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HINDUSTAN TIMES, NEW DELHI 23-4-2021

India, US announce clean energy initiative

By Jayashree Nandi, Yashwant Raj

According to a White House statement, Biden's move to upgrade the country's NDCs on Thursday will steer the world towards achieving the Paris agreement goal of limiting global warming to 1.5 degrees C

Prime Minister Narendra Modi on Thursday announced the launch of a joint climate and clean energy initiative with the United States to "mobilise investments, demonstrate clean technologies and enable green collaborations" in India that could also "create templates of sustainable development" for other developing countries.

PM Modi, speaking at the Leaders Summit on Climate convened by US President Joe Biden on Thursday, did not announce any changes or upgrades to commitments under the Paris Agreement but underlined that India was already doing its part and that the country's per capita carbon emissions are 60% lower than the global average.

President Biden opened the summit with an ambitious pledge to cut the US's greenhouse gases in half by the year 2030 and called upon other nations to "set higher climate ambitions" that will create jobs at home, advance innovative technologies and help countries vulnerable to the impact of climate change".

"We in India are doing our part. Our ambitious renewable energy target of 450 GW by 2030 shows our commitment. Despite our development challenges, we have taken many bold steps on clean energy, energy efficiency, afforestation and biodiversity. We are among few countries whose NDCs (nationally determined contribution, under the Paris climate deal) are 2 degree C compatible," PM Modi said in an address to over 40 other world leaders who participated in the two-day summit called by Biden.

"President Biden and I are launching the India-US Climate and Clean Energy Agenda 2030 partnership. We will help mobilise investment, demonstrate clean technologies and enable green collaborations," Modi added.

No details were available yet on the India-US initiative, but on a visit to India last month, Biden's special envoy on climate, John Kerry, said that "huge investments" will be forthcoming in India by the US and other countries in return for "some changes by India".

Earlier this month, Union environment minister Prakash Javadekar underscored India's prerogative to balance development goals with obligations on climate change, saying that the country will attempt to keep its climate commitments but will not act at the behest or under pressure from developed countries.

According to a White House statement, Biden's move to upgrade the country's NDCs on Thursday will steer the world towards achieving the Paris agreement goal of limiting global warming to 1.5 degrees Celsius.

The Climate Action Tracker, however, said that the US will need to do even more. Instead of the revised aim to to cut 50-52% in national emissions, it will need to shave off at least 57-63% emissions below 2005 levels by 2030 and provide support to other countries to meet the Paris climate goals.

Following the US's announcement, independent experts said it is time for all countries, including India, to scale up action against climate crisis.

"President Biden's upgraded NDC is a game changer. For too long the US has not put out an aggressive emissions reduction target. All countries could benchmark their lack of progress against the US... We think its time for all countries including India to upgrade action. As per the Climate Action Tracker, India's NDC is 2 degree C compliant but not 1.5 degree C target compliant. We should ramp up action for our own good," said Sunita Narain, director general, Centre for Science and Environment.

"The new US climate target is a step in the right direction: all major economies should be shifting towards cutting their emissions at least 50% by 2030," tweeted Laurence Tubiana, CEO European Climate Foundation and one of the architects of the Paris agreement.

"The new NDC target that the US submitted today aims to reduce its GHG emissions by 50-52% below 2005 levels. Since the US' emissions grew between 1990 and 2005, this new target roughly amounts to a 43-45% reduction below its 1990 emissions or its 2020 emissions. This is a step in the right direction, particularly when combined with its commitment to net-zero GHG emissions by 2050. Unlike the UK and EU, however, the US's pledge is not yet enshrined in law. But it has the potential to spur technological innovation," said Ulka Kelkar, director, climate programme, World Resources Institute.

In its Biennial Update Report to the United Nations Framework Convention on Climate Change (UNFCCC) submitted in February, India said it has progressively decoupled economic growth from greenhouse gas emissions and it was on track to meet its voluntary declaration to reduce emission intensity of GDP by 20-25% from 2005 levels by 2020. The report, however, also noted that India's reliance on coal will continue to meet the country's energy needs.

On Thursday, President Xi Jinping reiterated that China's carbon emissions will peak before 2030 and the country will achieve carbon neutrality by 2060. Xi also emphasised on "the principle of common but differentiated responsibilities", which argues for long-time polluters such as developed countries to do more to fight climate crisis.

Some experts agree. "Biden administration's new climate target goes further than its previous commitment yet remains far from its 'fair share' of action. As the world's biggest historical emitter, the US has a huge responsibility to the communities most affected by a crisis they did the least to cause," said Harjeet Singh, ActionAid's global lead on climate.

Japan Prime Minister Yoshihide Suga too announced that Japan aims to achieve carbon neutrality by 2050 and that it will cut its emissions by 46% over 2013 levels by 2030. The United Kingdom too led with a target of cutting emissions by 78% by 2035 compared to 1990 levels.

At the summit meant to signal the US's return to the high chair after the Trump administration pulled out of the Paris agreement, Prime Minister Modi cited India as an example and called for more attention to "lifestyle changes" as a way to combat global warming. "India's per capita carbon footprint is 60% lower than the global average. It is because our lifestyle is still rooted in sustainable traditional practices," he said, adding that "back-to-basics" must be an important pillar of economic strategy for the post-Covid era.

The summit, termed by Biden as a milestone leading up to the United Nations Climate Change Conference 2021 in Glasgow this November, was also attended by UN secretary general Antonio Guterres, Germany's Angela Merkel, France's Emmanuel Macron and Russia's Vladimir Putin.

HINDUSTAN TIMES, NEW DELHI 16-4-2021

Delhi's Afghan dilemma

By HT Editorial

For India, the paradox of the unfolding situation in Afghanistan is stark — and geopolitically painful

For India, the paradox of the unfolding situation in Afghanistan is stark — and geopolitically painful. Few countries are as deeply affected by developments in Afghanistan as India. There is geographical proximity; there is the ideological outlook of the Taliban and its close association with Pakistan's Inter-Services Intelligence (ISI); there is the history of Afghanistan having been used to stir up instability in India, with groups and radical Islamists on both sides of the Durand Line responsible for terror attacks on Indian soil, especially in Kashmir through the 1990s. And there is the experience of having seen what an unfriendly regime in Kabul can do — most visibly, in 1999, when IC-814 was hijacked and then flown to Kandahar, under sympathetic ISI-Taliban gaze, forcing India to give up terrorists who continue to engage in terror and destruction two decades later.

Yet, India's ability to influence developments in Afghanistan is exceptionally limited — especially since the United States (US) decided it was time to go home and, a tad too enthusiastically, gave a resurgent Taliban a seat at the negotiating table. With President Joe Biden declaring that troops will come back home by September 11 — two decades since the attack which led to the war in Afghanistan — the Taliban just has to wait it out and will exercise power in Kabul, much to the glee of its handlers in Rawalpindi.

India recognises the new reality, and has a seat on the table. But it is acutely conscious, as Chief of Defence Staff Bipin Rawat said at the Raisina Dialogue, that US withdrawal could lead to a vacuum, filled by disruptors. The disruptors, the Taliban internally and Pakistan externally, will become decisive players in Kabul — with a fair degree of backing from China and Russia, as the US retreats even more and the current Afghan government struggles to retain its legitimacy and power. India can sound the warning bells, but has to deal with reality as it exists. To begin with, this will require narrowing down its interests to a core principle — there must be no security threat to Indian interests if the Taliban comes to power. But conveying this message only to external interlocutors won't suffice. Delhi now needs to formally talk to the Taliban, and leverage its equity in Afghanistan — influence with the elite and popularity with the people — to drive home the message that the Afghanistan of 2020s must not be the Afghanistan of 1990s.

THE INDIAN EXPRESS, NEW DELHI 28-4-2021

In build-up to ceasefire thaw, NSA Doval met ISI chief in UAE last year

Nirupama Subramanian

This is one of the details to emerge from a four-hour-long interaction Pakistan's Army chief General Qamar Javed Bajwa had on April 23 with about 20 top journalists at an official iftar.

National Security Adviser A K Doval and Pakistan's Inter Services Intelligence (ISI) chief Lt. Gen Faiz Hameed held at least one secret meeting in the United Arab Emirates late last year in the lead-up to the February 25 joint statement from the militaries of the two neighbours agreeing to strict adherence to the 2003 ceasefire understanding.

This is one of the details to emerge from a four-hour-long interaction Pakistan's Army chief General Qamar Javed Bajwa had on April 23 with about 20 top journalists at an official iftar.

Held last Friday, the interaction was an "off-the-record" briefing on various issues, including the Covid pandemic, but some details have begun trickling out.

The Indian Express has confirmed — from multiple sources aware of that interaction — that queried by the journalists about the backchannel process with India, the Pakistan Army chief said there had been a meeting between Lt Gen Hameed and Doval.

He also mentioned meetings between the "intelligence chiefs" of the two countries. Due to the pandemic, he said, these meetings were held in "nearby countries". The ISI chief, who is said to be close to Bajwa, was not present at the interaction, but several others in the Army hierarchy were, including the head of military intelligence.

Bajwa said contact between intelligence agencies of two unfriendly nations was not exceptional or extraordinary and India and Pakistan were no different in this respect. He sought to portray the latest meetings as part of a process of such contacts from the time of the PML(N) government in late 2017 under Prime Minister Shahid Khaqan Abbasi.

That year, Doval and his counterpart in Pakistan, Lt Gen Naseer Khan Janjua, met more than once in a third country. Explaining that this process was interrupted for various reasons, he said it got legs again in December 2020.

That month, he said, India had sent a feeler for talks between the two security establishments and that is how the meetings took place. He played down the role of the UAE as a "third party" that had brought the two sides together. Bajwa told the journalists that the two sides had agreed that rather than "Kashmir first" , or "terrorism first", all issues would be addressed at the same time, including trade. However, there have been no further contacts between the two sides since the ceasefire began on February 24-25, Bajwa said.

Asked about the Pakistan government's U-turn on trade in cotton and sugar with India, with Prime Minister Imran Khan declaring that this could happen only after status quo ante was restored in Kashmir, Bajwa suggested that the political leadership may have had its own compulsions but — sooner than later — all would see there was no way forward towards peace other than trade with neighbours. In this context, Bajwa pointed to the EU and NAFTA.

He also told the journalists that the reading down of Article 370 is not an issue of concern for Pakistan as it had never recognised this provision of the Indian Constitution as one of any value for the resolution of the the Kashmir issue. Bajwa said that more important from Pakistan's point of view, was restoration of statehood, and that there should be no demographic change in Kashmir. He suggested India had given assurances on both counts.

Bajwa said the he had been warned — even by his children — that he might not emerge "unscathed" from the Afghanistan and the Indian processes, but this was something he was determined to do.

According to one account of the proceedings, he was asked if institutionally, the Army was on board this new strategic vision. Bajwa retires next year and questions have been raised about what would happen to these efforts at normalising relations with India if he is succeeded by a hawkish general. His reply was along the lines that outsiders did not understand how much the Pakistan Army had changed as an institution in its strategic thinking.

THE PIONEER, NEW DELHI 29-4-2021

Geopolitics trumps over geoeconomics

Anil Gupta

The sum total of the U-turn by Prime Minister Imran Khan is that Pakistan is not yet ripe to give up its belief of India being an existential threat

The "thawing process" in Indo-Pak relations which appeared to have begun in February-end with the sudden announcement by the Director Generals of Military Operations (DGMOs) of both nations of a ceasefire on the Line of Control (LoC) and the desire to implement in letter and spirit the 2003 Ceasefire Agreement, came to an equally sudden end early this month. It happened when Prime Minister Imran Khan's beloved Pakistan enacted a comedy of errors which many refer to as a "flip-flop" or "Khan's U-turn." The statements emanating from Pakistan in the month of March, especially during the stage-managed Islamabad Security Dialogue, raised a ray of hope of some improvement in the extremely bitter relations between the two countries, that were adversely affecting not only bilateral ties but the entire South Asian region as well.

The trigger for all this was provided by the worsening economy of Pakistan which many economists said was "on the verge of collapse." It emerged from the Islamabad Security Dialogue that the neighbouring nation had realised the mistake it made in investing heavily in geopolitics at the cost of geoeconomics. It also realised that it was paying a heavy price for its unilateral decision to suspend all trade with India post the events of August 5, 2019 in relation to Kashmir, which has been a bone of contention between the two neighbours for long and has been termed as it's "jugular vein" by a belligerent Pakistan.

It is a well-known fact that anti-India sentiments form the bedrock of Pakistan's internal policy and geopolitics. This sentiment has time and again been exploited to its advantage by the political and military leadership in Pakistan to come out of various adversities faced by the country. "It grows and diminishes with the requirements of Pakistan's foreign policy," says Khurram Husain, a Pakistani business journalist. This India-bashing may have benefitted Rawalpindi, that dictates the nation's India policy rather than Islamabad, but definitely made no economic sense.

Hence it was music to the ears when at the Islamabad Dialogue, Pakistan's Army chief General Qamar Bajwa talked of a shift in Pakistan's strategy from geopolitics to geoeconomics. It received support from Imran Khan who talked of making Pakistan a gateway to the Central Asian republic nations' economy and also act as a bridge between the South Asian and Central Asian economies. Realising that his nation's economy was in the doldrums it made better economic sense to Khan to buy goods urgently needed by his country from where they were available at cheaper rates. Hence, the Prime Minister wearing the hat of the nation's Commerce and Finance Minister as well, signed on a note to purchase cotton and sugar from India, thus setting in motion a reversal of his earlier decision not to trade with us.

Hence, Pakistan's newly-appointed Finance Minister Hammad Azhar announced in Islamabad, "In our neighbouring country, in India, the price of sugar is much lower than in Pakistan. So we have decided to open sugar trade with India, to the limit of 5,00,000 tonnes in the private sector." He also announced that the ban on the import of raw cotton from India would be lifted "by the end of June." "There is a large demand for cotton in Pakistan right now. Our exports have increased in textiles and the cotton crop was not good last year. So, we allowed imports of cotton from all over the world, but it is not allowed from India and that causes a direct impact on (small and medium enterprises)," he said. Another contributory factor was the ban on Chinese Xinjiang cotton and products made thereof by the United States (US) and European Union (EU) nations, which are a major source for the local industry.

Year-on-year, the price of sugar has risen by more than 17 per cent, causing great resentment against the Imran Khan Government.

The announcement was made by Azhar in his capacity as the head of the Economic Coordination Committee which earlier had given a green signal to the proposal. Though there was no official response from the Indian side, for those following the "thawing process" of the hostilities between the two neighbours, it was a welcome decision.

However in a classic case of the "left hand not knowing what the right hand is doing," the announcement was followed by the unfortunate Cabinet decision of deferring the trade and holding it hostage to oft-repeated insistence by Pakistan of "no improvement in Indo-Pak relations till abrogation of Article 370 is repealed."

The whole episode is termed as a comedy of errors because Imran Khan, during the Cabinet meeting, flayed the Finance Minister and asked Azhar who authorised him to resume trade with India? The beleaguered Finance Minister had no option but to name Imran Khan himself. The "U-turn Khan" lost no time in toeing the line of the hardliners in the Cabinet led by Foreign Minister Shah Mehmood Qureshi, who felt short-changed for not being consulted by the Prime Minister before allowing such an important measure. Pressure from China, which naturally was peeved due to the ban on its cotton, is also believed to be another causative factor.

In the end Azhar was removed from the office of Finance Minister in mid-April, less than a month after his appointment and replaced by ex-Pakistan Peoples Party Minister Shaukat Fayyaz Ahmed Tarin who was also given the additional portfolio of revenue. The flip-flop and the removal of the Finance Minister clearly indicates that Imran Khan hardly wields any power and is incapable of ensuring unanimity even within his Cabinet, let alone a national consensus.

Even more surprising is the audacity of the hardliners to take on the Army chief, a rarity in Pakistani politics. Pakistan Army is very keen for the thaw in relations between the two neighbours because it needs some breathing space and time to rejuvenate the morale of its army which has been badly battered by the Indian Army on the LoC.

The dwindling economy and the burden of repayment of loans is also adversely affecting the army's upgradation and modernisation programme. This explains the army chief's keenness for a shift towards geoeconomics, which seems to be more out of compulsion rather than conviction. But certainly, he failed to change the mindset of hardliners in the Pakistan Army or he has lost his clout since he is on extension, a decision that has not gone down well with the other ambitious Generals.

The sum total of the U-turn by Khan is that Pakistan is not yet ripe to give up its belief of India being an existential threat.

One wonders for how long can Pakistan afford to behave like an ostrich? As of now, the proposed shift from geopolitics to geoeconomics appears merely to be loud thinking without evolving a consensus. It would need serious ground work to fructify into reality. Till Pakistan readies to walk the talk, it would make prudent economic sense to let the "thawing process" continue and not hold it hostage to a single-point agenda. The recent trade U-turn by Pakistan clearly demonstrates how geopolitical considerations — rather than economic considerations or rational thinking — drive policymaking in Pakistan.

OUTLOOK AFGHANISTAN, KABUL 18-4-2021

Central Asia's Afghan Route to Prosperity

Djoomart Otorbaev

For the first time in centuries, there is an opportunity to connect Central and South Asia via modern transport and energy corridors through Afghanistan. Once completed, these projects would transform Eurasian security, significantly increase regional economic activity, and potentially bring peace at last to Afghanistan. They may even revive the Great Silk Road.

Progress on the planned schemes should therefore interest the region's influential neighbors – Russia, China, and India – and the United States, which has spent at least $2 trillion in Afghanistan over the last 20 years. But most of the world regards Central Asia as terra incognita, and has so far paid little attention to significant recent developments.

In February, for example, Uzbek Foreign Minister Abdulaziz Kamilov visited three Central Asian countries – Kazakhstan, Turkmenistan, and Tajikistan – to secure their support for transport projects with Afghanistan and South Asian countries. Kamilov was traveling at the behest of Uzbek President Shavkat Mirziyoyev, who, in his December 29 message to the country's parliament, highlighted cooperation with South Asia and promotion of peace in Afghanistan as his main regional priorities.

Specifically, the talks were about construction of the "Kabul Corridor" railway from Termez in Uzbekistan to the Pakistani city of Peshawar via Mazar-i-Sharif and Kabul in Afghanistan. The railway could transport up to 20 million tons of cargo per year, and the section from Termez to Mazar-i-Sharif, built by Uzbekistan, is already operational. The remaining 573-kilometer (356-mile) stretch to Peshawar will have to cross the Hindu Kush mountain range, where the passes are more than 3,500 meters (11,483 feet) above sea level, making it one of the world's highest mountain railways.

The section of the railway from Mazar-i-Sharif to Kabul, at a preliminary estimated cost of $5 billion, will be built mainly with borrowed funds. In late December, Uzbekistan, Afghanistan, and Pakistan jointly appealed to international financial institutions to support the project. Subject to financing, construction could begin in September this year.

The existing highway between Mazar-i-Sharif and Kabul will ensure the delivery of equipment and construction materials, while Uzbekistan and Tajikistan's power lines to the Afghan capital run along the same route, making it possible to electrify the rail link.

In Peshawar, the railway will connect arriving trains with the Pakistani transport system, thereby linking the Central Asian and Eurasian railway networks to those of South Asia and providing access to the Pakistani ports of Karachi, Qasim, and Gwadar. It is estimated that the new railway will reduce goods transportation times from Central Asia to Pakistan from 30 days to 15 and cut transportation costs by 30-35%.

The apparent reason for giving access to Pakistani ports priority over other options is that the Mazar-i-Sharif-Kabul-Peshawar route is the shortest one. But there is a more important one: the Kabul Corridor, together with the China-Kyrgyzstan-Uzbekistan transport corridor, will connect four economically powerful Eurasian regions – Europe, China, Russia, and South Asia – via Central Asia.

Today, the main transport route from Central Asia to the southern seas, through the Iranian port of Bandar Abbas, is no longer considered the most attractive. Economists calculate that transporting a container from Tashkent, the Uzbek capital, to Karachi would cost approximately $1,400-1,600, about half the price of transporting it from Tashkent to Bandar Abbas ($2,600-3,000). Besides, international economic sanctions against Iran will complicate any projects there.

At the end of 2020, construction began on the Afghan section of another mega-project linking Central and South Asia: the TAPI gas pipeline, named after the four countries through which it will pass – Turkmenistan, Afghanistan, Pakistan, and India. The 1,814-kilometer pipeline will run from the Galkynysh gas field in Turkmenistan to the Indian city of Fazilka via Herat and Kandahar in Afghanistan and the Pakistani cities of Quetta and Multan. It will have a capacity of 33 billion cubic meters of gas per year and cost an estimated $8-10 billion.

Although security concerns have long cast doubt on the TAPI pipeline's viability, completion is now scheduled for December 2023. Crucially, a high-ranking Taliban delegation visited Turkmenistan on February 6, promising to support the project. There are indications that the US, which has long backed the pipeline, may have facilitated the trip.

Central Asia has always been a politically sensitive region, part of what former US National Security Adviser Zbigniew Brzezinski called the "grand chessboard." When implementing such large projects, therefore, one should consider the geopolitical positions of major regional players such as America, Russia, and China. But for now at least, it appears that everyone has an interest in Central Asia and Afghanistan being economically dynamic and politically stable, rather than poor and a source of conflict.

For all the importance of new landmark projects, further Central Asian cooperation is essential. Historically, the region has prospered most when it acts as a "crossroads civilization," channeling and transforming Eurasian trade, and economic and cultural forces. In fact, Central Asia became a world leader in economic development, trade, technology, manufacturing, and intellectual life during the period referred to as its golden age, when it was open, dynamic, and willing and able to learn and adapt from others. There is no reason why Central Asia cannot succeed again. Practicing a form of open regionalism, Central Asians found many reasons to cooperate over several centuries. A return to that role would be good news for the entire world – and deserving of its leaders' attention.

AFGHANISTAN TIMES, KABUL 18-4-2021

Pakistan should choose friendship or enmity with Afghanistan: Ghani

AT News

KABUL: President Ashraf Ghani said that it would be up to the neighboring Pakistan to be either a friend of the people of Afghanistan or their enemy.

Speaking at the presidential palace on Sunday Ghani said that this is the first time in the contemporary history that Afghanistan gets such an opportunity as the government is fully ready since two years ago for the withdrawal of foreign troops.

"We are fully prepared to protect our soil. This is the time that Afghanistan be an absolute sovereign country and to prove impartiality."

He clarified that those who do not support the republic system, have no place in his government, a reference to some individuals and groups who seem reluctant with the current governing system. "Taliban have no religious legitimacy to continue war because Islamic scholars have called the war illegitimate."

Ghani emphasized that Pakistan would never feel secure when its adjacent Afghanistan is insecure. "If you want welfare, they will also enjoy welfare. It is up to you to choose friendship and hostility. If Pakistan chooses friendship, Afghanistan is ready to cooperate with Pakistan by increasing regional and international cooperation," Ghani addressed Islamabad.

He said that sovereignty, republic, democracy, a free, independent and built Afghanistan, adding that Afghanistan will welcome Taliban if they make peace with the mentioned conditions.

The United States announced this week to withdraw all its soldiers from Afghanistan by September 11 after 20 years presence that caused the death of tens of thousands of Afghan civilians without any advantage.

OUTLOOK AFGHANISTAN, KABUL 24-4-2021

US-Afghanistan Relations Need to Be Reviewed

Mohammad Hedayat

After nearly 20 years of presence in Afghanistan, the United States has now decided to withdraw all its troops from the country by September 2021. After the official announcement of troop withdrawal by Joe Biden, the President of the United States of America, NATO member states also announced the withdrawal of their forces from Afghanistan. In the past 20 years, Afghanistan has undoubtedly pursued the current path with the support of the international community, especially the United States.

During this period, a deep political, security, and legal relations have been established between the two countries. At least two security and strategic agreements have been signed between the United States and Afghanistan outlines the strategic depth of relations between the two countries.

Now the question is what will be the fate of these two treaties as well as the fate of the relations between the two countries?

It no longer doesn't matter what the text of the US-Afghanistan Security Agreement and Strategic Pact are or what obligations and rights they impose on both countries.

The United States has now invalidated all past relations and agreements with Afghanistan with unilateral decisions on peace with the Taliban and the signing of an agreement with the group instead of the Afghan government, and with the decision to withdraw all its troops from Afghanistan.

The security agreement signed between the United States and Afghanistan in Kabul after President Ghani came to power in 2014, contained two key points that formed the basis of relations between the two countries; Respect for Afghanistan's national sovereignty and defending the country against foreign threats.

Violating these two commitments and considering the recent unilateral decisions by the US, it is necessary for Afghanistan to review its relations with the US.

During the last two years, while negotiating with the Taliban, the US government has ignored all the political rules by keeping the Afghanistan government in the margins.

During this period, the United States, contrary to all international standards and contrary to the spirit of the agreements between the two countries, has signed a peace agreement with the Taliban as a terrorist group that has no legitimacy in the Afghan political system.

This group even threatens the existence of the Afghan government. During this period, the legitimate government of Afghanistan was marginalized throughout the negotiation process, and in the text of the Doha Agreement, the Islamic Emirate was recognized, albeit implicitly, in the face of the existing political system. The move turned the Taliban, which continues to carry out bombings and impose violence against the Afghan people, into a political group claiming to rule Afghanistan.

With the signing of the US and Taliban peace agreement, including the secret annexations, the very existence of Afghanistan's political system appears to be in jeopardy. This danger is not limited to the ongoing peace and negotiations and the disregard of the Afghan constitution. Rather, a serious effort by the Taliban, with the support of pro-group countries, is now underway to seize parts of the country. There are serious security reports that the Taliban, with the support of some neighboring countries, has taken new military decisions and intend to launch a full-scale war against the Afghan security forces.

The escalation of war and violence by the Taliban during the negotiation process indicates a serious threat to Afghanistan's security beyond the country's borders. While the security agreement between the two countries stipulated that in such cases the United States should support the Afghan security forces, now this support is practically annulled.

In any case, with the US decision to withdraw completely from Afghanistan and neglecting all legal obligations between the two countries, it is time to establish new legal frameworks between the two countries.

Afghanistan should no longer abide by the US agenda, especially in the peace process. Afghanistan should not unilaterally implement obligations with no legal frameworks. Therefore, relations with the United States require a serious review in the legal, political and strategic frameworks.

THE DAILY STAR, DHAKA 16-4-2021

Climate Diplomacy and John Kerry's Bangladesh visit

Mahbuba Nasreen

During his recent visit to Bangladesh, John Kerry, the US special presidential envoy for climate, handed over an invitation letter to Prime Minister Sheikh Hasina to participate in the forthcoming virtual Leaders' Summit on Climate. The summit, to be held on April 22-23 and attended by 40 world leaders, will be hosted by the US President Joe Biden. The in-person visit by John Kerry, official statements and comments made by the US president, government officials and the US embassy here in Dhaka indicate that Joe Biden's government is dealing with the climate change issues with utmost importance.

This scenario is completely different to the era of former President Donald Trump who withdrew the US from the Paris Agreement at the end of 2019. The Doomsday Clock, the symbol of human-made catastrophe, was moved closer to midnight at the beginning of the Trump administration, whereas the Doomsday Clock Panel welcomed President Joe Biden for re-joining the Paris Agreement. Biden's commitment to provide additional financial support for climate actions has also attracted pledges from other countries. The climate change issue has also been placed at the centre of foreign policy, diplomacy and national security of the present government. It is expected that the Leaders' Summit will adopt strong and useful commitments for ensuring sustainable economic benefits for all countries.

The summit is more significant for Bangladesh as the country has achieved worldwide recognition as a resilient nation. It has been learned that in this summit, Prime Minister Sheikh Hasina will be especially recognised for her leadership in managing climate change-related challenges. In 2015, she was also awarded with the "Champions of

Earth" for her leadership. As chair of the Climate Vulnerable Forum and the Vulnerable Twenty Group of Ministers of Finance, Bangladesh is also expected to play an important role in the 26th session of the Conference of the Parties (COP26) to the UNFCCC. Such confidence in Bangladesh's role is an acknowledgement of all that the country has done and achieved in this respect—Indigenous coping and adaptation techniques (developed over time by the climate change and disaster affected people of Bangladesh), combined with national drivers, e.g. plans and policies, regulatory and legal frameworks, establishment of Climate Change Trust Fund, attempts to make the economy sustainable and several other steps.

Although climate-vulnerable non-industrialised countries are not responsible for carbon emissions or global warming, they have to pay the price for the negative consequences of climate change. The Leaders' Summit, called by the country most responsible for greenhouse gas emissions, is creating a hope for the climate-vulnerable countries. Giving Bangladesh a prominent place in the summit is also related to the speech delivered by Sheikh Hasina in COP25, where she stressed that there is no alternative to implementing the Paris Agreement. Countries agreed to take initiatives to limit global warming to well below 2 degrees Celsius in COP26, which was supposed to be held in 2020. However, it is expected that in the US Leaders' Summit in April and COP26 in November 2021 in Glasgow, UK, remarkable climate change mitigation steps will be undertaken.

It must be mentioned that in the post-COP25 period, some of the industrialised countries attempted to lower the emission of carbon dioxide, which can be linked with Covid-19 pandemic. It has been estimated that in the first quarter of 2020, carbon emissions dropped by an estimated 17 percent and the total emissions were four-to-seven percent lower compared to 2019. However, such reductions in carbon emission are certainly not going to be sustained when it comes to the question of economic growth. It is, therefore, expected that vulnerable countries like Bangladesh will raise their voices not only for seeking compensation for adaptation but also for decreasing carbon emissions as per the Paris Agreement. For that, useful solutions such as use of alternative energy and other initiatives for sustainable economy have to be identified.

Government and private-sector investments for achieving climate mitigation and adaptation objectives may also help in reducing greenhouse gas emissions. As the US government has already expressed its commitment to implementing the Paris Agreement, it is expected that sustainable economic development, investment, and innovation will be at the centre of the climate policies of other industrialised countries. However, any step to mitigate the negative consequences of climate change will benefit the vulnerable countries. Despite being climate-vulnerable, Bangladesh has already been scheduled to officially become a developing country in 2026. The country has its own vision for protecting the environment, biodiversity, wild life, agriculture, forest, water and other resources. To continue with its economic growth, Bangladesh has to fight with climate change-induced disasters such as floods, cyclones, river erosions, salinity intrusion, etc. and of course, the Covid-19 pandemic.

In this post-pandemic era, resilience, adaptation and climate change mitigation should be aligned with increasing investments in health, food, shelter, and social safety net coverage from an intersectionality perspective. Not knowing the exact causes or being able to find remedies to come out of the pandemic, world leaders must focus on the public health support system of climate-vulnerable countries. It is expected that Bangladesh will play an effective role in the Leaders' Summit and will be successful in finding sustainable solutions for the people living with climate change-induced disasters.

THE DAILY STAR, DHAKA 22-4-2021

Bangladesh raises concern over UK’s travel ‘red list’

UNB, Dhaka

The Bangladesh High Commissioner to the UK Saida Muna Tasneem has briefed UK's all-party parliamentary group (APPG) about the inconvenience caused by UK's travel ban that has put Bangladesh among those nations on its "red list".

She said the decision will seriously hurt bilateral trade in the apparel, food and beverage sectors and also emergency medical treatment.

On April 2, the UK said it would put Bangladesh, Kenya, Pakistan and the Philippines on its travel "red list," banning entry to people arriving from those countries unless they are Britons or Irish.

The high commissioner, during a recent virtual meeting with the APPG on Bangladesh, raised two issues, including the UK's "red list," and the protracted Rohingya crisis.

Praising the British government's role on the Rohingya issue, especially as the pen-holder at the UN Security Council, Muna called upon the APPG to keep the issue of the sustainable and dignified return of the Rohingyas back to Myanmar high on its agenda at the British Parliament.

"The government of Prime Minister Sheikh Hasina looks forward to further intensifying Bangladesh's bilateral trade, investment, climate and digital innovation partnership with a post-Brexit 'Global Britain'," Muna said.

The virtual meeting was held to mark the 50th anniversary of Bangladesh's independence.

Chaired by Rushanara Ali MP, chairman of the APPG on Bangladesh and UK's trade envoy to Bangladesh, the meeting was also attended by the vice-chairs of the parliamentary group, including Bob Blackman MP, Rupa Huq MP, Afzal Khan MP, Khalid Mahmood MP, Tony Llyod MP, and Geraint Davies MP.

THE DAILY STAR, DHAKA 29-4-2021

Bangladesh joins Chinese initiative for vaccine, oxygen

We welcome the government's decision to join five other South Asian countries in a multilateral effort to ensure vaccine and oxygen supply among the countries. The China-led initiative, called "China-South Asia Platform for Covid-19 Consultation, Cooperation, and Post-Pandemic Economic Recovery", had its first meeting held virtually with the foreign ministers of Bangladesh, China, Nepal, Afghanistan, Sri Lanka, and Pakistan in attendance. During the meeting, Bangladesh's foreign minister stressed on the importance of multilateralism and cooperation among countries during the Covid-19 crisis.

There are plans of establishing a Covid Emergency Medical Facility, a Poverty Alleviation Centre, and of exploring e-commerce in rural areas in Bangladesh, as proposed by China. While there are no solid plans yet as to when and where the medical facility would be built, we would urge the government to see the plan through diligently. Last March, the prime minister had reportedly proposed setting up a regional institution for emergency medical services but the plan never reached fruition. Now that the pandemic has resulted in dire situations across the region, such multilateral partnerships are more crucial than ever.

While Bangladesh is trying to purchase China's vaccine doses following an unexpected halt to supplies from the Serum Institute of India, China had also agreed earlier to provide five lakh shots of its vaccine as a gift. Both the Chinese vaccine and the Russian Sputnik V will be imported under "emergency use authorisation". However, we must also stress on the importance of ensuring an adequate supply of not only vaccines but also oxygen. There is no better example for us now than India's current situation of oxygen shortage, to the point where its supply to Bangladesh has been kept on hold for almost a week. Bangladesh itself does not have enough supply of oxygen, as demand has doubled amid the recent Covid-19 surge. Even with companies switching production from industrial oxygen to medical oxygen (as reported in this daily on April 21), many patients are not being able to get oxygen at public hospitals.

Therefore, while we congratulate the government on joining the Chinese initiative that will hopefully promote cooperation amongst the partners in fighting the pandemic in their respective countries, we must also urge it to ensure that maximum benefits are derived from this partnership in terms of vaccine and oxygen supply for our citizens.

THE KATHMANDU POST, KATHMANDU 20-4-2021

China misses out Nepal as it hosts Boao annual conference

Anil Giri

Blame Nepal's failure or Beijing's displeasure, but not getting an invite for the event carries some meaning, analysts say.

Nepal has been a regular participant at the Boao Forum for Asia since 2001 and its presence has always been at the highest levels. But not this time. Nepal did not even receive an invite for the 2021 conference of the Boao Forum for Asia, of which it is a founding member.

Officials at the Ministry of Foreign Affairs said they did not have any idea why Beijing did not send an invitation to Nepal. The Chinese embassy in Kathmandu said Nepal's Ambassador Mahendra Bahadur Pandey is participating in the conference.

Sources at the Nepali embassy in Beijing told the Post that Ambassador Pandey and Deputy Chief of Mission Sushil Kuamr Lamsal have already left for Hainan to participate in the annual conference.

According to the Boao Forum for Asia Annual Conference-2021 website, over 60 delegates are participating physically and online, including several heads of state and government and senior officials from across the region.

Foreign Ministry spokesperson Sewa Lamsal said she could provide details only on Wednesday.

But many wonder if China deliberately did not invite one of the founding members to participate in the conference.

"I am a bit surprised to learn that Nepal was not invited to the conference," said Rupak Sapkota, deputy executive director at the Institute of Foreign Affairs.

According to Sapkota, who holds a PhD from the School of International Studies, Renmin University of China, the way Nepal's internal politics has unfolded in the recent past suggests there could be some displeasure on the Chinese side.

"No matter what the reason is, we as the founding member being missed out does carry some meaning," Sapkota told the Post.

Since 2001, this is the third instance of Nepal not participating in the Boao conference.

In 2015, when former President Ram Baran Yadav attended the Boao Forum, Nepal received Rs16 billion in Chinese aid for repair and maintenance of the Araniko Highway. Later in 2017, former prime minister Pushpa Kamal Dahal attended the conference.

In 2018, Prime Minister KP Sharma Oli could not participate in the Boao conference because he was on a state visit to India. Nor did he send his representative.

In 2019, no invitation was extended to Nepal. Last year's conference was cancelled due to the Covid-19 pandemic.

A ruling party leader said after asserting its presence in Nepal, Beijing not sending an invitation for the Boao conference does bring to the fore some questions.

"Maybe Beijing has some reservations, especially after political developments in Nepal and Oli's increasing rapprochement with India," said the leader who spoke on condition of anonymity because he feared retribution from the leadership.

"Diplomatically what role the Foreign Ministry plays we do not know, but politically we can say that China is not happy with the recent political developments in Kathmandu. And it could be a reflection of that," added the leader who closely follows the party's international relations.

According to the Boao Forum for Asia website, it is an international organisation jointly initiated by 29 member states with the founding purpose to promote economic integration in Asia. It holds its annual conference in Boao, Hainan on a regular basis and this year's conference is scheduled for April 18-21.

This year, the Boao Forum for Asia completes its 20 years. In 2001, King Birendra had participated in the first conference of the forum.

Analysts say there should have been an invitation to Nepal at highest levels on such an occasion because Nepal is one of the founding members.

"They [Chinese] do not invite all the countries every year. We had our participation at the highest levels in the past, but we did not get an invitation in 2019 too," said Leela Mani Paudyal, a former bureaucrat who also served as Nepal's ambassador to Beijing from 2016 to 2020.

"Yes, it would have been definitely good had we been invited, as the participation is virtual. I cannot say what could be the exact reason for not sending an invitation."

When Nepal's two big communist forces—CPN-UML and the Communist Party of Nepal (Maoist Centre)—merged in May 2018 to form the Nepal Communist Party (NCP), China was viewed as the architect of that unity. The united communist force, the largest and the strongest Nepal had ever seen, built close relations with China, while Beijing played the role of a guardian. The party even organised a two-day symposium on Xi Jinping thought in Kathmandu in October 2019, days before Chinese President Xi's visit to Nepal, the first such high-level visit in 23 years.

But things started to fall apart from the beginning of last year. When the feud in the Nepal Communist Party (NCP) escalated, the Chinese used all its might to broker peace between leaders. Chinese Ambassador Hou Yanqi visited several Nepal Commnist Party (NCP) leaders last year, in what many in Kathmandu found unprecedented as Beijing had always maintained its policy of non-interference in Nepal's internal affairs.

But the party infighting reached a tipping point in December last year. Oli's House dissolution move on December 20 caught Beijing by surprise. Two days later the party split, politically, with two clear factions—one led by Oli and the other by Pushpa Kamal Dahal and Madhav Kumar Nepal.

Insiders say Oli was left with no option than to make peace with India and Delhi too was keen on improving the ties with Kathmandu.

The Oli's increasing closeness with Delhi has become an irritant for Beijing, analysts say.

"In not inviting Nepal to the Boao Forum, there could be some message from Beijing," said Dinesh Bhattarai, a former ambassador who also served as foreign relations adviser to former prime minister Sushil Koirala. "The Chinese might be unhappy because Oli did not attend the conference in 2018 and instead went to Delhi, leaving the invitation lying on his table."

According to Bhattarai, the current political dynamics in Nepal could be another reason why Beijing did not put on the list of invitees.

The theme of the Boao Forum this year is "A World in Change: Join Hands to Strengthen Global Governance and Advance Belt and Road Cooperation".

At least two government officials told the Post that Nepal's participation would have helped in exchanging ideas as it has signed China's Belt and Road and Initiative in 2017.

Nepal signed up to the Chinese President Xi's flagship strategy initiative, which aims to connect Asia with Africa and Europe via land and maritime networks, in May 2017. However, there has been little progress in Nepal under the Chinese initiative.

Narayan Khadka, a Nepali Congress leader who is also the foreign minister of the shadow government, said Nepal too should keep an eye on such international events and make efforts to get participation in such conferences from where it can benefit.

"Given the history of Nepal's regular participation in the conference, there should have been an invitation. In parts, it could be our diplomatic failure," said Khadka. "And maybe the Chinese diplomacy works in a different way."

A spokesperson at the Chinese embassy in Kathmandu talking to the Post insinuated that there was no need to read too much into Nepal's non-participation.

"Boao Forum for Asia holds its conference every year and the organisers invite different leaders of different countries," said the spokesperson via a phone text message. "If you see the list, each year the forum invites different leaders. So for our understanding, there is no permanent guest. And per my information, Ambassador Pandey has already confirmed his attendance."

SPOTLIGHT, KATHMANDU 20-4-2021

DIPLOMACY

Foreign Policy Dilemma

By Keshab Poudel

Nepal's foreign policy dilemma is harming its core interests

Every country pursues its foreign policy to protect its national sovereignty and promote its core interest. To protect its interest, the country also adheres to policies to condemn violence and terrorism. Nepal is not an exception.

Whether it is an oversight or policy shift, Nepal has, recently, to everyone's surprise,did not take any notice of Maoist Terrorist attack in India.

In between, Minister for Foreign Affairs Pradeep Kumar Gyawali called External Affairs Minister of India Dr. S.

Jaishankar on April 9 requesting him for the supply of COVID-19 vaccines to continue administering in the second dose.

During the telephone conversation with Minister of External Affairs of India Dr. S. Jaishankar, minister Gyawali talked about various issues. However, the minister's statement did not mention the terrorism of a form on Nepal has its firm stands.

When Minister Gyawali called on his Indian counterpart, there was condemnation coming from different parts of the world against Indian Maoist killing 22 security personnel.

Although different countries around the world including Turkey, Bangladesh, and Sri Lanka condemned the terrorist attack, Nepal's non-committal reactions might have sent a working message.

Had foreign minister Gyawali condemned the attack, it would have made a lot of difference in seeking humanitarian support. Despite the banning of export, India announced to send one million doses of vaccine to Bangladesh and 500,000 to Bhutan. However, Nepal was missing from the list.

Prime Minister K.P. Sharma Oli and Foreign Ministry issued statement condemning the oppression of democratic activist by Myanmar's military government. Nobody understands the reason not to condemn a terrorist and violent attack in India my Maoist.

Since Nepal claims to be an adherent and supporter of peace and the country has been condemning every violent act all over the world, not condemning the violence and terrorist act in the neighborhood is not in the interest of Nepal. As India is a close neighbor, the trouble and pain in one neighbor is the pain to the other.

Requesting Indian foreign minister for vaccine, foreign minister Gyawali made it clear that Nepal relies on the supply of Indian support to make vaccination campaign in Nepal successful.

Foreign Minister Gyawali expressed sincere thanks to the Government of India for supporting Nepal in its fight against the COVID-19 pandemic, including through the generous gift of one million doses of COVISHIELD.

According to Ministry of Foreign Affairs, the External Affairs Minister of India assured him of continued support to Nepal in its fight against the pandemic, including through the supply of vaccines.

During the conversation, the two sides exchanged views on intensifying efforts to fight the COVID-19 pandemic.

Being a longest serving foreign minister in post 1990's government, Minister Gyawali has found a lot of time to adjust Nepal's current foreign policy to suit the changing global order.

Gyawali, a through gentleman personally, has followed the policy prepared during the cold war era. With so many changes in global and regional orders, there is the need to tune foreign policy to preserve Nepal's core interest.

Whether in close neighborhood or far away, Nepal's foreign policy is guided by individual interests. With institutional disorder due to over politicization, foreign ministry's institutional capacity has declined further.

Although Nepal established diplomatic relations facing all challenges with state of Israel recognizing the importance of sovereignty of a small country, Nepal's international support to Israel has never matched its foundation and spirit of establishing relations with Israel.

Nepal voted all the time against the core and vital interest of state of Israel. At a time when Arab countries have changed their policies towards Israel establishing diplomatic relations, Nepal is yet to tune its policy looking at the changed context.

In one of the public programs, ambassador of Israel to Nepal Hanan Goder-Goldberg humbly said, "Isn't This the Time, Honorable Minister, That Nepal Will Make The Change In Your Voting Pattern?"

With so much of knowledge, backing of prime minister and efficient foreign secretary, whether in neighborhood or middle-east, Gyawali can make a change to protect Nepal's national interest to benefit Nepali people.

DAILY MIRROR, COLOMBO 23-4-2021

PC elections: Govt. caught between India and legal snags

M.S.M. Ayub

It is vivid that India has been using the Sri Lankan Tamil issue to advance its own interests

At a time when Sri Lanka was desperately longing for India's support last month as well, the latter used the devolution issue as a precondition

Sri Lanka is in a catch 22 situation in respect of conducting of provincial council elections due to a legal hiccup that has been created by an amendment to the Provincial Councils Election Act brought in by the last Yahapalana government

The impression the government had instilled in the minds of the people soon after the Sri Lanka Podujana Peramuna (SLPP) captured power that the provincial council system would be scrapped has by now vanished into thin air.

Barely a fortnight after assuming office as the President, Gotabaya Rajapaksa stated in India that it was through development and not through devolution that the problems faced by the Tamil people could be resolved. And he had assigned the subject of Provincial Councils to Rear Admiral Sarath Weerasekara who is dead set against the concept of devolution of power and provincial councils. And Weerasekara in turn had been expressing his antipathy towards the provincial council system.

However, now the government and the ruling SLPP is said to be discussing about holding of provincial council election which has delayed for over two years. The backpedalling is obviously due to the pressure exerted by India and the United Nations Human Rights Council (UNHRC). Indian leaders, though not interested in the merger of Northern and Eastern Provinces now, have been insisting on conferring more powers to the provincial councils.

It must be recalled that Indian External Affairs Minister Dr. S. Jaishanker arrived in Sri Lanka within 24 hours after Gotabaya Rajapaksa taking oaths as the President on November 18 with a personal message from Indian Prime Minister Narendra Modi and held talks with the new Sri Lankan President. Dr. Jaishankar had conveyed to President Rajapaksa "India's expectation that the Sri Lankan government take forward the process of national reconciliation to arrive at a solution that meets the aspirations of the Tamil community for equality, justice, peace and dignity."

On November 29, 2019, eleven days after assuming office, President Rajapaksa visited New Delhi. During the joint Press briefing with the new Sri Lankan leader, Modi also echoed the same sentiments with the same sentence. However, as if he wanted to allay doubts and stress what he specifically meant, he added that "it also includes the implementation of the 13th Amendment."

On February 2, two days after the Cabinet decided to pull out from the Memorandum of Cooperation (MOC) signed in May 2019 with the Governments of India and Japan for the development of the Eastern Terminal of the Colombo Harbour, the Indian Deputy High Commissioner, Vinod. K. Jacob met two Tamil leaders from the Eastern Province, former Chief Minister and current MP, Sivanesathurai Chandrakanthan alias Pillayan, and former Deputy Minister Vinayagamurthi Muralitharan, alias Karuna Amman, and discussed the 13A. He had reiterated that meaningful devolution is the way forward for achieving the aspirations of the Tamil people and stressed full implementation of the 13th amendment.

At a time when Sri Lanka was desperately longing for India's support last month as well, the latter used the devolution issue as a precondition. When Sri Lanka was facing a harsh resolution at the recent UNHRC session, India's Permanent Representative to the UN Indra Mani Pande, while addressing the council on last February 25, insisted that aspirations of the Sri Lankan Tamils must be addressed "through the process of reconciliation and full implementation of the 13th Amendment to the Constitution of Sri Lanka."

It is vivid that India has been using the Sri Lankan Tamil issue to advance its own interests. The issue is a lever for India to tame its southern neighbour when needed. Yet, these facts point that Sri Lanka would have to pay a heavy price if it resorted to abrogate the provincial council system arbitrarily, especially ignoring India.

Against this backdrop, India now wants provincial council elections held soon. India's position in this regard had been asserted in a letter to AIADMK Rajaya Sabha member M.Thambi Durai recently by Dr. Jaishankar. The Indian External Affairs Minister in his letter had linked India's stand in this regard to his country's abstention from voting for the last month's UNHRC resolution on Sri Lanka.

However, Sri Lanka is in a catch 22 situation in respect of conducting of provincial council elections due to a legal hiccup that has been created by an amendment to the Provincial Councils Election Act brought in by the last Yahapalana government. The Amendment introduced in September 2017 provides for conducting of elections for the provincial councils under the mixed electoral system of first-past-the-post system and the Proportional Representation (PR) system.

Yet, the mixed electoral system has run into controversy after it was experimented at the local government elections held on February 10, 2018, as many flaws in the new system were identified. In the wake of the LG elections even former President Mahinda Rajapaksa under whose leadership the SLPP swept the electorate had stated that the new system had to be changed again, as it had created a mess in many LG bodies.

There are strong grounds not only for the politicians but also for the people to reject the mixed electoral system in its present form, despite it having been experimented only at the last LG polls. It doubles the number of council members (from around 4,000 to 8,000 LG members) and it is the public coffers that have to maintain and facilitate them. Without a cut-off point for political parties to be eligible to represent the councils, many small parties won seats, creating an Opposition larger than the ruling party in many councils.

This muddled situation was further aggravated by the ridding of the bonus seat system that had earlier strengthened the winning parties to be above the collective strength of the Opposition parties. The mess resulted in unethical deals among political parties, although those settlements helped later for the smooth functioning of the councils. Besides, wards have to be demarcated within each provincial council area under the new system. Political parties are now divided over the system with one group preferring to revert to the old PR system and others wanting to stick to the new system, but with changes.

The second group is also in turn divided. During a recent discussion among the constituent parties of the ruling coalition, one group had proposed to field three candidates from each party for each ward which had been opposed by a section of the SLPP and smaller parties in the coalition. The proposal would definitely reintroduce the preferential voting system which would again lead to intra-party conflicts. There is no sign of any settlement to these controversies either.

Interestingly, no complaints were heard about the absence of elected provincial councils for the past three years even from the politicians representing the Northern and Eastern Provinces for which the devolution of power was originally meant. Nevertheless, the country has to maintain the system for two reasons – external pressure and Tamils would feel alienated if the system is done away with.

DAWN, ISLAMABAD 17-4-2021

Pak-India mediation

Editorial

UESTIONS had been swirling about what and who has prompted the latest detente between Pakistan and India. Now, it appears that these queries have been answered to some extent, with the UAE`s ambassador to Washington saying that his country was mediating between the rival South Asian states. Yousef Al Otaiba, while participating in a virtual discussion confirmed that the UAE is helping bring Pakistan and India together. While he didn`t expect Islamabad and New Delhi to `become best friends`, Mr Otaiba did want to see the relationship as `healthy and functional`. The ambassador`s comments coincide with reports that Pakistani and Indian intelligence officials met in Dubai, amongst other locations, which has apparently played a role in restoring calm along the Line of Control.

While India has always been averse to third parties getting involved in mediation, perhaps the latest round of bilateral contacts have been accepted by New Delhi as there have been backchannel negotiations, occurring away from the public view. Moreover, the UAE appears to be an interlocutor that is acceptable to both parties, as opposed to the US or other Western states playing the role of peacemaker. Regardless of who is pushing the peace process forward, the fact that Pakistan and India are talking after a very long period of vitriolic exchanges must be appreciated. While this country has kept the door for dialogue open, the sentiment has not always been reciprocated by the other side.

However, attitudes in India may be changing, and even a `functional` relationship is better than a constant state of confrontation.

Yet despite the positive vibes, people in both countries especially the respective media outlets must not hope for an immediate solution. This bilateral relationship is one of the most difficult in the world. The states have fought a number of wars and a high level of mistrust exists between the establishments of the two sides. So while hope does spring eternal, ground realities must not be forgotten. In the present circumstances, the best way forward is to quietly continue backchannel talks, away from angry, noisy lobbies that are unwilling to accept a peaceful subcontinent.

Once there is progress, a blueprint for more formal talks can be laid out. The fact is that when it comes to Pakistan-India relations even preliminary negotiations and CBMs on `sof t` issues are an achievement. This is the first step in a long journey of normalisation, and it should be remembered that several such steps have been taken in the past, only for the process to fizzle out amongst noise and confusion. The other alternative of conflict prophesied by some, including the US, is quite unsavoury and the leaderships of both countries owe it to their people to give their all to the peace process, and put decades of wars, hatred and confrontation behind them.

THE NEWS, ISLAMABAD 20-4-2021

US invites Pakistan to climate change summit

ISLAMABAD: The United States has invited Pakistan to President Joe Biden’s Climate Change Conference after initially excluding it from the list of attendees, Geo News reported Monday.

Following Pakistan's initial exclusion from the summit, Prime Minister Imran Khan had responded by saying that he was “puzzled at the cacophony".

“[Pakistani] government's environmental policies are driven solely by our commitment to our future generations of a clean and green Pakistan to mitigate the impact of climate change,” explained the PM. The omission of Pakistan from the list of invitees to the conference had raised concerns as the country is among those most vulnerable to climate change.

As per the Global Climate Risk Index 2021, issued by German Watch, a non-profit organisation, Pakistan is the fifth-most vulnerable country to climate change. However, after a few weeks, US Special Presidential Envoy for Climate John Kerry penned a letter to the Federal Minister and Adviser to Prime Minister of Pakistan on Climate Change Malik Amin Aslam.

The special envoy invited Aslam on behalf of the US President to express his views on climate change during the summit. "The meeting aims to find ways to strengthen joint global efforts against the climate crisis," the letter from the US official to Aslam said.

"At the summit, the United States will set a 2030 target for the Paris Agreement," the letter said, adding: "The heads of the countries most affected by climate change have also been invited to the meeting."

The United States has invited global leaders, including the leaders of China and Russia, to participate in a summit on climate change in April. Chinese President Xi Jinping and Russian President Vladimir Putin are among the 40 world leaders invited to the summit, to be held on April 22-23, according to a White House statement.

Biden’s Earth Day global summit on climate is part of his effort to elevate climate change as a top priority. It will be held virtually given pandemic restrictions and live-streamed for public viewing.

THE NEWS, ISLAMABAD 22-4-2021

Pakistan, Iran agree to strengthen ties

APP

TEHRAN: Iranian President Hassan Rouhani expressed his country’s commitment to further enhance bilateral relations with Pakistan in trade, investment, liaison and border management.

These views were expressed as Pakistan Foreign Minister Shah Mahmood Qureshi called on the Iranian president at the Presidential Palace in Tehran on Wednesday, the Foreign Office said.

The foreign minister, on behalf of President Dr Arif Alvi and Prime Minister Imran Khan, conveyed a message of goodwill to President Rouhani and the brotherly Iranian nation.

Qureshi said under the prime minister's vision, the government was committed to strengthening bilateral relations with Iran as well as promoting bilateral cooperation in various fields of mutual interest.

He discussed with Iranian president various ways to further strengthen the longstanding fraternal ties between Pakistan and Iran.

He said the two countries had a cordial, close and strong relationship based on common history, culture, religion and language.

The foreign minister said the Pakistani leadership paid tribute to Iranian Supreme Leader Ayatollah Ali Khamenei and President Rouhani for their continued support to Pakistan’s stance regarding the people of Kashmir. Pakistan's Ambassador to Iran Rahim Hayat Qureshi was also present in the meeting.

Earlier during his visit to Pakistan’s embassy in Tehran, Shah Mahmood Qureshi said as Pakistan was focused on geographical economic priorities, its ambassadors could play an exemplary role in strengthening the country’s economy through economic diplomacy.

The foreign minister said there are ample opportunities of further strengthening and enhancing bilateral trade, investment and economic cooperation between Pakistan and Iran. He directed the diplomats for making serious efforts to boost bilateral economic cooperation and the volume of trade between Pakistan and Iran. Foreign Minister Qureshi visited various sections of the embassy, including the Consular Section. Ambassador Rahim Hayat Qureshi briefed the foreign minister in detail about the performance of embassy as well as the facilities being provided by it, including the issuance of passport and visa.

Qureshi, while expressing satisfaction over the facilities being provided by the embassy, said the welfare of overseas Pakistanis was among the priorities of the present government. He appreciated the services rendered by the embassy during the COVID-19 pandemic. The foreign minister on the occasion also penned his views in the visitors’ book placed in the embassy. In another meeting at Tehran National Parliament House, the Foreign Minister Shah Mehmood Qureshi and Pakistan-Iran Parliamentary Friendship Group Chairman Ahmad Amirabadi Farahani emphasised the need for mobilising the parliamentary friendship groups of their countries.

DAWN, ISLAMABAD 22-4-2021

Opportunity in Iran

BY SANA FARRUKH

WITH news of Foreign Minister Shah Mahmood Qureshi`s three-day official visit to Iran comes renewed hope for Pakistani citizens trapped in the country. On the heels of a long-awaited repatriation of Pakistani prisoners from Sri Lanka, this is the opportune moment to facilitate a similar repatriation from1ran a state which has demonstrated a willingness to cooperate and a particularly humane approach to prisoner transfer and release since the Covid-19 pandemic struck the world in early 2020.

The Constitution of the Islamic Republic of Pakistan 1973 affords its citizens many rights, and also widens the application of some of those rights past its own borders.

Article 4, the right to due process, has been deemed to be of such importance that the state is obligated to protect the same for citizens `wherever they may be`. Thus, any citizen outside Pakistan is entitled to treatment in accordance with the law regardless of their whereabouts. The state of Pakistan owes a duty to each prisoner in Iran to ensure that they are dealt with in a lawful manner, particularly in the provision of consular assistance at every stage of imprisonment and the facilitation of repatriation.

According to documents submitted to the Lahore High Court by the Ministry of Foreign Affairs in January 2021, there are currently 87 Pakistanis imprisoned in Iran.

Out of these, 50 Pakistanis have been convicted of various offences, while 37 remain under trial. Moreover, Iran and Pakistan signed an Agreement on Transfer of Sentenced Persons on May 11, 2014. Under the terms of this document, 50 prisoners are eligible for repatriation to Pakistan to serve their remaining sentence within their own country.

Despite the fact that the Agreement on Transfer of Sentenced Persons was signed in May 2014, at least seven Pakistanis were executed in Iran between then and 2018.

These seven individuals died in a foreign country without access to their loved ones, and without being able to bid farewell to their homeland. Had they been repatriated to Pakistan, they would have, at the very least, been afforded these humanities. It is possible that the death sentence awarded to the individual in Iran was incompatible with the laws of Pakistan, and would have been altered by our court to a more suitable punishment.

According to the agreement, Pakistani courts retain the right to alter a sentence, and both parties to the agreement retain the right to grant remission and commutation. Perhaps these individuals, often victims of terrible circumstances, would not have been put to death at all, especially not in a land to which they did not belong. It is only through political will and increased cooperation that such travesties can be avoided. The tenacity and commitment of the PTI government has shown exceptional results in recent times. In November 2020, 41 Pakistanis returned from Sri Lanka in the first repatriation of its kind in seven years. Prior to this, the government ensured large repatriations from the UA E and Saudi Arabia. In Saudi Arabia, many prisoners were brought home as a direct result of the prime minister`s interventions while on an official visit.

Iran has reportedly been cooperative with regard to the idea of consular access thus far. Over the last year, Justice Shahid Waheed of the Lahore High Court has been closely monitoring the issue and passing directions to the Pakistani government to ensure the protection of the fundamental rights of Pakistanis imprisoned in Iran, which has created an impetus for negotiations between the states. A diplomatic intervention by the foreign minister at this timewill not only assuage the concerns of the court, but could result in another massive win for the government.

An overseas prisoner faces a host of issues over and above the conse-quences of ordinary imprisonment. They are isolated due to the language barrier, less likely to be able to access services such as healthcare and rehabilitation programmes, and devoid of the social support prisoners receive through visitors and family contact.

The PTI`s manifesto devotes an entire section to overseas Pakistanis, and notably, does not forget or minimise the needs of those imprisoned abroad. The manifesto promises to `provide consular and legal services to all Pakistanis jailed abroad. We make best efforts to bring prisoners like Dr Afia Siddiqui and others back to Pakistan.

At this key juncture in PTI`s term, and at this opportune moment during an official visit that has strengthened our alliance with Iran, the foreign minister must raise the issue of consular access for all Pakistanis imprisoned in Iran, as well as the repatriation of 50 convicted Pakistanis back to Pakistan. Many overseas prisoners have the PTI to thank for their return to their homeland. Let us hope that 50 returnees from Iran can be added to this list in the immediate future.
The writer leads the litigation team at Justice Project Pakistan.

THE NATION, ISLAMABAD 30-4-2021

Pakistan, Germany vow to enhance cooperation

SHAFQAT ALI

ISLAMABAD - Pakistan and Germany yesterday vowed to enhance cooperation as the top diplomats of the two countries met here. Foreign Minister Shah Mehmood Qureshi received German counterpart Heiko Maas during his brief visit to Islamabad.

Recalling his own recent visit to Berlin, Foreign Minister Qureshi expressed gratitude for the warm welcome accorded to him and appreciated the fruitful outcome of the visit.

The FM underlined the importance of regular high-level exchanges between Pakistan and Germany and maintaining a steady upward trajectory in the relationship. The two Foreign Ministers reviewed bilateral cooperation and exchanged views on the impacts of COVID-19 pandemic. Foreign Minister Qureshi underscored the importance of enhancing mutual cooperation, and collaboration to combat the pandemic in a holistic manner.

Qureshi apprised his German counterpart on Pakistan’s steadfast support for a peaceful and stable Afghanistan and positive contributions to the Afghan peace process. He underscored the importance of responsible withdrawal and steady progress by the Afghan parties towards a negotiated political settlement. He added that all efforts must be made for reduction of violence leading to ceasefire.

He stressed that the Afghan stakeholders must engage constructively to work out an inclusive, broad-based and comprehensive political solution, through an Afghan-owned and Afghan-led process.

Cautioning against the role of ‘spoilers’, the Foreign Minister also underlined the importance of commitment and perseverance in the efforts for peace.

The Foreign Minister underscored that peace in Afghanistan would yield other significant dividends including enhanced trade and regional connectivity.

Qureshi also highlighted Pakistan’s shifting focus from geo-politics to geo-economics, within the perspective of economic security paradigm.

Pakistan and Germany enjoy cordial relations based on shared interests. The two Foreign Ministers have regularly been interacting bilaterally as well as at the international fora. The year 2021 marks the 70th anniversary of establishment of diplomatic relations between Pakistan and Germany. A range of events are envisaged by the two governments to celebrate this milestone in a befitting manner.

THE PIONEER, NEW DELHI 18-4-2021

Brokerages downgrade India's GDP growth projections for FY'22 amid resurgence of Covid cases

PTI

With the resurgence of COVID-19 cases posing risks to economic recovery, leading brokerages have downgraded India's GDP growth projections for the current fiscal year to as low as 10 per cent on local lockdowns threatening fragile recovery.

While Nomura has downgraded projections of economic growth for the fiscal year ending March 2022 to 12.6 per cent from 13.5 per cent earlier, JP Morgan now projects GDP growth at 11 per cent from 13 per cent earlier. UBS sees 10 per cent GDP growth, down from 11.5 per cent earlier and Citi has downgraded growth to 12 per cent.

India's GDP growth had been on the decline even before the pandemic struck earlier last year. From a growth rate of 8.3 per cent in FY'17, the GDP expansion had dipped to 6.8 per cent and 6.5 per cent in the following two years and to 4 per cent in 2019-20.

In the Covid-ravaged 2020-21 fiscal (April 2020 to March 2021), the economy is projected to have contracted by up to 8 per cent. The low base of FY'21 was seen aiding a double-digit growth rate in the current fiscal before moderating to 6.8 per cent in FY'23.

The RBI has projected FY'22 GDP growth at 10.5 per cent, while IMF puts it at 12.5 per cent. The World Bank sees 2021-22 growth at 10.1 per cent.

The pandemic caseload in India has been surging hitting new records everyday for the past fortnight. The latest official number puts the daily infections at 2.61 lakh in the past 24 hours and 1,501 deaths.

"India is in the midst of a resurgence of COVID-19 cases, with the daily case count two times the 2020 peak. If the efforts to get the virus under control are successful over the coming weeks, we think recovery should gather steam from Q2 FY'22 onward," UBS said revising its FY'22 real GDP growth forecast to 10 per cent year-on-year (previously 11.5 per cent).

UBS expected current mobility restrictions to remain in place until end-May and then be lifted, and assume activity is largely back to normal by end-June. "Even as these measures are likely to dampen economic activity, we think the impact will be much lower than in 2020, as containment measures are quite targeted and households and businesses have adjusted to the 'new normal'."

In its alternate risk scenario, where disruptions could last longer, there is a risk India's real GDP could slow by a much larger magnitude, to 3-5 per cent in FY22, it said.

Citi Research said while restrictions are much less stringent compared to last year, they are rising as Covid cases continue to mount.

"Covid cases are concentrated around economically important states like Maharashtra, Gujrat and Delhi. Accounting for both the restriction and sentiment channel, we have revised down our FY'22 real GDP forecast to 12 per cent year-on-year (vs 12.5 per cent earlier). Downward revisions are led more by services and private consumption than industry," it said.

If the Covid situation, it said, is not brought under control then there could be a period of multiple growth revisions like in last year.

Stating that it sees a 'W' shaped recovery and not 'V' shaped, Citi said Q1 FY'22 real GDP growth is seen 28 per cent.

Credit Suisse said daily new cases are double of last peak in September 2020. "The spike in active cases across most districts (is) causing panic and shortages," it said adding the rapid spread means it will be less protracted too.

Unlike the stringent nationwide lockdown imposed last year to contain spread of coronavirus, "lockdowns are likely to be localised, short-lived, and less stringent than last year," it said.

Stating that Maharashtra lockdown is an aberration, Credit Suisee said the it would shut 15 per cent of GDP for 15 days.

Other states are using night curfews, limits on large gatherings and weekend restrictions.

"If GDP restrictions are 5 per cent ex-Maharashtra till end-May, and Maharashtra lifts by end-April, FY22 impact will be 1 per cent," it said. "Macro supportive, business momentum unlikely to hurt if restrictions are short-lived."

Wall Street brokerage Bank of America (BofA) Securities said the spike in coronavirus cases poses a risk to economic recovery, and the GDP is unlikely to achieve the earlier projected 3 per cent growth for March quarter 2020-21.

Stating that a month-long nationwide lockdown can shave off 100-200 basis points off the GDP, it said growth is still weak, amplified by the steep fall in key economic activity indicators and the anaemic loan growth, and the surging pandemic cases is only increasing the worries on the growth front.

Fitch Solutions said there is a third wave of Covid-19 infections creeping into India.

After some success in curbing the virus considerably, India's economy had returned to functioning normally by the second half of 2020. "However, over recent weeks, the virus has started spreading rapidly, partly due to complacency on the social distancing measures and mask wearing policies," it said. "India lags far behind in immunisations per capita. Unprecedented crisis has highlighted the need to increase investment in the healthcare sector in the country."

THE INDIAN EXPRESS, NEW DELHI 24-4-2021

Economy alert

Editorial

The impact of Covid surge on the economy depends on how effectively key supply gaps are plugged

Covid-19 India, India covid-19 Modi, Modi Covid-19 India, Modi Covid address, Express EditorialIt is sometimes easy to forget just how much deep, divisive racism underpinned the entire project of colonialism.

The relentless surge in Covid-19 cases over the past few weeks has created considerable uncertainty over the state of the Indian economy. Several states have, in response to the spurt in cases, begun to impose restrictions on economic activities. While the restrictions being imposed are, as of now, less severe than those imposed last year, their impact has begun to be felt in the broader economy. Nomura's India Business Resumption Index fell to 83.8 in the week ending April 18, down from 99.3 a month ago. To put this fall in perspective, the index was at 83.3 in the week ending October 25, 2020, implying that the economy is currently operating at levels last seen around end October 2020. Analysts have already begun paring their once ebullient growth estimates for the year. Care Ratings has lowered its expectations of growth this year to 10.2 per cent, from 10.7-10.9 per cent earlier, while economists at SBI too have scaled down their projections from 11 per cent to 10.4 per cent. While the economic data may still look better, this is simply an optical illusion. The year-on-year estimates will look good because of a low base effect — the sequential quarter-on-quarter improvement may not materialise along expected lines.

With the pace at which cases are rising, the worry is that governments may end up imposing even stricter and extended restrictions on activities to curb the spread of the virus. This will further depress economic activities and cause disruptions in supply chains, which coupled with higher commodity prices, will exert upward pressure on inflation, complicating the task before the Monetary Policy Committee. Governments will also find themselves in a challenging situation. To address the economic stress — reports of migrants leaving cities have already started to surface signalling the extent of uncertainty and the underlying distress — governments may have to respond by providing greater support to the economy than has been visible so far. But slower than expected growth will also dampen their revenues, forcing them to borrow more, putting further pressure on bond yields. Ratings agency, Fitch, which recently affirmed India's "BBB-" sovereign rating, has warned that the outlook is negative, as there continues to be uncertainty over the country's debt trajectory following the deterioration in public finances. This economic uncertainty is unlikely to dissipate rapidly unless the COVID caseload begins to decline. Thus the primary objective of governments, at all levels, should be to expand the relief provided, ensure the availability of basic medical supplies, and work towards a dramatic ramp-up of the vaccination programme.

HINDUSTAN TIMES, NEW DELHI 26-4-2021

Economic fallout of the second wave

Editorial

As India completes the first month of fiscal year 2021-22, it is facing a severe second wave of Covid-19 infections

As India completes the first month of fiscal year 2021-22, it is facing a severe second wave of Covid-19 infections. Daily cases continue to remain high. Some parts of the country are under lockdowns or similar restrictions, and more are expected to join them. The Nomura India Business Resumption Index had fallen to 83.8 in the week ending April 18. This will most probably go below 80 in the week ending April 25 and could fall further in the days to come. All this suggests that the second wave will extract a large economic cost. Usual economic indicators, however, will not capture the true magnitude of this cost. The reason is a favourable base effect, on account of the 68-day lockdown, which was imposed on March 25, 2020.

For example, the index of eight core sector industries for March will be released this week. It contracted by 4.6% on a year-on-year basis in February 2021. We could see a statistical improvement in the number March onwards because it suffered a huge contraction March 2020 onwards. These numbers were a contraction of 8.5%, 37.9% and 21.4% in March, April and May 2020. The same logic will hold for other economic indicators. It is extremely important that these numbers, skewed by the base effect, do not lead to complacency on the economic policy front.

The Controller General of Accounts will release the provisional revenue and expenditure situation of the central government for the fiscal year 2020-21 soon. Media reports suggest that revenue collection has surpassed the revised estimates. But this does not mean all is well. Petroleum taxes have played a big role in pushing up indirect tax collections. There are genuine doubts on the sustainability of this route without stoking inflation. And the revised estimates themselves were a sharp reduction from the budget estimates. If the GDP growth for 2021-22 is compromised because of the second wave, then revenue numbers for 2021-22 could also disappoint. This will adversely affect spending too. Both the Centre and states are focused on boosting medical infrastructure to save lives at the moment, and rightly so. This, however, should not lead to negligence on the vaccination front, either in terms of poor states being left behind in procuring vaccines or vaccine makers being unable to expedite supplies.

Immediate universal vaccination is the only effective stimulus at the moment.

THE PIONEER, NEW DELHI 16-4-2021

Socio-economic divides in 2021

Bindu Dalmia

As a nation, we must tear down all the obstacles that impede the participation of women in the economy, even those of the mind

Along expected lines, the post-COVID economic data point to a widening of three pre-existing divides: The gender divide, increasing asymmetries between the incomes of the rich and the poor, and an increasing rural-urban digital divide. As each of these inequalities are subjects that need targeted policy interventions, the focus in this post is on the World Economic Forum's Global Gender Report 2021, wherein India has slipped to the 112th ranking among 153 countries.

India, home to 0.65 billion women, has widened its gender gap from 66.8 per cent a year ago to 62.5 per cent this year. The decline is seen on multiple sub-index parameters, like the labour force participation falling from 24.8 per cent to 22.3 per cent; the share of women in senior managerial positions being as low as 14.6 per cent; estimated earnings being one-fifth of men; the political empowerment index has regressed by 13 per cent wherein ministerial berths for women have declined from 23.1 per cent in 2019 to 9.1 per cent.

Gender equality is a basic human right enshrined in our Constitution and its achievement has multiplier socio-economic benefits. India is committed to the timelines of the Sustainable Development Goals (SDGs) set by the United Nations which place gender parity at the heart of bringing a gender perspective to all development initiatives. However, the COVID-triggered economic stress will defer the timelines for achieving the SDGs by 2030.

The post-pandemic policy initiatives require increased gender-specific budgeting and recovery strategies: The Modi Government's flagship schemes that positively impacted women during the first term are an outcome of closely aligning with the Gender Responsive Budgeting (GRB) norms of the 'UN Women'. The GRB is a globally-followed "best practice" among nations which allocates fiscal expenditure with specific gender perspectives. Though the Magna Carta of Women (1999) required that the Governments allocate at least five per cent of the GDP to address gender issues, the amount allocated towards women's welfare has stagnated in recent years. The Union Government releases the 'Gender Budgeting Statement' consisting of two parts. The first part reflects women-specific schemes in which 100 per cent allocation is only for women. The second part reflects pro-women schemes in which 30 per cent of the allocation is for women.

In the recent years, while some schemes have achieved transversal benefits like the Jan Dhan Yojana, DBT and MNREGA, specific gender-targeted schemes have made significant improvements in the socio-economic living conditions of women. However, the funds allocated for the GRB are limited to less than five per cent of the public expenditure, and shrink to about one per cent of the GDP, making it necessary to significantly increase these budgetary outlays. The NITI Aayog estimates that India will have to increase its gender-specific spend by an additional 6.2 per cent to comply with the SDG targets.

Upskilling women to adapt to the changing nature of jobs: The job market has undergone a tectonic shift since COVID, so the nine-to-five model is no longer the future. Deloitte's research shows that economic contraction is nudging companies towards hiring experienced freelancers.

Data point to the fact that this gig work model has found a growing traction, with 78 lakh women who had earlier dropped off from work have sought to revive their careers as the WFH concept has opened the floodgates for those who hold professional degrees combined with robust work experience. Therefore, while automation will displace many jobs, it will also create 90 million flexi-jobs in the next 10 years, according to the Boston Consulting Group.

Second, as self-employment and micro-entrepreneurship is expected to grow at an annual rate of 17 per cent and projected to reach $455 billion by 2023, State and cooperative banks must readjust their models to disburse loans at lower rates for priority sector lending to women because the data show that women have stronger saving habits and lower non-performing loans than men. As most women lack collateral and credit history to access formal lending, we need innovative ways to build credit history.

How much has gender inequality stunted India's economic progress? The lack of equal ownership of land, access to formal credit, the unfamiliarity of women with the latest technologies, high educational dropout rates as well as inequitable household and unpaid workload distribution have impeded Indian women's economic prosperity.

Gender inequality has, therefore, translated into enormous notional capital losses for India. The economic impact of achieving optimum levels of gender equality in India is estimated to be $700 billion of the added GDP by 2025. The IMF estimates that equal participation of women in the workforce will increase India's GDP by 27 per cent.

There is clear evidence: "When women do better, economies do better. That means we must tear down all obstacles that impede the participation of women in the economy, even the subconscious obstacles of the mind."

HINDUSTAN TIMES, NEW DELHI 19-4-2021

European Union looks to align with India on 5G to 'distance' telecom infrastructure from Chinese companies

Bloomberg

Europe wants to work with democratic partners including India to establish open and transparent standards as nations prepare to move to the new security protocol that should be part of every 5G value chain

The European Union (EU) will discuss 5G technology rollouts and the establishment of global security standards when leaders meet with India next month, as concerns grow about the dominance of Chinese telecom giants.

Europe wants to work with democratic partners including India to establish open and transparent standards as nations prepare to move to the new security protocol that should be part of every 5G value chain, Margrethe Vestager, the European Union's antitrust chief said in an interview.

"When we have a systemic rivalry, then we must come together to protect what is really important," Vestager said. "The way tech is used is a reflection of the system that we prefer, which is democracy."

Prime Minister Narendra Modi is scheduled to attend the India-EU summit in Portugal on May 8 to meet leaders from the 27-member bloc of nations for discussions on trade and security issues. The EU is India's largest trading partner.

India and many European countries, along with the US, have sought to distance their next generation telecom infrastructure from companies including Huawei Technologies Co. and ZTE Corp. amid concerns over their links with the Chinese government.

Nations including the US, UK, Australia and India have raised red flags about Chinese majors participating in building the networks. Chinese suppliers have been shut out of recent telecom auctions in India. While the US and Japan have announced their intention to invest in 5G research, the UK plans to build an alliance of democracies for safer adoption of the technology that's expected to spur growth post-pandemic and add $1.3 trillion to the global economy by 2030.

There's renewed focus on building common standards to ensure security across the 5G value chain, Vestager said. Standards would include agreeing on technical aspects like radio spectrum bands and interface technologies to be used by 5G networks and creating level-playing fields for local and smaller companies.

"It has been part of discussions we have had so far," she said. "And I would hope that this would be a common approach. Standard setting is one of the keys for a level playing field and for speed when it comes to digitalization."

The EU needs to invest $355 billion while India would need to invest over $70 billion to build its 5G network, according to the government.

HINDUSTAN TIMES, NEW DELHI 24-4-2021

France, Australia, EU extend help amid crisis

By HT Correspondent

Though the meeting between Jaishankar and Vestager largely focused on preparations for the virtual India-EU Summit next month, the two leaders also discussed India's Covid-19 response.

France, Australia and the European Union (EU) on Friday offered support and solidarity to India as it grappled with a massive surge in coronavirus infections that has stretched medical facilities across the country and resulted in shortages of oxygen and medicines.

French ambassador Emmanuel Lenain tweeted a message from President Emmanuel Macron about providing support for India's Covid-19 response, while cooperation on pandemic-related issues figured in a virtual meeting between external affairs minister S Jaishankar and European Commission executive vice-president Margrethe Vestager.

"I want to send a message of solidarity to the Indian people, facing a resurgence of Covid-19 cases. France is with you in this struggle, which spares no-one. We stand ready to provide our support," Macron was quoted as saying by the French envoy.

Though the meeting between Jaishankar and Vestager largely focused on preparations for the virtual India-EU Summit next month, the two leaders also discussed India's Covid-19 response. "Appreciated the support offered by EU on Covid challenges currently faced by India. Confident that EU will help strengthen our capabilities at this critical juncture," Jaishankar tweeted after the meeting.

Noida, India - April 24, 2021: Amrapali Silicon City high rise in Sector 76 has created isolation rooms inside the society with trained nurse and stocked up on Oxygen and medicines. Entry of maids, delivery executives is banned inside society and society staff delivers essentials to covid affected flats in PPE kits, in Noida, India, on Saturday, April 24, 2021. (Photo by Sunil Ghosh / Hindustan Times) To go with Ashni's story

European Council President Charles Michel too said in a tweet that the EU "stands in solidarity with Indian people amidst [the] resurgent #COVID19 pandemic". He added the fight against the virus is a "common fight" and said the EU would discuss its support and cooperation at the India-EU Summit on May 8.

Australian foreign minister Marise Payne extended solidarity to India "as it tackles this latest COVID-19 outbreak" and said in a tweet: "India's generosity and leadership in providing vaccines to our region is appreciated. We will continue to work together closely to respond to this global crisis."

Meanwhile, China on Friday said it was holding talks with India on sending assistance to New Delhi to fight the surge in Coronavirus cases, a day after offering to help with support.

"Based on the needs [of the] Indian side, we stand ready to offer support and assistance. We are now holding communications with the Indian side," foreign ministry spokesperson Zhao Lijian told a briefing in Beijing. He didn't give details of the assistance China intended to provide.

India on Friday recorded the world's highest daily tally of coronavirus cases for the second day in a row, with daily deaths too recording a jump. With 332,730 new cases, India's total caseload crossed 16 million, and the official death toll rose by 2,263 to touch 186,920, according to health ministry data.

As the cases surged, Canada announced it would temporarily bar passenger flights from India and Pakistan for 30 days as part of stricter measures to combat the spread of the coronavirus.

The government of Prime Minister Justin Trudeau acted after prominent opposition politicians complained Ottawa hasn't done enough to combat a third wave of infections in Canada. The ban will not affect cargo flights.

Canada's health minister Patty Hajdu said while Indian citizens accounted for 20% of all international arrivals, they represented more than 50% of positive tests conducted by Canadian authorities. "By eliminating direct travel from these countries, public health experts will have the time to evaluate the ongoing epidemiology of that region and to reassess the situation," she said.

France imposed a 10-day quarantine requirement for travellers from India, Brazil, Chile, Argentina and South Africa, while Indonesia on Friday announced a ban on all travellers from India that will come into force on April 25.

"The government has decided to stop granting visas to foreign nationals who live in or have visited India in the past 14 days," economic affairs minister Airlangga Hartarto, who heads Indonesia's Covid-19 handling and economic recovery committee, told a news conference.

Australia, Canada, the United Arab Emirates (UAE), Oman, the US, Britain and New Zealand have imposed travel restrictions on India or issued advisories against travelling to India.

OUTLOOK AFGHANISTAN, KABUL 17-4-2021

IMF to Approve $147M Extended Credibility Facility Arrangement to Support Afghanistan

(Khaama Press)

KABUL - Afghanistan Central Bank (Da Afghanistan Bank) on Thursday said that the International Monitory Fund (IMF) following the assessment of financial and economic reforms, has committed to providing 147 million dollars of aid funds to Afghanistan.

Based on a released reform assessment report on the financial and economic condition of Afghanistan, IMF reported the assessment completion of the first round of the new program Extension of Credit Facilities (EFC) for Afghanistan and encouraged the program to be successful.

The assessment will be presented to the executive board of IMF for further review in June of the current year, it will include 147 million dollars of donated funds to the Afghan government.

IMF assessment team will be discussing the expansion of structural economic reform with the Afghan officials, the team also appreciated the implementation of management activities and economical programs in the ongoing challenging conditions, especially during the Pandemic.

The team also indicated positive improvements on sustainable financial system of Afghanistan.

Meanwhile, Ajmal Ahmadi acting Director of Central Bank expressed his gratitude for a successful evaluation of the financial and economical reforms of Afghanistan.

Ahmadi stressed his commitment and struggle over the sustainable economy, financial and banking system reforms, increase in savings, fight against financial crimes like money laundering, fight against corruption, and clearing the coast for more job opportunities.

OUTLOOK AFGHANISTAN, KABUL 18-4-2021

Safety Concept Signed to Ensure Security of Afghan Section of TAPI

(ATN)

KABUL - Turkmenistan and Afghanistan have signed a safety concept agreement to ensure the security of the Afghan section of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, Turkmenistan's Ministry of Foreign Affairs reported.

According to Turkmenistan's Trend news agency, the signing took place on April 15 during a meeting between representatives of the two countries.

The Safety Concept is an important step in the timely implementation of the TAPI gas pipeline project, including the development of a Safety Plan and Protocol, which are annexes to the Host Government Agreement, the foreign ministry's report said.

The parties exchanged views on the ongoing work on the TAPI gas pipeline construction project and they discussed the implementation of measures to be carried out by the end of August this year.

The Turkmenistan–Afghanistan–Pakistan–India Pipeline (TAPI), also known as Trans-Afghanistan Pipeline, is a natural gas pipeline being developed with the assistance of the Asian Development Bank.

The pipeline will transport natural gas from the Galkynysh Gas Field in Turkmenistan through Afghanistan into Pakistan and then to India. Construction on the project started in Turkmenistan in December 2015.

The length of the Turkmen section of the pipeline will be 205 kilometers in length and will pass through the Afghan cities of Herat and Kandahar (816 kilometers), through the cities of Quetta and Multan across Pakistani territory (819 kilometers), and reach the city of Fazilka in India.

The pipeline's design capacity is planned to be 33 billion cubic meters of gas per year, and the project's cost – about $8 billion, Trend reports.

OUTLOOK AFGHANISTAN, KABUL 21-4-2021

Taliban Caused $1bn Damage to Afghanistan Infrastructure: Ghani

(Pajhwok)

KABUL - President Ashraf Ghani on Tuesday accused the Taliban of causing one billion US dollars damage to infrastructures in Afghanistan.

During a meeting titled 'Governance and human resources week' at the Presidential Palace, Ghani said that the Taliban were currently busy destroying the country's infrastructures.

He did not mention the period during which the damage was made, but said that the insurgent group in recent years caused destructions to the country worth a billion dollars.

"If they cannot construct infrastructures of the country, they should at least do not destroy them," he said. "With the dignified withdrawal of international forces from Afghanistan, a chapter of our international relations ended and a new season has opened."

Inauguration of 1,000 projects and announcement of 11,000 teacher positions

Ghani also announced 1,000 projects and 11,000 teacher posts during the meeting.

He said that the projects would be implemented in Balkh, Herat, Nangarhar and Kandahar provinces with local people contributing 21 percent to implementation of these projects.

The president said 11,000 teachers post would be filled through an open competition and all people would equally take part in the employment process.

The government's '100 days, 100 news' program launched on April 12 during which 28 projects were implemented in some provinces.

THE DAILY STAR, DHAKA 21-4-2021

Sputnik V vaccine: Russia offers to sell 2.5cr shots

Mohammad Al-Masum Molla

The Russian government has offered Bangladesh to either buy around 2.5 crore doses of Sputnik V Covid-19 vaccine or produce the shots locally with its assistance.

The foreign ministry has informed the health ministry about the recent communication from the Russian government in this regard.

"The government of Russia has proposed that it can either export around 2.5 crore doses to Bangladesh or help us produce the same number of doses locally by December this year in phases," Health Minister Zahid Maleque told The Daily Star last night.

He said the Russian government also offered exporting another 3.5 crore doses of the vaccine by April next year in phases.

"They have informed us that they can export the vaccine and are willing to assist Bangladesh to produce the vaccine locally," the minister said.

Asked whether Bangladesh is capable of producing such a huge number of vaccine shots, Zahid said they inspected several local drug manufacturers who were capable enough to produce the vaccine.

"We are considering the proposal positively. We will start detailed negotiations on issues like terms and conditions, pricing and shipment."

The move comes amid an uncertainty over availability of vaccine shots from Serum Institute of India (SII).

With Serum failing to comply with an agreement to supply three crore jabs of Covishield to Bangladesh in six instalments, the Bangladesh government started exploring alternative sources for shots in a desperate attempt to continue the ongoing inoculation drive against novel coronavirus.

Russia approved the Sputnik V vaccine for domestic use in August last year.

India recently approved the use of Sputnik V as the country faces shortages of jabs amid an intensifying second wave of the deadly Covid-19 virus.

The health minister said apart from Russia, some local companies have already started discussions on importing vaccines manufactured by US drugmaker Moderna.

"We need vaccines. If we want to inoculate 10 crore people, we need 20 crore doses. Even if it is one dose, we need at least 10 crore doses. This target can be achieved through initiatives at government-to-government or private level," he added.

Bangladesh had earlier signed an agreement to purchase three crore doses of Covishield from SII through its local agent Beximco Pharmaceuticals. As per the deal, the government was supposed to get 50 lakh doses a month. But till yesterday, the government has only received 70 lakh doses in two instalments.

In the meantime, New Delhi reportedly imposed a temporary restriction on all major exports of the Oxford-AstraZeneca vaccine made by SII to meet its local demands, reported global media.

Meanwhile, Foreign Minister AK Abdul Momen in a recent interview with the state-run news agency BSS revealed the Russian proposal.

Russia proposed manufacturingits Sputnik V vaccine in Bangladesh in collaboration with local pharmaceuticals under a co-production arrangement, he said.

"We agreed with them on co-production… though it's not finalised yet."

As per the proposal, Russia will provide the technology and Bangladeshi pharmaceutical companies will produce the vaccine here, Momen said.

"If things go well, it will be cheap and hopefully it will be better," he added.

THE DAILY OBSERVER, DHAKA 28-4-2021

Russia, China get nod to produce vaccine in Bangladesh

Observer Online Report

The government has permitted Russia and China to manufacture their Covid-19 vaccines through local companies in Bangladesh.

Cabinet Committee on Economic Affairs on Wednesday gave the approval in principle in a meeting, presided over by Finance Minister AHM Mustafa Kamal.

“The cabinet body has approved in principle the Health Ministry’s proposal to facilitate the production of Russia's Sputnik V and China's Sinopharm vaccines,” said Dr Shahida Aktar, additional secretary of the Cabinet Division, while briefing reporters after the meeting.

UNB adds: She noted that the government will purchase vaccine technology from Russian and China through direct procurement method (DPM) which means the Health Ministry will not require to follow any competitive bidding princess.

Dr Shahida Aktar said Russia’s Sputnik-V and China’s Sinopharm will be produced in Bangladesh using the facilities and logistics of different private pharmaceutical companies.

“No name of any specific companies was discussed at the meeting. But it was agreed in principle that the Russian and Chinese authorities will examine facilities and then things will be settled about who will produce the vaccines,” he added.

The approval from the government’s top authority came within a day of the government’s move to produce Covid-19 vaccines from Russian and China after India imposed a ban on the export of Oxford-AstraZeneca vaccine by Serum Institute to Bangladesh.

Mustafa Kamal said though Bangladesh approved Russian and Chinese vaccines’ local production, it will continue to its drive to have vaccine doses from India.

“We didn’t give up the hope about getting vaccine jabs from India,” he told the reporters.

SPOTLIGHT, KATHMANDU 17-4-2021

Nepal's Trade Deficit Widens With India, Narrows With China

By Agencies

Nepal's trade deficit has widened by 1.6 percent in the first eight months of the current fiscal year.

Trade deficit in the first eight months of the previous fiscal year was Rs. 849.33 billion while it is Rs. 863.2 billion this year.

In the overall, trade deficit with India has broadened by 9.7 percent while with China Nepal's trade deficit decreased by 6.9 percent in the first eight months of this fiscal year, according to the data revealed by the Nepal Rastra Bank.

The Nepal Rastra Bank data of the first eight months of the current fiscal showed that total export stood at Rs. 80.77 billion in the eight months of fiscal year 20/21. It was Rs. 74.90 billion in the same period of previous year. It is a 7.8 percent rise in comparison to the same period of the previous year.

Similarly, the NRB data showed that the total import stood at Rs. 943.98 billion in the first eight months of the current fiscal year. It was Rs. 924.2426 billion in the same period of the previous fiscal year. It shows that imports increased by 2.1 percent in relation to the same period of the previous year.

Trade deficit with India widened by 9.7 percent in the first eight month of the current fiscal year, according to the NRB data.

In this, total import from India rose by 9.8 percent. Total import from India in the current fiscal year is Rs. 622.3028 billion whereas it was Rs. 566.67 billion in the same period of the previous year.

Nepal's export to India this year compared to the first eight months of the previous year has risen by 11.3 percent. Total export for the first eight months is Rs. 58.19 billion whereas it was Rs. 52.27 billion in the same period of the previous fiscal year.

In the current fiscal year, there is a significant rise in the export of fruits to India. In the fiscal year 19/20, total export of fruit in the first eight months was Rs. 3.8 million however fruits worth Rs. 11.5 million was exported to India this year. There is 204.9 percent increment in the export of fruits this fiscal.

There is a significant fall in the export of Palm Oil to India in the current fiscal year. The total export of Palm Oil to India in the fiscal year 2018/19, 2019/20 was Rs. 10.33 billion, Rs. 18.31 respectively.

But in the first eight months of the current fiscal year, the total export of palm oil to India has just reached Rs. 0.4 million. In the review period of the first eight months of the current period, there is 100 percent decline in the export of this product.

Similarly, there is also a significant fall in the export of animal feed. The export of animal feed to India in fiscal year was Rs. 147.5 million in the first eight months of 2019/20. However, the export in the first eight months of the current fiscal year shrunk to Rs. 24.1 million. Therefore, there is an 83 percent decline in the export in the review period.

Export of Palm oil and cattle feed are the two items that have declined by more than 80 percent.

Out of the total export to India, there is decline in the export of more than 50 percent of these items in the first eight months.

Trade deficit with China in the first eight months declines by 6.9 percent. In the current fiscal year, the total export to China amounted to Rs. 613 million whereas it was Rs. 1.089 billion in the same period of the previous fiscal year. There is 43.7 percent decline in the total export.

In the first eight months, there was a rise in the export of Handicraft (Metal and Woolen), readymade garment and woolen garment. However, there is decline in the export of incense sticks and handicraft craft.

Total import of Nepal from China in the current fiscal year is Rs. 136.19 billion whereas it was Rs. 146.6522 billion in the same period of previous fiscal year. There is decline of imports by 7.1 percent in comparisons to the same period of the previous fiscal year. There is an increase in the import of garlic, glassware, medical equipment and tools, stationery, transport equipment from China. But imports of other items have been coming down.

THE KATHMANDU POST, KATHMANDU 19-4-2021

Import controls go as foreign exchange reserves swell

Prithvi Man Shrestha

Experts say that Nepal should increase earnings from other sources and not depend too much on remittance.

The government and the central bank have progressively removed controls on foreign exchange spending with currency reserves rising to comfortable levels.

Experts say that tossing out import restrictions is the right thing to do now, but authorities should keep an eye out for possible disruptions to remittance inflows due to Covid-19, what with tourism knocked out and export incomes reduced to a trickle.

Foreign aid and foreign direct investment are the two other major sources of foreign exchange. While foreign aid to Nepal has been on the rise, foreign direct investment has remained at a crawl.

As a start, the cabinet on October 8 last year lifted restrictions on the import of foreign alcohol and luxury vehicles costing more than $50,000 for the official and personal use of foreign diplomats, diplomatic organisations and foreign officers.

In March, the freedom to import such fancy automobiles was extended to all, and the government also allowed the import of betel nuts, peas, peppercorns and dried dates by imposing quantitative limits.

Furthermore, Nepal Rastra Bank lowered the daily import quota of gold to 20 kg from 10 kg, and permitted commercial banks to issue dollar cards for the procurement of foreign goods and services.

Authorities had placed controls on the import of these items in April last year in a bid to conserve foreign exchange following concerns that Nepali migrant workers might lose incomes with the pandemic potentially spreading in the labour destinations.

When the impact of the virus outbreak on remittance was less than expected, the government started loosening the purse strings last year. As of the first eight months of the current fiscal year, the country's foreign exchange reserves stood at $12.37 billion, sufficient to import merchandise and services for11.3 months.

“The main reason behind relaxing import controls on a number of items is the comfortable foreign exchange situation lately and revived economic activities,” said Prakash Dahal, joint secretary at the Ministry of Industry, Commerce and Supply. “Why should we restrict the import of these items without any reason?”

The ministry had proposed to relax imports of luxury vehicles, betel nuts, peas, peppercorns and dried dates. “Constant pressure from importers as well as potential revenue collection from the import of these items are other factors."

When the restrictive measures were applied last year, the Commerce Ministry was not even consulted even though it is responsible for proposing to impose or remove such restrictions. The government had placed controls on the import of these items last year at the Finance Ministry's behest.

Remittance inflows had shrunk in the early months of the lockdown which started on March 24 last year.

Contrary to expectations of a steep drop in remittance, inflows dipped by a marginal 0.5 percent in the last fiscal year 2019-20.

Even though the popular labour destinations in the Gulf Cooperation Council countries and Malaysia were severely impacted by the Covid-19 pandemic that left millions of expat workers with no choice but to pack their bags and leave, money continued to flow into the country.

In April last year, the World Bank had projected remittances to go down by 14 percent. The Central Bureau of Statistics too had forecast a reduction of Rs163 billion, or more than 18 percent.

Experts were pleasantly surprised to see remittance starting to swell with the start of the new fiscal year. As of the first eight months of the current fiscal year, remittance increased by 8.6 percent to Rs642.14 billion.

Apart from comfortable foreign exchange reserves that encouraged the government to do away with import controls, the Commerce Ministry was under pressure from different stakeholders including other government agencies to be kinder, officials said.

"Various stakeholders asked us why we were continuing to restrict the import of these items when economic activities were going on normally," said Dahal.

"Even the Customs Department was dissatisfied with the import controls as it saw import duties as a way for the government to boost revenue when it was facing a resource crunch."

Immediately after the government removed the restrictions, traders thronged the Department of Commerce and Supply Management to apply for approval to import betel nuts, peas, peppercorns and dried dates.

The massive demand prompted the department to suspend the issuance of import quotas to traders.

Central bank officials believe that the relaxation of import restrictions on these items will not strain the country's foreign exchange reserves.

"Immediately, there is no risk to the foreign exchange reserves even after the recent import relaxations on a number of products as remittance inflow has been growing and the level of foreign exchange reserves is very good," said Dev Kumar Dhakal, spokesperson for Nepal Rastra Bank.

He said that even though the new wave of coronavirus pandemic could affect jobs in the Middle East and other labour destinations, the possibility of a steep drop in remittance is unlikely considering last year's experience.

The central bank not only lifted restrictions on the import of certain products but also allowed banks to issue dollar cards.

"While the availability of adequate foreign exchange is one reason behind allowing firms and individuals to make payment through dollar cards, it was also necessary as such payments were taking place informally."

He said that this measure had not affected foreign exchange reserves much.

Experts say that it is not necessary for the government and central bank to control the flow of foreign exchange as long as the country has sufficient reserves.

"Having a large amount of foreign exchange is unutilised resources," said Nara Bahadur Thapa, former executive director of the central bank.

"At a time when economic activities are slowing and the economy has contracted, allowing utilisation of foreign exchange is a good idea. It helps create jobs and helps the growth of the economy."

According to experts, it is a sensible idea for the government to seek to raise more revenue from the import of previously restricted goods, given the increasing resources needed.

"Obviously, some traders have started to benefit from the removal of the ban on the import of betel nuts, peas, peppercorns and dates dried," said senior economist Keshav Acharya. "A majority of the imported goods are re-exported to India which has been helping Nepal to earn Indian currency as its requirement is high, but the country often faces a shortage."

The central bank has enlarged the list of goods that can be imported by paying US dollars. Nepal has also been purchasing Indian currency by selling US dollars for a long time.

Experts say that Nepal should not forget the fact that the source of foreign exchange earnings is limited, even though the recent relaxation in foreign exchange spending may have cheered individuals and firms.

Remittance is the biggest source of foreign exchange earnings, and any setback in the economy of the labour destinations could affect Nepal's foreign exchange earning capacity as the country's export earnings are limited and the recovery of the tourism sector is uncertain amid the new wave of the coronavirus pandemic.

"Even though we should not worry about foreign exchange reserves because of increasing revenue, we should also seek to increase the contribution of other sources of foreign exchange such as exports," said Thapa.

According to a recent report of the World Bank, Nepal has untapped export potential worth an estimated $9.2 billion.

The multilateral funding agency said Nepal could boost its exports twelvefold, which represents an opportunity to create around 220,000 new jobs, the report titled Development Update says.

“This shows that we can earn more from exports than remittance,” said Thapa. “We have to make efforts to realise this potential. If we make an effort, we can boost exports to a certain level in the short run and realise the full potential in the long run.”

SPOTLIGHT, KATHMANDU 23-4-2021

NEPAL’S ECONOMY

Growth At 2.7%

By Staff Correspondent

The World Bank’s recent study has shown that Nepal's economy will grow by 2.7 percent in 2021/022 fiscal year

With new upsurge and second wave of COVID-19, the world’s economy is facing an uncertain scenario. Nepal is no exception. As countries around the world have been announcing the stimulus packages to maintain the economic growth, Nepal is yet to make such announcements to provide incentives and relief to the industries.

Despite sluggish economic activities, there is a good sign for Nepal, as well. The World Bank says that Nepal’s GDP is projected to grow by 2.7 percent in the fiscal year 2021-22 and recover to 5.1 percent by 2023.

After contracting for the first time in 40 years in FY2020, Nepal’s economy is projected to grow by 2.7 percent in FY2021, driven primarily by services as social distancing measures continue to be relaxed and vaccines rolled out for priority populations. Agriculture is also expected to perform well, on the back of recent favorable monsoons. Exports could be a powerful platform to boost post-pandemic recovery and enable Nepal to transition towards green, resilient, and inclusive development, states the World Bank’s latest Nepal Development Update.

Upbeat by the World Bank’s recent report, Finance Minister Bishnu Poudel has already started the formulation of the budget giving focus to the areas which support Nepal’s growth.

Economy projected to grow by 2.7 percent in FY2021 due to easing of social distancing and good monsoons The update notes that the tourism sector may not fully recover without reforms to readjust to a post-COVID-19 tourism market. The current account deficit is expected to widen marginally in FY2021 to 1.2 percent of GDP as imports and remittances recover modestly while exports remain tepid. Revenue performance is also expected to remain weak. This coupled with additional spending on economic relief measures, vaccinations, and the resumption of project implementation should contribute to increase the fiscal deficit close to 7 percent of GDP in FY2021.

While the government has outlined a program to address the impacts of COVID-19 to mitigate the attendant risks to the outlook, the Nepal Development Update highlights the importance of improving export competitiveness for a resilient economic recovery.

“Nepal’s untapped export potential is estimated to be around US$9.2 billion, 12 times its actual annual merchandise exports,” said Dr. Kene Ezemenari, World Bank Senior Economist and lead author of the update. “This export potential represents an opportunity to create an estimated 220,000 new jobs, with significant implications for productivity growth. Realizing that potential is not unrealistic in the medium term.”

The report outlines six key priorities for Nepal to achieve its export potential. These include reforming the tourism sector for a quick and resilient recovery; simplifying and streamlining processes to attract more FDI; modernizing export promotion and upgrading exporters’ capabilities; reducing trade costs; investing in phytosantary and quality control-related infrastructure; and boosting digital trade and e-commerce for more opportunities linked to global value chains.

“Nepal's economy is on the path to recovery amid the severe impacts of the global COVID-19 pandemic which affected people lives and livelihoods, and businesses,” stated Honorable Finance Minister, Bishnu Prasad Paudel. “The recommendations that can help harness the potential of exports in supporting Nepal’s economic recovery are in line with the government’s policies and priorities. The Government of Nepal is working together with development partners and the private sector on a green, resilient and inclusive development agenda to help Nepal build back better and greener from the pandemic.”

The Government of Nepal’s relief, restructuring and resilience plan addresses the pandemic’s impacts from the immediate to the long term with a focus on a green, resilient, inclusive recovery. The first stage of the plan is focused on relief support to businesses and households most affected by COVID-19. In the restructuring phase or medium-term, the focus is on recovery through investments to promote and create green jobs that sustain the country’s natural capital base. In the long term, the plan focuses on sustainability and resilience for inclusive growth.

“We welcome the government’s planned reforms to support Nepal’s green, resilient, and inclusive development. This will be the foundation for Nepal to emerge stronger from the crisis,” stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. “We look forward to continued collaboration with the government and development partners in this effort, particularly on investments that harness Nepal's export potential to support a sustainable and resilient recovery."

"The Bank's report encourages us to work for recovery of our economy. Given the last six months' data, what I can say is that Nepal is in the right track to achieve almost 3 percent GDP growth in the coming fiscal year," said minister Poudel.

The outlook for Bangladesh, Nepal, and Pakistan has also been revised upward, supported by better than expected remittance inflows: Bangladesh's gross domestic product (GDP) is expected to increase by 3.6 percent in 2021; Nepal's GDP is projected to grow by 2.7 percent in the fiscal year 2021-22 and recover to 5.1 percent by 2023; Pakistan's growth is expected to reach 1.3 percent in 2021, slightly above previous projections.

Prospects of an economic rebound in South Asia are firming up as growth is set to increase by 7.2 percent in 2021 and 4.4 percent in 2022, climbing from historic lows in 2020 and putting the region on a path to recovery.

But growth is uneven and economic activity well below pre-COVID-19 estimates, as many businesses need to make up for lost revenue and millions of workers, most of them in the informal sector, still reel from job losses, falling incomes, worsening inequalities, and human capital deficits, says the World Bank in its twice-a-year-regional update.

The latest South Asia Economic Focus, South Asia Vaccinates, shows that the region is set to regain its historical growth rate by 2022. Electricity consumption and mobility data is a clear indication of recovering economic activity. India, which comprises the bulk of the region's economy, is expected to grow more than 10 percent in the fiscal year 2021-22—a substantial upward revision of 4.7 percentage points from January 2021 forecasts.

"We are encouraged to see clear signs of an economic rebound in South Asia, but the pandemic is not yet under control and the recovery remains fragile, calling for vigilance," said Hartwig Schafer, World Bank Vice President for the South Asia Region. "Going forward, South Asian countries need to ramp up their vaccination programs and invest their scarce resources wisely to set a foundation for a more inclusive and resilient future."

While laying bare South Asia's deep-seated inequalities and vulnerabilities, the pandemic provides an opportunity to chart a path toward a more equitable and robust recovery. To that end, the report recommends that governments develop universal social insurance to protect informal workers, increase regional cooperation, and lift customs restrictions on key staples to prevent sudden spikes in food prices.

THE KATHMANDU POST, KATHMANDU 28-4-2021

Nepal's economy to post modest recovery this fiscal year, says Asian Development Bank

ADB

Nepal's economy is anticipated to grow by 3.1 percent this fiscal year 2020-2021 ending mid-July from a contraction of 1.9 percent in the last fiscal year. But there are downside risks to the outlook on a resurgence of Covid-19 infections.

Nepal's gross domestic product is anticipated to grow by 3.1 percent in fiscal year 2020-2021 ending mid-July from a contraction of 1.9 percent in the last fiscal year 2019-2020, according to the Asian Development Outlook unveiled on Wednesday.

The outlook, the flagship economic publication of the Asian Development Bank, has estimated that Nepal's economic growth could recover from the low base in 2019-2020, as a result of the gradual lifting of nationwide lockdown since July 2020, and a pickup in domestic demand.

The ongoing vaccination campaigns against the coronavirus will help strengthen the economic impetus, it said.

But the growth estimate has not taken account of the government announced localized restrictions, which in Nepal's financial hub Kathmandu, will begin from Thursday morning for at least two weeks.

Nepali authorities have been grappling to contain the rapid rise of Covid-19 cases as experts fear that tens of thousands of people may have caught the infectious mutant strains emerging out of Nepal's immediate neighbour India.

"The Covid-19 contagion that seemed to have tapered off until end-March 2021 is now spreading rapidly. If strict containment measures that have been initiated to tackle this second wave of infections are necessary for a prolonged period in the remainder of this fiscal year, then economic growth will be lower than the forecast," said Asian Development Bank officer-in-charge for Nepal Sharad Bhandari.

Agriculture is expected to rise by 2.4 percent this fiscal year as paddy yield is likely to increase by 1.3 percent, owing to a good monsoon and increased acreage under production. Manufacturing and service industries gradually reopened following the end of the lockdown in July 2020.

The affected industries, including micro, small, and medium-sized enterprises have been receiving economic support in the form of concessional lending and refinancing of existing loans to mitigate the adverse effects of the downturn.

Construction began to pick up, while the completion of some major projects of the government is expected to boost economic recovery. The Upper Tamakoshi Hydropower is expected to begin its first phase of production, while water from the Melamchi Water Supply Project began flowing in March.

Overall, the industry is expected to grow by 2.5 percent after contracting by 4.2 percent in the last fiscal year. The services sector is expected to grow by 3.4 percent this fiscal year, though hospitality, travel, and tourism sub sectors will take a longer time to recover, the multilateral funding agency said.

The outlook forecasts inflation to moderate to an average of 5.0 percent, down from 6.2 percent in the last fiscal year, on the back of a good harvest, smoother supply chains, and subdued non-food prices.

The current account deficit is expected to widen from 0.9 percent of GDP in 2019-2020 to 2.5 percent in 2020-2021, owing to increased import growth.

Nepal's economic growth of 5.1 percent is envisaged for the next fiscal year 2021-2022 in anticipation of vaccination progress against Covid-19, regional and global economic recovery from this pandemic, assumption of a good monsoon leading to better harvest, and steady inflows of workers' remittance.

Inflation is forecast to remain contained at an average of 6.0 percent in the next fiscal year, assuming a better harvest, subdued oil prices and modest uptick in inflation in India, the major trade partner of Nepal.

The main downside risk to the outlook centres on a resurgence of Covid-19 infections.

The outlook said that political uncertainties and policy inconsistencies, as well as recurrent natural calamities like floods and landslides, could also undermine growth prospects. A weaker than expected regional and global recovery would limit employment opportunities abroad for Nepali workers, constrain remittance and earnings from exports, and dampen Nepal's growth.

DAILY NEWS, COLOMBO 19-4-2021

Colombo Port City to muster USD 15 bn FDI in next 5 years

Govt to woo multinationals to set up regional offices at Port City

Print Edition

The Colombo Port City project will help to elevate Sri Lanka from an average USD 1.5 billion per year FDI attracting destination to a US$ 15 billion FDI yielding destination in the next five years said State Minister of Money, Capital Markets and State Enterprise Reforms Ajith Nivard Cabraal at a Special Press conference on Friday.

The Minister said that to do this Sri Lanka has to offer 'something attractive' for the investors and to formulate this, the government tabled a gazette on March 23 to formulate the 'Colombo Port City Economic Commission'. The bill aims to provide for a special economic zone to establish a commission to grant registrations, licenses, authorizations and other approvals to operate a business in such economic zones.

"People are asking the government to make Sri Lanka another Singapore and the Colombo Port City will be the key to take the country to that level as well."

Multiple petitions have been filed in the Supreme Court last week against this proposed legislation on the Colombo Port City (CPC) and depending on the outcome the government would change the laws if required. The Minister said that one of the key points an investor looks at before investing is the 'Doing Business Index' which was over the 100+ mark in Sri Lanka. However, it has now been ranked 99th in the latest edition of the index, the highest-ranking achieved since 2015. It had been flagging at 114, 109, 110 and 111 marks for 2015, 2016, 2017 and 2018 respectively.

"While we are taking more steps towards bettering this which takes time we are offering a special package of concessions to woo investors for the CPC subject to countries sovereignty."

"We need to show investors that doing business in CPC is different and easier and for this, we will also introduce a 'One Stop Shop' concept where approvals would be made very easy and legislation would be put in place to protect investments. He said that the directorate of the CPC Commission would be appointed by President Gotabaya Rajapaksa and the President has the power to remove them as well. He also said that out of the land allocation for the government many investments would take place in it. "These include international, hospital, campuses and many Tourism related investments."

In addition, the Minister said that not only Chinese but several investment inquiries and visits to the Port City were also done by Europeans, Russians, Qatar and other countries. "We are also in the process to woo multinationals to set up their regional offices at the Port City and want to stress that the CPC is not only for Chinese investors and open to all."

DAILY NEWS, COLOMBO 20-4-2021

Port City to bring economic benefits for entire country'

Shirajiv Sirimane

Colombo Port City project will bring in far reaching economic benefits to entire Sri Lanka and especially to the Colombo business community.

Chairman Colombo Business Association Ariyaseela Wickramanayake said that it was wrong to say that Sri Lankans have been left out of the development of the Port City. Several local companies have already invested in it. "Browns Investments PLC, the strategic investment arm of the LOLC Group, has entered into a landmark agreement to partner China Harbour Engineering Company Limited to commence the Colombo International Finance Centre Mixed Development Project in the Port City (CPC) Colombo.My company, Master Divers too would invest in the Maritime sector operations of the CPC," he disclosed.

He also said that the commission bill that was gazetted too is a 'must' towards the progress of the CPC. This proposed Commission, aimed at making Port City Sri Lanka's first service-oriented specialised economic zone would also help to create a one stop shop granting approval in a matter of hours. Wickramanayake also recalled that the BOI zones too are created similar to Port City commission regulations and they have a separate set of laws but have never posed issues to Sri Lankans. Their investors too are offered huge tax benefits to woo them to invest in Sri Lanka since its creation in 1977. He said that his other company, Palwatte Dairies, was negotiating for three years to lease a 45 acre government land in Kurunegala to build Sri Lanka first export oriented dairy but have still failed.

"Investors come with the money and they want to sign up and start work the next day. They can't waste time for approvals and if this happens they would be snatched up by other countries."Wickramanayake said that Master Divers was one of the first companies to do a feasibility study over a decade ago and out of the 178 hectares of marketable land in the Port City, the Sri Lanka government will own and manage and make profits from 62 hectares of land. It's not right to say that Sri Lanka doesn't have a foot hold in it." CPC would be a catalyst for economic revival as it would provide over 83,000 high paying employment opportunities and will completely change the economic fabric of the nation."

Meanwhile, CBA Secretary Chaminda Vidanagamasaid that it would be their association and 25 of their associate associations that would protest the creation of CPC if it was detrimental to them. "We see demand for our wholesale products improving, land value moving up, house rentals increasing and in short, high volume of additional business due to the CPA." He said that the CPA will also bring in more Forex to Sri Lanka resulting in rupee stabilisation.

"Port City Project development is the single biggest investment in the history of Sri Lanka attracting not only Chinese but other investors from all over the world and will certainly benefit the Colombo business community in a big way."

DAILY MIRROR, COLOMBO 21-4-2021

Government invites Qatar and Oman to invest in Port City

The government explored the possibility of attracting investments to the Colombo Port City Economic Zone from Qatar and Oman, and would do it with India in the near future, a Minister said yesterday.

Money, Capital Markets and Public Enterprise Reforms State Minister Ajith Nivard Cabraal told Mirror Business that he discussed the matter with the authorities of these two countries during his recent visit to Oman and Qatar as the special envoy of Prime Minister Mahinda Rajapaksa. He said he invited delegations from these two countries to visit Sri Lanka for the identification of possible areas of investments.

"It will take place after the current bill on Port City is passed into law by Parliament," Cabraal said.

The State Minister said he would travel to India shortly to woo investments for the Port City.

DAILY NEWS, COLOMBO 29-4-2021

Sri Lanka raises US $ 653mn in SLDBs at slightly higher yields

(NF)

Sri Lanka raised record US $ 652.63 million in US dollar-denominated Sri Lanka Development Bonds (SLDB) at slightly higher yields in one of the largest single issuances that was concluded yesterday, in order to rollover US $ 693.89 million SLDB maturities falling on May 1.

In the auction held from April 22 to 28, the Public Debt Department (PDD) of the Central Bank offered up to US $ 750 million in nine months, one-year three months, two years, three years and three years nine months SLDBs under fixed rate arrangements to prospective investors.

Although the auction was slightly undersubscribed with only 88 percent of SLDBs being subscribed, the CB was able to attract bids worth of US $ 660 million.

The PDD accepted a vast majority of the bids to raise US $ 652.63 million at a weighted average fixed rate spread of 6.99-7.95 percent, up from 6.05-6.89 percent spread accepted in the previous auction held in January.

Accordingly, the PDD accepted bids worth of US $ 150 million in nine-month SLDBs at weighted average fixed rate of 7.4 percent, followed by US $ 151.97 million in one-year three months SLDBs at a rate of 7.59 percent, US $ 150.15 million in two-year SLDBs at 7.75 percent, US $ 200.03 million in three-year SLDBs at 7.95 percent and US $ 0.48 million in three years nine months SLDBs at 6.99 percent.

Notably, the PDD accepted all the bids received for two and four-year SLDBs. The three years nine months SLDBs saw a substantially lower demand with only US $ 0.53 million worth of bids.

The accepted interest rates were similar to the accepted coupon rates in the past three dollar-denominated International Sovereign Bond (ISB) auctions held outside of Sri Lanka, however, substantially below the current yields on the country's outstanding ISBs traded in the secondary markets.

The date of settlement of the SLDB issuance is set for May 3.

In addition to maturing US $ 693.89 million SLDBs on May 1, there are several large SLDB maturities on June 30, July 30 and also in August.

According to Money and Capital Markets and State Enterprise Reforms State Minister Ajith Nivard Cabraal, the government is planning g to rollover most of the SLDB maturities occurring this year.

DAILY MIRROR, COLOMBO 30-4-2021

Sri Lanka's Exports Being in sync with global and local developments

George I. H. Cook

The Sri Lankan Understanding, is geared towards exploring the path taken by Sri Lanka, an island nation in the Indian Ocean, which has experienced a vivid past and possesses the potential for a vibrant future. Bringing together academics, historians, diplomats, writers and key personalities, The Sri Lankan Understanding is aimed at filling a lacuna in society wherein comprehending that which has been, grasping realities, and understanding the opportunities ahead is sorely lacking.

The third episode on 'Sri Lanka's Exports: Being in sync with global and local developments' featured Subhashini Abeysinghe, an economist who specializes in international trade and is currently the Director of Research at Verité Research.

Her research focus has been on the Sri Lankan economy, private sector development, economic and trade policy, trade regulations, non-tariff barriers, trade facilitation, WTO and regional trade agreements. Possessing Bachelor's and Master's Degrees in Economics from the University of Colombo, and a Master's in International Law and Economics from World Trade Institute, University of Bern, Switzerland, she has also worked at the Ceylon Chamber of Commerce, the World Bank, Asian Development Bank, USAID, and GIZ.

Covering a gamut of areas on the Sri Lankan economy Ms Abeysinghe highlighted the journey of the economy and how it has changed since independence.

"She noted that at present the economy was less integrated with the global economy than in the 1950s. By using two indicators, the world market share of the country and the exports to GDP ratio, she stressed that the former was at 0.06% and had declined over the years, while the ratio is 1959 was 28% and was 14% today. Over the years the economy became less integrated with the world economy whilst the rest of Asia was far more integrated and was surging ahead"

She noted that at present the economy was less integrated with the global economy than in the 1950s. By using two indicators, the world market share of the country and the exports to GDP ratio, she stressed that the former was at 0.06% and had declined over the years, while the ratio is 1959 was 28% and was 14% today. Over the years the economy became less integrated with the world economy whilst the rest of Asia was far more integrated and was surging ahead.

She emphasized that if we wanted to feel good, we could compare ourselves with countries that do worse than us, but if we wanted to do better we should compare ourselves with countries that have done better than us and learn from them. She also stressed that Sri Lanka needed to compare itself with East Asia because these countries had done very well with international trade becoming a major factor that drove economic growth. Ms Abeysinghe commented on countries across South East and East Asia and explained that they had gone from low income to high-income countries through concerted policies in a short time frame.

"Strategizing the way forward, Ms Abeysinghe was of the opinion that if Sri Lanka wants to develop the export sector we need to be very globally oriented and really understand the big changes in the world and how we can effectively respond through flexible systems and processes"

Reflecting on 2011, she pointed out that Sri Lanka crossed the US$ 10 billion mark and a target was set to become a US$ 20 billion export economy market in 2020, but by 2019 the country had only gone to US$11.5 billion.

Explaining that analysts felt that the 20 billion target was modest at the time, she opined that doubling exports in a decade was not much considering other countries in the region. Bangladesh went from US$ 12 billion to US$ 24 billion in five years and Vietnam went from US$ 50 billion to US$100 billion in just four years. Hence the growth was indeed possible and was not an overly optimistic target but Sri Lanka was not able to achieve it.

Identifying factors that were causing challenges, Ms Abeysinghe pointed out that many raise the lack of diversification and that Sri Lanka is only in a few markets, but said that she disagreed with this general notion, stating that diversification is not the problem but a symptom as the export basket is out of sync with global demand and developments. Raising concern that more than having a small basket, we are probably in the wrong basket, she also discussed value addition and the enhancement process, wherein two-thirds of global trade is in intermediate products, which are parts and components and not the final products. While East Asian nations were fast to respond to this change they have become important stakeholders in this process.

Looking at the period from independence to the 1970s, Ms Abeysinghe observed that Sri Lanka's exports were based on agriculture and only 20% on industrial or manufactured products.

"Reflecting on 2011, she pointed out that Sri Lanka crossed the US$ 10 billion mark and a target was set to become a US$ 20 billion export economy market in 2020, but by 2019 the country had only gone to US$11.5 billion"

Thereafter with a transition in the late 1970s, the country reversed this ratio wherein 70% of our exports are in manufactured products and approximately 20% is in agriculture. However that export basket is heavily concentrated in one product and that has been so for the last three decades with further challenges encountered owing to reduced competitiveness, especially in the apparel and tea sectors.

Strategizing the way forward, Ms Abeysinghe was of the opinion that if Sri Lanka wants to develop the export sector we need to be very globally oriented and really understand the big changes in the world and how we can effectively respond through flexible systems and processes.

The need for attracting investment in a multiplicity of sectors to develop new products and penetrate new markets was another point that was raised. She stressed that an investment policy and framework were paramount in order to encourage investors into export-oriented sectors. Ms Abeysinghe also pointed out that Covid-19 can be an opportunity as it made changes in lifestyles with the rise of digital technology. Hence digitization and automation were critical for the future, as changes were unlikely to be reversed and would only be further enhanced as we progress forward.

THE SRI LANKAN UNDERSTANDING:

The Sri Lankan Understanding which is geared towards generating interest and intrigue in the multifaceted aspects of the country airs every Wednesday, with repeats on Thursday and Sunday on HiTV and is available on YouTube. The programme is for those keen on gaining a clearer perception of the historic features, and prospective facets of the pearl of the Indian Ocean, as it covers a gamut of issues.

THE NEWS, ISLAMABAD 18-4-2021

Pakistan to rein in $14bln govt owes to energy firms

Monitoring Desk

ISLAMABAD: Pakistan is finalizing a plan to address about 2.2 trillion rupees ($14.4 billion) of debt the government owes to the energy sector, a liability that's doubled in the past two years as power purchases outstripped demand, Bloomberg reported.

Islamabad aims to pay 400 billion rupees in late fees to several electricity producers by June in a deal to cut power costs, and will ask banks to restructure the remaining debt, according to Tabish Gauhar, special assistant to Prime Minister Imran Khan for the energy sector. The government had previously pledged to make these payments by February.

The government buys nearly all of the electricity produced in Pakistan, and a robust build-out of power plants has outpaced demand and forced the Khan administration to rack up massive debt.

Reducing energy sector liabilities is also of high importance since it is one of the International Monetary Fund's conditions for providing Pakistan with a $6 billion bailout loan.

If nothing is done to address the runaway costs, Pakistan's debt is slated to double to 4.5 trillion rupees by June 2023, Gauhar said.

Islamabad is looking at buying all of Pakistan's private fuel oil-fired power plants, including Hub Power Co.'s facility, at a one-time cost that will help it save at least 300 billion rupees on payments over the next seven years, he said in an interview.

Pakistan will increase electricity tariffs for end-users, such as households and businesses, over the next few years, Gauhar said.

The government will, however, explore ways to boost efficiency and lower costs in order to ease the burden on consumers, he added.

Gauhar said he personally would support a plan where the Guddu and Nandipur power plants will settle overdue payments with fuel supplier Pakistan State Oil Co. by giving them equity in their facilities.

The energy ministry also aims to incentivize refineries to make $2 billion worth of upgrades by providing operators with duty protections, he said.

The policy, which will be announced before the annual budget for the fiscal year starting July, will help boost competitiveness, as many refineries in Pakistan produce a type of fuel oil that isn't in demand anymore, Gauhar said.

THE NEWS, ISLAMABAD 25-4-2021

What's wrong with the GDP?

Sarmad Khawaja

Each year towards the end of May we look to the Federal Bureau of Statistics (FBS) to report the gross domestic product (GDP) numbers, which is the official word on the amount of new wealth we create during the year.

Policymakers see the GDP as a reliable measure of economic performance and make increasing it the main goal of economic policy.

This year, it will be closely watched to see how far we managed to come out of the economic hole of the previous two years. The rough forecasts of GDP reported last week by international agencies put its growth at about 1.5 percent, which sounds like an improvement, but only because its growth was even less in the previous two years. In reality, in the past three years, we became poorer in terms of GDP per head since we add about two percent more to our population each year.

Nevertheless, it makes little sense to look at GDP in isolation – because it is not the same thing as well-being. So, when policymakers look to it as a measure of performance, they overlook its distributional aspects. For instance, during 2013-17 – while GDP grew briskly by five percent and above each year – the wealth created was way out of step with gloomier data on illiteracy, disease, mal-nutrition, stagnating wages, which means that the lives of millions of poor people were no better. The message here is that misusing, misrepresenting GDP numbers and not qualifying them only cloud our judgement and deceive us of the truth.

So, what is wrong with our GDP? A number of things. The key issue is that because of rising income inequality a higher GDP very likely indicates more wealth for a few people at the very top. Being an aggregate number, GDP only indicates what is happening overall, which has little relevance to the ordinary people.

The following example makes this clear: if a billionaire steps into a Langar Khaana the average wealth of its patrons would shoot up by tens of thousands of rupees but none of them gets any richer. And, the patrons' average wealth falls back to a tiny amount as soon as the billionaire steps out of it.

This clarifies why ordinary people disregard what happens to GDP, because their daily experience – for instance, stagnating wages and falling purchasing power – is far from the 'average' reality the numbers claim to describe.

The question then is: since the ordinary people are not faring well, then who is benefitting from GDP growth? To get an idea who its beneficiaries are we look at the annual reports of nine private companies listed on the stock exchange, including textile mills, fertilizer, cement companies and banks.

It turns out, during the last two years, these companies made a whopping after-tax profit of Rs296 billion, of which Rs189 billion is the profit of only five banks. Mind you, these are just nine of 540 similarly large companies listed on the stock exchange. But even a slight look at corporate profits brings us closer to the answer, which is that a large chunk of national wealth goes to a handful of rich owners of companies and banks.

Rs296 billion is a big amount, as much as three quarters of the federal development package announced last week to uplift all of Sindh. Sizing it up with our welfare programmes reveals a pitiful reality: For instance, the monthly cost of the Ehsaas Kafaalat programme, claiming to give a meager Rs2,000 per month each to seven million poor people, sums up to just Rs14 billion. Even after adding to this the future cost of the Nashonuma programme, assuming it may help a million children, the cost sums to only Rs14.6 billion. It means annually the Ehsaas Kafaalat and Nashonuma programmes together give millions of poor people about as much money as goes in the pockets of a handful of rich people owning nine companies.

This speaks volumes about how pitifully small welfare programmes and development packages are. In other words, the discontent of millions of poor people is much starker than most people seem to realize or GDP numbers reveal.

The message here is that GDP numbers don't tell what is really going on in the country. And, it is important to track how GDP growth is allocated among different income groups. In technical language, such numbers are called distributional national accounts. They need to be prepared so that policymakers may be compelled to produce broad-based economic growth, and to spend far more on schools, health facilities, job creation, welfare programmes. Unless, that is, they don't want to know what such accounts might reveal, and so turn a blind eye to what is not measured.

Tracking growth and changing how GDP numbers are reported is the task of the FBS. But the FBS does not even do its current job well, which brings us to the other key issue in our GDP story – the integrity of its estimates. By integrity of GDP one means the weak, under-funded, under-manned, institutional setup of the FBS, which cripple its capacity to produce good official numbers. Their integrity took a plunge two years ago when the FBS was put under the control of the planning ministry, a major user of FBS numbers, apparently to save money. This defies the Statistics Act 2011, which guarantees the FBS' independence, and it flouts the UN's Fundamental Principles of Official Statistics, which requires that the official statistics agency should be impartial to government influence.

The FBS has to be set right. And how we measure economic success has to be fixed so that we may see the policies that benefit the rich as what they are. The government's job is to strengthen the FBS so that it may produce meaningful national accounts numbers.

THE NATION, ISLAMABAD 28-4-2021

Pakistan, Japan sign debt suspension agreements worth $367 million

Imran Ali Kundi

ISLAMABAD - Pakistan and Japan on Tuesday signed debt suspension agreements amounting to $367 million under the G-20 Debt Service Suspension Initiative (Phase-I).

Noor Ahmed, Secretary of Economic Affairs Division, and Kuninori Matsuda, Ambassador of Japan to Pakistan, signed these agreements in Islamabad. The signing ceremony was witnessed by senior officials of Japanese Embassy.

In the wake of COVID-19, the G20 countries, together with the Paris Club creditors, announced a Debt Service Suspension Initiative (DSSI) to provide much needed fiscal space to stressed countries in order to meet their urgent economic and health needs. The Government of Pakistan, taking advantage of this initiative, entered into negotiations with 21 creditor countries for debt suspension amounting to US$ 1.6 billion under DSSI Phase-I (April – December, 2020). The Government of Pakistan will repay the suspended amount in 4 years starting January, 2022.

On this occasion, Secretary EAD, reiterated his appreciation for the debt suspension provided by Japanese government. He highlighted that Japan is the 2nd largest bilateral lender to Pakistan. He also thanked the government of Japan for its generous support for fighting against COVID-19 pandemic. He lauded that Japan's timely support helped Pakistan save lives & livelihoods of millions during the testing times. He also acknowledged continued support of Japan for health, education, agriculture, infrastructure, disaster management and urban services including water supply, sanitation and waste management.

While speaking on the occasion, Ambassador Matsuda also reaffirmed Japanese support to Pakistan on issues of mutual interest. Japanese economic assistance has played and shall continue to play a vital role in the socioeconomic uplift of Pakistan, he added. Both sides reiterated strong commitment towards further expanding bilateral economic cooperation.

The concessional loans, which are subject to the debt deferral, have been utilized for infrastructure development such as roads, tunnels, power plants and grids, irrigation, water supply, drainage facilities in Pakistan from the early 1990s to the mid-2010s. These concessional loans have favorable conditions for Pakistan in terms of low interest rate, long grace and repayment period. Ambassador Matsuda said, "After the stability of Afghanistan is realized, I believe some of these projects must be a part of the connectivity between Pakistan, Afghanistan and Central Asia." Under this agreement, repayments for the debt and interest due between May 1, 2020 and December 31, 2020 will be rescheduled after June 15, 2022.

Economic shock caused by the outbreak of COVID-19 has continued on a global scale. Japan provided Pakistan with direct support of USD 9.5 million and multilateral support of USD 7.41 million to contain COVID-19, as well as the quick delivery of diagnostic kits and non-governmental support, all of which were on a grant basis. International solidarity on the medical and economical front is necessary to fight against infectious diseases with no borders. Ambassador Matsuda added, "This agreement, which we signed, represents Japan's solidarity with Pakistan on the economic front."

DAWN, ISLAMABAD 29-4-2021

Economic constraints and scenarios

I Hussain

There are some important policy issues that need immediate attention but do not get the priority they deserve in policy discussions about the future direction of the economy. This is because targets relating to the current IMF programme such as the size of the fiscal deficit or the debt-to-GDP ratio top the policy agenda as does the country's struggle with the consequences of the Covid-19 pandemic.

One way of compensating for short-term thinking is to create a 'Futures Thinking and Foresights Unit' of the type examined by the Asian Development Bank (ADB) in a recent report. The 'Futures Thinking and Foresights Unit' should induct experts in agricultural development and water resources management apart from economists and public health experts (the last because the age of the pandemic will persist for some years).

Pakistan is on the verge of becoming a food insecure country which is why the agricultural sector deserves, and should get, high priority. Currently, food price inflation allied to job losses caused by Covid-19 has pushed many under the poverty line.

The Food and Agricultural Organization (FAO) has published a report ('The state of food security and nutrition in the world 2020') in which they report that 68.7 percent of Pakistan's population in 2017 could not afford a 'healthy diet" which is defined as one "intended to meet all nutrient intake requirements and to help prevent malnutrition in all its forms".

With the area under glaciers – which are a source of water for our rivers – in northern Pakistan receding each passing year because of higher average temperatures and rainfall in 'barani' areas becoming more erratic due to climate change, the country should undertake a major water conservation and storage programme. The low hanging fruit in this regard includes investment in installation of drip and sprinkler irrigation systems, land leveling, and proper lining of canals and water courses.

The water conservation strategy should be tied to job creation. A good example of how to create rural jobs is the road map provided by the National Rural Employment Guarantee Act (NREGA) enacted in 2005 in India when Dr Manmohan Singh was prime minister.

The NREGA guaranteed 100 days of paid work to adult members of rural households willing to do unskilled manual work at the statutory minimum wage notified for the program by the state governments. By most accounts, the NREGA enabled an increase in real wages in the off-season by increasing the bargaining power of landless labour while reducing the incidence of rural poverty.

A thought experiment related to future cropping patterns is whether Pakistan will even be able to cultivate sugarcane by the end of this decade when the country's water stress will be a binding constraint on farmers' choice of crops.

Sugarcane is a water intensive crop. Thus, according to a recent Pakistan Institute of Development Economics study's estimate, the sugarcane crop uses three and a half times as much water per acre as an acre planted with cotton.

One newspaper interview quoted a Pakistani sugarcane scientist's observation that sugarcane cultivation consumes water equal to the annual equivalent of the storage capacity of the Mangla Dam – a stunning revelation to say the least. Since no rebuttal has been offered to this expert's observation, one can only presume that it is an accurate assessment. One inference is that when the country subsidizes the export of sugar it is also subsidizing the export of scarce water.

Pakistan is about the only country in the world where its citizens riot if sugar prices are deemed to be too high. Refined sugar is a product that is a pure carbohydrate and has no vitamins or minerals. Its consumption is associated with diabetes, fatty liver disease and heart disease, to mention but a few health problems it gives rise to.

As a nation we may have the proverbial 'sweet tooth' since our sugar consumption at about 25 kg per capita per annum is above the world average of 22.5 kg per capita but that is a facile explanation for our sugar fixation. A possible answer is provided by the FAO report cited above which found that the large majority of Pakistani citizens have an 'energy sufficient diet', albeit not one that is 'healthy'. In other words, people eat what they can afford to meet their minimum caloric needs and sugar provides a quick energy fix. Unsurprisingly, owning a sugar mill is a virtual licence to mint money.

The emphasis on 6-7 percent GDP growth without undertaking structural reforms of the economy is challenging because of the balance of payments constraint. A working paper by two ADB economists, Kristian Rosbach and Lilia Aleksanyan, reviews Pakistan's economic statistics from 1980-2017 and concludes that annual GDP growth at a rate consistently exceeding four percent in Pakistan is a harbinger of a balance of payments crisis. The authors indicate that to tackle the growth conundrum the economy needs structural reform; they could have added that the balance of payments problem is also a reflection of the fact that Pakistan's saving and investment rates as a percent of GDP are far too low to sustain growth rates higher than four percent.

Climbing the ladder of development through exports, as advocated by many economists, is much more difficult today than it was forty years ago. Thus, exporters of textiles and textile products, which account for about 60 percent of Pakistan's exports, should be prepared for the fact that supply chains will be reconfigured in favour of reshoring in the post-pandemic era.

An ILO report ('Robotics and reshoring: Employment implications for developing countries') with an essay by David Kucera on the apparel and footwear industry examines this issue. One of the companies reviewed by Kucera is US-based SoftWear Automation that designs and builds robots specialized in sewing.

Softwear Automation calls their robots "sewbots". Currently these sewbots can produce one t-shirt in 22 seconds; however, plans are ongoing to diversify into production of dress shirts and jeans that are more complex to manufacture. One can anticipate that the cost of apparel production in developed countries will be competitive with apparel produced in developing countries within the foreseeable future once other advantages to home production such as reduced transportation cost, lower inventory carrying cost, and the ability to respond promptly to fashion trends are factored in.

Pakistan should therefore pivot towards export opportunities in the field of digital services. But then we have to upgrade our education and human resources capabilities to a much higher standard if we are to compete on an equal footing with other developing countries having the requisite IT capabilities.

Another cause for concern is the frequent change of finance ministers. If Prime Minister Imran Khan had shown the same faith in his first pick for the position, Asad Umar, as he has shown in his choice for Punjab's chief minister, Umar would in my view have proven equal to the brief assigned him.

This is not because he is a whiz-bang economist (of which there is no shortage in Pakistan) but because, as a front-line politician, he has skin in the game. Besides his approach to problem solving is analytical and he asks the right questions. Also, qua politician, he would have had additional degrees of freedom in negotiations with the IMF. Argentina's pas de deux with the IMF is a case study in how politicians can work with the IMF to mitigate the impact of Fund-sponsored austerity programs.