

INTERNATIONAL RELATION

India-EU: global dynamics

❖ **CONTEXT: India and the European Union concluded the first round of talks for the proposed free trade agreement (FTA)**

❖ **India and the EU**

- India-EU bilateral relations date back to the early 1960s with India being amongst the first countries to establish diplomatic relations with the European Economic Community in 1962.
- The first India-EU Summit took place in Lisbon in June 2000 and marked a watershed in the evolution of the relationship.
- In 2007 India and the EU began negotiations on a broad-based Bilateral Trade and Investment Agreement (BTIA) in Brussels, Belgium.

❖ **Current Status**

- India and the EU share a healthy trade relationship.
- The EU is India's third largest trading partner, while India is EU's 11th largest trading partner.
- In 2019-20, India-EU trade accounted for 63.8 billion (11.1% of total Indian trade) in goods, while a total of 1.9% of EU's total trade in goods in 2020 came to India. India exports almost 14% of its global exports to the EU.

❖ **Recent talk**

- Recently, there has been increasing initiative from both sides to deepen engagement with each other.
- India and the European Union concluded the first round of negotiations for India-EU Trade and Investment Agreements, including the Geographical Indicators (GI),
 - The target to finalise the Free Trade Agreement has been set for 2023-24.
 - The trade agreement with the EU would help India in further expanding and diversifying its exports of goods and services, including securing the value chains.
 - Both sides are aiming for the trade negotiations to be broad-based, balanced, and comprehensive, based on the principles of fairness and reciprocity.
- Both India and the EU are committed to climate change, and the recent progress in India-EU alliance opens prospects of a customised partnership and mutual growth.
- Such a partnership will ensure that both India and the EU have their agendas of economic growth and sustainability fulfilled, a win-win situation for both entities.
- The European Union wants to be the first carbon-neutral region in the world by 2050.
- It brought out the 'European Union Green Deal' in July 2021 to focus on a new growth strategy that aims to transform the EU society into a fair and wealthy one with a modern, resource-efficient and competitive economy.

❖ **CBAM: carbon-pricing system**

- To attain carbon neutrality, the EU has set forth immediate targets and has brought out the 'Fit-for-55' package, a communication of its 2030 climate targets.
- A provision in the policy plan is the introduction of Carbon Border Adjustment Mechanism (CBAM), a carbon-pricing system proposed for imports into the EU.
- The CBAM suggests taxing the imported goods-based difference between carbon used in the production of domestic and imported goods.

❖ **Challenges**

- A major challenge lies in translating government exchanges and agreements into a substantial partnership, enhancing trade and investment flows.
- The EU is seeking to expand the bilateral trade volumes. India, however, suffers from excessive bureaucratic rigidity, and more needs to be done to exploit its full business potential.
- Despite its economic growth and potential, however, the fact cannot be overlooked that India faces numerous domestic development challenges and reciprocity could have detrimental effects on its agricultural sector.

- The EU asserts that India's high tariff barriers are not transparent enough and thus not conducive to creating a trade-enabling structure.
- Developing countries have raised their concern on the legality of CBAM pointing out its conflict with World Trade Organisation (WTO) and the United Nations Framework Convention on Climate Change (UNFCCC) norms, and are afraid that it encourages protectionism.
- ❖ **Way Forward**
- In a complex international environment, the Republic of India and the European Union, both "unions of diversity", sharing values of democracy, rule of law and human rights, are equally convinced of the necessity to preserve the rules-based international order and effective multilateralism.
- India-EU endeavours to develop further their Strategic Partnership, based on this Roadmap. They can contribute jointly to a safer, cleaner and more stable world.
- Recent progress in the alliance opens up prospects of a customised partnership and mutual growth
- Rather than tax on exports to EU as proposed in CBAM, India and EU can cooperate better by investing in cleaner and greener technologies in India and helping in cleaning up production in India.

PRELIMS

1. G7 Climate Club

- ❖ **CONTEXT: At the 48th G7 summit, hosted by Germany, the leaders decided to form an international "climate club" for nations that want to take more decisive climate action and combat global warming.**

The Group of Seven (G7) group of developed nations are the US, the UK, Canada, France, Germany, Italy and Japan.

- The concept of a climate club was developed by Yale economist William Nordhaus in 2015.
 - The club he proposed would exempt its members from climate-related trade tariffs to which non-members will be subjected.
 - The G7's Climate Club is expected to be established by the end of the year 2022.
 - It will be an intergovernmental forum of high ambition that will be "open and inclusive in nature" to those committed to follow the Paris climate agreement 2015.
 - The Paris Climate Accord aims to limit global warming to below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
 - The club will aim to promote collaboration, help maintain competitiveness and make climate protection a competitive advantage.
 - The climate club will be built on three pillars,
 1. Focus on advancing transparent policies to achieve climate neutrality (reducing all greenhouse gases as much as possible),
 2. Transforming industries to accelerate decarbonisation, and
 3. Facilitating partnerships and cooperation to encourage climate action and unlock socio-economic benefits of climate cooperation.
 - This open, collaborative club will set joint minimum standards, drive climate action that is internationally coordinated.
 - This will ensure that climate action makes a country more competitive at the international level.
- ### 2. National Investment And Infrastructure Fund
- ❖ **CONTEXT: Indian government-promoted National Investment and Infrastructure Fund (NIIF) has made its single largest investment of USD 300 million or Rs 2,250 crore for a 22.5% stake in Hindustan Ports, a local arm of UAE's DP World.**
 - The National Investment and Infrastructure Fund (NIIF) is India's first-ever Sovereign Wealth Fund (SWF).

- It is a state-owned fund set up by the Department of Economic Affairs, Government of India in 2015.
- The NIIF is an alternative for providing long-term capital for the infra-related projects.
- It is registered under the Securities and Exchange Board of India (SEBI) under Category II Alternative Investment Fund.
- It is a collaborative investment platform for both international and Indian investors.
- The NIIF manages over USD 4.3 billion assets under management through its three funds.

❖ **Type of NIIF Funds**

- **Master Fund** Primarily invests in infra-related projects such as roads, ports, airports, and power. It Invests in well-established enterprises that are into a long-term agreement and are operating in a regulated environment with a good history. It Acts as a hedge at times of inflation and offers stable cash inflow.
- **Fund of Funds** Invests in funds managed by the renowned fund managers having an excellent track record. It Invests as anchor investors in order to accumulate more funds from the institutional investors. It May also enter into joint ventures with the fund managers (based on their track record, investment strategies, and risk management.)
- **Strategic Fund** Invests primarily in equity and equity-linked instruments. It Registered as an Alternative Fund II under the SEBI in India.

❖ **Sovereign Wealth Fund**

- A sovereign wealth fund (SWF) is a state-owned fund. It is mostly formed from the country's reserves.
- It is used to invest in capital assets such as real estate, metals, stocks, and bonds.
- The main objective of the SWFs is to allocate funds for the betterment of the country's economy.
- SWFs also invest in alternative investments such as private equity funds and hedge funds. Some SWFs invests in the global avenues.

3. **Green Climate Fund**

- In 2010, Green Climate Fund (GCF) was created by the United Nations Framework Convention on Climate Change (UNFCCC).
- It is the world's largest climate fund.
- It is mandated to support developing countries raise and realize their Nationally Determined Contributions (NDC) ambitions towards low greenhouse gas (GHG) emissions, climate-resilient pathways.
- It is mandated to help vulnerable societies adapt to the unavoidable impacts of climate change, particularly in Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States.
- This Fund tries to achieve the above goals by investing across 4 transitions,
 1. Built environment;
 2. Energy & industry;
 3. Human security, livelihoods and wellbeing; and
 4. Land-use, forests and ecosystems.
- This Fund tries to achieve the above goals by employing a 4-pronged approach,
 1. Transformational planning and programming - To maximise the co-benefits between mitigation, adaptation and sustainable development.
 2. Catalysing climate innovation - By investing in new technologies, business models, and practices to establish a proof of concept.
 3. De-risking investment to mobilize finance at scale.
 4. Mainstreaming climate risks and opportunities into investment decision-making to align finance with sustainable development.

4. **Mangarh Hillock**

❖ **CONTEXT:** The National Monuments Authority submitted a report on declaring Mangarh hillock in Rajasthan as a monument of National Importance in honor of 1500 Bhil tribal freedom fighters.

- The hillock, situated at the Gujarat-Rajasthan border, is a site of a tribal uprising where a massacre of over 1500 Bhil tribal freedom fighters took place in 1913.
- Bhil social reformer and spiritual leader Govind Guru first raised the demand for a separate state for tribals back in 1913 after the Mangarh massacre.
 - The place is also known as the Adivasi Jallianwala, and there has been a demand to build a memorial.

❖ **Bhil tribe**

- The word Bhil is derived from “Veel”, which means “bow” in the Dravidian language.
- The Bhil tribe is called “Dhanush Purush of India” because they are highly adept at learning Dhanush.
- They are a group of tribal Indians scattered throughout India from Gujarat in the west to Tripura in the Far East.
- They have a rich and unique culture.
- Ghoomar is a traditional folk dance of the Bhil tribe. Ghoomar is the symbol of femininity. The young women take part in this dance and declare that they are stepping into women’s shoes.

5. Field Medals 2022

❖ **CONTEXT:** Recently, Ukrainian mathematician Maryna Viazovska along with other three mathematicians received the prestigious Fields Medals.

- The Fields Medal is awarded every four years to one or more mathematicians under the age of 40.
- Fields Medal is awarded at the International Congress of the International Mathematical Union (IMU).
- IMU is an international non-governmental and non-profit scientific organization.
- The purpose of IMU is to promote international cooperation in mathematics.
- Fields medal is awarded to recognize outstanding mathematical achievement for existing work and for the promise of future achievement.
- The Fields Medal Committee is chosen by the Executive Committee of the International Mathematical Union and is normally chaired by the IMU President.

❖ **History**

- The 1924 ICM in Toronto adopted a resolution that at each conference, two gold medals would be awarded to recognise outstanding mathematical achievement.
- The Canadian mathematician Prof J C Fields, who was secretary of the 1924 Congress, later donated funds to establish the medals, which were named in his honour.
- In 1966, it was agreed that, in light of the great expansion of mathematical research, up to four medals could be awarded at each Congress.
- It was first awarded in 1936.

ANSWER WRITTING

Q. What is rare earth metal? Discuss their strategic and environmental significance with respect to India. (150 words)

Introduction

The Rare Earth Elements (REE) are a set of seventeen metallic elements. These include the fifteen lanthanides on the periodic table plus scandium and yttrium. They are also referred to as “rare earth oxides” because many of them are sold as oxide compounds.

Body

Rare-earth elements (REE) are necessary components of products across a wide range of applications, especially high-tech consumer products, such as cellular telephones, computer hard

drives, electric and hybrid vehicles, and flat-screen monitors and televisions. The demand for them is small, although rising. They are mined and produced in small quantities and hence the name.

- **Environmental Significance:** Due to their unique magnetic, luminescent, and electrochemical properties, REE help technologies to reduce emissions, and energy consumption; therefore provide them greater efficiency, performance, speed, durability, and thermal stability. They have distinctive electrical, metallurgical, catalytic, nuclear, magnetic and luminescent properties. The futuristic technologies will need these REEs for high-temperature superconductivity, safe storage and transport of hydrogen for a post-hydrocarbon economy, environmental global warming, and energy efficiency issues.
- **Strategic:** Permanent magnets which are used in defence equipment, including actuators, to control guidance systems for airborne smart missiles, as well as in aerospace applications for aircraft components and airstrip maintenance equipment are derived from rare earth minerals.
- With growing global trends in clean technologies, the demand for critical rare earth minerals will grow. While late in joining the race, the Government of India is taking steps to develop and strengthen India's position in the rare earth market. Moreover, if India wants to position itself as a global leader in renewable energy and be more self-sufficient in defence equipment, it should seek to reduce its dependence on imports of renewable energy equipment like solar panels and modules as well as defence equipment.

Conclusion

While a beginning has been made with the announcement of a National Mineral Policy 2019, covering non-fuel and non-coal minerals, India must strive to acquire expertise in valorising these minerals and shift to developing its downstream sector. To that end, India should seek to leverage its ties with Japan and other countries that have the requisite technology for manufacturing downstream equipment so that it can set itself up as an alternative source of the REE-based technology, with its own supply chain of minerals and metals required for the same.

MCQs

1. Consider the following statements with regards to field medals recently seen in news
 1. The Fields Medal is awarded every year in the field of mathematics.
 2. Fields Medal is awarded at the International Congress of the International Mathematical Union (IMU) which is a intergovernmental organisation.
 3. The award is given to young Mathematician generally under the age of forty.
 Which of the above statement/s is /are correct?
 - a) 1 only
 - b) 1 and 3 only
 - c) **3 only**
 - d) 2 and 3 only
2. Bhil tribe recently seen in news due to their honorary revolt during British era and generally the found all over India in recent time , which of the following state/s are recognised then as tribal people of state?
 - a) Gujarat
 - b) Madhya Pradesh
 - c) Maharashtra
 - d) **All of the above**
3. The National Monuments Authority submitted a report on declaring Mangarh hillock in Rajasthan as a monument of National Importance in honor of Bhil tribal freedom fighters With reference to Mangarh Hill Massacre, consider the following statements.
 1. The movement is led by Govind Giri.
 2. This massacre is also known as Jallianwala Bagh Massacre of Vagad Region or Adivasi jallianwala bagh Massacre.
 Which of the statement/s given above is/are correct?
 - a) 1 only
 - b) 2 only
 - c) **Both 1 and 2**
 - d) Neither 1 nor 2
4. Consider the following statements with regards to Green Climate Fund
 1. GCF is accountable to the United Nations

2. It is guided by the principles and provisions of the UN Framework Convention on Climate Change (UNFCCC)
3. It is mandated to help vulnerable societies in adapting to the unavoidable impacts of climate change, particularly in Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States
Choose the correct statement using the codes given below
 - a) 1 and 2 only
 - b) 2 and 3 only
 - c) 1 and 3 only
 - d) All of the above**
5. Match the followings
 1. Master Fund - It invests as anchor investors
 2. Fund of Funds-Primarily invests in infra-related projects such as roads, ports, airports, and power
 3. Strategic Fund - Invests primarily in equity and equity-linked instruments.Which of the above pairs are incorrectly matched?
 - a) 1 and 2 only**
 - b) 2 and 3 only
 - c) 1 and 3 only
 - d) All of the above
6. Which of the following is not a G7 nation?
 - a) USA
 - b) Australia**
 - c) UK
 - d) Canada
7. Which of the Following County or organisation India does have a Free Trade Agreement?
 - a) ASEAN
 - b) Japan
 - c) Thailand
 - d) All of the above**
8. Which one of the following has been constituted under the Environment (Protection) Act, 1986?
 - a) Central Water Commission
 - b) Central Ground Water Board
 - c) Central Ground Water Authority**
 - d) National Water Development Agency
9. Consider the following statements
 1. The EU is India's eleventh largest trading partner, while India is EU's fourth largest trading partner
 2. Indo-EU BTIA treaty is related to Indo-EU Free Trade AgreementChoose the correct statement using the codes given below
 - a) 1 only
 - b) 2 only**
 - c) Both 1 and 2
 - d) Neither 1 nor 2
10. 'Ol Chiki' is the script of which language?
 - a) Badaga
 - b) Oraon
 - c) Santali**
 - d) Ho