announced street protests. An angry Antony pulled the plug on any multilateral naval exercises, but also applied political and bureaucratic brakes on the ambitious defence cooperation agenda that Prime Minister [Manmohan Singh](#) and his predecessor in the defence ministry, [Pranab Mukherjee](#), had agreed to in 2005. It was only the advent of the NDA government in 2014 that saw renewed momentum to India-US defence cooperation and more broadly India's naval and military diplomacy. It green lighted the participation of Japan in the Malabar exercises in 2015 and will now welcome Australia.

India, however, has lost much valuable time in the 13 years since the Bay of Bengal exercises. Today China is far more powerful and its navy now maintains a permanent feature of the Indian Ocean. It has acquired its first military base in Djibouti in the Horn of Africa. Karachi and Gwadar are already de-facto naval facilities for the PLA Navy. There is mounting speculation that Iran is about to let China develop port facilities at the mouth of the strategic Hormuz Strait in the Gulf. Meanwhile, China's political and military influence is growing in the island states of the Indian Ocean and the PLA has emerged as a major strategic actor in the east coast of Africa. Delhi had bet that deference to Chinese sensitivities would limit Beijing's potential threats to India. The opposite has happened. As China turns more assertive in the Great Himalayas as well as the Indian Ocean, Delhi is now scrambling to find answers. The decision to invite Australia into the Malabar exercise can only be a small part of a much larger strategy that Delhi needs to address the long term strategic consequences of China's rise and its impact on India's security.

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THE SUM AND SUBSTANCE OF THE EU'S CHINA DILEMMA

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Europe and China have been major partners for a generation. According to the [Global Office of the International Comparison Program](#) at the World Bank, China and the European Union (EU) jointly account for nearly 35% of global GDP in PPP terms. Europe championed China's case for World Trade Organization (WTO) membership and China supported the 'European Project'. A single example is sufficient to demonstrate how critical China is for European prosperity. Between 1995 and 2012, Germany, Europe's economic powerhouse, enhanced its industrial value by 37%, the largest chunk of which came from supply chains not in the United States but in China.

Therefore, when on June 9, Josep Borrell Fontelles, the European Union's High Representative for Foreign Affairs and Security Policy, publicly proclaimed that "China is without doubt one of the key global players. We have to engage with China to achieve our global objectives, based on interests and values", a logical assumption might be that there is unlikely to be any change in the Europe-China relationship after the [novel coronavirus pandemic](#). Such a superficial impression is reinforced by European statements that they will not choose sides between the United States and China. Yet any such presumption bears closer examination.

Also read | [Pompeo message in Europe, Central Asia trip: beware of China](#)

In March 2019, the [EU Commission published "A Strategic Outlook"](#), describing China as, simultaneously, a cooperative partner, an economic competitor and a systemic rival promoting alternative models of governance. This was the product of a long process of distillation during which the political and security dimensions began to jostle with the economics that had been the primary determinant of China-EU ties for two decades.

There was a growing appreciation that the balance of challenges and opportunities presented by China were shifting as its economic power and concomitant political influence grew with unprecedented scale and speed, and in ways that concerned European security. China's efforts to cultivate separate European sub-constituencies like the 16+1 Format with the Central and Eastern European States, and meetings with the Nordics and the Southern Europeans; the sailing of the PLA Navy into the Baltic Sea for joint exercises with Russia in 2017; cross-sectoral hybrid threats including information operations in European countries; Chinese behaviour in the South China Sea and Indian Ocean; and its targeted acquisition of key high-technology companies such as Kuka in Germany or key ports like Piraeus in Greece, began to raise red flags in the Chancelleries of Europe. China's economic and financial practices backed by strategic motives threatened unity and the European project itself, since it appeared to undo their efforts in terms of connectivity, regulatory frameworks and the building of a single European entity.

Thus, even before the pandemic, the "Strategic Outlook" recommended that the EU should shift towards "a more realistic, assertive and multifaceted approach" to China.

China's actions in the first half of 2020 have sharpened such contradictions. Its early handling of COVID-19, and even more importantly, the clumsy Chinese efforts to use the confusion inside Europe to their propaganda advantage, led the EU to make a rare and blunt accusation against

China on June 10, 2020: “Foreign actors and certain third countries, in particular Russia and China, have engaged in targeted influence operations and disinformation campaigns around COVID-19 in the EU, its neighbourhood and globally, seeking to undermine democratic debate and exacerbate social polarisation, and improve their own image in the COVID 19 context.” China’s aggressive actions in the South China Sea, on the Line of Actual Control with India, and in Hong Kong, among others, have also gained European eyeballs, so much so that even though China remains critical to European economic health, the EU Commission President, Ursula von der Leyen, after the virtual Summit with Chinese Premier Li Keqiang on June 22, 2020, said that Europe’s relations with China are “simultaneously one of the most strategically important and one of the most challenging that we have”. This then is the European dilemma.

Also read | [No cold war with China: EU](#)

The European debate is no longer simply about market access, industrial subsidies, over-capacity in steel and hi-tech industries; stealing of IPR, and China’s assertive approach to the security, resilience and stability of digital networks. It has begun to turn towards how to balance economic co-dependency and co-prosperity with China’s strategic global intentions and efforts to seek military supremacy and its bearing on European security. In the trinity of determinants identified by the EU in March 2019 — namely [negotiating] Partner, [economic] Competitor and Systemic Rival — the last dimension is gradually becoming the dominant political narrative.

China also views Brussels as increasingly antagonistic. Yuan Peng, President of China Institutes of Contemporary International Relations, which belongs to China’s intelligence services, has opined in a stellar article on June 17, titled “The Coronavirus Pandemic and a Once-in-a-Century Change”, that “Europe’s star is fading”. Ironically, the retreat of the U.S. from global leadership is providing the Chinese with the means to take advantage, even when they no longer deem it in their strategic interests to support the “European Project”. During recent EU-China leader level meetings, the Chinese have downplayed the differences. Yuan Peng puts it thus: “The United States, Europe and Japan have common interests in curbing China, but China, Europe and Japan also have much to gain in tapping the potential of their relations.” The Chinese intention is to delay the former by dangling the economic carrot.

Also read | [China a potential winner in Britain-EU breakup](#)

None of this should lead to the inference that the EU will follow the U.S. in ‘de-coupling’ or join an ‘against-China’ camp. The European Union Chamber of Commerce in China, which recently released its Business Confidence Survey 2020, says that most European businesses are chiefly “in China, for China”. European companies still hope that China’s President Xi Jinping will use this pandemic to make fundamental reforms in the way that Deng Xiaoping and Zhu Rongji did in 1992 and 1998, respectively. European companies still regard China as the biggest potential market. Yet, the pandemic has also triggered calls for diversifying European businesses away from an overreliance on any single market. The deteriorating relationship between China and the U.S. is causing many new investors to look for alternative investment spaces. If either the Chinese fail to restore their end of the global supply chains or if the world demand cannot be revived, more companies will tend to look elsewhere.

Also read | [The COVID-19 pandemic is China’s biggest crisis since Tiananmen, says Richard McGregor](#)

This, then, is an opportune time for India-EU relations, but only if we do not waste the crisis. Political conditions are favourable especially after the withdrawal of the United Kingdom. The Europeans recognise India’s role in helping provide peace and prosperity in the Indo-Pacific. They see great potential in working together on technologies and issues of the future. But we

are not the only economic alternative for Europe in the aftermath of COVID-19. If the Broad-based Trade and Investment Agreement can be put back on track or, at the very least, if we conclude a new investment agreement, and if we are ready to join in high-technology collaboration including 5G and artificial intelligence, we may be able to align our stars. This will require imagination from our side, but Europe will also need to change its positions on trade in goods and be ready to accommodate India on services. The opportunity for India and the EU to build a partnership that is both economic and strategic is there for the taking in a post-COVID-19 strategic scenario.

Vijay Gokhale is a former Foreign Secretary of India and a former Ambassador to Germany and to China

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US REMAINS INDIA'S TOP TRADING PARTNER IN 2019-20

Relevant for: International Relations | Topic: India - USA

In 2019-20, the bilateral trade between the US and India stood at \$88.75 billion as against \$87.96 billion in 2018-19

New Delhi: The US remained India's top trading partner for the second consecutive fiscal in 2019-20, which shows increasing economic ties between the two countries.

According to the data of the commerce ministry, in 2019-20, the bilateral trade between the US and India stood at USD 88.75 billion as against USD 87.96 billion in 2018-19.

The US is one of the few countries with which India has a trade surplus. The trade gap between the countries has increased to USD 17.42 billion in 2019-20 from USD 16.86 billion in 2018-19, the data showed.

In 2018-19, the US first surpassed China to become India's top trading partner.

The bilateral trade between India and China has dipped to USD 81.87 billion in 2019-20 from USD 87.08 billion in 2018-19. Trade deficit between the two neighbours have declined to USD 48.66 billion in 2019-20 from USD 53.57 billion in the previous fiscal.

The data also showed that China was India's top trading partner since 2013-14 till 2017-18. Before China, UAE was the country's largest trading nation.

India is also considering certain steps like framing technical regulations and quality control orders for host of items with a view to cut import dependence on China and boost domestic manufacturing.

Trade experts believe that the trend of widening trade ties between New Delhi and Washington will continue in the coming years also as both the sides are engaged in further deepening the economic ties.

Presence of Indian diaspora in the US is one of the main reasons for increasing bilateral trade, Biswajit Dhar, professor of economics at Jawaharlal Nehru University, said.

"Presence of Indian diaspora is creating demand for Indian goods such as consumer items and we are supplying that. A balanced trade deal will further boost the economic ties," Dhar said.

India and the US are negotiating a limited trade pact with a view to iron out differences at trade front and boost commercial ties.

Professor at Indian Institute of Foreign Trade (IIFT) Rakesh Mohan Joshi said that although the trade pact will be mutually beneficial for both the countries, India should be a bit cautious while negotiating the pact with the US in areas such as agriculture, dairy and issues related intellectual property rights.

Ludhiana-based Hand Tools Association President Subhash Chander Ralhan said there is huge potential to boost bilateral trade between the countries on account of increasing anti-China

sentiment in both the nations.

"Because of the anti-China sentiment, several US companies are exploring news suppliers in countries like India to cut dependence on China and if it will happen, then it will greatly help India to boost exports to the US," Ralhan said.

India is seeking relaxation in US visa regime, exemption from high duties imposed by the US on certain steel and aluminium products, and greater market access for its products from sectors such as agriculture, automobile, automobile components and engineering.

On the other hand, the US wants greater market access for its farm and manufacturing products, dairy items, medical devices, and data localisation, apart from cut on import duties on some information and communication technology products.

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HT EDITORIAL: WHAT DOES CHINA WANT? - EDITORIALS - HINDUSTAN TIMES

Relevant for: Indian Polity | Topic: Issues and Challenges Pertaining to the Federal Structure, Dispute Redressal Mechanisms, and the Centre-State Relations

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The post-1988 framework of India-China ties rested on a simple principle. Both countries recognised they had a serious boundary dispute, but they agreed that the larger relationship should not be held hostage to the dispute. And therefore, while the border should be kept peaceful, and talks on the dispute could continue, pending a final settlement, India and China should continue to deepen ties in other spheres. This framework lasted three decades. Other elements of the relationship — high-level visits, trade and investment, cooperation on global issues — coexisted with the stalemate on the border dispute.

But to keep the border peaceful, the two countries also signed a range of agreements. In 1996, a pact on confidence-building measures in the military field along the Line of Actual Control (LAC) in border areas laid out a list of restrictions to reduce the possibility of a clash and build trust. It recognised that the implementation of the agreement would require both sides arriving at a “common understanding of the alignment” of LAC, and therefore, both India and China decided to speed up the process of “clarification and confirmation” of LAC — by clarifying the alignment in areas where there were differing perceptions, and then exchanging maps “indicating their respective perceptions”.

It has been 24 years since the pact. India is clear about where its perception of LAC lies. It has repeatedly asked Beijing to clarify its perception of LAC and exchange maps. This will not be a solution — but it will at least prevent Beijing from shifting goalposts at will, and engaging in aggression to change facts on the ground. But perhaps precisely because it wants to keep that option open, China has been obstinate in not moving ahead with the process of clarifying LAC, especially in the western sector. So here is the fix. A longer term boundary solution is difficult because of the seemingly intractable nature of the dispute, especially Tawang (China will not get it back, but will keep alive its claim because of its past association with Tibet) and Aksai Chin (India will not get it back, but accepting that publicly will have costs). And China is not willing to do what is required for shorter term peace — by clarifying LAC. This leaves room for doubt about Chinese intentions, and its claims of wanting peace. If Beijing is interested in sustaining the overall relationship, it should clarify the LAC, be reasonable about its claims and live up to

past agreements. Otherwise, the old framework of the relationship cannot last.

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U.S. REJECTS BEIJING'S CLAIMS IN S. CHINA SEA

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Assertive posturing: A Super Hornet landing on the deck of the USS Ronald Reagan in the South China Sea on July 6. AP Mass Communication Specialist 2nd Class Samantha Jetzer

Secretary of State Mike Pompeo said on Monday the United States would treat Beijing's pursuit of resources in the dispute-rife South China Sea as illegal, ramping up support for Southeast Asian nations and triggering a furious response from Beijing.

It was the latest forceful statement by President Donald Trump's administration to challenge China, which he has increasingly cast as an enemy ahead of the November elections.

"We are making clear: Beijing's claims to offshore resources across most of the South China Sea are completely unlawful, as is its campaign of bullying to control them," Mr. Pompeo said in a statement.

"The world will not allow Beijing to treat the South China Sea as its maritime empire."

The United States has long rejected Beijing's sweeping claims in the South China Sea, which is both home to valuable oil and gas deposits and is a vital waterway for the world's commerce.

Mr. Pompeo's statement goes further by explicitly siding with Southeast Asian nations, including the Philippines and Vietnam, after years of the U.S. saying it took no position on individual claims.

"America stands with our Southeast Asian allies and partners in protecting their sovereign rights to offshore resources, consistent with their rights and obligations under international law," Mr. Pompeo said.

"We stand with the international community in defence of freedom of the seas and respect for sovereignty and reject any push to impose 'might makes right' in the South China Sea or the wider region."

'Vague delineation'

Beijing claims most of the South China Sea through a so-called nine-dash line, a vague delineation based on maps from the 1940s.

It has spent years building military bases on artificial islands in the contested areas to cement its claims, while dragging out a diplomatic process to resolve the disputes for nearly two decades.

China on Tuesday responded forcefully to Mr. Pompeo's comments, saying the accusation of unlawfulness was "completely unjustified".

"We advise the U.S. side to earnestly honour its commitment of not taking sides on the issue of territorial sovereignty, respect regional countries' efforts for a peaceful and stable South China Sea and stop its attempts to disrupt and sabotage regional peace and stability," said its embassy in Washington.

The statement accused the U.S. of trying to “sow discord” between China and its fellow claimants in the sea.

Mr. Pompeo issued his statement to mark the fourth anniversary of a tribunal decision that sided with the Philippines against the nine-dash line.

Mr. Pompeo said that China, based on the court decision, cannot make claims based on the Scarborough Reef or Spratly Islands, a vast uninhabited archipelago.

The United States as a result now rejects Beijing’s claims in the waters surrounding Vanguard Bank off Vietnam, Lucania Shoals off Malaysia, waters considered in Brunei’s exclusive economic zone and Natuna Besar off Indonesia, Mr. Pompeo said.

“Any PRC action to harass other states’ fishing or hydrocarbon development in these waters — or to carry out such activities unilaterally — is unlawful,” he said.

Friction across fronts

Mr. Pompeo also rejected Beijing’s southernmost claim of Malaysian-administered James Shoal, which is 1,800 km (1,150 miles) from the Chinese mainland.

The 2016 decision was issued by a tribunal under the UN Convention on the Law of the Sea. Mr. Pompeo noted that China is a party to it and called the ruling legally binding.

The United States, however, is one of the few countries that is not part of the convention, with conservatives opposing any loss of autonomy to a global body.

The South China Sea statement comes amid rising tensions surrounding China, including a deadly border clash last month with India that Mr. Pompeo called part of a strategy by Beijing to challenge its neighbours.

Mr. Trump has also strongly criticized China for not doing more to stop the coronavirus pandemic, news of which was initially suppressed when it emerged in Wuhan late last year.

Critics both at home and abroad say that Mr. Trump is hoping to deflect attention ahead of the November election over his handling of the virus in the U.S., which has suffered by far the highest death toll of any country.

Mr. Trump, after bipartisan calls in Congress, has also stepped up pressure on China over its incarceration of more than 1 million Uighurs and other Turkic Muslims.

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CHINA MAKING DEEP INROADS INTO IRAN

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Shared interests: A file photo of Chinese President Xi Jinping and his Iranian counterpart Hassan Rouhani in Tehran. APAP

Both countries are at odds with the U.S. One is a huge energy market and is abundant with surplus cash and the other is a sanctions-hit, cash-strapped energy exporter. At a time when the U.S. is targeting both through a host of economic measures, China and Iran are taking their partnership to a new level through a \$400-billion long-term agreement.

According to a *New York Times* report, the countries are in an advanced stage of finalising the agreement that would allow China to expand its presence in banking, telecommunications, ports, railways and several other sectors in the Islamic Republic in return for heavily discounted oil for 25 years. While for Iran, whose oil sales plummeted after President Donald Trump unilaterally pulled the U.S. out of the Iran nuclear deal in May 2018 and reimposed sanctions on the country, this agreement could be an economic lifeline, China could enhance its strategic influence in a region where the U.S. has built a strong presence since the Second World War.

Strategic value

The partnership was first proposed by China's President Xi Jinping during a visit to Iran in 2016. The Iranian government cleared it last month, according to Foreign Minister Javad Zarif. This means, Mr. Xi made the proposal after the nuclear deal was reached in 2015 that led to international sanctions on Iran being lifted. Now, when Iran is grappling with a struggling economy hit by sanctions following the unravelling of the deal, its leadership has cleared the Chinese proposal.

"Iran has a very crucial place in China's Belt and Road Initiative (BRI). China always wanted to bring Iran on board. As the Americans pursued the policy of 'maximum pressure' against Iran and left Iran under extraordinary privation and deprivation, it is now open to the Chinese initiative," said Talmiz Ahmad, who was India's Ambassador to several Gulf countries.

The partnership agreement has to get the final clearance from the Iranian Parliament. According to the *NYT*, China and Iran would launch joint training exercises, joint research and weapons development and intelligence sharing. China will also offer its GPS to Iran, build infrastructure for 5G rollout and develop free trade zones.

"It is a long-term strategic partnership agreement with energy, economic, logistical and military aspects. Iran and China will be enmeshed — two countries under extraordinary and sustained American pressure found comfort with each other," said Mr. Ahmad.

The deal could offer an immediate reprieve to Iran's economy that is reeling under the U.S.'s 'maximum pressure' policy. The International Monetary Fund has forecast that Iran's economy will contract by 6% this year. "Iran has been isolated. And its infrastructure is in a shambles. Over a period of time, this will receive an upgrade. From the Chinese point of view, Iran would present a very major energy, economic, geopolitical and logistical partner and a very crucial role player in the BRI," said Ambassador Ahmad.

Game changer

In his view, a new multipolar world order is emerging in which China is playing a crucial role. China has already cemented ties with Russia in this emerging order. Iran has joined this bloc. “In terms of the evolution of the new world order, this agreement is a game changer.”

The agreement, if goes through, could attract punitive measures from the U.S. against China. The U.S. State Department has already said it would target Chinese companies if they make investments in Iran defying American sanctions. But China, which is already in a trade and technological war with the U.S., seems determined to go ahead with its partnership. China continued to buy Iranian oil over the past year even after the U.S. sanctions waivers expired in May 2019, although in smaller volumes. In contrast, India stopped buying Iranian oil last year after U.S. waivers ended. In 2019-20, India’s crude oil imports from Iran were 1.7 million tonnes, down from 23.9 million tonnes in the previous fiscal.

India’s role

Coincidentally, at a time when Iran and China are finalising this partnership agreement, Iran has dropped India from a project to build a rail line from the Chabahar port to Zahedan, along the border with Afghanistan, *The Hindu* reported on Tuesday. The project, signed in 2016, was hailed as a major trilateral project that would give India access to Afghanistan bypassing Pakistan. But Iranian officials cited delay in the proposed \$400 million funding as the reason for dropping India from the project. Under the new partnership agreement, China is likely to play a role in Chabahar port.

The original Chabahar agreement between India and Iran was signed in 2003 between Iranian President Mohammad Khatami and Prime Minister A.B. Vajpayee. “Within a year, we abandoned it. We started engaging with the Americans, so we stopped pursuing it. And again, we brought it up. Prime Minister Modi went to Tehran and we agreed on a trilateral track with Iran and Afghanistan that we would develop Chabahar and then we would go forward with building a railway and road networks. The strategic plan was to make India a potential role player in the Eurasian scenario,” said Mr. Ahmad.

“None of this has happened because under the second Modi government, India has pursued the American line. It’s a very serious mistake. Iran cannot afford to wait for India forever. They waited for 17 years. Now they don’t need you. I think India has lost out very badly.”

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BRITAIN BANS HUAWEI FROM FUTURE ROLE IN 5G NETWORK

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Britain's government on Tuesday backtracked on plans to give Chinese telecommunications company Huawei a limited role in the U.K.'s new high-speed mobile phone network in a decision with broad implications for relations between London and Beijing.

Britain said it imposed the ban after U.S. sanctions made it impossible to ensure the security of Huawei equipment, forcing it to start turning to other suppliers for components. The U.S. threatened to sever an intelligence-sharing arrangement with the U.K. because of concerns Huawei equipment could allow the Chinese government to infiltrate U.K. networks.

U.K. Culture Secretary Oliver Dowden said the decision would delay the 5G rollout and cost millions of pounds, but that it had to be done. "This has not been an easy decision but it is the right one," he said.

No new purchases

The decision gives British telecom operators until 2027 to remove Huawei equipment already in Britain's 5G network. The operators must stop buying 5G equipment from Huawei by the end of the year.

Critically for telecom operators, the government opted not to order firms to rip out legacy equipment manufactured by Huawei in earlier systems, like 4G. Such a decision might have caused havoc in U.K. telecom systems.

Mr. Johnson in January sought to balance economic and security pressures by agreeing to give Huawei a limited role in Britain's so-called 5G network, excluding the company from core components of the system and restricting its involvement to 35% of the overall project.

But the move set up a diplomatic clash with the Americans, who threatened to cut off security cooperation unless Britain dumped Huawei.

Huawei called the decision "disappointing" and motivated by politics.

Mr. Dowden conceded that Tuesday's announcement means more Britons will have to wait longer to get full access to the speedy new network. "This means a cumulative delay to 5G roll-out of two to three years and costs of up to £2 billion," he said.

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EU, INDIA TO MEET ON RESUMING FTA NEGOTIATIONS

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

Building ties:In this photo dated October 6, 2017, Prime Minister Narendra Modi interacts with EU representatives at the 14th EU-India summit held in New Delhi.PTI

Seven years after talks on a free trade agreement were suspended, India and the European Union (EU) are set to agree on a “high-level dialogue on trade and investment” to restart negotiations.

The announcement is expected at a virtual EU-India Summit, led by Prime Minister Narendra Modi and External Affairs Minister S. Jaishankar, who will engage with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen.

During this summit, India and the EU are expected to conclude several agreements including a roadmap for cooperation, an agreement on research sharing for civil nuclear cooperation and launch a maritime security dialogue as well as negotiations between Europol and the CBI.

According to officials, tackling COVID-19 and its impact on the economy and the global order will be high on the agenda. In particular, medical developments on vaccines and treatment will be discussed along with the withdrawal of the U.S. from multilateral organisations (like the World Health Organisation), and concerns over an ‘assertive’ China.

European Union officials said they had been fully briefed by New Delhi and Beijing about the situation at the Line of Actual control, as they were deeply concerned by the deadly clashes at the Galwan Valley last month, and they were “pleased” that both sides have since agreed to military de-escalation.

The trade and investment dialogue, to be conducted between Commerce Minister Piyush Goyal and EU Trade Commissioner Phil Hogan, is expected to give a boost to negotiations on the Bilateral Trade and Investment Agreement (BTIA) as the EU-India FTA is known.

“The leaders have expressed their ambition to move towards a comprehensive free trade agreement and an investment protection agreement and we will announce a new dialogue which will give a political impetus to such efforts,” said EU officials based in Brussels.

An EU official, who specialises in trade issues, admitted that there was “no timeline” for the BTIA talks yet and that negotiators are still “quite far apart” due to what Europe perceives as India’s “protectionist stance”.

“We have witnessed a trend in India that goes towards the protectionist side. The Make in India programme was accelerated by the COVID-19 crisis and recent pronouncements that India wants to go “self reliant”, didn’t help the situation,” the official said, referring to Mr. Modi’s launch of “Atmanirbhar India”.

The official said trade with India formed under 3% of the EU’s global trade, which is “far below” what was expected of the relationship. Conversely, the EU is India’s largest trading partner and investor, and accounts for 11% of India’s global trade. The official also said the EU has

reservations about the model “Bilateral Investment Treaty” (BIT) that New Delhi has proposed, especially on dispute mechanisms in Indian courts.

Speaking about the importance of multilateralism and cooperation on global forums, the officials said the EU had welcomed India’s election to the UN Security Council next year, and that India’s role would be important in reconciling the UNSC “paralysed by vetoes and infighting”.

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INDIA DROPPED FOR NOT INVOLVING ACTIVELY IN RAIL PROJECT, SAYS IRAN

Relevant for: International Relations | Topic: India - Middle East

A view of Iran's Chabahar port, in which India has invested.

Iran dropped India from the Chabahar rail project because of "absence of active Indian engagement," Iranian sources said on Tuesday, confirming *The Hindu*'s report. Iran remains open to all, including India, for collaboration and investment but Tehran expects future projects should be safeguarded from third party unilateral sanctions.

"It was expected that in addition to the investment in Chabahar Port, India could also play a more crucial role in funding and constructing this strategic transit route from Chabahar to Zahedan and from Zahedan to Sarakhs at the border with Turkmenistan, which in the absence of an active Indian engagement and partnership, currently is under construction by Iranian funding and engineering capacities," said Iranian sources.

The Hindu reported on Tuesday that Iran had gone ahead with the important transit project on its own citing delays from the Indian side in funding.

The delay has also indicated at possible impact of U.S. sanctions on India's projects with Iran. Though India secured exemption for the Chabahar port from U.S. sanctions, bilateral ties with Iran took a hit in February after the riots in Delhi drew condemnation from Iranian Foreign Minister Javad Zarif.

India had firmed up the railway plans in May 2016 during Prime Minister Narendra Modi's visit to Tehran.

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LESSONS FROM COVID, CHINA

Relevant for: International Relations | Topic: India - China

Promoters of free trade say countries that trade with each other are unlikely to go to war with each other. The volume of India-[China](#) trade has been growing for many years. Yet soldiers of the two countries are skirmishing along their borders. Ten years ago, the Indian ambassador to China pointed out that while the volume of trade was growing no doubt, the pattern of trade was worrying. China's exports to India were many times India's exports. Moreover, while India was exporting more raw materials, China was exporting manufactured goods. This was the trade pattern between a colonial power and its colony, the ambassador said.

The contrast between India and China's growth since 1990 is stark. In 1990, India's per capita income was \$368, with China lagging at \$318. By 2019, China's per capita income was \$10,276, five times larger than that of India's. In 1990, India's industrial capacity was the same as China's and in some sectors, machine tools and power equipment, for example, India was ahead. Whereas, by 2010, India was importing sophisticated power equipment, machine tools, and electronic items from China, in addition to toys, footwear, and simple products.

India's and China's growth trajectories began to diverge sharply from 1990 when the two countries adopted different policies for trade and industrial growth. China has built strong industrial capabilities since 1990. India's industrial policy, if it had one, has clearly failed. In fact, after India fell in line with the Washington Consensus in the 1990s, industrial policy to build domestic capabilities was frowned upon. Ambitions of self-reliance were dismissed as autarkic. Indian consumers would benefit if they could obtain products from the cheapest sources in the world, free trade theory said. Assemblers of products would also benefit, and their customers too, if they could buy their inputs from the cheapest sources in the world. Thus, barriers to imports were reduced, while domestic capabilities were not built up as fast. Between 1990 and 2010, China's economy became five times as large as India's, and its production of machine tools 50 times as large.

China did not fall in line with the rules of trade that WTO wanted all countries to follow. In fact, China is accused of flouting the rules, "stealing" technology, and protecting its domestic industries. India tried harder to comply with the rules, and yet was accused of flouting them when it tried to encourage domestic production of electronic items, or grow its generic drugs industry, or support its domestic producers of power equipment rather than importing equipment from China.

Trade policy must be linked with foreign policy no doubt. However, foreign policy must be linked with industrial policy too; and, to complete the circle, trade policy must be linked with industrial policy. Otherwise, as the ambassador had suggested, India will become strategically even weaker. Merely increasing the size of India's economy to \$5 trillion will not make India a developed country. India's policymakers must change the approach to economic development focused on the top line that they have followed in the last three decades. They must focus on the bottom line for all citizens, which is decent jobs, with better wages. A new approach, combining industrial development, trade, and diplomatic policies is necessary to create millions of decent jobs, with better wages, all over the country. Only then will India become a "developed" country for all its citizens.

There is no point in moaning over the time lost with an approach to development that has not worked well; nor in debating who is to blame. India must move on, and move fast. The potential size of the Indian market— a country with 1.2 billion people — can be a temptation for investors.

However, the market will grow only if incomes of citizens grow. The success of India's industrial policy must be measured by the number and the spread of jobs created. Therefore, attracting investments for large factories using automated machines, and thereby increasing the share of manufacturing in India's GDP, cannot be India's strategy. More jobs must be created in India's heartlands and its rural areas, not only in its cities and around its ports.

Most Indian citizens do not have the skills for modern industries yet. Nor can they afford to lose their incomes to take time off to learn new skills. They must learn as they earn. To earn they must be engaged in industries that will employ them with whatever capabilities they presently have. And, to learn at the same time, they must stay on the job and they must be trained while they work. Most of all, they must be treated as human beings who have a will to learn; and not as temporary hands to be merely used and discarded.

What has been done over the last 30 years cannot be undone. China holds stronger cards than India on the industry and trade fronts. India's economy will be vulnerable in a trade war. However, India's consumers and industries must be prepared to tighten their belts, just as our soldiers are along the border. India needs jobs to provide incomes for its citizens, and it needs industries to provide the jobs. India needs to balance its trade with China to make it a trade between equals. Atmanirbhar Bharat is essential. Otherwise, "interdependence" will be a colonial-like interdependence as our ambassador astutely pointed out.

India needs a new paradigm for trade, industry, and development. The only silver lining of the [COVID-19 pandemic](#) for India is that the need to adopt a new paradigm has become obvious. It is needed not only to strengthen India vis-à-vis China, but to make the economy good for India's poorer citizens too.

The writer is a former member of the Planning Commission

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LOST OPPORTUNITY: THE HINDU EDITORIAL ON INDIA LOSING CHABAHAHAR PROJECT

Relevant for: International Relations | Topic: India - Middle East

Right from the beginning of its tenure, the government has [underlined the geostrategic importance](#) it attaches to the [Chabahar port project](#). The project, signed in 2003, has been a symbol of traditionally important India-Iran ties. Connected by sea lanes to ports on India's west coast, Chabahar would form the fulcrum of India's outreach to Russia and Central Asia, enhancing connectivity, energy supplies and trade. Given that Pakistan had blocked Indian aid to Afghanistan and all trade over land, Chabahar provided India an alternative to permanently bypass its troublesome neighbour. As a result, the government fast-tracked plans for the project, and in 2016, [Prime Minister Narendra Modi was in Tehran](#) to sign a trilateral trade and transit agreement with Iranian President Hassan Rouhani and Afghanistan President Ashraf Ghani. According to the MoUs, India would be granted a 10-year lease to develop and operate two terminals and five berths, access to the Chabahar free trade zone, and the opportunity to build the 628 km rail line from Chabahar to Zahedan, just across the border from Afghanistan. The government acted quickly to develop Chabahar port facilities, sent exports to Afghanistan in 2018, and has moved over half-a-million tonnes of cargo, including grains and food supplies, for Afghanistan again, through the port. However, the rail line has never taken off for a number of reasons despite a commitment from state-owned IRCON, to undertake its construction at an estimated \$1.6 billion. While contract changes by the Iranian side and delayed responses from the Indian side were part of the problem, the main hurdle has been the fear of American penalties. Even though India was able to negotiate a sanctions waiver for the Chabahar port and rail line from the U.S., few international construction and equipment partners were willing to sign on to the project; New Delhi has also dragged its feet on the matter. After appeals to India, including one issued by its Foreign Minister Javad Zarif when he visited Delhi in January this year, Iran decided to go on its own, by beginning to lay tracks for the line connecting Chabahar to Afghanistan and Turkmenistan, last week.

Regardless of the reasons for India's inability to join the railway project, the decision can only be seen as an opportunity lost. The impression that India wavered due to U.S. pressure, especially after India cancelled oil imports from Iran, also questions New Delhi's commitment to strategic autonomy. While Iran claims it will fund the railway using its own resources, it seems to have embarked on the Chabahar-Zahedan project with a confidence borne from an imminent deal with China for a 25-year, \$400 billion strategic partnership on infrastructure, connectivity and energy projects. In a world where connectivity is seen as the new currency, India's loss could well become China's gain, and New Delhi must watch this space, created by its exit, closely.

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THE STANDOFF AND CHINA'S INDIA POLICY DILEMMA

Relevant for: International Relations | Topic: India - China

For China, which has long been preoccupied with its relentless pursuit to approach the centre of the world and in managing a turbulent relationship with the United States, the June 15 incident of a violent face-off between Chinese and Indian troops at the Line of Actual Control (LAC), causing casualties on both sides, came as a big jolt. It brought the national focus back on an otherwise not-so-popular topic of China-India relations. The development took China's strategic community by storm, while the intense debate and discussions that followed, rather than generating a consensus, brought out China's many dilemmas *vis-à-vis* India.

On one side of the debate are China's top India watchers such as Lin Minwang and Zhang Jiadong, from Fudan University, and Li Hongmei from the Shanghai Institutes for International Studies (SIIS) among others, who believe that the present conflict is not an "accident" but an "inevitable result" of what they perceive as "India's long-standing speculative strategy on the China-India border". From Doklam to Kashmir to India's "unending infrastructure arms race" at the LAC, they say, Beijing was "fed up" and "had to teach India a lesson".

Comment | [China policy lacks perspicacity](#)

Their key argument is that China-India relations hold no great prospect in the current international situation. There is no possibility of a negotiated settlement of the border dispute any time soon. India is already a "quasi-ally" of the U.S. with no scope for reversal. With opportunities for cooperation at the global level diminishing, regional competition intensifying and the earlier system of effective management of bilateral differences crumbling beyond control, periodic violent conflicts, they predict, are the "new normal" in China-India ties.

China, they argue, should reconsider its prevalent strategic thinking that India is not its main strategic challenge and, therefore, peace needs to be maintained in its direction as much as possible. Only by daring to fight, by showing strong determination, the will and the ability on the western frontier can China effectively deter its adversaries on the eastern coast. This is also, what they called, the right way to resolve China's primary contradiction, that is the China-U.S. problem, by first breaking "its arms and legs".

To deal with a resurgent India, Chinese hardliners suggest a policy of "three nos": "no weakness, no concession and no defensive defence". In other words, China should take all opportunities to crack down on India, take the initiative to hit it hard whenever possible. This, it is argued, will not damage China-India relations; on the contrary, it will make it more stable. Didn't the 1962 China-India war help China to maintain peace and stability on the western front for a long time and directly eliminate American and Soviet ambitions to use India to contain China? In this backdrop there is renewed interest among certain sections of the Chinese strategic community to: keep India under control by destabilising the entire border region, creating tension across the board, from the McMahon Line in the east to the Aksai Chin area in the west; take the initiative to attack and seize territories under India's control from Kashmir to Arunachal Pradesh, and weaken India internally, by supporting the cause of Maoists, Naga separatists and Kashmiris.

Comment | [History, the standoff, and policy worth rereading](#)

However, on the other side of the debate are Chinese political thinkers and professors such as Zheng Yongnian and Yu Longyu among others, who in their analysis of the Galwan Valley

incident, have been somewhat critical about China's policies towards India, which they say remain mostly tactical, of a "reactive nature" and are characterised by a "tit-for-tat" approach without any clear strategic intent. This, according to them, stokes extreme nationalism in India and unites the otherwise divided nation against China, which not only harms China's interests but might eventually draw China into an untimely military conflict.

They criticise those vying to "teaching India a lesson" as being "short-sighted" and not "psychologically prepared for the rise of India". China, they argue, lacks understanding of the fact that India, as a rising power, is very important to China and will be increasingly crucial in the future, with China-India relations evolving as the most important pair of relations after China-U.S. links.

If China-India ties are damaged beyond repair, they warn, India alone or in association with other countries will cause "endless trouble for China". For instance, an openly hostile India will use every possible means to prevent China from reaching the Indian Ocean. On the other hand, the decoupling of China-India relations will further strengthen the "anti-China alliance" between the U.S., Japan, Australia, Vietnam, Indonesia and other countries, who will actively take the initiative to reshape global industrial chains, use the Indo-Pacific Strategy to check and balance China's military and economic power, and expand international organisations such as the G-7 to weaken China's influence in international affairs.

Analysis | [China's Belt and Road Initiative fuels Ladakh standoff](#)

On a similar note, various commentaries in the Chinese press highlight that downgrading China-India relations to the level of India-Pakistan relations or a 'Kashmirisation' of the China-India border is easier said than done as this will require a complete reversal of China's present LAC policy of being "reasonable, profitable and economical".

Strategically too, they say, it is "unwise" for China to take the initiative to get into a comprehensive military conflict with India — "a big country with comparable military strength"— at this point in time. The general view among these military analysts is that if China has an advantage in terms of psychology, equipment, and logistics mobilisation, India too has advantage on various fronts such as deployment, supply line, practical war experience, topography, and climate among others. If India's disadvantage remains in the fact that its capital lies well within the bombing range of China, China's key disadvantage is its particularly long supply lines. Therefore, if the conflict ends in a short period of time, it will benefit China. But if it is prolonged, China will be disadvantaged.

Comment | [Making sense of China's calculations](#)

If a war starts, they argue, India will make all efforts to prolong it as long as possible, and the U.S. is likely to help India to attain this objective. Even if the two sides ended in a tie, in India it will be counted a victory and the national morale will rise sharply; on the contrary, in China, the morale will decline if it cannot beat India decisively. Therefore, in its effort to "teach India a lesson", they fear, China might lose more than it would gain.

The overall consensus within this group is that it is still not the time to 'resolve' the India problem. Instead, China, for now, should strive to make India retreat without a military conflict, maintain basic peace and stability at the borders, and, at the minimum, not deliberately push it towards the U.S. Meanwhile, China simultaneously carries out its strategy of weakening India internally by leveraging its social and political differences, completing its strategic encirclement, improving troop deployment in the Tibet region to secure the China-Pakistan Economic Corridor, and stationing Chinese troops in the Gwadar Port (Arabian Sea), so as to secure China's Indian

Ocean sea routes, among other interests. In the words of another Chinese strategist, Yin Guoming, rather than winning a war, China should aim at attaining a comprehensive and overwhelming advantage in geopolitics *vis-à-vis* India, which cannot be altered by war.

Interview | [India-China ties will be reset after LAC standoff, says former NSA Shivshankar Menon](#)

To sum up, despite all the jingoism and rhetoric propagated through its official media, China is actually in a serious dilemma over its India policy. As we, in India, seek to reset ties with Beijing in the post-Galwan era, we should take note of the ongoing Chinese debate on India, factor in its many internal contradictions and perceived vulnerabilities *vis-à-vis* India, and leverage the same to our benefit.

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THE US STEPS UP AGAINST CHINA - EDITORIALS - HINDUSTAN TIMES

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Jul 15, 2020-Wednesday

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China has developed a reckless track record, of antagonising country after country, with little regard for consequences. The only country China is wary of acting against is the United States (US). This is why Washington's announcement of measures against the Chinese regime in the past few weeks is noteworthy. The US formally announced on Monday that it did not recognise China's claims on submerged shoals and reefs in the South China Sea (SCS), diluting Washington's traditional stance of remaining neutral in third party territorial disputes. The US foreshadowed this by its earlier statements blaming the Chinese aggression for the situation in Ladakh. Washington has also imposed sanctions against individual Chinese officials involved in its gulags for Uighur minority members. It also took measures, against China's repressive moves in Hong Kong. The US' actions against China on the economic front are equally important. It is now expected that a bilateral US-China agreement on accounting standards will fall apart. This will result in many Chinese firms being forced out of US capital markets and stock exchanges, a form of financial decoupling.

Superpowers on a collision course is a recipe for global war, which is why the US and China tend to pull their punches against each other. The US preferred to attack the Chinese claim on the SCS on a legal point, namely that international law does not allow countries to stake territorial claims on the basis of partially submerged reefs and rocks. It avoided going after the genuine islands that China has illegally captured. Nonetheless, the US has laid the basis for potentially more assertive warship movements inside Chinese-claimed waters.

In the last 15 years, the world has seen Washington blow hot and cold in its responses to Beijing's assertiveness. Barack Obama's administration was willing to sacrifice strategic interests in return for cooperation on issues such as the climate crisis. President Donald Trump has wobbled on the security side when China seemed willing to grant trade concessions. Now, the US is not interested in safeguarding any element of its relationship from the bitter strategic relations. However, there should be no doubt as to who is to blame for this — Beijing. The international community has been more than accommodative of China's aspirations. Over the past few years, and especially the past few months, it is evident Beijing sees its interests best

advanced by using its power to instil fear rather than admiration.

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INDIA, EU PUSH TRADE TALKS; DISCUSS CHINA, PAK.

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

“India and the EU are natural partners,” said Mr. Modi in his opening remarks. “Our partnership is important for global peace and stability, and this reality is clearer given the situation around the world,” he added. He also referred to shared “universal values” of democracy, pluralism, inclusivity, respect for international institutions and multilateralism between India and the EU.

In particular, officials said the leaders discussed India’s tensions with China at the Line of Actual Control, the situation with Iran and concerns over cross-border terrorism from Pakistan.

The EU leadership also raised concerns over the situation in Jammu and Kashmir as well as the Citizenship Amendment Act.

“Regarding the Citizenship law, you know that in the European Parliament this was an important topic, and we raised this issue in our talks. I would like to say that we trust Indian institutions. We understand the Supreme Court will have a role to play to assess this legislation,” said Mr. Michel at a press briefing after the talks.

“We took a decision with India to continue a dialogue on human rights in order to exchange best practices and have the best understanding on how to tackle this issue for India and the EU,” he added.

When asked at the briefing whether the EU valued its strategic ties with India or China more, Ms. Von der Leyen said ties with both countries were “very different”, although they had a common interest in tackling climate change, and building trade.

“The difference is indeed that we share with India that we are democracies, and [we are] committed to defending our values,” said Ms. Von der Leyen, who has visited India in her past role as German Defence Minister.

The two sides issued a joint political statement, a five-year roadmap for the India-EU strategic partnership, a civil nuclear research and development cooperation agreement between EURATOM and the Department of Atomic Energy, a declaration on “resource efficiency and circular economy” to exchange best practices in range of areas and the renewal of their science and technology agreement for another five years.

Both sides stressed the importance of bilateral trade, as EU is India’s largest trading partner.

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TRUMP ENDS HK'S SPECIAL TRADE STATUS, BACKS SANCTIONS

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Firm action:The Hong Kong Autonomy Act authorises sanctions against Chinese officials and Hong Kong police. APEvan Vucci

U.S. President Donald Trump on Tuesday stripped Hong Kong of preferential trade treatment and authorised sanctions on banks over China's clampdown in the financial hub, infuriating Beijing that vowed to retaliate.

In a discursive news conference dominated by attacks on his domestic rivals, Mr. Trump declared himself to be the toughest President ever on China, a country he is increasingly positioning as his nemesis ahead of the November elections.

Mr. Trump announced that he had issued an executive order on Hong Kong as he predicted decline for the restless city, on which Beijing recently imposed a tough new security law.

"Hong Kong will now be treated the same as mainland China — no special privileges, no special economic treatment and no export of sensitive technologies," Mr. Trump said in the White House Rose Garden.

"Their freedom has been taken away; their rights have been taken away," Mr. Trump added.

"And with it goes Hong Kong, in my opinion, because it will no longer be able to compete with free markets. A lot of people will be leaving Hong Kong."

Targeting banks

Mr. Trump also said he had signed into law the Hong Kong Autonomy Act, which authorises sanctions against Chinese officials and Hong Kong police seen as infringing on the city's autonomy — and, crucially, any banks that make significant transactions with them.

Lawmakers hope the new law will force all but provincial Chinese banks to choose between abetting Beijing's efforts in Hong Kong or being able to conduct transactions in U.S. dollars and operate in the world's largest economy.

"This law gives my administration powerful new tools to hold responsible the individuals and the entities involved in extinguishing Hong Kong's freedom," Mr. Trump said.

China on Wednesday vowed to retaliate, saying the Hong Kong Autonomy Act "maliciously slanders" its legislation in Hong Kong.

"China will make necessary responses to protect its legitimate interests, and impose sanctions on relevant U.S. personnel and entities," the Chinese Foreign Ministry said.

The White House acknowledged concerns that the Hong Kong Autonomy Act, a tougher follow-up to a law last year, limits the President's leeway to waive sanctions.

But the Act enjoyed overwhelming bipartisan support, meaning Congress could likely override any presidential veto.

“Today, the U.S. made clear to China that it cannot continue its assault on freedom and human rights in Hong Kong without severe repercussions,” said Senator Chris Van Hollen, a Democrat who spearheaded the law.

‘Swift rebuke’

“The Chinese government’s aggression merits this swift rebuke,” he said.

But Julia Friedlander, a senior fellow at the Atlantic Council think tank, said “Hong Kong will suffer and China will likely gain” from the move.

She said the U.S. action will have a “devastating impact on Hong Kong as the financial gateway to Western markets” while raising the profile of mainland Chinese markets for foreign firms and governments looking to bankroll global supply chains out of Asia.

Beijing defied international warnings by imposing the security law, which criminalises subversion and other offences in Hong Kong, to which it promised autonomy before Britain handed the territory back in 1997.

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COUNTER-TERROR ALIGNMENT OF CHINA, PAKISTAN POSES A THREAT TO INDIA'S INTERESTS

Relevant for: International Relations | Topic: India - Pakistan

Amidst manoeuvrings of disengagement along the India-[China](#) border and the mechanics of a “two front” war becoming visible, it is vital to assess the China-Pak strategic partnership that has a bearing on national security beyond military matters. Despite being a key ally in the “War on Terror”, Pakistan has aligned itself closely with Chinese interests, which are at odds with US/Western interests in the region and beyond. This poses serious threats to regional and global security.

China's assessment of the threat from Af-Pak has not changed for decades. The joint communiqué issued at the end of July 7 China-Afghanistan-Pakistan Trilateral Strategic Dialogue states that, “The three sides agreed to continue to strengthen counter-terrorism and security cooperation, combat the East Turkistan Islamic Movement (ETIM), and all other terrorist forces and networks posing threats to our common security”. China considers any build-up of Uzbek, Tajik and Uighur terrorist/extremist entities in Central Asia and Af-Pak as a direct threat. The threat of ISIS networks to China emanates from these foreign terrorist fighters and their cells across Central Asia, Af-Pak, South East Asia and Europe.

China blames ETIM for the attacks in Xinjiang between 1990 and 2016. Hardly any domestic attacks have been reported since 2016. Historically, ETIM has been, and continues to be, a part of the al Qaeda (AQ) network, especially in Af-Pak, Central Asia and greater Sham (Greater Syria). Most terror groups in Af-Pak are part of AQ's ideological-logistical network, including the Taliban, state-backed Pakistani groups such as AQIS, LeT, JeM, Uzbek-Tajik dominated IMU/IJU and ETIM. In this region, the AQ core has operated through local groups, selectively using its own cadres. It is part of a well-thought-out strategy of AQ for global jihad.

Editorial | [The Chabahar project is important for India's regional goals, and for its relations with Iran](#)

AQ's top leaders and ideologues like Osama bin Laden, Ayman al Zawahiri and Yahya al-Libi have figured prominently in ETIM propaganda. In the past, Pakistani commanders like Asmatullah Muawiya have openly advocated for East Turkistan. However, leaders like Muawiya have all come “over-ground” following deals with ISI.

China has used its clout to get Afghanistan, Pakistan and Central Asian nations to crack down on suspected ETIM/Uighur networks. However, China needs a “reliable” partner for a continuous crackdown, directly or through proxies. Pakistan plays both the roles. Unsurprisingly, Taliban leaders have been visiting China since 2015. Whether or not the peace process yields peace in Afghanistan, the Taliban-AQ network would continue to pose a challenge, as the combine can prop up ETIM and Central Asian groups “at will”.

In greater Sham, there is not much evidence of any sizeable ETIM/Uighur cadres having shifted allegiance to ISIS. Thousands of ETIM cadres continue to train and fight within the AQ network in Syria — earlier as Al Nusra Front (ANF), now morphed into Hayat Tahrir al-sham (HTS) and Hurras al-Din (HaD). The AQ network in Syria is pitted against the regime backed by Russia and Iran. In the region, Turkey is the principal actor with a good degree of control and reach within the AQ network. Post-Caliphate, the AQ network has expanded its reach and strength. Of late, HTS ideologues have been praising the Taliban and Taliban social media has been showcasing

the activities of the Amir of HTS, Mohammad al-Joulani.

Opinion | [As Chinese ambition expand in the region, Delhi must add PM's principle of 'together we grow' to 'neighbourhood first'](#).

In the past, China has accused Turkey of supporting Uighur groups, including exiles and political entities allegedly linked to ETIM. Turkey was also accused of issuing fake passports to Uighur suspects for activities in South-East Asia and East Asia. However, in recent times, the two sides have piped down.

Pakistan has already used its close connection with Turkey to gain a foothold for its proxies in the Syria-Turkey theatre on the pretext of humanitarian work. Pakistan's direct reach and proxy networks are also useful for chasing ETIM/Uighur networks.

Thus, for China, the close support of Pakistan is necessary, not only in Af-Pak and Central Asia but also in greater Sham. The groups that challenge Pakistan, namely the TTP networks and a few Punjabi Taliban and Baloch groups are, by default, also a threat to CPEC, which China showcases as a "pilot for the BRI". Such groups also pose a threat to the Gwadar port, which is critical for China's global economic and military domination. Pakistan has thus gained China's full support across regional and international fora.

Opinion | [Lessons from Covid, China: India needs a new paradigm for trade, industry, and development](#)

While the US designated ETIM as a terrorist outfit in 2002, the US Country Report released in June mentions that "China's CT efforts continue to focus primarily on 'extremists' whom Beijing ascribes to the so-called East Turkistan Islamic Movement, despite a lack of independent evidence that a group by that name is still active". The report also said the "Chinese government has detained more than one million Uighurs, ethnic Kazakhs, and other members of Muslim minority groups in internment camps in the Xinjiang Uyghur Autonomous Region, using counterterrorism as a pretext".

A new Cold War is building up in every theatre of conflict, riding on real or exaggerated threats of terrorism and extremism. Hostilities between the US and Iran and the China-Iran deal will strengthen it. The duplicitous role of Pakistan is going to cause further instability and violence in the region. Proxy groups may tear the Afghan Peace Process apart. The rise of China, coupled with its near-natural counter-terrorism alignment with Pakistan, has enhanced threats to Indian interests in the region and beyond.

This article first appeared in the print edition on July 16, 2020 under the title 'Theatres of conflict'. The writer is an IPS officer. Views are personal

Opinion | [To remain globally competitive in a post-Covid world, India needs to focus on skill, scale and speed](#)

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CHINA'S POST-COVID AGGRESSION IS RESHAPING ASIA

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

India's deadly encounter with China in the Galwan Valley is not an outlier in Beijing's recent behaviour in Asia. [China's coronavirus "mask diplomacy"](#) has given way to tense geopolitical confrontations with a growing array of its neighbours, from stand-offs with Vietnam and Malaysia in the South China Sea to threatening Australia with boycotts of wine, beef, barley, and Chinese students.

Beijing's blatant aggressiveness is accelerating long-standing debates about the underlying costs of reliance on China and spurring support for closer coordination between other Indo-Pacific partners. The Indian, Japanese, Malaysian, and Australian governments have all taken concrete steps to reduce their economic exposure to Beijing, spanning investment, manufacturing, and technology. India and Australia recently inked a new military logistics agreement in the "virtual summit" between Prime Ministers Narendra Modi and Scott Morrison, and a similar agreement between Delhi and Tokyo may follow. The Quadrilateral Dialogue between Australia, India, Japan, and the United States is growing stronger and even expanding. And recently as well, Association of Southeast Asian Nations (ASEAN) Foreign Ministers issued one of their strongest statements to date on the South China Sea, insisting that maritime disputes must be resolved in accordance with the UN Law of the Sea treaty.

Comment | [China, better prepared for the post-COVID world](#)

Other responses are bottom-up. Chinese cyberbullying of a Thai film star spawned a new "Milk Tea Alliance", thus named after the popular beverage, to forge solidarity between Taiwanese, Hong Kongers, and Southeast Asians online. Overtly rejecting China's attempts to play up support for the "One China" principle, online supporters quickly propelled a hashtag that translates as "Milk Tea Is Thicker than Blood" to nearly one million tweets in a matter of days. It also garnered the praise of Hong Kong activist Joshua Wong, who called for "pan-Asian solidarity that opposes all forms of authoritarianism".

Asian multilateralism has often been born out of crises. The Chiang Mai Initiative — a financial swap mechanism between China, Japan, South Korea, and Southeast Asia — emerged in the aftermath of the late 1990s financial crisis. The grandfather of all Asian regional organisations, ASEAN, was created in 1967 but did not convene its first heads of state meeting until Southeast Asian leaders were shocked into action by the fall of Saigon in 1976. As Lee Kuan Yew later argued, "The seriousness of purpose came only with the shock of the terrible alternatives."

If crises and wars tend to be the crucibles in which new orders and institutions are forged, the COVID-19 crisis is likely to be no exception — it may be remaking the geopolitics of the Indo-Pacific. The ongoing crisis seems to have imbued countries in the region with a new seriousness of purpose about the risks of a slow slide toward Chinese hegemony. This is handing the Trump administration openings it has long sought: more credible multilateral coordination among allies, pushback against online disinformation, and the desire to better integrate like-minded economies and supply chains. At the same time, the crisis is also raising renewed questions about the durability of American leadership. Writing as two Americans, the question now facing the U.S. administration is whether it can harness this new regional momentum — or whether President Trump's anarchic instincts will squander the opening.

Comment | [The changing nature of Chinese diplomacy](#)

Thus far, Mr. Trump continues to make unforced errors that create distance with U.S. allies and partners — more often than not, at exactly the wrong moment. For example, the President's focus on cutting support for the World Health Organization (WHO) and asserting that COVID-19 originated in a Wuhan lab alienated Canberra, right at the moment when Australia was stepping up more forcefully to assert regional leadership, launch an impartial international investigation of the pandemic's origins, and push back on Beijing. Similarly, the administration's suspension of various worker visas is a move that will almost certainly have serious repercussions in India.

To improve, the U.S. needs to make two major shifts. First, U.S. policy needs to start supporting, rather than attempting to commandeer, regional efforts to build a less China-centric future for the Indo-Pacific. U.S. leaders need to remember that while Chinese aggression provides a powerful motivation for coordination, U.S. partners are seeking an agenda that is framed in broader terms than simply rallying to counter Beijing. Asian countries have strong, historically-rooted ideas about their own security and the future of the region — American leaders should recall the long-standing resonance of the Non-Aligned Movement in a region that resists a “new Cold War” framing. Australia's efforts to call for a COVID-19 investigation through WHO, as well as Japan's desire to take the lead on a G-7 statement on Hong Kong, reflect not just an effort to push back on Beijing. They also reflect concern that the current U.S. administration may box them into an untenable corner.

Analysis | [For China's Xi, the coronavirus challenge comes laden with economic costs and political risks](#)

If the U.S. wants to better harness the growing desire to reduce reliance on Beijing and “re-couple” investments and supply chains among allied nations, it is going to have to make compromises — an approach this administration has been loath to embrace. U.S. leadership would be far more effective if it worked with Indo-Pacific partners on the issues that they prioritise and provided them significant space for independent action. Second, while China certainly has the power to coerce, it also has a tremendous ability to be its own worst enemy by pushing too hard on its neighbours. It is often China's own overreach (rather than Washington's entreaties) that stiffens the spines of other Asian nations. Washington should avoid repeating Beijing's mistakes and offer a clear alternative in word and deed to China's “Wolf Warrior” diplomacy. Moves such as demanding that a G-7 communiqué refer to COVID-19 as the “Wuhan virus” and blocking mask shipments to close allies are the kind of counterproductive bullying that the U.S. should leave to China.

For their part, regional partners should see that Beijing's recent aggression is not an aberration but part of a growing pattern. Asian nations will not be able to avoid making difficult policy choices and investments to preserve their sovereignty and strategic space. As Beijing's confidence in its growing material and military power solidifies, its neighbours will need to think carefully about the long-term decisions necessary to preserve an open regional order.

Across the Indo-Pacific, the desire for U.S. leadership remains strong, with the U.S. still viewed more favourably than China, according to Pew. Similarly, the U.S. public continues to express widespread support for America's alliances and partnerships. Facing the unprecedented health and economic crises spawned by COVID-19, the U.S. and Asian partners will need to coordinate more closely than ever. They have a unique chance to build more equal and capable regional partnerships and institutions in the long recovery ahead.

Also read | [China's aggressive actions against India give insight into CPC thinking: U.S. National Security Advisor](#)

Asian countries, too, have an opportunity to continue strengthening their own regional networks, which will challenge and complicate the views of those in both Washington and Beijing who would see the region only as a sparring ground in a bipolar U.S.-China competition.

For American and Asian leaders, the choice is stark: encourage and foster this trend, recognising that stronger regional coordination will require more compromises as well as tougher choices, or resist it and risk being left behind.

Lindsey W. Ford is a David M. Rubenstein Fellow at the Brookings Institution and previously served in a variety of roles in the Defense Department, most recently as the senior adviser to the Assistant Secretary of Defense for Asian and Pacific security affairs. Julian Gewirtz is an Academy Scholar at Harvard University's Weatherhead Center for International Affairs and the author of 'Unlikely Partners: Chinese Reformers, Western Economists, and the Making of Global China' (Harvard University Press, 2017). A version of this piece was published in 'Foreign Policy' magazine: <https://bit.ly/2WhPMis>

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INDIA SHOULD BELIEVE IN THE EU

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

Photo: Twitter/@eu_eeas

In today's fragmented world, the power of any aspiring global player depends on the number and quality of its bilateral and multilateral relationships. In which partner should India invest? The European Union (EU) is one.

The EU and India have much in common. Both aim to enhance strategic autonomy and their global standing. Diversifying strategic value chains is also a common interest, as is the urgent need to address climate change. The EU and India can support each other in these endeavours.

Also read | [India and EU push trade talks](#)

On purely economic terms, the EU is India's first trading partner and the biggest foreign investor, with €67.7 billion worth of investments made in 2018, equal to 22% of total FDI inflows. But there is still room for improvement — especially when compared to EU investments in China which, in the same year, amounted to €175.3 billion. Enhanced business cooperation can help both the EU and India diversify their strategic value chains and reduce economic dependency — notably on China. India could succeed in attracting EU investment that might be moving out of China, but to do so, it must address the mutual trust deficit. Facilitating people's mobility and connectivity is a good way to improve mutual understanding and create opportunities for innovation and growth.

The EU and India must also tackle the elephant in the room: the stagnating Free Trade Agreement (FTA) negotiations. A new study from the European Parliament assesses the potential impact of an EU-India trade agreement at between €8 billion and €8.5 billion gains from increased trade for both sides, with a more significant increase of trade gains likely to flow to India. The study also refers to additional potential gains from enhanced coordination on the provision of global public goods, such as environmental standards.

On climate change, the EU is building on its ambitious target to render the continent carbon-emission neutral by 2050, through its new industrial strategy, the Green Deal. "Investing in fossil fuel-driven recovery is a wasted opportunity, and we only have one chance to make it right", says the Executive Vice President of the European Commission, Frans Timmermans. Should both the EU and India succeed in transforming into carbon-neutral economies by 2050, we all would gain from the investment.

Also read | [The sum and substance of the EU's China dilemma](#)

In geopolitical terms, India finds itself facing increasingly restive, powerful rivals. The Indo-Pacific region is increasingly the focus of attention, so India should capitalise on its geopolitical leverage there. Stronger cooperation with like-minded, democratic powers can support this effort, especially towards assertive competitors like China. Even India's strongest bilateral relations with individual EU member states do not come close to the potential of dealing effectively with the EU as a whole. New Delhi must learn how to maximise benefit from this strategic partnership.

The ruptures caused by COVID-19 have been the occasion for the EU to prove its worth. The measures put in place at supranational level show a strong willingness to buttress the

fundamental pillars on which the EU is built. The “Next generation EU proposal” submitted by the European Commission has surprised many by its bold approach. This is indeed a game-changer, not only in its financial implications — as it allows the EU to take on debt — but because it shows that the ties that bind the EU extend well beyond treaties and individual members’ self-interest.

But the value of the EU reaches far beyond its economic clout. The EU champions the rules-based international order, which is being increasingly challenged by the proliferation of exceptionalism. The EU and India must join forces to promote sustainable reform of multilateral institutions, with the World Trade Organization (WTO) first in line.

Hence, a strong partnership would help both EU and India become global decision-makers.

Stefania Benaglia is an Associate Researcher at the Centre for European Policy Studies

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Suresh Nambath

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

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INDIA–US STRATEGIC ENERGY PARTNERSHIP: SUSTAINABLE GROWTH PILLAR INDIA ENERGY MODELING FORUM LAUNCH ON JULY 2, 2020

Relevant for: International Relations | Topic: India - USA

Sustainable Growth Pillar is an important pillar of India–US Strategic Energy Partnership co-chaired by NITI Aayog and USAID. The SG pillar entails energy data management, energy modelling and collaboration on low carbon technologies as three key activities.

In the joint working group meeting of the Sustainable Growth Pillar on July 2, 2020, an **India Energy Modeling Forum** was launched.

There exist energy modelling forums in different parts of the World. The Energy Modelling Forum (EMF) in USA was established in 1976 at Stanford University to connect leading modelling experts and decision makers from government, industry, universities, and other research organizations. The forum provides an unbiased platform to discuss the contemporary issues revolving around energy and environment.

In India, there was no formalized and systematic process of having a modeling forum. Even then, various think-tanks/research organizations like TERI, IRADe, CSTEP, CEEW, NCAER, etc., have been consistently developing scenarios and contributing through modelling studies and analyses to provide required inputs to MoEF&CC and other relevant ministries, including NITI Aayog.

The **India Energy Modelling Forum** will accelerate this effort and aim to:

NITI Aayog will initially coordinate the activities of the forum and finalizing its governing structure. The forum would include knowledge partners, data agencies and concerned government ministries.

VRRK/AKP

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U.S. OFFICIALS HAVE 'LOST THEIR MINDS': CHINA

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Teaching politics: Chinese students attending a class about the Communist Party's history at a school in Lianyungang earlier this month. AFPSTR

U.S. officials have "lost their minds and gone mad" in their dealings with Beijing, China's Foreign Ministry said on Friday, in the latest verbal salvo between the two superpowers.

Tensions between Washington and Beijing have run high this year and some of the most outspoken critics of China in American Congress were this week hit with sanctions, days after the U.S. imposed visa bans and asset freezes on several Chinese officials.

U.S. Attorney General Bill Barr added fuel to the fire on Thursday when he accused Beijing of mounting an "economic blitzkrieg" to replace Washington as the world's pre-eminent power and spread its political ideology around the world.

Comments that distract

But Foreign Ministry spokeswoman Hua Chunying said Mr. Barr and other American officials were criticising China to distract from domestic political problems. "These people, for self-interest and political gain, do not hesitate to hijack domestic public opinion... to the point where they have lost their minds and gone mad," she said. Ms. Hua added that China had no intention of challenging or replacing the U.S. and said she hoped that Washington could "return to rationality" in its China policy. "A sparrow cannot understand the ambition of a swan," she said. "This is a serious misjudgment and misunderstanding of China's strategic intent."

Mr. Barr accused hackers linked to the Chinese government of targeting American universities and businesses to steal research related to COVID-19 vaccine development, levelling the allegation against Beijing hours after Western agencies made similar claims against Russia.

"The People's Republic of China is now engaged in an economic blitzkrieg — an aggressive, orchestrated, whole-of-government (indeed, whole-of-society) campaign to seize the commanding heights of the global economy and to surpass the United States as the world's preeminent technological superpower," Mr. Barr said.

Mr. Barr's speech amounted to a wide-ranging condemnation of what he said were Beijing's tactics to gain an economic upper hand in the 21st century, and to engage in influence campaigns touching diverse corners of American life, including business, politics and even entertainment.

Multiple accusations

Mr. Barr warned that universities which welcome Chinese-funded initiatives could unwittingly lose control of academic research.

Numerous Trump allies have issued strongly worded messages over China in recent days, coming at a time when bilateral relations have fallen to their lowest point in decades over issues from accusations of technology theft to China's claims in the South China Sea.

“Because everyone knows that China is in a leading position in the research and development of new coronavirus vaccines, we have first-class scientific research personnel, and we do not need to gain a leading position with theft,” Ms. Hua said.

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IRAN TIES NEED QUIET DIPLOMACY

Relevant for: International Relations | Topic: India - Middle East

Recent reports that Iran's Transport and Urban Development Minister Mohammed Eslami had launched the track laying programme for the 628 km long rail link between Chabahar and Zahidan last week sparked concerns that [India was being excluded from the project](#). Iran has since clarified that it is not the case and India could join the project at a later stage. This keeps the door open for Ircon International Limited (IRCON) which has been associated with the project even as India continues with the development of Chabahar port.

Providing connectivity for Afghanistan through Iran in order to lessen its dependence on Karachi port has enjoyed support in Delhi, Kabul and Tehran since 2003. Chabahar port on Iran's Makran coast, just 1,000 km from Kandla, is well situated but road and rail links from Chabahar to Zahidan and then 200 km further on to Zaranj in Afghanistan, need to be built. With Iran under sanctions during the Ahmadinejad years (2005-13), there was little progress. IRCON had prepared engineering studies estimating that the 800 km long railway project would need an outlay of \$1.6 billion. Meanwhile, India concentrated on the 220 km road to connect Zaranj to Delaram on the Herat highway. This was completed in 2008 at a cost of \$150 million.

Also read | [No response from Iran on Chabahar railway line since December: MEA](#)

Things moved forward after 2015 when sanctions on Iran eased with the signing of the Joint Comprehensive Plan of Action, or the Iran nuclear deal. A memorandum of understanding (MoU) was signed with Iran during Prime Minister Narendra Modi's visit to Tehran in 2016 to equip and operate two terminals at the Shahid Beheshti port as part of Phase I of the project. Another milestone was the signing of the Trilateral Agreement on Establishment of International Transport and Transit Corridor between Afghanistan, Iran and India. In addition to \$85 million of capital investment, India also committed to provide a line of credit of \$150 million for port container tracks. Phase I was declared operational in 2018 and India's wheat shipments to Afghanistan have been using this route. A special economic zone (SEZ) at Chabahar was planned but re-imposition of U.S. sanctions has slowed investments into the SEZ.

India was given a waiver from U.S. sanctions to continue cooperation on Chabahar as it contributed to Afghanistan's development. Despite the waiver, the project has suffered delays because of the time taken by the U.S. Treasury to actually clear the import of heavy equipment such as rail mounted gantry cranes, mobile harbour cranes, etc.

With regard to the rail-track project, a financing MoU was signed under which India undertook to provide \$500 million worth of rolling stock and signalling equipment including \$150 million of steel rail tracks. In fact, the railway tracks currently being laid are those supplied by IRCON. Iranian responsibility was for local works of land levelling and procurement. The MoU between IRCON and Iran's Construction and Development of Transportation Infrastructures Company (CDTIC) expired last year. Further, Khatab al Anbiya, the Iranian company undertaking some of the works, was listed by the U.S. as special designated entity, leading IRCON to suggest to the Iranians to appoint another contractor.

Editorial | [Lost opportunity: On India losing Chabahar project](#)

Meanwhile, Iran has ambitious plans to extend the railway line from Zahidan to Mashad (about 1,000 km) and then another 150 km onwards to Sarakhs on the border with Turkmenistan. Another plan is to link it with the International North-South Transport Corridor towards Bandar

Anzali on the Caspian Sea. In 2011, a consortium of seven Indian companies led by Steel Authority of India Limited had also successfully bid for mining rights at Hajigak mines in Afghanistan that contain large reserves of iron ore. However, developments at Hajigak remain stalled because of the precarious security situation in Afghanistan continues.

In January 2016, just as sanctions were eased, Chinese President Xi Jinping visited Tehran and proposed a long-term comprehensive, strategic partnership programme that would involve Chinese investment in Iranian infrastructure and assured supplies of Iranian oil and gas at concessional rates. Reluctant to be tied into too close a Chinese embrace, Iran kept the negotiations going for years. China patiently permitted a limited barter trade; China Petroleum & Chemical Corporation (SINOPEC) prolonged its negotiations on developing the Yadavaran oilfield while China National Petroleum Corporation (CNPC) pulled out of the South Pars gas project last year, after initially promising to take over the French company Total's stake.

Meanwhile, tensions in the region have been growing since last year with missile strikes in Saudi Arabia claimed by the Houthis and a U.S. drone strike in January killing Islamic Revolutionary Guard Corps (IRGC) chief Gen. Qassim Soleimani. During the last four weeks, there have been more than half-a-dozen mysterious explosions including at the ballistic missile liquid fuel production facility at Khojir, the advanced centrifuge assembly shed in Natanz and the shipyard at Bushehr. Reports attribute these to U.S. and Israeli agencies in an attempt to provoke Iran before the U.S. elections.

Also read | [China making deep inroads into Iran](#)

In May, the U.S. announced that it wanted the UN Security Council (UNSC) to continue the ban on Iranian acquisition of conventional weapons. UNSC Resolution 2231 was adopted in July 2015 by consensus to endorse the JCPOA and contains a five-year restriction on Iran's importing conventional weapons that ends on October 18. Even though the U.S. unilaterally quit the JCPOA, it is threatening to invoke the automatic snapback of sanctions provisions of JCPOA. The United Kingdom and France have criticised the U.S.'s duplicity but are unlikely to exercise a veto. At the same time, Iran hopes that November may bring about a change in the White House that opens options for dialogue.

Just as it has been a tricky exercise for India to navigate between the U.S. and Iran to keep the Chabahar project going, the Rouhani administration has found it a difficult balancing act to manage the hardliners at home while coping with Trump administration's policy of 'maximum pressure'.

Also read | [New revelations on Huawei's Iran link](#)

Russia and China are the only countries to veto the U.S.'s moves in the UNSC. Even so, the Iran- China comprehensive, strategic partnership road map has run into opposition in the Majlis. After the recent elections, the Reformists are down from 120 seats to 20 while the Principlists (Conservatives) are up from 86 to 221 seats in a house of 290 members. A former IRGC Air Force commander, Mohammed Bagher Ghalibaf, former Mayor of Tehran who ran unsuccessfully for president against Mr. Rouhani in 2013 and 2017 has been elected the new Speaker. Hard liners have accused Foreign Minister Mohammad Javad Zarif of undue secrecy surrounding the agreement amid rumours that China may be taking over Kish island and that Chinese troops would be stationed in Iran to secure Chinese companies and investments.

Iran may well be considering a long-term partnership with China, but Iranian negotiators are wary of growing Chinese mercantilist tendencies. It is true that China has greater capacity to resist U.S. sanctions compared to India but Iran realises the advantage of working with its only

partner that enjoys a sanctions waiver from U.S. for Chabahar since it provides connectivity for land-locked Afghanistan. Iran and India also share an antipathy to a Taliban takeover in Afghanistan. This is why Iran would like to keep the door open. Nevertheless, India needs to improve its implementation record of infrastructure projects that it has taken up in its neighbourhood. There are numerous tales of Indian cooperation projects in Nepal, Bangladesh, Sri Lanka, Myanmar, etc suffering delays and cost overruns that only make it easier for China to expand its footprint in India's neighbourhood. The key is to continue to remain politically engaged with Iran so that there is a better appreciation of each other's sensitivities and compulsions.

Rakesh Sood is a former diplomat and currently Distinguished Fellow at the Observer Research Foundation

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PM MODI PITCHES FOR REFORM AT MULTILATERAL BODIES

Relevant for: International Relations | Topic: UNO and its various Agencies

Modi said India believes the 'path to achieving sustainable peace and prosperity is through multilateralism'

Prime Minister Narendra Modi on Friday made a fresh pitch for the reform of multilateral institutions such as the United Nations to make them more representative of the current world order.

"Multilateralism needs to represent the reality of the contemporary world. Only reformed multilateralism with a reformed UN as its centre can meet the aspirations of humanity," Modi said in a speech to the UN Economic and Social Council's 2020 high-level segment on 'Multilateralism after covid-19: what kind of UN do we need at the 75th anniversary?'

Modi said India firmly believed the "path to achieving sustainable peace and prosperity is through multilateralism".

"Today, while celebrating 75 years of the UN, let us pledge to reform the global multilateral system to enhance its relevance to improve its effectiveness and to make it the basis of a new type of human-centric globalization," Modi said in his 14-minute speech delivered via video.

India's reaffirmation of its commitment to multilateralism comes amid a wave of nationalism across the world, putting the ideals of multilateralism under increasing strain. The US, for instance, has announced that it is pulling out of the World Health Organization, citing its less-than-accurate assessment of the impact of the covid pandemic. Washington has also been stymieing the working of WTO.

Modi said: "Today the fury of the pandemic provides the context for its (UN's) rebirth and reform. Let us not lose this chance."

Pointing out that India had been elected as a non-permanent member of the UN Security Council "at this very important time," Modi said: "With our deep commitment to maintaining global harmony to improving socio-economic equity and to preserving nature's balance, India will play its role in full support of the UN agenda."

India will sit on the UN's decisionmaking body for two years starting 1 January.

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INDIA MAY STORE CRUDE OIL IN US' STRATEGIC PETROLEUM RESERVES

Relevant for: International Relations | Topic: India - USA

Such an arrangement, discussed at the second India-US strategic energy partnership ministerial on Friday will help India, the world's third largest oil importer to tackle emergency situations

India is exploring the possibility of storing crude oil in the Strategic Petroleum Reserve of the US as part of its energy security strategy.

Such an arrangement, which was discussed at the second India-US strategic energy partnership ministerial on Friday, will help India, the world's third-largest oil importer, to tackle emergency situations and help it tide over short-term supply disruptions.

"The sides signed a memorandum of understanding (MOU) to begin cooperation on Strategic Petroleum Reserves operation and maintenance, including exchange of information and best practices. They also discussed the possibility of India storing oil in the US Strategic Petroleum Reserve to increase their nation's strategic oil stockpile," the two countries said in a joint statement.

India will have oil reserves equivalent to at least 87 days of net imports, once the \$1.6 billion second phase of Indian Strategic Petroleum Reserves (ISPR) programme is operational. It aims to add 12 days of crude storage. These facilities together will help support 22 days of India's crude oil requirements.

Indian refiners also maintain 65 days of storage, taking the tally to 87 days.

In comparison, the International Energy Agency (IEA) countries hold 1.55 billion barrels of public emergency oil stocks. In addition, 650 million barrels are held by industry under government obligation, and is released as needed.

India has an existing storage capacity of 5.3 million tonnes —Visakhapatnam (1.33 mt), Mangaluru (1.5 mt) and Padur (2.5 mt)—which were built with an investment of \$600 million in the first phase. This is operational and can support 9.5 days of net imports.

The NDA government has approved the construction of an additional 6.5 mt of strategic crude oil reserves at Chandikhol (4 mt) in Odisha and Padur (2.5 mt) in Karnataka.

The ministerial comes in the backdrop of tensions between China and India, the world's second- and third-largest crude oil importers, respectively. Also, India's petroleum product consumption has sharply recovered from the lowest slump since 2007, after the covid-19-led disruption.

"The SEP (strategic energy partnership) also supports USG (US government) efforts under the AsiaEDGE initiative, which establishes India as a strong energy partner in the Indo-Pacific region," said the statement. The ministerial was co-chaired by India's petroleum minister Dharmendra Pradhan and US energy secretary Dan Brouillette.

To counter Beijing, the US is seeking a bigger role for India in stabilizing and maintaining the rule of law in the Indo-Pacific region—a large swathe of land and sea stretching all the way from the west coast of the US to the shores of East Africa.

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JOINT STATEMENT ON U.S.-INDIA STRATEGIC ENERGY PARTNERSHIP

Relevant for: International Relations | Topic: India - USA

In the midst of a global pandemic with an enormous human toll that is also affecting energy demand, global energy markets, and sustainable energy growth, the U.S.-India Comprehensive Global Strategic Partnership has never been more vital. Today, U.S. Secretary of Energy Dan Brouillette and Indian Minister of Petroleum and Natural Gas and Minister of Steel Dharmendra Pradhan co-chaired a virtual ministerial meeting of the U.S.-India Strategic Energy Partnership (SEP) to review progress, highlight major accomplishments, and prioritize new areas for cooperation.

Established in April 2018 at the direction of President Donald J. Trump and Prime Minister Narendra Modi, recognizing the strategic importance of energy to the U.S.-India bilateral relationship, the SEP builds upon our longstanding energy partnership and sets the stage for meaningful engagements through robust government-to-government cooperation and industry engagement.

The United States and India share an all-of-the-above approach to energy security and energy access. The SEP organizes inter-agency engagement on both sides across four primary pillars of cooperation: (1) Power and Energy Efficiency; (2) Oil and Gas; (3) Renewable Energy; and (4) Sustainable Growth. Through these pillars, the United States and India are working to strengthen and modernize the power grid and distribution utilities for clean, affordable, and reliable energy access; improve efficiency, flexibility, and environmental performance in the power sector; promote inclusive and sustainable economic growth through long-term energy development; enhance energy security through oil and gas trade, and infrastructure investment; advance the development, deployment, and integration of renewable energy and expand access to finance for renewable energy projects; and reduce market barriers to energy trade and investment. The SEP also supports USG efforts under the AsiaEDGE initiative, which establishes India as a strong energy partner in the Indo-Pacific region.

The two countries are also leading joint research and development (R&D) through the U.S.-India Partnership to Advance Clean Energy-Research (PACE-R) on smart grids and energy storage to increase resilience and reliability of the electric grid. Today, they announced new areas of research on transformational power generation based on supercritical CO₂ (sCO₂) power cycles and advanced coal technologies for power generation and hydrogen production, including carbon capture, utilization, and storage (CCUS). The United States briefed about continued bilateral R&D engagement on advanced civil nuclear energy technologies through the U.S.-India Civil Nuclear Energy Working Group.

Ministerial Outcomes

The sides announced a number of achievements and priorities for new work under the SEP.

Enhancing Energy Security

The sides signed a Memorandum of Understanding (MOU) to begin cooperation on Strategic Petroleum Reserves operation and maintenance, including exchange of information and best practices. They also discussed the possibility of India storing oil in the U.S. Strategic Petroleum Reserve to increase their nation's strategic oil stockpile.

Harnessing Innovation

The sides launched a public-private Hydrogen Task Force to help scale up technologies to produce hydrogen from renewable energy and fossil fuel sources and to bring down the cost of deployment for enhanced energy security and resiliency. They also signed an MOU to collaborate on India's first-ever Solar Decathlon® India in 2021, establishing a collegiate competition to prepare the next generation of building professionals to design and build high efficiency buildings powered by renewables. The sides jointly launched collaboration between the U.S. DOE National labs and the Indian National Institutes under the Ministry of New & Renewable Energy as part of the newly launched South Asia Group for Energy (SAGE), supported by USAID, for joint research on development and deployment of advanced clean technologies.

The sides also agreed to explore possible cooperation through joint activities and information exchange on sustainable biofuel production and use, in particular, bioethanol, renewable diesel, other advanced biofuels, and discussion on possible developments in sustainable biofuels for air and sea transport. The sides also discussed information exchange in regard to policies and regulations, and other related areas of interest. Another potential area of cooperation is the promotion of bilateral investments in the private sector. The sides will also explore cooperation on utilizing the economic value of converting bio-waste into biogas.

Modernizing the Power System

As India pursues its ambitious renewable energy targets and seeks to transform its energy sector, the sides are collaborating on the deployment and integration of renewable energy and new technologies into the grid; modernizing the power distribution sector; supporting state-level planning for renewable energy; deploying distributed energy technologies, electric vehicles, rooftop solar, and battery storage; redesigning markets, and increasing off-grid energy access. The two sides have been collaborating to modernize Distribution Sector through various reform measures for achieving reliable quality 24X7 power supply through increased private participation; enhancing consumer centricity; deployment of Smart Meters across India; and, establishing Smart Grid Knowledge Centre in India as a "Global Centre of Excellence" for Smart Grids. USAID and the U.S. International Development Finance Corporation are developing a concept to establish a new \$25-million credit guarantee for the Small and Medium Enterprise

sector to deploy rooftop solar.

Work is also underway to enhance flexible operations of coal power plants needed to address increased renewable energy penetration and variable power demand to minimize operating costs and failure risks. The sides agreed to collaborate on advanced high-efficiency coal technologies with low-to-zero emissions through carbon capture, utilization, and storage (CCUS), focusing on USDOE's Coal FIRST (Flexible, Innovative, Resilient, Small, Transformative) initiative to develop 21st Century coal energy systems.

New areas of technical cooperation include application of renewable energy in the economic sectors; development of new business models and decision-making tools for renewable energy; skill building and training programs; and adoption of emerging digital technologies and advanced IT management tools to enhance cyber security of renewable energy systems.

Enhancing Energy Efficiency and Conservation

The United States and India have been working to enhance building and appliance efficiency through enhanced building codes, design and operation of smart buildings of the future, smart meters and demand side response, as well as retrofit of buildings to improve building performance, promote energy conservation, and improve indoor air quality. The sides have also been working towards development of behavioral energy efficiency program and technical assistance for a distributed energy resources plan. The sides are also working to enhance energy efficiency in the industrial sector and will work to advance a comprehensive energy management system in accordance with ISO50001. In response to the COVID-19 pandemic, USAID and Energy Efficiency Services Ltd (EESL) jointly initiated a new activity, "Retrofit of Air Conditioning to Improve Air Quality for Safety and Efficiency" (RAISE) for healthy and energy efficient buildings. The initiative will be scaled in public sector buildings

Promoting Energy Trade and Investment

The sides noted the significant increase in bilateral hydrocarbon trade since the establishment of SEP, with the bilateral hydrocarbon trade touching US\$ 9.2 billion during 2019-20, marking a 93% increase since 2017-18, and affirmed to promote greater hydrocarbon trade between the two countries.

Through the U.S.-India Natural Gas Task Force, U.S. and Indian industry forged new commercial partnerships on innovative projects and developed a series of policy and regulatory recommendations to support the Government of India's vision to increase the share of natural gas in India's energy sector. The sides have also held numerous public-private dialogues to provide industry perspectives on challenges and opportunities to trade and investment across the energy sector.

The sides took note of their governments' strong commitment to advance our civil nuclear cooperation, and welcomed recent progress on the Westinghouse commercial reactor project at Kovvada, which represents an important milestone in our strategic relationship.

The two sides agreed to support each other's vision of national development in the energy sector and encourage investment, including sharing a list of potential projects in which the companies from both sides can be encouraged to invest.

Promoting Inclusive and Sustainable Economic Growth

The sides are working to enhance long-term energy development and plans and strategies through adoption of best practices and methodologies in energy data management; capacity building in energy modeling and promotion of low carbon technologies. Think tanks, policy researchers, NGOs and Government agencies from India would be collaborating with DOE National Labs and respective U.S. Government and private agencies to facilitate above exercise. USAID and NITI Aayog jointly launched the India Energy Modeling Forum to build a network of modeling community and its linkage with Government for analytical work and policy making exercise.

Empowering Women in the Energy Sector

Recognizing the need for a more balanced workforce with diverse skill sets to support energy innovation and address critical energy challenges of the future, the Ministers committed to addressing gender diversity, gender mainstreaming, and promoting women's entrepreneurship across the energy sector through the SEP platform. USAID launched the South Asia Women in Energy (SAWIE) platform focused on the power sector and the sides are working to incorporate gender-focused activities across the technical pillars.

Strategic Energy Partnership teams will convene again in the near future to further develop action plans for the respective pillars of cooperation. The next Ministerial meeting will be held in 2021.

ADDENDUM

The following agreements and partnerships were announced under the U.S.-India Strategic Energy Partnership (SEP) dialogue to advance the strategic and economic interests of both countries:

Under the U.S.-India Gas Task Force:

YB/SK

In the midst of a global pandemic with an enormous human toll that is also affecting energy demand, global energy markets, and sustainable energy growth, the U.S.-India Comprehensive Global Strategic Partnership has never been more vital. Today, U.S. Secretary of Energy Dan Brouillette and Indian Minister of Petroleum and Natural Gas and Minister of Steel Dharmendra Pradhan co-chaired a virtual ministerial meeting of the U.S.-India Strategic Energy Partnership (SEP) to review progress, highlight major accomplishments, and prioritize new areas for cooperation.

Established in April 2018 at the direction of President Donald J. Trump and Prime Minister Narendra Modi, recognizing the strategic importance of energy to the U.S.-India bilateral relationship, the SEP builds upon our longstanding energy partnership and sets the stage for meaningful engagements through robust government-to-government cooperation and industry engagement.

The United States and India share an all-of-the-above approach to energy security and energy access. The SEP organizes inter-agency engagement on both sides across four primary pillars of cooperation: (1) Power and Energy Efficiency; (2) Oil and Gas; (3) Renewable Energy; and (4) Sustainable Growth. Through these pillars, the United States and India are working to strengthen and modernize the power grid and distribution utilities for clean, affordable, and reliable energy access; improve efficiency, flexibility, and environmental performance in the power sector; promote inclusive and sustainable economic growth through long-term energy development; enhance energy security through oil and gas trade, and infrastructure investment; advance the development, deployment, and integration of renewable energy and expand access to finance for renewable energy projects; and reduce market barriers to energy trade and investment. The SEP also supports USG efforts under the AsiaEDGE initiative, which establishes India as a strong energy partner in the Indo-Pacific region.

The two countries are also leading joint research and development (R&D) through the U.S.-India Partnership to Advance Clean Energy-Research (PACE-R) on smart grids and energy storage to increase resilience and reliability of the electric grid. Today, they announced new areas of research on transformational power generation based on supercritical CO₂ (sCO₂) power cycles and advanced coal technologies for power generation and hydrogen production, including carbon capture, utilization, and storage (CCUS). The United States briefed about continued bilateral R&D engagement on advanced civil nuclear energy technologies through the U.S.-India Civil Nuclear Energy Working Group.

Ministerial Outcomes

The sides announced a number of achievements and priorities for new work under the SEP.

Enhancing Energy Security

The sides signed a Memorandum of Understanding (MOU) to begin cooperation on Strategic Petroleum Reserves operation and maintenance, including exchange of information and best practices. They also discussed the possibility of India storing oil in the U.S. Strategic Petroleum Reserve to increase their nation's strategic oil stockpile.

Harnessing Innovation

The sides launched a public-private Hydrogen Task Force to help scale up technologies to produce hydrogen from renewable energy and fossil fuel sources and to bring down the cost of deployment for enhanced energy security and resiliency. They also signed an MOU to collaborate on India's first-ever Solar Decathlon® India in 2021, establishing a collegiate competition to prepare the next generation of building professionals to design and build high efficiency buildings powered by renewables. The sides jointly launched collaboration between the U.S. DOE National labs and the Indian National Institutes under the Ministry of New & Renewable Energy as part of the newly launched South Asia Group for Energy (SAGE),

supported by USAID, for joint research on development and deployment of advanced clean technologies.

The sides also agreed to explore possible cooperation through joint activities and information exchange on sustainable biofuel production and use, in particular, bioethanol, renewable diesel, other advanced biofuels, and discussion on possible developments in sustainable biofuels for air and sea transport. The sides also discussed information exchange in regard to policies and regulations, and other related areas of interest. Another potential area of cooperation is the promotion of bilateral investments in the private sector. The sides will also explore cooperation on utilizing the economic value of converting bio-waste into biogas.

Modernizing the Power System

As India pursues its ambitious renewable energy targets and seeks to transform its energy sector, the sides are collaborating on the deployment and integration of renewable energy and new technologies into the grid; modernizing the power distribution sector; supporting state-level planning for renewable energy; deploying distributed energy technologies, electric vehicles, rooftop solar, and battery storage; redesigning markets, and increasing off-grid energy access. The two sides have been collaborating to modernize Distribution Sector through various reform measures for achieving reliable quality 24X7 power supply through increased private participation; enhancing consumer centricity; deployment of Smart Meters across India; and, establishing Smart Grid Knowledge Centre in India as a “Global Centre of Excellence” for Smart Grids. USAID and the U.S. International Development Finance Corporation are developing a concept to establish a new \$25-million credit guarantee for the Small and Medium Enterprise sector to deploy rooftop solar.

Work is also underway to enhance flexible operations of coal power plants needed to address increased renewable energy penetration and variable power demand to minimize operating costs and failure risks. The sides agreed to collaborate on advanced high-efficiency coal technologies with low-to-zero emissions through carbon capture, utilization, and storage (CCUS), focusing on USDOE’s Coal FIRST (Flexible, Innovative, Resilient, Small, Transformative) initiative to develop 21st Century coal energy systems.

New areas of technical cooperation include application of renewable energy in the economic sectors; development of new business models and decision-making tools for renewable energy; skill building and training programs; and adoption of emerging digital technologies and advanced IT management tools to enhance cyber security of renewable energy systems.

Enhancing Energy Efficiency and Conservation

The United States and India have been working to enhance building and appliance efficiency through enhanced building codes, design and operation of smart buildings of the future, smart meters and demand side response, as well as retrofit of buildings to improve building

performance, promote energy conservation, and improve indoor air quality. The sides have also been working towards development of behavioral energy efficiency program and technical assistance for a distributed energy resources plan. The sides are also working to enhance energy efficiency in the industrial sector and will work to advance a comprehensive energy management system in accordance with ISO50001. In response to the COVID-19 pandemic, USAID and Energy Efficiency Services Ltd (EESL) jointly initiated a new activity, "Retrofit of Air Conditioning to Improve Air Quality for Safety and Efficiency" (RAISE) for healthy and energy efficient buildings. The initiative will be scaled in public sector buildings

Promoting Energy Trade and Investment

The sides noted the significant increase in bilateral hydrocarbon trade since the establishment of SEP, with the bilateral hydrocarbon trade touching US\$ 9.2 billion during 2019-20, marking a 93% increase since 2017-18, and affirmed to promote greater hydrocarbon trade between the two countries.

Through the U.S.-India Natural Gas Task Force, U.S. and Indian industry forged new commercial partnerships on innovative projects and developed a series of policy and regulatory recommendations to support the Government of India's vision to increase the share of natural gas in India's energy sector. The sides have also held numerous public-private dialogues to provide industry perspectives on challenges and opportunities to trade and investment across the energy sector.

The sides took note of their governments' strong commitment to advance our civil nuclear cooperation, and welcomed recent progress on the Westinghouse commercial reactor project at Kovvada, which represents an important milestone in our strategic relationship.

The two sides agreed to support each other's vision of national development in the energy sector and encourage investment, including sharing a list of potential projects in which the companies from both sides can be encouraged to invest.

Promoting Inclusive and Sustainable Economic Growth

The sides are working to enhance long-term energy development and plans and strategies through adoption of best practices and methodologies in energy data management; capacity building in energy modeling and promotion of low carbon technologies. Think tanks, policy researchers, NGOs and Government agencies from India would be collaborating with DOE National Labs and respective U.S. Government and private agencies to facilitate above exercise. USAID and NITI Aayog jointly launched the India Energy Modeling Forum to build a network of modeling community and its linkage with Government for analytical work and policy making exercise.

Empowering Women in the Energy Sector

Recognizing the need for a more balanced workforce with diverse skill sets to support energy innovation and address critical energy challenges of the future, the Ministers committed to addressing gender diversity, gender mainstreaming, and promoting women's entrepreneurship across the energy sector through the SEP platform. USAID launched the South Asia Women in Energy (SAWIE) platform focused on the power sector and the sides are working to incorporate gender-focused activities across the technical pillars.

Strategic Energy Partnership teams will convene again in the near future to further develop action plans for the respective pillars of cooperation. The next Ministerial meeting will be held in 2021.

ADDENDUM

The following agreements and partnerships were announced under the U.S.-India Strategic Energy Partnership (SEP) dialogue to advance the strategic and economic interests of both countries:

Under the U.S.-India Gas Task Force:

YB/SK

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FINANCE MINISTER SMT. NIRMALA SITHARAMAN ATTENDS THE 3RD G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING

Relevant for: International Relations | Topic: G20

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman participated in the 3rd G20 Finance Ministers and Central Bank Governors (FMCBG) meeting under the Saudi Arabian Presidency through Video Conferencing here today to discuss the global economic outlook amid evolving COVID-19 pandemic crisis along with other G20 Finance Track priorities for the year 2020.

The Finance Minister, in the first session of the meeting, talked about the G20 Action Plan in response to COVID-19 which was endorsed by the G20 Finance Ministers and Central Bank Governors in their previous meeting on 15th April 2020. This G20 Action Plan lays out a list of collective commitments under the pillars of Health Response, Economic Response, Strong and Sustainable Recovery and International Financial Coordination, aimed at co-ordinating G20 efforts to fight the pandemic. Smt. Sitharaman emphasized that it is crucial to ensure that this action plan remains relevant and effective.

Smt. Sitharaman shared her perspective on the way forward on the action plan and highlighted the need for international coordination required in addressing the spill-over effects of exit strategies. Emphasising that the Action Plan needs to reflect how the economies are balancing their supply side and demand side measures in response to COVID-19, Smt. Sitharaman shared with her counterparts how India is working on ensuring this balance through credit schemes for greater liquidity, direct benefit transfers, and employment guarantee schemes. The Finance Minister specifically referred to India's comprehensive economic package to address recovery and growth amounting to over \$295 Billion, about 10 per cent of India's GDP. Adding to this, Amt. Sitharaman also spoke about the procyclicality of credit rating downgrades by the rating agencies and its deterrent impact on policy options, particularly for EMEs.

In the second session of the meeting, the G20 Finance Ministers and Central Bank Governors discussed the developments on G20 Finance Track deliverables under the Saudi Arabian Presidency.

In her intervention, Smt. Sitharaman discussed two such deliverables. First, enhancing access to opportunities for Women, Youth and SMEs is a priority agenda under Saudi Presidency and a Menu of Policy Options on Access to Opportunities has been developed by G20 under this agenda. The Menu presents country experiences of G20 members related to policies aimed at: Youth, Women, Informal Economy, Technology & Adult Skills, and Financial Inclusion. The Finance Minister noted that this agenda has assumed even greater importance now as the pandemic has most impacted the vulnerable sections.

Second, referring to the International Taxation agenda and the intended deliverable of formulating a solution for addressing challenges related to digital taxation, Smt. Sitharaman noted the progress on the agenda and said that it is imperative that this consensus based solution should be simple, inclusive and based on a robust economic impact assessment.

During this session, the Finance Minister also shared some of the policy measures taken by the Government of India to fight the pandemic, including direct benefit transfers, special support to agriculture and MSME sectors, rural employment guarantee measures etc. Smt. Sitharaman

particularly highlighted how India has successfully employed technology-based financial inclusion by harnessing the nationwide digital payment infrastructure that India has built in last five years, to make contactless cash transfers of over \$10 billion into the bank accounts of 420 million people. She also referred to the swift measures to provide free food grain to over 800 million people for eight months till November 2020.

RM/KMN

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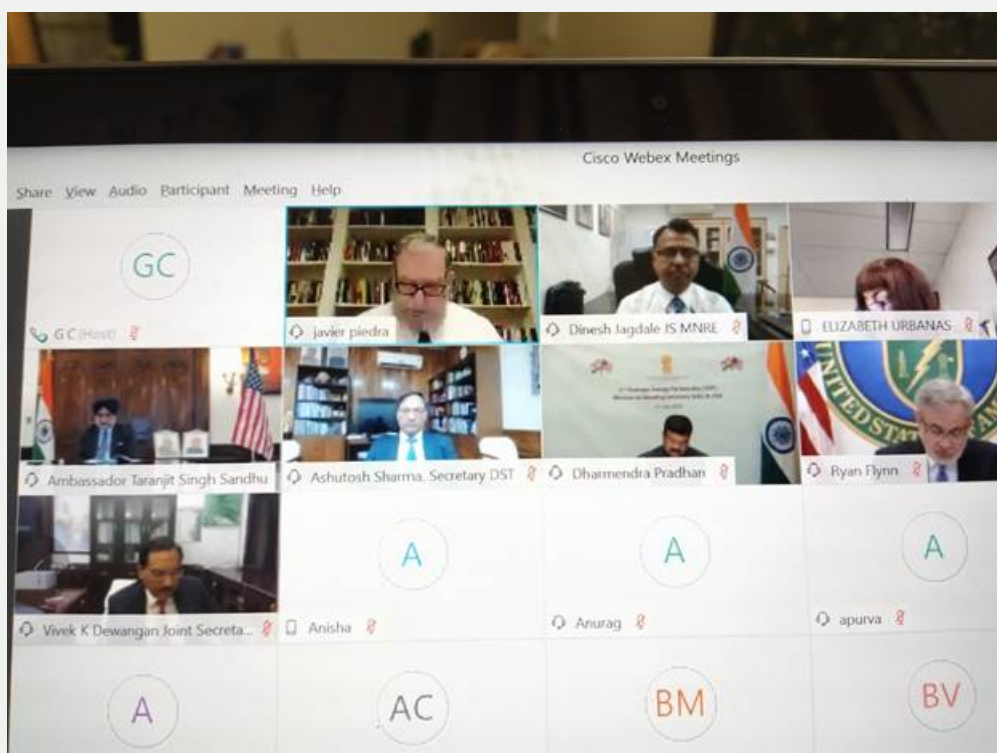
MINISTERIAL MEETING OF INDO-US STRATEGIC ENERGY PARTNERSHIP HIGHLIGHT MAJOR ACCOMPLISHMENTS, PRIORITIZES NEW COOPERATION AREAS

Relevant for: International Relations | Topic: India - USA

India and the United States have announced new areas of research on transformational power generation based on supercritical CO₂ (sCO₂) power cycles and advanced coal technologies, including carbon capture, utilization, and storage (CCUS).

This emerged at a virtual ministerial meeting of the U.S.-India Strategic Energy Partnership (SEP) to review progress, highlight major accomplishments, and prioritize new areas for cooperation, on July 17, 2020. The meeting was co-chaired by U.S. Secretary of Energy Dan Brouillette and Indian Minister of Petroleum and Natural Gas and of Steel Shri Dharmendra Pradhan.

Besides, the US Secretary of Energy and India's Minister for Petroleum & Natural Gas & Steel, the virtual meeting was attended by U.S. Ambassador to India Kenneth I Juster, Indian Ambassador to the United States Taranjit Singh Sandhu and Secretary, Department of Science and Technology (DST) Prof Ashutosh Sharma along with other concerned officials.



Key points discussed

New areas of research on transformational power generation based on supercritical CO₂ (sCO₂) power cycles and advanced coal technologies, including carbon capture, utilization, and storage (CCUS) announced

Smart grids and energy storage is being implemented by consortium comprising of 30 Indian and US entities

Policy directions for the societal acceptance of smart grid concepts, Distributed Energy Resources, impact and value of the integrative solutions and emerging role of utilities as Distributed System Operators

Common priorities for collaboration evolved in Clean Coal Technologies, Supercritical Carbon Dioxide (sCO₂) Power Cycles and Carbon Capture Utilisation & Storage (CCUS) technologies



Speaking on the occasion, Prof Ashutosh Sharma stated that the collaboration between India and United States has grown over the years under the Programme for Accelerating Clean Energy – Research (PACE-R). The ongoing collaboration on smart grids and energy storage is being implemented by consortium comprising of 30 Indian and US entities with investment of US \$ 7.5 million each by India DST and US DoE (US Department of Energy) with matching amount provided by the consortium.

He added that this project addresses essential issues related to the adoption and deployment of smart grid concepts along with Distributed Energy Resources (DERs)

including storage in the distribution network for its efficient and reliable operation and will also provide policy directions for the societal acceptance, impact and value of the integrative solutions and emerging role of utilities as Distributed System Operators.

Prof Sharma also added that the dialogue between US-DoE and India's DST on clean coal technologies, Supercritical Carbon Dioxide (sCO₂) Power Cycles and Carbon Capture Utilisation & Storage (CCUS) technologies has progressed well and common priorities for collaboration have been evolved. He also added that the one of the notable outcomes of the dialogue is participation of India in the multilateral platform for Accelerating CCUS Technologies (ACT) through which avenues have been generated for possible US- India collaboration.

The United States and India share an all-of-the-above approach to energy security and energy access. The two countries recognise the importance of Clean Energy Research, Development and Innovation and are also leading joint research and development (R&D) through the U.S.-India Partnership to Advance Clean Energy-Research (PACE-R) on smart grids and energy storage to increase resilience and reliability of the electric grid.



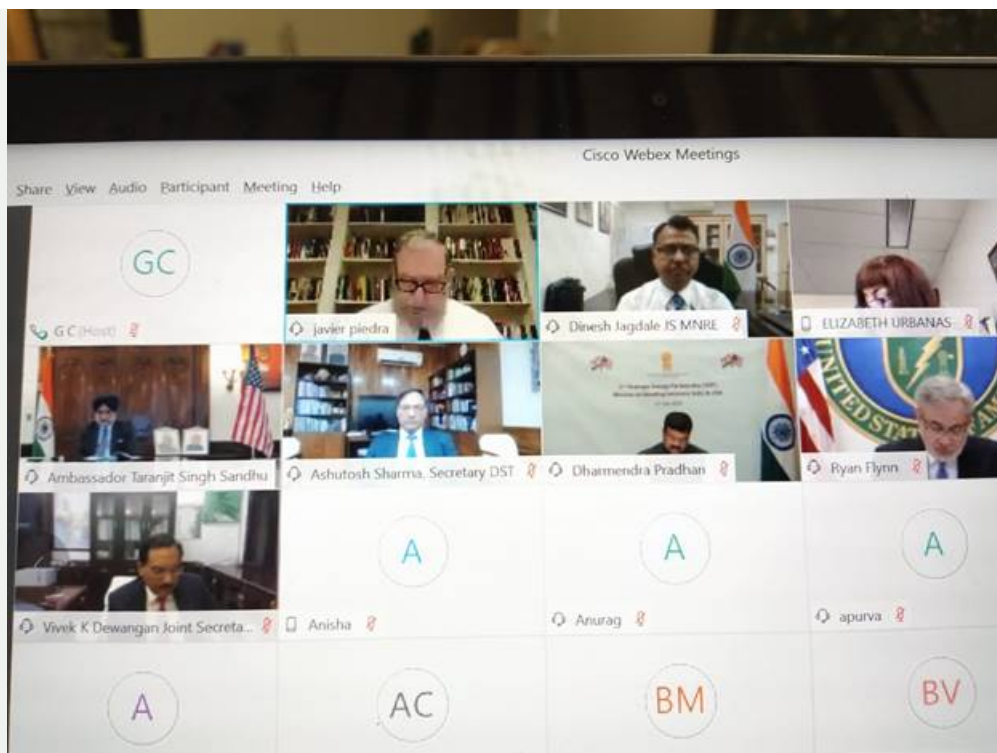


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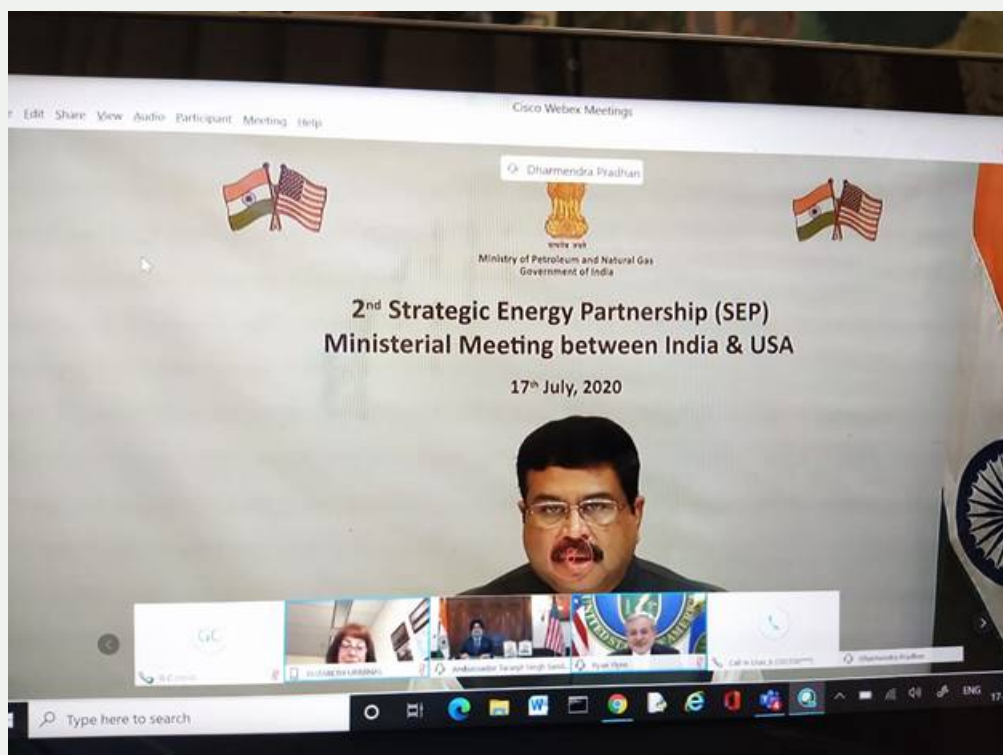
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G20 FAILS TO REACH AN AGREEMENT ON ALLOCATION OF FUNDS TO POOR NATIONS

Relevant for: International Relations | Topic: G20

NEW DELHI : [G20](#) finance ministers, at a meeting on Saturday, under the chairmanship of Saudi Arabia, failed to reach an agreement on the possibility of allocating fresh special drawing rights (SDRs) to member countries or reallocating SDRs from rich members to countries facing a liquidity crisis because of the covid-19 pandemic.

"The G20 International Financial Architecture working group also discussed the possibility of a SDR allocation or of countries that have excess SDRs granting or lending them to countries that need them. There was no consensus on the issue," said the communique on G20 finance ministers and central governors meeting.

SDR is a global reserve asset created by the International Monetary Fund (IMF), comprising the US dollar, euro, yen, sterling and yuan. It is allocated to members in proportion to their quota. India has 13,114 million SDRs on account of its 2.76% quota, while the US accounts for 82,994 million SDRs for its 17.45% quota. China, with 6.41%, accounts for 30,483 million SDRs. One SDR is currently valued at \$1.38.

A fresh SDR issue by the IMF would help least developed and developing countries facing a foreign exchange crisis at a time the world economy is projected to contract by 4.9% in 2020. However, the US and India opposed the move. In April, finance minister [Nirmala Sitharaman](#) had told G20 finance ministers that national forex reserves should be the first line of defence during a crisis such as this.

In June, IMF chief economist Gita Gopinath said the multilateral lending agency is considering an alternative proposal to redistribute existing unused SDRs of rich member-countries to low-income countries in desperate need.

"There is certainly a lot of appetite for this second strategy and that's something we are working on," Gopinath had said. But a consensus could not be reached on the alternative proposal either.

In its April meeting, the ministers decided to suspend debt repayment to the IMF and World Bank by the poorest countries distressed by the pandemic to bring financial stability under the debt service suspension initiative (DSSI). As on 18 July, 42 countries sought benefits from DSSI amounting to an estimated \$5.3 billion of 2020 debt service to be deferred. However, most analysts said given the severity of the financial impact of the pandemic, the IMF needs to do more than its normal lending facilities to support vulnerable member countries. So far, the IMF has received 107 requests for financing of which 77, worth SDR 60.4 billion, were approved, and 30 requests worth SDR 37.2 billion were pending, as on 2 July, the communiqué said.

The G20 finance ministers urged private creditors to participate in DSSI on comparable terms when requests were made by eligible countries. "We will consider a possible extension of the DSSI in the second half of 2020, taking into account the development of the covid-19 pandemic situation and the findings of a report from the IMF and World Bank on the liquidity needs of eligible countries, which will be submitted to the G20 in advance of our meeting in October 2020," the communiqué said.

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CHINA HAS CROSSED ITS 1960 CLAIMS ALONG THE LAC

Relevant for: International Relations | Topic: India - China

Chinese troops are currently present on the north bank of Pangong Lake in Ladakh in an area that is beyond what even China described as its official boundary during talks with India in 1960, official records show.

China's tent that it set up on the bend of the Galwan river, which sparked the violent face-off culminating in the death of 20 Indian soldiers and an unknown number of Chinese personnel on June 15, was also beyond China's territorial claims, according to the 1960 records.

The records contradict China's current claims of where the Line of Actual Control (LAC) runs. They also raise questions on recent statements from top Indian officials that China is not present anywhere on Indian territory.

In 1960, India certainly viewed China's presence in areas where the People's Liberation Army (PLA) transgressed in May as being beyond Beijing's own territorial claims.

At the north bank of Pangong Tso, the PLA moved up to Finger 4 and prevented India from crossing Finger 4. The Fingers refer to mountain spurs on the bank, and run from 1 to 8, west to east.

China now claims up to Finger 4, while India says the LAC is at Finger 8. China previously built a road to Finger 4 in 1999 and has dominated up to Finger 4, but since May has, for the first time, completely cut off India's access to its LAC at Finger 8, effectively shifting the line 8 km west.

Following the four rounds of Corps Commander-level talks, the PLA has moved back from Finger 4 to 5, while Indian troops also moved back further west to Finger 2, the base post in the area where the troops initiated their patrols, *The Hindu* reported earlier.

MEA report

During boundary negotiations in 1960, China spelled out its territorial claims in the area. The record is available in the "Report of the Officials of the Government of India and the People's Republic of China on the Boundary Question", published by the Ministry of External Affairs.

Following border talks in April 1960 in Delhi between Prime Minister Jawaharlal Nehru and Chinese Premier Zhou Enlai that failed to break the impasse, it was decided that officials of the two governments would meet "to examine factual materials in the possession of the two governments to support their stands."

Three rounds of talks were held. The first session took place from June 15 to July 25, 1960, in Beijing, with 18 meetings. The second session was held in Delhi from August 19 to October 5, when 19 meetings were held. Following the final session in Rangoon, when 10 meetings were held, the official report was signed on December 12, 1960. In the report, the Indian side asked: "What was the exact point where the alignment cuts the western half of Pangong Lake? And what was the exact point where it left the Pangong Lake?"

The Chinese side responded: "The coordinates of the point where it reached the Pangong Lake were Longitude 78 degrees 49 minutes East, Latitude 33 degrees 44 minutes North." This roughly corresponds to an area near Finger 8, around 8 km east of where China now says the LAC is and where it transgressed in May.

Regarding the Galwan Valley, when India asked in 1960 for "heights of peaks and locations of passes" in the area, the Chinese side replied that the alignment "crossed the Galwan river at Longitude 78 degrees 13 minutes East, Latitude 34 degrees 46 minutes North."

Even accounting for approximations because the coordinates were round numbers noted in "degrees" and "minutes" while the "seconds" were not specified, China has gone beyond its 1960 claims both in Pangong Tso and in the Galwan Valley.

In the Galwan Valley, the 1960 line ran east of the bend of the Galwan river, called the Y-nallah, which was the site of the June 15 clash. The clash took place following a dispute during the de-escalation process, triggered when the PLA put up a tent near the bend, and marked the worst violence on the border since 1967.

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UN DRAFT DECLARATION GOES SOFT ON DEMAND FOR REFORM

Relevant for: International Relations | Topic: UNO and its various Agencies

Despite India's repeated demands for reform of the UN Security Council, the process of the expansion of the membership is expected to slow down this year with the final draft of the Declaration on the Commemoration of the Seventy-Fifth Anniversary of the U.N. favouring a softer approach to the issue.

"We reiterate our call for reforms of three of the principal organs of the United Nations. We commit to instil new life in the discussions on the reform of the Security Council and continue the work to revitalise the General Assembly and strengthen the Economic and Social Council. The review of the peace-building architecture has our full support," the final draft says. The Declaration is a powerful reiteration of the UN's founding principles that brought a new world order 75 years ago.

Mention of 'discussions' in this key anniversary document is being interpreted as dilution of the progress made on the path of reform of the principal organs of the UN during the 122nd plenary meeting of the General Assembly.

At the meeting on September 15, 2008, the General Assembly on the basis of previous resolutions had 'decided' to proceed with the "modalities in order to prepare and facilitate intergovernmental negotiations on the question of equitable representation on and increase in the membership of the Security Council and other matters related to the Council".

The final draft for the upcoming UNGA is also a step down from the Resolution adopted by the General Assembly on September 16, 2005 when the call for reform was demanded against the backdrop of widespread unilateral decisions as seen during the Iraq war of 2003 and the "war on terror".

The 2005 Resolution had expressed strong global will to stop misuse of military power and said, "We are determined to reinvigorate the intergovernmental organs of the United Nations to adopt them to the needs of the twenty-first century".

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A PINCER IN LADAKH

Relevant for: International Relations | Topic: India - China

While India has long considered the potential of a two-front war with Pakistan and [China](#), it was only in 2009 that a keynote address at a seminar in Delhi, by the then Army Chief General Deepak Kapoor, forced a serious re-evaluation. The debate regarding India's capability to fight a war in which there is full collusion between China and Pakistan has generally remained inconclusive. Most detractors of the belief regarding China's military-operational support to Pakistan, in the event of latter's the adventurism against India, have leaned on the argument that China will adopt a policy to suit its interests. Both in 1965 and 1971, it made some promises to Pakistan but chose to stay away. Of course, that was during the Cold War — a completely different international strategic environment.

From 2005, the process of rapid military modernisation saw China pursue its strategic interests, including border management on land and sea, more aggressively. Limited and fairly benign experiments with “walk in” operations across the [Line of Actual Control](#) (LAC) began after 2008. An expression of the mutuality of strategic interests with Pakistan came with the reported presence of 11,000 PLA troops in Gilgit-Baltistan in 2011. Post 2013, Pakistan ramped up its proxy campaign in J&K almost in sync with two China-related trends: First, enhanced PLA assertiveness in Eastern Ladakh. Second, the announcement of the Belt and Road Initiative (BRI) — Xi Jinping's ambitious, and almost personal, project. A progressively altering Chinese attitude towards the Kashmir issue started to take shape as early as 2008-09, with the issue of stapled visas to Indians residing in J&K. The denial of a visa to the Northern Army Commander in August 2010 was with the clear intent of expressing increasing diplomatic support to Pakistan. This support was also witnessed on issues like the Nuclear Suppliers Group (NSG), Pakistan's involvement in global terrorism and the abrogation of [Article 370](#).

The BRI was probably long in the making. The China-Pakistan Economic Corridor (CPEC) is a part of the BRI that is less economic in orientation than strategic. It is described by many as the flagship of the BRI. The corridor is also a part of China's Indian Ocean strategy and in its current avatar, it is little more than a shaky communication artery with some additional projects thrown in. The BRI is a far more ambitious project, the survival of which in the post [COVID-19](#) setting has been questioned by experts.

Yet, China's long-term strategic vision is not something that the international strategic community is adept at assessing. Prime Minister [Narendra Modi](#)'s observation on expansionism having no place in the modern era was an indirect message to China. We are about midway through the period that China has set for itself to rise to a position of greatness — beginning in 1978 — for which it is increasingly employing coercion. It is seeking that milestone on a faster track, post the devastation due to COVID-19.

It is no longer Pakistan seeking Chinese support for its adventurism as much as it is the other way around. The mutuality of interests has increased and military coordination has become a larger part of the overall strategy. China may force further escalation this season depending upon how the world responds to its expansionism. Yet it could also adopt a posture which prepares it, along with Pakistan, towards a future “pincer approach” in Ladakh. This does not presuppose the limitation of Chinese intent to just Ladakh — Arunachal, Sikkim and the Central Sector very much under the scanner as part of the expanded collusive strategy. However, it is Ladakh where the effect is intended most and it is there that the pincer approach may prove more challenging for India.

Currently, India may not be optimally prepared for such a contingency but the Chinese may not be either. This is because they have tried setting the stage too early in their eagerness to spring a surprise — in turn, the Chinese could be surprised. That is where Pakistan comes in as a force multiplier to keep the options open as far as timing is concerned — the current campaigning season or a postponed one. In postponing, the Chinese will seek greater Pakistani activity in J&K and Ladakh, including attempts to keep the LoC alive along with terror in the hinterland to dilute Indian optimisation in Ladakh.

Assuming that confrontation with the Sino-Pak combine is inevitable now or later, one of the ways for India to offset this is to project sufficient capability. The diplomatic and military domains have to play this out effectively. India cannot be seen to be alone or militarily weak. It has tremendous support internationally which must translate into a higher level of strategic support. Militarily, Pakistan should never be able to perceive that it will be allowed to fight as per choice and conceived strategy.

China's success or failure in such adventurism will set the course of its future strategy against its multiple adversaries. That is the psyche which India must exploit to prevent escalation and win this and impending standoffs without fighting. This needs a rapid and all-out national effort with highest priority accorded to it, including budgeting. China has made the major mistake of creating a face-off that it thought it could win without fighting but it is now mired in a situation that it did not think through.

Extending this face-off will be a logistics nightmare for both countries. On its part, India cannot afford to focus only on the northern borders. A firm and full strategy to deal with Pakistan in all contingencies has now become imperative.

The writer, a former corps commander of the Srinagar-based 15 Corps, is chancellor, Central University of Kashmir

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MAKE THE RIGHT CALL ON 'MALABAR' GOING QUAD

Relevant for: International Relations | Topic: QUAD and India

There is speculation in the media that New Delhi could soon invite Australia to join the Malabar naval exercises to be held later this year. According to reports, the most recent being Sunday (Page 1, *The Hindu*, July 19, 2020), a key meeting on Friday of India's Ministry of Defence discussed the [issue of adding Australia to the trilateral Malabar naval exercise](#) with Japan and the United States in the Bay of Bengal later this year. While no decision was reached, it appears a green signal to Australia could soon be given, making it the first time since 2007 that all members of Quad will participate in a joint military drill, [aimed ostensibly at China](#).

Beijing has long opposed a coalition of democracies in the Indo-Pacific region. The Chinese leadership sees the maritime Quadrilateral as an Asian-NATO that seeks only to contain China's rise. Earlier last week, an opinion piece in *The Global Times*, the Chinese communist party's mouthpiece, noted that at a time of strained bilateral ties with China, India's intention to involve Australia in the Malabar drill could only be construed as a move directed against Beijing. By "putting more pressure on China" and moving to expand its "sphere of influence into the entire Indian Ocean and the South Pacific", India, the article ([Strategic intent behind New Delhi's plan to invite Australia to join Malabar drill](#)) suggested, was risking harsh consequences.

Also read | [Navies of India, Japan, U.S. hone mine sweeping skills](#)

Expectedly, Indian commentators welcomed the development, hailing it as a long overdue move. Following the stand-off in Ladakh, many Indian analysts believe the time is right for India to shed its traditional defensiveness in the maritime domain. The realists advocate an alliance with the U.S., Japan and Australia to counter Chinese moves in the Indian Ocean.

Yet, Indian decision-makers have reason to be cautious. At a time when India and China are negotiating a truce on the border in Eastern Ladakh, New Delhi's invitation to Australia to participate in the Malabar exercise sends contrary signals to Beijing. If China responded churlishly — as is its wont — through aggressive posturing in the Eastern Indian Ocean, it could needlessly open up a new front in the India-China conflict.

Indian decision-makers should also reflect on the strategic rationale of the military-Quad. Unlike the U.S. and its Pacific partners, whose principal motivation in forming a maritime coalition is to implement a 'rules-based order' in the Indo-Pacific littorals, India's priority is to acquire strategic capabilities to counter a Chinese naval presence in the Indian Ocean. While India has acquired airborne surveillance assets from the U.S., the Indian Navy is yet to develop the undersea capability to deter Chinese submarines in the eastern Indian Ocean. With U.S. defence companies hesitant to part with proprietary technology — in particular, vital anti-submarine warfare tech — the pay-off for New Delhi, in exchange for signing up the 'military-quad', is modest. Maritime watchers know cooperation with the U.S. and Japan without attendant benefits of strategic technology transfers will not improve the Indian Navy's deterrence potential in the Indian Ocean Region (IOR).

In operational terms also, it might be premature for Delhi to initiate multilateral engagement with Quad partners. With the strategic contest between the U.S. and China in East Asia and Southeast Asia hotting up, there is every possibility that the military-Quad will be used to draw India into the security dynamics of the Asia-Pacific. In recent days, China has stepped up its naval presence in the South China Sea, even as Washington directed three aircraft carrier groups — *USS Theodore Roosevelt*, *USS Nimitz* and *USS Ronald Reagan* — to the region, in a

seeming bid to counter the People's Liberation Army Navy (PLAN). The U.S. would expect its Indo-Pacific partners, including India, to assist the U.S. Navy in its South China Sea endeavour. Notably, neither Washington nor Tokyo believes China's threats in the Indian Ocean equal the challenges the PLAN poses in the Pacific. While they may engage in the occasional naval exercise in the Bay of Bengal, the U.S. and Japanese navies have little spare capacity for sustained surveillance and deterrence operations in the IOR. Australia, ironically, is the only one ready and able to partner India in securing the Eastern Indian Ocean.

Also read | [All out at sea: on India's engagements in the Indian Ocean](#)

There is also the question of timing. A balancing coalition must come together when the nature and magnitude of the threat is wholly manifest. Again, it is worth pointing out that despite a growing presence in the Indian Ocean, the PLAN is yet to physically threaten Indian interests at sea. Chinese warships have not challenged Indian sovereignty in its territorial waters, or ventured close to Indian islands with malign intent. Nor have PLAN assets impeded the passage of Indian merchantmen in the regional sea lanes and choke points.

To the contrary, the Chinese Navy has avoided any entanglement with Indian naval ships in the subcontinental littorals, limiting its ventures to friendly countries in the region, many of which are happy to benefit from Beijing's economic and military power. Sure, Chinese research and intelligence ship presence close to the Andaman Islands has relatively expanded, but Chinese maritime agencies have gone about their task cautiously, ensuring that operations do not cross the threshold of conflict with India. This also means that the onus of the first move to precipitate a crisis in the Eastern Indian Ocean lies with the Indian Navy. Were the Indian Navy to combine with friendly forces to raise the ante in regional littorals, it would need to be ready for the consequences.

Book review | [Countering China in the Indian Ocean](#)

The sobering reality for New Delhi is that naval coalition building alone will not credibly deter Chinese naval power in the Indian Ocean. Upgrading the trilateral Malabar to a quadrilateral, without acquiring the requisite combat and deterrence capability, could yield gains for India in the short term, but would prove ineffective in the long run. This is not to suggest that inviting Australia to join the Malabar is a bad idea; far from it. It is simply to posit that New Delhi should not sign up to quadrilateral engagement without a cost-benefit exercise and commensurate gains in the strategic-operational realm. What might appear politically sensible could be operationally imprudent.

Abhijit Singh is Head of the Maritime Policy Initiative at the Observer Research Foundation in New Delhi, and a retired naval officer. The views expressed are personal

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INDIA SHOULD DEPLOY NAVAL POWER TO ACQUIRE LEVERAGE OVER CHINA

Relevant for: International Relations | Topic: India - China

This would send a calibrated signal to Beijing that New Delhi could tilt the power balance in areas of Chinese vulnerability

My argument in these pages over the past month has been that India cannot deter Chinese expansionism in the Himalayas unless we show credible capacity to hurt China's interests elsewhere in its contested neighbourhood where it is vulnerable. After the skirmishes of the past couple of months, Indian and Chinese troops are in a process of disengagement in eastern Ladakh, but we should not be surprised if China refuses to go back to the pre-April 2020 position. New Delhi should not accept anything short of that, but Beijing will count on our political leadership's reluctance to escalate military tensions to get away with its gains. Only when New Delhi shows a willingness to use India's capability to tilt the balance away from China in theatres that Beijing considers core to its interests will its leaders be more amenable to maintaining the status quo along our land frontiers.

Meanwhile, the situation in China's maritime neighbourhood has gotten very dangerous. Not only has the United States bolstered its naval presence with three aircraft carrier groups in the greater South China Sea region, it has changed its official position from being neutral on maritime territorial disputes to weighing in on the side of China's rivals. US Navy ships have stepped up freedom-of-navigation operations in defiance of Beijing's warnings. Earlier this month, China conducted military exercises in the disputed Paracel archipelago that is claimed by Vietnam. Chinese and US naval ships and aircraft are frequently coming dangerously close to each other, in a maritime version of the pushing and shoving that happened between Chinese and Indian troops in the Himalayas. The US move comes after Chinese vessels sank a Vietnamese fishing boat, harassed a Malaysian drillship, and intruded into an Indonesian EEZ, all in the space of the past few months.

This puts Malaysia, Brunei, the Philippines and Vietnam—among the other claimants in the South China Sea disputes—in a greater quandary. These Association of Southeast Asian Nations (Asean) states are too weak to be able to resist Chinese expansionism on their own, and like the idea of US military presence as a counterweight. At the same time, they worry that a US-China confrontation could escalate into a conflict that they do not want. While they would like to arrive at a negotiated maritime code of conduct with Beijing, they can neither count on the support of their fellow Asean members, nor on China climbing down from its maximalist positions. Only Vietnam appears to be determined to resist—diplomatically, possibly at international courts and perhaps even militarily, if it comes to that.

If China clashes with Vietnam (or the Philippines, although it's less likely), the US could enter the conflict on behalf of the latter. If on the other hand, matters escalate between Chinese and US forces, all other claimants will be compelled to make choices they would rather avoid.

So these are dangerous waters. And I advocate fishing in them.

New Delhi's official position on the South China Sea is that "India supports freedom of navigation, over flight and unimpeded commerce, based on the principles of international law". In addition to advocating peaceful solutions to disputes, India "urges all parties to show utmost respect for the [United Nations Convention on the Law of the Sea]." It is time for actions that

give meaning to these well-crafted words. The Indian navy's muscles should be strengthened for operations east of the Malacca Strait.

Sea power can be used flexibly to send calibrated signals to Beijing without necessarily having to cross its lines. At the least threatening level, New Delhi should increase the frequency and duration of naval deployments in the region, expanding the types of naval assets so deployed. Vessels on such deployments should regularly call at friendly ports of South East Asian countries, including Timor-Leste, and have frequent rendezvous with ships of the US, Japan, Australia, Vietnam, Singapore and Indonesia, away from disputed waters.

Stronger signals can be sent by sending the navy on longer voyages to Japanese and Russian ports, especially if the routes are planned for saying a "Hi, Hello" to the Taiwanese along the way. Such voyages offer New Delhi forms of diplomatic leverage that it currently does not have with Beijing.

At the most provocative end, Indian naval ships can participate in freedom-of-navigation operations in the South China Sea to explicitly uphold international law and reject expansive China's nine-dash line claims. This requires extremely close political and military cooperation with the US, Japan and Australia; which is another reason why New Delhi should no longer keep the Australian navy out of the multilateral Malabar exercises.

Sea power is an important part of the answer to India's China question. Yet, looking at our defence budgets, it does not appear so. As retired rear admiral Sudarshan Shrikhande argues in a recent paper, "The Indian Navy needs much better fiscal support to become far more effective in power-projection, sea control and sea denial. This would give it the range of options to use its several tools across these missions when conflict is nigh and at the minimum, the Indo-Pacific is the canvas for fighting the fight." As long as the defence establishment in New Delhi dogmatically believes that its scope of strategy is limited to our long land boundary, we will continue to ignore sea power and under-invest in the navy. If we accept that our interests span the Indo-Pacific, and this broader theatre offers us opportunities to better manage China, then it follows that we must use and strengthen our navy.

Nitin Pai is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

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CONSENSUS REMAINS ELUSIVE AMONG G20 COUNTRIES ON FRESH SDR ALLOCATION

Relevant for: International Relations | Topic: G20

NEW DELHI: The G20 countries at the latest virtual meeting of finance ministers under the chairmanship of Saudi Arabia on Saturday failed to reach an agreement on the possibility of fresh Special Drawing Right (SDR) allocation to member countries or reallocating excess SDRs from rich members to those facing liquidity crisis due to the unfolding coronavirus pandemic.

"The G20 International Financial Architecture Working Group also discussed the possibility of a Special Drawing Right (SDR) allocation or of countries that have excess SDRs granting or lending them to countries that need them. There was no consensus on the issue," the communique after the G20 Finance Ministers and Central Governors Meeting said.

SDR is an international reserve asset created by International Monetary Fund (IMF) comprising the dollar, euro, yen, sterling and yuan, allocated to its members in proportion of their quota. India has 13,114 million SDRs on account of its 2.76% quota while the US has 82,994 million SDRs due to its 17.45% quota. China with 6.41% quota has 30,483 million SDRs at the IMF. One SDR is currently valued at \$1.38.

A fresh SDR issue by IMF would help the least developed and developing countries facing foreign exchange crisis at a time the world economy is projected to contract by 4.9% in 2020. The US and India have opposed the move. Finance minister Nirmala Sitharaman in April told the G20 finance ministers that national forex reserves should be the first line of defence during a crisis like this.

Later in June, IMF chief economist Gita Gopinath had said the multilateral lending agency is considering an alternative proposal to redistribute existing unused SDRs of rich member-countries to low-income countries in desperate need.

"There is certainly a lot of appetite for this second strategy and that's something we are working on," Gopinath had said. However, it seems a consensus could not be reached on the alternative proposal as well.

In its April meeting, the finance ministers had decided to suspend debt repayment to the IMF and the World Bank by the poorest countries distressed by the covid-19 outbreak in an effort to bring financial stability under Debt Service Suspension Initiative (DSSI).

As of 18 July, 42 countries have requested to benefit from the DSSI, amounting to an estimated \$5.3 billion of 2020 debt service to be deferred. However, most analysts contend that given the severity of the financial impact of the pandemic, IMF needs to do more to support vulnerable member countries beyond its normal lending facilities.

So far, IMF has received 107 requests for financing, of which 77 have been approved worth SDR 60.4 billion and 30 worth SDR 37.2 billion are pending, as of 2 July, the G20 communique said.

The G20 finance ministers strongly encouraged private creditors to participate in the DSSI on comparable terms when requested by eligible countries in their latest meeting. "We will consider a possible extension of the DSSI in the second half of 2020, taking into account the

development of the COVID-19 pandemic situation and the findings of a report from the IMF and World Bank on the liquidity needs of eligible countries, which will be submitted to the G20 in advance of our meeting in October 2020," the communiqué said.

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JAPAN TO PAY AT LEAST \$536 MILLION FOR COMPANIES TO LEAVE CHINA

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Japan's government will start paying its companies to move factories out of China and back home or to Southeast Asia, part of a new program to secure supply chains and reduce dependence on manufacturing in [China](#).

Fifty-seven companies including privately-held facemask-maker Iris Ohyama Inc. and Sharp Corp. will receive a total of 57.4 billion yen (\$536 million) in subsidies from the government, the Ministry of Economy, Trade and Industry said Friday. Another 30 firms will receive money to move manufacturing to Vietnam, Myanmar, Thailand and other Southeast Asian nations, according to a separate announcement, which didn't provide details on the amount of compensation.

The government will pay a total of 70 billion yen in this round, the Nikkei newspaper reported. The payments come from 243.5 billion yen that the government earmarked in April to reduce reliance on Chinese supply chains, with the money aimed at helping companies shift factories back home or to other nations.

As U.S.-China relations deteriorate and the trade war worsens, there's been increasing discussions in the U.S. and elsewhere about how to "decouple" economies and firms from China. Japan's decision is similar to a Taiwanese policy in 2019, which was aimed at bringing investment back home from China. So far, no other country has enacted a concrete policy to encourage the shift.

China is Japan's biggest trading partner under normal circumstances and Japanese companies have massive investments there. The outbreak of the coronavirus pandemic has damaged those economic ties as well as China's image in Japan. The government of Prime Minister Shinzo Abe has been trying for years to improve relations with China after anti-Japan riots in 2012, but the fallout from the pandemic and the ongoing territorial dispute over islands and gas fields in the East China Sea have undercut those efforts.

'New Era' for China-Japan Ties Dissipates Over Trump-Xi Fight

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INDIA WILL NEVER BE A PART OF AN ALLIANCE SYSTEM: JAISHANKAR

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

S. Jaishankar

Non-alignment is an old concept today, but India will never be a part of an alliance system, according to External Affairs Minister S. Jaishankar.

Speaking about the consequences of global shifts, including the United States and the assertiveness of China, he said they were opening spaces for middle powers like India, Japan, the European Union and others.

“Non-alignment was a term of a particular era and geopolitical landscape. One aspect was independence, which remains a factor of continuity for us,” Mr. Jaishankar said at a virtual conference organised by CNBC-TV18 on the “Geopolitics of opportunity: as the world rebalances, how should India capitalise?”

“The consequence of repositioning of the United States, that the big umbrella is now smaller than it used to be, has allowed many other countries to play more autonomous roles. It doesn't affect us as much because we were never part of an alliance system and we will never be. But countries who depended more on the U.S. are finding they have to take a call themselves on many issues,” he noted.

India must now take more “risks”, as the world expected it to take a more proactive stance on the “big issues” of the day, including connectivity, maritime security, terrorism, climate change and terrorism, he stated.

While he didn't comment on the ongoing tensions over the Line of Actual control (LAC), the Minister said that India had moved slowly in comparison to China on the economic front, and that China's economy was now five times that of India's despite them being the same size in 1988.

“In comparison with China and with South East Asia, we could have done better. We didn't intensively industrialise and push manufacturing, we opened up much later, a full decade and a half after China, and then didn't commit to full reforms the way China did,” Mr. Jaishankar said, speaking with Singapore-based academic C. Rajamohan and businessman Sunil Munjal.

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CHINA'S POORLY TIMED AGGRESSION COULD PROVE COUNTERPRODUCTIVE

Relevant for: International Relations | Topic: India - China

Chinese aggression might push New Delhi to rework its foreign policy aim of being a swing power and closer to Washington

The popular perception of China today is that of a newly muscular nation, toned on four decades of Deng Xiao Ping's prescription for the country's "four modernizations". In this view, China has risen from the status of a poor country to that of a rich one. It's now an Asian hegemon that seeks to challenge the sole super-power status of the United States. Its urban citizens are upwardly mobile, technology savvy and seek entertainment and luxury consumption.

Many elements of this view hold true. China has indeed emancipated over 800 million citizens from poverty over the last 40 years. It has modernized its highways and its cities. Gross domestic product per capita has risen from about \$200 to over \$8,200 (in constant 2010 dollars). Income per capita for China crossed India's at about \$450 in 1983, and is now more than four times that of India. The Chinese poverty rate, using the common United Nations definition, has dropped from 88% in 1981 to 0.7% now. Having focused its early attention on primary schooling, it has turned now to higher education, particularly in science and technology. It now leads the world in the number of annual national patents, with 1.5 million applications per year, against about 600,000 for the US. China also leads the world in trademark filings. Just last year, China's Chang'e-4 became the first ever vehicle to land in the Aitken Basin on the dark side of the moon. In military terms, budget and hardware, China is roughly 40% of the US, but is closing the gap.

Using a Confucian term, Deng described the desirable outcome as xiaokang, or a "moderately prosperous" China. In Deng's planning book, this was to be achieved by the year 2000, which was then adjusted to 2020. The Communist Party of China (CPC) has set a goal of becoming a "modern socialist" country by 2035 and a "rich" country by 2050. China has bucked the Western view that to become more prosperous, it will inevitably have to combine free markets, open global access and a plural political system. To the surprise of many observers, China has sharply exploited the open global access it received with World Trade Organization accession, combining it with a managed free market system to achieve its current status. The strength of centralized political control has reached a peak under President Xi Jinping.

Under Xi, China has eliminated political opposition (within the 90-million strong CPC), cleared the path to single-man control of the Chinese military, and embarked on an openly muscular policy towards the outside world. Xi has demanded fealty for the way he has dealt with the pandemic. There is no real hope of an independent inquiry to determine if he deserves any praise. Xi has transformed Chinese policy, famed for its long-term orientation, to make it far more transactional. Dealing specifically with authoritarians in power from Pakistan to Turkey and Argentina, China has demanded international validation in return for showering its largesse. Its belligerence in the South China Sea and its aggressive claim over several islands in the Spratly Islands archipelago (multi-country) and Natuna (Indonesia) has put it in direct confrontation with Vietnam, Malaysia, Taiwan, Philippines Brunei and Indonesia. In pursuit of Mao Zedong's five fingers strategy, which says that Tibet is the palm and that Ladakh, Nepal, Sikkim, Bhutan and Andhra Pradesh are an integral part of China, Beijing began aggressive incursions along the Line of Actual Control in India's Pangong Tso Lake area and Galwan Valley. Elsewhere, China has used the distraction of the pandemic to impose draconian anti-freedom laws in Hong Kong. The United Kingdom's response of offering citizenship to Hong Kong residents has added a new

dimension to China's global war against democracies. The US's response of banning certain CPC apparatchiks from obtaining a US visa (for human rights violations against Uighurs) has led to a reciprocal ban against US Senators. Xenophobia and nationalism now reign in Chinese cities.

China is a deeply unequal country with alarming rural poverty. Ethnic minorities like Naxis in Yunan and Uighurs in Xinxiang have been persecuted for centuries and the tradition continues. Scholars suggest that the root cause of China's rural-urban divide lies in the strategy of a centrally planned system that favoured heavy industry development and extracted an agricultural surplus largely for urban capital accumulation and urban subsidies. Intense control of information, Orwellian repression and surveillance and centralization of power in one individual are early warning signs. To this, one can now add international opprobrium.

For India, Chinese muscle-flexing comes at a bad time. India would have preferred a period when it has an opportunity to increase its international commerce, improve the balance of trade with China, and generally focus more on its economy than its military. With huge costs arising from the covid-19 pandemic, India will need to focus resources and attention on keeping its borders safe and its maritime influence in the Indian Ocean unaltered. India's foreign policy strategy would ideally be that of a swing power, but with China's aggressive action, New Delhi may have no option but to cozy up to the US. China is beginning to play a strong hand badly.

P.S: "China is a sleeping lion, warned Napoleon Bonaparte, let her sleep, for when she wakes, she will shake the world." And, "Power is the ability to influence others to get the outcome one wants," said Joseph Nye.

Narayan Ramachandran is chairman, InKlude Labs. Read Narayan's Mint columns at www.livemint.com/avisiblehand

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IRAN NUCLEAR DEAL: A PACT IN JEOPARDY

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Written by S Samuel C Rajiv

The Joint Comprehensive Plan of Action (JCPoA) — the Iran nuclear deal — came into being after more than a decade of tortuous negotiations between Iran and its P5+1 interlocutors, the five permanent members of the United Nations Security Council (UNSC) and Germany. The JCPoA, slated to be implemented over 10 years, suffered a setback when the Donald Trump administration withdrew from the agreement in May 2018. Iran's interactions with the International Atomic Energy Agency (IAEA) — the agency tasked with monitoring Iran's compliance with JCPoA and its nuclear safeguards agreements — have subsequently acquired a critical edge.

From May 2019 — a year after the US withdrawal — Iran began to gradually desist from abiding by its JCPoA commitments. It has, for instance, started enriching uranium beyond its commitments and has also undertaken research and development (R&D) activities prohibited by the JCPoA.

Even as Iran's interlocutors have expressed concern over its actions, the IAEA's Board of Governors (BoG) adopted a resolution on June 19 calling on Iran to cooperate with the agency. The resolution asked Iran to provide the IAEA access to two facilities to carry out environmental sampling for examining questions related to possible undeclared nuclear activities. Twenty-five members voted in favour of the resolution and seven members, including India, abstained. Russia and [China](#) voted against the resolution. Crucially, the resolution was tabled by France, Germany and the UK, the three European nations at the forefront of efforts to salvage the nuclear deal.

This is the first time since the JCPoA began to be implemented in January 2016 that the BoG passed a resolution targeting Iran. It was back in September 2012 that the BoG passed a resolution expressing similar concerns over Iran not providing access to military sites. In January, the IAEA requested access invoking Article 4 of Iran's Additional Protocol (AP) agreement with the agency. The IAEA gives 24 hours notice before requesting such access.

One point of contention is Lavan-Shian, where Iran's Physics Research Centre (PRC) was located. The IAEA had visited the site in June 2004. The site was razed by Iran in 2003 after it was identified by the IAEA as a location where it wanted to undertake environmental sampling. Iran had then insisted that the site was razed due to dispute between the Tehran municipality and the Ministry of Defence (under whose authority the PRC functioned). The IAEA now wants to re-visit the site to clarify issues raised by documents ferreted out by Israel out of a Tehran warehouse in April 2018.

US administration officials point out that this was the first case of the BoG passing a resolution on a state related to the non-implementation of its AP commitments, which, if not dealt with seriously, will undermine the very essence of the IAEA safeguards system. The IAEA Director General (DG), Rafael Grossi, continues to report to the BoG that there is no diversion of nuclear material at nuclear facilities and locations declared by Iran. However, Grossi also notes that Iran is not acceding to IAEA requests to provide access to Lavan-Shian. This, according to the director-general, is seriously hampering the agency's efforts to "provide credible assurance of the absence of undeclared nuclear material and activities at these locations".

Iran, on its part, points out that in 2015, the IAEA had acknowledged that Iran and the agency had satisfactorily implemented the road map to address questions related to possible military dimensions (PMD) of Iran's past nuclear activities. Tehran, therefore, contends that the agency is re-opening issues which were considered closed, based on "safeguards irrelevant information" provided by "third parties", which are not even members of the NPT. Iran also points out that it is subject to a robust and extensive inspections regime. Since January 2016, Iran accounted for almost 80 per cent of the agency's Complementary Access requests worldwide.

The current nature of the Iran-IAEA dispute closely mirrors those prevalent in the pre-JCPOA era. Past contentions only began to be addressed as progress was made in the nuclear negotiations between Iran and its P5+1 interlocutors. Domestic political changes eased the process.

Parchin, a military site, for instance, was a key point of contention between Iran and the IAEA since November 2011. The IAEA eventually visited Parchin in September 2015, before the IAEA DG's December 2015 final assessment on past issues of concern.

The coming to power of President Hassan Rouhani in July 2013, seen as a "victory of the forces of moderation", coincided with the Obama administration's "dual-track policy" (made up of "sanctions" and "engagement"). Crucially, the end game of the dual-track approach was a negotiated solution. It is no surprise then that Iran-IAEA contentions are ascendant again after Trump's unilateral withdrawal.

The US has meanwhile hit the top gear in its diplomatic efforts to prevent the lifting of the arms embargo on Iran in October 2020, as promised by UNSC Resolution 2231 of July 20, 2015. Iran has warned of grave consequences if the arms embargo is not lifted.

If the contentious issues between Iran and the IAEA do not get resolved soon, and as Iran's nuclear stockpile continues to grow, Israel will advocate punitive actions to set back Iranian nuclear capabilities. Natanz, a key Iranian enrichment facility under IAEA safeguards, suffered damage on July 2, in an explosion, with reports noting that Israel was possibly behind the development. Iran could further restrict cooperation with the IAEA or even quit the NPT — as it has threatened — in the face of increased pressure on its nuclear programme. The rapid unravelling of the JCPOA will negatively impact the strategic stability of India's extended neighbourhood.

(The writer is Associate Fellow at the [Manohar Parrikar](#) Institute for Defence Studies and Analyses (MP-IDSA), New Delhi)

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CHINA USING CRISIS TO BULLY NEIGHBOURS, MILITARISE SOUTH CHINA SEA: POMPEO

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Pompeo met British Prime Minister Boris Johnson in the heat of an emerging crisis in relations between London and Beijing

US State Secretary Mike Pompeo once again blasted at Beijing on Tuesday (local time) and urged nations to push back against the Asian giant, disgruntled on the fact that rather than helping the world during this Covid crisis, the Chinese Communist Party (CCP) is bullying its neighbours and militarise features in the South China Sea.

Following his talks with British foreign secretary Dominic Raab, Pompeo used the press to accuse China of engaging in "a cover-up and co-opting" the World Health Organisation by allegedly suppressing early details of the "preventable" coronavirus pandemic that has killed more than 610,000 people globally.

"The CCP's exploitation of this disaster to further its own interests has been disgraceful. Rather than helping the world, General Secretary Xi has shown the world the party's true face. We talked about how we have seen Hong Kong's freedoms crushed. We have watched the CCP bully its neighbours, militarise features in the South China Sea, and instigate a deadly confrontation with India," the American top diplomat said at a press briefing.

"We think that the entire world needs to work together to ensure that every country, including China, behaves in the international system in ways that are appropriate and consistent with the international order. You cannot go make claims for maritime regions that you have no lawful claim to. You cannot threaten countries and bully them in the Himalayas. You cannot engage in cover-ups and co-opt international institutions like the World Health Organisation," he added.

Pompeo met British Prime Minister Boris Johnson in the heat of an emerging crisis in relations between London and Beijing over everything from China's treatment of Hong Kong to its persecution of over one million ethnic Uighurs and other mostly Muslim minorities.

Pompeo's last visit to London was in January this year, just days after Johnson ignored Washington's warnings and allowed Huawei to take a leading role in building Britain's next-generation mobile data network.

This time amid a tense standoff between the United States and China, the State Secretary utilised the opportunity to congratulate the British government for deciding to remove Huawei equipment from Britain's 5G networks and said it has "generously opened its doors" to the Hong Kong people, halted the extradition treaty with Hong Kong and introduced an arms embargo on weapons that could be used against protesters.

"We support those sovereign choices, we think well done," he added.

Pompeo praised the relationship between the US and the UK but said every country needs to be wary of China.

Meanwhile, Raab said he and Pompeo had discussed their "serious concerns" about the

situation in Hong Kong and that they talked about raising the issue of China's actions at the "G7 level".

He said there was "no question of strong-arming" over the decision to ban Huawei but said after the US imposed sanctions on China, blocking the use of American-made chips, the UK had to "look for a clear-sighted perspective".

Raab appeared positive about a free trade deal being agreed with the US, saying that the current annual £3bn in turnover between British and US businesses can increase.

Pompeo further welcomed the enduring strength of the special partnership and both the leaders discussed the Five Eyes partners, including Australia, Canada, New Zealand, the UK and US, taking an ambitious approach to the technologies of the future.

The diplomats said they also spoke about their shared global policy, China's actions in Hong Kong and the Uighur Xinjiang region, and the death of teenager Harry Dunn outside a US airbase in Northamptonshire.

ANI inputs

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INDIA MUST FORMALLY REVIVE QUAD, SEEK ITS EXPANSION

Relevant for: International Relations | Topic: QUAD and India

The recent re-emergence of terms like “Malabar” and “Quad” in the media, as well as in the national security discourse should be music to the ears of India’s small but diehard band of “navalists” (advocates of maritime power), who had not long ago heard disheartening public pronouncements that since the Indian armed forces were not “expeditionary forces” — for global deployment — they must confine themselves to “guard and fight” only along national borders.

It is essential for India’s strategic-planners and policy-makers to retain clarity about the reason India has become a partner that is sought after by the US and others. While India’s status as a nuclear-weapon state and major land/air power, as well as a growing economy and attractive market, has been known for some time, New Delhi’s newfound allure for the US, the Quad and [ASEAN](#) is rooted only in its ability to project power and influence in distant ocean reaches.

In the current scenario, given Chinese intransigence and our misreading of their imperialist-expansionist intent, Sino-Indian tensions are likely to persist. If India is not to cede ground physically or diplomatically, it must muster all elements of its “comprehensive national power”, including the maritime, and create a strong negotiating position. Apart from the balance of forces on land favouring [China](#), there is also the Beijing-Islamabad Axis that awaits activation. Keeping tensions confined to the Himalayan arena is, therefore, not only militarily advantageous to China but a continental focus also helps to keep India contained in a “South-Asia box”.

Opinion | [Indian resistance to China’s expansionism would be a definitive moment in Asia’s geopolitical evolution](#)

To the navalists, this seems all the more reason for India to try shifting the confrontation to “sea-level”, where the asymmetry is in its favour. In this context, if Exercise Malabar and the Quadrilateral concept are at long last going to be leveraged to make common cause in the maritime domain, the provenance of both needs to be seen in perspective.

When America first reached out to India in the early 1990s to offer military-to-military cooperation, the Indian Navy (IN), keen to shed its Cold War insularity, responded eagerly. It initiated the first-ever naval-drills with the US Navy (USN) in May 1992. Code-named Malabar, the annual exercise got off to a good start and with a brief interruption during the post-Shakti sanctions saw its 24th edition in 2019.

China has remained bitterly opposed to Malabar because it saw the growing relationship as India’s first step on the American bandwagon. Consequently, when Malabar-2007 was enlarged to accommodate Australia, Singapore and Japan, China sent a diplomatic protest conveying its fear and displeasure. It took another eight years before Japan was formally admitted to make Malabar a tri-lateral event in 2015.

Opinion | [How to play against China: India will need to bring order and alacrity to crisis management](#)

The Quadrilateral traces its origins to the great Asian tsunami of December 26, 2004. IN ships, aircraft and helicopters were despatched within hours to render assistance to our Sri Lankan, Maldivian and Indonesian neighbours in distress. This swift response established our navy’s

credentials as a credible regional force and the following day the Commander US Pacific Fleet sought our concurrence, telephonically, for his units to join the rescue effort. Within a week, the navies of the US, Australia Japan and India had come together to form “Joint Task Force-536” headquartered in Utapao (Thailand). This established the framework for “quadrilateral coordination”.

It is noteworthy that not a single PLA Navy (PLAN) ship was seen throughout the 2004 tsunami relief operations. But, as mentioned earlier, when navies of five nations assembled for a joint exercise off Okinawa, China issued a demarche to India, US, Japan and Australia seeking details about their meeting — terming it a “Quadrilateral initiative”. China’s extreme concern about the concepts of Malabar as well as the Indo-Pacific and Quad arises from the suspicion that they are precursors to “containment” — the Cold War geopolitical strategy used by the US to isolate and engineer the collapse of the USSR.

China’s hostility arouses trepidation amongst Quad members and a degree of equivocation is evident in their actions and articulations. As early as 2008, Australian Prime Minister Kevin Rudd decided to dump the Quad to pander to China’s wishes. PM [Narendra Modi](#), in his speech at the Shangri La Dialogue 2018, sought to reassure Beijing by stating: “India does not see the Indo-Pacific as a strategy... and by no means do we consider it as directed against any country...”

Opinion | [China must recognise that India too has non-negotiable core concerns, aspirations, interests](#)

The time for ambivalence is over and while India will have to fight its own territorial battles with determination, this is the moment to seek external balancing. A formal revival and re-invigoration of the Quad is called for. It is also time to seek an enlargement of this grouping into a partnership of the like-minded. Other nations feeling the brunt of Chinese brawn may be willing to join an “Indo-Pacific concord” to maintain peace and tranquillity and to ensure observance of the UN Law of the Seas. News of Australia being re-invited to participate in the Quad deserves a conditional welcome, given Canberra’s past inconsistency and political flip-flops.

While Malabar remains a visible and reassuring symbol of Indo-US-Japanese solidarity, there is a need for the US to recast, along with partners, its Indo-Pacific strategy, which has had no impact on China’s unfolding hegemonic master-plan. In this context, Secretary of State Mike Pompeo’s bombastic statement earlier this month regarding China’s maritime claims — far from conveying reassurance — served only to highlight America’s helplessness in the South China Sea. Having failed to deter China from creating and fortifying artificial islands in open defiance of the UN Tribunal’s verdict, all that the US has been able to demonstrate is the hollow symbolism of US warships conducting “freedom of navigation” sailings through Chinese-claimed waters.

The US must also note that as the Chinese juggernaut continues to roll westwards, should Iran abandon India for China as a partner in the Chabahar port deal, it would represent yet another huge gain for China. The PLAN may now have not just Djibouti but also Gwadar and Chabahar as maritime footholds in India’s Arabian Sea neighbourhood.

This article first appeared in the print edition on July 22, 2020 under the title ‘Common cause at sea’. The writer is a retired chief of the Indian Navy

Opinion | [China sees Indo-Pacific idea in terms of balance of power, not for advancing common interests](#)

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THE MAIN PLANKS IN A COUNTER-CHINA POLICY

Relevant for: International Relations | Topic: India - China

The [situation along the China-India border in Ladakh](#) region is still tense. The disengagement process is proving difficult, and the latest meeting of the Corps Commanders on July 14 has not resulted in any demonstrable progress regarding troop disengagement/de-escalation. India is standing firm on both sides ensuring complete disengagement of troops along the Line of Actual Control (LAC), while China is laying emphasis on strengthening Confidence Building Measures in the border areas, and proper handling of border issues in a timely manner to “avoid differences becoming disputes”.

Also read: [China has crossed its 1960 claims along the LAC](#)

Details regarding the actual ground situation, meanwhile, remain sketchy, lending itself to differing interpretations. However, it would appear that this time around, China is intent on managing the ground situation to its advantage, and bring about a realignment of the LAC. With the idea of ‘buffer zones’ having been accepted — which apparently are to be located on Indian territory — it would appear that China is well on its way to achieving its objective. If China does succeed, it could be for the first time that China has a foothold on the west side of the Kongka Pass.

Also read: [Analysis | With economic measures, India turns the tables on China](#)

The events of May and June were hardly a ‘one-off manoeuvre’. A great deal of planning would have preceded the incursions across the LAC at multiple points, several hundred kilometres apart. However, what prompted China’s aggressive behaviour is unclear, but it had the effect of shredding the painstakingly devised Border Agreements of 1993, 1996, 2005 and 2013. Whether China is behaving like an ‘irredentist power’ seeking to expand its frontiers to the limits that existed in the Qing Dynasty, or as an ‘expansionist power’ (as the Prime Minister obliquely hinted which produced an instant reaction from Beijing, warning India against making “a strategic miscalculation with regard to China”), is less critical than what China’s current objectives are. Undoubtedly, humbling India in the eyes of Asia and the world was all important. India needs to ponder deeply on this, to avoid making a strategic miscalculation during a difficult period.

Also read: [Analysis | With China, India will have to be 'atmanirbhar'](#)

The 21st Century was once heralded as the Asian Century, with China and India in the vanguard. Rumour has it that as far back as 1988, Chinese leader, Deng Xiaoping, had mentioned to then Indian Prime Minister, Rajiv Gandhi, that he doubted this. If so, Deng has been prescient, for in the 21st Century the two Asian giants have been more at loggerheads than anything else.

Much of the blame should be cast on China. The latter, having shaken off its image as a ‘status quo power’, is intent on dominating the geostrategic space in its neighbourhood and across Asia, before embarking on its ambition to displace the United States as the Global Numero Uno. Instead of reinforcing economic relationships in the region, China has been intent on transforming the Asian region in its own image, and, simultaneously, seeking to become a continental and a maritime power.

Trying to make sense of China’s actions is critical for India’s response. To begin with, and

despite the fact that China has been inclined for long to nibble at territories in the western, middle and eastern segments of the border, it would be a mistake to think that China is preparing for a conflict over territory. India should not be taken in by Western propaganda about China's territorial ambitions, for China is well aware that it cannot be certain whether it will emerge a victor from an all-out conflict with India. With two key dates in mind (2025 and 2035 — Made in China 2025 and China Standards 2035), China cannot afford to jeopardise its future for the present. India's strategic thinkers and planners must keep this in mind, while drawing up plans to checkmate China's predatory actions in the mountainous border regions. Instead, they should urgently implement the plans to set up the Mountain Strike Corps divisions, which had been inexplicably shelved. This is bound to deter China here far more than the stockpiling of state-of-the-art weapons.

Undoubtedly, a strong military is an important component of a nation's power. It is important to maintain a strong military but it is even more important to know when or how to use it. With a country such as Pakistan, the military option is more often than not the most suitable one; with countries such as China, one has to consider a variety of options. Undue sensitivity to domestic politics in a situation such as the one we currently face in Ladakh, should not dictate our course of action.

India must go back to the drawing board and consider what are the 'subtler tools' of power available to it, rather than only considering the military option. India may well find non-military tools not only more cost effective but also less risky. One option, readily available, is diplomacy which is an equally indispensable instrument of a nation's power. Exploiting the current widespread opposition to China, India must embark on a diplomatic offensive to create international opinion in its support regarding border violations. A diplomatic offensive, involving different Ministries of the Central government, business leaders, persons of international standing, etc., can achieve a great deal in convincing international opinion that India is right and China is wrong, as also in conveying a message about India's peaceful intentions *vis-à-vis* China's expansionist ambitions.

As a corollary to this, India should also revitalise another instrument of power that it had employed in the past, *viz.*, cultivation of foreign leaders with a view to draw their specific attention to China's aggressive policies and designs. Countering China's moves to 'buy' influence will not be easy, but India's involvement with the Non-Aligned Movement (NAM) should prove invaluable in this respect. India's relationship with NAM needs to be revitalised. India previously also had a programme of helping countries across Asia and Africa through a well-designed technical aid programme which possibly still exists, but may need to be upgraded. Such programmes not only provide an enduring link between India and these countries but also help contrast India's 'untied aid' with that of countries such as China whose aims are political and economic subjugation.

To compete effectively in today's world (and to counter China's offensive across the world), India must also overhaul its 'messaging' capacity. It should make greater use of technology to send across its message and ideas to people and countries, in its vicinity and across the globe, highlighting its peaceful intentions in stark contrast to China's aggressive policies and tactics. This was not one of India's strong points in the past, but in today's world where social media plays a dominant role, sustained messaging has become critical.

At this time, India must pay particular attention to relations with countries in its neighbourhood, such as Nepal and Bangladesh, and allies such as Iran and Vietnam, which seem to have frayed at the edges, with India being more intent on strengthening relations with the West, especially the U.S., and bodies such as the Quadrilateral Security Dialogue (Quad), or the informal strategic dialogue between the U.S., India, Japan, and Australia. Smaller countries of Asia,

which constantly face China's aggressive interference in their internal affairs, have not received much support from India, and this needs India's attention.

India's true strength, over and above all this, however, is its unity in diversity. A truly united and resilient India is the best antidote to China's attempts to humble India. The impact of a united India will be far greater than establishing closer links with the U.S. or the West. China has never been able to properly fathom, or understand, the strength India seems to derive from its spiritual, religious and cultural attributes, which are a part of its civilisational heritage. China has also never been able to comprehend the innate value India attaches to reaching out to leaders of different religions, in particular the Tibetan spiritual leader, the Dalai Lama, with no strings attached. In recent years, possibly with a view to appeasing China, India has somewhat distanced itself from the Dalai Lama, which has, without doubt, been a mistake that needs to be rectified. The Dalai Lama is an enduring symbol of hope for many millions of people across the globe, apart from Tibetans. Restoring the Dalai Lama to the same level of eminence in India's official thinking, should be an important plank in India's anti-China policy.

Simultaneously, India would do well to take pole position in propagating 'Himalayan Buddhism' which China has been seeking to subvert to achieve its ends. India's credentials here far outweigh that of China's and should produce excellent dividends. It needs to become a key plank in India's 'forward policy'.

M.K. Narayanan is a former National Security Adviser and a former Governor of West Bengal

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INDIA'S 21ST CENTURY DILEMMA OF GLOBAL NON-ALIGNMENT

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

Our core values and national interests leave us no choice but to take on two tech powers at the same time

Immediately following World War II, global politics was largely defined by events of the Cold War. The political ideologies of the Union of Soviet Socialist Republics and the United States of America represented two ends of the spectrum of a decidedly bipolar world, and tussles between the two shaped much of the history of the second half of the 20th century.

In many ways, the central rivalry of the period was the space race—a battle of one-upmanship that was kicked off by the Soviet Union when it became the first nation to put a satellite and then a human being into space. It was this evidence of technological superiority that forced US President John F. Kennedy to announce that the US was going to put a man on the moon—a promise that was kept by Neil Armstrong in July 1969.

The Cold War is largely anecdotal to me. The Moon landing took place two years before I was born, and within my first year of college, Moscow's glasnost and perestroika had brought the Berlin Wall down. Nevertheless, the idea of a world dominated by two superpowers has played a prominent part in the cultural back story of my formative years. As someone born in India in the early 70s, I was acutely aware of India's precarious position in the international world order and what it meant to be the citizen of a country that had chosen to remain non-aligned.

From the moment it gained independence from the British, India remained ideologically distant from the great powers that dominated the global stage at the time. We famously founded and led the Non-Aligned Movement, whose aim was to maintain national independence, sovereignty and territorial integrity in the face of domination and interference by superpowers. As a result, in the early years, we were beholden neither to the USSR nor the US.

This ideological independence came at a considerable cost. Since we refused to take sides, many of the technologies that the superpowers shared freely with countries with which they were politically aligned were denied to us. We had to fend for ourselves, building technology missions like our fabled space project entirely from scratch, struggling to deal with the many crippling sanctions that were imposed on us whenever we demonstrated any sort of technological advancement. Sure, the few technology transfers we were able to wrangle came without strings attached, but the cost of not participating in the technological developments of the West took an undeniable toll on the development of science and technology in the country.

It was only after the liberalization of our economy that we began to regain lost ground. The growth of the Indian software industry and more recently the radical transformation of our internal consumer market through the phenomenal growth of e-commerce has allowed us to once again get some prominence on the world stage.

Unfortunately, just when Indian tech began to come into its own, the world slid into another cold war of sorts.

For decades, the US had been the undisputed leader of the tech world. But with China's emergence as a technology superpower, the world is no longer unipolar in the way it's been

since the fall of the Berlin Wall.

Kai Fu Lee traces China's ascendancy to the moment when Alpha Go dethroned the reigning Go champion of his title. Go was believed to be a game that would forever remain beyond the ability of computers to master. So when a computer finally defeated the world's best human Go master, China reacted just like the US did when the USSR put a man in space—by pouring all its resources into building artificial intelligence (AI) capabilities. Thanks in equal measure to Beijing's cavalier attitude towards privacy and an unwavering focus on predictive accuracy, it is dominant in all areas of cognitive technology today.

And so, India once again finds itself in an unenviable position. Given our liberal, democratic traditions, we are more naturally aligned with US values of AI development, especially on issues related to privacy and AI ethics. Yet, our population demographics and history of economic development suggest that our path of technology development should adhere more closely to China's. Among the similarities, we both have to serve mobile-first markets and use our technology advantage for the larger public good.

But there are other reasons why India will find it difficult to align with either of this era's global technology super powers. Given the ever-present reality of our territorial dispute in Kashmir (particularly relevant right now), any long-term cooperation between India and China seems highly unlikely. And while we bear the US no such animosity, we have for a while now objected vociferously to the aggressive data practices of many American tech companies that operate in India. So much so that we have almost simultaneously implemented data localization regulations targeted at US companies and carried out an offensive against Chinese technology as well as telecom companies, culminating in New Delhi's recent ban of 59 Chinese apps.

This is not the first time India has chosen the path of non-alignment. But never before have we taken the fight to the dominant powers of the world in quite this manner. As important a market as India is, we will need to have tremendous fortitude to deal with the consequences that will inevitably follow. After all, who makes enemies of two global superpowers at the same time?

Rahul Matthan is a partner at Trilegal and also has a podcast by the name Ex Machina. His Twitter handle is @matthan

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KEY ACCOMPLISHMENTS AND ACTION PLAN OF SUSTAINABLE GROWTH PILLAR UNDER INDIA-US STRATEGIC ENERGY PARTNERSHIP

Relevant for: International Relations | Topic: India - USA

India and the US have a long-standing energy collaboration. In June 2017, Hon'ble Prime Minister Shri Narendra Modi and US President Donald Trump reinforced the strategic importance of bilateral energy cooperation, through the announcement of a new US-India Strategic Energy Partnership (SEP). The first ministerial meeting was held in April 2018. The India-US Strategic Energy Partnership has four pillars: Oil and Gas, Power and Energy Efficiency, Renewable and Sustainable Growth. The Sustainable Growth pillar is being co-chaired by NITI Aayog and USAID.

Key achievements and future action plan of the Sustainable Growth pillar were highlighted during the ministerial dialogue of the SEP held on 17 July 2020, under the co-chairmanship of Union Minister Dharmendra Pradhan and Secretary of Energy Dan Brouillette. Dr Rakesh Sarwal, Additional Secretary, NITI Aayog, and India Co-Chair of the Sustainable Growth pillar stated that this pillar brings together Indian and American researchers and decision-makers to collaborate in three focal areas: energy data management; energy modeling; and promotion of low-carbon technologies. Considerable progresses in all three areas of the Sustainable Growth pillar were noted as below:

Remarking on the meeting of the Sustainable Growth pillar, Javier Piedra, Deputy Assistant Administrator, Asia Bureau, United States Agency for International Development, and US co-chair of the pillar, said both sides will continue to strengthen the Energy Data Management system to improve energy data availability, accessibility, and consistency with more intensive collaboration with US agencies. The Sustainable Growth pillar will support the India Energy Modeling Forum by facilitating collaborative engagement with the Modeling Forum at Stanford University and will also initiate new multi-team joint research studies to support energy and environmental decision-making under the forum.

It was recognized that Covid-19 is a challenge to the human spirit and to the partnership between our countries. However, challenges always bring opportunities to devise new ways and find innovative solutions. Both sides will adapt and continue to focus on sharing best practices and new solutions under the sustainable growth pillar for the benefit of India and the US. This has set the stage for building on the successful strategic energy partnership between India and the US.

VRRK/AK

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END

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THE POWER GAP WITH CHINA

Relevant for: International Relations | Topic: India - China

Jul 22, 2020-Wednesday

-°C

Humidity

-

Wind

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In a conversation on Monday, external affairs minister S Jaishankar laid out the big picture about how the world has changed and how India sees the world, four decades after he first entered South Block as a junior diplomat. He made a series of significant points. The old bipolar politics of the Cold War between the United States (US) and Soviet Union, with elements of a multipolar system, has given way to a multipolar system with elements of bipolarity between the US and China. The world is more globalised, but it is also, now, witnessing an era of protectionism. Non-alignment was a strategy adopted at a particular time, and while India would not be a part of any alliance system, it could not stay out on critical global issues and once it was in the game, it had to play the game.

These interventions give a glimpse into the Indian worldview. But Mr Jaishankar's most important point was about the power differential between India and China. He suggested that while the two countries had similar economic trajectories and growth rates in 1988, when Rajiv Gandhi made his historic visit to Beijing, China has leapfrogged since then — by focusing on economic growth and embracing the world and opportunities therein. India, by contrast, grew too, but as Mr Jaishankar acknowledged, it wasn't able to industrialise to the extent it should have; manufacturing remained a weak spot; embrace of the world was somewhat limited; and free trade agreements did not yield the dividends India had hoped for.

This power differential — and India's recognition of the power differential — is significant. It shows a realistic appraisal of the challenge at hand, and underlines what India has to do to compete more effectively. For India, the best foreign policy is a high growth rate. Unless India is able to get its economy right — and what is visible is a slump — its global ambitions will never be met. It will continue to pale in front of China. It will find managing the neighbourhood more difficult. It will become less attractive to its western partners and global businesses. It will not be able to modernise its military. It will not be able to provide global common goods which earns both soft and hard power. And it will be a story of opportunities lost. The minister's assessment is a plea to get the economic story right, for foreign policy to be effective in a new world.

END

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EUROPEAN UNION LEADERS REACH DEAL ON 750 BILLION EURO RECOVERY FUND

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

BRUSSELS : European Union leaders reached a deal on a massive stimulus plan for their coronavirus-blighted economies at a pre-dawn meeting on Tuesday after a fractious summit that went through the night and into its fifth day.

Summit chairman Charles Michel tweeted "Deal" shortly after the 27 leaders reached agreement at a 5.15 a.m. (0315 GMT) plenary session.

While another official present at the summit said: "Conclusions adopted!".

Officials said the deal, which came after Michel presented compromises on a 750 billion euro recovery fund, is critical to dispel doubts about the bloc's very future.

The EU was slow to coordinate its initial response to the [COVID-19 pandemic](#) and, already weakened by Britain's departure from the bloc, a united front on economic aid would demonstrate that it can step up to a crisis and stay united.

"It has been a long summit and a challenging summit but the prize is worth negotiating for," Irish Prime Minister Micheal Martin said as the Brussels summit approached the record length set at a 2000 meeting in the French city of Nice of almost five full days.

[European nations](#) have done a better job of containing the coronavirus than the United States after a devastating early few months that hit Italy and Spain particularly hard, collaborating on medical, travel and economic fronts.

The European Central Bank has pumped unparalleled money into economies to keep them going, while capitals hammer out their recovery fund.

Diplomats said the leaders appeared to put aside the rancour that stood in the way of a compromise over hours of haggling through the weekend.

"STINGY AND EGOTISTICAL"

Emotions had ran high at a dinner on Sunday as a group of fiscally frugal northern nations led by the Netherlands stood their ground on the level of free grants within a proposed special recovery fund of 750 billion euros overall.

French President Emmanuel Macron lost patience in the early hours of Monday, banging his fist on the table in frustration at "sterile blockages" by the "frugals", two diplomats said.

Polish Prime Minister Mateusz Morawiecki also railed against the "frugals", branding them "a group of stingy, egotistic states" that looked at things through the prism of their own interests.

Poland would be a top beneficiary of the recovery package, receiving tens of billions of euros in grants and cheap loans, along with high-debt Mediterranean-rim countries that have taken the brunt of the pandemic in Europe.

But the rhetorical skirmishing faded on Monday, and the leaders homed in on an agreement on the stimulus package and, linked to it, the EU's 2021-2027 common budget of around 1.1 trillion euros.

Hopes for a deal to help address Europe's deepest recession since World War Two sent Italy's borrowing costs to their lowest since early March and pushed the euro to a 19-week high.

Michel proposed that within the 750 billion euro recovery fund, 390 billion should be non-repayable grants, down from 500 billion originally proposed, and the rest in repayable loans.

The Netherlands had pushed for a veto on aid for countries that backslide on economic reform, but diplomats said it was now willing to back a "stop-the-clock" mechanism by which member states could put a brake on disbursements for three months and have them reviewed.

Disbursements will also be linked to governments observing the rule of law. Hungary, backed by eurosceptic ally Poland, had threatened to veto the package if funds were made conditional on upholding democracy, but diplomats said a way forward on that was found.

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

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'INDIA, U.S. SHOULD WORK TOGETHER TO FACE CHINA'

Relevant for: International Relations | Topic: India - China

Mike Pompeo

Secretary of State Mike Pompeo has said countries like India and the U.S. should work together to face the 'challenge' of the Chinese Communist Party (CPC).

Mr. Pompeo's recorded comments, shared at the India Ideas Summit organised by the U.S. India Business Council (USIBC), came hours after news broke of the U.S. ordering the closure of the Chinese consulate in Houston.

"It's important that democracies like ours work together, especially as we see more clearly than ever the true scope of the challenge posed by the Chinese Communist Party," Mr. Pompeo, currently travelling in Europe, said via a recorded video message.

"Our infrastructure projects, our supply chains, our sovereignty, and our people's health and safety are all at risk if we get it wrong. The recent clashes initiated by the PLA are just the latest examples of the CCP's unacceptable behaviour. We were deeply saddened by the deaths of 20 Indian service members. I am confident that with our concerted efforts, we can protect our interests," he said, commending India for banning 59 Chinese apps following the clashes in Ladakh.

Mr. Pompeo also said India was key to U.S. President Donald Trump's foreign policy. "India too, is an important partner and a key pillar of President Trump's foreign policy: multi-lateralism that actually works," he said

The Secretary listed examples of India and the U.S. working together including the Quad and the World Intellectual Property Organisation elections earlier this year (in which a Singaporean candidate for director won against a Chinese candidate).

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U.S. NEEDS TO 'GO BEYOND' ALLIANCES, SAYS JAISHANKAR

Relevant for: International Relations | Topic: India - USA

S. Jaishankar

External Affairs Minister S. Jaishankar has said that the U.S. needs to learn to work with a more multipolar world and “go beyond” alliances. His comments, made at the U.S. India Business Council's India Ideas Summit, echoed remarks he made earlier this week that India would never be part of an alliance.

“I think the U.S. really has to learn to work ... with a more multipolar world, with more plurilateral arrangements, go beyond alliances with which really it has grown up over the last two generations,” Mr. Jaishankar said.

“I am now specifically referring to India, given our history of independence and the fact that we really are coming [from] different places. There will be issues on which our convergence would be more, somewhere it would be less. I think the quest in the last 20 years, and I see that continuing into the future, is really to find more common ground,” he said.

Both India and the U.S. are currently grappling with a more assertive China and tensions in their bilateral relationships with China. “We have the ability today, by working together to shape the world...We are working on maritime security, counter-terrorism, connectivity, how to respond in the case of corona to pandemics...even issues like climate change, the knowledge economy. So, I think a large part of it is how do we actually, while strengthening our bilateral agenda, shape a larger agenda,” he said.

Innovation-tech partnership

Mr. Jaishankar was optimistic that the trade differences between India and the U.S. could be resolved and the relationship be shifted to a “higher gear”.

“This ability to work together in the world of innovation and technology, I think that is really what will set our relationship apart. There, it is vital that we have a ...very strong convergence on the big picture.”

Mr. Jaishankar said India was changing and the conversations India and the U.S. were currently having as, “rebalancing of the world economy conversations” where “up and coming players” have some different concerns from “ established players”. “Established players obviously want, in many cases, the advantages which work for them currently to continue in the long run. I think it will be fair to accommodate the legitimate concerns of emerging economies, emerging companies, emerging technologies. And that harmonisation, how will we do that? I think that's a very important part of our relationship building,” he said.

Mark Warner, Democratic Senator from Virginia and Co-Chair of the Senate India Caucus, a discussant in the panel with Mr. Jaishankar, called for a technological “alliance of the willing” to counter China's domination in the field.

“I think this idea of countering the Communist Party of China's rise and desire to dominate new technologies may be a chance for a new set of cooperation [sic] between India, the United

States, based on these technology alliances,” he said.

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WILL DISCUSS ALL DISPUTED AREAS WITH CHINA: BHUTAN

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Wang Wenbin

A day after China repeated its claims over Eastern Bhutan, Bhutan issued a rare statement, asserting that “all disputed areas” will be discussed when the Bhutan-China boundary talks, which have not been scheduled for four years, are held again.

“The boundary between Bhutan and China is under negotiation and has not been demarcated. Twenty-four rounds of ministerial level boundary talks have been held,” a statement from the Royal Bhutanese Embassy in Delhi, made available to *The Hindu*, said.

“The 25th round of boundary talks has been delayed by the coronavirus pandemic. All disputed areas will be discussed during the next round of boundary talks, which will be held as soon as it is mutually convenient,” it added.

Key statement

The statement is significant as Bhutan’s government rarely comments on foreign policy issues or gives details of its talks with China, that were started formally in 1984. It also indicates that despite China making new claims on Bhutan’s eastern boundary, and the Sakteng forest sanctuary on the border with Arunachal Pradesh, Bhutan is prepared to discuss these in the dialogue between them.

On Tuesday, the Chinese Ministry of Foreign Affairs (MFA) had responded to questions over its assertion that Sakteng was disputed, made at the Global Environment Facility (GEF) meeting first in early June. In response, the MFA had said Bhutan’s “Middle (Northern), Eastern and Western sections of the border are disputed”.

Reviving reference to an earlier “swap proposal” between the Northern and Western sections of Bhutan’s border, the MFA spokesperson Wang Wenbin had added, “China has proposed a package solution to these disputes. China is opposed to making an issue of such disputes at multilateral forums and China remains in communication with the relevant parties regarding this issue”.

The Ministry of External Affairs has made no statement on China’s claims on areas bordering Indian territory.

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PM DELIVERS KEYNOTE ADDRESS AT INDIA IDEAS SUMMIT

Relevant for: International Relations | Topic: India - USA

Prime Minister Shri Narendra Modi delivered the keynote address at the India Ideas Summit today. The Summit is being hosted by the US-India Business Council (USIBC). The theme for this year's Summit is 'Building a Better Future'.

Prime Minister congratulated USIBC on its 45th anniversary this year. He thanked the USIBC leadership for their commitment to advancing India-US economic partnership.

Global economic resilience through stronger domestic economic capacities

Prime Minister talked about the need to place the poor and the vulnerable at the core of growth agenda. He underlined that 'Ease of Living' is as important as 'Ease of Business'. He said that the pandemic has reminded us of the importance of resilience of the global economy against external shocks, which can be achieved by stronger domestic economic capacities. He emphasized that India is contributing towards a prosperous and resilient world through the clarion call of an 'Aatmanirbhar Bharat'.

India offers a perfect combination of openness, opportunities and options

Prime Minister said that there is global optimism towards India because it offers a perfect combination of openness, opportunities and options. He noted that in the last six years, efforts have been undertaken to make our economy more open and reform oriented, adding that reforms have ensured competitiveness, enhanced transparency, expanded digitization, greater innovation and more policy stability.

Citing a recent report, Prime Minister said that there are more rural internet users than urban internet users. Hailing India as a land of opportunities, he said there are about half a billion active internet users in the country now, while there are over half a billion more people who are being connected. He also mentioned opportunities in the frontier technologies of 5G, Big Data analytics, Quantum Computing, Block-chain and Internet of Things.

Extensive opportunities to invest across sectors

Prime Minister underlined that there are extensive opportunities to invest in a variety of sectors in India. He talked about the historic reforms recently undertaken in the agriculture sector and said that there are opportunities to invest in areas including agriculture inputs and machinery, agriculture supply chain, food processing sector, fisheries and organic produce. Noting that the healthcare sector in India is growing faster than 22% every year and the progress of Indian companies in production of medical-technology, tele-medicine and diagnostics, he said that now is the best time to expand investment in Indian healthcare sector.

Prime Minister listed several other sectors which offer tremendous opportunities to invest, viz. the energy sector; infrastructure creation including building houses, roads, highways and ports; civil aviation, wherein top private Indian airlines plan to include over a thousand new aircrafts over the coming decade, thus opening up opportunity for any investor who chooses to set up manufacturing facilities in India, and also through setting up of Maintenance Repair and Operations facilities. He mentioned that India is raising the FDI cap for investment in defence

sector to 74%, two defence corridors have been established to encourage production of defense equipment and platforms, and added that special incentives are offered for private and foreign investors. He also mentioned path-breaking reforms being undertaken in the space sector.

Inviting investment in finance and insurance, Prime Minister said that India has raised the FDI cap for investment in insurance to 49% and 100% FDI is permitted for investment in insurance intermediaries. He noted that there are large untapped opportunities for increasing insurance cover in health, agriculture, business and life insurance.

Rising investments in India

Prime Minister talked about India's rise in Ease of Doing Business rankings of the World Bank. He underlined that each year, India is reaching record highs in FDI, adding that FDI inflows in India in 2019-20 were 74 billion dollars, which is an increase of 20% over the previous year. He highlighted that even during the pandemic, India has attracted foreign investment of more than 20 billion dollars between April and July this year.

Best time to invest in India

Prime Minister said that India has what is needed to power the global economic recovery. He noted that India's rise means a rise in trade opportunities with a nation that can be trusted, a rise in global integration with increasing openness, a rise in competitiveness with access to a market which offers scale, and a rise in returns on investment with the availability of skilled human resources. Calling USA and India as natural partners, he said this partnership can play an important role in helping the world bounce back faster after the pandemic. Reaching out to the American investors, he said that there has never been a better time to invest in India.

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CHINA SAYS US ORDERED ABRUPT CLOSURE OF HOUSTON CONSULATE

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

China said the move was unilaterally initiated by the US and Beijing would 'react with firm countermeasures' if the Trump administration doesn't 'revoke this erroneous decision'

The US government abruptly ordered China to close its consulate in Houston in an "unprecedented escalation," the Foreign Ministry said, in the latest sign of deteriorating ties between the world's biggest economies.

China said the move was unilaterally initiated by the US and Beijing would "react with firm countermeasures" if the Trump administration doesn't "revoke this erroneous decision." It accused the US of harassing diplomatic staff and intimidating Chinese students, confiscating personal electrical devices and detaining them without cause. Chinese diplomatic missions and personnel also recently received bomb and death threats, it added.

"China strongly condemns such an outrageous and unjustified move which will sabotage China-US relations," the Foreign Ministry said. "We urge the US to immediately withdraw its erroneous decision. Otherwise China will make legitimate and necessary reactions."

It wasn't immediately clear what spurred the move by the US, which has clashed with China over everything from trade and 5G networks to territorial disputes and responsibility for the pandemic. The Justice Department on Tuesday accused two Chinese hackers of working for Beijing to steal or try to steal terabytes of data, including coronavirus research, from Western companies in 11 nations.

A spokesperson for the US Embassy in Beijing didn't immediately respond to a request for comment.

In the statement, China said "infiltration and interference is never in the genes and tradition of China's foreign policy," without referring to anything specific.

On Tuesday night in Houston, police and firefighters descended on the consulate following witness reports that papers were being burned outside in open containers, the Houston Chronicle and two local TV stations reported, citing local police.

In videos posted online by local media outlets in Houston, fires could be seen in multiple containers, with smoke rising into the sky. TV stations KPRC and KHOU said firefighters were not allowed inside the complex, and KHOU said the fires were later extinguished. The Chronicle said no injuries were reported.

The Chronicle and both stations separately reported the consulate would be evicted on Friday at 4 pm local time, each citing unnamed sources.

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INDIA RESTRICTS CHINESE COMPANIES FROM PARTICIPATING IN PUBLIC PROCUREMENT BIDS

Relevant for: International Relations | Topic: India - China

India on Thursday night further upped the ante against [China](#) by restricting [bidders](#) from countries with which it shares land border from participating in tenders for government procurement without approval from competent authorities on the ground of defence and national security.

It however exempted such countries to which India provides lines of credit or developmental assistance, thus effectively confining the restrictions to China and Pakistan. Relaxation has been provided in certain limited cases, including for procurement of medical supplies for containment of covid-19 global pandemic till 31 December 2020.

While private sector has been exempted from any such restriction, the order takes into its ambit all public sector banks and financial institutions, autonomous bodies, Central Public Sector Enterprises (CPSEs) and Public Private Partnership projects receiving financial support from the government or its undertakings.

"The Government of India today amended the General Financial Rules 2017 to enable imposition of restrictions on bidders from countries which share a land border with India on grounds of defence of India, or matters directly or indirectly related thereto including national security," finance ministry said in a statement.

According to the order, any bidder from such countries sharing a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with a registration committee to be constituted by the Department for Promotion of Industry and Internal Trade (DPIIT). Political and security clearance from the Ministries of External and Home Affairs respectively will also be mandatory.

Finance ministry said the fresh provisions will apply to all new tenders. "In respect of tenders already invited, if the first stage of evaluation of qualifications has not been completed, bidders who are not registered under the new Order will be treated as not qualified. If this stage has been crossed, ordinarily the tenders will be cancelled and the process started de novo," it added.

Chinese imports and investments have been facing intense scrutiny in India after a tense border standoff that left 20 Indian soldiers and an unspecified number of Chinese troops dead. India is aiming at limiting trade links with China as part of policy to cut dependence on the country. The DPIIT in April notified changes in its foreign direct investment (FDI) policy by mandating government clearance for all FDI inflows from countries with whom it shares land borders.

India has cancelled railway and road tenders secured by Chinese companies and has barred 59 Chinese apps, including TikTok, on national security grounds. Prime Minister Narendra Modi has said India needs to end its dependence on import of solar panels, which are mostly sourced from China. Earlier this month, power minister R.K. Singh announced India will not allow import of power equipment from China and Pakistan because of cybersecurity threats.

The centre has written to state governments invoking the provisions of Article 257(1) of the

Constitution of India for the implementation of the order in procurement by state governments and state undertakings etc. "For State Government procurement, the Competent Authority will be constituted by the states but political and security clearance will remain necessary," the finance ministry statement said.

Article 257 (1) of the Indian constitution says: "The executive power of every State shall be so exercised as not to impede or prejudice the exercise of the executive power of the Union, and the executive power of the Union shall extend to the giving of such directions to a State as may appear to the Government of India to be necessary for that purpose."

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POMPEO CALLS FOR 'FREE WORLD' TO TRIUMPH OVER CHINA'S 'NEW TYRANNY'

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

In an uncommonly virulent attack, he accused Chinese President Xi Jinping of being a 'true believer' in the 'bankrupt' totalitarian Marxist-Leninist ideology.

US Secretary of State Mike Pompeo called Thursday on "free nations" to triumph over the threat of what he said was a "new tyranny" from China.

"Today, China is increasingly authoritarian at home, and more aggressive in its hostility to freedom everywhere else," Pompeo said.

"If the free world doesn't change Communist China, Communist China will change us," he said at the Richard Nixon Presidential Library in Yorba Linda, California.

Speaking a day after the State Department ordered China to shut its Houston, Texas consulate, Pompeo laid out a stark view of Washington's rivalry with Beijing in strident language that recalled the US Cold War with the Soviet Union.

And in an uncommonly virulent attack, he accused Chinese President Xi Jinping of being a "true believer" in the "bankrupt" totalitarian Marxist-Leninist ideology.

"His ideology informs his decades-long desire for global hegemony built on Chinese Communism," Pompeo said.

- Trump's hard line -

The speech marked a new level in the hard-line approach toward China by President Donald Trump's administration.

It was the fourth in a series of major policy speeches by top administration officials, including White House National Security Advisor Robert O'Brien, FBI Director Chris Wray and Attorney General Bill Barr, each of whom focused on one facet of the alleged China threat in ideology, espionage and commerce.

It also comes after Pompeo himself declared China's geopolitical claims in the South China Sea fundamentally illegal, and after the Pentagon sent two aircraft carriers to that region to underscore the point.

Pompeo said Beijing had taken selfish advantage of US and Western generosity as it implemented reforms and joined the global economy in the past four decades.

He strongly criticized previous US administrations for being too complacent with China and US companies for being too compliant with whatever Beijing demands of them.

He said Beijing had broken international commitments on Hong Kong's autonomy, on the South China Sea and on stopping state-backed intellectual property threats.

And he said those "failed promises" included not being forthright about the beginnings of the coronavirus outbreak that has now swept the world in a pandemic.

"We can no longer ignore the fundamental political and ideological differences between our countries, just as the CCP has never ignored them," he said, referring to the Chinese Communist Party.

"The free world must triumph over this new tyranny."

- New Cold War -

Pompeo made several references to the Cold War that saw Moscow and Washington face off, very tensely at times, around the globe for four decades after the end of World War II.

In dealing with China, countries will have to choose sides "between freedom and tyranny," he said.

The bilateral relationship between the superpowers has grown more strained this week following Washington's abrupt order to shut down China's Houston consulate.

And on Thursday, the US Justice Department announced indictments and arrests of four scientists and medical researchers at US universities.

The four were accused of visa fraud for allegedly lying about their ties to the People's Liberation Army and the Chinese Communist Party.

Pompeo said the consulate was closed because it "was a hub of spying and IP theft."

"China ripped off our prized intellectual property and trade secrets, costing millions of jobs across America."

On Wednesday, Chinese foreign ministry spokesman Wang Wenbin called the consulate action an "outrageous and unjustified move which will sabotage China-US relations."

And on Thursday, he said the charges against the four researchers amounted to "naked political persecution."

"China will take necessary measures to safeguard Chinese citizens' safety and legitimate rights," Wang said.

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TOWARDS NATIONAL SECURITY AND PEACE IN HONG KONG

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

The promulgation and implementation of the [Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region \(HKSAR\)](#) marks a major turning point from unrest to peace and order, and a farewell to the history of "unguarded" national security in Hong Kong.

The [Law is enacted](#) for the purpose of ensuring the resolute, full and faithful implementation of the policy of [One Country, Two Systems](#) under which the people of Hong Kong administer Hong Kong with a high degree of autonomy; safeguarding national security; preventing, suppressing and imposing punishment for the offences of secession, subversion, organisation and perpetration of terrorist activities, and collusion with a foreign country or with external elements to endanger national security in relation to Hong Kong; maintaining prosperity and stability of Hong Kong; and protecting the lawful rights and interests of the residents of Hong Kong.

Also read | [Pompeo warns Beijing of new countermeasures](#)

Since the turbulence over the amendment bill last year, with support from foreign and external forces, the anti-China forces have openly instigated "Hong Kong independence" separatist acts and serious violent incidents, which highlighted big national security loopholes in the city. Hong Kong has been plunged into the gravest situation since their return. The city has lost the title of the world's freest economy it had held for 25 years. Its GDP registered negative growth for the first time in a decade, and the unemployment rate hit a record high in nearly 10 years.

The national security legislation for HKSAR was enacted by the Standing Committee of China's National People's Congress in accordance with the Chinese Constitution and the Basic Law of the HKSAR. The legislation plugs the legal loopholes and provides strong institutional and legal safeguards for national security in Hong Kong, which has significant effect on the long-term development of the city.

First, the legislation will guarantee the sustained implementation of One Country, Two Systems. One Country is the precondition and basis for Two Systems. Only when One Country is safe and secure can Two Systems be safeguarded. The legislation will neither change the principle of One Country, Two Systems, the capitalist system or the high degree of autonomy practiced in Hong Kong, nor the legal system in Hong Kong or Hong Kong's independent judicial power, including that of final adjudication.

Second, the legislation will protect the lawful rights and freedoms of Hong Kong residents. The legislation clearly stipulates four types of criminal offences and principles of the rule of law such as respecting and protecting human rights. The legislation will not lead to generalised understanding or unlimited expansion of "national security". It will not affect but better protect the lawful rights and freedoms of Hong Kong residents. For a handful of people endangering national security, the law is a sword hanging above. Yet for the vast majority of Hong Kong residents, including foreigners in Hong Kong, the law is a guardian for their rights, freedoms and peaceful life.

Also read | [U.K. to open citizenship path to Hong Kongers from January](#)

Third, the legislation will safeguard long-term prosperity and stability of Hong Kong. Without national security, there will be neither lasting peace and stability for China nor long-term prosperity and stability for Hong Kong. The legislation will help to restore the order and maintain the stability in Hong Kong, consolidate and enhance Hong Kong's international financial, trade and shipping center status, further strengthen the confidence of foreign investors, and create a better living and business environment for foreign nationals and enterprises in Hong Kong. International credit rating agency S&P has affirmed its AA+ issuer credit ratings on Hong Kong and maintained the outlook as stable, which shows international investors' confidence in Hong Kong's future.

The legislation is firmly supported by the mainstream public opinion in Hong Kong and the forces of justice in the international community. Nearly three million people in Hong Kong have signed a petition in support of the enactment of the Law, and more than 1.28 million have signed an online petition opposing the interference by the U.S. and other external forces. More than 70 countries voiced their support for the legislation at the 44th session of the United Nations Human Rights Council.

National security legislation belongs to the sovereignty of a country and the authority of the Central government. It is justified that China governs the country and Hong Kong in accordance with the law. It is spelt out in the constitutions of over 100 countries that the exercise of basic rights and freedoms shall not endanger national security. It's common practice in the world to safeguard the national security through legislation. Hong Kong is China's Hong Kong. Hong Kong affairs are China's internal affairs that allow no foreign interference. Some western politicians use the national security legislation as an excuse to interfere in China's internal affairs. What they care about is not the freedoms of Hong Kong people, but the "freedoms" of trampling on China's national security. The Chinese government is firmly committed to safeguarding national sovereignty, security and development interests, firmly committed to implementing One Country, Two Systems, and firmly committed to opposing interference in Hong Kong affairs by external forces.

Also read | [China vows retaliation after Trump ends preferential status for Hong Kong](#)

India and Hong Kong have close economic and trade relations. It serves India's interest to maintain the prosperity and stability in Hong Kong. The national security legislation will better protect the safety of foreign investment and legitimate rights and interests of foreign nationals in Hong Kong, including that of India. We hope Indian friends can uphold fairness and justice, respect and support China's efforts to safeguard national security in Hong Kong in accordance with law.

Sun Weidong is China's Ambassador to India

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ESCALATING TENSIONS: THE HINDU EDITORIAL ON U.S. CLOSING CHINESE CONSULATE IN HOUSTON

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

The U.S.'s decision to [close China's consulate in Houston](#) is an unprecedented escalation in the steadily deteriorating ties between the world's two largest economies. The Trump administration has accused the consulate and other Chinese diplomatic missions in the country of economic espionage, visa fraud and attempted theft of scientific research — allegations that China has denied. It has announced visa restrictions on students, imposed sanctions on Chinese officials over a Hong Kong security law and is reportedly considering a sweeping travel ban on the millions of members of China's ruling Communist Party. The consulate decision is by far the most drastic measure. This is the first time a Chinese mission is being closed in the U.S. since both countries normalised diplomatic relations in 1979. Since the tariff war that President Trump launched in 2018, China has retaliated against every hostile move by the U.S. China made matters worse by providing refuge in its San Francisco consulate to one of the Chinese researchers against whom the U.S. has issued an arrest warrant because she allegedly lied to the authorities about her ties to the Army.

The U.S.-China tensions are no longer about trade and technology. What started as a trade war has snowballed into a larger geopolitical contest between the two superpowers, something the world hasn't seen since the hostile competition between the U.S. and the Soviet Union during the Cold War. President Trump, who is under attack at home for his handling of the novel coronavirus pandemic, may be finding comfort in ramping up tensions with China in an election year. But what makes the crisis dangerous in the long term is that there is a growing consensus in Washington that a hostile China, resorting to large-scale espionage, poses a serious threat to the U.S.-dominated international order. The Washington establishment, which had fought Trump's overtures towards Russia and several other policy measures, is in line with the President in his confrontational policy towards China, which has already done serious damage to bilateral relations that cannot be reversed easily. Incidentally, the U.S.-China crisis is unfolding at a time when Beijing is also acting more assertively in Asia, picking fights with countries in its neighbourhood, from India to Vietnam and Malaysia. The message from China is that it is ready for a long game of escalation, as long as the U.S. keeps playing it. This is a cyclical trap — measures and countermeasures keep taking ties to new lows with no possibility of an exit. If this deterioration is not arrested immediately, the U.S. and China risk a total breakdown in diplomatic relations. That is bad news for the whole world.

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DEEPENING INDIA-SOUTH KOREA TIES

Relevant for: International Relations | Topic: India - East Asia

Waving flag of South Korea and

India and South Korea have signed numerous bilateral agreements with the aim of taking their ties to the next level. However, the economic partnership is struck at \$22 billion annually, and their defence partnership appears to have receded from great all-round promise to the mere sale and purchase of weapon systems.

At the heart of this bilateral stasis is the fact that, despite the best efforts of many well-intended leaders, Indians and South Koreans are failing to touch a mutually meaningful chord of empathy and move closer to each other as people. This is at least in part due to cultural prejudices on both sides, which stands in the way of a relationship based on openness, curiosity and warmth.

Also read | [Giving ties with Seoul a facelift](#)

It is not that efforts to correct distortions in such perception have been wanting. Yet, clearly, whatever bilateral progress has been made, say in the realm of trade and investment, has not lent sufficient momentum that people start building bridges in other areas. So, for example, there may be a widespread perception among South Koreans of India as a third world country, rife with poverty and hunger. While it is true that India is far from eradicating these deprivations, their extent may be exaggerated in the minds of some. On the flip side, it is often the case that Indians are unable to distinguish between the cultural and social characteristics of South Koreans and people of other East Asian nations.

Within South Korea, the integration of Indians in the local population is far from complete. There have been some instances of what appears to be racial prejudice or discrimination, including toward Indians in work settings in South Korea.

As in any relationship, mutual respect regarding cultural values is the key to building a robust partnership between two countries. The means to achieving that respect is often filling the information gap that creates a chasm between two strong cultures. How much do Indians based in South Korea know about how Korean culture contributed to the growth of a broader Asian view of the world? It is more likely that to the average Indian mind, the defining traits of Japan's and China's cultures are better identified than those of Korean culture. All this is to say nothing of the hostility that some visiting South Koreans have faced in India.

Also read | [India, South Korea seal logistics pact](#)

This trajectory of India's engagement with a strategically important Asian nation suggests that an urgent course correction is required. The establishment of the Indian Culture Centre (ICC) in Seoul 10 years ago was a step in the right direction. Its mission was to promote people-to-people contacts. Yet, given the current focus on diplomatic initiatives — an important but not the only component of a potentially rich bilateral space — it can sometimes be complicated for the average South Korean to access to its offices and services. The ICC's attempts to broad-base an appreciation of Indian culture by, for example, teaching south Indian dances to elementary school students in South Korea, or organising experiential sessions centred on Indian cuisine, are commendable. Yet, it may reach an exponentially wider audience if the focus of such efforts was the common man of South Korea, beyond the urban, English-speaking elite of Seoul. The same may be applicable to South Korean culture centres in India.

Also read | [‘South Korea wants to elevate ties with India’](#)

As the balance of power in the region continues to shift fast, India and South Korea may need each like never before, to protect their ways of life. However, both countries will be able to help each other only if they can fill the cultural gaps. A regional hegemon is already pushing hard into the ambit of the Indian Ocean. The sooner these bonds are renewed the better it would be for all Asian democracies.

Lakhvinder Singh is a Seoul-based geostrategist

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

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CALIBRATED BALANCE: THE HINDU EDITORIAL ON INDIA AND NON-ALIGNMENT

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

In separate statements this week, External Affairs Minister S. Jaishankar laid out India's world view in the face of global challenges, many of which pull it in different directions. [Mr. Jaishankar's contention](#) was that non-alignment as a concept belonged to a bygone era and that multipolarity in the world necessitated that India would have to take a definite stand, and even take "risks" on issues such as connectivity, maritime security, terrorism and climate change. However, he made it clear that India does not reject non-alignment in its entirety, and that while it would no longer remain disentangled from difficult decisions, it would not compromise on its independence. More importantly, he said that India has "never been part of an alliance system, nor will it ever be". He added that even the U.S. must look beyond its present alliances, and engage with more multilateral arrangements. Mr. Jaishankar explained that while non-alignment worked for India during the Cold War era between the U.S. and the Soviet Union, the fact that India and China share a land boundary would always be a factor in a "new cold war" between the U.S. and China. He spoke of Indo-U.S. cooperation in many fields, and the growing maritime collaboration in particular, but left unsaid the hard reality that military collaboration on land would prove problematic given India's disputed boundary with China, the venue of a nearly three-month-long stand-off between the PLA and the Indian Army.

Mr. Jaishankar's comments are a clear-eyed assessment of India's constraints and avenues for its potential growth. The assertion of India's strategic independence and resistance to joining any alliance comes as a timely reminder amid speculation that tensions with China will push India into a stronger clinch with Washington, which is on its own collision course with Beijing. It is significant that despite multiple references by U.S. Secretary of State Mike Pompeo to the India-China clashes, the deaths of Indian soldiers at Galwan Valley last month, and his call for India and the U.S. to jointly "counter" China, the government has rightly chosen not to raise its tensions with China in any forum other than bilateral talks with Beijing. Equally significant is the government's outreach to Moscow, including a visit by Defence Minister Rajnath Singh and the participation of Mr. Jaishankar in the Russia-India-China trilateral last month, and the External Affairs Minister's comments that India should also seek to build coalitions with "middle powers", such as the European Union and Japan. A time of crisis often clarifies priorities. At a time of a double crisis for India — battling the novel coronavirus pandemic in the country and Chinese aggression at the border — the message from New Delhi is one of a carefully calibrated balance.

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RBI SIGNS \$400 MN CURRENCY SWAP FACILITY FOR SRI LANKA

Relevant for: International Relations | Topic: India - Sri Lanka

The Reserve Bank of India has agreed to a \$400 million currency swap facility for Sri Lanka till November 2022, the Indian High Commission tweeted on Friday.

The Central Bank of Sri Lanka had sought the swap facility to help bolster the pandemic hit island nation's foreign exchange reserves. The RBI's action comes in the wake of a recent bilateral 'technical discussion' on rescheduling Colombo's outstanding debt to India.

The meeting, in which officials from the Ministry of External Affairs, Ministry of Finance, and the EXIM Bank interacted with representatives of the Sri Lankan government, came five months after Sri Lankan Prime Minister Mahinda Rajapaksa had sought a loan moratorium, during his visit to New Delhi in February.

Following the outbreak of COVID-19 in the region, India had proposed a virtual meeting to discuss the request. Sri Lanka owes \$960 million to India.

Meanwhile, government and industry representatives from both countries participated in a webinar on 'Deepening Economic Collaboration between India and Sri Lanka', organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in association with the Lakshman Kadirgamar Institute of International Relations and Strategic Studies recently.

Addressing the webinar, Sri Lanka's Foreign Secretary Ravinatha Aryasinha said the neighbours could explore possible collaborations in textiles, IT and agribusiness, sectors that India was 'strong in'.

Assuring that Sri Lanka would "facilitate, protect and promote a liberal ecosystem for Indian investors", he welcomed Indian businesses in developing industrial zones, automotive components, pharma, textiles and engineering.

Speaking on Sri Lanka's exports, he said difficulties in market access, often created due to non-tariff barriers in receiving countries, was an impediment, and urged FICCI to collaborate with the Sri Lankan Mission in New Delhi to help boost the export of Sri Lankan spices and concentrates to the Indian market.

The two nations could explore collaborations in textiles, IT and agribusiness

Ravinatha Aryasinha

Foreign Secretary, Sri Lanka

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BEYOND THE IRAN-CHINA DEAL

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

By Deepika Saraswat

The Iranian government's recent approval of a 25-year roadmap for Sino-Iranian Comprehensive Strategic Partnership has garnered much attention globally partly because it seems to signal a departure from Tehran's long-held revolutionary maxim of "neither East nor West".

Also, the agreement comes at a time when [China](#) has dropped all restraint for a new "wolf-warrior" diplomacy aimed at cementing its dominance while the world struggles with a debilitating [pandemic](#). What has been lost in the alarmist readings of the "Iran-China deal" is that relations between the Islamic Republic and China have a long history of geopolitical and economic cooperation. More importantly, the Iran-China bonhomie is part of a wider policy of Iran's turn to the East, and increasing irrelevance of the West in Iran's long-term foreign policy orientation.

It was during the eight-year-long Iran-Iraq war that China became Iran's largest source of military wares and a major support for Iran's fledgling arms industry. Also, China has provided a major buffer to Iran against international pressure starting with the Clinton administration's dual-containment policy, and then during the more than a decade long nuclear-standoff between Iran and the US. In 2010, China overtook the European Union as Iran's largest trading partner, with approximately one-third of Iran's total foreign trade being done with Beijing. In 2012, at the height of crippling international sanctions, China was buying 54 per cent of Iran's oil exports through alternative financial arrangements, including barter.

The nuclear deal was an attempt to normalise Iran's relations with the West, to enhance Iran's freedom of action and its regional and global standing during an era of global power transition. To that end, the current administration of Hassan Rouhani preferred an even-handed policy of deepening Iran's ties with both the East and the West and tried to find synergies with various trans-continental connectivity projects spearheaded by India, Russia and China.

As BRI became the framework for how China engages in trade, development and diplomacy, Iran and China inked a comprehensive strategic partnership during President Xi Jinping's visit to Tehran, immediately following the implementation of JCPOA in January 2016. Subsequently, issues of bilateral cooperation in energy, connectivity, industrial capacity and finance were set within the framework of BRI, but the roadmap for 25-year strategic relations was to be mutually agreed upon through further negotiations.

Tehran's response to BRI has been marked by both fear and hope. On the one hand, it sees BRI as a "game-changer" for potentially fostering stability in Iran's wider region beset by decades of instability and underdevelopment. But, at the same time, Tehran fears Chinese economic domination in a region traditionally considered an essential market for Iranian products. Similarly, China's dominance of energy markets of neighbouring Central Asia and BRI plans to connect Central Asia with the South Caucasus through the Caspian Sea and from there on to Europe, are also seen as having an impact Iran's transit position in the region.

But in the final analysis, the prospects of Chinese investment in Iran's ailing economy, taking advantage of a "shift in global power", a point stressed by Foreign Minister Javad Zarif when

Iranian lawmakers grilled him over the deal with China, outweighed the risks. The negotiations on the 25-year roadmap picked up pace in the wake of the US's "maximum pressure", the manifest failure of European signatories to fulfil their economic commitments and the US-China trade war. Tehran has been zealously framing its partnership with China and also Russia as aimed at countering the American "unilateralist" threat and creating a post-West world order.

Iran also uses its deepening ties with China to gain some space to manoeuvre in other important relations, including with India. Such manoeuvring was visible in Tehran going out on a limb to avoid the dynamics of competition between Chabahar and Pakistan's Gwadar port project — a key interface of China Pakistan Economic Corridor. As India struggled to source port equipment, in early 2019, Zarif expressed interest in a rail-link up between Gwadar and Chabahar.

India has, on many occasions, conveyed its readiness to support the development of the railway line between Chabahar and Zahedan on the Iran-Afghanistan border. The line is important for operationalising the potential of the Chabahar port, as a key link in the INSTC, and would be extended to Mashhad in Eastern Iran and thereon, to Central Asia. It was during Rouhani's visit to New Delhi in September 2018 that IRCON, the engineering and construction PSU, and its Iranian counterpart, CDTIC, were tasked to finalise technical parameters and financing options for the project in a time-bound manner.

But in September last year, Iran took the extraordinary measure of tapping into its sovereign wealth fund to carry out the rail project handed over to Khatm al-Anbia Construction Base, the main engineering arm of the Islamic Revolutionary Guard Corps (IRGC). The IRGC plays a key role in implementing the Supreme Leader's concept of "resistance economy" aimed at promoting domestic capacity and countering US sanctions. Given that the entity had been sanctioned and listed as a Foreign Terrorist Organisation (FTO) by Washington in April, 2019, India could not have cooperated in the rail-project without risking secondary sanctions. The fact that the launch of the track-laying process coincided with the Iran-China deal contributed a great deal to media controversy.

To be sure, Iran has been disappointed in New Delhi for the rapid slide in the India-Iran economic relations and would use any leverage it has to pressurise India, a point underlined by the Iranian leadership's increasing political grandstanding on Jammu and Kashmir and also during the riots in Delhi. But if Tehran's repeated calls to New Delhi to multi-dimensionalise economic relations and minimise the impact of "third party influence" (read the US) are any indication, as it pivots further to the East, it will seek to maximise its leverage and freedom of action rather than play second fiddle to a rising hegemon.

The writer is a research fellow at Indian Council of World Affairs, New Delhi

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CHINA TELLS US TO CLOSE CONSULATE IN CHENGDU IN GROWING SPAT

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

BEIJING : China on Friday ordered the United States to close its consulate in the western city of Chengdu in an increasingly rancorous diplomatic conflict.

The order followed the U.S. closure of the [Chinese consulate in Houston](#).

The Chinese foreign ministry appealed to Washington to reverse its "erroneous decision."

The Trump administration on Tuesday ordered the Houston consulate closed within 72 hours. It alleged Chinese agents tried to steal data from facilities in Texas including the Texas A&M medical system.

The United States has an embassy in Beijing and consulates in five other mainland cities — Shanghai, Guangzhou, Chengdu, Shenyang and Wuhan. It also has a consulate in Hong Kong, a Chinese territory.

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SOUTH CHINA SEA IS NOT BEIJING'S 'MARITIME EMPIRE', SAYS MIKE POMPEO

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

WASHINGTON : In one of the strongest attack by the United States on Beijing's illegal territorial claims in the strategic waters of SCS, State Secretary [Mike Pompeo](#) on Saturday stressed that Washington's policy in the region is crystal clear and said that the disputed territory in the South China Sea (SCS) is "not China's maritime empire".

"The United States' policy is crystal clear: The South China Sea is not China's maritime empire. If Beijing violates international law and free nations do nothing, history shows the Chinese Communist Party (CCP) will simply take more territory. China Sea disputes must be resolved through international law," Pompeo said in a tweet.

The United States' policy is crystal clear: The South China Sea is not China's maritime empire. If Beijing violates international law and free nations do nothing, history shows the CCP will simply take more territory. China Sea disputes must be resolved through international law.
pic.twitter.com/H6IXWdxVA9

The South China Sea is grouped into three archipelagos. China claims almost the entire South China Sea as its sovereign territory and it has aggressively asserted its stake in recent years.

This comes weeks after the United States officially dismissed China's claims to offshore resources across most of the South China Sea and termed Beijing's campaign of bullying to control them as "completely unlawful."

Earlier on July 13, Pompeo had issued a statement on the US position on Maritime claims in the South China Sea, saying that the Chinese government has no legal grounds to unilaterally impose its will on the region.

Washington announced that it is aligning the US position on the Chinese government's claims in the South China sea with the 2016 Arbitral Tribunal's decision.

The Trump administration has hardened its stance towards Beijing, especially as relations between the two global superpowers continue to deteriorate in wake of coronavirus pandemic as well as coercive behaviour with its neighbours, including India.

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INDIA, U.K. AFFIRM COMMITMENT TO AN FTA

Relevant for: International Relations | Topic: India - UK

India and the U.K. have affirmed their commitment to negotiate a free trade agreement (FTA) with a view to further strengthening economic ties, the Commerce Ministry said on Saturday.

The issue was discussed in the 14th Joint Economic and Trade Committee (JETCO) meeting between the two countries on Friday. It was co-chaired by Commerce and Industry Minister Piyush Goyal and U.K. Secretary of State for International Trade Elizabeth Truss.

They were assisted by Minister of State for Commerce and Industry Hardeep Singh Puri and his U.K. counterpart Ranil Jayawardena.

Mr. Goyal and Ms. Truss “affirmed their shared commitment to an FTA and towards that, Early Harvest deals in a staged manner,” the ministry said in a statement. It added that Mr. Puri and Mr. Jayawardena will have monthly meetings to intensify the dialogue.

It was also decided that a meeting led by Mr. Goyal and Ms. Truss will be held in Autumn 2020 here to carry forward the dialogue.

“Both sides resolved to cooperate in the health sector especially in view of the present pandemic of COVID-19,” the statement said.

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THE CONFLUENCE OF FOUR POWERS AND TWO SEAS

Relevant for: International Relations | Topic: QUAD and India

Parallel exercises in the Indo-Pacific this week, including a trilateral exercise between the U.S., Australia and Japan in the Philippines Sea, and an Indo-U.S. naval exercise in the Indian Ocean have fuelled speculation that Quadrilateral (Quad) exercises will be launched soon between all four navies.

All eyes are on a decision by New Delhi, to accept Australia's request that has been pending for four years now, to join the annual Malabar exercises with India, the U.S. and Japan. The decision has not been an easy one, given China's fierce opposition to the militarisation of a coalition seen as a counter to its claims in the Pacific and inroads in the Indian Ocean. India has also been wary of joining any exercise that could be construed as an alliance, something External Affairs Minister S. Jaishankar said this week India will "never be" a part of.

In 2018, at the Shangri-La Dialogue, Prime Minister Narendra Modi had said that India sees the Indo-Pacific as a "geographical concept", not a "strategy or a club of limited members". Also, India is the only country in the Quad that shares a land boundary with China, and the militarisation of the Quad will not help India deal with that threat. Fourthly, unlike the U.S., Japan and Australia, which are tied by military alliances, India is a member of other strategic forums, such as the Shanghai Cooperation Organisation with China, Russia and Central Asia, BRICS and RIC, which appear to be at cross purposes with a Quad alliance.

The China factor

Even so, many contend that China's recent moves, including its aggression in the South China Sea and transgressions and deadly clashes across the Line of Actual Control (LAC), may in fact prove to be the tipping point that makes India take the plunge, pushing the countries of the Quadrilateral Security Group, called the Quad for short, into a military embrace that will have far-reaching implications for regional and global security.

Ironically, the Quad, which today involves such laboured and slow-paced discussions, was originally born in an instant: from the crisis that followed the tsunami in December 2004. Within days of the disaster, India had mobilised an impressive fleet, and demonstrated to the world that it would not just manage its own rescue effort in Tamil Nadu and the Andaman and Nicobar islands but could also provide assistance to its maritime neighbours: Sri Lanka, the Maldives and Indonesia.

In all, about 32 Indian ships and 5,500 troops were pressed into India's international efforts. The humanitarian and disaster relief effort was coordinated in the next few weeks with three other naval powers engaged in the rescue effort: the U.S., Australia and Japan. The then Foreign Secretary, Shyam Saran, spoke every day to his counterparts about what was needed next. Eventually, the "Quad" effort was handed over to the UN, but the idea of the Indo-Pacific as a larger maritime strategic community, and the Quad as an effective instrument in it, had been planted in the minds of all four members.

Japanese Prime Minister Shinzo Abe, who had been promoting the idea of an "arc of prosperity and freedom" that brought the Quad countries closer together, was happy to develop the concept, and Prime Minister Manmohan Singh discussed it with him during a summit in December 2006. In 2007, when the annual India-U.S. 'Malabar' exercises were held in the Indian and Pacific oceans, first off Okinawa and a few months later, off Visakhapatnam, they

included Japan, Australia and Singapore. The exercises and the strategic coordination in what Mr. Abe had called “the confluence of two seas” rattled Beijing and Moscow, who termed it an attempt to build “an Asian NATO”.

China’s Navy had not at the time undergone its massive modernisation drive towards a blue water navy (it only commissioned its first aircraft carrier, *Liaoning*, in 2012), and the effort by the Quad countries was clearly an impetus to hasten the process. But at the time, China’s demarches to the Quad countries paid off. Contrary to the currently popular lore, it was not India that cancelled the “Quad” exercises in 2008: the U.S., which was trying to gain China’s support in the six-party talks on North Korea, dampened enthusiasm for a Quad Foreign Ministers’ meeting, and the Kevin Rudd government in Australia then pulled out of the exercises. The Quad was shelved for the next decade.

In 2017, the Quad returned, now named Quad 2.0, coinciding with the revision in Washington’s assessment of the challenge from China, and similar reassessments in New Delhi, Tokyo and Canberra. In November 2017, just months after the Doklam stand-off between the Indian Army and the PLA, officials from all four countries met in Manila for the ‘India-Australia-Japan-U.S.’ dialogue. The name of the new Quad was innocuous, in an effort to dispel the notion this was a “gang-up”, and they did not even issue a common joint statement. In fact, differences within the group went deeper, and while India defined the “Indo-Pacific” region from Africa and the U.S. west coast, the U.S. limited it to the Indian coast (in 2020, the U.S. aligned its definition with India’s).

Alternatives to BRI

Subsequent meetings have closed many of the gaps they have, and the Quad grouping has met biannually since then, discussing “connectivity, sustainable development, counter-terrorism, non-proliferation and maritime and cyber security, with a view to promoting peace, stability and prosperity in an increasingly inter-connected Indo-Pacific region”. The emphasis on connectivity has seen the Quad challenge China in another sphere: a coordinated effort to provide financing and sustainable alternatives to China’s Belt and Road Initiative (BRI), which has led many nations to take loans and accept infrastructure bids from Beijing.

The counter has not yet made much headway, but each of the Quad countries is coordinating their responses on infrastructure projects in their spheres of influence, including India and Australian efforts in the Pacific islands, India-U.S. coordination in South Asia and the Indian Ocean region, and India-Japan joint efforts to develop projects in Sri Lanka, Bangladesh and Myanmar. The military aspect of the Quad has also grown: India has strengthened its naval ties with each of the other Quad countries, and there have been more interactions, formal and informal at the official, political and military levels.

Eventually, the question over the next step in the Quad — whether India invites Australia to the next Malabar exercises or not — will be secondary to how India develops its own strategic vision, especially given the stand-off with China. Will India revert to traditional positions of non-alignment, enlisting China’s ally Russia in its attempt to manage the threat from Beijing? Or will India pursue “multi-alignment”, inviting middle powers such as the EU, the U.K., France, Russia, and partners such as Brazil, the UAE and South Africa into its Indo-Pacific strategy? Or does India’s course lie in a closer coalition with China’s adversaries, and being drawn into choosing its corner in the new Cold War that is developing between the U.S. and China? India’s moves with the Quad will be closely watched, as they bear more meaning than ever before on the path it will take to realise its strategic future.

In focus

The Quad was originally born out of the crisis that followed the Tsunami in December 2004

India's rescue mission in the Indian Ocean was coordinated with the three other naval powers engaged in similar efforts — U.S., Australia and Japan

The Quad effort was later handed over to the UN, but the idea of the Indo-Pacific as a larger maritime strategic community had been planted in the minds of all four

For India, a decision to invite Australia to join the Malabar exercises will not be an easy one, given China's fierce opposition to the militarisation of the coalition

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AUSTRALIA REJECTS CHINA'S SEA CLAIMS

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Contested dots: A Vietnamese-claimed island in South China Sea's Spratly island group, as seen from a Philippine Air Force C-130 transport plane, in April 2017. AP Francis Malasig

Australia has rejected Beijing's territorial and maritime claims in the South China Sea in a formal declaration to the UN, aligning itself more closely with Washington in the escalating row.

In a statement filed on Thursday, Australia said there was "no legal basis" to several disputed Chinese claims in the sea, including those related to the construction of artificial islands on small shoals and reefs.

"Australia rejects China's claim to 'historic rights' or 'maritime rights and interests' as established in the 'long course of historical practice' in the South China Sea," the declaration read.

"There is no legal basis for China to draw straight baselines connecting the outermost points of maritime features or 'island groups' in the South China Sea, including around the 'Four Sha' or 'continental' or 'outlying' archipelagos."

Pompeo's declaration

The declaration comes after U.S. Secretary of State Mike Pompeo declared Beijing's pursuit of territory and resources in the South China Sea as illegal, explicitly backing the territorial claims of Southeast Asian countries against China's.

Beijing claims almost all of the South China Sea based on a so-called nine-dash line, a vague delineation from maps dating back to the 1940s.

The latest escalation comes ahead of annual talks between Australia and the U.S., with Ministers travelling to Washington for the first time since Australian borders were closed due to the COVID-19 pandemic. The meetings come at a "critical time" and it is essential they are held face-to-face, Foreign Minister Marise Payne and Defence Minister Linda Reynolds said in a statement on Saturday.

U.S. relations with China have markedly deteriorated in recent months, especially over trade disputes, the COVID-19 pandemic and Beijing's crackdown on dissent in Hong Kong.

Criticism on Hong Kong

Ms. Payne and Ms. Reynolds also penned an article in *The Australian* newspaper on Saturday, labelling national security legislation imposed on Hong Kong last month as "sweeping and vague".

"We face a public health crisis, economic upheaval and resurgent authoritarian regimes using coercion in a bid to gain power and influence at the expense of our freedoms and sovereignty," they wrote.

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INDIA, CHINA COMPLETE TROOP DISENGAGEMENT AT THREE FRICTION POINTS, FOCUS NOW ON FINGER AREA

Relevant for: International Relations | Topic: India - China

NEW DELHI : In a significant development, troops of India and China have completed disengagement at [Galwan Valley](#), Patrolling Point 15, and Hot Springs/Gogra area in Eastern Ladakh amid the ongoing talks at the diplomatic and military level, sources said.

"The ongoing engagement and dialogue between India and China at the military and diplomatic levels has resulted in complete disengagement at Patrolling Point 14 (Galwan area), 15 and 17 A (Hot Springs/Gogra) in eastern Ladakh," a source told ANI here.

The sources said that after disengagement in these areas as per agreements in the last Corps Commander-level talks, the only area where disengagement is left to be implemented is the Finger area along the Pangong Tso lake.

A meeting between the senior military commanders is expected in the coming week to further work out modalities of the Pangong Tso lake area, they added.

Even though disengagement has been taking place between the two sides, the Chinese have not begun the process of de-escalation along the LAC opposite Eastern Ladakh where they have maintained a build-up of close to 40,000 troops with heavy weaponry deployed in front and depth areas.

India has made it clear that for the situation to be normalized, the Chinese will have to completely deescalate and move back troops to their permanent locations.

India and China had reviewed the situation on Friday in the India-China border areas at the 17th meeting of the Working Mechanism for Consultation and Coordination (WMCC) and agreed that early and complete disengagement of the troops along the Line of Actual Control (LAC), de-escalation from India-China border areas and full restoration of peace and tranquillity was essential for the smooth overall development of bilateral relations.

They also agreed that another meeting of senior commanders may be held soon so as to work out further steps to ensure expeditiously complete disengagement and de-escalation.

The Indian delegation was led by Joint Secretary (East Asia) in the External Affairs Ministry and Director General of Boundary and Oceanic Dept of Chinese Ministry of Foreign Affairs led the Chinese delegation.

An External Affairs Ministry release had said that the two sides reviewed the situation in the India-China border areas and the ongoing disengagement process along the Line of Actual Control (LAC) in the Western Sector.

"They agreed that early and complete disengagement of the troops along the Line of Actual Control (LAC) and de-escalation from India-China border areas in accordance with bilateral agreement and protocols and full restoration of peace and tranquillity was essential for the smooth overall development of bilateral relations," the release said.

The two sides noted that this was in accordance with the agreement reached between the two Special Representatives (SRs) during their telephonic conversation on July 5, 2020.

The two countries have held military and diplomatic consultations following a face-off between troops of two sides in Eastern Ladakh and the military build-up by China.

WMCC was established in 2012 as an institutional mechanism for consultation and coordination for the maintenance of peace and tranquillity in the India-China border areas, as well as to exchange views on strengthening communication and cooperation, including between their border security personnel.

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INDIA-EUROPEAN UNION AGREEMENT ON SCIENTIFIC AND TECHNOLOGICAL COOPERATION RENEWED FOR NEXT FIVE YEARS (2020-2025)

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

India and European Union have renewed its Agreement on Scientific and Technological Cooperation for the next five years (2020-2025). This has been done by exchange of Note Verbale between two sides. The Agreement was initially signed in on 23 November 2001 and renewed two times in past in 2007 and 2015.

This will expand the cooperation in scientific and technological research strengthen the conduct of cooperative activities in areas of common interest and application of the results of such cooperation to their economic and social benefit. Cooperative activities may take the forms of reciprocal participation of Indian research and European research entities in research, technological development, and demonstration projects under each other programme.

India & the European Union agreed to renew the Agreement on Scientific cooperation for the next five years, 2020-2025, at the 15th India-EU Summit, a virtual one which was led by Prime Minister Sri Narendra Modi from India's side. The European Union delegation was headed by European Council President Charles Michel and President of the European Commission Ursula von der Leyen.

India and European Union have strong research and innovation cooperation under the framework of said "Agreement," and it has grown steadily over the years. In the last 5 years, the level of co-investment on India-EU Research Technology Development Projects for addressing societal challenges such as affordable healthcare, water, energy, food & nutrition has been stepped up resulted in several technologies, patents development, their gainful utilization, joint research publications, sharing of research facility and, exchange of scientists and students from both sides.

The cooperation has been focused on water, green transport, e-mobility, clean energy, circular economy, bio-economy, health, and ICT. Additional areas, such as climate change, sustainable urban development, manufacturing, advanced materials, nanotechnologies and biotechnology, food processing, and ocean research may also be considered in future endeavours.

The EU and India are at the forefront of human development and innovation. For India, addressing the basic needs of its people, including through frugal innovation, and excelling in high-tech markets are twin objectives. Both areas offer mutually beneficial opportunities for EU-India cooperation. Increased exchanges between students, researchers, and professionals would benefit both sides. India and the EU share a mutual interest in reciprocal mobility of talent.

The mobility of researchers and innovators would be promoted in both directions. The EU-India cooperation should also foster innovation by promoting networking between EU and Indian innovators, start-ups, incubators, and accelerators, by setting up joint platforms, both offline and virtual, and engaging in coaching, training and staff exchanges. Highly qualified workers could be integrated into Indian and EU-led innovation systems industries and help maintain technology-based leadership and sharing of best practices, internationalization of SMEs, and contributing in the global value chain.

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INDIA EXTENDS \$ 400 MN CURRENCY SWAP FACILITY TO COLOMBO TO ADDRESS ECONOMIC SLOWDOWN

Relevant for: International Relations | Topic: India - Sri Lanka

New Delhi: The Reserve Bank of India in a significant move has signed necessary documents for extending \$ 400 million [currency swap](#) facility to the Central Bank of Sri Lanka. This currency swap arrangement will remain available till November 2022 will help Colombo address the economic hardships caused due by pandemic.

[The Indian High Commission](#) in Colombo has earlier conveyed this information to senior officials in the Government of Sri Lanka and the Central Bank of Sri Lanka. It would be recalled that on July 22, the High Commission facilitated constructive technical discussions on rescheduling of bilateral debt repayment by Sri Lanka, according to a High Commission statement.

"These positive developments illustrate active implementation of the leadership-level commitment to work together for addressing the challenges arising from the COVID-19 pandemic, and further the mutually beneficial India-Sri Lanka partnership, including in the economic domain," according to the statement.

Based on the request from the Sri Lankan side for a currency swap facility under the SAARC Currency Swap Framework, India extended a \$ 400 million currency swap under the SAARC framework.

During the telephone conversation between PM Narendra Modi and President of Sri Lanka, Gotabaya Rajapaksa on 23 May, the President sought assistance of India for currency swap of \$ 400 million under SAARC arrangements and an additional \$ 1.1 billion currency swap, bilaterally.

Modi conveyed India's support to Sri Lanka in dealing with pandemic and economic impact. While the Agreement for USD 400 million currency swap under the SAARC framework is concluded, the bilateral swap request for USD 1.1 billion is being considered.

The request from Sri Lanka came in the backdrop of Sri Lankan economy, like many other countries, slowing down due to the Covid 19 pandemic, informed sources told ET. The increasing foreign exchange outflows in Sri Lanka has been resulting in loss of USD reserves and adding pressure on the Sri Lankan Rupee.

The signing of the currency swap agreement with Sri Lanka illustrates India's commitment to assist its friendly neighbour on its economic revival during the time of Covid-19 pandemic, sources said, adding, India will continue to support Sri Lanka on its efforts for economic revival. Earlier, India assisted Sri Lanka by sending four consignments of essential medicines and equipment in the months of April and May 2020 to fight the Covid-19 pandemic.

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INDIA EXTENDS MEDICAL ASSISTANCE TO NORTH KOREA

Relevant for: International Relations | Topic: India - East Asia

India is sensitive to the shortage of medical supply situation in the Democratic People's Republic of Korea

India has extended medical assistance worth about USD 1 million to North Korea in response to a request received from the World Health Organisation (WHO), the Ministry of External Affairs said on Friday.

India is sensitive to the shortage of medical supply situation in the Democratic People's Republic of Korea (DPRK) and decided to grant a humanitarian assistance of USD 1 million in the form of anti-tuberculosis medicines, the MEA said.

The medical assistance is under the aegis of an ongoing WHO anti-tuberculosis programme in DPRK, it said.

The consignment of medicines was handed over to DPRK authorities by Indian Ambassador to DPRK Atul Malhari Gotsurve in the presence of a WHO representative.

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

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CHINA HALTS HK EXTRADITION PACTS WITH CANADA, AUSTRALIA AND U.K.

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Wang Wenbin

China announced the suspension on Tuesday of Hong Kong's extradition treaties with Canada, Australia and Britain in a tit-for-tat move following similar decisions by those countries over a controversial new security law.

Western nations have angered Beijing over their responses to the law imposed on Hong Kong which they see as an erosion of the civil liberties and human rights the city has enjoyed since its handover from Britain in 1997.

Canada, Britain and Australia are part of the "Five Eyes" intelligence alliance. The other members are New Zealand, which suspended its extradition treaty with Hong Kong earlier on Tuesday, and the United States, which has signalled it is preparing to do the same.

China has accused the countries of interfering in its internal affairs and defended the security law as crucial to restore order in Hong Kong following a wave of pro-democracy protests marred by violence.

"The wrong action of Canada, Australia and the U.K. in politicising judicial cooperation with Hong Kong has seriously hurt the basis of judicial cooperation," said Foreign Ministry spokesman Wang Wenbin at a regular press briefing.

"China has decided to suspend extradition treaties between Hong Kong and Canada, Australia and U.K., as well as criminal justice cooperation agreements."

Mr. Wang accused the countries of having used the national security law as "an excuse to unilaterally announce the suspension of extradition treaties" with Hong Kong.

Britain suspended its extradition treaty last week, following moves by Australia and Canada, saying the security law had "significantly changed key assumptions", including a provision to try certain cases in mainland China.

London and Canberra have also angered Beijing by offering pathways to citizenship or residency to Hong Kong citizens looking to leave because of the new law.

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PRESIDENT XI'S LONG GAME: WORLD IS DEALING WITH A LEADER WHO BELIEVES HE WILL SHAPE A CHINESE CENTURY

Relevant for: International Relations | Topic: India - China

Over the last six months, in the shadow of [COVID-19](#), President Xi Jinping has become [China's](#) Supreme Leader.

The July 15 issue of the Chinese Communist Party journal, Qiushi (Seeking Truth), has declared in an editorial that it is the highest duty of all Chinese to “safeguard the core position of General Secretary Xi Jinping”. It then, astonishingly, goes on to make crystal clear that “to safeguard the core position of General Secretary Xi Jinping means only Xi Jinping and no other individual.” In short, there is no other leader and no power-centre other than Xi.

It took many years for [Mao Zedong](#) to dominate a party that he had literally built and led to victory. Even then, at the height of his power, he was still compelled to share authority at times with others like Liu Shaoqi and Zhou Enlai, and PLA Marshals Zhu De and Ye Jianying.

President Xi Jinping, by contrast, appears to have managed this in a mere six years after 2013, and within just the past six months, he seems to have risen to the position of Supreme Leader of China. His red pedigree, as well as his family's experiences of power and deprivation, may have given him his sense of entitlement and desire for power, but it is not the whole explanation.

Opinion | [Global coalition of democracies, amid China's assertion, could open a range of new possibilities](#)

It is worth recalling that he was chosen as general secretary in November 2012, because the party feared that Bo Xilai, another Red Child of the Revolution, displayed dangerous traits of megalomania and Maoism. Xi had given no hint of such traits. Bo Xilai was handsome, flamboyant and media-friendly; Xi was modest in both dress and demeanour and, in a word, underwhelming. Such comparison is important to comprehend how he rose without being viewed as a “threat”. Those who encountered him before 2012 tended to judge him only by his appearance or outward demeanour. Perhaps for this reason, people misjudge him still.

A rare interview that he gave in August 2000 to a Chinese journal revealed three qualities: Persistence, patience and a strong belief in himself. He admitted that politics was a risky business and he was playing the long game. In his words, “once you have gone into politics, it is like crossing a river. No matter how many obstacles you meet, there is only one way, and that is forward.” He was not to be deterred by obstacles: “If you have a position on something, the thing is to stick with it and continue one's work. Then, in the final analysis, it will give results.” What came across through the interview was his steely resolve.

In the last seven years, President Xi has systematically neutralised his political opponents through arrests and trials; that includes Sun Zhengcai, who was the heir presumptive. The anti-corruption campaign has created a wave of “terror”. President Xi has kept his promise to take down “tigers and flies”, by removing hundreds of officials who belonged to the factions of his two predecessors. In March 2018, the two-term limit for the Chinese President was removed from the Constitution to allow President Xi to continue beyond March 2023.

Opinion | [India should monitor ties between China and Iran, but must guard against hasty conclusions](#)

President Xi has tightened his grip over the state's security apparatus. The People's Armed Police (PAP) has been brought under his direct authority. The People's Liberation Army (PLA) has similarly been purged. Some of its highest-ranking serving military leaders like Generals Zhang Yang and Fang Fenghui have fallen in 2017. President Xi has assumed the position of the Commander-in-Chief of the PLA in 2016, a title even Mao had not assumed despite his considerable experience of higher military command. Xi has ensured, at least on paper, that the PLA and PAP will not be an independent player in a palace coup, as was the case during the fall of the Gang of Four in 1976.

To secure constitutional legitimacy, in 2017 and 2018, "Xi Jinping Thought" was written into the party and state constitutions respectively. No leader after Mao had attempted this; in Deng's case it was posthumous. The party speaks of a "New Era" that has begun with Xi. Deng's political arrangements are considered outdated and, therefore, not suitable. Collective responsibility has ended. Even the Premier of the State Council is a pale shadow of his predecessors.

The [pandemic](#) was a "black swan", but Xi sensed opportunity. In his own words, in the interview quoted above, "If you want to become a general you must be able to win a battle... Even if you have the ability to win battles, you don't have battles every day, in particular not in times of peace. Only if there are battles, there are opportunities. One can say that only if a chance should arise and you make use of it right away, you will succeed." Xi saw his chance and acted swiftly.

After declaring victory over COVID-19 in early April, Xi has deftly moved to remove the last vestiges of opposition. Earlier this month, the Secretary General of the Political and Legal Affairs Commission called for "scrape(ing) the bone to remove the poison". The security forces are being asked to show personal loyalty to President Xi. New regulations on Building the Communist Party of China's Military have also been formulated. The Military Reserves are now under his control. In short, all the armed instruments of the state are at his service.

Opinion | [India must formally revive Quad, seek its expansion](#)

According to one media report, party members are forbidden from certain actions, including inter alia, expressing opinions or making statements that deviate from Xi as the "core", discussing political rumours and forming cliques. Earlier, in May, Xi Jinping spoke at a special Democratic Life meeting of the Politburo, virtually counselling China's highest leadership that there will be no second chances. A revised set of Guidelines for Political Life for the New Era will replace the rules of behaviour for party cadres put into place by Deng Xiaoping in 1982. The old order no longer holds, the new era requires new rules.

It is reported that the Ministry of Education issued new guidelines for Ideological and Political Development of the Higher Education Curriculum to include Xi Jinping's ideas on "China Dream" and "Socialism with Chinese Characteristics in the New Era", as mandatory university courses. On July 21, the Chinese Foreign Ministry established a Xi Jinping Research Centre for Diplomatic Thought. Similar Centres exist in the Chinese Academy of Social Sciences, the Central Party School and leading universities. Studying Xi's words and thought is now a national priority in every field.

The world is, therefore, likely dealing with a Chinese leader unlike any since Mao, driven by a sense of his own genius, and believing that he will be the shaper of the 21st century as the Chinese Century. In July 2021 the party will mark its 100th anniversary. Xi Jinping intends to be the Leader of the "Second Hundred" just as Mao Zedong is regarded as the Leader of the "First Hundred". This means the world will be dealing with President Xi Jinping for some time. It is,

therefore, important to get a proper measure of the person.

This article first appeared in the print edition on July 29, 2020 under the title 'President Xi's long game'. The writer was India's Ambassador to China

Opinion | [Indian resistance to China's expansionism would be a definitive moment in Asia's geopolitical evolution](#)

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RIC, A TRIANGLE THAT IS STILL IMPORTANT

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

Last month, on June 23, a few eyebrows were raised when India decided to attend a (virtual) meeting of the Foreign Ministers of Russia, India and China (RIC). Amid the tensions on the Line of Actual Control, the dominant calls were for a more decisive westward shift in India's foreign policy. A RIC meeting seemed incongruous in this setting.

The leaders' statements at the meeting reflected their divergent preoccupations. The Chinese Minister did not see the irony in his call for opposing bullying practices, rejecting power politics and supporting the rule of law in international relations. Russia's Foreign Minister Sergey Lavrov criticised unilateral coercive measures to settle scores with geopolitical rivals and topple regimes. India's External Affairs Minister S. Jaishankar pointedly emphasised that for a durable world order, major powers should respect international law and recognise the legitimate interest of partners.

Also read | [India and China need no help, says Russian Foreign Minister Lavrov](#)

When the RIC dialogue commenced in the early 2000s, the three countries were positioning themselves for a transition from a unipolar to a multipolar world order. It was not an anti-U.S. construct; all three countries considered their relationship with the United States an essential prop to their global ambitions. The RIC shared some non-West (as distinct from anti-West) perspectives on the global order, such as an emphasis on sovereignty and territorial integrity, impatience with homilies on social policies and opposition to regime change from abroad. Their support for democratisation of the global economic and financial architecture moved to the agenda of BRIC (with the addition of Brazil).

The initial years of the RIC dialogue coincided with an upswing in India's relations with Russia and China. The advent of President Vladimir Putin reinforced the political, defence and energy pillars of the India-Russia strategic partnership. With China, the 2003 decision to bring a political approach to the boundary dispute and to develop other cooperation, encouraged a multi-sectoral surge in relations. An agreement in 2005, identifying political parameters applicable in an eventual border settlement, implicitly recognised India's interests in Arunachal Pradesh.

Simultaneously, India's relations with the U.S. surged, encompassing trade and investment, a landmark civil nuclear deal and a burgeoning defence relationship that met India's objective of diversifying military acquisitions away from a near-total dependence on Russia. There was a strategic sub-text: as China was rapidly emerging as a challenger to its global pre-eminence, the U.S. saw value in partnering with a democratic India in Asia. Former U.S. Secretary of State and National Security Adviser Condoleezza Rice writes about this in her memoirs.

Transformations in the external environment impacted on these political equations. Among other irritants, China went back on the 2005 agreement, launched the China-Pakistan Economic Corridor, worked to undermine India's influence in its neighbourhood and expanded its military and economic presence in the Indian Ocean.

The texture of the relationship with Russia also changed, as India-U.S. collaboration widened — in defence and the Indo-Pacific. As U.S.-Russia relations imploded in 2014 (after the annexation/accession of Crimea), Russia's pushback against the U.S. included cultivating the Taliban in Afghanistan and enlisting Pakistan's support for it. The western campaign to isolate Russia drove it into a much closer embrace of China — particularly in defence cooperation —

than their history of strategic rivalry should have permitted. Thus, the RIC claim of overlapping or similar approaches to key international issues, sounds hollow today.

Having noted this, the Russia-India-China engagement still has significance. India is in the Shanghai Cooperation Organization (SCO), which is driven by Russia and China and includes four Central Asian countries. Central Asia is strategically located, bordering our turbulent neighbourhood. A sliver of land separates Tajikistan from Pakistan-occupied Kashmir. Pakistan's membership of SCO and the potential admission of Iran and Afghanistan (as member states) heighten the significance of the SCO for India. Growing Chinese influence is testing the informal Russia-China understanding that Russia handles the politico-security issues in the region and China extends economic support. It is important for India to shape the Russia-China dynamics in this region, to the extent possible. The Central Asian countries have signalled they would welcome such a dilution of the Russia-China duopoly. The ongoing India-Iran-Russia project for a sea/road/rail link from western India through Iran to Afghanistan and Central Asia, is an important initiative for achieving an effective Indian presence in Central Asia, alongside Russia and China.

The bilateral arms of the India-Russia-China triangle will also remain important. The defence and energy pillars of India's partnership with Russia remain strong. Access to Russia's abundant natural resources can enhance our materials security — the importance of which has been highlighted by COVID-19. With China too, while the recent developments should accelerate our efforts to bridge the bilateral asymmetries, disengagement is not an option. We have to work bilaterally and multilaterally on a range of issues, even while firmly protecting our interests on the border, in technology and the economy.

The elephant in the RIC room is the Indo-Pacific. For India, it is a geographic space of economic and security importance, in which a cooperative order should prevent the dominance of any external power. China sees our Indo-Pacific initiatives as part of a U.S.-led policy of containing China. Russia's Foreign Ministry sees the Indo-Pacific as an American ploy to draw India and Japan into a military alliance against China *and* Russia. India's focus on economic links with the Russian Far East and activation of a Chennai-Vladivostok maritime corridor may help persuade Russia that its interests in the Pacific are compatible with our interest in diluting Chinese dominance in the Indo-Pacific; this also accords with President Putin's concept of a Greater Eurasia.

The current India-China stand-off has intensified calls for India to fast-track partnership with the U.S. This is an unexceptionable objective, but is not a silver bullet. National security cannot be fully outsourced. India's quest for autonomy of action is based on its geographical realities, historical legacies and global ambitions — not a residual Cold War mindset.

As noted, RIC dynamics are sensitive to the configuration of the U.S.-Russia-China triangle. This configuration changed in 2008 (the global economic crisis) and again in 2014 (Crimea's accession to Russia). COVID-19 could trigger another change, which could be modulated by the outcome of the U.S. Presidential elections. The nature and impact of this change is, for now, an unknown unknown.

P.S. Raghavan, a former diplomat, is Chairman of the National Security Advisory Board. The views expressed are personal

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INDIA BANS 47 MORE CHINESE MOBILE APPS

Relevant for: International Relations | Topic: India - China

Nearly a month after banning 59 Chinese mobile applications, the Union government has banned 47 more that included TikTok Lite, Helo Lite and Shareit Lite. The order was issued on Friday.

While there has been no official communication on the matter, government sources said the newly banned apps were mainly clones of the banned 59.

The Ministry of Electronics and IT banned the 59 apps, including popular ones such as TikTok, Shareit, Mi Video Call, Club Factory and Cam Scanner, citing threat to national security and sovereignty.

The announcement, which came amid tensions between Indian and China in Ladakh, had stated, "... in view of the emergent nature of threats, [the government] has decided to block 59 apps... in view of information available [that] they are engaged in activities which are prejudicial to sovereignty and integrity of India, defence of India, security of state and public order."

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NEEDED, A MAP FOR INDIA'S FOREIGN POLICY

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

Not long ago, India was seen as a natural rising power in South Asia and the Indian Ocean Region. It was the de facto leader of the South Asian Association for Regional Cooperation (SAARC). It has historical and cultural ties with Nepal. It enjoyed traditional goodwill and influence in Sri Lanka and Bangladesh. It had made investments worth billions of dollars in Afghanistan and cultivated vibrant ties with the post-Taliban stakeholders in Kabul. It had committed itself to multilateralism and the Central Asian connectivity project, with Iran being its gateway. It was competing and cooperating with China at the same time, while the long border between the two countries remained largely peaceful.

Cut to the present. India is perhaps facing its gravest national security crisis in 20 years, with China having changed the status quo along the Line of Actual Control (LAC) in the western sector in its favour. [The border saw violent clashes last month](#), leading to fatalities for the first time in 45 years. SAARC is out of joint. Nepal has turned hostile having [adopted a new map and revived border disputes with India](#). Sri Lanka has tilted towards China, which is undertaking massive infrastructure projects in the Indian Ocean island. Bangladesh is clearly miffed at the [Citizenship \(Amendment\) Act, 2019](#). When Afghanistan is undergoing a major transition, India is out of the multi-party talks. [Iran has inaugurated a railway link project connecting the Chabahar port](#), on the Gulf of Oman, to Zahedan (which India was to have constructed) without India. How did we get here?

Specific reasons can be found for these setbacks. Also, foreign policy need not be static. There will be ups and downs depending on the changes in policy as well as the changes in global politics. But what makes the current downturn serious is that there is a relative decline in India's smart power, especially in the neighbourhood and the extended neighbourhood, which demands a deeper perusal of the foreign policy trajectory itself. And when we dig deep, three problems can be found which are more or less linked to this decline — a closer alignment of policy with the U.S. line, coupling of foreign policy with domestic politics and hubris.

India's official policy is that it is committed to multilateralism. Even after India started moving away from non-alignment, which it calls irrelevant in the post-Cold War world order, New Delhi maintained that strategic autonomy would remain the bedrock of its policy thinking. But there has been a steady erosion in India's strategic autonomy, which predates the current government. When India started deepening its partnership with the United States (which was a historical necessity), New Delhi began steadily aligning its policies with U.S. interests. The case of Iran is the best example. The agreement to develop the Chabahar port was signed in 2003. But India, under pressure from the U.S., was moving slowly, despite the fact that the project offered India an alternative route to Central Asia bypassing Pakistan. India voted against Iran at the United Nations; scuttled an ambitious gas pipeline project and cut down trade ties drastically. After the Iran nuclear deal was signed in 2015, India immediately stepped up oil purchases and expanded works at Chabahar. In 2016, Prime Minister Narendra Modi travelled to Tehran and signed a trilateral connectivity project with Afghanistan and Iran. But when U.S. President Donald Trump pulled the U.S. out of the Iran deal in 2018 and reimposed sanctions on the country, India toed the U.S. line, bringing down its oil imports to zero.

This dilly-dallying to the tunes of policy changes in Washington co-existed with India's deepening defence and military ties with the U.S. Washington wants India to play a bigger role in the Indian Ocean and the Pacific region to contain China's rise. While India has been cautious of becoming an ally, it has steadily deepened military-to-military cooperation in the recent past —

the Logistics Exchange Memorandum of Agreement (LEMOA) is one example. These developments probably altered Beijing's assessment of India. The border aggression at different points on the LAC could not be a localised conflict; it is part of a larger strategic move, initiated by the top brass of the People's Liberation Army (PLA). One of the reasons for the shift could be Beijing's assessment that India has already become a de facto ally of the U.S. The forceful altering of the status quo on the border is a risky message as much to New Delhi as it is to Washington.

At least two decisions taken by the government mainly keeping its domestic audience in mind have had foreign policy consequences. First, the passing of the CAA. The official narrative has been that India is offering citizenship to the persecuted minorities of select countries in its neighbourhood. There were two problems. One, this is regionalisation of the domestic problems of the countries in India's neighbourhood, some of which are its long-time friends. These countries are genuinely upset with India's move. Two, Muslims, including those sub-sects persecuted in neighbouring countries, were by design excluded from the citizenship programme. This drove new wedges between India and the countries that had a Muslim majority and were friendly to India in the neighbourhood. Forget Pakistan, which is a traditional rival. Bangladesh took offence at the CAA and the National Register of Citizens (from which the government has temporarily backed off) and the political rhetoric in India against the "termites" from other countries. Bangladeshi media reported recently that the Indian envoy in Dhaka had tried to fix an appointment with Bangladesh Prime Minister Sheikh Hasina for four months but did not get one. There were anti-India protests even in Afghanistan.

Second, the [abrogation of the special status of Jammu and Kashmir](#). This was another popular move among those who form the support base of the ruling party. But it led to the suspension of fundamental rights in the Kashmir Valley for a prolonged period that damaged India's reputation as a responsible democratic power and gave propaganda weapons to Pakistan. The move did not help India quell militancy either as the Valley continues to see violence nearly a year after the decision. More importantly, the change of status quo in Jammu and Kashmir, including the bifurcation and reduction of the erstwhile State into Union Territories, could be another factor that prompted the Chinese to move aggressively towards the border in Ladakh.

Misplaced confidence does not do good for rising powers. Great powers wait to establish their standing before declaring that they have arrived. The Soviet Union started acting like a superpower after it won (with allies), the Second World War. China bided its time for four decades before it started taking on the mighty U.S. Since the 1970s, its focus has almost entirely been on its economic rise. India should learn from at least these modern examples. If it did, it would not have used high-handedness in Nepal during the country's constitutional crisis and caused a traditional and civilisational ally to turn hostile. The updated political map which India released in November rubbed salt into the wound on the Nepal border.

To address the current crises, India has to reconsider its foreign policy trajectory. It is a big power with one of the world's biggest militaries. It is a natural naval force in the Indian Ocean. It does not lack resources to claim what is its due in global politics. What it lacks is strategic depth.

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IN ANOTHER SETBACK TO CHINA, RUSSIA SUSPENDS DELIVERIES OF S-400 MISSILES

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Moscow: Russia has announced suspension of S-400 surface-to-air missile systems to China and said the resumption of further deliveries is yet to be ascertained.

Citing Chinese newspaper Sohu, UAWire reported, "This time, [Russia](#) announced the postponement of the delivery of missiles for the Chinese S-400 system. To a certain extent, we can say that it is for the sake of China. Getting a gun is not as easy as signing an invoice after receiving a weapon."

"They say that the work on delivering these weapons is quite complicated. While [China](#) has to send personnel for training, Russia also needs to send a lot of technical personnel to put the weapons into service," Sohu said.

Post-Russia's announcement, China has reportedly said that Moscow was forced to make such a decision as it "is worried that the delivery of S-400 missiles at this time will affect the anti-pandemic actions of the People's Liberation Army and does not want to cause trouble to China."

In 2018, China received the first batch of S-400 missile, a military diplomatic source told Russia's TASS news agency.

The S-400 air defence missile system is considered the most advanced of its kind in Russia, capable of destroying targets at a distance of up to 400 kilometres and a height of up to 30 kilometres.

Russia's suspension of S-400 missiles to China comes after Moscow had earlier accused Beijing of spying, despite the two countries enjoying considerably good relations over the years.

Russian authorities have found Valery Mitko, president of its St Petersburg Arctic Social Sciences Academy, guilty of handing over 'classified materials to the Chinese intelligence,' TASS reported.

This story has been published from a wire agency feed without modifications to the text.

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THE FALL OF HONG KONG

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

In 1982, when they were discussing Hong Kong's fate, Deng Xiaoping said to Margaret Thatcher, "Horses will still run, stocks will still sizzle, dancers will still dance." London's 99-year lease over most of the colony was due to expire 15 years later. Hong Kong Island and part of the Kowloon Peninsula, though, had been ceded to Britain in perpetuity. Deng wanted to bring the whole territory under Chinese control in 1997. His line about horses, stocks, and dancers was meant to convince Thatcher that the city could become part of the People's Republic of China (PRC) without losing its distinctive freewheeling features.

Deng died a few months before the Hong Kong handover of July 1, 1997. This meant he never got to see the territory of the PRC expand, as he had long hoped it would, to include all of the former British colony. But he did live long enough to see two documents drafted that spelled out how the brashly capitalist city was to function as part of a Communist Party-run state.

Towards national security and peace in Hong Kong

First came the 1984 Sino-British Joint Declaration. It explained that a "one country, two systems" structure would take effect in 1997 and last 50 years. Hong Kong would enjoy a "high degree of autonomy" as a Special Administrative Region (SAR) of China. The local "way of life" would continue, while Beijing oversaw defence and diplomacy. Then came the much more detailed 1990 Basic Law, a constitution-like document. It seemed to offer Hong Kong's people an attractive vision of life from 1997 until 2047. They would no longer be colonial subjects, but they would retain appealing parts of the status quo: a more independent judiciary, a freer press, and stronger rights of assembly and speech than mainland cities. An official selected locally, not in London, would head Hong Kong's government; over time, residents would even get to choose this Chief Executive.

The big question was whether Beijing would keep the promises enshrined in these documents. In 1984, Deng was taking China in a liberalising direction, so it was easy to feel hopeful about Hong Kong's future. A year before the Basic Law was finalised, however, soldiers gunned down civilians in Beijing, crushing 1989's protest wave and raising doubts about Deng's trustworthiness.

Thatcher was among those who did not lose faith — or, at least, did not admit to doing so. A year after 1989's June 4th Massacre, she said that, while appalled by that event, she was heartened that Deng continued to embrace the economic liberalisation that, she remained sure, would bring political liberalisation. She also said that China's leaders would surely respect their pledge to allow Hong Kong a high degree of autonomy after 1997. For they'd want the "forum of the world" to consider them people of their word.

Escalating tensions: On U.S. closing Chinese mission

After the 1997 handover, hope persisted that Thatcher was right. Hong Kong's courts remained fiercely independent. Its newspapers criticised national as well as local policies. A popular satirical television show, "Headliner," shifted from mocking colonial authorities to mocking representatives of the new order. Democracy was elusive (fewer than 2,000 people got to vote for the Chief Executive, and then just for candidates vetted by Beijing), but it seemed possible that could change.

One ideal date to appraise Hong Kong's distinctiveness became June 4. Each year, the local government gave organisers permission to hold a large vigil honouring the victims of 1989's massacre, while public commemoration of the killing was forbidden across the mainland. In 2020, for the first time, the June 4 commemoration was banned, meaning those who gathered were subject to arrest. Officially, approval for the vigil was withheld because of the pandemic, but this was a flimsy excuse. COVID-19 was largely under control in early June, religious gatherings were being allowed, and the police were turning a blind eye to big parties at bars. (The pandemic was also cited as a cause for banning June 4 commemorations in Macau, the PRC's other former colony turned SAR that has in recent years been the site of much smaller vigils.) The real key difference this June 4 was Beijing's announcement in May that, tired of waiting for the local government to pass an anti-sedition law, it was going to impose one. The National Security Law (NSL) took effect June 30 and makes it possible for not just various actions but also various forms of expression (including chanting slogans and songs heard often at recent protests) to be treated as proof that someone is subversive.

Now that the NSL is in place, it is likely that, even in disease-free years, there will be no more legal June 4 vigils. More broadly, the NSL shatters the "one country, two systems" framework, except insofar as there remains a separate system for making and spending money.

It now seems that instead of taking Deng's 1982 statement seriously, it should have been taken literally. Going forward, Hong Kong will remain a place where horses, dancers, and stocks behave in distinctive ways, but little else differentiates it from mainland cities. "The Hong Kong Special Administrative Region shall enact laws on its *own* [our emphasis] to prohibit any act of treason, secession, sedition, subversion against the Central People's Government," Article 23 of the Basic Law states, yet Beijing has usurped the authority to do the enacting. This would provide perfect fodder for a "Headliner" skit — but the show has been cancelled.

Also read | [Pompeo warns Beijing of new countermeasures](#)

Local courts have continued to dismiss charges against some activists arrested before the NSL went into effect, but in the new order, alleged violators of vaguely defined decrees can be whisked across the border to be tried by courts that virtually never fail to convict those deemed dissidents. The "high degree of autonomy" until 2047 promise has run out more than 25 years early.

Beijing presents the NSL as responding to the 2019 protests that roiled Hong Kong. Its goal, the official media says, is to restore law and order. Only a small number of radicals advocating independence or bent on destruction will be affected.

But these assertions fly in the face of recent history. Even before the NSL passed, some local residents were pointing out that many features of the imaginary tightly controlled Hong Kong of 2025 portrayed in the 2015 film *Ten Years* could be seen in the current city. On July 1, nearly 400 protesters were arrested, 10 of them specifically for breaking the brand new NSL. Hundreds of Hong Kong Twitter users have raced to delete their accounts, fearing that a tweet quoting a now-taboo slogan or song title could lead to them disappearing into a mainland prison. Newspapers are eliminating political cartoons.

And the law was no sudden response to 2019. It is the most extreme, but just the latest, move that undermines Basic Law guarantees. In 2018, the Kowloon West train station opened with a section controlled by mainland security forces. In 2016, a Hong Kong court was considering whether two members of the local legislature should be disqualified for their behaviour. Beijing stepped in and decided the matter. And so on.

Also read | [U.K. to open citizenship path to Hong Kongers from January](#)

But “horses still run,” as Deng promised. As the spring racing season ended, *The Standard* celebrated the conclusion of “an incredible season for the Hong Kong Jockey Club.” If we accept the idea that “one country, two systems” means that Hong Kong is like a mainland city, but with horse racing, that will conform with President Xi Jinping’s vision. He has praised Macau, which has a similar set-up — just substitute casinos for racetracks.

Perhaps Beijing is no longer concerned with appearing trustworthy in the “forum of the world,” or feels this forum is so eroded as to be irrelevant. Mr. Xi does not seem to feel beholden to protect a true “one country, two systems” framework — the kind in which Hong Kong would enjoy “a high degree of autonomy,” retain “executive, legislative and independent judicial power, including that of final adjudication,” and be nothing like a colony. By contrast, a colonial city is what it is again, or resembles, just with Beijing rather than London calling the shots.

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WHAT IS DRIVING CHINA'S AGGRESSION? - EDITORIALS - HINDUSTAN TIMES

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

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There has been growing debate in recent times in India and other countries about China's aggression. What's driving Beijing to engage in contests on multiple fronts, be it Hong Kong, the near seas, or India, particularly amid a pandemic and economic weakness? Is it opportunism? Is it hubris? Is internal turmoil and insecurity leading to the Chinese Communist Party (CCP) lashing out? Or are there structural factors that one must consider?

Last week, the Chinese foreign ministry formally established a new research centre, the Xi Jinping Thought on Diplomacy. State media reported that the centre would be useful in distilling the paramount leader's thoughts to "serve the construction of theory, system and mechanism, and capacity of the major country diplomacy with Chinese characteristics in a new era". This development demonstrates three structural features of China's approach to the world under President Xi Jinping. Each of these impinge on what, by all measures, appear to be strategically damaging choices that the Chinese leadership has made over the past seven months.

First, the trend of top-level design dominating foreign policy has been firmly cemented. Much has already been written about Xi's ascent as the core leader, his consolidation of power within the CCP, and control over the armed forces. His thoughts on diplomacy were adopted at the 2018 foreign affairs work conference. It called for prioritising "the centralised, unified leadership of the Party" when it came to foreign affairs. Unlike his predecessors, foreign policy decisions under Xi carry the distinct imprimatur of the core leader, at least that's what the propaganda apparatus has told the world. For instance, the Belt and Road Initiative (BRI) is seen as Xi's legacy initiative. In 2017, the Central Party School's publication *Study Times* reported that Xi "personally made decisions on building islands and consolidating the reefs" in the South China Sea (SCS). Not since Mao Zedong's era has personality, instead of institutions, mattered so much in China's approach to the world. This, in itself, limits policy discourse and innovation, heightening the risk of cloistered thinking. Of course, given that the leader enjoys overwhelming, if not absolute, control, there can also be 180-degree turns. After all, it was Mao who pivoted towards to the United States (US) in 1972. But such an outcome seems unlikely in the present scenario.

Second, Xi's ascent has also been accompanied by a return of ideology as a key driving force in Chinese politics. Over the years, Chinese leaders haven't necessarily ignored ideology. It's always been present in public rhetoric. But in practice, it was relegated to secondary place to economic performance and political pragmatism. In contrast, under Xi, the need for loyalty has come to dominate political discourse. A demonstration of this was evident earlier this month as the CCP and State institutions reported their efforts to uphold the "two safeguards," which essentially refer to upholding Xi's authority as core leader of the party. Days later, *Qiushi*, the party's journal, published an article of excerpts from Xi's speeches over the years, underscoring the centrality of the CPP.

In it, Xi exhorts cadres to "maintain a high degree of ideological consciousness, political consciousness, and action consciousness". This intensification of ideological consciousness bleeds into perceptions of and narratives about competition between systems and models. Long before we stood at the cusp of what now appears to be a Cold War-like contest between China and the US, Beijing was talking about the challenges of a Cold War mentality. The now infamous Document No 9, which was reportedly put out one month after Xi took over as president in 2013, had warned against the threat of infiltration by foreign ideas and universal values, calling for greater commitment to work in the ideological sphere. This, under Xi, has further been blended with a nationalistic narrative of historic humiliation at the hands of external powers and the meteoric rise under the Party's command. Irrespective of China's economic achievements, as ideological convictions deepen, they breed a sense of siege, constraining the scope for pragmatic compromise.

Finally, Beijing views itself as a major power. It must, therefore, also act in accordance with that self-perception. This has meant the need for greater engagement with the world at large, as evident by repeated affirmations of sticking to the path of reform and opening up. Xi has publicly expressed the desire to actively engage in new forms of multilateralism and participate in global governance reform. This has meant setting up new institutions and structures while also expanding China's stake in the existing system. Beijing clearly sees value in sustaining the global institutional architecture.

Yet it understands that in geopolitics, power is the currency that matters. In multilateralism, this has resulted in Beijing's efforts to assume leadership of United Nations agencies or establishing forums like the 17+1 model with Central and Eastern European countries and The Forum on China-Africa Cooperation with African states, or even China's normative contestation to legitimise a particularistic conception of human rights. In bilateral relations, there's greater transactionalism and coercion. After all, what worth is power that cannot be exercised? And is one truly powerful if one cannot shape favourable political outcomes?

The answer to the first of these two questions is obvious. How Beijing responds to the logic of strategy following its recent assertion will help answer the second.

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WASHINGTON TAKES ON BEIJING

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

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The United States (US) and China are the world's two superpowers and they can barely stand each other. Senior US officials have given four speeches explaining why their government feels it is no longer possible to do business-as-usual with China. The US Secretary of State, Mike Pompeo, gave the last one, adding a call for other democracies to recognise the nature of the threat, and suggesting that perhaps an “alliance of democracies” was the need of the hour, particularly in the Indo-Pacific. Earlier, the US' national security adviser, attorney general and head of the Federal Bureau of Investigation gave expositions on elements of Beijing's “designs for hegemony”. The statements portrayed present-day China as a powerful entity, controlled by a malevolent leader, Xi Jinping, and a communist party, whose ideology of control and repression was being offered as a template for governance. China, they argued, seeks to extend its technology-enhanced thought control beyond its own borders. Mr Pompeo pointed to Beijing's overseas behaviour — treating treaties as “suggestions,” violating every possible economic norm, disrespecting territorial norms — as predatory and unprecedented.

Friction between a rising power and a status quo power is basic international relations theory. The US argument is that China has become a major global player by working within an international order of which it is a primary beneficiary. Instead of seeking to embrace this order, Mr Xi has taken China down a darker path in which his own people have been the first victims and the rest of the world could be next. Mr Pompeo admits containment is no longer possible, but if “like-minded nations” push back concertedly, China can still be kept at bay.

This will be music to New Delhi's ears. Few governments have consistently had as unblinkered a view of China as New Delhi. Mr Pompeo now calls for others to practise this, but India has long insisted on reciprocity and transparency from China. In the past, India preferred not to raise its concerns in the international arena because its views of the Middle Kingdom were seen as petulance, including by Washington. But New Delhi should still wait to see if these speeches represent a new US consensus. Strikingly, the new “Trump doctrine” was laid out by everyone except the president. And the other candidate for the Oval Office, while agreeing China is a competitor, believes he can still do business with it. The US policy remains a work-in-progress.

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