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News Analysis (20 Aug, 2018)

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WTO Rules Against Safeguard Measure of Indonesia

In a ruling by the World Trade Organization's highest court for trade disputes, the Appellate Body has ruled that claims against Indonesia, under the WTO agreement on safeguards, should be dismissed on grounds that the duty was not a safeguard measure.

The three parties involved in the dispute—the complainants, Taipei and Vietnam, and the defendant Indonesia—had argued that the duty imposed by Indonesia on iron and steel was a safeguard measure.

NOTE: Appellate Body

- The Appellate Body was established in 1995 under Article 17 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU).
- It is a standing body of seven persons that hears disputes brought by WTO Members.
- The Appellate Body can uphold, modify or reverse the legal findings and conclusions of a panel, and Appellate Body Reports, once adopted by the Dispute Settlement Body (DSB), must be accepted by the parties to the dispute.
- The Appellate Body has its seat in Geneva, Switzerland.

Background

- In 2014, Indonesia imposed a specific duty on galvalume, a type of flat-rolled iron or steel. The three-year duty was imposed following an investigation under Indonesia's safeguards legislation.
- The complaining parties in this dispute, Chinese Taipei and Viet Nam, argued that the specific duty was a safeguard measure within the meaning of the WTO Agreement on Safeguards, and violated Indonesia's Most Favored Nation obligation under WTO rules.

NOTE: What is the Most Favoured Nation (MFN) principle?

- According to the MFN principle of the WTO's General Agreement on Tariffs and Trade (GATT) — to which India is a signatory/contracting party — each of the WTO member countries should “treat all the other members equally as ‘most-favoured’ trading partners.”
- For instance, if a country improves the benefits that it gives to one trading partner, it has to give the same “best” treatment to all the other WTO members so that they all remain “most-favoured”.
- Hence, though MFN sounds like special treatment, in effect it means non-discrimination.

Indonesia agreed that its measure was a safeguard within the meaning of the Safeguards Agreement, but argued that the duty was consistent within the MFN agreement.

What is a Safeguard Measure?

- WTO members are entitled to impose safeguard measures to curb sudden and unforeseen surges in imports that cause “serious injury to a member’s domestic industry”.
- Members subjected to safeguard duties can challenge them if the safeguard-imposing country fails to follow the conditions set out in the WTO’s agreement on safeguards.

How have other countries reacted?

- India along with China, the EU, Japan, Korea, Australia, Russia, the US, and Ukraine had participated as third parties. India, China, the EU, Korea, and Japan said the measures imposed by Indonesia must be treated as safeguard measures.
- The countries other than the United States have argued that the appellate body’s reasoning is flawed and was aimed at helping the US to argue that Section 232 duties on steel and aluminium were acceptable.

What are the United States Section 232 duties?

- The United States imposed a 25% duty on steel and 10% on aluminium imports for an unspecified period under Section 232, which deals with national security provisions under Article 21 of the GATT (General Agreement on Tariffs and Trade) 1994.
- In justifying the measure, the US administration invoked a national security law – wherein countries are allowed this kind of recourse in times of war and other emergencies.
- However, other countries have maintained that they were justified to impose retaliatory measures on the US as the punitive duties imposed by the US constituted a “disguised safeguard” measure.

CAD to Widen to 2.5% of GDP

According to Moody's and other experts, India's current account deficit is likely to widen to 2.5% in Financial Year 2018-19, up from 1.5% in fiscal 2017 due to higher oil prices and strong non-oil import demand as domestic demand accelerates.

The situation has been intensified further by the rupee depreciation.

- A key driver for depreciation is the gradual U.S. Fed's **monetary policy tightening**, economic crises in large emerging markets which have made global investors more cautious about emerging markets' currencies and equities.
- The rupee's depreciation will have both the positive and negative impact on the economy.
- On the negative side, it will increase the oil import bill leading to higher Current Account Deficit (CAD). Also, costly oil import would seep into the economy via higher inflation, make infra and other projects, which have a large import content, expensive and will make critical imported defence items more expensive.
- On the positive side it will improve the export competitiveness of Indian goods and services.

[Read more about Rupee Depreciation...](#)

Current Account Deficit (CAD)

- CAD, is the difference between the inflow and outflow of foreign exchange. It reflects that the imports of goods, services and investment incomes into the economy outstripped the value of its exports.
- **Current Account Deficit** and **Fiscal Deficit** (also known as "budget deficit", it is a situation when a nation's expenditure exceeds its revenues) are together are known as **twin deficits** and often both reinforce each other i.e. High fiscal deficit leads to higher CAD and vice versa.
- The trade position may worsen in the short term because of the oil/other items import bill rising immediately, while the benefit of export competitiveness would largely be in the medium to long term.
- Since, the rupee depreciation is not occurring in isolation, as many other emerging markets currencies have also shown significant depreciation against the USD, therefore, India's relative competitiveness against many emerging markets competitors has not improved despite the rupee depreciation against the USD.

- Moody's expects the recovery in growth to continue driven by the underlying growth momentum in the economy, pre-election spending and a pickup in rural demand. This will largely offset the impacts of a weaker rupee and rising oil prices.
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What is a 'National Disaster'

Kerala has been reeling under the worst floods it has experienced in a century. While the Union government is already helping out in terms of personnel as well as funds, there have also been demands to declare the Kerala floods a national disaster.

- As per the **Disaster Management Act, 2005**, "disaster" means a catastrophe, mishap, calamity or grave occurrence in any area, arising from natural or man-made causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to, and destruction of, property, or damage to, or degradation of, environment, and is of such a nature or magnitude as to be **beyond the coping capacity of the community of the affected area**.
 - A natural disaster includes earthquake, flood, landslide, cyclone, tsunami, urban flood.
 - A man-made disaster can be nuclear, biological and chemical.
- It can be noted that there is **no provision** to declare a natural calamity as a national calamity.

Background

The 10th Finance Commission (1995-2000) examined a proposal that a disaster be termed “a national calamity of rarest severity” if it affects one-third of the population of a state.

- The panel did not define a “calamity of rare severity” but stated that a calamity of rare severity would necessarily have to be adjudged on a case-to-case basis taking into account, inter-alia, the intensity and magnitude of the calamity, level of assistance needed, the capacity of the state to tackle the problem, the alternatives and flexibility available within the plans to provide succour and relief, etc.
- The flash floods in Uttarakhand and Cyclone Hudhud were later classified as calamities of “severe nature”.
- When a calamity is declared to be of “rare severity”/“severe nature”, support to the state government is provided at the national level. The Centre also considers additional assistance from the NDRF.
- A Calamity Relief Fund (CRF) is set up, with the corpus shared 3:1 between Centre and state. When resources in the CRF are inadequate, additional assistance is considered from the National Calamity Contingency Fund (NCCF), funded 100% by the Centre.
- Relief in repayment of loans or for grant of fresh loans to the persons affected on concessional terms, too, are considered once a calamity is declared “severe”.

Disaster Management in India

- The primary responsibility for management of disaster rests with the **State Government** concerned.
- However, the National Policy on Disaster Management puts in place an enabling environment for all i.e. the Centre, State and District.
- The **National Policy on Disaster Management, 2009** has been prepared in tune with and in pursuance of the **Disaster Management Act, 2005**. It provides the framework/roadmap for handling disasters in a **holistic manner**.
- Under the provisions of the Act, the Disaster Management Authority has been established at 3 levels viz. National, State and District.
- The **National Disaster Management Authority (NDMA)** has been established under the **Chairmanship of the Prime Minister** and National Executive Committee (NEC) of Secretaries has been created to assist the NDMA in the performance of its functions.
- At the State level, a **State Disaster Management Authority** has been created under the **Chairmanship of Chief Minister** of the State, which has been assisted by a State Executive Committee.
- At the District level, **District Disaster Management Authorities** have been created.
- It lays down the policies, plans and guidelines for disaster management for ensuring timely and effective response to disaster and long-term disaster risk reduction.

- India is also a signatory to the **Sendai Framework for Disaster Risk Reduction (SFDRR)** that sets targets for disaster management.

Sendai Framework for Disaster Risk Reduction (SFDRR)

- The **SFDRR 2015-2030** outlines seven clear targets and **four priorities** for action to prevent new and reduce existing disaster risks:
 - (i) Understanding disaster risk;
 - (ii) Strengthening disaster risk governance to manage disaster risk;
 - (iii) Investing in disaster reduction for resilience and;
 - (iv) Enhancing disaster preparedness for effective response, and to **"Build Back Better"** in recovery, rehabilitation and reconstruction.
- It aims to achieve the substantial reduction of disaster risk and losses in lives, livelihoods and health and in the economic, physical, social, cultural and environmental assets of persons, businesses, communities and countries over the next 15 years.
- The Framework was adopted at the third UN World Conference on Disaster Risk Reduction in Sendai, Japan, on March 18, 2015.

Way Forward

- Amid the demands of declaring the Kerala floods as a 'national disaster', experts are of the opinion that declaring Kerala floods as a "national disaster" on paper is not going to help the distressed people any more than what is already being extended to the state in terms of financial aid and deployment of relief and rescue forces on the ground.
- Apart from absence of any provision for such declaration, the Central resources have already been put at the disposal of the state government.
- In countries like the United States it is essential to declare a disaster as a "national disaster" by way of a Presidential notification to allow the Federal Emergency Management Agency to move in.
- However, in India, there is no need for a government notification to move central forces like the Army or the NDRF to assist states for disaster relief and rescue works. As soon as the state sends a requisition to the central government, the central forces are dispatched.
- The need now is to assess the damages to life and property after the situation is under control in Kerala and bring the state on back to normal. Administratively and legally, this responsibility lies with the central government irrespective of whether it labels it a national disaster or not.

- Moreover, the best way to prepare for disasters is to build better individual-based programs, a culture of preparedness, and resilient and self-reliant communities. Disaster planning that includes input from the community produces not only higher quality plans, but also far higher levels of community approval and confidence in the plans
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Advanced Medium Combat Aircraft

India is expected to launch its indigenous fighter Advanced Medium Combat Aircraft (AMCA) by 2032. The AMCA will feature geometric stealth and will initially fly with two GE-414 engines. The engines will be replaced by the indigenous engines.

- There are two major ways of making a military platform stealthier.
 - **Geometric stealth:** the shape of the aircraft is designed at such angles so as to deflect away maximum radar waves thereby minimising its radar cross-section.
 - **Material stealth:** radar-absorbing materials are used in making the aircraft which will absorb the radio waves thus reducing the radar footprint.
- The AMCA will initially be based on geometric stealth, the material stealth shall be focussed upon at a later stage.
- The plan is to build on the capabilities and expertise developed during the development of the light combat aircraft (LCA) and produce a medium fifth generation fighter aircraft. AMCA is being conceived as a progression from the LCA Tejas.
- Apart from the technologies developed from the LCA project, the new fighter programme is important as technologies coming in through that will flow into the AMCA project.
- India had expressed its unwillingness to go ahead with the joint development of a fifth-generation fighter aircraft (FGFA) with Russia primarily due to the high cost involved in the project. This is India's only fifth-generation aircraft programme after the decision.

Specifications of AMCA

- The aircraft will incorporate advanced technologies like super maneuverability, supercruise, stealth, state of the art sensor suite with fusion.
- It is being developed by an aerospace industry team which consist of Aeronautical Development Agency as a design firm and to be manufactured by Hindustan Aeronautics Limited (HAL).
- The AMCA is being designed as a stealth, medium weight, twin-engine, fifth generation multi-mission aircraft with the capability to swing roles.
- The stealth mission features the Suppression of Enemy Air Defense (SEAD), precision strike and maritime operations.

Light Combat Aircraft (LCA)

- LCA is an advanced technology, single seat, single engine, supersonic, light-weight, all-weather, multi-role, air superiority fighter designed for air-to-air, air-to-ground and air-to-sea combat roles.
- The LCA programme was conceived in 1983. The project definition phase was completed in 1989 and the full scale engineering development (FSED) phase-I was sanctioned in 1993.
- Aeronautical Development Agency (ADA) was established by the government in 1984 to manage the LCA programme. Hindustan Aeronautics Limited, (HAL) is the principal partner with the participation of various DRDO & CSIR Laboratories.

Different Generations of Jet Fighters

- Subsonic fighter planes built during the mid-1940s to mid-1950s are classified as **first generation fighters**. These planes had a basic avionic system (electronic systems used on aircraft) with no radar or self-protection system.
- **Radar-connected second generation planes** were made between the mid 1950s and early 1960s. These jets could reach supersonic speed and were equipped with semi-guided missiles, unlike the earlier generation that used cannons, machine guns and unguided bombs and rockets for the attack. MiG-21 is perhaps the best known second-generation fighter.
- **Third generation planes** manufactured between the early 1960s and 1970 had advanced maneuverability and weapons systems. These planes, that included the MiG-23 and Mirage III, were capable of shooting at targets beyond the pilot's visible range.
- **Fourth generation fighters** were conceived in the 1970s and became operational in the early 1980s. These planes were also equipped with flyby-wire systems, which meant replacement of manual fight control with electronic devices. Notable fighters of this generation are the American F15, F16, French Mirage 2000 and the Soviet MiG29.
- **Fifth-generation multi-role fighters** have features that are generally taken to include all-aspect stealth even when armed, Low Probability of Intercept Radar (LPIR), high-performance airframe, a high-performance engine capable of supercruise (supersonic cruise without afterburner), advanced avionics with long-range sensors and networked data fusion providing full battle-space situational awareness. In 2005, the Lockheed Martin F-22 Raptor entered service with the United States Air Force (USAF), becoming the world's first combat-ready fifth-generation fighter.

Tejas

- It is India's first domestically designed and produced light fighter aircraft. It is a supersonic, single-seat, single-engine multirole light fighter aircraft.

- Tejas is a light combat aircraft (LCA) that uses fourth-generation technology. It has a configuration optimised primarily for maneuverability and agility.
- The plane is equipped with a digital fly-by-wire flight control system to ease handling. This helps the pilot do more head down activities (especially mission-critical activities) without worrying about the aircraft deviating from its flight path.

Boeing HorizonX India Innovation Challenge (BHIIC)

The Hyderabad based startups, Merxius and ZestIoT , after winning the **Boeing HorizonX India Innovation Challenge (BHIIC)** have started exploring ways on their collaboration with the aviation giant.

While Merxius is engaged in harnessing the potential of extended reality (XR) which encapsulates virtual, augmented and mixed realities, ZestIoT is using Internet of Things (IoT), a network which comprises devices connected to one another by means of the Internet, to bring about an increase in airline efficiency.

Note:

Extended reality

- Extended Reality (XR) is an umbrella term encapsulating **Augmented Reality (AR), Virtual Reality (VR), mixed reality (MR)**, and everything in between.
 - Although drawing the line between AR and VR experiences can be challenging, it is clear that many of the same underlying technologies will power revolutionary XR experiences.
 - XR will transform everyday consumer experiences and many market verticals from industrial manufacturing and healthcare to education and retail.
- **Augmented Reality (AR)**- An enhanced version of reality where live direct or indirect views of physical real-world environments are augmented with superimposed computer-generated images over a user's view of the real-world, thus enhancing one's current perception of reality.
 - **Virtual Reality (VR)**- It can be referred to as immersive multimedia or computer-simulated reality which replicates an environment that simulates a physical presence in places in the real world or an imagined world, allowing the user to interact in that world.
 - **Mixed reality (MR)**-It can be referred to as hybrid reality that is the merging of real and virtual worlds to produce new environments and visualisations where physical and digital objects co-exist and interact in real time.

Internet of Things

The internet of things, or IoT, is a system of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

Boeing HorizonX India Innovation Challenge (BHIIC)

- Launched in November 2017, the Boeing HorizonX India Innovation Challenge 1.0 will energize aerospace innovation in India.
 - The challenge, in collaboration with India's fastest growing startup T-Hub, invited the best Indian startups to propose solutions for complex challenges in the areas of Autonomous and Unmanned systems, Advanced manufacturing, Industrial IOT, Analytics & Artificial Intelligence and machine learning.
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Decoding the Wheat Genome

In a major scientific breakthrough, a team of international researchers, including 18 from India decoded the wheat genome.

- The DNA sequence has been mapped and it represents the highest quality genome sequence generated to date for the bread wheat. The reference genome covers 94% (14.5 Gb) of the entire wheat genome.
- The project was financially supported by the Department of Biotechnology, Government of India.
- Wheat is one of the major sources of food for much of the world. However, because bread wheat's genome is a large hybrid mix of three separate subgenomes, it has been difficult to produce a high-quality reference sequence.

Significance

- To meet the demands of human population growth, there is an urgent need for wheat research and breeding to accelerate genetic gain as well as to increase and protect wheat yield and quality traits.
- The annotated reference sequence of wheat is a resource that can now drive innovation in wheat improvement. It can establish the foundation for accelerating wheat research and application through improved understanding of wheat biology and genomics-assisted breeding.
- The availability of high-quality reference genome would accelerate the breeding of climate-resilient wheat varieties to feed the ever-increasing world population and help address global food security in the decades to come.

- The information generated will help to identify genes controlling complex agronomic traits such as yield, grain quality, resistance to diseases and pests, as well as tolerance to drought, heat, water logging and salinity.
- Using the genome, breeders could also use gene-editing techniques like Crispr to rapidly alter the traits of their crops.

Genome Editing

- It is the addition, removal or replacement of DNA base pairs to change an organism's genome structure.
- Genome editing is of great interest in the prevention and treatment of human diseases. Currently, most research on genome editing is done to understand diseases using cells and animal models.
- It is being explored in research on a wide variety of diseases, including single-gene disorders such as cystic fibrosis, hemophilia, and sickle cell disease.
- It also holds promise for the treatment and prevention of more complex diseases, such as cancer, heart disease, mental illness, and human immunodeficiency virus (HIV) infection.
- CRISPR-Cas9 (clustered regularly interspaced short palindromic repeats and CRISPR-associated protein 9) was adapted from a naturally occurring genome editing system in bacteria.
- The bacteria capture snippets of DNA from invading viruses and use them to create DNA segments known as CRISPR arrays.
- The CRISPR arrays allow the bacteria to "remember" the viruses (or closely related ones). If the viruses attack again, the bacteria produce RNA segments from the CRISPR arrays to target the viruses' DNA. The bacteria then use Cas9 or a similar enzyme to cut the DNA apart, which disables the virus.

PFRDA Sets up Panel on Cyber Safety

Pension fund regulator **Pension Fund and Regulatory Development Authority (PFRDA)** has set up a **standing committee** to suggest steps to deal with **cyber security challenges** with a view to protect the interests of subscribers.

- PFRDA while describing its decision said that as a regulator of the pension sector and to safeguard the interest of pension subscribers, it is essential to keep an eye on the technological changes and cyber security challenges.
- The committee on '**Information Systems and Technology and Cyber Security**' will suggest steps to align PFRDA's technology with best industry practices.

- The panel will advise “with respect to development of **Management Information Systems (MIS), supervisory and regulatory platforms** which may be deployed in the Authority for efficient discharge of its responsibilities under PFRDA Act.
- The panel would also advise it on the new opportunities and challenges of “**financial technologies and regulatory technologies**”.

Pension Fund and Regulatory Development Authority (PFRDA)

- PFRDA is a **statutory body** established by an Act of Parliament to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected there with or incidental thereto.
 - PFRDA performs the function of appointing various intermediate agencies like **Pension Fund Managers, Central Record Keeping Agency (CRA)** etc.
 - It develops, promotes and regulates the pension industry under **National Pension System** and also administers the **Atal Pension Yojana**.
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