

# IN@SIGHTS

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# India-U.S.: Estranged, flat-lined or natural allies



*President Trump's visit demonstrated the strong chemistry shared by the leaders of the world's two biggest democracies. Optics and cringe apart, were there significant gains from the visit?*

## Namaste Trump

When Trump arrived in Ahmedabad this month, he became the fourth consecutive American president to visit India. This signaled a new bond between two of the largest democracies. Barack Obama's two visits, in 2010 and 2015 elevated India as a strategic partner and signaled the shift of American foreign policy pivot to Asia.

The 'Namaste Trump event brought interesting talks to light. Trump's visit to India was met with skepticism and praise. President Trump and Prime Minister Modi focused on a wide array of bilateral and regional issues ranging from trade, defence, security, immigration, and counter terrorism.

## U.S. – India trade: what next?

A trade deal was in the offing after the tariff wars affected both the countries over the last year. Although no significant deal was inked, there were two MoUs and a letter of cooperation between India Oil Corporation. (IOC) and United States' Exxon Mobil.

The first MoU allows for the use of Indian therapy systems and medicines to address mental health issues in the United States. Conversely, India is to gain a better understanding of western methods of dealing with mental health issues.

The second MoU dealt with prescription drug prices, the safety of medical products, and medical patenting laws. A lack of stringent laws on pharmaceutical patents, is creating a monopoly on life-saving drugs required for tuberculosis, cancer, and cardiovascular diseases. The talk on the intellectual property rights front is being perceived as a knowledge-sharing agreement allowing Indian and American representatives to study each other's IPR laws.

The deal between Exxon and IOC would see India importing more Liquefied Natural Gas (LNG) from the United States. This will allow India to raise the use of LNG in its energy sector from the current 6.2 per cent to 15 percent in the next 10 years. India's energy imports from the United States would reach \$10bn in 2020.

The trade deficit, a concern for the United States, had declined from \$30 bn to \$24bn. Due to the "Make in India" campaign, tariffs on imports have increased, constricting trade relations with the United States.

Any tariff cut by India, however, needs to be done in a non-discriminatory manner as it applies to other countries as well. According to the World Trade Organization (WTO), this is an accepted norm as both the countries are not negotiating a free trade agreement. For example, duty cuts on high-end mobile phones as demanded by the United States will benefit China, as Apple Inc. manufactures most of its phones there.

## Deepening Defence Ties

A defence deal was signed where India bought attack helicopters and other United States military equipment worth nearly \$3billion. The two nations have signed defence contracts worth more than \$15 billion since 2008, up from \$500 million in all the previous years combined. This is a welcome addition to India's defence portfolio. India holds primary military contracts with Russia and France as well.

Both countries are carrying out negotiations over India's potential purchase of drones, additional P-8I long-range, multi-mission maritime patrol aircraft and also Raytheon intelligence, surveillance, target acquisition, and reconnaissance (ISTAR) aircraft.

## U.S. immigration, the H1B hurdle

The other area of contention between the two has been the movement of Indian skilled professionals to the United States under the H1B visa programme. President Trump has made immigration a major campaign theme, by building a wall with Mexico and denying immigration opportunities to a few African and Gulf countries. Indians are the top beneficiaries of the H1B visa. Nearly three out of four H1B visa holders were Indian in 2018, mostly from India's \$150 billion IT sector.

The Indian industry in the U.S. pays contributes nearly \$1 billion towards social security, which is only redeemable after a period of 10 years. The typical term of a temporary high skill visa holder is three to six years. Therefore, most workers are unable to derive any benefits from social security

## Assessment

- With the upcoming presidential elections in the United States, Trump hopes to appeal to Indian Americans, who have traditionally supported the Democratic party. Modi has his own share to gain: the recent loss of his party's Delhi elections, backlash from the CAA protests, and the raucous over keeping Kashmir in telecommunication shut down for close to six months would need a lot effort to improve his image.

- Both President Trump and Prime Minister Modi advocate a strong insular economic policy which caters to a domestic constituency. Hence, there is always the risk of President Trump's, "Buy American, Hire American" strategy clashing with Prime Minister Modi's, "Make in India" campaign. The recent proposals for higher tariffs on imports in the Indian Budget for 2021 may come as a roadblock in resolution of the ongoing trade disagreements between the two countries. Both countries, therefore, have to navigate the trade minefield with considerable caution and perhaps adopt a "give-and-take" approach for mutual benefit.

Both countries, therefore, have to navigate the trade minefield with considerable caution and perhaps adopt a "give-and-take" approach for mutual benefit.

- The benefits of being in good standing with the US can often be intangible. For one thing, it certainly influences governments in countries like Japan, Saudi Arabia, UAE, Germany, UK as well as the USA-dominated financial institutions like the IMF and the World Bank.

## The Middle East peace plan



*Is President Trump's Palestinian peace plan, the "deal of the century" or just "clapping with one hand"?*

### What did President Trump announce?

On Tuesday 28 January 2020, President Donald Trump standing alongside PM Benjamin Netanyahu at the White House, announced the anticipated plan for a solution to the Palestine conflict. The plan envisages a Palestinian state in exchange for recognition of Israeli sovereignty over the disputed West Bank settlements. While Jerusalem would remain Israel's capital, a village in East-Jerusalem (Abu Dis) was designated to become the future Palestinian capital. The Palestinians have been given four years to accept the offer. President Trump ominously added that this could be, "...the last opportunity for the Palestinians".

Palestinian president Mohamed Abbas has rejected the plan, calling it a "conspiracy deal" and said that, "Jerusalem was not for sale." Thousands of Palestinians in Gaza Strip protested the plan, in what was called, a "day of rage". When forced to comment, the United Nations (UN) said the world body remains committed to the two-state solution; with boundaries based on pre-1967 alignments and before Israel seized the West Bank to include Jerusalem and Gaza Strip, amongst other territories.



### Who formulated the plan?

The blueprint, which aspires to solve one of the world's longest-running conflicts was drafted by Jared Kushner, President Trump's son-in-law, who is a senior advisor in the White House. Jared Kushner was raised in a modern orthodox Jewish family, and his grandparents were holocaust survivors. Surprisingly, no Palestinian representative was consulted in making the plan. Israel has settled approximately 400,000 Jews in occupied West Bank, in addition to 200,000 Jews in Jerusalem. Reports suggest that Prime Minister Benjamin Netanyahu, now empowered with US approval is likely to press (Knesset) for a further 30% annexation of West Bank. In the eyes of international law, all the Israeli settlements are illegal.

President Donald Trump's Israel-Palestine peace plan is one-sided. It is, in essence, a "take it or leave it!" offer to Palestinians that should shock experienced negotiators, who have been trying to resolve the conflict, for decades. The plan marks a sharp departure from decades of US policy and none of the major world powers or even US-Arab allies, have endorsed the plan.

### What are the challenges in the conflict?

The Israel-Palestinian conflict can be broken down into four major challenges. First, the alignment of borders of the proposed Palestinian state, which most negotiators suggest should conform to the pre-Arab-Israel war of 1967 demarcation. Second, the status of Jerusalem. Since both Israel and Palestine have staked claim upon it, the UN General Assembly voted (Resolution 181 of 29 November 1947) with more than two-thirds majority, for it to become an international city.

Third, Israeli settlements in the West Bank, are considered illegal by the international community including the United States until President Trump's proposal. The fourth issue is, the "right of return" of Palestinian refugees, which is guaranteed under the Geneva Conventions, to which Israel is also a party.

In the peace plan, proposed by President Donald Trump and enthusiastically supported by PM Benjamin Netanyahu, all four challenges were decided in Israel's favor. The truncated portion of West Bank that could form the Palestinian state will be completely surrounded by Israel. Jerusalem, including its' three iconic religious sites, the Dome of Rock (Muslims), the Wailing Wall (Jewish) and the Church of the Holy Sepulcher (Christian), will all be a part of Israel's undivided capital. Israeli settlements, considered illegal by successive US governments until now, have been legitimized by this plan. Most significantly, there is no mention of the 'Right to Return', of Palestinian refugees.

### Other possible motives for announcing the plan now?

When the announcement was made, The US Senate was in the middle of President Trump's impeachment trial. PM Benjamin Netanyahu was indicted at the very moment and he faces trials for three independent corruption charges and is seeking re-election, on 02 March 2020. In the last year, Israel had two General Elections (April and September 2019), in which no party was able to form the Government. Benjamin Netanyahu (Bibi) belongs to the Likud Party (Right) and has been PM for ten years; he is seeking a record fifth re-election. His challenger is Benny Gantz, a former Chief of General Staff of the IDF, who is the head of the Blue & White Political Alliance (Center - Left). The Alliance is politically committed to removing tainted politicians from office and hence are not prepared to participate in any government, headed by Benjamin Netanyahu.

In the September election, Likud won 32 seats, and Blue & White won 33 seats, in the 120-member Knesset. Though Benjamin Netanyahu was prepared to form a government with the Blue & White Alliance, the latter refused.

In the end, both Benjamin Netanyahu and Benny Gantz failed to form governments and hence the 3rd General Election, on 02 March 2020.

### Assessment

- Prime Minister Benjamin Netanyahu is already using the Israel-Palestine Peace Plan, to project his ability to win US approval, for contentious Israeli projects like West Bank settlements, annexing of Jordan Valley and establishing Jerusalem as srael capital city. President Trump's Israel-Palestine Peace Plan, will also be popular amongst his evangelical and pro-Israeli supporters.
- Notwithstanding, possible political benefits to President Trump and Prime Minister Netanyahu, there is the larger question about the continued viability of the "two-state solution" in the Israel-Palestine conflict. For more than 70 years, the UN with the backing of the United States and other powers advocated the "two-state solution": the establishment of the Arab state of Palestine alongside the Jewish state of Israel. If the Israeli settlements in West Bank, formerly considered illegal are now legitimized, it may no longer be viable to have a Palestine state based on demographic segregation. Would Israel and Palestine be prepared to consider a single-state solution?

- There are an estimated five million Palestine refugees, who fled Israel and the occupied territories, on account of wars. The main exoduses followed the 1948 and 1967 wars. UN resolutions have upheld their right to return guaranteed both in the Vienna Conventions and the Universal Declaration of Human Rights. Despite being signatories to both documents, Israel has denied the refugees the right to return. As in 2020, only 74 percent of Israel's 9.1 million population is Jewish. The balance 26 percent comprises Arabs (21 percent) and Christian & other denominations (4 percent). If the refugees are allowed to return to the single state, Israel will evolve into a secular state.
- At the time of India's Independence, the former British colony was forced to partition into a religious entity (Pakistan) and a secular entity (India). As a model for all-round progress, there is little dispute that the secular entity performed much better. Perhaps, Israel and Palestine would benefit, if they adopted India's secular model.

## I The locust locomotion: generational foes



*Despite plaguing mankind since time immemorial, human ingenuity has failed to create a defining solution. Do we need to take a relook at our counter strategy?*

### What are Locusts?

Locusts are as old as mankind, finding mention in Vedic literature and in the Bible. In a solitary state with low population density, locusts are as harmless as the common grasshopper. However, with ideal bio-climatic conditions, like too much heat followed by high humidity, they multiply rapidly over time and space. They quickly form huge gregarious swarms that can travel 150 kilometers in a day and consume up to 200 tons of crops per day. A super swarm can cut a swathe equal to 20% of the land surface of the earth.

### The looming threat

As per the United Nations (UN), an average swarm can devour food enough to feed 34 million people. Food and Agriculture Organization (FAO) estimates that, the current infestation puts at risk an estimated 19 million people in the already food deficient region of East Africa.

The threat is clear and present. Within the next six months, the locusts are capable of increasing their numbers up to 400 times. Most of the breeding grounds in East Africa are in remote and isolated areas controlled by Al-Shabaab, a dreaded terrorist group. This does not allow access to ground-based teams to neutralise the locusts in the breeding stage itself before they get airborne. Furthermore, with traditional grazing areas laid waste by passing swarms, the herding population in these countries will seek alternate pastures, raising the risk levels for internal and external conflict.

Ethiopia, Somalia, and Kenya are dealing with swarms of 'unprecedented size and destructive potential' that could last till June. Egypt, Eritrea, Saudi Arabia, Sudan, and Yemen are also seeing substantial breeding activity. India has already suffered one swarm invasion from Pakistan and Iran, with more predicted.

### Climate change the contributing factor

Climate change has a direct impact on locust breeding cycles. They normally breed in the semi-arid and arid deserts of Africa. These regions receive less than 200mm of rainfall every year. The last five years have been hotter than any other, since the industrial revolution. Unusually heavy rains followed by hot summers and unexpected cyclones off the Somalian coast created ideal breeding conditions.

## Breaking the swarms

Swarms are destructive but once broken up are easily destroyed. They then become a favourite food of birds and animals and are considered a delicacy in some human societies too.

As per the UN, “given the scale of the current swarms, aerial control is the only effective means to reduce the locust numbers”. Land or aerial platforms spray insecticides like persistent organo-chlorines benzene hexachloride (BHC) and Dieldrin. However, there are environmental concerns as Dieldrin remains toxic for a 30-40-day period on vegetation and longer in soil. Ultra-low volume (ULV) formulations can minimise environmental impacts. However, best is environment-friendly biological control mechanisms, nurturing the growth of natural predators such as wasps, birds, and reptiles, etc.

Low flying planes generate atmospheric disturbances over transiting swarms to break them up or spray pesticides while they are feeding on the ground. However, the job gets harder as the swarms grow larger, making it extremely hazardous for small aircraft to fly through or near them.

Some management strategies have looked at creating exclusion zones, such as burning tyres, catching them in nets or by digging trenches. These measures could help prevent locusts from reaching a particular area but, does little to break up the swarm. The FAO has provided geographical positioning systems and geographic information system tools for quick data management and analysis. The FAO has also provided satellite data imagery for planning desert locusts surveys according to the green vegetation availability. The FAO and the UN have appealed for 70 million dollars to combat the rising threat.

## India Watch

The FAO had warned India of a twin invasion by desert locust from Iran and the Horn of Africa.

Thanks to favourable wind conditions and some timely action, the locust damage in Gujarat and parts of Rajasthan has been controlled with, the help of pesticides and specialist equipment. Some innovative measures like playing the drums, clanging utensils, switching on table fans near crops and even blaring out music on truck-mounted loudspeakers proved effective. Aerial spraying was not possible as the swarms were over inhabited areas, and it could have affected livestock and human beings.

Indian Ministry of Agriculture has had a Locust Warning Organisation (LWO) since 1939 and also an effective locust control and research scheme. Surveillance systems, satellite imagery and information exchange between the state and the FAO have proved beneficial to combat the menace.

### Assessment

- Locust infestation is one big calamity that has been compounded by climate change. The unusually hot summers followed by rainfall which was 400 percent over normal was caused by the Indian Ocean dipole which is attenuated by climate change. Could there be a more compulsive reason than this to make the world come together and fight global warming as a priority one threat to mankind?
- Acridologists have to be equipped with appropriate technology to detect the forming of swarms and track them to predict their course. A structured geospatial database in the GIS environment has to be created which interacts with other analytical tools to create a decision support system for which again the global scientific community has to come together. While the western world may not be directly impacted, they have a responsibility for the larger good.
- Early detection and destruction of breeding areas is the most cost-effective cure. India has considerable experience in this through its LWO and R&D establishment, and it could share this expertise with East African countries as part of its soft power outreach.

## ISIS: a comeback?



Exploiting the weakened security environment in Iraq and Syria, the Islamic State in Iraq and Syria (ISIS) has begun to reassert. Can the genie be put back?

### ISIS: Its Rise And Fall In The Levant

The Islamic State of Iraq and Syria (ISIS), swept through the demoralised and disorganised Iraqi Army to capture vast tract of Iraq. With the fall of strategic cities of Mosul and Tikrit and valuable oil fields, the Caliphate had a geographical identity, under its self-declared Caliph, Abu Bakr Baghdadi. Concurrently, it was spreading its tentacles beyond Iraq recruiting affiliates in several countries in Africa and Asia.

The Iranian Revolutionary Guard Corps (IRGC) under Qassim Soleimani was proactive in responding to Iraq's pleas for help.

The western world was shaken into action when the brutal ISIS gained notoriety for its proclivity to make decapitation videos of western hostages. President Obama was compelled to prosecute a proxy war against the IS through the Kurd militias.

At the same time, there was an ongoing fight in Syria between the Sunni rebels and the Shia government. Russia, a long-term ally of President Assad, jumped into the fray. Caught between a coalition of unnatural allies, united by their shared hatred for a common enemy, the Caliphate was doomed. Iraq declared its victory over ISIS in 2017, and the capture of Bahuz Fawqani by Assad's Syrian Army in 2019 crushed all organised resistance. Abu Bakr al Baghdadi was killed by US Special Forces in northern Syria in October 2019.

Defeated in the battlefield with its cadre scattered all over the Levant and thousands in Kurd detention, ISIS had been reduced to a collection of die-hard supporters and affiliates.

### A resurgence underway?

The Kurd led, US-supported Syrian Democratic Forces (SDF) debilitated ISIS, capturing thousands of its cadre, who were detained in northern Syria. However, the Turkish invasion of North-Eastern Syria following the US withdrawal created a vacuum. There have been reports of ISIS fighters breaking out from SDF detention camps.

A recent report, submitted to the UN Security Council states that ISIS has been “mounting increasingly bold insurgent attacks, calling and planning for the breakout of ISIS fighters in detention facilities and exploiting weaknesses in the security environment of both countries.”

The group manages to carry out at least 60 attacks a month against security forces in the Syrian regions of Al Raqqah, Al Mayadeen, Albukamal, Al Hasakah, Palmyra and Al Sukhnah. In Iraq, ISIS has focused on the provinces of Diyala, Erbil, Al Anbar, Nineveh and Salah al-Din.

The bulk of ISIS fighters have sought refuge in Idlib Province, presently under intense attacks by Assad forces. In the prevailing confusion, the fighters and their

dependents numbering almost 100,000 may be dispersed. Many ex-fighters escaped in October last year and remain untraceable.

### Future Trajectory Of ISIS: Regionally & Internationally

With an estimated US \$100 million in funds, ISIS remains viable financially even after Abu Bakr's demise. His successor, Amir Muhammad Said Abdal Rahman al Mawla, is unlikely to change the overall strategy or priorities. It is assessed that the strategic direction of ISIS will not change dramatically, as it remains engaged with getting its flock together and seeking safe areas to regroup. Its foreign affiliates will continue with their campaign of terror attacks, including lone-wolf strikes.

Qassim Solimani's death was a serious blow to the anti-ISIS campaign. His extensive contacts were invaluable in keeping a disparate coalition of Iranian militia, Sunni-Shia Iraqi military and Hezbollah fighters together.

Dhia Al-Asadi, an Iraqi politician and former MP, said, "People are talking not only about ISIS but a new version that might arise now...Soleimani is going to be missed

by almost all those who were serious about fighting against Al-Qaeda and ISIS."

The West lacks the military capacity to confront the resurgence in ISIS military operations. 5,000 US troops are stationed in the country purportedly for the ISIS campaign but refrain from seeking active combat. There is also an international military group training the anti-ISIS forces. NATO has recently announced that it will also form part of this training group. The Iraqi Parliament's demand for the eviction of the US forces from Iraq stands, although the Iraqi government backed down when threatened with American sanctions and demand for reparations.

Beyond its heartland in the Levant, threats from ISIS exist in Afghanistan, Africa and parts of South and South-East Asia. In West Africa, the affiliates are threatening fragile countries like Mali, while Boko Haram runs amok in Nigeria. In East Africa, Al-Shabaab maintains a steady pace of attacks. In the Philippines, ISIS affiliates are active along with fighters from Indonesia and Malaysia.

A worrying aspect is the return of IS foreign fighters and their families to their home countries. This may trigger a fresh wave of IS initiated terror.

#### Assessment

- All the factors conducive to a re-birth of ISIS, perhaps in an even more virulent form, are once again being created. Iraq is in chaos and Sunni concerns have not been addressed, nurturing the seeds of yet another internecine conflict. Without reconciliation between the Shia and Sunni Iraq and proper governance, ISIS's rise is inevitable.
- Weak economic development, employment problems, and significant economic, ethnic, and sectarian inequities all remain key forces. Along with this, governance and corruption have sustained extremist movements and internal conflict. If there is no political stability, it's always easy for terrorist organisations to manipulate local populations.

- Much of the Sunni-majority areas that were ISIS strongholds still lie in destruction, mainly from US airstrikes, and some are now under the control of Iran-backed Shiite militias, which have antagonised much of the population with their sectarian tactics. Although the US has pushed other countries to contribute funds to help rebuild these areas, efforts have not been prioritised. These areas are ripe for ISIS recruitment and as safe sanctuaries.
- Military losses have forced ISIS to relinquish the idea of ruling a geographical "caliphate", but the group retains that long-term aspiration and continues to proclaim it online. Supply lines still exist which sustain terrorist groups in the conflict zone. The international community has to respond before it is too late.

## Peru: tarnished gold



*With soaring demand and indispensability of gold to industry, Peru, the sixth-largest producer in the world, struggles to keep the supply legitimate.*

### The metal of the Gods

Gold has been the standard for valuation of wealth and power since ancient times. At the individual level, gold remains attractive as a hedge against inflation. Industrial use of the precious metal has added to its demand. The high-tech industry saw a massive surge in demand, consuming nearly 335 tons annually. An iPhone, for example, contains 0.014 grams of gold.

Gold's value comes from its rarity. According to a 2009 National Geographic article,

"in all of history, only 161,000 tons of gold have been mined, barely enough to fill 2 Olympic-size swimming pools. More than half of that was extracted in the past 50 years."

Now, the world's richest deposits are depleted faster, and there are rarely any new reserves found. Despite this, the gold mining industry is rapidly exhausting the existing gold veins. World production has doubled over the past 50 years, from some 1,500 tons per year in 1970 to approximately 3,000 tons per year as of 2014.

### Spreading misery over an impoverished land

Peru accounts for almost 6 percent of global gold output, which comes at a huge ecological cost. According to a 2018 study by the Centre for Amazonian Scientific Innovation, unregulated mining has uprooted nearly 250,000 acres of rainforest in the Madre de Dios region of Peru. The resulting toxic sludge (about 20 tons for every 0.333 ounce of pure gold) is poisoning the subsoil and water bodies.

An international labour watchdog, Verité, has reported that over 20 percent of the gold mined in Peru, is produced illegally, surpassing the cocaine trade. Roughly \$3 billion in illegal gold is exported out of the country every year. Local and international organised crime and rebel groups are involved in illegal mining.

Like the infamous Roman-owned gold mines in ancient Spain, who worked child slaves to death, the present-day illegal mines also make their profit using cheap forced labour working in inhumane conditions.

Then there is the attendant evil of human trafficking and sexual exploitation. For every kilogram of illegally mined gold, dozens of children suffer abuse in the flourishing sex trade that caters to the industry. In Puerto Maldonado in Peru, there were at least 2,241 reported cases of human trafficking between 2009 and 2014 and 889 in 2015 alone.

## Is the Peruvian government combating the syndicates?

As per Peruvian law, mining activity in natural reserve areas are prohibited. However, the mountainous geography and complex land regulations make it difficult to enforce the law. The authorities are under-equipped or unwilling WWto impose the writ of the state, deep in the jungles or on protected lands.

The Peruvian government allows some protected areas to be administered by private, regional and community organisations. A government-run programme is certifying miners against social and environmental benchmarks. Over the past two years, the Peruvian government has been cracking down on informal mining operations and illicit gold exports. Security forces have been raiding illegal mining camps, destroying equipment, and monitoring gold trading companies involved in buying and selling contraband gold.

Monitoring the gold trade to detect unlawful gold is extremely difficult, if not impossible. Gold, unlike "blood" or "conflict" diamonds, can be disposed of in small quantities by the miners themselves. The tax authority of Peru estimates that 35 tons of contraband gold worth over \$1 billion was transhipped via Lima to the United States and Switzerland between February and October of 2014.

## Laundering the precious metals



In Peru, before the illegal gold can make its way into international markets, its exact origin has to be concealed or 'laundered.' The gold ore is processed locally, then transported to refiners, who purify it to the qualities required by end-users. Latin American gold is usually sent to refineries in either the United States, Switzerland or Canada. Unlike cocaine, once gold is 'laundered,' it becomes legal and can move freely across international borders.

In early 2019, Swiss refiner Metalor stopped sourcing altogether from artisanal gold miners in Latin America, after Peruvian Customs officials seized 91 kilograms of gold bars from local exporter Minerales del Sur destined for the Swiss refinery.

## International regulatory mechanisms against illegal gold sourcing

The Dodd-Frank Act (the United States, 2010) and the European Union's conflict minerals legislation, are some regulations in force to stop the import of minerals/precious stones from conflict zones. The Dodd-Frank Act primarily focuses on the Democratic Republic of Congo and a specific list of adjoining countries.

The EU regulation expands the geographic focus to any conflict-affected or high-risk area in the world. The Organisation for Economic Co-operation and Development (OECD) has formulated a five-step process for risk-based due diligence in the minerals supply chain. The International Council on Mining and Metals, The London Bullion Market Association, the World Gold Council, the Better Gold Initiative, and the Responsible Jewellery Council all have initiatives and compliance standards that focus on labour conditions and sourcing audits.

## The Indian perspective

In the fiscal year 2019, India has imported gold worth nearly ₹2.3 trillion in the form of gold doré (unrefined gold), mainly from Ghana and Peru. The 2018 NITI Aayog report on 'Transforming India's Gold Market' proposes a collaboration between the Indian bullion industry and the OECD to prepare a policy on responsible sourcing of gold.

## Assessment

- The concept of 'conflict' minerals is generally only applied to the African context. While illegal mining in Latin America is intrinsically linked to conflict, there are few initiatives in place to address this intersection. This needs to be corrected by something akin to the Kimberley Certification Process, which is now the globally accepted standard to deny 'blood' diamonds free access to world markets.
- Corruption and poor implementation of legislation have allowed the nexus between corrupt officials and crime syndicates to flourish. The national leadership has to be pressurised by the international community to enforce rules more diligently. This will happen if the export of dirty gold is stopped, causing financial distress to the parallel economy.
- The skyrocketing global demand for the precious metal has created a modern-day Gold Rush. Switzerland, China, India, the United Kingdom, Turkey, the United States, and the United Arab Emirates are amongst the top buyers. Unless these countries impose an embargo on dirty gold, the illegal practices will never cease.
- Consumer awareness, and campaigning is slowly bringing to light the dark side of the gold industry. Some jewellery stores and chains have already signed up for the say "no to dirty gold" campaign. There must be more international vigilantism especially in industries like tech, where the gold demand is continuously rising. A certification and sourcing guideline should be followed stringently.

## INSIGHTS FROM THE PAST

### Pandemics: A national security concern

Stating that preparedness is the only key solution in addressing outbreaks, Mr Toby Simon, founder and chairman, Synergia Foundation, highlights that the genesis of national security is the preservation of the state from physical threats.

Thucydides, in his 5th-century publication, The History of the Peloponnesian War, mused about the profound effects of the plague of Athens on power, conflict, and governance during the war between the Athenians and the Peloponnesians. He describes how, during the Peloponnesian wars, disease demoralized the Athenian people, undermined the political leadership, and weakened the army, preventing it from achieving key military objectives. It is not only the general population that is threatened by disease, but the military as well.

**Ingenuity, knowledge, and organization alter but cannot cancel humanity's vulnerability to invasion by parasitic forms of life. Infectious disease which antedated the emergence of humankind will last as long as humanity itself, and will surely remain, one of the fundamental parameters and determinants of human history**

The genesis of national security is the preservation of the state from physical threats. However, in today's globalized society, emerging diseases and their pandemic potential pose

perhaps an even greater national security threat, when disease can spread more rapidly than in previous eras.

Preparedness not prevention is the solution to this escalating problem. Thirty four percent of all deaths worldwide are now attributable to infectious disease, while war only accounts for 0.64 percent of those deaths. The Spanish flu epidemic of 1918 killed approximately 5,00,000 Americans, more than all wars fought in the 20th century. Consider the effect of smallpox on the indigenous peoples of North America. Many argue that they were not conquered by superior weaponry or forces, but by their lack of natural immunity to European diseases. Even recently, the Ebola outbreak led to the collapse of the national health care system in Liberia.

Improving detection through bio surveillance is the key to stopping epidemics and India must increase its funding and focus on improving both domestic and global bio surveillance capability. While surveillance and developing early warning sensors are effective deterrents to combat pandemics, we would recommend the following:

- Strong leadership: Multi stakeholder and multi sectoral coordination. Command and control should be based on existing infrastructure and continually strengthened.
- Appropriate funding: Multi

resource capability including finance, hospital resources, and preparation of advance vaccine purchase agreement, technology, surveillance and ability to assess risk dynamically.

➤ Effective of planning process: Broad and multi sectoral - level stake holder representation, effective communication channels across sectors, planning both at a regional (South Asian) and international level and developing platforms that permit interoperability with countries and regions.

➤ Effective communication among healthcare professionals and public

➤ Effective strategies for successful implementation of surveillance, monitoring, risk assessment and an efficient healthcare system

The Synergia Foundation is a Bangalore based multi-disciplinary think tank that has over three decades of experience in strategic security. It has worked with several international organizations in the past including Medicines Sans Frontiers (Nobel Prize 2000) and The World Health Organization in developing affordable treat regimes for Malaria, Tuberculosis and AIDS for afflicted patients in Africa, South America, Asia and Central Asia. The Foundation simulated an avian flu epidemic in Bangalore in 2007 jointly with their research partners, the Massachusetts Institute of Technology and the Indian Institute of Management, Bangalore.

The Synergia Foundation in partnership with Massachusetts Institute of Technology simulated a pandemic attack (avian flu) and its impact on business and industry in 2008, in collaboration with Indian Institute of Management, Bangalore.

## COLUMN: REAR VIEW

**Toby Simon**

Founder and President, Synergia Foundation.

## COVID-19: supply disruptions and security

*As the coronavirus advances through China and jolts the rest of the world, the pharmaceutical industry is on vigil over the security of its global supply chain. Over the past decade, China has established its numero uno position in the global market for active pharmaceutical ingredients (API).*

### Tracing Chinese dominance

In 2018-19, China accounted for 67.56 per cent of total imports of bulk drugs and drug intermediates into India at about USD 2,405.42 million. APIs consist of the fermentation process-based drugs such as crucial antibiotics—penicillin, amoxicillin, ampicillin, tetracycline, cephalosporins—and essential vitamin and hormonal pills.

Originating in China in the 1850s, spread by the fleas during a mining boom in Yunnan, and moving to India and Hong Kong, the bubonic plague claimed at least 15 million lives and perhaps catalysed the Parthay and Taiping rebellion. India faced the most substantial casualties - some 10 million - and the epidemic was used as an excuse for repressive policies that sparked some revolt against the British. The pandemic was considered virulent up until the 1960.



### Why did India fall behind?

The 1970s was momentous for the growth of the Indian pharmaceutical industry. To help compete with multinational companies, the government revised its patent law to focus on process and shortened the life of the patents. Through the 1990s, Indian chemists were able to reverse engineer manufacturing processes, hold domestic prices and compete to eventually hold 20% of the market share in exports. China, however, became a formidable competitor and overtook India in API manufacturing as Chinese companies enjoyed subsidised infrastructure and low - interest credit. In the 1980s, India was one of the largest producers of semi-synthetic penicillin in the world; The Chinese strategically reduced the cost of Penicillin G by over 80 percent which led to the closure of some of the largest bulk drug plants for antibiotics like Gujarat Lyka Organics and Kopran. Over time, India shifted focus to formulated drugs and turned to imports for API. Penicillin, a revolutionary antibiotic discovered 80 years ago, is now in scarce supply.

### Chokepoint with COVID -19

The coronavirus (COVID-19) has triggered alarm bells as the Chinese lockdown to quarantine disrupts supply chains across industries. Countries like India, the US, Nigeria and the EU are admitting the dangers of allowing China a monopoly in the manufacturing of essential raw materials. The Federation of Indian Chambers of Commerce and Industry, FICCI, has recommended incentivising manufacturers to tackle the disruptions and position India as an alternative source to China. The disruption has already increased prices of basic drugs in India like Paracetamol by 40 percent and some antibiotics by 70 percent. In a country, where more than 75 percent of the out of pocket expenditure for healthcare by people is for medicine, this could deeply impact the healthcare choices available to the poor.

### Risk and opportunity

The increasing overdependence of the Indian pharmaceutical industry on imported APIs has been a concern of many regulators. For example, when China cracked down on high polluting industries prior to the Beijing Olympics, it led to a 25% hike in imported API prices. The biggest challenge to Indian manufacturers to produce APIs is low capacity utilisation which is pegged at 30-40 percent compared to their Chinese counterparts at 65 percent. Studies show that India can competitively produce APIs with a 3% variance for labour cost, but Chinese exporters have the capacity to obtain low-interest credit and invest in high capacity infrastructure. These two factors create the cost arbitrage because Chinese plants can be set up in one year whereas, in India, it is most likely to take 3-4 years.

A strategic initiative to consider would be to revive public sector drug manufacturers and further their capacity to produce API and formulations. Indian PSUs like Hindustan Antibiotics Limited, IDPL used to play a key role in ensuring uninterrupted supply of basic raw material but withered due to the lack of state support.

### Environmental challenges and drug resistance

The pharmaceutical industry emits 48,550 kilograms of carbon-dioxide-equivalent (CO<sub>2</sub>e) per million dollars, which is about 55 percent more than the automotive industry. Significant amounts of pharmaceutical waste are entering waterways near drug manufacturing facilities resulting in the development of multidrug pathogens. In November 2016, German scientists found that all of the specimens collected from sites around the bulk drug manufacturing facilities in Hyderabad and nearby villages, known as the Patancheru-Bollaram zone, India, were contaminated with antimicrobials. They also found 95% contained worryingly high levels of bacteria and fungi resistant to antibiotic drugs. These discharges have polluted river sediment surface, ground and drinking water.

### In conclusion:

The government has to provide more support to establish an ecosystem conducive to API manufacturing. There must be more use of Bioremediation, a technology that can treat environmental pollution using microbes, plants or their by-products. It helps in removing xenobiotic and recalcitrant pollutants through physical and chemical methods. The government also could absorb the differential price to boost capacity utilisation of Indian plants.

In today's globalised society, emerging diseases and their pandemic potential pose a great national security threat. Preparedness, not prevention is the solution to this escalating problem.

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