

International Events for CSE Main 2017 up to 2017 September 2017

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1. INDIA SIGNS **Multilateral Competent Authority agreement**: Canada, Iceland, India, Israel, New Zealand and China on Thursday signed the Multilateral Competent Authority agreement for the automatic exchange of Country by Country reports. As many as 39 countries signed this agreement. All will bilaterally and automatically exchange Country-by-Country Reports with each other. “It will help ensure that tax administrations obtain a complete understanding of how MNEs structure their operations, while also ensuring that the confidentiality of such information is safeguarded.
2. The 16-country trade grouping of the **Regional Comprehensive Economic Partnership (RCEP)** RCEP is a comprehensive free trade agreement including goods, services, investment, competition and intellectual property rights between the 10 Asean countries and its six free trade agreement partners Australia, China, India, Japan, Korea and New Zealand.
3. NDA government has renamed its earlier policy of “**Look East**“ to ‘**Act East**’. To forge better ties with South East Asian countries, BJP-led government in Assam, is setting up a Department of Act East, and a World Trade Centre in Guwahati. The centre will house diplomatic offices and banks, to reduce the time lost in visiting Delhi for relevant permissions. Civil aviation ministry has started a Rs 1,000 cr project to upgrade the terminal of Guwahati airport, and Railways is working on connectivity to different states of the region.“
4. India is likely to become a member of the Shanghai Cooperation Organisation in June 2017.
5. The **United Nations Day of Vesak** is celebrated annually in Buddhist majority countries. Vesak Day marks the birth, enlightenment and passing away of the Buddha. It is recognised as an international festival by the United Nations. This is the first time Sri Lanka will host this festival, on 12th May, 2017. The Prime Minister of India will

participate in the celebrations. In India it is celebrated as Buddha Purnima.

6. Germany is the seventh biggest investor in India and accounts for 3% of total foreign direct investment in India. 1,600 German companies are registered in India and German firms provide 400,000 jobs in India.
7. India is keen for a partnership with Spain to improve its coastguard facilities. The Madrid trip of the Prime Minister in June 2017, will focus on seeking Spanish support for smart cities, defence, renewable energy and railways. Spain has achieved considerable success in these areas and created world class products at competitive prices.
8. PM will visit St Petersburg (June 1-3) for St Petersburg [International Economic Forum \(SPIEF\)](#) and 18th edition of the Indo-Russian annual summit. This is called the Davos of Eurasia.
9. In March 2017, approval was given to India's accession to [the Customs Convention on International Transport of Goods](#) under cover of TIR Carnets (TIR Convention), paving the way for faster movement of goods across borders.

The TIR Convention will get Indian traders access to fast, easy, reliable and hassle free international system for movement of goods by road or multi-modal means across the territories of other countries that join the agreement. Under the TIR, movement can be allowed by checking only the seals and the external conditions of the load compartment or the container, reducing border delays, transport and transaction costs. There will also not be any inspection of goods at intermediate borders en route escorts will not be needed due to reciprocal recognition of customs controls.

Besides, customs clearance can take place at internal customs locations, avoiding clearances at congested border crossing points.

“The TIR Convention can be an instrument for movement of goods along the International “North-South“ Transport (INSTC) Corridor and would be helpful in boosting trade with the Central Asian Republics and other Commonwealth of Independent States (CIS), particularly using ports in Iran like the Chabahar port,“

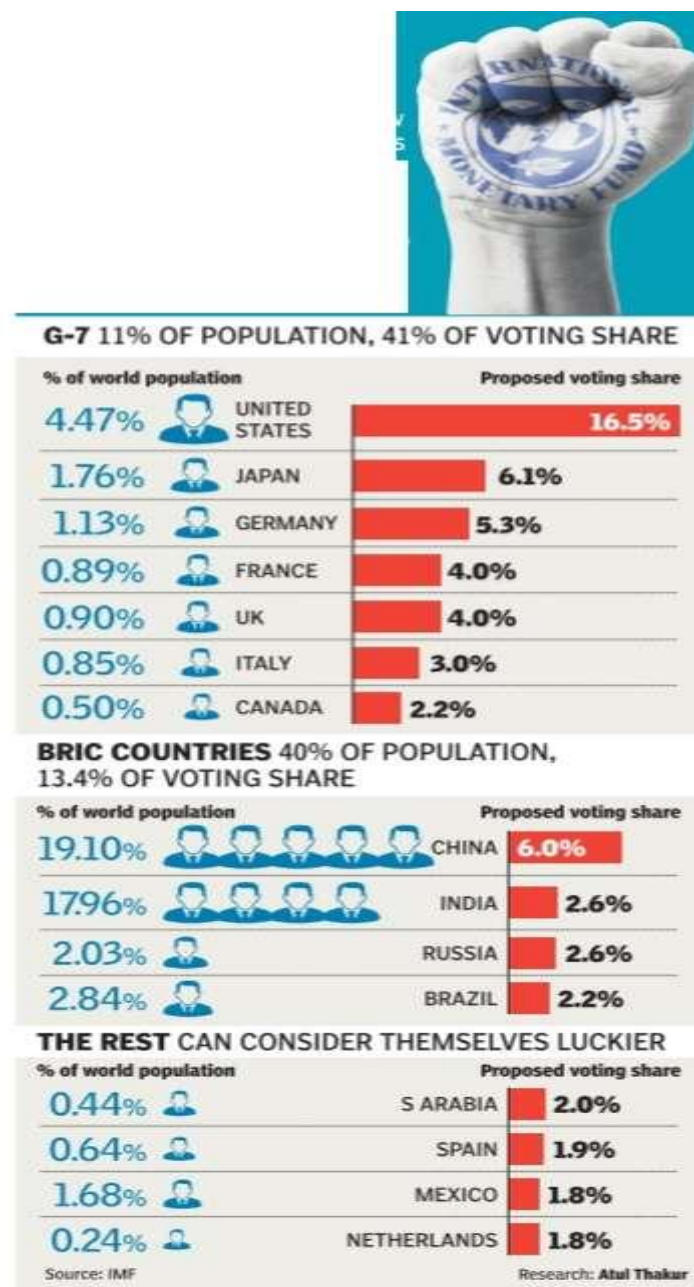
10. **The Far Eastern Federal District** is the largest but the least populated of the eight federal districts of Russia, with a population of roughly 6.3 million. The region is rich in resources such as unused land, timber, tin, gold, diamonds, and oil and natural gas.

The Russian government has announced several initiatives to attract investments in the region, including an agricultural SEZ and the Vladivostok Free Port Project. India was the first country to establish a resident consulate in Vladivostok in 1992. India's existing engagement with the region is limited to isolated pockets, such as the Irkut Corporation in Irkutsk where the Mig and Sukhoi aircraft are built. Other Indian business interests in the region include the \$6 billion worth of investments by ONGC Videsh Limited in the Sakhalin 1 hydrocarbon project, Moscow would also seek investments in the region from companies seeking business opportunities in industries such as timber, coal and diamond mining, and production of metals such as gold, platinum, tin, and tungsten.

11. **India recognised Israel** in 1950 and formalised ties with it in 1992. Till 2016 the policy with Israel was a balancing act intertwined with Palestine. As such, the President of India had to visit Ramallah, as well as Tel Aviv to retain the balance of relationship. In 2017 the Prime Minister of India will be visiting Israel only, to signal the change in relationship and the policy that was more valid till 1980s.

12. **Changes in IMF's role , quota and membership** : India's membership of IMF India will join the at the **International Monetary Fund's** top table along with three other emerging markets after the multilateral institution approved much-delayed quota reforms on Wednesday. India is now among the top largest 10 members of the IMF, US, Japan, Germany, France, Italy, the UK, **India, Brazil, China and Russia**. (Four emerging market countries) India's vote share will go up to 2.69% from 2.34%.

- a. The IMF's quota reforms of December 2010 recommended that developing countries benefit to the tune of a 6% shift in quotas in their favour, in order for them to be better represented. This reflects the increasing role of dynamic emerging markets and developing countries. These reforms will reinforce the credibility, effectiveness, and legitimacy of the IMF. The amendment to the IMF's Articles of Agreement creating an all-elected executive board (board reform amendment) entered into force on Wednesday.
- b. The role of the IMF has also undergone a shift. It used to be the lender of last resort, apart from provider of macroeconomic assessment. The IMF has also become the effective secretariat of the G20, carrying out the mutual assessment process, monitoring how well countries stick to their own promises on economic conduct. Given the ever-increasing importance of global coordination, it is imperative that the IMF combine technical rigour with representative legitimacy . For many bilateral currency swap agreements that countries have entered into, involving countries with large foreign exchange surpluses, the IMF's stamp of approval
- c. The IMF's quota reforms of 2010:



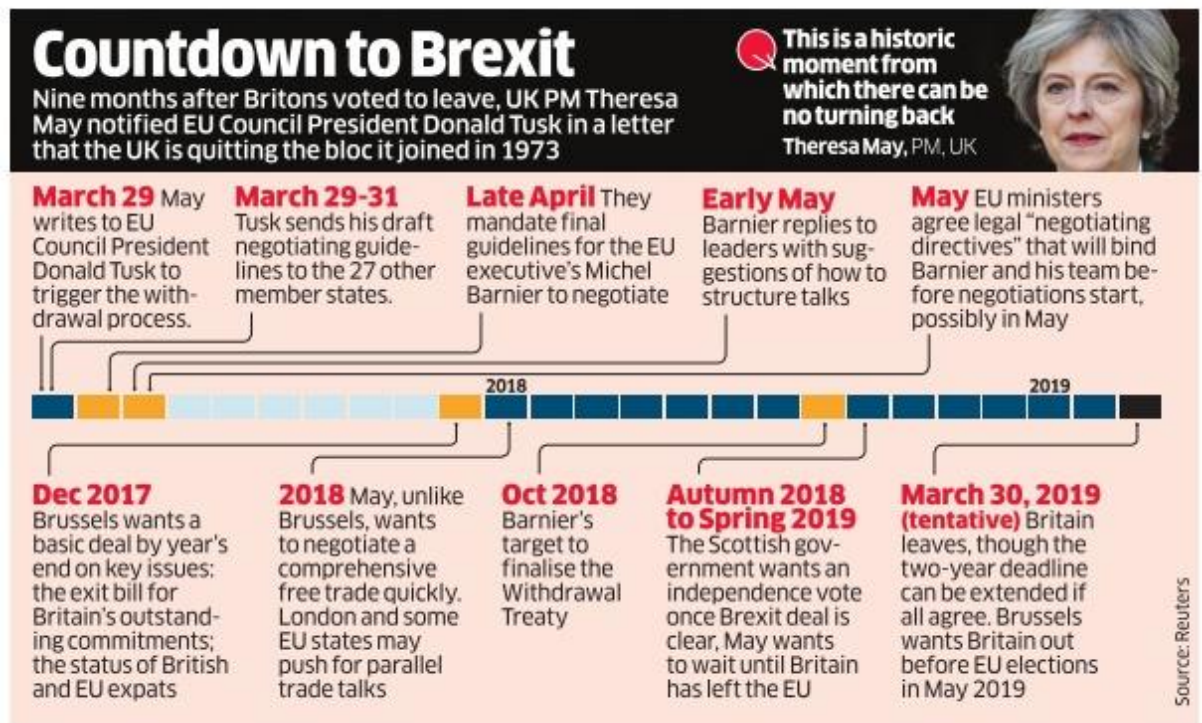
13. **Trade and Defence growing inter links in US policy:** Their motto is 'fair and share': do fair trade and share the defence burden. Trade and defence policies are meshing in new ways under this administration. Japan, South Korea and the US are actively crafting a united front on defence to signal China while banging heads together in private to reduce the trade deficit. A White House threat to Japanese automakers, if you don't buy, you don't sell, apparently turned things around after Japanese Prime Minister Shinzo Abe's visit.

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US wants to burn the bridge to 'free riders' in the global trading system, and to beat Islamists back to the caves. US outlined its trade agenda and blamed 16 countries for the large US trade deficit of \$735 billion. India was near the top of the list, after China, Japan, Mexico and Germany, accounting for \$18 billion, while China was responsible for nearly half of that humongous figure.

14. **USA's review of military policy:** is concerned with a set of challenges arising from (1) increasingly assertive China and Russia, (2) nuclear proliferation by nations like North Korea and Iran, of all kinds of weapons of mass destruction (3) a weakened US military, because of little modernization in the last ten years. China is a threat to global security because it is very active in South China Sea, claiming territory and building military bases where there were none before.

15. **BREXIT process started on 29th March 2017.**



16. **One Belt, One Road (OBOR) policy** is a grandiose connectivity initiative linking China with Europe via SE Asia and Central Asia through land and sea.

The policy is proposed to be made effective in May 2017, to be attended by 28 Heads of States including Russia, Sri Lanka, Pakistan, Nepal, and other SE Asian countries, Argentina and Chile from South America and a few African nations. India is unlikely to attend the OBOR meeting as it opposes CPEC that passes through Pakistan occupied Kashmir. The Corridor poses a security problem for India.

17. **Sri Lanka's Debt Trap:** Sri Lanka has run into a huge debt trap by allowing Chinese funded projects. Sri Lanka has borrowed billions of dollars from China to build domestic infrastructure. The country's estimated national debt is \$64.9 billion, of which \$8 billion is owed to China, because of high interest rate on Chinese loans.


For example, for the \$1 billion Hambantota port project, Sri Lanka borrowed \$301 million from China with an interest rate of 6.3%, while the interest rates on soft loans from the World Bank and the Asian Development Bank (ADB) are only 0.25-3%. India's Line of Credit to the neighbouring countries is at interest rate of 1% or less. Another major investment is in the Mattala Airport, a new railway and the Colombo port city project.

Colombo is running up huge financial losses owing to high interest rates charged by Chinese lenders for the mega infrastructure projects. To resolve its debt crisis, the Sri Lankan government has agreed to convert its debt into equity. This may lead to Chinese ownership of the projects, on a lease of 99 years. The Hambantota port project is to be part of One Belt One Road policy.

18. **South Asia Satellite** : launched on 5th May 2017 was witnessed by:
- Prime Minister of Bangladesh, Sheikh Hasina
 - Prime Minister of Bhutan, Tshering Tobgay
 - President of Maldives, Abdulla Yameen
 - Prime Minister of Nepal, P. K. Dahal
 - President of Sri Lanka, M. Sirisena

f) Prime Minister of India, Narendra Modi.

g) All the above



All You Need to Know About South Asia Satellite

The South Asia Satellite was launched atop a 50-meter tall rocket, the Geo-Synchronous Satellite Launch Vehicle on its 11th flight. It weighs 414 kg and will use an indigenous cryogenic engine

The satellite, India's gift to its neighbours, will connect it with six other countries of South Asia. It reflects Modi gov't's neighbourhood first policy

ISRO built the 2,230-kg satellite, which uses a new propulsion system, over three years at a cost of ₹235 crore. Its mission life is 12 years and the project costs over ₹450 crore

The satellite will provide telecommunication links among India, Nepal, Bhutan, Bangladesh, Maldives, Sri Lanka and Afghanistan

Each country can beam its own TV programmes while there will be the possibility for a common South Asia programming


The satellite will help the nations communicate better during disasters and it could help establish a hotline among them. The functions of the South Asia satellite will include telemedicine and education

The satellite has 12 Ku Band transponders, devices that help in communication. Each nation will get access to at least one transponder. India said it was ready to help them with the ground infrastructure

PM Modi has said the satellite embodies the "spirit of Sabka Saath, Sabka Vikas... inclusive development for all." That mantra, PM Modi said in his radio address Mann Ki Baat, was not confined to India alone. "It applies to the global context too and very specially to our neighbouring countries," he said. The facilities of the satellite, the PM said: "Will go a long way in addressing South Asia's economic and developmental priorities"

After taking office in 2014, PM Modi had asked ISRO scientists to develop a South Asia satellite as a gift dedicated to neighbouring countries

Pakistan opted out of the project saying it has its "own space programme". Pakistan has five satellites but lacks heavy duty launchers and satellite fabrication facilities

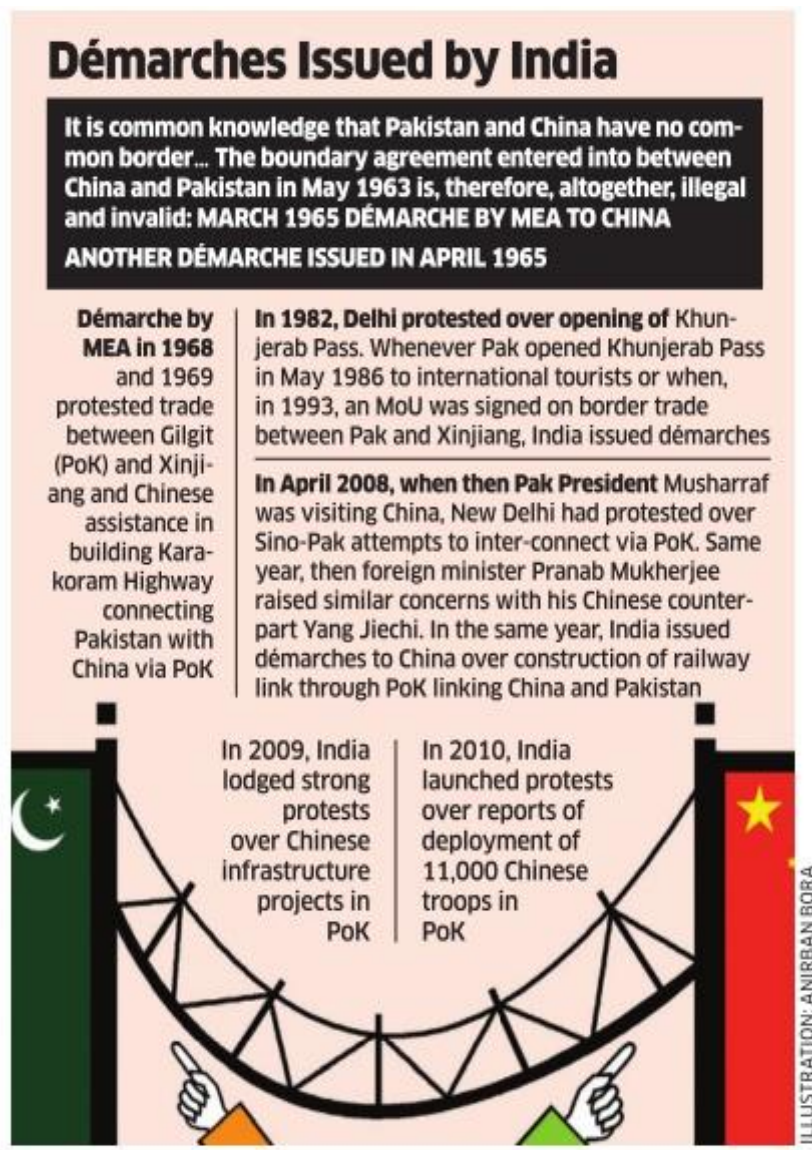


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19. 2nd Sri Lanka visit is a part of India's neighbourhood focus in foreign policy . This visit is aimed at :
- a) reiterating and strengthening the existing partnerships
 - b) To reassure our neighbours that India's quest for rapid economic growth be viewed as a collective opportunity for growth and development. There is no element of threat to anyone in India's growth.
 - c) The South Asia Satellite has served to be a recent reminder of India's commitment on peaceful cooperation.
 - d) The use of soft power is part of the purposeful engagement by India.
 - e) India has tried to strengthen historical and cultural ties, beyond the air flight between Colombo and Varanasi meant to facilitate pilgrim tourism to the Buddhist circuit from Sri Lanka.
 - f) India has also built a super speciality hospital in Dickoya.
 - g) India proposes to build houses for Tamil Refugees in Sri Lanka.

Sri Lanka has responded by announcing that Tamil Refugees, Muslims and others are to benefit under social development schemes of the government. The visit takes on greater significance as it comes on the eve of China's big push for its mega One Belt, One Road project. China's OBOR is viewed as a threat in contrast to India's policy of collective opportunity through South Asia Satellite.

20. [The African Development Bank's](#) first annual conference is to be held in Ahmedabad on May 22-26 and inaugurated by Prime Minister Narendra Modi. It coincides with China's Asian conference on OBOR from 14th to 16th May, 2017 in which Kenya and Ethiopia only are attending from Africa. The meeting will be attended by top leaders of Ivory Coast, Senegal and Benin, and the finance ministers and central bank governors of 54 African nations.
21. [India's written demarches against One Belt One Road](#) :



22. [India's absence from the Belt and Road Initiative Forum in China:](#) is one of the three biggest diplomacy risk in recent history.
1. First risk was of supporting Bangladesh to liberate it in 1971 and risking a war with Pakistan.
 2. Second, was the Nuclear Tests of 1998. Diplomacy is usually a careful, calibrated exercise. Risks and sudden moves are few and far between.
 3. Third is now of opposing the OBOR.
23. [The destabilising effect of OBOR in South East Asia:](#)
- a) [Bangladesh, China, India, Myanmar \(BCIM\) corridor](#) is an Obor component that China sees as a route to take its goods to

markets in India. Myanmar is worried Chinese truckers and cargo movers will just exploit its geography, but without fostering local jobs or value addition. The absence of value addition and local job creation, is not limited to the BCIM. It is written into Obor's DNA.

- b) **Sri Lanka** is already realizing its huge debt to China and infrastructure created by it.
- c) **In Pakistan**, the 'CPEC master plan' suggested the creation of Chinese only enclaves and economic and leisure zones, within Pakistani territory as an end goal of OBOR. China wants to secure access from its western frontier (Xinjiang) to Gwadar port and the Arabian Sea.

24. **Why has India opposed OBOR?** : With similar plans across South Asia and in Indian Ocean countries, OBOR runs the risk of destabilising sensitive and still developing polities by buying up political and military elites. Chinese projects are gold plated, in that they have two to three times the budget of a similar project in an open bid. India has to expose the inbuilt debt trap in Chinese projects. In the case of certain road projects in Sri Lanka, Indian bids were about a third the value of Chinese bids. India had also included the use of local labour.

There is a perception that Chinese implementation is faster. India has to change that perception to take on OBOR. It can step up implementation of the 100 odd connectivity and infrastructure projects it has announced, or begun work on, in South Asia and the Indian Ocean. Diplomacy is usually a careful, calibrated exercise. Risks and sudden moves such as opposing OBOR, are few and far between.

25. **The INSTC route between India and Russia** : North South Transport Corridor : Currently, transport of goods between India and Russia mostly takes place through the sea route via Rotterdam to St Petersburg. In the case of the Central Asian region, goods are routed through China, Europe or Iran. The routes through China and Europe are long, expensive and time consuming. Therefore, a need

was felt to have a logistics route that would be shorter, cheaper and faster. The absence of viable surface transport connectivity is a serious impediment to trade with the Eurasian region.

When the North South Transport Corridor becomes operational, will ensure a smoother link than now between Mumbai and St Petersburg via Iran. The Chabahar project launched in 2016, will complement INSTC.

26. **Future possibilities of INSTC:** India is also exploring how the Chabahar connectivity corridor can be extended to connect with Central Asia through INSTC, or the Iran Turkmenistan Kazakhstan rail line, Iran-Uzbekistan Kazakhstan alignment and Trans Afghan rail line (which possibly could be developed by Iran, India, Afghanistan and Uzbekistan. India could also fund the 700 km link between Mazari Sharif and Herat in Afghanistan to get Central Asia connected with Chabahar. Uzbek railway has the capacity to build this link. Currently, transport of goods between India and Russia mostly takes place through the sea route via Rotterdam to St Petersburg. In the case of the Central Asian region, goods are routed through China, Europe or Iran. The routes through China and Europe are long, expensive and time consuming. Therefore, a need was felt to have a logistics route that would be shorter, cheaper and faster. The absence of viable surface transport connectivity is a serious impediment to trade with the Eurasian region.

27. **Saudi Arabia and Pakistan emerge as major supporters of terrorism:** As an advocate of the Comprehensive Convention on International Terrorism, and for a global response to terrorism, India is working with partners in Europe to convince Organisation of Islamic Countries, to accept the reality that the global effort on terror has been adversely impacted by US stand of holding Tehran solely responsible for funding and shielding terrorists. The intelligence evidence on terror attacks shows the involvement of Islamic State (IS) and al Qaeda. Both these organizations have ties with Saudi Arabia, which has been funding IS affiliates in countries like Yemen.

29. Resolving of Doklam standoff in August 2017

The Doklam standoff which was resolved following mutual withdrawal of troops and not the removal of Indian troops unilaterally as demanded by China will have a profound impact on the geopolitical standing of both Delhi and Beijing. New Delhi, which stood firm amid Beijing's relentless provocation, sent out a message that it would stand by a friend (Bhutan) in terms of crisis and in the process strengthened its partnership with Asian countries, particularly in South and Southeast Asia.

This standoff, closely watched by Asian countries, especially those who have territorial and maritime disputes with China, has shown that China's expansionist ambition is not unstoppable, according to an expert well-versed with Beijing's foreign policy. While Japan openly supported India's position in Doklam, Vietnam and other SE Asian nations, which have been victims of Beijing's ambitions in South China Sea region, monitored the situation from close quarters. China's neighbours may now feel encouraged to oppose Beijing's unjustified territorial demands based on 'historical narratives' as well as its aggression. Simultaneously, Beijing's unilateral initiatives riding on its economic prowess may face some hurdles.

It is not just the immediate and extended neighbours of India and China that monitored the 75 day standoff closely following the warmongering which emanated from Beijing. India's strategic restraint not only restored the status quo but also enabled to enhance Delhi's profile in the comity of nations as an emerging power.

However, this will not be the last of Doklam as the Chinese will try again to complete what they began, according to observers. In this backdrop, India decided not to lower its guard in areas close to Doklam as Beijing can up the ante in Doklam or other sectors along the Line of Actual Control (LAC) in future. The Indian Army Chief last week warned that PLA could push an increase in transgressions along the 4,057-kmlong LAC.