

International Relations This Week: Episode 88

International relations is a very important segment of the [UPSC syllabus](#). In this series, we present an analysis of the most important international issues and developments that occurred over the past week relevant for the IAS exam. In this article, you can learn more about the latest developments regarding the F-16 package by the U.S., recent sanctions by the U.S on an Indian company, Russia's annexation and Nord Stream Pipeline sabotage.

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1. India's stand on F-16 package by the U.S. to Pakistan

Introduction:

- The United States has offered a 450 million dollar package to upgrade the F-16 fighter jets that it has provided to Pakistan.
- India, following this announcement, has criticised the United States publicly and expressed its frustration for helping out Pakistan increase its conventional capabilities against India.
- The U.S on the other hand has justified the move by stating that upgrading the fighter jets will help Pakistan address current and future counterterrorism threats.

Background: Military aid to Pakistan

- Pakistan received its first set of F-16s from the US in 1981 during the peak of the [Cold War](#) between the US and the erstwhile Soviet Union.
- The F-16 fighter jets have been manufactured by a major U.S defense manufacturer, Lockheed Martin.
- These jets have been the backbone of the Pakistan Air Force for a long time.
- In 2018, Donald Trump suspended about \$2 billion in security aid to Islamabad for failing to clamp down on the Afghan Taliban and the Haqqani Network terror groups and dismantle their safe havens in the country.

- Pakistan has been receiving substantial American military aid, amounting to \$33 billion since 2002.
- Pakistan was even granted a major non-NATO ally status in 2004.
- A few of the aid packages' key components have been P-3C Orion maritime patrol aircraft, military radio sets, tube-launched, optically tracked, wireless-guided anti-armour missiles, among others, in addition to F-16 fighter jets.

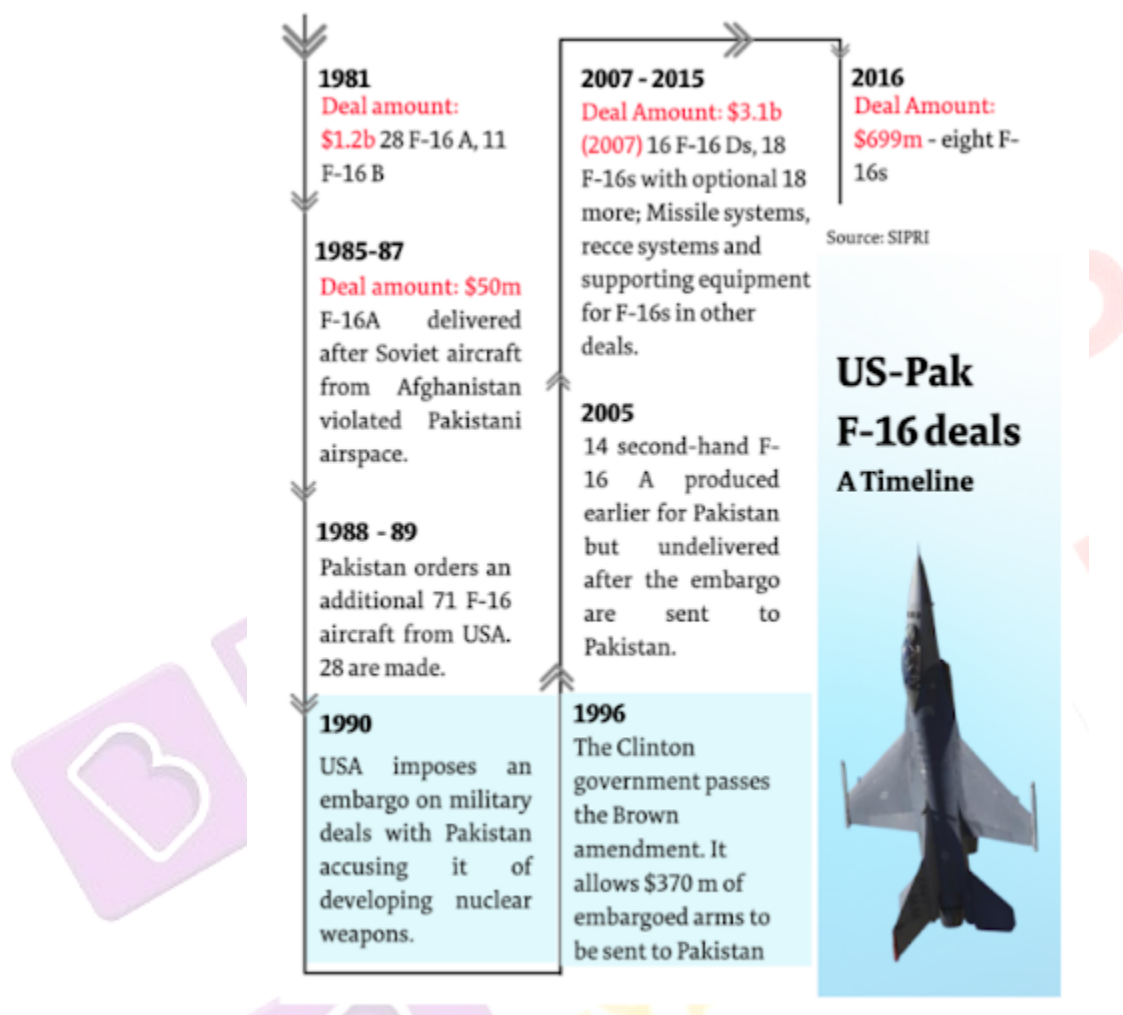


Image Source: The Hindu

Recent package:

- The recent \$450-million F-16 package to the Pakistan Air Force (PAF) includes technical and logistics services for future maintenance of the PAF's F-16 fleet.
- The deal also offers modifications and support of aircraft, and engine hardware and software.

- According to the U.S Congressional notification, the proposed sale does not include any new capabilities, weapons, or munitions.

Motivations for the U.S to continue providing such aid and assistance to Pakistan:

- Strategic observers are seeing this assistance as a reward to the Pakistani military leadership for their approach during the ouster of Imran Khan since Khan was perceived to be warming up to Russia.
- Pakistan's recent stance of supplying ammunition to Ukraine could have also influenced the United States' decision.
 - Earlier, reports had emerged claiming that Pakistan may be helping the UK to ferry weapons via an air bridge through Cyprus and Romania to Ukraine.
- The U.S is trying to break China's hold on Pakistan with its own assistance and support.
 - The Pakistan Air Force now has more Chinese JF-17 Thunder fighter jets than F-16s — but it continues to rely on the ageing American aircraft.
- Therefore, any of these factors or a combination of these factors could have pushed the U.S to announce this financial package and military package to upgrade the F-16.

India's Stand:

- India raised "strong objections" to the U.S. plan for this package and conveyed that it is reportedly upset that the US didn't forewarn India about a policy decision that can have serious implications for India's security.
- The US end-user agreement disallows the PAF from using the F-16s for any non-counter-terrorism operations. But Pakistan used F-16 in February 2019 during India's counteroperation to Pakistan's Operation Swift Retort.
- The U.S said this proposed sale will support the foreign policy and national security objectives of the United States by allowing Pakistan to retain interoperability with US and partner forces in ongoing counterterrorism efforts and in preparation for future contingency operations.

Significance of this development on India-U.S relations:

- In recent times, India has been taking stronger positions on the world stage and is in the process of shedding its history of acquiescence to the US.
- The disagreement over the F-16 package is one of several areas where India and the U.S appear to be at odds.
- For instance, in the ongoing [Russia-Ukraine conflict](#), despite great public pressure by the West on India to side with them, India's position has been independent rather than non-aligned.

- The package could also be a US signal to both Islamabad and New Delhi that it is time to break the long impasse in relations.
- The dissonance between India and the US about the F-16 deal with Pakistan could certainly become a point of discontent but both powers understand well that their relationship is far from being dependent on the outcome of such issues alone.

2. U.S. sanctions on Indian petrochemical company

Introduction:

- The U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) recently imposed sanctions against a Mumbai-based petrochemical company among several entities accused of selling Iranian petroleum products.
- As per OFAC's statement, it had sanctioned the "international network of companies" that were involved in the sale of "hundreds of millions of dollars" worth of Iranian petrochemical products to South Asia and East Asia.
- The treasury department accused Iranian brokers and several front companies in the UAE, Hong Kong, and India that have facilitated financial transfers and shipping of Iranian petroleum and petrochemical products by "concealing the origin" of the shipments.
- It imposed sanctions on Mumbai-based Tibalaji Petrochem Private Limited for purchasing Hongkong based-'Triliance' brokered petrochemical products, including methanol and base oil, for onward shipment to China.
- This is the first Indian entity to face the U.S. designation under unilateral sanctions passed in 2018-19, after the U.S's decision to walk out of the [Joint Comprehensive Plan of Action \(JCPOA\)](#) with Iran.

What do these sanctions mean?

- The penalties freeze the companies' assets in the US and make it illegal for American citizens to do business with them.
- Under the sanctions, those involved cannot have access to the US financial system or deal with US companies.

US-Iran Tensions:

- In 2003, the US voiced concerns that Iran is attempting to develop nuclear weapons; inspectors from the International Atomic Energy Agency announced they'd found traces of highly-enriched uranium at a nuclear plant in Iran prompting years of international sanctions against the country.

- After years of negotiations with President Barack Obama's administration, six nations and Iran reached a landmark agreement that slowed Iran's nuclear development program in exchange for lifting some sanctions that caused the country's economy to stagnate.
- In May 2018, Donald Trump pulled out of the Iran Nuclear Deal – JCPOA, which he viewed as "one-sided" and imposed sanctions on Iran and on nations doing a significant amount of trade with Iran.
- However, no other signatory of the deal (the UK, China, Russia, Germany and France) has supported the US stand on the deal and even the UN has expressed grave misgivings about the decision as the International Atomic Energy Agency's report concluded that Iran's stockpile of uranium and heavy water, as well as its implementation of additional protocols, were "in compliance" with the agreement.
- After the exit of the United States, the other signatories in an attempt to keep the deal alive, launched a barter system known as INSTEX to facilitate transactions with Iran outside the US banking system.

India-Iran relations:

- Commercial ties between India and Iran have been traditionally dominated by Indian imports of Iranian crude oil.
- Iran was among India's top energy suppliers until May 2019, when India decided to stop purchasing Iranian oil due to the threat of attracting US sanctions.
- The United States granted exemptions to eight countries including India allowing them to temporarily continue buying Iranian oil for six months which ended in May 2019.
- India officially refused to endorse the "unilateral sanctions" of the U.S, but the union government agreed to end all oil imports from Iran in 2019, which made up about 11% of India's intake.
- In 2018-19, India imported US\$ 12.11 bn worth of crude oil from Iran.
- The bilateral trade during 2019-20 was \$4.77 billion, a decrease of 71.99% as compared to the trade of \$17.03 billion in 2018-19.
- Iran is still the third largest supplier of oil for India after Iraq and Saudi Arabia. Higher crude oil prices due to sanctions will widen the trade deficit and [current account deficit](#) of India.
- India also has strategic interests in Iran which will be impacted by sanctions. India has made economic investments in [Chabahar port](#) and in the International North-South Transport Corridor.

3. Russia annexes four regions of Ukraine

Introduction:

- Vladimir Putin has signed “accession treaties” formalising Russia’s annexation of four occupied regions in Ukraine namely Donetsk, Luhansk, Kherson, and Zaporizhzhia.
- Together with Crimea which Russia annexed in 2014, Russia now claims 20% of Ukrainian territory.
- This is the largest forcible takeover of territory in Europe since the second world war.
- The signing ceremony came on the heels of the completion of Russia-orchestrated [“referendums”](#) in the four regions, which are largely or partly occupied by Russian or Russian-backed forces.
- Russia vetoed a UN resolution tabled by the U.S and Albania that would have declared its referendums as having “no validity”.

What does this annexation mean?

- The action represents a sharp escalation in the ongoing conflict with Ukraine.
- With the formal annexation, Moscow will now consider the areas part of Russia, and the “umbrella” of its nuclear defences will extend to them.
- The four territories create a crucial land corridor between Russia and the Crimean peninsula, annexed by Moscow in 2014.
- Russia has already taken a series of steps in the annexed regions:
 - It has handed out thousands of Russian passports to residents since 2019 and
 - Russia has completely replaced Ukraine’s hryvnia currency with the Russian rouble.
- In the occupied areas of all four regions, access to Ukrainian TV and mobile phone networks has been cut and only Russian channels and telecom providers are available.
- Schools previously teaching the Ukrainian curriculum are being forced to adopt a new Russian one.



Image Source: The Guardian

Response of the West:

- Western countries and Ukraine have dismissed the referendums as breaching international law, and charged they were coercive and wholly unrepresentative.
- The UN Security Council voted on the draft resolution tabled by the US and Albania on “Illegal So-Called Referenda in Ukraine” after Russian President Vladimir Putin signed these annexation treaties.
- The resolution condemns the referendum, calls on the international community not to recognise any alterations to Ukraine’s territory and calls for Russia to withdraw its forces from Ukraine.
- The resolution failed to pass in [UNSC](#), despite winning 10 supporting votes, after Russia used a veto to block it.
- India along with other UNSC members – China, Brazil and Gabon abstained from the resolution.
- The US enacted a round of new sanctions aimed at further crippling Russia’s defence and technology sectors and other industries, as well as cutting off more top officials and their families from global commerce, to punish Moscow for its efforts to annex parts of eastern Ukraine.
- Britain’s Foreign Office announced a series of sweeping new sanctions on key services and placed a ban on 700 goods “that are crucial to Russia’s industrial and technological capabilities.” It also put in place an asset freeze and travel ban.

Conclusion:

Recent annexation will have a significant impact on the ongoing conflict between both countries. Ukraine's recent counteroffensive successes in the east and the south have pushed back Russian forces which made Russia change its strategy resorting to territorial gains via referendums. Political isolation, pressurisation, block confrontation and sanctions do not promote peace but rather exacerbate the issue. An early resumption of peace talks should be the focus to bring immediate ceasefire and resolution of the conflict.

4. Nord Stream pipeline sabotage**Introduction:**

- Four leaks were reported at different points in the Nord Stream pipelines since September 26, 2022, designed to carry gas from Russia to Europe via the Baltic sea.
- Two of the leaks were in Swedish waters while the other two were reported from Danish waters.
- Both Danish and Swedish seismologists picked up undersea explosions near the locations of the first two leaks before they occurred.
- Russia has the largest reserves of natural gas followed by Iran and Qatar. Together, the three countries accounted for half of the world's natural gas reserves in 2020.
- According to the [United Nations Environment Program](#), the leakage from the Nord Stream natural gas pipeline system under the Baltic Sea has led to perhaps the single biggest release of methane ever recorded.

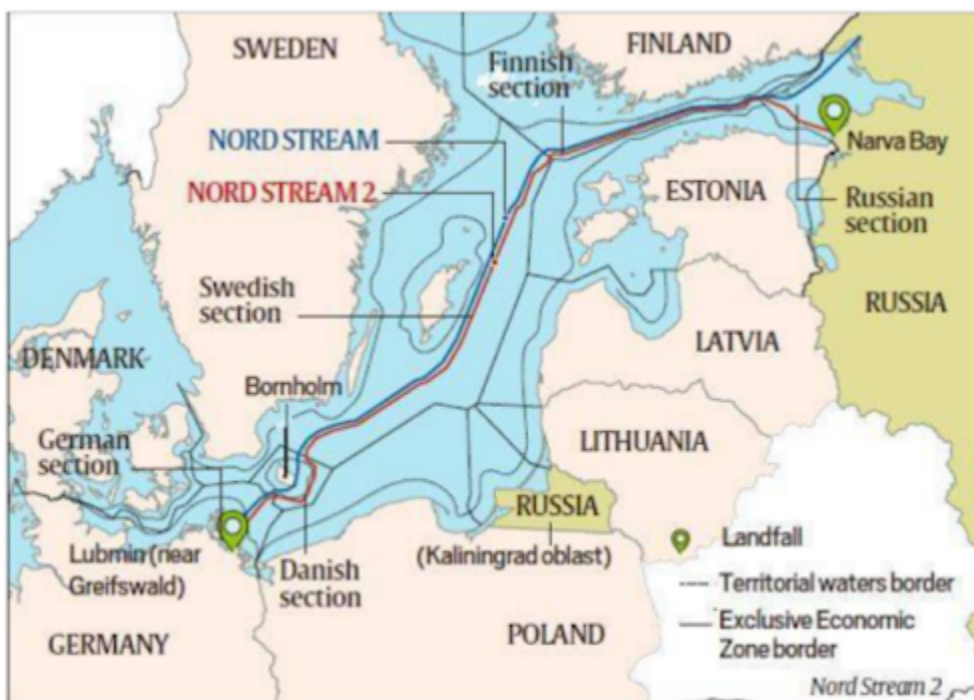


Image Source: The Indian Express

What are Nord Stream Pipelines?

- Nord Stream 1 is a 1,224 km underwater gas pipeline running from Vyborg in northwest Russia to Lubmin in northeastern Germany via the Baltic Sea.
- The majority owned by the Russian energy giant Gazprom, it is the primary network through which gas reaches Germany. Most of the gas goes directly to Germany, while the rest travels west and southwards through onshore links to other countries and into storage caverns.
- Nord Stream 1 has been operational since 2011 and is the largest single supply route for Russian gas to Europe.
- The construction of the \$11 billion-worth Nord Stream 2 was completed in 2021 but never began commercial operations.
 - The 1,200-km pipeline was to run from Ust-Luga in Russia to Greifswald in Germany through the Baltic Sea and carry 55 billion cubic metres of gas per year.
 - It was meant to run along with the Nord Stream 1 system.
- Even though both pipelines were not running commercially, they had millions of cubic metres of gas stored in them.

Significance of the Nord Stream pipeline:

- For Germany: Germany is Russia's biggest European gas consumer, and most of it comes through the Nord Stream.

- Energy prices in Germany are among the lowest in the continent because of the cheap gas supplies via Nord Stream 1. This also makes German manufactured goods more competitive in the international market.
- For the European Union: In 2021, Russia supplied nearly 40% of the EU's natural gas needs through this pipeline.
 - The flows through Nord Stream play a vital role in filling up the national storage tanks of the EU. It is crucial to provide the required heating in the upcoming winter.

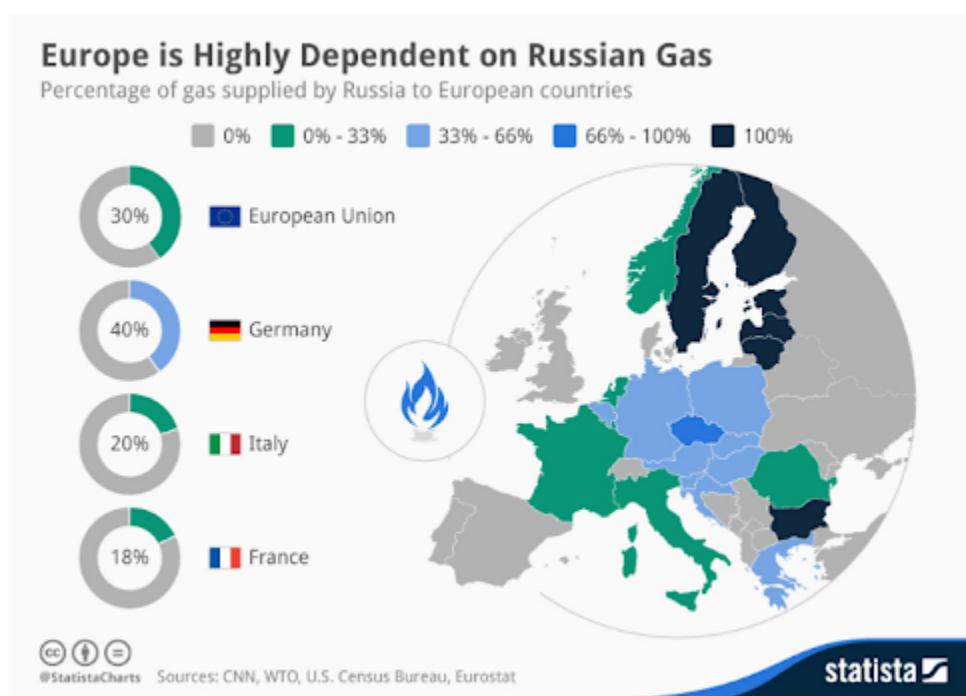


Image Source: Statista.com

- For Russia: Russia is using the supplies via the crucial pipeline as a bargain to navigate its economy through sanctions from the western countries.

Nord Stream and the ongoing Russia-Ukraine conflict:

- The pipelines have been at the centre of tensions lately. Russia has been accused of leveraging Europe's dependency on its energy, as retaliation against the Western sanctions imposed on it since the Ukraine war began.
- The leaks occurred a day before the ceremonial launch of the Baltic Pipe, which carries gas from Norway to Poland, a project that is part of Poland's attempt to reduce its dependence on Russian energy.

- While investigations have not yet revealed the cause behind the leaks, leaders from Europe and the United States suspect foul play.
- They alleged that it was an act of sabotage with three separate leaks and explosions occurring on the very same day.
- NATO said the pipeline leaks were likely the “result of deliberate, reckless, and irresponsible acts of sabotage” and pledged a “united and determined response” to any attacks against their allies’ critical infrastructure.
- Russia, which controls the pipeline and has been speculated by the West to be behind the attacks, has not ruled out sabotage either.

Who gains from it?

- The EU seems to be an unlikely source, as they would not seek to willingly lose out on their energy source.
- Russia has previously reduced its energy exports to Europe in retaliation since the invasion of Ukraine led to sanctions on it. Russia is also under the scanner because the leaks occurred a day before the launch of the Baltic Pipe.
- However, as the Nord Stream pipelines are majority controlled by Russia’s Gazprom, it is unclear why Russia would damage the infrastructure it has a majority stake in and spent billions constructing.
- Europe continues to be heavily dependent on Russian energy and any damage to the pipelines would mean Russia losing its bargaining chip.
- European countries, to reduce their dependence on Russian energy, have increasingly turned towards the US, from whom they purchase liquified natural gas (LNG) that comes via ships.
- Russia alleges that the US has much to gain from the stoppage of the pipelines, as it can become a larger exporter of energy. However, such an attempt by the United States would carry immense risk and sever the close ties it shares with European countries, especially its own NATO allies.