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THE INDIAN EXPRESS, NEW DELHI 8-6-2021

‘India is at the front and centre of America’s engagement in the region’

Express News Service

The US-India relationship is a central feature of our goal, which is a free and open Indo-Pacific region. It has the potential to emerge as the most consequential partnership of the 21st century.

Lindsey W Ford, Deputy Assistant Secretary of Defense for South and Southeast Asia; and Katrina Manson, US Foreign Policy and Defense correspondent, Financial Times.

At the second event of the series ‘India’s Place in the World’, a collaboration between The Indian Express and Financial Times, senior policy leaders spoke on India’s diplomatic position in the new world order, and its evolving ties with the United States and China.

Lindsey W Ford, Deputy Assistant Secretary of Defense for South and Southeast Asia, was in conversation with Katrina Manson, US Foreign Policy and Defense correspondent, Financial Times.

On Indo-US Relations

The US-India relationship is a central feature of our goal, which is a free and open Indo-Pacific region. It has the potential to emerge as the most consequential partnership of the 21st century. The defence relationship, in particular, has made great strides in the recent years — driven by our shared values and converging strategic interests. The commitment to this relationship is deep, and you have seen it move consistently across various administrations in the US. In June 2016, and then again in 2017, the US designated India as a major defence partner. Last year, the US completed the signing of four foundational defence arrangements that allow us to take our military cooperation to the next level. Right now, the Biden administration and the Department of Defense have positioned India at the front and centre of our engagement in the Indo-Pacific region.

On handling the Covid-19 crisis as partners

The US is committed to fast-tracking the assistance on a bilateral relationship, and also working multilaterally with India and other partners to pool and distribute resources. That commitment starts from the top. President Biden announced earlier this week that the US will be sending 80 million vaccine doses to countries around the world in the coming weeks. We’ve made this commitment not as an effort to curry favour with specific countries, but because we think that America’s recovery won’t be complete until we can actually help our friends and partners recover as well.

We’ve worked with USAID and colleagues across the US government to rapidly procure PPE, test kits,

pharmaceuticals, and thousands of oxygen concentrators and cylinders. On the defence side, we have also been working with the Indian Air Force to assess options for additional capabilities and supplies through mutual logistics arrangements, which is why these kind of foundational agreements matter on a practical basis. India, obviously, is going to continue to play a critical role in the region’s recovery as well, even as it moves out of its own crisis.

On Secretary Lloyd Austin’s recent visit to India

Secretary Lloyd Austin’s visit to India in March 2021 really reaffirmed the significance of our defence partnership. We talked about how we can elevate this partnership looking forward, including through closer military-to-military ties, by enhancing our defence trade as well as regional security cooperation. Thus far, Navy cooperation has been a key pillar of our defence partnership, but we are expanding to the army and air force, which complements the moves that India itself is making toward an increasingly joint structure in their military.

THE PIONEER, NEW DELHI 7-6-2021

US-India ties to take on China

SP Shahi/Sumit Kumar

There are structural and practical factors that are bringing India and the US together to join hands against China

The rise of China as a major economy and military power has been a major development in the 21st century. While China’s economic clout is being felt across all the regions of the world, it has also been aggressively pursuing its military modernisation programme. Though China has been projecting its ascent as a “peaceful rise”, the truth is that Beijing has begun to redefine the prevailing power structure in its favour in Asia, leading sections of international relations experts to argue that the rise of China must be seen in the historical context of the rise and fall of great powers.

Unfortunately, for a long time in the post-Cold War era, the US too had the illusion of China’s “peaceful rise”. While it was only after the coming of President George W Bush to power that the US began to view China as a major strategic competitor, the US under Donald Trump launched a trade war against China and also initiated efforts to strengthen the relationship with its allies and partners under the overarching umbrella of the Free and Open Indo-Pacific (FOIP) Strategy with the aim of having the “sole superpower status” in the region.

Of course, the change in the approach of the US towards China has been driven by several factors, including China’s increasing control over the South China region, improved ties between Beijing and Moscow, the Chinese Communist

Government's support to Iran and North Korea, its aim to become a major space power and China's increased threat to Taiwan, besides its attempt to subvert the liberal international institutions. Consequently, these moves by China, coupled with an increasing trade surplus with the US, have directly challenged America's eminent position in Asia and beyond.

But there is now a growing sentiment among the US security officials and experts that, given its economic conditions as well as its security commitments in the Middle East and elsewhere, it is not possible for the US alone to ensure peace and security in the region and thereby to contain China's assertive posturing. At the same time, there is also an emerging understanding among the strategic circles in Washington that the US' unilateral actions against China could not garner much support from other regional powers as they are aiming to promote a multi-polar world order in the Indo-Pacific.

It is in this context that successive US Presidents since George W Bush have deliberately invested in transforming ties with the rising powers, like India, so that a strong and unchallenged balance of power can be developed against China. Thus, the Trump Administration placed India at the centre of the FOIP strategy. India has also explicitly indicated its desire to work with the US to promote security, openness, democracy and development in the region. In turn, India and the US have taken a slew of measures, including the signing of the Communications, Compatibility and Security Agreement to transform their security and defence relations to new heights. The Biden Administration has also indicated towards continuing his predecessor's Indo-Pacific strategy.

Undoubtedly, there are structural and practical factors bringing India and the US together against China. For the US, a rising India, conditioned by democratic values, the idea of freedom and the principle of coexistence, is not seen as a threat to its leadership position in Asia. In fact, given the size of India's territory, population, economy, military, geographical proximity and historical border dispute with China and its desire to emerge as a global player, Washington views New Delhi as the most suitable balancer against Beijing. India's "Act East Policy" has also been viewed in conformity with the US' strategy towards the Indo-Pacific. India's open willingness to work with the US in recent times has been an encouraging development for the American administration.

For India, the relationship with China has largely remained fragile and tense and Xi Jinping's recent assertive posturing on the contested border issue has only intensified its security concerns.

China's support to Pakistan against India and Beijing's efforts to foster a new nexus among China, Pakistan and

Russia, as well as to develop a "String of Pearls" against India through the Belt and Road Initiative and other means have further posed multilayered challenges to India. Therefore, India needs to build a strong and robust partnership with the US to effectively contain China. India thinks that the presence of the US in South Asia will help maintain a balance of power in its favour. Without gaining access to US' advanced weaponry and technology, India cannot modernise its military and the US' changed policy towards Pakistan has also emboldened India to make close engagement with America.

While it becomes aptly clear that the current phase of the triangular relationship is tilted towards India and the US, its future direction largely depends on Biden's China policy.

THE INDIAN EXPRESS, NEW DELHI 15-6-2021

India-China relations, a year after Galwan

By C. Uday Bhaskar

Galwan is a major punctuation in the troubled bilateral relationship and India has come off second best in the Ladakh 'scuffle'.

In June 2020, PLA troops "surprised" India in the Ladakh sector of the contested LoAC (line of actual control) where the Indian Army lost 20 lives, including that of Colonel Santosh Babu in the Galwan valley.

In a welcome move, Defence Minister Rajnath Singh on June 12 approved a revised policy on how India compiles, archives and disseminates its war documents and related history. As per the new policy, once an operation/war is completed, the first cut of history is to be prepared and disseminated for internal circulation within five years. Whether this first draft of history is to be placed in the public domain or not, will be determined on a case by case basis, depending on the sensitivity of the operation/war. Predictably, the Henderson Brooks-Bhagat report relating to the 1962 war with China, which is still under wraps, will not be part of the new policy. Apparently, another committee will take a view on previous wars.

Unveiling this new policy on the eve of the first anniversary of the Galwan "scuffle" on June 15 has complex symbolism about India's strategic culture and the opacity cum ostrich-act that envelops its China policy in particular. From all accounts, with Prime Minister Narendra Modi at the helm, India's bilateral relationship with China seemed more than buoyant and the image-rich Modi-Xi summitry that moved from Ahmedabad to Wuhan to Mamallapuram conveyed a sense of shared bonhomie. However, this optimism was clearly misplaced and the tea leaves were not read astutely.

In June 2020, PLA troops “surprised” India in the Ladakh sector of the contested LoAC (line of actual control) where the Indian Army lost 20 lives, including that of Colonel Santosh Babu in the Galwan valley. The PLA also lost their troops, though the official number admitted is only four personnel.

Galwan is a major punctuation in the troubled bilateral relationship and India has come off second best in the Ladakh “scuffle”. Delhi has to contend with an altered LoAC and a Beijing that has decided to violate the 1993 Jiang Zemin-Narasimha Rao agreement. Carefully shaped narratives about the military defending national sovereignty and territorial integrity are crucial for any political leadership — authoritarian or democratic — and Galwan has special salience for both China and India.

While India has interpreted Galwan as a case of Chinese perfidy and places the onus on Beijing to restore the status quo, the view from China is very different. In the run up to the July 1 centenary of the CCP (Chinese Communist Party), the PLA action against India is being projected as a case of guarding the border and defending the motherland. A Chinese flag “once raised on Pangong Lake” is being taken by elite PLA troops from units posted along the LoAC to educational institutions to stoke pride in military and muscular nationalism, wherein the military reiterates its allegiance to the party as represented by President Xi Jinping. The CCP in turn has accorded unto itself the sacred duty of defending the territoriality of the motherland and Galwan is being accordingly consecrated.

India’s narrative about Galwan remains opaque and there has been no detailed official statement from the Ministry of Defence on the current tactical situation in Ladakh. PM Modi’s statement soon after the Galwan incident (June 20, 2020) that, “No one entered Indian territory nor were Indian posts taken” has set the obfuscation template about transgressions by the PLA.

Recently in May this year, the Army Chief General M M Naravane noted in an interview: “There has been no transgression of any kind and the process of talks is continuing.” If indeed there has been no “transgression” then what is the meaning of insisting on a return to the pre-Galwan status quo?

From a policy perspective and in keeping with the latest directive about military operations and narratives, the Galwan anniversary should encourage the government to set up an independent panel of experts to review the institutional lapses that led to an altered LoAC in the Ladakh sector.

Concurrently, Delhi will need to objectively review and anticipate what the PLA may embark upon next, perhaps after the CCOP centenary. Beijing has staked an expansive

territorial claim that includes Arunachal Pradesh and the completion of the Lhasa-Nyingchi high-speed railway network by end June has multiple tactical and strategic implications. This railway line would terminate at a point that is less than 15 kilometres from the LoAC north of the Tuting sector in Arunachal Pradesh.

Galwan could have a silver lining if it encourages Delhi to review its China narrative in an objective and unvarnished manner and craft affordable and effective long-term strategic/security policies that are not clouded by political compulsions.

HINDUSTAN TIMES, NEW DELHI 3-6-2021

India’s balancing act in West Asia

By HT Editorial

Recent statements by India at the UN and its agencies have dropped references to the country’s traditional support to the “just Palestinian cause” and Palestinian foreign minister Riad Malki has expressed concern at India’s abstention at the UNHRC vote

The recent Israel-Hamas conflict puts the spotlight on one of the dilemmas of India’s West Asia policy — the need to balance the country’s traditional and long-standing support for the Palestinian cause with the growing embrace of Israel as a strategic partner and supplier of hi-tech military hardware. India condemned the rocket fusillades of the Hamas, which resulted in the death of an Indian national, and described Israel’s military actions as retaliatory, even as it noted that both had caused immense suffering and led to deaths, including those of women and children. India’s abstention when the United Nations Human Rights Council (UNHRC) voted on May 27 to set up an inquiry into rights violations during the Israel-Hamas conflict has to be seen in the context of this balancing act.

New Delhi’s decision to abstain was possibly influenced by the fact that the resolution to institute an inquiry was introduced at UNHRC by Pakistan on behalf of the Organisation of Islamic Cooperation (OIC). But this cannot take away from the fact that there has been considerable global criticism of Israel’s military actions in the Gaza Strip, especially the targeting of civilian structures and even a building housing media organisations. Recent statements by India at the UN and its agencies have dropped references to the country’s traditional support to the “just Palestinian cause” and Palestinian foreign minister Riad Malki has expressed concern at India’s abstention at the UNHRC vote.

The historic shifts in West Asia triggered by the Abraham Accords must be a factor in New Delhi’s evolving stance on the region. But while preserving its strategic relationship with Israel, India would do well to reiterate its long-standing

values, and nudge the Israelis and Palestinians towards a meaningful dialogue. Take the best from the old principles, weave in the new reality, and carve out a balance.

THE INDIAN EXPRESS, NEW DELHI 8-6-2021

For India, G-7 is an opportunity to expand ties with West

By C. Raja Mohan

The growing convergence of interests between India and the West does not mean the two sides will agree on everything. (Illustration by C Raja Mohan)

This week's summit of the Group of Seven industrial countries hosted by the United Kingdom in the picturesque Cornwall region promises to be a definitive moment in the political evolution of the West. The summit, which will see the digital participation of Prime Minister Narendra Modi, also marks an important step towards a new global compact between India and the West.

That the West is in terminal decline has been the conventional wisdom since the global financial crisis of 2008. It has since gained much traction thanks to the rapid rise of China, deepening divisions within the West during the Trump years, and the chaotic response in North America and Europe to the Covid-19 pandemic.

In his first tour abroad as the US president, Joe Biden wants to reverse the global perception of a flailing West. President Biden, who declared that "America is back", wants to demonstrate that the collective West is an enduring force to reckon with under renewed American leadership. For Delhi, the G-7 summit is an opportunity to expand the global dimension of India's growing partnerships with the US and Europe.

In his week-long visit to Britain and Europe, Biden will travel from the UK to Brussels to confer with the leaders of the long-standing US military alliance, the North Atlantic Treaty Organisation (NATO) and join a summit of the US and the European Union. He will wrap up his tour by meeting Russian President Vladimir Putin in Geneva. In calling for the normalisation of relations with Russia, Biden seems ready to take a fresh look at Washington's fraught relationship with Moscow early on in his presidency.

If President Donald Trump's "America First" policies weakened the West, Biden is determined to strengthen US alliances and draw India into a new global architecture. The challenges from an increasingly aggressive China, the urgency of mitigating climate change, and the construction of a post-pandemic international order are generating an unprecedented convergence between the interests of India and the West.

Biden's quick elevation of the Quad (which brings the US together with Australia, India and Japan) to the summit level in March was about defining a new agenda for a particular geography, the Indo-Pacific; India's current engagement with the G-7 is about global issues.

To be sure, this is not the first time that India is participating in the G-7 nor is it novel to have G-7 leaders invite different countries to join them in extended consultations with leaders from the non-Western world. The difference this time is the conception behind Prime Minister Boris Johnson's invitation to the leaders of India, Australia, South Africa and South Korea to join the G-7 summit this year.

Johnson wants to build a coalition of leading democracies to "help fight and build back better from the coronavirus and create a greener and more prosperous future". The idea of a global democratic coalition that is based more broadly than the geographic West has gained ground in recent years. And India is at the very heart of that Western calculus.

For India, too, the Cornwall summit comes amidst intensifying strategic cooperation with the West. This includes strong bilateral strategic cooperation with the US, France, UK as well as the Quad and the trilateral partnerships with France and Australia as well as Japan and Australia. India has also stepped up its engagement with the European Union.

There is no doubt that the increasing intensity of this engagement with the US and the West has been triggered in part by the continuous deterioration of the relationship with China. The frequent military crises at the northern frontiers — in 2013, 2014, 2017 and 2020 — have compelled Delhi to reevaluate its threat perceptions.

Besides the threat to territorial security, India finds that its hopes for strong global cooperation with China— through such forums as the RIC (Russia-India-China forum), BRICS (Brazil, Russia, India, China and South Africa) — have taken a big beating in recent years. China is the only great power that does not support India's permanent membership of the UN Security Council and blocks India's membership of the Nuclear Suppliers Group.

At the end of the Cold War, Delhi believed that Beijing was a natural partner in the construction of a multipolar world to limit the dangers of a unipolar world dominated by the US. Delhi now can't escape the conclusion that China is the greatest obstacle to India's global aspirations and the West is an emerging partner.

If in the past Delhi resented the Western tilt towards Pakistan on the Kashmir question, it is China today that rakes up the Kashmir question in the UNSC. India has relied on Western support to fend off China's effort to internationalise the Kashmir question after the 2019 constitutional changes. The West is also more empathetic

than China on India's international campaign to contain Pakistan's support for cross-border terrorism.

The growing trade imbalance with China and the negative impact of Chinese imports on India's domestic manufacturing saw Delhi walk away in 2019 from the Beijing-dominated Regional Comprehensive Economic Partnership (RCEP). After China's aggression in Ladakh last April, India has also sought to actively limit its exposure to Chinese investments and technology.

India is not only reluctant to integrate with the China-led Asian economic order, but it is also turning to the West — the US, UK, EU and others — for trade agreements. India is also eager to emerge as a critical node in future supply chains oriented to the democratic world, including in the area of vaccine production.

Although Delhi's China problem has become acute and Moscow has moved closer to Beijing in recent years, India has been reluctant to abandon its longstanding ties with Russia. That approach had come under stress as US-Russia ties deteriorated rapidly. Delhi now hopes that a renewed dialogue between Washington and Moscow leading to a relaxation of tensions between them will ease India's navigation among the great powers.

The growing convergence of interests between India and the West does not mean the two sides will agree on everything. After all, there are many areas of continuing divergence within the West — from the economic role of the state to the democratic regulation of social media and the technology giants.

It will surely not be easy translating the broad convergences between India and the West into tangible cooperation. That would require sustained negotiations on converting shared interests — on reforming the global economic order, mitigating climate change, promoting greener growth, making the world immune to future pandemics, and constructing trusted supply chains — into concrete outcomes.

Looking east and mobilising the south have been India's default political orientations all these decades. While Delhi continues to strengthen its partnerships in Asia and the global south, a more productive partnership with the West helps secure a growing array of India's national interests and adds a new depth to India's international relations.

OUTLOOK AFGHANISTAN, KABUL 1-6-2021

India and Peace in Afghanistan: Challenges in Perspectives

Dr. Rajkumar Singh

India's traditional friendship and understanding with Afghanistan derailed decades ago when Taliban was created

in 1994 and two years later took power in Kabul in 1996 but ousted in post-9/11 by the American and Western forces in course of the war against the terror. Contrary to India, Pakistan remained on good terms with Taliban from the beginning and both worked in Afghanistan and outside it against the Indian influence and interests and this is why India had viewed Taliban with suspicions, a power who plays in Pakistan's hands and hence not suitable for Afghan interests. On the other side, over the years Taliban became a potent force in the country and came back from 2003 onwards as an insurgent group ready to fight against both-American and Western powers' army and forces of the Afghanistan government. After some years of fighting in the year 2007-2008 the idea of talking with Taliban was explored in London and it was formalized in 2010 but failed to see the light of the day. Similarly, Americans tried to talk with Afghan Taliban directly in 2012-2013, but it was not liked by the then President Hamid Karzai. Earlier in 1990s Taliban also wanted to talk with India but later denied the offer because of its deep connections with Pakistan and it would bestow political legitimacy to a movement that ran counter to India's interest and agreed to negotiate peace with other concerned forces in Afghanistan. Now, in past some years, the situation has been totally changed and all stakeholders including United States, Afghanistan government and other negotiators as well have accepted the fact that no peace negotiation in Afghan is possible without the active support and participation of the Taliban and most of them want to talk with Taliban alone to take the credit in bulk. At the juncture, involvement of US, China and Russia, the opposite force in themselves, have made the whole matter not only complicated but political too and pushed the process toward uncertainty.

Peace and development in Afghanistan

As always, and particularly in the case of present Afghanistan there can not be sustainable peace without sustainable development as the country has been for more than four decades facing foreign interventions and the resulting conflicts among intra-Afghan powers backed by the super/big powers of the time in which its neighbour has also played a role in both ways, mostly working with anti-government forces. The development works in Afghanistan remained all along the years and decades following the Soviet intervention in December 1979 till date the last agenda of the government as it was busy in making peace a reality in the larger interest society of Afghanistan. Except some years of Taliban's regime India has always been helping Afghanistan from the days of President Najibullah, but started large scale construction works which include-rebuilding of air links, power plants, and investing in health and education, training of Afghan civil servants, diplomats and police. In the context, the road construction and other works done by the Indian Army's Border Roads

Organisation in remote Afghan provinces deserve special mention because it would help minimize Afghan's economic dependency on Pakistan. Apart from signing the three Memorandum of Understandings for strengthening cooperation in the fields of rural development, education and standardization, both countries signed several agreements to complete the schemes and projects initiated by India. Even the present government of India headed by Narendra Modi is also taking equal interest in development of Afghanistan and establishing a durable peace in the country.

India and peace in Afghanistan

In comparison to other things, peace in Afghanistan is the most urgent and required necessity because two decades of continuous war have destroyed the economy, social capital, productive foundation of the society and virtually shattered the social services all over the country. As a result, it has the highest number of landmines, the largest refugee and disabled population and the highest rates of infant mortality. In case of Afghanistan all peacemaking efforts are aimed to seek a high-level political negotiation in order to craft a political settlement and end the prevailing violence for the all-round development of the country at the earliest. For India, Afghanistan is very important in terms of bilateral and regional considerations and New Delhi is always keen to know whose position is going to strong in Kabul and although, Taliban is near to Pakistan but it did not like to be projected in this way as it is not suitable for leadership who are bound to prove their independence on questions like Afghan's boundary dispute with Pakistan. At the juncture, India should come out to find a sustainable peace in Afghanistan as there is a widespread public desire for the same and so India cannot afford to remain aloof. Earlier alike, today India is definitely concerned about the American withdrawal from Afghanistan.

Latest developments

In a major breakthrough on February 29, 2020, The United States and the Taliban signed a peace agreement in Doha, Qatar, and as per terms of the agreement America agreed to an initial reduction of its armed forces from 13,000 to 8600 by July 2020, followed by full withdrawal within 14 months if the Taliban keeps its commitment. The US has also committed to close its military bases within 145 days and expressed its intent to end economic sanctions on Taliban by August 27, 2020. The deal was supported by China, Russia and Pakistan, although it did not involve the government of Afghanistan. To implement the further provisions of the agreement in which involve intra-afghan issues are to be taken up on March 10, 2020 in Oslo and now the matter is between the Taliban and the Afghan government. The deal concluded between the US and the Taliban is also viewed by nations differently. Both China

and Russia are happy because it is not in their interest to have American presence in the region beyond a point. Iran and Pakistan are also happy for the reason known to all, while India is anxious about the post-withdrawal scenario of Afghanistan which will decide the future of peace and development in the country as well. In the circumstances, New Delhi too should take part in peace negotiations and shed its earlier perceptions about Taliban as now, it has become a recognised party of the peace process in Afghanistan.

OUTLOOK AFGHANISTAN, KABUL 5-6-2021

Ukrainian, Afghan Foreign Ministers Hold First Conversation in 13 Years

(UKRINGFORM)

KYIV - As part of the implementation of the Asian strategy of the Ministry of Foreign Affairs of Ukraine, Kuleba had a phone conversation with Minister of Foreign Affairs of the Islamic Republic of Afghanistan Mohammad Haneef Atmar. This was the first contact between the Ukrainian and Afghan foreign ministers since 2008.

“Ukraine and Afghanistan are united by long-term friendship and mutual respect. Ukrainians support Afghans in their efforts to restore peace in the country and build an inclusive society. The time has come to open a new page in bilateral relations for the benefit of our peoples,” Kuleba stressed.

In turn, Atmar supported Kuleba's proposal to hold consultations between the Foreign Ministries this year in order to discuss practical steps for the development of cooperation between Ukraine and Afghanistan in the political, trade, security and educational spheres.

The ministers noted the significant opportunities for the participation of Ukrainian companies in the implementation of infrastructure projects in Afghanistan, in particular in the regions affected by the armed conflict.

“Last year, trade between Ukraine and Afghanistan amounted to USD 7.17 million. This figure absolutely does not correspond to the potential of the two countries. We should jointly make sure that the volume of trade increases significantly in several years,” Kuleba said.

He also named other priority areas of cooperation, namely: military-technical cooperation, study of Afghan students in Ukraine, and the supply of Ukrainian food products to ensure food security in Afghanistan.

A separate topic of conversation was Iran's downing of Ukrainian PS752. “The interlocutors agreed that the ultimate goal of the efforts should be to ensure justice in relation to the victims of the tragedy and their relatives,

regardless of nationality, and to prevent the repetition of such a crime in the future,” the report reads.

The ministers also discussed cooperation between Ukraine and Afghanistan within the framework of international organizations, in particular the UN.

In conclusion, Kuleba and Atmar shared invitations to exchange visits at a convenient time.

As Ukrinform reported, Afghanistan will continue to play an important role in the International Coordination and Response Group for Victims of Flight PS752, but will not be directly involved in future negotiations.

OUTLOOK AFGHANISTAN, KABUL 6-6-2021

7 Issues Being Discussed with Turkmenistan, Says Atmar

(Pajhwok)

KABUL - Foreign Minister Mohammad Haneef Atmar says Iran is playing an important role in reinforcing regional consensus on peace in Afghanistan.

Atmar made the remarks during a meeting with Iranian Ambassador to Afghanistan Bahador Aminian in Kabul on Friday.

The foreign minister and the Iranian diplomat conferred on the importance of further strengthening cooperative bilateral relations.

The two sides discussed ways of cementing cooperation in areas of trade, investment and infrastructure development, IRNA reported.

Holding meetings of the joint economic commission and finalising a comprehensive cooperation document also came up for discussion.

The ambassador renewed Iran’s support to Afghanistan in different sector, particularly for peace negotiations. He hoped the talks would lead to permanent peace.

THE DAILY STAR, DHAKA 10-6-2021

Pandemic, Rohingya Crisis: Dhaka, Tokyo agree to work together

Diplomatic Correspondent

Bangladesh and Japan have agreed to work together to tackle the Rohingya crisis and the challenges posed by the pandemic.

The consensus was reached when Japanese Ambassador Ito Naoki called on State Minister for Foreign Affairs Shahriar Alam MP at his office on Tuesday.

They also discussed bilateral relations and issues of common concerns, said a foreign ministry statement.

Both sides recalled Father of the Nation Bangabandhu Sheikh Mujibur Rahman's groundbreaking visit to Japan in 1973 which laid the rock-solid foundation of the bilateral relations.

The state minister conveyed his deep appreciation for Prime Minister Yoshihide Suga's recent participation at the event celebrating Bangabandhu's birth centenary and the golden jubilee of the Independence of Bangladesh.

The two sides agreed to commemorate the 50th anniversary of the establishment of their diplomatic ties in 2022 in a befitting manner.

Shahriar Alam thanked Japan for the Covid-19 related assistance.

He briefed the Japanese envoy on the initiatives taken by the Bangladesh government to combat the pandemic and sought Japan's support in continuing its fight. The ambassador assured the state minister of continued support.

Shahriar said in case the 1.1 million Rohingyas are denied the opportunity to return to their ancestral homes in Myanmar, the situation could have ramifications for regional and international security and stability.

He also urged Japan to use her influence to persuade Myanmar and the international community to create an environment conducive for the safe and dignified return of the Rohingyas to Myanmar.

The ambassador reiterated Japan's commitment to support Rohingya repatriation.

Shahriar Alam hoped that the Bay of Bengal Industrial Growth Belt (Big-B) Initiative of Japan would accelerate cooperation for development of quality infrastructure and create more investment opportunities in Bangladesh. These, he added, would strengthen regional connectivity.

They also reviewed the progress of the Japan funded major development projects.

Recognising Bangladesh's leadership role in the climate change discourse, the ambassador expressed the interest of Japanese investors in clean energy.

SPOTLIGHT, KATHMANDU 15-6-2021

KP Oli Government, Covid-19 And Vaccine Diplomacy

By Nishesh Dhungana

China was eager to help Nepal with vaccines, but the government seemed hesitant to request its neighbor. The reason is that it didn't want to provoke India on this emergency health pandemic

As Nepal struggles for COVID-19 vaccines amid the rising death numbers from Covid 19, China pledged to support on Vaccines and other necessary medical equipments.

Recently Nepal received 800,000 of one million vaccine doses after President Xi Jinping and President Bidhya Bhandari had a phone conversation.

Nepal passed through severe deficiency of essential lives saving medical supplies including oxygen and vaccines in recent period.

Nepal's vaccines scarcity raised after India was not able to provide 1 million doses of vaccines, known as Covishield, as cases in India was rising to peak and its Supreme Court ordered on prohibition of vaccine exports.

Due to these reasons millions of senior citizens, who received the first dose of Covidshield few months back are waiting for next dose to vaccinate.

While Nepal's two giant neighbors – India and China – have supplied the country with life-saving medical needs but vaccine diplomacy has also proved tough for Kathmandu. Nepal government was on difficult position from India's concern not to approach for support from China. China was eager to help Nepal with vaccines, but the government seemed hesitant to request its neighbor. The reason is that it didn't want to provoke India on this emergency health pandemic.

Beijing, meanwhile, will also benefit from its vaccine diplomacy as it competes for influence in South Asia, where India has traditionally been the dominant power in this region.

These measures of China will further effectively support developing countries in their fight against the pandemic and restoring economic development, and provide a powerful boost to the construction of a global community of health.

Aside from the deadly second waves of virus, Nepal's need for vaccines was also driven by the necessity to vaccinate its people after the PM KP Oli government declared mid-term elections in November.

Also Coronavirus variant that is being linked to Nepal has been found in many people in the UK and is a mutated version of the strain identified in India.

Experts have alerted ministers to the new virus which has apparently also spread to several European countries. The report in some international media regarding the detection of the Nepal variant of covid 19 virus are not true and authentic recently issued a notice by of the Ministry of Health and Population. The ministry also urged all not to spread such disinformation without acquiring adequate information and verification from relevant agencies.

PM Oli and His Government

President Bhandari, who has a mostly ceremonial role has been highly criticized and opposed supporting PM KP Oli on his every motives and actions. Likewise PM Oli and President Bidhya Bhandari jointly are ignoring the values of Constitution in very undemocratic and unconstitutional intentions to remain in power of long period as dissolving the parliament two times in few months. Especially PM Oli is not following the norms of the Constitution and showing characters of an autocratic and dictator ruler, neglecting his opponents and breaching rules of law and citizens rights.

The government instead of focusing more on controlling spread of the virus and saving the lives of the people and managing the hospitals, oxygen, and vaccines, it has dissolved the parliament and announced for costly midterm polls. Thus only hope and trust remain present in Nepali people are now in Supreme Court, Chief Justice Cholendra S. Rana and Judges where hearings are happenings for fair judgment by restoring the House and paving way out for next new government and postponing election.

Further Oli government has not been able to provide economic relief packages for people who need the most like laborers and daily wage workers who are in massive economic hardships and other necessary supports for the safety and protection of frontline medical and security workers. The expenses of health and medical care in private hospitals are very expensive where people find very hard to afford their urgent treatments. As in this time of severe health and economic crisis and Nepali people are not prepared for expensive elections as they do want to vote these old generation of political leaders and aspire for new young leaders who are honest, visionary and trustworthy.

DAILY MIRROR, COLOMBO 8-6-2021

Resolution against SL in U.S. Congress Sri Lanka says it is against U.S. policy under Democrats and Republicans

By Kelum Bandara

Sri Lankan embassy in Washington said it appeared to be influenced by a coterie of sympathisers of the LTTE in the US Congress

Reference to a war and a civil war in the resolution was misleading since it was an internal conflict between the government forces and a separatist terrorist organisation

Sri Lanka, in a detailed response to the 'Resolution No.H.RES.413 introduced by Representative Deborah K. Ross in the U.S. House of Representatives, said this draft was at significant variance with the U.S. policy adopted both under Democratic and Republican administrations.

Sri Lanka has submitted its response countering points in the resolution at length to the State Department. The resolution

has been introduced by Representative Deborah K. Ross along with four other Representatives, namely Johnson, Danny K. Davis, Sherman and Manning.

Asserting that there are many misrepresentations in the Resolution, Sri Lankan embassy in Washington said it appeared to be influenced by a coterie of sympathisers of the LTTE in the US Congress to carry forward the separatist agenda of the LTTE – a proscribed terrorist organisation in 32 countries including the USA.

Sri Lanka said the reference to a war and a civil war in the resolution was misleading since it was an internal conflict between the government forces and a separatist terrorist organisation.

Sri Lanka said the Resolution ignores the fact that the Sri Lankan Forces were fighting against the LTTE which remains listed as a Terrorist Organisation in 32 countries, including in the U.S. since 1997.

Attention has been drawn to the fact that the Federal Bureau of Investigations (FBI), named the LTTE in 2008 as the ‘most dangerous and deadly extremists’ in the world by whose ‘ruthless tactics, inspired terrorist networks worldwide, including Al-Qaeda in Iraq’.

Daily Mirror learns that the resolution ignores the present government’s appointment of a Presidential Commission of Inquiry (CoI) headed by a sitting Supreme Court Judge to review the findings of preceding Commissions and Committees, including the Lessons Learned and Reconciliation Commission (LLRC).

The Sri Lankan embassy says that Sri Lanka’s withdrawal from co-sponsorship of the UNHRC Resolution 30/1 has no nexus with the ‘Easter Sunday’ terror attack. The present government was elected through a free and fair democratic election process with a two-thirds majority. Also, the embassy rebuffs assertion in this resolution that the north and the east are ‘traditional Tamil homeland’.

“Sri Lanka is a multi-ethnic, multi-religious, multi-cultural, multi-lingual society, with communities living side by side as documented through our written records of history of over 2000 years. In fact, more Tamil speaking people live in other parts of Sri Lanka than those who are in the Northern and Eastern provinces,” the embassy said.

*** The resolution ignores the present government’s appointment of a PCoI headed by a sitting Supreme Court Judge to review the findings of preceding Commissions and Committees

DAILY MIRROR, COLOMBO 11-6-2021

Chinese envoy wants better policy framework for investments to take root in SL

By Kelum Bandara

Chinese Ambassador to Sri Lanka Qi Zhenhong, in his remarks to Sri Lanka Investment Forum has suggested Sri

Lanka to create a better policy framework in order to attract foreign investments to the country.

The ambassador said it is important for the Sri Lankan government to ensure consistency, stability, transparency and effectiveness of its investment policies to the greatest extent. “As such, China and Sri Lanka need to promptly continue efforts to carry out medium and long-term plans for investment cooperation and development between the two countries agreed upon in 2017. At the same time, negotiations on the China-Sri Lanka FTA should be resumed as soon as possible. If a timely agreement can be reached, it will certainly further promote our bilateral trade and investment,” he said.

Elaborating on Sri Lanka’s uniqueness for attracting investments, he said its strategic location in South Asia and proximity to key shipping routes connecting Asia and Europe were the main factors in this regard.

“This shipping lane covers two-thirds of the world’s crude oil shipment transportation and half of container transportation. As the maritime hub between East and West, Sri Lanka is endowed with easy accessibility to Southeast Asia, South Asia, the Middle East, Africa and Europe having great potential for investments in logistics parks and overseas warehousing.

Next is its enabling policy framework. After ending the civil war in 2009, the Sri Lankan government has strived to incrementally improve the regulatory framework for foreign investment, better the investment climate, actively seek cooperation opportunities and negotiate trade agreements with its partners. As the agency built specifically to administer foreign investments, the Board of Investment has done tremendous work in promoting and encouraging foreign businesses to invest in

Sri Lanka. In the meantime, Sri Lanka has established over ten government-led export processing zones, industrial parks and other platforms dedicated to drive investments. Through these platforms, the investors enjoy different types of benefits in areas such as review and approval, tax incentives, foreign exchange control, land leasing, and supporting services, and thus are more inclined to invest. The brand-new Colombo Port City and the up and running Hambantota Port project are also platforms of similar nature that the Sri Lankan government strongly supports. I do hope our Chinese companies will seize this historical opportunity,” he said.

However, he said there were also some bottlenecks one might encounter in the process. “Firstly, Sri Lanka’s industrial sector is not that strong having a relatively small-scale economy. Its supply chain development and supporting facilities are far from perfect. Secondly, though the policies to attract foreign investment are in place,

problems such as lack of concrete measures, cumbersome administrative procedures, lengthy coordination process among government agencies and inefficiency in decision-making etc still exist at the implementation stage. Much remains to be done in terms of investment facilitation. Thirdly, Sri Lanka has a dynamic environment of public opinion. Among the diversified views, unfortunately, at times there are baseless accusations and attacks on Chinese businesses,” he noted.

DAWN, ISLAMABAD 2-6-2021

Redefining Pak-US relations

By Zahid Hussain

WITH the last of the American soldiers packing to leave Afghanistan, post-9/11 US-Pakistan relations have come full circle. Originally touted as a strategic alliance, it morphed into a transactional one over the years. With American forces leaving Afghanistan, there is now a move to reset the alignment. There is, however, no indication yet of the relationship moving away from the Afghan pivot.

While the foreign policy priorities of the Biden administration are more or less defined, there is no likelihood of any major shift in its policy towards Pakistan. For the past several years, Washington has seen Pakistan purely from the Afghan prism and there is no indication that the Biden administration will be deviating from that policy approach.

Relations are likely to remain largely transactional with some convergence of interest between the two in the Afghan peace process. Pakistan's support remains critical for America's exit from Afghanistan and to bring to an end the two-decadelong war in the region. Fast-changing regional geopolitics including Pakistan's growing strategic nexus with China may also cast a shadow over the Biden administration's policy towards Islamabad.

It has been six months since the Biden administration took over, but there has not been any contact between the two erstwhile allies at the highest level. Except for a few telephonic conversations between senior American officials and the Pakistani civil and military leadership that largely revolved around Afghan conflict, there have not been any serious negotiations that could define the framework of the future course of bilateral ties.

Lot of importance has been attached to the recent meeting between US National Security Adviser Jake Sullivan and his Pakistani counterpart Moeed Yusuf in Geneva. It was the first faceto-face high-level official contact between the two governments. The meeting was reportedly held at very short notice. Jack Sullivan was attending a conference in the Swiss city.

A short joint statement issued after the talks said: 'Both sides discussed a range of bilateral, regional, and global issues of mutual interest and discussed ways to advance practical cooperation.

There is, however, no indication yet of the Biden administration willing to redefine its relationship with Pakistan beyond America's regional security prism.

Pakistan is not only still important for the US for a smooth exit from Afghanistan but also for its post withdrawal security plans in the region. In a recent statement, a Pentagon spokesman said that the Biden administration is in negotiations with Pakistan and other regional countries on the option of having US bases there.

Apparently, the US wants a presence in the region as part of its efforts to counter the global terrorist groups making Afghanistan the centre of their activities after the withdrawal of foreign forces. Washington also wants Pakistan to continue providing the US overflight access to Afghanistan after the troops' withdrawal. Surely after entering into an alliance with the US after 9/11 Pakistan did allow the use of its airbases for US planes in the invasion of Afghanistan. But those were closed down several years ago.

Pakistan has also provided ground and air lines of communication for supplies to Nato forces operating in Afghanistan. But they were closed for the supply of weapons. Pakistani officials have denied that any negotiation on military bases is being held with Washington. But the controversy over the issue refuses to die.

It remains unclear whether or not US Secretary of Defence Lloyd Austin raised the issue of bases in his last telephonic conversation with army chief Gen Qamar Bajwa. The US officials would not comment on whether any serious negotiations on a 'possible basing agreement' is underway.

But it is very clear that the US wants to 'stay in the game' in Afghanistan and sees a role for Pakistan in this game. US Secretary of State Antony Blinken in a recent interview to BBC declared that it was in Pakistan's own interest to do so. He made it very clear that the US was only withdrawing its troops from the country and was not leaving Afghanistan.

This makes Pakistan's predicament more serious. The Afghan endgame remains tricky with the postponement of the peace conference in Istanbul after the Afghan Taliban's refusal to attend it. This has jeopardised the possibility of the Afghan government and the insurgent group reaching an agreement on the future political set-up in Afghanistan before the American withdrawal. The situation has become more complicated with the insurgents continuing their military offensive as the US is expected to complete the withdrawal of forces by July 4, weeks before the Sept 11 deadline.

Inevitably, the withdrawal of American forces from Afghanistan will have a huge impact on regional geopolitics. The country's strategic location has historically made it vulnerable to the involvement of outside powers and proxy battles.

A major concern has been that the American military withdrawal could lead Afghanistan to further descend into chaos fuelling a full-scale civil war with India, Russia and Iran backing different factions and dragging Pakistan into a protracted conflict. The spillover effects of spiralling instability and conflict in Afghanistan could be disastrous.

Meanwhile, changing regional geopolitics have created a new alignment of forces. The growing strategic alliance between the US and India and the China-Pakistan axis reflect these emerging geopolitics. Pakistan needs to tread a cautious path as it seeks to reset its relations with the United States.

Surely we must cooperate with the US in achieving peace in Afghanistan but it's not in our interest to become part of any new US 'game' in the region.

The use of Pakistani soil for America's post-withdrawal counter-insurgency strategy could suck the country into yet another conflict.

We certainly need to have a broad-based relationship with the US but should not get pulled into any new 'game' on America's behalf. The resetting of our relationship with America will certainly not be easy. We need to be extremely clear about our interests and priorities when negotiating the terms of the relationship.

THE NEWS, ISLAMABAD 3-6-2021

Pakistan, Tajikistan sign 12 MoUs

APP

ISLAMABAD: The Tajik president and the prime minister also signed a joint declaration on next steps in building strategic partnership for regional solidarity and integration.

Agreements/MoUs signed between Pakistan and Tajikistan include:

- Academic Cooperation Agreement between Tajik Technical University named after academician M. S Osimi and Indus University of Pakistan
- Agreement on Cooperation between the Chamber of Commerce & Industry of the Tajikistan and Chamber of Commerce & Industry Quetta Balochistan
- Agreement on Cooperation between the Chamber of Commerce & Industry of the Republic of Tajikistan and the Sialkot Chamber of Commerce & Industry of Pakistan

- Memorandum of Understanding between Lahore Chamber of Commerce & Industry and the Chamber of Commerce & Industry of the Republic of Tajikistan.

- Memorandum of Understanding between Agency for State Financial Control & Struggle against Corruption of the Republic of Tajikistan and National Accountability Bureau of the Islamic Republic of Pakistan.

- Agreement between the Government of the Republic of Tajikistan and the Government of Islamic Republic of Pakistan for Cooperation in the Field of Prevention & Liquidation of Emergency Situations.

- Agreement between the Government of Islamic Republic of Pakistan and the Government of the Republic of Tajikistan in the field of Art and Culture.

- Memorandum of Understanding between Tajik Institute of Languages, Dushanbe Tajikistan and National University of Modern Languages (NUML) Pakistan.

- Memorandum of Understanding between Technological University of Tajikistan and COMSATS University Islamabad

- Agreement on International Road Transport

- Cooperation Programme between Ministries of Foreign Affairs and Tajikistan

- Joint Declaration on Next Steps in Building Strategic Partnership for Regional Solidarity and Integration.

Tajikistan's President Emomali Rahmon on Wednesday expressed his country's interest to access Pakistan's Gwadar and Karachi seaports as the 'shortest trade route' for the landlocked Central Asian state to connect with the region.

The Tajik president, in this regard, supported establishment of a 'trade corridor' passing through Pakistan, as he addressed at a joint press stakeout along with Prime Minister Imran Khan here at the Prime Minister House.

DAWN, ISLAMABAD 3-6-2021

India policy revisited

By Javid Husain

PAKISTAN'S India policy has generally suffered from the constant tussle between wishful thinking based on merely legal and moral arguments, on the one hand, and the compulsions of power realities at the national, regional and global levels, on the other. Our actual policy has vacillated between these two extremes creating the impression of confusion, inconsistency of purpose and lack of a sense of direction.

Our official pronouncements on India and Kashmir, the core dispute, are generally tactical and short-term in nature responding to day-to-day developments.

They do not reflect a well-crafted long-term policy which is grounded in power realities and which weaves its political, economic, military and diplomatic dimensions into a coherent whole within the framework of a grand strategy. What we need is a long-term and strategic approach to give a sense of direction and steadiness of purpose to our India policy.

Our long-term India policy must be based on an accurate understanding of India's strategic goals in the region, the demands of Pakistan's independence, security and economic progress, and the regional and global strategic environment. India's main strategic goal is to establish its hegemony in South Asia and the India Ocean region. It views an independent and strong Pakistan as the biggest hurdle in the fulfilment of its hegemonic ambitions. According to Indian security analyst C. Raja Mohan, the creation of Pakistan left India with a persistent conflict with the former and an internal Hindu Muslim divide, separated India geographically from Afghanistan and Iran, and created profound problems for India's engagement with the Muslim Middle East.

India's hegemonic ambitions in the region pose an enduring threat to Pakistan's independence, security and economic wellbeing over and above the negative repercussions of Kashmir, Sir Creek, Siachen and Pakistan-India water disputes. These factors are major obstacles in the way of good neighbourly relations between the two countries. There are no indications that in the foreseeable future India will give up its hegemonic ambitions or agree to a just settlement of the Kashmir dispute. The coming decades will witness continued tensions and hostility between the two states.

The balance of power between Pakistan and India, more than anything else, will determine the shape of their future relationship and the ultimate outcome of their outstanding disputes, especially on Kashmir. So it is imperative for Pakistan to build up its relative national power vis-à-vis India. On the other hand, India can be expected to employ every instrument of policy, overtly and covertly, to destabilise Pakistan politically and weaken it economically, to bring it to its knees for the sake of establishing its hegemony in the region and achieving the settlement of outstanding disputes on its own terms. It will not desist even from fomenting terrorism in Pakistan as the arrest of Indian spy Kulbhushan Jadhav in Balochistan in March 2016 conclusively proves.

Pakistan must formulate its long-term India policy keeping in view the foregoing analysis and the growing strategic partnership between the US and India to contain the expansion of China's power and influence in South Asia and the Indian Ocean region, which inevitably will push Pakistan closer to China so as to maintain a strategic balance

in South Asia. In the long run, Pakistan's security will be ensured primarily by its political stability, economic and technological power, and a credible security deterrent.

Simultaneously, we should pursue a low-risk and non-adventurist foreign policy to minimise chances of a major armed conflict, allowing the country to allocate the lion's share of its resources to economic development.

Trade with India should be conducted on a level playing field while promoting Pakistan's economic growth and well-being.

Within this framework, Pakistan should try to defuse tensions and adopt confidence-building measures in its relations with India while maintaining a principled position on outstanding disputes like Kashmir, Sir Creek and Siachen. In view of India's hegemonic ambitions and intransigence, any breakthrough in the settlement of the Kashmir dispute can be safely ruled out in the foreseeable future.

The best that can be hoped for in the short term is the cessation of hostilities across the Line of Control and efforts to safeguard the human rights of Kashmiris in Indian-occupied Kashmir through demilitarisation and local autonomy. For the long term, Pakistan should build up its national power, especially its economic and technological strength, and go for a final settlement at an opportune time.

THE NEWS, ISLAMABAD 4-6-2021

4th virtual China-Afghan-Pak FMs session: Withdrawal of US troops entails security challenges

Mariana Baabar

ISLAMABAD: Pakistan on Thursday reached out to Afghanistan and China and pointed out that while withdrawal of foreign troops from Afghanistan entails serious security challenges, having its own implications, it also offers a unique opportunity for peace and reconciliation in Afghanistan and moving the country from a perpetual internal conflict to an era of peace and stability.

"We should, therefore, explore how our three neighborly countries can work together to deal with the evolving situation in an effective manner and steer it towards achieving our shared objective of lasting peace and stability in Afghanistan and the region", said Foreign Minister Shah Mehmood Qureshi at the virtual 4th session of China-Afghanistan-Pakistan Foreign Minister's Dialogue.

Foreign Minister Shah Mahmood Qureshi, State Councilor and Foreign Minister of China Wang Yi and Foreign Minister of Afghanistan Muhammad Haneef Atmar participated in the session.

The trilateral mechanism was established in 2017 to foster closer cooperation among the three countries regarding the Afghan peace process and provide assistance to Afghanistan for reconstruction and development.

While striving to strengthen its relations with China and Afghanistan in the bilateral as well as regional context, Pakistan attaches huge importance to trilateral mechanism among the three countries for enhancing cooperation and coordination in the areas of shared interest.

”We strongly believe that peace, prosperity and economic development of our three countries are inter-linked. Our meeting today is taking place at an important timeframe. The US and Nato forces have already started withdrawal of troops from Afghanistan. This has important implications”, added Qureshi.

Afghanistan and China were told that durable peace and stability in Afghanistan will lead to an environment conducive for harnessing the true potential of regional connectivity and further deepening economic inter-dependence through use of innovation and technological advances.

Meanwhile, at the weekly media briefing at the Foreign Office, the spokesman said that Pakistan has consistently maintained that there was no military solution to the Afghan conflict and that a negotiated political settlement was the only way forward.

“Pakistan has played a constructive role in the Afghan peace process. We have facilitated the signing of US-Taliban Peace Agreement (February 29, 2020); the commencement of Intra-Afghan Negotiations (September 12, 2020) and the Agreement on Rules and Procedures between the Afghan parties (Doha, December 2, 2020). We have also repeatedly underscored the need for reduction in violence leading to a ceasefire,” he said.

He emphasised that withdrawal of troops from Afghanistan should be ‘orderly’ and ‘responsible’, leaving no security vacuum that could be exploited by spoilers. “In addition, the withdrawal of US forces must coincide with the overall progress achieved in the peace process. In this regard, we have been in contact with all the relevant stakeholders”, he said, for a negotiated settlement of the conflict.

To a query on US bases, the spokesman categorically stated that there is no US air or military base in Pakistan; nor is any such proposal envisaged. “Pakistan and the US have the framework of cooperation in terms of Air Lines of Communication (ALOC) and Ground Lines of Communication (GLOC) in place since 2001. No new agreement has been made in this regard”, he said.

Another query pertained to reports about the condition of human rights in Xinjiang which had been reported widely in the western media, he said, “We believe that affairs related

to Xinjiang are an internal matter of China. China has taken important measures to combat terrorism and radicalisation along its western region. Besides, China has undertaken massive development measures in the region.”

China, he said, had also organised visits of our and other representatives to Xinjiang for first-hand information and knowledge about the situation, and was also engaged with the OIC with regard to Xinjiang.

Pakistan has taken up with Turkish authorities the problems that Pakistani visitors are facing where they have to be quarantined on arrival. “We have taken up the matter with the Turkish authorities and have also updated them on the improvement of COVID situation in Pakistan. We hope that the Turkish side will review its COVID related advisory for Pakistan, in view of the improving COVID situation, in due course”, he said.

DAWN, ISLAMABAD 7-6-2021

Afghanistan on the edge again

By Maleeha Lodhi

WITH the closing act of the American military withdrawal well underway the situation in Afghanistan is at an inflection point. Fast-moving events on the ground are outpacing efforts to ensure an orderly transition to a post-America political dispensation there. Intense uncertainty clouds the country’s future as concern grows in Pakistan and elsewhere about the increasing danger of its slide into chaos. Prime Minister Imran Khan’s comments in an interview last week are the latest expression of those fears.

While the US pullout is proceeding ahead of schedule the Afghan peace process remains in a state of deadlock and there is a significant surge in violence. Another complicating factor injected into an already fraught situation is the cooling in relations between Islamabad and Kabul.

There is no indication that the US-orchestrated international peace conference in Istanbul aimed to accelerate the intra-Afghan dialogue will take place anytime soon. The UN was supposed to convene the meeting in late April but efforts to persuade the Taliban to attend have so far come to naught.

While the political stalemate continues, the US withdrawal has picked up pace. There are credible reports that Washington wants to accelerate the withdrawal to mitigate the risk to its troops and complete the pullout by early or mid-July rather than the September deadline announced by President Joe Biden. Nato forces are also said to be working on a July deadline with the drawdown proceeding accordingly.

This should lend urgency to diplomatic efforts for peace talks to make progress towards a political settlement. So far, despite some interaction between the Afghan negotiating

delegations in Doha, the intra-Afghan process has all but come to a halt. What has not ceased is fighting between Afghan National Security Forces and the Taliban.

Violence has intensified and US airpower has had come to the aid of ANSF in several places especially in the south. US/Nato air support remains critical to Kabul's ability to withstand rising military pressure from the Taliban, who have however abided so far by the agreement not to attack foreign forces.

US and Pakistani efforts to persuade the Taliban to agree to a reduction in violence have met with little success. Washington sought this as a necessary accompaniment to the peace plan it outlined a few months ago. But the Taliban offensive has made it evident that they are not prepared to give up an option that aims to bolster their negotiating position and test Kabul's strength. Their stance remains that the reduction of violence and a ceasefire have to emerge from intra-Afghan talks and not before. Hopes that by the beginning of June some reduction of violence would be achieved remain unfulfilled, for now.

A top Pakistani official has been in Doha to persuade the Taliban to show flexibility and resume the intra-Afghan dialogue and reduce violence. But the Taliban don't seem to be in a mood to listen at a time when Pakistan's leverage has been diminishing. The Taliban have been urged to put their peace plan on the table, but again, there is no sign of this.

US special envoy Zalmay Khalilzad is soon expected in the region for another round of shuttle diplomacy in a last-ditch effort to achieve these goals.

The Taliban argue that their demands for the release of their prisoners and de-listing from the UN sanctions regime have yet to be met and for which they await a response. They also say that attending a peace conference without knowing what obligations they will be expected to undertake would place them in an unacceptable position.

They have reportedly indicated conditional acceptance to join the conference in Turkey provided they know in advance what will happen as they won't sign up to anything pre-cooked.

This may be a pretext to buy time and wait it out for US troops to depart especially as the Taliban see themselves in an ascendent position. Taliban leaders also continue to signal that they will not yield on their insistence that the future Afghanistan should be an Islamic emirate and not a republic.

Their position on core issues seems to have hardened as the American withdrawal has entered its end phase. Nevertheless, they continue to want to preserve the international legitimacy they secured since the Doha agreement with the US. This, however has not deterred the Taliban from ramping up attacks across the country despite international appeals to de-escalate violence.

Their strategy seems to be to encircle provincial capitals and seek to choke several key routes to set the stage for the siege of cities later. Nine districts have already been captured. Defections from Afghan forces at the local level are aiding them in this strategy. The inevitable question this raises is how far ANSF will be able to sustain itself once international forces leave Afghanistan and they are bereft of crucial air cover.

Against this backdrop, the downturn in relations between Islamabad and Kabul has come at a delicate time. Despite Pakistan's efforts to strengthen ties with President Ashraf Ghani's government, as reflected most recently in army chief Gen Qamar Bajwa's May visit to Kabul, two developments have set back relations between the two countries. Ghani's gratuitously provocative remarks against Pakistan in an interview with Der Spiegel and his national security adviser, Hamdullah Mohib's incendiary comments just days after Gen Bajwa's visit.

This led to cancellation of a phone conversation planned between Prime Minister Imran Khan and President Ghani. It also put on ice a statement Islamabad was to issue supportive of the Afghan republic's position on preserving the gains of the last 20 years in Afghanistan and protection of human rights.

Against the backdrop of intensified fighting, lack of movement on a political settlement and the remaining American soldiers packing up to leave, the spectre that looms in Afghanistan is of chaos and more strife and anarchy. This has grave implications for Pakistan who for decades has suffered the destabilising consequences of war, foreign interventions and conflict in its western neighbor.

The question now is whether anything can be done to avert a 1989 or 1992 type scenario in Afghanistan, which can have such deleterious repercussions for its long-suffering people and for regional peace and stability.

II - ECONOMIC, CULTURAL AND SOCIAL AFFAIRS

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2.	Forex reserves cross USD 600 bn mark for first time - PTI International Trade and Cooperation	The Pioneer, New Delhi	11-6-2021	16
3.	Exports jump to \$32.21 billion in May; trade deficit at \$6.32 billion - PTI	Indian Express, New Delhi	2-6-2021	16
4.	Amid China's high tariffs, India, Australia ramp up farm trade By Zia Haq	Hindustan Times, New Delhi	3-6-2021	16
5.	EU, India trade agreement to benefit domestic exporters: TPCI - PTI	The Pioneer, New Delhi	9-6-2021	17
6.	India-UK trade talks: Case for tariff optimization By Vinod Giri AFGHANISTAN	The Pioneer, New Delhi	14-6-2021	17
7.	Japan to Provide Support to Afghanistan for Infrastructure Projects with Turkmenistan - AKI Press BANGLADESH	Outlook Afghanistan, Kabul	15-6-2021	18
8.	Bangladesh's forex reserves reach historic high of \$45.5billion - Observer Online Report	The Bangladesh Observer, Dhaka	1-6-2021	19
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10.	South Korea to invest US\$ 4.15 m in Mongla EPZ - Observer Online Desk NEPAL	The Bangladesh Observer, Dhaka	8-6-2021	20
11.	Big budget, big promises By Chandan Sapkota	The Kathmandu Post, Kathmandu	1-6-2021	20

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12.	Gwadar Port, Free Zone to generate \$10 bn economic activity By Staff Correspondent	The News, Islamabad	1-6-2021	22
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16.	Current fiscal will end up with exports of \$25b: Razak - Economic Survey 2020-21	The News, Islamabad	11-6-2021	26
17.	BUDGET 2021-22: Govt on spending spree with third budget By Salman Khan	Dawn, Islamabad	12-6-2021	27

THE INDIAN EXPRESS, NEW DELHI 2-6-2021

What India needs for economic recovery: policy support in general and fiscal support in particular

By Dharmakirti Joshi

The latest provisional estimate of the Indian economy has, along expected lines, pegged the contraction in GDP at 7.3 per cent in 2020-2021. This provisional estimate essentially captures more updated information, particularly the fourth-quarter data, thereby leading to a closer approximation of growth compared to the second advance estimate released earlier.

The upward revision of the fourth-quarter estimates has trimmed the overall decline, but crucially, the impact of the pandemic on the informal sector has not been accounted for. That is likely to show up only in the “revised estimates” released in 2022, by which time attention would have shifted to the shape of recovery. This provisional estimate has a greater shelf life than the two advance estimates that preceded it, and thus provides a relatively stable base for analysts attempting to forecast the GDP trajectory in a highly uncertain environment.

The gap between GDP and GVA (gross value added) growth has been the widest since 2011-12 because of a sharp increase in subsidies, including arrears. That should, however, correct from the current year onwards.

The provisional estimate confirms that contact-based services — particularly tourism, hospitality, and airlines — were deeply scarred. These are a part of the “trade hotels, transport, etc” category which shrank in all quarters of the last fiscal year and posted the sharpest annual contraction of 18.2 per cent. Mining activity too was hit hard, but agriculture remained largely untouched by the pandemic and maintained its trend growth. This, despite being mildly impacted by adverse weather towards the fag-end of the monsoon season.

Manufacturing showed some resilience due to fewer restrictions and the ability to “live with the virus”, given it is less contact-intensive in nature. Construction, a highly labour-intensive sector, rebounded sharply in the second half primarily because of increased spending by the government on building highways and rural infrastructure.

But overall, the engines of demand — private consumption and investment — took a beating. Private consumption contracted by 9.1 per cent, and was only 3.1 per cent above the 2017-18 levels. The festive season and pent-up demand failed to offset the deep losses logged in the first and second quarters. Even policy support and the unwinding of household savings (RBI’s data shows they had plateaued at 8.1 per cent in the third quarter, down from a high of 21 per cent in the first), could not prop up consumption materially.

A similar story played out on the investment side, with gross fixed capital formation falling 10.2 per cent — a good 6.9 per cent below 2018-19 levels. Faced with the uncertainty, many private sector companies trimmed their investment plans. So much so that even the government’s push in the fourth quarter could not make good the gap for the full fiscal. Interestingly, net exports (exports minus imports), which typically contribute negatively to GDP, were less of a drag as import demand, driven by domestic economic activity, was much weaker than externally-driven export demand.

Now with the provisional estimates behind us, more uncertainty, downside risks and frequent changes to the economic outlook are in store. What’s worrying analysts, who are now gravitating towards a single-digit growth estimate for the current year, is the pace of the vaccination, especially because of the likelihood of a third wave. Another concern is the serious implication of rising economic inequality in the absence of strong fiscal support.

We have two downside scenarios to our GDP outlook of 11 per cent growth for 2021-22 — a moderate downside scenario with the economy growing at 9.8 per cent, and a severe downside scenario with growth clocking 8.2 per cent. Risks remain elevated on four fronts.

One, output and employment in contact-based services, battered by the second wave, remain vulnerable this year till vaccinations ensure community safety. But vaccinations will be ramped up significantly only after July or August.

Two, the rural economy may be less supportive this year than previously. The pandemic has penetrated far deeper into the hinterlands of Punjab, Maharashtra, Karnataka, Haryana, Rajasthan and Uttar Pradesh. This raises the risk of supply-chain disruptions for agricultural products. Growth in rural wages has also softened, and lack of enhanced fiscal support will keep rural consumption demand muted.

Three, while lockdowns and restrictions this time around have been less stringent, they are likely to be more prolonged. Till vaccinations reach a comfortable threshold, state governments will not rush to unlock economic activity, and will cross the river by feeling the stones. Demand for services will take time to return as fear among people after the second wave will not dissipate quickly.

Four, with private consumption remaining weak, private investments will take a backseat. Though large corporates have deleveraged and are in a position to invest, low capacity utilisation and uncertainty will discourage them from doing so.

Advanced economies (particularly the US and the UK) are recovering faster and growth is getting more broad-based to include services because of their success with

vaccinations. They also suffered less last year due to generous fiscal and monetary support, which continues well into this calendar year.

India lags on both these counts. Till we have vaccinated a material level of the population, policy support in general, and fiscal support in particular, must serve as a bridge to recovery, especially for segments that have been hit hard in urban areas. To soften the blow to the rural economy, the government must priorities increasing the MGNREGA outlay and providing additional resources for ramping up health infrastructure.

The danger is that without such support, recovery would be unbalanced, leaving a significant share of both companies and households in acute distress, even as overall GDP numbers show better growth. The long-term consequences of that won't be salutary.

THE PIONEER, NEW DELHI 11-6-2021

Forex reserves cross USD 600 bn mark for first time

PTI

The country's foreign exchange reserves crossed the USD 600 billion mark for the first time after increasing by USD 6.842 billion in the week ended June 4, RBI data showed on Friday.

The reserves surged to a record USD 605.008 billion in the reporting week, helped by a rise in foreign currency assets (FCA), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI).

In the previous week ended May 28, 2021, the reserves had swelled by USD 5.271 billion to USD 598.165 billion.

In the reporting week, FCA jumped by USD 7.362 billion to USD 560.890 billion, the data showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves declined by USD 502 million to USD 37.604 billion.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) dipped USD 1 million to USD 1.513 billion.

The country's reserve position with the IMF also dropped by USD 16 million to USD 5 billion in the reporting week, the data showed.

THE INDIAN EXPRESS, NEW DELHI 2-6-2021

Exports jump to \$32.21 billion in May; trade deficit at \$6.32 billion

PTI

Imports in May rose by 68.54 per cent to USD 38.53 billion, from USD 22.86 billion in May 2020. In May 2019, imports stood at USD 46.68 billion.

Oil imports during the month under review rose to USD 9.45 billion, as compared to USD 3.57 billion in May 2020. In May 2019, it stood at USD 12.59 billion.

India's exports grew by 67.39 per cent to USD 32.21 billion in May driven by healthy growth in sectors such as engineering, pharmaceuticals, petroleum products and chemicals, according to government data released on Wednesday.

Exports in May last year stood at USD 19.24 billion and in May 2019 it was at USD 29.85 billion, the commerce ministry's preliminary data showed.

Imports in May rose by 68.54 per cent to USD 38.53 billion, from USD 22.86 billion in May 2020. In May 2019, imports stood at USD 46.68 billion.

"India is thus a net importer in May 2021 with a trade deficit of USD 6.32 billion, an increase of 74.69 per cent over trade deficit USD 3.62 billion in May 2020 and reduction by 62.49 per cent over trade deficit USD 16.84 billion in May 2019," the ministry said.

Oil imports during the month under review rose to USD 9.45 billion, as compared to USD 3.57 billion in May 2020. In May 2019, it stood at USD 12.59 billion.

Exports during Apr-May this year jumped to USD 62.84 billion, as against USD 29.6 billion in the same period last year. It was USD 55.88 billion in Apr-May 2019, the data showed.

Imports during Apr-May 2021 was USD 84.25 billion, an increase from USD 39.98 billion in April-May 2020. In Apr-May 2019 it stood at USD 89.07 billion.

In Apr-May 2021, oil imports aggregated at USD 20.32 billion from USD 8.24 billion in Apr-May 2020. In Apr-May 2019 it was USD 24.16 billion.

HINDUSTAN TIMES, NEW DELHI 3-6-2021

Amid China's high tariffs, India, Australia ramp up farm trade

By Zia Haq

Agriculture minister Narendra Singh Tomar and his Australian counterpart David Littleproud held a virtual meeting on June 1, an official said, in which key issues were thrashed out, according to India's farm ministry

India and Australia are deepening trade ties by providing greater access to each other's markets and technologies, as the two nations -- which have had disagreements in the

past – look set to come closer in the backdrop of Australia’s escalating trade disruptions with China.

Agriculture minister Narendra Singh Tomar and his Australian counterpart David Littleproud held a virtual meeting on June 1, an official said, in which key issues were thrashed out, according to India’s farm ministry.

Australia has given market access for export of Indian pomegranates, while a joint plan will be worked out for access to Indian mangoes and pomegranates, officials said. The Australian minister also assured access to items, such as okra and pomegranate arils. Australia is seeking access to sell barley, a major produce of that country.

The new trade developments follow the Comprehensive Strategic Partnership announced by prime ministers of India and Australia during their summit on June 4, 2020.

Battered by China’s increasing of tariffs in recent times, Australia is looking at a wide range of trade agreements with India, analysts say.

China has targeted barley farmers in Australia with high tariffs, a trade war that has spilled on to other exports from Australia to China, including coal and wine.

India has imported very little of Australian barley since 2009, when it updated some of its phytosanitary requirements, which refer to measures to control plant diseases.

“India has prohibited weed seeds, including ryegrass and wild radish, which can be found in barley. This was a barrier,” said Abhishek Agarwala of Comtrade, a commodities trading firm. India is especially looking to Australia for better farm-to-fork supply-chain technologies, he said.

On March 5, The Australian, a newspaper, reported that India was “moving to fill the Chinese vacuum for resources and wine, as a free-trade agreement between Canberra and New Delhi gains momentum”.

India is also seeking greater access to Australian coal, rare earth minerals, copper, steel aluminium, cobalt and nickel. For agricultural partnership, the Indian side has made the National Institute of Agricultural Marketing as the nodal organisation. It is also pushing for Australian expertise in post-harvest management to strengthen rural grain storage and modernising supply chains.

THE PIONEER, NEW DELHI 9-6-2021

EU, India trade agreement to benefit domestic exporters: TPCI

PTI

The proposed free trade agreement between India and the European Union would benefit domestic exporters as EU

is one of the biggest traditional markets for the country, TPCI said on Tuesday.

Trade Promotion Council of India (TPCI) organised a panel discussion on India-EU trade relations, where experts discussed the proposed pact.

"Industry is upbeat with hope and optimism over India - EU ensuing trade pact," it said in a statement, adding that for most Indian products, EU is one of the biggest traditional markets where exporters see a big turnaround post the agreement. Quoting experts, the council said issues like movement of professionals, duty cut on goods such as alcoholic beverages, automobiles and dairy products may see tough negotiations.

Experts stated that the decision to resume talks for the agreement between India and the EU was a positive development as it will benefit both the sides. Arpita Mukherjee, professor at ICRIER, proposed innovative ways of tariff liberalisation and stated that dairy is a complex issue since both the EU and India are large dairy markets with steady rise in production.

"India needs to deeply study EU-Vietnam and EU-MERCOSUR agreements to see what these partners gave to the EU and got in return. They are India's competitors in the EU today, and much better placed there due to their agreements," Mukherjee was quoted as

saying. Rupa Chanda, RBI Chair Professor in Economics, said India retains its unique advantages for trade partners as its large market and human resource base, role in pharma production, manufacturing and emerging startup ecosystem are quite unparalleled.

THE PIONEER, NEW DELHI 14-6-2021

India-UK trade talks: Case for tariff optimization

Vinod Giri

A notion worth dispelling is that Scotch whiskies are costlier to produce; it is 50 per cent more expensive to produce it in India than in Scotland

In wake of the Indo-UK trade discussions, many 'experts' argue for reduction in tariff, particularly slashing custom tariffs on imported Scotch and on 'Intermediate' products which they say are nothing but high-strength, potable, undenatured ethyl alcohol used for bottling and blending in India.

They argue on three main grounds. One, that India has a large trade surplus in the category and can afford greater imports; two, customs duty reduction on intermediate products will encourage 'Make in India'; and three, even if tariff is reduced the bulk of consumption will remain locally produced whiskies -- so why bother.

This industry contributes nearly Rs 250,000 crore in taxes and for most states it constitutes 15-30 per cent of revenue. Customs duty is not even Rs 5000 crore in comparison. Second, this industry uses agricultural products as primary raw material and nearly 50 lakh farmers depend on it. It provides employment to 20 lakh people. Any disruption will have widespread ramifications for the government, farmers and labour market.

The problem with the first argument is that it hides the true balance of trade on alcoholic beverages using a wider head of 'Food and Drinks'. If one separates alcoholic beverages/products for human consumption from the wider clubbing of Food and Drinks, a very different picture emerges.

As per DGFT data for 2018-19, India exports only Rs 5 crore worth of alcoholic products/beverages to the UK, against import of Rs 1300 crore. Clubbing alcohol under a much bigger Food & Drink category to claim favourable balance of trade is highly misleading.

The second argument is also a misconception. Scotch whisky goes through two major stages of productions -- distillation and bottling. The 'Intermediate' Scotch whisky is actually the output of the first stage, it has been produced and matured in Scotland. What happens in India is only bottling. Therefore, while incentivising Intermediate products through reduced or zero duty will lead to an increase of usage of bottling plants in India, which will be a big loss for Indian farmers and manufacturers.

The third argument misses out on three vital points. One, in product categories with multiple price segments like whisky, consumers seamlessly shift to the next category up or down depending on affordability.

So, when a Scotch whisky is sold at a lower price it takes away consumers from products in the price segment, starting a domino effect that makes the domestic industry the net loser. Two, introduction of Scotch whisky at lower price attacks the profit driving end of portfolio of Indian companies, thus jeopardising their viability. Third, Indian premium whiskies like Amrut, Paul John or Rampur are now regarded amongst the best in the world but are unable to make the same headway in the domestic market due to an unsupportive regime and reducing customs duty further just will not help.

Another notion worth dispelling is that Scotch whiskies are costlier to produce. Rather, it costs at least 50 per cent more to produce a whisky of similar quality in India than in Scotland. This is primarily on account of a higher cost of capital and higher taxes in India, interstate restrictions and higher evaporation losses.

Also, many states offer concessionary taxes on imported products, but reduction in customs tariffs cannot be done without removing compensatory state-based concessions as otherwise it will create a hugely discriminatory tax regime against Indian products.

If we talk about reciprocal duty concessions, the problem is that barriers put up by the UK are not tariff based but non-tariff ones. India, being a sugar producing country, has evolved whisky recipes based on spirit distilled from molasses. The UK does not accept this as it is not "recipe standards". The result of these non-tariff barriers is that of the 70 lakh cases of whisky exported from India every year, the whole of the EU including the UK accounts for less than 30,000!

Indian industry is not against reducing customs duty on alcohol, but it should be in a phased manner and up to a point where it creates a level playing field.

Accordingly, it has put forward its recommendation to reduce import taxes, aggregate of customs duty and AIDC, from 150% to 100% now and to 75% in five years' time. It has also recommended a threshold import price for taxation at \$5 per bottle, and reciprocal concessions from the UK allowing whiskies from India to be allowed in the UK market as 'Indian Whisky' without minimum maturity conditions.

OUTLOOK AFGHANISTAN, KABUL 15-6-2021

Japan to Provide Support to Afghanistan for Infrastructure Projects with Turkmenistan

(AKI PRESS)

KABUL - Deputy Foreign Minister of Turkmenistan Vepa Hajiyev held a virtual meeting with Japan's Special Representative for Afghanistan and Pakistan Ambassador Katsuhiko Takahashi via videoconferencing.

The parties expressed the standpoints of Turkmenistan and Japan on Afghan issues. It was noted that the situation in Afghanistan continues to be in the centre of attention of the international community and is directly related to security and stability level on the regional and international level, the Turkmen Foreign Ministry said.

Ambassador Katsuhiko Takahashi highly valued energy and transport projects implemented in Afghanistan with the assistance of Turkmenistan and confirmed that Japan is going to provide financial support worth millions of dollars to Afghanistan during 2021-2024 for the development of the country and its humanitarian needs.

The diplomats exchanged views regarding further development of the situation in Afghanistan and agreed to continue active dialogue for the search of reasonable forms of cooperation for assisting the country.

THE DAILY OBSERVER, DHAKA 1-6-2021

Bangladesh's forex reserves reach historic high of \$45.5billion

Observer Online Report

Bangladesh's foreign currency reserves have crossed the \$45.5 billion mark for the first time following an increase in remittances sent by the expatriates.

The reserves reached the milestone on Tuesday, Bangladesh Bank sources said.

It means the country can pay import expenses of more than 12 months with the reserves.

The foreign exchange reserves jumped by nearly \$12 billion in a year as the Bangladeshi migrants continued sending money amid the coronavirus pandemic.

After Eid-ul-Fitr, they sent a \$171 million in May, which was 89 percent year-on-year rise.

Bangladesh received \$2.6 billion in remittances in July last year, the highest for a month.

In the first 10 months of the fiscal year, from July to April, the expatriates sent \$20.67 billion.

Export earnings also fed the reserves. Bangladesh exported goods worth \$32.7 billion in the July-April period with a 8.74 percent year-on-year growth.

THE DAILY OBSERVER, DHAKA 7-6-2021

Bangladesh: No longer in India's shadow

Business

Bangladesh has witnessed a 9% rise in per capita income for the year 2020-2021 (its per capita income was estimated at 2227 USD, and it surpassed India's GDP during 2020-2021 which was 1,947 USD).

The World Bank has revised Bangladesh's GDP growth for 2020-2021, as a result of higher than expected remittance flows (while earlier it had predicted that the South Asian nation's GDP would grow by 1.7% it has revised estimates to 3.6%). In recent years, Bangladesh has witnessed stellar growth rates - in 2019 for instance, the South Asian nation grew at 8.4%.

Bangladesh's assistance to Sri Lanka and India: Importance in terms of symbolism: Two recent developments reiterate the point that Dhaka is keen to send

out a message that it is not satisfied with its economic rise, but wants to enhance its overall clout in South Asia; firstly, Bangladesh has agreed to provide a currency swap of 200 Million USD to Sri Lanka for a period of three months. Sri Lanka had received assistance from China in 2020 (this includes a 1 Billion USD Loan, a currency swap of 1.5 Billion USD) and in 2020, India had also extended a credit swap of 400 Million USD to the Island nation.

It would also be pertinent to point out, that Bangladesh is also amongst the 40 countries which had provided assistance to India in the second wave of the pandemic. The South Asian nation provided India 10,000 vials of Remdesivir when the second wave of covid19 was at its peak. Apart from Remdesivir, Bangladesh had provided PPE kits and zinc, calcium, vitamin C and other tablets.

While in terms of magnitude, Bangladesh's assistance to Sri Lanka may not be significant, it sends an important message both within the region, and outside of Bangladesh no longer being in India's shadow (Bangladesh's currency reserve at the end of April was 45.6 Billion USD). Similarly, Dhaka's support to India during the covid19 pandemic is extremely important in terms of symbolism.

Bangladesh seeking to strike a balance between China and India: The country's economic growth has given it space to cultivate strong ties, and its recent response to the remarks made by a Chinese diplomat, show that while maintaining cordial relations, it is unlikely to kowtow to China. The Chinese Ambassador to Bangladesh, Li Jiming in a virtual address to the members of Diplomatic Correspondents Association, Bangladesh (DACB) last month said that the China-Bangladesh would be adversely impacted in case Bangladesh joined the Quad. Said the Chinese Diplomat

"Obviously it will not be a good idea for Bangladesh to participate in this small club of four because it will substantially damage our bilateral relationship, The Foreign Minister AK Abdul Momen responded strongly to the Chinese diplomat's remarks. Said Momen: as a sovereign country, Bangladesh will determine the course of its foreign policy in the interest of its people"

There is no doubt, that Bangladesh's economic relations with China have strengthened (both countries aim to push bilateral trade to 18 Billion by 2021). In 2016, both countries also changed their relationship into a strategic one when a deal was signed between Bangladesh PM, Sheikh Hasina and Chinese President, Xi Jinping. China is also investing heavily in Bangladesh's infrastructure sector, and has emerged as one of the countries leading development partners.

At the same time, Bangladesh's relations with India have also witnessed an upswing. Bangladesh is India's largest trading partner in South Asia, in 2019-2020 bilateral trade between both countries was estimated at 9.45 Billion USD. Apart from trade efforts have also been made to enhance connectivity - rail, maritime and road.

Bangladesh's relevance beyond South Asia: Bangladesh's importance can also be gauged from the fact, that the US has also sought to include Bangladesh in its Indo Pacific Vision (A former US Secretary of State, Henry Kissinger had ironically called Bangladesh a basket case). US Secretary of State Anthony Blinken spoke to the Bangladeshi Foreign Minister, AK Abdul Momen in February 2021.

'Good to speak with Foreign Minister AK Abdul Momen and congratulate him on Bangladesh's 50th anniversary of independence. We affirmed the strong, enduring U.S. - Bangladesh relationship and look forward to working together to address challenges in South Asia and the Indo-Pacific,"

Beijing has not been very happy with the idea of Bangladesh joining the Quad and emerging as an important player within the Indo-Pacific. While Dhaka can not ignore China, it would like to increase its strategic relevance in the broader Indo-Pacific region.

Recent developments clearly reiterate a few points; First, that the economic landscape of the region is witnessing a significant shift. Second, once countries progress economically, like Bangladesh has, they can navigate geopolitical complexities far better and can not be compelled into making binary choices. India thus has a stake in the economic progress of its neighbors in the South Asian region, and this should not be based on any conditionalities or merely in response to China's outreach to countries in the region.

THE DAILY OBSERVER, DHAKA 8-6-2021

South Korea to invest US\$ 4.15 m in Mongla EPZ

Observer Online Desk

South Korean company Ms PH Creative (BD) Limited on Tuesday signed an agreement with Bangladesh Export Processing Zones Authority (BEPZA) to establish a Camping items, Garments, Tent and Garments Accessories manufacturing industry in Mongla EPZ with an investment of US\$ 4.15 million.

Member (Investment Promotion) of BEPZA Md Mahmudul Hossain Khan and Chairman of PH Creative (BD) Jin Ho Bae signed the agreement at BEPZA Complex in the city on behalf of their respective organizations, said a press release.

The Executive Chairman of BEPZA Major General Md Nazrul Islam witnessed the signing ceremony.

It may be mentioned that BEPZA is receiving many investment proposals from both local and foreign investors even amid the pandemic. BEPZA is extending various facilities for the investors to cope with the pandemic and

also working for a better economic recovery of the country.

This fully foreign owned company will produce annually 5 million pieces of Camping items like steel, aluminum & iron frame, tent, trolley bag, hand bag, sleeping bag, camping chair etc, shirt, jacket and Garment Accessories like PVC weir cover, PVC cap, Chair Patch, Hanger, J-hook, Cord Lock, SR Buckle, DB Buckle, Hammer, Peg, Carry Bag Board etc. They will create employment opportunities for 990 Bangladeshi nationals.

Among others, Member (Engineering) Mohammad Faruque Alam, Member (Finance) Nafisa Banu, Secretary Md. Zakir Hossain Chowdhury, General Manager (Public Relations) Nazma Binte Alamgir and General Manager (Investment Promotion) Md. Tanvir Hossain of BEPZA were present at the signing ceremony.

THE KATHMANDU POST, KATHMANDU 1-6-2021

Big budget, big promises

Chandan Sapkota

Finance Minister Bishnu Prasad Poudel presented the 2021-22 budget on May 29 through an ordinance, owing to the dissolution of the federal Parliament and the announcement of fresh elections scheduled for November. The bloated budget includes big promises on expenditure, revenue mobilisation and deficit financing that are challenging to implement if elections are held—that too without fully vaccinating a sizable share of the population.

Nevertheless, the finance minister has rightly prioritised the most pressing challenge right now, i.e., testing, tracing, treatment, vaccination and upgrading healthcare infrastructure. The strategy seems to be the stabilisation and recovery of economic activities by addressing healthcare challenges, continuation of existing projects and relief measures for individuals and businesses, and propping up aggregate demand as well as the voter base by increasing allowances.

Large outlay, large deficit

The total expenditure outlay for 2021-22 is Rs1.65 trillion, which is 30.1 percent higher than 2020-21 revised estimate. Recurrent and capital spending allocations constitute 61 percent and 26 percent of the budget. Notably, the government started reporting recurrent and capital grants to subnational governments (SNGs) separately from the next fiscal. This gives a better picture of actual capital spending, because earlier the government used to argue that reported capital spending underestimates the actual figure as some fiscal transfers recorded under recurrent spending are used for financing capital projects by SNGs.

Total federal receipts (federal government's share of revenue plus foreign grants) are estimated to be Rs1.09

billion. The revenue mobilisation growth target is set at 20 percent. Considering the federal government's expenditure and its share of revenue in total revenue mobilisation, the budget deficit turns out to be Rs559.3 billion, which is to be financed by foreign loans and domestic borrowing. The government expects foreign aid (grants and loans) to cover about a quarter of its expenditure needs. Overall, the fiscal deficit is projected to increase to about 7 percent of the GDP in 2021-22, up from about 5 percent in 2020-21.

About 45.1 percent of the planned recurrent budget is earmarked for SNGs in the form of recurrent fiscal transfer and unconditional recurrent grants. The other big-ticket item is social security, which takes up about a quarter of the recurrent budget. Social security includes allowances, social assistance (scholarship; rescue, relief and rehabilitation, medical assistance); and social benefit of employees (pension and disability allowances, retirees related gratuity and medical assistance). The increase in allowances by 33 percent, including for 70 years and above elderly people, has drastically increased allocation under this heading by 50 percent. Meanwhile, about 58 percent of the planned capital budget is going for civil works and 14 percent as capital grants to SNGs.

Major takeaways

The budget has been rolled out when the country is at a critical juncture. In fact, economic activities are estimated to have contracted by 2.1 percent in 2019-20 and will likely grow at around 2 percent in 2020-21, most of which will be due to a base effect anyway. Increase in social security allowances, the allocation for free vaccination, the continuation of refinancing facility and business continuity funding, and income tax relief for individuals and businesses are some of the notable features of the budget.

Without ascertaining resources, it is also redistributive in nature, particularly aimed at influencing the voter base ahead of the planned federal parliamentary elections. A larger increase in federal expenditure (30.1 percent) than an increase in federal receipts (14.5 percent) points to a challenging fiscal management task going forward. Against this backdrop, there six specific macroeconomic takeaways.

First, since the budget deficit is widening, and outstanding public debt and interest payments are increasing, it would have been good to anchor expenditure and revenue on medium-term expenditure and revenue frameworks. Outstanding public debt is also rising fast, particularly after 2014-15, reaching about 37 percent of GDP in 2019-20 from 22 percent barely five years ago. One also needs to tally how this budget falls in line with the 15th five-year plan and to what extent it includes projects listed in the National Project Bank.

Second, the revenue mobilisation growth target of 20 percent compared to the 2020-21 revised estimate is a bit ambitious at the moment. In fact, revenue growth has been consistently below 20 percent since 2016. Increasing excise duties on 'sin' goods and tinkering with administration reforms may not yield many benefits without an increase in the taxpayer base and better compliance. Large-scale, ad hoc tax exemptions are not helpful.

Third, most of the projected foreign loans may not be realised if project implementation is not drastically overhauled. Compared to the revised estimate for 2020-21, foreign loans are projected to increase by 87 percent, which is not realistic given the poor budget execution capacity and the fact that if elections happen in November, it will disrupt development activities. Meanwhile, domestic borrowing is projected to cross 5 percent of the GDP. Large domestic borrowing may sound okay, given the ample liquidity in the banking system and lack of investment opportunities for pension funds and institutional investors. However, as the situation normalises and capacity utilisation of firms improve along with demand for credit by individuals and businesses, there may be pressure on liquidity, leading to a rise in the inter-bank rate and then retail interest rates.

Fourth, the projection of foreign grants seems ambitious as sources of grants are drying up. For example, Asian Development Bank and World Bank now provide loans only, although technical assistance is principally a grant. And that most bilateral donors may not increase aid allocations given their priority to boost domestic economies ravaged by the pandemic. The government is projecting to receive a 134 percent growth in foreign grants over the 2020-21 revised estimate, which is unrealistic.

Fifth, the non-contributory allowance for the elderly, a sort of a guaranteed universal basic income, hopes to support individual or household consumption demand. However, it directly increases the government's liability as well, because it needs to be continued for years to come. Normally, such schemes are reasonable when the economic pie is growing and there are enough resources to fund populist schemes. Increasing social protection liability by borrowing or by cutting down capital spending is not a good policy.

Finally, the real GDP growth target of 6.5 percent of GDP may a bit optimistic, given that the pandemic will continue to affect lives, livelihoods and economic activities well into the next year. There is no likelihood of sharp V-shaped recovery. Agricultural output growth might be higher than in 2020-21 with a forecast for a normal monsoon and the availability of inputs such as chemical fertilisers. Industrial output may not fully recover because capacity utilisation will not drastically increase amidst subdued demand and investment. Travel and tourism

activities are unlikely to recover anytime soon without adequate healthcare measures and mass vaccination. Elections-related spending, if it happens, will add to consumption demand. Overall, GDP growth may hover around 4 to 5 percent in 2021-22.

THE NEWS, ISLAMABAD 1-6-2021

Gwadar Port, Free Zone to generate \$10 bn economic activity

Staff Correspondent

GWADAR: After becoming fully operational, the Gwadar Port and Gwadar Free Zone would generate economic activities of around \$10 billion per annum, said CPEC Authority Chairman Lt-Gen (ret'd) Asim Saleem Bajwa, here on Monday.

“Soon after completion of the Gwadar Free Zone, a lot of manufacturing and trading activities will start; cargoes will move, and trans-shipment activities will increase,” he said while talking to the media here after reviewing the Gwadar Port and other projects under the China-Pakistan Economic Corridor (CPEC) initiative.

He said, “We will continue to monitor the development work in Gwadar till all the projects become fully operational.” Asim said the port’s infrastructural work had been completed by the China Port Holding Company at the cost of around \$300 million, and its all four berths were fully operational.

He said during the last few months, over 67,000 metric tons of cargo had been handled at the port, comprising consignments mostly under the Afghan Transit Trade Agreement, which were later transported to Afghanistan.

A vessel carrying 8,000 cubic feet liquefied petroleum gas was due at the port on Tuesday, while another ship with 24,000 MT of DAP (diammonium phosphate) fertiliser and feed cargo for Afghanistan would arrive here from Australia, he added. They had built the port handling capacity, while the Customs system was also in place to facilitate the investors and traders, Asim Bajwa said.

“Now our full emphasis is to increase the port traffic for which we are pursuing the logistic companies to establish their offices in the city,” he said. As regards the Gwadar Port Free Zone, Asim Bajwa said its first phase spreading over 60 acres of land had already been completed, with 47 enterprises registered.

Six factories had been completed, three of them were now fully operational, while six others were under construction. For the last three years, he said, both the port and free zone had created some 1,200 direct jobs, while 12,000 more persons were hired for building the support infrastructure.

Asim Bajwa said the second phase of Gwadar Port Free Zone would spread over 2,221 acres of land and Prime Minister Imran Khan would perform its ground breaking. He said the China Port Holding Company had already lined up an investor for the second phase, who would need some 1,600 acres of land. The investor had pledged a direct investment of \$3 billion in the single industry that would create 30,000 jobs.

Asim Bajwa pointed out that the Eastbay Expressway would directly take the cargo from port to M-8 for onward shipment to Karachi and the rest of the country. Some 94 per cent of work on the expressway had been completed, which would hopefully be inaugurated in September. Similarly, he said, the work on Gwadar Airport was also going on at fast pace while the technical and vocational institutes in the city would also be completed in October.

He said the prime minister had specifically ordered for creating maximum job opportunities in the area, with capacity building of the local youth by imparting them skill training.

The CPEC Authority chairman said a 150-bed hospital was under construction in the Gwadar city, which was a gift from the Chinese president for the local residents.

He said the master plan of Gwadar City had also been approved, and it was now at the implementation stage.

He said the development of agriculture sector was a key area of focus under CPEC. In that regard, he said, he held a meeting with the agriculture community from Mirani and other areas of the province. Six Chinese companies were ready to sign lease agreements for 32,500 acres of land, on which they would develop a unique model of corporate farming. It would be the first agriculture model farm in Balochistan as similar models were being executed in Khyber Pakhtunkhwa and Sindh provinces as well, he added. About the reservations of fishermen after the development of Eastbay Expressway, he said three bridges were under construction to address their concerns.

THE NATION, ISLAMABAD 3-6-2021

Pakistan, Tajikistan pledge to boost trade

SHAFQAT ALI

ISLAMABAD - Pakistan and Tajikistan yesterday agreed to implement the flagship power project of CASA-1000 and reiterated their resolve to complete the project at the earliest as the two countries held bilateral talks here.

A joint declaration between the two countries enlisting ‘next steps in building strategic partnership for regional solidarity and integration, said the top leaders noted with appreciation the progress achieved in the implementation of the flagship power project of CASA-1000 and reiterated their resolve to complete the project at the earliest.

Earlier, Prime Minister Imran Khan and President of Tajikistan Emomali Rahmon expressed satisfaction over the excellent bilateral cooperation at the multilateral fora, reiterated their commitment to further strengthen it in the future for the global and regional peace and development.

They agreed that the materialization of the project would establish energy connectivity leading to prosperity for all, said the joint declaration released by the foreign ministry.

They emphasized the need to tap the vast potential that remained unexplored, particularly in the areas of trade, energy, connectivity, agriculture and industry for the mutual benefit.

They underscored the importance of road, rail and air links between the two countries for promotion of bilateral as well as regional connectivity and resolved to improve the existing facilities and explore new options for improving rail, road and air connectivity.

On the invitation of prime minister, President of Tajikistan Emomali Rahmon, accompanied by a high-level delegation, is on a two-day official visit to Pakistan.

The two leaders exchanged views on regional and global issues and urged the international community to play its active role and help peacefully resolve all the outstanding disputes around the world in line with the UN Security Council resolutions and the principles of international law.

The prime minister informed the Tajik president about the operationalization of Gwadar Seaport and offered Tajikistan to avail the facility of Pakistani seaports and CPEC.

The prime minister highlighted that Pakistani seaports offered the most efficient and economic route to Central Asian countries including Tajikistan.

During bilateral meetings, the two leaders held in-depth and wide-ranging discussions covering all aspects of bilateral cooperation and regional and international issues of mutual interest.

Both the leaders reaffirmed the fraternal ties existing between the two countries marked by shared faith, history, culture and geography.

The two leaders exchanged views on the rise of Islamophobia world-wide and expressed support for the joint initiatives and collective efforts of the OIC to combat this scourge including through the designation of 15 March as International Day to combat Islamophobia by the UN General Assembly.

Both leaders had an in-depth discussion on security situation in Afghanistan and ongoing peace process.

The president appreciated Pakistan's role in facilitating the Afghan peace process. The two sides emphasized on an Afghan-owned and Afghan-led resolution of the conflict through an inclusive negotiated political settlement.

The two leaders noted with pleasure the growing bilateral cooperation in the field of defence and security and reiterated their resolve to further boost the same in order to overcome the common security challenges faced by the two countries and the region as a whole.

They emphasized the need to enhance cooperation in counter-terrorism, combating cross-border organized crime and human and drug trafficking.

The leaders extended felicitations to each other on the 30th Anniversary of the establishment of diplomatic relations between the two brotherly countries.

Pakistan was among the first countries to recognize independence of the Republic of Tajikistan in 1991.

The leaders expressed serious concern at the outbreak of third wave of Covid-19 pandemic around the world that has resulted in the loss of many precious lives and caused huge economic losses, especially for developing countries.

The two leaders underscored the importance of regularly convening the meetings of Pakistan-Tajikistan Joint Commission on Trade, Economic and Scientific-Technical Cooperation to further strengthen bilateral trade and economic ties.

They highlighted the role of the Joint Business Council (JBC) constituted between the two countries in building direct business linkages and urged to hold its meetings regularly by the Chambers of Commerce and private sectors.

They also agreed to organize trade exhibitions and business forums on regular basis with a view to boosting bilateral trade.

The two leaders expressed satisfaction at the existing inter-parliamentary cooperation and agreed to have regular exchanges of parliamentary delegations for further deepening bilateral ties.

The Tajik side appreciated Pakistan's immense contribution to the global efforts against terrorism. Both leaders vowed to further deepen mutual cooperation in the common fight against terrorism and extremism.

The Tajik side appreciated Pakistan's continued humanitarian, material and technical support for Tajikistan's development and progress. The president also appreciated the excellence and expertise of Pakistani institutions in the field of learning and training of professionals in various fields.

The two leaders also discussed the adverse effects of climate change, and environmental challenges in the region and agreed to step-up efforts and adopt joint measures.

Later, the Tajik President called on his Pakistani counterpart Dr. Arif Alvi here at here at Aiwan-e-Sadr.

On the occasion, Dr. Alvi said that Pakistan attaches great importance to its relations with Tajikistan and emphasised the need to further strengthen considerable scope of cooperation between the two countries in the areas of trade, economy, culture, education and defence.

President Dr. Arif Alvi made these remarks during his meeting with Tajikistan counterpart President Emomali Rahmon here at Aiwan-e-Sadr.

He underlined that Pakistan's main emphasis had shifted from geo-politics to geo-economics and was focusing on optimally utilizing its location in this context.

He underscored that the trade authorities and business communities of the two countries needed to collaborate effectively to enhance the volume of existing bilateral trade.

He also emphasised the importance of the early completion of flagship CASA-1000 Transmission Line Project.

The President expressed the hope that this visit would further strengthen the excellent bilateral relations between the two brotherly countries.

He added that it was heartening that both sides adopted a Joint Declaration and had signed a number of Agreements/MoUs at the delegation-level talks.

The President of Tajikistan said that both the countries had huge potential for increasing cooperation in the areas of trade, economy and culture.

He emphasised the need for improving connectivity between the two countries which would greatly help to improve economic relations between the two countries.

Earlier, the Tajik President and Foreign Minister Shah Mehmood Qureshi discussed issues of bilateral interest.

Qureshi said that Pakistan is committed to peace in Afghanistan and the whole region.

Foreign Minister Qureshi expressed satisfaction on the upward trajectory of bilateral ties and shared that Pakistan desires to promote multifaceted cooperation with Tajikistan in all spheres, including political, trade and economic, defence and security, education and cultural contacts.

The Foreign Minister elaborated Pakistan's efforts for enhanced engagement with Central Asian countries to build a result-oriented, sustainable and long-term partnership through its "Vision Central Asia" policy. He also highlighted the aspect of regional connectivity and integration as its important components and underlined shortest access to the sea for Central Asian states through our ports.

The Foreign Minister also underlined the importance of peace and stability in Afghanistan in the advancement of regional connectivity.

Later, Foreign Minister of Tajikistan Sirodjidin Muhridin also called on Foreign Minister Qureshi for bilateral talks. The two Foreign Ministers reviewed the status of bilateral cooperation in all areas - including political, trade and economic, defence, education and regional connectivity fields and mutual collaboration at regional and global fora.

Foreign Minister Qureshi reiterated Pakistan's commitment to timely completion of CASA-1000 Power project and stressed to step-up cooperation in the energy sector.

The Foreign Ministers reviewed cooperation at regional and international fora, including the United Nations, the Organisation of Islamic Cooperation, the Shanghai Cooperation Organisation and the Economic Cooperation Organization and agreed to enhance further coordination.

Qureshi felicitated his Tajik counterpart on assumption of chairmanship of SCO for 2021 and assured full cooperation of Pakistan on this count. The two Foreign Ministers also exchanged views on global issues including climate change and countering Islamophobia.

In the regional context, Foreign Minister Qureshi highlighted Pakistan's positive contribution to the Afghan peace process and stressed that a negotiated political settlement was indispensable for durable peace and stability in Afghanistan and the region. He added that this was also essential for advancing the shared objectives of peace, prosperity and regional connectivity.

The Foreign Minister apprised the Foreign Minister of Tajikistan about the situation of human rights in Indian Illegally Occupied Jammu & Kashmir and attempts to change the demographic structure of occupied territory.

He said that India needed to revisit its illegal actions of 5 August 2019 to create an enabling environment for dialogue and peaceful solution of the Jammu and Kashmir dispute in accordance with UNSC resolutions and the wishes of the Kashmiri people.

Foreign Minister Muhridin is accompanying the President of Tajikistan on his visit to Pakistan from 2-3 June 2021.

DAWN, ISLAMABAD 4-6-2021

Trade deficit

PAKISTAN'S trade deficit has expectedly widened sharply during May, the ministry of commerce data showed on Wednesday. The gap between what the country sells to the world and what it buys from it 'ballooned' last month by 134pc to \$3.4bn from \$1.5bn a year ago. That the nation's import bill for the month shot up by a hefty 77.8pc to \$5.1bn during the month is attributable to last year's lower import base when the import bill dropped to \$2.9bn on the back of the drastically reduced domestic

demand because of the Covid-19 pandemic and consequent economic shutdown to halt the spread of infections. The more than 25pc drop in the monthly exports also contributed significantly to the widening trade gap. The trade deficit has been increasing since December primarily because of faster growth in imports than in exports. Overall, the gap has expanded by 29.5pc to \$27.3bn in the 11-month period between July and April from \$21.1bn in the same period last fiscal year. Imports rose by 22pc to \$49.9bn and exports by 14pc to \$22.6bn. But the question is: should we be worried about the rising gap between what we import and what we export?

There's not much to worry about the rising import bill. This was expected. Two factors have played a major role in the increased import bill this fiscal from last year. First, the import of food, including wheat and sugar, and cotton have pushed imports more than was estimated at the beginning of the financial year. Next year, these imports are expected to moderate on better domestic crop yields. Two, the revival of economic activities and a surge in the demand for Pakistani exports has driven up imports of raw materials as well as machinery for technology replacement and capacity expansion. Moreover, the country's current account remains in surplus in spite of the widened trade deficit as the surging remittances have largely offset the impact of increased imports. The external sector is unlikely to face any serious financing challenge in the next one to two years if the remittances continue to grow at the same pace. But the long-term balance of payments stability requires the government to boost exports through product and market diversification. Additionally, it must tweak its policies and learn to respect contracts it makes with investors to give confidence to investors for attracting longer-term, non-debt creating foreign direct investment flows to sustainably grow the economy.

DAWN, ISLAMABAD 5-6-2021

RDA inflows increase to \$1.25bn

By Shahid Iqbal

KARACHI: Pakistan has received \$1.25 billion in Roshan Digital Accounts (RDA) since its beginning in September 2020 while the inflow has been increasing faster than the initial first quarter.

The State Bank of Pakistan (SBP) confirmed on Friday that the total inflows in RDA has reached \$1.250bn and said the inflow has increased after achieving the \$1bn mark. The inflow during the first seven months (September-April) was \$1bn while May received \$250m reflecting the increasing inflow.

The financial sector believes the country could receive up to \$1bn in the next four months provided the inflow continues with the same pace.

The RDA crossed \$500min five months since September which was widely appreciated by the prime minister.

The RDA was launched for Non-Resident Pakistanis (NRPs) to enable them to remotely open bank accounts in Pakistan through online digital portals without physically visiting branches.

Using their RDAs, NRPs can now avail digital banking facilities, including access to online banking, domestic funds transfer, utility bills and tuition fee payment in Pakistan, as well as investments in government bills, stock exchange, and real estate sector with option of full repatriation.

It was a major initiative of SBP in collaboration with commercial banks operating in Pakistan. The main purpose of the initiative is to attract millions of Pakistanis living abroad by offering much higher returns on deposits compared to returns in the developed economies.

Along with the RDA account, the SBP launched a Savings Certificate Name as Naya Pakistan Certificate with the aim of boosting Pakistan's economy by attracting foreign investments.

The buyers can own the certificate in US dollars with the highest interest rate of 7pc and in rupees with the highest rate of 11pc provided the investment is made for five years.

Several banks have accelerated their efforts to attract overseas Pakistanis while they are opening RDAs following the guidelines of the State Bank.

The State Bank's previous effort to attract foreign investment through selling of domestic bonds (Treasury Bills and Pakistan Investment Bonds) yielded quick results till the first quarter of 2020 as they attracted \$3.4bn but the emergence of Covid in the middle of March resulted in disinvestments.

THE NEWS, ISLAMABAD 11-6-2021

Current fiscal will end up with exports of \$25b: Razak

ISLAMABAD: Pakistan's goods exports have increased to \$22.5 billion in the first 11 months of the current financial year 2020-21 and it is hoped that the outgoing fiscal will end up with exports of \$25 billion. This was announced by Adviser to PM on Commerce and Textile here on Thursday during the press briefing held on Economic Survey 2020-21.

However, according to the Economic Survey 2020-21, exports during July-March FY2021 amounted to US\$18.7 billion as compared to US\$17.4 billion in the same period last year, which shows an impressive growth of 7.1 percent as compared to the 2.2 percent in the same period last year.

And the total imports during July-March FY2021 clocked at US\$39.5 billion as compared to US\$34.8 billion in the same period last year, showing a growth of 13.6 percent. Non-energy imports remained the main contributor in the rising import bill. The surge in imports may be attributed to the rising demand for intermediate goods due to the resumption of economic activities: supply shock in agricultural products especially wheat, sugar and cotton; government's accommodative measures to underpin the production of industrial sector in the form of removal of customs duty on import of raw-materials; and concessionary loans. The food group, despite being a significant sector of the economy, declined by 1.9 percent during July-March FY2021 compared to the same period last year. Within the food group, rice exports decreased both in quantity and value by 2.1 and 8.2 percent, respectively. The Basmati rice exports declined by 27.3 percent in value and 33.2 percent in quantity during July-March FY2021 as compared to the corresponding period last year. The contraction in export of rice was mainly driven by higher prices due to unavailability of shipment containers, which raised the average cost of shipping. Taking advantage of the situation, India took over the market by offering lower prices to increase its share further. However, it is important to highlight that Pakistan has started reaping benefits.

Export earnings from fruits contracted by 0.3 percent in value and increased by 14.8 percent in quantity. Vegetables also witnessed a decline of 4.6 percent in value and 1.6 percent in quantity. Fish and fish preparation subgroup decreased by 4.3 percent in value due to low price in international markets but its quantity increased by 4.8 percent as compared to the last year. Exports of oil seeds, nuts and kernels witnessed a growth of 241.7 percent in quantity and 172.9 percent in value during July-March FY2021 as compared to the same period last year. The export of spices also increased by 5.2 percent in value and 10.7 percent in quantity during the period under review. Meat and meat preparation increased both in value and quantity by 6.5 and 16.3 percent, respectively, signaling a recovery in production of livestock. Textile group, which has around 60 percent share in total exports, witnessed a growth of 9.1 percent during July-March FY2021 compared to the corresponding period last year. Rebound in exports of textile is the outcome of a series of incentives to support exporters to meet the challenges in the wake of COVID-19 and disruption in supplies. Moreover, the government's decision to keep businesses open during lockdown provided an opportunity to secure orders diverted from economies under strict lockdown. Higher textile exports came on the back of quantum growth in high value-added products, particularly knitwear, home-textiles (bedwear and towels) and made-up articles. At the same time, raw cotton, cotton yarn and cotton cloth showed a declining trend.

To prop up the exports of high-value added textile, additional customs duty on import of raw cotton has been exempted by the government. Besides this, the sector also benefitted from Export Financing Scheme (EFS) and out of Rs68.7 billion EFS loan, Rs44.8 billion has been given to the textile sector during July-March FY2021. This significantly helped to improve the liquidity conditions and enhanced the capacity utilization of the sector.

Meanwhile, declining share of China in the US apparel market and shifting focus from apparel to global textile market provided some room to Pakistan and other competitors to enhance their shares in apparel exports. In case of home textiles (bedwear and towels), exports increased by 16.6 percent Y-o-Y to US\$ 2.7 billion on the back of higher unit values. Knitwear exports grew by 20.9pc in value and 45.0 percent in quantity as compared to the corresponding period last year. Export earnings of readymade garments showed growth of 4.5 percent in value but a decline in quantity by 35.9 percent during the period under review. The exports of intermediate commodities like cotton yarn witnessed a fall, both in value and quantity by 12.0 and 13.0 percent, respectively. It could be attributed to the lower production due to unfavorable weather conditions, pest and locust attacks last year. The same trend continued in the current fiscal year. Cotton cloth export declined both in quantity and value by 56.3 and 8.3 percent, respectively. The exports of petroleum products, largely affected by COVID-19, slumped by 35.3 percent. Moreover, petroleum crude exports also dropped by 58.9 percent and reached US\$62.7 million. Export of items like leather tanned and gloves etc. could not grow in quantitative terms. In the case of sports goods, football – the major export item – witnessed a decline both in quantity and value by 29.7 and 23.2 percent, respectively. Export of carpets, rugs and mats registered a growth in value by 11.6 percent whereas the export quantity decreased by 16.5 percent as compared to the same period last year. The export of cement witnessed a strong growth in quantity by 11.7 percent but in value terms it remained the same as last year partly due to reduction in Federal Excise Duty (FED) in the wake of COVID-19 and a fall in coal prices. China and Sri Lanka were the main destinations as both countries used infrastructure as a tool for revival of the economy during the pandemic. Guar and guar products registered a decline in value by 5.5 percent but grew in quantity by 8.1 percent.

Among the top export destinations, the USA continued to be the largest export market for Pakistan during July-March FY2021. Exports to the USA moderately increased from 17.3 percent in FY2020 to 19.7 percent in FY2021. Similarly share of exports to China increased from 8.0 percent to 9.7 percent during the period under review.

However, the highest contribution to the growth of total imports is that of the food group. During July-March FY2021, the food group witnessed a growth of 54.5 percent and its import clocked at US\$6,121.4 million as

against US\$3,963.3 million during the comparable period last year. Within the food group, a surge was observed in the import of wheat, sugar, palm oil and dry fruits. Due to supply disruptions in wheat and shortage of production in sugar, the government reverted to import of wheat and sugar to meet demand and to control the price hike. The edible oil, soybeans and palm, import bill, the heaviest item in the food group, increased in both quantity and value by 33.9 and 7.4 percent, respectively. The increase in the import bill of edible oil was mainly attributed to the rise in global palm oil prices, mainly due to lower production in Malaysia and rise in palm oil export levy by US\$5 per tonne. The import bill of pulses surged by 4.6 percent during the period under review. The import of petroleum group declined by 14.7 percent during the period under review and reached US\$5,471.0 million as compared to US\$6,417.3 million during the corresponding period last year. This was mainly due to historically low global oil prices and limited transportation in the wake of COVID-19.

Electrical machinery and apparatus imports plummeted by 36.4 percent to US\$1,112.6 million during July-March FY2021 compared with US\$1,748.8 million in the same period last year. Within the machinery group, telecom sector imports accelerated by 44.0 percent to US\$1,913.7 million as compared to US\$1,328.5 million last year.

Mobile phone imports increased by 56.7 percent and reached US\$1,535.9 million as compared to US\$979.9 million last year. Rising demand for mobile phones may be attributed to multiple factors, including reduction in taxes, changing work and educational environment like work from home and online schools in the wake of pandemic. The import of transport group surged by 68.7 percent and reached US\$2,018.3 million during July-March FY2021 as compared to US\$1,196.5 million last year. The import of road motor vehicle increased by 73.0 percent of which CBU increased by 82.5 percent and CKD/SKD increased by 91.2 percent during the period under review. Metal group import increased by 17.8 percent and reached US\$3,621.4 million.

DAWN, ISLAMABAD 12-6-2021

BUDGET 2021-22: Govt on spending spree with third budget

Salman Khan

- Interest-free loans for starting businesses and farm inputs
- Ehsaas cash transfers allocation increased
- Capital Gains Tax on stocks slashed
- Universal health coverage through Sehat cards
- Increase in pay and pension of government employees
- Tax relief for women entrepreneurs

ISLAMABAD: With certain limitations imposed by the ongoing Covid-19 pandemic and the International Monetary Fund (IMF) programme, the government on Friday announced its third budget with an expansionary and feel-good approach, significantly increasing subsidies and incentives for big business, manufacturing, corporate market and agriculture sectors and proposing about 24 per cent hike in revenues, including Rs506bn worth of additional measures.

“The stabilisation phase is now over, and budget 2021-22 will focus on inclusive and sustainable growth...fostering growth with investment,” Finance Minister Shaukat Tarin said in his budget speech which was marred by loud sloganeering by the opposition parties.

The additional revenues of Rs506bn are based on Rs264bn worth of policy measures and Rs242bn of administrative. The budget more than doubles (226pc) subsidy allocations and significantly hikes surcharges and levies on oil and gas, including a 36pc increase in petroleum levy. It also allows a 10pc increase in salaries (ad hoc allowance) and pensions at an additional cost of Rs160bn and promises universal health coverage through Sehat Card.

As such, the revenue plan is based on massive reliance on indirect form of taxation and that too mostly outside the divisible pool sources that keep the federation financially floating. For example, Rs115bn alone would be additional revenue on account of gas infrastructure development cess that would increase by a massive 767pc to Rs130bn next year against just Rs15bn this year.

A similar and even bigger additional revenue of Rs160bn is targeted to flow from petroleum levy on oil projects which means petroleum prices would go up in the next fiscal year. The target for petroleum levy is Rs610bn for next year, up 35pc from current year’s Rs450bn that would now touch Rs500bn by June 30, 2021.

Another 260pc increase is expected in natural gas development surcharge to Rs36bn next year, compared to just Rs10bn this year. Also a 52pc increase would come in as royalty on crude oil to Rs35bn and yet another 20pc higher revenue from royalty on natural gas.

About 68pc increase is projected in extraordinary receipts from UN operations at Rs47bn against Rs28bn this year. A higher amount of Rs30bn (48pc) is expected from dividends to Rs90bn next year.

At the same time, the budget projects next year’s fiscal deficit at 6.3pc of GDP (Rs3.42tr) that too with more than 1pc of GDP (Rs570bn) cash surpluses from the provinces.

The revenue target for next year is targeted at Rs5.829tr, compared to Rs4.691tr this year, showing an overall increase of Rs1.138tr (24pc). About Rs635bn would accrue automatically on account of 8.2pc inflation and 4.8pc GDP growth rate.

The finance minister said the trickledown effect had not helped the vulnerable over the past 74 years and hence the government would change the course of history by uplifting 4-6 million low income households in the next year, through bottom-up approach. This would include Rs500,000 interest free business loan to every household, Rs250,000 interest free farming loan and Rs200,000 interest free loan for tractors and machineries and Rs2m worth of low-interest loan for house building.

The next year's budget entails major concessions to the manufacturing sector, including automobile, textiles, pharmaceutical industry, mobile phone and information technology, and even small and medium enterprises (SMEs) through reduction in import duties on raw material and lower general sales.

A major favour has also been given to the stock market through reduction in capital gain tax from 15pc to 12.5pc, while a series of withholding taxes have been removed, including those on banking transactions, stock exchange transactions, margin financing, air-travel services, debit and credit card-based international transactions and mineral exploration.

The amount of subsidies for next year has been targeted at Rs682bn, almost 226pc higher than current year's Rs209bn which was later revised to Rs430bn. But this is mostly on account of payments to independent power producers and tariff differential subsidies. Of this, about 327pc increase has been projected for the power sector to Rs596bn next year against Rs139.5bn this year. Of this, a major increase of over Rs120bn or 90pc is projected to go to K-Electric whose share in subsidies would increase to Rs245bn from Rs129bn this year.

The federal expenditures are budgeted at Rs8.487tr for next year against Rs7.34tr of revised estimate for the current year, showing an increase of 15pc. The gross revenues on the other hand are targeted at Rs7.909tr, compared to revised Rs6.395tr of this year, showing an increase of 24pc.

Non-tax revenues are projected to be higher by 22pc next year to Rs2.079tr, compared to Rs1.7tr this year. Of the total FBR revenue of Rs5.829tr, the share of indirect taxes is estimated at Rs3.647tr next year against Rs2.9tr this

year, up by 26pc, while growth in direct taxes is less than 22pc at Rs2.18tr against Rs1.789tr this year.

The provincial share in federal taxes would increase from Rs2.7tr this year to Rs3.4tr next year, up by about Rs707bn or 25pc, but about Rs570bn would be retained by the federal government as provincial cash surplus to contain federal deficit that would otherwise go beyond 7.1pc of GDP.

The current expenditure of the federal government would be around Rs7.5tr next year, up 14pc over current year's Rs6.56tr. The interest payments are projected at Rs3.06tr, compared to Rs2.85tr this year, an increase of 7pc. The pension bill, excluding the latest 10pc increase, is estimated at Rs480bn of which Rs260bn goes to the military pensioners. The running of the entire civil government would cost Rs479bn, down from Rs487bn this year, while defense expenditure would go up to Rs1.37tr against Rs1.29tr this year, showing an increase of just 5.8pc. The Public Sector Development Programme (PSDP) is projected at Rs900bn next year against Rs650bn this year which has now been cut by another Rs20bn.

The hallmark of the taxation side is reintroduction of self-assessment scheme that was previously introduced by the Musharraf government, but this is balanced through a third-party audit and a restriction on tax notices by the Federal Board of Revenue.

The finance minister said the budget did not impose any new tax on salaried class. The tax compliance costs would be reduced, putting an end to profile updation every year despite submission of entire data as part of tax returns. The budget also provided relief in federal excise and sales taxes on locally manufactured cars of less than 850cc and electric vehicles.

The minister also announced relief measures on setting up of cold storages for agriculture products and tax exemptions on Covid-related medical equipment, etc, for another six months. He also promised a minimum wage of Rs20,000 per month for private workers, an increase of 20pc.

He said the government had given an economic programme in the budget which addressed welfare of all segments of society, from agriculture to industry and from services to social sector, from labour to farmer to women to students, homeless, government servants, youth and the poor households.