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# Selections From Regional Press

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**HINDUSTAN TIMES, NEW DELHI 23-6-2021**

## **India, US to carry out two-day mega naval drill in Indian Ocean from today**

**By hindustantimes.com**

High tempo operations during the two-day exercise will include advanced air defence exercises, cross deck helicopter operations and anti-submarine exercises, said officials of Indian Navy. The air force said that the assets to be part of the exercise would include Jaguars and Su-30 MKI fighters.

Indian Naval Ships (INS) Kochi and Teg, along with P-8I and MiG-29K aircraft, will participate in a Passage Exercise with USS Ronald Reagan during its transit through Indian Ocean Region, the defence ministry said on Tuesday. The two-day exercise will begin on Wednesday, which officials said reflects the growing operational cooperation between the two navies.

According to the ministry, the warships, along with aircraft from Indian Navy and Indian Air Force, will be engaged in joint multi-domain operations with the carrier strike group comprising Nimitz class aircraft carrier Ronald Reagan, Arleigh Burke class guided missile destroyer USS Halsey and Ticonderoga class guided missile cruiser USS Shiloh.

A carrier strike group is a mega naval fleet comprising an aircraft carrier, accompanied by a large number of destroyers, frigates and other ships.

High tempo operations during the two-day exercise will include advanced air defence exercises, cross deck helicopter operations and anti-submarine exercises. The participating forces will endeavour to hone their war-fighting skills and enhance their interoperability as an integrated force to promote peace, security and stability in the maritime domain, said officials.

Indian Navy and US Navy regularly undertake a host of bilateral and multilateral exercises which underscore the shared values as partner navies, in ensuring commitment to an open, inclusive and a rule-based international order.

The air force said that the assets to be part of the exercise would include Jaguars and Su-30 MKI fighters, AWACS (Airborne Warning and Control System) and air-to-air refueller aircraft.

In a statement, it said the US carrier strike group is expected to field F-18 fighters and E-2C Hawkeye aircraft, adding that the exercise will be carried out south of Thiruvananthapuram.

**THE PIONEER, NEW DELHI 17-6-2021**

## **Rajnath for respect for sovereignty as China muscles into Indo-Pacific**

**PNS**

As China is muscling into the Indo-Pacific region causing concern, Defence Minister Rajnath Singh on Wednesday

called for an open and inclusive order in the region based upon respect for sovereignty and territorial integrity of nations.

He also flagged terrorism and radicalisation as the “gravest threats” to peace and security in the world and said a collective approach is required to combat the challenges. This observation was in apparent reference to Pakistan aiding and abetting terrorism.

Rajnath made these assertions while addressing the 8th Association of Southeast Asian Nations (ASEAN) Defence Ministers Meeting (ADMM) Plus. The ADMM Plus is an annual meeting of Defence Ministers of 10 ASEAN countries and eight dialogue partner countries - Australia, China, India, Japan, New Zealand, Republic of Korea, Russia and the United States. Brunei is the Chair of the ADMM Plus forum this year.

Refraining from naming China, Rajnath talked about the Indo-Pacific region stressing the need for rule-based order and stressed on “peaceful resolutions of disputes through dialogue and adherence to international rules and laws.”

“India has strengthened its cooperative engagements in the Indo-Pacific based on converging visions and values for promotion of peace, stability and prosperity in the region. Premised upon the centrality of ASEAN, India supports utilisation of ASEAN-led mechanisms as important platforms for implementation of our shared vision for the Indo-Pacific,” he added.

Highlighting India’s concerns over maritime security challenges, he noted that developments in the South China Sea attracted attention in the region and beyond. It was in obvious reference to China’s aggressive behaviour in the critical waterways.

“Maritime security challenges are a concern to India. The Sea lanes of Communication are critical for peace, stability, prosperity and development of the Indo-Pacific region,” he stressed.

He hoped that the Code of Conduct negotiations will lead to outcomes keeping with international law and do not prejudice the legitimate rights and interests of nations that are not party to these discussions.

**HINDUSTAN TIMES, NEW DELHI 19-6-2021**

## **The roots of the India-China discord**

**By Karan Thapar**

India and China are not friends for four key reasons: They are “deep seated differences over their perceptions of each other”, “their territorial perimeters”, “their strategic partnerships” and, most importantly, “the asymmetry of power”.

Perhaps I am simple-minded but I prefer analysis that’s clear and focused. Most academics embellish their argument with so much equivocation you’re never certain what they’re saying. Some even resort to language that’s befuddling.

They use it to impress rather than express. The book I want to introduce today rises above these failings, which is why it's easy to read and easier still to understand. Whether you agree or disagree is another matter.

I'm referring to Kanti Bajpai's *India Versus China: Why They Are Not Friends*. On its opening page, it says "India-China relations are darker and more complex than most observers appreciate or acknowledge". On the next, it adds "India and China are not friends for four key reasons". The rest of the book explains the four. They are "deep seated differences over their perceptions of each other", "their territorial perimeters", "their strategic partnerships" and, most importantly, "the asymmetry of power". In Bajpai's opinion, "mutual perceptions and the power asymmetry" are the most important. I found the chapters devoted to them fascinating and eye-opening.

India and China's mutual perceptions changed pretty significantly over the centuries. China looked up to Buddhist India; a millennium later, India held Imperial China in great regard. The situation changed from the 19th century onwards. China's respect for India declined, if not withered away, whilst India began to see it through British eyes.

Today, we've reached the apogee of that trajectory. "Clearly, China does not see India as a fellow great power," writes Bajpai and, therefore, "from a position of strength China does not see the need to accommodate" India. The opposite applies to India. "From a position of weakness India feels it cannot afford to (accommodate China)" without "loss of standing and strategic autonomy".

It's in this context Bajpai analyses the power asymmetry. Many will be surprised to read "as a soft power, contrary to the generally held view, China betters India". But that's not all. Bajpai also believes China's lead "looks set to persist for a good long time". I won't give away more by telling you why. The answer, however, isn't unconvincing.

More cheering is what Bajpai says about the hard power disparity. We know only too well of the economic gap. What I hadn't realised is that "compared to the enormous disparities in economic strength, India and China are not as far apart in military strength." That was a pleasant surprise. "Indeed", Bajpai adds, "given the stopping power of the Himalaya and the maritime distances, the imbalance is less daunting."

First, however, look how daunting that imbalance is. Although India has the larger army, China has three-and-a-half times more aircraft, three times more submarines and twice as many nuclear weapons. But it's the difference in indigenous defence production and China's ability to produce new technologies that gives Beijing the decisive edge. Yet, much of this, Bajpai argues, is checked by geography and strategy. This is why China's "ability to coerce or defeat India appears limited".

But there are four caveats. First, logistics. "India's logistics are wafer-thin... because it depends on foreign supplies". Second, India's "massive dependence on foreign systems". We don't "produce a single major conventional armament, with the partial exception of naval vessels".

Third, "nuclear weapons". Just as India has escalation dominance over Pakistan, so China has that advantage over us. Fourth, "cyber, automated and remotely operated devices married to artificial intelligence". Bajpai says the Chinese military is "ahead on all counts".

Which brings me to his conclusions. The lesser: "a good bet there will be more Ladakhs". He also fears problems in Arunachal, strategically more important because it's rich in resources. The greater is more disturbing. "China's comprehensive national power is about seven times that of India". And "until India substantially closes the power gap, there's little prospect of a lasting rapprochement." Finally, is that likely?

Here Bajpai suddenly becomes equivocal. To catch up "India will need a near-civilizational change". His readers have to decide whether that'll happen.

*India's Diplomacy in the New Power Games in Asia*

**HINDUSTAN TIMES, NEW DELHI 16-6-2021**

## **Rajnath Singh calls for free and open Indo Pacific at key ASEAN meet**

**ANI**

India calls for a free, open and inclusive order in the Indo Pacific, said Defence Minister Rajnath Singh on Wednesday, adding that New Delhi supports freedom of navigation, overflight, and unimpeded commerce in the international waterways including the South China Sea.

During the virtual address at the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus), Singh asserted that maritime security challenges are another area of concern to India and it hopes that the Code of Conduct negotiations regarding the South China Sea will lead to outcomes that are in keeping with international law.

"India calls for a free, open and inclusive order in the Indo-Pacific, based upon respect for sovereignty and territorial integrity of nations, peaceful resolution of disputes through dialogue and adherence to international rules and laws," he said.

"India has strengthened its cooperative engagements in the Indo-Pacific based on converging visions and values for promotion of peace, stability, and prosperity in the region. Premised upon the centrality of ASEAN, India supports the utilisation of ASEAN-led mechanisms as important platforms for the implementation of our shared vision for the Indo-Pacific," he added.

Stating that the sea lanes of communication are critical for peace, stability, prosperity and development of the Indo-

Pacific region, the Minister said developments in the South China Sea have attracted attention in the region and beyond.

"India supports freedom of navigation, overflight, and unimpeded commerce in these international waterways. India hopes that the Code of Conduct negotiations will lead to outcomes that are in keeping with international law, including the UNCLOS and do not prejudice the legitimate rights and interests of nations that are not a party to these discussions," he said

China claims sovereignty over almost the entire South China Sea and has overlapping territorial claims with Brunei, Malaysia, the Philippines, Vietnam and Taiwan.

Beijing's "nine-dash line" territorial claim covers 90 per cent of the 3.5-million-sq. km South China Sea, despite the Permanent Court of Arbitration in The Hague ruling against the claim in 2016.

Last week, ASEAN and China agreed to expedite the resumption of negotiations on the code, which were halted by the pandemic.

China and Asean started negotiations in 2013 on a supposedly binding code of conduct to regulate maritime behaviour in the strategically important waterway that is claimed by China as well as ASEAN members such as Brunei, Malaysia, the Philippines and Vietnam.

Speaking at the virtual meeting, Singh said India shares a deep connect with ASEAN and has continued its active engagement in many areas contributing to regional peace and stability, particularly through ASEAN led mechanisms, such as East Asia Summit, ASEAN Regional Forum and ADMM-Plus.

"The India-ASEAN strategic partnership has been strengthened by virtue of flourishing cultural and civilizational links and enhanced people-to-people cooperation. India continues to attach importance to ASEAN centrality and unity in ensuring peace and stability in the region," he said.

Terming terrorism and radicalisation as the "gravest threats" to peace and security, the Minister said that India remains committed to combating financing terrorism as a member of the Financial Action Task Force (FATF).

"India shares global concerns about terrorism and believes that in an era when networking amongst terrorists is reaching alarming proportions, only through collective cooperation can the terror organisations and their networks be fully disrupted, the perpetrators identified and held accountable, and strong measures are undertaken against those who encourage, support and finance terrorism and provide sanctuary to terrorism," he said.

**HINDUSTAN TIMES, NEW DELHI 17-6-2021**

## **New Delhi's trilemma: How India manages its interests in the US-China-Russia game will be one of its toughest challenges**

### **TOI Editorial**

The first summit between Joe Biden and Vladimir Putin provided a context for what is and will be one of India's toughest foreign policy challenges. Here's why. First, US-Russia relations are, at best, bad. Second, Russia is getting close to China, in response to West's pushback for Moscow's military 'muscle flexing' in Europe. Third, with the West anointing China as the geopolitical rival, the relationship between Washington and Beijing-Moscow may considerably worsen. That presents to India the challenge of managing its interests in a complex US-China-Russia game. A foreign policy trilemma, as it were.

India is potentially a significant ally of the West in any move to contain China. The Quad is a good, if still-evolving, example of this. But it is also doubtful India can fully depend on the US in the event of any serious hostility with China. Therefore, unlike traditional US allies India will need to develop a sharp China policy itself. The Galwan clash showed India is capable of this, despite the huge power asymmetry between the two countries.

In this context, arms and defence knowhow from Russia are very useful for India. But Moscow has not been thrilled with what it sees as New Delhi's increasing strategic ties with Washington. The Russian leadership hasn't minced words criticising the Quad and is even reportedly looking to expand the scope of its defence ties with Pakistan. If America-led West and Beijing-Moscow become two clear geostrategic poles, India's space for manoeuvre may shrink, and China won't at all mind exploiting that.

There are other worries in this trilemma. India-US economic relations won't be on a solid footing till there is a trade pact, on which there is little movement. Plus, there's the impact of America's military withdrawal from Afghanistan. Will New Delhi need Moscow if Af-Pak hots up?

India's best case scenario is that America and Russia feel better about each other, so that Moscow has less reason to court Beijing. Indeed, for Washington, too, a Beijing-Moscow combo is something to be avoided. It makes sense for America to keep its strategic focus squarely on China. Russia isn't strong enough to be a global disruptor, China is. But India may not get what it wants – US-Russia and US-China jousting may sharpen the trilemma for it. The best, maybe the only, way out is to seriously expand India's economy. If India can grow at 8% annually over the next 10 years, the trilemma will wither away.



**HINDUSTAN TIMES, NEW DELHI 19-6-2021**

## **India's place in Quad hinges on its ability to counter China, not Covid**

**Rohan Mukherjee**

As India's deadly second wave of the Covid-19 pandemic subsides, observers have begun taking stock of the aftermath. A recent article in The Financial Times suggested that the second wave has exposed India as the "weakest link" in the Quad grouping of the US, Japan, Australia, and India, whose collective goal is to counter Chinese influence in the Indo-Pacific.

Specifically, the article argued that India's emergency export ban on vaccines has alienated neighbouring countries and undermined the Quad's effort to compete with China's vaccine diplomacy. Moreover, it said the critical flaws of India's public health infrastructure have allegedly revealed to the world the limits of India's capabilities as a rising power. The chief casualty overall is India's reputation as a major global player — especially in pharmaceuticals and vaccine production — which now appears completely out of sync with reality.

These arguments suffer from a few problems. First, although India's ban on vaccine exports undoubtedly upset countries scheduled to receive them, the resulting reputational damage is short-term in nature. India was exporting vaccines before its second wave and will resume exports once the domestic crisis is under control. Global opinion is neither fixed nor unforgiving, especially in a time when vaccine export bans are entirely unexceptional.

Even if China steps in to fill vaccine orders unmet by India, this does not automatically translate into significant losses for India or the Quad. Smaller countries in the Indo-Pacific are adept at navigating competition between major powers and many would happily accept Chinese vaccines today and support the Quad tomorrow, or vice versa. Geopolitical competition is a long-term game of multiple rounds, and the Quad's hand is hardly out of cards yet.

Second, India's state capacity is not uniformly distributed across functional domains. A government's inability to respond rapidly and effectively to a public health crisis of massive proportions says little about its ability to build roads, collect taxes, or secure the nation. It is no secret that India's public health expenditure as a share of GDP is well below international standards and showed little sign of increasing over the last decade. A large wave of Covid-19 cases was every Indian's nightmare precisely because the healthcare system was expected to severely struggle under pressure.

The same cannot be said for India's defence establishment and broader ability to generate and project military power, and this is what counts when it comes to India's foreign relations and the Quad in particular. Despite being devastated by the pandemic, the country has nonetheless

sustained thousands of troops and equipment at high altitudes in its border confrontation with China for over a year to date.

Finally, on the question of India's image, there is no doubt that the central government and state governments today should be eating humble pie given their negligence and misplaced triumphalism of early 2021. However, this fact alone says little about whether India's self-image as a leading power is more hype than reality. Virtually every rising power in history has nurtured a desire for international standing and global recognition well before it could achieve such goals. And, like India, these nations have stumbled many a time on the path to becoming great powers.

India's strategic partners have always expected its rise to be 'two steps forward, one step back', and have factored this into their calculations. Even if the pandemic has 'exposed' the Indian state's weaknesses, the results at best confirm widely held presuppositions instead of revealing some hidden truth. As for vaccine production, only India's most ardent supporters would imagine that it could turn on a dime and deliver a staggering number of vaccines for national and global distribution — a tall order for even the most advanced economies.

Ultimately, the impact of Covid-19 on India's place in the Quad hinges on what India's post-pandemic economy and military can deliver to countries looking to secure their own interests in the face of China's rise. Vaccines are a minuscule part of the equation. More important is the human-capital cost of the virus in key Indian government functions and economic sectors. In the short term, India's foreign policy may be distracted by the imperatives of domestic recovery. Investment in public health may come at the cost of defence, foreign aid, and multilateral commitments. Countering Chinese influence, however, is a long-term project for the Quad; one that far exceeds vaccine diplomacy. There are various reasons why the Quad may fail, and some of them certainly have to do with India's own interests and priorities. However, India's Covid-19 calamity is unlikely to be a root cause.

*India and the Developments in Afghanistan*

**THE INDIAN EXPRESS, NEW DELHI 22-6-2021**

## **Terrorist safe havens and sanctuaries must be dismantled for enduring peace in Afghanistan: India**

**PTI**

India has been supportive of all the efforts being made to accelerate the dialogue between the Afghan government and the Taliban, including the intra-Afghan negotiations, External Affairs Minister S Jaishankar said during a UNSC debate.

India said on Tuesday that terrorist safe havens and sanctuaries must be dismantled immediately and terrorist

supply chains disrupted for enduring peace in Afghanistan as it called for zero tolerance for terrorism in all its forms and manifestations including cross-border attacks.

During a UN Security Council debate on the UN Assistance Mission in Afghanistan, External Affairs Minister S Jaishankar also pressed for a permanent and comprehensive ceasefire in the war-torn nation to ensure immediate reduction in violence and protection of civilian lives.

“For enduring peace in Afghanistan, terrorist safe havens and sanctuaries must be dismantled immediately and terrorist supply chains disrupted. There needs to be zero tolerance for terrorism in all its forms and manifestations including its cross-border one,” he said in an apparent reference to Pakistan.

“It is equally important to ensure that the territory of Afghanistan is not used by terrorist groups to threaten or attack any other country. Those providing material and financial support to terrorist entities must be held accountable,” he added.

Noting that the intra-Afghan talks have not resulted in a reduction of violence in Afghanistan, Jaishankar said, “It is therefore crucial that the international community and, in particular, this Council presses for a permanent and comprehensive ceasefire to ensure immediate reduction in violence and protection of civilian lives.” “A durable peace in Afghanistan requires a genuine ‘double peace’. That is, peace within Afghanistan and peace around Afghanistan. It requires harmonizing the interests of all, both within and around that country,” he said.

India has been supportive of all the efforts being made to accelerate the dialogue between the Afghan government and the Taliban, including the intra-Afghan negotiations, he said.

If the peace process is to be successful, then it is necessary to ensure that the negotiating parties continue to engage in good faith, eschew the path to find a military solution, and fully commit towards reaching a political solution, he said.

“India welcomes any move towards a genuine political settlement and a comprehensive and permanent ceasefire in Afghanistan. We support a leading role for the United Nations, since that would help improve the odds for a lasting and durable outcome,” he said.

“I would like to reiterate our support for an inclusive, Afghan-led, Afghan-owned and Afghan-controlled peace process. Any political settlement in Afghanistan must ensure that the gains of the last two decades are protected, and not reversed,” he added.

It should, therefore, preserve the constitutional democratic framework and ensure the protection of rights of women, children and minorities, he said.

The Taliban and the Afghan government are holding direct talks to end 19 years of war that has killed tens of thousands of people and ravaged various parts of the country.

The intra-Afghan began as the US and the Taliban signed a landmark deal in Doha on February 29, 2020 following multiple rounds of negotiations to bring lasting peace in war-torn Afghanistan and allow US troops to return home, effectively drawing curtains on America’s longest war. India has been a major stakeholder in the peace and stability of Afghanistan. It has already invested close to USD three billion in aid and reconstruction activities in the country.

**THE INDIAN EXPRESS, NEW DELHI 23-6-2021**

## **Qatar envoy says India officials met Taliban; Jaishankar points to no dip in Afghan violence**

**Shubhajit Roy**

The minister also said that “any political settlement” in Afghanistan must “preserve the constitutional democratic framework”.

Even as a senior diplomat from Qatar has said that there has been a “quiet visit” by Indian officials “to speak with the Taliban”, External Affairs Minister S Jaishankar Tuesday underlined the intra-Afghan talks have not resulted in a reduction of violence in Afghanistan. The minister also said that “any political settlement” in Afghanistan must “preserve the constitutional democratic framework”.

Addressing the UN Security Council on Tuesday through virtual mode, Jaishankar said, “India has been supportive of all the efforts being made to accelerate the dialogue between the Afghan government and the Taliban, including the intra-Afghan negotiations. If the peace process is to be successful, then it is necessary to ensure that the negotiating parties continue to engage in good faith, eschew the path to find a military solution, and fully commit towards reaching a political solution. A tangible demonstration of this commitment is required.”

This came a day after Qatar’s special envoy for counter-terrorism and conflict resolution, Mutlaq bin Majed al-Qahtani, said that he believed the Indian side was engaging with the Taliban as the group is seen as a “key component” in any future government in Afghanistan.

Al-Qahtani, who was participating in a virtual discussion organised by the Arab Center Washington DC on the theme “Looking towards peace in Afghanistan after the US-NATO withdrawal”, made the remarks on Monday.

“I understand that there has been a quiet visit by Indian officials...to speak with the Taliban. Why? Because not everybody is believing that the Taliban will dominate and take over, because Taliban is a key component of, or should be or is going to be a key component of the future of Afghanistan,” Al-Qahtani said.

There was no official confirmation from the Indian government of the Indian officials travelling to Doha and meeting the Taliban.

Jaishankar had made two transit stop-overs in Doha, Qatar, during his recent visits to Kuwait and Kenya. During the first halt on June 9, Jaishankar met Qatari National Security Adviser Mohamed Bin Ahmed Al Mesned.

During another transit halt on June 15, Jaishankar met Qatari foreign minister Mohammed bin Abdulrahman Al-Thani and minister of state for defence Khalid bin Mohammad Al Attiya. He also held talks with US special envoy Zalmay Khalilzad and exchanged perspectives on Afghanistan and the region.

At the UNSC, Jaishankar on Tuesday said that India welcomes any move towards a genuine political settlement and a comprehensive and permanent ceasefire in Afghanistan. “We support a leading role for the United Nations, since that would help improve the odds for a lasting and durable outcome,” he said. He also reiterated India’s support for an “inclusive, Afghan-led, Afghan-owned and Afghan-controlled peace process”.

“Any political settlement in Afghanistan must ensure that the gains of the last two decades are protected, and not reversed. It should, therefore, preserve the constitutional democratic framework and ensure the protection of rights of women, children and minorities,” he said.

For enduring peace in Afghanistan, he said, “terrorist safe havens and sanctuaries must be dismantled immediately and terrorist supply chains disrupted”. “There needs to be zero tolerance for terrorism in all its forms and manifestations including its cross-border one,” he said, in an oblique reference to Pakistan.

“It is equally important to ensure that the territory of Afghanistan is not used by terrorist groups to threaten or attack any other country. Those providing material and financial support to terrorist entities must be held accountable,” the minister said.

**THE TIMES OF INDIA, NEW DELHI 24-6-2021**

**Talking to Taliban: New Delhi must be pragmatic, to reduce Pakistan’s options for playing mischief and protect its investments**

**TOI Editorial**

Times of India’s Edit Page team comprises senior journalists with wide-ranging interests who debate and opine on the news and issues of the day.

Reports that Indian officials quietly met Taliban representatives in Doha signal New Delhi taking a pragmatic approach to what is likely to be a very complicated situation in Afghanistan. With the US slated to completely pull out its troops from Afghanistan by September, India has a real challenge on its hands. So far, New Delhi has stuck to supporting the government in Kabul.

But the ground reality is changing fast with Taliban ramping up fighting and capturing more than 50 districts since May.

India has two strategic objectives. First, it wants to prevent Pakistan from using Afghanistan as strategic depth against India once Americans leave. Sirajuddin Haqqani of the Haqqani Network – which has close ties with Pakistan’s ISI – is No 2 in the Taliban leadership. A Taliban takeover of Afghanistan is likely to embolden Pakistan to use its Afghan proxies against India, with possible ramifications for Kashmir. Second, India has made substantial investments in Afghanistan – around \$3 billion – that need to be protected. Last November India announced it had concluded an agreement for the construction of the Shahtoot dam at the projected cost of \$250 million, besides launching more than 100 community development projects in Afghanistan worth \$80 million. Other large infrastructure projects undertaken by India include the strategic 218 km Delaram-Zaranj highway, the India-Afghanistan friendship dam, and the construction of the Afghan Parliament building.

These are substantial investments that Pakistan can target using its Afghan proxies. And with current geopolitics not favouring India’s ties with Iran and Russia – important stakeholders in Afghanistan – New Delhi can’t bank on a multilateral approach to protect its Afghan interests. In this scenario, talking to Taliban makes sense. Meanwhile, reports that the US may consider slowing its Afghan drawdown in light of Taliban’s onslaught are also welcome for India. Afghanistan’s fledgling democratic institutions can’t be allowed to totally collapse. India must be flexible and keep all its options open.

**HINDUSTAN TIMES, NEW DELHI 27-6-2021**

**Engaging with the Taliban is necessary**

**By Avinash Paliwal**

India’s outreach isn’t risk-free. But it may help assess Taliban’s motives and secure Indian interests, especially during a crisis

India’s “quiet visit” to meet with the Taliban in Doha, confirmed by Mutlaq bin Majed al-Qahtani, Qatar’s special envoy for counterterrorism and conflict resolution, marks a significant shift in India’s approach towards Afghanistan.

For decades, New Delhi refused to engage with the Taliban. The group’s dependence on Pakistan, its religious extremism, and support for transnational jihadists, including Kashmir-centric outfits, are the core reasons for India remaining distant. But the decision of the United States (US) to withdraw its forces from Afghanistan triggered a shift.

Before unpacking the costs and benefits of engaging with the Taliban, it is worth reiterating the central driver of India’s Afghanistan policy i.e., to ensure a strategic balance between Kabul and Islamabad. The asymmetry of power between these countries notwithstanding, India wants to ensure that nationalist Afghan opinion — critical of

Pakistan's interventionism — remains alive and assertive. This is why New Delhi persisted with its advocacy of an “Afghan-owned, Afghan-led” reconciliation process. Talking to the Taliban, then, is as much an exercise in preventing harm to India's interests, as to gauge the depth and breadth of the group's nationalism.

The benefits of this successful outreach are apparent. The Taliban acknowledges India's constructive role in Afghanistan, and would not want a reduction in its diplomatic presence. There is no guarantee that it will prevent the use of Afghan soil by anti-India militants, but it has certainly expressed unwillingness to support such elements. Careful about not being caught between an India-Pakistan crossfire, the Taliban wants to distance itself from the Kashmir imbroglio. The outreach in Doha, then, has instilled cautious optimism among Indian officials that the Taliban may not openly hostile, and may even seek stronger ties in the medium-term.

But the outreach is not risk-free.

One, the Taliban could go back on its promises and, with a nudge from Pakistan, target Indian interests. If not this, then the Taliban interlocutors India is engaging with (the same figures the US is talking to, such as Mullah Baradar) could be sidelined, or worse, replaced by pro-Pakistan hardliners such as the Haqqanis. This is a considerable risk. After all, families of Taliban leaders reside in Pakistan. This offers the host valuable leverage, and Islamabad's desire to reduce India's presence in Afghanistan is well known.

India still feels the humiliation of the 1999 IC-814 hijacking, when India's northern allies were busy with infighting as the Taliban harassed India in Kandahar at Pakistan's behest. Taliban factions on the ground have not broken ties with the al-Qaeda and the Lashkar-e-Taiba. Notably, they are also sheltering anti-Pakistan Tehrik-e-Taliban Pakistan elements as an insurance. In this context, the closure of India's Jalalabad and Herat consulates due to persistent threats offers good reason for scepticism.

Two, outreach to the Taliban could expedite Kabul's fall, and complicate India's relations with existing allies. This argument has been potent enough to prevent an India-Taliban channel to develop at various moments since 2010, when the idea of talking to the Taliban became internationally acceptable. In 2012-13, the then president Hamid Karzai's pushback against the US's engagement with the Taliban put an end to India's own outreach. Silent in nature, the idea of talking to the Taliban then was the same as now i.e., to assess their desire for autonomy from Pakistan and attitude towards India as the US announced its departure in 2014.

Despite these risks, there are compelling reasons for India to talk to the Taliban. For one, these concerns would remain valid regardless of India's outreach. If nothing else, India's absence in the Taliban's calculus would make it even more expendable if the Islamic republic collapses.

India's support for Kabul and consolidation of relations with powerbrokers such as Marshall Dostum, Muhammad Mohaqiq, Ustad Atta, Ahmad Massoud, Ismail Khan, Abdul Rasul Sayyaf, Hamid Karzai and others, reduces the risk of dislocating its relationship with existing allies. These figures, barring an isolated president Ashraf Ghani, have been encouraging India to open channels with the Taliban. Aimed at supporting an inclusive setup in Kabul, India's outreach to the Taliban is not at the expense of its allies, and they know it.

There is an argument that the outreach should have been kept secret.

Often unaccounted for, and prone to manipulation, covert contacts don't build enduring alliances. If India seeks a politically inclusive Afghanistan and builds relations with all ethnic communities, then its outreach to the Taliban requires openness. India's calibrated leaks have demonstrated the existence of this channel, which the Taliban has not denied, without outing specifics. This is loaded signalling for multiple audiences.

For India's strategic community, this suggests that New Delhi will not forget IC-814, but it cannot keep its Afghanistan policy hostage to that episode. For the Taliban, this is a signal of intent i.e., India is willing to accept the Taliban's rise, but only as long as the Taliban respects Indian interests. Once in power, targeting India will not be cost-free for the Taliban (if New Delhi augments support for its allies), and over-dependence on Pakistan won't take them far as administrators.

The critical signal is for Pakistan i.e., India can absorb temporary setbacks, but will stay the course in Afghanistan. Pakistan's notional strategic depth in Afghanistan will not help achieve its objectives vis-à-vis Kashmir. If anything, India's outreach to the Taliban might complicate Pakistan's relations with the Taliban once the latter comes to power and faces the pressures of governance and administration.

#### **THE INDIAN EXPRESS, NEW DELHI 25-6-2021**

### **Doval at Dushanbe: Pak NSA listening, India proposes action against LeT, Jaish within SCO framework**

**Written by Shubhajit Roy**

Doval also emphasised “adoption of international standards to counter terror financing, including an MoU between SCO and the Financial Action Task Force (FATF)”, the sources said.

With his Pakistani counterpart Moeed Yusuf listening, National Security Advisor (NSA) Ajit Doval on Wednesday “proposed an action plan against Lashkar-e-Taiba (LeT) and Jaish-e-Mohammad (JeM) as part of the SCO framework”, sources said on Thursday.

Doval was speaking at the meeting of NSAs from Shanghai Cooperation Organisation (SCO) member countries in Dushanbe, the capital of Tajikistan.

Doval also emphasised “adoption of international standards to counter terror financing, including an MoU between SCO and the Financial Action Task Force (FATF)”, the sources said.

The FATF, which is the global money laundering and terrorist financing watchdog, is currently holding a meeting to decide whether to retain Pakistan on its ‘grey list’.

Doval “strongly condemned terrorism in all forms and manifestations”, and said that “perpetrators of terrorism including cross-border terror attacks should be expeditiously brought to justice”, the sources said.

He stressed the “need for full implementation of UN resolutions and targeted sanctions against UN designated terrorist individuals and entities” — a reference to the absence of action by Pakistan against LeT chief Hafiz Saeed and JeM chief Masood Azhar.

There is a “need to preserve gains made in the last two decades in Afghanistan and give top priority to the welfare of its people”, Doval said.

India, he said, “fully supports SCO Contact Group on Afghanistan, which should be more active”.

He underlined that “greater connectivity including through initiatives like Chabahar, INSTC, Regional Air Corridors, Ashgabat Agreement always leads to economic gains and building trust”.

Without mentioning the China-Pakistan Economic Corridor (CPEC), Doval said that “connectivity must respect sovereignty and territorial integrity”. India is opposed to the CPEC — it has maintained that the corridor, which passes through Pakistan-occupied Kashmir, violates India’s

At the meeting, Doval also stressed the “need to monitor new technologies used by terrorists including drones for smuggling of weapons and misuse of dark web, artificial intelligence, blockchain and social media”.

Doval, Yusuf, and the other SCO NSAs agreed to cooperate in the joint fight against “international terrorism”, “extremism”, “separatism”, and “religious radicalism”, conference host Tajikistan had said in a statement issued on Wednesday.

The statement, issued in Tajik, said special attention was given to the “current military and political situation in Afghanistan”, and the risk of “escalation”.

While there was no word on the possible meeting between Doval and Yusuf, the fact that the two NSAs shared a table was significant given the fluid situation in Afghanistan and the fragile, four-month peace along the LoC.

On Afghanistan, External Affairs Ministry spokesperson Arindam Bagchi said: “India supports all peace initiatives and has a long-term commitment towards development and reconstruction of Afghanistan. In this context, we remain in

touch with various stakeholders, including regional countries.”

**THE INDIAN EXPRESS, NEW DELHI 24-6-2021**

## **Doval, Pakistan NSA agree to cooperate in SCO fight against terrorism**

**Written by Shubhajit Roy**

India and Pakistan have been holding back-channel talks for the last few months, with Doval leading the Indian initiative with Pakistan’s civilian-military leadership.

National Security Advisor Ajit Doval and Pakistan counterpart Moeed Yusuf joined NSAs of the Shanghai Cooperation Organisation (SCO) member countries in Dushanbe where they agreed to cooperate in the joint fight against the threats of “international terrorism”, “extremism”, “separatism” and “religious radicalism”, a statement issued by host Tajikistan stated Wednesday.

The official statement, issued in Tajik, said special attention was given to the “current military and political situation in Afghanistan” and the risk of “escalation”.

It said the NSAs met Tajikistan’s President Emomali Rahmon. This was the 16th meeting of the Secretaries of the Security Councils of the Shanghai Cooperation Organisation.

President Rahmon said Tajikistan, as the current SCO chairman, attaches great importance to the meeting of the NSAs. Cooperation in the joint fight against the threats of international terrorism, extremism, separatism, religious radicalism, the risks of increasing transnational organised crime, including arms and drug trafficking, were discussed at the meeting, the statement said.

The Regional Anti-Terrorist Structure (RATS) of the SCO, it said, can play an important role in ensuring regional security and strengthening ties between member states in combating threats and challenges of the modern world.

The meeting also discussed cooperation between member states in ensuring reliable information security, the joint fight against cybercrime and the issues of biological security and food security in the context of the coronavirus pandemic, the statement said.

Besides Doval and Yusuf, the meeting was attended by Asset Issekeshov of Kazakhstan, Marat Imankulov of the Kyrgyz Republic, Nikolai Patrushev of Russia, Nasrullo Mahmudzoda of Tajikistan, Bobur Usmanov of Uzbekistan and RATS Director Jumakhon Giyosov. There was no representative from China, according to the Tajik statement, nor was he seen in the group photo with Rahmon.

According to Russian news agency TASS, the Russian Security Council said Patrushev and Doval discussed in detail “further plans of the Russia-India interaction in the security sphere, cooperation among the security and law-enforcement agencies”. The two NSAs had met on Tuesday

and had exchanged opinions on the situation in Afghanistan and the Asia-Pacific region, it said.

While there was no word about a possible meeting between Doval and Yusuf, the fact that the two shared the table was a significant development in the wake of the fluid situation in Afghanistan and the fragile LoC peace between India and Pakistan that has been holding for the last four months.

India and Pakistan have been holding back-channel talks for the last few months, with Doval leading the Indian initiative with Pakistan's civilian-military leadership. He was said to have met Yusuf and ISI chief Lt Gen Faiz Hameed in a third country, and had also kept communication channels open with Pakistan Army chief Gen Qamar Javed Bajwa.

#### **THE INDIAN EXPRESS, NEW DELHI 18-6-2021**

### **India demands review of Pak Bill linked to Kulbhushan Jadhav's right to appeal**

**Express News Service**

"We call upon Pakistan to take appropriate steps to address the shortcomings in the bill," Ministry of External Affairs' official spokesperson Arindam Bagchi said.

India on Thursday asked Pakistan to "take appropriate steps to address the shortcomings" in a bill introduced in the country's national assembly last week providing for the right to appeal to Indian death-row convict Kulbhushan Jadhav.

The Ministry of External Affairs' official spokesperson Arindam Bagchi said the bill has a provision for inviting the municipal court to decide whether any prejudice has been caused to Jadhav on account of the failure to provide consular access in accordance with a verdict of the International Court of Justice (ICJ).

"We call upon Pakistan to take appropriate steps to address the shortcomings in the bill," Bagchi said at a media briefing. He said the municipal court cannot be the arbiter of whether the State has fulfilled its obligation under international law. Bagchi also called upon the neighbouring country to comply with the judgment of the ICJ in the case relating to Jadhav.

Jadhav (50), a retired Indian Navy officer, was sentenced to death by a Pakistani military court on charges of espionage and terrorism in April 2017. Subsequently, India approached the ICJ against Pakistan for denial of consular access to Jadhav and challenging the death sentence. The Hague-based ICJ ruled in July 2019 that Pakistan must undertake an "effective review and reconsideration" of the conviction and sentence of Jadhav and also grant consular access to India without further delay.

#### **OUTLOOK AFGHANISTAN, KABUL 16-6-2021**

### **US Military Says Won't Support Afghan Forces with Airstrikes After Pullout**

**(ITV NEWS)**

The United States is not planning to support Afghan forces with air strikes after completing withdrawal of its troops from the country, according to a top US general.

Earlier, the New York Times reported that Pentagon was considering seeking authorization to carry out airstrikes to support Afghan forces if Kabul or another major city was in danger of falling to the Taliban.

General Frank McKenzie, head of the US Central Command, said that US will carry out airstrikes in Afghanistan if attack plans have been discovered to strike the US homeland or the homelands of its allies.

"That would be the reason for any strikes that we do in Afghanistan after we leave, (it) would have to be that we've uncovered someone who wants to attack the homeland of the United States, one of our allies and partners," McKenzie told VOA.

McKenzie said the withdrawal from Afghanistan is a major event that has strained resources, not only across his command, but also across the US Transportation Command, which helps shuttle US military people and equipment to various locations across the globe.

Those resources will continue to be strained, McKenzie said, as US aircraft will fly from bases thousands of kilometers away in order to gather intelligence and surveillance and "keep the pressure up" on terrorists in Afghanistan.

"It's a long haul to get forces, aircraft into Afghanistan from over the horizon. We've said all along this is a very difficult thing to do. It's not an impossible thing to do, and we're working that right now," McKenzie said.

According to McKenzie, the US will help the Afghan air force maintain its aircraft through a combination of virtual advising from afar and flying parts in and out of the country. The method will undoubtedly slow the maintenance process, which could leave Afghan forces with limited air support.

"Risk will be greater, significantly greater," McKenzie acknowledged.

#### **OUTLOOK AFGHANISTAN, KABUL 20-6-2021**

### **Turkey Set to Host 3-Way Talks on Afghan Peace Push**

**(Pajhwok)**

KABUL - Top diplomats from Afghanistan, Turkey and Iran are set to meet in the Turkish city of Antalya on Sunday. The three-way foreign ministerial meeting in the city on the Mediterranean coast is part of the Antalya Diplomacy Forum.

In Ankara, a statement from the foreign ministry said the ministers would discuss recent developments in the Afghan peace process.

“Cooperation in the fields of security, energy, connectivity and irregular migration will (also) be discussed,” the statement added.

Meanwhile, IRNA reported that Iranian Foreign Minister Javad Zarif has already arrived in Turkey to take part in the forum.

On Friday, Foreign Minister Hanif Atmar praised Iran for sending humanitarian and medical aid, including oxygen, to Afghanistan to deal with the coronavirus pandemic.

At a meeting on Friday, Atmar briefed his Iranian counterpart on the latest security situation in Afghanistan.

He said his country was willing to cooperate with Iran, especially on the security situation in border areas and holding the Iran-Afghanistan Economic Commission as soon as possible.

Zarif said Iran was ready to contribute effectively to strengthening stability in Afghanistan. He called for cooperation from all political forces in Afghanistan on restoration of security.

## **OUTLOOK AFGHANISTAN, KABUL 30-6-2021**

### **Troop Withdrawal; Change of Partnership, not End of Partnership**

#### **Editorial**

When the United States announced its troop withdrawal on April 14 2021, many believed the US was going to leave and abandon Afghanistan as the Soviet Union did in 1990s. Although the US president and other officials and also the NATO members announced they would continue supporting the Afghan national security and defense forces, many Afghans and international observers believed Afghanistan was not an important issue for the United States anymore and it wants to focus on its new strategic challenges. What I would clarify here is that, it is true that the US will focus on its strategic challenges and it is what any country, specially the first world power, must do. However, pledging concrete promises by the US shows that “U.S. support for Afghanistan was not ending but would be sustained despite the U.S. pullout.”

Ghani’s travel to Washington as the practical start of the new chapter of mutual relations

President Ghani and Chief of Afghanistan National Reconciliation Abdullah Abdullah, met the US president Joe Biden on Friday ,25 June, at the White House. The US president clearly outlined the US Policy on Afghanistan; Sustained supports to the Afghan security forces and providing political and economic support to Afghanistan.

Supporting the ANSDF

Afghan security forces are handling the war on terrorism now. This war was initiated by the US and NATO allies in Afghanistan. After about two decades, Afghan forces are taking the responsibility of the war with al-Qaeda, Taliban, ISIS and many other terrorist groups in Afghanistan.

The ANSDF is encountering mounting challenges encountered in securing the country. Even if the US and NATO live up to promises to maintain significant levels of aid and support to the ANSF in the years ahead—the Afghan security forces have no bother way but to struggle to stand on their own feet and overcome their dependency on foreign forces. Although the ANSDF has progressed very well and have gained a good level of capacity, their management systems, supporting structures, and strategic culture, among other pillars of the security architecture, remain weak and underdeveloped.

Funding and providing training to the ANSDF is inevitable in order to counter the terrorist groups in Afghanistan. If the Afghan security forces falter in the years ahead, it can be argued that it will not just represent a failure of the ANSF to stand up to terrorist groups like the Taliban, but also a failure of donors and Afghan stakeholders to build a legitimate and sustainable security sector, sufficiently resilient to overcome existing and foreseeable challenges. Considering this reality, the US and NATO allies have pledged their strong support of the ANSDF. Reassuring President Ghani of \$3.3 billion in security aid indicates the US both is well aware of the challenge and is ready to stand with Afghanistan to address it.

Providing training and financial support to the Afghan security forces was one of the key concerns of Afghans after the troop withdrawal. However, when NATO leaders committed to continue to provide training and financial support to the Afghan security forces during the alliance’s meeting in Brussels on June 14, 2021, the announcement ended speculation over what will happen to the NATO training mission in Afghanistan once U.S. and NATO forces leave the country by September. Although, the United States will end its own training program after the withdrawal, Washington will continue funding the Afghan forces.

The United States has spent a huge some of blood and money on A Afghanistan. When the US President Joe Biden announced the US troop withdrawal, many Afghans and international observers thought the US will make the same mistake the Soviet Union made in 1990s. However, President Ghani’s to the US and the new commitments made by the US President show that partnership between the US and Afghanistan will not end and just the shape of the partnership will change. In fact, the ongoing commitments of U.S. and allies, promises of long-term multilateral foreign aid, and, ultimately, enduring strategic interests in Afghanistan and the region ensure that the future of this troubled country will remain an important concern for U.S. policymakers and the international community. Now,

Afghans are sure that "U.S. support for Afghanistan was not ending but would be sustained despite the U.S. pullout."

**THE DAILY OBSERVER, DHAKA 18-6-2021**

## **BD seeks clear roadmap from UN for Rohingya repatriation**

**Diplomatic Correspondent**

Bangladesh has sought a clear roadmap from the United Nations for repatriation of the Rohingyas to Myanmar.

"We provided shelter to the Rohingyas out of humanitarian consideration. However, the solution to the crisis lies in their safe and sustainable repatriation to Myanmar, which couldn't even be commenced in the last four years. Now UN needs to provide us with a clear roadmap in this regard," said Foreign Minister Dr AK Abdul Momen, a Foreign Ministry release said on Thursday.

He made the call at a bilateral meeting with Christine S. Burgener, the Special Envoy of the Secretary General on Myanmar at the Bangladesh Permanent Mission in New York on Wednesday.

During the meeting, the Foreign Minister referred to the negative impacts of protracted presence of the Rohingyas in Cox's Bazar, particularly for the host community, and stated that if repatriation doesn't commence soon, it would only deteriorate the overall situation there and create instability in the region and beyond, it said.

He briefed the Special Envoy on Bhashan Char project where the Rohingyas can engage in economic activities and stressed the engagement of UN in providing humanitarian assistance there.

Dr Momen invited the Special Envoy to visit Bhashan Char when the Covid situation improves.

The Special envoy briefed the foreign Minister on her efforts to reach out to the UN member States, and all other stakeholders within and outside Myanmar with a view to resolving the crisis in Myanmar in a sustainable manner so that the conditions on the ground could be improved and the repatriation could commence soon.

She also expressed her eagerness to visit Bhashan char. Later, the Foreign Minister had a meeting with the Under-Secretary-General (USG) for Peace Operations Jean-Pierre Lacroix.

He reiterated Bangladesh's commitment to support and contribute to the peacekeeping operations of UN, which lies in the high ideals of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Dr thanked the department of Peace Operations for their cooperation in ensuring safety and security of the peacekeepers.

Referring to the pioneering role of Bangladesh in the Women, Peace and Security agenda, he recalled the

sacrifices of the peacekeepers, especially the women peacekeepers and suggested that the DPO should promote women's participation by preparing special documentary and other communications materials.

The Foreign Minister also requested USG Lacroix to appoint more Bangladeshi military and civilian officers to the senior positions both at the UN headquarters as well as at the field level.

USG Lacroix lauded Bangladesh for its contribution to UN peacekeeping for over three decades and expressed hope that the partnership between Bangladesh and the UN in the field of peacekeeping will continue to grow. He also praised the professionalism, and dedication of Bangladeshi peacekeepers working in UN peacekeeping missions.

The Permanent Representative of Bangladesh to the UN, Ambassador Rabab Fatima accompanied the Foreign Minister in both the meetings.

**THE DAILY OBSERVER, DHAKA 21-6-2021**

## **BD 'deeply disappointed' over UNGA resolution on Myanmar**

**Diplomatic Correspondent**

Bangladesh has expressed "deep disappointment" over the new United Nation General Assembly (UNGA) resolution on Myanmar as it failed to recommend actions on repatriation of the Rohingyas.

"The UNGA resolution failed to adequately reflect on the Rohingya crisis and recommended actions to resolve that crisis," a Foreign Ministry release said.

The resolution on the 'Situation in Myanmar' was adopted by the UNGA on Friday with 119 votes in favour, one against and 36 abstentions focusing on the current democratic crisis in that country. However, Bangladesh abstained from the vote.

"As such fundamental issues were not included in the resolution, therefore Bangladesh decided to abstain," the release mentioned.

Bangladesh Permanent Representative to the UN Ambassador Rabab Fatima in her explanation of vote, expressed dismay at the resolution, which she said, fell short of expectations and would be sending a wrong message.

She said that the failure of the international community in addressing the crisis creates a "sense of impunity" in Myanmar.

The resolution was initiated by a core group of UN member states including the USA, the UK, Canada and the EU.

The core group finalized the resolution in consultation with ASEAN members, who recently held a Leaders' Meeting in Jakarta. The Myanmar military leader attended the meeting.



Some key OIC members as well as some ASEAN and SAARC members also abstained, it added.

The resolution focused current democratic crisis of Myanmar that included declaration of emergency, and detention of its political leader, calling for restoration of democracy, while recognizing the central role of ASEAN, said the release.

"The resolution did not include any recommendations or actions on the issue of repatriation of the Rohingya Muslims to Myanmar. Neither does it recognize or stress the need for creating a conducive environment in Rakhine for the safe, sustainable and dignified return," the release said.

The Bangladesh Permanent Mission said the resolution also lacks determination to address root causes of the Rohingya crisis through collective means.

A large number of countries spoke after the adoption of the resolution, and they all commended Bangladesh's tremendous sacrifice and contribution to hosting the Rohingyas.

The UNGA resolution welcomed the five-point consensus reached at the Leaders' Meeting and called for its quick implementation.

The Bangladesh Permanent Mission said that this UNGA resolution, which has been initiated under the agenda item "prevention of armed conflict," is separate from the annual 3rd committee 'resolution on the situation of human rights of the Rohingya Muslims and other minorities in Myanmar'.

The 3rd committee resolution on the Rohingya Muslims is spearheaded by Bangladesh along with the OIC and the EU which is usually tabled in October during the annual UNGA session, and enjoys strong support of the wider membership of the UN, said the release.

#### **THE DAILY OBSERVER, DHAKA 25-6-2021**

### **South Asian geopolitics and Bangladesh**

**Mushfiqur Rahman Emon**

Bangladesh is a South Asian country. From the very beginning of its creation, the journey as a new country was thorny and dangerous in many ways. Almost everything in the war-torn country's economy and physical infrastructure was destroyed. As a result, Bangladesh had to continue working in order to meet the difficult challenge of rebuilding a war-torn country. Bangladesh has established itself as an important country in the South Asia in the economic and geopolitical context.

The geopolitics of South Asia is changing dramatically in recent times. Asia's two powerful neighbours, India and China, have been playing a game to increase influence in South Asia. Both these countries are constantly working to maintain their dominance in the

countries of South Asia. Besides this vaccine diplomacy, India has initiated various initiatives to expand its influence in South Asian countries.

On the other hand, China, the biggest economic and military powers of Asia, has already emerged as a major player in South Asian geopolitics. China, however, is not a South Asian country like India. In South Asia, China aims to outsmart India. Its economic strength has enabled it to establish warm relations with almost every country in South Asia, except India.

Both countries want to influence South Asia in any way and both countries see themselves as adversaries, which increasingly complicates South Asian geopolitics. In addition to the Sino-Indian conflict, the Quadrilateral Security Dialogue (Quad) has become another important factor in the geopolitics of South Asia. The main objective of the Quad--comprising the United States, Japan, Australia and India--is to make the Indo-Pacific region more effective in the international arena. China sees it as a threat to its sovereignty and security.

China fears that the United States may put pressure on Bangladesh to join the Quad through India. If Bangladesh joins the Quad in the face of that pressure, it could be a big headache for China. Meanwhile, the Chinese ambassador to Bangladesh has also expressed concern over the issue. As a result, Bangladesh has faced diplomatic challenges in this situation.

South Asia is very important for the Quad because of its geographical location. Because, the success of the quad will depend a lot on how much influence it can have in South Asia. On the other hand, China will also take all measures to curb the influence of the Quad. In such a complex geopolitical context, question raises-- what will be the position of Bangladesh as an important country in the geopolitics of South Asia.

"Friendship to all, malice to none" is still the mainstay of the country's foreign policy. Bangladesh always wants to maintain a neutral position in order to maintain good relations with all countries. In order to maintain this neutral position, Bangladesh does not support any single state, nor does it support or join any military or political alliance.

Bangladesh is now being considered as an example of emerging economy in Asia. In the course of time, today the big powers are competing to increase the closeness with Bangladesh. Every influential country in South Asian geopolitics now wants Bangladesh by its side.

Bangladesh has so far tackled geopolitical challenges with considerable efficiency. And to continue this trend in the future, it is necessary to maintain a warm relationship with all the influential countries in South Asia. And if Bangladesh can maintain this trend in foreign policy, it will be beneficial for the country as

well as the economy as a whole. Thus, as a result of neutral policy, the acceptance and importance of Bangladesh to the countries will increase. Therefore, a balanced foreign policy should be maintained by Bangladesh in the geopolitics of South Asia.

#### **THE KATHMANDU POST, KATHMANDU 20-6-2021**

### **Nepal writes to India over Mahakali border construction**

**Anil Giri**

In a diplomatic note, it calls for a joint inspection to assess the damage caused by blasts carried out on the Indian side but observers say India may not respond.

Amid growing reports of India continuing to build a road across the Mahakali river and causing damage to a Nepali road in the process, the KP Sharma Oli government has finally written to the southern neighbour.

The construction of a road to the Manasarovar region in the Tibet Autonomous region of China through a mountain terrain has entailed blasting of rocks, thereby depositing debris into the river that marks the border between Nepal and India.

This has caused difficulties for Nepali citizens.

“After the local administration office in Darchula wrote a letter to the Ministry of Home Affairs last week to take up the matter with India to stop the blasting activities and to clean up the debris in the Mahakali river, the Ministry of Foreign Affairs has written to the government of India through the Indian Embassy in Kathmandu,” a Foreign Ministry official told the Post on condition of anonymity.

The sending of a diplomatic note to India has come after the Ministry of Home Affairs had raised its concerns more than once in the past one year.

“At least four different activities have taken place across the Mahakali river in the last one year and we have been voicing concerns with the Foreign Ministry but there was little progress,” said a Home Ministry official.

Indian officials in the past have heard Nepal’s concerns but have not always acted on them.

“After India constructed an embankment on the river in its territory, both sides had agreed in February to form a joint inspection team of technical experts this year but the team could not make much progress,” said a senior Nepali government official. “We have now urged India to revive the same technical team to inspect this new incident in the Mahakali river.”

According to a report in Kantipur, a sister publication of the Post, during a blast carried out on June 8 in the Pithoragarh area for road extension, over 150 meters of pedestrian road on the Nepali side was damaged.

Chief District Officer of Darchula Siddha Raj Joshi said he had taken up the matter with the Ministry of Home Affairs

and also written to Anand Swarup, the District Magistrate of Pithoragarh, Uttarakhand, India.

“India has been building the road that will reach Manasarovar, Tibet, via Lipulekh for the last one decade. But this year, due to a series of blasts, heavy rocks and stones have fallen into the Mahakali along a two kilometre stretch of the river,” Joshi told the Post over the phone. “Therefore, the local road on our side has been affected. After our road was blocked we had to build an alternative road.”

In the letter, the Ministry of Foreign Affairs has expressed concerns over the ongoing blasts in the Indian territory that caused damage on the Nepali side, officials privy to the contents of the letter told the Post.

“We have communicated with the Indian side through a diplomatic note,” Foreign Ministry spokesperson Sewa Lamsal confirmed to the Post without sharing its content.

The Foreign Ministry has also proposed a joint inspection of the area where India is constructing several infrastructures including a strategic road and carrying out river training work along the Mahakali.

“It is difficult to clean up the Mahakali river right now because it is swollen by monsoon rains but at some point, the debris should be cleaned up,” said Joshi, the chief district officer of Darchula.

This is not the first time that Nepal has raised its concerns about the border areas with India but the southern neighbour does not always heed those concerns.

“With India, there have been numerous exchanges of diplomatic notes on several issues. Some go into execution while others are ignored,” said a Nepali diplomat.

However, officials are hopeful that India will respond this time.

“On this particular issue, we took up the matter recently and we have expressed our concerns in writing,” he said. “It can be a matter of bilateral talks.”

But observers are not hopeful as long as there is no will at the top leadership and given the current political instability in the country.

When the Oli government published a new political map of Nepal in May last year by including Lipulekh, Limpiyadhura and Kalapani areas as part of the Nepali territory, it was hailed as historic.

Coming at a time when Oli was under intense pressure within his then Nepal Communist Party (NCP), it brought the nation together.

But since then there has been no talks between Nepal and India over the territory claimed also by India.

“Oli used optics, spreading illusion among the people for some time but now he has stopped speaking about the boundary issue,” Baburam Bhattarai, a former prime minister, told the Post.

In November 2019, New Delhi unveiled its new political map incorporating Kalapani, Lipulekh and Limpiyadhura within India's borders. Nepal protested the publication of the map and sent three diplomatic notes and offered talks for a peaceful resolution of the boundary dispute.

India, however, refused to sit for talks. Then in the first week of May last year, India's Defense Minister Rajnath Singh inaugurated a new strategic road linking the Indian state of Uttarakhand with Manasarovar, Tibet via Lipulekh.

The recent blasts are part of improvement work on the road. But observers argue that given Oli's growing proximity with India in recent times, there is little likelihood of him taking up the issue.

"Is there anything left for Oli to expose his growing proximity with the Indians," former Nepali ambassador to India Deep Kumar Upadhyay said.

After unveiling the map, the Oli government had formed a nine-member task force to collect evidence of Nepal's boundary with India in order to strengthen Nepal's position during bilateral talks with India.

The task force has submitted its report but Nepal has failed to make India sit down for talks on the issue.

When Nepal and India held the Sixth Joint Commission Meeting at the foreign ministers level, where entire bilateral issues including the outstanding ones were discussed, no concrete meetings were planned to discuss boundary issues or other issues related to border and border security, a Nepali diplomat said.

"India has been declining our proposal to hold a meeting of the Boundary Working Group that deals with all boundary issues despite highly disputed border issues like Susta and Kalapani," said the diplomat.

Observers say that India's reluctance is not surprising.

"When the stature of the government slipped and reduced, the government lost the ground to raise such an important strategic and diplomatic issue with anyone," Bipin Adhikari, who earlier worked as a member of a government task force to gather evidence on Nepal's boundary dispute with India, told the Post.

Oli's government has been reduced to a caretaker one since he dissolved Parliament on May 21 and called midterm elections for November. The dissolution is being examined by the Supreme Court and if the House is reinstated Oli could lose his chair.

"Even if we take up the boundary issue, India may not pay much attention given the status of the government," said Adhikari. "It is not sure when it could be replaced by another government."

Both Upadhyay and Adhikari, however, say there is no alternative to holding diplomatic talks with India to resolve the dispute.

"We have given inputs and references to the government on how to present our position during the talks," said Adhikari, "The government is fully aware of it but a caretaker government has limited scope and mandate to hold talks with any government."

Former ambassador Upadhyay echoed a similar view but expressed doubts whether Oli will hold talks as he has been too close to India since October last year.

"There is no alternative to holding talks with India but I do not see any chance of it in the immediate future," said Upadhyay.

## **THE KATHMANDU POST, KATHMANDU 23-6-2021**

### **Nepal's foreign policy failure**

**Lok Raj Baral**

The oft-repeated policy of equidistance between India and China is unrealistic.

Foreign and domestic policies are two separate domains having to complement each other. For Nepal in particular, domestic politics overshadows foreign policy objectives when foreign policy becomes subservient to the rulers' interest. During the Rana and Shah regimes, there was only a thin difference between domestic and foreign policies. Though such foreign and domestic policies continue cheek by jowl today to some extent, there has been a growing tendency to domesticate foreign policy.

Nevertheless, it must be admitted that Nepal has neither a well-articulated foreign policy nor an effective mechanism to execute it, if any. First, issue-areas need to be identified to be fitted into the policy framework. Some issues existing between Nepal and its neighbours remain perennially unaddressed as no concrete plan of action has ever been worked out by any government. For domestic political consumption and image projection, issues are often brought to the fore, but are soon forgotten or kept in abeyance. Some issues concerning Nepal-India are structural in nature, and other instant issues such as border problems, damage caused by floods, inundation, trade and transit problems and others that crop up from time to time lack sustained efforts for resolution. For both structural and immediate issues, Nepali politicians take opportunistic approaches that suit their immediate interests.

Second, Nepal's foreign policy as of today is based on ad hoc arrangements, often punctuated by hyper populism, not dictated by principles. Prime Minister KP Oli, who came to power on the crest of 'populist nationalism' after the Modi government imposed an unannounced blockade in 2015, has

taken a U-turn following the alleged Chinese advice to compromise with his party detractors for retaining the unity of the Communist Party of Nepal. As Oli didn't like to secede from his combined role of prime minister and party president, he is believed to have changed the partner (China) for India for no plausible reason but to get the southern neighbour's support for rescuing him from the developing crises in the country.

His failure to manage his own party and the crisis of governance that has prevented him from delivering has added to his troubles. Oli's new religious proclivities and his other efforts to be closer to the present Indian establishment might be beneficial for the short run, but they would not address the issues affecting bilateral relations. Taking a cue from such developments, some senior former diplomats of India have cautioned the Modi government against putting all their eggs into the Oli basket as other forces opposed to him would be equally important for bilateral interests.

Third, Nepal's foreign policy today is an abandoned area as policy has been hijacked by the priority accorded to the selection of party workers to fill up diplomatic posts. Since communication is the desirable qualification for such posts, most new ambassadors appointed by Prime Minister Oli are not only novices but also lack minimum standards and knowledge of diplomacy. Language, respectability, acceptance of persons and confidence are the qualities of a diplomat. If an ambassador does not possess these qualities, how can we expect good performances in diplomatic assignments?

Diplomatic assignment in India is particularly challenging both diplomatically and personally. The stature of a diplomat is judged by his ability to communicate to as many constituencies as possible. And the recognition of his ability and the trust put in him matters a lot. My short tenure as ambassador in New Delhi has contributed to my knowledge of Nepal-India relations. The ambassador in India is not only a diplomatic representative in the classical sense of diplomacy, but he has many other roles to play. His personal contacts and the respect he commands in South Block and from other persons and institutions enables the ambassador to communicate, persuade and convince. The first thing needed to earn trust and confidence in Nepal's ambassador is his image as a friend of India who promotes his country's interests without being prejudiced against Indian concerns. Thus, diplomatic performance is part of the successful communication of foreign policy objectives and strategies needed to achieve them. Nepal foreign policy suffers from ambivalence, ad hoc actions and lack of short- and long-term policies relating to the bilateral, regional and multinational aspects of relations. Internationally, Nepal is virtually isolated and ignored due to both domestic political bickering and lack of direction and vision. It is well demonstrated by the way Prime Minister Oli used the

president to communicate with foreign heads of state for addressing the Covid-19 pandemic. Even Nepal's northern neighbour China seems to be irked by the Oli government's mishandling of the Covid vaccine deal.

Nepal has no stable policy based on well-defined objectives and strategies for achieving them. First, issues are taken to the street for mobilising public opinion which is fed by nationalist-populism and emotion. Thus, the sustained efforts needed to resolve problems fall prey to the immediate interest of leaders. KP Oli cashed in on India's suggestion to make an inclusive constitution that could accommodate the demands of Madhesis. Oli immediately turned into a thoroughbred nationalist and cajoled the Nepali people in the 2017 elections. Oli seems to be playing the Hindu card for electoral purposes. Some politicians and religious gurus were inducted by the Bharatiya Janata Party (BJP) government to persuade Nepali leaders to not include secularism in the new constitution. This mission failed with Nepal adopting secularism, though a dubious version of it. Now Oli sends signals of his religious views that do not conflict with the BJP agenda taking him closer to the Indian objective. This has prompted the five former prime ministers of Nepal to raise the bogey of foreign interference, though they themselves play the same tune as played by Oli when they are in power.

Finally, the conventional approach to foreign affairs continues to influence Nepali politicians and rulers. So no reasonable pragmatic thinking based on the contours of geopolitical realities guide the rulers. Nepal's relations with India demand a deeper and objective understanding to turn them into a cooperative relationship as the ties with India cannot be equated with those with any other country. The policy of equidistance between India and China, which is often repeated by no other persons than some foreign ministers of the country themselves, is not only unrealistic but also absurd. It is unfortunate that political leaders have failed to understand such a deep, wide-ranging relationship because they are always guided by immediate interests of their own rather than those of the country.

**DAILY NEWS, COLOMBO 16-6-2021**  
**Foreign Ministry regrets adopting  
 resolution on Sri Lanka in EU  
 Parliament**

The Foreign Ministry regrets the adoption of a resolution on Sri Lanka in the European Parliament on 10 June 2021. The resolution entitled "The Situation in Sri Lanka, in particular the arrests under the Prevention of Terrorism Act", contains factual inaccuracies, and does not take cognizance of the multifaceted progress made by Sri Lanka in reconciliation and development.

At the outset, the Ministry wishes to state that provisions of the Prevention of Terrorism Act have been invoked to address heinous acts of terrorism committed on its people. In this context, it is recalled that the Easter Sunday terrorist attacks of 2019 resulted in significant loss of life, including of several EU nationals.

It is important to underscore that the Government of Sri Lanka maintains a regular, vibrant and cordial dialogue with the European Union (EU), covering all aspects of bilateral relations. The engagement is sustained through the close and cordial dialogue maintained with the European Commission, the Council and the Parliament by the Sri Lanka Mission in Brussels; and with the EU delegation and EU Ambassadors in Colombo by senior interlocutors of Government.

As part of this process, Sri Lanka has constructive engagement with the European Commission on the review of its EU GSP + compliance with the 27 core International Conventions. Towards this end, the Third Cycle of Review of the EU GSP + Monitoring Process for 2020-2021 is ongoing.

Sri Lanka apprised the EU on progress with regard to its wide range of cooperation at the annual EU-Sri Lanka Joint Commission, the 23rd session of which was convened in January 2021. Further updates are provided through the relevant Working Groups and Committees functioning under the purview of the Joint Commission.

With regard to salient points referred to in the resolution, the Ministry wishes to submit the following observations with a view to correction.

The Government has, in accordance with its constitutional mandate and international obligations, taken steps to protect the rights of all its citizens. Specific provision in terms of Article 12 (1) of Sri Lanka's Constitution ensures that all persons are equal before the law and are entitled to the equal protection of the law. Article 12 (2) of the Constitution prohibits discrimination based on race, religion, language, caste, sex, political opinion, place of birth or any such grounds.

The Government is in the process of revisiting provisions of the Prevention of Terrorism Act, in keeping with its commitments, as has been communicated to the EU. Towards this endeavour, the Government is studying existing legislation to propose necessary amendments, and will also draw on international best practices adopted by other jurisdictions. The Government rejects the claim that the PTA has been systematically used for arbitrary arrests and the detention of Muslim or other minority groups in Sri Lanka.

It is observed that the 20th Amendment was enacted in full compliance with the procedure set out in the Constitution with a two thirds majority of the Members of Parliament voting in its favor. With regard to such legislation, a number of in-built safeguards relating to transparency and judicial review aimed at preventing the passage of bills that are inconsistent with the Constitution, including its Fundamental Rights chapter, have been adhered to.

The Government has regularly updated the Human Rights Council as well as EU interlocutors on the measures undertaken to address issues of accountability, and to achieve continued progress in reconciliation. Mechanisms in place in this regard include the Presidential Commission of Inquiry headed by a Justice of the Supreme Court; the Office of Missing Persons; the Office of Reparations, the Office of National Unity and Reconciliation; the Human Rights Commission of Sri Lanka; and related institutional reforms aimed at non-recurrence and other confidence building measures. With regard to sustainable development, the Inter-Ministerial Committee headed by the Prime Minister to steer SDG implementation is of significance.

Sri Lanka's labour rights, including health and safety conditions, are in compliance with ILO standards. Sri Lanka's high labour standards maintained in production, have led to better quality products, and high value added exports, as reflected in the apparel sector.

The higher demand for 'ethical' products from Sri Lanka has led to increased production, subsequent investment, and improvement of the human capital in Sri Lanka. The EU GSP + concessions have contributed significantly towards this process, thus benefiting the Sri Lankan economy, as well as the EU market. Similarly, the fishery sector is a notable growth sector which has benefited from EU GSP + concessions.

Sri Lanka, as one of the oldest parliamentary democracies in Asia, has a longstanding vibrant democracy. The country's robust foreign policy is based on the principles of neutrality, non-alignment and friendship. The Government is committed to further strengthening its democratic institutions. As asserted by the Spokesperson of the 06th EU Election Observation Mission to Sri Lanka in November 2019, which comprised Members of the EU Parliament, the peaceful environment in which the election unfolded 'confirms the stability of the [country's] democratic institutions.' These remarks remain valid.

The COVID-19 pandemic continues to have a devastating impact globally, placing drastic limitations upon the right to safety, health, economic security, and even the right to life of millions of people across the globe.

Sri Lanka continues to face challenges in spite of consistent and concerted efforts by the Government to safeguard its entire population against the pandemic, and to provide equitable access to vaccines.

In this backdrop, the Government appreciates the commitment of global multilateral institutions and UN agencies to uphold the economic, social and cultural rights of all peoples, which are intrinsically linked to civil and political rights. Sri Lanka's commitment to upholding human rights continues in tandem with its current priorities of inoculating its targeted population, providing healthcare and economic revival.

In these critical times, Sri Lanka should be supported in safeguarding the rights of its people, while taking cognizance of demonstrated progress on the ground. The Government of Sri Lanka looks forward to continuing its partnership with the EU on a broad range of issues, and reassures the EU of its continued commitment to engage proactively and productively on areas of mutual interest.

Foreign Minister Dinesh Gunawardena briefed Chargé d'Affaires of the Delegation of the European Union in Colombo Thorsten Bargfrede, as well Colombo-based EU Ambassadors / Chargé d'Affaires from France, Italy, Romania, Germany and the Netherlands, on the Sri Lanka Government's position as detailed above, at a meeting convened at the Foreign Ministry on Monday 14 June 2021. The Minister of Fisheries Douglas Devananda, State Minister for Regional Cooperation Tharaka Balasuriya, and Foreign Secretary Admiral Prof. Jayanath Colombage also participated in the meeting.

### **DAILY MIRROR, COLOMBO 18-6-2021**

#### **Port City: India tells SL to be “mindful”**

**By Easwaran Rutnam**

- Speaker Mahinda Yapa Abeywardena last month signed and validated the Colombo Port City Bill
- India has been closely following recent developments from their security perspective

India has told Sri Lanka to be “mindful” of its excellent bilateral cooperation following the recent developments with the Colombo Port City.

Arindam Bagchi, the Official Spokesperson at the Indian Ministry of External Affairs had told reporters in New Delhi that India expects Sri Lanka to remain mindful of their excellent bilateral cooperation, including for mutual security in their shared environment, which includes the maritime domain.

Regarding the Colombo Port City project, Bagchi said that India has been closely following recent developments from their security perspective. He said that India has also noted

the concerns that have been raised in Sri Lanka regarding several aspects of the framework for the Colombo Port City. Speaker Mahinda Yapa Abeywardena last month signed and validated the Colombo Port City Economic Commission Bill. Thereby, the Colombo Port City Economic Commission Act will be implemented in full.

India, which is involved in several projects in Sri Lanka, has been concerned over the Port City project since the project was launched. Bagchi said that India has a very extensive portfolio of partnership development projects in Sri Lanka and are in regular contact with Sri Lankan authorities regarding their implementation of these projects.

### **THE NEWS, ISLAMABAD 17-6-2021**

#### **20 years on Pakistan, other SCO**

#### **members went through fruitful journey**

**INP**

BEIJING: “Over the past two decades, SCO has navigated the evolving international landscape, successfully blazed a path of cooperation and development under a new type of regional organization, played an important constructive role in promoting regional security, through practice for the building of a new type of international relations with a shared future for mankind,” Chinese spokesperson Zhao Lijian said at a press conference.

According to China Economic Net, he stated this while responding to a question about the 20th anniversary of the establishment of SCO, which was just celebrated on June 15.

While hinting that a series of events on the topics of state governance, digital economy, traditional medicine, women, education and poverty reduction will be held to commemorate the anniversary, Zhao reviewed the achievements SCO has made in the past two decades:

First, it came up with an up-to-date vision on cooperation. Following the trend for peace and development, it put forward the innovative Shanghai Spirit featuring mutual trust, mutual benefit, equality, consultation, respect for cultural diversity and pursuit of common development and fostered a brand new cooperation model of harmonious co-existence of countries with different social systems and development paths.

Second, it strengthened bilateral relations. Member states of SCO, upholding the principle of no alliance, no confrontation and no targeting any third party, continuously enhanced political mutual trust, good neighborliness and friendship.

All sides make full use of venues like the SCO Summit to engage intensively in high-level exchange, conduct close

communication and coordination on major international and regional issues, and render each other support on issues concerning respective core interests and major concerns, translating the profound connotation of a shared future through weal and woe into concrete actions.

Third, it safeguarded regional security and stability. Taking security cooperation as a priority, SCO ratified important legal instruments such as the Convention on Combating Terrorism and the Convention on Combating Extremism, stepped up cooperation in such areas as counter-terrorism, counter-narcotics, border defense and information security, held regular joint counter-terrorism exercises, and promoted the peace and reconciliation process in Afghanistan through the SCO-Afghanistan Contact Group, creating a peaceful and stable environment for the development of regional countries.

Fourth, it enhanced the shared development of all countries involved. The SCO established cooperation mechanisms in economy, trade, transportation, finance, agriculture and localities, dovetailed BRI with national development strategies and regional cooperation initiatives, launched a great number of livelihood cooperation projects in culture, education, tourism, environmental protection, youth and women, giving a strong boost to the development of rejuvenation of relevant countries.

Fifth, it has set the standard for multilateralism. SCO stands firmly for international equity and justice. It has spoken in a strong voice about defending multilateralism and rejecting unilateralism and protectionism.

It has stated its position on enhancing solidarity against the pandemic and rejecting politicization of the virus. It has put forward the SCO solution on the political settlement of regional hotspot issues.

### **THE NATION, ISLAMABAD 18-6-2021**

## **Regional corridor linked to peace in Afghanistan: Dr Moeed**

### **Staff Report**

ISLAMABAD - Prime Minister's National Security Adviser Dr. Moeed Yusuf Thursday in a call on with UNSG's Personal Envoy on Afghanistan and Regional Issues Jean Arnault said regional corridor was linked to peace in Afghanistan. The National Security Adviser discussed the situation in Afghanistan during the meeting with the United Nation Secretary General's Personal Envoy, said a statement here received. Dr Moeed said Pakistan was standing for peace and stability in Afghanistan as peace in Afghanistan meant peace in the region. Jean Arnault during his meeting with the National Security Adviser praised

Pakistan's efforts for regional peace and stability. Dr Moeed vowed that Pakistan would continue all efforts for peace in Afghanistan. **The News**

### **THE NEWS, ISLAMABAD 18-6-2021**

## **Pakistan demands India tighten nuclear safety**

### **Mariana Baabar**

ISLAMABAD: Pakistan Thursday said several incidents of illegal sale of weapon grade uranium in India pointed to lax controls, poor regulatory and enforcement mechanisms as well as possible existence of a black market for nuclear materials in India.

Addressing the weekly media briefing here, Foreign Office spokesman Zahid Hafeez Chaudhri said instead of resorting to baseless and usual anti-Pakistan rhetoric, India must thoroughly investigate the matter in a credible and transparent manner.

The spokesman expressed surprise that the Indian External Ministry spokesman had said that this was an attempt by Pakistan to malign India. "The incident took place in India and was reported by its own media. The charges were also framed by the Indian Police. I, therefore, wonder as to what made the Indian Ministry of External Affairs' spokesperson believe that it depicted Pakistan's desperation to malign India," said the spokesman.

He said Pakistan was concerned over repeated incidents of attempted illegal sale of Uranium in India.

To comply with its international obligations, India must also take verifiable measures for strengthening the security of its nuclear materials, he added.

Commenting on the situation in Indian Illegally Occupied Kashmir (IIOJ&K), Chaudhri said Pakistan remained firm in its commitment to provide all possible support to the Kashmiris in their struggle for realization of their inalienable right to self-determination.

The spokesman said if India took further steps, it would imperil regional peace and security.

He said Pakistan had also been reminding the UN Security Council of its responsibility for a peaceful and just settlement of the Kashmir dispute in accordance with the relevant UNSC resolutions.

"We call upon the international community, including the United Nations, international human rights and humanitarian organisations, global media and world parliaments, to take immediate cognizance of the situation," he said.

Responding to a query about the case of RAW spy Commander Kulbhushan Jadhav, the spokesman said,

“Pakistan abides by all its international obligations, and this applies to the International Court of Justice (ICJ) judgment in case of Commander Kulbhushan Jadhav. The legislative measures taken by Pakistan are only aimed at giving full effect to the ICJ judgment. The legislation or its purpose should not be, in any way, misconstrued”.

The spokesman reaffirmed commitment to further strengthening its AML/CFT regime without prejudging the outcome of the upcoming plenary meeting of the Financial Action Task Force (FATF).

The meeting is slated for the last week of June to review Pakistan’s progress under the FATF Action Plan and subsequently announce its decision at a time when the country has successfully completed 26 out of 27 action plans.

“As you are aware, Pakistan has made significant strides during the implementation of the Action Plan through concerted national efforts. The tremendous progress made by Pakistan leading towards the conclusion of the Action Plan has been acknowledged by the FATF as well as the larger international community,” said the spokesman.

The spokesman said as regards the UAE visas for Pakistanis, the government had shared the latest information about the COVID-19 numbers with the UAE government.

“We hope the UAE will review its COVID related advisory for all Pakistanis soon. Currently, Pakistanis having diplomatic and official visas and UAE golden visas can travel,” he said.

Pakistan has also taken up the issue of vaccinates which are mandatory for travel to Saudi Arabia.

“We have proposed inclusion of some of the Chinese vaccines used in Pakistan in the list of vaccines approved by the Saudi authorities,” he said.

#### **THE NATION, ISLAMABAD 20-6-2021**

### **PM says Pakistan will ‘absolutely not’ allow CIA bases for Afghanistan operations**

#### **News Desk**

*In an interview with a US television HBO, Imran Khan says there is no way we are going to allow any base or sort of action from Pakistani territory into Afghanistan*

ISLAMABAD/LAHORE - Prime Minister Imran Khan has categorically said that Pakistan will absolutely not allow any bases and use of its territory for any sort of action inside Afghanistan. In an interview with a US television HBO, PM Imran Khan said, “There is no way we are going to allow any bases, any sort of action from Pakistani territory into Afghanistan.”

In an excerpt of the interview shared on Axios website to be aired tomorrow, the interviewer Jonathan Swan questions, “Would you allow the American government to have CIA in Pakistan to conduct cross border counterterrorism missions against Al-Qaeda ISIS or the Taliban? The Prime Minister replied Absolutely Not.

“Absolutely Not. There is no way we are going to allow any bases, any sort of action from Pakistani territory into Afghanistan.” the prime minister said. Stunned over his clear-cut response of “absolutely not,” the interviewer interrupted the prime minister asking “seriously?” to reconfirm his words.

“Axios on HBO” is a documentary-news program that combines the reporting of Axios journalists with the expertise of HBO filmmakers to explore the collision of tech, media, business, and politics.

The series has featured interviews with former US President Donald Trump, Sundar Pichai, Elon Musk, Mary Barra, now US President Joe Biden, Andrew Yang and Kamala Harris, among others.

Recently, in his address at Senate, Foreign Minister Shah Mahmood Qureshi also ruled out the possibility of providing its military bases to the United States for counter terrorism operations in Afghanistan.

He rejected as unfounded the reports to this effect and made it clear that the government would never provide military bases to the US, nor would allow drone attacks inside Pakistan.

In a cabinet briefing, Information Minister Chaudhry Fawad Hussain also ruled out the possibility of any US airbase in Pakistan saying as all such facilities were under Pakistan’s own use. He said it was the Pakistan Tehreek-e-Insaf (PTI)-led government which ended ‘drone surveillance’ facility given to the US in past.

“All the airbases are under the use of Pakistan. Right now, no negotiations in this regard are underway as Pakistan cannot give any airbase [to any country],” he said.

#### **THE NEWS, ISLAMABAD 23-6-2021**

### **Moed for Pak-Tajik special focus on trade, defence, security**

#### **APP**

ISLAMABAD: National Security Adviser (NSA) Dr Moed Yusuf Tuesday said Tajikistan and Pakistan needed to pay special focus on strengthening bilateral cooperation in trade, transport, connectivity, energy, defence and security.



Moeed met Secretary of Security Council of Tajikistan and NSA Nasrullo Mahmudzoda in Dushanbe, said a news release received here.

Moeed said Pakistan and Tajikistan shared the longest borders with Afghanistan and therefore they needed to cooperate closely for regional peace and security.

He highlighted that Pakistani seaports, including Gwadar, offered the most economic and efficient route to Tajikistan for its connectivity with the outer world through sea.

He extended felicitations to his Tajik counterpart on assumption of Shanghai Cooperation Organization (SCO) chair and best wishes for successful organization of 16th meeting of Secretaries of the Security Councils of SCO Member States as well as upcoming 20th Anniversary of SCO Summit in Dushanbe in September later this year.

Both sides expressed satisfaction over the excellent bilateral ties between the two brotherly countries and reiterated their resolve to further deepen and diversify these ties for mutual benefit.

In the meeting, Tajik Secretary of Security Council, Mahmudzoda expressed gratitude on behalf of his government for Pakistan's continued assistance in humanitarian and technical spheres including provision of trainings for capacity building of Tajik servicemen.

Mahmudzoda said bilateral ties between Pakistan and Tajikistan were flourishing day by day and the recent visit of Tajik president to Pakistan had added yet another impetus to these ties.

## **THE NATION, ISLAMABAD 24-6-2021**

### **Trilateral Cooperation**

#### **Editorial**

Azerbaijan's initiative for establishing the Azerbaijan-Pakistan-Turkey Trilateral Parliamentary Cooperation Platform is appreciated. The room for cooperation with Azerbaijan and other Central Asian states is clearer now than ever before, as both sides are taking steps towards a stronger alliance.

COAS Qamar Javed Bajwa is on a two-day long official visit to Azerbaijan, where he emphasised in a meeting how Pakistan and Azerbaijan share mutual values of cultures, religion and history and geo-strategy. Two weeks earlier, Senate Chairman Sadiq Sanjrani also called for closer Pakistan-Azerbaijan cooperation for the development of political and economic relations between the two countries. The potential of a partnership between Pakistan, Central Asia and Turkey has been discussed previously. Earlier this year, in January, the Ministers of Foreign Affairs of Azerbaijan, Pakistan and Turkey came together in a trilateral meeting in Islamabad, where the three ministers expressed the sides' support to each other in the most fateful challenges faced by them.

There is indeed a shared history here upon which the foundations of a strong alliance can be built—the Ottoman, Safavid and Mughal empires are important symbols of a strong Islamic world in the Middle Ages. Stronger ties benefit all sides, particularly Azerbaijan, a relatively smaller military and economic power, against the backdrop of constant tensions between Armenia and Azerbaijan.

Pakistan is a gateway to China and Central Asia, and thus it is natural that it extends a closer friendship with Azerbaijan and other Central Asian countries in order to facilitate and expand CPEC projects. This trilateral cooperation between the three countries would be highly convenient since it provides a connectivity-regional transportation corridor which boosts trade in these post-pandemic economies, leads to the development of infrastructure projects and most of all, promotes peace in the region.

**II - ECONOMIC, CULTURAL AND SOCIAL AFFAIRS**

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2.	From 1991, the lessons for the India of 2021 By Montek Singh Ahluwalia <b>Foreign Direct Investment</b>	Hindustan Times, New Delhi	19-6-2021	22
3.	India gets \$64 bn FDI last year, 5th largest recipient of inflows globally: UN - PTI <b>AFGHANISTAN</b>	Hindustan Times, New Delhi	21-6-2021	23
4.	Afghan exported goods worth '\$450m' so far this year - Tolo News	Outlook Afghanistan, Kabul	28-6-2021	24
5.	Afghanistan, India trade stand at \$1.33 Bn - Pajhwok <b>BANGLADESH</b>	Outlook Afghanistan, Kabul	30-6-2021	25
6.	S Korea to give \$700m in loans By Diplomatic Correspondent	The Daily Star, Dhaka	16-6-2021	25
7.	EU offers to help diversify exports By Diplomatic Correspondent	The Daily Star, Dhaka	17-6-2021	26
8.	Budget analysis of FY21-22 By M S Siddiqui <b>NEPAL</b>	The Daily Star, Dhaka	22-6-2021	26
9.	Nepal's annual soybean oil exports to India near Rs50 billion By Krishana Prasain	The Kathmandu Post, Kathmandu	24-6-2021	27
10.	Nepal wants to be an agriculture-driven economy but future of the sector is in crisis By Sangam Prasain <b>SRI LANKA</b>	The Kathmandu Post, Kathmandu	29-6-2021	28
11.	Sri Lanka gets US \$ 100mn Indian credit line for solar power generation	Daily Mirror, Colombo	17-6-2021	30

12.	Loss of GSP Plus could trim SL's trade surplus with EU by US\$ 700 mn - Business Main <b>PAKISTAN</b>	Daily Mirror, Colombo	21-6-2021	30
13.	Pakistan engaged with China for industries relocation to CPEC SEZs: Tarin	The Nation, Islamabad	27-6-2021	31
14.	\$442m loan accord signed with WB for Punjab projects The Newspaper's Reporter	Dawn, Islamabad	27-6-2021	31

**HINDUSTAN TIMES, NEW DELHI 16-6-2021**  
**After recession, the Indian economy**  
**faces a stagflation threat**

**By Roshan Kishore**

The economy is still struggling to “revive and sustain growth on a durable basis”, something which the latest Reserve Bank of India Monetary Policy Committee Resolution, on June 4, listed as a key challenge

The second wave of the pandemic has ebbed. Lockdown restrictions are being eased. And economic activity has picked up.

But that does not mean that the path to economic recovery will be smooth. The sharp spike in inflation numbers in May have surprised analysts. With global commodity prices firming up, inflation outlook, going forward, is expected to remain elevated. The jury is still out on the damage caused by the economic disruption and health shock of the second wave to household balance sheets and demand.

Last year, at this point of time, the Indian economy was facing a recession threat. Unless there is a severe third wave of infection, this threat can be ruled out at the moment. However, what is real is a threat of stagflation, or low growth and high inflation. Fiscal policy will matter a lot in deciding whether or not stagflation grips the Indian economy.

The first quarter of 2020-21 was the worst affected during the 68-day long nation-wide lockdown which began from March, 25, 2020. For example, the Index of Industrial Production (IIP) jumped by a massive 134.4% in April 2021 on a year-on-year basis. However, when compared with the April 2019 value, the April 2021 IIP growth is just 0.1%. Economic normalisation entails matching and crossing the pre-Covid economic trajectory.

Because large parts of the country went through a lockdown during the second wave, and restrictions are being eased now, the economy, statistically speaking, is in recovery mode once again. The Nomura India Business Resumption Index (NIBRI) for example, jumped to 76 in the week ending June 13, compared to a value of 67.9 the week before. While the week-on-week recovery is the highest in the NIBRI series, the latest value is at par with the August 30, 2020 value.

The larger point is that the economy is still struggling to “revive and sustain growth on a durable basis”, something which the latest Reserve Bank of India (RBI) Monetary Policy Committee (MPC) Resolution, on June 4, listed as a key challenge. It is important that this fact is not lost in the ongoing statistical recovery. World Bank’s GDP projections from January 2020 (when the pandemic had not hit the Indian economy) and June 2021 capture the long-term damage to Indian economy well.

The double whammy of inflation on consumers and producers

Why is the recent spike in inflation a matter of concern? It is expected to strain the balance sheets of both household and businesses.

Let us take businesses first. There is widespread consensus that the economic recovery after the first wave of Covid-19 infection was profit-led. This means that even though revenues fell, companies managed to increase profits by reducing costs. This created inequality but gave growth.

While a part of the cost reduction meant a squeeze on labour incomes, low commodity costs helped. This is unlikely to hold now. International commodity prices, as per the Bloomberg Commodity Index, had crossed pre-pandemic levels by the end of 2020. This effect was seen in the raw material and purchase of finished goods cost of non-financial firms in the quarter ending March 2021, in a Centre for Monitoring Indian Economy (CMIE) analysis by Mahesh Vyas.

The Bloomberg Commodity Index was at 83.44 on March 31. It had increased to 94.5 by June 14. Such an increase in commodity costs, everything else remaining constant, will require firms to pass on the pressure to consumers, if they have to maintain profitability. This can only be done when demand is strong. Firms are wary of increasing prices when markets are weaker, lest demand goes down further. This means that even the profit engine of the economy is likely to stall going forward.

And then take households. Thanks to the rise in price of essential commodities such as petrol (a 2014 survey by ministry of petroleum shows that 60% of India’s petrol consumption is done by two-wheelers) and edible oils, and the cascading effect of rise in diesel prices via transportation costs, household incomes are bound to come under squeeze. At a time when labour market continues to be weak, the inflationary shock will further mute demand prospects. To be sure, weekly unemployment rate, according to CMIE estimates, has come down to 8.7% from the double-digit levels which persisted between May 16 and June 6. But even 8.7% is too high for comfort.

Policy choice: fiscal prudence over stagflation?

If inflation continues to rise, and experts believe that it will, monetary policy will find its hands tied behind its back. MPC is mandated to keep CPI at four per cent with a range of two percentage points. While rate hikes might not happen immediately, and the next MPC meeting is scheduled for August, experts believe that a change of policy stance cannot be ruled out.

“A change in the relative emphasis of growth vs. inflation in the August meeting (or a change in policy stance) would affect the beginning of active policy normalization. Earlier, we were anticipating that the RBI will seriously consider policy normalization from December 2021 onwards, only after being convinced that the festive demand has been strong. This could now be advanced to the October meeting if inflationary pressures do not

abate”, Samiran Chakraborty, India Chief Economist of Citi Research said in a note.

This brings back the question of fiscal policy support to growth. India has been conservative in using this instrument post-pandemic and it has paid for it. Actual fiscal support immediately after the lockdown was to the tune of just 1% of GDP. This had a particularly adverse effect on poor households.

While these are counterfactual questions now, there is a tangible choice vis a vis fiscal policy. Central and state taxes account for 61% and 54% of the price of petrol and diesel in Delhi. The Centre’s share is much bigger than that of states. If these taxes are brought down — it is reasonable to assume that the Centre bringing down taxes will force states to reciprocate because of political considerations — inflationary pressures can be eased. To be sure, both the Centre and states will lose some revenue, but parts of it will be compensated as the money saved on petrol-diesel is rerouted to other items, leading to a growth in revenue collection.

A simple calculation shows that it is only fair that petrol-diesel taxes are brought down. The central government collected ₹2.31 and ₹2.39 lakh crore in union excise duties (after the implementation of GST in 2017, bulk of it are petrol-diesel taxes) in 2018-19 and 2019-20. India’s crude oil basket (COB) was priced at \$69.9 and \$60.5 per barrel in those years. India’s COB price crashed to \$44.8 per barrel and excise duty collections soared to ₹3.9 lakh crore in 2020-21. It can be argued that while the government decided against passing on the benefits of cheaper oil to consumers, it would not have hurt so much.

Projections by the US Energy Information Administration (US-EIA) expect Brent crude to cost an average of \$65.4 in 2021-22. The actual price could be higher. Brent crude has been trading above \$ 70 per barrel, while the US EIS forecast for June 2021 is \$69 per barrel. The 2021-22 Budget expects excise duty collections to be ₹3.35 lakh crore, much more than what the collections have been when international prices were at comparable levels. Will the government give up on an estimated one lakh crore rupees in taxes in order to spare an inflationary shock to the economy? This might be the defining fiscal policy choice in the current fiscal year.

**HINDUSTAN TIMES, NEW DELHI 19-6-2021**

## **From 1991, the lessons for the India of 2021**

**By Montek Singh Ahluwalia**

Thirty years ago, reforms energised the Indian economy and lifted millions out of poverty. As India grapples with a post-pandemic economic crisis, there are lessons on what to reform and how

The 30th anniversary of the 1991 reforms deserves commemoration. They dismantled a dysfunctional system

of controls, which tied down the private sector and closed the economy to trade and investment.

The reforms were opposed by both the Left and the Right. The Left feared they would hurt the poor and lead to unnecessary imports, perpetuating balance of payments (BoP) problems. The Right feared foreign investors would take over the economy, in a replay of the East India Company phenomenon.

Both fears were unwarranted. The results took time because policy changes were gradual, delaying the benefits. However, by the first decade of the 21st century, India began to be seen as one of the fastest growing emerging markets. Far from poverty increasing, for the first time, there was a substantial reduction in it.

This looks enviable at a time when India is reeling from the impact of the Covid-19 pandemic, with Gross Domestic Product (GDP) having fallen by 7.3% in 2020-21, and an even sharper decline in per capita GDP because the population has continued to grow. Not surprisingly, unemployment and poverty have both increased.

The best way to commemorate the 1991 reforms is to consider what we can learn from them in dealing with the current crisis. The 1991 strategy had two components — reducing the fiscal deficit and implementing structural reforms. Both are relevant today, but with differences.

Reducing the fiscal deficit was essential in 1991 because the crisis was caused by excess domestic demand sucking in imports and widening the current account deficit (CAD). A loss of confidence triggered an outflow of funds and financing CAD forced a sharp drawdown in reserves. Reducing the fiscal deficit was an obvious way of containing demand.

The crisis today is not caused by excess demand. It has been triggered by a collapse in production following the disruption caused by the pandemic, which, in turn, has caused a fall in demand. Those who lost incomes had to cut consumption. Even those who have not lost income, face uncertainty and have postponed expenditure. Investment, a key source of aggregate demand, has also slowed because of unutilised capacity and uncertainty about growth.

Faced with a collapse in demand, it is appropriate to increase the fiscal deficit. The government rightly allowed the fiscal deficit to expand to 9.6% last year, though some of this was statistical, reflecting the inclusion of off-budget items. The question is whether the BE deficit of 6.8 % for 2021-22 is appropriate.

Many have called for a stronger stimulus. Is this justified? The budget projection assumed GDP would grow by 11.3%. Those who want a stronger stimulus are not saying 11.3% is not good enough. They are saying that GDP growth will be much lower and, therefore, a stronger stimulus is needed. Most independent analysts say that growth will be much lower than 11.3%.

If growth is going to be much lower than projected, there will be shortfalls in both tax and non-tax revenues. If we still try to stick to the 6.8% target, we will have to cut expenditure. This would be unduly contractionary. We should definitely maintain expenditure at the levels budgeted, and let the fiscal deficit rise if it has to. There is also a strong case for providing more funds for vaccination, which is key to reviving growth, and also to cover expanded demand for the Mahatma Gandhi National Rural Employment Guarantee Scheme, which is proving to be a valuable safety net.

The government would be well advised to undertake a mid-year review of budget prospects in September, and come up with a revised growth forecast and establish new fiscal targets. We need not fear a loss of international confidence as long as we undertake a credible path for deficit reduction over the next three years. Revising revenue targets to more realistic levels will also have the advantage of not pushing tax officers to achieve unrealistic targets, which only leads to unreasonable assessments.

Another important lesson from 1991 is that we need to move away from a “long list of reforms” approach towards a more strategic approach, focussing on the most critical reforms needed immediately.

The 1991 reforms succeeded because they were structured around a core package of mutually supportive reforms. The need for mutually supportive reforms was not adequately recognised at the time even by the private sector. Representatives of the private sector asked for elimination of government controls over investment, but did not recognise that this by itself would only mean that investors would have to queue up in the commerce ministry to get licences to import capital goods. Genuine liberalisation required parallel delicensing of capital goods imports, but that could only be done if we had some way of managing the BOP. The obvious solution was to shift to a market-determined exchange rate. All these steps were carefully coordinated and implemented over a very short period.

What would a similar priority list look like today?

I would put banking sector reforms right at the top. Our banking system is heavily dominated by public sector banks (PSBs) and genuine reform in this area is not in sight. Mergers may help reduce branches, and perhaps monetise excess real estate to boost capital, but it is not a systemic reform. Giving the Reserve Bank of India (RBI) the same regulatory control over PSBs that it has over private sector banks would qualify as a real reform. It is time to take the plunge on this. Vesting the government’s equity in PSBs into a holding corporation run by a board of independent professionals, which then appoints the top management, would also be a serious reform. It was recommended by the PJ Nayak committee in 2015. Implementing it would send a strong signal.

The Insolvency and Bankruptcy Code (IBC) is a key reform, but its operation was temporarily put on hold because of the pandemic. While the process will hopefully resume, promoters may try to interrupt it through action taken in the courts. The government can play an important role in signalling to the courts that IBC is a flagship reform that should not be undermined.

Another example of implementing mutually supportive reforms is the inter-relationship between moderating the fiscal deficit over the medium-term with the creation of an efficient financial sector. At present, the combined deficit of the Centre and the states exceeds the net savings of the household sector. The combined deficit is effectively financed by the net inflow of foreign capital. Preempting net savings to this extent leaves little scope for financing expansion in private investment, unless it is expected to happen through a further increase in net capital flows, which would only increase the system’s vulnerability.

The crowding out of private investment may not be relevant today because investment sentiment is depressed but, in the long-run, making room for expanded private sentiment is essential. This calls for fiscal consolidation for next year onwards, which will require greater buoyancy in tax revenues.

The need for buoyancy in tax revenues calls for a second look at the Goods and Services Tax (GST) regime. GST is a major reform and it was expected to generate greater tax buoyancy. It has not done so. Its rate structure and exclusions need to be reviewed. An important lesson from 1991 is that tax reforms are best evolved by an expert group outside government. Such a group should be set up and asked to review the experience so far, and make proposals for reform which could be discussed in the GST Council. This cannot be left to the revenue department.

The 1991 reforms helped the economy stave off a crisis and then bloom. It is time to outline a credible new reform agenda that will not just bring GDP back to pre-crisis levels, but also ensure growth rates higher than it had when it entered the pandemic.

**HINDUSTAN TIMES, NEW DELHI 21-6-2021**

### **India gets \$64 bn FDI last year, 5th largest recipient of inflows globally: UN PTI**

The World Investment Report 2021 by the UN Conference on Trade and Development (UNCTAD), released Monday, said global FDI flows have been severely hit by the pandemic and they plunged by 35 per cent in 2020 to USD 1 trillion from USD 1.5 trillion the previous year.

India received USD 64 billion in Foreign Direct Investment in 2020, the fifth largest recipient of inflows in the world, according to a UN report which said the Covid-19 second wave in the country weighs heavily on the country's overall economic activities but its strong fundamentals provide “optimism” for the medium term.

The World Investment Report 2021 by the UN Conference on Trade and Development (UNCTAD), released Monday, said global FDI flows have been severely hit by the pandemic and they plunged by 35 per cent in 2020 to USD 1 trillion from USD 1.5 trillion the previous year.

Lockdowns caused by Covid-19 around the world slowed down existing investment projects, and prospects of a recession led multinational enterprises (MNEs) to reassess new projects.

The report said in India, FDI increased 27 per cent to USD 64 billion in 2020 from USD 51 billion in 2019, pushed up by acquisitions in the information and communication technology (ICT) industry, making the country the fifth largest FDI recipient in the world.

The pandemic boosted demand for digital infrastructure and services globally. This led to higher values of greenfield FDI project announcements targeting the ICT industry, rising by more than 22 per cent to USD 81 billion.

Announced greenfield projects in India contracted by 19 per cent to USD 24 billion, “and the second wave in April 2021 is affecting economic activities, which could lead to a larger contraction in 2021,” it said, adding that the outbreak in India severely hit main investment destinations such as Maharashtra, which is home to one of the biggest automotive manufacturing clusters (Mumbai–Pune–Nasik–Aurangabad) and Karnataka (home to the Bengaluru tech hub), which face another lockdown as of April 2021, exposing the country to production disruption and investment delays.

“Yet India’s strong fundamentals provide optimism for the medium term. FDI to India has been on a long-term growth trend and its market size will continue to attract market-seeking investments. In addition, investment into the ICT industry is expected to keep growing,” the report said.

The country’s export-related manufacturing, a priority investment sector, will take longer to recover, but government facilitation can help. India’s Production Linkage Incentive scheme, designed to attract manufacturing and export-oriented investments in priority industries including automotive and electronics can drive a rebound of investment in manufacturing.

The report said FDI in South Asia rose by 20 per cent to USD 71 billion, driven mainly by strong M&As in India. “Amid India’s struggle to contain the COVID-19 outbreak, robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI,” it said adding that cross-border M&As surged 83 per cent to USD 27 billion, with major deals involving ICT, health, infrastructure and energy. Large transactions included the acquisition of Jio Platforms by Jaadhu, a subsidiary of Facebook for USD 5.7 billion, the acquisition of Tower Infrastructure Trust by Canada’s Brookfield Infrastructure and GIC (Singapore) for USD 3.7 billion and the sale of the electrical and automation division of Larsen & Toubro

India for USD 2.1 billion. Another megadeal – Unilever India’s merger with GlaxoSmithKline Consumer Healthcare India, a subsidiary of GSK United Kingdom) for USD 4.6 billion – also contributed, it said.

FDI outflows from South Asia fell 12 per cent to USD 12 billion, driven by a drop in investment from India. India ranked 18 out of the world’s top 20 economies for FDI outflows, with 12 billion dollars of outflows recorded from the country in 2020 as compared to 13 billion dollars in 2019.

“Investments from India are expected to stabilise in 2021, supported by the country’s resumption of free trade agreement (FTA) talks with the European Union (EU) and its strong investment in Africa,” the report said.

The report cautioned that while the Asian region has managed the health crisis relatively well, the recent second wave of Covid-19 in India shows that significant uncertainties remain.

“This has major impacts on prospects for South Asia. A wider resurgence of the virus in Asia could significantly lower global FDI in 2021, given that region’s significant contribution to the total,” the report said.

FDI inflows to developing Asia grew by 4 per cent to USD 535 billion in 2020, making it the only region to record growth and increasing Asia’s share of global inflows to 54 per cent. In China, FDI increased by 6 per cent to USD 149 billion.

While some of the largest economies in developing Asia such as China and India recorded FDI growth in 2020, the rest recorded a contraction, it said.

The report added that FDI inflows in Asia are expected to increase in 2021, outperforming other developing regions with a projected growth of 5–10 per cent.

Signs of trade and industrial production recovering in the second half of 2020 provide a strong foundation for FDI growth in 2021. Yet, substantial downside risks remain for the many economies in the region that struggle to contain successive waves of Covid-19 cases and where fiscal capacity for recovery spending is limited. “Economies in East and South-East Asia, and India, will continue to attract foreign investment in high-tech industries, given their market size and their advanced digital and technology ecosystem,” the report said.

## **OUTLOOK AFGHANISTAN, KABUL 28-6-2021**

### **Afghan Exported Goods Worth ‘\$450m’ So Far This Year**

**(TOLO NEWS)**

KABUL - Afghanistan has exported \$450 million worth of goods so far this year, a slight increase compared to the previous year, officials said, adding that they hope to achieve the target of over \$1 billion by the end of the year. At least 30 tons of Afghan goods and products are sent out of the country through air routes every week, according to figures by the Chamber of Trade and Investment.

The figures show that nearly 32,800 (metric) tons of goods and products have been exported through air routes in the last five months.

The country's exports in 2020 were \$776 million, according to the National Statistics and Information Authority.

"Our target is \$600 million to \$700 million in the next five months," said Mir Zaman Popal, head of the exports department at the Chamber of Trade and Investment.

The private sector meanwhile said that the exports by land are beset with obstacles.

"Many borders were closed in 2020, but the situation is a bit better this year as COVID-19 vaccination has started and countries are starting to open their routes for trade," said Hujjatullah, a private sector representative.

Afghanistan's exports declined last year due to COVID-19 restrictions. Carpets, handicrafts and dry and fresh fruits comprise most of the country's exports abroad.

### **OUTLOOK AFGHANISTAN, KABUL 30-6-2021**

## **Afghanistan, India Trade Stand at \$1.33 Bn**

**(Pajhwok)**

KABUL - Afghanistan's fresh fruit export to India increased by over 250 percent in 2020, an official said on Tuesday.

Consul General of Afghanistan in Mumbai Ms. Zakia Wardak made the remarks during Afghanistan's fruit virtual business matchmaking event held in Mumbai India. "Last year, overall trade increased by five percent, Afghanistan's fresh fruit exports to India increased by over 250 percent in 2020. Fresh and dry fruit contribute over 50 percent of Afghan exports to India. By hosting these types of business matchmaking events, we are determined to increase the trade between both sides to US\$ 2 billion in upcoming years."

Among those already experienced in international trade; 46 Indian importers and 36 Afghan exporters participated in the session, a statement from the Afghan diplomatic mission in Mumbai said.

The Consulate General of Afghanistan in Mumbai, in association with the United States Agency for International Development (USAID), US Department of Commerce's Commercial Law Development Program (CLDP), World Trade Center Kabul, World Trade Center Mumbai, Afghanistan Chamber of Commerce and Investment, and Indian Chamber of International Business (ICIB) hosted the event.

During the keynote address, Shah Masood Arghandabi, Director of Export Promotion, Minister of Industry and Commerce from Afghanistan, remarked, "Last year, trade between both sides reached nearly US\$ 1.33 billion (with India's exports to Afghanistan worth US\$ 858 million, and imports from Afghanistan worth US\$ 514 million). Significant progress has come as a result of bilateral and

multilateral trade agreements signed between both countries. Afghanistan annually produces over 1.5 million metric tons of fresh fruit, including apples, apricots, pomegranates, grapes, cherries and melons. India, as the world's fastest growing economy, is the best market for Afghanistan quality products."

The Consulate of Afghanistan in Mumbai is planning a similar virtual dry fruit business matchmaking event towards the end of August 2021.

### **THE DAILY STAR, DHAKA 16-6-2021**

## **S Korea to give \$700m in loans**

**Diplomatic Correspondent**

South Korea has decided to provide development cooperation loans of \$700 million to Bangladesh between 2021 and 2025.

South Korean Ambassador to Bangladesh, Lee Jang-keun, shared the decision with Economic Relations Division (ERD) Secretary Fatima Yasmin at the official development assistance (ODA) projects review meeting held virtually yesterday, according to a statement of the embassy.

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The two governments have been discussing this plan since last year and, upon the completion of necessary domestic procedures, will sign a framework agreement containing detailed conditions and the list of potential projects to be considered.

At the meeting, the Korean embassy and the Bangladesh ERD reviewed a number of other ongoing and new development assistance projects between the two governments, including those under implementation through Korea International Cooperation Agency (KOICA).

Bangladesh is a priority development partner of South Korea and the second-largest recipient of Korea's Economic Development Cooperation Fund (EDCF) loan. Korea has provided Bangladesh \$1.24 billion in EDCF loans and \$172 million in grants through KOICA since 1991 in various sectors, including public administration, vocational training and education, transport, ICT-based communication, public administration, water management, and public health.

At the meeting, the South Korean embassy introduced Knowledge Sharing Program (KSP), a platform for development cooperation aiming to share knowledge with development partner countries and build a solid foundation for the expansion of economic and political cooperation.

The embassy recommended that the ERD consider ways to improve the efficiency of development cooperation, including facilitation of customs clearance and tax exemption on grant equipment and items in accordance



with the framework agreement for grant aid between the two governments.

Officials from the ERD, Korea EXIM Bank Bangladesh, KOICA Bangladesh and Korea Development Institute also took part in the meeting.

### **THE DAILY STAR, DHAKA 17-6-2021**

## **EU offers to help diversify exports**

### **Diplomatic Correspondent**

The European Union (EU) has offered to help Bangladesh diversify its export basket, promote decent work, and upskill workers amid the ongoing global economic downturn caused by Covid-19.

"We seek to diversify Bangladesh's economy, which is now heavily dependent on remittance and garment exports," said Rensje Teerink, the EU ambassador to Bangladesh.

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She was speaking at the virtual launch of the "Team Europe Initiative on Decent Work" and screening of Meenalap, a local production, at the Bangladesh-European Union Film Festival yesterday.

Teerink said Bangladesh is well on track to graduate from the UN's least developed country (LDC) grouping as the economy grew by more than 4 per cent despite the pandemic while the regional average is about 2 per cent.

"The challenge now is to sustain the growth and make it inclusive," she added.

A major issue in Bangladesh's jobs sector is that about 60 per cent of employment is in the informal sector, where lots of workers have lost their jobs or live with reduced income due to Covid-19.

Therefore, a social protection system for these workers needs to be ensured.

"Skills training and enhancing productivity are other areas that need to be focused on," Teerink added.

Harry Verweij, the ambassador of Netherlands to Bangladesh, said Bangladesh's graduation from an LDC brings both opportunities and challenges.

"So, ensuring decent work for all locals has become a necessity for Bangladesh to solidify relations with the EU and Team Europe could help towards this end," he added.

Verweij went on to say that the Netherlands would soon launch an injury insurance scheme for garment workers in Bangladesh that could have a rippling impact in improving labour rights.

KM Abdus Salam, secretary of the labour and employment ministry, and Tuomo Poutiainen, country director of the International Labour Organisation, also spoke at the event.

### **THE DAILY OBSERVER, DHAKA 22-6-2021**

## **Budget analysis of FY21-22**

### **M S Siddiqui**

Bangladesh has announced budget FY 2021-22 with a 10-year tax exemption for 'Made in Bangladesh' brands to speed up the establishment of mega industries and production of import-substitute industrial goods in Bangladesh.

The exemption will apply to manufacturers of three- and four-wheelers, home and kitchen appliances and light engineering products under condition that their local value addition will be 20%-40%, local employment and promoting the "Made in Bangladesh" brand.

During the last one decade, locally-manufactured household equipment have taken up 90% of the total market. Apart from local entrepreneurs, foreign companies such as Samsung and LG have set up factories in the country.

The budget also proposed to withdraw AIT on certain raw materials of iron products, scrap vessels. The AIT on import of ocean-going ships and raw materials of cement has been reduced by one percentage point. Finance minister also proposed VAT exemption facilities be extended for manufacturers of LPG cylinders by another year, and for refrigerators, freezers and their compressors by one more year, polypropylene staple fibre by two more years, air conditioners and their compressors by three more years, and motor cars and motor vehicles by five more years.

The existing VAT exemption facility on the manufacturing and assembling of mobile phones will continue for two more years in order to develop local mobile handset industries and Information Technology (IT) sectors. Besides, the government is extending the tax exemption facility to five new IT sector services in the new fiscal year and a 10 years tax exemption on the production of ICT components and spare parts. A proposal for a 10-year tax holiday to encourage investment in the hardware industry to produce different components and spare parts of ICT related equipment were also made.

RMG sector is set to continue to get the benefit of 1.0% additional export incentive for the next FY22. The health sector investment will also receive similar benefits if they establish hospitals outside Dhaka, Chattogram, Gazipur, and Narayanganj districts. Such hospital must have facilities of Women and Maternal Health, Oncology and Well Being and Preventive Medicine. Every hospital must have at least 5% ICU beds.

This budget provides several tax waivers and holidays for domestic industries and one-person owned companies, including women entrepreneurs who will enjoy Taka seven million as the threshold for turnover taxation. The woman entrepreneurs will enjoy tax-free turnover from businesses run by women up to Tk 70 lakh.

A major tax reform proposed is 2.5 percent point cut at tax rates. Finance minister proposed a reduction of tax for non-listed companies to 30 per cent from 32.5 per cent and the rate for listed companies to 22.5 per cent from 25 per cent and 25 percent tax rate for One Person Company (OPC). The companies must get registered with the Bangladesh Investment Development Authority (Bida) to avail this tax facility.

The proposed increase in TDS rates up to 7.0 per cent on the bills of contractors and suppliers may escalate the effective rate or actual payable amount of income tax even after reduction of the corporate tax by 2.5 per cent for both publicly listed and non-listed companies. On upward adjustment of TDS for suppliers of goods and construction, he said that if a manufacturing (import and supply) company pays Tk 10-12 on every sale of Tk100; it will have to earn a profit of 33.33 per cent or 40 per cent on the sale.

According to the Income Tax Ordinance-1984, the TDS on the bills of contractors and suppliers is considered as minimum tax, under section 82 C, and it is non-refundable. The government is also offering 10-year corporate tax exemptions for investments made in training institutes for about 25 types of skill development, to achieve the Sustainable Development Goals (SDGs) by 2030. To get this facility, an institute must register under the Companies Act 1994, its minimum investment must be Tk. 5 crore.

As per the proposed measures, taxpayers are going to face tougher scrutiny of their transactions. Transactions through mobile financial services (MFS) and other digital means have been acknowledged as bank transfers along with transactions through crossed cheques.

The proposed transactions through bank transfers, including MFS have been made mandatory for payment of over Tk 50,000 made by businesses. This applies to purchase of raw materials too. MFS has also been included in the modes of payment for rent for use of commercial or residential space and salary payment of above Tk 15,000. The other side of the budget proposal that will increase the tax liability of most businesses would go up, especially in the case of import-dependent companies and suppliers, due to certain fiscal measures proposed in the new budget. The budget proposes to increase the rate of tax deduction at source (TDS) for the contractors and suppliers of goods. The budget proposed reducing the rate of depreciation for ordinary buildings to 5 percent from 10 percent and to 10 percent from 20 percent for factory buildings. This is likely to erode the gains businesses are going to make from the 2.5 percent tax cut. The budget has not proposed any direct cash support to revive the cottage, micro, small and medium enterprises (CMSMEs) sector, where millions of workers lost jobs.

It has no incentive for SME sectors for creating job opportunity and more investments. The budget is set to bring informal economic activities to formal economy

offering budgetary incentive for formalization and mandatory transaction through financial institution. The widely talked reduction of income tax will off-set by increased and non-adjustable advance income tax at different level. The budget must reduce AIT and reduce all sorts of taxes at import stage to prepare for LDC graduation.

**THE KATHMANDU POST, KATHMANDU 24-6-2021**

## **Nepal's annual soybean oil exports to India near Rs50 billion**

**Krishana Prasain**

Despite the impressive export statistics, the soybean oil trade contributes very little to the national economy, say economists.

Nepal's soybean oil exports to India hit a staggering Rs42.34 billion in the first 11 months of the fiscal year, a four-fold jump from Rs10.12 billion in the same period in the previous year, making it the country's number one export commodity.

Experts say shipments could reach Rs50 billion by the end of the fiscal year in mid-July, due to the rent seeking mentality of Nepali traders and the eagerness of the government to amass revenue, which has allowed exporters to exploit loopholes in the zero tariff privilege given to Nepal as a least developed country.

Despite the impressive export statistics, the soybean oil trade contributes very little to the economy and provides few jobs to the Nepali people, say economists.

Nepal produces very little soybean oil of its own, in fact, just 31,567 tonnes of raw soybean annually, which is not enough to meet the requirement of even a fraction of its own population. But it exports 246,376 tonnes of processed soybean oil in the same period. How does it do that?

Nepal imported crude soybean oil valued at Rs45.60 billion and re-exported processed oil worth Rs42.34 billion to India during the first 11 months of the current fiscal year (mid-July 2020 to mid-June 2021), according to the Department of Customs.

Tariff exemptions on Nepali exports to India under the South Asian Free Trade Area (SAFTA) agreement give domestic traders an advantage. Countries outside of South Asia are slapped with tariffs of 45 percent on soybean oil. Trade experts said that importing crude oil with zero tariff privilege and exporting it to India with zero traffic privilege enables Nepali traders to enjoy a net profit of 45 percent, excluding other profits.

Trade economist Posh Raj Pandey said Nepali exporters need to fulfil the criteria of 30 percent value addition to enjoy the zero tariff privilege, but this is not reflected in the soybean trade.

“Nepal has been exporting large cardamom worth Rs5 billion annually and tea as well. The increase in the export of these farm products benefits the farmers of three to four

districts, raising the economic status of thousands of farmers. What's the contribution of soybean to the national economy and employment," he asked.

"How can we call it an industry when it imports raw materials, refines and re-exports them. This does not need much labour and factory expenses are also small," he said, adding that these kinds of trade privileges kill farm productivity.

"It does not encourage farmers. I don't think the export of soybean oil worth Rs42 billion has generated even 1,000 jobs."

Nepal imported 401,418 tonnes of soybean oil, mainly from Argentina, Brazil, Egypt, Paraguay and Ukraine, while it exported 246,376 tonnes of refined soybean oil to India.

The import allowed the government to collect revenue worth Rs4.26 billion from the soybean oil trade in the first 11 months of the current fiscal year.

The Indian government has been raising the issue of the ballooning soybean trade after it restricted imports of palm oil in January 2020.

In March, following a huge increase in exports of refined soybean oil from Nepal, the Indian government wrote to Nepal's Ministry of Foreign Affairs to "confirm the genuineness and authenticity" of the product originating criteria or the certificate of origin issued by Nepali authorities for the export of edible oil to India under SAFTA.

Dinesh Bhattarai, secretary of the Ministry of Industry, Commerce and Supplies, said that the ministry had replied to all the issues raised by the Indian government, mostly regarding the authenticity of the certificate of origin of the product through the Foreign Ministry.

"They have asked whether the certificate of origin is authentic or not. As the process was correct, we answered that it was so," he said.

Narayan Regmi, spokesperson for the Industry Ministry, said that exports had increased along with demand in the Indian market, and that it was legal trade.

With massive imports of soybean oil from Nepal hurting refiners in eastern and northern India and Indian farmers and also incurring loss of revenue to the government, the Solvent Extractors' Association of India, one of the oldest organisations of vegetable oil and trade, has been asking the Indian government to fix quotas on imports, saying that soybean oil has become Nepal's top export commodity even though the country does not produce it commercially. "India can anytime restrict import of refined soybean oil or can investigate how Nepal is making value addition," Pandey said. "So, this type of product should not be promoted. It neither generates employment nor revenue to the government," he told the Post.

Till around 1996, the rules of origin had not been defined in the trade with India, and the southern neighbour was

providing duty free access to Nepali products in a bid to promote industrialisation in Nepal.

But the condition was later changed after Nepali traders began misusing the provision in vegetable ghee and copper wire trade. In the 2002 trade treaty, India added the value addition criteria, tariff rate quota and tax provision, said trade experts.

"This kind of action will prompt India to make trade conditions more stringent, which will impact long-term trade relationship," said Pandey. "In Nepal's context, \$400 million worth of exports of a single product, which Nepal doesn't even produce, is a huge amount."

In 2000, an investigation into the massive amount of exports of vegetable ghee from Nepal to India revealed that only five to six families were involved in the trade, said Pandey.

Nepal's imports of crude sunflower oil totalled Rs14 billion, but exports amounted to only Rs2 billion as most of the processed product is consumed in the country.

**THE KATHMANDU POST, KATHMANDU 29-6-2021**

## **Nepal wants to be an agriculture-driven economy but future of the sector is in crisis**

**Sangam Prasain**

Share of agriculture in the country's economy has been plummeting. Although 60 percent of Nepalis still depend on agriculture, it accounts for just 25 percent of the GDP. Tuesday is Asar 15. It is celebrated as National Paddy Day and is a photo opportunity for the agriculture minister to soil his hands and plant some paddy saplings.

In the national imagination and the government's wishful thinking, Nepal's agricultural sector is the basis of its economy.

But figures tell a different story.

Agriculture made up 66.9 percent of the gross domestic product (GDP), in 1970. But since then its share has been gradually decreasing and was a mere 25 percent in 2018, according to an analytical report published by the Central Bureau of Statistics recently.

"This means, the agriculture sector has not performed well and other sectors like tourism and manufacturing have taken over it," said Hem Raj Regmi, deputy director general at the bureau, the central agency for the collection, consolidation, processing, analysis, publication and dissemination of statistics in Nepal. "Clearly, we can now say Nepal has shifted from an agriculture-driven economy to remittance-driven economy."

But, while agriculture has a multiplier effect in the economy in the creation of jobs and supporting other sectors, remittance doesn't directly contribute to the economy despite the huge amount of money it generates for the economic activities, particularly consumption, in Nepal, according to economists.

“Obviously, this is a cause for alarm,” Regmi told the Post. According to the World Bank’s Migration and Development Brief, remittances to Nepal stood at \$8.1 billion in 2020, a fall of about 2 percent compared to the previous year largely due to the pandemic as international flights were suspended for months.

The report said the contribution of remittances to the economy is equivalent to 23.5 percent of the GDP.

On the other hand, agriculture has been regarded as the mainstay of economic prosperity for its contribution to the GDP and livelihood of the population, according to the 15th Five-year Plan from fiscal year 2019-20 to fiscal year 2023-24.

The 15th Plan targets to transform the agriculture sector into a competitive, climate-resilient and export-oriented industry.

“But that’s only on paper,” said Yam Kanta Gaihre, a soil scientist. “The agriculture programmes and policies of Nepal are so good but they cannot get implemented.”

Economists say low returns from agriculture is the key reason behind its falling allure among Nepali youths.

Internal factors affecting Nepal’s agriculture sector growth are insufficient public investment, inadequate irrigation infrastructure, poor agriculture-related marketing policies, and climate vulnerabilities.

Then there are external factors. These include excessive economic liberalisation and zero tariffs on agricultural products.

“It’s easy to buy and eat rather than grow and eat,” said Gaihre, “Because the production cost is so high.”

Nepal has brought various plans and policies to increase agricultural production and productivity but this never materialised. With agricultural productivity remaining stagnant, millions of youths have no option but to travel abroad in search of jobs.

Economists put forth several reasons for why agriculture is no longer the engine of economic growth.

The economic liberalisation of the 1990s and greater openness to trade has led to a reduction in the economic potential of the rural sector and cheap imported goods, including agricultural produce, has displaced the locally-produced goods, said economist Keshav Acharya.

“With rapid global technical change and increasingly integrated markets, prices fell faster than the increase in yields in Nepal,” he said.

In Nepal’s case, it was thought that there would be an agricultural revolution resulting in increased production which in turn would support industry and manufacturing.

“While many countries in Asia had followed the path, in Nepal, despite economic graduation, there was a jump to the service sector,” said Acharya. “There was no development in manufacturing and industry. This is a sign of unsustainable economic transformation.”

The manufacturing sector as a proportion of the economy has in fact declined as in 2000 its contribution to the GDP

was 10 percent but has now dropped to less than 6 percent, according to him.

After economic liberalization, the integration of rural with urban areas began and young people started moving out of agriculture and headed to towns and then abroad.

The latest development of this trend, according to Acharya, was the rapid development of the road network across the country.

“The value of land, due to the massive road building, has gone up so high that there is no value in cultivating in the same land,” said Acharya. “It’s a trading asset both in urban and rural areas.”

He said that a bigha (0.67 hectare) of land costs Rs10 million in rural areas with road connectivity but if it is sold and the money is deposited in a bank under a fixed deposit scheme, the annual earning is three times higher than what a farmer’s income would be.

“And it’s easier to buy goods with that income than farm,” said Acharya.

But according to Gaihre, although farmers’ income sources may have diversified and they are able to buy and eat, the country has lost a mode of production.

“Farming holds no charm anymore,” he said.

An effect of the lower income from farming due to the low production is that Nepal’s agricultural goods import bill continues to expand, ballooning to an all-time high of over Rs250 billion in the fiscal year 2019-20.

The country’s import-promoting policies, high production costs and change in consumer behaviour are also reasons for this.

The agricultural goods imports bill in 2009-10 was just Rs44.43 billion. In 10 years, it has grown by almost six times.

While the country’s overall imports dropped by 15.63 percent to Rs1.19 trillion in the last fiscal year, ending mid-July, due to Covid-19 pandemic-related restrictions, agricultural goods imports continued to increase. The share of agro products in the total import bill has swelled to 21 percent.

It is not that there is no market for agricultural produce as evident from Nepal’s soybean oil exports to India which hit a staggering Rs42.34 billion in the first 11 months of the current fiscal year, a four-fold jump from Rs10.12 billion in the same period in the previous fiscal year, making it the country’s number one export commodity. It exported 246,376 tonnes of processed soybean oil in the same period.

Nepal produces very little soybean oil of its own, in fact, just 31,567 tonnes of raw soybean annually, which is not enough to meet the requirement of even a fraction of its own population.

This is possible because Nepal traders import soybean oil exploiting loopholes in the zero-tariff privilege given to Nepal as a least developed country and then export it to India.

Despite such potential, the government has never encouraged farmers to produce soybean but instead encourages traders to import and export the produce to generate revenue, according to economists.

But as the GDP rises and the share of agriculture typically decreases, the question is how important these multiplier effects are, especially when significant levels of poverty remain in the agriculture sector which still employs over 60 percent of the population, Acharya said.

“Even as the demand for agricultural produce increases its importance is declining in the overall economy,” said Regmi of the government’s Central Bureau of Statistics.

#### **DAILY MIRROR, COLOMBO 17-6-2021**

### **Sri Lanka gets US \$ 100mn Indian credit line for solar power generation**

Sri Lanka inked a loan agreement amounting to US \$ 100 million with India yesterday, to increase the proportion of renewable energy source to the national grid.

In an effort to fulfil the agenda listed in the National Policy Framework, which is to increase the contribution of renewable energy sources to the national power grid by enhancing solar power generation, Sri Lanka has entered into a bilateral loan agreement with India.

India will grant a line of credit via the Exim Import Bank of India. A key plan of the Sri Lankan government is to generate solar power by obtaining the contribution of state-owned buildings, places of worship and houses of the low-income families.

The promotion of the solar power project is expected to provide financial benefit to low-income households. According to the government, the project will help curtail the expenses incurred by the state institutions for electricity.

A statement put forward by the President’s Media Division shared that steps would also be taken to provide facilities to store solar energy in batteries for the low-income families that are unable to access the national power grid. The project will include generating power by installing floating solar panels as a solution to land scarcity.

The first phase will see electricity generated for Parliament, centring the Diyawanna Lake, as a model project.

#### **DAILY MIRROR, COLOMBO 21-6-2021**

### **Loss of GSP Plus could trim SL’s trade surplus with EU by US\$ 700 mn**

#### **Business Main**

- Apparel, agriculture, fisheries and industrial products exports could face potential margin contraction
- The scheme provided duty free access to EU markets for over 7,200 products
- SL’s GSP Plus utilisation increased to 61.8% in 2020

- Withdrawal of GSP Plus status has been based on concerns regarding PTA and general human rights situation in the country

Sri Lanka stands to lose US\$ 700 million in its trade surplus with the European Union (EU), if the EU decides to move ahead to halt the GSP Plus scheme to the country. “Whilst the GSP Plus helps significantly boost the country’s export performance, the loosing of it would not create a major vacuum on a broader level besides the loss of a strong potential trade surplus with the EU. On a micro level, individual businesses engaged in the export of apparel, agriculture, fisheries and other industrial products would face a potential margin contraction due to the loss of concessions and lower industry growth,” Softlogic Stockbrokers said in a note.

Sri Lanka reclaimed its GSP Plus status in 2017 on the condition that the country would commit to implementing 27 international conventions on human rights and other aspects of good governance. Consequently, the average trade surplus with EU shot up by 117 percent during 2018-2020, rising from US\$ 581 million to US\$ 1.26 billion.

The exports also grew at 9 percent on average from 2017-2019, before witnessing an inevitable decline due to the COVID-19 pandemic in 2020.

The GSP Plus scheme provides selected countries with duty free access to EU markets for over 7,200 products and in return, the recipient nations are required to ensure the implementation of international conventions in human rights, labour rights, environment and good governance.

However, the EU Commission is currently considering a temporary withdrawal of Sri Lanka’s GSP Plus status due to concerns regarding the Prevention of Terrorism Act and general human rights situation, after the EU parliament adopted a resolution.

In 2020, the EU absorbed 22.4 percent of Sri Lankan exports, which was dominated by textiles and clothing exports, accounting for 52.3 percent of the country’s total exports to the EU in 2020.

Notably, Sri Lanka’s GSP Plus utilisation also increased to 61.8 percent in 2020 from 58.2 percent in 2019 as the country’s exporters looked to capitalise on the concession amid rising competition due to the pandemic. Therefore, loss of GSP plus concession is expected to impact Sri Lankan exporters adversely.

“The loosing of a unique tax arbitrage via the GSP plus would inevitably hurt local exporters who would now be faced with a high tax regime c.f. with its peer countries who continue to enjoy the benefit. This would make their products more expensive to the European consumer resulting in a demand slump or a margin contraction by way of a haircut on the pricing structure,” Softlogic Stockbrokers noted.

Sri Lanka along with Pakistan and Philippines were the top three beneficiaries of GSP Plus scheme in 2019.

As no major apparel exporters are listed on the Colombo Stock Exchange (CSE) with the exception of very few fabric manufacturers, Softlogic Stockbrokers doesn't expect major impact on listed entities from a possible loss of GSP Plus.

**THE NATION, ISLAMABAD 27-6-2021**

**Pakistan engaged with China for industries relocation to CPEC SEZs: Tarin**

**SHAFQAT ALI**

*Finance minister informs NA power tariffs won't be increased | Flow of circular debt to start reducing with the start of next fiscal year*

**ISLAMABAD** - Finance Minister Shaukat Tarin has told the National Assembly yesterday that Pakistan was engaged with China for relocation of their industries to Special Economic Zones (SEZs) being step up under the China-Pakistan Economic Corridor (CPEC).

The minister said Pakistan was establishing SEZs under the CPEC to promote investment opportunities. "We are engaged with China for relocation of their industries to these zones. The investment from other countries will also be brought in these SEZs," he said.

Tarin expressed satisfaction over the growth of the Information Technology (IT) sector, saying the aim was to bolster their exports to up to \$8 billion in the next two to three years.

Turning to the power sector, the finance minister said there will be no increase in the tariff and this has also been conveyed to the IMF. He was confident that the flow of circular debt will start reducing from the next fiscal year. He said that sufficient funds have been earmarked for the construction of dams in the country.

Winding up discussion on the budget for next fiscal year 2021-22 in the National Assembly, the finance minister said, "We are heading towards an inclusive and sustainable growth."

He said that Prime Minister Imran Khan took bold and difficult decisions to steer the economy in the right direction. "Despite Covid-19 challenge, we achieved a growth of four percent during the current fiscal year due to the interventions made in different sectors, including industries, housing and construction and agriculture," he added.

Tarin also announced a series of relief measures for different sectors. He said the tax relief earlier given to the auto sector for vehicles up to 850cc is being extended to 1000cc vehicles.

The minister said there will be zero tax on the registered IT platforms while only two percent for the unregistered ones. He said there will be 17 percent tax on the value added products of gold.

He further said the tax collection for the next fiscal year had been fixed at Rs 5,800 billion. "We are bringing changes in the tax system and introducing automation," he added. He said that 12 withholding taxes have been withdrawn as these are regressive in nature.

**DAWN, ISLAMABAD 27-6-2021**

**\$442m loan accord signed with WB for Punjab projects**

**The Newspaper's Reporter**

**ISLAMABAD:** The government on Saturday signed a loan agreement worth \$442.4 million with World Bank to provide equitable and sustainable access to clean drinking water, improve sanitation and reduce child stunting in Punjab.

Secretary of Economic Affairs Division Noor Ahmed and World Bank Country Director Najy Benhassine signed the 'Punjab Rural Sustainable Water Supply and Sanitation Project' on behalf of their respective sides.

The project interventions will cover 2,000 villages in 16 districts of Punjab that are the poorest and have worst social infrastructure and the stunting issue.

In line with the vision of Prime Minister Imran Khan to ensure equitable and inclusive socio-economic opportunities, eight districts from south Punjab — Bahawal-nagar, Bahawalpur, Dera Ghazi Khan, Lodhran, Mul-tan, Muzaffargarh, Rahim Yar Khan and Rajanpur — are included in the project, the Economic Affairs Division said in a statement.

Furthermore, eight other districts from central and north Punjab — Bhakkar, Chakwal, Chiniot, Jhang, Khushab, Mianwali, Pak-pattan and Sargodha — are also included after due diligence. The project will directly impact the life of the common man and create employment opportunities in rural areas.