

# Talking Heads: Modi in Ufa (IDSA ,IR GS paper 2 )

It seems clear that India, along with Pakistan, Iran and Mongolia, would be made full members of the Shanghai Cooperation Organization (SCO) unless there is a last minute political hitch. A formal announcement in this regard is expected on July 10 in Ufa.

Prime Minister Modi will be attending the Ufa Summit of the six-nation SCO, after the BRICS Summit. Earlier, Prime Minister Manmohan Singh had attended the BRICS and SCO summits in Yekaterinburg in 2009, albeit as an Observer. Unless Modi has been assured of full SCO membership for India, he would not have agreed to stay back after the BRICS Summit.

So far, the delay in granting full membership to India and the other observers was caused by several factors. The grouping had always entertained some reservations about the entry of South Asian countries. China in particular has retained its ability to prevent something that it does not approve of either directly or through others. In addition, UN sanctions prevented the SCO from admitting Iran as a member.

India and Pakistan will be joining the SCO when the grouping has consolidated its strength more effectively. In Ufa, Russia would be able to showcase its diplomatic strength. Putin will invite leaders of 12 nations at the 'BRICS outreach session', comprising SCO members and observers, members of the Eurasian Economic Union, Azerbaijan and Turkmenistan. For its part, China is upbeat about the way in which its blueprint for Eurasia, the One-Belt-One-Road (OBOR), is progressing.

More importantly, Beijing and Moscow have finally achieved complete entente after a prolonged and tenuous balance, if not an undercurrent of competition, within the SCO. The May 2015 Putin-Xi joint statement on the amalgamation of China's Silk Road Economic Belt (SREB) and Russia's Eurasian Economic Union (EEU) initiatives within the SCO framework has altered the game. A plan to set up a dialogue mechanism to bring synergy between the two big projects would probably form the "SCO Development Strategy Towards 2015". Clearly, the aim is to establish a common economic space equivalent to the Asia-Pacific. Make no mistake: this is China's counterpoise to the US "Pivot" to Asia. The synergy would cover every aspect, including connectivity, trade, energy, agriculture and raw material production.

Amidst Western sanctions, Moscow is unlikely to resist the idea of the SCO Development Bank. Instead, it is seeking more banking business from China. The SREB-EEU convergence is likely to combine the Russian-Kazakh Eurasian Bank, the SCO Development Bank and the Asian Infrastructure Investment Bank (AIIB). To be sure, China is aware of the challenges ahead but it also knows that the priority of the West now is to corner Russia rather than to counter China's grand chess move in Eurasia.

For China, the biggest strategic challenge until now has been to replace the Soviet-built standardized railway tracks in Eurasia. Moscow has been resisting China's offer of its narrow gauge tracks for security reasons. But Uzbekistan and even Kyrgyzstan seem to be willing to change the rail gauge to meet the Chinese standard. Moscow's resistance becomes meaningless, when a common gauge system would bring more Chinese investment, development opportunities and economic benefits to Russia. Does Russia have a choice now?

China welcomed India into the SCO during Prime Minister Modi's Beijing visit. However, the Chinese would be still assessing whether India under Narendra Modi is a friend of Russia, a non-aligned country, or an ally of the United States.

For his part, Modi would find the Eurasian dynamics at odds with his vision of containing China along with the United States. The SCO is essentially a counterweight to the West. For Modi to play an ancillary role of offsetting the United States is tricky. Recall that Natwar Singh faced problems after he displayed activism at the 2005 SCO Summit in Astana.

Modi has not shown much enthusiasm for China's Silk Route initiative either. Instead, India has resented China's plans for an economic corridor through Pakistan-occupied Kashmir. Herein

lies a potential problem for India as a member of the SCO.

India's imperatives are looming security concerns such as the spread of terrorism, the Afghan fallout and the growing footprint of ISIS in Central Asia. It is fearful that the SCO could possibly become a forum for inimical forces to drum up anti-India voices. Thus, staying outside cannot be to India's advantage. At the same time, India could benefit from SCO's Regional Anti-Terrorist Structure (RATS) and also learn from its counter-terror exercises. Being part of the SCO means that opportunity would also open for India to cooperate in soft-political areas of the region that it knows little about.

But the question is whether joining SCO could help India get out of the current tight geopolitical spot it finds itself wedged in – between a wall of Pakistani hostility and fear of cooperating with China. Ironically, Pakistan, not a full member as yet, seems already geared up to fully operate in SCO coordination efforts. Already, Russia's confidence in Pakistan seems to have increased after the Inter-Services Intelligence agency selectively eliminated or handed over Chechen or Central Asian terrorists fomenting trouble in the Commonwealth of Independent States (CIS). Consequently, the acceptance of Pakistan in Eurasia as a partner has already advanced.

On countering terrorism, the SCO's key anchor, China, has decided to block India's bid to seek action against Pakistan at the United Nations on the issue of bail to 26/11 mastermind Zakiur-Rehman Lakhvi. To India's shock and disbelief, its good friend Russia took a stand at a Brisbane meet on anti-terror financing against the Indian demand for censuring Pakistan for its inaction against the Jamaat-ud-Dawa and Lashkar-e-Taiba.

It needs to be underscored that Russians and Central Asians often exaggerate terror threats as a ploy to tighten domestic control as well to gain external help and legitimacy. In this regard, the threat from ISIS is a new tool to garner global support. The West has raised eye brows over crackdowns and the curbing of rights of even children in the name of countering ISIS threat.

But Central Asians know what pleases Indians and make their demands accordingly. India has already decided to appoint former IB chief Asif Ibrahim as a special envoy to liaise with governments in the region and assist them in counter-terror technology and training. India should take Central Asian concerns about radicalization with the proverbial pinch of salt.

On Afghanistan, these countries have sufficient mechanisms in place under the Collective Security Treaty Organisation to counter the threats along the Afghanistan-CIS borders. With Pakistan in, any plan to create a Northern-Alliances-type counter group for countering the Taliban is unlikely to fructify.

How the SCO will enable the fructification of Indian energy and connectivity projects, including TAPI, is a curious question. Some fresh news are in the offing, that the 1,078-mile long TAPI pipeline will transport 38 million cubic metres of gas from the Caspian Sea resort of Avaza to India. But for India, dealing with tricky authoritarian leaders plus the challenge of getting the energy supplies to India has been insurmountable. The issue has never been about the source of energy but about transporting it.

In Ufa, Modi will have to display pragmatism for building greater convergence with China and Russia. The SCO sees itself as an ideal forum to bring about a serious thaw between India and Pakistan. Chinese vice Foreign Minister Cheng Guoping had reportedly said that "India and Pakistan's admission will play an important role in the SCO's development. It will play a constructive role in pushing for the improvement of their bilateral relations." Hopefully, the SCO would prove useful in getting Modi and Nawaz Sharif together.

*Author is a former Ambassador to Kyrgyzstan.*

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# Solutions can come from the slums( social issue ,Urban Planning ,GS paper 2 ,The Hindu )



*Urban planning that involves the people and alternative service providers gives far better results than top-down efforts from the government, finds an IIT-M study*

In Tiruchirappalli, Tamil Nadu, the responsibility of managing and maintaining a set of more than 160 community toilets was handed over by the Tiruchirappalli City Corporation to a federation of women self-help groups. A post-programme field survey of 803 households revealed that the community participation had resulted in the public toilets being far better maintained, with improved community hygiene, reduced open defecation and an increased number of toilet users than has been the case with similar public toilets elsewhere. The same results are seen with NGOs working in Chennai slums in Kalyanapuram, Sivarajapuram, Semmanchery, Thuraipakkam, and

Kodungaiyur, where the community has been involved in water and sanitation programmes.

Clearly, wherever slum development programmes have involved the community at various levels, it has generated a sense of ownership over the project, and has helped ensure its success.

As the government tries to promote the concept of Swachh Bharat, the road ahead might be to use less government interventions and more community participation. And one of the places where the work has to begin is in the rapidly mushrooming number of slums. With unprecedented urbanisation, city slums are growing at an alarming rate. According to Census 2011, the slum population in India makes up 18.3 per cent of the total urban population. In absolute terms, the slum population is projected to increase from 93.1 million in 2001 to 104.7 million in 2017.

One of the characteristic features of a slum is the lack of access to basic services as compared to non-slum areas. The glaring inequality between slums and other city settlements can have serious repercussions on the societal fabric. Robert McNamara, World Bank President from 1968 to 1981, said, "If cities do not begin to deal more constructively with poverty, poverty may begin to deal more destructively with cities." Unfortunately, providing access to basic services in slums is progressively becoming a political agenda rather than a social one. The dramatic victory of the Aam Aadmi Party in the Delhi Assembly elections this year is proof of that.

While everyone agrees that living conditions in slums need drastic improvement, the big question is how to achieve this. The Millennium Development Goals (MDG) demand fresh approaches that can ensure universal access to basic services. A recent study conducted by Indian Institute of Technology-Madras (IIT-M) has used 248 instances collected from various slum development initiatives to analyse just what works in urban planning and what does not. The results were interesting and insightful.

### **Easing access**

Traditionally, all urban planning has adopted a top-down approach, attempting to solve the problem of access to basic services by simply providing the services and the connections to them. While this method serves the needs of political book-keeping, a more holistic approach is needed for long-term results. Access is not just about providing connections, but also about the services being affordable, adequate and durable. Further, the residents of slums should not be expected to spend laborious time and effort to access basic services. The IIT-M study showed that the involvement of alternative service providers such as non-governmental organisations and community-based organisations (CBOs) in service delivery showed far better results than the traditional route.

Why is this so? The findings from the study provided several explanations. In the traditional public provision model, the planning and positioning of infrastructure is quite ad hoc. This results in overuse of infrastructure, which leads to disrepair or abandonment of the infrastructure itself. In contrast, NGOs and CBOs use a bottom-up approach to planning, construction and maintenance of infrastructure. This model vastly improves access. By

paying adequate attention to the needs to the community, alternative service providers have adopted innovative and cost-effective designs to provide better access to service. And, most important, there has been an effort to maintain the facility to ensure that infrastructure is always available. For instance, Mahila Milan, the National Slum Dwellers Federation, and the Society for the Promotion of Area Resource Centres have joined hands in Mumbai to adopt cost-effective designs and materials to create well-ventilated toilets with sufficient running water and lighting.

All projects by alternative service providers have not been equally successful. Why do some projects have better outcomes than others? The analysis shows that wherever there has been greater community participation, the results have been positive. Second, such projects have simultaneously trained the community members in planning, design and maintenance of the infrastructure, so that they may take over the running of the projects over time.

### **Rights of the informal**

Without security of tenure and legal status, slum residents cannot demand the provision of basic services from the government. And, according to the 2011 Census, 36 per cent of all slums are “informal” or “unrecognised”, denying their occupants the most basic government infrastructure. What goes unrecognised is the fact that these people might be illegal settlers but they are rightful citizens of the country. Government agencies hesitate to provide any form of infrastructural access to such slums since it could lead them to claim *de facto* tenure security. Slum residents, for their part, cannot and do not invest their own resources in building infrastructure because there is always the impending threat of displacement. They opt instead for illegal connections that are expensive and unreliable.


This is where alternative service providers play a big role. They can work in informal slums and low-income groups, since their involvement does not affect or confer legal status on the slums. In some cases, they have in fact leveraged their position to negotiate with the government authorities to seek legal connections that could eventually change the status of the slums.

The government has an ambitious target of making India slum-free by 2020. Under the Rajiv Awas Yojana, which comes under the Jawaharlal Nehru National Urban Renewal Mission, and some other programmes, more than \$20 billion dollars was planned as investment to realise this goal. The World Bank, for one, doesn't seem to think this is possible – it estimates that long after 2020, nearly 200 million Indians could be living in slums, up from the current 90 million. This prognosis makes it all the more urgent that instead of relying on tried and tested methods, we try new approaches. While the top-down approach to urban planning may be necessary, it is not sufficient in itself. It needs to additionally take advantage of the complementary strengths of NGOs and the wider community to get better results. Such a partnership approach may not give speedy results, but it can create lasting facilities. And that's what finally matters.

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# MDG final reports highlights the success of strategic intervention (DTE , GS paper 2 < prelims )

*Human society has achieved several milestones on all eight goals: Report*

 Photo: Vikas Choudhary

The final report measuring the achievements of the Millennium Development Goals (MDGs), set by the United Nations, highlights that they have saved millions of lives and improved conditions for many more. This is the last report of the MDGs, which will work as a base for the Sustainable Development Goals (SDGs) that the world community is discussing.

The report, which was released on July 6, highlights that human society across the globe has achieved several milestones on all eight aspirational goals set in 2000. Most of the MDG targets have a deadline of 2015, using 1990 as the baseline against which progress is checked.

The [MDG Report 2015](#) found that the 15-year effort to achieve these goals were largely successful across the globe. The report also acknowledged shortfalls that remain to be achieved. For example, nearly half of the developing world lived in extreme poverty two decades ago. The number of people now living in extreme poverty has declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015. The world has also witnessed dramatic improvement in gender equality in schooling since the MDGs, and gender parity in primary school has been achieved in the majority of countries.

The report highlights the importance of targeted

intervention. "Following profound and consistent gains, we now know that extreme poverty can be eradicated within one more generation," said UN Secretary General Ban Ki-Moon. "The MDGs have greatly contributed to this progress and have taught us how governments, business and civil society can work together to achieve transformational breakthroughs".

## Milestones achieved under different goals

### **GOAL 1- Eradicate Extreme Poverty and Hunger**

- In 1990, nearly half of the population in the developing world lived on less than \$1.25 a day; that proportion dropped to 14 per cent in 2015.
- Globally, the number of people living in extreme poverty has declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015.
  - The proportion of undernourished people in the developing regions has fallen by almost half since 1990, from 23.3 per cent to 12.9 per cent.

### **GOAL 2- Achieve Universal Primary Education**

- The primary school net enrollment rate in the developing regions has reached 91 per cent in 2015, up from 83 per cent in 2000. In 2000, 100 million children were out-of school globally where 57 million were out-of school in 2015.
- The literacy rate among youth aged 15 to 24 increased globally from 83 per cent to 91 per cent between 1990 and 2015.

### **GOAL 3: Promote Gender Equality and Empower Women**

- In South Asia, only 74 girls were enrolled in primary school for every 100 boys in 1990. Today, 103 girls are enrolled for every 100 boys.
  - Women now make up 41 per cent of paid workers outside the agricultural sector, an increase from 35 per cent in 1990.

### **GOAL 4- Reduce Child Mortality**

- The global under-five mortality rate has declined by more than half, dropping from 90 to 43 deaths per 1,000 live births between 1990 and 2015.
- Since the early 1990s, the rate of reduction of under-five mortality has more than tripled globally.
  - In sub-Saharan Africa, the annual rate of reduction of under-five mortality was over five times faster during 2005-2013 than it was during 1990-1995.

### **GOAL 5- Improve Maternal Health**

- Since 1990, the maternal mortality ratio has declined by 45 per cent worldwide and most of the reduction has occurred since 2000.
  - In South Asia, the maternal mortality ratio declined by 64 per cent between 1990 and 2013 while in sub-Saharan Africa, it fell by 49 per cent.
- More than 71 per cent of births were assisted by skilled health personnel globally in 2014, an increase from 59 per cent in 1990.

### **GOAL 6: Combat HIV/AIDS, Malaria and other diseases**

- New HIV infection fell by approximately 40 per cent between 2000 and 2012 from an estimated 3.5 million cases to 2.1 million.
- Over 6.2 million malaria deaths have been averted between 2000 and 2015.
- Between 2000 and 2013, tuberculosis prevention, diagnosis and treatment intervention saved and estimated 37 million lives.

### **GOAL7: Ensure Environmental sustainability**

- Ozone-depleting substances have been virtually eliminated since 1990 and the ozone layer is expected to recover by the middle of this century.
  - In 2015, 91 per cent of the global population is using an improved drinking water source, compared to 76 per cent in 1990.
- Worldwide, 2.1 billion people have gained access to improved sanitation. The proportion of people practicing open defecation has fallen almost by half since 1990.

### **GOAL 8: Develop a global partnership for development**

- Official development assistance from developed countries increased by 66 per cent in real terms between 2000 and 2014.
  - In 2014, 79 per cent of imports from developing to developed countries were admitted duty free, up from 65 per cent in 2000.



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# Dramatic drop in number of underfed children: UNICEF (GS paper 2 ,social issues ,Nutrition ,The Hindu)



*Gujarat among States below national average.*

Despite remarkable improvements in child nutrition over the last decade in India, some States, such as Gujarat, have struggled to reduce the numbers of underweight and stunted children, new data show.

Last October and November, *The Hindu* reported the national-level findings of the Rapid Survey on Children (RSOC), a sample survey of over one lakh households conducted by the UNICEF. Those numbers showed that both child stunting and the number of underweight children had fallen to a historic

low – from 48 per cent in 2004-05 to 39 per cent in 2013-14 in the case of stunting and from 42.5 per cent to 30 per cent in the case of underweight children. This week, *The Hindu* obtained the full RSOC report, including the State-level findings. None of the numbers has been officially released yet.

### **Over 50% of children under five stunted in U.P.**

Tamil Nadu, West Bengal, Uttarakhand and Tripura are the only States which have reduced the proportion of underweight adolescent girls according to the findings of the Rapid Survey on Children (RSOC), a nation-wide sample survey of over one lakh households conducted by the UNICEF.

The State-level numbers reveal that while some States have made remarkable progress in battling child malnourishment, others have made little progress despite a decade of high growth. Among the developed States, Gujarat is the only one to perform worse than the national average in reducing the numbers of child stunting cases and underweight children.

Almost all States have performed poorly in reducing the number of underweight adolescent girls.

Uttar Pradesh still has the highest levels of child stunting, with over 50 per cent of the children under the age of five underdeveloped, meaning that their height is more than two standard deviations less than the expected height for their age for that population.

Jharkhand, meanwhile, has the highest number of underweight children under the age of five, meaning their weight for age is more than two standard deviations less than what would be expected.

Kerala remains the best performing State in the number of child stunting cases, while Manipur and Mizoram have the lowest numbers of underweight children.

Delhi and Mizoram reduced child stunting at the fastest rate between 2004-05 – when the last official National Family Health Survey (NFHS-3) was conducted – and 2013-14.

While Madhya Pradesh and Bihar still have high levels of underweight children, both States reduced these numbers at fast rates along with Himachal Pradesh.

No State reported an increase in the proportion of children underweight or stunted, a significant reversal from past trends.

The RSOC findings show that at the national level, stunting is higher in rural areas (41.7 per cent) than in urban areas (32.1 per cent), as is the case for underweight children.

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# Eurasian Integration: Significance for India (Yojna

# , IR , GS paper 2 )

## INTRODUCTION

Ever since the fall of the Soviet Union in 1991, Russian foreign policy has placed Eurasian integration or integration of the former Soviet states on top of its agenda. This idea has dominated most Presidential elections in Russia since 1996, not only because of its popularity among the masses. It is important to note that President Vladimir Putin in 2005, in his address to the federal assembly referred to the disintegration of the Soviet Union, and introduced the concept of a new integration project for Eurasia, stressing the need for greater economic cooperation amongst the post Soviet states. However, this idea championed by Putin was essentially the brainchild of the Kazakh President Nursultan Nazarbayev who in his speech at the Moscow University in 1994, suggested the creation of an Eurasian Union. In a nut shell, he talked about a political and economic union of Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and other post-Soviet states. The idea was based upon the integration of the European Union

In this context, various attempts have been made towards greater integration in the post Soviet space. The first known initiative in this regard was the Commonwealth of Independent States (CIS) which came into existence in December 1991, as a successor entity to the USSR. Similarly, the Eurasian Economic Community (EurAsEC) that came into existence in October 2000, was another such initiative to promote economic and political cooperation in the region. In fact, one of the major goals of the EurAsEC was the formation of a Customs Union and a Common Economic Space that would essentially allow the free movement of capital, goods, services and labour within the erstwhile Soviet territory. However, despite the progress these organisations, never really succeeded in promoting deep political and economic integration.. It was around 2006-07, that a serious effort towards the establishment of a Customs

Union of former Soviet states was made, when Russia, Kazakhstan and Belarus signed a treaty on 6th of October 2007 to set up a Eurasian Customs Union, following which the Customs Union between Russia, Kazakhstan and Belarus started operations, beginning January 2010. As a result, the common customs tariff was launched and the Customs Union Commission started functioning. The customs code and the common customs territory were launched in July 2010 and in 2011, elimination of all internal physical border controls was announced.

This Customs Union that exists right now between Russia, Kazakhstan and Belarus is the first successful manifestation of powerful Eurasian integration and thus adds a whole new dimension to world politics. This Union coupled with the Common Economic Space, which was inaugurated in 2012 by the three countries, is a precursor to a political and economic Eurasian Union. This kind of deepening economic integration in the form of the Customs Union has serious geopolitical and economic implications for the rest of the world. While Ukraine is already proving to be a battleground between Russia and the EU, Ukrainian leaders are finding it hard to decide between the EU and the Customs Union, considering the fact that they want to sign the association agreement with the EU but at the same time they are aware of the level of domestic support that exists for joining the Customs Union from major pro Russia parties including the Communist party. It is important to mention here that Ukraine was granted observer status in EurAseC in May this year, however, this in no way guarantees the fact that it will join the CU.

Amid all this, the role of an emerging power like India which shares great historical and traditional ties with Russia and Central Asia becomes crucial. The need for India's deeper engagement with Eurasia derives not only from the fact that India had developed exceptional military and economic ties with the Soviet Union which continued with Russia as well but also because the Chinese have significantly and steadily

expanded their strategic and economic influence in the region. The Chinese have made huge investments in Central Asia with the primary goal of ensuring greater access to the regions vast oil and gas reserves while simultaneously securing their energy supplies. Moreover, the Central Asian region has served as a huge market for cheap Chinese goods and has also allowed the Chinese to develop their troubled province of Xinjiang as a trade hub between the two and somewhat buy peace in that area.

In this context, and in the light of expanding Chinese clout, India has responded well by declaring its interest in signing a Comprehensive Economic Cooperation Agreement (CECA) with the Russian led Customs Union. . In addition to this, there is also a slight interest on the Indian side, in the prospect of joining the Customs Union altogether at some point in the future. Tajikistan and Kyrgyzstan are likely to join soon while Vietnam has already started talks on a free trade agreement with the Customs Union and is seriously considering the prospect of joining the Union also. These aforementioned developments lay the foundations for a strong Eurasian union. For India, it means that the next few years during which this Eurasian union plans to take off must be observed closely and the developments in the coming years be studied carefully considering the economic and strategic importance this region holds.

#### THE NEED FOR A CECA AND PROSPECTS FOR THE FUTURE

After the disintegration of the Soviet Union, relations between India and the members of the erstwhile USSR and the current members of the Customs Union ie Russia, Belarus and Kazakhstan suffered a temporary set back. The reason for using the word temporary is because the bilateral relations between India and the Russian Federation which emerged as the legal successor to the USSR, soon gained momentum and translated into higher levels of cooperation especially, after the visit of President Putin to India in the year 2000. In fact, the all

important Indo-Russian military partnership evolved from a simple buyer-seller relationship to a relationship encompassing joint research, development and joint production of advanced defence technologies.

The Brahmos missile system and the joint production of the SU-30 aircrafts serve as important examples in this regard. In addition, India and Russia developed significant partnerships in areas of nuclear energy, space and technology. Similarly, relations with Kazakhstan and Belarus also improved with India making considerable investments in the vast oil and gas reserves of Kazakhstan and developing appreciable trade ties with Belarus. Against this rich historical backdrop and after the formation of the Customs Union, it was very natural for India to consider developing greater comprehensive economic ties with the Customs Union of Russia, Belarus and Kazakhstan. Thus the idea of a Comprehensive Economic Cooperation Agreement (CECA) between India and the CU started gaining momentum. The CECA which is being planned at present was first discussed between the Indian Prime Minister Manmohan Singh and the Russian President Dmitry Medvedev in December 2011. The agreement not only aims at the removal of trade barriers to facilitate free trade but it also seeks greater market accessibility for goods and services and the promotion of investment opportunities on both sides.

In this regard, the visit of the Chairman of the Eurasian Economic Commission Viktor Khristenko to India in April this year and the subsequent visit of the Indian Commerce Minister Anand Sharma to the St Petersburg International Economic Forum in June, represent considerable progress towards greater economic cooperation, wherein both India and the Russian led Customs Union agreed to set up a joint working group to conduct research and assess the likely impacts of the planned CECA on their respective economies. Although at present, the CECA is nowhere close to reality, it will however be very interesting to analyse its importance for an emerging economy

like India. For instance, the annual Russian- Indian trade turnover was around \$11 billion in 2012 while during the same period Russians traded \$90 billion with the Chinese and plan to achieve the \$200 billion mark over the next few years. Compared to this, India has set itself a modest target of achieving a trade turnover of \$20 billion with Russia by 2015. Thus in this context, the CECA becomes very crucial for India to expand its own sphere of influence and match up to the rising economic influence of the Chinese in the Eurasian region. From a security perspective also, it is important for India to have strong friendly ties with the Central Asian countries in Eurasia, considering both of them have significant stakes in ensuring security and stability in neighbouring Afghanistan. Similarly the economic opportunities that will follow the formalisation of the CECA are far too many to ignore for India.

Firstly, Eurasia especially its major constituents like Russia and Kazakhstan have one of the largest reserves of oil and natural gas in the world and despite the fact that India has got a stake in the Sakhalin-1 oil field in Russia and has also managed to obtain a stake in the Satpayev oil field in Kazakhstan, it has still not managed to achieve the level of energy security that is crucial to the needs of a rising economic power when compared to the level secured by China. Thus, amid all this, the CECA becomes crucial to securing Indian interests in the region. Through this agreement, India will look to avoid export duties on supplies of oil and gas from Eurasia and will also seek duty free market access for its major export products like pharmaceuticals to the Eurasian markets. In addition, greater investment opportunities for its businesses and easier access to the region's job market for its professionals will also be high on India's agenda during its discussions on the CECA. Russia on the other hand sees the CECA as likely to have a positive impact on its machine building industry.



Russian machine products are in great demand in India and will receive a great competitive advantage in the Indian markets once they will be exempted from import duties. Although the CECA will create great economic opportunities on both sides, the working group that will assess the agreement, must certainly look at the industries on both sides that might suffer on account of this. For instance India's and the Customs union's exports overlap in the case of metals. The Russian metal industry could suffer on account of the competition from Indian peers and thus there will be a need to formalise the CECA carefully and in such a way that it promotes development on both sides while ensuring protection for industries that might suffer on account of this agreement.

While there exists great enthusiasm in Russia and India on the prospect of a CECA, there isn't much talk at present on the prospect of India joining the Russian led customs union. There is neither any significant interest on the Indian side on joining the CU in the near future nor is there any invitation from the customs union to India to seriously consider integrating its economy with that of Russia, Belarus and Kazakhstan. Hence any decision to consider joining the customs union must be based on an extensive cost and benefit analysis.

Thus while the former judgment gave primacy to the opinion of the Chief Justice of India, the latter gave the concept of the collegium system which is being followed till the present times. The present system, thus, in the real sense ,gave all the powers of appointment to the collegium with the Chief Justice of India as the initiator and the President only becoming a formal approver.

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# Pacific Alliance and India (GS paper 2 , regional groupings , Gateway House )

The Pacific Alliance (PA) is the latest addition to Latin American regional groupings that include MERCOSUR, Andean Community, ALBA and SICA. Comprising Mexico, Colombia, Peru and Chile, the PA is a vibrant, dynamic and ambitious group, while the other four blocs are struggling with internal political and economic difficulties.

The PA's dynamism can be linked to the fact that the macroeconomic fundamentals of its members, dubbed the Pacific Pumas, are stronger and more solid than the other Latin American countries. They have higher growth with lower inflation, and projected to [grow](#) by 3% or more in 2015, while Latin America as a whole is expected to grow only by about 1%. The average inflation of the PA region is less than , which is half the annual Latin American inflation rate.

The policies and tax regimes of the PA countries are more stable, transparent and predictable, as well as investor-friendly. Unsurprisingly, the four countries lead the region in the World Bank's 'Ease of Doing Business' [survey](#) of 2014. Their global rankings (Colombia-34, Peru-35, Mexico-39 and Chile-41) are way ahead of India's lowly 142nd rank.

They have lower tariffs, more liberal foreign trade policies and among Latin American countries, they have signed the most free trade agreements (FTA). Chile has [signed](#) with 60 countries, Peru with 50, Mexico with 44, and Colombia 30. All four have FTAs with the U.S., as well as the European Union. Mexico, Peru and Chile are part of negotiations for the Trans-Pacific Partnership and Colombia is also keen to join. Chile and Peru have FTAs with China and Colombia has just announced its intention to negotiate a FTA with China.

India's trade with the PA, which accounts for 40% of its trade with Latin America, has been growing rapidly, and has the potential to reach \$30 billion in the next four years from \$15 billion in 2014. Mexico, Colombia, Peru and Chile are the second, third, fourth and fifth largest destination of India's exports in Latin America, after Brazil. Mexico and Colombia have become regular source of crude oil, while Chile and Peru are sources of copper and gold imports for India.

India's private sector, and its public sector utility ONGC Videsh have recognised the lure of the large and growing market of the PA, which has a total population of [214 million](#), [GDP of \\$2 trillion](#), [trade of \\$1 trillion](#) and [average per capita GDP of \\$10,000](#). Accordingly, over 30 Indian companies have invested in the PA in areas such as IT, pharmaceuticals, energy, mining and manufacturing.

Ten companies from the PA have invested in India, most notably, the Aje Group from Peru which has successfully entered the soft drink market in India with its brand 'Big Cola'.

How can India improve its partnership with the Pacific Alliance?

Signing FTAs with Mexico, Colombia and Peru will enable its exports to compete with those of the PA's other FTA partner countries. India already has a PTA with Chile which is being widened and deepened. India should open a large line of credit of at least \$500 million to the PA bloc to promote and facilitate investment and project exports of Indian companies. India has become an observer in the PA since February 2014. Using this status, India could engage with the group and consider participation in the next summit of the PA to be held in Peru this year.

While the group as a whole may not have direct lessons for India, it could learn from the Pact for Mexico under which a dozen major reforms have been brought about in the last two years under an unprecedented consensus between the ruling and the opposition parties. The success of Mexico in making itself as a [manufacturing hub](#) of the Americas can provide a template for the 'Make in India' campaign.

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## **SCO-BRICS: A Big Summit in Ufa (THE Diplomat , regional Cooperation ,GS paper 2 ,IR )**

Since the beginning of the Ukraine crisis there has been a clear shift in the [tectonic plates](#) of global geopolitics. An increasingly assertive Russia and China are challenging the U.S.-dominated order in a myriad of ways, but the actual contours of the emerging multipolar world are still hazy. On the one hand, as Huiyun Feng describes in her [recent article](#) for *The Diplomat*, the two opposing sides seem to be set. The Russia-China Entente and its coterie of Eurasian autocracies seems to be a genuine, lasting phenomenon. Meanwhile, the G-7 is unified in its opposition to Moscow, while the United States has reinforced its Pacific alliances with Japan, Korea, the Philippines, and Australia. On the other hand, the path of middle powers such as India, Iran, Brazil, Turkey, and Indonesia remains uncertain. Despite prodding from the United States none of these countries joined Washington in imposing sanctions against Russia and all are interested in profiting from China's evolving "One Belt, One Road" initiative.

The allegiances of these middle powers may well become clearer during the upcoming BRICS/Shanghai Cooperation Organization (SCO) Heads of State Council meeting in Ufa, set to take place from July 8 – 10.

### **Russia: Unbent, Unbowed, and Just a Little Bit Broken**

First and foremost the Ufa summit is an opportunity for Russia, which in 2014-2015 holds the [rotating presidency](#) of both the Shanghai Cooperation Organization (SCO) and BRICS, to showcase its resilience. Almost exactly a year after the downing of Malaysia Airlines Flight 17 over Ukraine led the United States, Germany, and other Western European states to impose harsh economic sanctions, the Russian economy remains fragile. With oil prices mired in the \$50-60 range since January, the Kremlin is [quickly eating](#) through its international reserves.

Still, although Russia is certainly in recession, the Russian economy is not exactly “[in tatters](#)” as U.S. President Barack Obama famously put it in his State of the Union speech last February. The ruble has stabilized and countries such as Argentina, Israel, Turkey, Mongolia, and China have filled some of the void left by the disappearance of Western products and investments. The last (and only other) time that the SCO and BRICS combined their summits was back in 2009, in the midst of the global financial crisis, when the two organizations held simultaneous meetings in Ekaterinburg. That summer marked the nadir of Russia’s post-crisis financial slide and the economy rebounded soon thereafter, a feat that Moscow hopes to replicate next fall. But whereas the Ekaterinburg conference was a rather prosaic affair, the meetings in Ufa promise to culminate with several major agreements.

### **The SCO Expands into South Asia**

The SCO has not accepted any new members since its initial formation in 2001. Nonetheless, the organization has managed to expand rapidly by granting states “observer” and “dialogue partner” status – a sort of “Cursus Honorum” on the way to a full membership. Currently, five states – Afghanistan, Mongolia, Iran, India, and Pakistan – have observer status and two appear to be on the precipice of becoming full members. In fact, it is widely expected that India and Pakistan will be elevated to full membership during the Ufa Summit. The dual assent prevents any hard feelings in either Islamabad or New Delhi while also maintaining the tenuous balance between Beijing and Moscow within the SCO. Pakistan has had a close partnership with China since the 1960s, whereas India has traditionally been considered a friend of Russia (although Narendra Modi’s recent [manic diplomacy](#) has made it seem that India, the traditional leader of the Non-Aligned movement, is actually [aligned with everyone](#)). Iran, which applied for membership years ago but has thus far been denied due to the UN Security Council sanctions on its nuclear program, may also be on the verge of [being accepted](#), pending a successful resolution to the [nuclear talks](#) with the United States. Iranian Foreign Minister Javad Zarif was in Moscow on July 3 for the SCO meeting of Ministers of Foreign Affairs and has promised that “top leadership” will represent Iran at the Ufa Summit. Mongolia remains skeptical about becoming a full member due to worries about the impact such a step would

have on Ulaanbaatar's relationship with its "third neighbors" (the U.S., Japan, and South Korea), but recent improvements in [Sino-Russian-Mongolian](#) relations may change this strategic calculation.

### **Match Made in Heaven?**

The SCO was initially developed exclusively for security purposes but, as a [recently released](#) report by the Russian International Affairs Council indicates, the organization has slowly taken on economic dimensions as well. Next to SCO expansion, the biggest question to be resolved at the Ufa summit is whether a [formal integration](#) between China's Silk Road Economic Belt (SREB) and Russia's Eurasian Economic Union (EEU) can be formed under the auspices of the SCO. Both China and Russia seem to support this integration, but the actual mechanism for the institutionalization of the nascent project remains elusive. Still, work on the development of such a framework has already begun. For example, on May 15 [the transport ministers](#) of the Shanghai Cooperation Organization approved a protocol on the creation of a joint commission to promote international cargo transportation by motor vehicles traveling through the SCO countries. Many more such incremental steps need to be taken before anything resembling a modern infrastructure network can unify the ancient caravan routes of the old Silk Road.

Another elusive economic goal is the formation of the long-debated SCO Development Bank, a project that was initially proposed by China but stymied by Russia. Alexander Gabuev described this tussle in an [excellent column](#) published by *Russia in Global Affairs* last March. When Beijing first proposed an SCO bank back in 2009, Moscow's policymakers were concerned that the creation of such an institution would lead to Chinese dominance of Central Asian finances and were also mildly insulted by Chinese insistence that the bank be headquartered in either Beijing or Shanghai. However, as Gabuev explains, China's role as lender to Central Asian states has grown exponentially over the last five years and now it is Moscow itself that seeks Chinese financial support. Under these shifting circumstances, Russia could benefit from having a secure mechanism for the guarantee of loans rather than having to deal with the tough Chinese negotiators through bilateral talks. Unfortunately for the Russians, it might already be too late as the tables have turned and Beijing has demurred on setting up the bank, claiming that the recently established Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (formerly known as the BRICS Development Bank) render an SCO bank redundant.

### **Whither BRICS?**

The 7th BRICS summit meeting in Ufa promises to unveil a roadmap for the development of BRICS as an organization until 2025. What that will actually look like is anyone's guess, as there are deep-seated differences among the five members about what BRICS is and what it should become. These cleavages were on display during the BRICS Academic Forum (an annual event held several months prior to the leadership summit) that was held in Moscow in May. [According](#) to Mikhail Korostikov, a Russian scholar who attended the event, the acronym CRIBS is more appropriate for the current views of the five members. Russia and China

occupy a “leftist,” anti-Western flank, South Africa and Brazil are “rightist” – preferring to continue working within the confines of a world regulated by Western institutions – and India is left in the middle calling for the freedom to work with all sides or, as one member of the Indian delegation called it, “free love.”

Despite these differences, BRICS remains a unique forum that brings together five vastly different countries from four continents without the participation of the United States or any other member of the G-7. The “BRICS roadmap to 2025” is sure to be read with interest by policymakers throughout the world.

### Welcome Eurasia?

Dmitry Trenin’s 2002 book “[The End of Eurasia](#)” encouraged Russia to join the West and integrate with the European Union. The monograph sold well and made Trenin, then a leading member of the “[Atlanticist](#)” school of thought in Russian academic circles, a popular figure in Western capitals. Now, thirteen years later, Trenin is [pushing](#) for a Sino-Russian anti-Western alliance. The irony of Trenin’s shift [has not been lost](#) on Western observers of Russian politics. As it turns out, Eurasia is, in fact, very far from finished. The growing popularity of “Eurasianism” as an [ideology in Russia](#) has been well documented and explained by scholars such as Marlene Laruelle and [Jeffrey Mankoff](#), but the practical components of this perspective are just now beginning to be developed.

The Valdai Club’s recently published report “[Toward the Great Ocean 3: Creating Central Eurasia](#),” describes this process in detail and calls for the creation of a variety of new international mechanisms to complement the SCO. The authors of the report conclude that the Siberian Federal Region, particularly the cities of Krasnoyarsk, Tomsk, and Irkutsk can be seen as the “heartland of the heartland” – the core of Eurasia. Next month, the BRICS/SCO meetings in Ufa, several thousand miles east of this alleged nucleus, will begin to determine whether or not the Eurasian dream can eventually become reality.

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# TPP and RCEP: the hare and the tortoise? (Important Agreements , GS paper 2

# , Gateway House )

*The Trans-Pacific Partnership might soon be concluded if the U.S. Congress fast-tracks it, as recently announced, while the Regional Comprehensive Economic Partnership Agreement remains on slow-track. But the TPP, although ambitious, follows an outdated template, and it is the dynamic RCEP that can be a model for a new global rules-based framework*

if the U.S. Congress passes legislation to fast-track the Trans-Pacific Partnership (TPP), as has been reported this week, the 12-nation trade deal might soon be concluded.

Meanwhile, the Regional Comprehensive Economic Partnership Agreement (RCEP), which involves the 10 ASEAN countries plus Australia, China, India, Japan, Korea, and New Zealand, remains on slow-track.

While the payoffs from these two regional trade discussions will be evident only in the decades ahead, they may well represent the fable of the tortoise and the hare—the slow-moving RCEP “tortoise” wins the race against the over-confident TPP “hare” with its quick-win strategy.

The TPP has been presented by the U.S. government as a comprehensive and high-quality regional agreement. Some observers suggest that it could be a catalyst for broader agreements, perhaps even a multilateral understanding. An analogy is drawn with NAFTA (the North American Free Trade Agreement) and the creation of APEC (Asia-Pacific Economic Cooperation), which were seen as helping to conclude the Uruguay Round when it reached a deadlock in the early 1990s. More generally, the TPP addresses “Doha plus”—or “behind-the-border”—regulatory issues that can shape future multilateral rounds.

But the TPP, its ambitious agenda notwithstanding, is a traditional trade agreement based on a single-undertaking (or package) negotiation. It has a pre-defined agenda and works to a timetable for a final deal. In doing this, the TPP uses a model that is past its “use-by” date.

The model is, of course, the familiar trade agreement template inherited from the multilateral system. But the multilateral experience does not inspire confidence in the TPP’s longer-term relevance. Traditional trade agreements can make gains, but they fail to capture the dynamic nature of the global economy and its trade and investment. The TPP’s “agreed and done” approach misses the opportunities that will shape trade and investment in the next decade and beyond.

Since the Doha Round of trade negotiations was launched among members of the World Trade Organisation (WTO) in 2001, global trade and investment have already been transformed. Global value chains have become fundamental to trade and investment, especially in Asia. South-South trade is now as important as the long-standing North-South trade patterns, and the global economy has become multipolar, with the major emerging economies as the new poles of global growth.

Doha's focus on inequality from a North-South perspective does not have the same logic in this world.

On the other hand, the RCEP is based on a very different idea—that a 21st century trade and investment agreement needs a robust and updated framework. The framework needs to tackle not only the current agenda of trade in goods and services but, over time, it must be able to take up yet-to-be-defined trade and investment issues that will inevitably emerge. Recent examples of such unanticipated issues are national regulations requiring data to be stored and analysed locally, and legal barriers impeding the cross-border flow of data. The RCEP enables its participating members to tackle such issues as they arise.

The RCEP was drafted using the norms of open accession, transparency, and best standards. It specifies that agreements will be consistent with WTO principles. It also provides a mechanism for consolidating the six agreements that dialogue partners have with ASEAN by ensuring that it is a “ratcheting-up” process toward the best practices of all the six agreements with Australia, China, India, Japan, Korea, and New Zealand.

While a TPP might offer deeper upfront integration, it is less clear that it offers a long-term path for Asian economies—and this argument applies to those in the TPP negotiations as well as to those outside. The failure of the TPP to recognise development challenges will persist as a problem for countries outside of the TPP. It offers a binary choice—countries either meet the high-standards of the TPP or they do not. In contrast, the RCEP explicitly tackles capacity-building and has the scope for phased adjustment, recognising the significant diversity of the stages of development within ASEAN and across its partners.

The TPP also brings challenges for its emerging market members. By moving beyond a conventionally-defined trade liberalisation agenda, the TPP can trigger tensions that may turn out to be inimical to trade and development. For example, in the domain of intellectual property rights (IPR)—while technology transfer is decisive for development, stringent IPR rules that meet U.S. interests can be an impediment to, rather than supportive of, trade.

“Behind-the-border” regulatory issues that increasingly shape global trading relationships are also a source of potential tension. The push in the TPP for extending this agenda to include topics such as labour and environment, and a one-size-fits all agreement on these issues, does not allow for national priorities and developmental differences. Countries may well share aspirations for labour and environment, but it does not mean that the standards and national approaches on these issues are shared.

While a TPP might seemingly offer deeper upfront integration compared to the RCEP's regional ambit, it is the RCEP's design that reflects a best practices approach for a desirable global or multilateral system. It is the RCEP, rather than TPP, that can aspire to be a model for a new global rules-based framework.

*David Nellor is adjunct professor, Lee Kuan Yew School of Public Policy, National University of Singapore. He was a consultant to the Indonesian Minister of Trade in preparing the RCEP.*