

**GS Paper - 2**  
**International Relations – Sept'18**

**China-Maldives Friendship Bridge**

*Syllabus: India and its neighbourhood- relations.*

**In News**

- China-Maldives Friendship Bridge, the first cross-sea bridge in the Maldives, has opened for traffic.
- This bridge is an embodiment of the growing relations between the Maldives and China.

**Key Highlights**

- This bridge was China's flagship infrastructure project in Maldives. It is being termed as iconic project of China and Maldives cooperation towards building 21<sup>st</sup> Century Maritime Silk Road.
- It is a 2.2 km long bridge which connects Maldives capital city Male and neighbouring Hulhule island where island country's main international airport is located.
- China extended support in the form of grant and loan to Maldives for the completion of this project.
- The bridge makes it possible for locals and tourists to transfer between the two islands on land within five minutes.

**Growing China – Maldives Relationship**

- Maldives has entered into a Free Trade Agreement with China in December 2017. The FTA, which was signed during Maldivian President Abdulla Yameen's four-day visit to Beijing, is Maldives' first with any country.
- Maldives has become the second South Asian country after Pakistan to sign an FTA with China.
- In addition to the FTA, Maldives signed a Memorandum of Understanding that brings it into the Maritime Silk Road, a component of China's ambitious Belt and Road Initiative (BRI).
- Other pacts that were signed during Yameen's trip will deepen bilateral cooperation in an array of fields, including health, tourism, technology, and climate change.
- Until 2011, Maldives was not a priority in China's foreign policy; Beijing did not even have an embassy in Male.
- However, Sino-Maldivian relations have grown remarkably since Chinese President Xi Jinping visited the archipelago in September 2014. China's presence, especially in Maldives' tourism sector and infrastructure building, has expanded.
- It has replaced Europe as Maldives' largest source of tourists. China is funding and building mega infrastructure projects, including the Friendship Bridge linking Male to Hulhule Island and a 1,000-apartment housing project on Hulhumale, a suburb built on reclaimed land.

Significance Of Maldives

- An archipelago of around 1,200 islands in the Indian Ocean, Maldives' strategic significance stems from its proximity to international sea lanes through which two-thirds of the world's oil and half its container shipments pass.
- Maldives is also located just 700 km from India's Lakshadweep island chain and around 1,200 km from the Indian mainland.

#### Analysis

- The FTA and BRI will increase the Chinese role in the Maldivian economy. Although the country will lose \$4 million in import duty revenue in 2018 because of a tariff waiver on Chinese goods, it will earn higher revenue from the goods and services tax due to "trade creation" and "trade expansion" once the FTA comes into force.
- However, the FTA with China and the manner in which Yameen rushed it through parliament has come in for sharp criticism in Maldives.
- The FTA's opponents are also warning of a looming Chinese debt trap. Already over 70 percent of Maldives' current foreign debt is owed to China, on which the loan interest alone "is more than 20 percent of Maldives' budget.
- The FTA can be expected to draw Maldives deeper into Chinese debt, giving Beijing "huge leverage" over Maldives, undermining the country's sovereignty and independence.
- This has been the experience of Sri Lanka, for instance. China extended loans totaling billions of dollars for infrastructure projects in Sri Lanka.
- With some of these projects, such as the strategically located Hambantota port and an airport nearby, not attracting enough business and unable to repay the roughly \$8 billion owed China, the cash-strapped Sri Lankan government agreed to hand over Hambantota port to China on a 99-year lease as a way of paying down some of that debt.
- Maldivian Parliament, in 2015, enacted a law that allows foreigners to own land in Maldives provided they invest over \$1 billion in a project and 70 % of the project site is on reclaimed land.
- Although this law is not China-specific and is applicable to all foreigners, China is expected to be the main beneficiary as it has the financial capacity to make large investments.
- This law could ease the way for China to buy Maldivian land to set up a base, if not a listening post on a Maldivian island.

### **Nepal Gets Access to Four Chinese Ports**

*Syllabus: India and its neighbourhood- relations.*

#### **In News**

- Kathmandu and China have finalised a much-awaited transit protocol and transportation agreement that will allow Nepal to use Chinese ports for third-country trade.
- With this agreement, Nepal's dependence on India for third-country trading would end, resulting in Nepal facilitating its trade through Chinese seas and land ports.

#### **Key Highlights**

- In the protocol agreed during 3rd senior official-level meeting held in Kathmandu, China has agreed to grant access to Nepal to its four seaports and three dry-ports for trading with third countries.
- China has agreed to let Nepal use Tianjin, Shenzhen, Lianyungang and Zhanjiang open seaports and Lanzhou, Lhasa and Xigatse dry ports for trading with third countries.
- Wedged between China and India, Nepal depends heavily on India for the supply of essential goods including fuel and the use of its ports for trade with other countries.
- Kathmandu has sought access to Chinese ports to reduce dependence on India since a prolonged blockade of its border crossings with India in 2015 and 2016 left the country short of fuel and medicine for several months.

### **Benefits**

- Getting access to four Chinese ports in addition to two ports in India will boost the connectivity of Nepal. It will also help in generating more trade activities in the region.
- Nepali cargo from Japan, South Korea and other north Asian countries could be routed through China which would cut shipping time and costs.
- Overland trade is now routed mainly through the East Indian port of Kolkata which takes up to three months. New Delhi has also opened the southern port at Vishakhapatnam for Nepali trade.
- However, traders say the plan to connect the country with China could face issues due to a lack of proper roads and customs infrastructure on the Nepalese side of the border.
- The nearest Chinese port is also located more than 2,600 km from its border.
- China is also making fast inroads into Nepal with aid and development. The two countries are also in talks for building a railway link into Nepal, constructing an electric transmission line and are conducting a feasibility study for a free trade agreement.

### **Transit Negotiations with India**

- Nepal's negotiations with India for transit rights have had mixed results. The 1978 treaty of trade and transit expired on March 23, 1989 due to differences over political and security issues as well as Nepal's demand for a separate transit treaty in accordance with the UN charter.
- As a stop gap measure, India allotted Nepal four out of the 21 until then used trading posts for both transit (Jogbani and Raxaul) and bilateral trade purposes.
- It may be noted that Nepal is entitled to one transit route as per international law. This restriction of the number of posts adversely affected, transit trade and consequently the economy.
- In December 1991, the two countries signed two separate transit and trade agreements. But Nepal continued to demand more and better transit facilities in addition to the Kolkata sea port.
- Accordingly, the treaty was revised in December 2013.
- Again at the Nepal-India Inter-Governmental Committee (ICG) meeting in Kathmandu in April 2018, the two countries discussed how to improve both bilateral and transit trade.

- Despite periodic revision and updating of the treaty that accommodated Nepali demands, it has remained a major electoral issue in Nepal and one of the contentious issues in India-Nepal bilateral relations.

**Mt Everest Friendship Exercise**

- Just days after backing out from the week-long military exercise of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) countries in India, Nepal has reportedly taken part in a 12-day long military exercise with China, mainly focused on anti-terrorism activities and disaster management training.
- The second edition of Nepal-China joint military exercise was named as Mt Everest Friendship Exercise-2018. Also known as Sagarmatha Friendship-2018, the exercise was held in China's southwestern Sichuan province.
- This was the second time that the Nepal Army participated in a joint military drill with People's Liberation Army. The first such exercise was held in April 2017.
- India has expressed its displeasure with Nepal over its decision to not join the BIMSTEC exercise and has told Kathmandu that its decision is not appropriate.

**China's Growing Ties With Nepal**

- The prolonged political turmoil in Nepal (nine Prime Ministers in the last 10 years) has unnerved China about threats from Tibetan separatists. In the absence of a reliable and trustworthy government in Kathmandu, China has expanded its engagement from the earlier state-to-state level to institutional as well as people-to-people levels.
- Under the institutional level, to ensure quick and effective responses to control anti-China activities, China has targeted the bureaucracy and the Armed Police Force (APF) which guards the Nepal-China border.
- In this regard, in June 2013, China pledged to provide NPR 3.6 billion in assistance for the construction of the APF training academy at Matatirtha in Kathmandu. It has also supported joint exercises with the Nepal Armed police in Tibet.
- In the second phase, under the comprehensive strategic partnership programme, China attempted to deepen military cooperation with the Nepal Army (NA), which has been traditionally close to the Indian and US Armies.
- Most importantly, due to the prolonged political transition, there is a growing perception among common Nepalese that the NA could save Nepal from the present political crisis. Certain sections in Kathmandu argue in favour of adopting the 'Bangladesh model' to restore political stability. As a result, the NA has become an attractive institution for external powers.
- Nepal has expressed its support for OBOR only in principle. China has been an important source of foreign direct investment (FDI) in Nepal since 2013 and has offered the second largest official development assistance (ODA) to Nepal after Britain during the same period.
- China also recently declared an investment of USD 8.3 billion at the Nepal Investment Conclave 2017 held in Kathmandu.
- Chinese soft power components like culture, polity, higher education and technology have also become popular in SAARC countries. For example, in Nepal, Chinese Confucianism

and language have been gaining in popularity amongst the youth. China has established Confucius institutions and China Study centres in universities, colleges and schools.

- More than 100 Nepali schools offer free Chinese language courses. Chinese language tattoos and mobiles are very popular amongst the Nepali youth.
- In terms of foreign policy, a large number of Nepalis view China as a benign neighbour that does not interfere in Nepal's internal affairs.
- The favourable view of China has only increased due to Nepal's admission as a member of AIB and grant of dialogue partner status in the Shanghai Cooperation Organisation.
- There is also a perception that China, a permanent member of the UN Security Council, could support the interests of a small and landlocked country like Nepal.

### **Power Shift in Bhutan**

*Syllabus: India and its neighbourhood- relations.*

#### **In News**

- On 15 September 2018, the party of the incumbent Prime Minister, Tshering Tobgay, the People's Democratic Party, lost in the primary round of the elections in Bhutan.
- The final round of elections between the top two polling parties, the Druk Nyamrup Tshogpa (DNT) and the Druk Phuensum Tshogpa (DPT), will be held on 18 October 2018 to determine the next government in the country.

#### **Background**

In 2008, Bhutan switched from an absolute monarchy to a constitutional monarchy with a parliamentary form of government. The first democratically-elected government of the country was that of Jigme Yozzer Thinley (2008-2013) of the Druk Phuensum Tshogpa (DPT) party. In 2013 elections, the People's Democratic Party (PDP), led by Tshering Tobgay, came into power.

#### **Electoral Process Of Bhutan**

- In Bhutan, the executive power lies with Lhengye Zhungthosog (Council of Ministers) headed by the Prime Minister.
- In 2008, the country adopted a new constitution which accepted the functioning of a democratic multi-party system.
- It has a National Assembly (Lower House) whose members are elected by the people for five years.
- According to the Constitution of Bhutan:
  - There shall be a primary round of elections in which the registered political parties whose Letter of Intent is found to be in order in all respects and accordingly accepted by the Election Commission of Bhutan shall contest in all the 20 Dzongkhags (districts).
  - The two parties securing the highest and second highest total number of votes polled in the 20 Dzongkhags shall be invited by the Election Commission to nominate one candidate each to contest the General Elections in each of the 47 National Assembly Demkhongs (constituencies).

#### **Implications for India**

- Tobgay was considered as friend of India. After being elected prime minister in 2013, Tobgay's first official visit was to India.
- Even before Tobgay became the prime minister, there was generally strong and regular engagement between India and Bhutan.
- However, there were several hiccups in their bilateral relationships then. During Jigme Thinley's leadership, for example, Bhutan tried to establish links with China. This infuriated India which cut fuel subsidies to Bhutan in 2013.
- Politically, Tobgay's loss is not likely to significantly affect India-Bhutan bilateral relationships. The nature of their relationship is such that, regardless of the party in power, the prime minister generally would take steps to enhance the country's ties with India.
- This is because of Bhutan's geographical location and its traditional relationships with India. As a landlocked country, the country depends on Kolkata riverine port in India for its trade. Also, it relies on India's assistance to develop its infrastructure and pursue growth.
- Some Indian commentators have interpreted Tobgay's defeat as a "surprise" for India. However the Bhutanese had seen it coming, given the anti-incumbency sentiments in the country.
- Regardless of the leadership change, the Bhutanese leadership will pursue a friendly foreign policy towards India. On its part, India will need to make the effort to show the Bhutanese that it is also keen in maintaining strong ties with the tiny Himalayan kingdom.

### **Presidential Elections in the Maldives**

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

#### **In News**

- Presidential Elections in the Maldives were held on September 23, 2018.
- The incumbent Abdulla Yaameen was defeated and **Ibrahim Mohamed Solih**, a joint opposition candidate from the Maldivian Democratic Party (MDP) was elected as the President.

#### **Electoral Process in Maldives**

- Maldives elects on national level a head of state, the president, and a legislature. The president is elected directly for a five-year term by the people.
- The Assembly (Majlis) has 88 members. All members are elected directly for a term of five years from 88 single-member constituencies.
- The President of the Maldives is elected using the two-round system. If no candidate wins more than 50% of the votes, then a second round, or run-off, is held.
- However, as there were only 2 candidates, the 2018 election was a simple one-round majority vote.
- Maldives saw its first multi-party presidential elections in 2008, before which it was ruled for 30 years by Maumoon Abdul Gayoom.

#### **Key Highlight**

- After polling, Election Commission of the *Indian Ocean archipelago nation* declared Solih of the MDP the winner with 58.3 % of the votes, compared to 41.5 % secured by incumbent President Yameen Abdul Gayoom, backed by the *Progressive Party of Maldives*.
- Solih will be sworn in on November 17 and his term is expected to continue until 2023.

### **Analysis**

- The presidential election was highlighted as a contest between Yameen's pledge to bring about a transformational change with mega-projects and Solih's pledge to end presidential tyranny, injustice and corruption by bringing changes to the constitution and implementing institutional reforms.
- In the lead up to the elections, there were a number of political obstacles placed by Yaameen's government. These included the amendment of electoral laws in June 2018 to stop former president, Mohamed Nasheed, from contesting the polls and the imprisonment of a number of political opponents, among others.
- With a number of prominent opposition figures of the country put behind bars, former President Mohamed Nasheed living in exile, a defunct parliament and a crippled judiciary, there was a big question mark over a free and fair election in the country.
- The crisis in the Maldives began in February this year when President Gayoom declared a state of Emergency. The security forces had stormed the Supreme Court and arrested two of its five sitting judges, sealed parliament house and detained prominent opposition leaders.
- Solih had backing of a united opposition trying to oust Yameen, but struggled for visibility with the electorate, with local media fearful of falling afoul of heavy-handed decrees & reporting restrictions.
- Despite a win, Solih is expected to face a number of challenges in running the govt. The joint opposition parties came together due to their common opposition to Yaameen's high handedness. Apart from this, they have little in common and they disagree on several important issues.
- For example, MDP in its manifesto called for a change in the form of governance from a presidential to a parliamentary system. On the other hand, the JP's (Jumhooree Party) manifesto stated that it will follow the current presidential form of governance.
- Solih was nominated by the MDP and accepted by the other political parties, mainly
- because of the Elections (General) Act and Presidential Elections Act passed by Yaameen's government in June 2018. These amended acts barred Maldivians who had sought asylum overseas or relinquished dual citizenship from running for the office of president for 10 years.
- As a result, Nasheed had to relinquish his candidature as he had gone to the United Kingdom to seek asylum. It would be interesting to observe the political relationship between Nasheed and Solih in the coming days.

### **Reactions From India**

- India was the first country to send its best wishes to Solih. It congratulated Maldivian government the successful completion of the third presidential election process.
- Traditionally, the Maldives has been close to India. However, this started to change after Nasheed was forced to quit office in February 2012. During Yaameen's tenure (2013-2018), the Maldives deepened its relationships with China at the expense of India.



- This drift towards China was an effort to find support for his regime against Nasheed who had India's backing. Also, the Maldives needed Chinese capital for its infrastructure development.
- Maldives home to around 22,000 Indians, is of strategic importance to India and its growing proximity with China is a cause for concern for New Delhi. In this context, the result of current election has been hailed by many analysts.

### **India-US 2+2 Dialogue**

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

#### **In News**

- India hosted inaugural 2+2 Dialogue with United States in New Delhi.
- As part of dialogue, US defence secretary Jim Mattis and secretary of state Mike held talk with Indian Foreign minister and defence minister.

#### **Key Highlights**

- Already cancelled twice this year, it was the highest level of dialogue between the two countries and was agreed upon by US president and Prime Minister Modi last year.
- During the dialogue, COMCASA (the India-specific formulation of CISMOA) was signed.
- The two side also discussed the progress of a Basic Exchange and Cooperation Agreement (BECA) which is in negotiating stage. BECA would enable them to share advance satellite data for navigation and missile targeting.
- The two sides also discussed issues ranged from the Indian purchase of the S-400 from Russia, the sanctions this action may attract under CAATSA, and whether the U.S. President will grant India a waiver; and whether India will get a waiver from another set of US sanctions if it does not reduce oil imports from Iran to Zero by November 4.
- While COMCASA was signed during the meeting, there was no positive or definite commitment from the U.S. on any of the other issues.

#### **What Is COMCASA and BECA**

Please refer CA of June 2018.

#### **Analysis**

- There is a need for interoperability between the Indian and U.S. defence forces.
- India needs to have an as strong as possible situational awareness of/in Indo-Pacific region, given the growing strength and presence of Chinese Navy and especially its submarines in these waters.
- While India has some resources for such monitoring, with the induction of P-8is (which are the most potent resource for ocean monitoring and which cause great discomfort to the Chinese Navy), it is nowhere near the levels necessary and needed for the Indian Navy, and Indian security, to ensure a high degree of situational awareness in the Indo-Pacific region.
- The US too is interested in monitoring the Chinese Navy's forays in international waters. It has brought to bear its immense resources to monitor such activities. This monitoring is done by various means such as satellite monitoring, P-8s, etc.



- It would be in the interest of both countries to share their Indo-Pacific environmental monitoring data. In addition, a number of other countries with close strategic relations with the U.S. (Australia and Singapore, for example) have P-8s and are monitoring the Indo-Pacific waters in their respective domains of interest.
- Unfortunately the U.S. gathers and stores such information through its COMSEC network. For India to be able to share this information it would have to field some compatible COMSEC equipment. Hence the need for a U.S. compatible and secure communication system. And hence the imperative for a COMCASA.
- There have been suggestions that CISMOA/COMCASA will enable India to access high technology. This needs to be clarified. An agreement of this sort has no technology transfer and high technology access provision.
- What it would enable India to do is procure high technology munitions items that have built-in COMSEC equipment such as the Sea Guardian drones.
- There are many who believe that it is a ploy of US to take advantage of India's defence market and the signing of COMCASA will not be very helpful for India.
- Without the agreement, which secures the integrity of US manufactured defence equipment, US cannot sell platforms with the capability that India desires. The purpose of the United States is to make sure that its military technologies are not leaked to a third party.
- The critics also claim that the agreement can kill the fledgling Indian defence industry. The FMS route, which the US often prefers, discourages technology transfer and even offsets. In any case, the US does not part with its technology easily.

### **State Visit of President to Cyprus, Bulgaria and Czech Republic**

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

#### **In News**

President of India paid a State Visit to Cyprus, Bulgaria and Czech Republic from September 2-9, 2018. The purpose of the visit was to hold talks with the leadership of the three European countries to deepen ties, particularly in the economic sphere.

#### **A. Cyprus**

- On the first leg of his three-nation tour, President visited Cyprus from 2-4 September, 2018.
- MOU between Financial Intelligence Unit, India and Unit for Combating Money Laundering of Cyprus was signed
- Both countries signed an MOU on Cooperation in the areas of Environment between the Ministry of Environment, Forest and Climate Change of India and the Ministry of Agriculture, Rural Development and Environment of Cyprus.

#### **Background:**

- The close alignment in world views of our founding fathers and great leaders, Mahatma Gandhi and President Archbishop Makarios III laid the foundations for the close relationship between India and Cyprus.
- Cumulative investment from Cyprus to India amounts to USD 9.2 billion, making it the 8th largest investor in India.

- There have been regular high-level exchanges between the two countries. The last visit from India at the level of Head of State was in 2009. The President of Cyprus came on a State Visit to India in April 2017.

## **B. Bulgaria**

- Indian President visited Bulgaria from 4-6 September, 2018.
- During the visit, the two Presidents witnessed the signing of the following documents :
  - i. A Programme of Cooperation between India and Bulgaria in the field of Science & Technology for the period 2018-2021;
  - ii. Memorandum of Understanding between India and Bulgaria on Cooperation in Tourism;
  - iii. Memorandum of Understanding between Indian Council for Cultural Relations (ICCR) and Sofia University on establishment of ICCR Chair for Hindi Language; and
  - iv. Memorandum of Understanding between Invest India and Invest Bulgaria.
  - v. An MOU on Cooperation between the Global Centre for Nuclear Energy (GCNEP) of India and the Institute for Nuclear Research and Nuclear Energy of the Bulgarian Academy of Sciences.

### **Background**

- India and Bulgaria have close historical and cultural ties dating back to 8th century A.D. There are similarities between the old Indian script Brahmi and the ancient Bulgarian script Glagolitsa.
- 19th century Bulgarian Revolutionary Georgi Stoikov Rakovski was a great Indologist. Nobel Laureate Rabindranath Tagore visited Bulgaria in 1926.
- In modern times, the popularity of Yoga, Ayurveda and Indian films in Bulgaria, as well as the experience of students of Indology at Sofia University have strengthened our bonds.
- India-Bulgaria annual trade stands at USD 315 million and a number of Indian companies are present in Bulgaria and vice-versa.
- The last visit from India at the level of Head of State was in 2003. Bulgarian Prime Minister visited India in 2007.
- Bulgaria held the rotating Presidency of the Council of the European Union from January to June 2018.

## **C. Czech Republic**

- The president visit Czech Republic from 6-9 September, 2018. The visit coincided with 25th Anniversary of foundation of Czech Republic.
- The president visited the Extreme Light Infrastructure (ELI) Beamlines – International Laser Research Centre, address the Czech Republic - India Business Forum and interact with Czech Indologists at the Charles University.
- Both leaders welcomed the ongoing discussion to establish cooperation between the Global Centre for Nuclear Energy Partnership (GCNEP) of India with a relevant institution in the Czech Republic.
- The two Presidents welcomed signing of the **Work Plan for Support of Czech-Indian Projects for the Years 2019-2022** between the Ministry of Education, Youth and Sports of

the Czech Republic and Department of Science and Technology, Ministry of Science and Technology of India.

- They also welcomed the signing of MoU on Scientific and Technological Cooperation between Academy of Sciences of Czech Republic and Council of Scientific and Industrial Research of India.

#### **Background**

- Indo-Czech relations are warm and friendly and pre-date India's independence.
- Kingdom of Bohemia and Moravia traded with India in 9-10 century A.D. Netaji Subhash Chandra Bose founded the Indo-Czech Association in Prague in 1934.
- Charles University had a Sanskrit Chair in 1850.
- In modern times, diplomatic relations were established in 1947, which has led to development of our multifaceted bilateral ties. India has substantial economic linkages with the Czech Republic.
- Our annual trade of over USD 1 billion and investment of around 60 Czech companies in India is testimony of our vibrant economic ties. Substantial investment has been announced by a Czech majors in automotive sector in 'Make in India'.
- The last visit from India at the level of Head of State was in 1996. Czech President was on a State visit to India in 2005 and Czech Prime Minister visited India in 2006.

#### **External Affairs Minister Visit to Moscow**

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

#### **In News**

- External Affairs Minister (EAM) Sushma Swaraj paid a two-day state visit to Moscow, Russia.
- During her visit, she attended the 23rd India-Russia Inter-Governmental Commission on Technical and Economic Cooperation (IRIGC-TEC) which was co-chaired by Swaraj and Yuri Borisov, Deputy Prime Minister of the Russian Federation.

#### **Key Highlights**

- IRIGC-TEC is a standing body which annually meets and reviews ongoing activities of bilateral cooperation in the fields of bilateral trade and investment, science and technology, culture and other issues of mutual interest.
- Last meeting of the Commission was held in New Delhi in December 2017.
- The commission has met in the run up to the 19th India-Russia Annual Summit which is expected to be held in India in October. President Putin is expected to visit India for the summit with PM Modi.
- The two sides discussed ways to enhance bilateral trade which in 2017 reached USD 10.17 billion.
- Two-way investments between these two countries have already crossed the USD 30 billion target, which was a target set for 2025. Both countries, therefore, proposed to enhance this figure to USD 50 billion by 2025.

## Chabahar Port

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

### In News

- Iran will handover the strategic Chabahar port to Indian company within a month for operation as per an interim pact.
- Earlier India and Iran had signed an agreement. Under this agreement, India is to equip and operate two berths in Chabahar Port Phase-I with capital investment of \$85.21 million and annual revenue expenditure of \$22.95 million on a 10-year lease.
- The Chabahar port is located in Gulf of Oman (in the Sistan-Balochistan province of Iran) and is easily accessible from India's western coast.



### Importance of Chabahar Port for India

- It is easily accessible from India's western coast and is increasingly seen as a **counter to Pakistan's Gwadar Port** located at distance of around 80 kms from Chabahar.
- It is being considered as a gateway to golden opportunities for trade by India, Iran and Afghanistan with central Asian countries in the wake of Pakistan denying transit access to New Delhi.
- From Chabahar, the existing Iranian road network can link up to Zaranj in Afghanistan. The Zaranj-Delaram road constructed by India can give access to Afghanistan's Garland highway.
- India's **trade relations and economic relations with Central Asian region** in future depends a lot on the utilisation of Chabahar Port because it provides direct sea-land route access for India to reach Central Asia via Iran. The distance between India's Kandla Port and Chabahar Port is quite short, thereby reducing the transportation costs of the goods. Hence, utilization of this route would **increase the competitiveness** of Indian goods in Central Asian region and beyond.
- When **linked with the International North South Transport Corridor**, it would touch South Asia at one end and Europe at another. Strategically, the Chabahar deal would also help in **countering the China's string of Pearl** of strategy against India.
- Chabahar is turning out to be a **success story in the India-Iran relationship**. With the operationalization of the port, it is witnessing high activity, and there are unconfirmed reports of traffic being diverted from Karachi to Chabahar.
- Not only that, in an attempt to circumvent the banking problems caused by western sanctions on Iran, India will for the first time allow investment in Iran. This is a special arrangement, which is only allowed for Nepal and Bhutan.

### Challenges

- First, progress in Chabahar may depend on which way relations develop between Iran and United States. It is important to note here that India needs Washington's support on the international stage especially on issues like its membership bid in the NSG (Nuclear Suppliers' Group).

- While Washington has asked it to **reduce oil imports from Iran**, doing so may impinge on its ties with Iran. Though it is likely that New Delhi may not completely cut down on oil imports from Iran, it may reduce them in the light of its growing ties with the United States. It is noteworthy that Iran is the third biggest supplier of oil to New Delhi after Iraq and Saudi Arabia.
- Relations with Iran will also require a **delicate balancing act** on the part of India given its own relations with countries like the United Arab Emirates and Saudi Arabia—also with countries like Israel, which has a fraught history with Iran.
- **Iran's recent stand on Muslims being oppressed** in Kashmir, put out by its supreme leader Ayatollah Khamenei in his Eid-ul-Fitr address, raises some serious questions.
- While prime reason for it could be India's growing closeness with Iran's worst enemies Israel and Saudi Arabia, it raises questions on efficacy and durability of the bond between the two countries.
- Going by the evidences, **Iran supports Shia militias as well as some allied Sunni militant groups** that engage in terrorist acts. Adding to the woes for India is the kidnap of alleged Indian spy Kulbhushan Jadhav, currently on death row in Pakistan, from Iran.

### **Conclusion**

- Given its growing profile on the international stage, New Delhi will be called upon to take a decision on issues like its ties with Iran and it can no longer afford to sit on the fence.
- India must analyse the situation and act accordingly to promote its national interests.

### **Referendum On Greater Catalan Autonomy**

*Syllabus: Effect of policies and politics of developed and developing countries on India's interests*

#### **In News**

- Spain's prime minister Pedro Sánchez has proposed a referendum on whether Catalonia should be given greater autonomy.
- This proposal came in a bid to dampen tensions between Madrid and Barcelona.

#### **Key Highlights**

- The proposal is only for holding a referendum on greater autonomy for Catalonia and ruled out allowing a vote on independence. However, the proposal did not give a timeline for any vote.
- Catalonia already has a large degree of autonomy, for example controlling its own police service and education system. But many in the region want even more, particularly over financial issues such as tax collection.
- Catalonia, which has its own distinct language, was granted autonomy under Spain's 1978 constitution adopted three years after the death of longtime dictator Francisco Franco.
- In 2006, a statute granting greater powers to the region was approved by Spanish and Catalan Parliaments. In a referendum at the time, more than 70 % of voters in Catalonia approved the deal.
- However, in 2010 Spain's Constitutional Court struck down several parts of statute, a move that led to a rise in support for independence in Catalonia, which is home to some 7.5 million people & accounts for about 20% of Spanish economy.

## **G-4 Summit**

*Syllabus: Bilateral, regional and global groupings and agreements.*

### **In News**

India hosted summit meeting of the G-4 nations at India's Permanent Mission to the UN on the margins of the 73rd session of the United Nations General Assembly. The summit took place on 26<sup>th</sup> Sept and was aimed at pushing for early UN Security Council reforms.

### **Key Highlights**

- **Brazil, Germany, India and Japan** – also known as the **G4** – have reiterated the compelling need for a protracted reform of the United Nations Security Council.
- They restated their support for **Africa's appropriate representation** in a reformed and expanded Council, which under the UN Charter bears primary responsibility for the maintenance of international peace and security.

#### **Fact**

In 2015, the 193-member General Assembly had adopted by consensus a negotiating text that encapsulates all proposals made by various UN members include UNSC reform, the veto and number of new permanent and non-permanent members in a reformed Council.

- Leaders of these countries reaffirmed the need for **expansion of both permanent and non-permanent categories** of membership to enhance its legitimacy, effectiveness and representativeness.
- They stated that the need for the reform is underlined by the fact that "the current composition of the Council *does not reflect the changed global realities* and they stressed that Security Council reform is essential to address today's complex challenges.
- The G4 Ministers stressed that adapting the United Nations to the contemporary needs of the 21st century necessarily required reforming the Security Council. They reviewed progress towards this goal at **Intergovernmental Negotiations (IGN)** and discussed pathways to reform of the Council.
- The G4, which aspire to become additional permanent members of a reformed Council, reiterated their **commitment to multilateralism**, vowing to work "to strengthen the functioning of the UN and the global multilateral order as well as their support for each other's candidatures.
- The summit highlighted that next year would mark 40 years since the inscription of the item "Question of equitable representation on and increase in the membership of the Security Council and other matters related to the Security Council" on the **agenda of the General Assembly in 1979** and yet substantial progress had not yet been achieved.
- The Ministers welcomed the compendium **published by the L.69** compiling 25 years of deliberations on the issue of Security Council Reform.

#### **Intergovernmental Negotiations (IGN)**

- The Intergovernmental Negotiations framework or IGN is a group of nation-states working within the United Nations to further reform of the United Nations Security Council (UNSC).



- It is composed of several different international organizations, including the African Union; the G4 nations; the United for Consensus Group (UfC), also known as the "Coffee Club"; the L.69 Group of Developing Countries; the Arab League and the Caribbean Community (CARICOM).
- The **five key issues** under consideration in these negotiations are: **1)** categories of membership to the Council (i.e. permanent, non-permanent, or a third option), **2)** the question of the veto, **3)** regional representation, **4)** size of an enlarged council and working methods, and **5)** the relationship between the Council and the General Assembly.

### **East Asia Summit and India-ASEAN- Economic Ministers' Meeting**

*Syllabus: Bilateral, regional and global groupings and agreements.*

#### **In News**

- Indian Commerce & Industry Minister attended the *6th East Asia Summit-Economic Ministers' Meeting (EAS-EMM)* and *15th India-ASEAN Economic Ministers' Meeting (AEM)* in Singapore.
- Singapore is currently holding the Chair of ASEAN.

#### **Key Highlights**

- 6th East Asia Summit- Economic Ministers' Meeting (EAS-EMM) –
  - The participants welcomed the *higher global economic growth forecast for 2018* and took note of the increasing importance of trade and investment relations among the EAS economies.
  - The Ministers agreed to the *importance of keeping markets open and fair* as well as improving transparency and predictability of the business environment.
- 15th India-ASEAN Economic Ministers' Meeting (AEM) –
  - The ministers took stock of the current level of trade and economic engagement between India and ASEAN and reaffirmed the commitment to further strengthen ASEAN-India economic relations.
  - ASEAN has emerged as the **second largest trade partner** of India in 2017-18 with bilateral trade valued at USD 81.33 billion, comprising 10.58% of India's total trade with the world.
  - ASEAN Ministers also appreciated the outcomes of the ASEAN-India Business and Investment Meet and Expo held on 22–23 January 2018 in New Delhi.
  - Issues related to promoting connectivity, collaboration on Small and Medium Enterprises (SME) development, blue economy, healthcare, and tourism as well as women and youth economic empowerment were also discussed.

#### **India-ASEAN**

- The Association of South-East Asian Nations (ASEAN) comprises of Indonesia, Singapore, Philippines, Malaysia, Brunei, Thailand, Cambodia, Lao PDR, Myanmar and Vietnam.
- India's focus on a strengthened and multi-faceted relationship with ASEAN is an outcome of the *significant changes in the world's political and economic scenario since the early 1990s and India's own march towards economic liberalisation*.



- India's search for economic space resulted in the 'Look East Policy'. The Look East Policy has today matured into a dynamic and action oriented '**Act East Policy**'. India's relationship with ASEAN is a key pillar of our foreign policy and the foundation of our Act East Policy.
- India-ASEAN relations stepped up a notch towards the end of 1990s and the beginning of 2000. In 1998 the then Indian Prime Minister, Mr. Atal Bihari Vajpayee intended to accelerate India's Look East Policy.
- Given its size, geographical location, trade links and the EEZ (Exclusive Economic Zone) India's security environment faces many challenges. Therefore potential concerns range from the Persian Gulf to the Straits of Malacca in the West, South and East, Central Asia in the Northwest, China in the Northeast and South Asia.
- Thus, India is looking to develop associations with countries beyond its immediate neighbourhood perceiving countries in East and Northeast Asia as its far eastern neighbours and the ASEAN countries as its near eastern neighbours.
- One of the first concrete steps taken by India was the setting up of the **Mekong Ganga Cooperation Project in 2000** which includes India and the five ASEAN countries (including the four newer ASEAN members – Vietnam, Lao, Cambodia, Myanmar and Thailand).
- The **up-gradation of the relationship into a Strategic Partnership in 2012** was a natural progression to the ground covered since India became a **Sectoral Partner** of the ASEAN in 1992, **Dialogue Partner** in 1996 and **Summit Level Partner** in 2002.

#### **ASEAN-India Centre (AIC)**

- At the Commemorative Summit held in 2012, the Heads of the Government recommended establishment of ASEAN-India Centre (AIC) to undertake policy research, advocacy and networking activities with organizations and think-tanks in India and ASEAN with the aim to promote the ASEAN-India Strategic Partnership.
- The AIC has been serving as a resource centre for ASEAN Member States and India since its establishment in 2013 for strengthening ASEAN-India strategic partnership and promoting India-ASEAN dialogue and cooperation in the areas of mutual interests.

#### **Security Cooperation**

- The main forum for ASEAN security dialogue is the **ASEAN Regional Forum (ARF--** It was set up in 1993 as a regional security cooperation and dialogue platform). India has been attending annual meetings of this forum since 1996 and has actively participated in its various activities.
- The **ASEAN Defence Ministers' Meeting (ADMM)** is the highest defence consultative and cooperative mechanism in ASEAN. The **ADMM+** brings together Defence Ministers from the *10 ASEAN nations plus Australia, China, India, Japan, New Zealand, Republic of Korea, Russia, and the United States* on a biannual basis.
- **Expanded ASEAN Maritime Forum (EAMF)** is an avenue for **track 1.5 diplomacy** (a diplomacy channel in which official and non-official actors work together to resolve conflicts) focusing on cross cutting maritime issues of common concern. India regally participates in this forum.

### **Trade and Investment**

- India-ASEAN trade and investment relations have been growing steadily with ASEAN being India's fourth largest trading partner.
- The annual trade between India and ASEAN stood at approximately US\$ 76.53 billion in 2014-15. It declined to US\$ 65.04 billion in 2015-16 essentially due to declining commodity prices amidst a general slowing down of the global economy.
- Investment flows are also substantial both ways, with ASEAN accounting for approximately 12.5% of investment flows into India since 2000.
- The **ASEAN-India Free Trade Area** has been completed with the entering into force of the ASEAN-India Agreements on Trade in Service and Investments on 1 July 2015.
- ASEAN and India have been also working on enhancing private sector engagement. **ASEAN India-Business Council (AIBC)** was set up in March 2003 in Kuala Lumpur as a forum to bring key private sector players from India and the ASEAN countries on a single platform for business networking and sharing of ideas.

### **Connectivity**

- ASEAN-India connectivity is a matter of strategic priority for India as also the ASEAN countries. In 2013, India became the **third dialogue partner** of ASEAN to initiate an **ASEAN Connectivity Coordinating Committee-India Meeting**.
- While India has made considerable progress in implementing the **India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Project**, issues related to increasing the maritime and air connectivity between ASEAN and India and transforming the corridors of connectivity into economic corridors are under discussion.
- A possible extension to India-Myanmar-Thailand Trilateral Highway to Cambodia, Lao PDR and Viet Nam is also under consideration.

### **Cultural Relations**

- Existing archaeological evidence shows ancient ties between India and Southeast Asia, including ceramic and boat-building traditions and marine links.
- The presence of the Shivalinga has been found in Vietnam which was the stage for many scenes of the Indian epic Mahabharata within the 12<sup>th</sup>-century temples of Angkor Wat in Cambodia are further proof of the deep cultural bonds between South East Asia and India.
- Indian merchants had facilitated the spread of religion and culture in different parts of the region. Indian and Southeast Asian languages have common sources like Sanskrit and Pali, and traditional dance and other art forms of the two regions also exhibit many similarities.
- The Indian epics, Ramayana and Mahabharata, are hugely popular in Thailand and Indonesia and have had influence on popular art forms in those countries such as shadow puppetry.
- The Arjuna statue near the National Monument in the heart of Jakarta is also a striking symbol of a common cultural heritage. Indian film stars are also quite popular in many ASEAN countries. In fact, most Indonesian television channels regularly show Hindi-language films.

**People To People Contact**

- The large Indian diaspora in many of the Southeast Asian countries, especially Malaysia and Singapore, help strengthen diplomatic, economic and security relations between India and ASEAN as they have contributed to a deepening of bonds.
- The Indian diaspora comprise an important instrument of India's soft power and they help congeal a highly organic relationship between the two regions.

**Initiative to Stop Terrorist Travel Launched**

*Syllabus: Bilateral, regional and global groupings and agreements.*

**In News**

- The United States and Morocco launched the *Global Counter-Terrorism Forum's (GCTF) Terrorist Travel Initiative*.
- The initiative will bring together stakeholders to share expertise on how to develop and implement effective counterterrorism watchlisting and screening tools.

**Key Highlights**

- It was launched on the sidelines of the United Nations General Assembly (UNGA).
- The initiative will hold four regional workshops in 2018 and 2019 to develop a document that shall be endorsed at the 2019 GCTF ministerial meeting.
- Reinforcing Resolution 2396, which was unanimously adopted by Security Council in Dec' 2017, the resulting document will reinforce methods for countries and organisations to stop terrorist travel.
- Terrorist travel is being curbed at the moment through *Advanced Passenger Information (API)*, *Passenger Name Record (PNR)*, and biometrics that have been prescribed in Resolution 2396.
- The new initiative will strengthen this resolution while aiming to stop terrorist travel altogether.

**About Global Counter-Terrorism Forum**

- The GCTF is an international forum of 29 countries and the European Union. It was launched in 2011. The GCTF is Co-Chaired by Morocco and the Netherlands.
- Its overarching mission is to reduce vulnerability of people worldwide to terrorism by preventing, combating, & prosecuting terrorist acts and countering incitement & recruitment to terrorism.
- One of the important goals of the Forum is to support and catalyze implementation of the United Nations (UN) Global Counter-Terrorism Strategy.

**Saudi Arabia To Join CPEC Project**

*Syllabus: Bilateral, regional and global groupings and agreements.*

**In News**

- Saudi Arabia is set to join the multibillion-dollar project China Pakistan Economic Corridor (CPEC) as a third major economic partner.

- Earlier, Pakistan had, in alliance with China, invited Saudi Arabia to join CPEC as 3rd strategic partner.

### **Key Highlight**

- Saudi Arabia's decision to invest in the project came days after Pakistan Prime Minister Imran Khan visited Saudi and United Arab Emirates in his first foreign visit since assuming office.
- Saudi's addition to the project is aimed at recovering Pakistani government from the financial crunch faced by the country.
- Recently, debt levels have risen in Pakistan, especially due to unsustainable loans from China for CPEC projects, compromising cash-strapped Pakistan's sovereignty.

#### **About CPEC**

- The \$46-billion China Pakistan Economic Corridor (CPEC) project focuses on road building and energy infrastructure to end chronic power shortages in Pakistan and to link China's landlocked north-west with the deep-water port Gwadar on the Arabian Sea.
- The ambitious project is a part of China's "One Belt and One Road" or new Silk Road project. It is being built from the restive Xinjiang province in China to Gwadar in southwestern Pakistan.
- The corridor passes through Gilgit-Baltistan in Pakistan-administered Kashmir - a territory claimed by India. The fact that the route passes through the disputed Kashmir region seems to have worried India.

### **Four More Nuclear Facilities under IAEA Safeguards**

*Syllabus: Bilateral, regional and global groupings and agreements.*

#### **In News**

- India has decided to place four more reactors under the IAEA safeguards.
- It was announced by India at the 62nd General Conference of IAEA Vienna, Austria.

#### **Key Highlights**

- The four reactors included under IAEA are - two Russian-designed Pressurised Light Water Reactors and two Pressurised Heavy Reactors being built with Indian technology.
- With this, a total of 26 Indian nuclear facilities will be under international nuclear energy watchdog.

#### **Facts about Nuclear Programme**

- India plans to build 21 reactors by 2030 for power generation as well as to promote Cancer research.
- The indigenously developed prototype fast breeder reactor of 500 MWe is undergoing sodium commissioning and criticality is expected next year.
- In power generation, a notable achievement was one of the longest run of reactor Unit-1 of Kaiga plant.
- By reaching 859 days of continuous operation, it has become the third longest running plant in the world. Four other reactors also continue to operate for 450 days and above.
- These achievements establish the soundness of technology and efficiency in operation and maintenance.

### About IAEA

- The International Atomic Energy Agency is the world's central intergovernmental forum for scientific and technical co-operation in the nuclear field.
- It works for the safe, secure and peaceful uses of nuclear science and technology, contributing to international peace and security and the United Nations' Sustainable Development Goals.
- It is headquartered in Vienna, Austria. It serves as international nuclear energy watchdog, independent of United Nations but reports to both UNGA and UNSC.

### IAEA Safeguards

- The objective of IAEA Safeguards is to deter the spread of nuclear weapons by the early detection of the misuse of nuclear material or technology.
- This provides credible assurances that States are honouring their legal obligations that nuclear material is being used only for peaceful purposes.
- Safeguards are a set of technical measures applied by the IAEA on nuclear material and activities, through which the Agency seeks to independently verify that nuclear facilities are not misused and nuclear material not diverted from peaceful uses. States accept these measures through the conclusion of safeguards agreements.
- IAEA safeguards are an essential component of the international security system. The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is the centrepiece of global efforts to prevent the further spread of nuclear weapons.
- Under the Treaty's Article 3, each Non-Nuclear Weapon State is required to conclude a safeguards agreement with the IAEA.
- Today, IAEA safeguards nuclear material & activities under agreements with more than 140 States.

### What Is The Additional Protocol To Safeguards Agreements

- The Additional Protocol is a legal document granting the IAEA complementary inspection authority to that provided in underlying safeguards agreements.
- Its principal aim is to enable the IAEA inspectorate to provide assurance about both declared and possible undeclared activities. Under the Protocol, the IAEA is granted expanded rights of access to information and sites.

### World Summit on Accreditation

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

### In News

- The fourth World Summit on Accreditation (WOSA2018) was held in New Delhi from 7<sup>th</sup>-9<sup>th</sup> Sept.
- The theme of WOSA 2018 was '**challenges and opportunities in outcome-based accreditation**'.
- WOSA2018 aimed to bring about new ideas and help in establishing new trends of identifying opportunities and challenges in professional and technical education worldwide.

- It is a biennial Summit organised by National Board of Accreditation (NBA), which provides a platform to stakeholders to share their knowledge and information on accreditation.
- NBA has already organised three Summits in 2012, 2014 and 2016 with the themes “Achieving Excellence through Accreditation”, “International Recognition of Education Qualifications” and “Quality Assurance through Outcome Based Accreditation” respectively.

**About NBA:**

- The National Board of Accreditation (NBA) is an autonomous organisation under Ministry of Human Resource Development engaged in quality assurance of the programs offered by the professional and technical institutions in India through accreditation.
- NBA has been accorded Permanent Signatory Status of Washington Accord since June, 2014.
- It has adopted internationally implemented outcome based assessment and accreditation, to ensure that the graduates of the NBA accredited programs are globally competent and relevant.

### **UNWTO Global Summit**

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

#### **In News**

- The 7th UN World Tourism Organization (UNWTO) Global Summit on Urban Tourism was held in Seoul, South Korea.
- Theme of this summit was - ‘**A 2030 Vision for Urban Tourism**’.

#### **Key Highlights**

- The summit was aimed to encourage new strategic approaches to the challenge of a growing tourism sector and its impact on urban destinations through sharing of innovative ideas & experiences.
- Among the topics discussed were innovative approaches to: competitiveness in urban destinations; impacts of technology on urban tourism; rejuvenation of cities; and increasing inclusion in city development.

#### **United Nations World Tourism Organization (UNWTO)**

- The World Tourism Organization is the **United Nations agency** responsible for the promotion of responsible, sustainable and universally accessible tourism.
- It serves as a global forum for tourism policy issues & a practical source of tourism know-how.
- It encourages the **implementation of the Global Code of Ethics** for Tourism to maximize the contribution of tourism to socio-economic development, while minimizing its possible negative impacts, and is committed to promoting tourism as an instrument in achieving the United Nations Sustainable Development Goals (SDGs), geared towards eliminating poverty and fostering sustainable development and peace worldwide.
- With its **headquarters in Madrid**, WTO is an inter-governmental body entrusted by the United Nations with the promotion and development of tourism.

### **World Maritime Day 2018**

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

#### **In News**

- The United Nations (UN), via the **International Maritime Organization (IMO)**, created World Maritime Day to celebrate the international maritime industry's contribution towards the world's economy, especially in shipping.
- The event's date varies by year but it is always observed on the **last Thursday** of September.
- In 2018, it was observed on **27<sup>th</sup> September**. The World Maritime Day theme for the year is **"IMO 70: Our Heritage – Better Shipping for a Better Future"**.
- In 2018, IMO celebrates 70 years since the Convention establishing the Organization was adopted.

#### **About IMO**

- IMO – the International Maritime Organization – is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships.
- IMO's work supports the UN SDGs. Its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented.
- It is headquartered at London and has 171 member states and 3 associate members.
- India had joined this organisation as member-state in 1959.

### **International Ayurveda Congress**

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

#### **In News**

- The 4<sup>th</sup> International Ayurveda Congress was held at **Leiden, The Netherlands**.
- The congress was organized jointly by The International Maharishi AyurVeda Foundation, The Netherlands; the All India Ayurvedic Congress, New Delhi; and the International Academy of Ayurveda, Pune.
- These International Congresses are held regularly, at least once in two years.
- Aim of the congress was to establish Ayurveda as the most ancient, scientific and holistic health care system, which is capable of leading the world towards an increasingly disease-free society.
- Since Ayurveda is cost effective and easy to implement, it is capable of bringing about self-sufficiency in health care in every nation.
- On sidelines of this congress, Indian Embassy also had organized special seminar titled "India-Netherlands collaboration in Healthcare, including Ayurveda."

### **International Aviation Summit**

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

#### **In News**



- The International Aviation Summit was held in New Delhi on September 4, 2018.
- It was jointly organised by the Airports Authority of India, Ministry of Civil Aviation and International Air Transport Association (IATA).

### **Key Highlights**

- The summit discussed the aviation operating environment in India and the opportunities that exist for the market to become the third largest globally by 2025.
- At the summit, Union Minister for Civil Aviation Suresh Prabhu revealed that the Civil Aviation Ministry is coming up with **Vision 2035** under which it plans to build 100 new airports across India in the next 10-15 years with an investment of USD 60 billion.
- He also revealed that the Government is working on a cargo policy and is planning to have a cargo hub in India.

### **About IATA**

- The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines or 82% of total air traffic.
- IATA supports airline activity and helps formulate industry policy and standards. It is headquartered in **Montreal, Quebec, Canada** with Executive Offices in Geneva, Switzerland.

### **Exporting Corruption - Progress Report 2018**

*Syllabus: Important International institutions, agencies and fora- their structure, mandate.*

### **In News**

- Anti-corruption organisation Transparency International has released the 2018 edition of the '**Exporting Corruption Report**'.
- The classification of enforcement in this report is based on the convention countries' enforcement actions in the period 2014-2017.

### **Key Highlights**

- The countries have been classified according to the enforcement categories (Active, Moderate, Limited, Little or No) which in turn show the level of enforcement efforts against foreign bribery.
- A country that is an "Active enforcer" initiates many investigations into foreign bribery offences; these investigations reach the courts; the authorities press charges and courts convict individuals and/or companies both in ordinary cases and in major cases in which bribers are convicted and receive substantial sanctions.
- "Moderate Enforcement" and "Limited Enforcement" indicate stages of progress, but are considered insufficient deterrence. Where there is "Little or No Enforcement", there is no deterrence.
- According to the report, only about a quarter of world exports come from countries with active law enforcement against companies bribing abroad.
- There are 7 countries with 27% of global exports which have been kept in active enforcement category. These are – US, Germany, United Kingdom, Italy, Switzerland, Norway, and Israel.
- There are 4 countries with 3.8% global exports in the moderate category. These are - Australia, Sweden, Brazil, Portugal.

- 11 countries with 12.3% global exports have been kept in limited enforcement category. These are - France, Netherlands, Canada, Austria, Hungary, South Africa, Chile, Greece, Argentina, New Zealand, Lithuania.
- 22 countries with 39.6% global exports have Little or No Enforcement. These are - China, Japan, South Korea, Hong Kong, Singapore, **India**, Spain, Mexico, Russia, Belgium, Ireland, Poland, Turkey, Denmark, Czech Republic, Luxembourg, Slovakia, Finland, Colombia, Slovenia, Bulgaria, Estonia.
- There have been improvements in eight countries, with three (Israel, Italy and Norway) moving into the Active category, three (Brazil, Portugal and Sweden) joining the Moderate category and two (Argentina and Chile) entering the Limited category.
- The two biggest improvers are Israel (from Little or No Enforcement to Active Enforcement) and Brazil (from Little or No Enforcement to Moderate Enforcement).

#### **India Specific Observation**

- In this 2018 report, China, Hong Kong,<sup>7</sup> India and Singapore – all with 2 per cent or more of world exports, but not parties<sup>8</sup> to the OECD Convention – are classified for the first time and all fall into the lowest level (Little or No Enforcement).
- This poor performance argues for these countries' accession to the OECD Anti- Bribery Convention.
- The report further highlights that if these countries do not enforce hard-won international standards for conducting business, competitors from countries that do enforce will find themselves disadvantaged. This may lead to a reduction in enforcement, destabilising the global marketplace
- Citing cases of alleged bribery by foreign firms including in a deal of 12 helicopters by Italy-based firm AgustaWestland, it asked India to criminalise foreign bribery and introduce effective legislation to protect whistleblowers in the private sector.
- The report said that the Indian government does not publish statistics on its foreign bribery enforcement and does not disclose such statistics on request.
- The report said in July 2018, the Indian Parliament passed a bill amending the present **Prevention of Corruption Act**, which covers bribe payers for the first time. It further said that the bill also covers agents, subsidiaries and subcontractors of foreign firms working in India or doing business with Indian entities.
- However, foreign bribery is not yet criminalised in India, as a result the adequacy of the enforcement system in relation to this specific offence cannot be assessed.
- It also highlights that while the Indian Penal Code and Prevention of Corruption Act prescribe criminal and civil liability for domestic corruption, the reality is that actions taken against the perpetrators have been few.
- The report cited inadequacies in implementation of Mutual Legal Assistance (MLA) Treaty. So far India has signed mutual legal assistance (MLA) treaties with 39 countries and the Ministry of Home Affairs is the central authority for seeking and providing MLA in criminal law matters.
- However, according to the report, the translation of documents into foreign languages is a major factor slowing down the MLA process.

- The report cited several cases of alleged bribery or attempts to bribe Indian government officials by foreign firms including France-based Airbus, saying India was among 16 countries targeted by alleged bribery.
- The report also highlighted an example whereby, in 2017, the Ontario Court of Appeal upheld the 2013 conviction of a Canadian man for conspiring to bribe Indian public officials, including a minister, in a failed bid to win a major contract for Cryptometrics Canada (a firm) to supply security-screening equipment to Air India.

### **Key Overall Recommendations**

- Countries party to the Convention and other major exporters should scale up their foreign bribery enforcement by addressing weaknesses in their legal frameworks and enforcement systems.
- The OECD Working Group On Bribery (WGB) should make public its dissatisfaction when countries party to the Convention fail to enforce against foreign bribery, related money laundering offences and false accounting violations.
- Countries party to the Convention, other major exporters and the OECD WGB should increase efforts to improve mutual legal assistance, in cooperation with other relevant anti-corruption review bodies.
- China, Hong Kong, India and Singapore should enforce against foreign bribery and accede to the OECD Anti-Bribery Convention. The OECD WGB should continue to encourage them to do so.

### **About The Report**

- Transparency International's 2018 Progress Report is an independent assessment of the enforcement of the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention, which requires parties to criminalise bribery of foreign public officials and introduce related measures.
- The Convention is a key instrument for curbing global corruption because the 44 signatory countries are responsible for approximately 65 per cent of world exports and more than 75 per cent of total foreign direct investment outflows.
- This was the 12<sup>th</sup> such report which also assesses enforcement in China, Hong Kong Special Administrative Region of China, India and Singapore, which are not parties to the OECD Convention but are major exporters, accounting for 18 per cent of world exports.
- The report has been prepared by Transparency International, with contributions from its national chapters and experts in 41 OECD Convention countries, as well as in China, Hong Kong, India and Singapore.

### **OECD Anti-Bribery Convention**

The OECD Anti-Bribery Convention was adopted in 1997 to address the supply side of international corruption. There are now 44 parties to the convention, 36 of them members of the OECD (Organisation for Economic Cooperation and Development).

