

5th Feb, 2025

1. US-China trade tension escalates GS 2 (International Relations)

• Why in News:

- US President Donald Trump delayed the imposition of 25% tariffs on Mexico and Canada just hours before they were set to take effect, pausing the North American trade war for a month.
- However, tensions with China escalated as Beijing retaliated against US tariffs by investigating Google for antitrust violations and imposing new tariffs on US coal, LNG, oil, and agricultural equipment.
- Trump also hinted at upcoming tariffs on the EU, citing trade imbalances. Businesses are preparing for potential disruptions, while the EU's role as a major trading partner, including for India, raises concerns about a broader global trade conflict.

• Trump's Trade War with China during his First Term

- During his first term, US President Donald Trump initiated a trade war with China, resulting in retaliatory tariffs and countermeasures.
- This eventually led to the **Phase One Deal** on January 15, 2020, which aimed at structural reforms and increased purchases by China.
- However, subsequent analyses revealed that China neither met its purchase commitments nor implemented structural reforms.

• US tariffs on Chinese goods and possible benefits to India

- The US tariffs on Chinese goods created opportunities for other countries, including India, to increase their exports to the US.
- A study by **Oxford Economics** found that **India was the fourth-largest beneficiary of trade diversions between 2017 and 2023**, following Trump's tariff measures.
- The **electronics sector** saw significant gains, with India's share in US imports rising **tenfold** since 2017, driven largely by **telecommunications equipment** like iPhones.
- With the current 10% tariff on Chinese goods, Indian exporters see further potential to expand their market share in the US.
- Indian exporters are receiving **higher orders** due to fears of increased tariffs on China, similar to what happened during the previous trade war
- **India's Competitiveness Challenges**
 - Despite gains, India lags behind other Asian nations in high-tech manufacturing.
 - Korea and Taiwan dominate semiconductors, while China still supplies 27% of US electronics imports.
- **India's Strategy to Attract Trade**
 - To benefit from trade shifts, India cut customs duties on key imports in the Union Budget to streamline tariffs.
 - This move signals India's commitment to simplifying its tariff structure.

• Impact of Trump's Tariffs

- Trump's tariffs on Canada, Mexico, and China would increase costs for American consumers, with an estimated annual burden of **over \$1,200 per household**. US producers facing tariffed imports are expected to raise their prices, further fueling inflation.

China hits back at the U.S. with goods tariffs, Google investigation

Agence France-Presse
BEIJING

China said on Tuesday it would impose tariffs on imports of U.S. energy, vehicles and equipment, firing a return salvo in an escalating trade war between the world's two biggest economies.

U.S. President Donald Trump on Saturday had announced sweeping measures against major trade partners Canada and Mexico, while goods from China were hit with an additional 10% tariff on top of the duties they already endure.

Minutes after they came into effect, Beijing unveiled levies of 15% on imports of coal and liquefied natural gas from the U.S., while crude oil, agricultural machinery, big-engined vehicles, and pick-up trucks face 10% duties.

China is a major market for U.S. energy exports and according to Beijing customs data, imports of oil, coal and LNG totalled more than \$7 billion last year.

Beijing said the measures were in response to the "unilateral tariff hike" by Washington.

The U.S. decision, China said, "seriously violates World Trade Organization rules, does nothing to resolve its own problems,

Sensex rebounds as Canada, Mexico get tariff breather

MUMBAI

The Indian stock market bounced back sharply on Tuesday with its biggest uptick in a month, fuelled by the U.S.'s decision to pause the blanket tariffs on imports from Canada and Mexico that had spooked global markets and currencies on Monday. » PAGE 13

and disrupts normal economic and trade cooperation between China and the United States". Beijing said it would file a complaint with the WTO over the "malicious" levies.

Alongside its tariffs, China announced a probe into U.S. tech giant Google and the addition of U.S. fashion group PVH Corp. and biotech giant Illumina to a list of "unreliable entities".

Beijing also unveiled fresh export controls on rare metals and chemicals, used in a range of industrial appliances.

Mr. Trump has said his tariffs aimed to punish countries for failing to halt flows of illegal migrants and drugs into the U.S. He said on Monday that he planned a call with Chinese counterpart Xi Jinping in the next 24 hours.

- **US Inflation and Its Effect on Indian Exports**
 - High inflation in the US and Europe has already impacted Indian exports, particularly in labour-intensive sectors like gems, jewellery, and textiles.
 - Rising costs and supply chain disruptions could further weaken demand for Indian goods.
- **Tax Policy and Economic Burden**
 - Higher tariffs, coupled with potential recessionary impacts, could lead to a net tax increase for most US households.
- **On the competitiveness of US manufacturers**
 - Economists explained that Trump's 25% tariffs on Mexican and Canadian imports have weakened the competitiveness of US manufacturers, giving an advantage to rivals in Europe and Asia.
- **Impact on the US Auto Industry**
 - American cars rely on parts from the US, Canada, and Mexico, making tariffs on these countries increase production costs.
 - As a result, US-made cars become more expensive, leading buyers to prefer imports from Japan, Germany, and Korea, which are not subject to tariffs.
- **Risk of Further Escalation**
 - Experts predicted that if US consumers shift towards **cheaper foreign cars**, Trump may see it as **unfair competition** and respond by either:
 - Imposing a blanket 25% tariff on all imported cars
 - Negotiating export restrictions with Japan, Germany, and Korea
 - This **retaliatory cycle** could further escalate the **global trade war**, affecting multiple industries and economies.

2. The U.S.'s Exit from WHO, A Chance to Reshape Global Health

GS 2 (International Relations)

- **Why in News:**
 - **On January 20, 2025, the United States government issued an executive order to withdraw from the World Health Organisation (WHO),** raising serious concerns about the financial and operational stability of the global health body.
 - While this decision has sparked debate about the potential weakening of WHO due to reduced funding, it also presents an opportunity to reevaluate the role of different nations in shaping the global health agenda.
 - Amid these developments, it is important to explore the implications of the U.S.'s withdrawal, the challenges posed by WHO's funding structure, and the need for the global south to play a more significant role in global health.
- **WHO's Funding System and the Consequences of U.S. Withdrawal**
 - **WHO's Funding System**
 - WHO's funding is divided into two major categories: **assessed contributions (AC)** and **voluntary contributions (VC).**
 - **AC is a fixed annual membership fee** that each member-state is required to pay, which ensures stable funding for WHO's basic operations, such as salaries and administrative costs.
 - **One of the key reasons cited by the U.S.** for its withdrawal was that its **AC was disproportionately high.**
 - On the other hand, **VC funds, which come from various donors and are often allocated to specific projects, are inherently unpredictable.**

The U.S.'s WHO exit, a chance to reshape global health

On January 20, 2025, the United States government issued an executive order to withdraw from membership at the World Health Organisation (WHO), which has caused apprehensions that reduced funding for WHO would impact the functionality of the organisation. However, as the executive decision by the U.S. government has already been made, it is time to reflect on some fundamental questions such as why a single country's exit from WHO is causing concern to others. How can the U.S. exit from WHO be converted into an opportunity to create a stronger WHO? Why is there a need for an increasingly greater role of countries in Asia and Africa in global health.

Funding intricacies
To understand the impact of the U.S.'s withdrawal on WHO funding, we need to understand WHO's funding system. There are two broad categories of funding sources. In the first, the assessed contribution for AC is a fixed amount each WHO member-state must pay annually as a part of membership fee. This is what the U.S. President has argued as being disproportionately high for the U.S. and cited as one of the four reasons for the U.S.'s decision regarding its withdrawal. The assessed contributions ensure assured funding, which WHO uses to pay the salaries of regular staff, both technical and administrative, and maintain day-to-day functioning. This is the minimum resources the organisation needs to ensure a continuity of operations.

The other funding pool is from voluntary contributions (VC), which come from a range of donor agencies and additional contributions from WHO member-states. VCs are usually for projects and other time-bound activities. WHO uses VC funds to bring in short-term staff and consultants. However, the problem with VC funds is that these are, as the name suggests, voluntary, always time-bound, linked to specific activities, and, thus, unpredictable.

For example, many member-states and donors provide funds for polio eradication, patient safety, primary health care or antimicrobial resistance-related work. These contributions are highly targeted and non-transferable to other areas. With the U.S.'s withdrawal from WHO, the VC would also be impacted, as many VCs have been provided by the U.S. government, or, more, complete stop the funding to WHO. These VCs, the ongoing work and impact of WHO funding. Clearly, the financial impact on WHO is likely to be far greater than the direct share of the U.S. government funds for WHO.

Another argument given for the U.S.'s withdrawal, which has been used frequently by some others to criticise WHO, is that the organisation is highly bureaucratic, and it is in need of urgent reforms. This is partially true

and to be fair in assessment, every global institution needs some reforms and WHO is not any different. In fact, there is a lot more to WHO's credit than the occasional systemic flaws it has faced. In this era of emerging and re-emerging challenges such as antimicrobial resistance, climate change, global warming and zoonotic health, increasing or emerging of diseases and a strong rise in lifestyle diseases, the world needs a stronger WHO, more than ever.

Why institutions fail
In their book, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Daron Acemoglu and James A. Robinson have argued that the Nobel Prize in Economics in 2004 hypothesis, *the rule of law*, that nations thrive upon the foundation and the strength of functioning and stronger institutions.

Expanding the analogy at a global level, the world needs stronger institutions for peace and global health. However, in the last few decades, the fibres of global collaboration have been damaged. There is rising nationalism in many countries and 'Not in my back yard' is becoming a vote catcher for many leaders. This phenomenon of hyper nationalism in global has weakened peace, and, thus, arguably more violent in high income countries. Hyper nationalism, often underlines global institutions.

With the U.S. exit from WHO, the likelihood of hyper nationalism alliances such as G7, G20 and others inspiring to support and fund WHO are feeble. Yet, for its tremendous body of work in the last 75 years, WHO is a moral imperative for all countries that the alternatives are explored to protect and save global institutions. The legitimate governments and elected political leaders in the global south and countries such as India, Brazil, South Africa, Thailand, Egypt and many others need to step in to support WHO in specific, and the United Nations in general.

There is another important consideration—the inconvertible gap in global health priorities and funding. The health challenges which affect the countries in Asia and Africa are greatly underfunded, unless and not get global attention. In 2012, the *Healthcare and Drug* against Africa is heavily available in the *International Journal of the Congo and other regions where Africa is most rampant for the threat of death in the U.S.* which has a low resource base. This is a reminder that high income countries continue to shape the policies, health agenda and command resources in global health. Unsurprisingly, however, health inequities. Global health has arguably been a case of 'the rich get the richer' and the poor get the poorer.

The decision to reject U.S. government personnel who have been seconded to WHO and subsequent appointments that such a step would slow down ongoing programmes reflect how

global health agencies are a little too dependent on subject experts originating from a single or select few countries. Global health will be better off if a pool of subject experts in various areas of public health are available from different countries and in the majority of the countries. There are a few things which should be considered immediately.

The global south must act
First, countries in the global south, especially Asia and Africa, must start to step up to supplement WHO funding gap after the U.S. exit. WHO could be one such platform. Second, countries such as India, Ethiopia, Ghana, and others in the global south need to invest in training of experts not just in public health but also global health. There are different areas. For example, India should have trained experts in conditions which affect Africa and diseases which are not prevalent in our country. The area of providing and financial support to any country is behind us. It is time for 'pushed' technical expertise in health, as in any other sectors. Third, the countries in the global south should set up a few common institutions at the country or a regional level through inter-country collaborations to train their experts in global health. It is expensive from low and middle-income countries which will be of help to any country and to WHO by the accumulation of such experts. That way, global health can improve at a much lower cost than by expertise from high-income countries.

Fourth, we have been losing of talents in WHO for a long time. One of the steps which should be considered urgently is to train and move the headquarters to one of the regional offices, operational costs. Through this might be a problem in terms of air connectivity, the time and the focus of WHO's work needs to be on perspective where attention is needed. Africa and Asia, it would be a very strategic move to take the headquarters and move specific divisions to the regional offices.

It is very likely that four years later or some time in future, when there is a new U.S. President, the U.S. would join WHO. However, still then, the U.S. withdrawal should be explored as an opportunity for the public health community and political leadership in the global south to initiate a strategy and regional level and collaborative actions to reshape the global health agenda, which is to ensure under the influence and the pressure of high-income countries. Global health should not be at the mercy of funding or the expertise from one or a handful of high-income countries. It must be truly a joint venture for the entire world, led by the global south.

By Anand Kumar, a senior editor at NCSC

- **Consequences of U.S. Withdrawal**
 - With the U.S. pulling out, **not only will its AC contributions be lost, but its VC funding may also diminish as U.S.-based donors** and agencies like USAID could reduce or halt their funding to WHO.
 - **Given that many of these funds support critical projects like polio eradication, patient safety, and antimicrobial resistance, WHO's ability to execute global health initiatives may be severely impacted.**
 - However, **while the financial setback is significant, it also highlights the vulnerability of WHO's funding structure** and the necessity for reform.
- **Reason Behind the Failure of Global Institutions**
 - **The Rise of Nationalism and its Impact on Global Collaboration**
 - In recent years, **a wave of nationalism has swept across many countries**, leading to an increasing focus on domestic priorities at the expense of international cooperation.
 - **Political leaders in high-income nations have increasingly adopted 'nation-first' policies** to appeal to their domestic constituencies.
 - This has **resulted in reduced funding for international institutions**, weakened alliances, and a reluctance to engage in multilateral efforts.
 - **The U.S. withdrawal from WHO is a prime example of this trend.**
 - **Citing concerns over financial contributions and bureaucratic inefficiencies**, the U.S. government decided to pull out of an organisation that has historically been instrumental in coordinating global responses to health crises.
 - This **decision not only undermines WHO's ability to function effectively but also sends a troubling signal** to other countries that international cooperation can be abandoned when politically convenient.
 - **The Erosion of Trust in Global Institutions**
 - Another major issue facing global institutions **is the erosion of trust among member states.**
 - Over the years, **some countries have criticized organisations like WHO for being slow to act, overly bureaucratic**, and influenced by the interests of a few powerful nations.
 - While these criticisms are not entirely unfounded, **they have led to a situation where countries hesitate to fully support global initiatives**, fearing that their interests will not be adequately represented.
 - **The COVID-19 pandemic exposed some of these shortcomings. WHO was criticised for its delayed response in declaring the virus a pandemic** and for its perceived over-reliance on information from certain member states.
 - **These concerns, while valid, should serve as a catalyst for reform** rather than an excuse to abandon global institutions altogether.
 - **A stronger WHO, one that is more transparent, efficient, and equitably governed, is essential to ensuring global health security.**
- **The Need for Systemic Reforms in Global Institutions**
 - **Decentralisation of Global Health Governance**
 - WHO's headquarters in Geneva is **far removed from the regions that face the most pressing health challenges.**
 - **Relocating parts of WHO's operations to regional offices in Africa or Asia could improve response times** and ensure that resources are directed where they are needed most.
 - **Diversification of Funding Sources**
 - To reduce dependency on any single country, **WHO and similar institutions should diversify their funding mechanisms.**
 - **Encouraging pooled contributions** from multiple countries, as well as innovative financing mechanisms such as global health bonds or public-private partnerships, could enhance financial stability.

- **Enhancing Inclusivity in Decision-Making**
 - Historically, global health policies have been dominated by high-income countries.
 - **Ensuring that low- and middle-income nations have a greater voice in decision-making processes** will lead to more equitable and effective policies.
 - This can be achieved by increasing representation from Africa, Asia, and Latin America in WHO's leadership and governing bodies.
- **Strengthening Enforcement Mechanisms**
 - Currently, many global health agreements lack enforcement mechanisms, making it difficult to hold countries accountable.
 - **Introducing legally binding commitments with penalties for non-compliance could enhance adherence** to global health protocols.
- **The Role of the Global South in Strengthening Institutions**
 - In light of the challenges faced by global institutions, **countries in the global south must take a proactive role in shaping their future.**
 - Instead of relying on high-income nations to dictate the global health agenda, **emerging economies like India, Brazil, South Africa, and Thailand should step up as leaders** in international health governance.
 - Organisations like **BRICS (Brazil, Russia, India, China, South Africa)** could play a pivotal role in funding and supporting WHO's initiatives.
 - Additionally, investing in global health training programs within the global south will help create a **more diverse and self-sufficient pool of experts**, reducing dependence on Western-trained professionals.
 - Furthermore, **countries in Africa and Asia must advocate for fairer global health policies.**
 - **By collectively pushing for reforms in WHO and other institutions, they can ensure that global health priorities reflect the needs of all nations, not just those of high-income countries.**
- **Conclusion**
 - While the **U.S.'s withdrawal** from WHO presents immediate challenges, it also provides an opportunity for restructuring global health governance.
 - The decision underscores the need for a stronger **WHO** that is less dependent on any single country for funding and expertise.
 - **Countries in the global south must take the lead** in filling this gap by increasing financial contributions, training more experts, and establishing regional institutions dedicated to global health.
 - **The withdrawal of the U.S. should not be seen as a crisis but rather as a catalyst** for a more independent and resilient WHO.

3. India-Indonesia Ties as a Beacon for Global Relations GS 2 (International Relations)

- **Why in News:**
 - The **relationship between India and Indonesia** is one of deep **historical significance and strategic importance.**
 - The **recent visit of Indonesian President Prabowo Subianto** as the chief guest at India's 76th Republic Day celebrations **highlighted the strong bilateral ties** between the two nations.
 - This visit served as a reminder of their **shared history, economic potential, and security collaboration**, reinforcing their crucial role in shaping the Indo-Pacific region and global geopolitical dynamics.
- **India-Indonesia Relations: Historical Foundations and Evolution of Ties**
 - **Shared Struggles for Independence**
 - The historical ties between India and Indonesia are **deeply rooted in shared experiences of colonisation, independence, and the subsequent quest for self-determination.**

India-Indonesia ties as a beacon for global relations

It was a great honour for this writer to have accompanied President Prabowo Subianto of Indonesia, who was the chief guest at India's 76th Republic Day celebrations. The significance of the occasion was not only reflected in the vibrant displays of India's democracy, diversity and military strength, but was also a timely reminder of the deep and enduring relationship between the countries, which can be a beacon for wider international relations.

The evolution of ties Indeed, as India celebrated its first Republic Day in 1950, marking its new destiny as a sovereign and democratic nation, it was Indonesia's founding father, President Sukarno, who graced the occasion as chief guest.

In subsequent decades, as the two countries embraced their independence, they have built strong ties, spanning economics, politics and culture. In fact, this year was the fourth time that an Indonesian President has been chief guest at the Republic Day celebrations. Mr. Prabowo's visit, and his meeting with Indian Prime Minister Narendra Modi, highlighted the shared ambition of the two leaders to further increase collaboration in areas that include trade, maritime security, health and technology.

As two of the world's largest and fastest growing economies, Indonesia and India have immense potential to become the cornerstone for prosperity and security for the entire Indo-Pacific region and beyond. In particular, this writer's visit convinced him that there are three key areas of trade, security and geo-politics.

First, while the two countries signed a trade agreement back in 1966, from today's vantage point there is a huge amount that can be done to grow economic ties between the two countries. As Chairman of the Indonesian Chamber of Commerce, this writer co-chaired the CEOs Forum alongside Indian business leader Ajay S. Sharma in New Delhi, bringing together senior



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business leaders from India and Indonesia, we identified five key sectors that should be prioritised to unlock mutual growth, boost innovation and strengthen bilateral ties, i.e., in energy, food and agriculture, health care, manufacturing and technology.

Trade and security as pillars Throughout the discussions, it became clear that there are immense opportunities to increase bilateral trade, which currently stands at just under \$30 billion. There is the potential to quadruple the volume of trade in the next 10 years. Ambitious growth targets reflect the confidence the two nations have in each other's potential and in their continued partnership. Against a backdrop of global economic uncertainty, India and Indonesia are forecast to grow by 6.5% and 5.1%, respectively, this year, which is well above the global growth average of 3.3%. This reflects their expanding markets, young and dynamic workforces as well as growing consumer demand.

There is also huge untapped potential for both countries to benefit from intelligent investment that can position them as leaders in energy transition. While Indonesian investment in India stands at \$62.5 million and India has invested \$1.56 billion in Indonesia, this only scratches the surface of what is possible. By deepening their investments and supply chains in sectors such as clean energy, technology and manufacturing, the two countries can lead the global effort against climate change.

Security is the second pillar of the India-Indonesia partnership. In recent years, they have made significant strides in strengthening defensive ties, culminating in the Comprehensive Strategic Partnership in 2016, which is already yielding significant dividends, particularly in enhancing maritime security in their shared waters.

But defensive cooperation is only one aspect of their multifaceted relationship. During Mr.

Prabowo's visit, Mr. Modi and Mr. Prabowo committed to strengthening collaboration in areas such as counterterrorism and cyber security to keep the two countries safe.

As two large, populous nations with growing military capabilities, this is essential if the two countries are to address the complex geopolitical dynamics of the Indo-Pacific and safeguard its stability and prosperity for generations to come.

International relations A third element of the bilateral relationship is how it fits in the global context. Outside of the Indo-Pacific, India and Indonesia are both navigating a geo-political environment that is constantly shifting. At the start of the year, Indonesia was formally invited to join the BRICS group of emerging economies. In that club of powerful emerging economies, it joins India and, of course, China too. At the same time, both Indonesia and India have important relationships with the United States and other western countries. The new U.S. administration led by President Donald Trump has threatened to introduce a new set of tariffs, and it remains to be seen what will happen.

It is obvious that tariff and non-tariff barriers are impediments to free trade and carry risks for the global economy. Indonesia, as a key source of natural resources such as nickel, copper, tin and bauxite, wants to be able to export to the U.S., India and other markets.

President Prabowo's visit to India was a reminder of the importance of Indonesia's bilateral relationship with Indonesia. Their partnership, 76 years old, continues to grow in strength and depth. It is time to shape the future of the Indo-Pacific and the global economy is vast. As the two countries continue to work together through trade, security and their geo-political ties, they will not just strengthen the bonds between nations but also lay the foundation for a more prosperous and sustainable future for Asia and the world.

- The relationship between the two nations **dates back to the period of their independence movements in the 20th century**, with both countries emerging as independent republics within a few years of each other.
- **India, having gained independence from British rule in 1947, quickly charted its course as the world's largest democracy.**
- **Indonesia followed in 1945, declaring its independence from Dutch colonial rule**, though it was not until 1949 that Indonesia's sovereignty was internationally recognised.
- **Symbolic Beginnings: The 1950 Republic Day Invitation**
 - The **first formal gesture of this mutual respect occurred in 1950**, during India's inaugural Republic Day celebrations.
 - **Indonesia's founding father and first president, Sukarno, was invited to attend as the chief guest**, an honour that symbolised the beginning of a diplomatic relationship based on mutual understanding and cooperation.
 - This **moment set the tone for a relationship characterised by shared values of democracy, non-alignment, and peaceful co-existence.**
- **Strengthening Diplomatic and Economic Ties**
 - As **both nations embarked on their journeys as newly sovereign states, their leaders recognized the importance of developing strong diplomatic and economic ties.**
 - The **early years of their relationship were marked by cooperation in the international arena**, particularly **through the Non-Aligned Movement (NAM)**, which both India and Indonesia played pivotal roles in shaping.
 - **The NAM, established in the mid-20th century**, sought to create an alternative bloc to the Cold War divisions of the Western and Eastern blocs, emphasizing a third path that promoted peace, cooperation, and independence from superpower influence.
- **Bilateral Engagements and Cultural Exchange**
 - In the decades following their independence, **the two countries strengthened their relationship through various bilateral engagements.**
 - **India and Indonesia signed numerous agreements**, including trade and economic cooperation pacts, and developed cultural exchanges that further deepened their ties.
 - **These exchanges were reflective of both nations' rich cultural heritages**, which offered a strong foundation for mutual respect and collaboration.
- **Consistent Leadership Visits**
 - The **repeated visits of Indonesian presidents to India**, including the recent visit by President Prabowo Subianto, **underscore the enduring nature of this partnership.**
 - **President Prabowo's visit marked the fourth time an Indonesian leader had been invited as the chief guest for India's Republic Day celebrations**, a testament to the consistent and growing importance of the relationship.
 - **These visits have been instrumental in enhancing bilateral cooperation and opening new avenues for collaboration in diverse sectors**, including trade, defence, technology, and education.
- **The Key Aspects of India-Indonesia Relations**
 - **Trade as a Pillar of Growth**
 - Economic cooperation has been a key aspect of India-Indonesia relations.
 - Although a trade agreement was signed in 1966, **there remains vast untapped potential for expanding economic ties.**
 - Currently, **bilateral trade stands at approximately \$30 billion**, but there are ambitions to quadruple this figure over the next decade.
 - **A recent CEOs Forum in New Delhi, co-chaired by the Chairman of the Indonesian Chamber of Commerce and Indian business leader Ajay S. Shriram, identified five key sectors for growth: energy, food and agriculture, healthcare, manufacturing, and technology.**
 - **By focusing on innovation and strengthening bilateral supply chains, both nations can unlock new economic opportunities.**

- With projected economic growth rates of 6.5% for India and 5.1% for Indonesia, both nations are well-positioned to thrive despite global economic uncertainties.
- **Security and Strategic Cooperation**
 - Security cooperation forms another crucial pillar of the India-Indonesia partnership.
 - The **2018 Comprehensive Strategic Partnership** has significantly strengthened defence ties, especially in maritime security.
 - As two nations with extensive coastlines and vital shipping lanes, **ensuring the safety of their waters is paramount.**
 - **President Prabowo's visit further reinforced commitments to counterterrorism and cybersecurity cooperation.**
 - Given the evolving geopolitical landscape in the Indo-Pacific, **closer military and strategic collaboration is essential to safeguarding regional stability and economic prosperity.**
 - Both countries recognise the need to address common security challenges, including cyber threats and territorial disputes.
- **Geopolitical Significance of India-Indonesia Relation**
 - Beyond their bilateral relationship, **India and Indonesia play vital roles in global geopolitics.**
 - **Indonesia's recent invitation to join the BRICS group aligns it with other emerging economies, including India and China.**
 - Meanwhile, **both nations maintain significant relations with the United States and other Western powers.**
 - However, **global trade faces challenges, including potential U.S. tariffs that could impact both economies.**
 - As a resource-rich nation, **Indonesia seeks to export key commodities** such as nickel, copper, tin, and bauxite **to markets like the U.S. and India.**
 - Meanwhile, **India's expanding manufacturing sector presents opportunities for mutually beneficial trade arrangements.**
- **Conclusion**
 - **President Prabowo's visit reaffirmed the deep and enduring partnership** between India and Indonesia.
 - **Their relationship, now 76 years old, continues to evolve,** driven by trade, security, and strategic cooperation.
 - As they navigate global economic and geopolitical shifts, **their collaboration will be instrumental in shaping the future of the Indo-Pacific and beyond.**
 - By strengthening ties, **India and Indonesia not only enhance their own prosperity and security but also contribute to a more stable and sustainable world.**

4. Gaia Mission

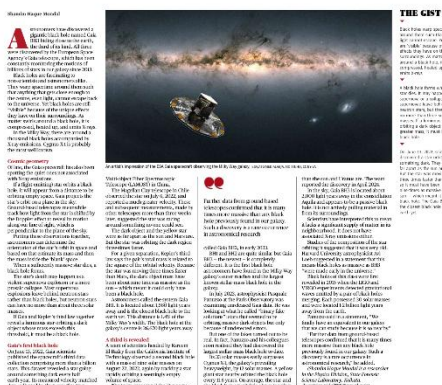
GS 3 (Science and Tech)

- **Why in News:** Astronomers have recently discovered a gigantic black hole named Gaia BH3 hiding close to the earth, the third of its kind using the European Space Agency's Gaia telescope.
- **About Gaia Mission:**
 - Gaia, the Global Astrometric Interferometer for Astrophysics, is a European Space Agency (ESA)'s astronomical observatory mission.
 - Its goal is to create the largest, most precise three-dimensional map of the Milky Way by surveying about 1% of the galaxy's 100 billion stars.
 - It was launched in 2013.
 - Nestled at the Lagrange Point 2, some 1.5 million kilometers away from Earth, Gaia orbits the sun in sync with our planet.

- It is shielded by Earth from the sun's glare and free from the distorting effects of Earth's atmosphere, which plague ground-based telescopes' observations.
- It scans the whole sky every two months.
- The 2.3 meters Gaia satellite is attached to a 10 meters circular sunshield and is fitted with two telescopes that sit 106 degrees apart.
- Gaia provides unprecedented positional and radial velocity measurements with the accuracies needed to produce a stereoscopic and kinematic census of about one billion stars in our Galaxy.
- Gaia also maps Solar System objects, primarily main belt asteroids circling the Sun between the orbits of Mars and Jupiter.
- With its ability to detect faint and fast-moving objects, it is expected that Gaia will also detect several thousand Near-Earth Objects (NEOs).

Scans of seemingly empty space reveal black holes not far from earth

If you catch a black hole, it will appear from a distance to be eating contents near. Data points the stars orbit in the disk while around black holes



5. Revitalizing India's Nuclear Energy Sector - The Need for Reform

GS 3 (Economy)

- Why in News:**
 - Finance Minister Nirmala Sitharaman, in her recent budget speech, announced amendments to two key atomic Acts (**the Atomic Energy Act, 1962 and the CLNDA, 2010**) to revive India's nuclear energy sector.
 - This long-pending reform comes at a crucial time when the world is witnessing a nuclear energy resurgence.
- India's Declining Nuclear Prospects:**
 - India was among the **early adopters** of nuclear energy, establishing its first nuclear power plant in **Tarapur (Maharashtra) in 1969**.
 - Despite **early progress**, India's nuclear power **capacity has stagnated** at around **8,200 MW**, whereas China and South Korea have significantly expanded their nuclear energy programs.
 - Successive governments have revised nuclear capacity targets but failed to meet them. The FM has now set a target of **1,00,000 MW by 2047**, necessitating legal reforms.
- Historical Challenges and External Constraints:**
 - India's nuclear progress was initially supported by **Western collaborations** in the 1950s.
 - The introduction of the **Nuclear Non-Proliferation Treaty (NPT) in 1970** restricted nuclear technology transfers, **placing India at a disadvantage**.
 - India's 1974 nuclear test** (code named Smiling Buddha) led to **global sanctions** and enhanced nuclear cooperation between China and Pakistan.
 - The 1998 nuclear tests** (code named Operation Shakti) redefined India as a nuclear-weapon state, paving the way for the **India-US Civil Nuclear Agreement (2005-08)**.
- Impact of the Civil Liability for Nuclear Damage Act (CLNDA), 2010:**
 - While the India-US nuclear deal created opportunities for civil nuclear cooperation, the CLNDA **restricted foreign and private investment**.
 - Global norms require liability for nuclear accidents to rest with the plant operator. However, India's CLNDA holds **suppliers accountable**, discouraging private and foreign participation.
 - The Modi government attempted to address this issue post-2014 but **failed to attract significant investment**.

A nuclear recharge

Budget decision to amend the laws governing atomic energy is overdue. It is an opportunity to open up the sector and exploit its potential



RAJAM NIRMALA
BY C. RAJA MOHAN

THE BUDGET decision to amend the Atomic Energy Act, 1962 and the Civil Liability for Nuclear Damage Act, 2010 is a long overdue move. It is an opportunity to open up the sector and exploit its potential.



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- **Structural Issues in India's Nuclear Policy:**
 - **The Atomic Energy Act, 1962**, grants the **government monopoly** over nuclear energy development, limiting private sector participation and resulting in **inadequate capital and slow expansion**.
 - It also **prevents the creation of a nuclear ecosystem** that can drive innovation, create economies of scale and develop networks of global collaboration to accelerate atomic power generation in India.
 - Today, the **Department of Atomic Energy (DAE)** relies entirely on government funding.
- **Lessons from Space Sector Reforms:**
 - Private and public-sector companies such as **Tata, Godrej, L&T, Walchandnagar and BHEL** already supply critical nuclear components and could play a larger role in power plant construction.
 - Today, they are in a position to take charge of **building power plants** on their own while relying on the **DAE to provide some of the technologies**.
 - **The liberalization** of the space sector has spurred private investment and innovation
 - **A similar approach in nuclear energy**, with the DAE focusing on research and allowing private companies to build and operate nuclear plants, could accelerate growth.
- **Conclusion - The Path Forward:**
 - **Science-and-technology monopolies** have outlived their utility and have become a drag on the prospects for India's technological transformation.
 - Government agencies like the **DAE, ISRO and DRDO** should focus on research and cede the production of equipment and related industrial activity to the private sector.
 - Amending the Atomic Energy Act, 1962 and the CLNDA, 2010 is **crucial to unlocking India's nuclear potential**.
 - Encouraging private sector participation, **ensuring investment-friendly liability laws**, and leveraging global partnerships will be key to meeting India's 2047 nuclear energy targets.
 - A reformed nuclear sector can significantly contribute to **India's energy security and green transition**.

6. India-US Immigration Tensions: Deportations, Diplomacy, and Challenges GS 2 (International Relations)

- **Why in News:** Days before Prime Minister Narendra Modi's expected visit to the U.S., the Donald Trump administration has started the process of deporting illegal Indian immigrants.
- **Background:**
 - The **US has intensified its immigration crackdown**, with **military planes deporting undocumented Indian migrants** under President **Donald Trump's administration**.
 - With an estimated **7,25,000 undocumented Indians** in the US, the move impacts thousands of Indian nationals.
 - India has **agreed to take back illegal migrants** after verifying their citizenship, aiming to protect legal migration pathways for students and professionals.
 - Prime Minister **Narendra Modi's upcoming visit to the US** will see high-level discussions on immigration, bilateral trade, and diplomatic cooperation.
- **Mass Deportations under the Trump Administration:**
 - The Trump administration is **targeting undocumented migrants**, leading to mass deportations.
 - **Key Statistics:**
 - **20,407 undocumented Indians** are under Trump's immigration radar
 - **17,940 Indians** are under **final removal orders** by US immigration courts.
 - **2,467 Indians** are currently in **detention centres** under **ICE (Immigration and Customs Enforcement)**.

**First under Trump 2.0:
US deports 205 'illegal'
Indian migrants, flown
back in military plane**
Most said to be from Gujarat, Punjab

SHUBHAJIT ROY
NEW DELHI, FEBRUARY 4

A UNITED States military plane began deporting Indian migrants, implementing President Donald Trump's position against an estimated 11 million illegal immigrants in the country.

Reuters reported that the C-17 aircraft carrying 205 Indian nationals departed from San Antonio, Texas, around 3 am IST.

They are mostly from Gujarat and Punjab, according to sources.

When contacted, a US embassy spokesperson in Delhi said: "The United States is vigorously

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EXPLAINED
E Turbulence ahead
DEPORTATIONS HAVE happened during the Biden and Obama administrations too but those were quiet affairs. The first in Trump 2.0, in the middle of a high-octane campaign on immigration, frames the challenge for New Delhi as it pushes for more H-1B visas and easing of curbs on skilled labour.

- **Latest Deportation Flights:**
 - A **C-17 US military aircraft** carried **205 Indian nationals** from San Antonio, Texas, back to India.
 - Most of these individuals are from **Gujarat and Punjab**.
 - India has insisted on verifying nationality before accepting deported individuals.
- **Trump's Immigration Crackdown and Policy Changes:**
 - President Trump has declared illegal immigration a national emergency, implementing strict measures:
 - **Enhanced Deportation Strategies:**
 - **Military aircraft are being used for deportations**, instead of commercial flights.
 - ICE is **coordinating with the FBI, DEA, and Border Patrol** to locate and arrest undocumented migrants.
 - **Deportation arrests tripled** in January, with over **1,000 people detained in a single week**.
 - **New Immigration Measures:**
 - **ICE has removed legal protections** granted under Biden's administration.
 - The **CBP One mobile app**, which allowed migrants to schedule border entry appointments, has been shut down.
 - Birthright citizenship for children born to undocumented immigrants has been **eliminated**.
 - **Expansion of Detention Centers:**
 - **Guantanamo Bay detention facility** is being repurposed to **house 30,000 migrants**.
 - The **Buckley Space Force Base in Colorado** is also being used for migrant detention.
- **India's Diplomatic Response and Concerns:**
 - India has engaged in diplomatic efforts to manage the immigration issue without affecting bilateral ties:
 - **India's Position on Deportation:**
 - India has agreed to accept undocumented Indians if nationality verification is confirmed.
 - External Affairs Minister S. Jaishankar conveyed India's stand to US Secretary of State Marco Rubio.
 - India is against illegal immigration due to its links to organized crime and human trafficking.
 - **Ensuring Legal Pathways for Migration:**
 - Over 1 million visas were issued to Indian nationals in 2024, including record numbers of student and business visas.
 - 72% of H-1B visas issued in the last fiscal year went to Indian professionals.
 - Trump has assured that the H-1B visa program will continue, though some reforms may be introduced.
 - **Challenges in India-US Talks:**
 - India has asked for discreet deportation measures to avoid political backlash.
 - Concerns remain over potential restrictions on Indian migration programs.
- **Trump's Economic Leverage on Immigration Policy:**
 - President Trump has **leveraged trade policies** to enforce immigration compliance:
 - **Tariff Impositions on Non-Cooperative Countries**
 - **Colombia refused** to accept a deportation flight—Trump retaliated with **25% tariffs** on Colombian goods.
 - **Canada and Mexico** also faced **tariff threats**, forcing them to ramp up border enforcement.
 - The **US Congress is considering sanctions** on countries **not cooperating with deportation orders**.
 - **How This Affects India**
 - While India has cooperated with the US, it remains cautious of future trade restrictions.
 - India's focus is on protecting its skilled workforce migration and avoiding economic retaliation.
- **Impact on the Indian Community in the US:**
 - **Fear and Uncertainty Among Undocumented Migrants**
 - Many **Indian undocumented workers** are avoiding public spaces due to increased arrests.
 - Detentions at **workplaces and homes** have caused economic strain in **low-wage job sectors**
 - **Legal Migrants Also Affected**
 - The H-1B visa program remains **uncertain**, with **possible changes to sponsorship requirements**.
 - Many **Indian students fear tougher visa renewal policies**.

- **How India is Responding**
 - India is **monitoring the situation closely**, ensuring that **legal migrants' rights are protected**
 - Diplomatic engagements with **US policymakers** are focused on **preserving employment-based immigration programs**.

